

## **EXHIBIT A**

### **FULL RELEASE AND SETTLEMENT AGREEMENT**

This Full Release and Settlement Agreement (the "Agreement") is entered as of \_\_\_\_\_ (the "Execution Date"), by and between the Official Employment-Related Issues Committee and its successors, (the "Employee Committee"), duly appointed in the chapter 11 bankruptcy cases jointly administered under No. 01-16034-AJG (collectively, the "Bankruptcy Case") filed by Enron Corp., et al. (collectively, "Enron"), in the United States Bankruptcy Court for the Southern District of New York (the "Enron Bankruptcy Court"), and each of the individuals listed below \_\_\_\_\_ (individually, a "Bonus Recipient," and collectively, the "Bonus Recipients").

### **RECITALS**

A. The Employee Committee represents that, pursuant to the Order of Final Approval Under 11 U.S.C. §§ 105(a), 363(b), 1103(c)(5) and 1109(b) and Fed. R. Bankr. P. 9019 Approving Settlement of Severance Claims of Similarly-Situated Claimants and Authorizing the Official Employment-Related Issues Committee to Commence Certain Avoidance Actions on Behalf of Estates signed by the Enron Bankruptcy Court on August 28, 2002 and as subsequently clarified (collectively, the "Order"), and Enron's Plan of Reorganization, the Employee Committee was authorized to investigate certain payments received by former Enron employees on or about November 30, 2001, defined in the Order as the "90-Day Bonus Avoidance Actions", and commence and prosecute such claims (the "Avoidance Claims"), with the proceeds from such Avoidance Claims inuring to the benefit of qualifying former Enron employees defined in the Order and Plan as "Settling Former Employees."

B. The Bonus Recipients and the amount of gross compensation/bonus payments (including tax withholding and other payments made on the Bonus Recipient's behalf by Enron) received by each such individual Bonus Recipient from Enron on or about November 30, 2001 are as follows:

The sum of the foregoing payments received by the Bonus Recipients is hereafter referred to as the "Payments."

C. The Employee Committee sued the Bonus Recipients, among others, on behalf of Enron to recover the Payments in one or more adversary proceedings pending in the United States Bankruptcy Court for the Southern District of Texas (the "Texas Bankruptcy Court") styled (i) *Official Employment-Related Issues Committee of Enron Corp., et al v. John D. Arnold, et al.*, Adversary No. 03-3522; (ii) *Official Employment-Related Issues Committee of Enron Corp., et al v. John J. Lavorato, et al.*, Adversary No. 03-3721; (iii) *Official Employment-Related Issues Committee of Enron Corp., et al v. Kelly H. Boots, et al.*, No. 03-4181; (iv) *Official Employment-Related Issues Committee of Enron Corp., et al. v. Jeffery McMahon*, No. 03-3598; (v) *Official Employment-Related Issues Committee of Enron Corp., et al. v. James Fallon*, No. 03-3496 (collectively, the "Litigation"). Rather than further pursuing the Litigation, the Employee Committee and the Bonus Recipients desire to settle the matters, subject to the terms and conditions set forth below.

## AGREEMENTS

1. Consideration. The consideration supporting this Agreement includes the mutual covenants, representations and agreements of the parties hereto including, but not limited to, (a) those made in the Recitals above, (b) the covenants by each of the respective Bonus Recipients to return a portion of the Payments to the Employee Committee on behalf of Enron as set out below, and (c) the mutual covenants of the Employee Committee, on behalf of itself and as the authorized representative of the Enron bankruptcy estates, and each of the Bonus Recipients to release all claims related to the Payments as set forth herein.

2. Terms. The Bonus Recipients agree to pay to the Employee Committee as the representative of and on behalf of Enron the sum of \_\_\_\_\_ (the "Settlement Funds") in full and final settlement of the Avoidance Claims, including but not limited to all claims asserted or that could have been asserted in the Litigation pursuant to the Order. The Settlement Funds shall be paid to the Employee Committee within ten days after the entry of a final and nonappealable order approving the Employee Committee's motion for authority filed in the Bankruptcy Case on or about September 3, 2004, Docket No. 20671, before the Enron Bankruptcy Court. The foregoing order shall expressly authorize the Employee Committee to settle claims related to the Avoidance Claims on behalf of Enron.

3. Tax Reporting. The Employee Committee will be solely responsible for complying with any tax reporting or other tax obligation, if any, arising from its receipt and/or distribution of the Settlement Funds. The Employee Committee will have the sole discretion to decide what reporting obligations are required of the Employee Committee in connection with its receipt and/or distribution of the Settlement Funds, provided that the Employee Committee shall not report its receipt and/or distribution of the Settlement Funds in a manner that is inconsistent with the Agreement, including but not limited to Section 7 herein. The Employee Committee will not be required or authorized by this Agreement to provide amended W-2's or other reporting for the benefit of the Bonus Recipients.

4. Mutual Releases.

a. The Employee Committee, on behalf of itself, its successors, assigns, beneficiaries and as the authorized representative of the Enron bankruptcy estates, agrees to and does hereby fully and irrevocably release and forever discharge each Bonus Recipient, his or her spouse or life partner, heirs, beneficiaries, estates and personal and legal representatives of and from all claims, judgments, demands, or causes of action of any kind or character whatsoever in law or in equity relating to the Payments received by such Bonus Recipient, including but not limited to the Avoidance Claims and all claims that could have been asserted in the Litigation by the Employee Committee pursuant to the Order. This release does not include any obligations of the Bonus Recipients that are created under this Agreement. This release is effective upon the actual receipt of the Settlement Funds by the Employee Committee, either through a completed wire transfer or final clearance of a check with funds available in an account designated by the Employee Committee (the "Closing Date"). If an individual Bonus Recipient fails to pay his/her required portion of the Settlement Funds, the Employee Committee may elect

either to (i) declare this Agreement null and void in its entirety; or (ii) delete such individual Bonus Recipient from this Agreement and the settlement contemplated herein and proceed to consummate the settlement with the remaining Bonus Recipients.

b. Each Bonus Recipient agrees to and does hereby fully and irrevocably release and forever discharge the Employee Committee, the Debtors and their bankruptcy estates of and from any and all (i) claims, demands, or causes of action of any kind or character whatsoever in law or in equity, arising from or relating to the Payments received by the Bonus Recipients or the payment of the Settlement Funds to the Employee Committee, whether arising under 11 U.S.C. § 502(h), Fed. R. Bankr. P. 3002(c)(3) or any other applicable law; and (ii) claims (including any request or claim for administrative expenses filed or to be filed against any one or more of the Debtors or their respective bankruptcy estates) that are, or reasonably could be read to be, defensive to, contingent upon, or related to, the Litigation, the return of the Payments or being sued by the Debtors, the Employee Committee, or their respective assignees or representatives for the return of the Payments, including those proofs of claim set forth on Exhibit 1 (or the portions thereof if such proofs of claim include claims, which are not, and could not be reasonably read to be, defensive to, contingent upon, or related to, the Litigation, the return of the Payments or being sued for the return of the Payments). Any claim or portion of a claim released herein is hereby withdrawn with prejudice. It is the intent of the Bonus Recipient to waive any right to raise the fact of the Litigation, the return of the Payments, or being sued for the return of the Payments in connection with any right to payment from the Debtors or their bankruptcy estates. This release is effective upon the Closing Date. In the event that the Employee Committee declares this Agreement null and void or if an individual Bonus Recipient is deleted from this Agreement in accordance with the foregoing paragraph (a), any releases granted by such individual Bonus Recipient hereunder, and all other obligations of the Bonus Recipients shall be null, void, cancelled and of no further force and effect.

5. No Admissions. It is understood and agreed that Bonus Recipients do not admit liability or wrongdoing of any kind, and none should be inferred from the execution of this Agreement or payment of the Settlement Funds. This Agreement represents a compromise of disputed claims.

6. No Evidentiary Effect. Nothing contained in this Agreement, any pleading or hearing related thereto, shall, or shall be deemed to have any preclusive or evidentiary effect whatsoever on, or impair or restrict in any matter whatsoever, the remaining parties to the Litigation, including the Employee Committee.

7. Characterization of the Payments. The Payments received by each Bonus Recipient from Enron on or about November 30, 2001 were a portion of such Bonus Recipient's compensation from Enron for the tax year 2001 and that the Settlement Funds paid pursuant to Paragraph 2 of this Agreement represent a return to Enron of a portion of that compensation. The amount of the Settlement Funds paid by each such Bonus Recipient shall be conclusively established by a copy of each such Bonus Recipient's check or wire transfer confirmation, as applicable, delivered to\_\_\_\_\_. Notwithstanding anything herein to the contrary, each Bonus Recipient shall be entitled to all deductions, credits, refunds, and the like, if

any, from the Internal Revenue Service or other federal, state or local governmental/taxing authority or any other person or entity (not including the Employee Committee, Enron or their successors) as allowed under applicable law caused by the return of the Settlement Funds to Enron. The Employee Committee makes no representation or warranties as to whether any deductions, credits, or refunds are permissible under federal, state or local tax laws, but does not claim any such rights for itself.

8. Authority. All signatories to this Agreement represent and acknowledge that they have the full and requisite authority to execute, deliver and perform their respective obligations under this Agreement. The Employee Committee represents that it is properly constituted and acting under the authority of the Enron Bankruptcy Court. The Employee Committee further represents that it is acting on behalf of Enron in pursuing the Avoidance Claims in the Litigation and has the authority to bind Enron with respect to all matters set forth in this Agreement.

9. Confidentiality. All parties agree to keep the terms of this Agreement confidential except as otherwise provided herein. Each Bonus Recipient is permitted to provide a copy of this Agreement to, and discuss the terms herein with his or her respective spouse, life partner, attorneys, accountants, financial advisers, the Internal Revenue Service and any state or local tax authorities, and to use or disclose this Agreement in connection with enforcing its rights under this Agreement. The Employee Committee and each Bonus Recipient may also disclose this Agreement if compelled to do so by legal process.

10. Dismissal with Prejudice. The Employee Committee shall move to dismiss the Bonus Recipients from the Litigation with prejudice within 10 days of the Closing Date. The dismissal shall be made in the form of a motion to be prepared and filed by the Employee Committee to the Texas Bankruptcy Court.

11. Indemnification and Assignment.

a. As additional consideration for the agreements provided herein, including the assignments referenced in paragraph 11(b) below, the Employee Committee agrees to indemnify each of the Bonus Recipients from any claims asserted against any of the Bonus Recipients by Wachovia Bank, N.A. ("Wachovia") or International Bank of Commerce ("IBC"), their successors and assigns, and associated costs, including but not limited to, legal fees and expenses, related to any claims brought against Wachovia and/or IBC by Enron, the Employee Committee or their successors or assigns, including all claims in adversary proceedings 03-4183 and 03-4184 pending in the United States Bankruptcy Court for the Southern District of Texas. The Employee Committee shall assume the cost of defense of any Bonus Recipient if such a claim is asserted by IBC or Wachovia against any such Bonus Recipient.

b. As additional consideration for the agreements provided herein, all individual claims, if any, held by the Bonus Recipients against IBC related to the receipt of cashier's checks issued by IBC on or about November 30, 2001, are hereby assigned and transferred without warranty or representation to the Employee Committee or its assigns.

12. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which together shall constitute the Agreement.

13. Choice of Law. All parties agree that this Agreement shall be governed by the laws of the State of Texas and that venue of any action to enforce this Agreement in the event of a breach shall be proper in Houston, Texas. The parties agree that the Texas Bankruptcy Court retains jurisdiction to hear any matters related to the interpretation or enforcement of this Agreement.

14. Notices: Any notices to be provided under this Agreement shall be delivered by fax, mail or overnight delivery to:

a. For the Bonus Recipients:

b. For the Employment-Related Issues Committee: Mark Maney, McClain, Leppert & Maney, LLP, South Tower Pennzoil Place, 711 Louisiana, Suite 3100, Houston, Texas 77002; fax: (713) 654-8818, phone: (713) 654-8001; e-mail: [Maney@McClainLeppert.com](mailto:Maney@McClainLeppert.com).

[Signature Pages to Follow]

(i) THE EMPLOYMENT-RELATED ISSUES COMMITTEE