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IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 153 OF 2004

IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)

AND IN THE MATTER OF ENRON DEVELOPMENT FUNDING LTD (IN PROVISIONAL LIQUIDATION)



PETITION

The Humble Petition of ENRON DEVELOPMENT FUNDING LTD (IN PROVISIONAL LIQUIDATION) showeth as follows:-

1. The object of this Petition is to seek the sanction of the Court for a Scheme of Arrangement between the above named Enron Development Funding Limited ("the Company") and its Scheme Creditors ("the Scheme"), pursuant to Section 86 of the Companies Law (2003 Revision) ("the Law").
2. The Company was incorporated in the Cayman Islands on 25 July 1995 as an exempted company.
3. 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. 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. One thousand (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 distribution.

5. The Company was formed to assist in the provision of inter-company financing in connection with 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. The Company's liabilities consist primarily of amounts payable under various promissory notes with a face value of approximately US\$2.1 billion to subsidiaries and associated companies within the Enron Group. The Company's assets consist primarily of amounts receivable under various promissory notes from subsidiaries within the Enron Group with a face value of approximately US\$1.9 billion, and investments in subsidiaries within the Enron Group with a book value of approximately US\$315 million.
7. The realisable value of the Company's assets is significantly less than their book value. Approximately 83% of the Company's assets according to the balance sheet consist of notes receivable. The vast majority of these notes relate to energy projects. The global market for energy assets has depreciated significantly in recent years. As a result, it is estimated that if the Company attempted to recover on its notes receivable it would recover significantly less than the face value of its total liabilities.
8. Enron Corp. together with a number of its subsidiary companies filed for protection under Chapter 11 of Title 11 of the US 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 "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 re-financing 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.
9. Upon a Chapter 11 filing, Section 362 of the Bankruptcy Code imposes an automatic stay upon creditors with the result that no action may 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.

10. Enron Corp. has filed an amended Joint Chapter 11 Plan (the "Plan") and related disclosure statement with the US Bankruptcy Court. The Company now wishes to re-structure its debt obligations and the Scheme (in conjunction with the Plan) embodies the proposals for that restructuring. The purpose of the Scheme is to implement the Plan in Cayman and to ensure that it will be effective as a matter of Cayman Law. The establishment and adjudication of claims will be carried out under the Plan. The Scheme provides for the establishment of Scheme claims but does not require any Scheme Creditor whose claim has been admitted by the Company in its Schedules filed in the Chapter 11 proceedings or who has filed a Proof of Claim in the Chapter 11 proceedings to file a Scheme Claim Form. Any holders of claims against the Company which are not also Scheme Claims will receive a distribution under the Plan if it is an Allowed Claim under the Plan.
11. Given the purpose of the Scheme is to give effect to the Plan in the Cayman Islands, coordination of the Scheme with the Plan is crucial in order to ensure that there are minimal differences between the Cayman proceedings and the Chapter 11 cases. Without co-ordination, there would be no assurance that comparable creditors would be treated in a similar manner. Failure to coordinate the Cayman proceedings and the Chapter 11 proceedings would increase the complexity and cost of any re-organisation, and delay and reduce distributions to creditors under the Plan and the Scheme.
12. Under the Scheme the following will occur:-
 - 1.1 On or before the effective date of the Scheme, the Company will transfer its assets to a newly formed Cayman entity in exchange for shares in that same entity.
 - 1.2 On or after the effective date of the Scheme but prior to the date that distributions will be made in accordance with the terms of the Plan the Company will contribute its assets, including any shares which it receives in the newly formed Cayman entity following the transfer of assets outlined in subparagraph 12.1 to the consolidated estates of all the Enron Debtor companies which will be distributed under the terms of the Plan to the entire body of creditors of the Enron Debtor companies.
 - 1.3 Each creditor of the Company entitled to a distribution under the Scheme will receive in exchange for and in compromise of their claim an appropriate distribution in accordance with the terms of the Plan.

13. It will be for the benefit of the Company and its Scheme Creditors that the Scheme should be sanctioned by this Honourable Court.

YOUR PETITIONER THEREFORE HUMBLY PRAYS AS FOLLOWS:

- (1) That the scheme may be sanctioned by the Court so as to be binding on the Company and its Scheme Creditors and/or
- (2) That such other orders may be made in the premises as this Honourable Court shall deem fit.

DATED the day of March 2004



WALKERS
Attorneys at Law for the Petitioner

NOTE: It is intended to serve this Petition on the Registrar of Companies

ENDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the day of 2004 will be heard at the Grand Court of the Cayman Islands on:

Date:

Time:

(or as soon thereafter as the petition can be heard).

THIS PETITION was filed by Walkers, Attorneys-at-Law for the Joint Provisional Liquidators of the Company whose address for service is that of their said Attorneys, Walker House, Mary Street, George Town, Grand Cayman.