

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 June 7, 2002.

**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 \$85 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 June 7, 2002 (“Class Period”). Some of the settling Defendants have also agreed to pay an additional \$1,875,000 to the United States Department of Labor in connection with resolving claims in a companion suit entitled Chao v. Enron Corp. et al. The Partial Settlement resolves claims concerning certain fiduciaries of the Plans who allegedly breached their 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 CAN DO NOTHING NO ACTION IS NECESSARY TO RECEIVE A PAYMENT	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. 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.hagens-berman.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 4

10. WHAT DOES THE SETTLEMENT PROVIDE?	4
11. HOW MUCH WILL MY PAYMENT BE?	5
12. WHAT IS THE BAR ORDER?	5
13. WHAT IS THE IMPACT OF THE CONSENT DECREES?	5

HOW YOU GET A PAYMENT 5

14. HOW CAN I GET MY PAYMENT?	5
15. WHEN WILL I GET MY PAYMENT?	6

THE LAWYERS REPRESENTING YOU 6

16. DO I HAVE A LAWYER IN THIS CASE?	6
17. HOW WILL THE LAWYERS BE PAID?	6

OBJECTING TO THE SETTLEMENT 6

18. WHAT DOES IT MEAN TO OBJECT?	6
19. HOW DO I TELL THE COURT THAT I DON'T LIKE THE SETTLEMENT?	6

THE COURT'S FAIRNESS HEARING 7

20. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?	7
21. DO I HAVE TO GO TO THE FAIRNESS HEARING?	7
22. MAY I SPEAK AT THE HEARING?	7

IF YOU DO NOTHING 8

23. WHAT HAPPENS IF I DO NOTHING AT ALL?	8
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GETTING MORE INFORMATION 8

24. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?	8
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Mail the objection to all of the four different places below postmarked no later than July 9, 2004. 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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www.erisafraud.com, or www.hagens-berman.com.

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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 June 7, 2002 ("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 company and the people they sued, Enron Corp. and several of its officers and directors, 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.hagens-berman.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 the Defendants breached their fiduciary duties and otherwise violated ERISA, by using employer and employee contributions to the Plan to purchase Stock at a time when, according to Plaintiffs, the 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 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.

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5. Why is there a Partial Settlement?

The Court has not decided in favor of Plaintiffs or Defendants. Instead, the Settling Defendants 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 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, www.erisafraud.com, or www.hagens-berman.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 each and all of the Defendant Releasees 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?

The Settling Defendants have agreed to pay \$85 million to resolve Plaintiffs’ claims against them. 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.

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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. 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 will be filed with the Court no later than June 30, 2004. You can access the plan of allocation on that date 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, www.erisafraud.com, or www.hagens-berman.com.**

12. What is the Bar Order?

Under the terms of this Partial Settlement, which does not include all the Defendants in the lawsuit, the Defendant Releasees will be protected against claims by those Defendants not a part of the Settlement Agreement. In the future, if a judgment is obtained against any of these non-settling Defendants, these non-settling Defendants will receive a credit against the judgment in the amount of the Settlement Amount. In addition, non-settling Defendants who are insured under the Enron Fiduciary Liability Policies, will receive an additional \$10 million judgment credit.

13. What is the impact of the Consent Decrees?

Before the Settlement will be final, several conditions embodied in Consent Decrees between certain of the Settling Defendants and the Secretary of the United States Department of Labor must be met and agreed to by all of the parties who have signed the Settlement Agreement. These conditions include: a) the payment by certain of the Settling Defendants of an additional total sum of \$1,850,000, of which at least \$1,480,000 (80%) will be paid to the Plans and not more than \$370,000 (20%) of which is to be paid to the Secretary pursuant to a provision of ERISA, which will not be paid to the Plans or the Class; b) the payment of no less than \$65 million plus accrued interest to the Plans from the Settlement Amount, after the payment of attorneys fees and expenses; c) the amendment of the Settlement Agreement to preserve civil and criminal claims by the United States government; and d) the entry of injunctive relief against certain of the Settling Defendants.

HOW YOU GET A PAYMENT

14. 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

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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.

15. When will I get my payment?

The Court will hold a hearing at 9 A.M. Thursday, August 19, 2004, 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

16. 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, L.L.P. 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.

17. 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 \$5 million for expenses. The Court may award less than these amounts. Before the settlement will be final, a further condition that could affect attorney fees must be agreed to by the parties who signed the agreement as described in question 13 on page 5.

OBJECTING TO THE SETTLEMENT

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

18. 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.

19. 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.

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Mail the objection to all of the four different places below postmarked no later than July 9, 2004. 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 U.S. District Court Southern District of Texas, Houston Division 515 Rusk Avenue Houston, TX 77002	Lynn Lincoln Sarko Britt L. Tinglum Keller Rohrback, L.L.P. 1201 Third Avenue, Suite 3200 Seattle, WA 98101-3052 Steve W. Berman Clyde Platt Hagens Berman, L.L.P. 1301 Fifth Avenue Suite 2900 Seattle, WA 98101	Kathy Patrick Michael K. Oldham Gibbs & Bruns, L.L.P. 1100 Louisiana, Suite 5300 Houston, TX 77002

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

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.

20. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 9:00 A.M. Thursday, August 19, 2004 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.

21. 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 July 9, 2004 the Court will consider it. You also may pay your own lawyer to attend, but it is not necessary.

22. 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 July 9, 2004 and sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the four addresses indicated above in question 19.

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IF YOU DO NOTHING

23. 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

24. 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.hagens-berman.com.

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

DATE: May 31, 2004.

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