



Enron

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News Release

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ENRON EXPLAINS BASIC FACTS ABOUT ITS 401K SAVINGS PLAN

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HOUSTON – Enron Corp. (NYSE: ENE) today explained basic facts about its 401K savings plan. This explanation is being provided to correct numerous inaccurate news reports and statements from plaintiffs' attorneys over the past several days.

- When companies change the administrator of a 401K program, a temporary shutdown, typically lasting several weeks, is required to allow employee account information to be accurately and completely transferred to the new administrator.
- In February of 2001, in order to improve its 401K plan, Enron requested proposals from third-party benefits firms to take over administration of its plan.
- After selecting a new 401K administrator, Enron notified all affected employees in a mailing to their homes on October 4, stating that a transition period would begin on October 29. Between the first notification and the first day of the transition period, the company sent several reminders to employees over the internal e-mail system.
- The transition period during which employees were unable to change investments in their 401K accounts lasted just **10 total trading days**, beginning on October 29 and ending on November 12, 2001. The transition applied to all plan participants, including senior executives.
- From October 29, the first day of the temporary shutdown, through November 13, the first day participants could transfer funds, the Enron share price went from \$13.81 to \$9.98, a drop of \$3.83. On five of those trading days, Enron's share price closed **below** \$9.98.

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- Outside of the brief transition period, Enron employees have always been able to transfer **their own contributions** in the 401K, at any time. They have 20 investment options to choose from, Enron stock being one of them.
- Until recently, the company provided a 50% match on employees' 401K contributions of up to six percent of their base pay. The match comes from Enron holdings. As is the case with most company matching programs, the match was provided in company stock.
- As is also the case in many company 401K programs, until recently, stock holdings **from the company match** could not be transferred into other investment options until the employee reached age 50.

Enron markets electricity and natural gas, delivers energy and other physical commodities, and provides financial and risk management services to customers around the world. Enron's Internet address is www.enron.com. The stock is traded under the ticker symbol "ENE."

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