

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Case No. 01-16034 (AJG)
ENRON CORP., et al., : Chapter 11
Debtors. : Jointly Administered
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ORDER PURSUANT TO 11 U.S.C. § § 1104(c) AND 1106(b)
DIRECTING APPOINTMENT OF ENRON CORP. EXAMINER

Several motions having been filed requesting the appointment of a trustee or an examiner in the above-captioned cases, and the Court having convened a conference among parties in interest, and movants and other parties in interests having subsequently met and conferred about the appointment of an examiner with certain powers in the Enron Corp. case, and the United States Trustee and the United States Securities and Exchange Commission having appeared as parties in interest, and after due deliberations and sufficient cause appearing therefor, it is

ORDERED that an Examiner be appointed for Enron Corp.; provided, however, that subject to the terms of this Order, the Enron Examiner shall have the authority to investigate and report on transactions involving not only Enron Corp., but also any entity controlled by Enron Corp. and any other debtor in these jointly administered cases; and it is further

ORDERED that the United States Trustee for the Southern District of New York (the “United States Trustee”) shall appoint the Enron Examiner, subject to approval of this Court; and it is further

ORDERED that the Enron Examiner shall have the authority and power to investigate all transactions (as well as all entities as defined in the Bankruptcy Code and pre-petition professionals involved therein): (i) involving special purpose vehicles or entities created or structured by the Debtors or at the behest of the Debtors (the “SPEs”), that are (ii) not reflected on the Enron Corp. balance sheets, or that (iii) involve hedging using the Enron Corp. stock, or (iv) as to which the Enron Examiner has the reasonable belief are reflected, reported or omitted in the relevant entity’s financial statements not in accordance with generally accepted accounting principles, or that (v) involve potential avoidance actions against any pre-petition insider or professional of the Debtors; and it is further

ORDERED that all of the Debtors and their professionals, including the captioned Debtor’s direct and indirect affiliates and subsidiaries, any official committee and its professionals, and the Enron Examiner shall mutually coordinate and cooperate, and the Debtors shall provide the Enron Examiner all documents and information that the Enron Examiner deems relevant to discharge duties under this Order or as such duties may be expanded or limited by this Court; and it is further

ORDERED nothing contained in this Order shall diminish the powers and authority of any official Committee under the Bankruptcy Code; including the powers to investigate transactions and entities, commence contested matters and adversary proceedings, and object to claims; and it is further

ORDERED that the Enron Examiner, to the extent possible, shall avoid duplication of effort of Debtors and any official Committee in connection with investigations to be pursued; and it is further

ORDERED that nothing in this Order is intended to restrict this Court's ability to expand or limit the duties of the Enron Examiner appointed herein sua sponte, or prejudice or limit the ability of any party in interest to move this Court to expand or limit the duties of the Enron Examiner, upon motion and a hearing, or limit the investigation being undertaken by the Enron Examiner; and it is further

ORDERED that the Examiner shall have the power to waive, on an issue-by-issue basis, the attorney-client privilege of the Debtors' estates with respect to pre-petition communications relating to matters to be investigated by the Examiner hereunder. In making any such determination, the Examiner shall act in the best interests of the Debtors' estates after consultation with the Debtors and the Committee of Unsecured Creditors preserving the right in the Debtors and the Committee to make prompt objection to the Court on two business days' notice. Such waiver shall be a limited and not a general waiver; and it is further

ORDERED that the Enron Examiner shall not make any public disclosure concerning his/her deliberations, conclusions, recommendations or the nature and content of the report(s) he/she is preparing until such report(s) shall have been filed with the Court; provided, however, that the Enron Examiner may communicate non-privileged information to government entities, including among others, the SEC and the Department of Justice; and it is further

ORDERED that the Enron Examiner, if appropriate, include in a report (taking into account the absolute priority rule, the financial condition of the Debtors' estates and the need not to waste value available to creditors) whether or not there is a legal mechanism for holders (except entities affiliated with Debtors) of any equity interest in the Debtors to share in the Debtors' estates; and it is further

ORDERED that the Enron Examiner may retain counsel and other professionals pursuant to section 327 of the Bankruptcy Code, if he or she determines that such retention is necessary to discharge his or her duties; and it is further

ORDERED that the Enron Examiner and any professionals retained by he Enron Examiner pursuant to an order of this Court shall be compensated from the Debtors' estates pursuant to section 330 of the Bankruptcy Code and further orders of this Court; and it is further

ORDERED that the Enron Examiner shall have the duties, powers and responsibilities of an examiner under section 1106(b) of the Bankruptcy Code provided, however that the scope of the Examiner's duties, unless expanded or limited by further order of this Court, shall be limited to the investigations delineated herein and to the preparation of reports regarding such investigations as set forth in this Order; and it is further

ORDERED that the Enron Examiner shall be a "party in interest" under section 1109 with respect to matters that are within the scope of the duties delineated in this Order or as such duties may be expanded or limited by this Court, and shall be entitled to appear at hearings held in these cases and to be heard, at such hearings, with respect to matters that are within the Enron Examiner's duties; and it is further

ORDERED that the Enron Examiner's initial report shall be filed with this Court within 120 days of the entry of the Order approving the appointment of the Enron Examiner and shall file interim reports every 120 days thereafter or as otherwise ordered by the Court.

Dated: New York, New York
April 8, 2002

s/Arthur J. Gonzalez
HONORABLE ARTHUR J. GONZALEZ
U.S. BANKRUPTCY JUDGE