

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
ENRON CORP., et al., : Chapter 11
 :
 : Case No. 01 B 16034 (AJG)
 :
 Debtors. : (Jointly Administered)
 :
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**STIPULATION AND ORDER APPROVING SETTLEMENT BETWEEN THE
UNITED STATES TRUSTEE AND
STEPHEN FORBES COOPER, LLC WITH RESPECT TO THE
MOTION OF STEPHEN FORBES COOPER, LLC FOR ENTRY OF AN ORDER
AUTHORIZING AND APPROVING THE PAYMENT OF SUCCESS FEE**

The United States Trustee for Region 2 (the “United States Trustee”), and Stephen Forbes Cooper, LLC (“SFC”), by and through their respective counsel, do hereby stipulate this 22nd day of March, 2006, as follows:

RECITALS

A. Commencing on December 2, 2001, Enron Corp. (“Enron”) and certain of its affiliates and subsidiaries filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code with the United States Bankruptcy Court for the Southern District of New York (“Bankruptcy Court”).

B. By order, dated April 4, 2002 (the “Original Order”), the Bankruptcy Court authorized Enron to enter into that certain Agreement, dated as of January 28, 2002 (the “Agreement”), between Enron, Stephen Forbes Cooper (“Cooper”) and SFC to provide management services to Enron and its affiliated debtor entities on the terms and conditions set forth in the Agreement, nunc pro tunc to January 28, 2002, and Enron

engaged Cooper and SFC pursuant to the Original Order (as amended from time to time to expand the scope of services and dedication of resources) and Agreement.

C. By order, dated July 15, 2004 (the “Confirmation Order”), the Bankruptcy Court confirmed that certain Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the Bankruptcy Code, dated July 2, 2004 (the “Plan”). The Plan became effective on November 17, 2004.

D. Pursuant to the Confirmation Order, SFC filed a Motion on September 2, 2004 (the “SFC Motion”), seeking payment of a \$25 million success fee in accordance with the terms of the Agreement.

F. On November 15, 2005, the Bankruptcy Court held a hearing on, inter alia, SFC’s Motion, and withheld ruling pending the filing of a response by the United States Trustee.

G. In conducting its review of SFC’s Motion, the United States Trustee undertook an investigation and has identified billing practices and billing irregularities unacceptable to the United States Trustee that she maintains were not disclosed to the Bankruptcy Court, and the United States Trustee has shared these concerns with the Bankruptcy Court and with SFC.

H. SFC denies any billing irregularities and maintains that its billing practices were (i) proper and not irregular, (ii) in accordance with the terms and provisions of the Agreement, the Original Order, and applicable law, and (iii) adequately disclosed to the Debtor, the Court, the Creditors’ Committee, the United States Trustee and other interested parties.

I. Based upon the respective positions of the parties, the United States Trustee and SFC entered into discussions and have reached a resolution of the disputes between them and now desire to enter into this Stipulation.

NOW THEREFORE, in consideration of the foregoing, and of the mutual promises, covenants and compromises between them, the United States Trustee and SFC, by and through their respective counsel, agree as follows:

AGREEMENT

1. By entry of the within Stipulation, SFC amends its Motion reducing its request for a success fee to the amount of \$12.5 million.

2. In consideration for the terms and provisions of this Stipulation, the United States Trustee does not object to the payment of a success fee to SFC in this matter in the amount of \$12.5 million.

3. This Stipulation, and the settlement reached herein, shall be a full and final settlement and resolution of all the issues raised by the United States Trustee, and the United States Trustee shall cease any and all proceedings and investigation of SFC, Cooper, SFC's affiliates, all current and former officers and directors of SFC and SFC's affiliates, and each of the foregoing's agents, representatives, attorneys and other advisors, arising from, relating to, or in connection with the success fee motion filed by SFC and Enron's engagement of SFC and Cooper pursuant to the Agreement or other matters, transactions, acts and omissions asserted or that could have been asserted in this matter, and shall not seek anything further from SFC, its employees, SFC's affiliates or their employees in connection with the issues raised herein.

4. This Stipulation is subject to the approval of the Bankruptcy Court.

IN WITNESS WHEREOF, the parties hereto have executed this Stipulation as of
the date and year first written above

STEPHEN FORBES COOPER, LLC

By: /s/Elizabeth S. Kardos

By: Elizabeth Kardos
General Counsel

By: /s/Ralph J. Caccia

By: Ralph J. Caccia
Powell Goldstein LLP
Attorneys for SFC

-and-

DEIRDRE A. MARTINI
UNITED STATES TRUSTEE

By: /s/Richard E. Byrne

By: Richard E. Byrne
Assistant United States
Trustee

By: /s/Alicia Leonhard

By: Alicia Leonhard
Trial Attorney

SO ORDERED THIS 24th DAY OF MARCH, 2006

/s/ Arthur J. Gonzalez
HON. ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE