

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS

**NOTICE OF PROPOSED 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 (401(K)), 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 21, 1998 through December 2, 2001.

**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 allow a claim in Enron's bankruptcy proceedings in the amount of \$356.25 million for the benefit of a Settlement Class consisting of persons who were participants or beneficiaries in the Plans during the period from January 21, 1998 through December 2, 2001 ("Class Period"). The partial Settlement resolves claims against Enron and its affiliated debtor entities ("Enron") who allegedly breached its fiduciary duties by violating the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. You should read the entire Notice carefully because your legal rights are affected whether you act or not.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

YOU ARE NOT REQUIRED TO DO ANYTHING	You do not need to do anything to receive a payment. Under the Settlement, the Settlement or 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).
NO ACTION IS NECESSARY TO RECEIVE A PAYMENT	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.
YOU CAN OBJECT	You can write to the Court about why you don't like the Settlement.
YOU CAN GO TO A HEARING	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,
www.erisafraud.com, or www.hbsslaw.com.**

**Do not call the Court, or Enron.
They cannot answer your questions.**

WHAT THIS NOTICE CONTAINS

1. WHY DID I GET THIS NOTICE PACKAGE?	3
2. HOW DO I GET MORE INFORMATION?	3
3. WHAT IS THIS LAWSUIT ABOUT?	3
4. WHY IS THIS A CLASS ACTION?	3
5. WHY IS THERE A PARTIAL SETTLEMENT?	4
6. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?	4
7. ARE THERE EXCEPTIONS TO BEING INCLUDED?	4
8. I'M STILL NOT SURE IF I'M INCLUDED.	4
9. CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?	4
THE SETTLEMENT BENEFITS	5
10. WHAT DOES THE SETTLEMENT PROVIDE?	5
11. HOW MUCH WILL MY PAYMENT BE?	5
12. WHAT IS THE BAR ORDER?	6
HOW YOU GET A PAYMENT	6
13. HOW CAN I GET MY PAYMENT?	6
14. WHEN WILL I GET MY PAYMENT?	6
THE LAWYERS REPRESENTING YOU	7
15. DO I HAVE A LAWYER IN THIS CASE?	7
16. HOW WILL THE LAWYERS BE PAID?	7
OBJECTING TO THE SETTLEMENT	7
17. WHAT DOES IT MEAN TO OBJECT?	7
18. HOW DO I TELL THE COURT THAT I DON'T LIKE THE SETTLEMENT?	7
THE COURT'S FAIRNESS HEARING	8
19. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?	8
20. DO I HAVE TO GO TO THE FAIRNESS HEARING?	8
21. MAY I SPEAK AT THE HEARING?	8
IF YOU DO NOTHING	8
22. WHAT HAPPENS IF I DO NOTHING AT ALL?	8
GETTING MORE INFORMATION	8
23. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?	8

Mail the objection to all of the four different places below postmarked no later than September 2, 2005. You must mail your objection by this date. If you fail to do so, the Court will not consider your objections.

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com,
www.erisafraud.com, or www.hbsslaw.com.

Do not call the Court, or Enron.
They cannot answer your questions.

Basic Information

1. Why did I get this notice package?

You or someone in your family was a participant or beneficiary in the Enron Corp. Savings Plan (401(K)), the Enron Corp. Employee Stock Ownership Plan (ESOP) and/or the Enron Cash Balance Plan (the "Plans") during the Class Period.

You have been sent 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 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 Courts in charge of the case are 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 and the United States Bankruptcy Court for the Southern District of New York, as jointly administered, *In re Enron Corp., et al.*, Case No. 01-16034 (AJG) (hereinafter the "Court".) The people who sued are called Plaintiffs, and the company and the people they sued, Enron Corp., 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, www.erisafraud.com, or 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 2, 2004, Plaintiffs allege that the Defendants breached their fiduciary duties and otherwise violated ERISA, by using employer and employee contributions to the Plan to purchase Enron Stock at a time when, according to Plaintiffs, the Enron Stock was an unsuitable and imprudent investment for the Plan. Plaintiffs further allege that Defendants violated ERISA by misrepresenting to Plaintiffs and Plan participants the financial status of Enron and, consequently, the true value of the Enron Stock. The Complaint seeks to recover from the Defendants losses to the Plan, and indirectly, to its participants and beneficiaries caused by Defendants' alleged conduct. This recovery for losses will include attorney fees and expenses.

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.

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com, www.erisafraud.com, or www.hbsslaw.com.

**Do not call the Court, or Enron.
They cannot answer your questions.**

5. Why is there a Partial Settlement?

The Court has not decided in favor of Plaintiffs or Defendants. Instead, Enron has agreed to a partial Settlement. 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.

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, at any time, participants in the Enron Plans during the period from January 21, 1998 up to and including December 2, 2001, and his or her beneficiaries, alternate payees (including spouses of deceased persons who were Plan participants), representatives and successors-in-interest; provided however, that the Settlement Class shall not include any Defendant in the Tittle Action, or any of their immediate family, beneficiaries, alternate payees (including spouses of deceased persons who were Plan participants), representatives or successors-in-interest, except for spouses and immediate family members who themselves are or were participants in any of the Enron Plans, who shall be considered members of the Settlement Class with respect to their own Enron Plan accounts.

7. Are there exceptions to being included?

You are not a Class Member if you were named as a Defendant or are associated with a named Defendant in any of the ways provided for in the description of the Settlement Class in response to No. 6 above.

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, www.erisafraud.com, or 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. Breach of fiduciary duty claims must be brought by participants on behalf of the Plan, and any judgment or resolution necessarily applies to all Plan participants and beneficiaries. As such, it is not possible for any participants or beneficiaries to exclude themselves from the benefits of the Settlement. **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 Enron from any and all claims that were or could have been asserted in the Tittle action 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.

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com, www.erisafraud.com, or www.hbsslaw.com.

**Do not call the Court, or Enron.
They cannot answer your questions.**

THE SETTLEMENT BENEFITS

10. What does the Settlement provide?

Enron has agreed to grant the Plaintiffs an allowed unsecured claim in its bankruptcy proceedings of \$356.25 million to resolve Plaintiffs' claims against it; \$50.89 million of which shall be allocated to resolving the claims involving the Cash Balance Plan in the Tittle action. The remaining \$305.36 million shall be allocated to the resolution of the Department of Labor ("DOL") Action, the claims filed by State Street as independent fiduciary on behalf of the Settling Plans and Counts I through III and V of the Tittle action, which include the claims for the 401(K) and the ESOP. Under Enron's bankruptcy plan of reorganization, cash distributions are to be made with respect to allowed unsecured claims over time. In its disclosure statement with respect to its plan of reorganization, Enron estimates that the aggregate amount of those distributions will be approximately 17% of the amount of the claims. Because there is uncertainty with respect to the amount to be ultimately distributed with respect to allowed unsecured claims and when the distributions will occur, named plaintiffs have obtained a commitment to purchase the allowed claim for 27.35% of its face amount (\$97,434,375) in cash. The commitment is subject to obtaining approval of the transaction by the United States Department of Labor and by the Independent Fiduciary. At the time of the Fairness Hearing Plaintiffs will ask the Court to authorize the sale and transfer of the allowed claim to a buyer. Plaintiffs anticipate that at the Court's hearing on final approval of this partial settlement, they will request the Court approve the sale of the claim. The amounts received with respect to the allowed unsecured claim, whether in the form of distributions from the bankruptcy estate or the cash proceeds of the sale of the allowed unsecured claim, plus accrued interest on these monies, will form a fund referred to in this notice as 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.

When this settlement becomes final and non-appealable Enron shall withdraw its objection to the use of insurance proceeds to fund a prior partial settlement in the Tittle action for \$85 million and shall release any claim to such proceeds.

11. How much will my payment be?

401(K) and ESOP Participants

Your share of the Net Settlement Fund will depend on the number of shares of Enron 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 Enron Stock in your Plan(s) account(s). The more you lost because of Enron Stock in your Plan account(s), the larger your share of the Net Settlement Fund will be. 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.**

Cash Balance Plan Participants

Your share of that portion of the Net Settlement Fund allocated to participants in the Cash Balance Plan will depend upon two things. First, you will be entitled to payment only if you were affected by the offset arrangement in the Cash Balance Plan by which participants gained access to vested shares in their ESOP Retirement and Special Subaccount beginning January 15, 1996. Second, if you were affected by the offset arrangement, you will receive a proportionate share of the Net Settlement Fund allocated to Cash Balance Plan participants based upon a formula included in the plan of allocation.

If you are entitled to receive payment under this section, it will be deposited into your 401(K) account. If you no longer participate in the 401(K), your payment will be deposited into a money market account pending instructions from you.

**QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com,
www.erisafraud.com, or www.hbsslaw.com.**

**Do not call the Court, or Enron.
They cannot answer your questions.**

Plans of allocation calculating the amount each Class Member will receive will be filed with the Court. You can access the plans of allocation after they are filed using the websites indicated below or by calling the toll free number or by reviewing the plans of allocation at the office of the Clerk of Court. With respect to the 401(k) Plan and the ESOP, the plan of allocation for this settlement is likely to be the same as the plan of allocation that was filed with the District Court on August 17, 2004 (and currently available on the websites indicated below) with respect to the \$85 million partial settlement reached with certain individual defendants.

Do not worry if you do not have records that show your Plan activity with respect to Enron 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, www.erisafraud.com, or www.hbsslaw.com.**

12. What is the Bar Order?

The bar order will bar certain Barred Persons from asserting claims against Enron for indemnity or contribution with respect to the claims asserted in the *Tittle* litigation. The Barred Persons are those Settling Defendants in that certain Amended and Restated Class Action Settlement Agreement dated May 26, 2004.

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). You may then direct it to any desired fund option. If you are a Class member and no longer participate in the Plans, 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 Courts will hold a joint hearing in *In re Enron Corp. ERISA Litigation*, Case No. H-01-3913, and in the United States Bankruptcy Court for the Southern District of New York in *In re Enron Corp., et al.*, Case No. 01-16034 (AJG) at 1:00 P.M. Central Standard Time on September 12, 2005, to decide whether to approve the Settlement. If the Courts approve 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.

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com, www.erisafraud.com, or www.hbsslaw.com.

**Do not call the Court, or Enron.
They cannot answer your questions.**

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, WA, 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.

16. How will the lawyers be paid?

Class Counsel will ask the Court to set aside up to 20% of the Settlement Fund for future application for attorneys' fees and up to an additional \$6 million for future application for expenses incurred and expected to be incurred in prosecuting the litigation. The Court may set aside less than these amounts or award less than these amounts when Class Counsel make their application from those funds. The amounts awarded or reserved by the Court shall be segregated from the Settlement Fund at the time the Court awards Final Approval of the Settlement.

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 four different places below postmarked no later than September 2, 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	Brian S. Rosen
U.S. District Court	Britt L. Tinglum	Weil Gotshal & Manges LLP
Southern District of Texas,	Keller Rohrback, L.L.P.	767 Fifth Avenue
Houston Division	1201 Third Avenue, Suite 3200	New York, NY 10153
515 Rusk Avenue	Seattle, WA 98101-3052	
Houston, TX 77002		
	Steve W. Berman	
	Clyde A. Platt, Jr.	
	Hagens Berman Sobol Shapiro, LLP	
	1301 Fifth Avenue, Suite 2929	
	Seattle, WA 98101	

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com, www.erisafraud.com, or www.hbsslaw.com.

**Do not call the Court, or Enron.
They cannot answer your questions.**

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

THE COURT'S FAIRNESS HEARING

The Courts will hold a joint 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 Courts will hold a joint Fairness Hearing at 1:00 P.M., Central Standard Time, on September 12, 2005 at the United States District Court for the Southern District of Texas, 515 Rusk Avenue, Houston, TX and United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, NY. At this hearing, the Courts will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Courts will consider them. The Judges 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 Courts 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 the Judges 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 September 2, 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 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 September 2, 2005 and sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the four addresses indicated above 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 11 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' Stipulation and Settlement Agreement. You can get a copy of the Agreement by visiting any of the following sites: www.enronerisa.com, www.erisafraud.com, or www.hbsslaw.com.

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

DATE: July 27, 2005

QUESTIONS? CALL 1-866-560-4043 TOLL FREE, OR VISIT www.enronerisa.com,
www.erisafraud.com, or www.hbsslaw.com.

Do not call the Court, or Enron.
They cannot answer your questions.