

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS
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 the Effective Date of the Settlement.

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 others for breaches of fiduciary duty under the Employee Retirement Income Security Act of 1974 ("ERISA"). The Partial Settlement will provide \$1.25 million to the Settlement Class, and will settle the claims against Arthur Andersen LLP and David B. Duncan ("Andersen"). Persons who were participants or beneficiaries of the Plans during the period January 1, 1995, through the Effective Date of the Settlement, ("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 Andersen breached its fiduciary duties under ERISA in auditing the 401K and ESOP and was also negligent in such audit. Andersen denies that it breached any fiduciary duties or was negligent. 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?

Andersen agreed to create a fund of \$1.25 million to be divided among Settlement Class Members. This Settlement is in addition to three previous settlements in this litigation: 1) the \$40 million settlement with Arthur Andersen Worldwide Société Cooperative (shared with the securities fraud litigation, *Newby, et al. v. Enron Corp., et al.*); 2) the \$85 million settlement with certain officers, directors and administrators; and 3) the \$366.25 million allowed claim settlement with Enron Corp. that the Court has approved. 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 pursuant to the Settlement Agreement, including the payment of attorneys' fees and expenses. 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, Andersen will be protected from claims of contribution and indemnity from those not a part of the Settlement Agreement. In the future, if a judgment is obtained against any of these persons, they will receive a credit against the judgment in the amount of the Settlement Amount, or such other amount as is determined by the Court.

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 Andersen from all claims that were or could have been asserted in this case or otherwise included in the release in the Partial Settlement. You will continue to have 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 2 P.M., Central Standard Time, on December 20, 2005, to consider whether to approve the Partial Settlement and a request by the lawyers representing all Class members (Keller Rohrbach 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 2.5% 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.

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