BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

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In the Matter of the Application of PORTLAND GENERAL ELECTRIC COMPANY for an Order Authorizing the Issuance of 62,500,000 Shares of New Common Stock Pursuant to ORS 757.410 et seq. and In the Matter of the Application of STEPHEN FORBES COOPER, LLC, as Disbursing Agent, on behalf of the RESERVE FOR DISPUTED CLAIMS, for an Order Allowing the Reserve for Disputed Claims to Acquire the Power to Exercise Substantial Influence over the Affairs and Policies of Portland General Electric Company Pursuant to ORS 757.511	**APPLICATION**

I. INTRODUCTION AND SUMMARY

This is a joint application by Portland General Electric Company ("PGE") and Stephen Forbes Cooper, LLC ("SFC"), as Disbursing Agent ("Disbursing Agent")[1], on behalf of the Reserve for Disputed Claims ("Reserve").[2] This Application seeks to implement the Plan's directive to transfer 100% of PGE's common equity from Enron Corp. ("Enron") to the creditors

[1] Defined in Plan section 1.83. SFC was appointed as Disbursing Agent by the Bankruptcy Court in the Confirmation Order. A copy of the Confirmation Order is attached as Exhibit 1.

[2] The Reserve was created by the Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated July 2, 2004, including the Plan Supplement and all schedules and exhibits thereto ("Plan") (*In re: Enron Corp., et al.*, Bankr. S.D.N.Y., Case No. 01-16034). The Plan was confirmed by the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") on July 15, 2004. See Plan section 21.3(a) attached as Exhibit 2. To view or print the Plan and the Plan Supplements, see http://www.enron.com/corp/por.

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of Enron and other Debtors[3] by canceling the existing PGE common stock held by Enron and by authorizing and issuing to Enron's creditors new PGE common stock ("New PGE Common Stock"). PGE will create 80,000,000 shares of New PGE Common Stock.

PGE requests an order pursuant to ORS 757.410 et seq. authorizing PGE to issue 62,500,000 shares of New PGE Common Stock, with Holders of Allowed Claims[4] receiving not less than 30% or 18,750,000 of such shares and the Disbursing Agent as registered holder for the Reserve receiving not more than 70% or 43,750,000 of such shares. The issuance of the New PGE Common Stock will replace in full the existing PGE common stock, which will be canceled. The New PGE Common Stock meets the requirements of ORS 757.415(1) because it replaces common stock lawfully issued.[5]

The Disbursing Agent, on behalf of the Reserve, requests an order pursuant to ORS 757.511 for the Reserve to hold more than 5% of the New PGE Common Stock and to vote not more than 70% of the New PGE Common Stock. The Disbursing Agent will be the registered holder of the New PGE Common Stock and, in accordance with procedures implemented in connection with the Plan, the DCR Overseers[6] will determine how the Disbursing Agent votes the New PGE Common Stock held in the Reserve. The DCR Overseers

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[3] The Debtors are Enron and the other entities identified in Plan section 1.77, all of whose bankruptcy filings were consolidated with Enron. In this Application, the term "Debtors" excludes Portland General Holdings, Inc. and Portland Transition Company, Inc., whose bankruptcy plans were not confirmed by the Bankruptcy Court.

[4] Defined in Plan section 1.8. An Allowed Claim is one made against a Debtor and approved in a Final Order of the Bankruptcy Court (as defined in Plan section 1.154). A Holder of an Allowed Claim is a claimant whose claim against a Debtor was registered with Enron on November 29, 2004.

[5] Alternatively, the Oregon Public Utility Commission ("Commission") could find that the issuance is exempt from the requirements of ORS 757.410 to 757.480 under ORS 757.412 if the Commission finds that the application of those statutes is not required by the public interest.

[6] Defined in Plan section 1.76. The DCR Overseers were appointed by the Bankruptcy Court in the Confirmation Order. The role and operation of the DCR Overseers are described in more detail in Section V.C of this Application. "DCR" is another term for the Reserve for Disputed Claims.

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will also determine whether and on what terms the Reserve would sell the New PGE Common Stock held in the Reserve should a credible purchase offer be made.

This Application is unique and substantially different from any other application under ORS 757.511 previously considered by the Commission. First, this Application implements a confirmed bankruptcy plan. Second, the purpose of the Reserve as an Applicant is not to acquire PGE for investment or strategic purposes. The purpose of the Reserve is to preserve the value of PGE and the other assets of Enron and the other Debtors, and to hold all of those assets only so long as necessary to transfer them to Holders of Allowed Claims. Third, this Application does not seek to change the beneficial ownership in PGE. Beneficial ownership is and, as far as the Reserve is concerned, remains with the creditors. Fourth, this Application does not propose to create a holding company or other investment vehicle that can use dividends from PGE to diversify investments. Last, there is no comparator or "but for" world for the Commission to consider because the status quo with respect to the ownership of PGE's common stock must and will change. We review each of these differences below.

The first difference is that, here, the Plan requires the issuance of New PGE Common Stock as proposed in this Application. The only circumstance in which the Plan does not require issuance of New PGE Common Stock is if Enron has sold the existing PGE common stock. Because Enron has a fiduciary duty to its creditors, it has stated publicly that it will consider any credible offer to purchase the existing PGE common stock. A credible offer includes one that meets Enron's economic and commercial terms, is for the purchase of PGE common stock only, can be financed and, in Enron's judgment, can be closed in a reasonable period of time. At present, there is no agreement pending to sell the existing PGE common stock to anyone,

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although granting the approvals requested under this Application does not preclude such a sale from occurring.

Second, although the Reserve will initially hold the majority of the New PGE Common Stock, its purpose is not to invest in any other assets or seek actively to control PGE. The Plan and the Guidelines adopted by the Bankruptcy Court[7] confirm that the Reserve is a trust/escrow acting as the nominal shareholder for the benefit of Holders of Allowed and Disputed Claims.[8] The objective of the Plan, the Disbursing Agent, and the Reserve is to resolve all claims against Enron and the other Debtors as rapidly as possible consistent with prudent business practices and to distribute the assets of Enron and the other Debtors, including the New PGE Common Stock, to the Holders of Allowed Claims. Therefore, unlike other prospective owners that have appeared before this Commission, the fundamental purpose of the Reserve is to reduce its interest in PGE, not to hold onto its interest in PGE.

The Reserve is not requesting that the Commission grant it permission to hold a majority of the New PGE Common Stock because it has made a strategic decision to invest in PGE. The Reserve did not exist until the Plan became effective and its only function is to carry out the role assigned to it in the Plan. That role is not to control or operate PGE. The Reserve's role is to release all available assets to the Holders of Allowed Claims in the proper percentages when the Plan Administrator resolves the claims. When that function is fulfilled, the Reserve will cease to exist.

Third, this Application does not seek to change the beneficial ownership of PGE. Other applications previously considered by the Commission were for the purchase or acquisition by

[7] For the Reserve, these are called the "DCR Guidelines" and for the DCR Overseers they are called the "Overseer Guidelines." Copies of these Guidelines are attached as Exhibit 3 and Exhibit 4, respectively. See Plan section 21.3(a) (attached as Exhibit 2), which created the Reserve.

[8] Defined in Plan section 1.86 as a claim made against a Debtor that is disputed by the Debtor and has not been withdrawn, dismissed with prejudice or determined by Final Order.

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merger of PGE common stock. Those transactions proposed to change the beneficial ownership of PGE's common stock. Here, the creditors of Enron and the other Debtors currently hold all of the beneficial interests in the assets of Enron and the Debtors, including the PGE common stock.[9] The issuance of New PGE Common Stock to Holders of Allowed Claims will vest in them legal as well as beneficial ownership of the New PGE Common Stock and will permit them to hold or sell the stock as they determine. The Disbursing Agent will hold the New PGE Common Stock in the Reserve, in trust/escrow for the benefit of Holders of Disputed Claims and Allowed Claims. Neither the Disbursing Agent nor the DCR Overseers have any economic interest in the assets in the Reserve, including the New PGE Common Stock.

Fourth, granting this Application will not create a holding company such as the Commission considered in the case of Portland General Corporation and PacifiCorp Holdings, Inc. While the Reserve will initially hold a majority of the New PGE Common Stock, it will act as a shareholder and will have no rights other than those provided to shareholders by Oregon law and PGE's Articles of Incorporation and Bylaws. It will not use dividends from PGE to invest in diversified businesses or service acquisition debt. Instead, pending distribution to Holders of Allowed Claims, it will hold any dividends received from PGE in low-risk cash-equivalent investments, as described below. PGE will cease to be consolidated with Enron and will not be consolidated with the Reserve or any other person or entity (other than PGE's own subsidiaries) for income tax purposes and will not acquire any new debt in the course of implementing the Plan.

Finally, there is no comparator or "but for" world or alternative to consider when reviewing this Application, unlike other applications reviewed by the Commission. Here, as a

[9] As discussed below, it is highly unlikely that there will be sufficient assets for any distribution to the former shareholders of Enron.

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matter of federal law and the Confirmation Order, all of the assets of Enron and the other Debtors, including 100% of PGE's common equity, must be distributed to Holders of Allowed Claims. The Plan provides the method by which that distribution will occur. The status quo cannot continue. Enron must cease to own PGE's common stock, and the Holders of Allowed Claims must receive all of PGE's common stock, or its equivalent value if such stock is sold.

Section II of this Application describes the development of the Plan and its effect on creditors, former shareholders and the existing PGE common stock. Section III describes the Plan's directives for the issuance and trading of the New PGE Common Stock. Section IV describes the governance and operation of PGE after the issuance. Section V describes the roles and operation of the Plan Administrator, the Disbursing Agent and the DCR Overseers. Section VI addresses the Enron merger conditions and explains why they are no longer needed after the issuance of the New PGE Common Stock and will not apply except as to PGE. Finally, Section VII describes the lack of risk to PGE and its customers from implementing the Plan as requested in this Application and how granting this Application serves the public generally and benefits PGE's customers.

Appendix A to this Application sets forth the information required with respect to PGE's request for authorization to issue New PGE Common Stock under ORS 757.410 et seq. and OAR 860-027-0030. Appendix B to this Application sets forth the information required by ORS 757.511 and OAR 860-027-0200 with respect to the request by the Disbursing Agent on behalf of the Reserve for an order authorizing it to acquire a majority of the New PGE Common Stock.

Applicants request a prehearing conference in this matter during the week of July 4, 2005. At the prehearing conference, Applicants will request that this proceeding use written

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comment (and oral comments if granted by the Commission) for purposes of a record, rather than written testimony. Applicants suggest that the other parties file written comments during the week of August 15, 2005 and that Applicants and the other parties file responsive comments during the week of September 12, 2005. Applicants are willing to schedule settlement conferences shortly before initial comments or responsive comments are due. Applicants request an order of the Commission in this matter by September 30, 2005 and waive the requirements of ORS 757.511(3) with respect to 19 business days and the 30-day requirement in ORS 757.420 until the close of business September 30, 2005.

II. DEVELOPMENT, CONFIRMATION AND EFFECT OF THE PLAN[10]

This section describes the development of the Plan, the provisions of which have necessitated this Application. The Plan is the result of extensive negotiations and compromises to reach a consensus among Debtors, the Unsecured Creditors' Committee,[11] the individual creditors and the ENA Examiner.[12] Most of the creditors approved the Plan after an extensive process of disclosure, including the distribution of a final disclosure statement. The Bankruptcy

[10] An expanded discussion of the negotiations and multiple iterations of the Plan that resulted in a confirmed Plan is attached to this Application as Exhibit 5. Source: Finding of Fact and Conclusions of Law Confirming Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, and Related Relief entered July 15, 2004 (docket number 19758).

[11] This was a statutory committee defined in section 1.65 of the Plan.

[12] The ENA Examiner was originally appointed by the Bankruptcy Court to investigate and report on transactions between Enron North America Corp. ("ENA") and Enron. The ENA Examiner's duties were subsequently expanded by the Bankruptcy Court to facilitate the negotiations concerning the Plan on behalf of the creditors of ENA. The evolution of the Plan's terms and the extensive negotiations and discussions between the ENA Examiner, the Unsecured Creditors' Committee and the Debtors are evidenced by the periodic reports filed by the ENA Examiner regarding the status of the Chapter 11 plan developments and recommendations related to exclusivity. In particular, the report filed on or about January 5, 2004 contains the ENA Examiner's recitation of the circumstances and events related to withdrawal of his support for the First Amended Plan. In addition, changes and modifications to the Plan as a result of the discussion and negotiations between the Debtors, the Unsecured Creditors' Committee, the ENA Examiner and other parties in interest are evidenced by the prior filings of the Plan on July 11, 2003, September 18, 2003, November 13, 2003, December 17, 2003 and January 4, 2004 and the disclosure statements related thereto.

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Court confirmed the Plan on July 15, 2004; it became effective on November 17, 2004 ("Effective Date"). As a result, Enron and the other Debtors are reorganized debtors and are no longer debtors in a bankruptcy case. They now own all of their assets free and clear of all liens and encumbrances, and may distribute their assets or the proceeds thereof to creditors as provided in the Plan. The Plan determines the rights of creditors, the method of calculating each creditor's interest in the assets of Enron and the other Debtors, and the manner in which distributions will be made to the various classes of creditors.

A. Confirmation Order

The Bankruptcy Court confirmed the Plan on July 15, 2004.[13] Confirmation means that, upon the Effective Date, the Plan is subject to no further objections, and is binding on the Debtors, the creditors and all other parties subject to the Plan.[14] The Confirmation Order includes several decisions by the Bankruptcy Court that apply to PGE and this Application. These decisions are:

- Appointment of SFC as the Plan Administrator and Disbursing Agent, and approval of the Plan Administration Agreement.[15] The duties and operations of the Plan Administrator and the Disbursing Agent are described in more detail in Section V of this Application.
- Approval of the DCR Guidelines and the Overseer Guidelines.

[13] The SEC separately approved the Plan on March 9, 2004, pursuant to a Plan Order, attached as Exhibit 6.

[14] Two Creditors are pursuing appeals of the Confirmation Order. Neither sought a stay to prevent the occurrence of the Effective Date and substantial consummation of the Plan. Enron and the other reorganized debtors have moved to dismiss the appeals as moot. One of two appellant creditors has conceded that substantial consummation has occurred and requests only a modification not relevant to the plan provisions relating to distributions.

[15] Attached as Exhibit 7.

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- Approval of four new members of Enron's board of directors. The Bankruptcy Court also approved these same four persons as DCR Overseers. A fifth board member and a fifth Overseer, who is the same person, was appointed after the Confirmation Order. Four of the board members of Enron were proposed by Enron in consultation with the Unsecured Creditors' Committee, and one member was proposed by Enron in consultation with the ENA Examiner. Biographies of the five DCR Overseers and the Enron board members are attached.[16]
- Approval of forms of new Articles of Incorporation and Bylaws for PGE, which are included in the Plan Supplement as Schedules N and M, respectively. Prior to the issuance of the New PGE Common Stock, PGE intends to adopt new Articles of Incorporation[17] and Bylaws[18] substantially similar to those attached as exhibits to this Application. These Articles of Incorporation and Bylaws are substantially similar to the form approved by the Bankruptcy Court and are a common form of articles of incorporation and bylaws for publicly traded companies incorporated and headquartered in Oregon.

B. Effective Date

The Plan became effective on November 17, 2004. The Effective Date resulted in the following actions and effects that apply to PGE and this Application:

- Enron and the other Debtors whose plans were confirmed by the Confirmation Order became "Reorganized Debtors," which means that they emerged from bankruptcy and are no longer debtors in possession under Chapter 11 of the

[16] Attached as Exhibit 8.
[17] A draft is attached as Exhibit 9.
[18] A draft is attached as Exhibit 10.

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United States Bankruptcy Code. For convenience, this Application continues to use the term "Debtors" to refer to the "Reorganized Debtors."

- Enron's new board of directors replaced the prior board of directors, and the same individuals who are the new directors of Enron became the DCR Overseers.
- The Unsecured Creditors' Committee was disbanded, except to handle certain litigation matters.
- All of the assets of Enron and the other Debtors were vested in Enron and the other Debtors free of all liens and encumbrances.
- The Bankruptcy Court retained exclusive jurisdiction over any matter arising under the Bankruptcy Code and arising in or relating to the Chapter 11 Cases or the Plan in certain circumstances, including the entry of all orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan.[19]

C. Effect of the Plan on Creditors and Former Equity Holders

The Plan determines the interests of the various classes of creditors in the assets of the Debtors and the method for calculating such interests. The Plan also determines the manner in which the creditors will receive the assets of the Debtors. Distributions will only be made to creditors who become Holders of Allowed Claims.

Under the Plan, 373 different classes of unsecured creditors will receive distributions. Approximately 200 classes of unsecured creditors are eligible to receive common stock, including the New PGE Common Stock. The anticipated recovery to the creditors of the

[19] See Plan section 36, attached as Exhibit 11.

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various Debtors varies from a low of approximately 6% of Allowed Claims to approximately 75% of Allowed Claims, with the majority of creditors anticipated to recover between 15% and 30% of their Allowed Claims. These are expected recovery percentages only. The final distributions under the Plan will not be known until all claims against Enron and the other Debtors, and all claims by Enron and the other Debtors for the recovery of assets, are resolved.

The Plan creates a common Plan Currency,[20] which consists primarily of cash and common stock, including the New PGE Common Stock.[21] The Plan provides that each Holder of an Allowed Claim will receive a pro rata share of the Plan Currency allocated to other Holders similarly classified under the Plan.[22] In general, each Holder of an Allowed Claim will receive a percentage of each of the assets available for distribution based on the ratio of that Holder's Allowed Claims to the Allowed Claims of all other Holders of the same class. This means that each Holder will receive cash and common stock held by Enron and the other Debtors, including the New PGE Common Stock, in a percentage equal to its percentage claim, regardless of how the stock is valued. For example, if a Holder of an Allowed Claim is entitled to 2% of the assets available for distribution, that Holder will receive 2% of each asset, including 2% of cash and 2% of New PGE Common Stock. It will receive this percentage of New PGE Common Stock regardless whether that stock is distributed early or late in the claim settlement process and whether the value of the New PGE Common Stock has gone up or down over time.

The Plan Administrator will calculate the recovery percentages for Holders of Allowed Claims each April and October. Each calculation will require about two months to perform: during January and February for April percentages and during July and August for

[20] See Plan section 1.198, attached as Exhibit 12.
[21] See Plan section 1.191, attached as Exhibit 13.
[22] See Plan section 7.1, attached as Exhibit 14.

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October percentages. Holders of Allowed Claims will receive distributions based on those calculations in April and October. Claims that are first allowed other than in April or October may receive first distributions in June, August, December or February, based upon the most recent April or October calculation of recovery percentages.

Distribution of all assets from Enron and the other Debtors, including the issuance of the New PGE Common Stock, and the continuing release of New PGE Common Stock from the Reserve over time as described below, will be made to the holders of record of claims as of November 29, 2004 ("Record Holders"), as their claims are allowed. Creditors may sell their claims against the bankruptcy estates of Enron and the other Debtors. Enron does not keep a registry of such sales. The Record Holders of Allowed Claims are responsible for any subsequent transfer of assets to a purchaser of a claim.

There are insufficient assets for any distribution to former shareholders of Enron. The Plan canceled all of Enron's common and preferred stock, created new Enron common and preferred stock, and issued that stock to a Common Equity Trust and a Preferred Equity Trust ("Trust"), respectively, with SFC as Trustee. The Trust holds that stock for the benefit of Enron's former shareholders, for distribution to them in the highly unlikely event that any residual assets remain after full recovery for all creditors.[23]

III. ISSUANCE, LISTING AND TRADING OF NEW PGE COMMON STOCK

A. Issuance

The issuance of the 62,500,000 shares of New PGE Common Stock that is the subject of this Application will occur when: (i) sufficient claims have been allowed to permit the

[23] See Plan sections 1.115, 1.120, 1.149, 1.150, 18.1-18.3, and 19.1-19.3, attached as Exhibit 15.

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issuance of not less than 30% of the New PGE Common Stock to Holders of Allowed Claims and (ii) any required consents have been obtained.[24] The 30% condition is likely to occur in time to permit the issuance of the New PGE Common Stock in April 2006. PGE, the Disbursing Agent and Enron will file such applications as are necessary with the U.S. Securities and Exchange Commission ("SEC"), the Federal Energy Regulatory Commission ("FERC"), the Nuclear Regulatory Commission ("NRC"), the Federal Communications Commission ("FCC") and the Oregon Energy Facilities Siting Council ("EFSC").

The amount of New PGE Common Stock initially issued to the Holders of Allowed Claims will not be less than 30%. The intent of the 30% condition is to assure that a liquid market can exist for shares of New PGE Common Stock and to permit the listing of the New PGE Common Stock on a national securities exchange. A trading market in the New PGE Common Stock at the date of issuance will allow Holders of Allowed Claims to retain the New PGE Common Stock distributed to them or sell such shares in the market.

The Disbursing Agent on behalf of the Reserve will receive any New PGE Common Stock not initially distributed to Holders of Allowed Claims. This amount will not exceed 70% and will decline with each subsequent release of New PGE Common Stock from the Reserve, as claims are resolved. The result of this will be a continuous release of New PGE Common Stock from the Reserve to Holders of Allowed Claims and, accordingly, a continuous reduction in the percentage of New PGE Common Stock held in the Reserve. Enron's current expectation is that the Reserve will hold less than 50% of the New PGE Common Stock within one year after the issuance and may hold less than 30% of the New PGE Common Stock within two years after the issuance. The speed at which the Reserve releases stock to Holders of

[24] See Plan section 32.1(c), attached as Exhibit 16.

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Allowed Claims, and thus reduces its ownership interest in New PGE Common Stock, will depend upon the speed and timing of the resolution of further claims.

Ultimately, the Reserve will release all of the New PGE Common Stock when all claims are resolved, and it must hold not less than 1% of the New PGE Common Stock until then.[25]

B. Preparation for Issuance

To prepare for the issuance, PGE will register the New PGE Common Stock with the SEC[26] and apply to list it on a national stock exchange. PGE will conduct a search for additional members for PGE's board of directors that satisfy the requirements of the selected stock exchange, the SEC and Sarbanes/Oxley. Among other things, these requirements include that a majority of the PGE board of directors be independent of PGE[27] and its management and that at least one board member possesses the qualifications of a "financial expert" as defined in Item 401(h) of Regulation S-K. A search for new board members has already begun, with criteria including utility, business (customer service, information technology, etc.), and financial expertise, and a preference for Northwest residents.

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[25] See Plan section 32.1(c), attached as Exhibit 16.

[26] PGE will register the New PGE Common Stock under the Securities Exchange Act of 1934. The Plan provides for the issuance of the New PGE Common Stock on account of claims held by creditors of Enron and the other Debtors. Pursuant to section 1145 of the Bankruptcy Code, securities of a Debtor or its affiliate, such as PGE, issued pursuant to a plan of reorganization are exempt from registration pursuant to section 5 of the Securities Act of 1933 and any other applicable state or local law. This provision of the Bankruptcy Code was expressly incorporated into the Plan and Confirmation Order of the Debtors. The Plan contains language that exempts PGE securities from registration as permitted by the provisions of the Bankruptcy Code. Specifically, section 42.19 of the Plan entitled "Exemption from Registration," provides that, "[p]ursuant to section 1145 of the Bankruptcy Code, and except as provided in subsection (b) thereof, the issuance of the Plan Securities, the Litigation Trust Interests and the Special Litigation Trust Interests on account of, and in exchange for, the Claims against the Debtors shall be exempt from registration pursuant to section 5 of the Securities Act of 1933 and any other applicable non-bankruptcy law or regulation."

[27] Independence means, in part, that a Board member has a sufficiently small economic stake in PGE so that his or her independent judgment is not affected by personal considerations.

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Prior to the issuance of the New PGE Common Stock, PGE will select a transfer agent. PGE will also establish relationships with common stock analysts, some of whom may cover PGE for potential investors, providing those analysts with the information necessary to promote coverage of New PGE Common Stock in the analysts' publications. Among other things, PGE will need to establish a dividend policy, in part so that analysts and the market can assess PGE and its prospects, both as an operating business and as an investment. PGE plans to begin this process sufficiently prior to the issuance of the New PGE Common Stock so that analysts are prepared once the stock begins to trade.

Finally, PGE will have an investor relations function for the first time since it was acquired by Enron. PGE estimates that the additional activities associated with being a publicly traded company will cost approximately $2 million per year.

C. Trading in New PGE Common Stock

The New PGE Common Stock will be publicly traded. This means that PGE, its officers, directors, and shareholders must comply with the SEC, stock exchange and state securities laws and regulations that apply to public companies. These laws and regulations are designed in part to promote fair public disclosure of all information an investor would deem relevant in making an investment decision and to prevent insiders from taking unfair advantage of non-public information.

For PGE, this means that it will file public annual reports and proxy statements for the election of directors and other shareholder actions, and will continue to file forms 10-K, 10-Q and 8-K with the SEC, among other requirements. It also means that PGE will have to adopt an insider trading policy that prohibits PGE directors, officers or employees from trading in New PGE Common Stock based on non-public information.

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PGE's shareholders will be subject to the laws and regulations applicable to investors in publicly traded securities. For example, the Williams Act requires that any purchaser acquiring 5% or more of the common stock of a publicly traded company must file a Form 13-D with the SEC informing the SEC of that fact and of the investment intentions of the purchaser. Enron and the Plan Administrator do not expect that any person or entity (other than the Reserve) will own or control 5% or more of the New PGE Common Stock as a result of the issuance of New PGE Common Stock. Such ownership could also trigger the Commission's jurisdiction under ORS 757.511.

IV. GOVERNANCE AND OPERATION OF PGE AFTER ISSUANCE OF NEW PGE COMMON STOCK

As a result of the issuance of the New PGE Common Stock, PGE will separate from Enron. PGE will be governed by its board of directors, who the PGE shareholders will elect annually. The board of directors of PGE will owe its fiduciary duties to all shareholders, not a single shareholder.

A. Separation from Enron

Enron and PGE plan to enter into a Separation Agreement that will take effect upon the issuance of the New PGE Common Stock.[28] Among other things, the Separation Agreement will:

- Provide for Enron to indemnify PGE and its subsidiaries against any federal taxes that PGE or its subsidiaries may incur as a result of inclusion in the Enron Control Group for federal tax purposes.

[28] A draft of the Separation Agreement is attached as Exhibit 17.

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- Provide for Enron to indemnify PGE and its subsidiaries against any liabilities they may incur arising out of any employee benefit plans sponsored by Enron or its ERISA Affiliates (other than PGE) as described in the Separation Agreement.
- Terminate the tax allocation agreement between Enron and PGE, except as to tax years open to audit.
- Terminate the Master Services Agreement between Enron and PGE.[29]

To the extent that, prior to the issuance of the New PGE Common Stock, Enron settles the claims for which it was indemnifying PGE, Enron and PGE will modify the Separation Agreement to eliminate the indemnity.

PGE will, both prior to and after the issuance of the New PGE Common Stock, maintain its separate books and records and accounting system. After the issuance of the New PGE Common Stock, PGE will be deconsolidated from Enron for income tax purposes and will file and pay its taxes to the respective taxing authorities with jurisdiction over it. After the issuance of the New PGE Common Stock, neither PGE nor Enron will supply any services to the other.[30]

B. Governance and Operation

The PGE board of directors will set the policies and direction for PGE, just like any board of directors of other publicly traded companies. The PGE board of directors will be responsible for selecting and evaluating PGE's management. There are no expected changes in management at PGE at the present time. The PGE board of directors will act on matters such as

[29] PGE will continue to share some services with its subsidiaries. PGE will prepare and file with the Commission a new Master Services Agreement to cover these services.

[30] PGE will work with Enron on any tax filings or audits related to the period of consolidation, but no charges for services will flow in either direction in connection with this cooperation.

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PGE's operating and capital budgets, PGE's major investments and risk management policies, and PGE's dividends.

PGE's board of directors will interact with management on PGE's strategy and longer-term plans, including PGE's plans for operating as a public company and providing timely public information about PGE's financial and operational matters. For the near term, PGE's strategy will remain as expressed in its 2004-2006 Statement of Direction and its most recently acknowledged Integrated Resource Plan.

PGE's board of directors will owe a fiduciary duty to all shareholders, including those who have purchased their shares in the open market, Holders of Allowed Claims who have received shares upon the issuance of New PGE Common Stock or by the release of New PGE Common Stock from the Reserve, and the Reserve. PGE's board of directors will no longer owe its fiduciary duties to a single shareholder, such as Enron. The fiduciary duties of PGE's board of directors are the same for all shareholders, including the Reserve, regardless of the percentage of New PGE Common Stock owned by any shareholder.

PGE will continue to be regulated by the Commission and by FERC in the same manner as it is today. Nothing about the issuance of the New PGE Common Stock changes the regulatory authority or jurisdiction of the Commission or FERC. [31]

[31] Enron has applied to the SEC under the Public Utility Holding Company Act of 1935 ("PUHCA") for authorization to dispose of its interest in PGE. In addition, SFC and the Reserve will seek an exemption from holding company status under PUHCA related to their roles as temporary custodians of the New PGE Common Stock, pending its full distribution to Holders of Allowed Claims. Because Enron will no longer own PGE common stock or control PGE after the issuance of the New PGE Common Stock to the Reserve and the Holders of Allowed Claims, Enron's SEC application also may request a determination that it is no longer a holding company under PUHCA and authorization to deregister as such. If the application to the SEC is granted, PGE would cease to be a subsidiary of a registered holding company and would no longer be subject to regulation under PUHCA.

V. ROLES AND OPERATION OF THE PLAN ADMINISTRATOR, THE DISBURSING AGENT AND THE DCR OVERSEERS

The primary objective of the Plan Administrator is to take all actions necessary to distribute the assets of the Debtors to the Holders of Allowed Claims as rapidly as prudently possible. There is no legal or economic incentive for the Plan Administrator to do anything other than resolve claims and close the bankruptcy cases. Likewise, the Plan's role for the Reserve is as a trust/escrow that reduces its interest in all assets, including the New PGE Common Stock, as rapidly as the Plan Administrator can resolve claims.

A. Plan Administrator

The Plan Administration Agreement describes the rights and duties of SFC as the Plan Administrator. Those rights and duties are, essentially, to carry out the Plan, resolve all claims made against the Debtors, resolve all claims that the Debtors have against any third party, make regular reports to the Enron board of directors and to the Bankruptcy Court on the status of claims resolution, liquidate assets remaining in the estates of the Debtors, and consult with and provide the DCR Overseers with information in connection with the voting or sale of the Plan securities, including New PGE Common Stock once it is issued, held in the Reserve.

The authority of the Plan Administrator is limited, as set forth in section 5 of the Plan Administration Agreement, by the dollar amounts and types of claims it can settle without the approval of the board of directors of Enron and, if requested by Enron's board of directors, the approval of the Bankruptcy Court.

Among other responsibilities, the Plan Administrator must hold sufficient assets of the Debtors in reserve to provide for distributions to the Holders of Disputed Claims as they become Holders of Allowed Claims and to the Holders of previously Allowed Claims as Disputed Claims are disallowed. The Plan Administrator also must calculate the expected

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recovery percentages that form the basis for the distributions to Holders of Allowed Claims prior to the final settlement of all claims under the Plan.

The compensation of SFC as the Plan Administrator is set forth in the Plan Administration Agreement, and is the sole compensation for any and all services rendered by SFC or any of its employees or affiliates to the Debtors for acting as the Plan Administrator, the Disbursing Agent or the trustee of any trust formed pursuant to the Plan.

SFC is owned 50% by Stephen Forbes Cooper and 25% each by Leonard LoBiondo and Michael E. France. SFC is providing management services to Enron and the other Debtors. A copy of the Operating Agreement of SFC is attached.[32] SFC's sole business is providing services to Enron and other Enron related Debtors. It has no other business. Also attached to this Application is a copy of an agreement between SFC and Kroll Zolfo Cooper, LLC, which provides that all amounts received by SFC for providing services to Enron and the other Debtors acting in any capacity pursuant to the Plan will be the property of, and shall be paid to, Kroll Zolfo Cooper, LLC.[33] Kroll Zolfo Cooper, LLC is owned 100% by Kroll, Inc., which is owned 100% by Marsh, Inc., which is owned 100% by MMC, a publicly traded corporation.

B. Disbursing Agent and the Disputed Claims Reserve

The DCR Guidelines and the Plan control the operation of the Reserve and the Disbursing Agent. The New PGE Common Stock issued to the Reserve will be held in trust/escrow for the benefit of Holders of Disputed Claims and Holders of Allowed Claims,

[32] Attached as Exhibit 18.
[33] Attached as Exhibit 19.

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along with all other assets in the Reserve.[34] The Disbursing Agent has no economic or beneficial interest in the New PGE Common Stock or other assets in the Reserve.

The DCR Guidelines limit investment of assets held in the Reserve. All cash is held in interest-bearing accounts at financial institutions with a reported capital surplus of $100 million, or invested in interest-bearing obligations issued by the U.S. Government or by an agency of the U.S. Government and guaranteed by the U.S. Government, having maturity of not more than 30 days in either case, unless modified by the Bankruptcy Court. The DCR Guidelines do not give the Disbursing Agent any discretion to invest in other assets.[35] The Disbursing Agent is in the process of requesting from the Bankruptcy Court a change in the investment guidelines to allow it to invest cash and cash equivalents in Treasury Bills with maturities up to 6 months and in money market funds that invest in U.S. Government securities.

In short, the Disbursing Agent will take directions from the Plan Administrator as to the assets the Reserve holds or releases from time to time to Holders of Allowed Claims. The Disbursing Agent has no economic interest in, and no authority over, the operation or valuation of the Reserve. The Disbursing Agent has no authority to invest assets held in the Reserve in anything other than cash or cash equivalents and is prohibited from determining how to vote Plan securities, including the New PGE Common Stock.

C. DCR Overseers

The Disbursing Agent will vote the New PGE Common Stock held in the Reserve at the direction of the DCR Overseers. The other registered owners on the books of PGE's transfer agent will vote the New PGE Common Stock held by them.

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[34] See Plan sections 21.3(a) and 32.3, attached as Exhibit 2 and Exhibit 20, respectively.

[35] In addition, the DCR Guidelines do not allow the Disbursing Agent to sell the New PGE Common Stock or vote it, except as instructed by the DCR Overseers.

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The DCR Overseers will have the limited functions of determining (1) how to vote the New PGE Common Stock held by the Reserve on all matters for which a shareholder vote is required under Oregon law or PGE's Articles of Incorporation and Bylaws and (2) whether to sell the New PGE Common Stock held by the Reserve. The Plan Administrator will be required to bring to the DCR Overseers matters that require the vote of shareholders and any offers to buy New PGE Common Stock.

As a matter of Oregon law and the proposed Articles of Incorporation and Bylaws of PGE, the DCR Overseers will have the right to vote annually on the election of PGE's board of directors. Under Oregon law, shareholders are also entitled to vote on major transactions, such as mergers and sale or mortgage of all or substantially all of the assets of a corporation such as PGE. As long as the Reserve holds more than 10% of the New PGE Common Stock, the DCR Overseers will also have the ability to call a special meeting of the shareholders.

The DCR Overseers will exercise their business judgment to vote Plan securities, including the New PGE Common Stock, in a manner they believe will maximize the value of assets to be distributed to creditors. The Guidelines require that the DCR Overseers take all actions that a board of directors of a public corporation chartered in the State of Delaware would be required to take to satisfy its fiduciary duties in making a decision requiring the voting by such corporation of a comparable proportion of securities it holds in another entity. The DCR Overseers may not vote in matters in which they have a conflict of interest.

Like the Disbursing Agent, the DCR Overseers have no economic or beneficial interest in the assets held in the Reserve. Their sole compensation is the compensation they receive for acting as directors of Enron.

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The DCR Overseers must require that any potential buyer of the New PGE Common Stock offer all other shareholders of New PGE Common Stock the same terms and conditions as are offered to the Reserve. This prevents the Reserve from receiving a premium from the sale of the New PGE Common Stock not available to other shareholders of PGE.

VI. ENRON MERGER CONDITIONS

The Enron merger conditions adopted by the Commission in Order 97-196 will cease to apply by their terms with respect to Enron at the time, likely April 2006, when the issuance of New PGE Common Stock occurs. Some have already expired by their terms, including numbers 4, 13, 16 and 19. Other conditions included commitments by PGE, such as Condition 7, and by the parties to the Stipulation, such as Condition 20, and these commitments will continue for circumstances arising out of the merger with Enron.

Enron merger conditions were justified based upon the specific facts and circumstances of Enron's acquisition of PGE. The issuance of New PGE Common Stock has no similar facts and circumstances. Below we discuss the Enron conditions and explain why, with one exception, the circumstances here do not warrant similar conditions.

As a general matter, the following circumstances were significant in supporting the conditions adopted in Order No. 97-196:

- A single entity, Enron, owned 100% of PGE's common stock.
- Enron could control PGE's dividend policy.
- As a result of the acquisition, PGE became affiliated with a myriad of Enron subsidiaries and affiliates, many of which conducted business in the energy sector.

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- Enron planned to provide services to PGE and allocate expenses to PGE.
- The acquisition was expected to produce costs savings and synergies.

The Commission specifically identified these concerns in adopting the conditions, explaining that Enron "might weaken PGE's financial condition," the increase in affiliates could lead to "cross-subsidization," the acquisition would result in "direct charges" and "cost allocation" and the merger was expected to lower administrative expenses. Order 97-196 at 7.

Implementing the Plan's arrangements for transferring the New PGE Common Stock and other assets to creditors does not raise any of these concerns because:

- PGE will be held widely by public shareholders.
- PGE's board of directors will establish a dividend policy suitable to its financial circumstances and investors' needs.
- PGE will have only subsidiaries, not a corporate parent and affiliated sister companies.
- The Reserve's only purpose is to facilitate carrying out the terms of the Plan.
- The Reserve will not provide services to PGE and will not allocate costs to PGE.
- PGE will experience no cost savings or synergies because of the issuance of New PGE Common Stock.

With respect to specific conditions, Conditions 1-3 concerned affiliate transactions and required PGE to keep its books and records separate from its corporate parent Enron. As stated in the Commission Order adopting the parties' stipulation, these conditions focused on "inter-corporate transactions that result in direct charges or cost allocations." Neither the Reserve nor the Disbursing Agent will allocate costs to or engage in transactions with PGE. The only entities that will remain affiliated with PGE are its current and any future subsidiaries. The Commission

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affiliate statutes and rules are more than sufficient to address any affiliate issues between PGE and its subsidiaries. As noted above PGE will keep separate books and records for PGE.

Condition 4 required PGE to exclude all merger related costs from utility accounts. PGE will offer a condition similar to Condition 4 to assure the Commission and customers that the one-time costs of issuing the New PGE Common Stock and listing the stock on a national stock exchange will be borne by PGE and its shareholders and not its customers. PGE currently estimates that these costs will be less than $650,000.

Condition 5 required PGE to maintain separate debt and preferred stock ratings. This condition has no purpose with respect to the issuance of New PGE Common Stock because PGE will no longer have a corporate parent.

Conditions 6 and 9 were financial conditions, regulating the declaration and payment of dividends and the transfer of PGE's retained earnings to Enron. These conditions reflected concerns that Enron, as the sole owner of PGE, could have an incentive to weaken PGE's financial condition to benefit Enron or its other subsidiaries or affiliates. The Plan Administrator, the DCR Overseers, and the Reserve have no such incentive. Moreover, such conditions are unnecessary when a utility has public shareholders. In fact, limitations on PGE's ability to declare and pay dividends could harm customers by impairing PGE's access to capital markets. PGE will establish its own dividend policy to meet the expectations of the equity and debt markets and its financial circumstances.

Conditions 7 and 10 protected customers against a higher cost of capital or a higher revenue requirement as a result of the transaction. These conditions are not necessary for the issuance of New PGE Common Stock. The issuance of New PGE Common Stock will not

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change PGE's regulatory capital structure. PGE is incurring no new debt. Most important, PGE will have no parent company, which might affect PGE's credit ratings.

Condition 8 provided the Commission with access to written information concerning PGE given by Enron to stock or bond analysts. The Commission already has access to information PGE provides to stock or bond analysts.

Condition 11 sets forth a service quality program that will run until mid-2007. PGE plans to raise in its next general rate case whether another service quality program should follow this one and, if so, of what design.

Conditions 12-14 provide protections against cross-subsidization between PGE and affiliates. These concerns are not applicable because PGE will not have additional affiliates (other than the Reserve, which will be an affiliate) as a result of the issuance of New PGE Common Stock. The Reserve will not allocate any costs to PGE, and there will be no affiliate transactions between the Reserve and PGE.

Conditions 15-17 were put in place to restrict Enron's access to PGE's power, natural gas assets, or excess pipeline capacity because of the competitive nature of Enron's energy business at the time. The Reserve will not be involved in any business other than carrying out the terms of the Plan. In addition, the Commission subsequently adopted OAR 860-038-500 through 620, which deals with the subject matter of Condition 17. The Commission rules and statutes are more than sufficient to address PGE's relationships with its subsidiaries.

The circumstances that gave rise to and supported Conditions 18 through 21 do not exist now. The Reserve has not entered into an MOU with environmental groups, which formed the basis of Condition 18. The issuance of New PGE Common Stock creates no administrative costs savings or synergies, which were the basis of the merger credits in Condition 19. The Reserve

has no plans to market and sell energy in other retail markets, which was the basis for the merger credit in Condition 20.[36] There is no need for enforcement provisions (Condition 21). Condition 22, which required the filing of a customer choice (UE 102), has long since been superseded by Oregon's direct access program.

VII. THIS APPLICATION SERVES PUBLIC INTEREST AND BENEFITS CUSTOMERS

There are several reasons why this Application serves the public interest and benefits customers. First, there are no risks to PGE or its customers as a result of the Plan for the New PGE Common Stock. PGE will not be subject to any new debt or liability. Any one-time costs associated with this Plan will not pass through to customers. There is no holding company created and no acquisition debt that must be serviced by PGE dividends.

Second, PGE will become a publicly traded stand-alone electric utility headquartered in Portland. The policy, direction and management decisions for PGE will be made by PGE's board of directors and management with full knowledge that PGE has no other business or purpose but to operate as a regulated public utility within the State of Oregon. As a publicly traded company, PGE will have access to the public equity market, something it does not have now.

[36] The merger credit in condition 20 was also "full payment for any entitlement PGE's customers may have to value that relates to: 1) use of PGE's name, reputation, business relationships, expertise, goodwill or other intangibles; 2) wholesale and non-franchise retail activities that PGE has undertaken that will not take place within PGE after the merger (this includes but is not limited to PGE's discontinued term wholesale trading and risk management activities), and wholesale and non-franchise retail activities that PGE might have undertaken had the merger with Enron not occurred; and 3) added value of the merged entity that is achievable because of the combination or because of the association with PGE. This payment obligation also shall constitute full payment to PGE's customers for any entitlement to the revenues, value or other benefits arising from the business activities of the merged entity, other than the regulated business activities conducted by PGE. The term 'regulated business activities' shall mean the assets and services of PGE which are subject to economic regulation under Oregon or federal law." The Commission should continue to recognize this full payment in any applicable circumstances.

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Third, PGE will not be consolidated for tax purposes with any other entity (other than with its wholly-owned subsidiaries) and will file and pay its taxes with and directly to all taxing authorities.

The Reserve and the Plan Administrator are charged with resolving disputed claims and distributing New PGE Common Stock to Holders of Allowed Claims as rapidly as possible. The expected outcome of the Plan is that ultimately the New PGE Common Stock will be publicly and widely held. Approval of this Application will allow Enron, PGE and the Commission to carry out fully the Plan approved by the Bankruptcy Court pursuant to federal law for the issuance of the New PGE Common Stock. Approval of this Application is the fastest way to return PGE to its previous status as a publicly traded company, headquartered in Portland, Oregon.

The Applicants respectfully request that the Commission grant the orders described in this Application.

DATED this 17th day of June, 2005.

Portland General Electric Company

/s/
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SCHEDULE OF EXHIBITS

Exhibit	Description
1	Bankruptcy Court Confirmation Order
2	Plan section 21.3(a)
3	Guidelines for the Disputed Claims Reserve
4	Guidelines for the DCR Overseers
5	History of the Plan
6	SEC Plan Order
7	Plan Administration Agreement
8	Biographies of the five DCR Overseers/Enron Board
9	Draft PGE Articles of Incorporation
10	Draft PGE Bylaws
11	Plan section 36
12	Plan section 1.198
13	Plan section 1.191
14	Plan section 7.1
15	Plan sections 1.115, 1.120, 1.149, 1.150, 18.1-18.3, and 19.1-19.3
16	Plan section 32.1(c)
17	Draft Separation Agreement
18	SFC Operating Agreement
19	Agreement between SFC, LLC and Kroll Zolfo Cooper, LLC
20	Plan section 32.3

Appendix A

REQUIRED INFORMATION FOR APPLICATION TO ISSUE NEW PGE COMMON STOCK

A. The following information is required by OAR 860-027-0030(1):

1. Applicant's Name and Address (OAR 860-027-0030(1)(a))

Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

2. Applicant's Incorporation and Authorizations to Transact Utility Business (OAR860-027-0030(1)(b))

PGE is a corporation organized and existing under and by the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Arizona, Idaho, Utah and Montana, but conducts retail utility business only in the State of Oregon. As of February 21, 1995, PGE is also registered as an extra provincial corporation in Alberta, Canada.

3. Notices (OAR 860-027-0030(1)(c))

The names and addresses of the persons authorized to receive notices and communications in respect of this Application:

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (telecopier)
pge.opuc.filings@pgn.com

The names and addresses to receive notices and communications via the e-mail service list are:

Patrick G. Hager, Manager Regulatory Affairs
E-Mail: patrick.hager@pgn.com, and

J. Jeffrey Dudley, Associate General Counsel
E-Mail: jay.dudley@pgn.com

4. Principal Officers (OAR 860-027-0030(1)(d))

As of June 1, 2005, the names, titles and addresses of PGE's principal officers are

as follows:

NAME	TITLE
Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President, Finance, Chief Financial Officer & Treasurer
Arleen Barnett	Vice President, Administration
Carol A. Dillin	Vice President, Public Policy
Stephen R. Hawke	Vice President, Customer Service & Delivery
Ronald W. Johnson	Vice President, Business & Government Customers; Economic Development
Pamela G. Lesh	Vice President, Regulatory Affairs & Strategic Planning
James F. Lobdell	Vice President, Power Operations & Resource Planning
Joe A. McArthur	Vice President, Distribution
Douglas R. Nichols	Vice President, General Counsel & Secretary
Stephen M. Quennoz	Vice President, Nuclear & Power Supply / Generation
Kirk M. Stevens	Controller and Assistant Treasurer
William J. Valach	Assistant Treasurer
Steven F. McCarrel	Assistant Secretary
J. Mack Shively	Assistant Secretary

5. Applicant's Business (OAR 860-027-0030(1)(e))

PGE is engaged in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

6. Authorized and Outstanding Stock (OAR 860-027-0030(1)(f))

(f) A statement, as of the date of the balance sheet submitted with the

application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury), held amount as reacquired securities; amount pledged by applicant; amount owned by affiliated interests, and amount held in any fund

PGE's capital stock as of March 31, 2005.

	Outstanding	
	Shares	Amount ($OOOs)
Cumulative Preferred Stock *:		
7.75% Series No Par Value (30,000,000 shares authorized):	204,727	$20,473
$1 Par Value Limited voting Jr.	1	-
Total Preferred Stock	204,728	$20,473
Common Stock:		
$3.75 Par Value (100,000,000 shares authorized):	42,758,877	$160,346

*As required by SFAS No. 150, PGE's 7.75% Series preferred stock has been reclassified Long-Term Debt, effective July 1, 2003, and the Company began recording the related dividends as interest expense.

None of the capital stock is held as reacquired securities, pledged, held by affiliated corporations (other than Enron), or held in any sinking or other fund.

7. Authorized and Outstanding Long-Term Debt or Notes (OAR 860-027-0030(1)(g))

(g) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt or notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged by applicant; amount held by affiliated interests; and amount in sinking and other funds

PGE's long-term debt as of March 31, 2005.

Description	Authorized ($000s)	Outstanding ($000s)
First Mortgage Bonds:		
MTN Series due August 15, 2005 9.07%	18,000	18,000
MTN Series due June 15, 2007 7.15%	50,000	50,000
MTN Series due August 11, 2021 9.31%	20,000	20,000
8-1/8% Series due February 1, 2010	150,000	150,000
5.6675% Series due October 25, 2012	100,000	100,000
5.279% Series due April 1, 2013	50,000	50,000
5.625% Series due August 1, 2013	50,000	50,000
6.75% Series due August 1, 2023	50,000	50,000
6.875% Series due August 1, 2033	50,000	50.000
Total First Mortgage Bonds	538.000	538.000
Pollution Control Bonds:		
City of Forsythe, Montana		
5.45% Series due May 1, 2033	21,000	21,000
5.20% Series due May 1, 2033	97,800	97,800
Port of Morrow		
5.20 % Series May 1, 2033	23,600	23,600
Port of St. Helens, Oregon		
4.80% Series due April 1, 2010	20,200	20,200
4.80% Series due June 1, 2010	16,700	16,700
5.25% Series due August 1, 2014	9,600	9,600
7.125% Series due December 15, 2014	5,100	5,100
Total Pollution Control Bonds	194.000	194.000
Other Long-Term Debt:		
6.91% Conservation Bonds	80,730	16,757
7-7/8% Notes due March 15, 2010	150,000	149,250
Other Long-Term Obligation		462
Unamortized Debt Discount and Other	(1,500)	(1,353)
Total Other Long-Term Debt	229,230	165,116
Less Maturities and Sinking Funds Included in Current Liabilities	28.370	28.370
Total Long-Term Debt	932,860	868,746

None of the long-term debt is pledged or held as reacquired securities, by affiliated corporations, or in any fund.

8. Proposed Issuance of Securities (OAR 860-027-0030(1)(h))

(h) A full description of the securities proposed to be issued, showing: kind and nature of securities or liabilities; amount(face value and number of shares); interest or dividend rate, if any; date of issue and date of maturity; and voting privileges, if any

See Sections I and III of the Application.

9. Description of Proposed Transaction (OAR 860-027-0030(1)(i))

(i) A reasonably detailed and precise description of the proposed transaction, including a statement of the reasons why it is desired to consummate the transaction and the anticipated effect thereof. If the transaction is part of a general program, describe the program and its relation to the proposed transaction. Such description shall include, but is not limited to, the following:

(a) A description of the proposed method of issuing and selling the securities;

(b) A statement of whether such securities are to be issued pro rata to existing holders of the applicant's securities or issued pursuant to any preemptive right or in connection with any liquidation or reorganization;

(c) A statement showing why it is in applicant's interest to issue securities in the manner proposed and the reason(s) why it selected the proposed method of sale; and

(d) A statement that exemption from the competitive bidding requirements of any federal or other state regulatory body has or has not been requested or obtained, and a copy of the action taken thereon when available.

For information responsive to subparts (a)-(c), *see* Sections I, II, III, and VII of the Application. As to subpart (d), an exemption from federal or state competitive bidding requirements has not been obtained because no such requirements exist with the respect to the issuance of New PGE Common Stock.

10. Transaction Fees (OAR 860-027-0030(1)(j))

(j) The name and address of any person receiving or entitled to a fee for service (other than attorneys, accountants and similar technical services) in connection with the negotiation or consummation of the issuance or sale of securities, or for services in securing underwriters, sellers or purchasers of securities, other than fees included in any competitive bid; the amount of each such fee, and facts showing the necessity for the services and that the fee does not exceed the customary fee for such services in arm's-length transactions and is reasonable in the light of the cost of rendering the service and any other relevant factors

PGE will pay ordinary and customary fees for listing the New PGE Common Stock on a national stock exchange, for a transfer agent and registrar and for printing stock certificates and related activities.

11. Commissions and Net **Proceeds (OAR 860-027-0030(1)(k))**

(k) A statement showing both in total amount and per unit the price to the public, underwriting commissions and net proceeds to the applicant. Supply also the information (estimated if necessary) required in section (4) of this rule. If the securities are to be issued directly for property, then a full description of the property to be acquired, its location, its original cost (if known) by accounts, with the identification of the person from whom the property is to be acquired, must be furnished. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the seller and applicant or their predecessors must be furnished, with a full explanation of how such estimate has been made, and a description and statement of the present custody of all existing pertinent data and records. A statement showing the cost of all additions and betterments and retirements, from the date of the original cost, should also be furnished

None.

12. Purpose for Issuance (OAR 860-027-0030(1)(l))

(l) Purposes for which the securities are to be issued. Specific information will be submitted with each filing for the issuance of bonds, stocks or securities:

- *Construction, completion, extension or improvement of facilities. A description of such facilities and the cost thereof;*
- *Reimbursement of the applicant's treasury for expenditures against which securities have not been issued. A statement giving a general description of such expenditures, the amounts and accounts to which charged, the associated credits, if any, and the periods during which the expenditures were made;*
- *Refunding or discharging of obligations. A description of the obligations to be refunded or discharged, including the character, principal amounts discount or premium applicable thereto, date of issue and date of maturity, purposes to which the proceeds were applied and all other material facts concerning such obligations; and*
- *Improvement or maintenance of service. A description of the type of expenditure and the estimated cost in reasonable detail;*

See Section I of the Application.

13. Other Federal and State Applications (OAR 860-027-0030(1)(m))

(m) A statement as to whether or not any application, registration statement, etc., with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body

See Section III(A) of the Application.

14. Facts Showing that Issuance is Lawful, Appropriate, and in the Public Interest (OAR 860-027-0030(1)(n))

(n) The facts relied upon by the applicant to show that the issue:

- *Is for some lawful object within the corporate purposes of the applicant;*
- *Is compatible with the public interest;*
- *Is necessary or appropriate for or consistent with the proper performance by the applicant of service as a utility;*
- *Will not impair its ability to perform that service;*
- *Is reasonably necessary or appropriate for such purposes; and*
- *If filed under ORS 757.495, is fair and reasonable and not contrary to public interest;*

See Section VII of the Application.

15. Acquisition of Rights (OAR 860-027-0030(1)(o))

Not applicable.

16. Affiliated Interest Transactions (OAR 860-027-0030(1)(p))

Not applicable.

B. The following exhibits are required by OAR 860-027-0030(2):

1. EXHIBIT A (OAR 860-027-0030(2)(a))

PGE's current articles of incorporation with amendments to date (previously filed in Docket UP 79 and incorporated by reference hereto).

2. EXHIBIT B (OAR 860-027-0030(2)(b))

PGE's current bylaws with amendments to date (previously filed in Docket UP 4206 and incorporated by reference hereto).

3. EXHIBIT C (OAR 860-027-0030(2)(c))

Resolutions for the issuance of new PGE Common Stock are not currently available. They will be submitted when available.

4. EXHIBIT D (OAR 860-027-0030(2)(d))

None.

5. EXHIBIT E (OAR 860-027-0030(2)(e)) (see **attached)**

PGE's balance sheets as of March 31, 2005. Adjustments to record the proposed issuance of New PGE Common Stock and pro forma are not currently available. They will be submitted when available.

6. EXHIBIT F (OAR 860-027-0030(2)(f)) (see **attached)**

A statement of all known contingent liabilities as of March 31, 2005.

7. EXHIBIT G (OAR 860-027-0030(2)(g)) (see **attached)**

PGE's comparative income statements for the 3-month period ended March 31, 2005. Adjustments to record the proposed issuance of New PGE Common Stock and pro forma are not currently available. They will be submitted when available.

8. EXHIBIT H (OAR 860-027-0030(2)(h)) (see **attached)**

An analysis of PGE's surplus for the 3-month period ended March 31, 2005.

9. EXHIBIT I (OAR 860-027-0030(2)(i))

EXHIBIT I: A copy of registration statement proper, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission

PGE will file a Form 8A with the SEC prior to the issuance of New PGE Common Stock and will file a copy with the Commission.

10. EXHIBIT J (OAR 860-027-0030(2)(j))

EXHIBIT J: A copy of the proposed and of the published invitation of proposals for the purchase of underwriting of the securities to be issued; of each proposal received; and of each contract, underwriting, and other arrangement entered into for the sale or marketing of the securities. When a contract or underwriting is not

in final form so as to permit filing, a preliminary draft or a summary identifying parties thereto and setting forth the principal terms thereof, may be filed pending filing of conformed copy in the form executed by final amendment to the application

Not Applicable.

11. EXHIBIT K (OAR 860-027-0030(2)(k))

Stock certificates for the New PGE Common Stock are not currently available. Copies will be provided when they are available.

12. (OAR 860-027-0030(2)(l))

Application for a utility to loan its funds to an affiliated interest, in addition to Exhibits A through K, shall also include the following:

Not applicable.

13. (OAR 860-027-0030(2)(m))

An application for a utility to give credit on its books or otherwise by:

Not applicable.

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Exhibit "E"

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
(Unaudited)
For the Three Months Ended March 31, 2005
(Millions of Dollars)

	March 31, 2005	Adjustments (1)	Adjusted Total
Assets			
Electric Utility Plant - Original Cost			
Utility plant (includes construction work in progress of $142 and $114)	$4,043	$0	$4,043
Accumulated depreciation	($1,734)	$0	($1,734)
	2,309	$0	2,309
Other Property and Investments			
Nuclear decommissioning trust, at market value	21		21
Non-qualified benefit plan trust	62		62
Miscellaneous	31	$0	31
	114		114
Currant Assets			
Cash and cash equivalents	316	$0	316
Accounts and notes receivable (less allowance for uncollectible accounts of $50 and $50)	187		187
Unbilled revenues	57		57
Assets from price risk management activities	213		213
Inventories, at average cost	46		46
Prepayments and other	116		116
	935	$0	935
Deferred Charges			
Regulatory assets	281		281
Miscellaneous	24	$0	24
	305	$0	305
	$3,663	$0	$3,663
Capitalization and Liabilities			
Capitalization			
Common stock, $3.75 par value per share, 100,000,000 shares authorized; 42,758,877 shares outstanding	160		160
Other paid-in capital - net	481		481
Retained earnings	675		675
Accumulated other comprehensive income (loss):			
Unrealized gain on derivatives classified as cash flow hedges	4		4
Minimum pension liability adjustment	-4		-4
Limited voting junior preferred stock	0		0
Long-term obligations	889	$0	889
	2205		2205
Commitments and Contingencies (see Notes)			
Current Liabilities			
Long-term debt due within one year	30		30
Accounts payable and other accruals	193		193
Liabilities from price risk management activities	83		83
Customer deposits	68		68
Accrued interest	15		15
Accrued taxes	67		67
Deferred income taxes	51	$0	51
	507	$0	507
Other			
Deferred income taxes	259		259
Deferred investment tax credits	12		12
Trajan asset retirement obligation	104		104
Accumulated asset retirement obligation	16		16
Regulatory liabilities:			
Accumulated asset retirement removal costs	309		309
Other: unamortized regulatory liabilities	139	$0	139
Non-qualified benefit plan liabilities	71		71
Miscellaneous	41		41
	951		951
	$3,663	$0	$3,663

(1) Adjusting entries are not currently available.

Exhibit "F"

Statement of Contingent Liabilities

Legal Matters

Trojan Investment Recovery

In 1993, following the closure of the Trojan Nuclear Plant, PGE sought full recovery of and a rate of return on its Trojan plant costs, including decommissioning, in a general rate case filing with the OPUC. The filing was a result of PGE's decision earlier in the year to cease commercial operation of Trojan as a part of its least cost planning process. In 1995, the OPUC issued a general rate order (1995 Order) which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

Numerous challenges, appeals and requested reviews were subsequently filed in the Marion County, Oregon Circuit Court, the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of and a return on the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Court of Appeals issued an opinion in 1998, stating that the OPUC does not have the authority to allow PGE to recover a return on the Trojan investment, but upholding the OPUC's authorization of PGE's recovery of the Trojan investment and ordering remand of the case to the OPUC. PGE and the OPUC requested the Oregon Supreme Court to conduct a review of the Court of Appeals decision on the return on investment issue. In addition, URP requested the Oregon Supreme Court to review the Court of Appeals decision on the return of investment issue. PGE requested the Oregon Supreme Court to suspend its review of the 1998 Court of Appeals opinion pending resolution of URP's complaint with the OPUC challenging the accounting and ratemaking elements of the settlement agreements approved by the OPUC in September 2000 (discussed below). On November 19, 2002, the Oregon Supreme Court dismissed PGE's and URP's petitions for review of the 1998 Oregon Court of Appeals decision. As a result, the 1998 Oregon Court of Appeals opinion stands and the case has been remanded to the OPUC.

While the petitions for review of the 1998 Court of Appeals decision were pending at the Oregon Supreme Court, in 2000, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of, and return on, its investment in the Trojan plant. URP did not participate in the settlement. The settlement, which was approved by the OPUC in September 2000, allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately $180 million at September 30, 2000, along with several largely offsetting regulatory liabilities. The largest of such amounts consisted of before-tax credits of approximately $79 million in customer benefits related to the previous settlement of power contracts with two other utilities and the approximately $80 million remaining credit due customers under terms of the 1997 merger of Portland General Corporation (PGC) with Enron. The settlement also allows PGE recovery of approximately $47 million in income tax benefits related to the Trojan investment which had been flowed through to customers in prior years; such

amount is being recovered from PGE customers, with no return on the unamortized balance, over an approximate five-year period, beginning in October 2000. After offsetting the investment in Trojan with these credits and prior tax benefits, the remaining Trojan regulatory asset balance of approximately $5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return of or a return on that investment. Authorized collection of decommissioning costs of Trojan is unaffected by the settlement agreements or the OPUC orders.

The URP filed a complaint challenging the settlement agreements and the OPUC's September 2000 order. In March 2002, after a full contested case hearing, the OPUC issued an order (2002 Order) denying all of URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. URP appealed the 2002 Order to the Marion County, Oregon Circuit Court. On November 7, 2003, the Marion County Circuit Court issued an opinion remanding the case to the OPUC for action to reduce rates or order refunds. The opinion does not specify the amount or timeframe of any reductions or refunds. PGE and the OPUC have filed appeals to the Oregon Court of Appeals.

In a separate legal proceeding, two class action suits were filed in Marion County Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2001 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2001, but who are no longer customers (Former Class). The suits seek damages of $190 million for the Current Class and $70 million for the Former Class, as a result of the inclusion of a return on investment of Trojan in the rates PGE charges its customers. On April 28, 2004, the plaintiffs filed a Motion for Partial Summary Judgment and on July 30, 2004, PGE also moved for Summary Judgment in its favor on all of Plaintiff s claims. On December 14, 2004, the Judge granted the Plaintiff's motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. PGE filed a proposed order certifying the issue for an interlocutory appeal. An order rejecting the proposed order was entered on February 1, 2005. On March 3, 2005, PGE filed a Petition for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial Judge to dismiss the complaints or to show cause why they should not be dismissed. On March 29, 2005, PGE filed a second Petition for an Alternative Writ of Mandamus with the Oregon Supreme Court, seeking to overturn the Class Certification. On May 3, 2005, the Oregon Supreme Court granted both Petitions. The parties will file briefs on both Petitions over the next few months. Oral argument before the Oregon Supreme Court is expected in the fall of 2005.

On March 3, 2004, the OPUC re-opened three dockets in which it had addressed the issue of a return on PGE's investment in Trojan, including the 1995 Order and 2002 Order related to the settlement of 2000, and issued a notice of a consolidated procedural conference before an administrative law judge to determine what proceedings are

necessary to comply with the court orders remanding this matter to the OPUC. On August 31, 2004, the administrative law judge issued an Order (Scoping Order) defining the scope of the proceedings necessary to comply with the Marion County Circuit Court orders remanding this matter to the OPUC. On October 18, 2004, the OPUC affirmed the Scoping Order. On December 20, 2004, the URP and Class Action Plaintiffs filed an application with the OPUC for reconsideration of the Scoping Order. On February 11, 2005, the OPUC denied reconsideration. On April 18, 2005, URP and Linda K. Williams filed a complaint against the OPUC in Marion County Circuit Court challenging the OPUC's affirmation of the Scoping Order.

On February 14, 2005, PGE received a Notice of Potential Class Action Lawsuit for Damages and Demand to Rectify Damages from counsel representing Frank Gearhart, David Kafoury and Kafoury Brothers, LLC (Potential Plaintiffs) stating that Potential Plaintiffs intend to bring a class action lawsuit against the Company. Potential Plaintiffs allege that for the period from October 1, 2000 to the present, the Company's electricity rates have included unlawful charges for a return on investment in Trojan in an amount in excess of $100 million. Management cannot predict the ultimate outcome of the above matters. However, it believes these matters will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for a future reporting period. No reserves have been established by PGE for any amounts related to this issue.

Multnomah County Business Income Taxes

In January 2005, David Kafoury and Kafoury Brothers, LLC filed a class action lawsuit in Multnomah County Circuit Court against PGE on behalf of all PGE customers who were billed on their electric bills and paid amounts for Multnomah County Business Income Taxes (MBIT) after 1996. The plaintiffs allege that during the period 1997 through the third quarter 2004, PGE collected in excess of $6 million from its customers for MBIT that was never paid to Multnomah County. The charges were billed and collected under OPUC rules that allow utilities to collect taxes imposed by the county. As a member of Enron's consolidated income tax return, PGE paid the tax it collected to Enron. The plaintiffs seek a judgment against PGE for restitution of MBIT collected from customers. Plaintiffs also seek interest, recoverable costs, and reasonable attorney fees. The Plaintiffs filed an amended complaint on February 25, 2005, adding claims for fraud, unjust enrichment, conversion, statutory violations, and seeking punitive damages. On February 24, 2005, PGE requested a declaratory ruling from the OPUC on this matter. On March 24, 2005, PGE filed in the Circuit Court a motion to abate or in the alternative to dismiss. Management cannot predict the ultimate outcome of this matter.

Union Grievances

In November 2001, grievances were filed by several members of the International Brotherhood of Electrical Workers (IBEW) Local 125, the bargaining unit representing PGE's union workers, alleging that losses in their pension/savings plan were caused by Enron's manipulation of its stock. The grievances, which do not specify an amount of claim, seek binding arbitration. PGE filed for relief in Multnomah County Oregon Circuit Court seeking a ruling that the grievances are not subject to arbitration. On August 14,

2003, the Court granted PGE's motion for summary judgment, finding that the grievances are not subject to arbitration. A final judgment was entered on October 6, 2003. On October 22, 2003, the IBEW appealed the decision. Management cannot predict the ultimate outcome of this matter or estimate any potential loss.

Environmental Matters

Harborton

A 1997 investigation by the Environmental Protection Agency (EPA) of a 5.5 mile segment of the Willamette River known as the Portland Harbor revealed significant contamination of sediments within the harbor. Based upon analytical results of the investigation, the EPA included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund). In December 2000, PGE received a "Notice of Potential Liability" regarding its Harborton Substation facility and was included, along with sixty-eight other companies, on a list of Potentially Responsible Parties with respect to the Portland Harbor Superfund Site.

Also in 2000, PGE agreed with the Oregon Department of Environmental Quality (DEQ) to perform a voluntary remedial investigation of its Harborton Substation site to confirm whether any hazardous substances had been released from the substation property into the Portland Harbor sediments. In February 2002, PGE submitted its final investigative report to the DEQ, indicating that the voluntary investigation demonstrated that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments in the Portland Harbor Superfund Site at or from the Harborton Substation site. Further, the voluntary investigation demonstrated that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. The DEQ submitted the final investigative report to the EPA and in a May 18, 2004 letter, the EPA stated that "Based on the summary information provided by DEQ and the limited data EPA has at this stage in its process, EPA agrees at this time, that this site does not appear to be a current source of contamination to the river." Management believes that the Company's contribution to the sediment contamination, if any, from the Harborton Substation site would qualify it as a de minimis Potentially Responsible Party.

The EPA is coordinating activities of natural resource agencies and the DEQ and in early 2002 requested and received signed "administrative orders of consent" from several Potentially Responsible Parties, voluntarily committing themselves to further remedial investigations; PGE was not requested to sign, nor has it signed, such an order.

Sufficient information is currently not available to determine either the total cost of investigation and remediation of the Portland Harbor or the liability of Potentially Responsible Parties, including PGE. Management cannot predict the ultimate outcome of this matter or estimate any potential loss. However, it believes this matter will not have a material adverse impact on its financial statements.

Other

In October 2003, PGE agreed with the DEQ to provide cost recovery for oversight of a voluntary investigation and/or potential cleanup of petroleum products at another Company site that is upland from the Portland Harbor Superfund Site. Sufficient information is currently not available to determine the total costs related to this matter. However, PGE believes this matter will not have a material adverse impact on its financial statements.

Refunds on Wholesale Transactions

California

On July 25, 2001, the FERC issued an order establishing the scope of and methodology for calculating refunds for federally-mandated wholesale sales transactions made between October 2, 2000 and June 20, 2001 in the spot markets operated by the ISO and PX. The order established evidentiary hearings to develop a factual record to provide the basis for the refund calculation. Several additional orders clarifying and further defining the methodology have since been issued by the FERC. Appeals of the FERC orders were filed and in August 2002 the U.S. Ninth Circuit Court of Appeals issued an order requiring the FERC to reopen the record to allow the parties to present additional evidence of market manipulation.

Also in August 2002, the FERC Staff issued a report that included a recommendation that natural gas prices used in the methodology to calculate potential refunds be reduced significantly, which could result in a material increase in PGE's potential refund obligation.

In December 2002, a FERC administrative law judge issued a certification of facts to the FERC regarding the refunds, based on the methodology established in the 2001 FERC order rather than the August 2002 FERC Staff recommendation. On March 26, 2003, the FERC issued an order in the California refund case (Docket No. ELOO-95) adopting in large part the certification of facts of the FERC administrative law judge but adopting the August 2002 FERC Staff recommendation on the methodology for the pricing of natural gas in calculating the amount of potential refunds. PGE estimates its potential liability under the modified methodology at between $40 million and $50 million, of which $40 million has been established as a reserve, as discussed above.

Numerous parties, including PGE, filed requests for rehearing of various aspects of the March 26, 2003 order, including the methodology for the pricing of natural gas. On October 16, 2003, the FERC issued an order reaffirming, in large part, the modified methodology adopted in its March 26, 2003 order. PGE does not agree with the FERC's methodology for determining potential refunds, and on December 20, 2003, the Company appealed the FERC's October 16, 2003 order to the U.S. Ninth Circuit Court of Appeals; several other parties have also appealed the October 16, 2003 order. On May 12, 2004, the FERC issued an order that denied further requests for rehearing of the October 16, 2003 order. Although there continue to be miscellaneous orders issued in the underlying FERC proceeding, the Ninth Circuit Court has now begun to hear the numerous appeals.

It has bifurcated appeals of the existing cases into two phases. The first will consider arguments regarding jurisdictional issues and the permissible scope of refund liability, both in terms of the time frame for which refunds were ordered and the types of transactions subject to refund. Briefing and oral argument have been completed on this first phase. The second phase will consider the issues relating to the refund methodology itself. PGE expects that the Court will establish additional phases as the continuing issues remaining before FERC become final and are appealed.

Also on May 12, 2004, the FERC issued a separate order that provided clarification regarding certain aspects of the methodology for California generators to recover fuel costs incurred to generate power that were in excess of the gas cost component used to establish the refund liability. On September 24, 2004, the FERC issued an order that denied requests for rehearing of its May 12, 2004 fuel cost order and also adopted a new methodology to allocate the excess amounts of fuel costs that California generators are permitted to recover. Additional clarifying orders continue to be issued periodically. Under the new allocation methodology of the September 24, 2004 order, PGE could be required to pay additional amounts in those hours when it was a net buyer in California spot markets, thus increasing its net refund liability. PGE does not expect that this order will materially increase the Company's potential refund exposure. Partly as a means of limiting its exposure to additional fuel costs, PGE has opted to become a participant in several settlements filed jointly by large generators and California parties, and approved by the FERC during 2004 and 2005.

In several of its underlying refund orders, the FERC has indicated that if marketers, such as PGE, believe that the level of their refund liability has caused them to incur an overall revenue shortfall for their sales to the ISO and PX during the refund period, they will be permitted to file a cost study to prove that they should be permitted to recover additional revenues in excess of the mitigated prices in order to cover their costs. In December 2004, the FERC requested comments regarding the manner in which such studies should be conducted and the principles that should control. PGE and numerous other parties filed comments and reply comments. Comments in support of aspects of PGE's position were filed by the Oregon and Washington public utility commissions and by the Oregon and Washington senate delegations. A decision by the FERC to adopt PGE's approach to these studies could reduce the Company's ultimate refund liability.

The FERC has indicated that any refunds PGE may be required to pay related to California wholesale sales (plus interest from collection date) can be offset by accounts receivable (plus interest from due date) related to sales in California (see "Receivables - California Wholesale Market" above). Interest has not yet been recorded by the Company. In addition, any refunds paid or received by PGE applicable to spot market electricity transactions on and after January 1, 2001 in California may be eligible for inclusion in the calculation of net variable power costs under the Company's power cost adjustment mechanism in effect at that time. This could further mitigate the financial effect of any refunds made or received by the Company.

On March 20, 2002, the California Attorney General filed a complaint with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-based rates during the period October 2, 2000 - June 4, 2002 should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE, to re-file their quarterly reports to include transaction-specific data. The California Attorney General appealed the FERC's decision to the Ninth Circuit Court of Appeals. On September 8, 2004, the Court issued an opinion upholding the FERC's authority to approve market-based tariffs, but also holding that the FERC had the authority to order refunds, if quarterly filing of market-based sales transactions had not been properly made. The Court required the FERC, upon remand, to reconsider whether refunds should be ordered. On October 25, 2004, certain parties filed a petition for rehearing with the Court. In the refund case and in related dockets, the California Attorney General and other California parties have argued that refunds should be ordered retroactively to at least May 1, 2000. PGE cannot predict the outcome of these proceedings or whether the FERC will order refunds retroactively to May 1, 2000, and if so, how such refunds would be calculated.

Challenge of the California Attorney General to Market Based Rates

On March 20, 2002, the California Attorney General filed a complaint with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-based rates during the period October 2, 2000 - June 4, 2002 should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE, to re-file their quarterly reports to include transaction-specific data. The California Attorney General appealed the FERC's decision to the Ninth Circuit Court of Appeals. On September 8, 2004, the Court issued an opinion upholding the FERC's authority to approve market-based tariffs, but also holding that the FERC had the authority to order refunds, if quarterly filing of market-based sales transactions had not been properly made. The Court required the FERC to reconsider whether refunds should be ordered. On October 25, 2004, certain parties filed a petition for rehearing with the Court. In the refund case and in related dockets, the California Attorney General and other California parties have argued that refunds should be ordered retroactively to at least May 1, 2000. PGE cannot predict the outcome of these proceedings or whether the FERC will order refunds retroactively to May 1, 2000, and if so, how such refunds would be calculated.

Pacific Northwest

In the July 25, 2001 order, the FERC also called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market

sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001. During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. In December 2002, the FERC re-opened the case to allow parties to conduct further discovery. In June 2003, the FERC issued an order terminating the proceedings and denying the claims for refunds. In July 2003, numerous parties filed requests for rehearing of the June 2003 FERC order. In November 2003 and February 2004, the FERC issued orders that denied all pending requests for rehearing. Parties have appealed various aspects of these FERC orders and briefing is ongoing.

Management cannot predict the ultimate outcome of the above matters related to wholesale transactions in California and the Pacific Northwest. However, it believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Enron Bankruptcy

Liabilities and Impairments

Although PGE is not included in the Enron bankruptcy, it has been affected. Numerous shareholder and employee class action lawsuits have been initiated against Enron, its former independent accountants, legal advisors, executives, and board members. In addition, investigations of Enron have been commenced by several Congressional committees and state and federal regulators, including the FERC and the State of Oregon. PGE has been included in requests for documents related to Congressional and regulatory investigations, with which it is fully cooperating.

In addition to the general effects discussed above, PGE may have potential exposure to certain liabilities and asset impairments as a result of Enron's bankruptcy. These are:

1. **Amounts Due from Enron and Enron-Supported Affiliates in Bankruptcy — On** October 15, 2002, PGE submitted proofs of claim to the Bankruptcy Court for amounts representing intercompany obligations between PGE and Enron and its bankrupt subsidiaries arising prior to the commencement of the bankruptcy case. In December 2004, PGE made a distribution to Enron of all pre-petition amounts owed by Enron and its affiliates, and related proofs of claim, except for those related to PGH. The distribution was made in an effort to eliminate all pre-petition intercompany balances from PGE's books in order to remove the uncertainties regarding the value of the proofs of claim. Following the distribution, PGE's balance sheet was cleared of all pre-petition intercompany balances with Enron and its affiliates, with the exception of PGH. As of March 31, 2005, PGE has outstanding accounts receivable of $5 million due from PGH. Based on management's assessment of the realizability of accounts receivable from PGH, a reserve of $1 million has been established.

2. **Controlled Group Liability** - Enron's bankruptcy has raised questions regarding potential PGE liability for certain employee benefit plans and tax obligations of Enron.

Pension Plans
Funding Status

The pension plan for the employees of PGE (the PGE Plan) is separate from the Enron Corp. Cash Balance Plan (the Enron Plan). At December 31, 2004, the total fair value of PGE Plan assets was $2 million higher than the projected benefit obligation on a SFAS No. 87 (Employers' Accounting for Pensions) basis. In addition, the PGE Plan was over-funded on an accumulated benefit obligation basis by approximately $58 million as of December 31, 2004.

Enron's management has informed PGE that, as of December 31, 2004, the assets of the Enron Plan were less than the present value of all accrued benefits by approximately $48 million on a SFAS No. 87 basis and approximately $166 million on a plan termination basis. The PBGC insures pension plans, including the PGE Plan and the Enron Plan and the pension plans of other Debtors. Enron's management has informed PGE that the PBGC has filed claims in the Enron bankruptcy cases with respect to the Enron Plan and the plans of the other Debtors (Pension Plans). The claims are duplicative in nature because certain liability under ERISA is joint and several. Five of the PBGC's claims represent unliquidated claims for PBGC insurance premiums (the Premium Claims), five are unliquidated claims for due but unpaid minimum funding contributions (the Contribution Claims) under the Internal Revenue Code of 1986, as amended, and ERISA, 26 U.S.C. Section 412, and 29 U.S.C. Section 1082, and the remaining five claims are for unfunded benefit liabilities (the UBL Claims). PBGC has informed the Debtors that it has reduced its aggregate estimate of the UBL Claims for the Pension Plans to $321.8 million, including $240.2 million for the Enron Plan and $64.6 million related to the PGE Plan, although it has not amended the UBL Claims to reflect those amounts. While the PBGC and Enron are in settlement discussions, Enron has created a reserve fund equal to the amount of the maximum PBGC exposure, as delineated in the PBGC UBL Claims, of $321.8 million. This reserve provides security to the PBGC and PGE and other affiliates of Enron against the possibility of PBGC seeking to assert its UBL Claims against Enron's affiliates as set forth below with respect to controlled group liability. Except for one PBGC premium which is not material, the Debtors are current on their PBGC premiums and their minimum funding contributions to the Pension Plans. Therefore, the Debtors' value the Premium Claims and the Contribution Claims at $0. Enron management has informed PGE that the PBGC has informally alleged in pleadings filed with the Bankruptcy Court that the UBL claim related to the Enron Plan could increase by as much as 100%. PBGC has not provided support (statutory or otherwise) for this assertion and Enron management disputes the validity of any such claim.

Because the Enron Plan is underfunded, in certain circumstances the Enron Plan may be terminated and taken control of by the PBGC upon approval of a Federal District Court.

In addition, with consent of the PBGC, Enron could seek to terminate the Enron Plan while it is underfunded. Moreover, if it satisfies certain statutory requirements, Enron can commence a voluntary termination by fully funding the Enron Plan, in accordance with the Enron Plan terms, and terminating it in a "standard" termination in accordance with ERISA.

Upon termination of an underfunded pension plan, all of the members of the ERISA controlled group of the plan sponsor become jointly and severally liable for the plan's underfunding. The PBGC can demand payment from one or more of the members of the controlled group. If payment is not made, a lien in favor of the PBGC automatically arises against all of the assets of that member of the controlled group. The amount of the lien is equal to the lesser of the underfunding or 30% of the aggregate net worth of all of the controlled group members. In addition, if the sponsor of a pension plan does not timely satisfy its minimum funding obligation to the pension plan, once the aggregate missed amounts exceed $1 million, a lien in favor of the plan in the amount of the missed funding automatically arises against the assets of every member of the controlled group. In either case, the PBGC may file to perfect the lien and attempt to enforce it against the assets of the plan sponsor and the members of its controlled group. PGE management believes that the lien would be subordinate to prior perfected liens on the assets of the members of the controlled group. Substantially all of PGE's assets are subject to a prior perfected lien in favor of the holders of its First Mortgage Bonds. PGE management believes that any lien asserted by the PBGC would be subordinate to that lien. In addition, the PBGC retains an interest in the proceeds of any sale by Enron of its ownership interest in PGE.

On January 30, 2004, the Bankruptcy Court entered an order authorizing Enron and certain of its affiliated Debtors to contribute $200 million to the Pension Plans and terminate them in a manner that should eliminate the PBGC's claims. However, there can be no assurance that Enron will have the ability to obtain funding for accrued benefits on acceptable terms, that certain funding contingencies will be met, or that the required government agencies that review pension plan terminations will approve the termination of the Pension Plans. If the proposal to fund and terminate the Enron Plan is approved and consummated, it should eliminate any need for the PBGC to attempt to collect from PGE any liability related to the Enron Plan.

On June 2, 2004, the PBGC issued notices to Enron and Enron Facility Services, Inc., an Enron affiliate, stating that the PBGC had determined that the Pension Plans should be terminated. On June 3, 2004, the PBGC filed a complaint (PBGC Complaint) in the District Court for the Southern District of Texas against Enron seeking an order (i) terminating the Pension Plans; (ii) appointing the PBGC the statutory trustee of the Pension Plans; (iii) requiring transfer to the PBGC of all records, assets or other property of the Pension Plans required to determine the benefits payable to the Pension Plans' participants; and (iv) establishing June 3, 2004 as the termination date of the Pension Plans.

The PGE Plan was not included in the above Complaint, nor was PGE issued a similar

notice of determination regarding the PGE Plan. The PBGC has taken no action to terminate the PGE Plan.

Unless and until the District Court authorizes the PBGC to terminate the Pension Plans and the PBGC makes a demand on PGE to pay some or all of any unfunded benefit liabilities under the Pension Plans, which would not occur unless the Proposed Pension Settlement (as described below) is not approved by both the District and Bankruptcy Courts or the parties do not satisfy the terms of the Proposed Pension Settlement, PGE has no liability for the unfunded benefit liabilities and no termination liens arise against any PGE property.

Proposed Settlement

Enron management has informed PGE management that Enron has reached a settlement in principle (Proposed Pension Settlement) with the PBGC, the terms of which have not yet been disclosed. As a result, the PBGC and Enron have filed to stay the PBGC Complaint. The Proposed Pension Settlement must be filed and approved by the District Court and the Bankruptcy Court and all terms of the Proposed Pension Settlement must be satisfied for the contingent liability against PGE by the PBGC to be relinquished. If the Proposed Pension Settlement is not approved by both the District and Bankruptcy Courts or the parties do not satisfy all the terms of the Proposed Pension Settlement, and if the relief sought in the Enron Complaint is not obtained when the stay is lifted, Enron may be precluded from funding and terminating the Pension Plans as previously authorized by the Bankruptcy Court until, if at all, after resolution of the PBGC Complaint as the stay with respect to such litigation also would be lifted. In addition, in that case it may be possible, subject to applicable law, for the Enron Plan and PGE Plan to be merged while Enron and PGE are in the same controlled group, and any excess assets in the PGE Plan would reduce the deficiency in the Enron Plan. However, if the plans are not merged, the deficiency in the Enron Plan could become the responsibility of the PBGC and the PGE Plan assets would be undiminished.

If the Proposed Pension Settlement is approved, Enron would proceed with the standard termination of the Pension Plans as discussed above and any need for the PBGC to attempt to collect from PGE any liability related to the Enron Plan would be eliminated.

PGE management cannot predict the outcome of the above matters or estimate any potential loss. In addition, if the PBGC did look solely to PGE to pay any amount with respect to the Enron Plan, PGE would exercise all legal rights, if any, available to it to defend against such a demand and to recover any contributions from the other solvent members of the controlled group. No reserves have been established by PGE for any amounts related to this issue.

Minimum Funding Obligation

If the sponsor of a pension plan does not timely satisfy its minimum funding obligation to the pension plan, once the aggregate missed amounts exceed $1 million, a lien in the amount of the missed funding automatically arises against the assets of every member of the controlled group. The lien is in favor of the plan, but may be enforced by the PBGC. The PBGC may perfect the lien by appropriate filings. PGE management believes that

the lien would not take priority over other previously perfected liens on the assets of a member of the controlled group. If Enron does not timely satisfy its minimum funding obligation in excess of $1 million, a lien will arise against the assets of PGE and all other members of the Enron controlled group. The PBGC would be entitled to perfect the lien and enforce it in favor of the Enron Plan against the assets of PGE and other members of the Enron controlled group. However, substantially all of PGE's assets are subject to a prior perfected lien in favor of the holders of its First Mortgage Bonds. PGE management believes that any lien asserted by the PBGC would be subordinate to that lien.

Based on discussions with Enron management, PGE's management understands that Enron has made all required contributions to date. PGE does not know if Enron will make contributions as they become due. PGE management is unable to predict if Enron will miss a payment and, if so, whether the PBGC would seek to have PGE make any or all of the payment. If the PBGC did look solely to PGE to pay the missed payment, PGE would exercise all legal rights, if any, available to it to defend against such a demand and to recover contributions from the other solvent members of the Enron controlled group. Until Enron misses contributions exceeding $1 million, PGE has no liability and no liens will arise against any PGE property. Other members of Enron's controlled group could, to the extent of any legal rights available to them, seek contribution from PGE for their payment of any missed payments demanded by the PBGC. No reserves have been established by PGE for any amounts related to this issue.

Retiree Health Benefits

PGE management understands, based on discussions with Enron management, that Enron maintains a group health plan for certain of its retirees. If retirees of Enron lose coverage under Enron's group health plan for retirees due to Enron's bankruptcy proceedings, the retirees must be provided the opportunity to purchase continuing coverage (known as COBRA Coverage) from an Enron group health plan, if any, or the appropriate group health plan of another member of the controlled group. The liability for benefits under the Enron group health plan for retirees (other than the potential liability to provide COBRA Coverage) is not a joint and several obligation of other members of the Enron controlled group, including PGE, so PGE would not be required to assume from Enron, or otherwise pay, any liabilities from the Enron group health plan. Neither PGE nor any other member of Enron's controlled group would be required to create new plans to provide COBRA Coverage for Enron's retirees, and the retirees would not be entitled to choose the plan from which to obtain coverage. Retirees electing to purchase COBRA Coverage would be provided the same coverage that is provided to similarly situated retirees under the most appropriate plan in the Enron controlled group. Retirees electing to purchase COBRA Coverage would be required to pay for the coverage, up to an amount not to exceed 102% of the cost of coverage for similarly situated beneficiaries. Retirees are not required to acquire COBRA Coverage. Retirees will be able to shop for coverage from third party sources and determine which is the least expensive coverage.

PGE management believes that in the event Enron terminates retiree coverage, any material liability to PGE associated with Enron retiree health benefits is unlikely for two

reasons. First, based on discussions with Enron management, PGE management understands that most of the retirees that would be affected by termination of the Enron plan are from solvent members of the controlled group and few, if any, live in Oregon. PGE management believes that it is unlikely that any PGE plans would be found to be the most appropriate to provide COBRA coverage. Second, even if a PGE plan were selected, PGE management believes that retirees in good health should be able to find less expensive coverage from other providers, which will reduce the number of retirees electing COBRA Coverage. PGE management believes that the additional cost to PGE to provide COBRA Coverage to a limited number of retirees that are unable to acquire other coverage because they are difficult to insure or have preexisting conditions will not be material. No reserves have been established by PGE for any amounts related to this issue.

Income Taxes

Under regulations issued by the U.S. Treasury Department, each member of a consolidated group during any part of a consolidated federal income tax return year is severally liable for the tax liability of the consolidated group for that year. PGE became a member of Enron's consolidated group on July 2, 1997, the date of Enron's merger with PGC. Based on discussions with Enron's management, PGE management understands that Enron has treated PGE as having ceased to be a member of Enron's consolidated group on May 7, 2001 and becoming a member of Enron's consolidated group once again on December 24, 2002. On December 31, 2002, PGE and Enron entered into a tax allocation agreement pursuant to which PGE agreed to make payments to Enron that approximate the income taxes for which PGE would be liable if it were not a member of Enron's consolidated group. Due to the uncertainty with the reconsolidation during 2003, PGE held certain tax payments due Enron. Enron obtained an agreement from the IRS on February 2, 2004 stipulating that PGE did become a member of the Enron consolidated group on December 24, 2002. PGE resumed tax payments due Enron in early 2004.

Enron's management has provided the following information to PGE:

A. Enron's consolidated tax returns through 1995 have been audited and are closed.

B. The IRS has completed an audit of Enron's consolidated tax returns for 1996-2001. For years 1996 through 1999, Enron and its subsidiaries generated substantial net operating losses (NOLs). For 2000, Enron and its subsidiaries paid an alternative minimum tax. Enron's 2001 consolidated tax return showed a substantial net operating loss, which was carried back to the tax year 2000, for which Enron seeks a tax refund for taxes paid in 2000. The 2001 loss is also expected to provide Enron and its subsidiaries with substantial NOLs which may be used to offset additional income tax liabilities that may result from future IRS audits for the taxable periods PGE was a member of Enron's consolidated federal income tax returns.

C. Enron's 2003 tax return was filed on September 14, 2004. As noted in paragraph

B. above, Enron expects to have substantial NOLs from operations in years preceding 2003. Enron had 2003 NOLs sufficient to eliminate Enron's regular income tax and alternative minimum income tax liabilities for 2003. Enron expects to file its 2004 tax return on or before September 15, 2005 and expects to have sufficient NOLs to eliminate its regular income tax for 2004, but expects to pay alternative minimum tax with respect to that year. For calendar year 2005, Enron expects that it will have sufficient NOLs to eliminate regular income tax should it earn positive taxable income for the year. However, such taxable income, if realized, could be subject to the alternative minimum tax.

On March 28, 2003, the IRS filed various proofs of claim for taxes in the Enron bankruptcy, including a claim for approximately $111 million with respect to income tax, interest, and penalties for taxable years in which PGE was included in Enron's consolidated tax return. The IRS has amended the proof of claim to reduce it to $20 million. The IRS and Enron reached a settlement on Enron's 1996-2001 tax liability on January 5, 2005. The settlement, which indicates no net taxes due by Enron to the IRS, eliminates any further assessment of tax, interest or penalties for the years 1996-2001 against PGE and any other member of the consolidated group in those years in excess of the overpayment currently held by the IRS.

With respect to periods after 2001, PGE is potentially severally liable for post-petition interest, as well as any portion of the claim allowed in the bankruptcy that the IRS does not collect from the debtors.

To the extent, if any, that the IRS would look to PGE to pay any assessment not paid by Enron, PGE would exercise whatever legal rights, if any, that are available for recovery in Enron's bankruptcy proceeding, or to otherwise seek to obtain contributions from the other solvent members of the consolidated group. As a result, management believes the income tax, interest, and penalty exposure to PGE (related to any future liabilities from Enron's consolidated tax returns during the period PGE was a member of Enron's consolidated returns) would not be material. No reserves have been established by PGE for any amounts related to this issue.

PGE management cannot predict with certainty what impact the Chapter 11 Plan may have on PGE. However, the assets and liabilities of PGE will not become part of the Enron estate in bankruptcy.

Threatened Litigation - Non-Qualified Benefit Plans

In 1983, PGE adopted certain non-qualified deferred compensation arrangements and associated "rabbi" trusts for the benefit of key employees, officers, and directors. In 1989, sponsorship of these arrangements was transferred to PGC (which was subsequently merged into Enron in 1997) and in 1997 sponsorship was transferred to PGH. Although plan sponsorship was transferred, PGE continued to participate in these plans as a participating employer for the benefit of its own employees. PGC, PGH, and certain of their subsidiary companies also had employees who participated in these plans. The plan documents specifically provide that: (1) a participating employer's obligation under the

plans shall be that of an unfunded and unsecured promise to pay money in the future; and, (2) the payment of a participant's benefit pursuant to the plan shall be borne solely by the participating employer that employs the participant and reports the participant as being on its payroll during the accrual or increase of the plan benefit, and no liability for the payment of any plan benefit shall be incurred by reason of plan sponsorship or participation except for the plan benefits of a participating employer's own employees. Upon the bankruptcy filing by Enron and certain of its affiliates, and the subsequent bankruptcy filing of PGH, payment by those companies of participant benefits under these plans ceased. Since PGE is not in bankruptcy, benefit payments to participants due benefits from PGE have continued. Plan participants with benefits due from the bankrupt companies sought to have the companies or the trusts commence payments without success. Certain of these Plan participants indicated their intention to commence a lawsuit against PGE and other parties if they are unable to reach a resolution with respect to their benefit payments. Enron and representatives of the plan participants reached a settlement that was approved by the Bankruptcy Court on February *24*, 2005. The settlement included a release of any claims against PGE by the plan participants. Under the settlement, PGE received approximately $8.4 million (net of tax) in compensation for assuming the administration and payment of non-qualified benefit plan obligations for certain PGH plan participants.

Complaint to OPUC - Income Taxes

On March 7, 2003, the URP and Linda K. Williams (Complainants) filed a petition to open an investigation and a complaint with the OPUC with respect to the amount of federal, state, and local income taxes paid by PGE since 1997. On March 31, 2003, the OPUC rejected the request for an investigation and on July 9, 2003 issued an order that dismissed the complaint. On September 22, 2003, the OPUC denied the Complainants' request for reconsideration. On December 23, 2003, the URP appealed to the Marion County Circuit Court the OPUC decision not to investigate PGE's tax payments, and on June 4, 2004 the Court reversed the OPUC decision and remanded the matter to the OPUC to proceed on Complainants' allegation that the estimates included in rates for taxes was based on fraud and deceit. On April 5, 2005, the Complainants voluntarily withdrew their complaint, and on April 26, 2005 the OPUC entered an order dismissing the complaint and closing the matter.

Class Action Lawsuit - Multnomah County Business Income Taxes

On January 18, 2005, David Kafoury and Kafoury Brothers, LLC filed a class action lawsuit in Multnomah County Circuit Court against PGE on behalf of all PGE customers who were billed on their electric bills and paid amounts for Multnomah County Business Income Taxes (MBIT) after 1996. The plaintiffs allege that during the period 1997 through the third quarter 2004, PGE collected in excess of $6 million from its customers for MBIT that was never paid to Multnomah County. The charges were billed and collected under OPUC rules that allow utilities to collect taxes imposed by the county. As a member of Enron's consolidated income tax return, PGE paid the tax it collected to Enron. The plaintiffs seek a judgment against PGE for restitution of MBIT collected from customers. Plaintiffs also seek interest, recoverable costs, and reasonable attorney fees. The Plaintiffs filed an amended complaint on February 25, 2005, adding claims

for fraud, unjust enrichment, conversion, statutory violations, and seeking punitive damages. On February 24, 2005, PGE requested a declaratory ruling from the OPUC on this matter. On March 24, 2005, PGE filed in the Circuit Court a motion to abate or in the alternative to dismiss. Management cannot predict the ultimate outcome of this matter.

Legal Proceedings

For further information regarding the following proceedings, see PGE's 2004 Annual Report on Form 10-K and other reports filed with the SEC since its 2004 Form 10-K was filed.

Dreyer, Gearhart and Kafoury Bros., LLC v. Portland General Electric Company, Marion County Circuit Court Case No. 03C 10639; and Morgan v. Portland General Electric Company, Marion County Circuit Court Case No. 03C 10640.

On March 29, 2005, PGE filed a second Petition for an Alternative Writ of Mandamus with the Oregon Supreme Court seeking to overturn the Class Certification. On May 3, 2005, the Oregon Supreme Court granted both Petitions. The parties will file briefs on both Petitions over the next few months. Oral argument before the Oregon Supreme Court is expected in the fall of 2005.

David Kafoury, an individual, and Kafoury Brothers, LLC, an Oregon Limited Liability Corporation, each as representative of class, etc. v. Portland General Electric Company, Multnomah County Circuit Court for the State of Oregon, Case No. 0501-00627

On March 24, 2005, PGE filed a motion to abate or in the alternative dismiss.

Wan Chang, a division of TDY Industries, Inc. v. Avista Corporation, Avista Energy, Inc., Avista Power, LLC, Dynegy Power Marketing, Inc., El Paso Electric Company, IDACORP, Inc., Idaho Power Company, IDACORP Energy L.P., Portland General Electric Company, Powerex Corporation, Puget Energy, Inc., Puget Sound Energy, Inc., Sempra Energy, Sempra Energy Resources, Sempra Energy Trading Corp., Williams Power Company, Inc., United States District Court for the District of Oregon, Case No. 04-CV-00619-AS.

On March 10, 2005, a notice of appeal was filed in the Ninth Circuit Court of Appeals.

City of Tacoma, Department of Public Utilities, Dreyer, Light division v. American Electric Power Service Corporation, Quila Holdings, LLC, Aquila Power Corporation, Arizona Public Service Company, Automated Power Exchange, Inc., Avista Corporation, et. al., United States District Court for the Western District of Washington, Case No. C07-5325 RBL.

On March 10, 2005, a notice of appeal was filed in the Ninth Circuit Court of Appeals.

Exhibit "G"

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income
(Unaudited)
For the Three Months Ended March 31, 2005
(Millions of Dollars)

	March 31, 2005	Adjustments (1) (In Millions)	Adjusted Total
Operating Revenues	$371		$371
Operating Expenses			
Purchased power and fuel	142		142
Production and distribution	28		28
Administrative and other	38		38
Depreciation and amortization	60		60
Taxes other than income taxes	20		20
Income taxes	30		30
	318		318
Net Operating Income	$53		$53
Other Income (Deductions)			
Miscellaneous	2		2
Income taxes	1		1
	$3		$3
Interest Charges			
Interest on long-term debt and other	$18		$18
Net income before cumulative effect of a change in accounting principle	$64		$64
Cumulative effect of a change in accounting principle, net of related taxes of $(1)	0		0
Net Income (Loss)	$64		$64
Preferred Dividend Requirement	0		0
Income (Loss) Available for Common Stock	$64		$64

(1) Adjusting entries are not currently available.

Exhibit "H"

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
(Unaudited)
For the Three Months Ended March 31, 2005
(Millions of Dollars)

	March 31, 2005	Adjustments (1) (In Millions)	Adjusted Total
Balance at Beginning of Period	$637		$637
Net Income (Loss)	38		38
	675		675
Dividends Declared			
Preferred stock	0		0
Balance at End of Period	$675		$675

(1) Adjusting entries are not currently available.

Appendix B

REQUIRED INFORMATION FOR ORS 757.511 APPLICATION

A. The following information is required by ORS 757.511 and the governing Commission rule (OAR 860-027-0200):

1. Identity and Financial Ability of Disputed Claims Reserve (ORS 757.511(2)(a))

(a) The applicant's identity and financial ability

The Application is filed by SFC as Disbursing Agent on behalf of the Disputed Claims Reserve. The Reserve has no debt. It will hold assets in trust/escrow for the benefit of Holders of Allowed and Disputed Claims. The expenses of the Reserve are provided for by the Plan.

2. Background of Key Personnel of Applicant (ORS 757.511(2)(b))

(b) The background of the key personnel associated with the applicant

The key personnel of the Reserve are the Disbursing Agent, SFC, and the DCR Overseers. For background information regarding SFC and the DCR Overseers, see Sections II(A) and V(A), and Exhibit 8 of the Application.

3. Source and Amount of Funds (ORS 757.511(2)(c))

(c) The source and amounts of funds or other consideration to be used in the acquisition

The issuance of New PGE Common Stock is not an acquisition for which an acquisition price or acquisition funding is necessary. The payment of the Reserve's expenses associated with the issuance of New PGE Common Stock are provided for under the Plan.

4. Compliance with Federal Law (ORS 757.511(2)(d))

(d) The applicant's compliance with federal law in carrying out the acquisition

Any required applications will be filed with the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Nuclear Regulatory Commission, and the Federal Communications Commission.

5. Violations of Statutes (ORS 757.511(2)(e))

(e) Whether the applicant or the key personnel associated with the applicant have violated any state or federal statutes regulating the activities of public utilities

Neither the Reserve nor any of the key personnel associated with the Reserve has violated any state or federal statutes regulating the activities of public utilities.

6. All Documents Relating to Transaction (ORS 757.511(2)(f))

(f) All documents relating to the transaction giving rise to the application

The documents giving rise to this application are the Plan, Plan Supplement, and the Confirmation Order. The Plan and Plan Supplement are provided on diskette to the Commission as part of this Application. The Plan, Plan Supplement, and Confirmation are available on Enron's website at www.enron.com.

7. Experience in Operation of a Public Utility (ORS 757.511(2)(g))

(g) The applicant's experience in operating public utilities providing heat, light or power

The Reserve has no formal utility experience. The Reserve is formed for the purpose of holding assets (including New PGE Common Stock) for the benefit of Holders of Allowed and Disputed Claims as provided under the Plan.

8. Plan for Operating PGE (ORS 757.511(2)(h))

(h) The applicant's plan for operating the public utility

See Sections IV and V of the Application.

9. Public Interest Considerations (ORS 757.511(2)(i))

(i) How the acquisition will serve the public utility's customers in the public interest

See section VII of the Application.

B. The following information is required by OAR 860-027-0200(1), which incorporates certain sections of OAR 860-027-0030:

1. Applicant Information (OAR 860-027-0030(1)(a))

(a) The applicant's exact name and the address of its principal business office

Disputed Claims Reserve
c/o Stephen Forbes Cooper, LLC
101 Eisenhower Parkway
Roseland, New Jersey 077068

2. Incorporation Information and where authorized to do business (OAR 860-027-0030(1)(b))

(b) The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility business

The Reserve is an entity created by the Plan to carry out the terms of the Plan. It has no state of incorporation or origination.

3. Notices (OAR 860-027-0030(1)(c))

(c) Name and address of person authorized, on behalf of applicant, to receive notices and communications in respect to application

Mitchell S. Taylor
Enron Corp.
1221 Lamar Street
Suite 1600
Houston, Texas 77251
mitch.taylor@enron.com

Michael M. Morgan
Tonkon Torp LLP
1600 Pioneer Tower
888 SW 5th Avenue
Portland, Oregon 97204
mike@tonkon.com

4. Principal Officers (OAR 860-027-0030(1)(d))

(d) The names, titles and addresses of the principal officers of the applicant

The Reserve has no officers. For information regarding SFC and the DCR Overseers, see Sections II(A) and V(A), and Exhibit 8 of the Application. The address of the Reserve, SFC and the DCR Overseers are:

Disputed Claims Reserve
c/o Stephen Forbes Cooper, LLC
101 Eisenhower Parkway
Roseland, New Jersey 077068

The following information is required by OAR 860-027-0200(2)-(8):

5. Capital Structure of PGE (current and pro forma 12 months after issuance of New PGE Common Stock) (OAR 860-027-0200(2))

A schedule detailing the existing capital structure of the energy utility to be acquired, as well as a pro forma utility capital structure as of 12 months after the acquisition is to be completed

Capital Structure
$Million

	Actuals As of 12/31/2004		Pro Forma As of 4/30/2007	
Long Term Debt	881	40.42%	1,063	48.29%
Preferred Stock	20	0.94%	15	0.68%
Common Equity	1,278	58.64%	1,123	51.03%
Total	2,180	100.00%	2,201	100.00%

6. Impact, if any, on Bond Ratings and Capital Costs (OAR 860-027-0200(3))

An explanation of how the bond ratings and capital costs of the acquired utility will be affected by the acquisition

The issuance of New PGE Common Stock is not expected to affect PGE's bond ratings or PGE's capital costs.

7. Affiliated Interests and Organizational Structure (OAR 860-027-0200(4))

A description of existing and planned nonutility businesses which are or will become affiliated interest of the acquired utility under ORS 757.015, and a description of the organizational structure under which the applicant intends to operate its businesses

The issuance of the New PGE Common Stock will create no new PGE affiliated interest other than the Reserve. The Reserve is created by the Plan to carry out the terms of the Plan. It has no other business.

8. Allocation of Applicant's resources between utility and non-utility operations (OAR 860-027-0200(5))

A description of the method by which management, personnel, property, income, losses, costs, and expenses will be allocated by the applicant between its utility and nonutility operations (if applicable)

The Reserve will not allocate expenses to PGE.

9. Planned Changes that may impact utility (OAR 860-027-0200(6))

A description of any planned changes that may have a significant impact upon the policy, management, operations, or rates of the energy utility

For information regarding the governance and operation of PGE after the issuance of New PGE Common Stock, see section IV of the Application. The Reserve does not currently plan to make changes that would have a significant impact on the policy, management, operations, or rates of PGE.

10. Disposition of Utility Assets **(OAR 860-027-0200(7))**

A description of any plans to cause the energy utility to sell, exchange, pledge, or otherwise transfer its assets;

For information regarding the governance and operation of PGE after the issuance of New PGE Common Stock, see section IV of the Application. The Reserve has no plans to sell, exchange, pledge, or otherwise transfer any of PGE's assets.

11. Agreements with Affiliated Interests (OAR 860-027-0200(8))

A copy of any existing or proposed agreement between the energy utility and any businesses which will become affiliated interests of the acquired utility under ORS 757.015

There are no existing or proposed agreements between PGE and any business that will become a PGE affiliate as a result of the issuance of New PGE Common Stock.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

ORDER CONFIRMING SUPPLEMENTAL MODIFIED FIFTH AMENDED JOINT PLAN OF AFFILIATED DEBTORS PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE, AND RELATED RELIEF

The Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 9, 2004 (the "Fifth Amended Plan"), as thereafter amended pursuant to that certain (1) Modification of Fifth Amended Plan of Reorganization for Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated June 1, 2004 (the "Initial Modification") (Docket No. 18793), and (2) Supplemental Modification of Fifth Amended Joint Plan of Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated July 2, 2004 (the "Supplemental Modification" and, together with the Fifth Amended Plan and the Initial Modification, the "Plan") [1] (Docket No. 19477), having been filed with the Court by ENE and certain of its direct and indirect subsidiaries and affiliates, as debtors and debtors in possession (collectively, the "Debtors") [2]; and the Court having entered, pursuant to, *inter alia*,

[1] A copy of the Plan is annexed hereto as Exhibit A. Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to such terms in the Plan.

[2] As set forth in Section 7.9 of the Initial Modification, pursuant to the Bankruptcy Court's order, dated April 8, 2004, and the notice, dated May 17, 2004, in connection therewith (Docket Nos. 17625 and 18434), (a) a majority of the equity interests of Enron Mauritius Company, Enron India Holdings Ltd. and Offshore Power Production C.V. (collectively, the "Dabhol Debtors") were sold, (b) such entities were, among other things, removed as Debtors and Proponents of the Plan, and (c) Classes 58, 59, 60, 246, 247 and 248 of the Plan have been rendered unnecessary and inoperative.

section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017(b), after due notice and hearing, orders, dated January 9, 2004, approving the Disclosure Statement for Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 9, 2004 (the "Disclosure Statement"), and establishing procedures for voting on the Fifth Amended Plan, respectively (collectively, the "Disclosure Statement Approval Orders"), which established procedures for the solicitation, voting and tabulation of votes on the Fifth Amended Plan, approved the forms of ballots and master ballots used in connection therewith, and scheduled the Confirmation Hearing to consider confirmation of the Fifth Amended Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code; and the affidavits of service of solicitation packages and notices of non-voting status (the "Affidavits of Service") having been filed with the Court; and the affidavits of publication of notice of the Confirmation Hearing (the "Affidavits of Publication") having been filed with the Court; and due notice of the Confirmation Hearing having been given to holders of Claims against and Equity Interests in the Debtors and to other parties in interest, all in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Approval Orders, and it appearing that no other or further notice need be given; and the Confirmation Hearing having been held by the Court on June 3, 4, 8, 9, 10, 14, 16, 17 and 18, 2004; and the appearances of all interested parties having been noted in the record of the Confirmation Hearing; and after full consideration of: (a) each of the objections to confirmation of the Plan not otherwise withdrawn or resolved (collectively, the "Objections"), (b) the Debtors' response and memorandum of law in support of confirmation of the Plan, each

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In addition, as stated on the record at the Confirmation Hearing, the Debtors and the Creditors' Committee have reached a settlement in principal, subject to definitive documentation and Bankruptcy Court approval, with certain former employees of Portland General Holdings ("PGH"). Consequently, the Confirmation Hearing was adjourned with respect to the Portland Debtors, and the Debtors may move to dismiss one or both of the Portland Debtors' cases upon approval of the settlement by the Bankruptcy Court.

dated June 1, 2004 (Docket Nos. 18797 and 18798), (c) the Creditors' Committee's statement, dated June 1, 2004 (Docket No. 18795), (d) the Baupost Group and Racepoint Partners' comment, dated June 1, 2004 (Docket No. 18786), (e) the ENA Examiner's citations to the record, dated June 22, 2004 (Docket No. 19283), (f) the Debtors' proposed findings of fact and conclusions of law, dated June 23; 2004 (Docket No. 19307), (g) various counter-proposed findings of fact and conclusions of law filed by multiple parties in interest on June 29 - July 1, 2004 (Docket Nos. 19407, 19408, 19420, 19423, 19424, 19428, 19429, 19430, 19432, 19433, 19438, 19451 and 19453), and (h) the Debtors' reply to the various counter-proposed findings of fact and conclusions of law, dated July 7, 2004, and the Debtors' modified proposed findings of fact and conclusions of law, dated July 7, 2004 (Docket Nos. 19532 and 19533, respectively); and upon the arguments of counsel and all of the evidence adduced at the Confirmation Hearing and the record in these Chapter 11 Cases; and after due deliberation and good and sufficient cause appealing therefore; and the Court having rendered its decision to CONFIRM the Plan and entered its findings of fact and conclusions of law on July 15, 2004,

It hereby is DECREED AND ORDERED:

JURISDICTION

1. This Court has subject matter jurisdiction to confirm the Plan pursuant to 28 U.S.C. § 1334.

2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. Confirmation of the Plan is a core proceeding determined by this Court pursuant to 28 U.S.C. § 157(b)(2)(L).

MODIFICATIONS TO THE PLAN

4. The Plan complies with section 1127 of the Bankruptcy Code.

5. On June 1, 2004 and July 2, 2004, the Debtors filed the Initial Modification and the Supplemental Modification (Docket Nos. 18793 and 19477), respectively.

6. The Initial Modification and the Supplemental Modification (collectively, the "Modifications") do not adversely affect the treatment of any Class of Claims or Equity Interests in the Debtors under the Fifth Amended Plan.

7. In accordance with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, all holders of Claims against the Debtors who voted to accept the Plan are hereby deemed to have accepted the Fifth Amended Plan, as amended consistent with the Modifications.

8. No holder of a Claim against the Debtors that has voted to accept the Fifth Amended Plan shall be permitted to change its acceptance to a rejection as a consequence of the Modifications.

9. The filing with the Court of the Modifications, the service of the same in accordance with the Court's Case Management Order, and the disclosure of the Modifications on the record at the Confirmation Hearing constitute due and sufficient notice thereof.

CONFIRMATION OF THE PLAN

10. The Plan complies fully with sections 1122 and 1123 of the Bankruptcy Code. The Debtors have complied with section 1125 with respect to the Disclosure Statement and the Plan.

11. The Findings of Fact and Conclusions of Law Supporting The Approval Of (A) Certain Settlements Under The Supplemental Modified Fifth Amended Joint Plan Of Affiliated Debtors Pursuant To Chapter 11 Of The United States Bankruptcy Code; (B) The

Debtors' Motion Pursuant To Bankruptcy Rule 9019 And Sections 105 And 363 Of The Bankruptcy Code Seeking Approval Of The Global Compromise Of Inter-Estate Issues; (C) The Motion Of Debtors Pursuant To Section 363 Of The Bankruptcy Code For Order Approving And Authorizing Post-Confirmation Allocation Formula For Overhead And Expenses; And (D) Confirmation Of The Plan, dated July 15, 2004, (the "Findings and Conclusions") are hereby incorporated by reference into, and are an integral part of, this Confirmation Order.

12. The Plan is CONFIRMED.

PLAN PROVISIONS

Implementation of the Plan

13. The compromise and settlement set forth in Section 2.1 of the Plan is approved in all respects. On the Effective Date, such compromise and settlement shall be binding upon the Debtors, all Creditors, all holders of Equity Interests and other Entities.

14. From and after the Effective Date, holders of Allowed Claims and Allowed Equity Interests shall receive a portion of their distributions based upon the assets and liabilities of all the Debtors, other than the Portland Debtors.[3] Any Claims against one or more of the Debtors based upon a guaranty, indemnity, co-signature, surety or otherwise, of Claims against another Debtor shall be treated as separate and distinct Claims against the estate of the respective Debtors and shall be entitled to distributions under the Plan in accordance with the provisions thereof.

[3] Although not excluded from the Plan, Enron Development Funding Limited ("EDF"), a Debtor, is also the subject of insolvency proceedings in the Cayman Islands. (Stipulation And Agreed Order Establishing Procedures For Compensation And Reimbursement Of Expenses For Professionals Of Enron Development Funding Limited And Its Joint Provisional Liquidators, dated June 26, 2003, Docket No. 11953). In light of the joint proceedings, until such time as the Cayman scheme of arrangement proceedings has concluded, currently anticipated to be in August 2004, no distributions of assets held by or attributed to EDF will be made to Creditors holding Allowed Claims pursuant to the Plan.

15. The record date for determining the holders of Allowed Claims and Allowed Equity Interests entitled to receive distributions under the Plan shall be the date of the entry of this Confirmation Order.

16. Within thirty (30) days following the second (2^{nd}) anniversary of the Effective Date, the Reorganized Debtors shall file a list with the Court setting forth the names of those Entities for which distributions have been made under the Plan and have been returned as undeliverable as of the date thereof. Any holder of an Allowed Claim or Allowed Equity Interest set forth on such list and that does not assert its rights pursuant to the Plan to receive a distribution within three (3) years from and after the Effective Date shall have its entitlement to such undeliverable distribution discharged and shall be forever barred from asserting any entitlement pursuant to the Plan against the Reorganized Debtors or their property. In such case, any consideration held for distribution on account of such Claim or Equity Interest shall revert to the Reorganized Debtors for redistribution to holders of Allowed Claims and Allowed Equity Interests in accordance with the provisions of Section 32.1 of the Plan.

17. Subject to the provisions of Bankruptcy Rule 9010 and the TOPRS Stipulation, and except as provided in Section 32.4 of the Plan, distributions and deliveries to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Court unless superseded by the address set forth on proofs of claim filed by such holders, or at the last known address of such a holder if no proof of claim is filed or if the Debtors have been notified in writing of a change of address or at the address provided in any applicable notice of transfer filed with the Clerk of the Court pursuant to Bankruptcy Rule 3001(e) and served upon the Debtors or the Reorganized Debtors, as the case may be, in accordance with the notice provision set forth in Section 42.16 of Plan. Subject to the provisions

of Section 9.1 of the Plan and the TOPRS Stipulation, distributions for the benefit of holders of Enron Senior Notes shall be made to the appropriate Enron Senior Notes Indenture Trustee. Each such Enron Senior Notes Indenture Trustee shall in turn administer the distribution to the holders of Allowed Enron Senior Note Claims in accordance with the provisions of the Plan and the applicable Enron Senior Notes Indenture. The Enron Senior Notes Indenture Trustee shall not be required to give any bond or surety or other security for the performance of their duties unless otherwise ordered by the Court.

18. Pursuant to sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Confirmation Order, the Plan, and all Plan-related documents (including, but not limited to, the Plan Supplement) shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

19. The respective forms of the Reorganized Debtors Certificate of Incorporation and the Reorganized Debtors By-laws set forth or referenced in Schedules P and Q of the Plan Supplement are approved. On the Effective Date, such applicable forms of Reorganized Debtors Certificate of Incorporation and Reorganized Debtors By-laws, with any changes to conform to each Reorganized Debtor's respective entity type, capital structure, jurisdictional requirements, governance requirements, and economic requirements deemed necessary, appropriate or advisable by (a) the President, any Associate Director, any Vice President, any Managing Director, the General Counsel or any Associate General Counsel, of the applicable Reorganized Debtor, if such Reorganized Debtor has officers; (b) any general partner of such Reorganized Debtor, if such Reorganized Debtor is a general partnership or limited partnership; (c) any managing member of such Reorganized Debtor, if such Reorganized Debtor is a limited liability company; or (d) the board of directors of such Reorganized Debtor, if such

Reorganized Debtor has directors, shall be authorized and approved as (1) the certificate or articles of incorporation and bylaws, respectively, in the case of a Reorganized Debtor that is a corporation incorporated under the laws of one of the United States of America; (2) the certificate or articles of formation and limited liability company agreement, respectively, in the case of a Reorganized Debtor that is a limited liability company under the laws of one of the United States of America; (3) the certificate or articles of limited partnership and limited partnership agreement, respectively, in the case of a Reorganized Debtor that is a limited partnership under the laws of one of the United States of America; (4) the general partnership agreement (which, unless otherwise agreed to, in writing, by the Debtors and the Creditors' Committee, shall each be on the same terms as the form of limited partnership agreement set forth in Schedule P to the Plan Supplement), in the case of a Reorganized Debtor that is a general partnership under the laws of one of the United States of America; (5) memorandum of association and articles of association, respectively, in the case of a Reorganized Debtor that is a Cayman Islands limited company; and (6) charter, in the case of a Reorganized Debtor formed under the laws of the Netherlands, of each Reorganized Debtor, without further action under applicable law, regulation, order, rule or agreement, including, without limitation, any action by the shareholders, stockholders, officers, members, partners, board of directors or managers, as applicable, of such Reorganized Debtor. Without limiting the approval and authority granted in the foregoing sentence, each officer, director, managing director, general counsel, associate general counsel, partner, member and manager, as the case may be, of each Reorganized Debtor is hereby, authorized, empowered, and directed, for and on behalf and in the name of the Reorganized Debtor of which it is an officer, director, managing director, general counsel, associate general counsel, partner, member or manager, as the case may be, without further

action or approval, of any shareholder, stockholder, officer, board of directors, manager, member or partner, as the case may be, to take any further action and to do all things it may deem necessary, appropriate or advisable to effect the amendment and/or restatement of the organizational documents of the respective Reorganized Debtors described in the foregoing sentence, (collectively, the "Organizational Documents"), including, without limitation, executing documents, agreements and certificates, filing, as applicable, the Organizational Documents of each Reorganized Debtor with the appropriate governmental authority and paying any filing fees in connection therewith, placing copies of the applicable filed Organizational Documents in the minute book of each such Reorganized Debtor, and giving any consent on behalf of a Reorganized Debtor as a shareholder, stockholder, member or partner of another Reorganized Debtor to approve the Organizational Documents of such other Reorganized Debtor. Notwithstanding the form in the Plan Supplement, the certificate of limited partnership of a Reorganized Debtor that is a limited partnership shall contain a prohibition on the issuance of nonvoting equity securities.

20. As of the Effective Date, the boards of directors or managers of each respective Debtor, as constituted immediately prior to the Effective Date that had a board of directors or managers, are hereby removed and (a) Stephen D. Bennett, Rick A. Harrington, James R. Latimer, III, and John J. Ray, III are hereby appointed as the board of directors of Reorganized ENE to serve until their resignation or removal pursuant to the Reorganized Debtor Certificate of Incorporation of Reorganized ENE; provided, however, that, pursuant to the notice, dated June 2, 2004 (the "Director Notice") (Docket No. 18841), in the event that the Debtors select a replacement person during the period from the date hereof up to, but not including the Effective Date, such selection shall be made in a manner consistent with Section 40.1 of the Plan

and be deemed to have been made as of the date hereof; (b) Raymond M. Bowen, Jr., Robert H. Walls, Jr. and K. Wade Cline are hereby appointed as the board of directors of the Debtors listed on Exhibit B1 hereto to serve until their resignation or removal pursuant to the Organizational Documents of such Reorganized Debtor; (c) Raymond M. Bowen, Jr., Robert H. Walls, Jr., K. Wade Cline and Robert J. Semple, are hereby appointed as the board of directors of the Debtors listed on Exhibit B2 hereto, to serve until their resignation or removal pursuant to the Organizational Documents of such Reorganized Debtor; (d) each Reorganized Debtor that is a limited liability company formed under the laws of one of the United States of America that was manager or director managed immediately prior to the Effective Date shall be converted to a member managed limited liability company with the member holding the largest membership interest therein being designated as the managing member thereof; and (e) each member holding the largest membership interest in a Reorganized Debtor that is a limited liability company formed under the laws of one of the United States of America that was member managed, but did not have a designated managing member immediately prior to the Effective Date is hereby designated as the managing member of such Reorganized Debtor. Each of the individuals named in Section V of Schedule U and V of the Plan Supplement as officers of the respective Reorganized Debtors are hereby appointed to the office of each such Reorganized Debtor set forth for such individual in such Schedule, and as an officer of the same title of each of the Reorganized Debtors listed on Exhibit B3 hereto, to serve until his or her resignation or removal.

21. The cancellation of all Equity Interests and other matters provided under the Plan involving the corporate structure of the Reorganized Debtors or corporate action by the Reorganized Debtors shall be deemed to have occurred, be authorized, and shall be in effect, all in accordance with the provisions of the Plan, without requiring further action under applicable

law, regulation, order, or rule, including, without limitation, any action by the shareholders, stockholders, officers, board of directors, partners, members and managers of the Debtors or the Reorganized Debtors. As a condition to receiving any distribution with respect to any Preferred Equity Trust Interest or Common Equity Trust Interest (which will not occur unless Plan Currency and Trust Interests are deemed redistributed to holders of Allowed Enron Preferred Equity Interests pursuant to Sections 7.5, 8.2, 9.2 and 17.2 of the Plan, in the case of Preferred Equity Trust Interests, and to holders of Allowed Enron Common Equity Interests pursuant to Sections 7.5, 8.2, 9.2, 17.2 and 18.2 of the Plan, in the case of Common Equity Trust Interest), each record holder of a certificate representing Enron Preferred Equity Interests or Enron Common Equity Interests, as the case may be, in exchange for which such Preferred Equity Trust Interest or Common Equity Trust Interest was allocated upon the cancellation of such Equity Interests pursuant to the Plan, shall (a) surrender such certificate to the Disbursing Agent or its designee, or (b) deliver to the Disbursing Agent or its designee an affidavit claiming such certificate to be lost, stolen or destroyed, and, if required by the Disbursing Agent, post a bond in such reasonable amount as the Disbursing Agent may direct as indemnity by such person against any claim that may be made against any Reorganized Debtor or the Disbursing Agent with respect to such certificate.

22. Notwithstanding any applicable law or contract, and except as otherwise provided in the Plan, no Debtor shall be deemed removed as a member or partner of a limited liability company or limited partnership, respectively, nor shall any limited liability company or limited partnership be deemed to have been dissolved, or be in dissolution, as a result of filing a voluntary petition for bankruptcy in the Chapter 11 Cases.

23. Without limiting the foregoing, from and after the Confirmation Date, the Debtors, the Reorganized Debtors and the Reorganized Debtor Plan Administrator may take any and all actions deemed appropriate in order to consummate the transactions contemplated herein, including, without limitation, selling or otherwise disposing of all of the Reorganized Debtors' assets and winding-up their respective affairs and not engaging in business (except to the extent reasonably necessary to, and consistent with, such purpose). Notwithstanding any provision contained in the Debtors' organizational or charter documents, or the Reorganized Debtors' Organizational Documents, as the case may be to the contrary, such Entities shall not require the affirmative vote of holders of Equity Interests to take any corporate action including to (a) consummate a Sale Transaction, (b) compromise and settle claims and causes of action of or against the Debtors and their chapter 11 estates, and (c) dissolve, merge or consolidate with any other Entity.

24. This Confirmation Order hereby incorporates, without modification, each provision of the Court's order, dated February 5, 2004 (the "PGE Sale Order"), pursuant to sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 6004(a), authorizing and approving the terms and conditions of that certain Stock Purchase Agreement, dated as of November 18, 2003, by and between ENE and Oregon Electric Utility, LLC, for the sale by ENE of all the issued and outstanding shares of PGE (the "PGE Purchase Agreement"), and Reorganized ENE or the PGE Trust, to the extent created pursuant to the provisions of the Plan, shall be bound in accordance with the terms of the PGE Purchase Agreement and the PGE Sale Order as if it were deemed "Seller" thereunder.

25. Pursuant to section 1145 of the Bankruptcy Code, issuance of the Plan Securities, the Litigation Trust Interests and the Special Litigation Trust Interests on account of,

and in exchange for, the Claims against the Debtors are exempt from registration pursuant to section 5 of the Securities Act of 1933 and any other applicable nonbankruptcy law or regulation.

26. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes, Equity Interests, Plan Securities, Exchanged Enron Common Stock or Exchanged Enron Preferred Stock pursuant to the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record immediately upon presentation thereof, all such deeds, bills of sale, mortgages, leasehold mortgages, deeds of trust, leasehold deeds of trust, memoranda of lease, notices of lease, assignments, leasehold assignments, security agreements, financing statements, and other instruments of absolute or collateral transfer without payment of any stamp tax, transfer tax, or similar tax imposed by federal, state or local law, and, to the extent necessary, the Court retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.

27. The Litigation Trust Agreement is approved in all respects. If and only if the Litigation Trust is formed pursuant to Section 22.1 of the Plan, Stephen Forbes Cooper, LLC is approved as Litigation Trustee and, as of the date that the Litigation Trust Agreement becomes effective, is so appointed and vested with the powers necessary and appropriate to enable the Litigation Trustee to carry out its responsibilities as defined in the Plan and the Litigation Trust Agreement. Upon the joint determination of the Debtors or the Reorganized Debtors, as the case may be, and, provided that the Creditors' Committee has not been dissolved in accordance with

the provisions of Section 33.1 of the Plan, the Creditors' Committee, on or after the Effective Date, but in no event later than December 31st of the calendar year in which the Effective Date occurs, unless such date is otherwise extended by the Debtors or the Reorganized Debtors, as the case may be, and the Creditors' Committee, in their joint and absolute discretion and by notice filed with the Court, Reorganized ENE, on its own behalf, on behalf of the other Reorganized Debtors, and on behalf of holders of Allowed Claims in Classes 3 through 190, shall execute the Litigation Trust Agreement and shall take all other steps necessary to establish the Litigation Trust; provided, however, that in the event that the board of directors of Reorganized ENE and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee determines that the aggregate distributions of Plan Currency and Trust Interests would permit a distribution to be made pursuant to Section 17.2, 18.2 or 19.2 of the Plan, then the Debtors or the Reorganized Debtors, as the case may be, shall modify the Plan to provide for such distributions to be made. If the Litigation Trust is created, in accordance with and pursuant to the terms of Article XXII of the Plan, the Debtors or the Reorganized Debtors, as the case may be, shall transfer to the Litigation Trust, (a) all of their right, title, and interest in the Litigation Trust Claims, and (b) subject to the provisions of the Post-Confirmation Allocation Formula, such amounts of Cash as jointly determined by the Debtors or the Reorganized Debtors, as the case may be, and the Creditors' Committee as necessary to fund the operations of the Litigation Trust. Notwithstanding the foregoing, for purposes of section 553 of the Bankruptcy Code, in accordance with Section 22.13 of the Plan, the transfer of the Litigation Trust Claims to the Litigation Trust shall not affect the mutuality of obligations which may have otherwise existed prior to the effectuation of such transfer. In the event that the Litigation Trust is created, Stephen D. Bennett, Rick A. Harrington, James R.

Latimer, III, and John J. Ray, III are appointed as members of the Litigation Trust Board and vested with the powers necessary and appropriate to enable the Litigation Trust Board to carry out its responsibilities as defined in the Plan and the Litigation Trust Agreement; provided, however, that pursuant to the Director Notice and unless otherwise expressly set forth, in the event that a replacement director is selected for Reorganized ENE, such selection shall be deemed to be applicable to the Litigation Trust Board.

28. The Special Litigation Trust Agreement is approved in all respects. If and only if the Special Litigation Trust is formed pursuant to Section 23.1 of the Plan, ABN Amro Bank, Calyon, as successor to Credit Lyonnais, and Wells Fargo Bank Minnesota, N.A., are hereby appointed as members of the Special Litigation Trust Board and directed to take such action as is necessary to appoint the Special Litigation Trustee. Upon the joint determination of the Debtors or the Reorganized Debtors, as the case may be, and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, on or after the Effective Date, but in no event later than December 31st of the calendar year in which the Effective Date occurs, unless such date is otherwise extended by the Debtors or the Reorganized Debtors, as the case may be, and the Creditors' Committee, in their joint and absolute discretion and by notice filed with the Court, Reorganized ENE, on its own behalf, on behalf of the other Reorganized Debtors, and on behalf of holders of Allowed Claims in Classes 3 through 190, shall execute the Special Litigation Trust Agreement and shall take all other steps necessary to establish the Special Litigation Trust; provided, however, that in the event that the board of directors of Reorganized ENE and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee determines that the aggregate distributions of Plan Currency and Trust

Interests would permit a distribution to be made pursuant to Section 17.2, 18.2 or 19.2 of the Plan, then the Debtors or the Reorganized Debtors, as the case may be, shall modify the Plan to provide for such distributions to be made. If the Special Litigation Trust is created, and in accordance with and pursuant to the terms of Article XXIII of the Plan, the Debtors or the Reorganized Debtors, as the case may be, shall transfer to the Special Litigation Trust (a) all of their right, title, and interest in the Special Litigation Trust Claims, and (b) subject to the provisions of the Post-Confirmation Allocation Formula, as defined below, such amounts of Cash as jointly determined by the Debtors or the Reorganized Debtors, as the case may be, and the Creditors' Committee as necessary to fund the operations of the Special Litigation Trust. Notwithstanding the foregoing, for purposes of section 553 of the Bankruptcy Code, the transfer of the Special Litigation Trust Claims to the Special Litigation Trust shall not affect the mutuality of obligations, which may have otherwise existed prior to the effectuation of such transfer.

29. The Operating Trust Agreements are each approved in all respects. Stephen Forbes Cooper, LLC is approved as Operating Trustee and, if and only if one or more of the Operating Trusts are established pursuant to Section 24.1 of the Plan, as of the date that each applicable Operating Trust Agreement becomes effective, is so appointed and vested with the powers necessary and appropriate to enable the Operating Trustee of the Operating Trust so formed to carry out its responsibilities as defined in the Plan and the applicable Operating Trust Agreement. Upon the joint determination of the Debtors or the Reorganized Debtors, as the case may be, and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, on or after the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, on their own

behalf and on behalf of holders of Allowed Claims in Classes 3 through 180, 183 through 189 and 376 through 382 shall execute the respective Operating Trust Agreements and shall take all other steps necessary to establish the respective Operating Trusts. On such date, or as soon as practicable thereafter, including, without limitation, subject to appropriate or required governmental, agency or other consents, and in accordance with and pursuant to the terms of Section 24.4 of the Plan, if such trust is formed, the Debtors or the Reorganized Debtors, as the case may be, shall transfer to the respective Operating Trusts so formed all of their right, title, and interest in the assets subject to the Operating Trust Agreements. In the event that the one or more Operating Trusts is created, Stephen D. Bennett, Rick A. Harrington, James R. Latimer, III and John J. Ray, III are appointed as members of the PGE Trust Board, Crosscountry Trust Board and Prisma Trust Board, as the case may be, and vested with the powers necessary and appropriate to enable each of the aforementioned trust boards to carry out each of their respective responsibilities as defined in the Plan and each of the Operating Trust Agreements; provided, however, that pursuant to the Director Notice and unless otherwise expressly set forth, in the event that a replacement director is selected for Reorganized ENE, such selection shall be deemed to be applicable to the aforementioned trust boards.

30. The Remaining Asset Trust Agreements are approved in all respects. Stephen Forbes Cooper, LLC is approved as Remaining Asset Trustee and, if and only if the Remaining Asset Trusts are established pursuant to Section 25.1 of the Plan, as of the date that each of the Remaining Asset Trust Agreements become effective, is so appointed and vested with the powers necessary and appropriate to enable the Remaining Asset Trustee to carry out its responsibilities as defined in the Plan and the Remaining Asset Trust Agreements. If the Remaining Asset Trusts are established, Stephen D. Bennett, Rick A. Harrington, James R.

Latimer, III and John J. Ray, III are hereby appointed as members of the Remaining Asset Trust Board for each respective Remaining Asset Trust and vested with the powers necessary and appropriate to enable each of the aforementioned trust boards to carry out each of their respective responsibilities as defined in the Plan and each of the Remaining Asset Trust Agreements; provided, however, that, pursuant to the Director Notice and unless otherwise expressly set forth, in the event that a replacement director is selected for Reorganized ENE, such selection shall be deemed to be applicable to the aforementioned trust boards. Upon the joint determination of the Debtors or the Reorganized Debtors, as the case may be, and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, on or after the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, on their own behalf and on behalf of holders of Allowed Claims in Classes 3 through 180, 183 through 189 and 376 through 382 shall execute the respective Remaining Asset Trust Agreements and shall take all other steps necessary to establish the respective Remaining Asset Trusts. On such date, or as soon as practicable thereafter, including, without limitation, subject to appropriate or required governmental agency or other consents, and in accordance with and pursuant to the terms of Article XXV of the Plan, if such trust is formed, the Debtors shall transfer to the respective Remaining Asset Trusts all of their right, title and interest in the Remaining Assets.

31. The Preferred Equity Trust Agreement is approved in all respects. Stephen Forbes Cooper, LLC is approved as Preferred Equity Trustee and, as of the date that the Preferred Equity Trust Agreement becomes effective, is so appointed and vested with the powers necessary and appropriate to enable the Preferred Equity Trustee to carry out its responsibilities as defined in the Plan and the Preferred Equity Trust Agreement. On or after the Confirmation

Date, but prior to the Effective Date, the Debtors, on their own behalf and on behalf of holders of Allowed Equity Interests in Class 383 shall execute the Preferred Equity Trust Agreement and shall take all other steps necessary to establish the Preferred Equity Trust. On such date of execution, or as soon as practicable thereafter, including, without limitation, subject to appropriate or required governmental, agency or other consents, and in accordance with and pursuant to the terms of Article XXVI of the Plan, if such trust is formed, Reorganized ENE shall issue to the Preferred Equity Trust the Exchanged Enron Preferred Stock subject to the Preferred Equity Trust Agreement. Notwithstanding anything contained herein or in the Plan to the contrary, there shall be separate classes of Preferred Equity Trust Interests that (a) separately reflect the distributions and other economic entitlements, and (b) maintain the following order of priority with respect to the separate classes of Exchanged Preferred Equity Interests contributed: (1) Series 1 Exchanged Preferred Stock and Series 2 Exchanged Preferred Stock on a *pari passu* basis; (2) Series 3 Exchanged Preferred Stock; and (3) Series 4 Exchanged Preferred Stock.

32. The Common Equity Trust Agreement is approved in all respects. Stephen Forbes Cooper, LLC is approved as Common Equity Trustee and, as of the date that the Common Equity Trust Agreement becomes effective, is so appointed and vested with the powers necessary and appropriate to enable the Common Equity Trustee to carry out its responsibilities as defined in the Plan and the Common Equity Trust Agreement. On or after the Confirmation Date, but prior to the Effective Date, the Debtors, on their own behalf and on behalf of holders of Allowed Enron Common Equity Interests in Class 384, shall execute the Common Equity Trust Agreement and shall take all other steps necessary to establish the Common Equity Trust. On such date of execution, or as soon as practicable thereafter, including, without limitation, subject to appropriate or required governmental, agency or other consents, and in accordance with and

pursuant to the terms of Article XXVII of the Plan, if such trust is formed, Reorganized ENE shall issue to the Common Equity Trust the Exchanged Enron Common Stock subject to the Common Equity Trust Agreement.

33. The Reorganized Debtor Plan Administration Agreement is approved in all respects. Each officer, director, managing director, general counsel, associate general counsel, partner, member and manager, as applicable, of each Reorganized Debtor is hereby authorized to execute on behalf of such Reorganized Debtor, the Reorganized Debtor Plan Administration Agreement (and with respect to Reorganized ENE, countersign each accompanying Duty of Loyalty Agreement) without any further action or approval of any board of directors, managing member or partner. Stephen Forbes Cooper, LLC is approved as Reorganized Debtor Plan Administrator and, on the Effective Date, is so appointed and vested with the powers necessary and appropriate to enable the Reorganized Debtor Plan Administrator to carry out its responsibilities as defined in the Plan and the Reorganized Debtor Plan Administration Agreement. The Reorganized Debtor Plan Administrator shall take all necessary and appropriate actions to comply with the provisions of the Plan in the name of and on behalf of the Reorganized Debtors.

34. Stephen Forbes Cooper, LLC is approved as Disbursing Agent. Except to the extent that the responsibility for the same is vested in the Reorganized Debtor Plan Administrator pursuant to the Reorganized Debtor Plan Administration Agreement, the Disbursing Agent shall be empowered to (a) take all steps and execute all instruments and documents necessary to effectuate the Plan, (b) make distributions contemplated by the Plan, (c) comply with the Plan and the obligations thereunder, (d) file all tax returns and pay taxes in connection with the reserves created pursuant to Article XVIII of the Plan, and (e) exercise such

other powers as may be vested in the Disbursing Agent pursuant to order of the Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

35. The formation of the reserve for Disputed Claims provided for in Section 21.3 of the Plan (the "Disputed Claims Reserve"), the appointment of Stephen D. Bennett, Rick A. Harrington, James R. Latimer, III and John J. Ray, III as DCR Overseers and the use of the Guidelines for Disputed Claims Reserve and the Guidelines for the DCR Overseers, each as set forth in Schedule Y and Z, respectively, of the Plan Supplement, all in accordance with the applicable terms and conditions of the Plan, are each approved in their entirety; provided, however, that, pursuant to the Director Notice and unless otherwise expressly set forth, in the event that a replacement director is selected for Reorganized ENE, such selection shall be deemed to be applicable to the DCR Overseers. On the Effective Date, the DCR Overseers shall be vested with the powers necessary and appropriate to enable the DCR Overseers to carry out their responsibilities as defined in the Plan, the Guidelines for Disputed Claims Reserve and the Guidelines for the DCR Overseers, and to oversee the Disputed Claims Reserve in accordance therewith.

36. With respect to Allowed Priority Tax Claims, holders of such Allowed Priority Tax Claims shall be entitled to receive distributions as provided in Section 3.3 of the Plan. In accordance therewith and with the Notice of Election of Option with Respect to Payment of Priority Tax Claims (Docket. No. 18775) exercised in writing prior to the commencement of the Confirmation Hearing, and subject to Articles XXI and XXXII of the Plan, the Debtors have elected to exercise their option to make such distributions to each holder

of an Allowed Priority Tax Claim in full, in Cash, on the Effective Date or following such later date as any Priority Tax Claim shall become an Allowed Claim.

Discharge, Injunctions, Limited Releases, and Exculpations

37. Except as otherwise provided in the Plan, this Confirmation Order or such other applicable order of the Court, on the latest to occur of (a) the Effective Date, (b) the entry of a Final Order resolving all Claims in the Chapter 11 Cases, or (c) the final distribution made to holders of Allowed Claims and Allowed Equity Interests in accordance with Article XXXII of the Plan, all Claims against and Equity Interests in the Debtors and Debtors in Possession, shall be discharged and released in full; provided, however, that the Court may, upon request by the Reorganized Debtors, and notice and a hearing, enter an order setting forth that such Claims and Equity Interests shall be deemed discharged and released on such earlier date as determined by the Court; and, provided, further, that upon all distributions being made pursuant to the Plan, the Debtors and the Reorganized Debtors, as the case may be, shall be deemed dissolved for all purposes and the Reorganized Debtor Plan Administrator shall cause the Debtors and the Reorganized Debtors, as the case may be, to take such action to effect such dissolution in accordance with applicable state law. All Persons and Entities are hereby precluded from asserting against the Debtors, the Debtors in Possession, their successors or assigns, including, without limitation, the Reorganized Debtors, or their respective assets, properties or interests in property, any other or further Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not the facts or legal bases therefor were known or existed prior to the Confirmation Date, regardless of whether a proof of Claim or Equity Interest was filed, whether the holder thereof voted to accept

or reject the Plan or whether the Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest.

38. Except as otherwise expressly provided in the Plan, this Confirmation Order or such other applicable order of the Court, all Persons or Entities who have held, hold or may hold Claims or other debt or liability that is discharged or Equity Interests or other right of equity interest that is terminated or cancelled pursuant to the Plan are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or other debt or liability or Equity Interest or other right of equity interest that is terminated or cancelled pursuant to the Plan against the Debtors, the Debtors in Possession or the Reorganized Debtors, the Debtors' estates or properties or interests in properties of the Debtors or Reorganized Debtors; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Debtors in Possession or the Reorganized Debtors, the Debtors' estates or properties or interests in properties of the Debtors, the Debtors in Possession or the Reorganized Debtors; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors, the Debtors in Possession or the Reorganized Debtors or against the property or interests in property of the Debtors, the Debtors in Possession or the Reorganized Debtors; and (d) except to the extent provided, permitted or preserved by sections 553, 555, 556, 559 or 560 of the Bankruptcy Code or pursuant to the common law right of recoupment, asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the Debtors in Possession or the Reorganized Debtors or against the property or interests in property of the Debtors, the Debtors in Possession or the Reorganized Debtors, with respect to any such Claim or other debt or liability that is discharged or Equity Interest or other right of equity

interest that is terminated or cancelled pursuant to the Plan; provided, however, that such injunction shall not preclude the United States of America, any State or any of their respective police or regulatory agencies from enforcing their police or regulatory powers; and provided, further, that, except in connection with a properly filed proof of claim, the foregoing proviso does not permit the United States of America, any State or any of their respective police or regulatory agencies from obtaining any monetary recovery from the Debtors, the Debtors in Possession or the Reorganized Debtors or their respective property or interests in property with respect to any such Claim or other debt or liability that is discharged or Equity Interest or other right of equity interest that is terminated or cancelled pursuant to the Plan, including, without limitation, any monetary claim or penalty in furtherance of a police or regulatory power. Such injunction (y) shall extend to all successors of the Debtors and Debtors in Possession and the Creditors' Committee and its members, and their respective properties and interests in property; provided, however, that such injunction shall not extend to or protect members of the Creditors' Committee and their respective properties and interests in property for actions based upon acts outside the scope of service on the Creditors' Committee, and (z) is not intended, nor shall it be constmed, to extend to the assertion, the commencement or the prosecution of any claim or cause of action against any present or former member of the Creditors' Committee and their respective properties and interests in property arising from or relating to such member's pre-Petition Date acts or omissions, including, without limitation, the Class Actions.

39. None of the Debtors, the Reorganized Debtors, the Creditors' Committee, the Employee Committee, the ENA Examiner (other than those functions defined by the Investigative Orders), the Indenture Trustees, and any of their respective directors, officers, employees, members, attorneys, consultants, advisors and agents (acting in such capacity), shall

have or incur any liability to any Entity for any act taken or omitted to be taken in connection with and subsequent to the commencement of the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, confirmation or approval of the Plan or any compromises or settlements contained therein, the Disclosure Statement related thereto or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that the foregoing provisions of this paragraph shall not affect the liability of (a) any Entity that otherwise would result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct, including, without limitation, fraud and criminal misconduct; (b) State Street Bank and Trust Company in its capacity as Independent Fiduciary appointed in accordance with the Court's order, dated April 19, 2002 or (c) the professionals of the Debtors, the Reorganized Debtors, the Creditors' Committee, the Employee Committee, the ENA Examiner or the Indenture Trustees to their respective clients pursuant to DR 6-102 of the New York Code of Professional Responsibility. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

40. Except as otherwise provided in the Plan, including, without limitation, Articles XXII and XXIII of the Plan, or in any contract, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain sole and exclusive authority to enforce any claims, rights or causes of action that the Debtors, the Debtors in Possession or their chapter 11 estates may hold against any Entity, including any claims, rights or causes of action arising under sections 541, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

41. The Reorganized Debtors may, pursuant to applicable bankruptcy and nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account thereof (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature the Debtors or the Reorganized Debtors may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Debtors in Possession or the Reorganized Debtors of any such claims, rights and causes of action that the Debtors, Debtors in Possession or the Reorganized Debtors may possess against such holder; and provided, further, that nothing contained herein or in the Plan is intended to limit the ability of any Creditor to effectuate rights of setoff or recoupment preserved or permitted by the provisions of sections 553, 555, 556, 559 or 560 of the Bankruptcy Code or pursuant to the common law right of recoupment.

42. No claims of the Debtors' estates against their present and former officers, directors, employees, consultants and agents and arising from or relating to the period prior to the Initial Petition Date are released by the Plan. As of the Effective Date, the Debtors and Debtors in Possession shall be deemed to have waived and released their present and former directors, officers, employees, consultants and agents who were directors, officers, employees consultants or agents, respectively, at any time during the Chapter 11 Cases, from any and all claims of the Debtors' estates arising from or relating to the period from and after the Initial Petition Date; provided, however, that, except as otherwise provided by prior or subsequent Final Order of the Court, this provision shall not operate as a waiver or release of (a) any Person (i) named or subsequently named as a defendant in any of the Class Actions, (ii) named or subsequently named as a defendant in any action commenced by or on behalf of the Debtors in

Possession, including any actions prosecuted by the Creditors' Committee and the Employee Committee, (iii) identified or subsequently identified as a wrongful actor in the "Report of Investigation by the Special Investigative Committee of the Board of Directors of Enron Corp.," dated February 1, 2002, (iv) identified or subsequently identified in a report by the Enron Examiner or the ENA Examiner as having engaged in acts of dishonesty or willful misconduct detrimental to the interests of the Debtors, or (v) adjudicated or subsequently adjudicated by a court of competent jurisdiction to have engaged in acts of dishonesty or willful misconduct detrimental to the interests of the Debtors or (b) any claim (i) with respect to any loan, advance or similar payment by the Debtors to any such person, (ii) with respect to any contractual obligation owed by such person to the Debtors, (iii) relating to such person's knowing fraud, or (iv) to the extent based upon or attributable to such person gaining in fact a personal profit to which such person was not legally entitled, including, without limitation, profits made from the purchase or sale of equity securities of the Debtors which are recoverable by the Debtors pursuant to section 16(b) of the Securities Exchange Act of 1934, as amended; and, provided, further, that the foregoing is not intended, nor shall it be construed, to release any of the Debtors' claims that may exist against the Debtors' directors and officers liability insurance.

43. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105, 362 or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until entry of an order in accordance with Section 42.17 of the Plan or other Final Order of the Court.

44. Except as provided in the Plan, as of the Effective Date, all non-Debtor entities are permanently enjoined from commencing or continuing in any manner, any action or proceedings, whether directly, derivatively, on account of or respecting any claim, debt, right or

cause of action of the Debtors, the Debtors in Possession or the Reorganized Debtors which the Debtors, the Debtors in Possession or the Reorganized Debtors, as the case may be, retain sole and exclusive authority to pursue in accordance with Section 28.1 of the Plan or which has been released pursuant to the Plan, including, without limitation, pursuant to Sections 2.1, 28.3 and 42.6 of the Plan; provided, however, that such injunction is not intended, nor shall it be construed, (a) to the extent authorized or permitted by an order of the Court, to extend to the ongoing prosecution of the Class Actions or (b) to apply to any proceeding not involving property of any Debtor's estate that a non-Debtor Entity brings against another non-Debtor Entity.

Executory Contracts and Unexpired Leases

45. Pursuant to sections 365(a) and 1123 of the Bankruptcy Code, the rejection, on the Confirmation Date, of all executory contracts and unexpired leases that (a) have not been assumed pursuant to prior Court orders, (b) are not the subject of a pending motion to assume, or (c) are not included in the Assumption Schedule filed on March 19, 2004, (Docket No. 17054) as the same has been amended by notice from time to time (as amended, hereinafter referred to collectively as the "Assumption Schedule"), is approved in all respects.

46. Pursuant to sections 365(a) and 1123 of the Bankruptcy Code, the assumption, as of the Effective Date, of the executory contracts and unexpired leases listed on the Assumption Schedule, which are not the subject of a timely filed objection (including any objection that may be timely filed in accordance with the terms of a notice of an amendment of the Assumption Schedule), is approved in all respects in accordance with the noticed terms of the Assumption Schedule. The ability of the Debtors to assume, or assume and assign, any

executory contract or unexpired lease that is the subject of a timely-filed objection shall be addressed by the Court upon notice and a hearing.

47. In accordance with Section 34.2 of the Plan, the Debtors in Possession may at any time during the period from the Confirmation Date, up to and including the Effective Date, amend the Assumption Schedule to delete any executory contracts or unexpired leases therefrom.

48. The filing and service of the Plan and Assumption Schedule and the publication of notice of the entry of the Confirmation Order provide adequate notice of the assumption of executory contracts and unexpired leases that are assumed pursuant to Article XXXIV of the Plan.

49. All counterparties to all executory contracts and unexpired leases of the Debtors assumed pursuant to Article XXXIV of the Plan and the Assumption Schedule have been provided with adequate assurance of future performance pursuant to section 365(f) of the Bankruptcy Code.

50. Notwithstanding anything contained in the Plan to the contrary, all trading contracts between or among (a) two or more Debtors, or (b) a Debtor and any wholly-owned Affiliate shall be deemed for all purposes to have been rejected and otherwise terminated as of the Initial Petition Date, and the values and damages attributable thereto shall be calculated as of the Initial Petition Date.

51. Any monetary amounts required as cure payments on each executory contract and unexpired lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(l) of the Bankruptcy Code, by payment of the cure amount in Cash on the Effective Date or upon such other terms and dates as the parties to such executory contracts or

unexpired leases otherwise may agree. If a dispute regarding (a) the amount of any cure payment, (b) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any Other matter pertaining to assumption arises, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be subject to the jurisdiction of the Court and made following the existence of a Final Order, obtained upon notice and a hearing, resolving such dispute.

52. Except with regard to executory contracts governed in accordance with the provisions of Section 34.3 of the Plan, if the rejection of an executory contract or unexpired lease by the Debtors in Possession under the Plan results in damages to the other party or parties to such contract or lease, any claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors, or its properties or agents, successors, or assigns, unless a proof of claim is filed with the Court and served upon attorneys for the Debtors on or before thirty (30) days after the latest to occur of (a) the Confirmation Date, (b) the date of entry of an order by the Court authorizing rejection of a particular executory contract or unexpired lease, or (c) the date of the Rejection Notice with respect to a particular executory contract or unexpired lease.

53. For purposes of the Plan, the obligations of the Debtors to indemnify and reimburse its directors or officers that were directors or officers, respectively, on or prior to the Petition Date, shall be treated as Section 510 Subordinated Claims. Indemnification obligations of the Debtors arising from services as officers and directors during the period from and after the Initial Petition Date shall be Administrative Expense Claims to the extent previously authorized by Final Order.

54. On the Effective Date, (a) each of the (i) ECT I Trust Declarations, (ii) ECT II Trust Declarations, (iii) EPF I Partnership Agreement, and (iv) EPF II Partnership Agreement shall be deemed to be rejected, and (b) subject to the Debtors' obligations set forth in decretal paragraph 16 of the TOPRS Stipulation and in the Plan and this Confirmation Order, in full and final satisfaction of any rights, interests or Claims of ECT I, ECT II , EPF I, EPF II and holders of the TOPRS against any of the Debtors and their affiliates, ENE, as general partner of EPF I and EPF II, shall (i) waive any right of EPF I and EPF II to reinvest distributions made pursuant to the Plan, (ii) liquidate the Eligible Debt Securities, as defined in the EPF I Partnership Agreement and the EPF II Partnership Agreement, owned by EPF I and EPF II to Cash as soon as practicable following the Effective Date, and (iii) declare a distribution of all assets of EPF I and EPF II, including, without limitation, Cash, Plan Securities and Eligible Debt Securities, as defined in the EPF I Partnership Agreement and the EPF II Partnership Agreement, to ECT I and ECT II, respectively, which distribution shall be made to National City Bank, in its capacity as ECT I Property Trustee and ECT II Property Trustee. Upon the earlier to occur of (i) this Confirmation Order becoming a Final Order, or (ii) the Effective Date, (a) all claims, causes of action or other challenges of any kind or nature which could be asserted by the Debtors, the Creditors' Committee, any trustee appointed in the Debtors' bankruptcy cases, or any creditor or party in interest in the Debtors' bankruptcy cases, or any of them, against or with respect to National City Bank, as Indenture Trustee, ECT I Property Trustee and ECT II Property Trustee, ECT I, ECT II, the TOPRS issues by either of them, EPF I, EPF II, the limited partnership interests issued by either of them, the ETS Debentures, the ENA Debentures or the Enron TOPRS Debentures, including, without limitation, substantive consolidation, piercing of the corporate veil, re-characterization of the TOPRS or the limited partnership interests in EPF I or

EPF II as preferred stock or any other equity interest of ENE or any of its affiliates, preference, fraudulent conveyance and other avoidance actions shall be deemed forever waived and released, and (b) none of the Debtors, the Creditors' Committee, any trustee or any creditor or party in interest in the Debtors' bankruptcy cases, or any of them, shall without National City Bank's prior written consent, which consent shall not be unreasonably withheld, (i) seek to change, remove or substitute any of the Enron TOPRS Debentures, the ETS Debentures, the ENA Debentures, the Eligible Securities or any other interest of any of ECT I, ECT II, EPF I or EPF II in any property, or (ii) otherwise seek to merge or consolidate any or all of ECT I, ECT II, EPF I, EPF II, ENE, ENA or ETS or in any manner change or otherwise affect the economic or other interests of National City Bank, as Indenture Trustee and Property Trustee, the holders of TOPRS, ECT I, ECT II, EPF I or EPF II, or any of them.

Title to Assets

55. Except as otherwise provided in the Plan, including, without limitation, Section 42.2 of the Plan, on the Effective Date, title to all assets and properties encompassed by the Plan shall vest in the Reorganized Debtors and, to the extent created, the Remaining Asset Trust(s), the Litigation Trust and the Special Litigation Trust, as the case may be, free and clear of all Liens and in accordance with section 1141 of the Bankruptcy Code. This Confirmation Order is a judicial determination of discharge of the liabilities of the Debtors and the Debtors in Possession except as provided in the Plan. Notwithstanding the foregoing, the Debtors and the Reorganized Debtors, in their sole and absolute discretion, may (a) encumber all of the Debtors' estates' assets for the benefit of Creditors, or (b) transfer such assets to another Entity to secure the payment and performance of all obligations provided for in the Plan.

56. Except to the extent subject to a valid and enforceable Lien, upon the Effective Date, all proceeds reserved pursuant to a Sale/Settlement Order and not subject to a dispute concerning the allocation thereof shall vest in the Reorganized Debtors, the Litigation Trust or the Special Litigation Trust, as the case may be, free and clear of all Liens and in accordance with section 1141 of the Bankruptcy Code and be subject to distribution in accordance with the provisions hereof; provided, however, that, notwithstanding the foregoing, the Debtors shall escrow Two Hundred Million Dollars ($200,000,000.00) to satisfy its obligations in accordance with the terms and provisions of the Standard Termination Order until the earlier to occur of (a) satisfaction of the obligations contained in the Standard Termination Order, and (b) entry of an order of the Court, upon notice to the PBGC, authorizing the release thereof.

57. Notwithstanding the terms and conditions of any of the Sale/Settlement Orders, to the extent necessary to allocate the proceeds reserved pursuant to a Sale/Settlement Order, on or prior to the three (3) month anniversary of the Confirmation Date, the Debtors shall file one or more motions with the Court to determine the allocation of proceeds reserved pursuant to a Sale/Settlement Order. Any such motion shall be deemed served upon the necessary parties if served in accordance with the Case Management Order. Upon entry of a Final Order of the Court with respect to the allocation of such proceeds, and to the extent allocated to the Debtors, the Litigation Trust, the Special Litigation Trust, or any Enron Affiliate, as the case may be, all such proceeds shall vest in the Reorganized Debtors or such Enron Affiliate free and clear of all Liens and in accordance with section 1141 of the Bankruptcy Code and be subject to distribution in accordance with the provisions of the Plan and this Confirmation Order.

58. Each of the transfers of property of the Debtors or Reorganized Debtors, as the case may be, pursuant to the Plan: (a) are or shall be deemed to be legal, valid and effective transfers of property; (b) shall not constitute, or be construed to be, avoidable transfers under the Bankruptcy Code or under applicable nonbankruptcy law; and (c) shall not subject the Debtors or the Reorganized Debtors, as the case may be, to any liability by reason of such transfer under the Bankruptcy Code or under applicable nonbankruptcy law, including, without limitation, any laws affecting successor or transferee liability.

Payment of Statutory Fees

59. All fees payable pursuant to section 1930 of title 28 of the United States Code, shall be paid as and when due or otherwise pursuant to an agreement between one or more of the Reorganized Debtors and the United States Department of Justice, Office of the United States Trustee, until such time as a Chapter 11 Case for a Debtor shall be closed in accordance with the provisions of Section 42.17 of the Plan.

Retention of Jurisdiction

60. In accordance with (and as limited by) Article XXXVIII of the Plan and section 1142 of the Bankruptcy Code, the Court shall retain and have exclusive jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Chapter 11 Cases or the Plan, or that relates to the following:

(a) to resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date of the Plan, and to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;

(b) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan;

(c) to determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Reorganized Debtors, the Litigation Trust or the Special Litigation Trust prior to or after the Effective Date;

(d) to ensure that distributions to holders of Allowed Claims and Allowed Equity Interests are accomplished as provided in the Plan;

(e) to hear and determine any timely objections to Administrative Expense Claims or to proofs of Claim and Equity Interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Equity Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;

(f) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;

(g) to issue such orders in aide of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(h) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Court, including the Confirmation Order;

(i) to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

(j) to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation, or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released under the Plan;

(k) to issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

(l) to determine any other matters that may arise in connection with or that are related to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement;

(m) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code; and

(o) to enter a final decree closing the Chapter 11 Cases;

provided, however, that the foregoing does not (1) expand the Court's subject matter jurisdiction beyond that allowed by applicable law, (2) impair the rights of an Entity to (i) invoke the jurisdiction of a court, commission or tribunal, including, without limitation, the Federal Energy Regulatory Commission, with respect to matters relating to a governmental unit's police and regulatory powers and (ii) contest the invocation of any such jurisdiction; provided, however, that the invocation of such jurisdiction, if granted, shall not extend to the allowance or priority of Claims or the enforcement of any money judgment against a Debtor or Reorganized Debtor, as the case may be, entered by such court, commission or tribunal, and (3) impair the rights of an Entity to (i) seek the withdrawal of the reference in accordance with 29 U.S.C. § 157(d) and (ii) contest any request for the withdrawal of reference in accordance with 28 U.S.C. § 157(d).

GENERAL AUTHORIZATIONS

61. The Debtors, Debtors in Possession and the Reorganized Debtors, as the case may be, are hereby authorized and empowered pursuant to section 1142(b) of the Bankruptcy Code to:

(a) Execute and deliver, and take such action as is necessary to effectuate the terms of, all instruments, agreements and documents

in substantially the form of such instruments, agreements or documents attached as exhibits to the Plan, the Plan Supplement or the Disclosure Statement, or to be filed with the Court on or before the Effective Date, including all annexes and exhibits attached to those exhibits to the Plan, the Plan Supplement or Disclosure Statement and any other documents delivered in connection with those exhibits; and

(b) Issue, execute, deliver, file and record any documents, Court papers or pleadings, and to take any and all actions that are necessary or desirable to implement, effect or consummate the transactions contemplated by the Plan whether or not specifically referred to in the Plan or related documents, and without further application to or order of the Court.

62. Without the need for further order or authorization of the Court, the Debtors and/or Reorganized Debtors are authorized and empowered to make any and all modifications to any and all documents included as part of the Plan Supplement that do not materially modify the terms of such documents and are consistent with the Plan.

GLOBAL COMPROMISE MOTION

63. Subject to the full paragraph on page six of the findings of fact and conclusions of law issued on July 15, 2004, the settlements and compromises embodied in the Plan and the Global Compromise Motion are approved for all Debtors. Notwithstanding the exclusion of a Debtor from the Plan pursuant to Sections 39.1 or 42.14 of the Plan, such Debtor and any successor trustee or representative of the Estate shall be bound by the terms of the global compromise pursuant to the Global Compromise Motion.

POST-CONFIRMATION ALLOCATION FORMULA

64. The Motion of Debtors Pursuant to Section 363 of the Bankruptcy Code for Order Approving and Authorizing Post-Confirmation Allocation Formula for Overhead and

Expenses, dated March 24, 2004 (Docket No. 17283) (the "Overhead Allocation Motion")[4] is granted in full as to all Debtors. The Post-Confirmation Allocation Formula, for allocation, from and after the Confirmation Date, of shared overhead and other expenses among the Enron Entities, including the procedures related thereto, is approved. The Debtors are authorized to take all action necessary to fully implement and carry out the Post-Confirmation Allocation Formula as described in the Overhead Allocation Motion and authorized by this Order. Except as provided herein, all other provisions of the Court's orders, dated February 25, 2002, November 21, 2002 and November 25, 2002, with respect to the allocation of overhead and expenses, shall remain in full force and effect.

65. If an Enron Entity is unable to fund its Entity Reserve Amount, either in whole or in part, the unfunded portion will be reallocated to the first equity owner in the ownership chain of such Enron Entity (the "Funding Entity") with the ability to pay. To the extent the Funding Entity is a Debtor, (a) the funding of an Entity Reserve Amount by such Funding Entity on behalf of another Debtor will result in a Junior Reimbursement Claim (as defined in the Amended Cash Management Order) held by such Funding Entity against such Debtor, and (b) the funding of an Entity Reserve Amount by such Funding Entity on behalf of a non-Debtor will result in an Intercompany Loan (as defined in the Amended Cash Management Order) payable by such non-Debtor to such Funding Entity. To the extent the Funding Entity is a non-Debtor, (x) the funding of an Entity Reserve Amount by such Funding Entity on behalf of a Debtor will result in an Allowed Administrative Expense Claim held by such Funding Entity against such Debtor, and (y) the funding of an Entity Reserve Amount by such Funding Entity on

[4] Capitalized terms used in this section, if not defined herein or in the Plan, shall have the meanings ascribed to such terms in the Overhead Allocation Motion.

behalf of a non-Debtor will result in an intercompany receivable held by such Funding Entity against such non-Debtor.

66. The Amended Cash Management Order is modified to the extent that the funding of an allocation obligation by a Funding Entity pursuant to this Order shall not be in violation or contravention of any provision of the Amended Cash Management Order, including, but not limited to the aggregate fair value tests, solvency tests and Intercompany Loan limits of paragraphs 5 and 6 of the Amended Cash Management Order.

67. The Debtors and the Reorganized Debtors, in the exercise of their business judgment, may enact modifications to the Post- Confirmation Allocation Formula, without further Court approval; provided, however, the Debtors or the Reorganized Debtors, as applicable, obtain the agreement of (a) the Creditors' Committee and the ENA Examiner; or (b) if, in accordance with the Plan, the Creditors' Committee has been dissolved and/or the ENA Examiner's role has concluded, the board of directors of Reorganized ENE along with the remaining Creditors' Committee or the ENA Examiner, to the extent they then exist.

68. During the post-Confirmation Date period, and solely to the extent the Creditors' Committee has not yet been dissolved and/or the ENA Examiner's role has not yet concluded in accordance with the Plan, the Creditors' Committee and the ENA Examiner will participate in a monitoring process of the application by the Debtors of the Post-Confirmation Allocation Formula. Such monitoring process will permit the Creditors' Committee, to the extent it has not yet been dissolved, and the ENA Examiner, to the extent his role has not yet concluded, to, *inter alia*, (a) verify the accuracy of certain data, including, but not limited to, data associated with the GEAR, EAOR and other data produced in connection with the Post-Confirmation Allocation Formula, (b) oversee and evaluate the allocation of overhead and other

expenses, and the application of the allocation methodologies, (c) consult with the Debtors regarding the Post-Confirmation Allocation Formula, and (d) review the reasonableness of any other aspect of the Post-Confirmation Allocation Formula or its application.

69. The Enron Entities may use funds held in restricted or escrow accounts by the Enron Entities (the "Escrowed Funds") solely to satisfy overhead allocation of such Enron Entity without further Court order, provided, that the following conditions apply:

(a) To the extent the Creditors' Committee has not yet been dissolved and/or the ENA Examiner's role has not yet concluded in accordance with the Plan, (i) the Debtors provide ten (10) days prior written notice to the Creditors' Committee and the ENA Examiner (1) setting forth (a) the name of the Enron Entity proposing to use the Escrowed Funds, (b) the amount of Escrowed Funds proposed to be released, and (c) an explanation of the need for the Escrowed Funds, and (2) attaching supporting documentation for the overhead or other expenses to be paid with the Escrowed Funds (a "Notice"), and (ii) the Creditors' Committee and the ENA Examiner do not object to the proposed use of such Escrowed Funds within ten (10) days of receipt of the Notice (an "Escrow Objection"). The Debtors shall schedule a hearing on the proposed use of the Escrowed Funds if an Escrow Objection is interposed and the Escrow Objection is not consensually resolved.

(b) To the extent the Creditors' Committee has been dissolved and/or the ENA Examiner's role has been concluded in accordance with the Plan: (i) the Debtors provide thirty (30) days prior written Notice to the board of directors of Reorganized ENE setting forth the information described in the immediately preceding paragraph, and (ii) the board of directors of Reorganized ENE does not raise and Escrow Objection to the proposed use of such Escrowed Funds within thirty (30) days of receipt of the Notice. In determining whether to raise an Escrow Objection or approve the proposed use of such Escrowed Funds, the Board of Directors of Reorganized ENE, in their sole discretion, may request a hearing on such matter.

MISCELLANEOUS

70. Each of the Objections not withdrawn prior to the entry of this Confirmation Order or resolved by written agreement or by oral agreement, stated and made a part of the record of the Confirmation Hearing, including, without limitation, those Objections interposed by parties whose standing was challenged as part of the confirmation process (which issue the Court need not have addressed due to the rulings set forth in the Findings and Conclusions and herein) is OVERRULED and DENIED. All withdrawn objections are deemed withdrawn with prejudice.

71. Each term and provision of the Plan, as it may have been altered or interpreted in accordance with Section 42.14 of the Plan, is valid and enforceable pursuant to its terms.

72. The Montgomery County Litigation, and all claims and causes of action comprising the Montgomery County Litigation, shall be deemed to be, for all and any purposes whatsoever, Special Litigation Trust Claims.

73. Pursuant to section 1123(b) of the Bankruptcy Code, the Litigation Trust and the Special Litigation Trust, to the extent created, shall be deemed to be successors to ENE for any and all purposes whatsoever, notwithstanding the transfer of the Litigation Trust Claims and the Special Litigation Trust Claims from ENE to the Litigation Trust and the Special Litigation Trust, respectively, which transfers shall (a) be deemed to have occurred and/or taken place for tax purposes only, and (b) shall not impair or result in the lapsing of such causes of action or claims, notwithstanding any applicable nonbankruptcy law prohibiting the assignment of pre-judgment tort claims, and shall not affect the validity or survival of such causes of actions or claims.

74. Exhibit L to the Plan and Schedule S to the Plan Supplement represent the Debtors' position as of the date hereof and are indicative only of the types of Claims that may benefit from subordination and therefore do not set forth, in any manner whatsoever, a definitive list or catalog of the Claims that may benefit from subordination; accordingly, the rights of holders of Claims to assert the benefits of subordination in connection with the Plan or any distributions made pursuant to the terms thereof are preserved in all respects and are in no manner limited or restricted by Exhibit L to the Plan and/or Schedule S to the Plan Supplement. Consistent therewith, pursuant to an agreement among the Debtors, the Creditors' Committee and the ENA Examiner, (a) Schedule S to the Plan Supplement may not be the "final schedule," (b) Schedule S to the Plan Supplement may be amended or modified prior to the initial distribution pursuant to Section 32.1(a) of the Plan to add or remove certain claims entitled to the benefits of subordination, provided, however, that the Debtors may not amend or modify Schedule S in a manner that would violate the provisions of the Baupost Stipulation, including without limitation, the provisions of decretal paragraph 4 thereof, and (c) the Debtors shall file a final Schedule S (which may be identical to the schedule contained in existing Schedule S to the Plan Supplement) with the Court prior to making the initial distribution pursuant to Section 32.1(a) of the Plan, giving all parties (including the ENA Examiner, to the extent such role has not been terminated in accordance with the provisions of Section 33.4 of the Plan) an opportunity to be heard with respect to the final Schedule S on the grounds that certain claims should be included in or removed from such Schedule.

75. Although not excluded from the Plan, EDF, a Debtor, is also the subject of insolvency proceedings in the Cayman Islands. (Stipulation And Agreed Order Establishing Procedures For Compensation And Reimbursement Of Expenses For Professionals Of Enron

Development Funding Limited And Its Joint Provisional Liquidators, dated June 26, 2003, Docket No. 11953). In light of the joint proceedings, until such time as the Cayman scheme of arrangement proceedings has been concluded, currently anticipated to be in August 2004, no distributions of assets held by or attributed to EDF will be made to Creditors holding Allowed Claims pursuant to the Plan.

76. The Reorganized Debtors shall file and serve (a) no later than twenty (20) days following the Confirmation Date, unless extended for cause upon motion by the Debtors upon notice to the Creditors' Committee and the Creditors affected thereby, objections to Claims with regard to the Yosemite and Credit Linked Notes financing transaction, as described in the Disclosure Statement, (b) no later than fifty (50) days following the Confirmation Date, unless extended for cause upon motion by the Debtors upon notice to the Creditors' Committee and the Creditors affected thereby, objections to the twenty (20) largest proofs of Claim filed against ENA, and identified by the ENA Examiner in a list provided no later than the Confirmation Date, and (c) all objections to other Claims as soon as practicable, but, in each instance, not later than two hundred forty (240) days following the Confirmation Date or such later date as may be approved by the Court.

77. All applications (collectively, the "Applications" and each an "Application") for final allowances of compensation and reimbursement of expenses pursuant to sections 328, 330, 331, 503(b) and/or 1103 of the Bankruptcy Code shall be filed with the Court and served upon the parties listed below no later than October 31, 2004:

Weil, Gotshal & Manges LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Attention: Martin J. Bienenstock, Esq. and Brian S. Rosen, Esq.

Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005
Attention: Luc A. Despins, Esq. and Susheel Kirpalani, Esq.

Reorganized Enron
1221 Lamar Street, Suite 1600
Houston, Texas 77010
Attention: General Counsel

The Office of the United States Trustee
33 Whitehall Street, 21st Floor
New York, New York 10004
Attention: Mary Elizabeth Tom, Esq.

78. A status conference will be held before the Court on December 16, 2004, at 10:00 a.m., in the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, Courtroom 523, New York, New York 10004-1408, at which the Court will schedule a hearing (the "Final Fee Hearing") to consider the Applications for final allowance of compensation and reimbursement of expenses and related matters.

79. Each Application shall comply with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules and shall set forth, among other things, in reasonable detail, (a) the name and address of the applicant, (b) the nature of the professional or other services rendered and expenses for which reimbursement is requested for all periods from the date the particular applicant was retained through the Effective Date, (c) the amount of compensation and reimbursement of expenses requested, (d) whether any payments have been received on account and, if so, the amount or amounts thereof, and (e) the amounts of compensation and reimbursement of expenses previously allowed by the Court, if any.

80. No applications shall be filed for compensation and reimbursement by professional persons for services rendered or expenses incurred on or after the Confirmation Date. From and after the Confirmation Date, the Reorganized Debtors, the Reorganized Debtor Plan Administrator, the Litigation Trustee, the Special Litigation Trustee, the Remaining Asset Trustee, the Operating Trustees, the Preferred Equity Trustee, the Common Equity Trustee and the DCR Overseers shall, in the ordinary course of business and without the necessity for any approval by the Court, (a) retain such professionals, (including professionals previously retained by the Debtors and/or the Creditors' Committee) and (b) pay the reasonable professional fees and expenses incurred by the Debtors or the Reorganized Debtors, as the case may be, the Creditors' Committee and the ENA Examiner related to implementation and consummation of or consistent with the provisions of the Plan, including, without limitation, reasonable fees and expenses of the Indenture Trustees incurred in connection with the distributions to be made pursuant to the Plan. Disputes concerning such fees and expenses may be brought to the Court for resolution.

81. Pursuant to section 503(b) of the Bankruptcy Code and Bankruptcy Rule 3003(c), and except as otherwise provided in the following decretal paragraph of this Confirmation Order, each Person or Entity that asserts an Administrative Expense Claim against one or more of the Debtors, that arose after the commencement of such Debtor's Chapter 11 Case, shall file and serve on the parties listed in decretal paragraph 77 hereof a request for payment of such administrative expense no later than 5:00 p.m. New York City Time on the later to occur of (a) September 30, 2004, or (b) the first (1^{st}) Business Day sixty (60) days following the Effective Date (the "Administrative Expense Bar Date").

82. The following Persons or Entities are not required to file Administrative Expense Claims by the Administrative Expense Bar Date: (a) any Person or Entity that has

already filed an Administrative Expense Claim; (b) holders of Administrative Expense Claims previously allowed by order(s) of the Court; (c) the Debtors or any affiliates of the Debtors, individually or collectively, holding Claims against any of the other Debtors or their affiliates, individually or collectively; (d) except as otherwise set forth herein, any Person or Entity seeking allowance of final compensation or reimbursement of expenses for professional services rendered to the Debtors or in relation to these Chapter 11 Cases pursuant to section 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code; and (e) any administrative expenses that arise and are due and payable in the ordinary course of the Debtors' businesses, except with respect to those expenses that remain outstanding and unpaid by the Debtors beyond ordinary business terms or prior course of business dealings.

83. Each Administrative Expense Claim, to be properly filed pursuant to this Confirmation Order, must (a) be written in the English language, (b) be denominated in lawful currency of the United States, (c) set forth the name of the specific Debtor against which such claim is asserted, and (d) otherwise comply with applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

84. Pursuant to Bankruptcy Rule 3003(c), any Person or Entity that is required to file an Administrative Expense Claim against a Debtor, in the form and manner specified by this Confirmation Order, and that fails to do so on or before the Administrative Expense Bar Date shall be forever barred, estopped and enjoined from ever asserting such Administrative Expense Claim against any of the Debtors (or filing a claim with respect thereto) and the Debtors and their estates' properties shall be forever discharged of and from any and all indebtedness or liability with respect to such Administrative Expense Claim, and such holder shall not be permitted to participate in any distribution in the Debtors' Chapter 11 Cases under the Plan or

otherwise on account of such Administrative Expense Claim or to receive any further notice regarding such Administrative Expense Claim.

85. Notice of the Administrative Expense Bar Date, substantially in the form annexed to this Confirmation Order as Exhibit C (the "Effective Date Notice and Administrative Bar Date Notice"), which Effective Date Notice and Administrative Bar Date Notice is hereby approved in all respects, shall be deemed good, adequate and sufficient notice, if such Effective Date Notice and Administrative Bar Date Notice is (a) published as provided in the following decretal paragraph of this Confirmation Order, and (b) filed and served in accordance with the Case Management Order on or before the fifteenth (15^{th}) Business Day after the Effective Date.

86. The Debtors or the Reorganized Debtors shall cause the Effective Date Notice and Administrative Bar Date Notice to be published one time in each of the Houston Chronicle, the national editions of The Wall Street Journal and The New York Times, the Financial Times, and El Nuevo Dia no later than fifteen (15) Business Days after the Effective Date, which publication is hereby approved in all respects and which shall be deemed good, adequate and sufficient notice by publication.

87. The Debtors or Reorganized Debtors, as the case may be, shall file and serve any objections to Administrative Expense Claims no later than 120 days following the Administrative Expense Bar Date, unless further extended by the Court.

88. On or before the fifteenth (15^{th}) Business Day after entry of this Confirmation Order, the Debtors shall (a) serve, in accordance with the Case Management Order, all creditors and other parties in interest, including, without limitation, parties to executory contracts and unexpired leases rejected or deemed rejected in accordance with the terms and conditions of the Plan and this Confirmation Order and known to the Debtors, notice of the entry

of this Confirmation Order in substantially the form annexed hereto as Exhibit D, and (b) publish notice of the entry of this Confirmation Order on one occasion in each of the Houston Chronicle, the national editions of The Wall Street Journal and The New York Times, the Financial Times, and El Nuevo Dia.

89. In accordance with Local Bankruptcy Rule 3021-1, annexed hereto as Exhibit E is a proposed form of a Postconfirmation Order and Notice, to be filed and served by the Court upon entry of the Confirmation Order. The Debtors will comply with Local Bankruptcy Rule 3021-1 and the terms of the proposed Postconfirmation Order and Notice.

90. To the extent of any inconsistency between the provisions of the Plan and this Confirmation Order, the terms and conditions contained in the Confirmation Order shall govern.

91. The provisions of this Confirmation Order are integrated with each other and are nonseverable and mutually dependent.

92. The determinations, finding, judgments, decrees and orders set forth or incorporated herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. Each finding of fact set forth or incorporated herein, to the extent it is or may be deemed a conclusion of law, shall also constitute a conclusion of law. Each conclusion of law set forth or incorporated herein, to the extent it is or may be deemed a finding of fact, shall also constitute a finding of fact.

93. This Confirmation Order is a final order and the period in which an appeal

may be timely filed shall commence upon the entry thereof.

Dated: New York, New York
July 15, 2004

s/ Arthur J. Gonzalez
UNITED STATES BANKRUPTCY JUDGE

21.3 **Payments and Distributions on Disputed Claims**:

(a) Disputed Claims Reserve: From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by Final Order, the Disbursing Agent shall reserve and hold in escrow for the benefit of each holder of a Disputed Claim, Cash, Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests and any dividends, gains or income attributable thereto, in an amount equal to the Pro Rata Share of distributions which would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the Disputed Claim Amount, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute and represent the maximum amount in which such Claim may ultimately become an Allowed Claim or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtors; provided, however, that, under no circumstances, shall a holder of an Allowed Convenience Claim be entitled to distributions of Litigation Trust Interests, Special Litigation Trusts Interests or the proceeds thereof. Any Cash, Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests reserved and held for the benefit of a holder of a Disputed Claim shall be treated as a payment and reduction on account of such Disputed Claim for purposes of computing any additional amounts to be paid in Cash or distributed in Plan Securities in the event the Disputed Claim ultimately becomes an Allowed Claim. Such Cash and any dividends, gains or income paid on account of Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests reserved for the benefit of holders of Disputed Claims shall be either (x) held by the Disbursing Agent, in an interest-bearing account or (y) invested in interest-bearing obligations issued by the United States Government, or by an agency of the United States Government and guaranteed by the United States Government, and having (in either case) a maturity of not more than thirty (30) days, for the benefit of such holders pending determination of their entitlement thereto under the terms of the Plan. No payments or distributions shall be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof by Final Order.

(b) Allowance of Disputed Claims: At such time as a Disputed Claim becomes, in whole or in part, an Allowed Claim, the Disbursing Agent shall distribute to the holder thereof the distributions, if any, to which such holder is then entitled under the Plan together with any interest which has accrued on the amount of Cash and any dividends or distributions attributable to the Plan Currency or Trust Interests so reserved (net of any expenses, including any taxes of the escrow, relating thereto), but only to the extent that such interest is attributable to the amount of the Allowed Claim. Such distribution, if any, shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order but in no event more than ninety (90) days thereafter. The balance of any Cash previously reserved shall be included in Creditor Cash and the balance of any Plan Currency and Trust Interests previously reserved shall be included in future calculations of Plan Currency and Trust Interests , respectively, to holders of Allowed Claims and, to the extent determined to be distributable to holders of Allowed Equity Interests in accordance with the terms and provisions of the Plan, holders of Allowed Equity Interests.

GUIDELINES
FOR THE
DISPUTED CLAIMS RESERVE

These Guidelines for the Disputed Claims Reserve (these "Guidelines") were adopted pursuant to the [Fifth] Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, *In re Enron Corp., et al.*, including, without limitation, the Plan Supplement and the exhibits and schedules thereto (the "Plan"), for the Disbursing Agent, the Reorganized Debtor Plan Administrator and the Reorganized Debtors to follow in connection with the reserve for Disputed Claims created pursuant to Section 21.3(a) of the Plan (the "Reserve"). All capitalized terms used herein and not otherwise defined herein have the meanings given to those terms in the Plan.

I. PURPOSE

The purpose for the Reserve is for the Disbursing Agent to hold Cash, Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests and any dividends, gains or income attributable thereto (collectively, the "Reserved Assets"), in escrow for the benefit of each holder of Disputed Claims.

II. RESERVED ASSETS IN GENERAL

The Disbursing Agent shall hold and release the Reserved Assets in accordance with the requirements of the Plan, these Guidelines and other applicable law. To the extent that there is a conflict among the provisions of these Guidelines, the provisions of the Plan, and/or the Confirmation Order, each such document shall have controlling effect in the following rank order: (1) the Confirmation Order; (2) the Plan; and (3) these Guidelines.

III. CASH

All Cash held in the Reserve, including, without limitation, any dividends, gains or income paid on account of Plan Securities, Operating Trust Interests, Remaining Asset Trust Interest, Litigation Trust Interests and Special Litigation Trust Interests, shall be, pending release pursuant to the Plan, (i) held in the name of the Disbursing Agent for the benefit of holders of Disputed Claims in an interest bearing account with a depositary institution or trust company organized under the laws of the United States of America or any state thereof, subject to supervision and examination by United States or state banking or depositary institution authorities and having, to the knowledge of the Disbursing Agent at the time such deposit is made, reported capital and surplus in excess of $100 million, or (ii) invested in interest-bearing obligations issued by the United States Government, or by an agency of the United States Government and guaranteed by the United States Government, and having (in either case) a maturity of not more than thirty (30) days.

IV. PLAN SECURITIES

1. The Disbursing Agent may only vote and sell Plan Securities as record holder of such securities pursuant to the instructions of, or upon the prior approval of, the DCR Overseers pursuant to the Guidelines for the DCR Overseers, subject to

applicable law. The Reorganized Debtor Plan Administrator or any member of the DCR Overseers shall promptly call a meeting of the DCR Overseers each time (i) a shareholder vote of Plan Securities is called for a matter, whether by solicitation of proxy or otherwise, or (ii) an offer is made by a third party to the Disbursing Agent or the Reorganized Debtor Plan Administrator to purchase Plan Securities. At such meeting, the Reorganized Debtor Plan Administrator shall provide (to the maximum extent allowed by applicable law) such information as an officer of a public corporation chartered under Delaware would be required to provide to its board of directors in a similar situation.

2. The Disbursing Agent shall comply with all applicable securities laws with regard to the possession of any material non-public information regarding Plan Securities, including, without limitation, requirements to maintain confidentiality and restrictions on selling.

3. The Disbursing Agent shall comply as a record holder of Plan Securities with all securities, corporate and other laws applicable to a holder of large amounts of Plan Securities, including, without limitation, filing any required Schedules 13D and forms required under Section 16 of the Securities Exchange Act of 1934.

4. Upon each release of Plan Securities to the holders of Allowed Claims, the Disbursing Agent shall give notice of such release to the applicable transfer agent identifying the recipients of such Plan Securities.

V. OPERATING TRUST INTERESTS AND REMAINING ASSET TRUST INTERESTS

1. The Disbursing Agent shall hold all Operating Trust Interests and Remaining Asset Trust Interests as a record holder of such interests subject to the requirements and restrictions of the Operating Trust Agreement and Remaining Asset Trust Agreement, respectively, including, without limitation, restrictions on transfer.

2. Upon each release of Operating Trust Interests and Remaining Asset Trust Interests to the holders of Allowed Claims, the Disbursing Agent shall give notice of such release to the applicable trustee identifying the recipients of such trust interests.

3. The Disbursing Agent shall not have the authority to sell or otherwise dispose of any Operating Trust Interests or Remaining Asset Trust Interests, except to release such interests to holders of Allowed Claims as permitted by the Plan.

VI. LITIGATION TRUST INTERESTS AND SPECIAL LITIGATION TRUST INTERESTS

1. The Disbursing Agent shall hold all Litigation Trust Interests and Special Litigation Trust Interests as a record holder of such interests subject to the

requirements and restrictions of the Litigation Trust Agreement and Special Litigation Trust Agreement.

2. Upon each release of Litigation Trust Interests and Special Litigation Trust Interests to the holders of Allowed Claims, the Disbursing Agent shall give notice of such release to the applicable trustee or transfer agent identifying the recipients of such trust interests.

3. The Disbursing Agent shall not have the authority to sell or otherwise dispose of any Litigation Trust Interests or Special Litigation Trust Interests, except to release such interests to holders of Allowed Claims as permitted by the Plan.

4. The Disbursing Agent shall comply with all applicable securities laws with regard to the possession of any material non-public information regarding Litigation Trust Interests and Special Litigation Trust Interests, including, without limitation, any requirements to maintain confidentiality.

5. The Disbursing Agent shall comply as a record holder of Litigation Trust Interests and Special Litigation Trust Interests with all securities, trust and other laws applicable to a holder of large amounts of Litigation Trust Interests and Special Litigation Trust Interests, including, without limitation, filing any required Schedules 13D and forms required under Section 16 of the Securities Exchange Act of 1934.

6. Any sale of Plan Securities from the Reserve may only be made after the holders of Plan Securities other than the Reserve have been given an opportunity to participate in such sale on a pro rata basis by (i) a tender offer to such holders as required by the Securities Exchange Act of 1934, and the rules thereunder (as amended), or (ii) merger of the issuer of such Plan Securities, in either event, in a manner that satisfies Section 1123(a)(4) of the Bankruptcy Code with respect to the holders of Allowed Claims that have received the securities of the same class of the Plan Securities to be sold and the holders of Disputed Claims that would be entitled to distribution of shares in such class of Plan Securities if such Disputed Claims were allowed pursuant to the Plan.

VII. SELECTION OF DCR OVERSEERS

1. The initial DCR Overseers shall be selected and appointed by the Debtors prior to the Effective Date, which shall consist of a group of five (5) Persons, with the consent of (a) the Creditors' Committee with respect to four (4) of the Debtors' selections (the "Committee Approved Overseers") and (b) the ENA Examiner with respect to one (1) of the Debtors' selections (the "ENA Examiner Approved Overseer").

2. A DCR Overseer may be removed by a unanimous vote of the other DCR Overseers; provided, however, such removal may only be made for Cause (hereinafter defined). In the event of a vacancy in a DCR Overseer's position (whether by removal, death or resignation), a new DCR Overseer may be

appointed to fill such position by a majority of the other DCR Overseers, with the consent of (i) in the case of a replacement of a Committee Approved Overseer, if the Creditors' Committee has not been dissolved, the Creditors' Committee, and (ii) in the case of a replacement of an ENA Examiner Approved Overseer, if the ENA Examiner has not been discharged, the ENA Examiner; provided, however, in the case of a replacement of an ENA Examiner Appointed Overseer, the remaining DCR Overseers shall select such new member from the list of potential ENA Examiner Appointed Overseers set forth on Exhibit A[1] to the extent that such individuals are available and willing to serve as a DCR Overseer and have not been previously removed as a DCR Overseer for Cause. In the event that there are no remaining DCR Overseers, appointments to fill such vacancies shall be made upon an order entered after an opportunity for a hearing by the Bankruptcy Court, upon motion of the Reorganized Debtor Plan Administrator.

For purposes of this Article VII, "Cause" with respect to any DCR Overseer shall be defined as: (i) such DCR Overseer's theft or embezzlement or attempted theft or embezzlement of money or tangible or intangible assets or property; (ii) such DCR Overseer's violation of any law (whether foreign or domestic), which results in a felony indictment or similar judicial proceeding; (iii) such DCR Overseer's recklessness, gross negligence, willful misconduct, breach of fiduciary duty or knowing violation of law, in the performance of its duties; (iv) such DCR Overseer's failure to perform any of its other material duties under these Guidelines or the Guidelines for the DCR Overseers; provided, however, the DCR Overseer shall have been given a reasonable period to cure any alleged Cause under clauses (iii) (other than willful misconduct) and (iv).

VIII. TAX TREATMENT

Subject to the receipt of contrary guidance from the IRS or a court of competent jurisdiction (including the receipt by the Disbursing Agent of a private letter ruling requested by the Disbursing Agent, or the receipt of an adverse determination by the IRS upon audit if not contested by the Disbursing Agent, or a condition imposed by the IRS in connection with a private letter ruling requested by the Debtors), the Disbursing Agent shall (i) treat the Reserve as one or more discrete trusts (which may be composed of separate and independent shares) for federal income tax purposes in accordance with the trust provisions of the IRC (Sections 641 et seq.) and (ii) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes.

IX. FUNDING OF RESERVE EXPENSES

If the Reserve has insufficient funds to pay any expenses, including, without limitation, indemnification of DCR Overseers and applicable taxes imposed upon it or its assets, subject to the provisions contained in the Plan, the Reorganized Debtors shall advance to the Reserve the funds necessary to pay such expenses (an "Expense Advance"), with such Expense Advances

[1] A list of four (4) potential ENA Examiner Appointed Overseers to be selected by the Debtors after consultation with the ENA Examiner prior to the Effective Date.

repayable from future amounts otherwise receivable by the Reserve pursuant to Section 21.3 of the Plan or otherwise. If and when a distribution is to be made from the Reserve, the distributee will be charged its pro rata portion of any outstanding Expense Advance (including accrued interest). If a cash distribution is to be made to such distributee, the Disbursing Agent shall be entitled to withhold from such distributee's distribution the amount required to pay such portion of the Expense Advance (including accrued interest charged by the Reorganized Debtors as reasonably determined by the Reorganized Debtor Plan Administrator). If such cash is insufficient to satisfy the respective portion of the Expense Advance and there is also to be made to such distributee a distribution of other Plan Currency or interests in the trusts to be created pursuant to the Plan, the distributee shall, as a condition to receiving such other assets, pay in cash to the Disbursing Agent an amount equal to the unsatisfied portion of the Expense Advance (including accrued interest). Failure to make such payment shall entitle the Disbursing Agent to reduce and permanently adjust the amounts that would otherwise be distributed to such distributee to fairly compensate the Reserve for the unpaid portion of the Expense Advance (including accrued interest).

X. AMENDMENTS

Any provision of these Guidelines may be amended or waived by the Reorganized Debtor Plan Administrator with the approval of the Bankruptcy Court upon notice and an opportunity for a hearing, provided that such amendment is not in contradiction of the Plan; provided, however, technical amendments to these Guidelines may be made, as necessary to clarify these Guidelines or enable the Reorganized Debtor Plan Administrator, the DCR Overseers and the Disbursing Agent to effectuate the terms of these Guidelines, by the Reorganized Debtor Plan Administrator without the consent of the Creditors' Committee or the approval of the Bankruptcy Court so long as notice of such technical amendment is filed as soon as reasonably practicable with the Bankruptcy Court following its effectiveness.

XI. GOVERNING LAW

These Guidelines shall be governed by the internal laws of the State of Delaware, without giving effect to the principles of conflict of laws that would require the application of the law of another jurisdiction.

GUIDELINES
FOR THE
DCR OVERSEERS

These Guidelines for the DCR Overseers (these "Guidelines") were adopted pursuant to the [Fifth] Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, *In re Enron Corp., et al.*, including, without limitation, the Plan Supplement and the exhibits and schedules thereto (the "Plan"), for the DCR Overseers in connection with the reserve for Disputed Claims created pursuant to Section 21.3(a) of the Plan (the "Reserve"). All capitalized terms used herein and not otherwise defined herein have the meanings given to those terms in the Plan.

I. PURPOSE

The sole purpose of the DCR Overseers shall be to determine how the Disbursing Agent is to vote and whether, and under what terms, the Disbursing Agent is to sell, Plan Securities held in the Reserve.

In discharging their duties, the DCR Overseers are authorized: (i) to review any matter that the DCR Overseers deem appropriate with respect to the Plan Securities, with access to all books, records, facilities and personnel available to the Disbursing Agent and the Reorganized Debtor Plan Administrator, except to the extent prohibited by applicable securities laws, and (ii) to retain independent counsel or other experts, with adequate funding provided by the Reserve.

II. MEMBERSHIP

The DCR Overseers shall consist of a group selected and maintained pursuant to the "Guidelines for the Disputed Claims Reserve," as amended from time to time (the "Reserve Guidelines").

III. MEETINGS

A. The DCR Overseers shall meet on a regularly-scheduled basis four times per year and more frequently as circumstances dictate, including, without limitation, each time a shareholder vote is called with respect to any Plan Securities or an offer is made to purchase Plan Securities held by the Reserve.

B. The Reorganized Debtor Plan Administrator, or a representative thereof, shall attend all meetings called of the DCR Overseers, but the presence of such Person is not necessary for the DCR Overseers to conduct business at such meeting.

C. At all meetings of the DCR Overseers, a majority of the DCR Overseers shall constitute a quorum for the transaction of business. If at any meeting of the DCR Overseers there be less than a quorum present, a majority of those present or any DCR Overseer solely present may adjourn the meeting from time to time without further notice. The act of a majority of the DCR Overseers present at a meeting at which a quorum is in attendance shall be the act of the DCR Overseers.

D. No DCR Overseer shall be permitted to delegate his duties or grant a proxy of his vote.

E. At the first meeting of the DCR Overseers, the DCR Overseers shall appoint a Secretary of the DCR Overseers, which may be any Person selected by a vote of the DCR Overseers. The Secretary shall act as the secretary of each meeting of the DCR Overseers unless the DCR Overseers appoint another Person to act as secretary of the meeting. The DCR Overseers shall keep regular minutes of their proceedings which shall be placed in a minute book of the DCR Overseers, which shall be available for review by the Reorganized Debtor Plan Administrator.

F. The Reorganized Debtor Plan Administrator or any member of the DCR Overseers shall call each meeting of DCR Overseers. The Secretary shall give to each DCR Overseer and the Reorganized Debtor Plan Administrator at least two (2) business days' prior notice of each such meeting. Notice of any such meeting need not be given to any DCR Overseer who shall, either before or after the meeting, submit a signed waiver of notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to him. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the DCR Overseers need be specified in the notice or waiver of notice of such meeting.

G. DCR Overseers may participate in meetings in person or by telephone.

IV. KEY RESPONSIBILITIES

The DCR Overseers' role is to determine how the Disbursing Agent should vote, and whether, and under what terms, the Disbursing Agent should sell, Plan Securities as the record holder thereof for the benefit of the holders of Disputed Claims. Such role may be satisfied by instructing the Disbursing Agent to take an action or by approving an action of the Disbursing Agent.

To fulfill their purpose, the DCR Overseers shall:

A. When determining how the Disbursing Agent should vote Plan Securities:

1. Subject to the remainder of these Guidelines, exercise their business judgment to vote the Plan Securities in a manner that they believe will maximize the value of the Plan Securities, or the proceeds thereof (whether in the form of Cash, Cash Equivalents or securities issued in exchange of Plan Securities, whether by merger, reorganization or otherwise), upon their release from the Reserve to the holders of Allowed Claims as such Claims are allowed in accordance with the Plan.

2. Review information available to the holders of Plan Securities in connection with such vote.

3. Consult with the Reorganized Debtor Plan Administrator prior to making a decision regarding such vote.

4. Take all actions that a board of directors of a public corporation chartered in the State of Delaware would be required to take to satisfy its fiduciary duties when making a decision regarding the voting by such corporation of a comparable proportion of securities it holds in another entity.

B. When determining whether the Disbursing Agent should sell Plan Securities:

1. Subject to the remainder of these Guidelines, exercise their business judgment to maximize the value of the Plan Securities, or the proceeds thereof (whether in the form of Cash, Cash Equivalents or securities issued in exchange of Plan Securities, whether by merger, reorganization or otherwise), upon their release from the Reserve to the holders of Allowed Claims as such Claims are allowed in accordance with the Plan.

2. Review information available to the holders of Plan Securities in connection with such sale.

3. Consult with the Reorganized Debtor Plan Administrator prior to making a decision regarding such sale.

4. Take all actions that a board of directors of a public corporation chartered in the State of Delaware would be required to take to satisfy its fiduciary duties when making a decision regarding the sale by such corporation of a comparable proportion of securities it holds in another entity.

V. DUTIES; LIABILITIES; STANDARD OF CARE; INDEMNIFICATION; INSURANCE; COMPLIANCE WITH LAW

A. In the fulfillment of their role set forth in Article IV above, each of the DCR Overseers shall have the same duties, liabilities, defenses and standards of care of a director of a corporation chartered under the Delaware General Corporation Law, as the same exists or may hereafter be amended (the "DGCL").

B. Any Person who was, is, or is threatened to be made a party to a proceeding (as hereinafter defined) by reason of the fact that he is or was a DCR Overseer shall be indemnified by the Reserve to the fullest extent that a corporation is permitted to indemnify its directors under the DGCL, with the determinations that would be made by the directors or stockholders of such corporation being made by the Reorganized Debtor Plan Administrator. Such right shall be a contract right and as such shall run to the benefit of any Person who is appointed and accepts the position of a DCR Overseer or elects to continue to serve as a DCR Overseer. Any repeal or amendment of this indemnification clause shall be prospective only and shall not limit the rights of any such Person or the obligations of the Reserve with respect to any claim arising from or related to the services of such Person prior to any such repeal or amendment to this clause. In the event of the death of

any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of his heirs, executors, administrators, and personal representatives to the extent applicable under the DGCL. The rights conferred above shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, or otherwise.

C. The Reorganized Debtor Plan Administrator shall be entitled to cause the Reserve to purchase and maintain insurance utilizing funds from the Reserve on behalf of any DCR Overseer against any liability asserted against such Person or incurred by such Person in such capacity or arising out such Person's status as such, whether or not such Person would be indemnified against such liability as a director of a corporation chartered under, and as provided by, the DGCL.

D. In fulfilling their duties as DCR Overseers, each DCR Overseer shall comply with all applicable law, including, without limitation, (i) filing any required Schedules 13D or required forms under Section 16 of the Securities Exchange Act of 1934, if any, and (ii) complying with all applicable securities laws regarding the possession of any material non-public information involving Plan Securities.

VI. CONFLICTS OF INTEREST

Prior to the taking of a vote on any matter or issue or the taking of any action with respect to any matter or issue, each member of the DCR Overseers shall report to the DCR Overseers any conflict of interest such member has or may reasonably be expected to have with respect to the matter or issue at hand and fully disclose the nature of such conflict or potential conflict (including without limitation disclosing any and all financial or other pecuniary interests that such member might have with respect to or in connection with such matter or issue). A member who has or who may reasonably be expected to have a conflict of interest shall be deemed to be a "conflicted member" who shall not be entitled to vote or take part in any action with respect to such matter or issue (however such member shall be counted for purposes of determining the existence of a quorum); the vote or action with respect to such matter or issue shall be undertaken only by members of the DCR Overseers who are not "conflicted members"; and a majority of the DCR Overseers with regard to such vote shall be the majority of DCR Overseers in attendance at such meeting entitled to vote on such issue.

VII. AMENDMENTS

Any provision of these Guidelines may be amended or waived by the Reorganized Debtor Plan Administrator with the approval of the Bankruptcy Court upon notice and an opportunity for a hearing, provided that such amendment is not in contradiction of the Plan; provided, however, technical amendments to these Guidelines may be made, as necessary to clarify these Guidelines or enable the Reorganized Debtor Plan Administrator and the DCR Overseers to effectuate the terms of these Guidelines, by the Reorganized Debtor Plan Administrator without the consent of the Creditors' Committee or the approval of the Bankruptcy Court so long as notice of such technical amendment is filed as soon as reasonably practicable with the Bankruptcy Court following its effectiveness.

VIII. GOVERNING LAW

These Guidelines shall be governed by the internal laws of the State of Delaware, without giving effect to the principles of conflict of laws that would require the application of the law of another jurisdiction.

HISTORY OF THE PLAN

In accordance with the Bankruptcy Court's orders, the Debtors retained SFC to provide and perform management services. Throughout the development of the Plan, SFC's fiduciary duties and responsibilities were to each of the Debtors' estates. In November 2001, the Debtors retained The Blackstone Group ("Blackstone") as their financial advisors to assist in the evaluation of restructuring alternatives and options. In December 2001, the Debtors asked Blackstone to develop an approach for the structuring of a Chapter 11 plan.

The Debtors' Chapter 11 cases raised numerous complex issues arising principally from the interrelationships among the Debtors and their approximately 2,400 subsidiaries. These interrelationships required examination of the Debtors' respective liabilities, rights to assets, extensive inter-company claims and varying degrees of entanglement. The Debtors and the Unsecured Creditors' Committee determined that a resolution was necessary if a Chapter 11 plan for any Debtor were to succeed and before any distribution to creditors could occur.

The Debtors' efforts to negotiate the global compromise and the Plan were aimed at maximizing creditors' recoveries and minimizing the risks and costs of litigation. Given the diverse creditor body and the many complex issues posed by the Chapter 11 Cases and mindful of their respective fiduciary duties to creditors, the Debtors and the Unsecured Creditors' Committee engaged in intensive analysis, and spirited discussions and debate, regarding the terms of a chapter 11 plan and related matters.

The discussions or negotiations with the Unsecured Creditors' Committee began as early as February 2002. These negotiations involved discussions on a variety of issues that led to the development of the Plan, including (a) maximizing value to creditors, (b) resolving issues

regarding substantive consolidation and other inter-estate and inter-creditor disputes, and (c) facilitating an orderly and efficient distribution of value to creditors. The Plan, and the global compromise and settlement embodied therein, represent the culmination of these efforts.

On October 29, 2002, the Debtors made a presentation to the Unsecured Creditors' Committee regarding a plan structure, which considered a variety of scenarios. Between October 29, 2002 and January 15, 2003, the Debtors and their professionals and professionals for the Unsecured Creditors' Committee met three or four times to further analyze the distribution model in connection with the development of the Plan.

On January 15, 2003, the Debtors made a presentation to the Unsecured Creditors' Committee suggesting an approach to consider the treatment of Claims and the mechanics of distributions. The Debtors and the Unsecured Creditors' Committee continued to engage in substantive discussions regarding the outlines of a plan and subsequently agreed to the distribution formula included in the global compromise and the Plan to resolve a variety of inter-estate issues, including substantive consolidation. Thereafter, the Debtors and their professionals met with the professionals of the Unsecured Creditors' Committee on a weekly basis.

Consistent with the expanded role of the ENA Examiner as plan facilitator for the ENA Creditors, the ENA Examiner and his professionals were also involved in the Plan negotiations on behalf of stakeholders of ENA and its subsidiaries, particularly those stakeholders that held guaranties issued by ENE and other entities.

On February 14, 2003, the Debtors made a detailed presentation to the ENA Examiner and certain Creditors of ENA and its subsidiaries, which represented a cross-section of creditors (including traders, insurers and institutional investors), with respect to the concepts underlying the global compromise embodied in the Plan.

In the summer of 2003, the Debtors and the Unsecured Creditors' Committee reached a compromise with the ENA Examiner, which was incorporated into the Initial Plan filed on July 11, 2003, along with the disclosure statement filed in connection therewith.

At that time, the ENA Examiner executed and delivered a letter agreement, dated July 10, 2003, wherein he informed the Debtors and the Unsecured Creditors' Committee that he believed the compromises and settlements incorporated into the Initial Plan were reasonable and that the economic treatment to Creditors of ENA and its subsidiaries was fair and worthy of being accepted by such creditors.

In October 2003, the ENA Examiner notified the Court, the Debtors and the Unsecured Creditors' Committee that he was withdrawing his support for the Initial Plan and the First Amended Plan due to certain misunderstandings between the ENA Examiner, on the one hand, and the Debtors and the Unsecured Creditors' Committee, on the other hand, regarding the terms of the global compromise. In an effort to preserve the global compromise, the Debtors, the Unsecured Creditors' Committee and the ENA Examiner resumed discussions and negotiations over the terms of a joint chapter 11 plan through November 2003. The parties could not reach a mutual understanding and, on November 13, 2003, the Debtors, with the support of the Unsecured Creditors' Committee but without the support of the ENA Examiner, filed the Second Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Second Amended Plan"), as well as the disclosure statement filed in connection therewith. The ENA Examiner objected to the disclosure statement for the Second Amended Plan. On November 13, 2003, the Debtors and the Unsecured Creditors' Committee filed a joint reply to the ENA Examiner's objection.

After the filing of the Second Amended Plan on November 13, 2003, the Court convened a chambers' conference among the Debtors, Unsecured Creditors' Committee, ENA Examiner and their respective professionals and strongly urged the parties to continue to attempt to achieve a global resolution satisfactory to the Debtors, the Unsecured Creditors' Committee and the ENA Examiner. Following additional negotiations, on December 5, 2003, the Debtors, the Unsecured Creditors' Committee and the ENA Examiner agreed to modify certain provisions of the previous global compromise. These modifications were incorporated in the Debtors' Third Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Third Amended Plan"), filed on December 17, 2003, along with the disclosure statement filed in connection therewith.

On January 4, 2004, the Debtors filed the Fourth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Fourth Amended Plan") and a disclosure statement in connection therewith. The Fourth Amended Plan addressed certain objections that had been raised to the adequacy of the information contained in the disclosure statement and Third Amended Plan.

The hearing to approve the disclosure statement commenced on January 4, 2004. On January 9, 2004, the Debtors filed the Fifth Amended Joint Plan of Affiliated Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (the "Fifth Amended Plan") and a disclosure statement in connection therewith. The Fifth Ameded Plan reflected additional changes made in connection with the Bankruptcy Court's approval of the disclosure statement and was the Plan submitted to all Creditors for approval.

The Bankruptcy Court found that the Plan was proposed in good faith and not by any means forbidden by law, and further, that the Plan is the result of extensive arm's-length

discussions, debate and/or negotiations among the Debtors, the Unsecured Creditors' Committee and the ENA Examiner.

Substantially all of the major economic parties in interest in the Chapter 11 Cases supported the Plan , including (a) the unanimous support of the Unsecured Creditors' Committee, which represented all unsecured claimholders of the Debtors' estates, (b) the various parties with whom the Debtors negotiated settlements and which supported, or did not object to confirmation of, the Plan, including National City Bank and Baupost Group, and (c) the ENA Examiner on behalf of ENA's Creditors. Both the Unsecured Creditors' Committee and the ENA Examiner submitted letters in support of the Plan, which were transmitted to Creditors along with their solicitation packages. The Bankruptcy Court found that no evidence was submitted by any objector sufficient to rebut the Debtors' evidence concerning the good faith, arm's-length nature of negotiations regarding the Plan.

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-27810; 70-10199)

Memorandum Opinion and Order Approving Plan of Reorganization Under Section 11(f) and Issuing Report Under Section ll(g)

March 9, 2004

THIS ORDER AND REPORT IS REQUIRED BY THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935. SECURITY HOLDERS SHOULD READ THE DISCLOSURE STATEMENT PROVIDED TO THEM BY THE DEBTORS-IN-POSSESSION BEFORE DETERMINING WHETHER OR NOT TO ACCEPT THE PLAN.

Enron Corp. ("Enron"), a public-utility holding company,[1] has filed an application, as amended, with the Securities and Exchange Commission ("Commission"), on its own behalf and on behalf of its subsidiaries and affiliates in the bankruptcy cases under Chapter 11 ("Chapter 11 Cases") of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") (together with Enron, "Debtors"),[2] for an order: (i) approving the Debtors' Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the Bankruptcy Code, dated January 9, 2004 ("Plan") under section 11(f) of the Public Utility Holding Company Act of 1935, as amended ("Act"); (ii) issuing a report on the Plan under section 1 l(g) of the Act; and (iii) authorizing Debtors under rules 62 and 64 to continue the Bankruptcy Court's authorized solicitation of votes of the Debtors' creditors for acceptances or rejections of the Plan and to make available to

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[1] Enron is a public-utility holding company by reason of its ownership of Portland General Electric Company ("Portland General" and "PGE"), an Oregon electric utility.

[2] The Debtors, other than Enron, are identified in Exhibit H of the application. Portland General is not a Debtor.

creditors a report on the Plan, as prescribed in section 11(g) of the Act. The application is sometimes referred to below as the "Plan Application."

The Commission issued a notice of the application on February 6, 2004.[2] No request for a hearing was received.

I. Background

A. Enron and its Subsidiaries

From 1985 through mid-2001, Enron grew from a domestic natural gas pipeline company into a large global natural gas and power company. Headquartered in Houston, Texas, Enron and its subsidiaries provided products and services related to natural gas, electricity and communications to wholesale and retail customers. As of December 2001, the Enron companies employed approximately 32,000 individuals worldwide. The companies were principally engaged in: (i) the marketing of natural gas, electricity and other commodities, and related risk management and financial services worldwide; (ii) the delivery and management of energy commodities and capabilities to end-use retail customers in the industrial and commercial business sectors; (iii) the generation, transmission, and distribution of electricity to markets in the northwestern United States; (iv) the transportation of natural gas through pipelines to markets throughout the United States; and (v) the development, construction, and operation of power plants, pipelines, and other energy-related assets worldwide.

Enron became a public-utility holding company when it acquired Portland General in 1997. Portland General is engaged in the generation, purchase, transmission,

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[3] Holding Co. Act Release No. 27800.

distribution, and retail sale of electricity in Oregon. It also sells wholesale electric energy to utilities, brokers, and power marketers located throughout the western United States.[4] As of and for the nine months ended September 30, 2003, Portland General and its subsidiaries on a consolidated basis had operating revenues of $1,375 million, net income of $30 million, retained earnings of $517 million and assets of $3,185 million.

Portland General is not a Debtor in the Chapter 11 Cases. The application states that the utility is extensively insulated from Enron as a result of conditions imposed under Oregon law at the time of the acquisition by Enron in 1997. In addition, in an effort to preserve Portland General's investment grade credit rating, a bankruptcy-remote structure for Portland General was created in 2002.[5]

B. Status of Enron under the Act

After Enron acquired Portland General, it originally claimed exemption from registration under section 3(a)(1) of the Act by filings pursuant to rule 2. Enron subsequently filed two applications for exemption, one requesting an order under section 3(a)(1) of the Act and the other seeking an exemption by order under section 3(a)(3) or section 3(a)(5) of the Act. By order dated December 29, 2003, the Commission denied

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[4] The Oregon Public Utility Commission ("Oregon Commission") regulates Portland General with regard to its rates, terms of service, financings, affiliate transactions and other aspects of its business. The Federal Energy Regulatory Commission ("FERC") regulates the utility with respect to its activities in the interstate wholesale power markets.

[5] This structure requires the affirmative vote of an independent shareholder, who holds a share of limited voting junior preferred stock of Portland General, before the company can be placed into bankruptcy unilaterally by Enron, except in certain carefully prescribed circumstances in which the reason for the bankruptcy is to implement a transaction pursuant to which all of Portland General's debt will be paid or assumed without impairment.

the requests for exemption.[6] Enron subsequently filed an application for exemption under section 3(a)(4) of the Act on behalf of itself and two other entities.[7] This application, as it related to Enron but not the other two applicants, was set for hearing by order of the Commission dated January 14, 2004.[8]

The application in this file ("Plan Application") and the companion application in File No. 70-10200 ("Omnibus Application") seeking various authorizations necessary to implement the Plan would result in Enron's withdrawing its remaining application for exemption and registering under the Act.[9] The Omnibus Application supplements the Plan Application. The Enron group companies seek sufficient authorization under the Act to continue the solicitation of acceptances to the Plan, obtain the confirmation of the Plan before the Bankruptcy Court, implement the Plan, and conduct business within the parameters specified in the Omnibus Application, pending the confirmation and full implementation of the Plan. The Plan Application and the Omnibus Application are predicated on Enron registering under the Act prior to or simultaneously with the Commission's issuances of the requested orders.

If, as proposed under the Plan and discussed further below, Enron sells the common stock of Portland General to an unaffiliated purchaser or distributes the stock to

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[6] Holding Co. Act Release No. 27782.

[7] File No. 70-10190.

[8] Holding Co. Act Release No. 27793.

[9] The Commission issued a notice of the Omnibus Application on February 6, 2004 (Holding Co. Act Release No. 27799).

the Debtors' creditors or to a trust, Enron would deregister as a holding company upon the completion of the transaction.[10]

C. The Chapter 11 Cases

In the last quarter of 2001, the Enron group companies lost access to the capital markets, both debt and equity, and had insufficient liquidity and financial resources to satisfy their current financial obligations. On December 2, 2001 ("Initial Petition Date"), Enron and certain of its subsidiaries each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. As of February 3, 2004, one hundred eighty (180) Enron-related entities had filed voluntary petitions.[11] Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses and manage their properties as debtors in possession.

As noted above, Portland General is not in bankruptcy. Many other Enron companies have not filed bankruptcy petitions and continue to operate their businesses.

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[10] Enron will file a separate application with the Commission to seek authorization under section 12(d) of the Act for the sale of Portland General to a third party or the distribution of the common stock of Portland General to creditors or to a trust.

[11] As referred to below and in the Plan and Disclosure Statement, the Chapter 11 Cases are those commenced by the Debtors on or after the Initial Petition Date, Docket No. 15303, *In re Enron Corp., et al.*, Chapter 11 Case No. 01-16034 (AJG), Jan. 9, 2004 (U.S. Bankruptcy Court, S.D.N.Y.) ("Disclosure Statement Order").

On November 29, 2001, and on various subsequent dates, certain foreign affiliates of Enron in England went into administration. Shortly thereafter, various other foreign affiliates also commenced (either voluntarily or involuntarily) insolvency proceedings in Australia, Singapore and Japan. Additional filings have continued worldwide and insolvency proceedings for foreign affiliates are continuing for various companies registered in Argentina, Bahamas, Bermuda, Canada, the Cayman Islands, France, Germany, Hong Kong, India, Italy, Mauritius, the Netherlands, Peru, Spain, Sweden and Switzerland.

II. The Plan[12]

A. Introduction

On July 11, 2003, the Debtors filed a joint Chapter 11 plan and a related Disclosure Statement, both of which were subsequently amended several times. A hearing to consider the adequacy of the information in the Disclosure Statement was held commencing on January 6, 2004. On January 9, 2004, the Bankruptcy Court issued two orders approving the Disclosure Statement, establishing voting procedures, and ordering the solicitation of votes approving or rejecting the Plan.[13] The Bankruptcy Court established April 20, 2004 as the date for commencement of the Confirmation Hearing and March 24, 2004 as the last date for filing objections to confirmation of the Plan. To confirm the Plan, the Bankruptcy Court must find that (i) the Plan is feasible, (ii) it is proposed in good faith, and (iii) the Plan and the proponent of the Plan are in compliance with the Bankruptcy Code.

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[12] All capitalized terms used hereinafter follow the definitions specified in the Plan and attached to this order as Attachment 1. The Plan and Disclosure Statement are attached as Exhibits I-1 and I-2 to the Plan Application. The Plan, Disclosure Statement and other documents related to the Chapter 11 Cases are also available at www.enron.com.

[13] *See* Order on motion of Enron Corp. approving the Disclosure Statement, setting record date for voting purposes, approving solicitation packages and distribution procedures, approving forms of ballots and vote tabulation procedures, and scheduling a hearing and establishing notice and objection procedures in respect of confirmation of the plan, Disclosure Statement Order, *supra* note 10; Order establishing voting procedures in connection with the plan process and temporary allowance of claims procedures related thereto, Docket No. 15296, *In re Enron Corp., et al.*, Chapter 11 Case No. 01-16034 (AJG), Jan. 9, 2004 (U.S. Bankruptcy Court, S.D.N.Y.) ("Voting Procedures Order"). Representatives of the Commission were present at the hearing to consider approval of the Disclosure Statement. The orders are attached to the Plan Application as Exhibits J-1 and J-2.

In accordance with the Disclosure Statement Orders, the Debtors have placed solicitation materials online at www.enron.com, prepared documents and diskettes for distribution and begun distribution of the materials to creditors and equity interest holders. The Debtors note that the order and report of the Commission requested in the Plan Application could be included in the Plan Supplement that is scheduled to be filed with the Bankruptcy Court and placed online at www.enron.com no later than March 9, 2004 or such date as the Bankruptcy Court may authorize. Creditors would then have the opportunity to consider the order and report prior to the expiration of the period to vote on the Plan.

B. Overview of the Plan

The Plan does not provide for Enron to survive in the long term as an ongoing entity with any material operating businesses. Enron's role as a Reorganized Debtor will be to hold and sell assets and to manage the litigation of the estates pending the final conclusion of the Chapter 11 Cases. Although it is expected that several years may be required to conclude the extensive litigation in which the Debtors' estates are involved, the three Operating Entities, including Portland General, are expected to be divested relatively soon after confirmation of the Plan.[14]

The Debtors believe that holders of all Allowed Claims impaired under the Plan will receive payments under the Plan having a present value as of the Effective Date not less than the amounts that they would likely receive if the Debtors were liquidated in a case under Chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the

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[14] The Operating Entities are Portland General, Prisma Energy International Inc. ("Prisma") and Crosscountry Energy Corp. ("Crosscountry").

Bankruptcy Court will determine whether holders of Allowed Claims would receive greater distributions under the Plan than they would have received in a liquidation under Chapter 7 of the Bankruptcy Code.[15]

The Plan is premised upon the distribution of all of the value of the Debtors' assets. Since the commencement of the Chapter 11 Cases, the Debtors have been engaged in the rehabilitation and disposition of their assets to satisfy the claims of creditors. They have been consolidating, selling businesses and assets, dissolving entities and simplifying their complex corporate structure.[16] They are holding cash from prior sales pending distribution under the Plan and are positioning other assets for sale or other disposition.[17] The Debtors also have been involved in the settlement of numerous contracts related to wholesale and retail trading of various commodities.[18]

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[15] Disclosure Statement at 626.

[16] In this process, hundreds of corporations have been liquidated. On the Initial Petition Date, the Enron group totaled approximately 2,400 legal entities. Approximately 600 have been sold, merged or dissolved and approximately 1,800 remain. It is anticipated that, by the end of 2004, the number of legal entities will be reduced to that necessary for Enron's operating businesses and the liquidation of assets.

[17] The Debtors and other Enron group companies have completed a number of significant asset sales during the pendency of the Chapter 11 Cases, resulting in gross consideration to the Debtors' bankruptcy estates, non-Debtor associate companies and certain other related companies that aggregates approximately $3.6 billion. In many instances, proceeds from these sales either are segregated or are in escrow accounts. The distribution of the proceeds will require either the consent of the Creditors' Committee or an order of the Bankruptcy Court.

[18] At the commencement of the Chapter 11 Cases, both Debtor and non-Debtor companies had a significant number of non-terminated and terminated positions arising out of physical and financial contracts relating to numerous commodities. The companies have evaluated these contracts and undertaken efforts to perform, sell or settle these positions. The settlement of the contracts is approved under pre-established protocols that the Bankruptcy Court has approved.

The Debtors state that, since the Initial Petition Date, they have conducted sales efforts for substantially all of the Enron companies' core domestic and international assets.[19] In those instances where an immediate sale maximized the value of the interest, the assets either were sold or are the subject of pending sales. Following consultation with the Creditors' Committee, in those instances where the long-term prospects were anticipated ultimately to produce greater value, assets were retained. As discussed below, these retained assets will either (i) be located in one of the Operating Entities, *i.e.*, Portland General, Prisma and Crosscountry, with the stock or other equity of the Operating Entities to be distributed to Creditors pursuant to the Plan, or (ii) be sold at a later date.

Specifically, when and to the extent that an interest in any of these businesses or related businesses is sold, the resulting net sale proceeds held by a Debtor will be distributed to Creditors in the form of Creditor Cash. To the extent that Portland General, Prisma and Crosscountry have not been sold as of the Initial Distribution Date, then the value in these Operating Entities will be distributed to Creditors in the form of Plan Securities,[20] free and clear of all liens, claims, interests and encumbrances. Section 32.1(c) of the Plan provides that, commencing on or as soon as practicable after the Effective Date, the stock of the Operating Entities shall be distributed to holders of

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[19] As explained in the Disclosure Statement, Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. Asset sales, stock sales and other disposition efforts, however, can also be conducted during a Chapter 11 case or pursuant to a Chapter 11 plan. Disclosure Statement at 1.

[20] Plan Securities means Prisma Common Stock, Crosscountry Common Equity and PGE Common Stock.

specified claims upon (i) allowance of General Unsecured Claims in an amount that would result in the distribution of 30% of the issued and outstanding shares of the Operating Entity, and (ii) obtaining the requisite consents for the issuance of the shares.

While the Debtors hope that the 30% threshold is reached before December 31, 2003, there can be no assurance, due to the vagaries of litigation. In the event that the threshold is not reached, the stock of the Operating Entities will be placed in Operating Trusts, discussed in section II., H., *infra.* In addition to Creditor Cash and Plan Securities, distribution will involve (to the extent that such trusts are created) interests in the Operating Trusts and in the Remaining Asset Trusts, Litigation Trust and the Special Litigation Trust.[21]

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[21] The Remaining Asset Trust, the Litigation Trust and the Special Litigation Trust are Entities that, if jointly determined by the Reorganized Debtors and (provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan) the Creditors' Committee, may be created on or after the Confirmation Date in accordance with the relevant provisions of the Plan and the relevant trust agreement for the benefit of holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims and certain others, in accordance with the terms and provisions of the Plan.

To the extent that the Litigation Trust and Special Litigation Trust are implemented, these causes shall be deemed transferred to such Creditors on account of their Allowed Claims, and the Creditors will then be deemed to have contributed the causes of actions to either the Litigation Trust or the Special Trust in exchange for beneficial interests in the trusts. Pursuant to the Plan, upon the Effective Date, the Debtors will distribute Litigation Trust Interests and the Special Litigation Trust interests to holders of Allowed Unsecured Claims.

The Remaining Asset Trust is discussed further in section II., J., *infra.* The Litigation Trust and the Special Litigation Trust are discussed further in section II., I., *infra.*

It is anticipated that Creditor Cash will constitute approximately two-thirds of the Plan Currency. In the event that the Portland General sale transaction described below is consummated, the percentage would increase. Excluding the potential value of interests in the Litigation Trust and Special Litigation Trust, the Debtors estimate that the value of total recoveries will be approximately $12 billion.

B. Treatment of Claims

The Plan generally classifies the creditors of, and other investors in, the Debtors into several classes. The list below illustrates the descending order of priority of the distributions to be made under the Plan:

- Secured Claims
- Priority Claims
- General Unsecured and Convenience Claims
- Section 510 Senior Note Claims and Enron Subordinated Debenture Claims
- Penalty Claims and other Subordinated Claims
- Section 510 Enron Preferred Equity Interest Claims
- Enron Preferred Equity Interests
- Section 510 Enron Common Equity Interests and Enron Common Equity Interests

In accordance with the Bankruptcy Code, distributions are made based on this order of priority so that, absent consent, holders of Allowed Claims or Equity Interests in a given Class must be paid in full before a distribution is made to a more junior Class. Notably, the Debtors continue to believe that existing Enron common stock and preferred stock have no value. However, the Plan provides Enron stockholders with a contingent right to receive a recovery in the event that the total amount of Enron's assets, including recoveries in association with litigation and the subordination, waiver or disallowance of Claims in connection with the litigation, exceeds the total amount of Allowed Claims

against Enron. No distributions will be made to holders of equity interests, unless and until all unsecured claims are fully satisfied.

In addition to the distributions on pre-petition Claims described above, the Plan provides for payment of Allowed Administrative Expense Claims in full. The Plan further provides that Administrative Expense Claims may be fixed either before or after the Effective Date.

The recovery estimates set forth in the Disclosure Statement are based on various estimates and assumptions, including those regarding the allowance and disallowance of Claims. As a result, if the estimate amount of Allowed Claims relied upon to calculate the estimated recoveries varies significantly from the actual amount of Allowed Claims, the actual creditor recoveries will vary significantly as well.[22]

More than 24,000 proofs of claim have been filed in the Chapter 1 1 Cases. The aggregate amount of Claims filed and schedules exceeds $900 billion, including duplication, but excluding any estimated amounts for the approximately 5,800 filed unliquidated Claims. These unliquidated Claims currently render it impossible for the Debtors to determine the maximum amount of their potential liability. In addition, the priority of claims and assertions by certain parties as to their entitlement to liens and/or constructive trusts may change the value available to satisfy Allowed General Unsecured Claims.[23]

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[22] Disclosure Statement at 570.

[23] *Id.* at 570-571.

D. Basis for Global Resolution of Chapter 11 Cases Embodied in the Plan

The Debtors state that the Plan represents a compromise and settlement of significant issues disputed by the Debtors, the Official Committee of Unsecured Creditors appointed in the Debtors' Chapter 11 Cases ("Creditors' Committee"), the Bankruptcy Court-appointed examiner to review transactions related to Enron North America Corp. ("ENA") and to represent the creditors of ENA ("ENA Examiner"),[24] and other parties in interest.[25]

The Debtors explain that, because of the diverse creditor body and the myriad of complex issues posed, the Debtors, the ENA Examiner and the Creditors' Committee spent more than one year engaged in analysis and negotiations concerning the terms of what eventually became the Plan and related matters. These discussions focused on a variety of issues, including: (i) maximizing value to creditors, (ii) resolving issues regarding substantive consolidation[26] and other inter-estate and inter-creditor disputes,

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[24] The Debtors state that ENA is the single largest creditor of Enron and its intercompany claim against Enron is its single largest asset. The ENA Examiner was appointed, among other things, to serve as a plan facilitator for ENA and its subsidiaries. The ENA Examiner has performed this function by engaging in dialogue with the Debtors, representatives of the Creditors' Committee, and certain parties in interest that assert claims against ENA and its subsidiaries, and by filing reports concerning various issues related to the Plan.

[25] The global compromise does not apply to the Portland Debtors, *i.e.*, Portland General Holdings, Inc. and Portland Transition Company, Inc. The Portland Debtors were excluded from the global compromise embedded in the Plan for various reasons, including the fact that, in contrast to the other Debtors, the Portland Debtors were not integrated into the Enron Companies' centralized processes. *See* Disclosure Statement, Appendix M: Substantive Consolidation Analysis at M-5.

[26] Generally, substantive consolidation is a judicially created equitable remedy whereby the assets and liabilities of two or more entities are pooled, and the pooled assets are aggregated and used to satisfy the claims of creditors of all the consolidated entities. Disclosure Statement at 10.

and (iii) facilitating an orderly and efficient distribution of value to creditors. The Debtors state that the Plan represents the culmination of these efforts and reflects agreements and compromises reached among the Debtors, the ENA Examiner and the Creditors' Committee concerning these issues. The Debtors note that the Creditors' Committee and the ENA Examiner fully support the Plan. The members of the Creditors' Committee have unanimously recommended that creditors vote to accept it, and both the Creditors' Committee and the ENA Examiner have included letters in the solicitation materials endorsing the Plan and urging parties to support confirmation.

The Plan incorporates various inter-Debtor, Debtor-Creditor and inter-Creditor settlements and compromises designed to achieve a global resolution of the Chapter 11 Cases. Thus, the Plan is premised upon a settlement, rather than litigation, of these disputes.[27] The settlements and compromises embodied in the Plan represent, in effect, a linked series of concessions by Creditors of every individual Debtor in favor of each other. The agreements are interdependent.

To reach the global compromise, the Debtors and the Creditors' Committee considered, among other things, the most significant inter-estate disputes (including certain issues between Enron and ENA), the issue of substantive consolidation, and the cost and delay that would be occasioned by full-blown, estate-wide litigation of such issues. The Debtors and the Creditors' Committee believe that the Plan will reduce the duration of the Chapter 11 Cases and the expenses that attend protracted disputes.

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[27] Nevertheless, as noted above and discussed in section II., I, *infra*, the Plan does provide for litigation trusts to pursue avoidance and other types of claims against numerous financial institutions, individuals and other entities, including some which may be Creditors of the Debtors' estates.

Although a litigated outcome of each issue might differ from the result produced by the Plan, the Debtors and the Creditors' Committee believe that, if the issues resolved by the Plan were litigated to conclusion, the Chapter 11 Cases would be prolonged for, at a minimum, an additional year, and probably much longer. In that regard, it is important to bear in mind that the professional fees incurred in the Chapter 11 Cases, even without such estate-wide litigation, have been approximately $330 million per year.

E. Major Components of the Global Compromise

There are several components of the global compromise, including, among others: (i) substantive consolidation of the Debtors' estates; (ii) the use of a common currency (referred to as Plan Currency)[28] to make distributions under the Plan; (iii) the treatment of Intercompany Claims and resolution of other inter-estate issues; (iv) the resolution of certain asset ownership disputes between Enron and ENA; (v) the resolution of interstate issues regarding rights to certain claims and causes of action; (vi)

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[28] Art. 1.193 of the Plan defines "Plan Currency" to mean the mixture of Creditor Cash, Prisma Common Stock, Crosscountry Common Equity and PGE Common Stock to be distributed to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims pursuant to the Plan; provided, however, that, if jointly determined by the Debtors and the Creditors' Committee, "Plan Currency" may include Prisma Trust Interests, Crosscountry Trust Interests, PGE Trust Interests and the Remaining Asset Trust Interests. Prisma and Crosscountry are described below, as are the Prisma Trust, Crosscountry Trust and PGE Trust. Prisma Common Stock, Cross Country Common Equity and PGE Common Stock are referred to collectively as "Plan Securities." Art. 1.194 of the Plan. With limited exceptions, each holder of an Allowed Unsecured Claim against each Debtor shall receive the same Plan Currency, regardless of the asset composition of such Debtor's estate, on or subsequent to the Effective Date. The mixture of Plan Currency will bear direct relationship to the amount of Creditor Cash available for distribution and the value of the respective Plan Securities, as recalculated in accordance with provisions of Section 32.1(d) of the Plan. Plan Currency is discussed further in section E.3., *infra.*

the treatment of Allowed Guaranty Claims, and (vii) a reduction in the administrative costs post-confirmation. Some features of the global compromise are discussed below.

1. Issue of Substantive Consolidation

The global compromise and settlement forged by the Debtors and the Creditors' Committee is predicated upon a negotiated formula. The formula is a proxy for resolving the numerous inter-estate issues without protracted and expensive litigation. The formula would distribute value to Creditors based on hypothetical cases of substantive consolidation and no substantive consolidation. Specifically, under the global compromise of inter-estate issues embodied in the Plan (except with respect to the Portland Debtors, as noted previously), distributions of Plan Currency will be made on account of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims based on agreed percentages being applied to two scenarios for making distributions: (i) substantive consolidation of all of the Debtors, or (ii) no substantive consolidation of any of the Debtors. Accordingly, for example, subject to certain adjustments, a holder of an Allowed General Unsecured Claim will receive the sum of (i) 30% of the distribution that the Creditor would receive if the Debtors' estates were substantively consolidated, but notwithstanding such substantive consolidation, one-half of Allowed Guaranty Claims were included in the calculation; and (ii) 70% of the distribution that the Creditor would receive if the Debtors were not substantively consolidated. As noted, the 30/70 weighted average is not a precise mathematical quantification of the likelihood of substantive consolidation of each Debtor into each of the other Debtors, but, instead, a negotiated approximation of the likely recoveries if

numerous inter-estate issues, including substantive consolidation, were litigated to judgment as to all Debtors.

2. Intercompany Claims

Typically, substantive consolidation eliminates all intercompany claims among the consolidated entities. In contrast, without substantive consolidation, such intercompany claims may either be treated pari passu with similarly situated third-party claims, subordinated to third-party claims or re-characterized as equity contributions. Moreover, absent substantive consolidation, each debtor may seek to disallow a given intercompany claim or to recover affirmatively on various claims or causes of action against another debtor.[29]

Prior to the Initial Petition Date, the Debtors maintained a complex corporate structure consisting of thousands of entities, which, in the aggregate, engaged in millions of inter-company transactions in the years leading to the bankruptcy filings. The myriad of prepetition intercompany claims arose from a variety of transactions, including, but not limited to, payables and receivables resulting from the centralized cash management system, asset transfers, and agreements regarding services and operations.

Under the global compromise, except with respect to the Portland Debtors, Debtors holding Allowed Intercompany Claims *(i.e.,* accounts and notes owed by one Debtor to another Debtor) will receive 70% of the distribution that the Debtor would receive if the Debtors were not substantively consolidated. As the 30% scenario is based on the hypothetical substantive consolidation of all Debtors, no distribution will be made on Intercompany Claims under this scenario.

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[29] Disclosure Statement at 14.

All other potential inter-Debtor remedies, such as the potential disallowance, subordination, or re-characterization of Intercompany Claims, and certain affirmative claims or causes of action against any other Debtor, will be waived. Given the sheer volume of intercompany transactions, in an effort to conserve the estates' resources and expedite the Plan process, neither the Debtors nor the Creditors' Committee has conducted detailed diligence or analysis regarding each and every potential inter-Debtor cause of action or remedy being waived by the Debtors under the Plan. The inter-Debtor waivers were negotiated as an integral part of the global compromise in order to ensure that the efficient resolution of the Chapter 1 1 Cases would not be jeopardized by ongoing inter-estate disputes. These waivers will not affect, however, the Debtors' ability to pursue third parties (including non-Debtor affiliates) on any claims, causes of action or challenges available to any of the Debtors in the absence of substantive consolidation, including any avoidance actions or defenses to setofffor lack of mutuality. Similarly, for purposes of litigation commenced by the Debtors against third parties, these waivers and compromises respecting Intercompany Claims will not constitute a judicial finding that can be used by or against any of the parties to such litigation that any particular Intercompany Claims are valid debt obligations, as opposed to equity contributions or dividends.

2. Plan Currency

In light of the global compromise and the settlement of inter-estate issues, the actual consideration to be distributed on account of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims will be derived from a common pool consisting of a mixture of Creditor Cash, Prisma Common Stock,

Crosscountry Common Equity and PGE Common Stock (collectively, "Plan Currency").[30] Generally, for purposes of making distributions to Creditors of each of the Debtors, a portion of Plan Currency is allocated to each Debtor following application of the 30/70 weighted average reflecting the likelihood of substantive consolidation. Each Debtor's allocated portion of Plan Currency is referred to in the Plan as the Distributive Assets attributable to the Debtor.

The following represent certain components of Plan Currency:

a. Creditor Cash

In addition to Cash available to pay Secured Claims, Administrative Expense Claims, Priority Claims and Convenience Class Claims as provided for in the Plan, Cash distributions will be made from available Creditor Cash to holders of Allowed General Unsecured Claims, Allowed Intercompany Claims and Allowed Guaranty Claims. Creditor Cash available as of the Effective Date will be equal to, or greater than, the amount of Creditor Cash as jointly determined by the Debtors and the Creditors' Committee and set forth in the Plan Supplement, which may be subsequently adjusted with the consent of the Creditors' Committee.[31]

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[3] In the event that the Litigation Trust or Special Litigation Trust is created, Plan Currency will not include interests in those trusts. *See supra* note 21 and section II., I,, *infra.* In the event that the Remaining Asset Trusts are created, however, interests in such trusts will be valued at the projected realizable value for the assets contained therein and, accordingly, will be included as a component of Plan Currency pending their distribution to Creditors in the form of Cash. *See also* section II., J., *infra.*

[31] Notwithstanding the foregoing, upon the joint determination of the Debtors and the Creditors' Committee, the Remaining Assets will be transferred to the Remaining Asset Trust, and the appropriate holders of Allowed Claims will be allocated Remaining Asset Trust Interests. As the Remaining Assets are liquidated, Creditor Cash will be distributed to the holders of the Remaining Asset Trust Interests.

b. PGE Common Stock

Enron recently announced an agreement to sell the common stock of Portland General to Oregon Electric Utility Company, LLC ("Oregon Electric"), a newly formed entity financially backed by investment funds managed by the Texas Pacific Group, a private equity investment firm.[32] The transaction is valued at approximately $2.35 billion, including the assumption of debt. The sale is subject to the receipt of Bankruptcy Court, Commission and Oregon Commission approvals and certain other regulatory authorizations.

On December 5, 2003, the Bankruptcy Court issued a bidding procedures order specifying January 28, 2004 as the last date on which competing prospective buyers could submit bids to acquire Portland General.[33] Under the Purchase and Sale Agreement, Enron is permitted to accept a bid that represents a "higher or better" offer for Portland General. No qualifying bid was received prior to the January 28, 2004 deadline. Thereafter, by order dated February 5, 2004, the Bankruptcy Court approved the purchase agreement and authorized the sale of Portland General to Oregon Electric.

In the event that Portland General is sold pursuant to the Purchase and Sale Agreement described above, the net proceeds will be distributed to Creditors in the form of Creditor Cash. If Portland General has not been sold, is no longer the subject of the Purchase and Sale Agreement, and is not the subject of another purchase agreement, then, when there are sufficient Allowed General Unsecured Claims to permit distribution of

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[32] Enron Corp. Press Release dated November 18, 2003. The Purchase and Sale Agreement is attached to the Plan Application as Exhibit B-2.

[33] Docket No. 14665, *In re Enron Corp., et al.*, Chapter 11 Case No. 01-16034 (AJG), Dec. 5, 2003 (U.S. Bankruptcy Court, S.D.N.Y.).

30% of the PGE Common Stock to holders of Allowed General Unsecured Claims, Enron will cause Portland General to distribute the PGE Common Stock to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims.[34]

Upon the joint determination of the Debtors and the Creditors' Committee, before the PGE Common Stock is released to the holders of Allowed Claims, the PGE Common Stock may first be issued to the PGE Trust, with the PGE Trust Interests being allocated to the appropriate holders of Allowed Claims and the reserve for Disputed Claims.[35] The issuance of the PGE Common Stock to the PGE Trust is an option available to the Debtors and the Creditors' Committee and, in their sole discretion, may or may not be utilized.

If formed, the PGE Trust would hold Enron's interest in Portland General as a liquidating vehicle, for the purpose of distributing, directly or indirectly, the shares of Portland General (or the proceeds of a sale of the utility) to the Debtor's creditors and

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[34] To determine the date upon which the PGE Common Stock (and the Crosscountry Common Equity and the Prisma Common Stock, also discussed in this section) will be distributed, the Reorganized Debtor Plan Administrator must determine that the amount of the Allowed General Unsecured Claims against all Debtors constitute 30% or more of the total potential Claims (essentially, the sum of the Allowed Claims, the liquidated non-contingent filed and scheduled Claims and the estimated unliquidated and contingent Claims). At the time that this calculation exceeds 30% in the aggregate for all Debtors, the stock may be distributed. Disclosure Statement at 26, n.15.

[35] The PGE Trust is one of three proposed Operating Trusts under the Plan concerning Portland General, Prisma and Crosscountry. The Operating Trusts are discussed below. To allow the PGE Trust to be formed, as and when necessary under the Plan, Enron is seeking the necessary regulatory approvals for the creation of the trust.

equity holders as required by the Plan.[36] It is possible that PGE Trust also would hold Enron's interest in Portland General for the purposes of consummating the sale of the utility to Oregon Electric.[37]

As noted previously, Enron will file a separate application with the Commission to seek authorization under section 12(d) of the Act for the sale of Portland General to a third party or the distribution of the common stock of Portland General to creditors or to the PGE Trust.

c. CrossCountry Common Equity

Crosscountry is a newly formed Delaware non-Debtor indirect subsidiary of Enron.[38] As a (nonutility) holding company, Crosscountry will hold Enron's interests in several gas transportation pipelines located in the United States.[39] Pursuant to the

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[36] The PGE Trust is an applicant in File No. 70-11373 for an exemption from registration under section 3(a)(4) of the Act.

[37] *See* Article XXIV of the Plan.

[38] Crosscountry was incorporated in Delaware on May 22, 2003. On June 24, 2003, Crosscountry and the Crosscountry Enron Parties entered into the original Crosscountry Contribution and Separation Agreement providing for the contribution of Enron's direct and indirect interests in its interstate pipelines and other related assets to Crosscountry. On September 25, 2003, the Bankruptcy Court issued an order approving the transfer of the pipeline interests and the related assets from the Crosscountry Enron Parties to Crosscountry and other related transactions, pursuant to the original Crosscountry Contribution and Separation Agreement. That order contemplates that the parties may make certain modifications to the original Contribution and Separation Agreement. The parties are negotiating an Amended and Restated Contribution and Separation Agreement that incorporates certain changes to the original Contribution and Separation Agreement.

[39] Among other things, CrossCountry Energy LLC ("Crosscountry LLC") replaces Crosscountry as the holding company that owns the pipeline interests. Docket No. 13381, *In re Enron Corp., et al,* Chapter 11 Case No. 01-16034 (AJG), Oct. 8, 2003 (U.S. Bankruptcy Court, S.D.N.Y.); Docket No. 14560, *In re Enron Corp., et al.*, Chapter 11 Case No. 01-16034 (AJG), Dec. 1, 2003 (U.S. Bankruptcy Court, S.D.N.Y.).

Amended and Restated Contribution and Separation Agreement, Enron and certain of its affiliates would contribute their ownership interests in certain gas transmission pipeline businesses and certain nonutility service companies to Crosscountry LLC in exchange for equity interests in CrossCountry LLC.[40] The closing of the transactions contemplated by the Amended and Restated Contribution and Separation Agreement is expected to occur as soon as possible. It is anticipated that, following confirmation of the Plan and prior to the CrossCountry Distribution Date, the equity interests in CrossCountry LLC will be exchanged for equity interests in CrossCountry Distributing Company in the CrossCountry Transaction. As a result of the CrossCountry Transaction, CrossCountry Distributing Company will obtain direct or indirect ownership in the Pipeline Businesses and certain services companies.[41]

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[40] The Debtors expect that the contribution of the interests in the gas pipeline businesses to CrossCountry LLC under the Contribution and Separation Agreement, in exchange for equity interests in CrossCountry LLC, would be exempt capital contributions under rule 45(b)(4) under the Act.

[41] CrossCountry LLC's principal assets will, upon closing of the formation transactions, consist of the following:

- A 100% indirect ownership interest in Transwestern Holdings Company, Inc. ("Transwestern"), which, through its subsidiary Transwestern Pipeline Company, owns an approximately 2,600-mile interstate natural gas pipeline system that transports natural gas from western Texas, Oklahoma, eastern New Mexico, the San Juan basin in northwestern New Mexico and southern Colorado to California, Arizona, and Texas markets. Transwestern's net income for the year ended December 31, 2002 was $20.7 million.

- A 50% ownership interest in Citrus Corp. ("Citrus"), a holding company that owns, among other businesses, Florida Gas Transmission Company a company with an approximately 5,000-mile natural gas pipeline system that extends from South Texas to South Florida. An affiliate of CrossCountry operates Citrus and certain of its subsidiaries. Citrus's net income for the year ended

Unless CrossCountry has been sold or is subject to a purchase agreement, when there are sufficient Allowed General Unsecured Claims to permit distribution of 30% of the CrossCountry Common Equity to holders of Allowed General Unsecured Claims, Enron will cause CrossCountry Distributing Company to distribute the CrossCountry Common Equity to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims. In the event that CrossCountry is sold prior to distribution of the CrossCountry Common Equity, the net proceeds will be distributed to Creditors as Creditor Cash in lieu of CrossCountry Common Equity.

Upon the joint determination of the Debtors and the Creditors' Committee, before the CrossCountry Common Equity is released to the holders of Allowed Claims, the CrossCountry Common Equity may first be issued to the CrossCountry Trust, with the

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December 31, 2002 was $96.6 million, 50% of which, or $48.3 million, comprised Enron's equity earnings. CrossCountry LLC is expected to hold its interest in Citrus through its wholly owned subsidiary, CrossCountry Citrus Corp.

- A 100% interest in Northern Plains Natural Gas Company ("Northern Plains"), which directly or through its subsidiaries holds 1.65% out of an aggregate 2% general partner interest and a 1.06% limited partner interest in Northern Border Partners, L.P. ("Northern Border") a publicly traded limited partnership that is a leading transporter of natural gas imported from Canada to the Midwestern United States. Pursuant to operating agreements, Northern Plains operates Northern Border's interstate pipeline systems, including Northern Border Pipeline, Midwestern, and Viking. Northern Border also has (i) extensive gas gathering operations in the Powder River Basin in Wyoming, (ii) natural gas gathering, processing and fractionation operations in the Williston Basin in Montana and North Dakota, and the western Canadian sedimentary basin in Alberta, Canada, and (iii) ownership of the only coal slurry pipeline in operation in the United States. Northern Border's net income for the year ended December 31, 2002 was $113.7 million, of which $9.1 million comprised Enron's equity earnings.

Crosscountry Trust Interests being allocated to the appropriate holders of Allowed Claims and the reserve for Disputed Claims. Unless Crosscountry has been sold or is the subject of a purchase agreement, when there are sufficient Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims to permit distribution of 30% of the Crosscountry Common Equity to holders of Allowed Claims, the Crosscountry Common Equity will be released from the Crosscountry Trust to holders of Allowed Claims, with the remainder to be held in reserve for Disputed Claims. The issuance of the Crosscountry Common Equity to the Crosscountry Trust is an option available to the Debtors and the Creditors' Committee and, in their sole discretion, it may or may not be utilized.

d. Prisma Common Stock

Prisma is a Cayman Islands entity formed initially as a (nonutility) holding company pending the transfer of certain international energy infrastructure businesses that are indirectly owned by Enron and certain of its affiliates. Prisma was organized on June 24, 2003 for the purpose of acquiring the Prisma Assets, which include equity interests in the identified businesses, intercompany loans to the businesses held by affiliates of Enron and contractual rights held by affiliates of Enron. Enron and its affiliates will contribute the Prisma Assets to Prisma in exchange for shares of Prisma Common Stock commensurate with the value of the Prisma Assets contributed.

It is expected that the contribution of the Prisma Assets will be effected pursuant to the Prisma Contribution and Separation Agreement to be entered into among Prisma and Enron and several of its affiliates. The Debtors anticipate that the Prisma Contribution and Separation Agreement, which is currently being negotiated, will be

submitted for Bankruptcy Court approval, either as part of the Plan Supplement or by a separate motion.

To date, no operating businesses or assets have been transferred to Prisma. Subject to obtaining requisite consents, however, the Debtors intend to transfer the businesses described above, either in connection with the Plan or at such earlier date as may be determined by Enron and approved by the Bankruptcy Court.[42] Prisma will be engaged in the generation and distribution of electricity, the transportation and distribution of natural gas and liquefied petroleum gas, and the processing of natural gas liquids.[43] Applicants intend that Prisma will be a foreign utility company ("FUCO") under section 33 under the Act prior to the transfer of the businesses described above to Prisma. The transfer of such businesses to Prisma in exchange for interests in Prisma would generally be exempt under section 33(c)(1) of the Act.

Unless Prisma has been sold or is subject to a purchase agreement, when there are sufficient Allowed General Unsecured Claims to permit distribution of 30% of the Prisma Common Stock to holders of Allowed General Unsecured Claims, Enron will cause Prisma to distribute its common stock to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims. In the event that Prisma is

[42] In addition to Bankruptcy Court approval, the transfer of the businesses will require the consent of other parties, including, but not limited to, governmental authorities in various jurisdictions. If any of these consents are not obtained, then at the discretion of Enron, with the consent of the Creditors' Committee, as contemplated in the Plan, one or more of these businesses may not be transferred to Prisma, but remain instead, directly or indirectly, with Enron.

[43] If all businesses are transferred to Prisma as contemplated, the company will own interests in businesses with assets that include over 9,600 miles of natural gas transmission and distribution pipelines, over 56,000 miles of electric transmission and distribution lines and over 2,100 megawatts of electric generating capacity. The businesses will serve 6.5 million liquefied petroleum gas, gas and electricity customers in 14 countries.

sold prior to distribution of the Prisma common stock, the net proceeds will be distributed to Creditors as Creditor Cash in lieu of Prisma Common Stock.

Upon the joint determination of the Debtors and the Creditors' Committee, before the Prisma Common Stock is released to the holders of Allowed Claims, the Prisma Common Stock may first be issued to the Prisma Trust, with the Prisma Trust Interests being allocated to the appropriate holders of Allowed Claims and the reserve for Disputed Claims. Unless Prisma has been sold or is the subject of a purchase agreement, when there are sufficient Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims to permit distribution of 30% of the Prisma Common Stock to holders of Allowed Claims, the stock will be released from the Prisma Trust to holders of Allowed Claims, with the remainder to be held in reserve for Disputed Claims. The issuance of the Prisma Common Stock to the Prisma Trust is an option available to the Debtors and the Creditors' Committee and, in their sole discretion, it may or may not be utilized.

Of the approximately 1,800 entities in the Enron group currently, approximately 82 entities would become part of Prisma and 15 would be contributed to Crosscountry. The remaining entities would be sold or liquidated in accordance with the Plan.

F. Effectiveness of the Plan

The Plan will become effective upon the satisfaction of certain conditions. Section 1.94 of the Plan specifies that the Effective Date will occur on the first business day after the Plan is confirmed after which the conditions to the effectiveness of the Plan

have been satisfied or waived, but in no event later than December 31, 2004.[44] The conditions to the effectiveness of the Plan, set forth in Section 37.1, are: (i) entry of the Bankruptcy Court confirmation order; (ii) the execution of documents and other actions necessary to implement the Plan; (iii) the receipt of consents necessary to transfer assets to and establish Prisma and Crosscountry, and (iv) the receipt of consents necessary to issue the PGE Common Stock under the Plan.[45]

Implementation of the Plan will involve the required distributions to creditors, reporting on the status of Plan consummation, and applying for a final decree that closes the Chapter 11 Cases after they have been fully administered, including, without limitation, reconciliation of claims. Administration of the estates in conjunction with the Bankruptcy Court will continue post confirmation, in the manner described above, including the resolution of over one thousand adversary proceedings.

G. Administration of the Estates

1. Post-Confirmation Administration

As part of the Plan, the governance and oversight of the Chapter 11 Cases will be streamlined. On the Effective Date, a five-member board of directors of Reorganized

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[44] Under Section 1.94, the Debtors and the Creditors' Committee, in their discretion, may designate another Effective Date that falls after the Confirmation Date.

[45] As noted previously, in preparation for the distribution of Portland General under the Plan, upon receipt of all appropriate regulatory approvals, Enron may transfer its ownership interest in Portland General to PGE Trust, a to-be-formed entity. There may be an adjustment in the number of Portland common shares prior to contribution to the PGE Trust and in all events prior to distribution to creditors. If the PGE Common Stock is distributed to creditors rather than sold, it is intended that the current Portland General shares of common stock will be canceled and 80 million shares of new Portland General common stock will be authorized and approximately 62.5 million shares issued pursuant to the Plan.

Enron will be appointed, with four of the directors to be designated by the Debtors after consultation with the Creditors' Committee and one of the directors to be designated by the Debtors after consultation with the ENA Examiner.[46] The Debtors intend to file the information required by Section 1129(a)(5) of the Bankruptcy Code in the Plan Supplement no later than fifteen (15) days prior to the Ballot Date. The terms and manner of selection of the directors of each of the other Reorganized Debtors will be as provided in the Reorganized Debtors Certificate of Incorporation and the Reorganized Debtors By-laws, as they may be amended.

The ENA Examiner will (i) cease his routine reporting duties, unless otherwise directed by the Bankruptcy Court, and (ii) retain his status (other than his limited investigatory role) pursuant to orders of the Bankruptcy Court entered as of the date of the Disclosure Statement order. Pending the Effective Date of the Plan, the ENA Examiner will continue his current oversight and advisory roles as set forth in prior orders of the Bankruptcy Court, subject to the right of the Debtors, in their sole discretion, to streamline existing internal processes, including cash management and other transaction review committees.

Although the Debtors may streamline their internal processes, the information typically provided to the ENA Examiner will continue to be provided to ensure that the

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[46] Section 1129(a)(5) of the Bankruptcy Code requires that, to confirm a Chapter 11 plan, the plan proponent disclose the identity and affiliations of the proposed officers and directors of the reorganized debtors; that the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with public policy; and that there be disclosure of the identity and compensation of any insiders to be retained or employed by the reorganized debtors.

ENA Examiner can fulfill his oversight functions. The Creditors' Committee will be dissolved on the Effective Date, except as provided below.

2. Post-Effective Date Administration

Upon appointment of the new board of Reorganized Enron, from and after the Effective Date, the Creditors' Committee will continue to exist only for limited purposes relating to the ongoing prosecution of estate litigation. Specifically, the Creditors' Committee will continue to exist only (i) to continue prosecuting claims or causes of action previously commenced by it on behalf of the Debtors' estates, (ii) to complete other litigation, if any, to which the Creditors' Committee is a party as of the Effective Date (unless, in the case of (i) or (ii), the Creditors' Committee's role in such litigation is assigned to another representative of the Debtors' estates, including the Reorganized Debtors, the Litigation Trust or the Special Litigation Trust) and (iii) to participate, with the Creditors' Committee's professionals and the Reorganized Debtors and their professionals, on the joint task force created with respect to the prosecution of the Litigation Trust Claims pursuant to the terms and conditions and to the full extent agreed between the Creditors' Committee and the Debtors as of the date of the Disclosure Statement Order. Thus, virtually all of the decisions that will need to be made with respect to, among other things, (i) the disposition of the Debtors' Remaining Assets, (ii) the reconciliation of Claims and (iii) the prosecution or settlement of numerous claims and causes of action (other than specific litigation involving the Creditors' Committee, as set forth above), will be made by Reorganized Enron through its agents, and the board of Reorganized Enron will oversee such administration. The Debtors believe that this post-Effective Date administration is consistent with the goals of reducing the expenses in the

Chapter 11 Cases and will maximize recoveries to Creditors entitled to distributions under the Plan.

The Plan does provide, however, that the ENA Examiner may have a continuing role during the post-Effective Date period. Within 20 days after the Confirmation Date, the ENA Examiner or any creditor of ENA or its subsidiaries will be entitled to file a motion requesting that the Bankruptcy Court define the duties of the ENA Examiner for the period following the Effective Date. If no such pleading is timely filed, the ENA Examiner's role will conclude on the Effective Date.[47] The Debtors and the Creditors' Committee intend to object to the continuation of the ENA Examiner during the post-Effective Date period.

The Plan also provides for the appointment of a Reorganized Debtor Plan Administrator ("Administrator") on the Effective Date for the purpose of carrying out the provisions of the Plan. Pursuant to Section 1.226 of the Plan, the Administrator would be

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[47] The Plan's flexibility in this regard is not intended, nor will it be deemed, to create a presumption that the role or duties of the ENA Examiner should or should not be continued after the Effective Date; provided, however, that in no event will the ENA Examiner's scope be expanded beyond the scope approved by orders entered as of the date of the Disclosure Statement Order. In the event that the Bankruptcy Court enters an order defining the post-Effective Date duties of the ENA Examiner, notwithstanding the narrower scope of the Creditors' Committee envisioned by the Plan, the Creditors' Committee will continue to exist following the Effective Date to exercise all of its statutory rights, powers and authority until the date the ENA Examiner's rights, powers and duties are fully terminated pursuant to a Final Order.

Stephen Forbes Cooper, LLC, an entity headed by Stephen Forbes Cooper, Enron's Acting President, Acting Chief Executive Officer and Chief Restructuring Officer.[48]

In accordance with Section 36.2 of the Plan, the Administrator shall be responsible for (i) facilitating the Reorganized Debtors' prosecution or settlement of objections to, and estimations of, claims, (ii) prosecution or settlement of claims and causes of action held by the Debtors, (iii) assisting the litigation trustees in performing their duties, (iv) calculating and assisting the Disbursing Agent in implementing all distributions in accordance with the Plan, (v) filing all required tax returns and paying taxes and all other obligations on behalf of the Reorganized Debtors from funds held by the Reorganized Debtors, (vi) periodic reporting to the Bankruptcy Court of the status of the claims resolution process, distributions on allowed claims and prosecution of causes of action, (vii) liquidating the Remaining Assets and providing for the distribution of the net proceeds thereof, in accordance with the Plan, (viii) consulting with, and providing information to, the Disputed Claims Reserve overseers in connection with the voting or sale of Plan Securities to be deposited in the Disputed Claims Reserve, and (ix) such other responsibilities as may be vested in the Administrator under the Plan, the

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[48] Mr. Cooper assumed this role at Enron on January 29, 2002, after Enron filed for bankruptcy under Chapter 11. Mr. Cooper is also the chairman of Kroll Zolfo Cooper, LLC ("Kroll"), and Kroll's Corporate Advisory and Restructuring Group. Kroll is a consulting company that provides services in corporate recovery and crisis management, forensic accounting, technology, intelligence, investigations and background screening. The Debtors state that Mr. Cooper, in his capacity as Enron's CEO, has worked with the Enron board, the Creditors' Committee, and other stakeholders in the bankruptcy process to sell non-core businesses, rehabilitate assets, prosecute the Debtors' claims against banks and professional advisors, and to assist employees. Mr. Cooper works under the supervision of Enron's board of directors, which is comprised of four individuals with extensive business and energy industry experience. The Enron board is wholly independent and each has the support of the Creditors' Committee.

Reorganized Debtor Plan Administration Agreement, Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan.[49] If the PGE Trust is not formed, the Administrator would also manage, administer, operate and otherwise control Portland General, subject to the supervision of the Board of Directors of the Reorganized Debtors and the consent of the Creditors' Committee.[50]

In addition, pursuant to the Plan, as of the Effective Date, the Reorganized Debtors will assist the Administrator in performing the following activities: (i) holding the Operating Entities, including Portland General, for the benefit of Creditors and providing certain transition services to such entities, (ii) liquidating the Remaining Assets, (iii) making distributions to Creditors pursuant to the terms of the Plan, (iv) prosecuting Claim objections and litigation, (v) winding up the Debtors' business affairs, and (vi) otherwise implementing and effectuating the terms and provisions of the Plan.

Finally, in connection with the prosecution of litigation claims against financial institutions, law firms, accounting firms and similar defendants, a joint task force comprised of the Debtors, Creditors' Committee representatives and certain of their professionals was formed in order to maximize coordination and cooperation between the Debtors and the Creditors' Committee. Each member of the joint task force is entitled to, among other things, notice of, and participation in, meetings, negotiations, mediations, or other dispute resolution activities with regard to such litigation. Following the Effective

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[49] Section 36.2 of the Plan.

[50] Section 40.1 of the Plan provides that the board of directors of reorganized Enron shall consist of five persons selected by the Debtors, after consultation with the Creditors' Committee (with respect to four members) and the ENA Examiner (with respect to one member).

Date, the Creditors' Committee representatives, together with the Creditors' Committee's professionals, may continue to participate in the joint task force.

H. Operating Trusts

The Plan describes the purpose of the Operating Trusts (the PGE Trust, the Prisma Trust and the Crosscountry Trusts) and the proposed management of the trusts. The Operating Trusts would be established on behalf of the Debtors and the holders of allowed claims in certain specified classes. [51]

For all federal income tax purposes, all parties (including the Debtors, the Operating Trustee and the beneficiaries of the Operating Trusts) must treat the transfer of assets to the respective Operating Trusts as a transfer to the holders of certain allowed claims, followed by a transfer by these holders to the respective Operating Trusts. The beneficiaries of the Operating Trusts are treated as the grantors of the trusts.[52]

The rights of the Operating Trustees to invest assets transferred to the Operating Trusts, the proceeds of the investments, or any income earned by the respective Operating Trusts, will be limited to the right and power to invest the assets (pending

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[51] Each Trust will be managed in accordance with an Operating Trust Agreement, which must be satisfactory to the Creditors' Committee in form and substance. The Operating Trust Agreement will provide for the management of the trust by the Operating Trustee.

The Operating Trusts would be formed by the execution of the respective Operating Trust Agreements as soon as is practical after the receipt of all appropriate or required governmental, agency or other consents authorizing the transfer of the respective assets to the Operating Trusts. *See* Plan Section 24.1. With respect to the PGE Trust, the authorization of the Oregon Commission and the FERC may be required prior to the contribution of the common stock of Portland General into the PGE Trust and the distribution of the stock to the creditors.

[52] Consistent with this view, under the Operating Trust Agreements, the Debtors on the Effective Date will have no obligation to provide any funding with respect to any of the Operating Trusts.

periodic distributions) in cash equivalents. The Operating Trustees must distribute at least annually to the holders of the respective Operating Trust Interests all net cash income plus all net cash proceeds from the liquidation of assets, but the Operating Trustees may retain amounts necessary to satisfy liabilities and to maintain the value of the assets of the Operating Trusts during liquidation and to pay reasonable administrative expenses. The Operating Trusts must terminate no later than the third anniversary of the Confirmation Date, provided, however, that the Bankruptcy Court may extend the term of the Operating Trusts for additional periods not to exceed three years in the aggregate if it is necessary to liquidate the assets of the Operating Trusts.[53]

I. Litigation Trust and Special Litigation Trust

The Plan provides that the Plan Currency and, if applicable, the Trust Interests[54] to be distributed to each holder of an Allowed General Unsecured Claim against each Debtor, shall equal the sum of (i) 70% of the distribution such holder would receive if the Debtors were not substantively consolidated and (ii) 30% of the distribution such holder would receive if all of the Debtors' estates were substantively consolidated, but

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[53] The United States Internal Revenue Service has stated that an organization created under Chapter 11 of the Bankruptcy Code to be a liquidating trust will be characterized as such if it meets certain requirements. In particular, the IRS requires the trustee of a liquidating trust to commit to make continuing efforts to dispose of the trust assets, make timely distributions, and not unduly prolong the duration of the trust. The Debtors state that these requirements are all incorporated into the Plan. *See generally,* Plan Article XXIV. *See also,* Rev. Proc. 94-45, 1994-2 CB 684, *amplifying and modifying* Rev. Proc. 82-58, 1982-2 CB 847, and Rev. Proc. 91-15, 1991-1 CB 484.

[54] Art. 1.262 defines Trust Interests to mean Litigation Trust Interests in the event that the Litigation Trust is created and Special Litigation Trust Interests in the event that the Special Litigation Trust is created.

notwithstanding such substantive consolidation, one-half of Allowed Guaranty Claims were included in such calculation.

The Plan provides for holders of Allowed Unsecured Claims against Enron (which includes Allowed Guaranty Claims and Allowed Intercompany Claims) to share the proceeds, if any, from numerous potential causes of action. To the extent that the Litigation Trust and Special Litigation Trust are implemented, these causes of action shall be deemed transferred to Creditors, on account of their Allowed Claims, and then be deemed to have contributed such causes of actions to either the Litigation Trust or the Special Litigation Trust, in exchange for beneficial interests in the trusts. The Debtors shall include, in the Plan Supplement, a listing of the claims and causes of action, comprising Litigation Trust Claims and Special Litigation Trust Claims, and which may be transferred to and prosecuted by the Litigation Trust and the Special Litigation Trust.

J. Remaining Assets

It is anticipated that the Reorganized Debtors will retain all assets that will not be transferred to the Litigation Trust, Special Litigation Trust, Severance Settlement Fund Trust, Operating Trusts or Operating Entities. These Remaining Assets may include, among other things, Cash, claims and causes of action against third parties on behalf of the Debtors' estates (including, but not limited to, avoidance actions), proceeds of liquidated assets, the Debtors' stock in the Enron Companies, trading contracts, equity investments, inventory, real property and other miscellaneous assets.

The Reorganized Debtor Plan Administrator, with assistance from the Reorganized Debtors, will collect and liquidate the Remaining Assets and distribute the

proceeds to Creditors pursuant to the terms of the Plan. The board of directors of the Reorganized Debtors will supervise this process.

Nonetheless, upon joint determination of the Debtors and the Creditors' Committee, the Debtors' interests in the Remaining Assets will be transferred to the holders of certain Allowed Claims, which will be held by the Debtors acting on their behalf. Immediately thereafter, on behalf of the holders of the Allowed Claims, the Debtors will transfer the assets, subject to Remaining Asset Trust Agreements, to the Remaining Asset Trusts for the benefit of the holders of the Allowed Claims in accordance with the Plan. In the event that the Debtors and the Creditors' Committee jointly determine to create the Remaining Asset Trusts on or prior to the date on which the Litigation Trust is created, interests in the Remaining Asset Trusts will be deemed to be allocated to holders of Allowed Claims at the then estimated value of Remaining Assets. The allocation of Remaining Asset Trust Interests will form part of the Plan Currency, in lieu of Creditor Cash, and Creditors holding Allowed Claims will receive distributions on account of such interests in Cash, as and when Remaining Assets are realized upon.

III. Discussion

The Debtors request Commission approval of the Plan under section 11(f) of the Act. The Debtors further seek Commission authorization under section 11(g) of the Act and related rules to disseminate the Plan, together with the Disclosure Statement, to parties of interest in order to solicit votes to approve the Plan. Applicants request that the

Commission issue a report pursuant to section 1 1(g) of the Act to accompany the solicitation.[55]

Section 1 1(f) of the Act does not provide a specific standard for the Commission to use in analyzing a plan of reorganization. Instead, in approving a plan of reorganization, the Commission must conclude that the plan meets any applicable requirements of the Act.[56] The record in this matter demonstrates that approval of the Debtors' requests would likely not be detrimental to the protected interests under the Act, *i.e.*, the public interest and the interests of investors and consumers. For the reasons discussed below, it appears that the Plan is fair to the Debtors and their respective Creditors.

The Plan Application states that the Debtors and the Creditors' Committee firmly believe that the global compromise embodied in the Plan is fair to each of the Debtors and their respective Creditors and falls within the range of reasonableness required for

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[55] Section 1 l(g) of the Act in pertinent part makes it unlawful for any person to solicit any consent in respect of a reorganization plan of a registered holding company or subsidiary unless the plan, containing such information as the Commission may deem necessary or appropriate in the public interest or for the protection of investors and consumers, has been submitted to the Commission; each solicitation is accompanied by a copy of a report on the plan made by the Commission after an opportunity for a hearing on the plan; and each solicitation is made not in contravention of such rules or orders as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers.

[56] The Commission has noted that Congress, in imposing the duty under section 11(f) to pass upon reorganizations of registered holding companies and their subsidiaries, recognized that the Commission's efforts should be coordinated with the work of the courts in reorganization cases. The objectives of the Act could not be achieved if, while the Commission was applying the standards of the Act in some cases, reorganizations could be effected through the courts without the application of such standards. *Xcel Energy, Inc.*, Holding Co. Act Release No. 27736 (Oct. 10, 2003), citing *Utilities Power and Light Co., 5* SEC 483, 512 (1939), quoting *Peoples Light and Power Co.*, 2 SEC 829, 844 (1937) (Comm. Healy concurring). *See also Columbia Gas Transmission Corporation*, Holding Co. Act Release No. 26361 (Aug. 25, 1995).

approval by the Bankruptcy Court. The ENA Examiner has also agreed that the global compromise is within the range of reasonableness as to the creditors of ENA and its subsidiaries, and has recommended that the ENA Creditors vote in favor of the Plan.[57]

Although the Debtors and the Creditors' Committee believe that the settlements contained in the Plan are reasonable, they also emphasize the benefits of avoiding estate-wide litigation by Creditors having conflicting interests. Specifically, they believe that, if a compromise had not been reached, the cost, delay and uncertainty attendant to litigating the complex inter-estate issues resolved by the Plan would have resulted in substantially lower recoveries for most, if not all, Creditors.

With respect to the common Plan Currency concept for all Creditors, the Debtors and the Creditors' Committee believe that this feature of the global compromise promotes efficiency without being unfair or inequitable. They note that concerns have previously been raised by certain Creditors of ENA that the filing of a joint plan involving ENA and the other Debtors would be unfair, because ENA has been in liquidation since shortly after the Initial Petition Date, and should not be unnecessarily entangled with the estates of the other Debtors, including Enron. However, the ENA Creditors would not be materially disadvantaged by the common Plan Currency feature between the estates of ENA and Enron because, as noted previously, ENA is the single largest Creditor of Enron and its intercompany claim against Enron is ENA's single largest asset. Thus, distributions to ENA Creditors necessarily depend in large part on what ENA recovers on

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[57] The ENA Examiner has stated that the settlement contained in the Plan is reasonable and that the treatment of the Creditors of ENA and its subsidiaries is fair and reasonable. Accordingly, the ENA Examiner endorses a vote by the Creditors in favor of the Plan and supports its confirmation.

its Intercompany Claim against Enron. Similarly, Enron's intercompany claims against Enron Power Marketing, Inc. and numerous other Debtors would result in assets of such other Debtors being transferred to Enron for further distribution to Enron's Creditors, including ENA. Thus, while it is an integral feature of the global compromise, the common Plan Currency feature of the Plan is also justifiable for many of the Debtors because of the way in which value is transferred through intercompany claims. In any event, based on the Debtors' current estimates of asset values and Allowed Claims, Plan Currency is expected to be approximately two-thirds in the form of Creditor Cash and approximately one-third in the form of Plan Securities.

As noted above, the Plan is constructed to conform to the provisions of section 1129 of the Bankruptcy Code. As such, it adheres to the dictates of the "absolute priority" provisions of the Bankruptcy Code and applicable law. Although current valuations of the Debtors' assets do not indicate that a distribution will be made to the Debtors' preferred and common interest holders, the Plan does provide that, if (i) asset sales yield proceeds greater than currently projected, and if (ii) recoveries associated with the resolution of litigation (including, without limitation, the subordination, waiver or disallowance of claims as a result of the Litigation Claims and the Special Litigation Claims) are at a level that Creditors shall have received distributions which, in the aggregate, are equal to 100% of their Claims, the Plan shall be modified to provide for distributions to preferred and common interest holders. In addition, the Plan does not affect in any manner the recoveries that public bondholders and equity interest holders may receive as a result of pending class actions or other third party actions or with

respect to the funds that have been recovered by the Commission for the benefit of such entities and individuals.[58]

The Plan does not otherwise contravene the requirements of the Act. The Commission is today approving the Omnibus Application described above in section I., B., *supra,* of this order. That application supplements the Plan Application and seeks sufficient authorization under the Act, among other things, to implement the Plan and to conduct business within the parameters specified in the application, pending the confirmation and full implementation of the Plan. As discussed in the companion order, the requested authorizations satisfy the requirements of the Act and do not appear to be detrimental to the public interest and the interest of consumers.

IV. Conclusion

The Commission has examined the Debtors' requests and has concluded, based on the complete record before it, that the applicable standards of the Act and rules are satisfied and that no adverse findings are warranted.

Applicants state that fees, commissions and expenses in the estimated amount of $200,000 are expected to be incurred in connection with the Plan Application.[59] In addition, the Applicants have incurred and will incur fees and expenses related to the

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[58] *See* Section 42.4 of the Plan.

[59] Applicants state that professional fees incurred in their chapter 11 cases, even without such estate-wide litigation, have been approximately $330 million per year. As of December 23, 2003, the Bankruptcy Court had provided interim approval for approximately $271 million in professional fees. Under rule 63 under the Act, the Commission shall approve the "maximum amount" of fees that can be incurred by a registered holding company and its subsidiaries in a bankruptcy proceeding, but carves out from that requirement "any payments approved by a court … in any proceeding in which the Commission has filed a notice of appearance…." The Commission's appearance in this case has eliminated its obligation to approve the fees, which are subject to review by the Bankruptcy Court.

ongoing Chapter 11 Cases and expenses related to the consummation of the transactions contemplated in the Plan. Pursuant to rule 63, these fees are not subject to Commission approval.

Due notice of the filing of the Application has been given in the manner prescribed in rule 23 under the Act, and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and rules under the Act are satisfied, and that no adverse findings are necessary.

IT IS ORDERED, under the applicable provisions of the Act and rules under the Act, that the Application, as amended, be granted and permitted to become effective immediately, subject to the terms and conditions prescribed in rule 24 under the Act. Further, because certain contemplated transactions may be accomplished over a period of time after this order is issued, authorization is granted to implement the proposed transactions as described in the Application (except for those authorizations that are the subject of the Omnibus Application in SEC File No. 70-10200).

IT IS FURTHER ORDERED that this order is conditioned upon Enron registering under the Act prior to the issuance of this order and the ordering of the Omnibus Application.

By the Commission.

Jill M. Peterson
Assistant Secretary

ATTACHMENT 1

GLOSSARY

Term	Definition	Source
ACFI	Atlantic Commercial Finance, Inc., a Delaware corporation and a Debtor.	Disclosure Statement: A-1
ACFI Guaranty Claim	Any Unsecured Claim, other than an Intercompany Claim, against ACFI arising from or relating to an agreement by ACFI to guarantee or otherwise satisfy the obligations of another Debtor, including, without limitation, any Claim arising from or relating to rights of contribution or reimbursement.	Disclosure Statement: A-1
Adequately Protected Debtor	Any Debtor which transfers property (including cash) following the Petition Date to or for the benefit of any other Debtor.	Amended Cash Management Order
Administrative Expense Claim	Any Claim constituting a cost or expense of administration of the chapter 11 cases asserted or authorized to be asserted in accordance with sections 503(b) and 507(a)(l) of the Bankruptcy Code during the period up to and including the Effective Date, including, without limitation, any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the businesses of the Debtors in Possession, any post-Petition Date loans and advances extended by one Debtor to another Debtor, any costs and expenses of the Debtors in Possession for the management, maintenance, preservation, sale or other disposition of any assets, the administration and implementation of the Plan, the administration, prosecution or defense of Claims by or against the Debtors and for distributions under the Plan, any guarantees or indemnification obligations extended by the Debtors in Possession, any Claims for reclamation in accordance with section 546(c)(2) of the Bankruptcy Code allowed pursuant to final order, any Claims for compensation and reimbursement of expenses arising during the period from and after the respective Petition Dates and prior to the Effective Date and awarded by the Bankruptcy Court in accordance with sections 328, 330, 331 or 503(b) of the Bankruptcy Code or otherwise in accordance with the provisions of the Plan, whether fixed before or after the Effective Date, and any fees or charges assessed against the Debtors' estates pursuant to section 1930, chapter 123, Title 28, United States Code.	Disclosure Statement: A-3
Aggregate Commitment	The aggregate of the Commitments of all the lenders, as changed from time to time pursuant to the terms of the Portland General Credit	Portland General

	Agreement.	Credit Agreement
Aggregate Outstanding Credit Exposure	At any time, the aggregate of the Outstanding Credit Exposure of all the Lenders under the Portland General Credit Agreement.	Portland General Credit Agreement
Allowed Claim/Allowed Equity Interest	Any Claim against or Equity Interest in any of the Debtors or the Debtors' estates, (i) proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing such proof of Claim against or Equity Interest in any such Debtor or such Debtor's estate, (ii) if no proof of Claim or Equity Interest has been timely filed, which has been or hereafter is listed by such Debtor in its Schedules as liquidated in amount and not disputed or contingent or (iii) any Equity Interest registered in the stock register maintained by or on behalf of the Debtors as of the Record Date, in each such case in clauses (i), (ii) and (iii) above, a Claim or Equity Interest as to which no objection to the allowance thereof, or action to equitably subordinate or otherwise limit recovery with respect thereto, has been interposed within the applicable period of limitation, or as to which an objection has been interposed and such Claim has been allowed in whole or in part by a final order. For purposes of determining the amount of an "Allowed Claim", there shall be deducted therefrom an amount equal to the amount of any claim which the Debtors may hold against the holder thereof, to the extent such claim may be set off pursuant to applicable non-bankruptcy law. Without in any way limiting the foregoing, "Allowed Claim" shall include any Claim arising from the recovery of property in accordance with sections 550 and 553 of the Bankruptcy Code and allowed in accordance with section 502(h) of the Bankruptcy Code, any Claim allowed under or pursuant to the terms of the Plan or any Claim to the extent that it has been allowed pursuant to a final order; provided, however, that (i) Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder unless otherwise specified herein or by order of the Bankruptcy Court, (ii) for any purpose under the Plan, other than with respect to an Allowed ETS Debenture Claim, "Allowed Claim" shall not include interest, penalties, or late charges arising from or relating to the period from and after the Petition Date, and (iii) "Allowed Claim" shall not include any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code.	Disclosure Statement: A-4
Allowed ETS Debenture Claim	An ETS Debenture Claim, to the extent it is or has become an Allowed Claim and set forth on Exhibit "E" to the Plan.	Disclosure Statement: A-5

Allowed General Unsecured Claims	A General Unsecured Claim, to the extent it is or has become an Allowed Claim.	Disclosure Statement: A-5
Allowed Guaranty Claim	A Guaranty Claim, to the extent it is or has become an Allowed Claim.	Disclosure Statement: A-5
Allowed Intercompany Claim	An Intercompany Claim, to the extent it is or has become an Allowed Claim and as set forth on Exhibit "F" to the Plan; provided, however, that, based upon a methodology or procedure agreed upon by the Debtors, the Creditors' Committee and the ENA Examiner and set forth in the Plan Supplement, the amount of each such Intercompany Claim may be adjusted pursuant to a final order of the Bankruptcy Court entered after the date of the Disclosure Statement Order to reflect (a) Allowed Claims, other than Guaranty Claims, arising from a Debtor satisfying, or being deemed to have satisfied, the obligations of another Debtor, (b) Allowed Claims arising under section 502(h) of the Bankruptcy Code solely to the extent that a Debtor does not receive a full recovery due to the effect of the proviso set forth in Section 28.1 of the Plan or (c) Allowed Claims arising from the rejection of written executory contracts or unexpired leases between or among the Debtors, other than with respect to Claims relating to the rejection damages referenced in Section 34.3 of the Plan.	Disclosure Statement: A-5
Alternate Base Rate	For any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the federal funds effective rate for such day plus 0.5% per annum.	Portland General Credit Agreement
Amended Cash Management Order	The Amended order Authorizing Continued Use of Existing Bank Accounts, Cash Management System, Checks and Business Forms, and Granting Inter-Company Superprioity Claims, Pursuant to 11 U.S.C. §§ 361, 363(e), 362 and 507(b), as Adequate Protection (Docket #1666).	Disclosure Statement: A-6
Amended DIP Credit Agreement	That certain Amended and Restated Revolving Credit and Guaranty Agreement dated as of June 14, 2002, by and among Enron, as borrower, each of the direct or indirect subsidiaries of Enron as party thereto, as guarantors, the DIP Lenders, JPMCB and Citicorp, as co-administrative agents, Citicorp, as paying agent, and JPMCB, as collateral agent.	Disclosure Statement: A-6
Applicable Margin	(a) With respect to Eurodollar Ratable Advances at any time, the percentage rate per annum under the heading "Eurodollar Applicable Margin" in the Pricing Schedule which is applicable at such time; and (b) with respect to Floating Rate Advances at any time, the percentage rate per annum under the heading "Base Rate Applicable Margin" in the Pricing Schedule which is applicable at such time.	Portland General Credit Agreement

Ardmore Data Center	The primary internet/telecommunications center for Enron and its Affiliates, including the Pipeline Businesses.	Disclosure Statement: A-7
Assets	With respect to a Debtor, (a) all "property" of such Debtor's estate, as defined in section 541 of the Bankruptcy Code, including such property as is reflected on such Debtor's books and records as of the date of the Disclosure Statement Order, unless modified pursuant to the Plan or a final order and (b) all claims and causes of action, including those that may be allocated or reallocated in accordance with the provisions of Articles II, XXII, XXIII and XXVIII of the Plan, that have been or may be commenced by such Debtor in Possession or other authorized representative for the benefit of such Debtor's estate, unless modified pursuant to the Plan or a final order; provided, however, that, "Assets" shall not include claims and causes of action which are the subject of the Severance Settlement Fund Litigation or such other property otherwise provided for in the Plan or by a final order; and, provided, further, that, in the event that the Litigation Trust or the Special Litigation Trust is created, Litigation Trust Claims or Special Litigation Claims, as the case may be, shall not constitute "Assets."	Disclosure Statement: A-7
Bighorn	Bighorn Gas Gathering, L.L.C.	Omnibus: 35
Bridgeline	Bridgeline Holdings, L.P., Bridgeline Storage and Bridgeline Distribution, collectively.	Disclosure Statement: A-10
Business Day	A day other than a Saturday, a Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.	Disclosure Statement: A-10
CES	Crosscountry Energy Services, LLC, (successor-in-interest to CGNN Holding Company, Inc.), a non-Debtor affiliate of Enron and a wholly owned subsidiary of ETS.	Disclosure Statement: A-12
Citicorp.	Citicorp USA, Inc.	Disclosure Statement: A-12
Citrus	Citrus Corp.	Disclosure Statement: A-12
Claim	Any right to payment from the Debtors or from property of the Debtors or their estates, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, known or unknown or asserted; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors or from property of the Debtors, whether or not such right to an	Disclosure Statement: A-12

	equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.	
Commitment	For each Lender under the Portland General Credit Agreement, the obligation of such Lender to make Ratable Loans to, and participate in Facility LCs issued upon the application of, Portland General in an aggregate amount not exceeding the amount set forth on Schedule 3 or as set forth in any notice of assignment relating to any assignment that has become effective pursuant to Section 12.3.2 of the Portland General Credit Agreement as such amount may be modified from time to time pursuant to the term thereof.	Portland General Credit Agreement
Common Equity Interest	A common Equity Interest.	Disclosure Statement: A-13
Confirmation Date	The date the clerk of the Bankruptcy court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Debtors' chapter 11 cases.	Disclosure Statement: A-14
Confirmation Hearing	The hearing to consider confirmation of the Plan in accordance with section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.	Disclosure Statement: A-14
Confirmation Order	The order of the Bankruptcy Court confirming the Plan.	Disclosure Statement: A-14
Convenience Claim	Except as provided in Section 16.2 of the Plan, any Claim equal to or less than Fifty Thousand Dollars ($50,000.00) or greater than Fifty Thousand Dollars ($50,000.00) but with respect to which the holder thereof voluntarily reduces the Claim to Fifty Thousand Dollars ($50,000.00) on the ballot; provided, however, that, for purposes of the Plan and the distributions to be made thereunder, "Convenience Claim" shall not include (i) an Enron Senior Note Claim, (ii) an Enron Subordinated Debenture Claim, (iii) an ETS Debenture Claim, (iv) an ENA Debenture Claim, (v) an Enron TOPRS Debenture Claim and (vi) any other Claim that is a component of a larger Claim, portions of which may be held by one or more holders of Allowed Claims.	Disclosure Statement: A-16
Creditor	Any person or entity holding a Claim against the Debtors' estates or, pursuant to section 102(2) of the Bankruptcy Code, against property of the Debtors that arose or is deemed to have arisen on or prior to the Petition Date, including, without limitation, a Claim against any of the Debtors or Debtors in Possession of a kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code.	Disclosure Statement: A-16

CrossCountry	Crosscountry Energy, LLC, a Delaware limited liability company, formed on or prior to the Effective Date, the assets of which shall consist of the Crosscountry Assets; provided, however, unless the context required otherwise, references to "Crosscountry" shall also be deemed references to the entity that the Debtors and the Creditors' Committee designate as CrossCountiy Distributing Company in accordance with the Plan, whether by consummation of the Crosscountry Transaction or the declaration of Crosscountry as CrossCountiy Distributing Company, whether in its current form as a limited liability company or as converted to a corporation.	Disclosure Statement: A-16
Crosscountry Distributing Company	The Entity designated jointly by the Debtors and the Creditor's Committee pursuant to the Plan to distribute shares of capital stock or equity interests in accordance with Section 32.1(c) of the Plan representing interests in the CrossCountiy Assets.	Disclosure Statement: A-18
CrossCountiy Enron Parties	Enron, ETS, EOC Preferred (as successor to Enron Operations, L.P.) and EOS, which comprise the parties, in addition to CrossCountiy, CrossCountiy Citrus Corp. and CrossCountiy Energy Corp., which are parties to the Crosscountry Contribution and Separation Agreement.	Disclosure Statement: A-18
Crosscountry Transaction	The transaction, described in the Disclosure Statement, Section IX.F.l "Formation of CrossCountiy," entered into by the CrossCountiy Enron Parties, CrossCountiy and CrossCountiy Distributing Company, with the consent of the Creditors' Committee and consistent with the Plan, pursuant to which the equity interests in CrossCountry would be exchanged for equity interests in CrossCountry Distributing Company and CrossCountry Distributing Company obtains the direct or indirect ownership of the Pipeline Businesses and services companies held by CrossCountry.	Disclosure Statement: A-18
Debtor in Possession or DIP	The Debtors as Debtors in possession pursuant to sections 1101(1) and 1107(a) of the Bankruptcy Code.	Disclosure Statement: A-21
DIP Credit Agreement	Revolving Credit and Guaranty Agreement, dated as of December 3, 2001, by and among Enron and ENA, as borrowers, each of the direct or indirect Debtor subsidiaries of Enron and ENA party thereto, as guarantors, JPMCB and Citicorp, as co-administrative agents, Citicorp, as paying agent, JPMCB, as collateral agent, and the lenders party thereto, as lenders.	Disclosure Statement: A-22
DIP Lenders	The lenders under the DIP Credit Agreement, as amended.	Disclosure Statement: A-22
Disbursing Agent	Solely in its capacity as agent of the Debtors to effectuate distributions pursuant to the Plan, the Reorganized Debtors, the Reorganized Debtor Plan Administrator or such other Entity as may be designated by the Debtors, with the consent of the Creditors' Committee, and appointed	Disclosure Statement: A-22

by the Bankruptcy Court and set forth in the Confirmation Order.

Disputed Claim; Disputed Equity Interest •	Any Claim against or Equity Interest in the Debtors, to the extent the allowance of such Claim or Equity Interest is the subject of a timely objection or request for estimation, or is otherwise disputed by the Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn, with prejudice or determined by a final order.	Disclosure Statement: A-23
Disputed Claims Reserve	From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by final order, the Disbursing Agent shall reserve and hold in escrow for the benefit of each holder of a Disputed Claim, Cash, Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests and any dividends, gains or income attributable thereto, in an amount equal to the pro rata share of distributions which would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of: (i) the Disputed Claim Amount, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute and represent the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtors; provided, however, that, under no circumstances, shall a holder of an Allowed Convenience Claim be entitled to distributions of Litigation Trust Interests, Special Litigation Trusts Interests or the proceeds thereof. Any Cash, Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests reserved and held for the benefit of a holder of a Disputed Claim shall be treated as a payment and reduction on account of such Disputed Claim for purposes of computing any additional amounts to be paid in Cash or distributed in Plan Securities in the event the Disputed Claim ultimately becomes an Allowed Claim. Such Cash and any dividends, gains or income paid on account of Plan Securities, Operating Trust Interests, Remaining Asset Trust Interests, Litigation Trust Interests and Special Litigation Trust Interests reserved for the benefit of holders of Disputed Claims shall be either: (x) held by the Disbursing Agent, in an interest-bearing account or (y) invested in interest-bearing obligations issued by the United States government, or by an agency of the United States government and guaranteed by the United States government, and having (in either case) a maturity of not more than thirty (30) days, for the benefit of such holders pending determination of their entitlement thereto under the terms of the Plan. No payments or distributions shall be made with	Disclosure Statement: A-22

	respect to all or any portion of any Disputed Claim pending the entire resolution thereof by final order.	
Effective Date	The earlier to occur of: (a) the first (1st) Business Day following the Confirmation Date that (i) the conditions to effectiveness of the Plan set forth in Section 37.1 of the Plan have been satisfied or otherwise waived in accordance with Section 37.2 of the Plan, but in no event earlier than December 31, 2004, and (ii) the effectiveness of the Confirmation Order shall not be stayed and (b) such other date following the Confirmation Date that the Debtors and the Creditors' Committee, in their joint and absolute discretion, designate.	Disclosure Statement: A-29
ENA Examiner	Harrison J. Goldin, appointed as examiner of ENA pursuant to the Bankruptcy Court's order, dated March 12, 2002.	Disclosure Statement: A-33
Enron Common Equity Interest	An Equity Interest represented by one of the one billion two hundred million (1,200,000,000) authorized shares of common stock of Enron as of the Petition Date or any interest or right to convert into such an equity interest or acquire any equity interest of the Debtors which was in existence immediately prior to or on the Petition Date.	Disclosure Statement: A-36
Enron Preferred Equity Interest	An Equity Interest represented by an issued and outstanding share of preferred stock of Enron as of the Petition Date, including, without limitation, that certain (a) Cumulative Second Preferred Convertible Stock, (b) 9.142% Perpetual Second Preferred Stock, (c) Mandatorily Convertible Junior Preferred Stock, Series B, and (d) Mandatorily Convertible Single Reset Preferred Stock, Series C, or any other interest or right to convert into such a preferred equity interest or acquire any preferred equity interest of the Debtors which was in existence immediately prior to the Petition Date.	Disclosure Statement: A-38
Enron TOPRS Debenture Claim	Any General Unsecured Claim arising from or relating to the Enron TOPRS Indentures.	Disclosure Statement: A-39
Enron TOPRS Debentures	The 7.75% subordinated debentures due 2016, issued in the original aggregate principal amount of $181,926,000.00 and the 7.75% subordinated debentures Due 2016, Series II, issued in the original aggregate principal amount of $136,450,000.00, pursuant to the Enron TOPRS Indentures.	Disclosure Statement: A-40
Enron TOPRS Indentures	That certain (1) Indenture, dated as of November 21, 1996, between ENE, as Issuer, and The Chase Manhattan Bank, as Indenture Trustee, and (2) Indenture, dated as of January 16, 1997, between Enron, as Issuer, and The Chase Manhattan Bank, as Indenture Trustee.	Disclosure Statement: A-40
EOC Preferred	EOC Preferred, L.L.C., a non-Debtor affiliate of Enron.	Disclosure Statement: A-40

EOS	Enron Operations Services, LLC, a Debtor.	Disclosure Statement: A-40
EPC	Enron Power Corp., a Delaware corporation and a Debtor.	Disclosure Statement: A-41
EPC Guaranty Claim	Any Unsecured Claim, other than an Intercompany Claim, against EPC arising from or relating to an agreement by EPC to guarantee or otherwise satisfy the obligations of another Debtor, including, without limitation, any Claim arising from or relating to rights of contribution or reimbursement.	Disclosure Statement: A-41
Equity Interests	Any equity interest in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock or any interest or right to convert into such an equity interest or acquire any equity interest of the Debtors which was in existence immediately prior to or on the Petition Date.	Disclosure Statement: A-43
ETS	Enron Transportation Services, LLC, a Delaware limited liability company and successor-in-interest to Enron Transportation Services Company, one of the Debtors.	Disclosure Statement: A-44
ETS Debenture Claim	Any General Unsecured Claim arising from or relating to the ETS Indentures.	Disclosure Statement: A-44
ETS Indentures	That certain (1) Indenture, dated as of November 21, 1996, by and among Enron Pipeline Company, now known as ETS, as issuer, Enron, as guarantor, and The Chase Manhattan Bank, as Indenture Trustee, and (2) Indenture, dated as of January 16, 1997, by and among Enron Pipeline Company, now known as ETS, as issuer, Enron, as guarantor, and The Chase Manhattan Bank, as Indenture Trustee.	Disclosure Statement: A-44
ETS Indenture Trustee	National City Bank, solely in its capacity as successor in interest to The Chase Manhattan Bank, as indenture trustee under the ETS Indentures, or its duly appointed successor.	Disclosure Statement: A-44
Eurodollar Advance	A Eurodollar Ratable Advance, a Eurodollar Bid Rate Advance, or both, as the context may require.	Portland General Credit Agreement
Eurodollar Bid Rate	With respect to a Eurodollar Bid Rate Loan made by a given Lender for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Competitive Bid Margin offered by such Lender and accepted by Portland General.	Portland General Credit Agreement

Eurodollar Bid Rate Loan	A loan which bears interest at a Eurodollar Bid Rate.	Portland General Credit Agreement
Eurodollar Interest Period	With respect to an Eurodollar Advance, a period of one, two, three or six months commencing on a business day selected by the Borrower pursuant to the Portland General Credit Agreement. Such Eurodollar Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last business day of such next, second, third or sixth succeeding month. If a Eurodollar Interest Period would otherwise end on a day which is not a business day, such Eurodollar Interest Period shall end on the next succeeding business day, provided that if said next succeeding business day falls in a new calendar month, such Eurodollar Interest Period shall end on the immediately preceding business day.	Portland General Credit Agreement
Eurodollar Ratable Advance	A Ratable Advance which bears interest at a Eurodollar Rate requested by Portland General pursuant to Section 2.2 of the Portland General Credit Agreement.	Portland General Credit Agreement
Eurodollar Ratable Loan	A Ratable Loan which bears interest at a Eurodollar Rate requested by Portland General pursuant to Section 2.2 of the Portland General Credit Agreement.	Portland General Credit Agreement
Eurodollar Rate	With respect to a Eurodollar Ratable Advance for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Eurodollar Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Eurodollar Interest Period, plus (ii) the Applicable Margin.	Portland General Credit Agreement
Facility LCs	Existing and standby letters of credit under the Portland General Credit Agreement.	Portland General Credit Agreement
Floating Rate	For any day, a rate per annum equal to the sum of (i) the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes, plus (ii) the Applicable Margin.	Portland General Credit Agreement
Floating Rate Advance	An Advance which, except as otherwise provided in Section 2.9 of the Portland General Credit Agreement, bears interest at the Floating Rate.	Portland General Credit Agreement

Initial Petition Date	December 2, 2001, the date on which Enron and thirteen of its direct and indirect subsidiaries filed their voluntary petitions for relief commencing the chapter 11 cases.	Disclosure Statement: A-50
Intercompany Claims	Any Unsecured Claim held by any Debtor, other than the Portland Debtors, against any other Debtor, other than the Portland Debtors.	Disclosure Statement: A-50
Interim DIP Order	Bankruptcy Court order (Docket #63) approving the DIP Credit Agreement on an interim basis.	Disclosure Statement: A-51
IRS	Internal Revenue Service, an agency of the United States Department of Treasury.	Disclosure Statement: A-51
IRS Code	Internal Revenue Code of 1986, as amended from time to time.	Disclosure Statement: A-51
General Unsecured Claim	An unsecured Claim, other than a Guaranty Claim, or an Intercompany Claim.	Disclosure Statement: A-48
Guaranty Claims	ACFI Guaranty Claims, ENA Guaranty Claims, Enron Guaranty Claims, EPC Guaranty Claims and Wind Guaranty Claims.	Disclosure Statement: A-48
Guardian	Guardian Pipeline, LLC.	Disclosure Statement: A-49
Junior Liens	Has the meaning set forth in Section IV.A.3 of the Disclosure Statement.	Disclosure Statement: A-52
Junior Reimbursement Claims	Has the meaning set forth in Section IV.A.3 of the Disclosure Statement.	Disclosure Statement: A-52
LC Obligations	At any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount of all Reimbursement Obligations at such time.	Portland General Credit Agreement
Lenders	The financial institutions and their respective successors and assigns, which are parties to the Portland General Credit Agreement.	Portland General Credit Agreement
Litigation Trust	The Entity, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, to be	Disclosure Statement: A-

	created on or prior to December 31st of the calendar year in which the Effective Date occurs, unless such date is otherwise extended by the Debtors and the Creditors' Committee, in their joint and absolute discretion and by notice filed with the Bankruptcy Court, in accordance with the provisions of Article XXII of the Plan and the Litigation Trust Agreement for the benefit of holders of Allowed Claims, as if Litigation Trust Claims were owned by Enron, in accordance with the terms and provisions of the Distribution Model and Article XXII of the Plan.	53
Litigation Trust Claims	All claims and causes of action asserted, or which may be asserted, by or on behalf of the Debtors or the Debtors' estates (i) in the MegaClaim Litigation, (ii) in the Montgomery County Litigation (other than claims and causes of action against insiders or former insiders of the Debtors), (iii) of the same nature against other financial institutions, law firms, accountants and accounting firms, certain of the Debtors' other professionals and such other Entities as may be described in the Plan Supplement and (iv) arising under or pursuant to sections 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code against the entities referenced in subsections (i), (ii) and (iii) above; provided, however, that, under no circumstances, shall such claims and causes of action include (a) Special Litigation Trust Claims to be prosecuted by the Special Litigation Trust and the Special Litigation Trustee pursuant to Article XXIII of the Plan or (b) any claims and causes of action of the estates of the Debtors waived and released in accordance with the provisions of Sections 28.3 and 42.6 of the Plan; and, provided, further, that, in the event that the Debtors and the Creditors' Committee jointly determine not to form the Litigation Trust, the claims and causes of action referred to in clauses (i), (ii), (iii) and (iv) above shall be deemed to be Assets of Enron, notwithstanding the inclusion of Enron and other Debtors or their estates as a plaintiff in such litigation and without the execution and delivery of any additional documents or the entry of any order of the Bankruptcy Court or such other court of competent jurisdiction.	Disclosure Statement: A-54
MegaClaim Litigation	The litigation styled *Enron Corp. and Enron North America Corp. v. Citigroup, Inc., et al*, Adversary Proceeding No. 03-9266 (AJG), pending in the Bankruptcy Court.	Disclosure Statement: A-56
Montgomery County Litigation	The litigation styled *Official Committee of Unsecured Creditors of Enron Corp. v. Fastow*, et al., Case No. 02-10-06531, pending in the District Court for the 9th Judicial District, Montgomery County, Texas.	Disclosure Statement: A-57
Northern Plains	Northern Plains Natural Gas Company.	Disclosure Statement: A-58
Operating Entities	Crosscountry, PGE, and Prisma, together the operating subsidiaries of	Disclosure

	the Reorganized Debtors.	Statement: A-59
Outstanding Credit Exposure	As to any Lender at any time, the sum of (i) the aggregate principal amount of its loans outstanding at such time, plus (ii) an amount equal to its pro rata share of the LC Obligations at such time.	Portland General Credit Agreement
Petition Date	The Initial Petition Date; provided, however, that, with respect to those Debtors which commenced their chapter 11 cases subsequent to December 2, 2001, "*Petition Date*" shall refer to the respective dates on which such chapter 11 cases were commenced.	Disclosure Statement: A-61
PGE Trust	The Entity, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, to be created on or subsequent to the Confirmation Date, but in no event later than the date on which the Litigation Trust is created, to hold as its sole assets the Existing PGE Common Stock or the PGE Common Stock in lieu thereof, but in no event the assets of PGE.	Disclosure Statement: A-61
Pipeline Businesses	Those pipeline businesses or other energy related businesses associated with the pipeline businesses which are owned or operated by Enron, ETS and EOC Preferred that are anticipated to be contributed for equity interests in Crosscountry pursuant to the Crosscountry Contribution and Separation Agreement.	Disclosure Statement: A-62
Plan Currency	The mixture of Creditor Cash, Prisma Common Stock, CrossCountry Common Equity, and PGE Common Stock to be distributed to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims pursuant to the Plan; provided, however, that, if jointly determined by the Debtors and the Creditors' Committee, "Plan Currency" may include Prisma Trust Interests, CrossCountry Trust Interests, PGE Trust Interests and the Remaining Asset Trust Interests.	Disclosure Statement: A-63
Plan Securities	Prisma Common Stock, CrossCountry Common Equity and PGE Common Stock.	Disclosure Statement: A-63
Plan Supplement	A separate volume, to be filed with the clerk of the Bankruptcy Court and posted as a "Related Document" at http://www.enron.com/corp/por/, including, among other documents, forms of (1) the Litigation Trust Agreement, (2) the Special Litigation Trust Agreement, (3) the Prisma Trust Agreement, (4) the CrossCountry Trust Agreement, (5) the PGE Trust Agreement, (6) the Remaining Asset Trust Agreement(s), (7) the Common Equity Trust Agreement, (8) the Preferred Equity Trust Agreement, (9) the Prisma Articles of Association, (10) the Prisma Memorandum of Association, (11) the	Disclosure Statement: A-63

Crosscountry By-laws/Organizational Agreement, (12) the Crosscountry Charter, (13) the PGE By-Laws, (14) the PGE Certificate of Incorporation, (15) the Reorganized Debtor Plan Administration Agreement, (16) the Reorganized Debtors By-laws, (17) the Reorganized Debtors Certificate of Incorporation, (18) the Severance Settlement Fund Trust Agreement, (19) a schedule of the types of Claims entitled to the benefits of subordination afforded by the documents referred to and the definitions set forth on Exhibit "L" to the Plan, (20) a schedule of Allowed General Unsecured Claims held by affiliated non-Debtor Entities and structures created by the Debtors and which are controlled or managed by the Debtors or their Affiliates, (21) a schedule setting forth the identity of the proposed senior officers and directors of Reorganized Enron, (22) a schedule setting forth the identity and compensation of any insiders to be retained or employed by Reorganized Enron, (23) a schedule setting forth the litigation commenced by the Debtors on or after December 15, 2003 to the extent that such litigation is not set forth in the Disclosure Statement, (24) the methodology or procedure agreed upon by the Debtors, the Creditors' Committee and the ENA Examiner with respect to the adjustment of Allowed Intercompany Claims, as referenced in Section 1.21 of the Plan, and to the extent adjusted or to be adjusted pursuant to such methodology or procedure, an updated Exhibit “F” to the Plan and a range of adjustment, which may be made in accordance with Section 1.21(c) of the Plan, (25) the guidelines of the Disputed Claims reserve to be created in accordance with Section 21.3 of the Plan, (26) the guidelines for the DCR Overseers in connection with the Disputed Claims reserve and (27) a schedule or description of Litigation Trust Claims and Special Litigation Trust Claims, in each case, consistent with the substance of the economic and governance provisions contained in the Plan, (a) in form and substance satisfactory to the Creditors' Committee and (b) in substance satisfactory to the ENA Examiner. The Plan Supplement shall also set forth the amount of Creditor Cash to be available as of the Effective Date as jointly determined by the Debtors and the Creditors' Committee, which amount may be subsequently adjusted with the consent of the Creditors' Committee. The Plan Supplement (containing drafts or final versions of the foregoing documents) shall be (i) filed with the clerk of the Bankruptcy Court as early as practicable (but in no event later than fifteen (15) days) prior to the Ballot Date, or on such other date as the Bankruptcy Court establishes and (ii) provided to the ENA Examiner as early as practicable (but in no event later than thirty (30) days) prior to the Ballot Date. Poliwatt means Poliwatt Limitada. Ponderosa means Ponderosa Assets, LP. Ponderosa Ltd. means Ponderosa Pine Energy Partners, Ltd. Portland Creditor Cash means at any time, the excess, if any, of (a) all Cash and Cash Equivalents in the Disbursement Account(s) relating to each of the Portland Debtors over (b) such

	amounts of Cash (i) reasonably determined by the Disbursing Agent as necessary to satisfy, in accordance with the terms and conditions of the Plan, Administrative Expense Claims, Priority Non-Tax Claims, Priority Tax Claims, Convenience Claims and Secured Claims relating to each of the Portland Debtors, (ii) necessary to make pro rata distributions to holders of Disputed Claims as if such Disputed Claims relating to each of the Portland Debtors were, at such time, Allowed Claims and (iii) such other amounts reasonably determined by each of the Reorganized Portland Debtors as necessary to fund the ongoing operations of each of the Reorganized Portland Debtors during the period from the Effective Date up to and including the date such Debtors' chapter 11 cases are closed.	
Portland Debtors	Portland General Holdings, Inc. and Portland Transition Company, Inc.	Disclosure Statement: A-64
Portland General Credit Agreement	The 364-Day Credit Agreement, dated May 28, 2003, among Portland General and the Lenders thereunder and Bank One, NA as administrative agent for the Lenders.	Portland General Credit Agreement
Pricing Schedule	The Schedule attached to the Portland General Credit Agreement and identified as such.	Portland General Credit Agreement
Prime Rate	A rate per annum equal to the prime rate of interest announced by Bank One or by its parent, Bank One Corporation, from time to time, changing when and as said prime rate changes.	Portland General Credit Agreement
PriorityNon-Tax Claim	Any Claim against the Debtors, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment in accordance with sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code, but only to the extent entitled to such priority.	Disclosure Statement: A-65
Priority Tax Claim	Any Claim of a governmental unit against the Debtors entitled to priority in payment under sections 502 (i) and 507(a)(8) of the Bankruptcy Code.	Disclosure Statement: A-65
Prisma	Prisma Energy International Inc., a Cayman Islands company, the assets of which shall consist of the Prisma Assets.	Disclosure Statement: A-65
Prisma Assets	The assets to be contributed into or transferred to Prisma, including, without limitation (a) those assets set forth on Exhibit "H" to the Plan; provided, however, that, in the event that, during the period from the date of the Disclosure Statement Order up to and including the date of	Disclosure Statement: A-66

	the initial distribution of Plan Securities pursuant to the terms and provisions of Section 32.1 of the Plan, the Debtors, with the consent of the Creditors' Committee, determine not to include in Prisma a particular asset set forth on Exhibit "H" to the Plan, the Debtors shall file a notice thereof with the Bankruptcy Court and the value of the Prisma Common Stock shall be reduced by the Value attributable to such asset, as set forth in the Disclosure Statement or determined by the Bankruptcy Court at the Confirmation Hearing, and (b) such other assets as the Debtors, with the consent of the Creditors' Committee, determine on or prior to the date of the initial distribution of Plan Securities pursuant to the terms and provisions of Section 32.1 of the Plan to include in Prisma and the Value of the Prisma Common Stock shall be increased by the Value attributable to any such assets.	
Prisma Articles of Association	The articles of association of Prisma, which articles of association shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.	Disclosure Statement: A-65
Prisma Common Stock	The ordinary shares of Prisma authorized and to be issued pursuant to the Plan, which shares shall have a par value of $0.01 per share, of which fifty million (50,000,000) shares shall be authorized and of which forty million (40,000,000) shares shall be issued pursuant to the Plan, and such other rights with respect to dividends, liquidation, voting and other matters as are provided for by applicable nonbankruptcy law or the Prisma Memorandum of Association or the Prisma Articles of Association.	Disclosure Statement: A-66
Prisma Contribution and Separation Agreement	The agreement to be entered into by the Prisma Enron Parties and Prisma to govern the contribution of the Prisma Assets to Prisma.	Disclosure Statement: A-66
Prisma Distribution Date	The date on which the Prisma Distribution occurs.	Disclosure Statement: A-66
Prisma Enron Parties	Enron and its affiliates, other than Prisma, that are party to the Prisma Contribution and Separation Agreement.	Disclosure Statement: A-66
Prisma Memorandum of Association	Memorandum of association of Prisma, which memorandum of association shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.	Disclosure Statement: A-66
Prisma Trust	The entity, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, to be created on or subsequent to the Confirmation Date, but in no event later than the date on which the Litigation Trust is created, in addition to the	Disclosure Statement: A-67

	creation of Prisma, and to which Entity shall be conveyed one hundred percent (100%) of the Prisma Common Stock.	
Prisma Trust Agreement	In the event that the Prisma Trust is created, the Prisma Trust Agreement, which agreement shall be in form and substance satisfactory to the Creditors' Committee and substantially in the form contained in the Plan Supplement, pursuant to which the Prisma Trust Board and the Prisma Trustee shall manage, administer, operate and liquidate the assets contained in the Prisma Trust and distribute the proceeds thereof or the Prisma Common Stock.	Disclosure Statement: A-67
Prisma Trust Board	In the event that the Prisma Trust is created, the persons selected by the Debtors, after consultation with the Creditors' Committee, and appointed by the Bankruptcy Court, or any replacements thereafter selected in accordance with the provisions of the Prisma Trust Agreement.	Disclosure Statement: A-67
Prisma Trustee	In the event that the Prisma Trust is created, Stephen Forbes Cooper, LLC or such other Entity appointed by the Prisma Trust Board and approved by the Bankruptcy Court to administer the Prisma Trust in accordance with the provisions of Article XXIV of the Plan and the Prisma Trust Agreement.	Disclosure Statement: A-67
RAC	The Risk Assessment and Control Group for the Enron Companies.	Disclosure Statement A-68
Remaining Asset Trust(s)	One or more Entities, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, to be created on or after the Confirmation Date, but in no event later than the date on which the Litigation Trust is created, occurs in accordance with the provisions of Article XXV of the Plan and the Remaining Asset Trust Agreement(s) for the benefit of holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims and such other Allowed Claims and Allowed Equity Interests in accordance with the terms and provisions of the Plan.	Disclosure Statement: A-69
Remaining Assets	From and after the Effective Date, all Assets of the Reorganized Debtors; provided, however, that, under no circumstances, shall "Remaining Assets" include (a) Creditor Cash on the Effective Date, (b) the Litigation Trust Claims, (c) the Special Litigation Trust Claims, (d) the Plan Securities and (e) claims and causes of action subject to the Severance Settlement Fund Litigation.	Disclosure Statement: A-69
Reorganized Debtors	The Debtors, other than the Portland Debtors, from and after the Effective Date.	Disclosure Statement: A-70
Reorganized	The respective by-laws of the Reorganized Debtors, including	Disclosure

Debtors By-laws	Reorganized Enron, which by-laws shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.	Statement: A-70
Reorganized Debtors Certificate of Incorporation	The respective Certificates of Incorporation of the Reorganized Debtors, which certificates of incorporation shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.	Disclosure Statement: A-70
Reorganized Debtor Plan Administrator	Stephen Forbes Cooper, LLC, retained, as of the Effective Date, by the Reorganized Debtors as the employee responsible for, among other things, the matters described in Section 36.2 of the Plan.	Disclosure Statement: A-70
Reorganized Portland Debtors	The Portland Debtors, from and after the Effective Date.	Disclosure Statement: A-70
Ratable Advance	A borrowing (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting in either case, of the aggregate amount of the several Ratable Loans of the same type and, in the case of Eurodollar Ratable Loans, for the same interest period.	Portland General Credit Agreement
Reserve Requirement	With respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.	
S&P	Standard & Poor's, a division of The McGraw-Hill Companies, Inc.	Disclosure Statement: A-71
Second Amended DIP Credit Agreement	The Second Amended and Restated Revolving Credit and Guaranty Agreement dated as of May 9, 2003, by and among Enron, as borrower, each of the direct or indirect subsidiaries of Enron party thereto, as guarantors, the DIP Lenders, JPMCB and Citicorp, as co-administrative agents, Citicorp, as paying agent, and JPMCB, as collateral agent.	Disclosure Statement: A-72
Secured Claim	A Claim against the estates of the Debtors (a) secured by a lien on Collateral or (b) subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Collateral or to the extent of the amount subject to setoff, as applicable, as determined in accordance with section 506(a) of the Bankruptcy Code or as otherwise agreed to, in writing, by the (1) Debtors and the holder of such Claim, subject to the consent of the Creditors' Committee, or (2) the Reorganized Debtors and the holder of such Claim, as the case may be; provided, however, that, to the extent that the value of such interest is less than the amount of the Claim which has the benefit of such security, the unsecured portion of such Claim shall be treated as a General Unsecured Claim	Disclosure Statement: A-73

	unless, in any such case, the Class of which such Claim is a part makes a valid and timely election in accordance with section 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent allowed.	
Securities Act	Securities Act of 1933.	Disclosure Statement: A-73
Severance Settlement Fund Litigation	Those claims and causes of action arising from and relating to the payment of the Employee Prepetition Stay Bonus Payments to certain of the Debtors' employees, which claims and causes of action were assigned to the Employee Committee pursuant to the Severance Settlement Order, including, without limitation, the claims and causes of action which are the subject of litigation styled (a) Theresa A. Allen et al. v. Official Employment-Related Issues Committee; Enron Corp.; Enron North America Corp.; Enron Net Works, L.L.C., Adversary Proceeding No. 03-02084-AJG, currently pending in the Bankruptcy Court, (b) Official Employment-Related Issues Committee of Enron Corp., et al. v. John D. Arnold, et al., Adversary Proceeding No. 03-3522, currently pending in the United States Bankruptcy Court for the Southern District of Texas, (c) Official Employment-Related Issues Committee of Enron Corp., et al. v. James B. Fallon, et al., Adversary Proceeding No. 03-3496, currently pending in the United States Bankruptcy Court for the Southern District of Texas, (d) Official Employment-Related Issues Committee of Enron Corp., et al. v. Jeffrey McMahon, Adversary Proceeding No. 03-3598, currently pending in the United States Bankruptcy Court for the Southern District of Texas, and (e) Official Employment-Related Issues Committee of Enron Corp. v. John J. Lavorato, et al., Adversary No. 03-3721, currently pending in the United States Bankruptcy Court for the Southern District of Texas.	Disclosure Statement: A-74
Special Litigation Trust	The Entity, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, Creditors' Committee, to be created on or prior to December 31st of the calendar year in which the Effective Date occurs, unless such date is otherwise extended by the Debtors and the Creditors' Committee, in their joint and absolute discretion and by notice filed with the Bankruptcy Court, in accordance with the provisions of Article XXIII of the Plan and the Special Litigation Trust Agreement for the benefit of holders of Allowed Claims against Enron in accordance with the terms and provisions of Article XXIII of the Plan.	Disclosure Statement: A-76
Special Litigation Trust Claims	All claims and causes of action of the Debtors or Debtors in Possession, if any, that asserted, or which may be asserted, by or on behalf of the Debtors or the Debtors' estates (i) in the Montgomery County Litigation	Disclosure Statement: A-

	(solely with respect to claims and causes of action against insiders or former insiders of the Debtors), (ii) of the same nature against other of the Debtors' current or former insiders and such other Entities as may be described in the Plan Supplement and (iii) arising under or pursuant to sections 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code against the Entities referenced in subsections (i) and (ii) above; provided, however, that under no circumstances, shall such claims and causes of action include (a) Litigation Trust Claims to be prosecuted by the Litigation Trust, the Debtors or Reorganized Debtors, as the case may be, and (b) any claims and causes of action waived and released in accordance with the provisions of Sections 28.3 and 42.6 of the Plan, and, provided, further, that, in the event that the Debtors and the Creditors' Committee jointly determine not to form the Special Litigation Trust, the claims and causes of action referred to in clauses (i), (ii) and (iii) above shall be deemed to be Assets of Enron, notwithstanding the inclusion of Enron and other Debtors or their estates as a plaintiff in such litigation and with the execution and delivery of any additional documents or the entry of any order of the Bankruptcy Court or such other court of competent jurisdiction.	77
Subordinated Claim	A Section 510 Enron Senior Notes Claim, a Section 510 Enron Subordinated Debenture Claim, a Section 510 Enron Preferred Equity Interest Claim, a Section 510 Enron Common Equity Interest Claim, a Penalty Claim, an Enron TOPRS Subordinated Guaranty Claim or an Other Subordinated Claim.	Disclosure Statement: A-78
Transwestern	Transwestern Holding Company, Inc.	Disclosure Statement: A-80
Treasury Regulations	Regulations promulgated by the U.S. Department of Treasury pursuant to the IRC.	Disclosure Statement: A-80
Unsecured Claim	Any Claim against the Debtors, other than an Administrative Expense Claim, a Secured Claim, a Priority Non-Tax Claim, a Priority Tax Claim, a Subordinated Claim, or a Convenience Claim.	Disclosure Statement: A-81

REORGANIZED DEBTOR
PLAN ADMINISTRATION AGREEMENT

This REORGANIZED DEBTOR PLAN ADMINISTRATION AGREEMENT (this "Agreement"), dated as of November 16, 2004, between Enron Corp., an Oregon corporation ("Enron"), each of the other Debtors that are signatories hereto and Stephen Forbes Cooper, LLC (the "SFC").

W I T N E S S E T H :

WHEREAS, commencing on December 2, 2001, Enron and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (as defined in the Plan); and

WHEREAS, by order, dated July 15, 2004, the Bankruptcy Court confirmed the Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated July 2, 2004, including, without limitation, the Plan Supplement and all schedules and exhibits thereto (as the same has been or may be amended, the "Plan"); and

WHEREAS, in accordance with Article XXXVI of the Plan, certain duties and responsibilities shall be borne by the Reorganized Debtor Plan Administrator; and

WHEREAS, effective upon the Effective Date of the Plan, Enron desires to appoint SFC to serve as Reorganized Debtor Plan Administrator under the Plan, and SFC is willing to serve in such capacity, in each case upon the terms set forth herein and pursuant to the Plan;

NOW, THEREFORE, the parties hereby agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the respective meanings assigned to such terms in the Plan.

2. Appointment. Enron hereby appoints SFC to serve as Reorganized Debtor Plan Administrator under the Plan, and SFC hereby accepts such appointment and agrees to serve in such capacity, in each case effective upon the Effective Date of the Plan. On the Effective Date, compliance with the provisions of the Plan shall become the general responsibility of the Reorganized Debtor Plan Administrator, as an employee of the Reorganized Debtors, (subject to the supervision of the Board of Directors of the Reorganized Debtors) pursuant to and in accordance with the provisions of the Plan and this Agreement.

3. Responsibilities. The responsibilities of the Reorganized Debtor Plan Administrator shall include (a) facilitating the Reorganized Debtors' prosecution or settlement of objections to and estimations of Claims, (b) prosecution or settlement of claims and causes of action held by the Debtors and Debtors in Possession, (c) assisting

the Litigation Trustee and the Special Litigation Trustee in performing their respective duties, (d) calculating and assisting the Disbursing Agent in implementing all distributions in accordance with the Plan, (e) causing to be filed all required tax returns and paying taxes and all other obligations on behalf of the Reorganized Debtors from funds held by the Reorganized Debtors, (f) quarterly reporting (in a manner determined by the Reorganized ENE Board or as otherwise required by the Bankruptcy Code, the Plan or by the Bankruptcy Court) to the Bankruptcy Court of the status of the Claims resolution process, distributions on Allowed Claims and prosecution of causes of action, (g) liquidating the Remaining Assets and providing for the distribution of the net proceeds thereof in accordance with the provisions of the Plan, (h) consulting with, and providing information to, the DCR Overseers in connection with the voting or sale of the Plan Securities to be deposited into the Disputed Claims reserve to be created in accordance with Section 21.3 of the Plan, and (i) such other responsibilities as may be vested in this Agreement pursuant to the Plan, this Agreement or Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan. Notwithstanding anything to the contrary the Plan Administrator shall report to, and follow, as if it were an officer of each of the Reorganized Debtors, the direction, guidance and oversight of the Board of Directors of Reorganized ENE.

4. Powers. The powers of the Reorganized Debtor Plan Administrator shall, without any further Bankruptcy Court approval in each of the following cases, include (a) the power to invest funds in, and withdraw, make distributions and pay taxes and other obligations owed by the Reorganized Debtors from funds held by the Reorganized Debtor Plan Administrator and/or the Reorganized Debtors in accordance with the Plan, (b) the power to compromise and settle claims and causes of action on behalf of or against the Reorganized Debtors, other than Litigation Trust Claims, Special Litigation Trust Claims and claims and causes of action which are the subject of the Severance Settlement Fund Litigation, and (c) such other powers as may be vested in or assumed by the Reorganized Debtor Plan Administrator pursuant to the Plan, this Agreement or as may be deemed necessary and proper to carry out the provisions of the Plan.

5. Certain Limitations on Powers. Notwithstanding anything to the contrary contained herein or in the Plan, prior to taking the following actions, the Plan Administrator shall be required to obtain approval of the board of directors of Reorganized ENE and, if requested by the board of directors, the Bankruptcy Court:

(a) Allowance of Claims. Compromise or settle any Claim to the extent such resolution (i) provides for the allowance of a Claim against a Debtor that exceeds one hundred million dollars ($100,000,000), (ii) provides for the allowance of a Claim against a Debtor that exceeds one million dollars ($1,000,000) and constitutes more than twenty percent (20%) of such Debtor's Book Value (hereinafter defined) of Claims, (iii) provides for the allowance of a Claim that exceeds twenty million dollars ($20,000,000) and constitutes more than one hundred five percent (105%) of such Claim's Book Value and (iv) provides for the allowance of a Claim of a current or former employee or insider of the Debtors that exceeds one hundred thousand dollars ($100,000).

(b) Disposition of Assets. Enter into definitive documentation concerning any sale, transfer or other disposition (a "Sale") of any Asset that has a Book Value greater than two million dollars ($2,000,000) unless (i) the aggregate proceeds to be received from such Sale are exclusively Cash or Cash Equivalents, (ii) the aggregate proceeds from such Sale exceed ninety-five percent (95%) of the Book Value of such Asset and (iii) the documentation for the Sale specifies that the transaction is on an "as is, where is" basis, with no indemnification obligations of the Reorganized Debtors and no survival of representations, warranties or covenants made by the Reorganized Debtors.

(c) Causes of Action. Compromise or settle any claim or cause of action that constitutes an Asset for which the initial amount demanded exceeds two million dollars ($2,000,000).

As used in this section, "Book Value" shall mean the value attributed to an Asset or Claim in Appendix C to the Disclosure Statement and/or in any supporting documentation and information upon which Appendix C is based.

6. Other Activities. The Reorganized Debtor Plan Administrator shall be entitled to perform services for and be employed by third parties, provided that such performance or employment affords the Reorganized Debtor Plan Administrator sufficient time to carry out its responsibilities as Reorganized Debtor Plan Administrator.

7. Representatives.

(a) To satisfy its obligations under the Agreement to provide services to the Reorganized Debtors, SFC may utilize (i) the Associate Directors of Restructuring (each an "Associate Director") approved by Enron's Board of Directors and/or the Bankruptcy Court prior to the Effective Date to provide services to the Debtors on behalf of SFC, and (ii) each Associate Director designated by SFC after the Effective Date (A) in a written notice given to Enron's Board of Directors or (B) in a verbal notice given to Enron's Board of Directors as reflected in the Minutes of a meeting of such Board of Directors, to provide services to the Reorganized Debtors pursuant to this Agreement (each a "Post Effective Date Appointed Associate Director"), provided, that, (X) if Enron's Board of Directors objects to the use of any Post Effective Date Appointed Associate Director by SFC for such services, SFC shall obtain the approval of the Bankruptcy Court, after notice and an opportunity for hearing, and (Y) if Enron's Board of Directors approves of the use of a Post Effective Date Appointed Associate Director by SFC for such services, SFC shall follow and satisfy the notice procedures with regard to such Post Effective Date Appointed Associate Director set forth in Schedule 2, in each case prior to utilizing such Post Effective Date Appointed Associate Director.

(b) In the event that the Board of Directors of Enron requests that SFC reduce the number of Associate Directors utilized to provide the services set forth herein, and SFC refuses to make such a reduction, such Board of Directors may request the Bankruptcy Court to reduce the number of Associate Directors authorized to provide such services. If the Bankruptcy Court grants such request, the Associate Directors authorized

to provide such services pursuant to clause (a) above shall be adjusted as set forth in the applicable order of the Bankruptcy Court.

(c) Prior to the Effective Date, SFC shall cause Stephen F. Cooper ("Cooper") and each of SFC's other employees and principals that will provide services on behalf of the Reorganized Debtors (collectively with Cooper, the "Representatives") pursuant to this Agreement to enter into an agreement in the form attached hereto as Exhibit A, and shall undertake diligent efforts to cause each Representative to comply with the terms and conditions of such agreement.

8. Compensation and Reimbursement of SFC.

(a) SFC's compensation shall consist of the following:

(i) an annual payment of $1,320,000, payable monthly in the amount of $110,000 in immediately available funds throughout the term hereof for the services of SFC. The initial monthly payment under this Agreement shall be on the Effective Date in a prorated amount based upon the remaining days following the Effective Date in the month of the Effective Date. The monthly payment for each subsequent month shall be on the first day of each calendar month for which the services are being provided.

(ii) an annual payment of $864,000 for each Associate Director permitted to provide services to the Reorganized Debtors pursuant to Section 7(a) on the basis of 160 hours per month as a full time equivalent ("FTE") for an Associate Director, such fee to be payable monthly in the amount of $72,000 in immediately available funds. The initial monthly payment under this Agreement shall be on the Effective Date in a prorated amount based upon the remaining days following the Effective Date in the month of the Effective Date. The monthly payment for each subsequent month shall be on the first day of each calendar month and will be determined as set forth in Section 8(c). Additionally, a quarterly adjustment to the amounts paid monthly pursuant to Sections 8(a) and 8(b) shall be made beginning with the first calendar quarter ending after the Effective Date, in accordance with Section 8(c).

(iii) a fee requested by SFC of, and subject to the approval of, Enron's Board of Directors and the Bankruptcy Court, which shall be reasonable under the circumstances, to be fixed and paid promptly after the earlier of either (i) termination of this Agreement other than for Cause (hereinafter defined)(in addition to any fee payable to Section 12(d)), or (ii) liquidation of substantially all of the Reorganized Debtors' material assets, in an amount to take into account, among other things, SFC's dedication to Reorganized Debtors after the effectiveness of the Plan to the exclusion of other business, comparable fees, results achieved, value maximization, and diligent progress and efforts towards the liquidation of the Reorganized Debtors and their affiliates; provided, however, if Enron's Board of Directors does not approve such fee requested by SFC, SFC may request approval of such fee by the Bankruptcy Court, in

which case such fee shall be payable as approved by the Bankruptcy Court without approval of Enron's Board of Directors.

(b) The Reorganized Debtors shall reimburse SFC for all reasonable out-of-pocket expenses incurred and billed consistent with practices used prior to the Effective Date, including, but not limited to, reasonable costs of travel, reproduction, typing, computer usage, reasonable fees of legal counsel (including legal counsel to draft and enforce this Agreement) and other similar direct expenses and any and all taxes (other than state, local and federal income taxes) on any of the foregoing.

(c) The Reorganized Debtors shall pay to SFC the compensation set forth in Section 8(a) and shall reimburse expenses in accordance with Section 8(b) based upon the submission of monthly invoices by SFC setting forth the number of Associate Directors for the prior calendar month, a general description of the services provided and a detailed listing of the expenses sought to be reimbursed. SFC shall make a retroactive upward or downward adjustment on a quarterly basis to the fee calculated pursuant to Sections 8(a)(i) and 8(a)(ii) hereof based on the actual level of efforts (i.e., the FTE's actually worked during the quarter) and experience (as indicated on Schedule 1 by the normal billing rate for similar engagements) of the individuals providing services. Any hourly rate increases shall only be effective to the extent they are generally effective for other similar clients of SFC or Kroll Zolfo Cooper LLC. Such retroactive adjustment shall be reported to the Board of Directors of Enron and shall be binding upon the Reorganized Debtors, unless the Board of Directors of Enron affirmatively objects to the calculation of such adjustment and gives written notice of such objection to SFC within ten (10) days after date such adjustment is reported to the Board of Directors. In the event of such objection SFC may seek approval of such adjustment from the Bankruptcy Court, in which case such adjustment shall be binding upon the Reorganized Debtors only upon its approval by the Bankruptcy Court.

(d) Notwithstanding anything to the contrary, the fees and expenses payable to SFC pursuant to the terms of this Agreement shall serve as sole compensation and reimbursement for all services rendered by SFC or any of its employees or affiliates to the Reorganized Debtors or any of the Reorganized Debtors' Affiliates as Plan Administrator, Disbursing Agent or trustee of any trust formed pursuant to the Plan (the "Services"). No other fees or expenses shall be paid on account of the rendering of such Services.

(e) Each time that SFC adjusts the hourly rates charged for its Associate Directors, it shall provide a notice setting forth such rates to Enron's Board of Directors as promptly as practicable after such rates are determined.

9. Confidentiality.

(a) The Reorganized Debtors and their Boards of Directors shall treat any information received from SFC or any Representative as confidential, and, except as specified in this Section 9(a), will not publish, distribute or otherwise disclose in any

manner any information developed by or received from SFC or any Representative without SFC's or such Representative's prior approval. Such approval shall not be required if (i) the information sought is required to be disclosed by an order binding on the Reorganized Debtor and issued by a court having competent jurisdiction over such Reorganized Debtor and such information is disclosed only pursuant to the terms of such order, (ii) such information is required to be disclosed by applicable law based on the advice of legal counsel, (iii) the information is otherwise publicly available other than, to the knowledge of such disclosing Person, through disclosure by a party in breach of a confidentiality obligation with respect thereto, or (iv) any of such Boards of Directors determines that it is required to disclose such information to satisfy its fiduciary duties and such Board of Directors obtains (A) approval of the Bankruptcy Court to make such disclosure, or (B) an opinion of counsel affirming that such disclosure is required.

(b) SFC agrees, and shall cause each Representative, to treat any information received from the Reorganized Debtors or their representatives as confidential, and, except as specified in this Section 9(b), will not publish, distribute or otherwise disclose in any manner any information developed by or received from the Reorganized Debtors or their representatives without the Enron's prior approval. Such approval shall not be required if (i) the information sought is required to be disclosed by an order binding on SFC or such Representative, as the case may be, and issued by a court having competent jurisdiction over SFC or such Representative, as the case may be, and such information is disclosed only pursuant to the terms of such order, (ii) such information is required to be disclosed by applicable law based on the advice of legal counsel or (iii) the information is otherwise publicly available other than, to the knowledge of such disclosing Person, through disclosure by a party in breach of a confidentiality obligation with respect thereto.

10. Exculpation: Indemnification.

(a) None of the Reorganized Debtor Plan Administrator nor any Representative shall be liable to any Persons or Entities, including, without limitation, holders of Claims or Equity Interests or other parties in interest, for any claim, cause of action and other assertion of liability arising out of the discharge of the powers and duties conferred upon the Reorganized Debtor Plan Administrator by the Plan or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law, except for actions or omissions to act arising out of recklessness, gross negligence, willful misconduct, breach of fiduciary duty or knowing violation of law of Reorganized Debtor Plan Administrator or such Representative. No holder of a Claim or Equity Interest or other party in interest will have any claim or cause of action against the Reorganized Debtor Plan Administrator or any Representative for making payments in accordance with the Plan or for implementing the provisions of the Plan, except for actions or omissions to act arising out of recklessness, gross negligence, willful misconduct, breach of fiduciary duty or knowing violation of law.

(b) The Reorganized Debtors shall indemnify and hold harmless the Reorganized Debtor Plan Administrator and each Representative to the fullest extent

permitted under (i) the Articles of Incorporation and by-laws of the Reorganized Debtors, (ii) the laws of the jurisdiction in which the applicable Reorganized Debtor is organized applicable to an officer of a corporation.

11. Term. This Agreement shall terminate on the earlier of: (a) the termination of the Reorganized Debtors Plan Administrator by the board of directors of Reorganized ENE with or without Cause or the effectiveness of its resignation pursuant to Section 12 and (b) thirty (30) days following the closing of the bankruptcy cases of the Reorganized Debtors. Notwithstanding the foregoing, the Bankruptcy Court, upon motion by the board of directors of Reorganized ENE on notice with an opportunity for a hearing at least three (3) months before the expiration of the original term or an extended term, may extend, for a fixed period, the term of this Agreement if it is necessary to facilitate or complete the transactions contemplated herein and by the Plan. The Bankruptcy Court may approve multiple extensions of the term of this Agreement.

12. Removal & Resignation of Reorganized Debtor Plan Administrator.

(a) Removal. The Reorganized Debtor Plan Administrator may be removed with or without Cause by resolution of the board of directors of Reorganized ENE, a copy of which shall be delivered to the removed Reorganized Debtor Plan Administrator, and, in the case of a Section 12(a)(v) removal, such notice shall be provided not less than ten (10) days prior to the effectiveness of such removal. For purposes of this Agreement, "Cause" shall be defined as: (i) the Reorganized Debtor Plan Administrator's theft or embezzlement or attempted theft or embezzlement of money or tangible or intangible assets or property; (ii) the Reorganized Debtor Plan Administrator's violation of any law (whether foreign or domestic), which results in a felony indictment or similar judicial proceeding; (iii) the Reorganized Debtor Plan Administrator's recklessness, gross negligence, willful misconduct, breach of fiduciary duty or knowing violation of law, in the performance of its duties; (iv) the Reorganized Debtor Plan Administrator's failure to perform any of its other material duties under this Agreement; or (v) the Reorganized Debtor Plan Administrator's failure to follow any lawful direction of the board of directors of Reorganized ENE with respect to the responsibility of the Reorganized Debtor Plan Administrator as specified in Sections 3, 4 and 5 above; provided, however, the Reorganized Debtor Plan Administrator has been given (A) a reasonable period to cure any alleged Cause under clauses (iii) (other than willful misconduct) and (iv) and (B) ten (10) days to cure any alleged Cause under clause (v).

(b) Simultaneous Removal and Resignation. To the extent that the Reorganized Debtor Plan Administrator is removed pursuant to the terms specified in Section 12(a) above (a "Removal") or the Reorganized Debtor Plan Administrator resigns pursuant to the terms specified in Section 12(c) below (a "Resignation"), and such Reorganized Debtor Plan Administrator is then serving in any other capacity for or on behalf of any of the Reorganized Debtors or any of their Affiliates or is serving as Disbursing Agent or as trustee of any trust formed pursuant to the Plan (service by the Reorganized Debtor Plan Administrator in each such additional capacity, a "Duty" and

collectively, the "Duties"), the Reorganized Debtor Plan Administrator shall be deemed to be terminated (for all purposes and without any further action) from each of its other Duties upon its Removal or Resignation.

(c) Resignation. SFC may resign as Reorganized Debtor Plan Administrator hereunder upon delivery of forty five (45) days' written notice to the board of directors of Reorganized ENE. If a successor Reorganized Debtor Plan Administrator has not been appointed by the end of such forty five (45) day period, the Reorganized Debtor Plan Administrator shall continue as Reorganized Debtor Plan Administrator for up to an additional forty five (45) days if so requested by the board of directors of Reorganized ENE pursuant to the terms specified herein.

(d) Termination Fee. In the event of a termination of the Reorganized Debtor Plan Administrator without Cause, the Reorganized Plan Administrator shall be paid a fee of $2,900,000. This fee represents liquidated damages intended by the parties to compensate SFC for the lost opportunity costs and reallocation of resources upon termination without Cause.

(e) Expiration of Rights and Obligations. The duties, responsibilities and powers of the Reorganized Debtor Plan Administrator and the Reorganized Debtors will terminate upon the termination of this Agreement.

13. Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if in writing and personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by facsimile, addressed as follows or to such other address as any party shall have given notice of pursuant hereto:

In the case of the Reorganized Debtor Plan Administrator:

Stephen Forbes Cooper LLC
900 Third Avenue
New York, New York 10022
Telephone: (212) 213-5555
Telecopier: (212) 213-1749
Arm: Stephen F. Cooper

with a copy to:

Stephen Forbes Cooper LLC
101 Eisenhower Parkway, 3rd Floor
Roseland, New Jersey 07068
Telephone: (973) 618-5100
Telecopier: (973) 618-9430
Attn: Elizabeth S. Kardos,
General Counsel

In the case of Enron or any other Debtor:

Enron Corp.
1221 Lamar, Suite 1600
Houston, Texas 77010-1221
Attention: General Counsel
Telephone: (713) 853-6161
Telecopier: (713) 853-3129

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Brian S. Rosen, Esq.
Telephone: (212) 310-8000
Telecopier: (212) 310-8007

14. Jurisdiction. The Bankruptcy Court shall have the continuing and exclusive jurisdiction to interpret and enforce this Agreement and to determine all disputes arising hereunder.

15. Governing Law: Jurisdiction: Board Standing.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to rules governing the conflict of laws. Without limiting any Person or Entity's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all actions related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the exclusive jurisdiction and venue of the Bankruptcy Court.

(b) In the event that (i) SFC makes a request of the Bankruptcy Court with regard to any matter arising out of this Agreement, and any Board of Directors of the Reorganized Debtors desires to object to the granting of such request, or (ii) any Board of Directors of the Reorganized Debtors is required, or desires, to obtain approval, or an order, of the Bankruptcy Court pursuant to this Agreement, such Board of Directors may retain counsel or other advisors at the reasonable expense of the Reorganized Debtor to advise or otherwise represent such Board of Directors in connection with the matters specified in (i) and (ii) of the clause (b), including, without limitation, to object to, seek approval or an order with regard to, and/or appear at the hearing regarding, such matters. Nothing in this clause (b) shall be deemed to require the approval of any Board of Directors of the Reorganized Debtors for the granting of any request by SFC of the Bankruptcy Court.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, and which together shall constitute a single instrument.

17. Entire Agreement. This Reorganized Debtor Plan Administrator Agreement constitutes the entire agreement by and among the parties hereto regarding the subject matter hereof. This Reorganized Debtor Plan Administrator Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations, discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder, including without limitation the [set forth all prior SFC Engagement Letters]; provided, however, this Agreement shall not limit any compensation due to SFC for services provided prior to the Effective Date pursuant to any other agreement or order of the Bankruptcy Court.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Enron Corp.

By: _____
Name: K. Wade Cline
Title: Managing Director and Assistant General Counsel

Enron Metals & Commodity Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron North America Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Power Marketing, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

PBOG Corp.

By: _____
Name: K. Wade Cline
Title: President

Smith Street Land Company

By: _____
Name: K. Wade Cline
Title: President

Enron Broadband Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Services Operations, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Marketing Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Services, LLC

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Transportation Services, LLC

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

BAM Lease Company

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

ENA Asset Holdings L.P.
By: Blue Heron I LLC, General Partner
By: Whitewing Associates L.P., Sole Member
By: Egret I LLC, Managing Member

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Gas Liquids, Inc.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

All of Lyons

Enron Global Markets LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Net Works LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Industrial Markets LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Operational Energy Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Engineering & Construction Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Engineering & Operational Services Company

By: _____
Name: K. Wade Cline
Title: Vice President

Garden State Paper Company, LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Palm Beach Development Company, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

Tenant Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Information Solutions, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EESO Merchant Investments, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Federal Solutions, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Freight Markets Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Broadband Services, L.P.
By: Enron Broadband Services, Inc.,
General Partner

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Energy Services North America, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

ALL OK

Enron LNG Marketing LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Calypso Pipeline, LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Global LNG LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron International Fuel Management Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Natural Gas Marketing Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

RLL OK
LYONS

ENA Upstream Company LLC

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Liquid Fuels, Inc.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron LNG Shipping Company

By: K Wade Cline

Name: K. Wade Cline
Title: Chairman

Enron Property & Services Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: President

Enron Capital & Trade Resources International Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

ALL OK (Lions)

Enron Communications Leasing Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Wind Systems, LLC, f/k/a
EREC Subsidiary I, LLC and successor
toEnron Wind Systems Inc.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Wind Constructors LLC, f/k/a
EREC Subsidiary n, LLC and successor
to Enron Wind Constructors Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Enron Wind Energy Systems LLC, f/k/a
EREC Subsidiary III, LLC and successor
to Enron Wind Energy Systems Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

ALL OK
LYONS

Enron Wind Maintenance LLC, f/k/a EREC Subsidiary IV, LLC and successor to Enron Wind Maintenance Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Wind LLC, f/k/a EREC Subsidiary V, LLC and successor to Enron Wind Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Intratex Gas Company

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Processing Properties, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Methanol Company

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Ventures Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

The New Energy Trading Company

By: _____
Name: K. Wade Cline
Title: Vice President

EES Service Holdings, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Wind Development LLC

By: _____
Name: K. Wade Cline
Title: Vice President

ZWHC LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Zond Pacific, LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Reserve Acquisition Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EPC Estates Services, Inc., f/k/a
National Energy Production Corporation

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Power & Industrial Construction
Company

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

NEPCO Power Procurement Company

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

AGL OK
LYONS

NEPCO Services International, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Caribe Verde (SJG) Inc., fiTc/a
San Juan Gas Company, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EBF LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Zond Minnesota Construction Company LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Fuels International, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

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E Power Holdings Corp.

By: _____
Name: K. Wade Cline
Title: President

EFS Construction Management Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Management, Inc.

By: _____
Name: K. Wade Cline
Title: President

Enron Expat Services, Inc.

By: _____
Name: K. Wade Cline
Title: President

Artemis Associates, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

ALL OK (LYONS)

Clinton Energy Management Services, Inc.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

LINGTEC Constructors L.P.
By: Enron Power Construction Company, General Partner

By: S G D

Name: Stephen D. Dowd
Title: President and Chief Executive Officer

EGS New Ventures Corp.

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Louisiana Gas Marketing Company

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

Louisiana Resources Company

By: K Wade Cline

Name: K. Wade Cline
Title: Vice President

ALL OK
L Yours

LGMI, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

LRCI, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Communications Group, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EnRock Management, LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

ECI-Texas, L.P.
By: Enron Broadband Services, Inc.,
General Partner

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EnRock, L.P.
By: Enrock Management, LLC,
General Partner

By: K Wade Cline
Name: K. Wade Cline
Title: Authorized Representative

ECI-Nevada Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron Alligator Alley Pipeline Company

By: K Wade Cline
Name: K. Wade Cline
Title: President

Enron Wind Storm Lake I LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

ECT Merchant Investments Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

ALL OK
LPONS

EnronOnLine, LLC

By: _____
Name: K. Wade Cline
Title: Vice President

St. Charles Development Company, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

Calcasieu Development Company, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

Calvert City Power I, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron ACS, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

LOA, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

ATL OK
L-Kings

Enron India LLC.

By: _____
Name: K. Wade Cline
Title: President

Enron International Inc.

By: _____
Name: K. Wade Cline
Title: President

Enron International Holdings Corp.

By: _____
Name: K. Wade Cline
Title: President

Enron Middle East LLC

By: _____
Name: K. Wade Cline
Title: President

Enron WarpSpeed Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Modulus Technologies, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Telecommunications, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

DataSystems Group, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Risk Management & Trading Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Omicron Enterprises, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

ALL OIL LYONS

EFS I, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EFS II, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EFS III, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EFS V, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EFS VI, L.P.
By: EFS IV, Inc., General Partner

By: _____
Name: K. Wade Cline
Title: Vice President

EFS VII, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EFS IX, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EFS X, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EFS XI, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

EFS XII, Inc.

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

PRL OK
LYONS

EFS XV, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

EFS XVII, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Jovinole Associates
By: EFS I, Inc. and EFS XIII, Inc., it's Partners

By: _____
Name: K. Wade Cline
Title: Vice President

EFS Holdings, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Operations Services LLC

By: _____
Name: K. Wade Cline
Title: President

ALL OK
LYONS

Green Power Partners I LLC

By: _____
Name: K. Wade Cline
Title: Vice President

TLS Investors, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

ECT Securities Limited Partnership
By: ECT Securities GP Corp., General Partner

By: _____
Name: K. Wade Cline
Title: Vice President

ECT Securities LP Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

ECT Securities GP Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

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LYONS

KUCC Cleburne, LLC

By: K Wade Cline
Name: K. Wade Cline
Title: Vice President

Enron International Asset Management Corp.

By: K Wade Cline
Name: K. Wade Cline
Title: President

Enron Brazil Power Holdings XI Ltd.

By: K Wade Cline
Name: K. Wade Cline
Title: Chairman

Enron Holding Company L.L.C.

By: K Wade Cline
Name: K. Wade Cline
Title: President

Enron Development Management Ltd.

By: K Wade Cline
Name: K. Wade Cline
Title: Chairman

Enron International Korea Holdings Corp.

By: _____
Name: K. Wade Cline
Title: President

Enron Caribe VI Holdings Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Enron International Asia Corp.

By: _____
Name: K. Wade Cline
Title: President

Enron Brazil Power Investments XI Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Paulista Electrical Distribution, L.L.C.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Pipeline Construction Services Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Pipeline Services Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Trailblazer Pipeline Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Liquid Services Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Machine and Mechanical Services, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Commercial Finance Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Enron Permian Gathering Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Transwestern Gathering Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Gathering Company

By: _____
Name: K. Wade Cline
Title: Vice President

EGP Fuels Company

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Asset Management Resources, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Brazil Power Holdings I Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Enron do Brazil Holdings Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Enron Wind Storm Lake II LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Renewable Energy Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Acquisition III Corp.

By:_____
Name: K. Wade Cline
Title: Vice President

Enron Wind Lake Benton LLC

By:_____
Name: K. Wade Cline
Title: Vice President

Superior Construction Company

By:_____
Name: K. Wade Cline
Title: Vice President

EFS IV, Inc.

By:_____
Name: K. Wade Cline
Title: Vice President

EFS VIII, Inc.

By:_____
Name: K. Wade Cline
Title: Vice President

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EFS XIII, Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Credit Inc.

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Power Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

Richmond Power Enterprise, L.P.
By: Enron-Richmond Power Corp. and
Richmond Power Holdings, Inc.,
General Partners

By: _____
Name: Charles E. Schneider
Title: President and Chief
Executive Officer

ECT Strategic Value Corp.

By: _____
Name: K. Wade Cline
Title: Vice President

ALL OK
LYONS

Enron Development Funding Ltd.

By: _____
Name: K. Wade Cline
Title: Chairman

Atlantic Commercial Finance, Inc.

By: _____
Name: K. Wade Cline
Title: President

The Protane Corporation

By: _____
Name: K. Wade Cline
Title: President

Enron Asia Pacific/Africa/China LLC

By: _____
Name: K. Wade Cline
Title: President

Enron Development Corp.

By: _____
Name: K. Wade Cline
Title: President

ET Power 3 LLC

By: _____
Name: K. Wade Cline
Title: President

Nowa Sarzyna Holding B.V.

By: _____
Name: K. Wade Cline
Title: Authorized Representative

Enron South America LLC

By: _____
Name: K. Wade Cline
Title: President

Enron Global Power & Pipelines LLC

By: _____
Name: K. Wade Cline
Title: President

Cabazon Power Partners LLC

By: _____
Name: K. Wade Cline
Title: Vice President

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Cabazon Holdings LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Caribbean Basin LLC

By: _____
Name: K. Wade Cline
Title: President

Victory Garden Power Partners I LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Oswego Cogen Company, LLC

By: _____
Name: K. Wade Cline
Title: Vice President

Enron Equipment & Procurement Company

By: _____
Name: K. Wade Cline
Title: Vice President

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Stephen Forbes Cooper, LLC, as Trustee

By: _____

Name: STEPHEN FORBES COOPER

Title: MANAGER

Schedule 1

Rates

[see attached]

ENRON TEAM EFFECTIVE 8-2-04 Page 1 of 2

Employee	Position	Age/Yrs Experience	Current Billing Rate ($/Hr) *	Hours/ Week	Role
Steve Cooper	Partner	55/30+	$760	40+	Overall management of the reorganization process.
1. Scott Winn	Partner	45/20	$670	50+	Day to day management of various chapter 11 issues.
2. Eva Anderson	Director	39/15	$545	50+	Overhead analysis/SPE analysis/bank communications.
3. Jerry Barbanel	Senior Director	39/18	$575	50±	Litigation/forensic coordination.
4. Robert Bingham	Director	53/25	$545	50+	Liquidity management/reporting/supervision.
5. Robert Semple	Director	56/30	$520	50+	Business planning/asset disposition/special projects.
6. James Moffett	Director	57/35	$500	50±	Litigation support/coordination.
7. Mick Holtzleiter	Director	50/28	$495	50+	Manage liquidation/asset disposition/claims resolution/litigation management/reporting requirements of non-core businesses.
8. J. Robert Cotton	Director	53/25	$545	50+	Business planning for reorganized platform and special projects
9. Bret Femandes	Manager	33/10	$465	50+	Liquidity management/reporting/special projects.
10. Matthew Sandoval	Manager	37/5	$465	50+	Project management support of the chapter 11 plan.
11. Kevin Townsend	Manager	53/20	$450	50+	Project management support of the chapter 11 plan.
12. Molly McCallum	Associate	33/9	$385	50+	Day to day support.
13. Regina Lee	Associate	27/5	$400	50+	Litigation/preference and fraudulent conveyance analyses.
14. Michael Stanton	Director	50/27	$495	55+	Litigation support.
15. Ivette Morales	Manager	45/20	$475	55+	Litigation support.
16. Xavier Oustalniol	Manager	34/12	$500	55+	Litigation support.
17. Lorraine Ciechanowicz	Manager	37/12	$425	55+	Litigation support.
18. James Agar	Manager	31/9	$450	55+	Litigation support.
19. Erik Ringoen	Manager	34/8	$400	55+	Litigation support.
20. Paul Donato	Associate	25/1	$325	55+	Litigation support.

Employee	Position	Age/Yrs Experience	Current Billing Rate ($/Hr) *	Hours/ Week	Role
21. Ryan Tomme	Associate	25/3	$350	55+	Litigation support.
22. Russell Kemp	Manager	53/26	$450	55+	Litigation support.
23. Bassem Marcos	Manager	39/14	$450	55+	Litigation support.
24. Stan Wilson	Associate Director	30/10	$500	55+	Specialized technical litigation support.
25. Jeffrey E. Tuley	Associate Director	24/5	$450	55+	Specialized technical litigation support.
26. Bryan Thornton	Associate Director	28/6	$475	55+	Specialized technical litigation support.
27. J. Luke Tenery	Associate Director	23/2	$425	55+	Specialized technical litigation support.
28. D. Lance Fielder	Associate Director	35/13	$450	55+	Specialized technical litigation support.
29. Andy Bass	Associate Director	32/4	$425	55+	Specialized technical litigation support.
30. Gabriel Kraft	Associate Director	26/3	$400	55+	Specialized technical litigation support.
31. James Yerges	Associate Director	46/23	$350	55+	Asset location and investigative services.
32. David Shapiro	Associate Director	45/16	$425	55+	Litigation Support
33. Richard Fogarty	Associate Director	39/11	$250	55+	Asset location and investigative services.
34. Marsha Shulman	Associate Director	54/30	$250	55+	Asset location and investigative services.
35. Cory Martin	Associate Director	24/3	$350	55+	Specialized technical litigation support.
36. Gregg Gardiner	Associate Director	43/12	$520	55+	Litigation support.
37. Ken Bara	Associate Director	34/12	$390	55+	Litigation support.
38. Mark Cervi	Associate Director	28/7	$390	55+	Litigation support.

* Billing rates have been revised to reflect rates effective July 1, 2004.

FGE-FTC(RDC)Exhibit 7
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Schedule 2

Post Effective Date Appointed Associate Director

SFC will file a Notice of Proposed Employment of Approved Professional (the "Notice") with the Bankruptcy Court listing which Post Effective Date Appointed Associate Director(s) it would like to deploy. Such deployment may be to replace departing employees of the Reorganized Debtors or to handle workload that the existing employees of Reorganized Debtors are unable to handle.

If such deployment is to replace departing employees of the Reorganized Debtors, the Notice shall provide certain comparable statistics between the additional Post Effective Date Appointed Associate Director(s) and the Reorganized Debtor employee(s) that the Post Effective Date Appointed Associate Director(s) are intended to replace. In particular, the Notice shall state the age, salary, experience and education of both the additional Post Effective Date Appointed Associate Director(s) and the Reorganized Debtor employee(s) being replaced. In the event that a Post Effective Date Appointed Associate Director is being deployed to work on additional work, as opposed to replacing a departing Reorganized Debtor employee, the Notice shall make a statement to that effect and set forth the name, age, salary, experience, education and reason for deployment of such Post Effective Date Appointed Associate Director.

If no party in interest objects to the Notice within 10 days of the Notice being filed, the deployment of the approved Post Effective Date Appointed Associate Director(s) listed in the notice shall be deemed approved without further order of the Bankruptcy Court.

If a party in interest objects to a Post Effective Date Appointed Associate Director listed in the Notice within 10 days of the Notice being filed and the objection cannot be consensually resolved, the employment of the such Post Effective Date Appointed Associate Director(s) shall be subject to the entry of an order by the Bankruptcy Court following a noticed hearing.

STEPHEN D. BENNETT

Mr. Bennett graduated in the top 5% of the West Point class of 1971. Following commissioning in the U.S. Army Corps of Engineers, he served in a variety of command and staff assignments between 1971 and 1976, rising to the rank of Captain. He resigned his commission in 1976 to pursue a career in industry. Mr. Bennett returned to graduate school twice, and earned masters degrees in engineering and business administration.

Mr. Bennett joined U.S. Steel Corporation in 1976 as a production manager at the Gary, Indiana, steel works. Between 1976 and 1986 he advanced through a number of management positions of increasingly higher responsibility in the operating and engineering functions at Gary Works. In 1986 Mr. Bennett was named Plant Manager of the Double Eagle Steel Coating Company of Dearborn, Michigan, a 50/50 joint venture of U.S. Steel and Ford Motor Company, which produced 800,000 tons per year of high quality coated steel for automotive and appliance applications. In this capacity he was responsible for all operations at Double Eagle, and reported to the joint venture's Board of Directors. He led the efforts to complete the construction and successful start-up of this new facility.

In 1987 Mr. Bennett was named General Manager of U.S. Steel's Fairfield Works in Birmingham, Alabama. In this position he was responsible for all operations at a facility producing 2.2 million tons of steel per year, with annual revenues of approximately $900 million. During this assignment he also oversaw the construction and commissioning of nearly $250 million in new steel production facilities.

In 1990 Mr. Bennett was recruited by Acme Steel Company of Chicago, Illinois to be Vice President of Operations for Acme's steel and industrial packaging businesses. In this position he was responsible for all manufacturing, technical, and production support activities for a seven-plant operation, with facilities in four states. Acme Steel Company reorganized in 1992 to become Acme Metals Incorporated, a public holding company with four wholly owned operating subsidiaries. Mr. Bennett was named Group Vice President of Acme Metals, assuming full P&L responsibility for Metals' new Acme Steel and Acme Packaging subsidiaries, having combined sales of $400 million.

Mr. Bennett was elected President and Chief Operating Officer of Acme Metals in 1993, joining the Acme Board of Directors at the same time. As COO his duties expanded to include full P&L responsibility for all four of Acme's operating subsidiaries, including Alpha Tube Corporation and Universal Tool and Stamping. As such, he oversaw all business activities for eleven manufacturing facilities in six states, with combined annual sales of $525 million. As an Acme Director he served on the Finance and Strategic Planning, and Executive Committees. During this period Mr. Bennett also participated directly in raising $400 million in new public equity and debt, to finance a major modernization project at the Acme Steel subsidiary. He oversaw the procurement, construction, and commissioning of these new state-of-the-art steel production facilities.

Mr. Bennett was elected President and Chief Executive Officer of Acme Metals in 1996, becoming responsible for all aspects of the business. At this time he was also elected to the Board of Directors of the American Iron and Steel Institute. In 1997 he successfully concluded the refinancing of all the Corporation's debt. Mr. Bennett was elected Chairman of the Board of Acme Metals in 1999.

When the marketplace for steel collapsed in 1998, severe liquidity problems at the Acme Steel subsidiary forced the Company to file for protection under Chapter 11 of the Bankruptcy Code. At the time of the filing, Acme's other businesses were stable and profitable, but cross guarantees on Acme Metals debt required all the subsidiaries to enter bankruptcy. During the ensuing five years, in addition to fulfilling his responsibilities related to the on-going operations of the business units, Mr. Bennett led the efforts to reorganize the Corporation and emerge from Chapter 11. While the initial objective was to successfully reorganize Acme Metals in its entirety, including all subsidiaries, a second, deeper collapse in the steel market in 2001 dictated other outcomes. To recover maximum value for creditors it became necessary to reorganize each subsidiary independently, which ultimately required dissolution of the Corporation. Mr. Bennett oversaw this process, which variously included the sale, transfer, closure, or liquidation of Acme's assets. This process was completed in 2004.

In November 2004 Mr. Bennett was appointed to the Board of Directors of reorganized Enron Corporation (post-bankruptcy).

Rob Deutschman,
President, Cappello Partners, LLC

Rob Deutschman has specialized in investment and merchant banking activities for nearly 20 years, with a particular emphasis on executing private placements of institutional capital for growing public and private companies. Mr. Deutschman's ability to deliver financing solutions to companies facing complex circumstances is enhanced by his experience as a founder and operator of companies and his background advising and accessing capital for companies in distressed situations. Mr. Deutschman's diverse background also encompasses venture capital, law, entertainment, real estate, financial services, service industry operations, and restructurings and workouts.

Prior to joining Cappello, Mr. Deutschman was a Managing Director of Saybrook Capital Corp. where he focused on corporate finance, venture capital and defaulted/troubled municipal bond issues and related workouts and restructurings. Previously, he was a principal of Cheviot Capital Corporation, a financial advisory and investment firm specializing in bankruptcy, insolvency and distressed situations, which was sold to Houlihan Lokey Howard & Zukin in 1988, commencing the formation of Houlihan's Financial Restructuring Group. Mr. Deutschman subsequently became a Senior Vice President and Director of Principal Investments of Houlihan's Public Finance Group, where he oversaw numerous restructuring and workout assignments, including the acquisition of defaulted and troubled securities on behalf of the firm's principals and its clients.

Mr. Deutschman began his career in 1982 as a practicing attorney with Gibson, Dunn & Crutcher in Los Angeles. Mr. Deutschman serves as the Vice Chairman of the Board of Directors of Enron Corp., a position he assumed upon the company's emergence from bankruptcy. Mr. Deutschman also currently serves on the Board of First Bank of Beverly Hills, F.S.B. and as a member of the Board of Directors of Beverly Hills Bancorp Inc. (NASDAQ:BHBC). Mr. Deutschman is an active speaker on accessing capital. He chairs the Strategic Research Institute's Annual PIPEs Conference and regularly presents to the Los Angeles Venture Association, industry groups and regional law firms. Mr. Deutschman serves on the Executive Committee of the Water Buffalo Club, a Los Angeles-based charity that fulfills the tangible, lasting wishes of various children's charities. He is a former member of the Santa Monica Chapter of the Young President's Organization.

Mr. Deutschman earned his undergraduate degree, with honors, in political science at Haverford College and his law degree from Columbia University School of Law, where he was a Harlan Fiske Stone Scholar. Born and raised in New York City, Mr. Deutschman is an active participant in a variety of sports.

CAPPELLO
CAPITAL CORP.

100 Wilshire Blvd., Suite 1200 - Santa Monica, CA 90401 – Ph: (310) 393-6632 - Fax: (310) 393-4838
http://www.cappellocorp.com

ConocoPhillips

R. A. Harrington
Senior Vice President
Retired

Rick A. Harrington served as senior vice president, legal and general counsel for ConocoPhillips, based in Houston, Texas until May 1, 2003 and then as Senior Vice President and Special Advisor to the CEO until his retirement August 15, 2003.

Harrington joined DuPont in 1979 as a senior litigation attorney in Wilmington, Delaware and was promoted to managing counsel, special litigation. In 1990, he transferred to Pittsburgh as vice president and general counsel for Consolidation Coal Company, then a DuPont subsidiary. He was named vice president and general counsel for Conoco in 1994 and senior vice president, legal and general counsel for ConocoPhillips in 1998. He served on the Conoco and ConocoPhillips management committee from 1996 through 2003.

During his tenure as general counsel of Conoco, the company separated from DuPont in the largest IPO in U.S. history, acquired Gulf Canada in the largest energy company acquisition in Canadian history, and then merged with Phillips Petroleum Company in 2002.

Prior to joining DuPont in 1979, Harrington was an antitrust litigator and partner at Arent, Fox, Kintner, Plotkin & Kahn in Washington, DC.

Born in Columbus, Ohio, in 1945, Harrington was awarded a bachelor of arts degree, with highest distinction, in political science and Soviet area studies from the University of Kansas. He earned a doctor of jurisprudence degree, with distinction, from Harvard Law School in 1970.

Harrington was the 2000-2001 Chairman of the American Petroleum Institute General Committee on Law and served on the American Corporate Counsel Board of Directors from 1999 through 2001. He was a member of the Minority Corporate Counsel Association Board of Directors from 1999 to 2004 and was awarded the MCCA Diversity 2000 Award. He served on the faculty of the Texas State Bar Advanced In-House Counsel Course in 2002 and 2003. His chapter entitled "Business Practices and Ethics in a Multicultural Environment" appeared in International Oil and Gas Ventures: A Business Perspective published in 2000.

JAMES R. LATIMER, III.

Over the past thirteen years, Mr. Latimer has headed Explore Horizons, Incorporated, a privately held exploration and production company based in Dallas, Texas. He is also a partner in two financial advisory partnerships, a director of Enron, and a director and chairman of the audit committee of NGP Capital Resources Company (NASDAQ: NGPC). Previously, Mr. Latimer was co-head of the regional office of what is now The Prudential Capital Group in Dallas, Texas, which handled energy and other financing for The Prudential Insurance Company. In addition, Mr. Latimer's prior experience has included senior executive positions with several private energy companies, consulting with the firm of McKinsey & Co., service as an officer in the United States Army Signal Corps., and several directorships. Mr. Latimer received a B.A. degree in economics from Yale University and an M.B.A. with distinction from Harvard University. He is a Chartered Financial Analyst.

Avidity Partners, LLC

John J. Ray III is Managing Director of Avidity Partners, LLC, a firm specializing in Bankruptcy related services, primarily related to Chapter 11 post confirmation liquidation and administration services. Through Avidity Partners, Mr. Ray has served as post confirmation Trustee of companies emerging from Chapter 11. In addition, Avidity Partners specializes as a Chapter 11 post confirmation Trustee of Litigation Trusts in pursuit of causes of action on behalf of creditor constituencies related to preference and avoidance actions, breach of fiduciary duty and fraud actions and professional negligence actions.

Mr. Ray has over 20 years legal experience in private practice and as General Counsel and Corporate Secretary of public companies; most recently at Fruit of the Loom, Ltd. where Mr. Ray served as the principal officer in charge of a Chapter 11 restructuring in which secured creditors received over a 90% recovery. Mr. Ray has also served in various administrative capacities of public companies with a wide range of administrative responsibilities including Human Resources, Risk Management, Environmental Affairs and Government Affairs.

Mr. Ray graduated from University of Massachusetts at Amherst and Drake Law School, Order of the Coif.

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF PORTLAND GENERAL ELECTRIC COMPANY

The Articles of Incorporation, as amended, of Portland General Electric Company (the "Corporation") are hereby amended and restated under 60.451 of the Oregon Business Corporation Act (the "Act"). The date of filing of the Corporation's Articles of Incorporation was July 25, 1930.

ARTICLE I.
Name

The name of the Corporation is:

Portland General Electric Company

ARTICLE II.
Duration

The Corporation shall exist perpetually.

ARTICLE III.
Purposes

The Corporation is organized for the following purposes:

1. To construct, purchase, lease, and otherwise acquire ownership of and improve, maintain, use and operate every type and kind of real and personal property for the generation, manufacture, production and furnishing of electric energy, and to use, furnish and sell to the public, including other corporations, towns, cities and municipalities, at wholesale and retail, electric energy.

2. To engage in any lawful activity for which corporations may be organized under the Act and any amendment thereto.

3. To engage in any lawful activity and to do anything in the operation of the Corporation or for the accomplishment of any of its purposes or for the exercise of any of its powers which shall appear necessary for or beneficial to the Corporation.

The authority conferred in this Article III shall be exercised consistently with the requirements of applicable state and federal laws and regulations governing the activities of a public utility.

ARTICLE IV.
Classes of Capital Stock

The amount of the capital stock of the Corporation is:

COMMON STOCK. Common Stock of the Corporation shall consist of a class without par value consisting of 80,000,000 shares.

PREFERRED STOCK. Preferred Stock of the Corporation shall consist of a class without par value consisting of 30,000,000 shares issuable in series as hereinafter provided.

LIMITED VOTING JUNIOR PREFERRED STOCK. Limited Voting Junior Preferred Stock of the Corporation shall consist of a class of one share having a par value of $1.00.

A statement of the preferences, limitations, and relative rights of each class of the capital stock of the Corporation, namely, the Preferred Stock without par value, the Limited Voting Junior Preferred Stock and the Common Stock, of the variations and relative rights and preferences as between series of the Preferred Stock insofar as the same are fixed by these Amended and Restated Articles of Incorporation (these "Articles") and of the authority vested in the Board of Directors of the Corporation to establish series of Preferred Stock, and to fix and determine the variations in the relative rights and preferences as between series insofar as the same are not fixed by these Articles is as follows:

PREFERRED STOCK

(a) As used in these Articles, the term "Preferred Stock" shall mean the Preferred Stock without par value, and shall not include the Limited Voting Junior Preferred Stock. The Preferred Stock may be divided into and issued in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series of the Preferred Stock and all other classes of capital stock of the Corporation. To the extent that these Articles shall not have established series of the Preferred Stock and fixed and determined the variations in the relative rights and preferences as between series, the Board of Directors shall have authority, and is hereby expressly vested with authority, to divide the Preferred Stock into series and, with the limitations set forth in these Articles and such limitations as may be provided by law, to fix and determine the relative rights and preferences of any series of the Preferred Stock so established. Such action by the Board of Directors shall be expressed in a resolution or resolutions adopted by it prior to the issuance of shares of each series, which resolution or resolutions shall also set forth the distinguishing designation of the particular series of the Preferred Stock established thereby. Without limiting the generality of the foregoing, authority is hereby expressly vested in the Board of Directors to fix and determine with respect to any series of the Preferred Stock:

(1) The rate of dividend;

(2) The price at which and the terms and conditions on which shares may be sold or redeemed;

(3) The amount payable upon shares in the event of voluntary liquidation and the amount payable in the event of involuntary liquidation, but such

involuntary liquidation amount shall not exceed the price at which the shares may be sold as fixed in the resolution or resolutions creating the series;

(4) Sinking fund provisions for the redemption or purchase of shares; and

(5) The terms and conditions on which shares maybe converted.

All shares of the Preferred Stock of the same series shall be identical except that shares of the same series issued at different times may vary as to the dates from which dividends thereon shall be cumulative; and all shares of the Preferred Stock, irrespective of series, shall constitute one and the same class of stock, shall be of equal rank, and shall be identical except as to the designation thereof, the date or dates from which dividends on shares thereof shall be cumulative, and the relative rights and preferences set forth above in clauses (1) through (5) of this subdivision (a), as to which there may be variations between different series. Except as may be otherwise provided by law, by subdivision (g) of this Article IV, or by the resolutions establishing any series of Preferred Stock in accordance with the foregoing provisions of this subdivision (a), whenever the presence, written consent, affirmative vote, or other action on the part of the holders of the Preferred Stock may be required for any purpose, such consent, vote or other action shall be taken by the holders of the Preferred Stock as a single body irrespective of series and shall be determined by weighing the vote cast for each share so as to reflect the involuntary liquidation amount fixed in the resolution or resolutions creating the series, such that each share shall have one vote per $100 of involuntary liquidation value.

(b) The holders of shares of the Preferred Stock of each series shall be entitled to receive dividends, when and as declared by the Board of Directors, out of any funds legally available for the payment of dividends, at the annual rate fixed and determined with respect to each series in accordance with subdivision (a) of this Article IV, and no more, payable quarterly on the first days of January, April, July and October in each year or on such other date or dates as the Board of Directors shall determine. Such dividends shall be cumulative in the case of shares of each series either from the date of issuance of shares of such series or from the first day of the current dividend period within which shares of such series shall be issued, as the Board of Directors shall determine, so that if dividends on all outstanding shares of each particular series of the Preferred Stock, at the annual dividend rates fixed and determined by the Board of Directors for the respective series, shall not have been paid or declared and set apart for payment for all past dividend periods and for the then current dividend periods, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment at said rates before any dividends on the Common Stock shall be paid or declared and set apart for payment. In the event more than one series of the Preferred Stock shall be outstanding, the Corporation, in making any dividend payment on the Preferred Stock, shall make payments ratably upon all outstanding shares of the Preferred Stock in proportion to the amount of dividends accumulated thereon to the date of such dividend payment. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears.

(c) In the event of any dissolution, liquidation or winding up of the Corporation, before any distribution or payment shall be made to the holders of the Common Stock or the Limited Voting Junior Preferred Stock, the holders of the Preferred Stock of each series then outstanding shall be entitled to be paid out of the net assets of the Corporation available for distribution to its shareholders the respective

involuntary liquidation amount for each share as fixed and determined with respect to each series in accordance with Subdivision (a) of this Article IV, plus in all cases unpaid accumulated dividends thereon, if any, to the date of payment, and no more, unless such dissolution, liquidation or winding up shall be voluntary, in which event the amount which such holders shall be entitled so to be paid shall be the respective voluntary liquidation amounts per share fixed and determined with respect to each series in accordance with subdivision (a) of this Article IV, and no more. If upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the net assets of the Corporation available for distribution to its shareholders shall be insufficient to pay the holders of all outstanding shares of Preferred Stock of all series the full amounts to which they shall be respectively entitled as aforesaid, the entire net assets of the Corporation available for distribution shall be distributed ratably to the holders of all outstanding shares of Preferred Stock of all series in proportion to the amounts to which they shall be respectively so entitled. For the purposes of this subdivision (c), any dissolution, liquidation or winding up which may arise out of or result from the condemnation or purchase of all or a major portion of the properties of the Corporation by (1) the United States Government or any authority, agency or instrumentality thereof, (2) a State of the United States or any political subdivision, authority, agency or instrumentality thereof, or (3) a district, cooperative or other association or entity not organized for profit, shall be deemed to be an involuntary dissolution, liquidation or winding up; and a consolidation, merger or amalgamation of the Corporation with or into any other corporation or corporations shall not be deemed to be a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary.

(d) Subject to the limitations set forth in subdivision (c) of Article V, the Preferred Stock of all series, or of any series thereof, or any part of any series thereof, at any time outstanding, may be redeemed by the Corporation, at its election expressed by resolution of the Board of Directors, at any time or from time to time, at the then applicable redemption price fixed and determined with respect to each series in accordance with subdivision (a) of this Article IV. If less than all of the shares of any series are to be redeemed, the redemption shall be made either pro rata or by lot in such manner as the Board of Directors shall determine.

In the event the Corporation shall so elect to redeem shares of the Preferred Stock, notice of the intention of the Corporation to do so and of the date and place fixed for redemption shall be mailed not less than thirty days before the date fixed for redemption to each holder of shares of the Preferred Stock to be redeemed at his address as it shall appear on the books of the Corporation, and on and after the date fixed for redemption and specified in such notice (unless the Corporation shall default in making payment of the redemption price), such holders shall cease to be shareholders of the Corporation with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares, excepting only the right to receive the redemption price therefor from the Corporation on the date fixed for redemption, without interest, upon endorsement, if required, and surrender of their certificates for such shares.

Contemporaneously with the mailing of notice of redemption of any shares of the Preferred Stock as aforesaid or at any time thereafter on or before the date fixed for redemption, the Corporation may, if it so elects, deposit the aggregate redemption price of the shares to be redeemed with any bank or trust company doing business in the City of New York, N. Y., the City of Chicago, Illinois, the City of San Francisco, California, or the City of Portland, Oregon, having a capital and surplus of at least $5,000,000, named in such notice, payable on the date fixed for redemption in the proper amounts to the respective holders of the shares to be redeemed, upon endorsement, if required, and surrender of their certificates for such shares, and on and after the making of such deposit such holders shall cease to be shareholders of the Corporation with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares, excepting only the right to exercise such redemption or exchange rights, if any, on or before the date fixed for redemption as may have been provided with respect to such shares or the right to receive the redemption price of their shares from such bank or trust company on the date fixed for redemption, without interest, upon endorsement, if required, and surrender of their certificates for such shares.

If the Corporation shall have elected to deposit the redemption moneys with a bank or trust company as permitted by this subdivision (d), any moneys so deposited which shall remain unclaimed at the end of six years after the redemption date shall be repaid to the Corporation, and upon such repayment holders of Preferred Stock who shall not have made claim against such moneys prior to such repayment shall be deemed to be unsecured creditors of the Corporation for an amount, without interest, equal to the amount they would theretofore have been entitled to receive from such bank or trust company. Any redemption moneys so deposited which shall not be required for such redemption because of the exercise, after the date of such deposit, of any right of conversion or exchange or otherwise, shall be returned to the Corporation forthwith. The Corporation shall be entitled to receive any interest allowed by any bank or trust company on any moneys deposited with such bank or trust company as herein provided, and the holders of any shares called for redemption shall have no claim against any such interest.

Except as set forth in subdivision (c) of Article V, nothing herein contained shall limit any legal right of the Corporation to purchase or otherwise acquire any shares of the Preferred Stock.

(e) The holders of shares of the Preferred Stock shall have no right to vote in the election of directors or for any other purpose except as may be otherwise provided by law, by subdivisions (f), (g) and (h) of this Article IV, or by resolutions establishing any series of Preferred Stock in accordance with subdivision (a) of this Article IV. Holders of Preferred Stock shall be entitled to notice of each meeting of shareholders at which they shall have any right to vote, but shall not be entitled to notice of any other meeting of shareholders.

(f) If at any time dividends payable on any share or shares of Preferred Stock shall be in arrears in an amount equal to four full quarterly dividends or more per share, a default in preferred dividends for the purpose of this subdivision (f) shall be deemed to have occurred, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all unpaid accumulated dividends on all shares of Preferred Stock shall have been paid to the last preceding dividend period. If and whenever a default in preferred dividends shall occur, a special meeting of shareholders

of the Corporation shall be held for the purpose of electing directors upon the written request of the holders of at least 10% of the Preferred Stock then outstanding. Such meeting shall be called by the secretary of the Corporation upon such written request and shall be held at the earliest practicable date upon like notice as that required for the annual meeting of shareholders of the Corporation and at the place for the holding of such annual meeting. If notice of such special meeting shall not be mailed by the secretary within thirty days after personal service of such written request upon the secretary of the Corporation or within thirty days of mailing the same in the United States of America by registered mail addressed to the secretary at the principal office of the Corporation, then the holders of at least 10% of the Preferred Stock then outstanding may designate in writing one of their number to call such meeting and the person so designated may call such meeting upon like notice as that required for the annual meeting of shareholders and to be held at the place for the holding of such annual meeting. Any holder of Preferred Stock so designated shall have access to the stock books of the Corporation for the purpose of causing a meeting of shareholders to be called pursuant to the foregoing provisions of this paragraph.

At any such special meeting, or at the next annual meeting of shareholders of the Corporation for the election of directors and at each other meeting, annual or special, for the election of directors held thereafter (unless at the time of any such meeting such default in preferred dividends shall no longer exist), the holders of the outstanding Preferred Stock, voting separately as herein provided, shall have the right to elect the smallest number of directors which shall constitute at least one-fourth of the total number of directors of the Corporation, or two directors, whichever shall be the greater, and the holders of the outstanding shares of Common Stock, voting as a class, shall have the right to elect all other members of the Board of Directors, anything herein or in the Bylaws of the Corporation to the contrary notwithstanding. The terms of office, as directors, of all persons who may be directors of the Corporation at any time when such special right to elect directors shall become vested in the holders of the Preferred Stock shall terminate upon the election of any new directors to succeed them as aforesaid.

At any meeting, annual or special, of the Corporation, at which the holders of Preferred Stock shall have the special right to elect directors as aforesaid, the presence in person or by proxy of the holders of a majority of the Preferred Stock then outstanding shall be required to constitute a quorum of such stock for the election of directors, and the presence in person or by proxy of the holders of a majority of the Common Stock then outstanding shall be required to constitute a quorum of such stock for the election of directors; provided, however, that the absence of a quorum of the holders of either stock shall not prevent the election at any such meeting or adjournment thereof of directors by the other stock if the necessary quorum of the holders of such other stock shall be present at such meeting or any adjournment thereof; and, provided further, that in the absence of a quorum of holders of either stock a majority of the holders of such stock who are present in person or by proxy shall have power to adjourn the election of the directors to be elected by such stock from time to time, without notice other than announcement at the meeting, until the requisite quorum of holders of such stock shall be present in person or by proxy, but no such adjournment shall be made to a date beyond the date for the mailing of the notice of the next annual meeting of shareholders of the Corporation or special meeting in lieu thereof.

So long as a default in preferred dividends shall exist, any vacancy in the office of a director elected by the holders of the Preferred Stock may be filled at any

meeting of shareholders, annual or special, for the election of directors held thereafter, and a special meeting of shareholders, or of the holders of shares of the Preferred Stock, may be called for the purpose of filling any such vacancy. So long as a default in preferred dividends shall exist, any vacancy in the office of a director elected by the holders of the Common Stock may be filled by majority vote of the remaining directors elected by the holders of Common Stock.

If and when the default in preferred dividends which permitted the election of directors by the holders of the Preferred Stock shall cease to exist, the holders of the Preferred Stock shall be divested of any special right with respect to the election of directors, and the voting power of the holders of the Preferred Stock and of the holders of the Common Stock shall revert to the status existing before the first dividend payment date on which dividends on the Preferred Stock were not paid in full, subject to revesting in the event of each and every subsequent like default in preferred dividends. Upon the termination of any such special right, the terms of office of all persons who may have been elected directors by vote of the holders of the Preferred Stock pursuant to such special right shall forthwith terminate, and the resulting vacancies shall be filled by the majority vote of the remaining directors.

(g) So long as any shares of the Preferred Stock shall be outstanding, the Corporation shall not without the written consent or affirmative vote of the holders of at least two-thirds of the Preferred Stock then outstanding, (1) create or authorize any new stock ranking prior to the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, or (2) amend, alter or repeal any of the express terms of the Preferred Stock then outstanding in a manner substantially prejudicial to the holders thereof. Notwithstanding the foregoing provisions of this subdivision (g), if any proposed amendment, alteration or repeal of any of the express terms of any outstanding shares of the Preferred Stock would be substantially prejudicial to the holders of shares of one or more, but not all, of the series of the Preferred Stock, only the written consent or affirmative vote of the holders of at least two-thirds of the total number of outstanding shares of all series so affected shall be required. Any affirmative vote of the holders of the Preferred Stock, or of any one or more series thereof, which may be required in accordance with the foregoing provisions of this subdivision (g), upon a proposal to create or authorize any stock ranking prior to the Preferred Stock or to amend, alter or repeal the express terms of outstanding shares of the Preferred Stock or of any one or more series thereof in a manner substantially prejudicial to the holders thereof may be taken at a special meeting of the holders of the Preferred Stock or of the holders of one or more series thereof called for the purpose, notice of the time, place and purposes of which shall have been given to the holders of the shares of the Preferred Stock entitled to vote upon any such proposal, or at any meeting, annual or special, of the shareholders of the Corporation, notice of the time, place and purposes of which shall have been given to holders of shares of the Preferred Stock entitled to vote on such a proposal.

(h) So long as any shares of the Preferred Stock shall be outstanding, the Corporation shall not, without the written consent or affirmative vote of the holders of at least a majority of the Preferred Stock then outstanding:

(1) issue any shares of Preferred Stock, or of any other class of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, unless (a) the net income of the Corporation available for the payment of dividends for a period of twelve consecutive calendar months within the fifteen calendar months immediately

preceding the issuance of such shares (including, in any case in which such shares are to be issued in connection with the acquisition of new property, the net income of the property so to be acquired, computed on the same basis as the net income of the Corporation) is at least equal to two times the annual dividend requirements on all shares of the Preferred Stock, and on all shares of all other classes of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, which will be outstanding immediately after the issuance of such shares, including the shares proposed to be issued, and (b) the gross income (defined as the sum of net income and interest charges, to securities evidencing indebtedness deducted in arriving at such net income) of the Corporation available for the payment of interest for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the issuance of such shares (including, in any case in which such shares are to be issued in connection with the acquisition of new property, the gross income, as heretofore defined, of the property so to be acquired, computed on the same basis as the gross income, as heretofore defined, of the Corporation) is at least equal to one and one-half times the aggregate of the annual interest requirements on all securities evidencing indebtedness of the Corporation, and the annual dividend requirements on all shares of the Preferred Stock and on all shares of all other classes of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, which will be outstanding immediately after the issuance of such shares, including the shares proposed to be issued; or

(2) issue any shares of the Preferred Stock, or of any other class of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, unless the aggregate of the capital of the Corporation applicable to the Common Stock and the surplus of the Corporation (paid-in, earned or other, if any) shall be not less than the aggregate amount payable on the involuntary dissolution, liquidation, or winding up of the Corporation on all shares of the Preferred Stock, and on all shares of all other classes of stock ranking prior to or on a parity with the Preferred Stock as to dividends or upon dissolution, liquidation or winding up, which will be outstanding immediately after the issuance of such shares, including the shares proposed to be issued; provided, however, that if, for the purposes of meeting the requirements of this subparagraph (2), it shall become necessary to take into consideration any surplus of the Corporation, the Corporation shall not thereafter pay any dividends on shares of the Common Stock which would result in reducing the aggregate of the capital of the Corporation applicable to the Common Stock and the surplus of the Corporation to an amount less than the aggregate amount payable on involuntary dissolution, liquidation or winding up of the Corporation, on all shares of the Preferred Stock and of any stock ranking prior to or on a parity with the Preferred Stock, as to dividends or upon dissolution, liquidation or winding up, at the time outstanding.

In any case where it would be appropriate, under generally accepted accounting principles, to combine or consolidate the financial statements of any predecessor or subsidiary of the Corporation with those of the Corporation, the foregoing computations may be made on the basis of such combined or consolidated financial statements. Any affirmative vote of the holders of the Preferred Stock which may be required in accordance with the foregoing provisions of this subdivision (h) may be taken at a special meeting of the holders of the Preferred Stock called for the purpose,

notice of the time, place and purposes of which shall have been given to the holders of the outstanding shares of the Preferred Stock, or at any meeting, regular or special, of the shareholders of the Corporation, notice of the time, place and purposes of which shall have been given to the holders of the outstanding shares of the Preferred Stock.

LIMITED VOTING JUNIOR PREFERRED STOCK

(i) The Limited Voting Junior Preferred Stock shall not be entitled to receipt of any dividends, and no dividends shall be paid thereon.

(j) Subject to the limitations set forth in subdivision (c) of this Article IV (and subject to the rights of any other class of stock hereafter authorized), in the event of any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of the Common Stock, the holder of the Limited Voting Junior Preferred Stock shall be entitled to be paid out of the net assets of the Corporation available for distribution to its shareholders the par value of the Limited Voting Junior Preferred Stock and no more. For the purposes of this subdivision, a consolidation, merger or amalgamation of the Corporation with or into any other corporation or corporations shall not be deemed to be a dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary.

(k) Subject to the final sentence of this subdivision (k) of this Article IV, so long as the share of Limited Voting Junior Preferred Stock shall be outstanding, the Corporation shall not, without the written consent or affirmative vote of the holder of the Limited Voting Junior Preferred Stock: (i) make an assignment for the benefit of creditors; (ii) file a petition for relief under the United States Bankruptcy Code; (iii) petition or apply to any tribunal for the appointment of a custodian, receiver or any trustee for a substantial part of its property; (iv) commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (v) accept or acquiesce in the filing of any such petition, application, proceeding or appointment of or taking possession by the custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or any substantial part of its properly; or (vi) admit the Corporation's inability to pay its debts generally as they become due, on behalf of the Corporation; provided, however, that notwithstanding the foregoing, the affirmative vote of the holder of the Limited Voting Junior Preferred Stock shall not be required to file a petition for relief under the United States Bankruptcy Code if (a) the Corporation or any person or entity in Control (as defined in subdivision 1 of this Article IV) of the Corporation has entered into a contract to sell (whether by direct sale, merger or otherwise) the Corporation or its assets and the buyer conditions its obligations to consummate such transaction on obtaining the entry of an order pursuant to section 363 or section 1129 of the United States Bankruptcy Code approving such transaction and (b) if, but only if, such transaction involves the sale of assets by the Corporation in a case where ownership of the Corporation is not being transferred, following consummation of such sale, all of the indebtedness for borrowed money of the Corporation shall have been paid in full (or adequate provision for the payment thereof shall have been made) or assumed by the buyer. In exercising discretion under this subdivision (k) of this Article IV, the holder of Limited Voting Junior Preferred Stock shall be entitled to, and shall, consider and have due regard for, the interests of the shareholders of the Corporation and its creditors in addition to such other considerations as such holder shall consider relevant and in the best interests of the Corporation;

provided that nothing in this sentence is intended to create any contractual rights in any person other than the Corporation and such holder. Except as provided by applicable law, the holder of the Limited Voting Junior Preferred Stock shall be entitled to notice of each meeting of shareholders at which such holder shall have any right to vote, but shall not be entitled to notice of any other meeting of shareholders. Notwithstanding the foregoing provisions, the holder of the Limited Voting Junior Preferred Stock shall not have any voting rights under this subdivision (k) of this Article IV at any time when the Corporation has the right to redeem the Limited Voting Junior Preferred Stock pursuant to subdivision (1) of this Article IV (and regardless of whether there may then exist any restriction not set forth in such subdivision (1) on the Corporation's ability to redeem the Limited Voting Junior Preferred Stock). Except as provide in this subdivision (k) of this Article IV or as otherwise provided by law, the holder of the Limited Voting Junior Preferred Stock shall have no right to vote in the election of directors or for any other purpose.

(1) The Limited Voting Junior Preferred Stock may be redeemed by the Corporation, at its election expressed by resolution of the Board of Directors, at any time by payment of an amount equal to the par value of such share; provided, that the Corporation shall not be empowered to call the Limited Voting Junior Preferred Stock for redemption at any time in which Control of the Corporation shall be held or exercised by any person or entity, or by any Affiliate of such person or entity, which person or entity shall be subject to an order for relief under the United States Bankruptcy Code or any successor statute. For purposes of this subdivision (1), "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise, and "Affiliate" shall mean with respect to any person or entity, any other person or entity directly or indirectly Controlling or Controlled by, or under direct or indirect common Control with such person or entity.

(m) The Limited Voting Junior Preferred Stock shall be issued and held, and may be transferred on the shareholder records of the Corporation, only upon approval of the Oregon Public Utility Commission, and only to persons or entities which are during the period of such ownership, and shall have been for the five-year period prior to such ownership, Independent. For purposes of this subdivision (m), "Independent" shall mean a person or entity which is not (i) an Affiliate (as defined in subdivision (1) above), employee, director, equity security holder, partner, member or officer of the Corporation or any of its Affiliates; (ii) employed by, or an Affiliate of, a supplier of goods or services to the Corporation or any of its Affiliates that derives more than ten percent of its revenues from the Corporation or any of its Affiliates; or (iii) a member of the immediate family of a person or entity that is an Affiliate of or that Controls (as defined in subdivision (1) above) the Corporation. Certificates or other evidence of ownership of the Limited Voting Junior Preferred Stock shall bear a legend or other prominent notice of the restriction contained in this subdivision (m).

(n) The Limited Voting Junior Preferred Stock shall not be convertible into Common Stock, Preferred Stock or any other class or series of securities issued by the Corporation.

(o) If the share of the Limited Voting Junior Preferred Stock is redeemed, purchased or otherwise acquired by the Corporation, it shall be cancelled and shall not be reissued.

COMMON STOCK

(p) Subject to the limitations set forth in subdivision (b) of this Article IV (and subject to the rights of any class of stock hereafter authorized) dividends may be paid upon the Common Stock when and as declared by the Board of Directors of the Corporation out of any funds legally available for the payment of dividends.

(q) Subject to the limitations set forth in subdivision (c) and (j) of this Article IV (and subject to the rights of any other class of stock hereafter authorized), upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the net assets of the Corporation shall be distributed ratably to the holders of the Common Stock.

(r) Subject to the limitations set forth in subdivisions (f), (g), (h) and (k) of this Article IV (and subject to the rights of any class of stock hereafter created), and except as may be otherwise provided by law, the holders of the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes.

(s) Upon the issuance for money or other consideration of any shares of capital stock of the Corporation, or of any security convertible into capital stock of the Corporation, no holder of shares of the capital stock, irrespective of the class or kind thereof, shall have any preemptive or other right to subscribe for, purchase, or receive any proportionate or other amount of such shares of capital stock, or such security convertible into capital stock, proposed to be issued; and the Board of Directors may cause the Corporation to dispose of all or any of such shares of capital stock, or of any such security convertible into capital stock, as and when said Board may determine, free of any such right, either by offering the same to the Corporation's then shareholders or by otherwise selling or disposing of such shares or other securities, as the Board of Directors may deem advisable.

(t) The Corporation from time to time, with the approving vote of the holders of at least a majority of its then outstanding shares of Common Stock, may authorize additional shares of its capital stock, with or without nominal or par value, including shares of such other class or classes, and having such designations, preferences, rights, and voting powers, or restrictions or qualifications thereof, as may be approved by such vote and be stated in amended or restated articles of incorporation executed and filed in the manner provided by law.

(u) The provisions of subdivision (s) and of this subdivision (u) of this Article IV shall not be changed unless the holders of at least a majority of the outstanding shares of Common Stock shall consent thereto in writing, or by vote at a meeting in the notice of which action on the proposed change shall have been set forth.

ARTICLE V.
Designation of Series Preferred Stock

7.75% SERIES CUMULATIVE PREFERRED STOCK, WITHOUT PAR VALUE.

7.75% Series Cumulative Preferred Stock, Without Par Value of the Corporation shall consist of 300,000 shares. Such series of Preferred Stock is hereinafter referred to as "Preferred Stock of the First Series, Without Par Value." Shares of Preferred Stock of the First Series, Without Par Value shall have the following relative rights and preferences in addition to those fixed in Article IV above:

(a) The rate of dividend payable upon shares of Preferred Stock of the

First Series, Without Par Value shall be 7.75 percent per annum. Dividends upon shares of Preferred Stock of the First Series, Without Par Value shall be cumulative from the date of original issue and shall be payable on the 15th day of January, April, July and October of each year thereafter.

(b) Subject to the provisions of subdivision (d) of Article IV of the Articles, prior to June 15, 2002, and prior to June 15 in each year thereafter until June 15, 2006, so long as any of the Preferred Stock of the First Series, Without Par Value shall remain outstanding, the Corporation shall deposit with its Transfer Agent, as a Sinking Fund for the Preferred Stock of the First Series, Without Par Value, an amount sufficient to redeem a minimum of 15,000 shares of the Preferred Stock of the First Series, Without Par Value, plus an amount equal to dividends accrued thereon to each such June 15 and, in addition, the Corporation may, at its option, prior to each such June 15, deposit an amount sufficient to retire through the operation of the Sinking Fund not more than 15,000 additional shares of Preferred Stock of the First Series, Without Par Value, but the right to make such optional deposit shall not be cumulative and shall not reduce any subsequent mandatory Sinking Fund payment for the Preferred Stock of the First Series, Without Par Value, and prior to June 15, 2007 the Corporation shall deposit with its Transfer Agent, as the final Sinking Fund payment, an amount sufficient to redeem all shares of the Preferred Stock of the First Series, Without Par Value outstanding on June 15, 2007. The Corporation shall not declare or pay or set apart for, or make or order any other distribution in respect of, or purchase or otherwise acquire for value any shares of, the Common Stock of the Corporation, or any class of stock as to which the Preferred Stock of the Corporation has priority as to payments of dividends, unless all amounts required to be paid or set aside for any Sinking Fund payment to retire shares of the Preferred Stock of the First Series, Without Par Value, shall have been paid or set aside. The Corporation's Transfer Agent shall, in accordance with the provisions set forth herein, apply the moneys in the Sinking Fund to redeem (i) pro rata, or by lot if so determined by the Board of Directors, on June 15, 2002, and on June 15 in each year thereafter until June 15, 2006, shares of the Preferred Stock of the First Series, Without Par Value, and (ii) on June 15, 2007 all outstanding shares of Preferred Stock of the First Series, Without Par Value, in each case at One hundred Dollars ($100.00) per share plus dividends accrued to the date of redemption. The Corporation may, upon notice to its Transfer Agent prior to a date 45 days prior to June 15 in any year, commencing with the year 2002 through and including the year 2006, in which the Corporation shall be obligated to redeem shares of the Preferred Stock of the First Series, Without Par Value through the operation of the Sinking Fund, elect to reduce its obligation in respect of the redemption of shares required to be redeemed pursuant to the Sinking Fund by directing that any shares of the Preferred Stock of the First Series, Without Par Value previously purchased by the Corporation (other than shares purchased pursuant to the operation of the Sinking Fund or previously applied as a credit against the Sinking Fund) shall be applied as a credit, in whole or in part, in an amount equal to the aggregate liquidation value of the shares so applied, against the aggregate liquidation value of the shares required to be redeemed in such year pursuant to the operation of the Sinking Fund.

(c) The Preferred Stock of the First Series, Without Par Value shall not be subject to redemption, except pursuant to the Sinking Fund established for such Series.

(d) In the event of (i) any voluntary dissolution, liquidation or winding up of the Corporation, holders of the Preferred Stock of the First Series, Without Par Value shall be entitled to be paid out of the net assets of the Corporation available for distribution to its shareholders One hundred Dollars ($100.00) per share, plus unpaid

accumulated dividends thereon, if any, to the date of payment, and no more, and (ii) any involuntary dissolution, liquidation or winding up of the Corporation, holders of the Preferred Stock of the First Series, Without Par Value shall be entitled to be paid out of the net assets of the Corporation One hundred Dollars ($100.00) per share, plus unpaid accumulated dividends thereon, if any, to the date of payment, and no more.

ARTICLE VI.
Vacancy on Board of Directors

Any vacancy occurring on the Board of Directors, including a vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of directors then in office, although less than a quorum, provided that so long as a default in preferred dividends shall exist, any vacancy in the office of a director elected by the holders of the Preferred Stock may be filled only as provided in subdivision (f) of Article IV.

ARTICLE VII.
Limitation of Liability

To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for conduct as a director. No amendment or repeal of this provision shall adversely affect any right or protection of a director existing at the time of such amendment or repeal. No change in the law shall reduce or eliminate the right and protections applicable at the time this provision became effective unless the change in law shall specifically require such reduction or elimination. If the law is amended, after this Article VII shall become effective, to authorize corporate action further eliminating or limiting the personal liability of directors, officers, employees or agents of the Corporation, then the liability of directors, officers, employees or agents of the Corporation shall be eliminated or limited to the fullest extent permitted by the law, as so amended.

ARTICLE VIII.
Indemnification

The Corporation may indemnify to the fullest extent permitted by law any person who is made or threatened to be made a party to, witness in, or otherwise involved in, any action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit, or proceeding by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation or any of its subsidiaries, or a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974, as amended, with respect to any employee benefit plan of the Corporation or any of its subsidiaries, or serves or served at the request of the Corporation as a director, officer, employee or agent, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. Any indemnification provided pursuant to this Article VIII shall not be exclusive of any rights to which the person indemnified may otherwise be entitled under any provision of articles of incorporation, bylaws, agreement, statute, policy of insurance, vote of shareholders or Board of Directors, or otherwise.

ARTICLE IX.
Shareholder Action Without a Meeting

Except as otherwise provided under these Articles of Incorporation and applicable law, and subject to restrictions on the taking of shareholder action without a meeting under applicable law or rules of a national securities association or exchange, action required or permitted by the Act to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by shareholders having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote on the action were present and voted.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Seal. The seal of the corporation, if any, shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

9.2 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

ARTICLE X

AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted by the Board of Directors or the shareholders of the corporation.

36.2 **Responsibilities of the Reorganized Debtor Plan Administrator** In accordance with the Reorganized Debtor Plan Administration Agreement, the responsibilities of the Reorganized Debtor Plan Administrator shall include (a) facilitating the Reorganized Debtors' prosecution or settlement of objections to and estimations of Claims, (b) prosecution or settlement of claims and causes of action held by the Debtors and Debtors in Possession, (c) assisting the Litigation Trustee and the Special Litigation Trustee in performing their respective duties, (d) calculating and assisting the Disbursing Agent in implementing all distributions in accordance with the Plan, (e) filing all required tax returns and paying taxes and all other obligations on behalf of the Reorganized Debtors from funds held by the Reorganized Debtors, (f) periodic reporting to the Bankruptcy Court, of the status of the Claims resolution process, distributions on Allowed Claims and prosecution of causes of action, (g) liquidating the Remaining Assets and providing for the distribution of the net proceeds thereof in accordance with the provisions of the Plan, (h) consulting with, and providing information to , the DCR Overseers in connection with the voting or sale of the Plan Securities to be deposited into the Disputed Claims reserve to be created in accordance with Section 21.3 of the Plan, and (i) such other responsibilities as may be vested in the Reorganized Debtor Plan Administrator pursuant to the Plan, the Reorganized Debtor Plan Administration Agreement or Bankruptcy Court order or as may be necessary and proper to carry out the provisions of the Plan.

36.3 **Powers of the Reorganized Debtor Plan Administrator** The powers of the Reorganized Debtor Plan Administrator shall, without any further Bankruptcy Court approval in each of the following cases, include (a) the power to invest funds in, and withdraw, make distributions and pay taxes and other obligations owed by the Reorganized Debtors from funds held by the Reorganized Debtor Plan Administrator and/or the Reorganized Debtors in accordance with the Plan, (b) the power to compromise and settle claims and causes of action on behalf of or against the Reorganized Debtors, other than Litigation Trust Claims, Special Litigation Trust Claims and claims and causes of action which are the subject of the Severance Settlement Fund Litigation, and (c) such other powers as may be vested in or assumed by the Reorganized Debtor Plan Administrator pursuant to the Plan, the Reorganized Debtor Plan Administration Agreement or as may be deemed necessary and proper to carry out the provisions of the Plan.

36.4 Compensation of the Reorganized Debtor Plan Administrator In addition to reimbursement for actual out-of-pocket expenses incurred by the Reorganized Debtor Plan Administrator, the Reorganized Debtor Plan Administrator shall be entitled to receive reasonable compensation for services rendered on behalf of the Reorganized Debtors in an amount and on such terms as may be reflected in the Reorganized Debtor Plan Administration Agreement.

36.5 **Termination of Reorganized Debtor Plan Administrator** The duties, responsibilities and powers of the Reorganized Debtor Plan Administrator shall terminate pursuant to the terms of the Reorganized Debtor Plan Administration Agreement.

1.195 **PGE Trustee:** In the event the PGE Trust is created, Stephen Forbes Cooper, LLC, or such other Entity appointed by the PGE Trust Board and approved by the Bankruptcy Court to administer the PGE Trust in accordance with the provisions of Article XXIV hereof and the PGE Trust Agreement.

1.196 **PGE Trust Interests**: The sixty-two million five hundred thousand (62,500,000) beneficial interests in the PGE Trust to be allocated to holders of Allowed Claims in the event that Enron transfers the Existing PGE Common Stock, or issues the PGE Common Stock, as the case may be, to the PGE Trust.

1.197 **Plan:** This Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, including, without limitation, the Plan Supplement and the exhibits and schedules hereto or thereto, as the same is amended, modified or supplemented from time to time in accordance with the terms and provisions hereof.

1.198 **Plan Currency**: The mixture of Creditor Cash, Prisma Common Stock, Crosscountry Common Equity and PGE Common Stock to be distributed to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims pursuant to the Plan; provided, however, that, if jointly determined by the Debtors and the Creditors' Committee, "Plan Currency" may include Prisma Trust Interests, Crosscountry Trust Interests, PGE Trust Interests and the Remaining Asset Trust Interests.

1.199 **Plan Securities:** Prisma Common Stock, Crosscountry Common Equity and PGE Common Stock.

1.200 **Plan Supplement**: A separate volume, to be filed with the Clerk of the Bankruptcy Court including, among other documents, forms of (a) the Litigation Trust Agreement, (b) the Special Litigation Trust Agreement, (c) the Prisma Trust Agreement, (d) the CrossCountry Trust Agreement, (e) the PGE Trust Agreement, (f) the Remaining Asset Trust Agreement(s), (g) the Common Equity Trust Agreement, (h) the Preferred Equity Trust Agreement, (i) the Prisma Articles of Association, (j) the Prisma Memorandum of Association, (k) the CrossCountry By-laws/Organizational Agreement, (1) the CrossCountry Charter, (m) the PGE By-Laws, (n) the PGE Certificate of Incorporation, (o) the Reorganized Debtor Plan Administration Agreement, (p) the Reorganized Debtors By-laws, (q) the Reorganized Debtors Certificate of Incorporation, (r) the Severance Settlement Fund Trust Agreement, (s) a schedule of the types of Claims entitled to the benefits of subordination afforded by the documents referred to and the definitions set forth on Exhibit "L" to the Plan, (t) a schedule of Allowed General Unsecured Claims held by affiliated non-Debtor Entities and structures created by the Debtors and which are controlled or managed by the Debtors or their Affiliates, (u) a schedule setting forth the identity of the proposed senior officers and directors of Reorganized ENE, (v) a schedule setting forth the identity and compensation of any insiders to be retained or employed by Reorganized ENE, (w) a schedule setting forth the litigation commenced by the Debtors on or after December 15, 2003 to the extent that such litigation is not set forth in the Disclosure Statement, (x) the methodology or procedure agreed upon by the Debtors, the Creditors' Committee and the ENA Examiner with respect to the adjustment of Allowed Intercompany Claims, as referenced in Section 1.21 of the Plan, and to the extent adjusted or to be adjusted

1.185 **Penalty Claim:** Any Claim for a fine, penalty, forfeiture, multiple, exemplary or punitive damages or otherwise not predicated upon compensatory damages and that is subject to subordination in accordance with section 726(a)(4) of the Bankruptcy Code or otherwise, as determined pursuant to a Final Order.

1.186 **Person:** A "person" as defined in section 101(41) of the Bankruptcy Code.

1.187 **Petition Date**: The Initial Petition Date; provided, however, that, with respect to those Debtors which commenced their Chapter 11 Cases subsequent to December 2, 2001, "Petition Date" shall refer to the respective dates on which such Chapter 11 Cases were commenced.

1.188 PGE: Portland General Electric Company, an Oregon corporation.

1.189 **PGE By-laws**: The by-laws of PGE, which by-laws shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.

1.190 **PGE Certificate of Incorporation:** The Certificate of Incorporation of PGE, which certificate of incorporation shall be in form and substance satisfactory to the Creditors' Committee and in substantially the form included in the Plan Supplement.

1.191 **PGE Common Stock:** The shares of PGE Common Stock authorized and to be issued pursuant to the Plan, which shares shall have no par value per share, of which eighty million (80,000,000) shares shall be authorized and of which sixty-two million five hundred thousand (62,500,000) shares shall be issued pursuant to the Plan, and such other rights with respect to dividends, liquidation, voting and other matters as are provided for by applicable nonbankruptcy law or the PGE Certificate of Incorporation or the PGE By-laws.

1.192 **PGE Trust**: The Entity, if jointly determined by the Debtors and, provided that the Creditors' Committee has not been dissolved in accordance with the provisions of Section 33.1 of the Plan, the Creditors' Committee, to be created on or subsequent to the Confirmation Date, but in no event later than the date on which the Litigation Trust is created, to hold as its sole assets the Existing PGE Common Stock or the PGE Common Stock in lieu thereof, but in no event the assets of PGE.

1.193 **PGE Trust Agreement**: In the event the PGE Trust is created, the PGE Trust Agreement, which agreement shall be in form and substance satisfactory to the Creditors' Committee and substantially in the form contained in the Plan Supplement, pursuant to which the PGE Trustee shall manage, administer, operate and liquidate the assets contained in the PGE Trust, either the Existing PGE Common Stock or the PGE Common Stock, as the case may be, and distribute the proceeds thereof or the Existing PGE Common Stock or the PGE Common Stock, as the case may be.

1.194 **PGE Trust Board:** In the event the PGE Trust is created, the Persons selected by the Debtors, after consultation with the Creditors' Committee, and appointed by the Bankruptcy Court, or any replacements thereafter selected in accordance with the provisions of the PGE Trust Agreement.

ARTICLE V

PROVISION FOR TREATMENT OF PRIORITY NON-TAX CLAIMS (CLASS 1)

5.1 Payment of Allowed Priority Non-Tax Claims: Unless otherwise mutually agreed upon by the holder of an Allowed Priority Non-Tax Claim and the Reorganized Debtors, each holder of an Allowed Priority Non-Tax Claim shall receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Priority Non-Tax Claim, Cash in an amount equal to such Allowed Priority Non-Tax Claim on the later of the Effective Date and the date such Allowed Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable.

ARTICLE VI

PROVISION FOR TREATMENT OF SECURED CLAIMS (CLASS 2)

6.1 **Treatment of Secured Claims**: On the Effective Date, each holder of an Allowed Secured Claim shall receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Secured Claim one of the following distributions: (a) the payment of such holder's Allowed Secured Claim in full, in Cash; (b) the sale or disposition proceeds of the property securing any Allowed Secured Claim to the extent of the value of their respective interests in such property; (c) the surrender to the holder or holders of any Allowed Secured Claim of the property securing such Claim; or (d) such other distributions as shall be necessary to satisfy the requirements of chapter 11 of the Bankruptcy Code. The manner and treatment of each Secured Claim shall be determined by the Debtors, subject to the consent of the Creditors' Committee and transmitted, in writing, to holder of a Secured Claim on or prior to the commencement of the Confirmation Hearing.

ARTICLE VII

PROVISION FOR TREATMENT OF GENERAL UNSECURED CLAIMS (CLASSES 3-182)

7.1 **Treatment of General Unsecured Claims Other than Those Against the Portland Debtors (Classes 3 through 180):** Commencing on the Effective Date and subject to the provisions of Sections 7.3, 7.4, 7.5 and 7.8 hereof, each holder of an Allowed General Unsecured Claim against a Debtor, other than a Portland Debtor, shall be entitled to receive on account of such Allowed General Unsecured Claim distributions in an aggregate amount equal to such holder's Pro Rata Share of (i) the Distributive Assets and Distributive Interests attributable to such Debtor and (ii) such amounts of Cash or Distributive Interests as may be allocated to a holder of an Allowed General Unsecured Claim against such Debtor in accordance with the provisions of Section 10.1 of the Plan; provided, however, that, notwithstanding the foregoing, for purposes of making distributions to a holder of an Allowed Joint Liability Claim against more than one Debtor, such holder's Pro Rata Share of Distributive Assets and Distributive Interests shall include the amounts calculated pursuant to sub-clause (B) of Sections 1.89 and

1.90 of the Plan, respectively, with respect to only one Debtor; and, provided, further, that, notwithstanding the foregoing, the contractual subordination rights, if any, of holders of "Senior Indebtedness" or any similar term under the Enron MIPS Agreements shall be preserved and enforced hereunder pursuant to section 510(a) of the Bankruptcy Code and, in the event such rights are determined to be enforceable, any such distributions shall be distributed to holders of Allowed Claims that constitute "Senior Indebtedness", as identified on Exhibit "L" hereto, until such time as such holder's Claims have been satisfied in accordance with the terms and provisions of the Enron MIPS Agreements.

7.2 **Treatment of General Unsecured Claims Against the Portland Debtors** (Classes 181 **and** 182): Commencing on the Effective Date and subject to the provisions of Section 7.4 hereof, each holder of an Allowed General Unsecured Claim against either of the Portland Debtors shall be entitled to receive on account of such Allowed General Unsecured Claim distributions in an aggregate amount equal to such holders' Pro Rata Share of the Portland Creditor Cash.

7.3 **Election to Receive Additional Cash Distributions in Lieu of Partial Plan Securities:** Notwithstanding the provisions of Section 7.1 of the Plan, any holder of an Allowed General Unsecured Claim against Enron North America Corp., Enron Power Marketing, Inc., Enron Gas Liquids, Inc., Enron Global Markets LLC, Enron Industrial Markets LLC, Enron Natural Gas Marketing Corp., ENA Upstream Company LLC, Enron Capital & Trade Resources International Corp. and Enron Reserve Acquisition Corp. may elect to receive such holder's Pro Rata Share of One Hundred Twenty-Five Million Dollars ($125,000,000.00) in lieu of all or a portion of the Plan Securities to which such holder is otherwise entitled to receive pursuant to the Plan. In the event that any such holder elects to receive such additional Cash distribution, (a) such holder's distribution of Plan Securities shall be reduced on a dollar-for-dollar basis and (b) distributions of Plan Securities to be made to holders of Allowed General Unsecured Claims against ENE shall be increased on a dollar-for-dollar basis. Such election must be made on the Ballot and be received by the Debtors on or prior to the Ballot Date. Any election made after the Ballot Date shall not be binding upon the Debtors unless the Ballot Date is expressly waived, in writing, by the Debtors; provided, however, that, under no circumstances, may such waiver by the Debtors occur on or after the Effective Date.

7.4 **Allowed Claims of Fifty Thousand Dollars or More/Election to be Treated as a Convenience Claim:** Notwithstanding the provisions of Sections 7.1 and 7.3 of the Plan, any holder of an Allowed General Unsecured Claim, other than (i) an Enron Senior Notes Claim, (ii) an Enron Subordinated Debenture Claim, (iii) an ETS Debenture Claim, (iv) an ENA Debenture Claim and (v) any other General Unsecured Claim that is a component of a larger General Unsecured Claim, portions of which may be held by such or any other holder whose Allowed General Unsecured Claim, is more than Fifty Thousand Dollars ($50,000.00), and who elects to reduce the amount of such Allowed Claim to Fifty Thousand Dollars ($50,000.00), shall, at such holder's option, be entitled to receive, based on such Allowed Claim as so reduced, distributions pursuant to Article XVI hereof. Such election must be made on the Ballot and be received by the Debtors on or prior to the Ballot Date. Any election made after the Ballot Date shall not be binding upon the Debtors unless the Ballot Date is expressly waived, in writing, by the Debtors; provided, however, that, under no circumstances, may such waiver by the Debtors occur on or after the Effective Date.

1.110 ENA **Indenture Trustee:** National City Bank, solely in its capacity as successor in interest to The Chase Manhattan Bank, as Indenture Trustee under the ENA Indentures, or its duly appointed successor.

1.111 **ENE**: Enron Corp., an Oregon corporation.

1.112 ENE **Examiner** Neal A. Batson, appointed as examiner of ENE pursuant to the Bankruptcy Court's order, dated May 24, 2002.

1.113 ENE **Examiner Orders**: The Bankruptcy Court orders, dated December 17, 2003, December 18, 2003 and February 19, 2004, together with such other orders of the Bankruptcy Court, relating to, among other things, the termination of the ENE Examiner's duties and obligations.

1.114 **Enron Affiliate**: Any of the Debtors and any other direct or indirect subsidiary of ENE.

1.115 **Enron Common Equity Interest** An Equity Interest represented by one of the one billion two hundred million (1,200,000,000) authorized shares of common stock of ENE as of the Petition Date or any interest or right to convert into such an equity interest or acquire any equity interest of the Debtors which was in existence immediately prior to or on the Petition Date.

1.116 **Enron Guaranty Claim:** Any Unsecured Claim, other than an Intercompany Claim, against ENE arising from or relating to an agreement by ENE to guarantee or otherwise satisfy the obligations of another Debtor, including, without limitation, any Claim arising from or relating to rights of contribution or reimbursement

1.117 **Enron Guaranty Distributive Assets**: The Plan Currency to be made available to holders of Allowed Enron Guaranty Claims in an amount derived from the Distribution Model equal to the sum of (A) the product of (i) seventy percent (70%) times (ii) the lesser of (a) the sum of ENE's Enron Guaranty Claims and (b) the product of (y) the Value of ENE's Assets minus an amount equal to the sum of (1) one hundred percent (100%) of ENE's Administrative Expense Claims, Secured Claims and Priority Claims plus (2) an amount equal to the product of ENE's Convenience Claim Distribution Percentage times ENE's Convenience Claims times (z) a fraction, the numerator of which is equal to the amount of ENE's Enron Guaranty Claims and the denominator of which is equal to the sum of ENE's (1) General Unsecured Claims, (2) Enron Guaranty Claims and (3) Intercompany Claims plus (B) the product of (i) thirty percent (30%) times (ii) the Value of all of the Debtors' Assets, calculated as if the Debtors' chapter 11 estates were substantively consolidated, minus an amount equal to the sum of (1) one hundred percent (100%) of all Debtors' Administrative Expense Claims, Secured Claims and Priority Claims, calculated on a Consolidated Basis, plus (2) the sum of the products of each Debtor's Convenience Claims times its respective Convenience Claim Distribution Percentage times (iii) a fraction, the numerator of which is equal to fifty percent (50%) times an amount equal to the sum of the lesser of, calculated on a Claim-by-Claim basis, (1) the amount of Enron Guaranty Claims and (2) the corresponding primary General Unsecured Claim, calculated on a Consolidated Basis, and the denominator of which is equal to the sum of the amount of (y) all Debtors'

General Unsecured Claims, calculated on a Consolidated Basis and (z) fifty percent (50%) of all Guaranty Claims; provided, however, that, for purposes of calculating "Enron Guaranty Distributive Assets", such calculation shall not include the Assets of or the General Unsecured Claims against either of the Portland Debtors.

1.118 Enron Guaranty Distributive Interests : The Litigation Trust Interests or the Special Litigation Trust Interests, as the case may be, to be made available to holders of Allowed Enron Guaranty Claims in an amount derived from the Distribution Model equal to the quotient of (I) the sum of (A) the product of (i) seventy percent (70%) times (ii) the lesser of (a) the sum of ENE's Enron Guaranty Claims and (b) the product of (y) the sum of the Value of ENE's Assets and the Fair Market Value of ENE's Litigation Trust Interests or Special Litigation Trust Interests, as the case may be, minus an amount equal to the sum of (1) one hundred percent (100%) of ENE's Administrative Expense Claims, Secured Claims and Priority Claims plus (2) an amount equal to the product of ENE's Convenience Claim Distribution Percentage times ENE's Convenience Claims times (z) a fraction, the numerator of which is equal to the amount of ENE's Enron Guaranty Claims and the denominator of which is equal to the sum of ENE's (1) General Unsecured Claims, (2) Enron Guaranty Claims and (3) Intercompany Claims plus (B) the product of (i) thirty percent (30%) times (ii) the sum of the Value of all of the Debtors' Assets and the Fair Market Value of all of the Debtors' Litigation Trust Interests or Special Litigation Trust Interests, as the case may be, calculated as if the Debtors' chapter 11 estates were substantively consolidated, minus an amount equal to the sum of (1) one hundred percent (100%) of all Debtors' Administrative Expense Claims, Secured Claims and Priority Claims, calculated on a Consolidated Basis, plus (2) the sum of the products of each Debtor's Convenience Claims times its respective Convenience Claim Distribution Percentage times (iii) a fraction, the numerator of which is equal to fifty percent (50%) times an amount equal to the sum of the lesser of, calculated on a Claim-by-Claim basis, (1) the amount of Enron Guaranty Claims and (2) the corresponding primary General Unsecured Claim, calculated on a Consolidated Basis, and the denominator of which is equal to the sum of the amount of (y) all Debtors' General Unsecured Claims, calculated on a Consolidated Basis and (z) fifty percent (50%) of all Guaranty Claims, minus (C) Enron Guaranty Distributive Assets, divided by (II) the Fair Market Value of a Litigation Trust Interest or a Special Litigation Trust Interest, as the case may be; provided, however, that, for purposes of calculating "Enron Guaranty Distributive Interests", such calculation shall not include the Assets of or the General Unsecured Claims against either of the Portland Debtors.

1.119 Enron MIPS Agreements: That certain (a) Loan Agreement, dated as of November 15, 1993, between ENE and Enron Capital LLC, executed and delivered in connection with the issuance of 8% Cumulative Guaranteed Monthly Income Preferred Shares, and relating to a loan in the original principal amount of Two Hundred Seventy Million Five Hundred Sixty-Nine Thousand Six Hundred Twenty-One Dollars ($270,569,621.00), and (b) Loan Agreement, dated as of August 3, 1994, between ENE and Enron Capital Resources, L.P., executed and delivered in connection with the issuance of 9% Cumulative Preferred Securities, Series A, and relating to a loan in the original principal amount of Ninety-Four Million Nine Hundred Thirty-Six Thousand Seven Hundred Nine Dollars ($94,936,709.00).

1.120 Enron Preferred Equity Interest An Equity Interest represented by an issued and outstanding share of preferred stock of ENE as of the Petition Date, including, without

limitation, that certain (a) Cumulative Second Preferred Convertible Stock, (b) 9.142% Perpetual Second Preferred Stock, (c) Mandatorily Convertible Junior Preferred Stock, Series B, and (d) Mandatorily Convertible Single Reset Preferred Stock, Series C, or any other interest or right to convert into such a preferred equity interest or acquire any preferred equity interest of the Debtors which was in existence immediately prior to the Petition Date.

1.121 **Enron Senior** Notes: The promissory notes and debentures issued and delivered by ENE in accordance with the terms and conditions of the Enron Senior Notes Indentures and set forth on Exhibit "B" hereto.

1.122 **Enron Senior Notes Claim:** Any General Unsecured Claim arising from or relating to the Enron Senior Notes Indentures.

1.123 **Enron Senior Notes Indentures:** That certain (a) Indenture, dated as of November 1, 1985, as supplemented on December 1, 1995, May 8, 1997, September 1, 1997 and August 17, 1999, between ENE, as Issuer, and The Bank of New York, as Indenture Trustee, (b) Indenture, dated as of October 15, 1985, as supplemented, between ENE, as Issuer, and Wells Fargo Bank Minnesota, as Indenture Trustee, (c) Indenture, dated as of April 8, 1999, as supplemented, between ENE, as Issuer, and Wells Fargo Bank Minnesota, as Indenture Trustee, and (d) Indenture, dated as of February 7, 2001, as supplemented, between ENE, as Issuer, and Wells Fargo Bank Minnesota, as Indenture Trustee.

1.124 **Enron Senior** Notes **Indenture Trustees:** The Bank of New York, solely in its capacity as successor in interest to Harris Trust and Savings Bank, as Indenture Trustee, or its duly appointed successor, and Wells Fargo Bank Minnesota, solely in its capacity as successor in interest to JPMorgan Chase Bank, as Indenture Trustee, or its duly appointed successor, solely in their capacities as indenture trustees with regard to the respective Enron Senior Notes Indentures.

1.125 **Enron Subordinated Debentures**: The 8.25% Subordinated Debentures and the 6.75% Subordinated Debentures.

1.126 **Enron Subordinated Debenture Claim:** Any General Unsecured Claim arising from or relating to the Enron Subordinated Indenture.

1.127 **Enron Subordinated Indenture**: That certain Indenture, dated February 1, 1987, between ENE, as Issuer, and the Enron Subordinated Indenture Trustee, as Indenture Trustee.

1.128 **Enron Subordinated Indenture Trustee:** The Bank of New York, solely in its capacity as successor in interest to InterFirst Bank Houston, N.A., as indenture trustee under the Enron Subordinated Indenture, or its duly appointed successor.

1.129 **Enron TOPRS Debenture Claim**: Any General Unsecured Claim arising from or relating to the Enron TOPRS Indentures.

1.130 **Enron TOPRS Debentures:** The 7.75% Subordinated Debentures Due 2016, issued in the original aggregate principal amount of $181,926,000.00 and the 7.75%

1.141 **EPF II**: Enron Preferred Funding II, a Delaware limited partnership formed pursuant to the EPF II Partnership Agreement.

1.142 **EPF n Partnership Agreement**: That certain Agreement of Limited Partnership, dated as of December 23, 1996, as amended by that certain Amended and Restated Agreement of Limited Partnership of Enron Preferred Funding II, dated as of January 16, 1997.

1.143 **Equity Interest:** Any equity interest in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock or any interest or right to convert into such an equity interest or acquire any equity interest of the Debtors which was in existence immediately prior to or on the Petition Date.

1.144 **ERISA**: Employee Retirement Income Security Act of 1974, as amended, to the extent codified in Title 29, United States Code.

1.145 ETS: Enron Transportation Services, LLC, a Delaware limited liability company and successor-in-interest to Enron Transportation Services Company, one of the Debtors.

1.146 **ETS Debenture Claim:** Any General Unsecured Claim arising from or relating to the ETS Indentures.

1.147 **ETS Indentures**: That certain (1) Indenture, dated as of November 21, 1996, by and among Enron Pipeline Company, now known as ETS, as Issuer, ENE, as Guarantor, and The Chase Manhattan Bank, as Indenture Trustee, and (2) Indenture, dated as of January 16, 1997, by and among Enron Pipeline Company, now known as ETS, as Issuer, ENE, as Guarantor, and The Chase Manhattan Bank, as Indenture Trustee.

1.148 **ETS Indenture Trustee:** National City Bank, solely in its capacity as successor in interest to The Chase Manhattan Bank, as indenture trustee under the ETS Indentures, or its duly appointed successor.

1.149 **Exchanged Enron Common Stock:** The common stock of Reorganized ENE authorized and to be issued pursuant to the Plan, having a par value of $0.01 per share, of which the same number of shares as the number of shares of authorized Enron Common Equity Interests shall be authorized, and the same number of shares as the number of shares of Enron Common Equity Interests consisting of common stock (not interests or rights to convert into, or acquire, common stock) outstanding on the Effective Date shall be issued pursuant to the Plan with such rights with respect to dividends, liquidation, voting and other matters as are provided for by applicable nonbankruptcy law or the Reorganized Debtors Certificate of Incorporation and the Reorganized Debtors By-laws, and which are being issued in exchange for, and on account of, each Enron Common Equity Interest consisting of outstanding common stock (not interests or rights to convert into, or acquire, common stock) and transferred to the Common Equity Trust with the same economic interests and rights to receive distributions from ENE or Reorganized ENE, after all Claims have been satisfied, in full, as such Enron Common Equity Interest

1.150 **Exchanged Enron Preferred Stock:** The Series 1 Exchanged Preferred Stock, the Series 2 Exchanged Preferred Stock, the Series 3 Exchanged Preferred Stock and the Series 4

Exchanged Preferred Stock, and such other issues of preferred stock which may be issued on account of preferred stock in existence as of the Confirmation Date.

1.151 **Existing PGE Common Stock:** The issued and outstanding shares of PGE common stock, having a par value of $3.75 per share, held by ENE as of the date hereof.

1.152 **Fair Market Value**: The value of the Litigation Trust Claims and the Special Litigation Trust Claims determined in accordance with the provisions of Sections 22.5 and 23.5 of the Plan, respectively.

1.153 **Fee Committee:** The committee appointed by the Bankruptcy Court pursuant to an order, dated April 26, 2002, to, among other things, review the amounts and propriety of the fees and expenses incurred by professionals retained in the Chapter 11 Cases pursuant to an order of the Bankruptcy Court.

1.154 **Final Order** An order or judgment of the Bankruptcy Court as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending; and if an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under section 502(j) of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules, may be but has not then been filed with respect to such order, shall not cause such order not to be a Final Order.

1.155 **General Unsecured Claim:** An Unsecured Claim, other than a Guaranty Claim or an Intercompany Claim.

1.156 **Guaranty Claims**: ACFI Guaranty Claims, ENA Guaranty Claims, Enron Guaranty Claims, EPC Guaranty Claims and Wind Guaranty Claims.

1.157 **Indentures:** The Enron Senior Notes hldenture, the Enron Subordinated Indenture, the ETS Indentures, the ENA Indentures and the Enron TOPRS Indentures.

1.158 **Indenture Trustees**: The Enron Senior Notes Indenture Trustees, the Enron Subordinated Indenture Trustee, the ETS Indenture Trustee, the ENA hldenture Trustee and the Enron TOPRS Indenture Trustee.

1.159 **Indenture Trustee Claims**: The Claims of the Enron Senior Notes Indenture Trustees, the Enron Subordinated hldenture Trustee, the ETS Indenture Trustee, the ENA Indenture Trustee and the Enron TOPRS Indenture Trustee pursuant to the Enron Senior Notes Indenture, the Enron Subordinated Indenture, the ETS Indentures, the ENA Indentures and the Enron TOPRS Indentures, respectively, for reasonable fees and expenses, including, without limitation, reasonable attorney's fees and expenses.

Equity Interests in accordance with the provisions of the documents, instruments and agreements governing such Equity Interests, including, without limitation, the contractual subordination provisions set forth therein and the Bankruptcy Code.

ARTICLE XVIII

PROVISIONS FOR TREATMENT OF ENRON PREFERRED EQUITY INTERESTS (CLASS 383)

18.1 **Treatment of Allowed Enron Preferred Equity Interests (Class** 383): Except as otherwise provided in Section 18.2 of the Plan, on the Effective Date, each holder of an Allowed Enron Preferred Equity Interest shall be entitled to receive such holder's Pro Rata Share of the separate class of Preferred Equity Trust Interests relating to such holder's class of Exchanged Enron Preferred Stock to be allocated pursuant to Article XXVI of the Plan. For purposes of this Section 18.1, a holder's class of Exchanged Enron Preferred Stock is the class of Exchanged Enron Preferred Stock to be issued in lieu of such holder's class of Enron Preferred Equity Interest.

18.2 Contingent Distribution/Limitation on Recovery: Notwithstanding anything contained herein to the contrary, in the event that (a) Plan Currency and Trust Interests are deemed redistributed to a holder of an Allowed Enron Preferred Equity Interest, and, as a result of the issuance and transfer of the Exchanged Enron Preferred Stock, to the Preferred Equity Trustee for and on behalf of the holders of Preferred Equity Trust Interests, in accordance with the provisions of Sections 7.5, 8.2, 9.2 and 17.2 of the Plan, and (b) the sum of such distributions to such holder are equal or in excess of to one hundred percent (100%) of such holder's Allowed Enron Preferred Equity Interests, then, the Plan Currency and Trust Interests remaining to be distributed to such holder in excess of such one hundred percent (100%) shall be deemed redistributed to holders of Allowed Section 510 Enron Common Equity Interest Claims and Allowed Enron Common Equity Interests and accordingly shall be distributed in accordance with the provisions of the documents, instruments and agreements governing such Equity Interests, including, without limitation, the contractual subordination provisions set forth therein, and the Bankruptcy Code.

18.3 **Cancellation of Enron Preferred Equity Interests and Exchanged Enron Preferred Stock:** On the Effective Date, the Enron Preferred Equity Interests shall be deemed cancelled and of no force and effect and the Exchanged Enron Preferred Stock shall be issued in lieu thereof. On the later to occur of (a) the entry of a Final Order resolving all Claims in the Chapter 11 Cases and (b) the final distribution made to holders of Allowed Claims and Allowed Equity Interests in accordance with Article XXXII of the Plan, the Exchanged Enron Preferred Stock shall be deemed extinguished and the certificates and all other documents representing such Equity Interests shall be deemed cancelled and of no force and effect.

ARTICLE XIX

PROVISION FOR TREATMENT OF ENRON COMMON EQUITY INTERESTS (CLASS 384)

19.1 **Treatment of Allowed Enron Common Equity Interests (Class 384):** Except as otherwise provided in Section 19.2 of the Plan, on the Effective Date, each holder of an Allowed Enron Common Equity Interest shall be entitled to receive such holder's Pro Rata Share of Common Equity Trust Interests to be allocated pursuant to Article XXVII of the Plan.

19.2 **Contingent Distribution to Common Equity Trust** Notwithstanding anything contained herein to the contrary, in the event that Plan Currency and Trust Interests are deemed redistributed to a holder of an Allowed Enron Common Equity Interest in accordance with the provisions of Sections 7.5, 8.2, 9.2, 17.2 and 18.2 of the Plan, as a result of the issuance and transfer of Exchanged Enron Common Stock, such Plan Currency shall be distributed to the Common Equity Trustee for and on behalf of the holders of Common Equity Trust Interests.

19.3 **Cancellation of Enron Common Equity Interests and Exchanged Enron Common Stock:** On the Effective Date, the Enron Common Equity Interests shall be deemed cancelled and of no force and effect and the Exchanged Enron Common Stock shall be issued in lieu of the Enron Common Equity Interests consisting of outstanding common stock (not interests or rights to convert into, or acquire, common stock). On the later to occur of (a) the entry of a Final Order resolving all Claims in the Chapter 11 Cases and (b) the final distribution made to holders of Allowed Claims and Allowed Equity Interests in accordance with Article XXXII of the Plan, the Exchanged Enron Common Stock shall be deemed extinguished and the certificates and all other documents representing such Equity Interests shall be deemed cancelled and of no force and effect.

ARTICLE XX

PROVISIONS FOR TREATMENT OF OTHER EQUITY INTERESTS (CLASS 385)

20.1 **Cancellation of Other Equity Interests (Class 385):** On the latest to occur of (1) the Effective Date, (2) the entry of a Final Order resolving all Claims in the Chapter 11 Cases and (3) the final distribution made to holders of Allowed Claims and Allowed Equity Interests in accordance with Article XXXII of the Plan, unless otherwise determined by the Debtors and the Creditors' Committee, (a) all Other Equity Interests shall be deemed extinguished and the certificates and all other documents representing such Equity Interests shall be deemed cancelled and of no force and effect and (b) the Reorganized Debtor Plan Administrator shall administer the assets of such Entity in accordance with the provisions of Article XXXVI hereof; provided, however, that no Other Equity Interests shall be cancelled if the result of such cancellation shall adversely economically impact the estate of any Debtor.

ARTICLE XXXI

PROVISIONS FOR THE ESTABLISHMENT AND MAINTENANCE OF DISBURSEMENT ACCOUNTS

31.1 **Establishment of Disbursement Account:** On or prior to the Effective Date, the Debtors shall establish one or more segregated bank accounts in the name of the Reorganized Debtors as Disbursing Agent under the Plan, which accounts shall be trust accounts for the benefit of Creditors and holders of Administrative Expense Claims pursuant to the Plan and utilized solely for the investment and distribution of Cash consistent with the terms and conditions of the Plan. On or prior to the Effective Date, and periodically thereafter, the Debtors shall deposit into such Disbursement Account(s) all Cash and Cash Equivalents of the Debtors, less amounts reasonably determined by the Debtors or the Reorganized Debtors, as the case may be, as necessary to fund the ongoing implementation of the Plan and operations of the Reorganized Debtors.

31.2 **Maintenance of Disbursement Account(s):** Disbursement Account(s) shall be maintained at one or more domestic banks or financial institutions of the Reorganized Debtors' choice having a shareholder's equity or equivalent capital of not less than One Hundred Million ($100,000,000.00). The Reorganized Debtors shall invest Cash in Disbursement Account(s) in Cash Equivalents; provided, however, that sufficient liquidity shall be maintained in such account or accounts to (a) make promptly when due all payments upon Disputed Claims if, as and when they become Allowed Claims and (b) make promptly when due the other payments provided for in the Plan.

ARTICLE XXXII

PROVISIONS REGARDING DISTRIBUTIONS

32.1 **Time and Manner of Distributions:** Distributions under the Plan shall be made to each holder of an Allowed Unsecured Claim as follows:

(a) Initial Distributions of Cash On or as soon as practicable after the Effective Date, the Disbursing Agent shall distribute, or cause to be distributed, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim, an Allowed Intercompany Claim and an Allowed Convenience Claim, such Creditor's share, if any, of Creditor Cash as determined pursuant to Articles VII, X, XI, XII, XIII, XIV, XV and XVI hereof.

(b) Subsequent Distributions of Cash: On the first (1st) Business Day that is after the close of one (1) full calendar quarter following the date of the initial Effective Date distributions, and, thereafter, on each first (1st) Business Day following the close of two (2) full calendar quarters, the Disbursing Agent shall distribute, or cause to be distributed, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim, an Allowed Intercompany Claim, and an Allowed Convenience Claim, an amount equal to such Creditor's

share, if any, of Creditor Cash as determined pursuant to Articles VII, X, XI, XII, XIII, XIV, XV and XVI hereof, until such time as there are no longer any potential Creditor Cash.

(c) Distributions of Plan Securities: Notwithstanding anything contained herein to the contrary, commencing on or as soon as practicable after the Effective Date, subject to the availability of any historical financial information required to comply with applicable securities laws, the Disbursing Agent shall commence distributions, or cause to be distributed, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim and an Allowed Intercompany Claim, an amount equal to such Creditor's share, if any, of Plan Securities, as determined pursuant to Articles VII, X, XI, XII, XIII, XIV, XV and XVI hereof, and semi-annually thereafter until such time as there is no longer any potential Plan Securities to distribute, as follows:

(i) Prisma: Distribution of Prisma Common Stock to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims shall commence upon (a) allowance of General Unsecured Claims in an amount which would result in the distribution of thirty percent (30%) of the issued and outstanding shares of Prisma Common Stock and (b) obtaining the requisite consents for the transfer of the Prisma Assets to Prisma and the issuance of the Prisma Common Stock;

(ii) Crosscountry: Distributions of CrossCountry Common Equity to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims shall commence upon (a) allowance of General Unsecured Claims in an amount which would result in the distribution of thirty percent (30%) of the issued and outstanding shares of CrossCountry Common Equity and (b) obtaining the requisite consents for the issuance of the CrossCountry Common Equity; and

(iii) PGE: Distributions of PGE Common Stock to holders of Allowed General Unsecured Claims, Allowed Guaranty Claims and Allowed Intercompany Claims shall commence upon (a) allowance of General Unsecured Claims in an amount which would result in the distribution of thirty percent (30%) of the issued and outstanding shares of PGE Common Stock and (b) obtaining the requisite consents for the issuance of the PGE Common Stock;

provided, however, that, in the event that a Sale Transaction has occurred, or an agreement for a Sale Transaction has been entered into and has not been terminated, prior to the satisfaction of the conditions for the distribution of such Plan Securities pursuant to this Section 32.1(c), the proceeds thereof shall be distributed in accordance with the provisions of Section 32.1 (a) of the Plan in lieu of the Plan Securities that are the subject of such Sale Transaction or agreement, or in the case of a Sale Transaction involving a sale of all or substantially all of the assets of an issuer of Plan Securities, the Plan Securities of such issuer (unless the agreement for such Sale Transaction terminates subsequent to the satisfaction of such applicable conditions in this

Section 32.1(c), in which case, such Plan Securities shall be distributed pursuant to this Section 32.1(c)), with the balance of such Plan Securities distributed in accordance with the provisions of this Section 32.1(c); and, provided, further, that, if in the joint determination of the Debtors or the Reorganized Debtors, as the case may be, and the Creditors' Committee, the Prisma Trust Interests, Crosscountry Trust Interests and/or PGE Trust Interests are created, on or as soon as practicable following the creation of the Operating Trusts, such interests shall be allocated to the appropriate holders thereof in accordance with Article XXIV of the Plan in lieu of the distributions of Prisma Common Stock, Crosscountry Common Equity and/or PGE Common Stock, respectively; and, provided, further, that during the period of retention of any such Plan Securities, the Disbursing Agent shall distribute, or cause to be distributed, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim and an Allowed Intercompany Claim, an amount equal to such Creditor's share, if any, of dividends declared and distributed with respect to any of the Plan Securities; and, provided, further, until such time as all Disputed Claims have been allowed by Final Order, in whole or in part, the Disbursing Agent shall hold in reserve at least one percent (1%) of the Plan Securities to be distributed in accordance with Section 21.3 of the Plan and this Section 32.1.

(d) Distribution of Trust Interests: In the event that the Litigation Trust or the Special Litigation Trust is created, on or as soon as practicable thereafter, the Disbursing Agent shall commence distributions, or cause to be distributed, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim, and an Allowed Intercompany Claim, such Creditor's share, if any, of Trust Interests as determined pursuant to Articles VII, X, XI, XII, XIII, XIV, XV and XVI hereof, and semi-annually thereafter until such time as there is no longer any Trust Interests to distribute.

(e) Allocation of Remaining Asset Trust Interests: In the event the Remaining Asset Trusts are created, on or as soon as practicable thereafter, the Disbursing Agent shall allocate, or cause to be allocated, to the Reorganized Debtor Plan Administrator on behalf of holders of Disputed Claims, and to each holder of an Allowed General Unsecured Claim, an Allowed Guaranty Claim, and an Allowed Intercompany Claim, such Creditor's share, if any, of Remaining Asset Trust Interests as determined pursuant to Articles VII, X, XI, XII, XIII, XIV, XV and XVI hereof.

(f) Recalculation of Distributive Assets, Guaranty Distributive Assets and Intercompany Distributive Assets: Notwithstanding anything contained herein to the contrary, in connection with each of the distributions of Plan Currency to be made in accordance with this Section 32.1, the Disbursing Agent shall calculate, or cause to be calculated, Distributive Assets, Enron Guaranty Distributive Assets, Wind Guaranty Distributive Assets, ACFI Guaranty Distributive Assets, ENA Guaranty Distributive Assets, EPC Guaranty Distributive Assets and Intercompany Distributive Assets as of the date thereof, taking into account, among other things, (i) sales of Remaining Assets, prior to the creation of the Remaining Asset Trust(s), (ii) proceeds, if any, of Sale Transactions and (iii) the allowance or disallowance of Disputed Claims, as the case may be.

SEPARATION AGREEMENT

BETWEEN

ENRON CORP.

AND

PORTLAND GENERAL ELECTRIC COMPANY

Dated as of [_____], 200[_]

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SEPARATION AGREEMENT

SEPARATION AGREEMENT, dated as of [_____], 200[J (this "Agreement"), between Enron Corp., an Oregon corporation ("Enron"), and Portland General Electric Company, an Oregon corporation ("PGE"). Certain terms used in this Agreement are defined in Section 4.1.

W I T N E S S E T H:

WHEREAS, commencing on December 2, 2001, Enron and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code; and

WHEREAS, prior to the execution and delivery of this Agreement, Enron owns all of the issued and outstanding common stock, par value $3.75 per share, of PGE (the "PGE Common Stock"); and

WHEREAS, Enron and PGE desire to enter into this Agreement in connection with the Stock Issuance which is occurring concurrently with the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

COVENANTS

1.1 Preservation of Records; Cooperation. Each of Enron and PGE shall preserve and keep in its possession all records held by it on and after the date hereof which may relate to the businesses of or any claim, action, investigation or proceeding involving the Enron Group, on the one hand, and the PGE Group, on the other hand, until the earlier of (x) seven (7) years from the date of this Agreement or (y) the closing of the Bankruptcy Cases, or such longer period as may be required by Applicable Law or any other Transaction Document, and shall make such records and then existing personnel available to the other party as may reasonably be requested by such party in connection with, among other things, any insurance claims, legal proceedings, or governmental investigations of the Enron Group or the PGE Group or in order to enable Enron or PGE to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby; provided, however, that in no event shall the Enron Group or the PGE Group be obligated to provide any information (i) the disclosure of which would jeopardize any privilege available to the Enron Group or the PGE Group, as applicable, relating to such information, (ii) the disclosure of which would cause the Enron Group or the PGE Group, as applicable, to breach a confidentiality obligation to which it is bound or (iii) the disclosure of which

would cause the Enron Group or the PGE Group, as applicable, to be in violation of Applicable Law. After the expiration of any applicable retention period, before any party shall dispose of any of such records, at least ninety (90) days' prior notice to such effect shall be given by such party to the other party hereto (or a Person designated by such party) and such party shall have the opportunity (but not the obligation), at its sole cost and expense, to remove and retain all or any part of such records as it may in its sole discretion select. From and after the date of this Agreement and until the Final Release Date, each of Enron and PGE shall, and shall cause each of its Subsidiaries to, (A) provide the other party with notice of any governmental inquiries or investigations or any litigation initiated against the Enron Group or the PGE Group, as applicable, which may relate to the business, assets or operations of any member of the Enron Group or the PGE Group, as applicable, and (B) make good faith efforts to provide such other party with information which such party believes to be beneficial to such other party in connection with investigations of or matters involving claims against the Enron Group or the PGE Group, as applicable; provided, however, that in no event shall the Enron Group or the PGE Group, as applicable, be obligated to provide any information (i) the disclosure of which would jeopardize any privilege available to the Enron Group or the PGE Group, as applicable, relating to such information, (ii) the disclosure of which would cause the Enron Group or the PGE Group, as applicable, to breach a confidentiality obligation to which it is bound or (iii) the disclosure of which would cause the Enron Group or the PGE Group, as applicable, to be in violation of Applicable Law.

1.2 Confidentiality.

(a) Subject to Section 1.2(c), Enron shall not, and shall cause its Affiliates and their respective officers, directors, employees, attorneys and other agents and representatives, including attorneys, agents and other representatives of any Person providing financing (collectively, "Representatives"), not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of Enron or of its Affiliates who reasonably need to know such information in providing services to any member of the Enron Group, any PGE Confidential Information (as defined below). For purposes of this Section 1.2, any information, material or documents relating to the businesses currently or formerly conducted by the PGE Group furnished to or in possession of the Enron Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the Enron Group and their respective Representatives, that contain or otherwise reflect such information, material or documents is hereinafter referred to as "PGE Confidential Information". "PGE Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by Enron not otherwise permissible hereunder, (ii) is deemed by Enron to be necessary or appropriate to disclose in connection with (A) the administration of the Bankruptcy Cases, (B) any investigation, proceeding or litigation, including, but not by means of limitation, any such investigation, proceeding or litigation related to ERISA or federal income tax liability, or (C) one or more Releases, including without limitation obtaining consents in connection with such Releases, or (iii) Enron can demonstrate was or became available to Enron from a source other than the PGE Group; provided, however, that, in

the case of clause (iii), the source of such information was not known by Enron to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the PGE Group with respect to such information. For the avoidance of doubt, PGE Confidential Information includes all electronic information, including emails, prepared by the PGE Group or the Enron Group, including any electronic information which may reside on systems in which the Enron Group has an ownership interest, which are controlled, in whole or in part, by the Enron Group, or to which the Enron Group has access.

(b) Subject to Section 1.2(c), PGE shall not, and shall cause its Subsidiaries and their respective Representatives, not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing services to the PGE Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any Enron Confidential Information (as defined below). For purposes of this Section 1.2, any information, material or documents relating to the businesses currently or formerly conducted by the Enron Group furnished to or in possession of the PGE Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the PGE Group or their respective Representatives, that contain or otherwise reflect such information, material or documents is hereinafter referred to as "Enron Confidential Information". "Enron Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by the PGE Group not otherwise permissible hereunder, or (ii) PGE can demonstrate was or became available to PGE from a source other than the Enron Group; provided, however, that, in the case of clause (ii), the source of such information was not known by PGE to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Enron Group with respect to such information. For the avoidance of doubt, Enron Confidential Information includes all electronic information, including emails, prepared by any member of the Enron Group or the PGE Group, including any electronic information which may reside on systems in which the PGE Group has an ownership interest, are controlled, in whole or in part, by the PGE Group, or to which the PGE Group has access.

(c) If Enron, on the one hand, or PGE, on the other hand, is requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority to disclose any PGE Confidential Information or Enron Confidential Information, as applicable, the Person receiving such request or demand shall use all reasonable efforts to provide the other party with written notice of such request or demand as promptly as practicable under the circumstances so that such other party shall have an opportunity to seek an appropriate protective order. The party receiving such request or demand agrees to take, and cause its representatives to take, all other reasonable steps necessary to obtain confidential treatment by the recipient. The covenants and agreements of the parties set forth in Sections 1.2(a), (b) and (c) shall survive for a period of two (2) years after the date of this Agreement.

1.3 Use of Name.

(a) PGE shall not have any right, title or interest in the name "Enron" (or any variation thereof) or any trademarks, trade names, logo or symbols related thereto. As soon as reasonably practicable following the date of this Agreement (and in any event, within three hundred sixty five (365) days thereafter), PGE shall, to the extent applicable, amend its organizational documents and the organizational documents of any Subsidiary to the extent necessary to remove the "Enron" name (and any variation thereof) from its name and to remove, at the sole expense of PGE, all trademarks, trade names, logos and symbols related to the name "Enron" from any properties and assets (including all signs) that are visible to, or obtainable by, members of the public.

(b) Enron shall not have any right, title or interest in the name "Portland General Electric" (or any variation thereof) or any trademarks, trade names, logos or symbols related thereto. As soon as reasonably practicable following the date of this Agreement (and in any event, within three hundred and sixty-five (365) days thereafter), Enron shall, to the extent applicable, amend its organizational documents and the organizational documents of any Subsidiary to the extent necessary to remove the "Portland General Electric" name (and any variation thereof) from its name and to remove, at the sole expense of Enron, all trademarks, trade names, logos and symbols related to the name "Portland General Electric" from any properties and assets (including all signs) that are visible to, or obtainable by, members of the public.

1.4 Intercompany Amounts and Agreements. Immediately prior to or at the execution and delivery of this Agreement, PGE has caused any amounts owed by any member of the Enron Group to any member of the PGE Group (whether liquidated or unliquidated, known or unknown, but excluding obligations under any Transaction Document) to be dividended or otherwise distributed to Enron. Any amounts owed by any member of the PGE Group to any member of the Enron Group, to the extent not paid concurrently with the execution and delivery of this Agreement, will remain obligations of the applicable obligor. Except as otherwise provided on Schedule 1.4, all agreements between any member of the Enron Group, on the one hand, and any member of the PGE Group, on the other hand, are hereby terminated.

1.5 Further Assurances. Each of Enron and PGE agree that each of them will, and will cause their respective Affiliates to, execute and deliver such instruments and take such other commercially reasonable action as may reasonably be requested by any party hereto to carry out the purposes and intents hereof.

1.6 The Plan and Stock Issuance.

(a) PGE shall take all actions necessary to ensure that all shares of its capital stock being issued in the Stock Issuance pursuant to the Plan are duly authorized, validly issued, fully paid and nonassessable and free of any preemptive (or similar) rights. As soon as practicable after the execution and delivery of this Agreement, PGE shall cause its transfer agent to mail to the recipients of its capital stock certificates (as directed by Stephen Forbes Cooper

LLC or its successor under the Plan) for the applicable number of shares, unless the transfer agent uses a book entry system of stock recordkeeping, in which case no certificates for shares of PGE Common Stock shall be issued unless a shareholder so requests.

(b) The appropriate procedures in connection with any Release Date shall be governed by the terms of the Plan. All expenses incurred by PGE in connection with a Release, including expenses incurred in preparing, filing with the SEC, and obtaining an effective order with respect to the registration of the class of PGE Common Stock pursuant to the Securities Exchange Act, shall be borne by PGE.

ARTICLE II

CONCURRENT DELIVERIES AND TRANSACTIONS

2.1 Documents Delivered by the Enron Group. Concurrently with the execution and delivery of this Agreement, Enron is delivering, or causing to be delivered, to PGE or the other appropriate parties originally executed versions of each of the Transaction Documents executed by all parties thereto other than PGE.

2.2 Documents to Be Delivered by PGE. Concurrently with the execution and delivery of this Agreement, PGE is delivering to Enron or the other appropriate parties originally executed versions of each of the Transaction Documents executed by PGE.

2.3 Stock Issuance. Concurrently with the execution and delivery of this Agreement, the Stock Issuance is occurring. In order to effect the Stock Issuance, (i) PGE is canceling all shares of PGE Common Stock heretofore owned by Enron (and Enron hereby directs PGE to effect such cancellation), (ii) PGE is issuing_____shares of PGE Common Stock to Stephen Forbes Cooper LLC pursuant to the Plan and (iii) PGE is issuing an aggregate_____shares of PGE Common Stock to other Persons pursuant to the Plan.

2.4 Termination of Tax Allocation Agreement. The parties hereto hereby agree that, effective immediately upon the execution and delivery of this Agreement, the Tax Allocation Agreement is hereby terminated; provided, however, that Articles III and IV of the Tax Allocation Agreement shall remain in effect for the sole purpose of determining the payment required to be made under the Tax Allocation Agreement in respect of the current taxable year of Enron and the PGE Group (determined as though such taxable year ended on the date hereof).

ARTICLE III

INDEMNIFICATION

3.1 Tax Indemnification.[1]

(a) Enron hereby agrees to indemnify and hold the PGE Indemnified Parties harmless from and against any and all Taxes of any member of the PGE Group that are imposed upon such member of the PGE Group by reason of such member of the PGE Group being severally liable for any Taxes of any member of the Enron Group which is not a member of the PGE Group pursuant to Treasury Regulation §1.1502-6(a) or any analogous state, local or foreign law; provided, that such Taxes are (x) imposed upon or assessed against any PGE Indemnified Party or the assets or the properties thereof and (y) assessed before assessment of such Tax is barred under the applicable statute of limitations relating to such Tax and provided, further, that the indemnity set forth in this Section 3.1(a) shall not affect the obligation of any member of the PGE Group to make payments pursuant to any order of the Bankruptcy Court, the Tax Allocation Agreement or any other agreement between any member of the Enron Group, on one hand, and any member of the PGE Group, on the other hand, to allocate liability for Taxes.

(b) Enron also shall indemnify and hold harmless the PGE Indemnified Parties from and against any Liabilities (other than Taxes assessed on any indemnification payment received by the PGE Indemnified Parties pursuant to this Article V) incurred in connection with the Taxes for which Enron is responsible to indemnify the PGE Indemnified Parties pursuant to Section 3.1(a).1

3.2 Employee Benefits Indemnification.[2] Enron hereby agrees to indemnify and hold the PGE Indemnified Parties harmless from and against any and all Liabilities arising out of any employee benefit plan sponsored by Enron or its ERISA Affiliates (other than members of the PGE Group) that are imposed upon or assessed against a member of the PGE Group or the assets thereof (i) under Title IV of ERISA or (ii) due to participating employer status in the Enron Corp. Savings Plan; provided, that such Liabilities are not barred from recovery under the relevant statute of limitations and provided, further, that the indemnity set forth in this Section 3.2 shall not affect the obligation of any member of the PGE Group to make payments pursuant to any order of the Bankruptcy Court or any other agreement between any member of the Enron Group, on one hand, and any member of the PGE Group, on the other hand, relating to the allocation of costs of providing employee benefits to the employees of the PGE Group.

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[1] Assuming that, as expected, the pending settlement with the IRS is finalized prior to the execution and delivery of this Agreement, this section will be modified to apply only to periods not covered by the IRS settlement (i.e. periods after 2001).

[2] Assuming that, as expected, the pending settlement with the PBGC is finalized prior to the execution and delivery of this Agreement, this section will be eliminated.

3.3 Indemnification Procedures. All claims for indemnification under this Article III shall be resolved as follows:

(a) A party claiming indemnification under this Agreement (an "Indemnified Party") shall promptly (i) notify the party from whom indemnification is sought (the "Indemnifying Party") of any Third Party Claim asserted against the Indemnified Party which could give rise to a right of indemnification under this Agreement and (ii) transmit to the Indemnifying Party a written notice ("Claim Notice") describing the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party's request for indemnification under this Agreement.

(b) Within ten (10) days after receipt of any Claim Notice (the "Election Period"), the Indemnifying Party shall notify the Indemnified Party (i) whether the Indemnifying Party disputes its potential liability to the Indemnified Party under this Agreement with respect to such Third Party Claim and (ii) whether the Indemnifying Party desires, at the sole cost and expense of the Indemnifying Party, to defend the Indemnified Party against such Third Party Claim.

(c) If the Indemnifying Party notifies the Indemnified Party within the Election Period that the Indemnifying Party elects to assume the defense of the Third Party Claim, then the Indemnifying Party shall have the right to defend, at its sole cost and expense, such Third Party Claim by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnifying Party to a final conclusion or settled at the discretion of the Indemnifying Party in accordance with this Section 3.3 The Indemnifying Party shall have full control of such defense and proceedings including any compromise or settlement thereof; provided, however, that any such compromise or settlement that imposes any material limitation on the business activities of the Enron Group or the PGE Group, as the case may be, shall be subject to the consent of the Indemnified Party (such consent not to be unreasonably withheld, delayed or conditioned). If requested by the Indemnifying Party, the Indemnified Party shall cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including, without limitation, the making of any related counterclaim against the Person asserting the Third Party Claim or any cross-complaint against any Person; provided, that the Indemnifying Party shall pay the reasonable, out-of-pocket expenses incurred by the Indemnified Party in connection therewith. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 3.3 and, except as provided in the preceding sentence, shall bear its own costs and expenses with respect to such participation.

(d) If the Indemnifying Party fails to notify the Indemnified Party within the Election Period that the Indemnifying Party elects to defend the Indemnified Party pursuant to this Section 3.3 then the Indemnified Party shall

have the right to defend the Third Party Claim, at the sole cost and expense of the Indemnifying Party. The Indemnified Party shall have full control of such defense and proceedings; provided, however, that the Indemnified Party may not enter into, without the Indemnifying Party's consent, which shall not be unreasonably withheld, conditioned or delayed, any compromise or settlement of such Third Party Claim. The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 3.3 and the Indemnifying Party shall bear its own costs and expenses with respect to such participation.

(e) Payments of all amounts owing by the Indemnifying Party pursuant to Sections 3.3(c) and (d) shall be made not later than thirty (30) days after the latest of (A) the settlement of the Third Party Claim, (B) the expiration of the period for appeal of a final adjudication of such Third Party Claim or (C) the expiration of the period for appeal of a final adjudication of the Indemnifying Party's liability to the Indemnified Party under this Agreement.

(f) The failure to provide notice as provided in this Section 3.3 shall not excuse any party from its continuing obligations hereunder; provided, however, any claim shall be reduced by the damages resulting from such party's delay or failure to provide notice as provided in this Section 3.3

3.4 Limitation on Indemnification.

(a) Enron's obligations to indemnify pursuant to Section 3.1 and 3.2 shall terminate upon the closing of the Bankruptcy Cases. Notwithstanding the foregoing, any matter as to which a Claim Notice has been delivered to the Indemnifying Party that is pending or unresolved as of the date on which the corresponding obligation to indemnify otherwise terminates pursuant to this Section 3.4 shall continue to be covered by this Article III until such matter is finally terminated or otherwise resolved by the parties under this Agreement or by a court of competent jurisdiction and any amounts payable hereunder are finally determined and paid.

(b) The aggregate amount of Liabilities for which indemnification is provided under this Article III shall be net of any amounts actually recovered by the Indemnified Party under any insurance policies and shall be reduced to take account of any net tax benefit actually realized by the Indemnified Party arising from the incurrence of such Liability.

3.5 Remedies Exclusive. EXCEPT FOR ANY PARTIES' RIGHT TO SEEK INJUNCTIVE RELIEF FOR A BREACH OF SECTION 1.2, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE REMEDIES SET FORTH IN THIS ARTICLE III, INCLUDING THE DISCLAIMERS AND LIMITATIONS ON SUCH REMEDIES, ARE INTENDED TO BE, AND SHALL BE, THE SOLE AND EXCLUSIVE REMEDIES UNDER THIS AGREEMENT.

ARTICLE IV

DEFINITIONS

4.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 4.1:

"Action" means any action, suit, arbitration, claim, inquiry, proceeding or investigation by or before any Governmental Authority of any nature, civil, criminal, regulatory or otherwise, in law or in equity.

"Affiliate" (and, with a correlative meaning "affiliated") means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person; provided, however, that no member of the PGE Group shall be deemed an Affiliate of any member of the Enron Group for purposes of this Agreement; and provided, further, that no member of the Enron Group shall be deemed an Affiliate of any member of the PGE Group for purposes of this Agreement. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise).

"Agreement" shall have the meaning set forth in the preamble hereto.

"Applicable Law" means, with respect to any Person, any Law applicable to such Person or its business, properties or assets.

"Bankruptcy Cases" means the chapter 11 cases commenced by Enron and certain of its direct and indirect subsidiaries on or after December 2, 2001 (including any case commenced after the date of this Agreement), jointly administered under Case No. 01-16034-(AJG).

"Bankruptcy Code" means title 11 of the United States Code, as amended.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Bankruptcy Cases from time to time.

"Claim Notice" shall have the meaning set forth in Section 3.3(a).

"Contract" means any written contract, indenture, note, bond, loan, instrument, lease, commitment or other agreement.

"Election Period" shall have the meaning set forth in Section 3.3(b).

"Enron" shall have the meaning set forth in the preamble hereto.

"Enron Confidential Information" shall have the meaning set forth in Section 1.2(b).

"Enron Group" means Enron and each Person that is an Affiliate of Enron immediately after the execution and delivery of this Agreement. For sake of clarity, it is expressly agreed that "Enron Group" does not include PGE or its Subsidiaries.

"Enron Indemnified Parties" means each member of the Enron Group and their respective directors, officers, employees, Affiliates, agents, representatives, successors and assigns.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with Enron, is treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended.

"Final Release Date" shall mean the date on which the final Release occurs.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality of the United States, any state of the United States or any political subdivision thereof, and any tribunal, court or arbitrator(s) of competent jurisdiction, and shall include the Bankruptcy Court.

"Indemnified Party" shall have the meaning set forth in Section 3.3(a).

"Indemnifying Party" shall have the meaning set forth in Section 3.3(a).

"Law" means any federal, state or local law (including common law), statute, code, ordinance, rule, regulation, order, judgment or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means any and all debts, losses, liabilities, claims (including claims as defined in the Bankruptcy Code), damages, expenses, fines, costs, royalties, proceedings, deficiencies or obligations (including those arising out of any Action, such as any settlement or compromise thereof or judgment or award therein), of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, and whether or not resulting from Third Party Claims, and any reasonable out-of-pocket costs and expenses (including reasonable legal counsels', accountants', or other fees and expenses incurred in defending any Action or in investigating any of the same or in asserting any rights hereunder), but not including consequential, exemplary, special, incidental and punitive damages and loss of revenue or income, cost of capital, and loss of business reputation or opportunity.

"Person" means and includes natural persons, corporations, limited partnerships, limited liability companies, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and all Governmental Authorities.

"PGE" has the meaning set forth in the preamble hereto.

"PGE Common Stock" shall have the meaning set forth in the recitals hereto.

"PGE Confidential Information" shall have the meaning set forth in Section 1.2(a).

"PGE Group" means PGE, each Subsidiary of PGE immediately after the execution and delivery of this Agreement and each other Person that is either controlled directly or indirectly by PGE immediately after the execution and delivery of this Agreement.

"PGE Indemnified Parties" means each member of the PGE Group and their respective Representatives, successors and assigns.

"Plan" means the Joint Plan of Affiliated Debtors pursuant to Chapter 11 of the Bankruptcy Code for Enron Corp., as proposed by Enron, including, without limitation, the exhibits and schedules attached thereto, as the same may be modified and supplemented from time to time.

"Release" means any release by Stephen Forbes Cooper LLC of shares of PGE Common Stock pursuant to the Plan.

"Release Date" means any date on which a Release occurs.

"Representatives" shall have the meaning set forth in Section 1.2(a).

"SEC" means the Securities and Exchange Commission.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Stock Issuance" means the issuance of PGE Common Stock that is occurring pursuant to the Plan concurrently with the execution and delivery of this Agreement.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a

partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax" means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, *ad valorem*, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise and other taxes, withholdings, duties, levies, imposts and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority, in each case whether such Tax arises by Law, Contract or otherwise.

"Tax Allocation Agreement" means that certain Tax Allocation Agreement dated on or about December 23, 2002 between Enron and members of the PGE Group.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

"Third Party Claim" means any claim brought by any Person other than a member of the Enron Group, the PGE Group or their respective Affiliates.

"Transaction Documents" means this Agreement and the documents necessary to effect the Stock Issuance.

4.2 Other Terms. Other terms may be defined elsewhere in this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement.

ARTICLE V

MISCELLANEOUS

5.1 Survival of Covenants and Agreements. The covenants and agreements of the parties made herein or in any other agreement delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement for the applicable period set forth therein.

5.2 Expenses. Except as otherwise set forth in Sections 1.1 and Article III (or except as expressly provided in any other Transaction Document), each party shall bear all expenses incurred by it in connection with this Agreement, the Transaction Documents and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby.

5.3 Incorporation of Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof. Any information disclosed on any schedule hereto shall be deemed disclosed for all schedules hereto. Any matter disclosed in any section of a schedule shall be deemed disclosed in each section of such schedule.

5.4 Submission to Jurisdiction; Consent to Service of Process.

(a) Without limiting any party's right to appeal any Order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all Actions related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 5.11; provided, however, that if the Bankruptcy Cases have closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of Texas sitting in Harris County or the Civil Trial Division of the District Courts of the State of Texas sitting in Harris County and any appellate court from any thereof, for the resolution of any such claim or dispute.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by Applicable Law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, Action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 5.11.

5.5 Waiver of Jury Trial. THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT THEY MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTIES WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND

(B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

5.6 No Consequential or Punitive Damages. No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any consequential, exemplary, special, incidental or punitive damages claimed by such other party under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

5.7 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) and the other Transaction Documents represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

5.8 Governing Law. THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED, AND DETERMINED IN ACCORDANCE WITH, THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE AND THE INTERNAL LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

5.9 Table of Contents and Headings. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

5.10 No Strict Construction. The parties to this Agreement have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement or any other Transaction Document, this Agreement or such other Transaction Documents shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring a party by virtue of the authorship of any of the provisions of this Agreement or such other Transaction Documents.

5.11 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed duly given (i) when delivered personally or by prepaid overnight courier, with a record of receipt, (ii) the fourth day after mailing if mailed by certified mail, return receipt requested, or (iii) the day of transmission, if sent by facsimile or telecopy during regular business hours, or the day after transmission, if sent after regular business hours (with a copy promptly sent by prepaid overnight courier with record of receipt or by certified mail, return receipt requested), to the parties at the following addresses or telecopy numbers (or to such other address or telecopy number as a party may have specified by notice given to the other party pursuant to this provision or, in the case of the Enron Group, as specified in the Plan):

If to the Enron Group, to:

Enron Corp.
Four Houston Center
1221 Lamar, Suite 1600
Houston, TX 77010
Attn: General Counsel
Facsimile: (713)_____-_____

with a copy to:

Weil, Gotshal & Manges LLP
200 Crescent Court
Suite 300
Dallas, Texas 75201
Attention: R. Jay Tabor
Facsimile: (214) 746-7777

If to PGE, to:

Portland General Electric Company
121 Salmon Street
Portland, OR 97204
Attention: General Counsel
Facsimile: (503) 778-5566

5.12 Severability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in effect.

5.13 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, including, with respect to Enron, any reorganized debtor entity or plan administrator appointed pursuant to the Plan. Except as set forth in Article V, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person not a party to this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made by Enron or PGE (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consents shall be void.

5.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

ENRON CORP.

By:_____
Name: [_____]
Title: [_____]

PORTLAND GENERAL ELECTRIC COMPANY

By:_____
Name: [_____]
Title: [_____]

AMENDED AND RESTATED OPERATING AGREEMENT OF STEPHEN FORBES COOPER. LLC

This AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is entered into as of the 4th day of September, 2002, by and among the persons referred to in Section 1.3 hereof (the "Members"), in their capacity as Members of Stephen Forbes Cooper, LLC, a limited liability company organized and existing under the laws of the State of New Jersey (the "Company"),

BACKGROUND

A. Pursuant to that certain Operating Agreement of Stephen Forbes Cooper, LLC dated as of January 29, 2002 (the "Initial Operating Agreement"), by and among the individuals therein, those individuals formed a limited liability company organized and existing under the laws of the State of New Jersey to transact in such business as the Members may determine from time to time.

B. The Members wish, by this Agreement, to amend and restate the terms of the Initial Operating Agreement to clarify the purpose of the Company and the administration of the business and affairs of the Company.

NOW THEREFORE, in consideration of the mutual promises herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

GENERAL PROVISIONS

1.1 Name. The name of the Company shall be:

Stephen Forbes Cooper, LLC

1.2 Place of Business. The principal office of the Company shall be located at 101 Eisenhower Parkway, Roseland, New Jersey 07068. The Company shall have offices at such other localities within or without the State of New Jersey as may be agreed upon by the Members who hold a majority of the Votes (as defined in Section 1.7 hereof),

1.3 Members. The Company shall have Members which shall consist of the following natural persons; Stephen Forbes Cooper ("Cooper"), Michael Earl France and Leonard LoBiondo.

1.4 Term. This Agreement shall be effective as of September 4, 2002 (the "Effective Date") and shall continue in force until terminated in accordance with the provisions of Article VI.

1.5 Purposes. The Company shall be a limited liability company under the New Jersey Limited Liability Company Act (the "Act"). The Company shall only transact such business as is required for the Company to perform its obligations under the Agreement, dated as of January 30, 2002, between Enron Corp. and the Company (the "Enron Engagement") and the Services Agreement, dated as of January 29, 2002, between Zolfo Cooper, LLC and the Company ("Services Agreement").

1.6 Business Expenses. It shall be each Member's responsibility to incur expenditures in the conduct of Company business and in furtherance of the Company's interests, including expenditures for business transportation, telephone, meals and other expenses while traveling away from home on matters related to the Company.

1.7 Voting and Management. As used in this Agreement, each Member shall have a vote (the "Vote") equal to the Member's nominal percentage in the Company (a Member's "Percentage Interest"). The initial Percentage Interests of the Members are as set

forth on Exhibit A hereto. The right of a Member to vote terminates under the circumstances specified in Section 4.1 hereof.

(a) Except as otherwise provided in Article IV hereof, no Member shall, without the unanimous affirmative Vote of the Members:

(1) terminate a Member's interest or participation as such under this Agreement prior to the dissolution and winding up of the Company;

(2) admit additional Members to the Company; or

(3) pledge, transfer, assign, mortgage, hypothecate or in any manner encumber any Member's rights or interests under this Agreement.

(b) The majority affirmative Vote of all of the Members and the affirmative vote of the Independent Manager shall be required for the Company or any Member on behalf of the Company to:

(1) file, consent to the filing of or join in any filing of a bankruptcy or insolvency petition or otherwise institute insolvency proceedings;

(2) dissolve, liquidate, consolidate, merge or sell all or substantially all of the Company's assets;

(3) purchase the assets of any person or entity;

(4) engage in any business activity other than as set forth in Section 1.5;

(5) borrow money in the Company's name for Company purposes or utilize property owned by the Company as security for such loans;

(6) assign, transfer, pledge, compromise or release any of the claims or debts due the Company except upon payment in full;

(7) make, execute or deliver any assignment on behalf of the Company for the benefit of creditors or any bond, confession of judgment, chattel mortgage, deed, guarantee, indemnity bond or surety bond; or

(8) lease or mortgage any Company real estate or any interest therein or enter into any contract for such purposes.

1.8 Manager; Independent Manager. (a) The day-to-day management of the Company's business shall be the responsibility of the Manager, which shall initially be Cooper until the voting interest of Cooper in the Company is terminated pursuant to Section 4.1 of Article IV, or until Cooper is, for any other reason, unable or unwilling to act as Manager, . following which the Members shall annually elect, by majority Vote, a Manager, provided no Manager so elected may serve for more than five (5) consecutive terms. The duties of the Manager shall include those management duties and powers normally exercised by the Chief Executive Officer of a business.

(b) The Members agree to elect any person designated by Kroll Inc. ("Kroll") reasonably acceptable to the Members to act as the Independent Manager. The Independent Manager shall hold office until a successor is duly elected by the majority Vote of Members, subject to the approval of Kroll. The Independent Manager may resign at any time upon written notice to the Company and may be removed, with or without cause, at any time by the unanimous Vote of Members, with the approval of Kroll, and a successor Independent Manager shall be appointed by the majority Vote of Members, subject to the approval of Kroll; provided, however, no resignation or removal of the Independent Manager shall be effective until a successor Independent Manager shall have accepted the appointment as Independent Manager.

(c) Except as otherwise expressly limited herein, the Manager shall have the power to take such actions and enter into such agreements on behalf of the Company as the Manager shall determine to be necessary or desirable. Except as otherwise provided herein, no Person other than the Manager or persons designated by the Manager shall have any right to take any action on behalf of the Company or otherwise bind the Company. Unless otherwise agreed to in writing, the Manager shall be the "tax matters partner" for the purposes of the Internal Revenue Code of 1986, as amended (the "Code").

(d) Reasonable expenses incurred by the Manager, either directly or in the name of the Company, for the management or operation of the Company or in connection with the property or business of the Company shall be paid by the Company in accordance with the Company's reimbursement policy prior to any distributions to Members.

1.9 The Company, its receiver and its trustee, if any, shall, to the fullest extent permitted by applicable law, indemnify, save harmless and pay all judgments and claims against the Manager or Independent Manager relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Manager or Independent Manager arising from or relating to the taking of any action within the scope of authority conferred to it by this Agreement and made in good faith, including reasonable attorneys' fees and disbursements incurred by the Manager or Independent Manager in connection with the defense of any action based on any such act or omission, which reasonable attorneys' fees and disbursements may be paid as incurred. Any indemnity under this Section 1.9 or otherwise shall be paid out of and to the extent of the Company's assets only.

1.10 Notwithstanding the provisions of Section 1.9, no Manager or Independent Manager shall be indemnified for any liability arising out of its fraud, gross negligence or willful misconduct.

1.11 Company Books. Fiscal Year. Quarterly and annual profit and loss statements and balance sheets of the Company, including a statement of each Member's Account, shall be prepared by the Company and distributed to the Members. The Company's books shall be kept on the accrual basis of accounting but the federal and state income tax returns of the Company shall be prepared and filed on the cash basis of accounting. The Company's fiscal year for both financial reporting and tax purposes shall end on December 31st of each year. All Members shall have access to the Company's books and records during normal business hours and upon reasonable notice to the Manager.

1.12 Bank Accounts. The Company shall maintain a bank account or bank accounts in such banks or depositories as the Manager may direct in the Manager's sole discretion.

ARTICLE II

ACCOUNTS

2.1 Capital Account Contributions. Each Member shall be required to make a combination of cash contributions of capital and loans to the Company in an amount which equals the Member's Percentage Interest.

2.2 Accounts. A separate capital account shall be maintained for each Member. (The Member's capital accounts are sometimes collectively referred to hereinafter as "Accounts.") The Accounts shall reflect each Member's capital contributions and share of the Company's profits and losses.

2.3 Allocation of Profit and Loss. The profits and losses of the Company for each Company fiscal year shall be allocated to the Account of each Member according to each Member's Profit Percentage (as herein defined) as of the beginning of each such Company fiscal year. The allocation to each Member's Account shall be made within ninety (90) calendar days of the end of the Company's fiscal year. All items of depreciation, gain, loss, deduction or credit shall, for tax purposes, be allocated according to the Member's Profit Percentages.

2.4 Member's Profit Percentages.

The Profit Percentages of the Members shall be memorialized by an annual letter from the Manager to each Member, setting forth that Member's Profit Percentage.

2.5 Net Profits. As used in this Agreement, "net profits" shall mean profits resulting from the operations of the Company (i.e., gross income less business expenses) as determined in accordance with generally accepted accounting principles on the accrual method of accounting; or in a method consistent with prior years even if not in accordance with generally accepted accounting principles.

ARTICLE III

DISTRIBUTION TO MEMBERS- INSURANCE EXPENSES

3.1 Distribution. Other than as expressly provided in Section 3.2, Members will not be entitled to any distributions prior to the dissolution of the Company. All such distributions shall be made by the Manager in accordance with Section 5.2.

3.2 Mandatory Tax Distributions. On or prior to March 15 following the end of each fiscal year of the Company, and at such other times as the Manager deems appropriate, the Manager shall cause the Company to distribute to each Member an amount equal to such Member's Required Tax Amount out of Net Cash From Operations. To the extent that there is not sufficient Net Cash From Operations to distribute the full amount of each Member's

Required Tax Amount, but there is some Net Cash From Operations, the Net Cash From Operations shall be distributed to each Member in proportion to each Member's Required Tax Amount. If for any fiscal year the amount of any Member's Required Tax Amount exceeds the aggregate amounts distributed to such Member pursuant to this Section 3.2 (such excess hereinafter referred to as a "Tax Amount Shortfall"), then prior to making any distributions of Net Cash From Operations in any subsequent fiscal year, the Company shall distribute any Net Cash From Operations first to each Member in an amount equal to such Member's Tax Amount Shortfall.

3.3 Definitions. Capitalized terms used in Section 3.2 have the following meanings:

"Effective Tax Rate" means, with respect to any Member, the highest marginal combined effective tax rate of federal and applicable state and local individual income taxes for any fiscal year of the Company..

"Net Cash From Operations" means the gross cash proceeds from Company operations (including sales and dispositions in the ordinary course of business) less the portion thereof used to pay or establish reasonable reserves for all Company Expenses, debt payments, capital improvements, replacements and contingencies, all as determined by the Manager. "Net Cash From Operations" shall not be reduced by depreciation, amortization, cost recovery deductions or other similar allowances, but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this definition and the definition of "Net Cash From Sales or Refinancings."

"Net Cash From Sales or Refinancings" means the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) and all refinancings of

Company property (in each case other than in connection with or in contemplation of a Liquidation Event or an acquisition), less any portion thereof used to establish reasonable reserves, all as determined by the Managers. "Net Cash From Sales or Refinancings" shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions of Company property.

"Required Tax Amount" for any Member in respect of any fiscal year of the Company means the product of (x) the Effective Tax Rate for such fiscal year multiplied by (y) the Net Income attributable to Company operations (including sales and dispositions in the ordinary course of business) and other items of income and gain attributable Company operations (including sales and dispositions in the ordinary course of business), if any, allocated to such Member in such year.

3.4 Expenses. All Members shall be reimbursed in accordance with the Company's reimbursement policy as determined by the Manager for business expenses that are incurred in the normal transaction of business for the betterment of the Company, including without limitation, expenses incurred pursuant to Article I, Section 1.6 hereof.

ARTICLE IV

TERMINATION OF A MEMBER'S VOTING RIGHTS

4.1 Involuntary Termination.

(a) A Member's voting rights in the Company shall terminate:

(1) On the Member's death;

(2) For cause, as such cause may be reasonably determined by the majority of the Members (other than the Member being terminated);

(3) On the Member's total disability for an aggregate of one hundred twenty (120) days within any period of twelve (12) consecutive months as determined

by both (i) the Company's disability insurance carrier and (ii) the unanimous Vote of the remaining Members. The period of disability shall not begin until the disabled Member receives notice from the Company of the determination of such total disability; or

(4) On the unanimous Vote of all Members, except the Member subject to the vote, to suspend the Member's voting rights for any of the following reasons: habitual intoxication; drug addiction (excluding cigarette usage); illegal gambling; conviction of a felony; adjudication as an incompetent; misconduct or willful inattention to the business or welfare of the Company which injures the business of the Company; material violation of any provision of this Agreement; insolvency or bankruptcy; or assignment of his assets for the benefit of creditors. Notice of such suspension of voting rights shall be given in writing immediately to the suspended Member and the voting rights of the Member in the Company shall be deemed suspended as of the date of the notice, provided, however, that:

(i) Suspension of the voting rights of a Member, under this subsection 4.1(a)(4) due to the following shall be automatic, requiring no further action of the Members:

(A) Conviction of a felony;

(B) Adjudication as an incompetent; or

(C) Insolvency or bankruptcy or assignment of his assets for the benefit of creditors.

The Members may, however, by unanimous Vote, elect to suspend the automatic suspension provision of this subsection 4.1(a)(4)(i).

(ii) Suspension of the voting rights of a Member under this subsection 4.1(a)(4) due to the following shall not be automatic and shall require the unanimous Vote of all

Members, except the Member subject to the Vote, in order to suspend the voting rights of the Member:

(A) Habitual intoxication;

(B) Drug addiction (as specified in subsection 4.1(a)(4));

(C) Illegal gambling;

(D) Misconduct or willful inattention to the business or welfare of the Company which injures the business of the Company;

(E) Material violation of any provision of this Agreement; or

(F) The unanimous Vote of all Members and the affirmative vote of the Independent Manager, except the Member subject to the vote, for any other grounds whatsoever.

4.2 Effect of Termination of Voting Rights. Upon the occurrence of any of the events specified in Section 4.1, all of the rights of the Member who is affected by the provisions of Section 4.1 to participate in the management, decision making and/or control of the Company shall cease, effective as of the date of the first occurrence of any event specified in Section 4.1. The suspended Member's rights under this Agreement shall be limited to:

(a) The right to the economic benefits and liabilities specified in Sections 2.3 and 2.5 of this Agreement; and

(b) The right to receive quarterly and annual profit and loss statements and balance sheets of the Company and to have access to the Company's books and records, as specified in Section 1.9 of this Agreement.

The suspended Member shall continue to be subject to all duties and obligations to the Company and the other Members specified in this Agreement, including, without limitation, Sections 6 and 8 of this Agreement.

ARTICLE V

DISSOLUTION AND LIQUIDATION OF THE COMPANY

5.1 Dissolution. The Company shall dissolve upon the first to occur of the following:

(a) completion of the Company's obligations and receipt of all amounts payable under the Enron Engagement and the Services Agreement;

(b) the unanimous Vote of the Members and the affirmative vote of the Independent Manager; or

(c) the entry of a decree ofjudicial dissolution by the Superior Court for the State of New Jersey.

The Manager shall act as the liquidator of the Company and shall liquidate the Company pursuant to the terms of this Agreement. The Manager shall be entitled to reasonable compensation, as fixed by the Members by majority Vote, for services performed as the liquidator of the Company.

5.2 Liquidation. Upon dissolution of the Company by unanimous Vote of all Members with power and authority to vote and the affirmative vote of the Independent Manager, the Manager shall expeditiously liquidate the Company. The Manager shall wind up the affairs of the Company and, after payment or provision for payment of obligations to third parties and the provision for the maintenance and final distribution of Company records as provided in Section 5.3 hereof, shall cause the net proceeds of liquidation to be distributed in the order of Priority determined pursuant to the Act.

5.3 Books. Records and Files. Upon dissolution and liquidation, all books and records of the Company, and all client files (unless otherwise transferred) shall be retained by the Manager for a period of five (5) years after the calendar year in which dissolution occurred. All such books, records and files shall be available to any Member for any purpose during such five year period. Thereafter, any of such books, records and files may be transferred or destroyed as the Members shall agree by majority Vote of the Members and the affirmative vote of the Independent Manager.

ARTICLE VI

CONFIDENTIAL INFORMATION

6.1 Confidential Information. The Members agree that, in consideration of the opportunities afforded to each of them by their association with the Company pursuant to this Agreement and payments to be made by the Company, upon the termination of the voting rights of a Member's interest in the Company herein, for any reason (each a "Terminating Event"), any terminated Member shall not, without the prior written consent of the Independent Manager, disclose, for any reason or purpose whatsoever, any Confidential Information (as herein defined) to any person or entity.

For the purposes of this Agreement, "Confidential Information" shall mean, without limitation, the affairs, trade secrets, lists, methods and systems, techniques and methods of operations and other proprietary information of the Company including, without limitation: (i) the lists of present, former and potential accounts of any affiliate of the Company and/or the services rendered, strategies, disposition programs and all opportunities relating to the creation of value for the Company and/or any of its affiliates; (if) unique marketing and technical information and systems developed by and for the Company and/or any o£ its affiliates; and (iii)

records, notes and other information concerning present and former projects and the business affairs of the Company and/or any of its affiliates.

ARTICLE VII

- ADDITIONAL COMPANY OBLIGATIONS

7.1 Professional Liability Insurance. The Company may purchase and maintain professional liability insurance in the aggregate and per claim amount of $10,000,000, or such lesser sum as the majority of Members may elect. The Company shall also purchase and maintain such professional liability coverage or endorsements as will continue, without interruption, professional liability insurance coverage and directors and officers liability insurance coverage for all Members. It shall not be required of the Company to purchase and maintain separate additional professional liability insurance for terminated Members; rather, it is the intent that the Company shall be obligated to effectuate the continuation of coverage, by way of the purchase of so-called "tail" coverage, by endorsement or otherwise, for the benefit of those terminated Members specified in this Section following their termination.

ARTICLE VIII

MISCELLANEOUS

8.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the Members and such Member's successors and permitted assigns, executors, administrators, heirs and legal representatives. Each and every successor in interest to any Member, however such successor acquires such interest, shall hold such interest subject to all of the terms and provisions of this Agreement. It is the intention of the Members that during the term of this Agreement, the rights of the Members and their successors in interest shall be governed by the terms of this Agreement.

8.2 Indemnification. Any Member found by a court of competent jurisdiction to be grossly negligent or guilty of willful misconduct in the conduct of Company affairs shall indemnify and hold the Company and each of the other Members harmless for any costs or expenses, including attorneys' fees resulting or incurred as a result of such Member's conduct, and the Company shall be entitled to deduct from such Member's Account or offset against any amounts owed by the Company to such Member any indemnity amount due from such Member.

8.3 Amendments. Any proposed amendment to this Agreement must be approved by a majority Vote of Members and the affirmative vote of the Independent Manager.

8.4 Prohibited Activities. Without the prior written consent of a majority of the Votes of all Members and the affirmative vote of the Independent Manager, no Member may:

(a) Engage in any activity which may put such Member's or the Company's professional liability insurance at risk; or

(b) Engage in any activity which may put such Member's accounting license at risk.

8.5 Headings; Pronouns; Enforceability. The paragraph headings are used for convenience only and shall not be utilized to assist in the interpretation of this Agreement. Wherever the context so requires, the masculine shall include the feminine and neuter and the singular shall include the plural. If any portion of this Agreement is held to be void or unenforceable, the balance of this Agreement shall continue to be valid and enforceable in law or in equity.

8.6 Notices. All notices provided for under this Agreement shall be in writing and shall be sufficient if sent by registered mail to the last address on file with the Company of the party to whom such notice is to be given.

8.7 Waivers. No forbearance to enforce any provision of this Agreement or waiver of any breach hereof shall be deemed a waiver of any such provision or right hereunder or of any subsequent breach or default.

8.8 Entire Agreement. This Agreement sets forth the entire understanding and agreement among the Members with respect to the subject matter hereof. No amendment of this Agreement shall be effective unless embodied in a written instrument executed by all of the Members.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey, without regard to conflicts of laws principles.

IN WITNESS WHEREOF, the Members have executed this Amended and Restated Operating Agreement as of the day and year first above written.

Stephen Forbes Cooper

Michael Earl France

Leonard LoBiondo

EXHIBIT A
Initial Capital Contributions and Percentage Interests

Name of Member	Initial Capital Contribution	Initial Percentage Interest
Stephen Forbes Cooper	$100	50%
Michael Earl France -	$50	25%
Leonard LoBiondo	$50	25%
Total:	S200	100%

SERVICES AGREEMENT

THIS SERVICES AGREEMENT (this "Agreement") is made as of the 29* day of January, 2002, by and between ZOLFO COOPER, LLC, a New Jersey limited liability company ("ZCLLC") and STEPHEN FORBES COOPER, LLC, a New Jersey limited liability company ("SFCLLC"). Each of ZCLLC and SFCLLC is sometimes referred to herein individually as a "Company" and together, as the "Companies."

WITNESSETH:

WHEREAS, the Companies are engaged in the provision of business advisory, consulting and interim management services to the business community; and •

WHEREAS, the Companies wish to enter into an administrative services and "shared employee" arrangement, pursuant to which certain individuals would provide services to and on behalf of each Company from time to time, and would be considered employees of a particular Company only when and to the extent that such individuals are performing services on behalf of such Company and certain related administrative services will be performed by ZCLLC for SFCLLC;

NOW, THEREFORE, in consideration of the premises, covenants, representations and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Shared Employee Services. The individuals employed by each Company from time to time are hereinafter referred to as the "Employees." The Companies hereby agree that the Employees may provide services to and on behalf of one or more of the Companies from time to time, as the Companies shall mutually agree, and subject to and in accordance with the terms and provisions of this Agreement. An Employee shall be deemed to be an employee of a Company at all times during which such Employee is performing services to or on behalf of such Company, but at no other time shall such Employee be considered an employee of such Company. For ease of administration, ZCLLC shall be responsible for all administrative functions relating to the Employees including the payment of the Employees' compensation, benefits and applicable taxes attributable to the services provided to SFCLLC by the Employees.

2. Additional Administrative Services and Support. *ZCLLC* shall provide additional administrative services and support to SFCLLC as necessary to support SFCLLC's provision of services to its customers including, but not limited to, the reasonable use of ZCLLC's offices, computers, copiers, fax machines, telephones and other communications systems, office supplies and human resource, accounting, billing, finance and secretarial services.

3. Supervision and Control. Each Company shall retain the exclusive right to supervise and control the Employees in the performance of their duties for such Company.

4. Assignment. This Agreement is expressly for the benefit of the parties hereto, and it shall not be assigned by any party without the prior written consent of each of the other parties hereto.

5. Term of Agreement. This Agreement shall commence on the date hereof and shall remain in full force and effect with respect to each Company until terminated by such Company by giving to the other Company at least 30 days prior written notice of its intent to terminate, provided, however, that this Agreement may not be terminated by SFCLLC without the consent of ZCLLC prior to the termination of that agreement dated as of January 30, 2002 between SFCLLC and Enron Corp., a copy of which is attached hereto as Exhibit A. This Agreement may also be terminated at any time upon the mutual agreement of the Companies.

6. Fees. In consideration for ZCLLC's entering into this Agreement and providing administrative services to SFCLLC, and in recognition of the substantial value of the Employees to ZCLLC, SFCLLC shall pay to ZCLLC, immediately upon request from ZCLLC, a fee equal to one hundred percent (100%) of all fees, including success fees, paid to SFCLLC by its customers, including, but not limited to, Enron Corp. Such fees shall be net of all fees refunded or otherwise returned by SFCLLC to its customers and their estates and *ZCLLC* shall pay SFCLLC its pro rata share of all such refunded or otherwise returned fees. SFCLLC shall also pay ZCLLC, immediately upon request from ZCLLC, an amount equal to all expense reimbursements paid to SFCLLC by its customers to the extent such expenses were incurred by ZCLLC.

7. Work Environment. The Companies agree to comply with all federal, state and municipal safety and health regulations, laws, directives and ordinances as are applicable to the Employees.

8. Integration. This Agreement embodies the final and complete expression of the intentions of the parties hereto with regard to the subject matter hereof. There are no other prior or contemporaneous oral agreements, representations, covenants, promises and/or undertakings relating to such subject matter.

9. Choice of Law. It is understood and agreed to by the parties hereto that the validity of this Agreement and the parties' performance of their respective obligations hereunder shall be governed by the applicable laws of the State of New Jersey, without regard to conflicts of laws principles.

10. Contractual Relationship. The Companies hereby covenant and agree that none of them is the employee, employer, principal or agent of the other, and no Company shall have any authority to bind or commit any other Company to any contract or to incur any expense on behalf of such other Company. Nothing in this Agreement is intended, and nothing herein shall be

construed, to create an employer/employee relationship, a partnership or a joint venture relationship between or among any of the Companies.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day, month and year first above written.

ZOLFO COOPER, LLC

By: _____
Name: Stephen Forbes Cooper
Title: Manager

STEPHEN FORBES COOPER, LLC

By: _____
Name: Stephen Forbes Cooper
Title: Manager

(g) Prior and Subsequent Bankruptcy Court Orders Regarding Non-Conforming Distributions: For purposes of calculating distributions to be made in accordance with Section 32.1 of the Plan, including, without limitation, the payment of Allowed Claims in full, the Debtors, the Reorganized Debtors, the Disbursing Agent and the Reorganized Debtor Plan Administrator shall take into account those payments made or to be made to holders of Allowed Enron Senior Note Claims and Allowed Enron Subordinated Debenture Claims pursuant to the provisions of prior or subsequent orders of the Bankruptcy Court.

32.2 **Timeliness of Payments:** Any payments or distributions to be made pursuant to the Plan shall be deemed to be timely made if made within twenty (20) days after the dates specified in the Plan. Whenever any distribution to be made under this Plan shall be due on a day other than a Business Day, such distribution shall instead be made, without interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due.

32.3 **Distributions by the Disbursing Agent:** All distributions under the Plan shall be made by the Disbursing Agent at the direction of the Reorganized Debtor Plan Administrator. The Disbursing Agent shall be deemed to hold all property to be distributed hereunder in trust for the Persons entitled to receive the same. The Disbursing Agent shall not hold an economic or beneficial interest in such property.

32.4 **Manner of Payment under the Plan:** Unless the Entity receiving a payment agrees otherwise, any payment in Cash to be made by the Reorganized Debtors shall be made, at the election of the Reorganized Debtors, by check drawn on a domestic bank or by wire transfer from a domestic bank; provided, however, that no Cash payments shall be made to a holder of an Allowed Claim or an Allowed Equity Interest until such time as the amount payable thereto is equal to or greater than Ten Dollars ($10.00).

32.5 **Delivery of Distributions:** Subject to the provisions of Rule 9010 of the Bankruptcy Rules and the TOPRS Stipulation, and except as provided in Section 32.4 of the Plan, distributions and deliveries to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court unless superseded by the address set forth on proofs of claim filed by such holders, or at the last known address of such a holder if no proof of claim is filed or if the Debtors has been notified in writing of a change of address. Subject to the provisions of Section 9.1 of the Plan and the TOPRS Stipulation, distributions for the benefit of holders of Enron Senior Notes shall be made to the appropriate Enron Senior Notes Indenture Trustee. Each such Enron Senior Note Indenture Trustee shall in turn administer the distribution to the holders of Allowed Enron Senior Note Claims in accordance with the Plan and the applicable Enron Senior Notes Indenture. The Enron Senior Notes Indenture Trustee shall not be required to give any bond or surety or other security for the performance of their duties unless otherwise ordered by the Bankruptcy Court.

32.6 **Fractional Securities:** No fractional shares of Plan Securities shall be issued. Fractional shares of Plan Securities shall be rounded to the next greater or next lower number of shares in accordance with the following method: (a) fractions of one-half (1/2) or greater shall be rounded to the next higher whole number, and (b) fractions of less than one-half (1/2) shall be rounded to the next lower whole number. The total number of shares or interests of Plan Securities to be distributed to a Class hereunder shall be adjusted as necessary to account for the