

**NOTICE OF PARTIAL CLASS ACTION SETTLEMENT**

***In re Enron Corporation ERISA Litigation*** )  
***No. H-01-3913 (Consolidated Cases)*** )  
\_\_\_\_\_ )

**TO ALL MEMBERS OF THE FOLLOWING CLASS**

All persons who were participants or beneficiaries in the Enron Corp. Savings Plan (401K), the Enron Corp. Employee Stock Ownership Plan (ESOP) and/or the Enron Corp. Cash Balance Plan and any and all predecessors and successors to such plans (the "Plans") during the period January 1, 1995 through the Effective Date of the Settlement.

**PLEASE READ THIS NOTICE CAREFULLY.  
A FEDERAL COURT AUTHORIZED THIS NOTICE.  
THIS IS NOT A SOLICITATION.**

This Notice advises you of a proposed Partial class action settlement. The Settlement will provide \$1.25 million (less attorneys' fees and costs) to pay claims to all persons who were participants or beneficiaries in the Plans during the period from January 1, 1995 through the Effective Date of the Settlement ("Class Period"). The Partial Settlement resolves claims against Arthur Andersen LLP and David B. Duncan ("Andersen"), who allegedly breached their fiduciary duties by violating the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq, and for negligence. You should read the entire Notice carefully because your legal rights are affected whether you act or not. This Settlement is in addition to three previous settlements in this litigation: 1) the \$40 million settlement with Arthur Andersen Worldwide Société Cooperative (shared with the securities fraud litigation, *Newby, et al. v. Enron Corp., et al*); 2) the \$85 million settlement with certain officers, directors and administrators; and 3) the \$356.25 million allowed claim settlement with Enron Corp. that the Court has approved.

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>YOU CAN DO NOTHING</b>  <b>NO ACTION IS NECESSARY TO RECEIVE A PAYMENT</b>	<p>You do not need to do anything to receive a payment. Under the Settlement, the Plan Administrator will calculate the portion, if any, of the Settlement you are entitled to receive. If you are a current Plan participant and are authorized to receive a payment, the Plan Administrator will deposit the payment into your Plan(s) account(s) in the manner you designate for Plan contributions.</p> <p>If you are a Class Member, and no longer participate in the Plan(s), your Settlement proceeds will be deposited into a money market account pending instructions from you. If no instructions are received, the amount will be sent to you in a check. Amounts distributed should be treated as qualified Plan distributions and can be "rolled over" tax-free.</p>
<b>YOU CAN OBJECT</b>	You can write to the Court about why you don't like the Settlement.
<b>YOU CAN GO TO A HEARING</b>	You can ask to speak in Court about the fairness of the Settlement.

Your rights and options, and the date by which you must object if you are opposed to the Settlement are explained in this notice.

**QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT [www.enronerisa.com](http://www.enronerisa.com),  
[www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).  
Do not call the Court, or Enron.  
They cannot answer your questions.**

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Mail the objection to all of the four different places below postmarked no later than November 30, 2005. You must mail your objection by this date. If you fail to do so, the Court will not consider your objections.

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# Basic Information

## 1. Why did I get this notice package?

You or someone in your family is a participant or beneficiary in the Enron Corp. Savings Plan (401K), the Enron Corp. Employee Stock Ownership Plan (ESOP) and/or the Enron Cash Balance Plan (the "Plans") during the period January 1, 1995 through the Effective Date of the Settlement ("Class Period").

The Court sent you this Notice because you have a right to know about a proposed Partial Settlement of a class action lawsuit and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals, if any, are resolved, the Plan and Settlement Administrators appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States Southern District Court of Texas, and the case is known as *In re Enron Corp. ERISA Litigation*, Case No. H-01-3913. The people who sued are called Plaintiffs, and the companies they sued, Enron Corp., Andersen, among others, are called the Defendants.

## 2. How do I get more information?

You can call **1-866-560-4043** toll-free, or visit any of the following websites: [www.enronerisa.com](http://www.enronerisa.com), [www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com), where you will find answers to common questions about the Partial Settlement, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment. **Please do not contact the Court, or Enron. They will not be able to answer your questions.**

## 3. What is this lawsuit about?

In the Second Amended Consolidated Class Action Complaint filed January 2nd, 2004, Plaintiffs allege that Andersen breached its fiduciary duties in violation of ERISA and was negligent in its audit of the 401K and ESOP Plans.

## 4. Why is this a class action?

In a class action, one or more persons called Class Representatives sue on behalf of people who have similar claims. All of these people who have similar claims make up the Class and are Class members. One court resolves the issues for all Class members. Because the wrongful conduct alleged by Plaintiffs in this case affected a large group of people in a similar way, Plaintiffs filed this case as a class action.

## 5. Why is there a Partial Settlement?

The Court has not decided in favor of Plaintiffs or Andersen. By agreeing to this Partial Settlement, the settling parties avoid the costs and risk of a trial, and the Class will get compensation. The Class Representatives and their attorneys believe that the Partial Settlement is best for all Class members.

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## **6. How do I know if I am part of the Settlement?**

The Court has conditionally certified this case as a class action, in which everyone who fits the following description is a Class Member:

*All persons who were participants or beneficiaries in the Plans during the Class Period. This includes both present and former employees of Enron Corp. (or its subsidiaries).*

## **7. Are there exceptions to being included?**

You are not a Class Member if you were named as a Defendant.

## **8. I'm still not sure if I'm included.**

If you are still not sure whether you are included, you can ask for free help. Please call **1-866-560-4043** or visit [www.enronerisa.com](http://www.enronerisa.com), [www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).

## **9. Can I exclude myself from the Settlement?**

In some class actions, Class Members have the opportunity to exclude themselves from a Settlement. This is sometimes referred to as "opting out" of the Settlement. **You do not have the right to exclude yourself from the Settlement in this case.** The case was certified under Fed. R. Civ. P. 23(b)(1) as a "non opt-out" class action because of the way ERISA operates. **Therefore, you will be bound by any judgments or orders that are entered in this Action, and, if the Partial Settlement is approved, you will be deemed to have released Andersen from any and all claims that were or could have been asserted in this case on your behalf or on behalf of the Plan or otherwise included in the release in the Partial Settlement, other than your right to obtain the relief provided to you, if any, by the Partial Settlement.**

Although you cannot opt-out of Partial Settlement, you can object to the Partial Settlement and ask the Court not to approve the Settlement. See question 17 on page 6.

## **THE SETTLEMENT BENEFITS**

## **10. What does the Settlement provide?**

Andersen has agreed to pay \$1.25 million to resolve Plaintiffs' claims against it. The payment is called the Settlement Fund. Certain fees and expenses, including those incurred by Plaintiffs' Counsel that are approved by the Court, will be deducted from the Settlement Fund. The Settlement does not release any claim you may have under the state or federal securities laws. This Settlement is in addition to three previous settlements in this litigation: 1) the \$40 million settlement with Arthur Andersen Worldwide Societe' Cooperative (shared with the securities fraud litigation, *Newby, et al. v. Enron Corp., et al*); 2) the \$85 million settlement with certain officers, directors and administrators; and 3) the \$356.25 million allowed claim settlement with Enron Corp. that the Court has approved.

## **11. How much will my payment be?**

Your share of the Net Settlement Fund will depend on the number of shares of Stock you held in your Plan account(s) during the Class Period, and the amount that you lost as a result of this holding. The formula will take into account your purchases or sales of Stock in your Plan(s) account(s). The more you lost because of Stock in your Plan account(s), the larger your share of the Net Settlement Fund will be.

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Your share of the Net Settlement Fund, however, will be *less* than your actual losses. **You are not responsible for calculating the amount you may be entitled to receive under the Settlement – this will be done by the Settlement Administrator.**

A plan of allocation calculating the amount each Class Member will receive was filed with the Court on September 12, 2005. You can access the plan of allocation using the websites indicated below or by calling the toll free number or by reviewing the plan of allocation at the office of the Clerk of Court.

**Do not worry if you do not have records that show your Plan activity with respect to Stock.** The Settlement Administrator will make all calculations for you, and if you are entitled to a payment, will provide you with a statement showing the amount of your payment. **If you have questions regarding the settlement or the settlement amount you may receive please do not contact the court or Enron. Instead, please call 1-866-560-4043 or visit [www.enronerisa.com](http://www.enronerisa.com), [www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).**

## **12. What is the Bar Order?**

Under the terms of this Partial Settlement, which does not include all the Defendants in the lawsuit, Andersen will be protected against claims by persons who are not a part of the Settlement Agreement. In the future, if a judgment is obtained against any of these persons, they will receive a credit against the judgment in the amount of the Settlement Amount, or such other amount as is determined by the Court.

## **HOW YOU GET A PAYMENT**

### **13. How can I get my payment?**

If you are a Class member and still participate in the Plans, your Settlement proceeds will be deposited in your Plan(s) account(s) directly in the same manner as you direct the investment of contributions to your Plan(s) account(s). You may then direct it to any desired fund option. If you are a Class member and no longer participate in the Plan, your Settlement proceeds will be deposited into a money market account pending instructions from you. If no instructions are received, the amount will be sent to you in a check. Amounts distributed are treated as qualified Plan distributions and can be “rolled over” tax-free. You will not be receiving funds directly as the net settlement funds will be sent to the Plans for your benefit.

### **14. When will I get my payment?**

The Court will hold a hearing at 2 P.M., Central Standard Time, on December 20, 2005, to decide whether to approve the Settlement. If Judge Harmon approves the Settlement, appeals may follow. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. Please be patient.

## **THE LAWYERS REPRESENTING YOU**

### **15. Do I have a lawyer in this case?**

The Court appointed the law firms of Keller Rohrback L.L.P. in Seattle, Washington; and Hagens Berman Sobol Shapiro LLP in Seattle, Washington, to serve as the lead attorneys to represent you and other Class Members. The Court also appointed the law firm of Campbell, Harrison & Dagley LLP, to serve as liaison counsel. These lawyers with the other counsel appointed by the Court are called Class Counsel. You will not be personally charged for these lawyers. These lawyers will be paid from the Settlement. If you want to be represented by your own lawyer, you may hire one at your own expense.

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**16. How will the lawyers be paid?**

Class Counsel will ask the Court to set aside up to 20% of the Settlement Fund for attorneys' fees and up to an additional 2.5% for expenses. The Court may award less than these amounts.

**OBJECTING TO THE SETTLEMENT**

You can tell the Court that you do not agree with the Settlement or some part of it.

**17. What does it mean to object?**

Objecting is simply telling the Court that you do not like something about the Settlement. It will not have any bearing on your right to Settlement proceeds.

**18. How do I tell the Court that I don't like the Settlement?**

You can object to the Settlement if you dislike any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement *In re Enron Corp. ERISA Litigation*. Be sure to include your name, address, telephone number, your signature, and the reasons you object to the Settlement.

**Mail the objection to all of the five different places below postmarked no later than November 30, 2005. You must mail your objection by this date. If you fail to do so, the Court will not consider your objections.**

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court	Lynn Lincoln Sarko	Charles W. Cox
U.S. District Court	Britt L. Tinglum	Latham & Watkins LLP
Southern District of Texas,	Keller Rohrback, L.L.P.	633 West Fifth Street
Houston Division	1201 Third Avenue,	Suite 4000
515 Rusk Avenue	Suite 3200	Los Angeles, CA 90071-2007
Houston, TX 77002	Seattle, WA 98101-3052	
	Steve W. Berman	Barry G. Flynn, Esq.
	Clyde Platt	Barry G. Flynn, P.C.
	Hagens Berman Sobol	1300 Post Oak Blvd., Ste. 750
	Shapiro LLP	Houston, TX 77056
	1301 Fifth Avenue	
	Suite 2900	
	Seattle, WA 98101	

**ALL PAPERS SUBMITTED MUST INCLUDE THE CASE NUMBER H-01-3913 ON THE FIRST PAGE.**

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**Do not call the Court, or Enron.**

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## THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you are not required to do so.

### **19. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Fairness Hearing at 2 P.M., Central Standard Time, on December 20, 2005, at the United States District Court for the Southern District of Texas, 515 Rusk Avenue, Houston, TX. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Harmon will listen to people who have asked to speak at the hearing. The Court will also decide what amount of Class Counsel fees and expenses will be set aside for future application and payment from the Settlement Fund. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

### **20. Do I have to go to the fairness hearing?**

No, Plaintiffs' Counsel will answer questions Judge Harmon may have. You are, however, welcome to go at your own expense. If you send an objection, you do not have to go to Court to talk about it. As long as your objection is postmarked by November 30, 2005 the Court will consider it. You also may pay your own lawyer to attend, but it is not necessary.

### **21. May I speak at the hearing?**

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear *In re Enron Corp. ERISA Litigation.*" Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than November 30, 2005 and sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the five addresses indicated in question 18.

## IF YOU DO NOTHING

### **22. What happens if I do nothing at all?**

The Settlement does not require you to do anything, and there is no penalty for doing nothing at all. If you are entitled to a Settlement payment, you will receive a payment as discussed in question 13 on page 5.

## GETTING MORE INFORMATION

### **23. Are there more details about the Settlement?**

This notice summarized the proposed Settlement. More details are in the parties' Settlement Agreement. You can get a copy of the Agreement by visiting any of the following sites: [www.enronerisa.com](http://www.enronerisa.com), [www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).

**Remember, please do not contact the Court, or Enron. They cannot help you with additional information.**

DATED: October 31, 2005

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS

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*In re Enron Corporation ERISA Litigation*  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040

**Important Legal Document**

**ENRO4B**