

United States Courts  
Southern District of Texas  
ENTERED

JUL 27 2005

Michael N. Milby, Clerk of Court

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re ENRON CORP. SECURITIES,  
DERIVATIVE & "ERISA" LITIGATION

MDL - 1446

PAMELA M. TITTLE, et al.,

Plaintiffs,

v.

ENRON CORP., et al.,

Defendants.

CIVIL ACTION NO. H-01-3913  
AND CONSOLIDATED CASES

**ORDER PRELIMINARILY APPROVING PARTIAL SETTLEMENT  
CONDITIONALLY CERTIFYING CLASS FOR PURPOSES OF SETTLEMENT,  
APPROVING FORM AND MANNER OF NOTICE, AND SCHEDULING HEARING ON  
FAIRNESS OF SETTLEMENT PURSUANT TO FEDERAL RULE CIVIL  
PROCEDURE 23(E)**

WHEREAS, consolidated class actions are pending before this Court, including *Tittle, et. al. vs. Enron Corp., et. al.*, No. H-01-3913 (Southern District of Texas); and

WHEREAS, the *Tittle* Named Plaintiffs and the Settling Defendants have applied to the Court, pursuant to Fed. R. Civ. P. 23, for an Order approving the Partial Settlement of the above-

named action as to them in accordance with the terms and provisions of that certain Tittle Class Action Settlement Agreement, dated July 6, 2005, by and among the Named Plaintiffs, Enron Corp. ("Enron"), State Street Bank and Trust Company and the Official Committee of Unsecured Creditors appointed in Enron's Chapter 11 case (the "Settlement Agreement" or "Agreement"), which, together with the exhibits thereto, sets forth the terms and conditions for a proposed settlement of the action as to the Settling Defendants and for dismissal of the action with prejudice as to the Settling Defendants;

WHEREAS, the Agreement provides for the conditional certification of the *Tittle Settlement Class*, solely for the purposes of settlement; and

WHEREAS, the Court has read and considered the Agreement and the exhibits thereto and has read and considered all other papers filed and proceedings had herein, and is otherwise fully informed in the premises, and with good cause appearing therefore;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. This Order (the "Preliminary Approval Order") incorporates by reference the definitions in the Agreement, and all capitalized terms used herein shall have the same meanings set forth in the Agreement.

2. The Court has jurisdiction over the subject matter of this Action and over all parties to this Action, including all members of the proposed Settlement Class and Defendants.

3. The Court preliminarily approves the Agreement, including the releases contained therein, and the settlement as being fair, reasonable, and adequate to the Settlement Class.

4. Solely for the purposes of the Agreement, the Court now finds and concludes that:

a) With respect to the Plaintiffs' Released Claims, particularly in light of the Agreement: (1) the members of the Settlement Class are so numerous that joinder of all Class members in this action is impractical; (2) there are questions of law and fact common to the Settlement Class; (3) the claims of the Named Plaintiffs are typical of the claims of the Settlement Class; and (4) in negotiating and entering into the Agreement, the Named Plaintiffs

and their counsel have fairly and adequately represented and protected the interests of all Settlement Class members;

b) With respect to the *Tittle* Settlement Class members' claims: (1) the prosecution of separate actions by individual *Tittle* Settlement Class members would create a risk of inconsistent or varying adjudications with respect to such individual *Tittle* Settlement Class members that would establish incompatible standards of conduct for the Settling Defendants; and (2) adjudications with respect to individual *Tittle* Settlement Class members would, as a practical matter, dispose of the interests of other individual *Tittle* Settlement Class members, not parties to the *Tittle* action or substantially impair or impede the ability of other such individual *Tittle* Settlement Class members to protect their interests.

5. With respect to this *Tittle* Settlement Class members' claims, the Settlement Class is hereby conditionally certified pursuant to Fed. R. Civ. P. 23(a) and 23(b)(1) in accordance with the following definition:

“Settlement Class” means, collectively, 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.

6. Solely for the purposes of the Agreement, the Named Plaintiffs in the *Tittle* action are certified as class representatives pursuant to Fed. R. Civ. P. 23(b)(1).

7. The Court approves, as to form and content, the Notice of Proposed Partial Class Action Settlement annexed to the Memorandum in Support of *Tittle* Plaintiffs' Motion for Preliminary Approval of Proposed Partial Settlement (the “Mailed Notice”).

8. The Court approves, as to form and content, the Publication Notice annexed to the Memorandum in Support of *Tittle* Plaintiffs' Motion for Preliminary Approval of Proposed Partial Settlement (the "Publication Notice").

9. The date and time of the Fairness Hearing shall be added to the Mailed Notice and the Publication Notice before they are mailed and published, respectively, in accordance with paragraph 11(a) and (b) below.

10. The Court finds that the mailing, publication, and distribution of the Mailed Notice and Publication Notice substantially, in the manner and form set forth in paragraphs 11(a), (b), and (c) below, constitutes the best notice practicable under the circumstances, including individual notice to all Settlement Class members who can be identified through reasonable effort, and constitutes valid, due, and sufficient notice to all persons entitled thereto, complying fully with the requirements of Fed. R. Civ. P. 23 and due process.

11. The Notice Administrator is empowered to supervise and administer the notice procedure, as set forth below:

(a) Commencing on or before August 5, 2005, the Notice Administrator shall mail or cause to be mailed, by first class mail, postage pre-paid, copies of the Mailed Notice to all Settlement Class members who can be identified by Lead Counsel, with reasonable effort, at each such Settlement Class member's known address; and

(b) On or before August 5, 2005, the Notice Administrator shall cause the Publication Notice to be published in the *Houston Chronicle*, in *The Wall Street Journal*, in *The Oregonian*, in *The Omaha World-Herald*, and on Lead Counsels' websites.

(c) At or prior to the Fairness Hearing (as defined below), Lead Counsel shall file with the Court and serve on counsel for the Settling Defendants proof by declaration or affidavit of the mailing and publication described in paragraphs 11(a) and 11(b) above.

12. Settlement Class members who wish to comment or object to the Agreement must do so in accordance with the instructions contained in the Mailed Notice.

13. All persons who fall within the definition of the Settlement Class and who do not timely object, and/or comment, in accordance with the instructions in the Mailed Notice, shall be subject to and bound by the provisions of the Agreement, the Releases contained therein, and the Judgment with respect to all Released Claims.

14. A hearing<sup>1</sup> (the "Fairness Hearing") shall be held at 1:00 P.M., Central Standard Time, Monday, September 12, 2005, before The Honorable Melinda Harmon, United States District Judge, at the United States District Court for the Southern District of Texas, Bob Casey, United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002, to determine:

(a) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;

(b) finally whether this Action satisfies the applicable pre-requisites for class action treatment under Fed. R. Civ. P. 23(a) and 23(b)(1) for purposes of the Settlement;

(c) whether the Settlement has been negotiated at arm's length by the Plaintiffs and their counsel on behalf of the Plan and the Class members, whether the Plaintiffs have acted independently and that their interests are identical to the interests of the Plan and the Class members, and for the Court to determine that the negotiations and consummation of the Settlement by the Plaintiffs on behalf of the Plan and the Class members do not constitute "prohibited transactions" as defined by ERISA §§ 406(a) or (b);

(d) whether the Order Approving Settlement as provided under the Agreement should be entered and whether the Releasees should be released of and from the Released Claims, as provided in the Agreement;

(e) whether the Bar Order provisions in the Agreement should be entered;

(f) whether the proposed Plan of Allocation of the Settlement is fair, reasonable, and adequate and should be approved by this Court;

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<sup>1</sup> The hearing shall be conducted jointly with the United States Bankruptcy Court for the Southern District of New York, as jointly administered, in *In re Enron Corp., et al.*, Case No. 01-16034 (AJG).

(g) whether Plaintiffs' Counsels' application for an award of attorneys' fees and expenses pursuant to the common fund doctrine is fair, reasonable, and adequate and should be approved by the Court; and

(h) to rule upon such other matters as the Agreement contemplates and as the Court may deem just and proper.

15. Any application by Counsel for Plaintiffs with respect to attorneys' fees and expenses, and all papers in support thereof, shall be filed with the Court and served on all counsel of record no later than August 26, 2005. Copies of such materials shall be available for inspection at the office of the Clerk and on Lead Counsels' websites.

16. All papers detailing the plan of allocation for the proceeds of the Settlement Agreement, shall be filed with the Court and served on all counsel of record no later than August 26, 2005. Copies of such plan of allocation shall be available for inspection at the office of the Clerk and on Lead Counsels' websites.

17. All papers in response to any objections and briefs in support of Final Approval (the "Final Motion") shall be filed and served upon the parties set forth in paragraph 18 hereof by 5:00 P.M. Central Standard Time on September 9, 2005.

18. Any Settlement Class member may appear and show cause (if he, she, or it has any) why the Court should or should not: (1) approve the proposed settlement as set forth in the Agreement as fair, reasonable, and adequate; (2) enter an Order of Final Judgment and Dismissal; (3) approve the plan of allocation; or (4) approve Class Counsels' Petition to Establish Reserves for Attorneys' Fees and Expenses, not to exceed the amount set forth in the Mailed Notice and Publication Notice; provided, however, that no person shall be heard with respect to, or shall be entitled to contest, the foregoing matters, unless on or before 5:00 P.M. Central Standard Time on September 2, 2005, that person has served by hand, or by first class mail notice of his, her, or its intention to appear, setting forth briefly each objection and the basis

therefore, together with copies of any briefs and papers in support of said objections and proof of membership in the Settlement Class, upon:

Steve Berman and Clyde Platt  
HAGENS BERMAN SOBOL SHAPIRO LLP  
1301 5<sup>th</sup> Avenue, Suite 2929  
Seattle, WA 98101;

and

Lynn Lincoln Sarko and Britt L. Tinglum  
KELLER ROHRBACK, LLP  
1201 Third Avenue, Suite 3200  
Seattle, WA 98101

(on behalf of the Plaintiffs in the *Tittle* action);

and upon:

Brian S. Rosen  
WEIL GOTSHAL & MANGES  
767 Fifth Avenue  
New York, New York 10153

(on behalf of the Settling Defendants);

and has filed said objections, papers, and briefs with the Court, upon:

Clerk of the Court  
United State District Court  
Southern District of Texas – Houston Division  
515 Rusk Avenue  
Houston, TX 77002.

Unless otherwise ordered by the Court, any Settlement Class member who does not make his, her, or its objection in the manner provided for herein, shall be deemed to have waived such objection and shall forever be disclosed from making any objection to the foregoing matters.

19. The Court may adjourn the Fairness Hearing from time to time and without further notice to the Settlement Class. The Court reserves the right to approve the settlement at or

after the Fairness Hearing with such modifications as may be consented to by the Settling Parties and without further notice to the Settlement Class. The Court further reserves the right to enter an Order of Final Judgment and Dismissal, dismissing the action with prejudice as to the Settling Defendants and against the named Plaintiffs and the Settlement Class at or after the settlement hearing and without further notice to the Settlement Class.

20. Upon entry of the Order of Final Judgment and Dismissal, the named Plaintiffs and each of the Settlement Class members, on behalf of themselves, their successors, assigns, and any other person claiming (now and in the future) through or on behalf of them, and regardless of whether any such named Plaintiff or Settlement Class member ever seeks or obtains by any means any distribution from the Settlement Trust, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against all Settling Defendants and shall have covenanted not to sue all such Plaintiffs' Released Claims with respect to all such Settling Defendants, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting any such Released Claims against any Settling Defendant.

21. All reasonable costs and expenses incurred in identifying and providing notice to Settlement Class members and in administering the Settlement Fund shall be paid as set forth in the Agreement.

22. The Court retains jurisdiction over all proceedings arising out of or related to the Settlement Agreement.

23. If for any reason the Settlement Agreement does not become effective in accordance with the terms of the Settlement Agreement, this Preliminary Approval Order shall be rendered null and void and shall be vacated *nunc pro tunc*.

24. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Preliminary Approval Order or the Agreement.



25. Pending final determination as to whether the settlement, as set forth in the Settlement Agreement, should be approved, no Settlement Class member shall commence, prosecute, pursue, or litigate any Released Claims against any Settling Defendant, whether directly, representatively, or in any other capacity, and as regards to whether or not any such Settlement Class member has appeared in the action.

**IT IS SO ORDERED.**

Signed this <sup>th</sup>27 day of July, 2005.

  
\_\_\_\_\_  
MELINDA HARMON  
UNITED STATES DISTRICT JUDGE

**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 20, 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.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>YOU ARE NOT REQUIRED TO DO ANYTHING</b>  <b>NO ACTION IS NECESSARY TO RECEIVE A PAYMENT</b>	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).  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 {is this true as to the Cash Balance recovery?}.
<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 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](http://www.enronerisa.com),  
[www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).

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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](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 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](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.**

## 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](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. 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](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.**

## 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](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.**

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](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?**

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](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.**

## 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, Houston Division	Keller Rohrback, L.L.P. 1201 Third Avenue, Suite 3200 Seattle, WA 98101-3052	767 Fifth Avenue New York, NY 10153
515 Rusk Avenue 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](http://www.enronerisa.com),  
[www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).**

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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 19.

## 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](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.

DATE: July 27, 2005.

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).

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**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](http://www.enronerisa.com), [www.erisafraud.com](http://www.erisafraud.com), or [www.hbsslaw.com](http://www.hbsslaw.com).