

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 21, 1998, up through and including December 2, 2001.

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 for breaches of fiduciary duty under the Employee Retirement Income Security Act of 1974 ("ERISA"). The Partial Settlement will allow a claim in Enron's bankruptcy proceedings in the amount of \$356.25 million (less attorneys fees and expenses) to the Settlement Class. Persons who were participants or beneficiaries of the Plans during the 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 Enron Stock allocated to your Plan(s) account(s) during the Class Period and/or were affected by the offset arrangement in the Cash Balance Plan.

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 allow a claim of \$356.25 million to resolve Plaintiffs' claims against them, which shall be divided among Settlement Class Members. 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 (subject to approvals by the Department of Labor and the Independent Fiduciary) to purchase the allowed claim for 27.35% of its face amount (\$97,434,375) in cash, which at the time of the Fairness Hearing they will ask the Court to authorize the transfer of the allowed claim. 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. Certain fees and expenses, including those incurred by Plaintiffs' Counsel that are approved by the Court, will be deducted from this Claim. 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 by a bar order from claims of contribution and indemnity from certain persons.

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 Courts will hold a joint hearing in this case, *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, September 12, 2005, 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 Sobol Shapiro, LLP of Seattle, Washington) to set aside up to 20% of the Settlement Fund for attorney fees and up to an additional \$6 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.hbsslaw.com.