

**III. MATERIALS RELATING TO THE
BLACKOUT PERIOD FOR THE
ENRON SAVINGS PLAN**

<u>Date</u>	<u>Stock Price *</u>	<u>Comments/Actions</u>
Mid 1997	\$20.50	PGE acquired, with two-year moratorium on any plan changes. It was decided to gradually increase ENE company match starting with 50% of 2% in 1998, 50% of 4% in 1999 and 50% of 6% in 2000. This was done to move ENE to PGE match levels.
July 1998	\$24.90	Original decision to RFP for new 401(k) administrator and Trustee Reason for search – PGE and ENE planned to merge the two plans; however PGE and ENE did not share the same recordkeeper. RFIs went to 33 potential vendors, 17 responded Highest 4 selected for full RFP process
August – October 1998	\$25.37	RFP process in progress and resulting decision (team was made up of PGE/ENE and Watson Wyatt representatives) Site visits 10/19/1998 Fidelity was selected as vendor of choice on 10/30/1998 with a planned 7/1/99 live date.
November 1998	\$28.44	Decision was reviewed for impact to Non-Qualified Deferral (NQ) Plans wherein it was determined that the recent vendor change for the NQ plans was to go live 3/99 at Northern Trust. A new recommendation was made to not move the 401(k) recordkeeping until after the PGE plan merger and ENE's Qualified and Non-Qualified plans were stabilized.
11/4/98	\$28.44	Presentations were given to both the PGE and ENE's administrative committees notifying both of the recommendation. In subsequent meetings, the recommendation to stay with Northern was approved until the plans were stable. At this point, there was no more work on the move away from Northern until after the PGE plan had been merged.
7/1/99	\$40.56	Completion of PGE merger into 401(k) plan Note: the PGE merger was communicated to employees via a mailed employee communication package in May 99. To total transition period was to run from May 15 – September 3. The actual blackout period was set for the time period of June 15 thru September 3 rd (8 – 12 weeks). However, there was a Trust reconciliation issue that caused this blackout period to extend until September 15. Enron also had a slight blackout period even though it did not have an actual Trustee or Recordkeeper change which ran from August 30 th to September 3 rd . (4 days)

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* Historical stock price is approximated due to required reliance on nearest dividend payment dates. Prices reflect post split price of which occurred on 8/16/99. THIS DOCUMENT IS CONFIDENTIAL FOR DISTRIBUTION TO ADMIN COMMITTEE ONLY

<u>Date</u>	<u>Stock Price *</u>	<u>Comments/Actions</u>
July - Dec. 1999	\$44.37	Major administrative changes halted due to decision to move to SAP as well as efforts to prepare for Y2K. All resources devoted to this effort.
1/4/2000	\$42.50	SAP 401(k) module live for NEPCO.
January - June 2000	\$64.50	Major administrative changes halted due to efforts applied for taking the full SAP benefit module live on 7/1/2000. All resources devoted to this effort.
June 2000	\$64.50	Decision to outsource benefit processes with objective of reducing headcount on or before 9/1/00. This was later moved to 1/1/01. Order of priority was Pension (totally in-sourced), Health & Group (partly in-sourced), 401(k) (fully outsourced except for customer service)
7/3/2000	\$68.18	SAP benefit module live.
10/2/2000	\$86.44	Pension Plan fully outsourced
11/2/2000	\$81.75	The outsourcing of benefits was discussed at the Administrative Committee. Information from ERISA counsel was provided to the Committee concerning the Enron's versus the Committee's role in these decisions.
November 2000	\$64.75	Notified Northern Trust of Enron's intent to re-review the decision to change recordkeepers as soon as the other plans are outsourced. Northern is alerted to Enron's concern for service levels and told that weekly service meetings will begin to address service issue.
1/2/2001	\$79.87	Health & Group fully outsourced

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<u>Date</u>	<u>Stock Price *</u>	<u>Comments/Actions</u>
January 2001	\$80.00	<p>Began internal preparation for work on the 401(k) plan. Noted that service level is at 76% in January with abandoned call rate of 2.6%. NOTE: Typical target service levels are 80% or higher.</p> <p>In addition to the service level concern the following is a list of other problems encountered with Northern supporting the need to reconsider the decision of moving the Trust and Recordkeeping services to alternative vendor.</p> <ul style="list-style-type: none"> • NAV error discovered in 2000 that dated back to 10/99. While the dollar magnitude was only \$158,000 the concern was that an NAV error occurred in both the Stable Value and Stock fund that went undetected for months and only detected by an audit. • During the PGE transition, a Trust reconciliation error was found that resulted in the blackout period having to be extended 12 more days. • Unacceptable Sr. account staff turnover. Examples include numerous staff changes at customer service and Trust officer level. • Loss of withdrawal checks • Significant difficulty during IRS audit in documentation of discrimination testing as well as proof of distributions and timeliness of response. We believe the issues faced during this audit contributed greatly to Enron's inability to get the audits closed. • Inability to accurately or effectively process 1099Rs for in-kind distributions impacting 24 participants. One participant (Leon Cemock, actually received 7 different forms before getting it corrected.) • Encountered difficulty getting timely Trust Statements during our annual external audits, which had the potential of putting the 11K filing in jeopardy. • Errors in processing employee requested transfers (example would be Neena Kirsch) • There were also system compliance difficulties; one example was the systems inability to comply with loan parameters. (Examples are Mary Celia and Joan Amero)
February 2001	\$68.50	<p>Service levels at Northern dropped to 73% and abandoned call rate was at 2.2%</p>

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Date	Stock Price *	Comments/Actions
February – March 2001	\$58.10	New RFP process began for 401(k) Hired Watson Wyatt to provide updates from their vendor databases for all vendors who had responded during the original RFI as well as identify new players. A short list of about 6 vendors received a modified RFP. The Non-Qualified Deferral Plans were included in the process. Site visits conducted
April 2001	\$62.72	Northern Trust Service Level drops to 36% and the abandoned call rate jumps to 15.8%.
April – May 2001	\$58.35	Vendor finalists were determined to be Hewitt and Fidelity. Fidelity was eliminated due to cost to program for the Non-Qualified Plans. Hewitt notified of intent to do business effective 10/1/01. NOTE: The original blackout period was scheduled to be 10/1 thru 10/20/2001 and original communication scheduled for 9/4. (See notes on 8/15 and September 2001 regarding the reasons for moving the transition period.)
May 3, 2001	\$58.35	Mikie Rath presented the decision to move the 401(k) services to Hewitt Associates and Wilmington Trust to the Admin Committee
July 2001	\$48.30	Northern Trust notified and Hewitt implementation begins. Phone call to Northern on July 6 followed by a letter dated the same day.
July 2001	\$48.30	HR community notified of decision to move during All HR Lead meeting on 7/17.
8/15/2001	\$40.25	Mikie Rath informed the Committee that the ESOP would be moved to a daily processing versus monthly upon the successful completion of the service transfer to Hewitt Associates. Ms. Rath also received full approval from the Committee for the removal of the EOG stock fund.
August 2001	\$34.99	Jeff Skilling left the Company
August 2001	\$34.99	Timeline of transition given to HR Community • All HR Lead staff meeting 8/28 and special HR staff meeting for ENA/EBS/Networks on 8/29

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Date	Stock Price *	Comments/Actions
September 2001	\$35.00	Working with ERISA counsel it was determined that an amendment was required at the October Comp Committee meeting to allow for diversification of the stock held in EOG. The result was that the Hewitt Asset Transfer could not occur on 10/1 and was then moved to 11/1/01. This resulted in the following new transition periods: 10/19 – last day for loan and distribution requests, rollovers in and the SDA Schwab funds liquidation 10/26 – at close of business (3:00 pm CST) no new transfers until 11/20.
September 2001	\$35.00	Special meeting held with HR Community • ETS HR staff meeting 9/24
9/20/2001	\$28.39	Letter mailed to all participants holding Schwab funds in the SDA with information on the upcoming liquidation of these funds.
Sept/October 2001	\$28.39	Individual HR meetings held with Robert Jones and Gary Smith's HR groups in effort to prepare them for employee issues/questions.
10/04/01	\$33.10	401(k) communication mailed to all participants in the plan. Highlighted key activity dates such as suspension of withdrawals and last day to initiate transfer activity among funds. Supplemental information was also mailed for Non-Qualified Participants.
10/10/01	\$35.25	Letter mailed to all ESOP participants on transition to new providers. NOTE: no blackout for ESOP participants due to monthly processing cut off on 20 th of each month. In fact, access moved to daily with move to new provider.
10/16/01	\$33.84	Full account status is still available
10/16/01	\$33.84	e-mail sent to all active employees 11:10pm Oct. 16 as further reminder of transition period deadlines.
10/16/01	\$33.84	Enron takes a \$1. billion charge for right downs and reduction to shareholder equity by \$1.2 billion.
10/19/01	\$26.05	At end of day, withdrawals and distributions are frozen, but transfers among funds is still available
10/19/01	\$26.05	WSJ article discloses a Fastow general partnership realized more than \$7 million in management fees.
10/22/01	\$26.65	e-mail sent at 10:28pm on October 22 as further reminder of transition period approaching
10/22/01	\$26.65	ENE announces SEC inquiry, its full cooperation and its support for Fastow
10/23/01	\$19.79	All employee meeting wherein the SEC inquiry was announced to employees as well as assurance of support for Fastow.

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Date	Stock Price *	Comments/Actions
10/24/01	\$16.41	ENE replaces Fastow as CFO
October 25, 2001	\$16.35	Discussions with CO/PM on ability to stop as well as discussions with Hewitt and Northern Trust. Basis for decision was the inability to notify all participants thus giving active participants an advantage outweighed the inability to predict what would occur with the stock prices. Prior to deciding to move forward, CO touched based with two other VPs of HR as well as a Enron employee to get a sense as to the acceptance of moving forward with transition.

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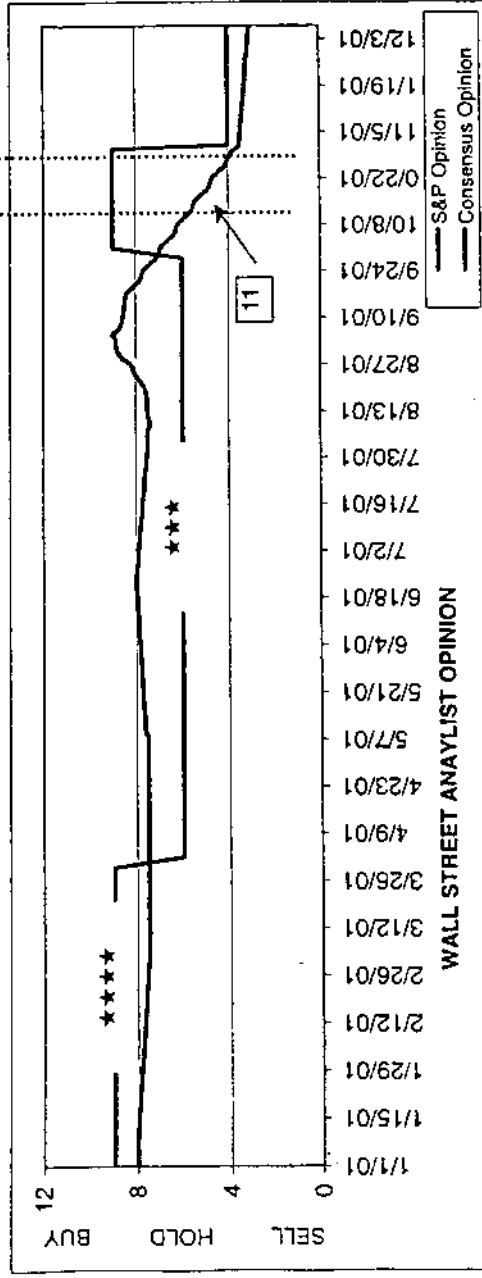
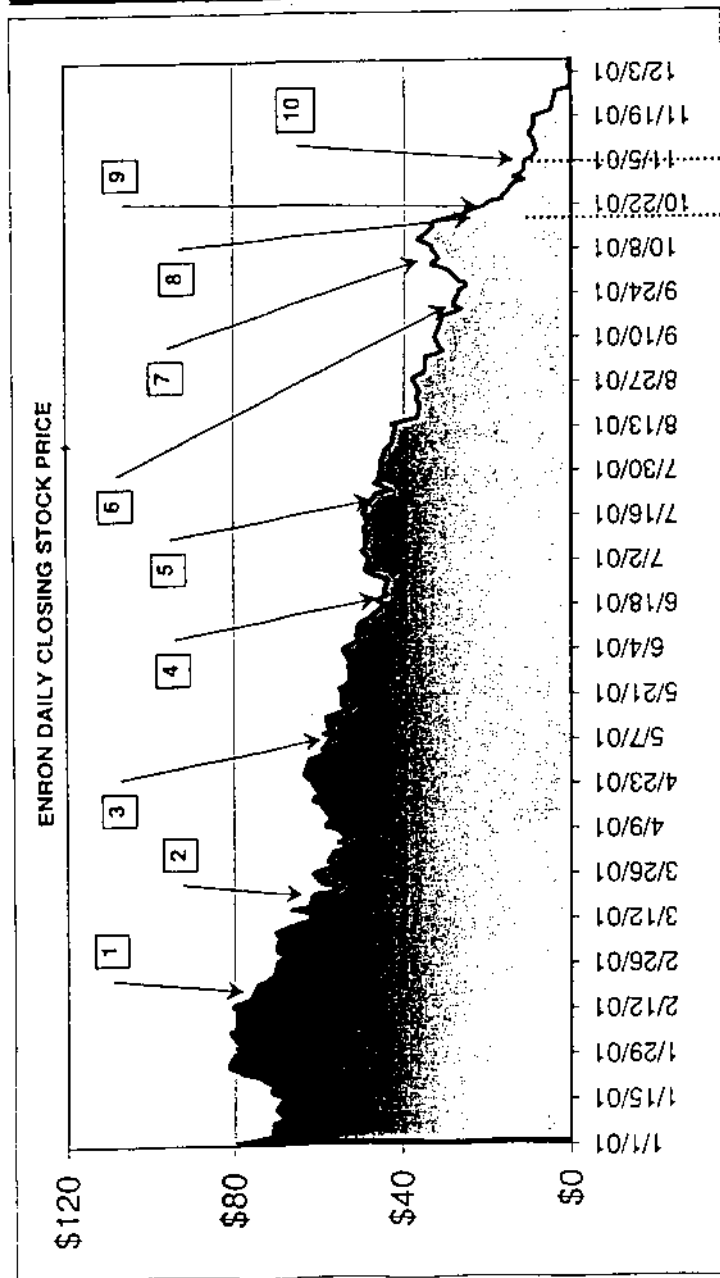
<u>Date</u>	<u>Stock Price *</u>	<u>Comments/Actions</u>
10/25/01	\$16.35	ENE draws down \$3 billion dollars from bulk of available credit lines. Fitch rating agency puts ENE on review for possible downgrade
10/26/01	\$15.40	Transfer are available until close of market this day
10/26/01	\$15.40	e-mail sent early morning acknowledging concern and decision to move forward with transition. A "Final Reminder" sent at noon.
10/29/01	\$13.81	First day of the transition period. Benefits Dept. adds Option 6 to Benefits Service Line to take questions internally.
10/29/01	\$13.81	Moody's lowers rating by 1 notch and kept Company under review for further downgrade.
10/30/01	\$11.16	Discussion with Chairman for the need for weekly Administrative Committee Meetings
10/31/01	\$13.90	SEC elevates to formal investigation
11/1/01	\$11.99	ENE states it has secured commitment for \$1 billion from JP Morgan and Citigroup. An Administrative Committee meeting was also held this date.
11/5/01	\$11.17	New questions raised on another deal related to \$35 million purchase by a company run by an ENE officer.
11/6/01	\$9.67	Special Admin. Committee meeting held
11/07/01	\$9.05	Website and phone line for updates went live
11/08/01	\$8.96	Postcards mailed to all participants announcing efforts to shorten period and how to access information on web and phone line
11/09/01	\$8.63	ENE announces merger with Dynegy
11/12/01	\$9.24	Transition Period completed at end of day
11/13/01	\$9.98	Plan is live (IVR and Web accepting transfers) and second Admin. Committee meeting held
11/14/01	\$10.00	E-mail to employees to alert them to the system going live on the 13 th .
11/20/01	\$6.99	Admin Committee meeting held. NOTE: this was the date the scheduled end date for the black out period.

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TIMELINE DETAILS

- 1: Request for proposal for new third party administrator began
- 2: Vendor selection narrowed to two finalist
- 3: May 3, 2001 -- Presentation made to Administrative Committee recommending vendor.
- 4: Transition implementation began
- 5: Human Resources community notified of transition.
- 6: October 4, 2001 -- Participants notified by US mail of the transition and black-out
- 7: October 16, 2001 -- E-mail sent to all active participants as a reminder of the
- 8: October 22, 2001 -- E-mail sent to all active participants as a reminder of the
- 9: October 26, 2001 -- Two E-mails sent to all active participants as a reminder of the
- 9: October 26, 2001 -- Last day to trade before administrative black-out period.
- 10: November 13, 2001 -- Account access available.
- 11: Enron Stock remains either buy or hold by consensus investor opinion.



what's new

what's the same



Enron Corp. Savings Plan Changes

money in motion



EC000021560



What's NEW?

In late November, Hewitt Associates will become our new administrator for the Enron Corp. Savings Plan, providing improved customer service and quicker processing of your requests. Hewitt is recognized as a leader in benefit plan administration, with a reputation of providing quality service to many Fortune 500 companies.

Fund Changes

On November 20, the Fidelity Freedom™ Funds will replace the Vanguard LifeStrategy® Funds. These new funds invest in a wide variety of underlying Fidelity mutual funds to provide you with broader diversification. And speaking of diversification – all investment funds will now be listed by asset class in order of risk factor – from the least risky to the most risky.

YOUR ACCOUNT BALANCE WILL MOVE
FROM THESE INVESTMENT OPTIONS:

TO THESE OPTIONS WITH SIMILAR
INVESTMENT OBJECTIVES:

*Vanguard LifeStrategy Conservative Growth	➔	Fidelity Freedom 2000
Vanguard LifeStrategy Moderate Growth	➔	Fidelity Freedom 2010
Vanguard LifeStrategy Growth Portfolio	➔	Fidelity Freedom 2020

*default fund

Loans, Withdrawals and Distributions

There may be a time when it is necessary for you to use a portion of your funds; so we've made it simpler for you to make withdrawals and take loans. There's an easy paperless process for in-service withdrawals and distributions (now offered on a daily basis). The loan administration fee will be \$35.

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New Website Features

- Personal Rate of Return
- Reduced Self-Directed Account (SDA) fees
- Retirement Report Card – coming soon
- **Password Hint** – No more hunting for that PIN; assign your own and use the hint to help you remember

A GREAT NEW FEATURE FOR ACTIVE EMPLOYEES

Will my finances support my long-term goals?

What funds should I invest in, and how much should I put in each fund?



In early December, Enron will offer you an online investment education and advice tool that will help turn your financial dreams into reality. The new mPower website will feature a personalized Retirement Report Card to help you quickly determine your financial readiness for the future. mPower is the nation's leading provider of online retirement planning advice. mPower takes the guesswork out of investing, and in just a few minutes can provide personalized and fund-specific answers to important questions.

**WATCH FOR MORE INFORMATION ON THIS
POWERFUL NEW FEATURE.**

What's THE SAME?

- The same great benefit
- Easy access through the web or voice response system
- Benefit service representatives to help you when you need personal assistance
- One phone number to remember for access to your benefits

EC000021562

IMPROVED SELF-DIRECTED ACCOUNT SERVICES

Hewitt Financial Services, in partnership with **CSFBdirect**, will replace **Charles Schwab as the brokerage firm providing this service**. Backed by Credit Suisse First Boston, CSFBdirect offers you a comprehensive line of brokerage products, including extended-hours trading and reduced commissions for online stock trades. However, there are some minor changes that you need to be aware of listed below.

Have a Current Schwab Account? READ ON!

At 3:00 PM CST on October 19, your Schwab Personal Choice Account will be frozen until 8:00 AM CST on November 20 when the transition period ends.

Don't Panic!

Your holdings as of market close on October 19 will NOT be liquidated! They will remain invested and moved **in kind** to CSFBdirect.

Schwab Mutual Funds No Longer Available

If you are invested in Schwab's family of mutual funds, you must choose an alternative investment before the transition period begins. If you do not choose an alternative, your funds will be liquidated and transferred to the Money Market Fund and will remain there until the transition period ends.

SDA Contribution Allocations No Longer Allowed

Effective November 20, all contribution allocations must be made among the core funds. If you have not changed your allocation by 3:00 PM CST on October 26, your funds will be allocated to the Fidelity Freedom 2000 Fund.



Current Schwab account holders will receive a Welcome Kit in November. For information visit www.hewitt.csfbdirect.com

To establish online access to your CSFBdirect account, you must call 1-800-890-3200 after November 12.

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TRANSITION ACTION ITEMS

Your fund
balances will
remain invested
during the
transition.

ask...

During the transition period, you will NOT have access to your funds. Your fund balances will remain invested in the market based on your fund choices as of 3:00 PM October 26. All activity must be completed by the dates shown below.

why...

Fund balances of approximately \$1.4 billion for 24,000 participants will be moved and balanced. Each record must be correct for every account, i.e. before-tax, after-tax, company match, etc. Once the records are balanced, investment returns and November payroll contributions will be added.

october
19
3:00 PM CST

Last Date For:

- Loan Requests
- In-Service Withdrawals & Distributions
- Hardship Withdrawals
- Loan Payoffs
- Rollovers into the Plan
- SDA Schwab Fund Liquidation

october
26
3:00 PM CST

Last Date For:

- Investment Fund Balance Transfers/Allocation Changes
- Contribution Rate Changes

november
20
8:00 AM CST

TRANSITION ENDS...

Savings Plan system
opens with all the
great new features!

EC000021564

No Excuses...

The Savings Plan is a great benefit provided by Enron. It allows you to save for the future by making contributions directly from your paycheck on a pre-tax basis—before any federal or state income taxes are deducted. The company match...it's like receiving free money!

For complete details on the Plan, refer to the Money-in-Motion guide on the Enron Intranet site or contact a Benefits Service Representative.

CONNECT

- 1 Internet**
Access your Savings Plan through
enron: benefits.enron.com
home: <http://resources.hewitt.com/enron>
- 2 Voice Response System**
Access your Savings Plan 24/7 by
calling (800) 332-7979, option 3.
Benefits Service Representatives are
available Monday through Friday,
8:30 AM to 5:00 PM CST.



EnronBenefits...*keeping pace with your lifestyle*

2001

EC000021565

Rath, Mikie

From: Enron Announcements/Corp/Enron@ENRON on behalf of Corporate Benefits@ENRON
Sent: Tuesday, October 16, 2001 11:10 PM
To: All Enron Employees United States Group@ENRON
Subject: To: All Domestic Employees who Participate in the Enron Corp. Savings Plan

Mark your calendar--
the Enron Corp. Savings Plan is moving to a new administrator!

In preparation, here are a few things you need to remember.

For All Savings Plan participants, Friday, October 19 at 3:00pm CST will be the last day to:

- Request a loan or a loan payoff so that funds can be allocated or distributed in time.
- Request a withdrawal (In-service or Hardship).

For SDA Participants, Friday, October 19 at 3:00pm CST will be your last day to:

- Make trades in your Schwab SDA brokerage account so that we can move your holdings in-kind.
- Re-invest any Schwab mutual funds into your choice of funds - the default will be your money market fund.

Other transactions, such as Contribution Rate Changes and Investment Fund Transfers, will continue until 3:00pm CST on October 26.

EnronBenefits... *keeping pace with your lifestyle.*

Rath, Mikie

From: Enron Announcements/Corp/Enron@ENRON on behalf of Corporate Benefits@ENRON
Sent: Monday, October 22, 2001 10:28 PM
To: All Enron Employees United States Group@ENRON
Subject: To: All Domestic Employees who Participate in the Enron Corp Savings Plan

October 26 is fast approaching!

Mark your calendar—
as the Enron Corp. Savings Plan moves to a new administrator!

As a Savings Plan Participant, **Friday, October 26 at 3:00pm CST** will be your last day to:

- Transfer Investment Fund Balances and make Contribution Allocation Changes
- Change your Contribution Rate for the November 15th payroll deductions
- Enroll if you were hired before October 1

TWO important reminders:

- Vanguard Lifestrategy investment options are being replaced with Fidelity Freedom funds and;
- Your funds will remain invested in the funds chosen as of 3:00pm CST until 8:00 am November 20.

At 8:00 am CST, November 20 the Savings Plan system re-opens with great new features.

Should you need assistance during the transition period, call ext. 3-7979 and press **Option 6**. This option will be available from **8:00am CST October 29 until 5:00pm CST November 19**.

Enron Benefits... *keeping pace with your lifestyle.*

From: Enron Announcements/Corp/Enron@ENRON on behalf of Corporate Benefits@ENRON
Sent: Thursday, October 25, 2001 11:44 PM
To: All Enron Employees United States Group@ENRON
Subject: IMPORTANT-To All Domestic Employees who Participate in the Enron Corp Savings Plan

If you are a participant in the Enron Corp. Savings Plan, please read this very important message.

We understand that you are concerned about the timing of the move to a new Savings Plan administrator and the restricted access to your investment funds during the upcoming transition period scheduled to take place beginning at 3:00PM CST on October 26 and ending at 8:00AM CST on November 20.

We have been working with Hewitt and Northern Trust since July. We understand your concerns and are committed to making this transition period as short as possible without jeopardizing the reconciliation of both the Plan in total or your account in particular.

Remember that the Enron Corp. Savings Plan is an investment vehicle for your **long-term** financial goals. The Enron plan will continue to offer a variety of investment opportunities with different levels of risk.

As always, we advise you to review your overall investment strategy and carefully weigh the potential earnings of each investment choice against its risk before making investment decisions that are aligned with your long-term financial plans and your risk tolerance.

For that reason, it is critical that ALL trades among your investment funds be completed by 3:00 PM CST Friday, October 26 before the transition period begins.

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Rath, Mikie

From: Enron Announcements/Corp/Enron@ENRON on behalf of Corporate Benefits@ENRON
Sent: Friday, October 26, 2001 11:58 AM
To: All Enron Employees United States Group@ENRON
Subject: DRAFT- FINAL REMINDER- To All US Employees who Participate in the Enron Savings Plan

Final Reminder

If you are a participant in the Enron Corp. Savings Plan, all trades among your investment funds must be completed by **3:00 PM CST Friday, October 26.**

The makeup of your investment funds in the Savings Plan at 3:00 p.m., October 26, will reflect your investment decision for the duration of the transition period.

Rath, Mikie

From: Enron Announcements/Corp/Enron@ENRON on behalf of Corporate Benefits@ENRON
Sent: Wednesday, November 14, 2001 9:07 PM
To: All Enron Employees United States Group@ENRON
Subject: SAVINGS PLAN TRANSITION PERIOD ENDS For All Employees who Participate in the Enron Corp Savings Plan

The Savings Plan Transition Period Ends Early!

We have been working closely with Hewitt Associates to get you access to your Savings Plan account before November 20 and are pleased to announce that the internet site went live as of 8:00 AM yesterday morning, November 13.

Log on to benefits.enron.com and check out the new website - you will enjoy the new features.

Once again, we have appreciated your patience during the transition period.

EnronBenefits . . . *keeping pace with your lifestyle.*