

General Description¹

1. At or about the first (1st) Business Day ninety (90) days prior to the making of a distribution to holders of Allowed General Unsecured Claims pursuant to Article XXXII of the Plan (the “Measurement Date”), the Reorganized Debtors shall freeze the data necessary to calculate distributions and payout percentages in connection therewith.

2. The Revised Methodology shall be comprised of a five-step calculation: (a) first, a determination of the amount of allowed General Unsecured Claims (“Allowed Denominator”), (b) second, a determination of the amount of disputed liquidated General Unsecured Claims, to the extent such Claims are liquidated as of October 1, 2004 (through estimation or otherwise), and remain disputed as of a particular Measurement Date (“Pre-10/04 Liquidated Denominator”), (c) third, a determination of the amount of disputed liquidated General Unsecured Claims, to the extent such Claims are liquidated after October 1, 2004, but remain disputed as of a particular Measurement Date (“Post-10/04 Liquidated Denominator”), (d) fourth, a determination of an estimated amount for unliquidated General Unsecured Claims (including any unliquidated portions of otherwise liquidated Claims, “Unliquidated Denominator”), and (e) fifth, a determination of the sum of the Allowed Denominator, Pre-10/04 Liquidated Denominator, Post-10/04 Liquidated Denominator and Unliquidated Denominator (“GUC Denominator”). For purposes of the Revised Methodology, General Unsecured Claims shall include both (a) General Unsecured Claims as such term is defined in Section 1.155 of the Plan and (b) Guaranty Claims as such term is defined in Section 1.156 of the Plan.

¹ For purposes of this Exhibit, all defined terms not otherwise defined in the Order or this Exhibit shall have the meaning set forth in the Motion or, if not defined therein, as set forth in the Plan.

3. For purposes of calculating the semi-annual distributions on Allowed General Unsecured Claims, the aggregate of the Allowed Denominator, Pre-10/04 Liquidated Denominator, Post-10/04 Liquidated Denominator, and the Unliquidated Denominator shall serve as a portion of the denominator to be used when determining the payout percentage for each Plan Class. The denominator will also include a component for Intercompany Claims. Distributions of Plan Currency shall be paid using the applicable payout percentage to the holders of Allowed General Unsecured Claims, subject to adjustment based on the provisions in Article VII of the Plan regarding electing additional Cash distributions in lieu of partial Plan Securities (the “Cash Elections”). For purposes of the Stand Alone Recovery, the Allowed Denominator, Pre-10/04 Liquidated Denominator, Post-10/04 Liquidated Denominator, and the Unliquidated Denominator will be calculated on a stand alone basis for each of the Debtors and, for purposes of the Sub/Con Recovery, the Allowed Denominator, Pre-10/04 Liquidated Denominator, Post-10/04 Liquidated Denominator, and the Unliquidated Denominator will be calculated on a modified consolidated basis for all of the Debtors.

4. For purposes of calculating distributions of Plan Currency to holders of Allowed General Unsecured Claims and Allowed Guaranty Claims, the Reorganized Debtors shall calculate Distributive Assets, ACFI Guaranty Distributive Assets, ENA Guaranty Distributive Assets, Enron Guaranty Distributive Assets, EPC Guaranty Distributive Assets, Wind Guaranty Distributive Assets and Intercompany Distributive Assets by including in the denominator of the fractions referenced in clause (z) of Sections 1.3, 1.89, 1.107, 1.117, 1.137, 1.162 and 1.280 of the Plan, the sum of each applicable Debtor's (1) Allowed (a) General Unsecured Claims, (b) Guaranty Claims and (c) Intercompany Claims; (2) disputed and

liquidated (a) General Unsecured Claims and (b) Guaranty Claims; plus (3) unliquidated (a) General Unsecured Claims and (b) Guaranty Claims.

Pre-10/04 Liquidated DCR

5. To the extent eventually allowed, disputed liquidated Claims initially reserved for in the Pre-10/04 Liquidated DCR will receive distributions from the Pre-10/04 Liquidated DCR in an amount equal to, and in Plan Currencies identical to (subject to the Cash Elections), the applicable highest aggregate payout percentage for prior distributions to holders of Allowed Claims in that Plan Class. To the extent that Claims reserved for in the Pre-10/04 Liquidated DCR are allowed and receive distributions, or are reduced, expunged or subordinated, the Pre-10/04 Liquidated Denominator and the reserves in the Pre-10/04 Liquidated DCR will be adjusted to reflect the reduction in disputed liquidated Claims.

6. On or before the next semi-annual distribution, any surplus reserves in the Pre-10/04 Liquidated DCR resulting from reductions in disputed liquidated Claims (“Pre-10/04 Excess Reserves”) shall become available for (a) distribution to holders of Allowed Claims and (b) allocation to the Unliquidated DCR, Pre-10/04 Liquidated DCR and Post-10/04 Liquidated DCR to ensure that adequate reserves are maintained to provide equal distributions to Creditors whose Claims are subsequently allowed; provided, however, that, other than Pre-10/04 Excess Reserves, the reserves held in the Pre-10/04 Liquidated DCR account shall be used only to satisfy a Claim, when allowed, if such Claim was a disputed liquidated Claim that was liquidated as of October 1, 2004. The Pre-10/04 Liquidated Denominator shall, thus, never be greater than the amount of the Pre-10/04 Liquidated Denominator upon the creation of the Pre-10/04 Liquidated DCR.

7. The Plan Currency in the Pre-10/04 Liquidated DCR account shall, subject to the Cash Elections, be in the same proportion of types of Plan Currency and never be

less in amount than the product of the Pre-10/04 Liquidated Denominator times the highest aggregate payout percentage for distributions to holders of Allowed Claims in the applicable Plan Class; provided, however, that, if a situation should arise where this requirement cannot be satisfied, then the Reorganized Debtors will refrain from making any additional distributions to holders of Allowed Claims in the affected Plan Class, subject only to further relief from the Bankruptcy Court; and, provided, further, that in no event shall such further relief from the Bankruptcy Court reduce the amount or type of Plan Currency required to be reserved in the Pre-10/04 Liquidated DCR account in accordance with the formula established herein.

8. Notwithstanding the provisions of paragraph 9 hereof, without requiring further relief from the Bankruptcy Court, disputed claims reserved for in the Post-10/04 Liquidated DCR which become Allowed Claims shall receive distributions from the Post-10/04 Liquidated DCR at the highest aggregate payout percentage for distributions to holders of previously Allowed Claims in the applicable Plan Class; provided, however, that in no event shall any further relief from the Bankruptcy Court reduce the amount or type of Plan Currency required to be reserved in the Post-10/04 Liquidated DCR account in accordance with the formula established in paragraphs 12 and 13 herein.

Post-10/04 Liquidated DCR

9. To the extent eventually allowed, disputed liquidated Claims reserved for in the Post-10/04 Liquidated DCR will receive distributions from the Post-10/04 Liquidated DCR in an amount equal to, and in Plan Currencies identical to (subject to the Cash Elections), the applicable highest aggregate payout percentage for prior distributions to holders of Allowed Claims in that Plan Class. To the extent that Claims reserved for in the Post-10/04 Liquidated DCR are allowed and paid, reduced, expunged or subordinated, the Post-10/04 Liquidated

Denominator and the reserves in the Post-10/04 Liquidated DCR will be adjusted to reflect the reduction in disputed liquidated Claims.

10. On or prior to each semi-annual distribution, any surplus reserves in the Post-10/04 Liquidated DCR resulting from reductions in disputed liquidated Claims (“Post-10/04 Excess Reserves”) shall become available for (a) distribution to holders of Allowed Claims and (b) allocation to the Unliquidated DCR, the Pre-10/04 Liquidated DCR and the Post-10/04 Liquidated DCR, to ensure that adequate reserves are maintained to provide equal distributions to Creditors whose Claims are subsequently allowed; provided, however, that, other than Post-10/04 Excess Reserves, the reserves held in the Post-10/04 Liquidated DCR account shall be used only to satisfy a Claim, when allowed, if such Claim was a disputed liquidated Claim that was liquidated after October 1, 2004.

11. The Plan Currency in the Post-10/04 Liquidated DCR account shall, subject to the Cash Elections, be in the same proportion of types of Plan Currency and never be less in amount than the product of the Post-10/04 Liquidated Denominator times the highest aggregate payout percentage for distributions to holders of Allowed Claims in the applicable Plan Class; provided, however, that, if a situation should arise where this requirement cannot be satisfied, then the Reorganized Debtors will refrain from making any additional distributions to holders of Allowed Claims in the affected Plan Class, subject only to further relief from the Bankruptcy Court; and, provided, further, that in no event shall such further relief from the Bankruptcy Court reduce the amount or type of Plan Currency required to be reserved in the Post-10/04 Liquidated DCR account in accordance with the formula established herein.

12. Notwithstanding the provisions of paragraph 13 hereof, without requiring further relief from the Bankruptcy Court, disputed claims reserved for in the Pre-10/04

Liquidated DCR which become Allowed Claims shall receive distributions from the Pre-10/04 Liquidated DCR at the highest aggregate payout percentage for distributions to holders of previously Allowed Claims in the applicable Plan Class; provided, however, that in no event shall any further relief from the Bankruptcy Court reduce the amount or type of Plan Currency required to be reserved in the Pre-10/04 Liquidated DCR account in accordance with the formula established in paragraphs 8 and 9 herein.

Pre-10/04 Liquidated Denominator

13. The Pre-10/04 Liquidated Denominator shall include the liquidated amount of disputed General Unsecured Claims to the extent such Claims are liquidated as of October 1, 2004, but remain disputed thereafter; provided, however, that, for those disputed liquidated Claims liquidated as of October 1, 2004 where there is a dispute regarding the correct Debtor against which such Claim should be allowed (to the extent allowed), the Pre-10/04 Liquidated Denominator shall include the amount of the disputed liquidated Claim with respect to the Debtor against which the Claim was asserted and the Debtor which the Reorganized Debtors believe is correct; and provided, further, that, for those disputed liquidated Claims liquidated as of October 1, 2004 where there is a dispute regarding the priority of a Claim, the Pre-10/04 Liquidated Denominator shall include the amount of the disputed liquidated Claim as if it were reclassified as unsecured for those claims where the Debtors or the Reorganized Debtors, as the case may be, have not accounted for such claim as a Secured, Priority or Administrative Claim.

Post-10/04 Liquidated Denominator

14. The Post-10/04 Liquidated Denominator shall include the liquidated amount of disputed General Unsecured Claims to the extent such Claims are liquidated after October 1, 2004, but remain disputed thereafter; provided, however, that, for those disputed

liquidated Claims liquidated after October 1, 2004 where there is a dispute regarding the correct Debtor against which such Claim should be allowed (to the extent allowed), the Post-10/04 Liquidated Denominator shall include the amount of the disputed liquidated Claim with respect to the Debtor against which the Claim was asserted and the Debtor which the Reorganized Debtors believe is correct; and, provided, further, that, for those disputed liquidated Claims liquidated after October 1, 2004 where there is a dispute regarding the priority of a Claim, the Post-10/04 Liquidated Denominator shall include the amount of the disputed liquidated Claim as if it were reclassified as unsecured for those claims where the Debtors or the Reorganized Debtors, as the case may be, have not accounted for such claim as a Secured, Priority or Administrative Claim.

Unliquidated Denominator

15. To the extent that any unliquidated claims exist in the data used by the Reorganized Debtors, the Reorganized Debtors Plan Administrator or the Disbursing Agent for purposes of calculating distributions and payout percentages pursuant to the Plan and the Distribution Model, the Unliquidated Denominator shall be the number of unliquidated Claims, against a particular Reorganized Debtor times \$5 million.

GUC Denominator

16. The GUC Denominator shall be the sum of: (a) the Allowed Denominator, (b) the Pre-10/04 Liquidated Denominator, (c) the Post-10/04 Liquidated Denominator, plus (d) the Unliquidated Denominator.

To the extent applicable for each Debtor or the consolidated Debtors:

$$\begin{aligned} &\text{Allowed Denominator} + \text{Pre-10/04 Liquidated Denominator} + \text{Post-10/04 Liquidated Denominator} + \text{Unliquidated} \\ &\quad \text{Denominator} \\ &= \text{GUC Denominator} \end{aligned}$$

For the Stand Alone Recovery, the Allowed, Pre-10/04 Liquidated, Post 10/04 Liquidated and Unliquidated Denominators for the respective Debtor are used. For the Sub/Con Recovery, the Allowed, Pre-10/04 Liquidated, Post 10/04 Liquidated and Unliquidated Denominators for the consolidated Debtors are used.

17. Distribution Levels: Notwithstanding the provisions of paragraphs 6, 7, 9, 10, 11, 13 and 14 hereof, (a) in the event that the Bankruptcy Court enters one or more orders with respect to the disgorgement of distributions or amounts distributed to holders of Allowed Claims in accordance with the terms and provisions of Article XXXII of the Plan, the Reorganized Debtors shall use their reasonable best efforts to cause the disgorgement required in any such order, (b) any references to the “highest aggregate payout percentage” for distributions to holders of Allowed General Unsecured Claims shall mean at such payout percentage net of any amounts previously or subsequently ordered by the Bankruptcy Court to be disgorged with respect to such previously Allowed General Unsecured Claims, and (c) any references to limitations with respect to entry of further orders of the Bankruptcy Court are not intended, nor shall they be construed, to preclude the entry of any order of the Bankruptcy Court with respect to the disgorgement of distributions or amounts distributed to holders of Allowed Claims in accordance with the terms and provisions of Article XXXII of the Plan.