Appendix P: Calculation of Distributions Under the Plan

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A. Introduction

The Plan provides for distribution of Plan Currency, Litigation Trust Interests, and Special Litigation Trust Interests to holders of Allowed Unsecured Claims (excluding the Portland Debtors). Plan Currency consists of a mixture of Creditor Cash, PGE Common Stock, CrossCountry Common Equity, and Prisma Common Stock, which will be distributed in accordance with the Plan. Based on the Debtors' current estimates of asset values and Allowed Claims, Plan Currency is expected to be approximately two-thirds in the form of Creditor Cash and approximately one-third in the form of Plan Securities.

Holders of Allowed Convenience Claims are entitled to receive Cash distributions in an amount equal to such Creditor's pro rata share of the Convenience Claim Distribution Percentage for the Debtor against which the Allowed Convenience Claim is held.

Appendix P should be read in conjunction with Appendix C, "Estimated Assets, Claims and Distributions." Appendix C provides creditors with an understanding of the different components of the 30/70 global compromise on substantive consolidation and sets forth the estimated assets and Claims of each of the Debtors, as well as the estimated Creditor recoveries under the Plan. Building on this base of information in Appendix C, Appendix P is intended to enable Creditors to better understand the recoveries they are entitled to receive under the Plan by setting forth the estimated calculation of Plan distributions to (i) a hypothetical creditor holding various types of Unsecured Claims in the amount of $1,000,000, and (ii) a hypothetical creditor holding various types of Convenience Claims in the amount of $50,000. The assumptions stated in Appendix C also apply to Appendix P, and are incorporated by reference. Refer to Appendix C, "Estimated Assets, Claims and Distributions," for additional information regarding the methodology used to calculate these estimates.

In addition, the tables below reflect the estimated number of Claims in each Class. It should be noted that these estimates include Claims filed by agents or fiduciaries on behalf of syndicates, bondholders, and other similarly situated Creditors; therefore, these estimates may under-represent the number of Creditors ultimately entitled to receive distributions under the Plan, to the extent applicable.

B. Variance

The Debtors have prepared the estimated calculation of Plan distributions based on certain assumptions that they believe are reasonable under the circumstances. These assumptions are described below. The calculations have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the calculations or any ability to achieve forecasted results. Many of the assumptions underlying the calculations are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results. **Therefore, the actual results achieved may vary from these estimated calculations, and the variations may be material.** In evaluating the Plan, Creditors are urged to examine carefully all of the assumptions underlying the estimated distributions.

The values set forth in this table are estimates. As such the Debtors make no guarantees regarding actual distributions. However, the values set forth for Allowed Convenience Claims accurately reflect distributions that will be made. The number of Claims shown are estimates only and may differ from the number of Claims entitled to vote in each Class. Actual values, Claims, and recoveries may differ materially from these estimates.

If the estimated value of assets (including, but not limited to, estimates of available Creditor Cash, recoveries on the Remaining Assets, and the valuation of the equity in PGE, CrossCountry and Prisma to be distributed to Creditors) ultimately varies significantly from actual results, then actual Creditor recoveries will vary significantly as well. Similarly, as the estimated value of assets are forward-looking statements based upon information available to the Debtors, the actual results may vary significantly. Refer to Section XIV.C., "Variance from Valuations, Estimates and Projections," and Appendix C, "Estimated Assets, Claims and Distributions," for additional information.

C. Assumptions

The following are the significant assumptions and limiting conditions utilized in preparation of the estimates:

1. As discussed in Section VIII.A.12., "Potential Sale of PGE" of the Disclosure Statement, ENE has entered into a stock purchase agreement to sell PGE to TPG. There can be no assurances that this sale will be approved by the Bankruptcy Court or that it will close. If the sale does in fact close or the common stock of PGE is sold pursuant to another purchase agreement, then the net proceeds will be distributed to Creditors in the form of Creditor Cash. If the sale does not close and PGE is not sold to another purchaser, then PGE Common Stock will be distributed to Creditors pursuant to the Plan. The Schedules of Estimated Recoveries below reflect distributions of PGE Common Stock as if a sale of PGE common stock does not close.

2. To determine the number and amount of Claims, the Debtors relied upon internal Claims data, estimated by using a combination of the Enron Companies' books and records, scheduled Claims, filed Claims, and professional judgment. Such estimates are subject to change and any such changes could have a material effect on Creditor recoveries. The estimates assume that no holders of unliquidated Claims elect into the Convenience Class. The estimates assume that no Allowed Convenience Claims elect out of the Class. Similarly, it is assumed that no other Claims elect into the Convenience Class.

3. Estimated stock share counts and values are based on the assumptions included in the Disclosure Statement regarding the valuation of PGE, CrossCountry, and Prisma. Refer to Section XIV., "Risk Factors and Other Factors to be Considered," as well as Section VIII., "Portland General Electric Company," Section IX, "Cross Country Energy Corp.," and Section X, "Prisma Energy International Inc.," for additional information regarding the risks attendant with these entities and the industries in which they are involved.

4. Except for the equity to be distributed from PGE, CrossCountry, and Prisma, it is assumed that all other assets will be converted to Cash. However, the Debtors reserve the right to utilize the Operating Trusts and the Remaining Asset Trusts.

5. The estimated total Cash available for distribution was reduced as necessary to satisfy Administrative, Secured, Priority, and Convenience Class Claims.

6. In accordance with the Plan, any holder of an Allowed General Unsecured Claim against ENA, EPMI, EGLI, EGM, EIM, ENGMC, ENA Upstream, ECTRIC, and ERAC may elect to receive such holder's Pro Rata Share of One Hundred Twenty-Five Million Dollars ($125,000,000.00) in lieu of all or a portion of the Plan Securities which such holder is otherwise entitled to receive pursuant to the Plan. For purposes of Appendix P, it is assumed that all Creditors eligible for this option will elect to take it. Refer to Section VI.F.3., "Election to Receive Additional Cash Distributions, in Lieu of Partial Plan Securities," for additional information regarding this option.

7. In accordance with the Plan, pursuant to the compromise and settlement set forth in the Disclosure Statement and in the TOPRS Stipulation, each holder of TOPRS may elect to receive additional distributions of Cash in lieu of distributions of CrossCountry Common ~~Stock~~Equity, PGE Common Stock, and Prisma Common Stock to which such holder is entitled to receive derivatively on account of the Allowed ETS Debenture Claims held by EPF I and EPF II. For purposes of Appendix P, it is assumed that all holders of TOPRS will fully exercise this option. Refer to Section VI.F.8., "Election of TOPRS Holders to Receive Additional Cash Distributions in Lieu of Partial Plan Securities," for additional information regarding this option.

8. The estimated number of Claims in each Class include Claims filed by agents or fiduciaries on behalf of syndicates, bondholders, and other similarly situated Creditors; therefore, these estimates may under-represent the number of Creditors ultimately entitled to receive distributions under the Plan, to the extent applicable.

9. At the suggestion of the ENA Examiner, Litigation Trust Claims will be deemed to be assets of ENE and will be defined as all claims and causes of action asserted by or on behalf of the Debtors or the Debtors' estates (i) in the MegaClaim Litigation, (ii) in the Montgomery County Litigation (other than claims and causes of action against insiders or former insiders of the Debtors), and (iii) of the same nature against financial institutions, law firms, accountants and accounting firms, certain of the Debtors' other professionals and such other Entities as may be described in the Plan Supplement~~.~~. The definition of "Litigation Trust Claims" is not intended to include or constitute a release of – and in fact does not include or constitute a release of – any claims or causes of action that Entities who are not Affiliates of the Debtors may have against other Entities that are not Affiliates of the Debtors.

As a result of the Litigation Trust Claims being deemed to be assets of ENE, holders of Allowed Intercompany Claim and Allowed Guaranty Claims against ENE will share in any recoveries on Litigation Trust Claims as Creditors of ENE. Creditors of ENE's subsidiaries without Enron Guaranty Claims will nevertheless share in potential recoveries on Litigation Trust Claims (i) to the extent the value of ENE's assets are conveyed to such Creditor indirectly by virtue of distributions made on account of Allowed Intercompany Claims and (ii) by virtue of ENE's contribution to the modified substantive consolidation scenario that forms the basis of the 30/70 formula for distributions.

In addition, the Plan will reallocate a portion of the distributions to be made on account of Allowed Enron Guaranty Claims resulting from recoveries on Litigation Trust Claims in accordance with the following formula: (a) 80% of such distributions will be retained by holders of such Allowed Enron Guaranty Claims and (b) 20% of such distributions will be deemed redistributed to holders of General Unsecured Claims against the subsidiary Debtor that is the primary obligor corresponding to such Allowed Enron Guaranty Claims; *provided, however*, that, to the extent a holder of an Allowed Enron Guaranty Claim also holds a General Unsecured Claim for the primary obligation against the subsidiary Debtor, such General Unsecured Claim will be excluded from the redistribution under part (b) above.

At this time, the Debtors are unable to prepare a valuation of the causes of action to be transferred to and prosecuted by the Litigation Trust. Any such valuation would be highly speculative and unreliable, however, such a valuation is required in order to determine the ~~distribution~~distributions of any recoveries on the Litigation Trust Claims to the Debtors and their respective Creditors. Accordingly, the Debtors are unable to estimate these distributions at this time.

To the extent the Litigation Trust is formed, ~~(a)~~then (a) on or after the Effective Date, if the board of directors of Reorganized ENE and, unless previously dissolved, the Creditors' Committee ~~shall undertake a valuation to~~ determine ~~whether~~that the aggregate distributions of Plan Currency, Litigation Trust Interests and Special Litigation Trust Interests (to the extent either or both trusts are formed) would permit distributions to be made to holders of Allowed Subordinated Claims, Enron Preferred Equity Interests and/or Enron Common Equity Interests, then the Debtors or Reorganized Debtors, as the case may be, shall modify the Plan to provide for such distributions to be made, and (b) within thirty days following the ~~transfer~~creation of ~~assets into~~ the Litigation Trust, the Litigation Trust Board shall ~~undertake a valuation~~inform the Litigation Trustee of the value of the assets transferred ~~into such trust~~to the Litigation Trust. Refer to Section XI.A, "Litigation Trust" for additional information regarding this trust, valuation and reporting for federal income tax purposes. The Plan contemplates that income or gain, if any, generated from the prosecution or settlement of causes of action by the Litigation Trust will not be taxable at the trust level, but will flow through to the holders of Litigation Trust Interests.

10. Special Litigation Trust Claims (consisting of all claims and causes of action, including avoidance actions, commenced by or on behalf of the Debtors or the Debtors' estates against those current or former insiders of the Debtors named as defendants in Montgomery County Litigation and claims of a similar nature against insiders and former insiders) will be deemed to be assets of ENE and treated in the same manner as Litigation Trust Claims.

    At this time, the Debtors are unable to prepare a valuation of the causes of action to be transferred to and prosecuted by the Special Litigation Trust. Any such valuation would be highly speculative and unreliable, however, such a valuation is required in order to determine the ~~distribution~~distributions of any recoveries on the Special Litigation Trust Claims to the Debtors and their respective Creditors. Accordingly, the Debtors are unable to estimate these distributions at this time.

    To the extent the Special Litigation Trust is formed, ~~(a)~~then (a) on or after the Effective Date, if the board of directors of Reorganized ENE and, unless previously dissolved, the Creditors' Committee ~~shall undertake a valuation to~~ determine ~~whether~~that the aggregate distributions of Plan Currency, Litigation Trust Interests and Special Litigation Trust Interests (to the extent either or both trusts are formed) would permit distributions to be made to holders of Allowed Subordinated Claims, Enron Preferred Equity Interests and/or Enron Common Equity Interests, then the Debtors or Reorganized Debtors, as the case may be, shall modify the Plan to provide for such distributions to be made, and (b) within thirty days following the ~~transfer~~creation of ~~assets into~~ the Special Litigation Trust, the Special Litigation Trust Board shall ~~undertake a valuation~~inform the Special Litigation Trustee of the value of the assets transferred ~~into such trust.~~to the Special Litigation Trust. Refer to Section XI.B, "Special Litigation Trust" for additional information regarding this trust, valuation and reporting for federal income tax purposes. The Plan contemplates that income or gain, if any, generated from the prosecution or settlement of causes of action by the Special Litigation Trust will not be taxable at the trust level, but will flow through to the holders of Special Litigation Trust Interests.

D. Schedules of Estimated Recoveries

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