

However, SFC, LLC created the transaction and delivered the value and its efforts warrant the requested compensation.

7. The Objectors further state that SFC, LLC performed a job and received payment for it and, therefore, received the benefit of its bargain. As pointed out in the Motion, SFC, LLC sought, and was granted by this Court, at the outset of the case the right to request a fee enhancement. SFC, LLC submits that the total fees in the case must be viewed in the context of the work performed by SFC, LLC and Mr. Cooper to bring this case to a successful conclusion, the extraordinary efforts expended by SFC, LLC and Mr. Cooper, and the fact that SFC, LLC performed services for Enron at the expense of other clients and other cases in which success fees would have been sought. In light of the foregoing, SFC, LLC is entitled to allowance and payment of a success fee.

**The Maharashtra Foundation**

8. The Maharashtra Foundation of New York, on behalf of the Dabhol-Niramaya Hospital community project (the "Hospital") argues in a letter, dated October 10, 2004, that a portion of the fee enhancement should go to build a certain hospital that Enron previously funded. Although SFC, LLC and Mr. Cooper are sensitive to the needs of the citizens of Dabhol, India, nothing contained in this objection disputes that SFC, LLC should be allowed a success fee. Moreover, although the Hospital was built by the Dabhol Power Company, the Hospital is owned by the State of Maharashtra in the country of India. Additionally, Enron sold its interest in the Dabhol Power Company in 2004 to General Electric and Bechtel Enterprises.

### **Unknown Individual**

9. In an objection filed on October 4, 2004, an individual with an unintelligible signature argues that the fees are excessive and that the services performed by Mr. Cooper in general in other cases is no better than any other “bankruptcy trustee” from any other firm. The assertions made by SFC, LLC in the Motion and the record before this Court clearly belie such statements. This objection also cites unspecific instances of “cronyism”. It is impossible to respond to this aspect of the objection, as it does not address any specifics, or the harm that was potentially caused in this case. However, SFC, LLC hereby submits that no “cronyism” existed in this case. Furthermore, this objection alleges that these fees should have been disclosed up front. As this Court is well aware, SFC’s right to request a success fee at the end of the case was clearly authorized and approved in paragraph 4(c) of SFC, LLC’s January 28, 2002, retention agreement with Enron.

### **Upstream Energy**

10. Upstream Energy (“Upstream”) makes a number of arguments in opposition to the success fee. The first is that this is a liquidation plan and no success fee should be payable for that result. This case was and remains a reorganization. It was and remains a planned, methodical process designed to maximize the value for creditors. It was not simply a sale of assets. With the value that was delivered by the efforts of SFC, LLC, this result is precisely the kind contemplated by the agreement. The Court has the power to award SFC, LLC a success fee under the agreement, and in light of the results achieved, a success fee should be awarded in this case.

11. Upstream next argues that original agreement provided for a payment of \$5mm to SFC, LLC, and the revised agreement was not noticed to creditors. It should be noted that the \$5mm success fee referenced in paragraph 4(c) of the original agreement was clearly stated as a minimum fee. The original agreement expressly contemplated the right to request a fee above \$5mm. Moreover, a notice of filing of the revised agreement was filed on March 8, 2002, and served on the parties having submitted objections and/or having requested notice of the revised agreement. That notice of filing scheduled a hearing on the revised retention agreement for April 4, 2002.

12. Upstream argues that there has been no supplement of the fees paid to date. That information is contained in Paragraph 5 of this Reply.

13. Upstream further argues that, in all of the instances cited by SFC, LLC in support of payment of a success fee, another advisor or broker received a fee. As set forth in the Motion, certainly a number of parties contributed to the overall success of this case. The Motion focuses on SFC, LLC's contributions. As most parties to this case are aware, investment bankers receive compensation, often in the form of a "success fee" regardless of the price the asset is sold for. In this case, it was SFC, LLC who consistently pushed for the highest sale prices and balanced the natural bias inherent in the process. Additionally, it is simply not the case that another advisor or broker received a fee in all instances.

14. Upstream inquires what success SFC, LLC has had in the collections on gas receivables. This is simply not an area that the Motion addresses as support for payment of a success fee. Notwithstanding the foregoing, it is important to point out that success is not defined by recovery to any one creditor group.

15. Upstream then argues that there were no job savings. This is simply incorrect. The detailed facts about SFC LLC's job preservation efforts for Enron and all of its subsidiaries are set forth in paragraphs 59-69 of the Motion.

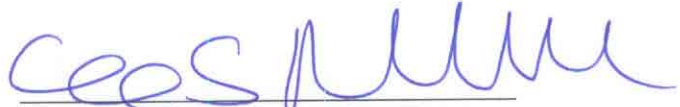
16. Upstream further argues that creditors are not receiving a substantial recovery, so SFC, LLC should not receive any additional sums. One need only review the Motion and the significant and unique expertise that SFC, LLC and Mr. Cooper delivered to Enron. Without these efforts, creditors would not be receiving anything approaching these recoveries. It is precisely for the results achieved and recoveries that Enron creditors are receiving that SFC, LLC seeks the relief requested.

17. The final argument made by Upstream is that any success fee should be denied or cut back to preclude it from being made from the assets of Enron North America and the date of payment should be tied to substantial recoveries to unsecured creditors. On this point, it is important to recognize that the Official Committee of Unsecured Creditors (the "Committee") as a whole representing all creditors of this estate support allowance and payment of this success fee to SFC, LLC in accordance with the approved payment schedule. It is simply inappropriate to bifurcate the success fee to individual creditor groups and to re-argue the allocations previously approved by the Committee for all creditors in the case.



WHEREFORE SFC, LLC respectfully repeats and reiterates its request that it be granted a Success Fee of \$25 million dollars in recognition of the extraordinary contribution that Cooper and SFC, LLC made to the Enron case.

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