CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
FILED
02/04/05
MICHAEL N. MILBY, CLERK
N.2.pp

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
ENTERED
FEB 7 2005
Michael N. Milby, Clerk of Court

In re ENRON CORPORATION SECURITIES LITIGATION	
This Document Relates To: MARK NEWBY, *et al.*, Individually and on Behalf of All Others Similarly Situated, Plaintiffs, vs. ENRON CORP., *et al.* Defendants.	Civil Action No. H-01-3624 (Consolidated)
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, *et al.*, Individually and On Behalf of All Others Similarly Situated, Plaintiffs, vs. KENNETH L. LAY, *et al.*, Defendants.	
WASHINGTON STATE INVESTMENT BOARD, et al., individually and on behalf of all others similarly situated, Plaintiffs, vs. KENNETH L. LAY, *et al.* Defendants.	Civil Action No. H-02-3401

ORDER PRELIMINARILY APPROVING SETTLEMENT

WHEREAS, consolidated class actions are pending before this Court, including *In re Enron Corporation Securities Litigation,* Civil Action No. H-01-3624, which includes, among others, cases entitled *Newby, et al., v. Enron Corp., et al.*; *The Regents of the University of California, et al., v. Kenneth L. Lay, et al.*; *Washington State Investment Board and Employer-Teamsters Local Nos. 175 and 505 Pension Trust Fund, et al., v. Kenneth L. Lay, et al.*; *The Regents of the University of California v. Royal Bank of Canada, et al.*; *The Regents of the University of California v. Milbank Tweed, et al.*; *The Regents of the University of California v. Toronto Dominion Bank, et al.*, and

WHEREAS, the Settling Parties have applied to the Court, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order approving the settlement of the Actions as to them in accordance with the Stipulation of Settlement among them dated as of October 27, 2004 (the "Stipulation"), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed settlement of the Actions as to Lehman (the "Settlement") and for dismissal of the Actions with prejudice as to Lehman upon the terms and conditions set forth in the Stipulation;

WHEREAS, the Stipulation provides for the conditional certification of the Settlement Class solely for purposes of the Settlement; and

WHEREAS, the Court has read and considered the Stipulation and the Exhibits annexed 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 Stipulation, and all capitalized terms used herein shall have the same meanings set forth in the Stipulation.

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

3. Solely for purposes of the Stipulation and the Settlement, the Court now finds and concludes that the requirements of Rule 23 of the Federal Rules of Civil Procedure are satisfied and hereby certifies the Settlement Class pursuant to Rule 23(b)(3) in accordance with the following definition as set forth in the Stipulation: "Settlement Class" means all persons (and their beneficiaries) who purchased or acquired any Publicly Traded Securities of Enron between September 9, 1997 and November 27, 2001, inclusive, and including purchasers of all securities issued by Enron-related entities during the Settlement Class Period, the value or repayment of which was dependent on the credit, financial condition, or ability to pay of Enron. Excluded from the Settlement Class are Defendants, the officers and directors of Enron, and members of their immediate families or their successors, heirs, and legal representatives. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class, to the extent that they are able to do so under Rule 23 of the Federal Rules of Civil Procedure. Notwithstanding anything in the Stipulation or any other document to the contrary, the exclusion from the Settlement Class of Defendants shall not include Defendants who purchased or acquired any publicly traded equity or debt securities of Enron in a representative capacity, such as trustee, agent, custodian or otherwise, on behalf of Persons who are or were neither Defendants, officers or directors of Enron, nor members of their immediate families or their successors, heirs and legal representatives.

4. Solely for purposes of the Stipulation and the Settlement, the Representative Plaintiffs are hereby certified as the class representatives pursuant to Rule 23(b)(3) of the Federal Rules of Civil Procedure.

5. The certification of the Settlement Class shall be binding only with respect to the settlement of the Actions and only if the Judgment contemplated by the Stipulation becomes Final and the Effective Date occurs. If, for any reason, the Stipulation is terminated, or the Effective Date for any reason does not occur, the certification of the Settlement Class shall automatically be vacated, *nunc pro tunc*. In such case, neither the Stipulation nor any order of this Court certifying the Settlement Class will be binding on any of the Settling Parties, the Actions shall proceed as though the Settlement Class had never been certified, and Lehman may oppose and assert all objections to certification of any class or subclass sought by any party to the Actions.

6. The Court approves, as to form and content, the Notice of Pendency and Partial Settlement of Class Action annexed hereto as Exhibit A-1 (the "Mailed Notice").

7. The Court approves, as to form and content, the Summary Notice for Publication annexed hereto as Exhibit A-2 (the "Summary Notice").

8. The date and time of the Settlement Hearing shall be added to the Mailed Notice and the Summary Notice before they are mailed and published, respectively, in accordance with¶10, below.

9. The Court finds that the mailing, publication and distribution of the Mailed Notice and Summary Notice substantially in the manner and form set forth, 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 Rule 23 of the Federal Rules of Civil Procedure and due process.

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

(a) Commencing on or before February 14, 2005 the Notice and Claims Administrator shall mail or cause to be mailed, by first class mail, postage prepaid, copies of the Mailed Notice to all Settlement Class Members who can be identified by Plaintiffs' Settlement Counsel with reasonable effort at each such Settlement Class Member's last known address; and

(b) On or before February 28, 2005 the Notice and Claims Administrator shall cause the Summary Notice to be published twice in *Investor's Business Daily* and twice in the *Houston Chronicle*.

11. At or prior to the Settlement Hearing (as defined below), Plaintiffs' Settlement Counsel shall file with the Court and serve on counsel for Lehman proof by declaration or affidavit of the mailing and publication described in ¶ 10, above.

12. Banks, brokerage firms, institutions, and other Persons who are nominees that purchased Publicly Traded Securities of Enron for the beneficial interest of other Persons during the Settlement Class Period shall, within ten (10) calendar days of receiving the Mailed Notice (a) send the Mailed Notice to all such beneficial owners, or (b) if they have not already done so in connection with the settlement with Andersen Worldwide Societe Cooperative ("AWSC"), send a list of the names and addresses of such beneficial owners to the Notice and Claims Administrator, in which event the Notice and Claims Administrator shall promptly mail the Mailed Notice to such beneficial owners. The Mailed Notice will advise such nominees that their reasonable costs in providing the Mailed Notice to such beneficial owners, to the extent not already reimbursed in connection with the prior settlement with AWSC, will be reimbursed by Plaintiffs' Settlement Counsel from the Gross Settlement Fund.

13. Settlement Class Members who wish to exclude themselves from the Settlement Class must do so in accordance with the instructions contained in the Mailed Notice.

14. Unless otherwise ordered by the Court, all Persons who fall within the definition of the Settlement Class and who do not timely and validly request to be excluded from the Settlement Class in accordance with the instructions set forth in the Mailed Notice shall be subject to and bound by the provisions of the Stipulation, the releases contained therein, and the Judgment with respect to all Released Claims, regardless of whether such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim and Release or any similar document, any distribution from the Gross Settlement Fund or the Net Settlement Fund.

15. A hearing (the "Settlement Hearing") shall be held on April 11, 2005 at 10:00 a.m., 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 as set forth in the Stipulation is fair, reasonable and adequate and should be approved by the Court; (b) whether an Order of Final Judgment and Dismissal, substantially in the form of Exhibit B to the Stipulation, should be entered herein; and (c) whether the establishment of the Expense Fund should be approved.

16. All papers in support of the Settlement shall be filed at least seven (7) days prior to the Settlement Hearing.

17. Any Settlement Class Member may appear and show cause (if he, she or it has any) why the Court should or should not (a) approve the proposed Settlement as set forth in the Stipulation as fair, reasonable and adequate; (b) enter the Judgment substantially in the form annexed as Exhibit B to the Stipulation; or (c) approve the establishment of the Expense Fund; provided, however that no Person shall be heard with respect to, or shall be entitled to contest, the foregoing matters unless on or before March 28, 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

therefor, together with copies of any papers and briefs in support of said objections and proof of membership in the Settlement Class, upon William S. Lerach, Keith F. Park and Helen J. Hodges, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 401 B Street, Suite 1700, San Diego, California 92101 (on behalf of the Representative Plaintiffs); and upon Robert C. Micheletto, Jones Day, 222 East 41st Street, New York, New York 10017 (on behalf of Lehman); and has filed said objections, papers and briefs with the Court. 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 foreclosed from making any objection to the foregoing matters.

18. The Court may adjourn and/or continue the Settlement 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 Settlement 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 the Judgment, *inter alia*, dismissing the Actions with prejudice as to Lehman as provided for by the Stipulation at or after the Settlement Hearing and without further notice to the Settlement Class.

19. The Settlement Amount and any accrued interest thereon held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation, further notice to the Settlement Class and/or further order(s) of the Court.

20. Upon the Effective Date, the Representative Plaintiffs and each Settlement Class Member, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, and regardless of whether any such Representative Plaintiff or Settlement Class Member ever seeks or obtains by any means, including, without

limitation, by submitting a Proof of Claim and Release, any distribution from the Gross Settlement Fund, 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 Lehman and shall have covenanted not to sue Lehman with respect to all such Released Claims, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting any such Released Claim against Lehman.

21. Except as otherwise provided in the Stipulation, no Person other than a Settlement Class Member or counsel for one or more of the Representative Plaintiffs shall have any rights to any portion of the Gross Settlement Fund.

22. Neither the Stipulation nor the settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claims, of any allegation made in the Actions, or of any wrongdoing or liability of Lehman; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault or omission of Lehman in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Neither the Stipulation nor the settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement shall be admissible in any proceeding for any purpose, except to enforce the terms of the settlement, and except that Lehman may file this Stipulation and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

23. All reasonable costs and expenses incurred in identifying and providing notice to Settlement Class Members and in administering the Gross Settlement Fund shall be paid as set forth in the Stipulation.

24. The Court retains jurisdiction over all proceedings arising out of or related to the Stipulation and/or the Settlement.

25. If for any reason the Settlement does not become effective in accordance with the terms of the Stipulation, this Preliminary Approval Order shall be rendered null and void and shall be vacated, *nunc pro tunc*, and the provisions of¶7.5 of the Stipulation shall apply.

26. 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 Stipulation.

27. Pending final determination as to whether the Settlement as set forth in the Stipulation should be approved, no Settlement Class Member (except for one that currently has an individual action pending against Lehman) shall commence, prosecute, pursue or litigate any Released Claim against Lehman, whether directly, representatively or in any other capacity, and regardless of whether or not any such Settlement Class Member has appeared in the Actions.

IT IS SO ORDERED.

DATED: 02/04/05

THE HONORABLE MELINDA HARMON
UNITED STATES DISTRICT JUDGE

S:\Settlement\Enron.Set\Lehman Settlement\DLI_5885571_v3_Exhibit A - Proposed Order Preliminarily Approving Settlement.DOC

PRINTED ON PAPER MADE FROM 30% POST CONSUMER CONTENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re ENRON CORPORATION SECURITIES LITIGATION	
This Document Relates To: MARK NEWBY, *et al.*, Individually and on Behalf of All Others Similarly Situated, Plaintiffs, vs. ENRON CORP., *et al.* Defendants.	Civil Action No. H-01-3624 (Consolidated)
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, *et al.*, Individually and On Behalf of All Others Similarly Situated, Plaintiffs, vs. KENNETH L. LAY, *et al.*, Defendants.	
WASHINGTON STATE INVESTMENT BOARD, *et al.*, individually and on behalf of all others similarly situated, Plaintiffs, vs. KENNETH L. LAY, *et al.* Defendants.	Civil Action No. H-02-3401

NOTICE OF PENDENCY AND PARTIAL SETTLEMENT OF CLASS ACTION

EXHIBIT A-1

TO ALL PERSONS WHO PURCHASED OR ACQUIRED ANY PUBLICLY TRADED EQUITY OR DEBT SECURITIES OF ENRON CORPORATION (INCLUDING ALL SECURITIES ISSUED BY ENRON-RELATED ENTITIES, THE VALUE OR REPAYMENT OF WHICH WAS DEPENDENT ON THE CREDIT, FINANCIAL CONDITION, OR ABILITY TO PAY OF ENRON CORPORATION) ("PUBLICLY TRADED SECURITIES" AS SPECIFICALLY DEFINED BELOW) DURING THE PERIOD FROM SEPTEMBER 9, 1997 THROUGH AND INCLUDING NOVEMBER 27, 2001

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THESE ACTIONS WITH RESPECT TO LEHMAN AND, IF YOU ARE A SETTLEMENT CLASS MEMBER, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT AS FURTHER DESCRIBED BELOW.

EXCLUSION DEADLINE: REQUESTS FOR EXCLUSION MUST BE FILED SO AS TO BE RECEIVED NO LATER THAN _____, 2005. SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE THE INSTRUCTIONS ON PAGE ____ BELOW.

This Notice of Pendency and Partial Settlement of Class Action (the "Notice") is given pursuant to Rule 23 of the Federal Rules of Civil Procedure to inform you of the proposed settlement of these Actions with respect to Lehman (the "Settlement") and the hearing (the "Settlement Hearing") to be held by the United States District Court for the Southern District of Texas (the "Court") to consider the fairness, reasonableness and adequacy of the Settlement as set forth in the Stipulation of Settlement among the Representative Plaintiffs and Lehman (as further defined below), dated as of October 27, 2004 (the "Stipulation"), on file with the Court. All capitalized terms not defined prior to their use in this Notice have the meanings set forth in Section VIII, below.

I. STATEMENT OF PLAINTIFFS' RECOVERY

The Settlement will result in the creation of a cash settlement fund in the aggregate principal amount of Two Hundred Twenty-Two Million Five Hundred Thousand Dollars ($222,500,000) plus any interest that may accrue thereon (the "Gross Settlement Fund"), which, subject to deduction for costs of notice and administration and certain taxes and tax related expenses and for attorneys' fees, costs and expenses as approved by the Court (the "Net Settlement Fund"), will be available for distribution to Settlement Class Members. As described more fully below, the distribution to Settlement Class Members of the Net Settlement Fund will depend on future Court proceedings and it is therefore not possible to specify the details of any such distribution at the present time. *See* Section XI.

II. STATEMENT OF POTENTIAL OUTCOME

Representative Plaintiffs and Lehman do not agree on the amount of damages that would have been recoverable from Lehman if Representative Plaintiffs were to have prevailed on each claim asserted. The issues on which the parties disagree include: (1) whether Lehman engaged in conduct that would give rise to any liability to the Settlement Class under the federal securities laws, Texas state statutory or common law, or any other laws; (2) whether Lehman has valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the Publicly Traded Securities were allegedly artificially inflated (if at all) during the Settlement Class Period; (4) the amount by which the Publicly Traded Securities were allegedly artificially inflated (if at all) during the Settlement Class Period; (5) the effect of various market forces influencing the trading price of Publicly Traded Securities at various times during the Settlement Class Period; (6) the extent to which external factors, such as general market conditions, influenced the trading price of Publicly Traded Securities at various times during the Settlement Class Period; (7) the extent to which the various matters that

Representative Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Publicly Traded Securities at various times during the Settlement Class Period; (8) the extent to which the various allegedly adverse material facts that Representative Plaintiffs alleged were omitted influenced (if at all) the trading price of the Publicly Traded Securities at various times during the Settlement Class Period; (9) whether the statements made or facts allegedly omitted were false, material or otherwise actionable under the federal securities or other laws; and (10) whether purchasers of the Publicly Traded Securities during the Settlement Class Period are entitled to recover any damages from Lehman.

III. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT

At a future date, upon further notice to the Settlement Class, counsel for the Representative Plaintiffs will apply to the Court for an award of attorneys' fees from the Gross Settlement Fund. No attorneys' fees are being sought at this time. However, the Stipulation provides for the allocation of up to Twenty-Two Million Two Hundred Fifty Thousand Dollars ($22,250,000) (the "Expense Fund") of the Gross Settlement Fund for reimbursement of expenses incurred and expected to be incurred by Plaintiffs' Settlement Counsel in prosecuting the Actions. The Court will be asked to approve the establishment of the Expense Fund at the Settlement Hearing.

IV. REASONS FOR SETTLEMENT

The Representative Plaintiffs and their counsel believe that this Settlement is fair, reasonable and adequate to the Members of the Settlement Class. The Representative Plaintiffs and their counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of the Representative Plaintiffs' claims against Lehman and Lehman's defenses to those claims, the fact that Lehman has been dismissed from certain of the Actions by Court Order dated December 20, 2002, the uncertainties of this complex litigation,

and the benefit provided by the Settlement to the Members of the Settlement Class. *See* Section VI.

V. IDENTIFICATION OF ATTORNEYS' REPRESENTATIVES

Any questions regarding the Settlement should be directed to Plaintiffs' Settlement Counsel or their staff:

Rick Nelson
LERACH COUGHLIN STOIA GELLER RUDMAN & ROBBINS LLP
401 B Street, Suite 1700
San Diego, CA 92101-4297

VI. BACKGROUND OF THE LITIGATION

Lehman has been named as a defendant in the *Newby* and *WSIB* Actions. Lehman moved to dismiss the *Newby* Action on the ground that the complaint failed to state a claim upon which relief could be granted because plaintiffs failed to allege facts that would sustain a claim that Lehman engaged in any actionable conduct. On December 20, 2002, the Court granted Lehman's motion to dismiss all claims against it asserted against it under the Securities Exchange Act of 1934 (the "1934 Act"). Lehman contends that this ruling necessarily requires dismissal of any 1934 Act claims that might be pursued against Lehman in the Actions or in any of the other consolidated and coordinated actions. In the December 20, 2002 Order, the Court denied Lehman's motion to dismiss the claims for violation of §11 and 15 of the Securities Act of 1933 (the "1933 Act") and Article 581-33 of the Texas Securities Act.

When plaintiffs filed the First Amended Consolidated Complaint ("FACC") in May 2003, they again asserted claims for violations of §10(b) and 20(a) of the 1934 Act, as well as those for violations of §11 and 15 of the 1933 Act and of the Texas Securities Act. In addition, plaintiffs alleged claims for violations of § 12(a)(2) of the 1933 Act for purchasers of certain

securities referred to as the Foreign Debt Securities. Thereafter, the parties engaged in discovery regarding all claims alleged.

After reviewing information that came to light after the FACC was filed, the Lead Plaintiff concluded that it would no longer pursue the §10(b) and 20(a) claims that were alleged against Lehman in the FACC. Accordingly, the Lead Plaintiff notified the Court that it was withdrawing its opposition to Lehman's motion to dismiss the §10(b) and 20(a) claims in the FACC, and on February 4, 2004, the Court entered an order dismissing the §10(b) and 20(a) claims as to Lehman.

On March 31, 2004, the Court entered an order denying Lehman's motion to dismiss on statute of limitations grounds certain 1933 Act claims in the FACC and denying Lehman's motion to dismiss the claims under §12 and 15 of the 1933 Act and under Article 581-33 of the Texas Securities Act. Lehman filed a motion for reconsideration that was under submission at the time the settlement was agreed to in principle. Lehman's motion to dismiss the complaint in the *WSIB* Action was also under submission at that time.

VII. BACKGROUND OF THE SETTLEMENT

Counsel for the Representative Plaintiffs have conducted an investigation relating to the claims and underlying events alleged in the complaints. Counsel for the Representative Plaintiffs also have conducted considerable formal and informal discovery in the Actions and in related litigation and have analyzed the evidence obtained therein, and have researched the applicable law with respect to the claims alleged in the complaints and the potential defenses thereto.

The Representative Plaintiffs, by their counsel, have conducted arm's-length negotiations with counsel for Lehman with a view toward settling the issues in dispute and achieving the best result possible consistent with the interests of the Settlement Class.

Based upon their investigation, counsel for the Representative Plaintiffs have concluded that the terms of the Settlement as set forth in the Stipulation are fair, reasonable, and adequate to the Representative Plaintiffs and the Settlement Class, and in the best interest of the Representative Plaintiffs and the Settlement Class, and have agreed to settle the Actions as to Lehman pursuant to the terms and provisions of the Stipulation, after considering (i) the benefits that the Representative Plaintiffs and the Settlement Class will receive from the Settlement; (ii) the attendant risks of litigation; and (iii) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation.

Lehman believes that the claims asserted against it in the Actions have no merit, has denied and continues to deny each and all of the claims and allegations of wrongdoing made by the Representative Plaintiffs in the Actions and maintains furthermore that it has meritorious defenses. Lehman has expressly denied and continues to deny all charges of wrongdoing or liability against it arising out of any of the conduct, claims, acts, facts, transactions, events, occurrences, disclosures, statements, omissions or failures to act alleged or that could have been alleged, in the Actions, and Lehman vigorously contends that many of the factual allegations of the complaints relating to Lehman are materially inaccurate. Lehman also has denied and continues to deny, inter alia, the allegations that the Representative Plaintiffs or any Settlement Class Member were harmed by Lehman's conduct alleged in the Actions. Pursuant to the terms of the Stipulation, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession by Lehman with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

Nonetheless, Lehman has concluded that further conduct of the Actions would be protracted and expensive, and that it is desirable that the Actions be fully and finally settled in

the manner and upon the terms and conditions set forth in the Stipulation. Lehman also has taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Actions. Lehman has, therefore, determined that it is desirable and beneficial to it that the Actions be settled in the manner and upon the terms and conditions set forth in this Stipulation.

THIS NOTICE IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED AS, AN EXPRESSION OF ANY OPINION BY THE COURT WITH RESPECT TO THE TRUTH OF THE ALLEGATIONS IN THE ACTIONS OR THE MERITS OF THE CLAIMS OR DEFENSES ASSERTED. THIS NOTICE IS SOLELY TO ADVISE YOU OF THE PENDENCY OF THE ACTION AND THE PROPOSED SETTLEMENT THEREOF WITH RESPECT TO LEHMAN AND OF YOUR RIGHTS IN CONNECTION THEREWITH.

VIII. DEFINITIONS

As used in this Notice, the following terms have the meanings specified below. Any capitalized terms not specifically defined in this Notice shall have the meanings set forth for such terms in the Stipulation. In the event of any inconsistency between any definition set forth below or elsewhere in this Notice and any definition set forth in the Stipulation, the definition set forth in the Stipulation shall control.

1. "Actions" means the *Newby* Action, the *WSIB* Action, *The Regents of the University of California v. Royal Bank of Canada, et al.*, No. H-04-0087 (S.D. Tex.); *The Regents of the University of California v. Milbank Tweed, et al.*, No. H-04-0088 (S.D. Tex.); and *The Regents of the University of California v. Toronto-Dominion Bank, et al.*, No. 03-5528 (S.D. Tex.).

2. "Authorized Claimant" means any Settlement Class Member who, in accordance with the terms of the Stipulation, is entitled to a distribution from the Gross Settlement Fund pursuant to any Plan of Allocation or any order of the Court.

3. "Court" means the United States District Court for the Southern District of Texas, Houston Division.

4. "Defendants" means each and all of the defendants that have been or may be named in any of the complaints in the Actions.

5. "Effective Date" means the first date by which all of the events and conditions specified in¶7.1 of the Stipulation have occurred and have been met, respectively.

6. "Enron" means Enron Corporation and all of its past and present parents, subsidiaries, divisions, joint ventures, predecessors, successors, assigns, related or affiliated entities, and any entity in which any of them has or had a controlling interest.

7. "Expense Fund" means a principal amount not to exceed Twenty-Two Million Two Hundred Fifty Thousand Dollars ($22,250,000) plus any interest that may accrue thereon. The Expense Fund shall be paid from, and not in addition to, the Gross Settlement Fund.

8. "Judgment" means an order of judgment and dismissal generally approving the settlement to be rendered by the Court substantially in the form attached as Exhibit B to the Stipulation.

9. "Lead Plaintiff" means The Regents of the University of California.

10. "Lehman" means Lehman Brothers Holdings Inc. and Lehman Brothers Inc., along with their subsidiaries, affiliates, directors, officers, employees and agents, but excluding the Non-Settling Defendants in the Actions.

11. "*Newby* Action" means the action brought on behalf of all purchasers (and their beneficiaries) of any Publicly Traded Securities from October 19, 1998 through November 27, 2001, inclusive (excluding Defendants, the officers and directors of Enron, and members of their immediate families or their successors, heirs and legal representatives), proceeding as a consolidated action captioned *Newby, et al. v. Enron Corp., et al.*, No. H-01-3624 (S.D. Tex.).

12. "Non-Settling Defendants" means each and all of the current Defendants except Lehman.

13. "Notice and Claims Administrator" means Gilardi & Co. LLC or its successors.

14. "Person" means an individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and any spouses, heirs, predecessors, successors, representatives or assignees of any of the foregoing.

15. "Plaintiffs' Settlement Counsel" means Lerach Coughlin Stoia Geller Rudman & Robbins LLP (and any successors thereof), William S. Lerach, Keith F. Park, Helen J. Hodges, 401 B Street, Suite 1700, San Diego, California 92101.

16. "Plan of Allocation" means any plan or formula of allocation of the Gross Settlement Fund, to be approved by the Court upon further notice to the Settlement Class, whereby the Net Settlement Fund shall in the future be distributed to Authorized Claimants. Any Plan of Allocation is not part of the Stipulation, and Lehman shall have no responsibility or liability with respect thereto.

17. "Proof of Claim and Release" means the form to be sent to Settlement Class Members, upon further order(s) of the Court, by which any Settlement Class Member may make

claims against the Gross Settlement Fund for damages allegedly incurred by reason of their investment(s) in the Publicly Traded Securities.

18. "Publicly Traded Securities" means and includes, without limitation, Enron's publicly traded debt and equity securities (including without limitation Enron's common stock, 7% Exchangeable Notes, 6.4% Notes, 6.5% Notes, 6.625% Notes, 6.95% Notes, 7.375% Notes, 7.875% Notes, 8.375% Medium Term Notes and Zero Coupon Convertible Senior Notes) as well as preferred securities issued by Enron, including Enron Capital LLC 8% Cumulative Guaranteed Monthly Income Preferred Shares, Enron Capital Trust I Trust Originated Preferred Securities, Enron Capital Trust II Trust Originated Preferred Securities and Enron Capital Resources, L.P. 9% Cumulative Preferred Securities (collectively, the "Preferred Securities"), and foreign debt securities, including Osprey $1,400,000,000 8.31% Senior Secured Notes due 2003, Yosemite $750,000,000 8.25% Series 1999-A Linked Enron Obligations due 11/15/04, Yosemite£200,000,000 8.75% Series 2000-A Linked Enron Obligations due 2007, Enron Credit Linked $500,000,000 8% Notes due 8/15/05, Osprey $750,000,000 7.797% Senior Secured Notes due 01/15/03 and €315,000,000 6.375% Senior Secured Notes due 01/15/03, Enron Credit Linked Notes II $500,000,000 7.375% due 2006, Enron Euro Credit Linked Notes Trust €200,000,000 6.5% due 2006, Enron Sterling Credit Linked Notes Trust£125,000,000 7.25% due 2006 and Marlin Water Trust II and Marlin Water Capital Corp. II $475,000,000 6.31% Senior Secured Notes and €515,000,000 6.19% Senior Secured Notes (collectively, the "Foreign Debt Securities").

19. "Released Claim(s)" means any and all claims, demands, rights, liabilities or causes of action of any nature whatsoever, known or unknown, (including, but not limited to, "Unknown Claims," as defined in Section VIII. 26, below) that were or could have been brought

in the Actions against Lehman by any Representative Plaintiff or any Settlement Class Member (including all Texas Securities Act, 1933 Securities Act, 1934 Securities Exchange Act and common law claims) arising from both the purchase of any Publicly Traded Securities of Enron during the Settlement Class Period and all claims, acts, facts, transactions, occurrences, statements or omissions that were or could have been alleged in the Actions, except that the Settlement Class shall not release Lehman from any ERISA claim that was or could have been brought against Lehman on behalf of the class in the action styled *Tittle, et al. v. Enron Corp., et al.*, No. H-01-3913 (S.D. Tex.), or from the § 12(a)(2) claims asserted against Lehman in the *Newby* Action.

20. "Representative Plaintiffs" means the Lead Plaintiff in the *Newby* Action and the named plaintiffs in the Actions.

21. "Settlement Amount" means the principal amount of Two Hundred Twenty-Two Million Five Hundred Thousand Dollars ($222,500,000).

22. "Settlement Class" means all Persons (and their beneficiaries) who purchased or acquired any Publicly Traded Securities between September 9, 1997 and November 27, 2001, inclusive, and including purchasers of all securities issued by Enron-related entities during the Settlement Class Period, the value or repayment of which was dependent on the credit, financial condition, or ability to pay of Enron (*i.e.*, the Publicly Traded Securities). Excluded from the Settlement Class are Defendants, the officers and directors of Enron, and members of their immediate families or their successors, heirs, and legal representatives. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class, to the extent that they are able to do so under Rule 23 of the Federal Rules of Civil Procedure.

23. "Settlement Class Member(s)" means a Person who falls within the definition of the Settlement Class.

24. "Settlement Class Period" means the period commencing on September 9, 1997 through November 27, 2001, inclusive.

25. "Settling Parties" means, collectively, Lehman and the Representative Plaintiffs (on behalf of themselves and each of the Settlement Class Members).

26. "Unknown Claims" means any Released Claim that any Representative Plaintiff and/or Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of Lehman that if known by him, her or it, might have affected his, her or its settlement with and release of Lehman, or might have affected his, her or its decision not to object to this settlement or not to exclude himself, herself or itself from the Settlement Class. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Representative Plaintiffs shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived the provisions, rights and benefits of California Civil Code§ 1542 (to the extent it applies to the Actions), which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The Representative Plaintiffs shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived any and all

provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, that is similar, comparable or equivalent in effect to California Civil Code § 1542. The Representative Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true with respect to the subject matter of the Released Claims, but each Representative Plaintiff shall expressly have, and upon the Effective Date, each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Representative Plaintiffs acknowledge, and the Settlement Class Members shall be deemed to have acknowledged, and by operation of the Judgment shall have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

27. "*WSIB* Action" means the action brought on behalf of all purchasers of the Publicly Traded Securities of Enron from September 9, 1997 through October 18, 1998, inclusive (excluding Defendants, the officers and directors of Enron, and members of their immediate families or their successors, heirs and legal representatives), captioned *Washington State Investment Board, et al. v. Kenneth L. Lay, et al.*, No. H-02-3401 (S.D. Tex.).

IX. THE SETTLEMENT CLASS

By Order dated _____, 2005, the Court certified the Settlement Class pursuant to Rule 23(b)(3) of the Federal Rules of Civil Procedure, solely for the purpose of the

Settlement, and directed that this Notice be given to Members of the Settlement Class. If you fall within the definition of the Settlement Class set forth above at Section VIII. 22, then you are a Settlement Class Member.

X. THE RIGHTS OF SETTLEMENT CLASS MEMBERS

If you are a Settlement Class Member, you may receive the benefit from, and you will be bound by, the terms of the proposed Settlement described in Section XI of this Notice, upon approval of the proposed Settlement by the Court. If you are a Settlement Class Member, 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 on or before _____, 2005, and must serve copies of such appearance on the attorneys listed in Section XIV below. If you do not enter an appearance through counsel of your own choosing, you will be represented by Plaintiffs' Settlement Counsel.

If you are a Member of the Settlement Class and if you do not wish to be included in the Settlement Class and do not wish to participate in the proposed Settlement described in this Notice, you may request to be excluded with respect to all Released Claims.

To request to be excluded in accordance with the preceding paragraph, you must send a signed, written request to be excluded, postmarked no later than _____, 2005, and addressed as follows:

In re Enron Corporation Securities Litigation
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

You must set forth the name of this Action (*In re Enron Corporation Securities Litigation*, No. H-01-3624 (Consolidated)), your name, address and telephone number, and state that you "request exclusion from the Settlement Class in *In re Enron Corporation Securities Litigation*,

Civil Action No. H-01-3624 (Consolidated)." You must also set forth the number and type of shares of Publicly Traded Securities that you purchased and sold during the Settlement Class Period and the prices at which the shares were purchased and sold, along with the name and address of the record owner of such shares if different from your own.

No person or entity may exclude himself, herself, or itself from the settlement class after _____, 2005.

If you validly request exclusion from the Settlement Class (a) you will be excluded from the Settlement Class, (b) you will not share in the proceeds of the Settlement described herein, (c) you will not be bound by any judgment entered in the Actions insofar as such judgment relates to the Actions, and (d) you will not be precluded, by reason of your decision to request exclusion from the Settlement Class, from otherwise prosecuting an individual claim, if timely and otherwise valid, against Lehman based on the matters complained of in the Actions.

XI. TERMS OF THE PROPOSED SETTLEMENT

A settlement has been reached in the Actions between the Representative Plaintiffs and Lehman, the terms and conditions of which are set forth in the Stipulation and the Exhibits thereto. This Notice describes the proposed Settlement, but it is only a summary of its terms. You should refer to the text of the Stipulation, on file with the Court, for a full statement of all definitions and terms of this Settlement.

A. The Settlement Fund

The entire settlement fund (the "Gross Settlement Fund") consists of the aggregate principal amount of Two Hundred Twenty-Two Million Five Hundred Thousand Dollars ($222,500,000) in cash, plus interest thereon, that has been placed into an interest-bearing account pursuant to the terms of the Stipulation. The Stipulation provides for the establishment of an Expense Fund in the amount of Twenty-Two Million Two Hundred Fifty Thousand Dollars

($22,250,000), which shall be paid from, and not in addition to, the Gross Settlement Fund. the Settlement Hearing, the Court will be asked to approve the establishment of the Exper Fund. The Expense Fund will be used, subject to the Court's approval(s), to reimburs Plaintiffs' Settlement Counsel for the expenses that they have incurred and expect to incur in th prosecution of the Actions. A portion of the Gross Settlement Fund will also be used to pay fo this Notice as well as taxes and tax return preparation expenses regarding the interest earned on the Gross Settlement Fund.

After further notice to the Settlement Class and an opportunity to be heard, Plaintiffs' Settlement Counsel will seek approval by the Court of a Plan of Allocation that will govern the calculation of Settlement Class Members' claims against the Gross Settlement Fund and the distribution of the Net Settlement Fund to Settlement Class Members. In the future, Settlement Class Members will be sent a Proof of Claim and Release form to establish claims against the Gross Settlement Fund.

Because of the aggregate amount of damages that Plaintiffs' Settlement Counsel assert were suffered by the Settlement Class Members, it is not economically practicable or in the best interests of the Settlement Class to distribute the Net Settlement Fund at this time. Plaintiffs' Settlement Counsel anticipate that distributions to Settlement Class Members will occur in connection with additional recoveries against the remaining Defendants in the Actions.

B. Releases

If the proposed Settlement is approved by the Court, the Court will enter an order (the Judgment) and will dismiss the Actions with prejudice as to Lehman. In addition, upon the Effective Date, the Representative Plaintiffs and each of the Settlement Class Members, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the

future) through or on behalf of them, and regardless of whether any such Representative Pla or Settlement Class Member ever seeks or obtains by any means, including, without limita by submitting a Proof of Claim and Release, any distribution from the Net Settlement Fund, s be deemed to have, and by operation of the Judgment shall have, fully, finally, and fore released, relinquished, and discharged all Released Claims against Lehman and shall ha covenanted not to sue Lehman with respect to all such Released Claims, and shall b permanently barred and enjoined from instituting, commencing, or prosecuting any suc Released Claim against Lehman. In addition, the 1933 Act § 12(a)(2) claims asserted agains Lehman in the *Newby* Action will be dismissed with prejudice only as to the Lead Plaintiff and the other named plaintiffs in the *Newby* Action. Lehman will release the Representative Plaintiffs, the Settlement Class Members and Plaintiffs' Settlement Counsel from any claims relating to the prosecution of the Actions. The Court shall retain jurisdiction over these Actions, including, without limitation, all matters with respect to implementation and enforcement of the terms of the Stipulation.

XII. NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

Banks, brokerage firms, institutions, and other persons who are nominees that purchased Enron Publicly Traded Securities for the beneficial interest of other persons as of any date from September 9, 1997 through and including November 27, 2001 are requested to, within ten (10) calendar days of receipt of this Notice, (1) provide the Notice and Claims Administrator with the names and addresses of such beneficial purchasers (IF YOU HAVE NOT ALREADY DONE SO IN CONNECTION WITH THE NOTICE TO SETTLEMENT CLASS MEMBERS SENT IN THE FALL OF 2003 REGARDING THE PARTIAL SETTLEMENT WITH ANDERSEN WORLDWIDE SOCIETE COOPERATIVE ("AWSC")), or (2) forward a copy of this Notice to each such beneficial purchaser and provide Plaintiffs' Settlement Counsel with written

confirmation that the Notice has been so forwarded. Upon submission of ap documentation, Plaintiffs' Settlement Counsel will reimburse your reasonable costs and e. of complying with this provision (to the extent you have not already been reimburs providing a list of beneficial purchasers in connection with the previous partial settlemen AWSC). Additional copies of this Notice may be obtained from the Notice and C Administrator by writing to:

In re Enron Corporation Securities Litigation
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

Correspondence to Plaintiffs' Settlement Counsel should be addressed as follows:

William S. Lerach
Keith F. Park
Helen J. Hodges
LERACH COUGHLIN STOIA & ROBBINS LLP
401 B Street
Suite 1700
San Diego, CA 92101-4297

XIII. APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

Plaintiffs' Settlement Counsel do not intend to apply for an award of attorneys' fees at this time. As noted above, however, Plaintiffs' Settlement Counsel will ask the Court at the Settlement Hearing to approve the establishment of the Expense Fund in the amount of Twenty-Two Million Two Hundred Fifty Thousand Dollars ($22,250,000). Reimbursement of expenses from the Expense Fund will only occur upon further Court order. Any application for attorneys' fees or reimbursement of expenses not otherwise recovered from the Expense Fund will only occur after notice of that application has been given to the Settlement Class and an opportunity to be heard. Any such sums as awarded by the Court will be paid from the Gross Settlement Fund.

XIV. THE SETTLEMENT HEARING

A hearing (the "Settlement Hearing") will be held on _____, _____, __.m., before the Honorable Melinda Harmon, United States District Judge, United States District Court for the Southern District of Texas, Bob Casey United Courthouse, 515 Rusk Avenue, Houston, Texas 77002, for the purpose of determinin whether the proposed Settlement as set forth in the Stipulation is fair, reasonable and adec and should be approved by the Court; (b) whether the Judgment, substantially in the forn Exhibit B to the Stipulation, should be entered herein; and (c) whether the establishment of Expense Fund should be approved. The Court may adjourn and/or continue the Settleme Hearing from time to time and without further notice to the Settlement Class.

Any Settlement Class Member who has not requested exclusion may appear at the Settlement Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her or its objection is made in writing and is filed, together with proof of membership in the Settlement Class and copies of all other papers and briefs to be submitted by him, her or it to the Court at the Settlement Hearing, with the Court no later than _____, 2005, and showing due proof of service on Plaintiffs' Settlement Counsel:

William S. Lerach
Keith F. Park
Helen J. Hodges
LERACH COUGHLIN STOIA GELLER RUDMAN & ROBBINS LLP
401 B Street
Suite 1700
San Diego, CA 92101-4297

and upon the following counsel for Lehman:

David L. Carden
Robert C. Micheletto
JONES DAY
222 East 41st Street
New York, NY 10017

Unless otherwise ordered by the Court, any Settlement Class Member who c his, her or its objection in the manner provided shall be deemed to have waived all c the foregoing matters.

XV. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the terms of the proposed Settlemei more detailed statement of the matters involved in the Actions, reference is made pleadings, to the Stipulation and to other papers filed in the Actions, which may be inspe the Office of the Clerk of the United States District Court, Bob Casey United States Court 515 Rusk Avenue, Houston, Texas 77002, during business hours of any business day.

Inquiries regarding the Actions should be addressed to Plaintiffs' Settlement Couns the address set forth above.

DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: _____, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re ENRON CORPORATION SECURITIES LITIGATION	
This Document Relates To: MARK NEWBY, *et al.*, Individually and on Behalf of All Others Similarly Situated, Plaintiffs, vs. ENRON CORP., *et al.* Defendants.	Civil Action No. H-01-3624 (Consolidated)
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, *et al.*, Individually and On Behalf of All Others Similarly Situated, Plaintiffs, vs. KENNETH L. LAY, *et al.*, Defendants.	
WASHINGTON STATE INVESTMENT BOARD, et al., individually and on behalf of all others similarly situated, Plaintiffs, vs. KENNETH L. LAY, *et al.* Defendants.	Civil Action No. H-02-3401

SUMMARY NOTICE FOR PUBLICATION

EXHIBIT A-2

TO: ALL PERSONS WHO PURCHASED OR ACQUIRED PUBLICLY TRADED E OR DEBT SECURITIES OF ENRON CORPORATION (INCLUDINC SECURITIES ISSUED BY ENRON-RELATED ENTITIES, THE VALU REPAYMENT OF WHICH WAS DEPENDENT ON THE CREDIT, FINA CONDITION, OR ABILITY TO PAY OF ENRON CORPORATION) ("PUB TRADED SECURITIES" AS FURTHER DEFINED IN THE NOTICE OF PEND AND PARTIAL SETTLEMENT OF CLASS ACTION DESCRIBED BE DURING THE PERIOD FROM SEPTEMBER 9, 1997 THROUGH AND INCLUI NOVEMBER 27, 2001

YOU ARE HEREBY NOTIFIED that the Representative Plaintiffs in the above litig (the "Actions") have entered into a Stipulation of Settlement (the "Stipulation") with Lehr Brothers Holdings Inc. and Lehman Brothers Inc., along with their subsidiaries, affilia directors, officers, employees and agents (collectively, "Lehman"), as further defined in t Stipulation, to resolve the issues raised in the Actions as to Lehman.

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United State District Court, dated _____, 2005, a hearing will be held on _____, 2005 at _____ __.m., 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, for the purpose of determining whether, among other things: (1) the proposed settlement of the Actions as to Lehman for Two Hundred Twenty-Two Million Five Hundred Thousand Dollars ($222,500,000) and certain other consideration should be approved by the Court as fair, reasonable and adequate; (2) the Actions should be dismissed with prejudice as to Lehman pursuant to the terms of the Stipulation; and (3) a portion of the Gross Settlement Fund should be allocated for the payment of expenses, excluding attorneys' fees, associated with the prosecution of the Actions. If you meet the definition of the Settlement Class as set forth above and are not a defendant, an officer or director of Enron, or a member of their immediate families or their successors, heirs and legal representatives, your rights may be affected by the settlement of the Actions. If you have not received a Notice of Pendency and

Settlement of Class Action (the "Mailed Notice"), you may obtain a copy by contacting: *Enron Corporation Securities Litigation*, c/o Gilardi & Co. LLC , P.O. Box 5100, Larkspu 94977-5100.

You will be bound by any judgment rendered in the Actions with respect to Lehman respect to claims asserted in the actions identified above, and with respect to other claims that had, have or may have against Lehman (and certain persons and entities related to Lehman) ba on matters related to Enron Corporation, ***unless*** you request to be excluded from the Settleme Class, in writing, in accordance with the instructions set forth in the Mailed Notice, postmarke by _____, 2005. Any objection to the Settlement must be filed with the Court b _____, 2005, and must show due proof of service on each of the counsel listed below:

Keith F. Park
LERACH COUGHLIN STOIA & ROBBINS LLP
401 B Street
Suite 1700
San Diego, CA 92101-4297

Robert C. Micheletto
JONES DAY
222 East 41st Street
New York, NY 10017

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: _____, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS