

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

LJM2 Co-Investment, L.P.

Debtor.

Chapter 11

Case No. 02-38335-SAF

The Regents of the University of California,

Plaintiff,

v.

LJM2 Co-Investment, L.P.,

Defendant.

Adversary No.03-03532-SAF

**NOTICE OF PENDENCY OF BANKRUPTCY CLASS ACTION, PROPOSED FINAL DISMISSAL
AND ALLOWANCE OF CLAIM IN LJM2 CHAPTER 11 CASE**

TO: (I) ALL PERSONS (EXCLUDING DEFENDANTS IN THE NEWBY CLASS ACTION AND MEMBERS OF THEIR IMMEDIATE FAMILIES, ANY OFFICER, DIRECTOR OR PARTNER OF ANY DEFENDANT IN THE NEWBY CLASS ACTION, ANY ENTITY IN WHICH A DEFENDANT IN THE NEWBY CLASS ACTION HAS A CONTROLLING INTEREST AND THE HEIRS OF ANY SUCH EXCLUDED PARTY) WHO PURCHASED THE PUBLICLY TRADED EQUITY AND DEBT SECURITIES OF ENRON CORPORATION BETWEEN OCTOBER 19, 1998 AND NOVEMBER 27, 2001 (THE "CLASS PERIOD"), AND (II) ALL STATES OR POLITICAL SUBDIVISIONS THEREOF OR STATE PENSION PLANS THAT PURCHASED FROM THE NEWBY CLASS ACTION DEFENDANTS ENRON'S 6.40% NOTES DUE 7/15/06 OR 6.95% NOTES DUE 7/15/28, AND THAT AUTHORIZE THE PROSECUTION OF THEIR CLAIM PURSUANT TO THE TEXAS SECURITIES ACT (herein "Bankruptcy Class"))

This Notice of Pendency of Bankruptcy Class Action, Proposed Final Dismissal and Allowance of Claim in the Chapter 11 case of LJM2 Co-Investment L.P. (the "Notice") is given pursuant to Rule 7023 of the Federal Rules of Bankruptcy Procedure and Rule 23 of the Federal Rules of Civil Procedure to inform you that:

1. Nature of Action and Class Claims/Issues. The Regents of the University of California, as Lead Plaintiff in the Newby Class Action ("The Regents") and purportedly on behalf of claimants in the Newby Class Action pending in the U.S. District Court for the Southern District of Texas, civil action no. H-01-3624 (consolidated) ("Newby Class Action"), filed certain proofs of claim ("Proof of Claim") in the LJM2 Co-Investment L.P. ("LJM2") Chapter 11 proceeding (case no. 02-38335-SAF) pending in the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division ("Bankruptcy Court") and adversary proceeding no. 03-03532 ("Adversary Proceeding") against the LJM2 Trust, successor to LJM2, relating to damages allegedly suffered by the claimants. In general, through the Proof of Claim and in the Adversary Proceeding, The Regents allege that LJM2 participated with Enron Corp. to defraud Enron's public investors comprising the Bankruptcy Class, and allege violations of §10(b) of the Securities & Exchange Act and SEC Rule 10b-5. LJM2 and the LJM2 Trust have denied any liability for any such claims;

2. Definition of Certified Class and Final Hearing. By order entered April 9, 2004, the Bankruptcy Court preliminarily certified a class of plaintiffs under Bankruptcy Rule 7023(b)(3) in the Adversary Proceeding consisting of all persons in the Bankruptcy Class defined above. The Bankruptcy Court has also set a hearing relating to the final allowance of the Proof of Claim, entry of a Final Order of Dismissal of the Adversary Proceeding, and final certification of the Bankruptcy Class for the purposes of dismissal of the Adversary Proceeding, for July 7, 2004, at 9:30 a.m. (Central time) (the "Bankruptcy Hearing Date") in Courtroom #3,

United States Bankruptcy Court, Earl Cabell Building, U.S. Courthouse, 1100 Commerce Street - Room 1254, Dallas, Texas;

3. Opportunity to Request Exclusion; Binding Effect of Dismissal/Judgment. If you are a member of the Bankruptcy Class and if you do not wish to be included in the Bankruptcy Class and do not wish to participate in the cash distributions received in connection with the Proof of Claim described in this Notice, you may request to be excluded from the Bankruptcy Class. To request to be excluded in accordance with the preceding sentence, you must send a signed, written request to be excluded, postmarked no later than June 21, 2004 and addressed as follows:

LJM2 Bankruptcy Class Proof of Claim
c/o Gilardi & Co. LLC
P.O. Box 808055
Petaluma, CA 94975-8055

To be excluded from the Bankruptcy Class, you must set forth in the request (i) the name of this action (*In re LJM2 Co-Investment L.P.*, case no. 02-38335, adversary no. 03-3532); (ii) your name, address and telephone number; (iii) state that you "request exclusion from the Bankruptcy Class in *In re LJM2 Co-Investment L.P.*, case no. 02-38335, adversary no. 03-3532"; (iv) whether you believe that you are a member of the Bankruptcy Class; (v) the number of shares of publicly traded securities and debt of Enron that you purchased and sold during the Class Period (as defined above) and the prices at which the shares and debt were purchased and sold; and (vi) the name and address of the record owner of such shares and debt if different from your own. If you validly request exclusion from the Bankruptcy Class (a) you will be excluded from the Bankruptcy Class, (b) you will not share in the proceeds of any distributions from the LJM2 Trust made on account of the Proof of Claim described herein, (c) you will not be bound by any judgment or dismissal entered in the Adversary Proceeding, and (d) you will not be precluded, by reason of your decision to request exclusion from the Bankruptcy Class, from otherwise prosecuting an individual claim, if timely and otherwise valid, against LJM2 based on the matters complained of in the Adversary Proceeding. Please be advised that the bar date for filing proofs of claim against LJM2 set by the Bankruptcy Court has expired, and that LJM2 will take the position that any member of the Bankruptcy Class that requests exclusion from the Bankruptcy Class will be barred and prohibited from asserting a valid individual claim against LJM2 and the LJM2 Trust under the Bankruptcy Code and applicable law. In the event a member of the Bankruptcy Class requests exclusion from the class and attempts to assert an individual claim against LJM2 or the LJM2 Trust, the Bankruptcy Court, after notice to such member and hearing, will determine whether such member is barred and prohibited from asserting a valid individual claim against LJM2 and the LJM2 Trust. If you are a member of the Bankruptcy Class and do not timely and properly request exclusion, you will be bound by the terms of the Final Order of Dismissal and Allowance of Claim upon entry of such Order by the Bankruptcy Court in the Adversary Proceeding. If you are a member of the Bankruptcy Class, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense, provided that such counsel must file an appearance on your behalf in the Bankruptcy Court on or before June 21, 2004, and must serve copies of such appearance on the attorneys listed herein. If you do not enter an appearance through counsel of your own choosing, you will be represented in the Adversary Proceeding by the Class Counsel described herein;

4. Relief Requested; Objection Date. The Regents are seeking allowance of the Proof of Claim in the sum of \$220 million on behalf of the Bankruptcy Class, and entry of a Final Order of Dismissal with prejudice that will be binding upon all members of the Bankruptcy Class. A copy of the proposed Final Order of Dismissal and Allowance of Claim may be obtained from the following Newby Class Action website: www.enronfraud.com. On the Bankruptcy Hearing Date, The Regents will ask the Bankruptcy Court to approve the final allowance of the Proof of Claim in the amount of \$220 million, and certify the Bankruptcy Class only for purposes of the LJM2 Chapter 11 case, allowance of the Proof of Claim, and entry of the Final Order of Dismissal of the Adversary Proceeding against LJM2 and the LJM2 Trust in the LJM2 Chapter 11 case. The Bankruptcy Court has reserved the right to adjourn the Bankruptcy Hearing Date without further notice to the Bankruptcy Class, and approve the Final Dismissal Order with such modifications as may be agreed to by The Regents and the LJM2 Trust on or after the Final Hearing Date, without further notice. Any objection to the allowance of the Proof of Claim and the Final Order of Dismissal must be in writing and must be filed with the Bankruptcy Court and received by Class Counsel (Craig P. Rieders, Esq., Genovese Joblove & Battista PA, Bank of America Tower, 100 SE 2nd Street, 36th Floor, Miami, Florida 33131, fax: (305) 349-2310 and Helen J. Hodges, Esq., Lerach Coughlin Stoia & Robbins LLP, 401 B Street, Suite 1700, San Diego, California 92101-4297, fax: (619) 231-7423) and counsel for LJM2 and the LJM2 Trust (H. Christopher Mott, Esq., Gordon & Mott P.C., 4695 N. Mesa St., El Paso, Texas 79912, fax: (915) 545-4433 and Susan F. DiCicco, Esq., King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036, fax: (212) 556-2222), on or before June 21, 2004;

THE ALLOWANCE OF THE PROOF OF CLAIM AND DISMISSAL OF THE ADVERSARY PROCEEDING IN THE LJM2 CHAPTER 11 CASE ONLY AFFECTS YOUR RIGHTS AS AGAINST LJM2 AND THE LJM2 TRUST, WHICH RIGHTS ARE GOVERNED BY THE LJM2 PLAN; and

5. Impact of Allowance of Proof of Claim. Following entry of the Final Order of Dismissal and allowance of the Proof of Claim, and pursuant to LJM2's confirmed First Amended Liquidating Plan of Reorganization as modified (herein "LJM2 Plan"), The Regents, on behalf of the Bankruptcy Class, will recover its pro-rata percentage of the funds available to pay Class 3 creditors whose claims were allowed in the LJM2 Chapter 11 case. If the Proof of Claim is finally allowed by the Bankruptcy Court at \$220 million, then the distributions made by the LJM2 Trust on account of the Proof of Claim for the benefit of the Bankruptcy Class will be no more than 2/3 of the assets of the LJM2 Trust. The assets of the LJM2 Trust consist of cash and other assets of uncertain value. Based on information currently available, The Regents believe that it will recover approximately 9% of the \$220 million Proof of Claim on behalf of the Bankruptcy Class. This percentage could increase or decrease depending upon the ultimate disposition and liquidation of the assets of the LJM2 Trust and the ultimate amount of claims allowed by the Bankruptcy Court under the LJM2 Plan. The final allowance of the Proof of Claim would result in a cash payment(s) from the LJM2 Trust, to Class Counsel who is Lead Counsel for The Regents, that will be held for the benefit of the Bankruptcy Class. Distribution of funds received by Class Counsel to the members of the Bankruptcy Class will be subject to deduction for attorneys' fees, costs and expenses of Class Counsel as approved by the District Court in the Newby Class Action, which amount of fees, costs, and expenses, cannot, at this time be estimated. After further notice to the Bankruptcy Class and an opportunity to be heard, the funds held by Class Counsel on account of the Proof of Claim will be distributed to the members of the Bankruptcy Class as directed by the District Court in the Newby Class Action. In the future, members of the Bankruptcy Class will be sent a proof of claim form to establish their claims against the funds held by Class Counsel for the benefit of the Bankruptcy Class. At this time, it is not possible to accurately predict the timing or amount of distributions by the LJM2 Trust on account of the Proof of Claim, or the resulting distributions to members of the Bankruptcy Class.

If you have any questions about this Notice, please write to either one of the following Class Counsel: Keith F. Park, Esq., Helen J. Hodges, Esq., Lerach Coughlin Stoia & Robbins LLP, 401 B Street, Suite 1700, San Diego, California 92101-4297; or Craig P. Rieders, Esq., Genovese Joblove & Battista PA, Bank of America Tower, 100 SE 2nd Street, 36th Floor, Miami, Florida 33131.

DO NOT CONTACT THE COURT REGARDING THIS NOTICE

Dated: May 6, 2004

**BY ORDER OF THE COURT
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**