

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11
	: :
ENRON CORP., <u>et al.</u> ,	: Case No. 01-16034 (AJG)
	: :
	: Jointly Administered
Debtor.	: :
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**AFFIDAVIT OF STEPHEN F. COOPER IN SUPPORT OF
MOTION PURSUANT TO 11 U.S.C. § 363 FOR ENTRY OF AN
ORDER AUTHORIZING THE DEBTORS TO ENTER INTO AN
AGREEMENT TO EMPLOY STEPHEN FORBES COOPER, LLC AS
AN INDEPENDENT CONTRACTOR TO PROVIDE MANAGEMENT
SERVICES FOR THE DEBTORS *NUNC PRO TUNC* TO JANUARY 30, 2002**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

STEPHEN F. COOPER, being duly sworn according to law, upon his oath,
deposes and says:

1. I am a member of the firm Stephen Forbes Cooper, LLC ("SFCooper, LLC"), a New Jersey limited liability company. I am also a member of the firm Zolfo Cooper, LLC (with its affiliates "ZC" and collectively, with SFCooper, LLC, the "Firms"), which has offices in New York, New Jersey and California.

2. This affidavit is being submitted in connection with the proposed engagement of SFCooper, LLC as an independent contractor to provide management services to the Debtors as set forth hereinafter. Because I am a member of both Firms, this affidavit discusses the relationships of the Firms to the Debtors. ZC, however, is not

being retained by the Debtors at this time to provide any services in connection with the cases commenced by the Debtors under chapter 11 of title 11 of the United States Code.

3. To the best of my knowledge and belief, insofar as I have been able to ascertain after due inquiry, none of the members or employees of the Firms are related to Enron Corp. ("Enron"), debtor and debtor in possession, the affiliates of Enron Corp. that have commenced chapter 11 cases (collectively with Enron, the "Debtors"), their creditors, other parties in interest herein, or the United States Trustee or anyone employed in the Office of the United States Trustee, or holds or represents any interest adverse to any such party, except that SF Cooper, LLC is connected with the Debtors by virtue of this engagement and ZC may represent or have represented certain of the Debtors' creditors or other parties in interest herein, or interests adverse to such creditors or other parties in interest herein, in matters unrelated to these cases.

4. In connection with SFCooper, LLC's proposed engagement by the Debtors in these cases, the Firms undertook to determine whether they had any conflicts or other relationships that might bear on SFCooper, LLC's retention. Prior to 1995, the Firms did not maintain a formal database of completed assignments listing their former clients' affiliates, officers, directors, principal shareholders and their respective affiliates. Consequently, the Firms researched their client files and records which contain information retained under their normal record retention policies, and, based upon their research, constructed a database of entities for which the Firms have performed services during the prior five years (the "Client Database"). The Firms have since maintained the Client Database and expanded it to include entities for which the Firms performed services subsequently.

5. It should be understood that the Firms former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates may have had relationships with parties in interest in these bankruptcy cases of which the Firms were not informed or, subsequent to the performance of **SFCooper, LLC's** services, may have developed relationships with such parties of which the **Firms** are unaware. Moreover, the client files and records from which the Client Database was developed initially were not designed for the purpose of documenting client relationships. In addition, such files and records, at a previous time, may have contained pertinent information that was subsequently disposed of in accordance with their normal record retention policy. Therefore, the Client Database may omit certain relationships that satisfy the criteria set forth above.

6. In addition to the Firms' former clients and their affiliates, officers, directors, principal shareholders and their respective affiliates, the Client Database includes the limited partners, investees, and their respective affiliates that are known to the Firms, of Catalyst Equity Fund, LP (the "Fund"), a Delaware limited partnership that invests in middle market businesses that are not performing to their full potential, primarily financially distressed companies. The Fund's general partner, Catalyst Equity Fund Partners, LLC ("CEFP"), a Delaware limited liability company, is majority-owned by CFL Capital, LLC ("CFL"), a New Jersey limited liability company that is controlled (through limited partnerships under their control) by Stephen F. Cooper, Michael E. France and Leonard J. LoBiondo, who are partners and principals of **SFCooper, LLC and/or ZC**. The limited partners, consisting of large financial institutions, funds and sophisticated individual investors and investment trusts, are passive investors in the Fund

that are not required to disclose to the Fund, CEF, CFL or the Firms their holdings or interests. Accordingly, they may own interests in or otherwise be connected to the Debtors, the Debtors' creditors, other parties in interest herein or interests adverse to such parties of which the Fund, CEF, CFL and the Firms are not aware. The limited partners are the following entities or affiliates thereof: **FleetBoston**, William R. **Berkley**, J.P. Morgan Chase, Citibank, N.A., **Cramer** Rosenthal **McGlynn, Inc.**, **CRM 20/20** Fund, LLC, Duane Morris & Heckscher, LLP, David **Dillard**, The **Zuckerman** Children's Trust, First Union National Bank, Michael Fuchs, General Electric Capital Corporation, RS Catalyst Limited **Partnership**, R & M Catalyst Investors, Hexagon Investments, Inc., Robert J. Higgins, **ING Barings** (U.S.) Capital Corporation, Lexington Partners-Hamilton Lane 2000, LLC, Robert Martin, Hoyt C. Murray, John E. O'Connor, James A. **Paduano**, the Pergament Family, Edwin Roland, Nicholas J. and Julie **Sakellariadis**, David Supino, Linda J. Pohs, John R. Tillotson, Lad Equity Partners, L.P., P.E. Partners, LLC, and Travelers Insurance Group.

7. To the best of the Firms' combined knowledge and belief, except as set forth in Schedule 1 to this affidavit, none of the Firms' former clients (including their affiliates, officers, directors, principal shareholders and their respective affiliates) or the limited partners or investees (including their respective affiliates that are **known** to the Firms) of the Fund (other than First Union National, J.P. Morgan Chase, Citibank, N.A., Duane Morris, LLP and General Electric Capital Corporation) is connected to the entities listed below, other parties in interest herein or interests adverse to such parties:

- (a) the Debtors and their affiliates;
- (b) the Debtors' officers and directors;
- (c) the 20 largest unsecured creditors of each Debtor;

- (d) parties to significant litigation **with** the Debtors;
- (e) the attorneys, accountants and investment bankers that the Debtors have sought authority to employ in these chapter 11 cases, pursuant to applications filed on the Petition Date;
- (f) material secured lenders; and
- (g) material unsecured bank lenders.

8. On or about January 30, 2002, the Debtors engaged **SFCooper**, LLC to (i) provide Stephen Cooper as Acting **Chief Executive Officer** and Chief Restructuring Officer of **Enron**, and (ii) assign the Full-Time Equivalent ("**FTE**") (defined as 160 worked hours per month) of fifteen individuals (the "Associate Directors of Restructuring"), in addition to Stephen Cooper, to work for the Debtors.

9. The Debtors are very large, complex enterprises. The Debtors and their approximately 3,500 other direct and indirect subsidiaries, building upon knowledge gained in over 70 years of experience in the energy **business**, have grown into a worldwide leader in products and services related to the **sale** and delivery of natural gas, electricity and communications to **wholesale** and retail customers. As of the December 2, 2001 (the "Petition Date"), the Debtors employed approximately 25,000 individuals throughout the world and were recently ranked seventh on the Fortune 500 list of the largest U.S. corporations

10. Accordingly, the Debtors require the services of **SFCooper**, LLC to assist them in rehabilitating the business. Because of Stephen Cooper's expertise and experience at a national level in providing reorganization services to Debtors and other **parties** in interest in financially complex troubled situations, the Debtors have requested that **SFCooper**, LLC provide such services to them.

11. SFCooper, LLC has agreed to provide assistance to the Debtors in accordance with the terms and conditions set forth herein, in the Debtors' Motion to engage SFCooper, LLC as an independent contractor to provide management services to the Debtors and in the Agreement annexed to the Motion as Exhibit "A." Accordingly, I make this Affidavit in support of an order authorizing such engagement.


Stephen F. Cooper

Sworn and subscribed to
before me this 15 st day
of February 15, 2002


Notary Public

Notary Public, State of New York
No.
Qualified in New York County
Commission Expires [04]

MARIA E. PARKER
Notary Public, State of New York
No. 01PA6061899
Qualified in Queens County
Commission Expires July 23, 2004