

IN THE GRAND COURT OF THE CAYMAN ISLANDS

435  
CAUSE NO: OF 2003

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)  
AND IN THE MATTER OF ENRON DEVELOPMENT FUNDING LTD

PETITION



TO THE GRAND COURT OF THE CAYMAN ISLANDS

The Humble Petition of Enron Development Funding Ltd c/o Huntlaw Corporate Services Limited, PO Box 1350, 75 Fort Street, George Town, Grand Cayman shows that:

1. Enron Development Funding Ltd (hereinafter called the "Company") was incorporated on 25 July 1995 as an exempted company with limited liability under the Companies Law (2003 Revision) (the "Companies Law").
2. The registered office of the Company is situated at c/o Huntlaw Corporate Services Limited, PO Box 1350, 75 Fort Street, George Town, Grand Cayman.
3. The authorised share capital of the Company at the date of its incorporation was US\$50,000 divided into 50,000 ordinary shares of US\$1 each. 1,000 shares of US\$1 each have been issued and are held by the sole shareholder and parent company, Enron Asia Pacific/Africa/China LLC.
4. The Company is part of a group of companies (the "Enron Group") of which Enron Corp., an Oregon corporation, is the ultimate parent company. The Enron Group conducted business throughout the world, primarily in the fields of oil, gas and energy.
5. The Company was formed to assist in the provision of inter-company financing for various Enron Group international energy projects. The objects for which the company was established are not restricted in the Company's Memorandum of Association and this permits the carrying on of unlimited general business.
6. Enron Corp. together with a number of its subsidiary companies filed for protection under chapter 11 of Title 11 of the U.S. Bankruptcy Code ("Chapter 11") on 2 December 2001. Additional subsidiary companies have since that date filed for protection under Chapter 11. Those companies are collectively referred to herein as the "Enron Debtors". These filings were made following a decision that the Enron Debtors required the protection of a Chapter 11 proceeding to allow them to consider a refinancing or re-organisation in the interests of their creditors and shareholders. Certain Enron Group companies have also commenced insolvency proceedings in other jurisdictions, including the Cayman Islands. The Company filed for protection under Chapter 11 on 26 June 2003.

7. Upon a Chapter 11 filing, section 362 of the Bankruptcy Code imposes an automatic stay upon creditors with the result that no action can be commenced or continued against the Company. The stay provides a period during which the Company can make arrangements for an orderly and maximised realisation of its assets while protecting its ongoing business. During this process, the Company is regarded as a "Debtor in Possession" and its directors retain their powers to act on its behalf. The Company will seek to compromise its obligations by proposing and implementing a plan of reorganisation under the supervision of the U.S. Bankruptcy Court.
8. The Company has no or alternatively no significant third party creditors. However, not all the creditors are still controlled by the Enron Debtors. One creditor, ECT Singapore Limited, is in liquidation in Singapore. Certain other creditors are related to joint ventures between Enron Group entities and third parties in which the third parties purport to have a beneficial and/or legal interest.
9. In the circumstances, it is clearly in the best interests of the Company, as well as the Enron Group itself, that the Company preserves and/or realises its assets, namely its notes receivable and investments in the most advantageous manner and that this will be best facilitated by filing a petition for winding up in the Cayman Islands (the place of incorporation of the Company) seeking the appointment of provisional liquidators and an injunction restraining any and all proceedings against the Company pursuant to Section 99 of the Companies Law and the inherent jurisdiction of the Court together with a parallel proceeding described above in the United States Bankruptcy Court.
10. The purpose of this Petition is to facilitate a reorganisation of the Company's obligations and affairs in conjunction with the proceedings in the United States with a view to maximising the value for all stakeholders.
11. The Company's main assets consist of notes receivable from consolidated subsidiaries and investments in consolidated subsidiaries. The book value of the known assets of the Company according to the unaudited balance sheet as at April, 2003 amount to US\$2.644 billion.
12. The known liabilities of the Company according to the balance sheet as at April, 2003 amount to US\$2.577 billion.
13. Although based upon the face value of the receivables, the Company's books show that it is solvent on a balance sheet basis, the realisable value of its assets is significantly less than its known liabilities. The Company therefore believes that it is insolvent on a balance sheet basis when accounting for its assets at fair market value.
14. Further or alternatively, the Company, like other members of the Enron Group, can no longer rely on its ultimate parent company, Enron Corp., for financing. Since both Enron Corp. and the Company's direct parent company Enron Asia Pacific/Africa/China LLC have filed for protection under Chapter 11, there is no assurance that further financing will be available. In the event that the Company will not have access to financial support from these companies, it is certainly not in a position to continue as a going concern.

15. The sole shareholder of the Company passed a special resolution on the 29<sup>th</sup> day of May, 2003 authorising the presentation of a petition and an application seeking the appointment of provisional liquidators.
16. Further or alternatively, it is just and equitable that the Company should be wound up.
17. As the Company is a "Debtor in Possession" in the US Chapter 11 proceedings in which its directors retain their powers to act on its behalf, it is proposed that the directors' powers are preserved in the Cayman proceedings insofar as such powers are necessary to be exercised in the best interests of the Company and subject always to the scrutiny of the provisional liquidators and the supervision of this Court in conjunction with the US Bankruptcy Court.

AND YOUR PETITIONER THEREFORE HUMBL Y PRAYS as follows:

1. That this Petition be adjourned sine die.
2. That at such time as the petition is re-listed for hearing, if so moved by the Company, the Petition be adjourned or alternatively the Company be wound up by the Court under the provisions of Part V of the Companies Law.
3. That the costs of and occasioned by the Petition be paid out of the assets of the Company on an indemnity basis.
4. That such further and/or other relief be granted as this Honourable Court deems appropriate.

NOTE: This Petition is intended to be served on the Registrar of Companies.

DATED this 27<sup>th</sup> day of June 2003.

*Hunter & Hunter*

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Hunter & Hunter  
Attorneys for the Company

**Notice of Hearing**

This Petition having been presented to the Court on the \_\_\_\_\_ will be heard at the Court  
House, George Town, Grand Cayman on the \_\_\_\_\_ at \_\_\_\_\_ o'clock in the \_\_\_\_\_ or as soon  
thereafter as the Petition can be heard.

THIS PETITION is filed by Hunter & Hunter, Attorneys-at-Law for the Petition, whose  
address for service is that of its said Attorneys-at-Law, 75 Fort Street, P.O. Box 190GT  
Grand Cayman (Ref: CY/04472.128)