

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 from January 1, 1995 through June 7, 2002.

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

A Partial Settlement has been proposed in a class action lawsuit brought by Plaintiffs on behalf of the Enron Corp. Savings Plan (401K), the Enron Corp. Employee Stock Ownership Plan (ESOP) and/or the Enron Cash Balance Plan (the "Plans") against Enron, and certain of its officers and directors for claiming breaches of fiduciary duty under the Employee Retirement Income Security Act of 1974 ("ERISA"). The Partial Settlement will provide \$85 million to the Settlement Class. Some of the 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. Persons who were participants or beneficiaries of the Plans during the period January 1, 1995, through June 7, 2002, ("Class Period") may be entitled to a share of the Partial Settlement.

The United States District Court for the Southern District of Texas authorized this notice. The Court will have a hearing to decide whether to approve the Partial Settlement so that the benefits may be paid.

WHO IS INCLUDED?

You are a Class member and could get benefits if you had Stock allocated to your Plan(s) account(s) during the Class Period.

WHAT IS THIS ABOUT?

The lawsuit claims that the Defendants breached their fiduciary duties under ERISA by offering Enron stock as a Plan investment option, and investing and retaining Plan assets in Enron stock at a time when it was an unsuitable and imprudent investment for the Plan, providing misleading information regarding the financial condition of Enron and the prudence of its stock, and failing to take appropriate actions to protect participants and beneficiaries from losses to the Plan that were caused by these actions. Defendants deny that they breached any fiduciary duties or any other provisions of ERISA in connection with Enron stock in the Plan, or that they

misrepresented the financial performance of Enron or the value of the Stock to Plan participants. The Court did not decide which side was right, but both sides agreed to the Partial Settlement to ensure a resolution, avoid the cost and risk of litigation, and to provide benefits to Class members.

WHAT DOES THE PARTIAL SETTLEMENT PROVIDE?

The Settling Defendants agreed to create a fund of \$85 million to be divided among Settlement Class Members. The Settlement Agreement and a separate notice form answering questions about the terms of the Settlement Agreement are available at the websites listed below and describe all of the details about the proposed Partial Settlement. Your share of the fund will depend on the decline in value of shares of Enron stock held in your Plan(s) account(s) during the Class Period. There are conditions that must be met and agreed to by the parties to the Settlement Agreement pursuant to Consent Decrees entered into by the Settling Defendants and the Secretary of the United States Department of Labor. Those conditions include additional payments by the Settling Defendants, required minimum payments to the Plans from the Settlement Fund, after certain attorneys fees and expenses, the preservation of federal civil and criminal penalties, and injunctive relief. The Settlement Agreement does not release claims you may have under state or federal securities laws.

HOW DO YOU RECEIVE A PAYMENT?

If you are a Class member and are entitled to a share of the Partial Settlement amount according to the Agreement, you will not be required to do anything in order to receive a payment. Payments will be made directly to your Plan(s) account(s) or, if you no longer are a Plan participant, to a money market account pending instructions from you. Either way, the Plan(s) will notify you of the amount of your payment.

THE BAR ORDER

Under the terms of this Partial Settlement, which does not include all the Defendants in the lawsuit, the Settling Defendants will be protected from claims of contribution and indemnity from 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.

CAN I OPT-OUT OF THE PARTIAL SETTLEMENT?

You do not have the right to exclude yourself from the Partial 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 all of the Settling Defendants from all claims that were or could have been asserted in this case 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.

The Court will hold a hearing in this case (*In re Enron Corp ERISA Litigation*, Case No. H-01-3913) at 9A.M., Thursday, August 19, 2004, to consider whether to approve the Partial Settlement and a request by the lawyers representing all Class members (Keller Rohrback, L.L.P. of Seattle, Washington; and Hagens Berman, L.L.P. of Seattle, Washington) to set aside up to 20% of the Settlement Fund for attorney fees and up to an additional \$5 million for expenses. Any fees and expenses that are later approved from those reserves will be paid from the Settlement Amount. You may ask to appear at the hearing, but it is not required. Although you cannot opt out of the Partial Settlement, you can object to the Partial Settlement and ask the Court not to approve the Settlement.

For more information regarding anything in this Notice, call toll free **1-866-560-4043** or visit www.enronerisa.com, www.erisafraud.com, or www.hagens-berman.com.