

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**FINAL APPLICATION OF THE BLACKSTONE GROUP L.P., AS FINANCIAL ADVISOR  
TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR ALLOWANCE OF  
COMPENSATION FOR NECESSARY SERVICES RENDERED AND FOR THE  
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY OUT-OF-POCKET EXPENSES  
INCURRED DURING THE PERIOD OF DECEMBER 2, 2001 THROUGH JULY 15, 2004**

**SUMMARY SHEET**

Name of Applicant: The Blackstone Group L.P.  
Authorized to Provide  
Professional Services to: Enron Corp., et al.  
Date of Final Retention Order: October 10, 2002 *nunc pro tunc* to December 2, 2001  
**Final Application:**  
Fee Period: December 2, 2001 through July 15, 2004  
Total Compensation: \$14,510,253.45  
Total Expenses: \$2,133,399.78  
Total Cash Payment Sought: \$1,849,766.83

***Memo:***

*The following Divestiture / Merger Transaction Fees do not require further approval by the Court (see paragraph 15 herein)*

*Closed Transactions: \$14,731,414.73 plus additional contingent consideration as follows: (i) 2% of payments received by the Debtors in connection with the sale of the Debtors' energy trading business; (ii) \$250,000 in connection with the sale of LNG Bahamas assets*

*Pending Transactions: \$22,000,000.00 (est.) – sale of PGE and CCE*

The total time expended for the preparation of this application was 300 hours and the corresponding compensation requested is \$0.00.

This is a      \_\_\_ monthly      \_\_\_ interim      x   final application

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SOUTHERN DISTRICT OF NEW YORK**

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**In re:** **Chapter 11**  
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**ENRON CORP., ET AL.,** **Case No. 01-16034 (AJG)**  
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**Debtors.** **(Jointly Administered)**  
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**FINAL APPLICATION (“FINAL APPLICATION”) OF THE BLACKSTONE GROUP L.P.,  
AS FINANCIAL ADVISOR TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR  
ALLOWANCE OF COMPENSATION FOR NECESSARY SERVICES RENDERED AND FOR  
THE REIMBURSEMENT OF ALL ACTUAL AND NECESSARY OUT-OF-POCKET  
EXPENSES INCURRED DURING THE PERIOD OF DECEMBER 2, 2001 THROUGH  
JULY 15, 2004**

**TO THE HONORABLE ARTHUR J. GONZALEZ  
UNITED STATES BANKRUPTCY JUDGE:**

The Blackstone Group L.P. (“Blackstone”), financial advisor to Enron Corp., et al. (collectively, the “Debtors”), respectfully represents:

**I. Introduction**

1. On December 2, 2001 (the “Petition Date”), the Debtors filed voluntary petitions seeking protection under Chapter 11 of the Bankruptcy Code, thereby commencing one of the largest and most complex Chapter 11 cases in U.S. history. Following lengthy negotiations with the Official Committee of Unsecured Creditors (the “Creditors’ Committee”), the ENA Examiner, and other parties-in-interest, the Debtors filed an initial plan and disclosure statement on July 11, 2003, both of which were subsequently amended. On January 9, 2004, the Court ultimately approved the Debtors’ fifth amended plan and disclosure statement (the “Plan”) and on July 15, 2004, after lengthy hearings that commenced in June 2004, the Court entered an

order confirming the Plan. As of the date of this Final Application, the Debtors have not yet consummated the Plan.

## **II. Blackstone's Retention**

2. Prior to December 2, 2001 Blackstone served as financial advisor to the Debtors pursuant to a pre-petition engagement agreement dated November 24, 2001 (the "Pre-Petition Engagement Agreement").

3. Pursuant to the Pre-Petition Engagement Agreement, the Debtors paid Blackstone \$1,275,000.00<sup>(1)</sup>, which includes \$25,000.00<sup>(2)</sup> received as an expense deposit (the "Expense Deposit").

4. On the Petition Date, the Debtors filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtors have operated and will continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code until such time as the Debtors emerge from Chapter 11 pursuant to the Plan.

5. On December 3, 2001, the Debtors applied to this Court for an order authorizing the retention of Blackstone as financial advisor to the Debtors pursuant to a revised engagement agreement dated December 3, 2001 (the "Revised Engagement Agreement"). Subsequent to the filing of the December 3, 2001 application, Blackstone, the Debtors and the Creditors' Committee began extensive negotiations regarding the terms and conditions of Blackstone's retention pursuant to the Revised Engagement Agreement.

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<sup>(1)</sup> In accordance with the terms of the Amended Engagement Agreement (as hereinafter defined), Blackstone has credited \$1,000,000.00 of its \$1,275,000.00 pre-petition retainer against the aggregate of Blackstone's Divestiture/Merger Transaction Fees (as hereinafter defined).

<sup>(2)</sup> The entirety of the Expense Deposit had been applied to out-of-pocket expenses incurred by Blackstone pursuant to the Pre-Petition Engagement Agreement.

6. On January 17, 2002, this Court entered the Interim Compensation Order pursuant to sections 105(a) and 331 of the Bankruptcy Code establishing procedures for monthly compensation and reimbursement of expenses for professionals.

7. On April 26, 2002, this Court entered the Fee Committee Order supplementing the Interim Compensation Order. The Fee Committee Order authorized the creation of a Fee Committee to (a) establish procedures for the development and submission of budgets by Court-approved professionals, and (b) review the fees and expenses incurred by Court-approved professionals.

8. On May 24, 2002, this Court entered the Second Supplemental Order which modified the Interim Compensation and Fee Committee Orders (collectively, the “Fee Orders”) to provide that (a) fee applications (“Applications”) relating to the period from December 2, 2001 up to and including March 31, 2002 shall be filed with the Court and served in accordance with the Fee Orders and this Court's Amended Case Management Order, dated February 26, 2002, on or before June 14, 2002, and (b) subsequent quarterly Applications shall be filed on or before the first (1<sup>st</sup>) business day that is seventy-five (75) days following the conclusion of such quarterly period.

9. On June 24, 2002, Blackstone filed its First Supplemental Affidavit of Steven M. Zelin pertaining to the Retention of The Blackstone Group L.P. as Financial Advisor to the Debtors-in-Possession (the “First Supplemental Affidavit”). Blackstone filed its Second Supplemental Affidavit and its Third Supplemental Affidavit on February 4, 2003 and March 4, 2003, respectively (together with the First Supplemental Affidavit, the “Affidavits”). In the Affidavits, Blackstone disclosed information regarding relationships with parties-in-interest. In each of these Affidavits, Blackstone’s judgment was that these relationships did not impair Blackstone’s independence in these cases.

10. In early July 2002, and upon the completion of discussions with the Debtors and the Creditors' Committee regarding the terms of Blackstone's Revised Engagement Agreement, the Debtors reapplied to this Court for an order authorizing the retention of Blackstone pursuant to an amended post-petition engagement agreement dated May 24, 2002, effective as of December 3, 2001 (the "Amended Engagement Agreement"). A copy of the Amended Engagement Agreement is annexed hereto as Appendix A. On July 8, 2002, this Court entered an interim order pursuant to sections 327(a) and 328(a) authorizing the employment and retention of Blackstone as financial advisor to the Debtors pursuant to the Amended Engagement Agreement.

11. On October 9, 2002, and pursuant to the Amended Engagement Agreement, the Debtors, the Creditors' Committee and Blackstone entered into a Supplemental Engagement Agreement with respect to Blackstone's retention as exclusive financial advisor for certain Divestiture/Merger Transactions. A copy of the Supplemental Engagement Agreement is annexed hereto as Appendix B.

12. On October 10, 2002, this Court entered a final order pursuant to sections 327(a) and 328(a) authorizing the employment and retention of Blackstone as financial advisor to the Debtors (the "Final Retention Order"). A copy of the Final Retention Order is annexed hereto as Appendix C.

13. Professional biographies of the Blackstone professionals providing services to the Debtors in these cases are annexed hereto as Appendix D.

### III. Summary of Final Application

14. Blackstone submits this Final Application requesting the final allowance of Blackstone’s fees and out-of-pocket expenses incurred for the period from December 2, 2001 through July 15, 2004 (the “Final Fee Period”). Except as noted, all of Blackstone’s fees and out-of-pocket expenses have been included in prior fee applications filed by Blackstone as follows:

<u>Fee Application</u>	<u>Period Covered</u>	<u>Total Fees</u>	<u>Total Expenses<sup>(1)</sup></u>	<u>Total Fees and Expenses</u>	<u>Balance Outstanding</u>	
					<u>Fee Holdbacks</u>	<u>Deferred/ Additional Expenses</u>
First Interim	Dec 01 – Mar 02	\$1,300,000.00	\$147,916.00	\$1,447,916.00	\$130,000.00	\$10,182.60
Second Interim	Apr 02 – Aug 02	4,489,285.71 <sup>(2)</sup>	327,501.39	4,816,787.10	148,928.57	46,648.20
Third Interim	Sep 02 – Dec 02	1,200,000.00	434,806.59	1,634,806.59	120,000.00	111,235.36
Fourth Interim	Jan 03 – Apr 03	1,200,000.00	280,785.43	1,480,785.43	240,000.00	21,439.17
Fifth Interim	May 03 – Aug 03	1,200,000.00	293,030.22	1,493,030.22	240,000.00	23,733.82
Sixth Interim	Sep 03 – Dec 03	1,200,000.00	348,747.64	1,548,747.64	240,000.00	20,537.04
Seventh Interim	Jan 04 – Apr 04	1,200,000.00	127,817.22	1,327,817.22	240,000.00	20,491.44
Eighth Interim	May 04 – July 15, 04	720,967.74	133,314.87	854,282.61	144,193.55	26,519.04
Subtotal (deferred expenses)						280,786.67
Additional Expenses <sup>(3)</sup>		–	39,480.42	39,480.42		39,480.42
Transaction Fee <sup>(1)</sup>		2,000,000.00	–	2,000,000.00		–
<b>Total</b>	<b>Dec 01 – July 15, 04</b>	<b>\$14,510,253.45</b>	<b>\$2,133,399.78</b>	<b>\$16,643,653.23</b>	<b>\$1,503,122.12</b>	<b>\$320,267.09</b>

15. In addition to the foregoing, Blackstone has earned Divestiture/Merger Transaction Fees for Divestiture/Merger Transactions where Blackstone has, pursuant to the Amended Engagement Agreement and at the request of the Debtors’ and the Creditors’ Committee, acted as the Debtors’ exclusive financial advisor. The total gross consideration received (or to be received) by the Debtors in these Divestiture/Merger Transactions is approximately \$6.5 billion, including assumed indebtedness. Pursuant to the terms of the Amended Engagement Agreement, the receipt by Blackstone of Divestiture/Merger Transaction Fees did not require “further application to the Court”. However, Blackstone is disclosing the amounts that it has received (or

<sup>(1)</sup> Net of permanent reductions agreed to with Fee Committee.

<sup>(2)</sup> Includes \$3.0 million of Transaction Fees.

<sup>(3)</sup> Expenses incurred by Blackstone prior to July 15, 2004 but processed internally subsequent to July 15, 2004; these expenses have not been included in Blackstone’s prior fee applications.

may receive) in the interest of full disclosure. The Divestiture/Merger Transaction Fees earned by and paid to Blackstone during the Final Fee Period are as follows:

<u>Fee Period</u>	<u>Period Covered</u>	<u>Divestiture/Merger Transaction Fees</u>
First Interim	Dec 01 – Mar 02	–
Second Interim	Apr 02 – Aug 02	\$3,859,750.00
Third Interim	Sep 02 – Dec 02	232,000.00
Fourth Interim	Jan 03 – Apr 03	688,788.79
Fifth Interim	May 03 – Aug 03	224,331.00
Sixth Interim	Sep 03 – Dec 03	3,894,039.80
Seventh Interim	Jan 04 – Apr 04	5,832,505.14
Eighth Interim	May 04 – July 15, 04	–
Total D/M Fees Earned and Paid		<u>\$14,731,414.73</u>

Further, Blackstone will be entitled to receive the following additional Divestiture/Merger Transaction Fees subsequent to the Final Fee Period:

- (a) Two percent (2%) of all cash proceeds, if any, received by the Debtors relating to the sale in April 2002 to UBS of Enron’s energy trading business (to date, Enron has not received any cash proceeds);
- (b) Up to \$250,000 related to the sale in 2002 of the LNG Bahamas project; this fee is payable to Blackstone contingent upon the completion of the financings contemplated in the transaction; and
- (c) Approximately \$22.0 million upon the closing of the Court-approved sales of Cross Country Energy Corp. (“CCE”) and Portland General Electric (“PGE”); the actual amount of the fees payable to Blackstone will not be known prior to the closing of each transaction.

16. This Final Application is being made pursuant to sections 328(a), 330 and 331 of the Bankruptcy Code, the Final Retention Order, the Interim Compensation Order, and Local Rule 2016-1 of the United States Bankruptcy Court for the Southern District of New York.

#### **IV. Terms of Blackstone Retention**

17. Pursuant to the terms of the Amended Engagement Agreement, Blackstone was retained as financial advisor to provide the following professional services:

- (a) Assist in the evaluation of the Debtors’ businesses and prospects;

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<sup>(4)</sup> The remaining \$2.0 million Transaction Fee is payable upon consummation of the Plan. Blackstone has not yet invoiced the Debtors for this Transaction Fee and, therefore, this fee has not been included in Blackstone’s prior fee applications.

- (b) Review and critique the Debtors' long-term business plan;
- (c) Assist in the development of financial data and presentations to the Debtors' Board of Directors, various creditors, any official committees formed in the Debtors' Chapter 11 cases, including the Creditors' Committee and other third parties;
- (d) Analyze the Debtors' financial liquidity and evaluate alternatives to improve such liquidity;
- (e) Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Debtors and the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Debtors' Obligations;
- (g) Evaluate the Debtors' debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Debtors and its creditors, suppliers, lessors and other interested parties with respect to any of the transactions contemplated in this Agreement, including the Creditors' Committee and other committees formed in these cases;
- (i) Value securities offered by the Debtors in connection with a Restructuring;
- (j) Advise the Debtors and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in the arranging of Financings, including identifying potential sources of capital, assisting in the due diligence process, and negotiating the terms of any proposed Financing, as requested; assist the Debtors in evaluating and executing both a Trading Transaction and a Divestiture/Merger Transaction, including identifying potential buyers or parties in interest, assisting in the due diligence process, and negotiating the terms of any proposed Trading Transaction or Divestiture/Merger Transaction, as requested;
- (l) Provide testimony in these Chapter 11 cases concerning any of the subjects encompassed by the other financial advisory services, if appropriate and as required; and
- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of any of the transactions contemplated in this Agreement, as requested and mutually agreed.

18. Pursuant to the Amended Engagement Agreement, the Debtors agreed to pay Blackstone the following fees in consideration for services rendered:

- (a) An initial monthly advisory fee (the "Initial Monthly Fee") in the amount of \$350,000.00, due and payable on December 2, 2001 and January 2, 2002, with the



first Initial Monthly Fee to be due upon the execution of the Amended Engagement Agreement;

- (b) An interim monthly advisory fee (the “Interim Monthly Fee”) in the amount of \$300,000.00, due and payable on the first day of the third through ninth month of Blackstone’s engagement (i.e., for the period commencing February 2, 2002 and ending August 1, 2002);
- (c) An ongoing monthly advisory fee (the “Ongoing Monthly Fee”) in the amount of \$250,000.00 per month for the remainder of Blackstone’s engagement pursuant to the Amended Engagement Agreement; provided, however, that (x) Blackstone may request an upward adjustment to the Ongoing Monthly Fee up to an amount not in excess of the Interim Monthly Fee based upon the level of activity in any particular month, subject to approval by the Debtors, in consultation with the Creditors’ Committee, or by order of the Bankruptcy Court as defined below, and (y) the Debtors, in consultation with the Creditors’ Committee, may request a downward adjustment to the Ongoing Monthly Fee based upon the level of activity in any particular month, subject to approval by Blackstone or entry of an order of the Bankruptcy Court (as defined below). The Debtors and Blackstone agree that any upward or downward adjustment to the Ongoing Monthly Fee shall not be based upon individual monthly deviations in hours worked by Blackstone professionals but, rather, shall be based upon trends over a two consecutive month period in aggregate hours worked by Blackstone professionals; it being understood and agreed that such upward or downward adjustment may further consider the level and seniority of Blackstone professionals working during such period. Blackstone shall provide to the Debtors and the Creditors’ Committee a summary of hours worked in each month in connection with the filing of monthly fee statements for such month with the court. The Debtors further acknowledge that the monthly hour commitment by Blackstone professionals through March 2002 on matters pertaining to the Debtors significantly exceeds the hourly commitment necessary to support Blackstone’s continued receipt of a monthly fee consistent with the Interim Monthly Fee. Each party agrees that, in the event of a disagreement over a downward or upward request, the party making the request has the burden of proof that the adjustment should be granted;
- (d) Upon the consummation of a Trading Transaction, cash fees (the “Trading Transaction Fees”) equal to 2% of the proceeds received by the Debtors or any of its subsidiaries at any time, whether received in cash or other forms of consideration, which Trading Transaction Fees shall be payable in cash to Blackstone within fifteen (15) days of the receipt of proceeds by the Debtors; provided that the aggregate of the payments received by Blackstone pursuant to this paragraph shall not exceed \$10,000,000.00;
- (e) Upon the consummation of a Divestiture/Merger Transaction in circumstances where the Debtors, with the written consent of the Creditors’ Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Debtors’ financial advisor for such Divestiture/Merger Transaction as outlined in the Amended Engagement Agreement (other than those transactions set forth on Attachment C of the Amended Engagement Agreement which are addressed in the proviso immediately below), a Transaction Fee (a “Divestiture/Merger

Transaction Fee”) due upon the closing of such Divestiture/Merger Transaction equal to the percentage of the aggregate Consideration paid to the Debtors in such Divestiture/Merger Transaction as outlined pursuant to Attachment B annexed to the Amended Engagement Agreement; provided that the Debtors agree that Blackstone has been engaged to serve as the Debtors’ financial advisor and will be entitled to separate Divestiture /Merger Transaction Fees, for the Divestiture/Merger Transactions outlined pursuant to Attachment C (including the specific fees contained therein) annexed to the Amended Engagement Agreement, payable upon the closing of such Divestiture/Merger Transactions without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court;

- (f) Upon consummation of a debt Financing in circumstances where the Debtors, with the written consent of the Creditors’ Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Debtors’ financial advisor for such debt Financing transaction, a debt Financing fee (the “Debt Financing Fee”) equal to 0.5% of the total facility size of any debt Financing arranged by Blackstone due upon receipt of a binding commitment letter for such a facility without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court. In the event a debt Financing takes the form of a committed facility that is not initially fully drawn, the Debt Financing Fee shall be calculated based on the committed amount;
- (g) Upon consummation of an equity Financing in circumstances where the Debtors, with the written consent of the Creditors’ Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Debtors’ financial advisor for such equity Financing transaction, an equity Financing fee (the “Equity Financing Fee”) upon the raising of new equity arranged by Blackstone, in an amount to be agreed upon, which amount will represent a percentage of the gross proceeds to the Debtors due upon the closing of an equity Financing without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court;
- (h) A Transaction Fee equal to \$10.0 million payable upon the consummation of a plan of reorganization of the Debtors, which fee shall be prorated in a manner to be determined in the event of consummation of plans of reorganization for separate Debtors; provided however that Blackstone shall earn and be entitled to receive a portion of the Transaction Fee on an interim basis as follows:
  - (i) \$5.0 million, payable on a pro-rata basis, (i) upon the consummation of a plan of reorganization of the Debtors or (ii) upon the closing of a transaction or transactions effecting the transfer of assets or stock in exchange for the payment of cash or issuance of any securities or other form of Consideration by an entity, whether affiliated or not with the Debtors or any subsidiary of any Debtor, for the individual assets as initially identified by the Debtors’ in its May 3, 2002 presentation to the Creditors’ Committee, changes to which may be made from time to

time in writing by the Debtors to Blackstone and the Creditors' Committee (collectively, the "OpCo Assets"); it being further understood that any intermediate transfer in preparation for a section 363 sale process (or similar process) shall not give rise to such fee, but the transfer of OpCo Assets to an entity that issues securities to a trust or other entity for the benefit of the Debtors or its creditors shall give rise to such fee. The pro-rata portion of the \$5.0 million earned and payable to Blackstone pursuant to this paragraph at any time shall be based upon a fraction, the numerator of which shall be the aggregate Consideration received for the aforementioned transfer of the specific OpCo Assets, and the denominator of which shall be the sum of (i) the aggregate Consideration received for the transfer of the OpCo Assets and (ii) the aggregate value of the then remaining OpCo Assets (as set forth in the valuation to be prepared by Blackstone and Batchelder & Partners, Inc. in consultation with the Creditors' Committee); provided, however, that if Blackstone is engaged and acting as the Debtors' financial advisor pursuant to a Divestiture/Merger Transaction for which Blackstone is to receive a Divestiture/Merger Transaction Fee, then Blackstone shall credit either 100% or 50% of Divestiture/Merger Transaction Fees payable to Blackstone for either an OpCo or a non-OpCo Asset, respectively, against the \$5.0 million fee payable pursuant to this paragraph up to a maximum aggregate credit of \$3.0 million; and provided, further, that the fees payable to Blackstone pursuant to Attachment C of the Amended Engagement Agreement shall not be credited against any fees payable to Blackstone pursuant to this paragraph; and

- (ii) For Divestiture/Merger Transactions for which Blackstone is not entitled to receive a Divestiture/Merger Transaction Fee as provided for herein, up to \$3.0 million upon the receipt by any Debtor, or any other subsidiary or affiliate of any Debtor, including the receipt by any special purpose entities, of Consideration from Divestiture/Merger Transactions earned at a rate of 0.125% per Divestiture/Merger Transaction. A list of Divestiture/Merger Transactions closed as of May 24, 2002 are attached to the Amended Engagement Agreement as Attachment D.
- (i) Reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel, lodging, direct identifiable data processing and communication charges, courier services, working meals, reasonable fees and expenses of Blackstone's counsel and other necessary expenditures, due upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses.

19. In October 2002, and upon execution of the Supplemental Engagement Agreement, Blackstone further agreed to modify the terms by which it is to compensated as follows:

- (a) The maximum aggregate credit referred to in (viii)(a) of the Amended Engagement Agreement shall increase from \$3.0 million to \$5.0 million; and
- (b) In the event the aggregate Divestiture/Merger Transaction Fees exceed \$10.0 million for assets specified in the Supplemental Engagement Agreement, Enron may hold-back 33% of such amounts greater than \$10.0 million as and when paid (the "Hold-Back"). In no event, however will the amount of the Hold-Back exceed \$2.5 million. Enron will pay Blackstone the Hold-Back upon the earlier of (a) the satisfactory completion of Blackstone's financial advisory services pursuant to this Supplemental Engagement Agreement and (b) September 30, 2003.

#### **V. Services Provided By Blackstone During These Cases**

20. During the Final Fee Period, Blackstone professionals devoted significant time and effort advising the Debtors on, among other things, the administration of the Debtors' Chapter 11 cases, the implementation of the Debtors' financial and operating restructuring and the divestiture of the Debtors' assets. A summary of the services provided by Blackstone during the Engagement Period is as follows:

##### **Chapter 11 Administration**

- (a) Assisted the Debtors in the development of a detailed 18-month cash flow budget to determine the Debtors' projected liquidity requirements upon filing Chapter 11. The budget incorporated, among other things, assumptions regarding the sale vs. retention of individual business units, projected operating cash flows of the various business units, debt service requirements, corporate overhead and other relevant items. This budget was used in the negotiation of the initial \$1.5 billion Debtor-in-Possession Financing Facility ("DIP") commitment entered into by the Debtors;
- (b) Advised the Debtors regarding DIP sizing and terms, including providing market data with respect to similar transactions in which Blackstone was either involved in or, given its expertise, was familiar with. Blackstone also facilitated communications between the Debtors and the DIP lenders during the negotiations;
- (c) Performed detailed due diligence in order to become intimately familiar with the nature of the Debtors' worldwide operations, finance structures, inter-company and affiliate relationships, corporate structure, and other legal, operating and finance information required in order to provide restructuring and asset sale advisory services to the Debtors;
- (d) Assisted in the formation and implementation of the Bankruptcy Transaction Review Committee, a committee which met twice each week during the Chapter 11 to discuss and approve all transactions to be entered into by the Debtors;

Blackstone participated in each of the meetings and was intimately involved in the critique and approval of transactions requiring Board, Creditors' Committee and Court approval;

- (e) Participated in weekly Enron Executive and Management Committee meetings; these meetings were held to review case strategy with all members of senior management and the Debtors' professionals;
- (f) Assisted in the development of strategies for protecting or divesting assets held in special purpose entities ("SPEs"), for unwinding certain SPEs and the valuation of certain assets included within SPEs;
- (g) Provided advice and assisted in the implementation of financial restructurings of the Debtors' operating businesses that, while not in Chapter 11, were impacted by the Chapter 11; this included renegotiation of credit facilities, power purchase arrangements and other contractual obligations with financial institutions, customers and regulatory authorities;
- (h) Analyzed restructuring alternatives with respect to SPEs and provided advice regarding the settlement of creditor claims and other interests in respect of the SPEs;
- (i) Advised on issues related to the PBGC, including attending meetings with the PBGC and preparing presentations and analyses for such meetings;
- (j) Updated senior management and the Board of Directors regarding developments in matters Blackstone was directly responsible for; prepared detailed presentations for such meetings as required;
- (k) Interacted directly with, and facilitated the Debtors communications with advisors to the Creditors' Committee, the ENA Examiner and other creditors as required;
- (l) Attended meetings of the Creditors' Committee and assisted in preparation of presentations for such meetings;
- (m) Provided expert testimony, as needed, on transactions requiring bankruptcy court approval; and
- (n) Provided such other advice as required.

#### Financial Restructuring/Plan of Reorganization

- (a) Designed, developed and maintained the detailed capital structure and claims-mapping model (the "Model") that became the linchpin for the Plan. The Model was critiqued, signed off by and consequently used by the Debtors' management and counsel, the Creditors' Committee and its advisors, the ENA Examiner and its advisors and numerous other parties-in-interest and their advisors to (i) evaluate expected recoveries under numerous legal and financial alternatives, (ii) structure and negotiate the Plan, (iii) prepare estimates of creditor recoveries pursuant to the Plan and (iv) conduct extensive supplemental supporting analyses

(including, without limitation, Appendices C, L and N) contained within the Debtors Fifth Amended Disclosure Statement;

- (b) Valued all material operating assets of the Debtors, which valuations were incorporated into the Plan for purposes of calculating, among other things, creditor recoveries;
- (c) Working closely with Debtors' management and counsel and the advisors to the Creditors' Committee, designed, developed and negotiated the financial and other key terms of the Plan with the Creditors' Committee, the ENA Examiner and other parties-in-interest; prepared numerous analyses in support of the negotiations;
- (d) Participated in meetings with Debtors' management and counsel, the Creditors' Committee and its advisors, the ENA Examiner and its advisors, as well as numerous other parties in-interest and their advisors regarding key terms of the Plan, including information based upon, among other things, the Model;
- (e) Participated in numerous meetings with Debtors' management and counsel, advisors to the Creditors' Committee, the ENA Examiner and its advisors, regarding document discovery, witness deposition and general preparation for the Plan confirmation hearings;
- (f) Prepared two expert witness reports (more than two hundred pages) regarding the asset valuations, the liquidation analysis and the Model upon which the Plan was premised; the expert reports were filed with the Court and used as exhibits at the Plan confirmation hearings;
- (g) Prepared for and complied with substantial discovery related to the Plan; prepared for and participated in depositions related to the Plan;
- (h) Prepared for trial testimony as an expert witness; testified as an expert witness at the Plan confirmation hearings.

#### Operational Restructuring/Formation of Operating Platforms

- (a) Participated in numerous meetings with Debtors' management providing specific advice regarding the establishment of a new integrated energy platform ("OpCo"), including providing business and general advice regarding the underlying OpCo strategy; assisted in the drafting of the OpCo business plan document distributed to parties-in-interest;
- (b) Detailed business due diligence of the OpCo assets, including participation in domestic and international due diligence visits to the largest of the OpCo assets for meetings with operating management;
- (c) Reviewed and diligenced the financial projections for OpCo; prepared detailed valuations of the OpCo platform and for each of the individual businesses comprising OpCo;

- (d) Assisted in the evaluation of the feasibility of creating CCE and Prisma, including review of financial projections, business and asset due diligence, preparation of valuation analyses and analysis of structuring issues (including asset transfer requirements) surrounding the implementation of the operating platforms;
- (e) Assisted in the formation and implementation of Prisma, including provision of advice with respect to the transfer of assets; assisted in drafting of all related legal documents and court filings;
- (f) Assisted in the formation and implementation of CCE, provision of advice with respect to transfer restrictions issues (including TGS); assisted in drafting of all related legal documents and court filings;
- (g) Provided expert testimony with respect to the formation of CCE and Prisma; and
- (h) Advised on the resolution of issues relating to the various Enron offshore treasury and finance companies, primarily Enron Development Funding, Ltd. and Enron Netherlands Holdings, B.V., the resolution of which was critical to the formation and implementation of Prisma.

Divestiture/Merger Transactions (Blackstone Not Retained as Exclusive Advisor)

- (a) Working closely with the Debtors' management and counsel and the advisors to the Creditors' Committee, advised on numerous Divestiture/Merger transactions where Blackstone was not retained as exclusive financial advisor, including the provision of general advice with respect to issues impacting the marketability of such assets, valuation of the assets, evaluation of the marketing process and information memoranda, review of transaction documents, evaluation of bids received, review of key terms of all bids received, attendance at certain management presentations with parties-in-interest, and coordination of all transaction strategy discussions amongst the Debtors and the advisors to the Creditors' Committee. A summary of the Divestiture/Merger Transactions that Blackstone advised on is as follows:
  - (i) The sale of Wessex Water through a competitive process that included the negotiation of consents from various security holders and negotiations between various interested Debtor and non-Debtor entities, resulting in gross proceeds of approximately \$1.8 billion, including debt assumed by the purchaser;
  - (ii) The selection of investment bankers and development of marketing strategy for the divestiture of shares in EOG Resources through a block trade for approximately \$438 million in cash;
  - (iii) The sale of the wind turbine / farm manufacturing business for approximately \$280 million, including debt assumed by the purchaser;

- (iv) The sale of the EOGIL business through a competitive auction process for approximately \$274 million;
  - (v) The divestiture of East Coast Power Financial Swaps in exchange for El Paso unsecured debt with a face amount of approximately \$212 million;
  - (vi) The sale of the GASPART Brazilian LDC business through a competitive auction process for approximately \$194 million;
  - (vii) The sale of CEG / CEG Rio power assets for approximately \$159 million;
  - (viii) The selection of commercial real estate brokers, and development of marketing strategy for the divestiture of the newly-constructed office tower, Enron Center South, through a competitive auction process for approximately \$103 million in cash;
  - (ix) The sale of Azurix Mexico for approximately \$94 million;
  - (x) The sale of Indian Mesa assets for approximately \$91 million;
  - (xi) The sale of Limbach Facility Services, including extensive negotiations between the Debtor and interested bidders, for approximately \$81 million;
  - (xii) The sale of Trailblazer for approximately \$68 million;
  - (xiii) The sale of Mariner Falcon E&P assets for approximately \$54 million;
  - (xiv) The sale of shares of Gas Authority India Limited for approximately \$52 million;
  - (xv) Approximately 62 additional Divestiture/Merger transactions with consideration of between \$50 million and \$1 million per transaction and aggregate consideration of approximately \$604 million, which total does not include numerous smaller Divestiture/Merger transactions of less than \$1 million per transaction for which Blackstone did not seek to maintain detailed records.
- (b) Provided expert testimony for the above Divestiture/Merger Transactions, as required.

Divestiture/Merger Transactions (Blackstone Retained as Exclusive Advisor)

- (a) Working closely with the Debtors' management and counsel and the advisors to the Creditors' Committee, designed and lead all marketing efforts for the OpCo assets and, subsequently, CCE, including the provision of general advice with respect to issues impacting the marketability of such assets, preparation and



updating of valuation estimates for the assets; design of marketing process, preparation of information memoranda, development and maintenance of numerous electronic data rooms, preparation of transaction documents, the identification and contacting of over two hundred potential bidders, the negotiation of confidentiality agreements, evaluation of bids received, the detailed negotiation of key terms of all bids received, attendance at management presentations with interested parties, the support of all due diligence efforts and coordination of all transaction strategy discussions amongst the Debtors and the advisors to the Creditors' Committee;

- (b) Preparation of presentations to Debtors' management, the Board, advisors to the Creditors' Committee and other interested parties regarding the details of all potential Divestiture/Merger Transactions being negotiated and Blackstone's valuation of such assets;
- (c) The total proceeds received (or to be received) by the Debtors from the Divestiture/Merger Transactions are approximately \$6.5 billion including assumed debt. A summary of certain of the Divestiture/Merger Transactions is as follows:
  - (i) The sale of Enron's trading business to UBS;
  - (ii) The sale of PGE to an affiliate of the Texas Pacific Group for gross proceeds of \$2.2 billion, including debt assumed by the purchaser (transaction expected to close in 2005);
  - (iii) The sale of CCE to Southern Union and GECC for gross proceeds of approximately \$2.5 billion, including debt assumed by the purchaser (transaction expected to close by the end of 2004);
  - (iv) The sale of Arcos to Iberdola for \$329 million;
  - (v) The sale of EcoElectrica to gasNatural for gross proceeds of \$312 million, including preferred stock assumed by the purchaser;
  - (vi) The sale of Sithe/Independence Power Partners L.P. to an affiliate of Reservoir Capital Group, L.L.C. for \$280 million, including debt assumed by the purchaser;
  - (vii) The sale of Mariner Energy, LLC for \$253 million in consideration;
  - (viii) The sale of Stadacona to White Birch Paper, an affiliate of Peter Brant, for gross proceeds of \$206 million;
  - (ix) The sale of Enron's wind farm projects to two primary purchasers for net proceeds of \$78 million, including debt assumed by the purchaser;
  - (x) Numerous other transactions, including the sale of Mariner assets, Garden State Paper, steel inventory, metal trading assets, and LNG projects in the Bahamas and Elba Island for aggregate proceeds of approximately \$360 million, including debt assumed by the purchaser.

- (d) Provided expert testimony for each of the above transactions, as required.

## **VI. Detail of Blackstone's Request for Compensation**

21. Pursuant to the terms of the Amended Engagement Agreement and Final Retention Order, Blackstone is to receive the following fees for its financial advisory services: (i) an Initial Monthly Fee in the amount of \$350,000.00 for December 2001 and January 2002; (ii) an Interim Monthly Advisory Fee in the amount of \$300,000.00 for February 2002 through July 2002; (iii) an Ongoing Monthly Advisory Fee in the amount of \$250,000.00, which could be increased to \$300,000.00 with the approval of the Debtors and the Creditors' Committee based upon the level of activity in any particular month; and (iv) Transaction Fees of up to \$10.0 million. A summary of the aggregate Monthly and Transaction Fees requested by Blackstone during the Final Fee Period is as follows:

<b>Fee Type</b>	<b>Period</b>	<b>Amount</b>
Interim Monthly Fees	December 2001 – January 2002	\$700,000.00
Interim Monthly Advisory Fees	February 2002 – July 2002	1,789,285.71
Ongoing Monthly Advisory Fees (@ \$300,000/month)	August 2002 – June 2004	6,900,000.00
Ongoing Monthly Advisory Fees (@ \$250,000/month)	July 1, 2004 – July 15, 2004	120,967.74
Total Monthly Fees		9,510,253.45
Total Transaction Fees		5,000,000.00
Total Monthly and Transaction Fees		<u>\$14,510,253.45</u>

22. With respect to the Transaction Fees, up to \$10.0 million was payable to Blackstone upon the consummation of a plan of reorganization by the Debtors. However, pursuant to the terms of the Supplemental Engagement Agreement, Blackstone has credited \$5.0 million of Divestiture/Merger Transaction Fees against the Transaction Fee otherwise payable, resulting in net Transaction Fees of \$5.0 million, as included in the chart in paragraph 21 above.

23. Further, and pursuant to the Amended Engagement Agreement, Blackstone earned \$3.0 million of the Transaction Fee by advising on Divestiture/Merger Transactions for which Blackstone was not engaged as the exclusive financial advisor. Specifically, Blackstone could earn up to \$3.0 million of the Transaction Fee at a rate of 0.125% of the total Consideration

received by the Debtor for each individual Divestiture/Merger Transaction. During the Final Fee Period, Blackstone advised on the following Divestiture/Merger Transactions for which it earned the \$3.0 million Transaction Fee:

<u>Transactions</u>	<u>Approximate Consideration</u>
Wessex	\$ 1,809,000,000.00
Cerberus / EOG	438,200,000.00
Enron Wind Manufacturing	280,300,000.00
EOGIL	274,000,000.00
East Coast Power Swap	212,000,000.00
GASPART	194,000,000.00
CEG / CEG Rio	158,500,000.00
Enron Center South	103,500,000.00
Azurix Mexico	94,000,000.00
Indian Mesa	91,000,000.00
Limbach Facility Services	80,700,000.00
Trailblazer	68,000,000.00
Mariner - Falcon	53,600,000.00
GAIL	52,000,000.00
45 other transactions under \$50mm each	<u>604,450,000.00</u>
Total	<u><u>\$ 4,513,250,000.00</u></u>
Potential Transaction Fee (0.125%)	\$ 5,641,562.50
Earned Transaction Fee	\$ 3,000,000.00

24. In summary, as of the date of the Final Application, Blackstone has earned and has been paid Transaction Fees of \$3.0 million. The remaining \$2.0 million Transaction Fee will be earned and payable upon consummation of the Plan.

25. Finally, and for completeness of disclosure, a detailed summary of the Divestiture/Merger Transaction Fees earned or to be earned by Blackstone for Divestiture/Merger Transactions in which Blackstone was retained as exclusive advisor is as follows:

<u>Transaction</u>	<u>Consideration</u>	<u>D/M Fee</u>
<i>Closed Transactions</i>		
Sale of Trading Business	Contingent	Contingent <sup>(1)</sup>
Arcos	\$329,000,000.00	\$2,100,000.00
Eco Electrica	312,674,910.27	2,794,039.80
Sithe	280,124,208.31	2,585,233.30
Mariner Energy, LLC <sup>(2)</sup>	253,100,000.00	1,198,694.26
Stadacona	206,119,000.00	2,048,577.58
Wind Farms	77,930,000.00	1,100,000.00
Mariner Energy, Inc. Falcon Properties <sup>(2)</sup>	118,000,000.00	688,788.79
Steel	67,300,000.00	673,000.00
Metals	36,200,000.00	362,000.00
LNG – Bahamas	36,000,000.00	110,000.00
LNG – Bahamas	Contingent	Contingent <sup>(3)</sup>
LNG - Elba Island	31,875,000.00	318,750.00
LNG – Hoegh	21,500,000.00	215,000.00
Jupiter/DPR	13,200,000.00	132,000.00
Coal/BMR	10,000,000.00	100,000.00
Owenreagh	8,800,000.00	133,331.00
EBF	8,000,000.00	80,000.00
Garden State Paper	6,100,000.00	61,000.00
LNG – Excalibur	2,000,000.00	20,000.00
Garden State Recycling	1,100,000.00	11,000.00
Subtotal	1,819,023,118.58	14,731,414.73
<i>Pending Transactions</i>		
CrossCountry Energy (est.)	2,500,000,000.00	Not yet earned
Portland General Electric (est.)	2,200,000,000.00	Not yet earned
<b>Total</b>	<b>\$6,519,023,118.58</b>	<b>\$14,731,414.73</b>

26. The amount of the fees requested in this Final Application, and Blackstone's billing practices, are consistent with market practices in a bankruptcy context. Blackstone has never billed its clients based on the number of hours expended by its professionals. Accordingly, Blackstone does not have hourly rates for its professionals, and Blackstone's professionals

<sup>(1)</sup> 2% of cash payments received by the Debtors.

<sup>(2)</sup> Please note that Blackstone was retained as co-exclusive advisor for the Mariner and Falcon sales.

<sup>(3)</sup> Up to \$250,000 based upon closing of financing as contemplated in the transaction.

generally do not maintain detailed time records of the work performed for its clients. Moreover, pursuant to the Amended Engagement Agreement, and as provided for in the Final Retention Order, Blackstone is not required to maintain detailed time records as Blackstone is being retained on a fixed monthly fee basis. Blackstone has, however, maintained a summary of aggregate hours worked by its professionals for each month during the Final Fee Period, for informational purposes only. Specifically, during the Final Fee Period, Blackstone professionals expended in excess of 27,200 hours in providing financial advisory services to the Debtors. (The aforementioned number of hours expended by Blackstone professionals does not include hours expended by Blackstone professionals for the Divestiture/Merger Transactions in which Blackstone has been retained as the exclusive advisor pursuant to the Supplemental Engagement Agreement). Further, while Blackstone does not keep detailed time records, Blackstone does track the specific projects each Blackstone professional worked on. Attached to this Final Application, as Appendix D, is a matrix that summarizes the activities that each of the Blackstone professionals were primarily involved with (although all of Blackstone's restructuring professionals were, to a certain extent, involved in all aspects of the Debtors' Chapter 11 cases).

27. Blackstone respectfully submits that the compensation requested for the services rendered by Blackstone to the Debtors during the Final Fee Period is fully justified and reasonable based upon (a) the time and labor required during the proceedings, (b) the complexity of the issues presented, (c) the skill necessary to perform the financial advisory services properly, (d) the preclusion of other employment, (e) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (f) time constraints required by the exigencies of the case, and (g) the experience, reputation and ability of the professionals rendering services.

28. Blackstone respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the estate and have furthered the goals of all parties in interest. Blackstone respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Blackstone is reasonable in light of the work performed by Blackstone to date in these cases.

## **VI. Out-Of-Pocket Expenses**

29. A summary of out-of-pocket expenses incurred by Blackstone in rendering financial advisory services to the Debtors is as follows:

<b>Category</b>	<b>Cumulative Through July 15, 2004</b>	<b>Status of Fee Committee Review<sup>(1)</sup></b>		
		<b>Applications Reviewed AR Filed (1 – 3)</b>	<b>Applications Reviewed AR Not Filed (4 – 6)</b>	<b>Applications Not Reviewed (7, 8 &amp; Additional)</b>
<i>Expenses Not Deferred</i>				
Airfare	\$963,582.80	\$398,493.68	\$460,877.19	\$104,211.93
Ground Transportation	177,363.40	81,627.19	65,017.69	30,718.52
Meals	130,796.48	39,120.03	73,426.01	18,250.44
Lodging	249,494.68	110,512.67	101,213.46	37,768.55
External Research	160,724.59	51,544.58	84,438.33	24,741.68
Legal Expenses	109,322.03	56,716.32	48,911.71	3,694.00
Other, including external photocopying	61,329.13	4,143.35	22,968.87	34,216.91
Subtotal	1,852,613.11	742,157.82	856,853.26	253,602.03
<i>Expenses Deferred<sup>(2)</sup></i>				
Word Processing	177,420.26	101,842.30	37,127.33	38,450.63
Internal Photocopying	82,918.10	47,641.51	26,877.99	8,398.60
Legal Expenses	17,113.10	17,113.10	-	-
Facsimile	3,335.21	1,469.25	1,704.71	161.25
Subtotal	280,786.67	168,066.16	65,710.03	47,010.48
Total	<b><u>\$2,133,399.78</u></b>	<b><u>\$910,223.98</u></b>	<b><u>\$922,563.29</u></b>	<b><u>\$300,612.51</u></b>

<sup>(1)</sup> “AR” refers to the Advisory Reports of the Fee Committee.

<sup>(2)</sup> Excludes Internal Research for which Blackstone is not requesting reimbursement.

30. Blackstone bills the Debtors for out-of-pocket expenses in the same manner as it bills clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Blackstone are charged to a client if out-of-pocket expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Blackstone does not factor general overhead costs into any out-of-pocket expenses invoiced to its clients in these, or any, Chapter 11 cases.

31. As of the date of this Final Application, the Fee Committee appointed in the Debtors' cases has reviewed Blackstone's First through Sixth Fee Applications covering the periods from December 2, 2001 through December 31, 2003<sup>(1)</sup>. Adjustments to Blackstone's request for out-of-pocket expenses arising out of the Fee Committee's review, to the extent known, have been reflected in this Final Application. Further, while Blackstone has followed all of its internal policies (as set forth in more detail below) with respect to out-of-pocket expenses billed to the Debtors, Blackstone, with the Fee Committee's approval, had agreed to defer consideration and reimbursement of certain categories of expenses until this Final Application.

32. Set forth below is a more detailed description of Blackstone's internal policies with respect to out-of-pocket expenses and, to the extent different, the policy Blackstone followed in billing out-of-pocket expenses to the Debtors. Further, specific additional discussion is included for those categories of out-of-pocket expenses Blackstone had agreed to defer consideration of and for which Blackstone continues to request this Court's approval for reimbursement to Blackstone.

#### Expenses Not Deferred

- (a) Airfare – All domestic airfare charges billed to the Debtors are based on coach fare rates. All international airfare charges billed to the Debtors are based on business fare rates. To the extent available, special fares available to Blackstone from certain air carriers are passed on to the Debtors. (Further, and as agreed to with the Fee Committee, Blackstone has reviewed all flights charged to the

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<sup>(1)</sup> The Fee Committee has issued Final Advisory Reports for Blackstone's First, Second and Third Fee Applications. Blackstone has received Preliminary Advisory Reports for its Fourth, Fifth and Sixth Fee Applications.



Debtors to insure all appropriate credits for flights not taken have been passed on to the Debtors.)

- (b) Ground Transportation – Blackstone's general policy enables employees to travel by taxi or, in certain circumstances, private car service, to and from meetings while rendering services to a client on a client related matter, for which the client is charged. Further, and primarily for safety reasons, employees are permitted to charge to a client the cost of transportation home if an employee is required to work past 9:00 p.m. on client specific matters. Finally, based upon discussion with the Fee Committee, (and subject to the Court's final order), beginning in January 2003, Blackstone has capped all taxi charges between airports in Houston and the Debtors' office in Houston at \$50.00 per trip (resulting in a reduction of approximately \$4,000).
- (c) Meals – Blackstone's general policy permits its professionals to charge in-office dinner meals to a client after 8:00 p.m. if the employee is required to provide services to the client during such dinnertime. Administrative personnel are permitted to bill in-office lunch meals to a client if the employee is specifically requested to work through lunch or in-office dinner meals to a client if the employee is required to work three hours beyond their regularly scheduled workday. In addition, according to Blackstone general policy, meals charged to a client are capped at \$25.00 per meal. Based upon discussion with the Fee Committee, and subject to the Court's final order<sup>(1)</sup>, Blackstone has capped in-office meals at \$20.00 and its out-of-town breakfast, lunch, and dinner meals at \$15.00, \$20.00, and \$50.00, respectively (resulting in a reduction of approximately \$10,000).
- (d) Lodging – Blackstone invoiced the Debtors for the actual dollar amount incurred by Blackstone's professionals on hotel stays and related charges. These charges include only the actual lodging and related charges – in-room meals are reclassified as appropriate. It should be noted that in April 2002, and given that Blackstone professionals were required to stay in Houston for extended periods of time, Blackstone negotiated a special reduced rate for one primary hotel in Houston. When available, Blackstone professionals made use of this reduced rate. It should be noted that Blackstone voluntarily reduced all of its actual hotel charges incurred from December 2001–April 2002 (prior to the negotiation of this reduced rate) for a savings to the Debtors of in excess of approximately \$75,000.00
- (e) External Research – Blackstone invoiced the Debtors for actual charges from outside computer/electronic service companies that supply, for a fee, research and/or financial documents to Blackstone. The amounts billed to the Debtors relate specifically to these Chapter 11 cases. The services provided by these companies primarily consist of the retrieval of financial documents from regulatory agencies and other sources.

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<sup>(1)</sup> The amount of the cap discussed with the Fee Committee has varied throughout the case. Based on discussions with the Fee Committee, beginning in April 2002, Blackstone capped in-office dinner meals at \$20 per meal and out-of-town breakfast, lunch, and dinner meals at \$15.00, \$20.00, and \$50.00, respectively. However, beginning in the 8<sup>th</sup> Interim Fee Application, and based upon further discussions with the Fee Committee, Blackstone reduced its cap for out-of-town dinner meals an additional \$10.00 to \$40.00 per meal.

- (f) Legal – Blackstone invoiced the Debtors for actual out-of-pocket legal expenses incurred by Blackstone in the course of providing financing advisory services in these Chapter 11 cases. Blackstone has incurred legal expenses in the following general categories:
- (i) Blackstone’s retention by the Debtors;
  - (ii) Two specific litigation matters (out of the many Blackstone has been involved in) in which there existed a potential conflict between Blackstone and the Debtors; and
  - (iii) Circumstances in which Blackstone was providing an opinion in support of the Debtors tax filing.

In each of the three matters identified above, Blackstone only retained outside counsel due to the existence of a potential conflict between Blackstone and the Debtors such that the use of Debtors’ counsel would not have been appropriate. While the Fee Committee has recommended certain reductions to Blackstone’s legal fees to which Blackstone agreed (and such reductions are reflected herein); the following is a description of the reductions the Fee Committee recommends for which Blackstone has not agreed:

- (i) Retention: Blackstone has incurred certain legal costs related to retention matters in which Blackstone was advised by Simpson Thacher & Bartlett (“Simpson”). The Fee Committee has recommended that all professionals in the Debtors’ cases, including Blackstone, be reimbursed 50% of the hourly rate the professionals otherwise charge in these cases and wants to apply that reduction to the legal fees incurred by Blackstone. Blackstone is an investment bank and, therefore, unlike law firms, does not charge the Debtors for the time its professionals spent negotiating Blackstone’s retention during the eight months ended in July 2002. Rather, Blackstone’s legal fees relate to out-of-pocket costs it incurred directly for legal assistance regarding its retention. Consequently, Blackstone’s legal bills, by themselves, effectively represent a significant discount from the total time Blackstone incurred with respect to retention matters since Blackstone has not billed the Debtors directly for time spent on retention matters. Accordingly, Blackstone requests reimbursement for the full amount of these expenses; and
- (ii) Blocked Time Entries: In two situations in which Blackstone was not directly involved, Blackstone’s records were subpoenaed by parties in which the Debtors were suing to recover certain monies disbursed. In each of these instances, the records that Blackstone was asked to provide may, or may not, have been consistent with the Debtors’ litigation positions. As such, and consistent with the Amended Engagement Agreement, Blackstone retained its own counsel to assist it in making sure Blackstone complied with all discovery requirements, including comprehensive searches of our electronic files. Blackstone takes subpoenas very seriously and is very careful

to make sure that it is complying with all requests in a comprehensive and efficient manner. In its review, the Fee Committee noticed that the invoices paid by Blackstone and submitted to the Fee Committee as support for such payments included “blocked” time entries to which the Fee Committee objects as inappropriate. In checking with our outside counsel in these matters, counsel has advised us that in litigation matters, it is common to not disclose, in detail, the specific details of the time that Blackstone’s counsel incurred in rendering advice to Blackstone. We have, however, made our counsel available to the Fee Committee to the extent the Fee Committee wishes to better understand the nature of the litigation matters to which it rendered advice to Blackstone. Blackstone does not believe the use of “blocked” time entries by counsel should result in a discount.

#### Deferred Expenses

- (g) Word Processing – Blackstone bills its clients for actual time spent by its support staff providing word processing services. Blackstone clients are charged at the personnel cost of \$52.00 per hour for the actual amount of time spent by the operator while rendering word processing services to the client. (Blackstone’s internal word processing system automatically allocates time to a client based upon the operator’s log-in by a client-matter number.) To arrive at the \$52.00/hour charge, Blackstone’s accounting department maintains (on an annual basis), an analysis of the actual, direct costs incurred by Blackstone for providing these services to Blackstone’s clients. This cost analysis considers only salaries and related benefits for word processing operators and does not include any fixed overhead such as technology/equipment costs or allocated real estate expenses. Blackstone does not “mark up” the cost it incurs in providing these services, and in fact based upon the most recent cost analysis, bills its clients 20% below its actual costs. (It should be noted that, if Blackstone were to out-source these services to a third-party vendor, the cost to the Debtors would be between \$65 and \$85 per hour based upon quotes from third-party service providers of word-processing services. The use of in-house word processing personnel has saved the Debtors at least \$40,000 based upon the lowest rate above.)
- (h) Photocopying – Blackstone’s general policy in bankruptcy advisory matters is to bill its clients black and white photocopying charges at a rate of \$.20 per page and color photocopying charges at a rate of \$.75 per page. However, based upon discussions with the Fee Committee, Blackstone had billed the Debtors at a rate of \$.10 per page for black and white photocopying charges and \$.40 per page for color photocopying charges through this case and reserved its right to petition for the remainder in this Final Fee Application. To arrive at this cost, Blackstone’s accounting department maintains (on an annual basis) an analysis of the actual direct costs incurred by Blackstone. The average cost per page (reflecting a mix of black and white and color photocopies) based upon this analysis was \$0.23. This average cost includes paper, toner and the actual wages of the back-office staff that operates the photocopy machines and does not include fixed overhead

expenses, such as the cost of equipment or allocated real estate expenses. During the Final Fee Period, Blackstone estimates it has photocopied approximately 10,500 color pages and approximately 375,000 black and white pages in rendering its services to the Debtors resulting in a blended average rate of \$0.21 per page vs. the \$0.23 average cost incurred by Blackstone. Blackstone therefore requests reimbursement in full of photocopying expenses (including amounts previously deferred).

- (i) Legal – the amounts reflected on this line represent the deferred legal fees incurred by Blackstone relating to retention, and “blocked” time entries incurred by Blackstone and included in Blackstone’s First, Second and Third Fee Applications, the only fee applications in which the Fee Committee has issued its Advisory Report.
- (j) Facsimile – Consistent with existing Southern District of New York guidelines, Blackstone bills outgoing long-distance facsimile charges at a rate of \$1.25 per page. However, Blackstone does not bill local or incoming facsimile charges to clients. Notwithstanding existing guidelines, the Fee Committee has recommended that these expenses be disallowed. Blackstone will abide by the Court’s decision regarding facsimile with respect to all professionals rendering services to the Debtor.

33. Detailed support for Blackstone's out-of-pocket expenses incurred during the Final Fee Period has been previously provided to the Court in Blackstone's prior fee applications and such detail has been reviewed by the Fee Committee and other parties-in-interest. To avoid undue burden, we have not attached the previously submitted out-of-pocket expense detail to this Final Fee Application, and incorporate this detail herein by reference. Copies of Blackstone's expense detail will be provided to the Court if requested, or by any other party-in-interest who reasonably makes such a request in writing to Blackstone. However, Blackstone has annexed hereto as Appendix E supporting detail for \$39,480.42 of additional out-of-pocket expenses incurred during the Final Fee Period but not included in Blackstone's prior fee applications; these expenses, which were incurred prior to July 15, 2004, were processed internally by Blackstone subsequent to Blackstone's filing its Eighth Interim Application covering the period ended July 15, 2004.

34. Blackstone respectfully submits that the out-of-pocket expenses for which it seeks an allowance and reimbursement of in this Final Application were necessary and reasonable both in scope and amount.

**VII. Requested Relief**

35. No prior application for the final relief requested herein has been made.

36. All services for which Blackstone requests compensation were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

37. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these proceedings.

**WHEREFORE**, Blackstone requests the Court to:


- (a) Approve (i) the allowance of Blackstone’s Total Monthly Fees of \$9,510,253.45; (ii) the allowance of Blackstone’s Total Transaction Fees of \$5,000,000.00; and (iii) the reimbursement of out-of-pocket expenses in the amount of \$2,133,399.78 incurred during the Final Fee Period.
- (b) Authorize and direct the Debtors to pay Blackstone’s fees and out-of-pocket expenses for the Final Fee Period as follows:

Total Monthly Fees	\$9,510,253.45
Total Transaction Fees	5,000,000.00
Total Out-of-Pocket Expenses	<u>2,133,399.78</u>
<b>Fees and Out-of-Pocket Expenses</b>	16,643,653.23
Less: Transaction Fees not Earned until Plan Consummation	(2,000,000.00)
Less: Amounts Previously Received	<u>(12,793,886.40)</u>
<b>Amount Due Blackstone</b>	<u><u>\$1,849,766.83</u></u>

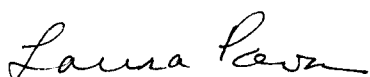
- (c) Authorize and direct the Debtors to pay Blackstone’s remaining \$2,000,000.00 Transaction Fee upon the Consummation of the Plan.
- (d) Grant such other and further relief as this Court deems just and proper.

Dated: November 1, 2004

THE BLACKSTONE GROUP L.P.  
Financial Advisor to the Debtors

By:  \_\_\_\_\_

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(212) 583-5707 (fax)



**LAURA PAVAN**  
NOTARY PUBLIC, State of New York  
No. 01PA6020673  
Qualified in New York County  
Commission Expires March 8, 2007

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

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

**In re:**  
**ENRON CORP., ET AL.,**  
**Debtors.**

**AFFIDAVIT**

**STATE OF NEW YORK**     )  
  ) **ss.:**  
**COUNTY OF NEW YORK**    )

Steven Zelin, being duly sworn, deposes and says:

1. I am a Senior Managing Director of The Blackstone Group L.P. (“Blackstone”), which firm maintains offices for providing financial advisory services at 345 Park Avenue, New York, New York 10154. Blackstone has acted as financial advisor to and rendered professional services on behalf of Enron Corp., et al. (collectively, the “Debtors”).

2. This affidavit is submitted pursuant to Bankruptcy Rule 2016 in connection with Blackstone’s application for final allowance of (i) \$14,510,253.45 in fees earned by Blackstone, and (ii) the reimbursement of out-of-pocket expenses incurred in connection therewith in the sum of \$2,133,399.78

3. All of the services for which Blackstone seeks compensation were performed for and on behalf of the Debtors and not on behalf of any other person.

4. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these cases.





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Steven Zelin  
Senior Managing Director

Sworn to before me this 15<sup>th</sup> day of November 2004



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**LAURA PAVAN**  
NOTARY PUBLIC, State of New York  
No. 01PA6020673  
Qualified in New York County  
Commission Expires March 8, 2007

**APPENDIX A**  
**Amended Engagement Agreement**

# The Blackstone Group

May 24, 2002

Mr. Stephen Cooper  
Chief Executive Officer  
Enron Corp.  
1400 Smith Street  
Houston, TX 77002

Dear Stephen:

This letter confirms the understanding and agreement (the "Agreement") between The Blackstone Group L.P. ("Blackstone") and Enron Corp. and its subsidiaries (together, "Enron", the "Debtors" or the "Company") regarding the retention of Blackstone by Enron effective as of December 2, 2001 (the "Effective Date") as its financial advisor for the purposes set forth herein.

Under this Agreement, Blackstone will provide various financial advisory services to Enron. Such services will include, but not be limited to, services in connection with (a) a sale, merger, joint venture, sale of a majority or minority interest, lease arrangement or any similar transaction involving the Company's wholesale trading operations (a "Trading Transaction"); (b) the possible sale, merger or other disposition of the Company or any of its assets, other than assets comprising the "trading book" of the Company (a "Divestiture / Merger Transaction"); (c) a Restructuring (defined below) of the liabilities of the Company; and (d) the possible issuance by the Company of debt or equity securities (a "Financing"). Blackstone will assist Enron in analyzing, structuring, negotiating, and effecting all of the transactions specified in the preceding sentence, pursuant to the terms and conditions of this Agreement. As used in this Agreement, the term "Restructuring" shall mean, collectively, any restructuring, reorganization (whether or not pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and/or recapitalization of existing or potential debt obligations, preferred stock of or other claims against the Company, any affiliates of the Company or special purpose entities created by the Company, including, without limitation, senior debt, junior debt, trade claims, general unsecured claims, contingent obligations and preferred stock (collectively, the "Obligations"), or any amendments to the terms or conditions of any of the Obligations.

The financial advisory services to be rendered by Blackstone include, at the Company's request, the following:

- (a) Assist in the evaluation of the Company's businesses and prospects;
- (b) Review and critique the Company's long-term business plan;
- (c) Assist in the development of financial data and presentations to the Company's Board of Directors, various creditors, any official committees formed in the Debtors' chapter 11 cases, including the Official Committee of Unsecured Creditors of Enron Corp., et al. (the "Creditors' Committee"), other official committees formed in these cases and other third parties;
- (d) Analyze the Company's financial liquidity and evaluate alternatives to improve such liquidity;
- (e) Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Company and the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Company's Obligations;
- (g) Evaluate the Company's debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties with respect to any of the transactions contemplated in this Agreement, including the Creditors' Committee and other committees formed in these cases;
- (i) Value securities offered by the Company in connection with a Restructuring;
- (j) Advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in the arranging of Financings, including identifying potential sources of capital, assisting in the due diligence process, and negotiating the terms of any proposed Financing, as requested; assist the Company in evaluating and executing both a Trading Transaction and a Divestiture / Merger Transaction, including identifying potential buyers or parties in interest, assisting in the due diligence process, and negotiating the terms of any proposed Trading Transaction or Divestiture / Merger Transaction, as requested;
- (l) Provide testimony in the chapter 11 cases concerning any of the subjects encompassed by the other financial advisory services, if appropriate and as required; and

- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of any of the transactions contemplated in this Agreement, as requested and mutually agreed.

Notwithstanding anything contained in this agreement to the contrary, Blackstone shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, cash management or liquidity. Blackstone makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Restructuring. Blackstone is retained under this Agreement solely to provide advice and services regarding the transactions contemplated in this Agreement. Blackstone's engagement does not encompass providing "crisis management".

The Company agrees to pay the following fees ("Fees") to Blackstone for its financial advisory services:

- (i) An initial monthly advisory fee (the "Initial Monthly Fee") in the amount of \$350,000, due and payable on December 2, 2001 and January 2, 2002, with the first Initial Monthly Fee to be due upon the execution of this Agreement;
- (ii) The interim monthly advisory fee (the "Interim Monthly Fee") in the amount of \$300,000, due and payable on the first day of the third through ninth month of our engagement (i.e., for the period commencing February 2, 2002 and ending August 1, 2002);
- (iii) The ongoing monthly advisory fee (the "Ongoing Monthly Fee") in the amount of \$250,000 per month for the remainder of our engagement pursuant to this Agreement; provided, however, that (x) Blackstone may request an upward adjustment to the Ongoing Monthly Fee up to an amount not in excess of the Interim Monthly Fee based upon the level of activity in any particular month, subject to approval by the Company, in consultation with the Creditors' Committee, or by order of the Bankruptcy Court as defined below, and (y) the Company, in consultation with the Creditors' Committee, may request a downward adjustment to the Ongoing Monthly Fee based upon the level of activity in any particular month, subject to approval by Blackstone or entry of an order of the Bankruptcy Court (as defined below). The Company and Blackstone agree that any upward or downward adjustment to the Ongoing Monthly Fee shall not be based upon individual monthly deviations in hours worked by Blackstone professionals but, rather, shall be based upon trends over a two consecutive month period in aggregate hours worked by Blackstone professionals; it being understood and agreed that such upward or downward adjustment may further consider the level and seniority of Blackstone professionals working during such period. Blackstone shall provide to the Debtors and the Creditors' Committee a

summary of hours worked in each month in connection with the filing of monthly fee statements for such month with the court. The Debtors further acknowledge that the monthly hour commitment by Blackstone professionals through March 2002 on matters pertaining to the Debtors significantly exceeds the hourly commitment necessary to support Blackstone's continued receipt of a monthly fee consistent with the Interim Monthly Fee. Each party agrees that, in the event of a disagreement over a downward or upward request, the party making the request has the burden of proof that the adjustment should be granted;

- (iv) Upon the consummation of a Trading Transaction, cash fees (the "Trading Transaction Fees") equal to 2% of the proceeds received by the Company or any of its subsidiaries at any time, whether received in cash or other forms of consideration, which Trading Transaction Fees shall be payable in cash to Blackstone within fifteen (15) days of the receipt of proceeds by the Company; provided that the aggregate of the payments received by Blackstone pursuant to this paragraph shall not exceed \$10,000,000;
- (v) Upon the consummation of a Divestiture / Merger Transaction in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Company's financial advisor for such Divestiture / Merger Transaction as outlined below in this Agreement (other than those transactions set forth on Attachment C hereto which are addressed in the proviso immediately below), a transaction fee (a "Divestiture / Merger Transaction Fee") due upon the closing of such Divestiture / Merger Transaction equal to the percentage of the aggregate Consideration paid to the Company in such Divestiture / Merger Transaction as outlined pursuant to Attachment B annexed to this Agreement; provided that the Company agrees that Blackstone has been engaged to serve as the Company's financial advisor and will be entitled to separate Divestiture / Merger Transaction Fees, for the Divestiture / Merger Transactions outlined pursuant to Attachment C (including the specific fees contained therein) annexed to this Agreement, payable upon the closing of such Divestiture / Merger Transactions without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court;
- (vi) Upon consummation of a debt Financing in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Company's financial advisor for such debt Financing transaction, a debt Financing fee (the "Debt Financing Fee") equal to 0.5% of the total facility size of any debt Financing arranged by Blackstone due upon receipt of a binding commitment letter for such a facility without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with

the court. In the event a debt Financing takes the form of a committed facility that is not initially fully drawn, the Debt Financing Fee shall be calculated based on the committed amount;

- (vii) Upon consummation of an equity Financing in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Company's financial advisor for such equity Financing transaction, an equity Financing fee (the "Equity Financing Fee") upon the raising of new equity arranged by Blackstone, in an amount to be agreed upon, which amount will represent a percentage of the gross proceeds to the Company due upon the closing of an equity Financing without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court;
- (viii) A Transaction Fee equal to \$10 million payable upon the consummation of a plan of reorganization of the Debtors, which fee shall be prorated in a manner to be determined in the event of consummation of plans of reorganization for separate Debtors; provided however that Blackstone shall earn and be entitled to receive a portion of the Transaction Fee on an interim basis as follows:
  - (a) \$5.0 million, payable on a pro-rata basis, (i) upon the consummation of a plan of reorganization of the Debtors or (ii) upon the closing of a transaction or transactions effecting the transfer of assets or stock in exchange for the payment of cash or issuance of any securities or other form of Consideration by an entity, whether affiliated or not with the Debtors or any subsidiary of any Debtor, for the individual assets as initially identified by the Debtors' in its May 3, 2002 presentation to the Creditors' Committee, changes to which may be made from time to time in writing by the Company to Blackstone and the Creditors' Committee (collectively, the "OpCo Assets"); it being further understood that any intermediate transfer in preparation for a section 363 sale process (or similar process) shall not give rise to such fee, but the transfer of OpCo Assets to an entity that issues securities to a trust or other entity for the benefit of the Company or its creditors shall give rise to such fee. The pro-rata portion of the \$5.0 million earned and payable to Blackstone pursuant to this paragraph at any time shall be based upon a fraction, the numerator of which shall be the aggregate Consideration received for the aforementioned transfer of the specific OpCo Assets, and the denominator of which shall be the sum of (i) the aggregate Consideration received for the transfer of the OpCo Assets and (ii) the aggregate value of the then remaining OpCo Assets (as set forth in the valuation to be prepared by Blackstone and Batchelder & Partners, Inc. in consultation with the

Creditors' Committee); provided, however, that if Blackstone is engaged and acting as the company's financial advisor pursuant to a Divestiture / Merger Transaction for which Blackstone is to receive a Divestiture / Merger Transaction Fee, then Blackstone shall credit either 100% or 50% of Divestiture / Merger Transaction Fees payable to Blackstone for either an OpCo or a non-OpCo Asset, respectively against the \$5 million fee payable pursuant to this paragraph up to a maximum aggregate credit of \$3 million; and provided, further, that the fees payable to Blackstone pursuant to Attachment C shall not be credited against any fees payable to Blackstone pursuant to this paragraph; and

- (b) For Divestiture / Merger Transactions for which Blackstone is not entitled to receive a Divestiture / Merger Transaction Fee as provided for herein, up to \$3.0 million upon the receipt by any Debtor, or any other subsidiary or affiliate of any Debtor, including the receipt by any special purpose entities, of Consideration from Divestiture / Merger Transactions earned at a rate of 0.125% per Divestiture / Merger Transaction. A list of Divestiture / Merger Transactions closed as of May 24, 2002 is attached hereto as Attachment D.
  
- (ix) Reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel, lodging, direct identifiable data processing and communication charges, courier services, working meals, reasonable fees and expenses of Blackstone's counsel and other necessary expenditures, due upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses.

The Initial Fee received by Blackstone in the amount of \$1,000,000, as defined in the pre-petition engagement letter dated November 24, 2001, executed by the Company and Blackstone, shall be credited against the aggregate fees payable pursuant to paragraphs (iv), (v), (vi) and (vii) above as such fees become payable, until such credit equals \$1,000,000. The fees payable pursuant to paragraphs (v), (vi) and (vii) above shall be payable in cash from the proceeds of the transaction giving rise to such fees, at the close of such transaction without the need for further application to the court, provided however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court.

In this Agreement, Consideration means the gross value of all cash, securities and other properties paid or payable, directly or indirectly, in one transaction or in a series or combination of transactions, in connection with a Trading Transaction or Divestiture / Merger Transaction or a transaction related thereto (including, without limitation, amounts paid to holders of any warrants, stock purchase rights, convertible securities or similar rights and to holders of any options or stock appreciation rights, whether or not vested and the aggregate amount of any



extraordinary dividend or distribution made in contemplation of the closing of the Divestiture / Merger Transaction). Consideration shall also include the fair market value of any short and long-term liabilities or preferred stock (including the value of contractual arrangements assumed and indebtedness for borrowed money and the amount set forth for any pension liabilities and guarantees) indirectly or directly assumed or acquired, or otherwise repaid or retired, in connection with or in anticipation of the Trading Transaction or Divestiture / Merger Transaction. If the Trading Transaction or Divestiture / Merger Transaction takes the form of a purchase of assets, Consideration shall not include (i) the value of any current assets not purchased or (ii) the value of any current liabilities not assumed. If the Consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such Consideration is paid.

Fees on amounts paid into escrow pursuant to the transaction documentation will be payable only upon the release of such funds, or any portion thereof, to the Company from such escrow; provided, however, that Consideration placed into "escrow" or segregated by the Company at the closing of a Divestiture / Merger Transaction pursuant to the protocol between the Debtors and the Creditors' Committee or otherwise escrowed or segregated (whether by order of the Bankruptcy Court or otherwise) pending determination of the appropriate allocation of such Consideration among Company constituents shall be deemed to have been received by the Debtors when placed into "escrow" or segregated. If the Consideration in connection with any transaction may be increased by payments related to future events, the portion of Blackstone's fees relating to such contingent payments will be calculated and payable if and when such contingent payments are made.

In this Agreement, the value of any securities (whether debt or equity) or other property paid or payable as part of the Consideration shall be determined as follows: (1) the value of securities that are freely tradable in an established public market will be determined on the basis of the last market closing price prior to the public announcement of the Divestiture / Merger Transaction; and (2) the value of the securities that are not freely tradable or have no established public market or, if the Consideration utilized consists of property other than securities, the value of such other property shall be the fair market value thereof as mutually agreed by the parties hereto.

With respect to any Divestiture / Merger Transaction (other than such transactions as outlined in Attachment C, for which Blackstone is already serving as advisor) related to specific assets or subsidiaries pursued by the Company after the Effective Date in which the Company elects, with the written consent of the Creditors' Committee, to retain an investment banker or other financial advisor to assist with such Divestiture / Merger Transaction, the Company shall first consult with Blackstone to assess Blackstone's qualifications and the propriety of the fee structure for the particular Divestiture / Merger Transaction. If the Company, with the written consent of the Creditors' Committee, thereafter elects to retain Blackstone for such Divestiture / Merger Transaction, Blackstone shall serve as the Company's exclusive financial advisor for

such Divestiture / Merger Transaction and shall receive the fee referred to in paragraph (v) above; provided, however, that if the Company, with the written consent of the Creditors' Committee, wishes to retain Blackstone and a co-advisor for any such Divestiture / Merger Transaction, Blackstone and such co-advisor shall serve as co-advisors for such assignment and each firm shall receive 50% of the total transaction fees, subject to a minimum fee for Blackstone of 50% of the Divestiture / Merger Transaction Fee otherwise payable to Blackstone pursuant to paragraph (v) above.

The Company shall use its best efforts to promptly file this agreement with the United States Bankruptcy Court having jurisdiction over the Debtors' chapter 11 cases (the "Bankruptcy Court") for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of (A) this Agreement and (B) Blackstone's retention by the Company under the terms of this Agreement and subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code. The Company shall supply Blackstone with a draft of such notice and any proposed order authorizing Blackstone's retention sufficiently in advance of the filing of such notice and proposed order to enable Blackstone and its counsel to review and comment thereon. Blackstone shall have no obligation to provide any services under this Agreement unless Blackstone's retention under the terms of this Agreement is approved under section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is acceptable to Blackstone in all respects.

Notwithstanding the standard of review of section 328(a), the Company and the Creditors' Committee shall each retain the right to object to Blackstone's fees in the event that the Company or the Creditors' Committee can establish that such amount (given the entire compensation to be received by Blackstone pursuant to the terms of this Agreement) was not reasonable, consistent with the standards of section 330 of the Bankruptcy Code, based on the services actually provided by Blackstone. Blackstone acknowledges that, in the event that the Bankruptcy Court approves its retention by the Company, Blackstone's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders; provided, however, that because Blackstone shall be retained on a fixed monthly fee, Blackstone shall not be required to maintain detailed time records. However, in the event that Blackstone requests that its monthly fee be increased pursuant to paragraph (iii), supra, Blackstone will be required to provide summary time records (in half hour increments) to the Company in support of such request. The Company shall pay all fees and expenses of Blackstone hereunder as promptly as practicable in accordance with the terms hereof.

With respect to Blackstone's retention under sections 327 and 328 of the Bankruptcy Code, the Company acknowledges and agrees that Blackstone's restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of Blackstone's engagement hereunder, were important factors in determining the amount of the various fees set forth herein,

and that the ultimate benefit to the Company of Blackstone's services hereunder could not be measured merely by reference to the number of hours to be expended by Blackstone's professionals in the performance of such services. The Company also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of Blackstone and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for Blackstone and that the actual time and commitment required of Blackstone and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which Blackstone may be required to address in the performance of its services hereunder, Blackstone's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Blackstone's services for engagements of this nature in an out-of-court context, the Company agrees that all of the fee arrangements specified herein are reasonable under the standards set forth in 11 U.S.C. Section 328(a).

Except as contemplated by the terms hereof or as required by applicable law or legal process, Blackstone shall keep confidential all material non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with Blackstone's performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company will furnish or cause to be furnished to Blackstone such information as Blackstone believes is appropriate to its assignment (all such information so furnished being the "Information"). The Company recognizes and confirms that Blackstone (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment.

In the event that the Information belonging to the Company is stored electronically on Blackstone's computer systems, Blackstone shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that Blackstone exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

Except as required by applicable law, any advice to be provided by Blackstone under this Agreement shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors or, if appropriate in the Company's judgment, in any filings in the Debtors' chapter 11 cases) without the prior written consent of Blackstone. All services, advice and information and reports provided by Blackstone to the Company in connection with this assignment shall be for the sole benefit of the Company and shall not be relied upon by any other person.

The Company acknowledges and agrees that Blackstone has been retained to act solely as financial advisor to the Company and does not in such capacity act as a fiduciary for the Company or any other person. Blackstone shall act as an independent contractor, and any duties of Blackstone arising out of its engagement pursuant to this Agreement shall be owed solely to the Company. Because Blackstone will be acting on the Company's behalf in this capacity, it is customary for us to receive indemnification. A copy of our standard form of indemnification agreement is attached to this Agreement as Attachment A.

In the event that, as a result of or in connection with Blackstone's engagement for the Company, Blackstone becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena, or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, the Company will reimburse Blackstone for the reasonable fees and expenses of its counsel incurred in responding to such a request. Nothing in this paragraph shall affect in any way the Company's obligations pursuant to the separate indemnification agreement attached hereto.

Blackstone's engagement hereunder may be terminated upon 30 days written notice without cause by either the Company or Blackstone; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of Blackstone as an independent contractor, and the limitation as to whom Blackstone shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the indemnification agreement attached as Attachment A and (c) if this Agreement is terminated without cause by the Company, Blackstone shall be entitled to the Trading Transaction Fees specified in paragraph (iv) for the period specified therein, the Divestiture / Merger Transaction Fees, Debt Financing Fee, and Equity Financing Fee specified in paragraph (v), (vi) and (vii), respectively, for specific Divestiture / Merger, debt Financing and equity Financing Transactions for which Blackstone has been engaged as the Company's financial advisor prior to the date of such termination pursuant to the terms of this Agreement, and the Transaction Fee specified in paragraph (viii); provided that with respect to the fees payable pursuant to paragraphs (v), (vi), (vii) and (viii), any such transaction is consummated at any time prior to the expiration of twelve full months following such termination without cause by the Company of this Agreement.

Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Agreement shall in any way limit the activities of the private equity businesses of Blackstone and its affiliates in their businesses distinct from the restructuring and mergers and acquisitions advisory businesses of Blackstone provided that the Information is not shared with representatives of Blackstone and its affiliates who are not involved in the restructuring or mergers and acquisitions advisory businesses of Blackstone and that appropriate "Chinese wall" measures are taken to insure confidentiality. Notwithstanding the immediately preceding sentence, neither Blackstone nor any of its affiliates shall purchase, advise any third-party regarding a purchase or otherwise participate in the purchase of the Company's or any of its subsidiaries' stock, assets, claims or securities without the prior written consent of the Company.

This Agreement (including the attached indemnification agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.


The Company hereby agrees that any action or proceeding brought by the Company against Blackstone based hereon or arising out of Blackstone's engagement hereunder, shall be brought and maintained by the Company exclusively in the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, provided, due to the Company's commencement of the Debtors' chapter 11 cases, all legal proceedings pertaining to this engagement arising after such case is commenced may be brought in the Bankruptcy Court handling such case. The Company irrevocably submits to the jurisdiction of the courts of the State of New York located in the City and County of New York and the United States District Court for the Southern District of New York and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of Blackstone's engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. The Company hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to Blackstone the duplicate copy of this Agreement, the indemnification agreement attached hereto as Attachment A and the Schedules attached hereto as Attachments B ,C and D.

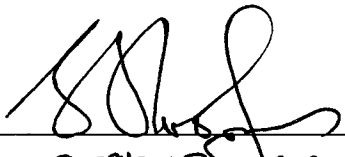
Very truly yours,

Enron Corp.  
May 9, 2002  
Page 12

THE BLACKSTONE GROUP L.P.

By:   
Name: Steven Zelin  
Title: Si-Mgr Director

Accepted and Agreed to as  
of the date first written above:  
ENRON CORP.

By:   
Name: STEPHEN F COOPER  
Title: INTERIM CEO

# The Blackstone Group

## ATTACHMENT A

May 9, 2002

The Blackstone Group L.P.  
345 Park Avenue  
New York, NY 10154

### INDEMNIFICATION AGREEMENT

Gentlemen:

This letter will confirm that Enron Corp. (the "Company") has engaged The Blackstone Group L.P. ("Blackstone") to advise and assist the Company in connection with the matters referred to in our letter of agreement dated as of March 13, 2002 (the "Engagement Letter"). In consideration of your agreement to act on our behalf in connection with such matters, the Company agrees to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an "Indemnified Party") from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement (the "Engagement") under the Engagement Letter and will reimburse each Indemnified Party for all expenses (including reasonable fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement or this agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by the Company. The Company will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the bad faith, self dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct of Blackstone. The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or

## ATTACHMENT A

otherwise) to the Company or its owners, parents, affiliates, security holders or creditors for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by the Company that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the bad faith, self dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct of Blackstone.

If the indemnification provided for in the preceding paragraph is for any reason, other than bad faith, self dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Party hereunder, the Company shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by you, on the one hand, and the Company, on the other hand, from the Engagement or (ii) if and only if the allocation provided by clause (i) above is for any reason not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of you and the Company, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to the Company and you of the Engagement shall be deemed to be in the same proportion as (a) the total value its security holders and its creditors in the transaction or transactions that are subject to the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to Blackstone under the Engagement Letter.

Neither party to this agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "Judgment"), whether or not the Company or any Indemnified Party is an actual or potential party to such claim, action, suit or proceeding. In the event that the Company seeks to settle or compromise or consent to the entry of any Judgment, the Company agrees that such settlement, compromise or consent shall include an unconditional release of Blackstone and each other Indemnified Party hereunder from all liability arising out of such claim, action, suit or proceeding.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify the Company in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify the Company will not relieve the Company from any liability which it may have hereunder or otherwise, except to the extent that such failure materially prejudices its rights. If the Company so elects or is requested by such Indemnified Party, the Company will assume the defense of such action or proceeding,



## ATTACHMENT A

including the employment of counsel reasonably satisfactory to Blackstone and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if the Company fails to assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may employ separate counsel reasonably satisfactory to the Company to represent or defend it in any such action or proceeding and the Company will pay the reasonable fees and disbursements of such counsel; provided, however, that the Company will not be required to pay the fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which the Company assumes, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of the Company under this agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and such Indemnified Party.

The provisions of this agreement shall apply to the Engagement and any written modification of the Engagement and shall remain in full force and effect regardless of any termination or the completion of your services under the Engagement Letter.


This agreement and the Engagement Letter shall be governed by and construed in accordance with the laws of the state of New York applicable to contracts executed in and to be performed in that state.

ATTACHMENT A

Very truly yours,

ENRON CORP.


By:

  
Name: STEPHEN J. COOPER  
Title: INTERIM CEO

Accepted and Agreed  
to as of the date first  
written above:

THE BLACKSTONE GROUP L.P.

By:



# The Blackstone Group

## ATTACHMENT B

### Divestiture / Merger Transaction Fee Schedule

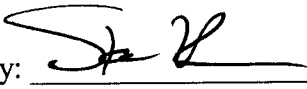
The Divestiture / Merger Transaction Fees shall be calculated by multiplying (1) the applicable Fee Percentage and (2) the Aggregate Transaction Value Consideration, as indicated in the table below. For Aggregate Transaction Value Consideration that falls between any of the points shown in the table below, the Fee Percentage will be interpolated between the relevant intervals of the Aggregate Transaction Value Consideration amounts shown.

Aggregate Transaction Value Consideration (\$ in millions)	Fee Percentage (%)	Divestiture / Merger Transaction Fee (\$ in millions)
\$Less than \$70	N/A	TBD
70	1.429	1.00
80	1.350	1.08
90	1.300	1.17
100	1.200	1.20
125	1.150	1.44
150	1.100	1.65
175	1.050	1.84
200	1.000	2.00
250	0.950	2.38
300	0.905	2.72
350	0.860	3.01
400	0.815	3.26
450	0.770	3.47
500	0.725	3.62
600	0.680	4.08
700	0.635	4.44
800	0.590	4.72
900	0.545	4.91
1,000	0.500	5.00
2,000	0.475	9.50
3,000	0.370	11.10
4,000 and above	0.345	13.80 and above

ATTACHMENT B

Accepted and Agreed:

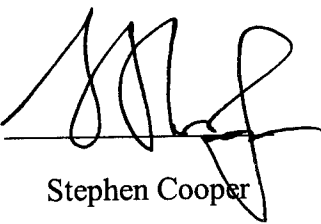
THE BLACKSTONE GROUP L.P.

By:  \_\_\_\_\_

Steven Zelin

Senior Managing Director

ENRON CORPORATION

By:  \_\_\_\_\_

Stephen Cooper

CEO

# The Blackstone Group

## ATTACHMENT C

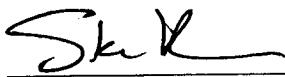
Divestiture / Merger transactions for which The Blackstone Group has been retained as exclusive advisor:

<b>Transaction</b>	<b>Fee</b>
Arcos	\$2.1 million
Broadband Services	1.0% of Consideration
Coal	1.0% of Consideration
Forest Products	1.0% of Consideration
LNG Global	1.0% of Consideration
Longview & Roseville	1.0% of Consideration
Metals	1.0% of Consideration
Steel	1.0% of Consideration

ATTACHMENT C

Accepted and Agreed:

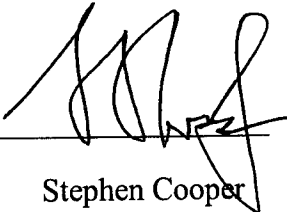
THE BLACKSTONE GROUP L.P.

By: 

Steven Zelin

Senior Managing Director

ENRON CORPORATION

By: 

Stephen Cooper

CEO

# The Blackstone Group

## ATTACHMENT D

Divestiture / Merger transactions for which The Blackstone Group has not been retained as exclusive advisor and which have closed as of May 24, 2002 for which fees are payable to Blackstone pursuant to Paragraph (viii) b:

Completed Transactions as of May 24, 2002  
 (\$ millions)

	<u>Consideration</u>	<u>Blackstone Earned Amount</u>
NETCo Joint Venture (a)	-	n.a.
Wessex	1,809.0	2.3
ARCOS Site (a)	329.0	n.a.
Enron Wind	280.3	0.4
EOGIL	274.0	0.3
Trailblazer	68.0	0.4
Enron Wind Project – Indian Mesa	91.0	0.1
Steel (a)	67.5	n.a.
Falcon / Mariner Project Interest	53.6	0.1
Enron Metals & Commodity Corp. (a)	36.1	n.a.
Henry Bath & Sons	12.0	0.0
LRCI Pad Gas	6.0	0.0
Applied Terravision	0.8	0.0
<b>Total (b)</b>	<b>3,027.3</b>	<b>3.0</b>

Notes:

(a) Blackstone fee earned separately.

(b) Blackstone earned amount capped at \$3 million.

**APPENDIX B**  
**Final Order**



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

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

**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a)  
AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
THE BLACKSTONE GROUP L.P. AS FINANCIAL ADVISOR  
FOR THE DEBTORS AND DEBTORS-IN-POSSESSION**

Upon consideration of the application, dated December 3, 2001, (the “Application”), of the debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), for entry of an order authorizing the Debtors to employ and retain The Blackstone Group L.P. (“Blackstone”) as their financial advisors; and upon the affidavits of Steven Zelin, Senior Managing Director, and Robert J. Gentile, Compliance Manager, of Blackstone (collectively, the “Affidavits”); and the Court being satisfied, based on the representations made in the Application and in the Affidavits, that Blackstone does not hold or represent an interest adverse to the Debtors’ estates and is a “disinterested person”, as that term is defined under section 101(14) of Title 11 of the United States Code (as amended, the “Bankruptcy Code”), as modified by section 1107(b) of the Bankruptcy Code; and it appearing that the employment of Blackstone is necessary and would be in the best interests of the Debtors, their creditors and estates; and the Court being satisfied that the terms of compensation being sought by Blackstone, as described in the engagement letter, dated as of May 24, 2002, a copy of which is attached hereto as Exhibit “A” (“Letter Agreement”), which Letter Agreement supercedes the Engagement Letter attached to the Application, and as modified in accordance

with that certain letter agreement, dated October \_\_, 2002 (the “Modification”), a copy of which is annexed hereto as Exhibit “B”<sup>1</sup>, are reasonable; and the Court having authorized the retention of Blackstone on an interim basis by order, dated July 8, 2002 (the “Interim Order”); and due and adequate notice of the requested relief having been given in accordance with the Interim Order and this Court’s Amended Case Management Order, dated February 26, 2002; and it appearing that objections to the Application and the relief requested therein having been interposed by Edward and V. Patricia Riggs and Darrell and Carolyn Danser (collectively, the “Objections”); and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Application is granted; and it is further

ORDERED that the Objections are overruled; and it is further

ORDERED that the Debtors are authorized, effective as of the commencement of these chapter 11 cases, to employ and retain Blackstone as their financial advisors, on the terms set forth in the Agreement; and it is further

ORDERED that all compensation and reimbursement of expenses to be paid to Blackstone, shall be subject to prior approval of this Court in accordance with the requirements under sections 330 and 331 of the Bankruptcy Code and the orders of this Court which establish procedures for monthly compensation and reimbursement of expenses; and it is further

ORDERED that, except as provided in the following decretal paragraph, the terms of the Trading Transaction Fees, Divestiture/Merger Transaction Fee, Debt Financing Fee,

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<sup>1</sup> The Letter Agreement and the Modification are hereinafter collectively referred to as the “Agreement”.

Equity Financing Fee and Transaction Fee, each as defined in the Agreement, shall not hereafter be subject to challenge except under the standard of review set forth in section 328(a) of the Bankruptcy Code; and it is further

ORDERED that the United States Trustee, the Debtors and the Official Unsecured Creditors' Committee retain all rights to object to Blackstone's interim and final fee applications (including expense reimbursement) on all grounds, including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code; and it is further

ORDERED that all requests of Blackstone for payment of indemnity pursuant to the Agreement shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Agreement and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall Blackstone be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct; and it is further

ORDERED that in no event shall Blackstone be indemnified if the Debtor or a representative of the estate, asserts a claim for, and a court determines by final order that such claim arose out of, Blackstone's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence, or willful misconduct; and it is further

ORDERED that, in the event that Blackstone seeks reimbursement for attorneys' fees from the Debtors pursuant to the Agreement, the invoices and supporting time records from such attorneys shall be included in Blackstone's own applications (both interim and final) and such invoices and time records shall be subject to the United States Trustee's guidelines for

compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code; and it is further

ORDERED that, to the extent this Order is inconsistent with the Agreement, the terms and provisions of this Order shall govern.

Dated: New York, New York  
October 10, 2002

**s/Arthur J. Gonzalez**  
UNITED STATES BANKRUPTCY JUDGE

**APPENDIX C**  
**Supplemental Engagement Agreement**

October 9, 2002

Re: Blackstone Engagement Letter

The Blackstone Group L.P.  
345 Park Avenue  
New York, New York 10154

Gentlemen:

Pursuant to the engagement letter and indemnification agreement, dated as of May 24, 2002 (the "Engagement Letter"), between The Blackstone Group L.P. ("Blackstone") and Enron Corp. and its subsidiaries (together, "Enron"), Enron would like to confirm that it has requested and Blackstone has agreed to serve as Enron's exclusive financial advisor for the Divestiture/Merger Transactions described below (other than the "Mariner" asset, as to which Blackstone shall be co-advisor). Each capitalized term not otherwise defined in this letter has the meaning ascribed to it in the Engagement Letter.

Blackstone will serve as financial advisor for Divestiture/Merger Transactions for the assets listed on Schedule A hereto (the "Specified Assets") on the terms set forth in the Engagement Letter as modified herein and, in connection therewith, shall, inter alia, prepare and/or assist Enron in preparing descriptive memoranda concerning the Specified Assets, solicit prospective acquirors, develop and negotiate the Divestiture/Merger Transactions, and provide testimony if required in relation thereto in the Bankruptcy Court. Blackstone will receive the fees set forth in paragraph (v) on page 4 of the Engagement Letter except with respect to the "Mariner" asset, as to which Blackstone will receive a fee equal to one-half of the amount otherwise payable pursuant to paragraph (v) on page 4 of the Engagement Letter; provided that in the event the aggregate Divestiture/Merger Transaction Fee exceeds \$10,000,000 for the Specified Assets, Enron may hold-back 33% of such amounts greater than \$10,000,000 as and when paid (the "Hold-Back"). In no event, however will the amount the Hold-Back exceed \$2,500,000. Enron will pay Blackstone the Hold-Back upon the earlier of (A) the satisfactory completion of Blackstone's financial advisory services and (B) September 30, 2003. All other terms of the Divestiture/Merger Transaction Fee remain the same, except that the maximum aggregate credit referred to in paragraph (viii)(a) on page 6 of the Engagement Letter shall increase from \$3,000,000 to \$5,000,000.

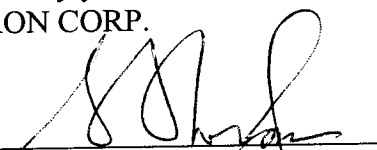
Additionally, Blackstone will serve as financial advisor for Divestiture/Merger Transactions for the assets listed on Schedule B hereto (the "Wind Assets") on the terms set forth in the Engagement Letter as modified herein. The relevant Fee Percentage for Divestiture/Merger Transactions related to the Wind Assets is 1.5%. In no event, however,

will the aggregate amount of the Divesture/Merger Transaction Fees from the Wind Assets exceed \$1,100,000.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state. This Agreement may be executed in separate counterparts.

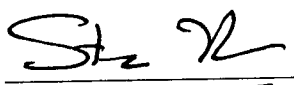
Except as set forth herein, this letter agreement shall not modify any provision of the Engagement Letter or constitute a waiver or modification of any of the parties' rights or obligations pursuant to the Engagement Letter.

Very truly yours,  
ENRON CORP.

By:   
Name: STEPHEN F. COOPER  
Title: INTERIM CEO

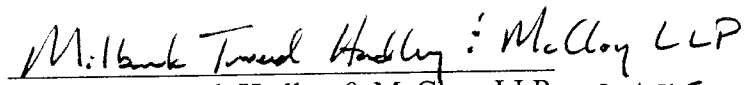
Accepted and Agreed to as  
of the date first written above:

THE BLACKSTONE GROUP L.P.

By:   
Name: Steven Zelin  
Title: Sr. Managing Director

Consented to:

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF ENRON CORP., et al.

By:   
Milbank, Tweed, Hadley & McCloy, LLP, SE/JAF  
as counsel to the Official Committee of  
Unsecured Creditors of Enron Corp., et al.

October 9th, 2002

Consented to:

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF ENRON CORP., et al.

By: Milbank Tweed Hadley & McCloy LLP/SK/SAF  
Milbank, Tweed, Hadley & McCloy, LLP,  
as counsel to the Official Committee of  
Unsecured Creditors of Enron Corp., et al.



## Schedule A

- Citrus Corp./Florida Gas Transmission Company
- Compagnie Papiers Stadacona
- Cuiabá Integrated Project
- EcoElectrica L.P.
- Elektro Eletricidade e Servicos S.A.
- Mariner Energy LLC
- Northern Plains Natural Gas Company (general and limited partner of Northern Border Partners, L.P.)
- Portland General Electric Company
- Sithe/Independence Power Partners L.P.
- Trakya Elektrik Uretim ve Ticaret A.S.
- Transredes S.A./Bolivia-to-Brazil Pipeline (Gas TransBoliviano S.A. and Transportada Brasileira Gasoduto Bolivia-Brazil S.A.)
- Transwestern Pipeline Company

## Schedule B

- 251
- Aeolos
- Cabazon
- Green Power
- Megalli Vrissi
- Owenreagh
- Sky River
- Victory Garden Phase IV

**APPENDIX D**  
**Matrix and Biographies**

## Biographies of Blackstone Professionals

**Steven Zelin.** Steve Zelin is a Senior Managing Director in the Restructuring & Reorganization Advisory group. Mr. Zelin, who joined Blackstone in 1998, has advised companies, equity sponsors and creditors in both domestic and cross-border restructuring and turnaround transactions since 1988. His advisory experience extends across many industries, including airlines, energy, healthcare, financial services, manufacturing, office equipment, retailing, and telecommunications. Mr. Zelin's most notable assignments include the representations of Aeromexico/Mexicana Airlines, Big V Supermarkets (Shop Rite), Enron Corporation, Ferruzzi Finanziaria, Goodyear Inacom Corporation, Integrated Resources, Inc., Kindred Healthcare (formerly Vencor), Marvel Entertainment Group, Motorola (on its restructuring of Iridium), Musicland Stores Corporation, Paragon Trade Brands, and Xerox Corporation. Mr. Zelin, who is a frequent lecturer on restructuring issues, was named as one of the country's leading restructuring financial advisors in the 2003 and 2004 K&A Restructuring Register, a peer group listing assembled by the country's leading restructuring professionals. Before joining Blackstone, Mr. Zelin was a Partner in the Restructuring & Reorganization Group of Ernst & Young LLP. Mr. Zelin received a BS from the State University of New York at Albany, where he currently serves as a member of the School of Business Advisory Board, and an MBA from New York University's Stern School of Business, where he is a member of the Executive Board.

**Raffiq Nathoo.** Raffiq A. Nathoo is a Senior Managing Director in the Corporate Advisory Services group. Since joining Blackstone, Mr. Nathoo has been involved in both the Advisory and Private Equity investment areas of the firm. Mr. Nathoo has advised many of the firm's important corporate clients on a variety of complex domestic and international merger & acquisition assignments. Among the transactions Mr. Nathoo has been involved in are the pending sale of Cross Country Energy to a joint venture of Southern Union Company and GE; the pending sale of Portland General Electric Company to an affiliate of Texas Pacific Group; Aquila's common stock exchange offer with Utilicorp United; Northern States Power Company's merger with New Century Energies, Inc. to form Xcel Energy; the sale of LG&E Energy Corp. to PowerGen plc; US Airways Group's acquisition of the US Air Shuttle; the sale of LTV's integrated steel business to W.L. Ross & Co.; Sanofi's acquisition of Sterling Winthrop Pharmaceuticals; and several of PepsiCo's joint ventures in Latin and South America. Before joining Blackstone, Mr. Nathoo was a member of the Mergers & Acquisitions and Merchant Banking Departments of Salomon Brothers Inc. Mr. Nathoo received a BA from Dartmouth College and an MBA from Harvard Business School. He is a member of the Council on Foreign Relations and serves on the Board of Directors of the Children's Museum of Manhattan.

**Richard Shinder.** Richard J. Shinder is a Managing Director in the Restructuring & Reorganization Advisory group. Since joining Blackstone in 2000, Mr. Shinder has worked on various restructuring and reorganization assignments, which include representing Enron Corp., W. R. Grace & Co., Levitz Furniture, Inc., Telergy, Inc., Data Transmission Network Corporation, the secured lenders of Safety-Kleen Corporation and the secured noteholders of a domestic chemicals manufacturer, among other engagements. Before joining Blackstone, Mr. Shinder was a Vice President at Lehman Brothers in its Leveraged Finance group. Prior to joining the Leveraged Finance group, he was a Vice President in Lehman's Infrastructure Project Finance group. Mr. Shinder received a BBA in Finance from Gonzaga University where he

graduated summa cum laude and currently serves on the University's Board of Regents. He also received his MBA in Finance with Distinction from the Wharton School of the University of Pennsylvania.

**Mark Bandak.** Mark Bandak is a Vice President in the Corporate Advisory Services group. Since joining Blackstone in 1998, Mr. Bandak has been involved in a number of mandates, including the reorganization of Enron Corp., the sale of LG&E to Powergen plc, the restructuring of the California energy markets on behalf of California Governor Gray Davis, and the acquisition of Meto AG by Checkpoint Systems, Inc. Before joining Blackstone, Mr. Bandak was with Morgan Stanley, Millbrook Capital Management, and the New York City Economic Development Corp., where he was responsible for the city's privatization initiative. Mr. Bandak received a BS in Engineering from Columbia University, where he graduated with highest honors, and an MBA from Columbia Business School, where he also graduated with highest honors.

**Pierre Chung.** Pierre Y. Chung is a Vice President in the Restructuring & Reorganization Advisory group. Since joining Blackstone in 2001, Mr. Chung has been involved in various advisory assignments including aaiPharma Inc., Enron Corp., Crown Pacific Partners, L.P., The LTV Corporation, an unnamed automobile company and Goss Graphic Systems, Inc. Before joining Blackstone, Mr. Chung was a Vice President at institutional money manager Standish, Ayer & Wood, Inc., where he was responsible for fundamental credit research in several industry sectors and for all distressed credits. Prior to joining Standish, Mr. Chung was a Commissioned Bank Examiner with the Federal Reserve Bank of Boston. Mr. Chung received a BA from The University of Vermont, and an MBA from Northeastern University and is a CFA Charterholder.

**Christopher Boyle.** Christopher Boyle is a Vice President in the Restructuring & Reorganization Advisory group. Since joining Blackstone in 1998, Mr. Boyle has been involved in advising Altos Hornos de Mexico, AMF Bowling Worldwide, Inc., the Unsecured Creditors' Committee of Criimi Mae, Inc., Enron Corp., MobileMedia Corporation, Penn Traffic Corp., Safelite Glass Corp., and Xerox Corporation, in their restructuring efforts. Before joining Blackstone, Mr. Boyle worked in the Corporate Finance Department at Bear, Stearns & Co., Inc. Mr. Boyle received a BS in Finance and Accounting from the University of Virginia.

**Ramesh Chakrapani.** Ramesh Chakrapani is a Vice President in the Corporate Advisory Services group. Since joining Blackstone in 2001, Mr. Chakrapani has worked in the media/telecommunications and industrial sectors. Before joining Blackstone, Mr. Chakrapani worked at Credit Suisse First Boston advising AT&T Corp. on its acquisition of Tele Communications Inc., Apollo Management with its acquisition of MTL Inc., and Asarco Inc. on its sale to Grupo Mexico S.A. Mr. Chakrapani received a BA in Economics and International Studies from Yale University.

**Bruce Haggerty.** Bruce Haggerty is an Associate in the Restructuring & Reorganization Advisory group. Since joining Blackstone in 2000, Mr. Haggerty has been involved in advising on Chapter 11 and out-of-court restructuring transactions for such companies as Big V Supermarkets, Inc., Enron Corp., RCN Corp., Russell Stanley Holdings, Inc., Telergy, Inc., Vencor, Inc. and Xerox Corporation. Mr. Haggerty received an AB in Mathematics from Harvard University, where he graduated cum laude.

**Paul Schlaack.** Paul Schlaack is an Associate in the Corporate Advisory Services group. Since joining Blackstone in 1999, Mr. Schlaack has been involved in advising Enron on the sale of its energy trading business to UBS; the Iowa Insurance Division and the New York State Insurance Department on the demutualization of Principal Financial; Williams Communications Canada on its sale to TELUS; ABN AMRO on its acquisition of ING Barings' U.S. investment banking and prime brokerage operations; Williams Communications Solutions on its sale to Platinum Equity; Alliance Capital on its acquisition of Sanford Bernstein; and Volpe Brown Whelan on its sale to Prudential Securities. Mr. Schlaack received a BS in Economics from The Wharton School of the University of Pennsylvania, where he graduated magna cum laude.

**Priyanka Chopra.** Priyanka Chopra is an Analyst in the Restructuring & Reorganization Advisory group. Ms. Chopra joined Blackstone in 2003 and has worked on Cable & Wireless America and other restructuring assignments. Ms. Chopra received a BS with Distinction in Finance and Accounting from the McIntire School of Commerce at the University of Virginia.

## Matrix of Blackstone Professionals by Project

Project	Restructuring					M&A								
	Zelin	Shinder	Chung	Boyle	Haggerty	Other Professionals	Hoffman	Nathoo	McNicholas	Feuerabendt	Biondo	Chakrapani	Schlaack	Other Professionals
Chapter 11 Admin	✓	✓	✓		✓	✓								
BTRC		✓	✓			✓								
Exec Mgmt. Committee Mtgs	✓	✓												
Valuation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Plan	✓	✓	✓		✓	✓								
Operating Platforms	✓	✓	✓		✓	✓						✓	✓	
M&A (non-exclusive advisor)	✓	✓	✓			✓								
M&A (exclusive advisor)							✓	✓	✓	✓	✓	✓	✓	✓
PGE	✓						✓	✓			✓		✓	✓
CCE	✓						✓	✓				✓		✓
Eco	✓			✓		✓	✓	✓		✓				
Sithe	✓			✓		✓	✓	✓		✓				
Marine	✓			✓			✓	✓		✓				
Stadacona	✓			✓		✓	✓	✓		✓				
Other Assets	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Total Hours	<u>3,974.5</u>	<u>5,016</u>	<u>5,075.5</u>	<u>4,440</u>	<u>7,101</u>	<u>1,612.5</u>								

**TOTAL: 27,219.5**

**APPENDIX E**  
**Expenses Incurred By The Blackstone Group L.P. Prior to July 15, 2004, but**  
**Processed Subsequent to July 15, 2004**



**Enron Corp.**  
**Summary of Expenses Incurred By The Blackstone Group L.P.**  
**Prior to July 15, 2004, but Processed Subsequent to July 15, 2004**  
**Invoice No. 3671-T**

	<b>GL Detail</b>	<b>Total Expenses</b>
Air Travel	13,779.01	13,779.01
Ground Transportation - Car Services - Concord	490.62	490.62
Ground Transportation - Car Services - Elite	4,531.88	4,531.88
Ground Transportation - Car Services - Skyline	662.19	662.19
Ground Transportation - Local Travel	874.90	874.90
Ground Transportation - Out-Of-Town Travel	776.83	776.83
Local Meals	1,997.73	1,997.73
Out-Of-Town Meals	318.29	318.29
Lodging	15,036.49	15,036.49
External Research - P.A.C.E.R.	93.24	93.24
Legal Expenses	464.00	464.00
Communications - Telephone Conferencing	88.63	88.63
Communications - Federal Express	181.22	181.22
Communications - Messenger - EDM	11.25	11.25
Communications - United Parcel Service	45.18	45.18
Other	128.96	128.96
<b>Total Expenses</b>	<b>\$ 39,480.42</b>	<b>\$ 39,480.42</b>

<b>Air Travel</b>	<b>13,779.01</b>
<b>Ground Transportation</b>	<b>7,336.42</b>
<b>Local Meals</b>	<b>1,997.73</b>
<b>Out-Of-Town Meals</b>	<b>318.29</b>
<b>Lodging</b>	<b>15,036.49</b>
<b>External Research</b>	<b>93.24</b>
<b>Legal Expenses</b>	<b>464.00</b>
<b>Communications</b>	<b>326.28</b>
<b>Other</b>	<b>128.96</b>
<b>Total Expenses</b>	<b>\$ 39,480.42</b>

**Enron Corp.**  
**Expenses Incurred By The Blackstone Group L.P.**  
**Prior to July 15, 2004, but Processed Subsequent to July 15, 2004**  
**Invoice No. 3671-T**

**Airfare**

Boyle (credit for unused airline ticket)	10/10/03	\$ (868.94)
Boyle (credit issued by vendor)	12/16/03	(240.00)
Boyle (credit issued by vendor)	12/18/03	(120.00)
Bandak (one-way coach class trip from Kansas City to Houston, TX to Queens, NY)	05/18/04	1,348.20
Bandak (one-way coach class flight to Queens, NY from Houston, TX)	05/21/04	1,022.00
Bandak (credit for unused airline ticket)	05/27/04	(1,055.60)
Chakrapani (round trip coach class flight to/from Houston, TX from Queens, NY)	07/11/04 & 07/13/04	2,044.00
Chakrapani (one-way coach class flight to Queens, NY from Houston, TX)	07/13/04	1,022.00
Chakrapani (round trip coach class flight to/from Houston, TX from/to Queens, NY)	07/15/04	2,044.00
Chung (credit issued by vendor)	12/13/03	(180.00)
Chung (one-way coach class flight to Houston, TX from Newark, NJ)	06/23/04	1,078.60
Chung (one-way coach class flight to Houston, TX from Newark, NJ)	06/24/04	1,191.60
Chung (credit for unused airline ticket)	07/09/04	(1,191.60)
Deora (round trip coach class flight: Newark, NJ to Houston, TX to Queens, NY)	03/04/04	1,974.20
Deora (one-way coach class flight to Queens, NY from Houston, TX)	03/08/04	985.60
Deora (one-way coach class flight to Houston, TX from Queens, NY)	03/08/04	1,022.00
Deora (credit for unused airline ticket)	03/11/04	(1,974.20)
Deora (one-way coach class flight to Queens, NY from Houston, TX)	03/11/04	1,022.00
Deora (credit for unused airline ticket)	04/09/04	(985.60)
Haggerty (round trip coach class flight to/from Houston, TX from/to Queens, NY)	11/04/03	1,590.00
Haggerty (credit issued by vendor)	12/16/03	(120.00)
Haggerty (rebillng for over funding of ticket)	06/07/04	82.75
Haggerty (round trip coach class flight: Newark, NJ to Houston, TX to Queens, NY)	06/23/04	2,044.00
Shinder (round trip coach class flight to/from Houston, TX from/to Queens, NY)	06/18/04	2,044.00
	<b>Subtotal - Airfare</b>	<b>13,779.01</b>

**Ground Transportation**

**Car Services**

**Concord**

Zelin (car home from client meeting in New York, NY)	05/31/04	96.90
Zelin (car home from client meeting in New York, NY)	06/02/04	99.96
Zelin (car home from Courthouse in New York, NY)	06/07/04	123.42
Zelin (car home from client meeting in New York, NY)	06/23/04	170.34
	<b>Subtotal - Concord</b>	<b>490.62</b>

**Elite**

Bandak (car to JFK Airport in Queens, NY from New York, NY)	05/28/04	55.49
Biondo (credit)	05/30/03	(34.67)
Chakrapani (car to Newark Airport in Newark, NJ from home)	04/25/04	73.41
Chakrapani (credit for tolls)	04/28/04	(4.00)
Chakrapani (car to JFK Airport in Queens, NY from Blackstone)	05/14/04	56.51
Chakrapani (car home from JFK Airport in Queens, NY)	05/17/04	58.55
Chakrapani (car to JFK Airport in Queens, NY from home)	05/29/04	71.81
Chakrapani (car home from JFK Airport in Queens, NY)	06/05/04	70.79
Chakrapani (car to Elmont, NY from home)	06/05/04	77.16
Chakrapani (car to JFK Airport in Queens, NY from home)	06/07/04	62.63
Chakrapani (car to LaGuardia Airport in Queens, NY)	06/08/04	48.09
Chakrapani (car to JFK Airport in Queens, NY from Blackstone)	07/02/04	56.51
Chakrapani (car home from LaGuardia Airport in Queens, NY)	07/11/04	48.09
Chakrapani (credit for tolls)	07/11/04	(4.00)
Chakrapani (car to LaGuardia Airport in Queens, NY from home)	07/15/04	37.89
Chopra (car home from Blackstone after working late)	04/30/04	21.41
Chopra (package delivery from Blackstone to S. Zelin's residence)	05/01/04	121.33
Chopra (car home from Blackstone after working late)	05/04/04	23.45
Chopra (car to client meeting in New York, NY from Blackstone)	05/09/04	28.55
Chopra (package delivery from Blackstone to S. Zelin's residence)	05/24/04	93.99
Chopra (car home from Blackstone after working late)	05/25/04	20.45
Chopra (car home from Blackstone after working late)	05/25/04	20.45
Chopra (package delivery from Blackstone to S. Zelin's residence)	05/26/04	80.73
Chopra (car home from Blackstone after working late)	05/27/04	20.45
Chopra (car home from Blackstone after working late)	05/28/04	41.87
Chopra (car to Duane St. from Blackstone)	05/28/04	48.81
Chopra (car to Battery Park City)	05/31/04	45.75
Chopra (package delivery to S. Zelin's resident from Blackstone)	05/31/04	86.85
Chopra (car home from Blackstone after working late)	06/23/04	26.57
Chopra (credit for waiting time)	06/23/04	(6.00)
Chopra (car home from Blackstone after working late)	07/07/04	20.45
Chung (car to LaGuardia Airport in Queens, NY from home)	05/10/04	45.03
Chung (car home from Newark Airport in Newark, NJ)	05/11/04	74.42
Chung (car to Newark Airport in Newark, NJ from home)	06/23/04	68.75
Chung (car home from Newark Airport in Newark, NJ)	06/24/04	68.34
de Almeida (car home from Blackstone after working later)	05/04/04	55.05
de Almeida (car home from Blackstone after working later)	05/10/04	55.05

**Enron Corp.**  
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de Almeida (car home from Blackstone after working later)	05/15/04	50.80
de Almeida (car home from Blackstone after working later)	05/29/04	59.98
de Almeida (credit for waiting time)	05/29/04	(9.00)
de Almeida (car home from Blackstone after working later)	06/10/04	50.80
de Almeida (car home from Blackstone after working later)	06/12/04	50.80
Deora (car home from Blackstone after working late)	05/15/04	22.39
Deora (car home from Blackstone after working late)	05/18/04	22.39
Deora (car home from Blackstone after working late)	05/20/04	22.39
Haggerty (car home from Blackstone after working late)	05/04/04	29.57
Haggerty (car home from Blackstone after working late)	05/12/04	20.45
Haggerty (package deliver to S. Zelin's residence)	06/01/04	87.87
Haggerty (car to Courthouse in New York, NY from Blackstone)	06/07/04	24.33
Haggerty (car to Blackstone from Courthouse in New York)	06/07/04	24.33
Haggerty (car to Newark Airport in Newark, NJ from home)	06/23/04	68.34
Haggerty (car home from LaGuardia Airport in Queens, NY)	06/24/04	52.17
Moran (car home from Blackstone after working late)	06/19/04	30.45
Office Services - Garcia (car home from Blackstone after working late)	06/20/04	34.32
Office Services - Garcia (credit for waiting time)	06/20/04	(6.00)
Office Services - Garcia (car home from Blackstone after working late)	06/23/04	28.20
Office Services - Garcia (car home from Blackstone after working late)	06/28/04	28.20
Office Services - Garcia (car home from Blackstone after working late)	07/06/04	28.20
Office Services - Harrison (car home from Blackstone after working late)	06/22/04	40.80
Office Services - Harrison (car home from Blackstone after working late)	06/23/04	39.83
Office Services - Martin (car home from Blackstone after working late)	06/25/04	50.80
Office Services - Phillip (car home from Blackstone after working late)	05/18/04	44.88
Office Services - Yee (car home from Blackstone after working late)	06/24/04	41.00
Publishing Services - Bookman (car home from Blackstone after working late)	06/06/04	62.42
Publishing Services - Busi (car home from Blackstone after working late)	05/28/04	34.02
Publishing Services - Clarke (car home from Blackstone)	06/18/04	89.40
Publishing Services - Dunn (car home from Blackstone after working late)	05/06/04	25.49
Publishing Services - Dunn (car home from Blackstone after working late)	05/19/04	25.45
Publishing Services - Dunn (credit for waiting time)	05/19/04	(3.00)
Publishing Services - Hasnas (car home from Blackstone after working late)	05/17/04	32.08
Publishing Services - Hasnas (car home from Blackstone after working late)	05/22/04	32.08
Publishing Services - Hasnas (car home from Blackstone after working late)	05/30/04	20.45
Publishing Services - Hasnas (car home from Blackstone after working late)	06/01/04	48.40
Publishing Services - Hasnas (credit for waiting time)	06/01/04	(12.00)
Publishing Services - John (late night car service to Blackstone from home)	05/04/04	55.54
Publishing Services - John (late night car service to Blackstone from home)	05/24/04	61.66
Publishing Services - John (credit for waiting time)	05/24/04	(6.00)
Publishing Services - John (late night car service to Blackstone from home)	06/03/04	61.66
Publishing Services - John (credit for waiting time)	06/03/04	(6.00)
Publishing Services - John (late night car service to Blackstone from home)	07/07/04	64.72
Publishing Services - John (credit for waiting time)	07/07/04	(9.00)
Publishing Services - Marques (car home from Blackstone after working late)	06/17/04	31.11
Publishing Services - Marques (car home from Blackstone after working late)	06/29/04	31.11
Publishing Services - Morin (credit for tolls)	04/30/04	(4.00)
Publishing Services - Morin (car home from Blackstone)	05/21/04	35.19
Publishing Services - Morin (car home from Blackstone)	05/26/04	35.19
Publishing Services - McEwen (car home from Blackstone after working late)	05/23/04	26.27
Publishing Services - Myers (car home from Blackstone after working late)	05/19/04	40.80
Publishing Services - Myers (car home from Blackstone after working late)	05/21/04	40.80
Publishing Services - Rankin (car to Blackstone from home after working late)	05/09/04	23.45
Publishing Services - Rankin (car to Blackstone from home after working late)	05/10/04	20.45
Publishing Services - Rankin (car to Blackstone from home after working late)	06/09/04	20.45
Publishing Services - RIVERSO (car home from Blackstone after working late)	05/08/04	48.76
Publishing Services - RIVERSO (credit for tolls)	05/08/04	(4.00)
Publishing Services - Shepko (car home from Blackstone after working late)	05/31/04	25.45
Publishing Services - Shepko (credit for waiting time)	05/31/04	(3.00)
Publishing Services - Sherman (late night car service to Blackstone from home)	05/22/04	56.51
Publishing Services - Sherman (car home from Blackstone)	05/28/04	52.43
Publishing Services - Smith (late night car service to Blackstone from home)	05/06/04	35.68
Publishing Services - Smith (late night car service to Blackstone from home)	05/10/04	54.04
Publishing Services - Smith (late night car service to Blackstone from home)	06/29/04	41.26
Publishing Services - Sutton (car home from Blackstone after working late)	06/18/04	118.32
Publishing Services - Swanson (car home from Blackstone after working late)	05/20/04	30.14
Publishing Services - Swanson (car home from Blackstone after working late)	05/31/04	30.14
Publishing Services - Swanson (car home from Blackstone after working late)	06/09/04	32.39
Publishing Services - Swanson (credit for waiting time)	06/09/04	(6.00)
Publishing Services - Tsai (car home from Blackstone after working late)	04/30/04	38.74
Publishing Services - Tsai (car home from Blackstone after working late)	05/05/04	43.84
Publishing Services - Tsai (car home from Blackstone after working late)	05/24/04	40.04
Publishing Services - Tsai (car home from Blackstone after working late)	06/09/04	40.04
Publishing Services - Tsai (car home from Blackstone after working late)	06/10/04	40.04

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Schlaack (car to Blackstone from home)	05/05/04	27.52	
Schlaack (car home from Blackstone after working late)	05/20/04	24.33	
Schlaack (car to client meeting in New York, NY from Blackstone)	05/24/04	24.33	
Shinder (car home from Blackstone after working late)	05/03/04	27.52	
Shinder (car home from Blackstone)	05/18/04	24.33	
Shinder (car to Blackstone from client meeting in New York, NY)	05/28/04	19.48	
Shinder (car home from Blackstone)	05/24/04	27.39	
Shinder (credit for waiting time)	05/24/04	(3.00)	
Shinder (car home from Blackstone)	05/31/04	30.45	
Shinder (credit issued by vendor)	05/31/04	(30.45)	
Shinder (car home from Blackstone)	06/20/04	30.45	
Shinder (car to LaGuardia Airport in Queens, NY from home)	06/23/04	37.89	
Shinder (car home from Blackstone)	06/28/04	24.33	
	<b>Subtotal - Elite</b>		<b>4,531.88</b>

**Skyline**

Bandak (car home from LaGuardia Airport in Queens, NY)	05/21/04	39.78	
Bandak (car home from JFK Airport in Queens, NY)	05/31/04	77.52	
Bandak (credit for stops)	05/31/04	(6.00)	
Chakrapani (car to LaGuardia Airport in Queens, NY from Blackstone)	07/14/04	49.47	
Haggerty (package delivery to R. Shinder's residence from Blackstone)	06/03/04	25.50	
Nathoo (car 119 W. 56th from 176 E. 71st)	05/17/04	37.74	
Nathoo (package delivery from Blackstone to personal residence)	05/16/04	22.44	
Nathoo (car to client meeting from Blackstone)	05/24/04	29.58	
Nathoo (car to Blackstone from client meeting)	06/24/04	20.40	
Nathoo (car to Blackstone from LaGuardia Airport in Queens, NY)	04/29/04	73.44	
Nathoo (car home from client meeting)	06/24/04	34.68	
Nathoo (car to LaGuardia Airport in Queens, NY)	05/17/04	45.90	
Nathoo (car to LaGuardia Airport in Queens, NY from home)	04/28/04	48.96	
Nathoo (car to LaGuardia Airport in Queens, NY from home)	05/06/04	58.14	
Nathoo (car to LaGuardia Airport in Queens, NY from home)	05/10/04	94.86	
Nathoo (credit for tolls)	05/10/04	(4.00)	
Nathoo (car to LaGuardia Airport in Queens, NY from Blackstone)	05/14/04	39.78	
Nathoo (credit for tolls)	05/14/04	(4.00)	
Nathoo (credit for tolls)	05/17/04	(18.00)	
Nathoo (credit waiting time)	05/17/04	(4.00)	
	<b>Subtotal - Skyline</b>		<b>662.19</b>

**Subtotal - Car Services** **5,684.69**

**Local Travel**

Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	03/24/03	7.00	
Bandak (taxi home from Blackstone)	05/21/03	9.00	
Bandak (taxi to Blackstone from client meeting held @ Weil, Gotshal & Manges)	08/12/03	5.00	
Bandak (taxi home from Blackstone)	10/19/03	5.00	
Bandak (taxi home from Blackstone)	11/18/03	8.00	
Bandak (taxi home from Blackstone)	11/19/03	7.00	
Bandak (taxi home from Blackstone)	11/21/03	7.00	
Bandak (taxi home from Blackstone)	11/21/03	7.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	11/21/03	7.00	
Bandak (taxi home from Blackstone)	11/22/03	4.50	
Bandak (taxi home from Blackstone)	11/23/03	9.00	
Bandak (taxi to Blackstone from home)	11/27/03	5.00	
Bandak (taxi to Blackstone from home)	11/27/03	5.00	
Bandak (taxi home from Blackstone)	12/01/03	9.00	
Bandak (taxi home from Blackstone)	12/02/03	11.00	
Bandak (taxi to Blackstone from Zolfo Cooper after client meeting)	12/06/03	7.50	
Bandak (taxi home from Blackstone)	01/07/04	6.50	
Bandak (taxi home from Blackstone)	01/10/04	7.00	
Bandak (taxi home from Blackstone)	02/25/04	8.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	03/07/04	7.00	
Bandak (taxi to Weil, Gotshal & Manges from Blackstone for client meeting)	03/07/04	6.00	
Bandak (taxi home from Blackstone)	03/08/04	6.00	
Bandak (taxi home from Blackstone)	03/11/04	8.50	
Bandak (taxi home from Blackstone)	03/11/04	9.00	
Bandak (taxi to airport from Blackstone)	03/17/04	30.00	
Bandak (taxi to Blackstone from home)	04/03/04	6.00	
Bandak (taxi to Blackstone from client meeting in New York, NY)	04/05/04	7.00	
Bandak (taxi home from Blackstone)	04/08/04	11.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	04/09/04	5.00	
Bandak (taxi home from Blackstone)	04/18/04	6.00	
Bandak (taxi home from Blackstone)	04/22/04	10.00	
Bandak (taxi home from Blackstone)	04/26/04	6.00	
Bandak (taxi home from Blackstone)	04/29/04	5.00	

**Enron Corp.**  
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Bandak (taxi home from Blackstone)	04/30/04	8.00	
Bandak (taxi home from Blackstone)	05/04/04	7.00	
Bandak (taxi home from Blackstone)	05/08/04	5.50	
Bandak (taxi home from Blackstone)	05/10/04	11.00	
Bandak (taxi home from Blackstone)	05/12/04	8.00	
Bandak (taxi home from Blackstone)	05/13/04	8.00	
Bandak (taxi to Blackstone from Court hearing in New York, NY)	05/14/04	13.00	
Bandak (taxi home from Blackstone)	05/25/04	8.00	
Bandak (taxi to Weil, Gotshal & Manges from Blackstone for client meeting)	05/25/04	6.50	
Bandak (taxi home from Blackstone)	05/26/04	10.00	
Bandak (taxi to Blackstone from client meeting in New York, NY)	06/04/04	10.00	
Bandak (taxi home from client meeting held @ Weil, Gotshal & Manges in New York, NY)	06/07/04	9.00	
Bandak (taxi home from Blackstone)	06/09/04	7.50	
Bandak (taxi home from Blackstone)	06/10/04	9.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	06/15/04	7.00	
Bandak (taxi home from Blackstone)	06/19/04	8.50	
Bandak (taxi to Blackstone from home)	06/20/04	7.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	06/21/04	10.00	
Bandak (taxi home from Blackstone)	06/22/04	7.00	
Bandak (taxi to Blackstone from Court hearing in New York, NY)	06/24/04	13.00	
Bandak (taxi home from Blackstone)	06/25/04	5.50	
Bandak (weekend taxi to Blackstone from home)	06/26/04	6.00	
Bandak (weekend taxi home from Blackstone)	06/27/04	6.00	
Bandak (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	06/28/04	9.00	
Bandak (taxi home from bankruptcy court meeting)	06/30/04	10.00	
Bandak (taxi home from Blackstone)	07/02/04	10.00	
Bandak (taxi home from Blackstone)	07/06/04	6.00	
Bandak (taxi home from Blackstone)	07/14/04	8.00	
Chakrapani (taxi to airport from home)	07/13/04	38.00	
Moran (taxi home from Blackstone after working late)	06/14/04	8.00	
Moran (taxi home from Blackstone after working late)	06/16/04	8.00	
Moran (taxi home from Blackstone after working late)	06/18/04	8.00	
Moran (taxi home from Blackstone after working late)	06/20/04	8.00	
Moran (taxi home from Blackstone after working late)	06/22/04	8.00	
Moran (taxi home from Blackstone after working late)	06/29/04	8.00	
Moran (taxi home from Blackstone after working late)	07/07/04	8.00	
Moran (taxi home from Blackstone after working late)	07/09/04	8.00	
Moran (taxi home from Blackstone after working late)	07/11/04	8.00	
Moran (taxi home from Blackstone after working late)	07/14/04	8.00	
Nathoo (taxi home from asset sale meeting in New York, NY)	05/04/04	5.40	
Nathoo (taxi home from asset sale meeting in New York, NY)	05/05/04	5.00	
Nathoo (taxi home from Blackstone)	05/24/04	7.00	
Nathoo (taxi home from Blackstone)	05/25/04	6.00	
Nathoo (taxi home from Blackstone)	05/26/04	7.00	
Shinder (taxi to Blackstone from Weil, Gotshal & Manges after client meeting)	05/17/04	6.00	
Shinder (taxi home from Blackstone)	05/17/04	19.00	
Shinder (taxi to Weil, Gotshal & Manges from Blackstone for client meeting)	05/17/04	6.00	
Shinder (taxi home from Blackstone after working late)	05/19/04	20.00	
Shinder (taxi home from Blackstone)	05/20/04	28.00	
Shinder (taxi home from Blackstone after working late)	05/22/04	7.00	
Shinder (taxi to Blackstone from client meeting held @ Weil, Gotshal & Manges)	05/25/04	5.00	
Shinder (taxi to client meeting held @ Weil, Gotshal & Manges from Blackstone)	05/25/04	20.00	
Shinder (taxi to Weil, Gotshal & Manges from Blackstone)	05/25/04	6.00	
Shinder (taxi home from Blackstone after working late)	05/26/04	20.00	
Shinder (taxi home from Blackstone)	05/27/04	20.00	
Shinder (taxi to Weil, Gotshal & Manges from home for client meeting)	05/28/04	21.00	
Shinder (taxi home from Blackstone)	06/09/04	23.00	
Shinder (taxi home from LaGuardia Airport in Queens, NY)	06/25/04	35.00	
	<b>Subtotal - Local Travel</b>		<b>874.90</b>
<b><u>Out-Of-Town Travel</u></b>			
Bandak (airport taxi in Houston, TX)	05/20/04	50.00	
Chakrapani (taxi to airport from hotel in Houston, TX)	04/28/04	40.00	
Chakrapani (taxi to hotel from airport in Houston, TX)	07/11/04	50.00	
Chakrapani (taxi to airport from hotel in Houston, TX re: asset sales meeting)	07/13/04	50.00	
Chung (Avis car rental during stay in Dallas, TX re: meetings with management)	06/23/04 & 06/24/04	89.83	
Chung (airport taxi to client meeting in Houston, TX)	06/24/04	50.00	
Haggerty (airport taxi in Houston, TX)	06/25/04	50.00	
Nathoo (taxi to hotel from airport)	05/06/04	42.00	
Nathoo (taxi to Enron from client meeting re: asset sale meeting)	05/06/04	5.00	
Nathoo (taxi to airport from client meeting in Houston, TX re: asset sale meeting)	05/06/04	50.00	
Nathoo (taxi from hotel to client meeting @ Enron re: asset sale meeting)	05/13/04	7.00	
Nathoo (taxi to hotel from client meeting held @ Enron re: asset sale meeting)	05/13/04	5.00	
Nathoo (taxi from hotel to client meeting @ Enron re: asset sale meeting)	05/17/04	5.00	

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Nathoo (taxi to airport from hotel in Houston, TX)	05/17/04	45.00
Nathoo (taxi to hotel from airport in Houston, TX)	05/18/04	42.00
Nathoo (taxi to Enron from hotel in Houston, TX)	05/20/04	5.00
Nathoo (taxi to hotel from Enron in Houston, TX)	05/18/04	6.00
Nathoo (taxi to airport from hotel in Houston, TX)	05/22/04	45.00
Shinder (car to Enron from IAH Airport in Houston, TX)	06/23/04	50.00
Shinder (taxi to Galleria from Enron in Houston, TX)	06/24/04	20.00
Shinder (taxi to hotel from Galleria in Houston, TX)	06/24/04	20.00
Shinder (car to IAH Airport from Enron in Houston, TX)	06/25/04	50.00

**Subtotal - Out-Of-Town Travel**

**776.83**

**Local Meals**

Bandak (dinner meal while working late)	02/18/04	14.48
Bandak (dinner meal while working late)	03/10/04	20.00
Bandak (dinner meal while working late)	03/17/04	20.00
Bandak (dinner meal while working late)	03/18/04	20.00
Bandak (dinner meal while working late)	04/01/04	20.00
Bandak (dinner meal while working late)	04/07/04	20.00
Bandak (dinner meal while working late)	04/14/04	20.00
Bandak (dinner meal while working late)	04/28/04	20.00
Bandak (dinner meal while working late)	05/23/04	20.00
Bandak (dinner meal while working late)	05/24/04	20.00
Bandak (dinner meal while working late)	05/26/04	20.00
Bandak (dinner meal while working late)	05/27/04	10.54
Bandak (dinner meal while working late)	06/09/04	18.36
Bandak (dinner meal while working late)	06/15/04	20.00
Bardes (dinner meal while working late)	02/26/04	20.00
Boyle (dinner meal with Chuck Ward and Peter Delvechio)	09/30/03	286.20
Chakrapani (dinner meal while working late)	04/06/04	20.00
Chakrapani (dinner meal while working late)	05/24/04	20.00
Chakrapani (dinner meal while working late)	06/10/04	20.00
Chopra (dinner meal while working late)	07/12/04	20.00
Deora (dinner meal while working late)	03/16/04	20.00
Deora (dinner meal while working late)	03/22/04	18.56
Deora (dinner meal while working late)	04/27/04	20.00
Deora (dinner meal while working late)	05/20/04	20.00
Deora (dinner meal while working late)	05/24/04	20.00
Deora (dinner meal while working late)	05/27/04	20.00
Deora (dinner meal while working late)	06/18/04	12.17
Deora (dinner meal while working late)	06/19/04	17.05
Deora (dinner meal while working late)	06/20/04	20.00
Deora (dinner meal while working late)	06/21/04	20.00
Deora (dinner meal while working late)	06/22/04	13.95
Haggerty (dinner meal while working late)	06/08/04	20.00
Lysle (dinner meal while working late)	03/11/03	20.00
McNicholas (dinner while working late)	02/18/04	14.48
Moran (dinner while working late)	06/05/04	20.00
Moran (dinner while working late)	06/07/04	20.00
Moran (dinner while working late)	06/10/04	20.00
Moran (dinner while working late)	06/13/04	20.00
Moran (dinner while working late)	06/14/04	16.71
Moran (dinner while working late)	06/15/04	20.00
Moran (dinner while working late)	06/17/04	20.00
Moran (dinner while working late)	06/18/04	16.08
Moran (dinner while working late)	06/20/04	20.00
Moran (dinner while working late)	06/21/04	20.00
Moran (dinner while working late)	06/22/04	20.00
Moran (dinner while working late)	06/23/04	20.00
Moran (dinner while working late)	06/24/04	20.00
Moran (dinner while working late)	06/26/04	20.00
Moran (dinner while working late)	06/27/04	15.00
Moran (dinner while working late)	06/28/04	20.00
Moran (dinner while working late)	07/01/04	20.00
Moran (dinner while working late)	07/05/04	20.00
Moran (dinner while working late)	07/06/04	15.82
Moran (dinner while working late)	07/07/04	20.00
Moran (dinner while working late)	07/08/04	20.00
Moran (dinner while working late)	07/11/04	20.00
Moran (dinner while working late)	07/12/04	20.00
Moran (dinner while working late)	07/13/04	20.00
Moran (dinner while working late)	07/13/04	20.00
Moran (dinner while working late)	07/15/04	20.00
Schlaack (dinner while working late)	02/18/04	14.48
Schlaack (dinner while working late)	03/24/04	20.00

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Schlaack (dinner while working late)	03/25/04	20.00	
Schlaack (dinner while working late)	04/14/04	20.00	
Schlaack (dinner while working late)	05/03/04	20.00	
Selnick (dinner meal while working late)	02/26/04	20.00	
Selnick (dinner meal while working late)	03/08/04	20.00	
Selnick (dinner meal while working late)	03/21/04	20.00	
Selnick (dinner meal while working late)	04/18/04	16.67	
Shinder (dinner while working late)	06/17/04	20.00	
Shinder (dinner while working late)	06/22/04	20.00	
Shinder (dinner meal while working late)	06/28/04	20.00	
Shinder (dinner while working late)	06/29/04	20.00	
Shinder (dinner while working late)	07/01/04	20.00	
Shinder (dinner while working late)	07/07/04	20.00	
Shinder (dinner while working late)	07/09/04	20.00	
Shinder (dinner while working late)	07/13/04	20.00	
Vacanti (dinner while working late)	02/26/04	20.00	
Vacanti (dinner while working late)	03/03/04	20.00	
Vacanti (dinner while working late)	04/07/04	10.00	
Vacanti (dinner while working late)	04/21/04	20.00	
Vacanti (dinner while working late)	05/27/04	20.00	
Vacanti (dinner while working late)	06/19/04	20.00	
Vacanti (dinner while working late)	07/13/04	20.00	
Vacanti (dinner while working late)	07/15/04	20.00	
Zelin (working meal)	06/14/04	15.74	
Zelin (working meal)	06/22/04	16.74	
Zelin (working meal with C. Boyle of Blackstone)	06/30/04	40.00	
Zelin (working meal)	07/07/04	13.13	
Zelin (working meal)	07/12/04	8.46	
Zelin (working meal)	07/12/04	13.11	
	<b>Subtotal - Local Meals</b>		<b>1,997.73</b>

**Out-Of-Town Meals**

Bandak (meal while traveling)	04/09/04	13.99	
Bandak (dinner meal while traveling)	05/21/04	18.82	
Bandak (dinner meal while traveling)	05/29/04	5.10	
Chakrapani (dinner meal with Finely Bigerstaff in Houston, TX)	07/15/04	78.45	
Chung (lunch meal while traveling)	06/24/04	6.26	
Haggerty (dinner meal while traveling)	06/23/04	40.00	
Haggerty (meal while traveling)	06/24/04	9.55	
Haggerty (meal while traveling)	06/25/04	4.74	
Shinder (dinner meal while traveling)	06/23/04	40.00	
Shinder (lunch meal while traveling)	06/24/04	17.32	
Shinder (breakfast meal while traveling)	06/25/04	8.66	
Shinder (dinner meal in Houston, TX with M. Blaire of Enron)	06/24/04	75.40	
	<b>Subtotal - Out-Of-Town Meals</b>		<b>318.29</b>

**Lodging**

Bandak (3 day stay @ The Four Seasons Hotel in Houston, TX)	05/18/04 - 05/20/04	649.72	
Chakrapani (2 day stay @ The Hotel Icon in Houston, TX)	07/11/04 - 07/13/04	299.31	
Chung (1 day stay @ The Four Seasons Hotel in Irving, TX)	06/23/04 - 06/24/04	220.00	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	04/16/02 - 04/19/02	779.48	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	04/30/02 - 05/03/02	659.63	
Haggerty (4 day stay @ The Four Seasons Hotel in Houston, TX)	05/06/02 - 05/10/02	876.08	
Haggerty (4 day stay @ The Four Seasons Hotel in Houston, TX)	05/13/02 - 05/17/02	940.37	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	05/21/02 - 05/23/02	796.96	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	05/28/02 - 05/30/02	432.90	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	06/03/02 - 06/05/02	457.53	
Haggerty (1 day stay @ The Four Seasons Hotel in Houston, TX)	06/05/02 - 06/06/02	221.59	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	06/10/02 - 06/13/02	726.15	
Haggerty (2 day stay @ The Houstonian Hotel in Houston, TX)	06/24/02 - 06/27/02	685.49	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	07/01/02 - 07/03/02	471.53	
Haggerty (3 day stay @ The Houstonian Hotel in Houston, TX)	07/06/02 - 07/09/02	808.59	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	07/15/02 - 07/18/02	709.99	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	07/29/02 - 08/01/02	673.41	
Haggerty (3 day stay @ The Four Seasons Hotel in Houston, TX)	08/05/02 - 08/08/02	659.63	
Haggerty (4 day stay @ The Four Seasons Hotel in Houston, TX)	08/12/02 - 08/16/02	912.91	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	08/22/02 - 08/23/02	249.99	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	09/16/02 - 09/18/02	491.12	
Haggerty (2 day stay @ The Four Seasons Hotel in Houston, TX)	09/23/02 - 09/25/02	448.68	
Haggerty (1 day stay @ The Four Seasons Hotel in Irvin, TX)	06/25/04	230.83	
Rosen (3 day stay @ Hilton Hotel in Quebec, Canada)	10/28/02 - 11/01/02	411.42	
Rosen (2 day stay @ Hilton Hotel in Quebec, Canada)	11/05/02 - 11/08/02	433.30	
Rosen (2 day stay @ Fairmont Hotel in Quebec, Canada)	11/12/02 - 11/14/02	356.42	
Shinder (2 day stay @ The Four Seasons Hotel in Houston, TX)	06/23/04 - 06/25/04	433.46	

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	<b>Subtotal - Lodging</b>	<b>15,036.49</b>
<b><u>External Research</u></b>		
<b><u>P.A.C.E.R.</u></b>		
de Almeida	04/12/04	2.10
de Almeida	04/21/04	2.73
de Almeida	04/22/04	6.30
de Almeida	05/11/04	17.36
de Almeida	05/13/04	14.00
de Almeida	05/26/04	10.15
de Almeida	06/22/04	6.30
de Almeida	06/23/04	32.13
de Almeida	06/28/04	2.17
	<b>Subtotal - External Research - P.A.C.E.R.</b>	<b>93.24</b>
<b><u>Legal</u></b>		
Simpson Thacher & Bartlett	04/30/04	464.00
	<b>Subtotal - Legal</b>	<b>464.00</b>
<b><u>Communications</u></b>		
<b><u>Telephone Conferencing</u></b>		
Chakrapani	04/01/04	101.68
Chakrapani	07/09/04	11.33
Chopra	04/25/04	32.84
Chopra	05/02/04	0.62
Chopra	05/26/04	134.61
Feuerebendt (credit)	10/06/03	(33.62)
Feuerebendt (credit)	10/08/03	(46.86)
Feuerebendt (credit)	10/17/03	(119.72)
Feuerebendt (credit)	10/20/03	(65.68)
Feuerebendt (credit)	10/21/03	(62.03)
Feuerebendt (credit)	10/27/03	(67.23)
Haggerty	05/24/04	49.83
Hakim	04/26/04	13.37
Nathoo (credit)	10/09/03	(43.06)
Nathoo	06/01/04	15.60
Schlaack	07/08/04	36.50
Schlaack	07/08/04	55.90
Zelin	05/14/04	74.55
	<b>Subtotal - Telephone Conferencing</b>	<b>88.63</b>
<b><u>Federal Express</u></b>		
de Almeida	07/13/04	8.22
de Almeida	07/13/04	8.22
de Almeida	07/13/04	8.22
de Almeida	07/13/04	8.22
de Almeida	07/13/04	8.22
de Almeida	07/13/04	8.22
de Almeida	07/13/04	9.97
de Almeida	07/13/04	11.30
de Almeida	07/13/04	11.30
de Almeida	07/13/04	11.30
Moran	07/02/04	17.07
Moran	07/02/04	45.52
Moran	07/07/04	12.72
Moran	07/13/04	12.72
	<b>Subtotal - Federal Express</b>	<b>181.22</b>
<b><u>Messenger - EDM</u></b>		
Chakrapani	07/02/04	11.25
	<b>Subtotal - Messenger - EDM</b>	<b>11.25</b>
<b><u>United Parcel Service</u></b>		
Bandak (delivery of documents from hotel)	03/21/04	14.06
Bandak (delivery of documents from hotel)	04/14/04	31.12
	<b>Subtotal - United Parcel Service</b>	<b>45.18</b>
	<b>Subtotal - Communications</b>	<b>326.28</b>



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Other

Chakrapani (folder for data room) - no receipts

06/24/04	128.96	
<b>Subtotal - Other</b>	<u>128.96</u>	
<b>Total Expenses</b>		<b><u>\$ 39,480.42</u></b>