

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

_____	X	
MARTIN I. COHEN,	:	
Plaintiff,	:	
-against-	:	
EDGAR D. ARONSON, JUDITH E. AYRES,	:	
TERRY E. BRANSTAD, STANLEY J. BRIGHT,	:	NO. CL 81833
JACK EUGSTER, RICHARD R. JAROS,	:	
DAVID R. MORRIS, ROBERT L. PETERSON,	:	
BERNARD W. REZNICEK, WALTER SCOTT, JR.,	:	
DAVID L. SOKOL, SIR NEVILLE G. TROTTER,	:	
DAVID E. WIT,	:	
Defendants.	:	
_____	X	

NOTICE OF SETTLEMENT OF CLASS ACTION

TO: ALL HOLDERS OF THE COMMON STOCK OF MIDAMERICAN ENERGY HOLDINGS COMPANY AS OF THE CLOSE OF BUSINESS ON DECEMBER 27, 1999.

**PLEASE READ THIS NOTICE CAREFULLY.
THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF
THIS ACTION AND, IF YOU ARE A CLASS MEMBER,
CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS
CONCERNING THE SETTLEMENT AS FURTHER DESCRIBED BELOW.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 1.271 of the Iowa Rules of Civil Procedure, and an Order of the Iowa District Court for Polk County (the "Court"), that a settlement (the "Settlement") of the captioned litigation (the "Litigation") in the amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) has been reached by the parties, which Settlement is subject to approval by the Court, and which, if approved, will result: (a) in the creation of the Settlement Fund, which shall be disbursed as set forth below; and (b) in the dismissal of the Litigation and the release of the Released Claims (as defined below) as against the Released Persons (as defined below).

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 Litigation or the merits of the claims or defenses asserted. This Notice is to advise you of the proposed Settlement of the Litigation and of your rights in connection therewith.

I. DEFINITIONS

As used in this Notice, the following terms have the meanings specified below:

1. "MidAmerican" means MidAmerican Energy Holdings Company and all of its predecessors, successors, parents, subsidiaries, divisions and related or affiliated entities.
2. "Individuals" means Edgar D. Aronson, Judith E. Ayres, Terry E. Branstad, Stanley J. Bright, Jack Eugster, Richard R. Jaros, David R. Morris, Robert L. Peterson, Bernard W. Reznicek, Walter Scott, Jr., David L. Sokol, Sir Neville G. Trotter, David E. Wit.
3. "Buyers" means Teton Acquisition Corporation, Teton Formation Corporation and Berkshire Hathaway Inc.
4. "Person" means an individual, corporation, 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 their spouses, heirs, predecessors, successors, representatives, or assignees.
5. "Related Parties" means each of a Person's past or present directors, officers, employees, partners, principals, agents (except does not include securities brokers or dealers), insurers, co-insurers, reinsurers, controlling shareholders, attorneys, venture capital firms, banks, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, spouses, heirs, related or affiliated entities, any entity in which a Person has a controlling interest, any members of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family.
6. "Released Persons" means each and all of MidAmerican, the Individuals, the Buyers, and each and all of their respective Related Parties.
7. "Plaintiff" means the Representative Plaintiff Martin I. Cohen ("Cohen").

8. "Class" means all holders of the common stock of MidAmerican as of the close of business on December 27, 1999, excluding Defendants, their legal representatives, heirs, successors, or assigns and any entity in which any Defendant has a controlling interest, provided, however, that as used in this Notice, the Class shall exclude: (1) those persons who timely requested exclusion in accordance with the Certification Order, which persons are listed in Exhibit A to the parties' Stipulation of Settlement (the "Stipulation"); and (2) those persons who continued to retain shares of MidAmerican common stock after the completion of the Transaction.

II. THE ACTION

On December 21, 1999, Cohen instituted the Action by filing a class action petition (the "Petition") asserting causes of action for breach of fiduciary duty and aiding and abetting breach of fiduciary duty on behalf of the Class against MidAmerican, the Individuals, and the Buyers (defined above). The causes of action concerned the transactions described in MidAmerican's preliminary proxy statement and later described in MidAmerican's definitive proxy statement dated December 27, 1999 (the "Transaction").

On August 4, 2000, the Court granted MidAmerican's motion to dismiss the Petition as against it, and denied the motions to dismiss of the remaining defendants. The remaining defendants answered the Petition, denying any liability to Cohen or the Class.

By Order dated November 8, 2001 (the "Certification Order"), the Court certified the Class with Cohen as its representative. As certified by the Court, and as defined for purposes of the Settlement, the Class consists of "All holders of Common Stock of MidAmerican Energy Holdings Company as of the close of business on December 27, 1999, excluding the Defendants, their legal representatives, heirs, successors, or assigns and any entity in which any Defendant has a controlling interest," and excluding those persons who timely requested exclusion in accordance with the Certification Order.

Counsel for the parties have conducted discovery and investigation during the pendency of the Action, including the depositions of 29 witnesses, including Cohen, each of the Individuals and 15 additional witnesses in various locations in the United States and the United Kingdom; extensive document productions by the parties and various nonparty witnesses; extensive informal research investigation, including review and analysis of numerous public filings, shareholder reports and other public statements; and consultation with experts.

Motion practice in the Action has been hard-fought. Motions resolved by the court (in addition to the motions to dismiss) included discovery motions, a motion to strike the jury demand, and two series of motions for summary judgment. In denying the most recent series of motions for summary judgment, the Court stated that the defendants had "strong arguments" regarding the merits of plaintiffs' claims, but that "this Court cannot conclude, as a matter of law, that plaintiffs have absolutely no viable claims." In addition, each side filed various motions *in limine* in connection with the trial scheduled for August 18, 2003, and the defendants filed a motion to decertify the Class, which motion was opposed by Plaintiffs' Counsel.

The Buyers were unwilling to participate in any settlement, and Cohen and his counsel determined that the Class' interests would best be served if no claim were pursued against the Buyers in view of the settlement embodied in the Stipulation. Accordingly, on August 8, 2003, Cohen filed an Amended Petition (the "Amended Petition") eliminating the claims he had asserted against the Buyers.

In view of the expenses and uncertainties of litigation, Cohen has determined that the Settlement described in the Stipulation serves the interests of the Class, and MidAmerican has determined that the Settlement described in the Stipulation serves the interest of fulfilling its obligation, at law and as a matter of contract, to protect and hold the Individuals harmless against the costs of the Action.

III. DEFENDANTS' DENIAL OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Cohen in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that Cohen or the Class suffered any damage as a result of the Transaction. To the contrary, Defendants assert that the Transaction was approved by the great majority of the members of the Class in a free and fair vote on January 27, 2000; that the Transaction provided the Class with a risk-free price for their shares substantially in excess of the market price of those shares immediately preceding the announcement of the Transaction; that the price of the Transaction was fully fair from a financial point of view and superior to MidAmerican's other alternatives; and that the appraisal remedy offered by MidAmerican in connection with the Transaction afforded a complete, adequate and exclusive remedy for any shareholder who contended that his or her shares were worth more than the amount offered in the Transaction.

Nonetheless, MidAmerican has concluded, in light of its costs and obligations to defend and indemnify the Individuals, that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation in order to limit further expense, inconvenience and distraction, to permit the

operation of business without the distraction and diversion of resources, and to eliminate the uncertainty inherent in any complex trial. There has been no determination by any Court as to the merits of the claims asserted by Cohen.

IV. CLAIMS OF THE REPRESENTATIVE PLAINTIFF AND BENEFITS OF SETTLEMENT TO THE CLASS

Cohen believes that the claims asserted in his Amended Petition have merit and that the evidence developed to date supports those claims. However, Cohen and his counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and through any appeals. Counsel for Cohen and the Class also have taken into account the uncertain outcome and risk of complex litigation, and the difficulties and delays inherent in such litigation. Counsel for Cohen and the Class also are mindful of the problems of proof and defenses available under Iowa law. Cohen and his counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Cohen and his counsel have determined that the Settlement set forth in the Stipulation is in the best interest of the Class.

V. THE RIGHTS OF CLASS MEMBERS

If you are a Class Member, you may receive the benefit of and you will be bound by the terms of the proposed Settlement described in this Notice, and will be bound by any and all determinations or judgments in the Litigation in connection with the Settlement entered into or approved by the Court, whether favorable or unfavorable to the Class; including without limitation, the Judgment described in Section VI below. You will not be allowed to assert any other claims or recover any other damages relating to the matters asserted in the Lawsuit.

If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by Plaintiffs' Counsel: Roxanne Barton Conlin, Esq., Roxanne B. Conlin & Associates, 319 7th Street, Suite 600, Des Moines, Iowa 50309-2239, and Rachell Sirota, Esq., Sirota & Sirota LLP, 110 Wall Street, 21st Floor, New York, New York 10005.

You may object to the Settlement and/or the application of Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of expenses in the manner set forth below. If your objection is rejected you will be bound by the Settlement and the Judgment just as if you had not objected.

VI. THE PROPOSED SETTLEMENT

A settlement has been reached in the Litigation between the Plaintiff, on behalf of the Class, MidAmerican (the party obligated to defend and indemnify the Individuals) and the Individuals which is embodied in the Stipulation dated as of August 5, 2003, on file with the Court. The attorneys for Plaintiff and the Class, on the basis of, among other things, a thorough investigation of the facts and the law relating to the acts, events, and conduct complained of and the subject matter of the Litigation, have concluded that the proposed Settlement is fair to and in the best interests of the Class. While MidAmerican and the Individuals deny all charges of wrongdoing and deny any liability, they have agreed to settle the Litigation on the basis proposed in order to put to rest all further controversy and to avoid substantial expenses and the inconvenience and distraction of burdensome and protracted litigation.

The following description of the proposed Settlement is only a summary, and reference is made to the text of the Stipulation, on file with the Court, for a full statement of its provisions:

1. The settlement fund ("Settlement Fund") consists of \$7,500,000 in cash, which will be deposited by Mid-American into escrow for the benefit of the Class Members within thirty (30) days of approval of the proposed settlement by the Court and entry of a judgment (the "Judgment") in a form agreed upon by the parties and attached to the Stipulation, and after all appeals from the Judgment have been exhausted. The Settlement Fund will be distributed as follows:

(a) To pay Plaintiffs and the Plaintiffs' Counsel their attorneys' fees, expenses and costs, with interest thereon (the "Fee and Expense Award"), if and to the extent allowed by the Court.

(b) To pay the reasonable costs incurred in the preparation of any tax returns required to be filed on behalf of the Settlement Fund as well as the taxes (and any interest and penalties determined to be due thereon) owed by reason of the earnings of the Settlement Fund, including all taxes and tax expenses as defined in the Stipulation.

(c) To pay certain costs relating to the giving of notice to Class Members and the administration of the Settlement, to the extent that those costs exceed \$100,000. (As is more fully set forth in the Stipulation, MidAmerican has agreed to pay certain such costs up to a total of \$100,000.)

(d) The balance of the Settlement Fund (the "Net Settlement Fund"), shall be distributed to Class Members. Each Class Member will receive an amount equal to the *pro rata* share of the Net Settlement Fund based on the number of shares each Class Member held on December 27, 1999, as compared to the total number of shares held by Class Members on that date.

(e) If, two years after the distribution to Class Members, any portion of the Settlement Fund or interest on a portion of the Settlement Fund remains in escrow due to the return of undeliverable checks or similar reasons, the remaining amount is to be donated to charitable organization as specified in the Stipulation.

2. Payment pursuant to the provisions summarized above shall be conclusive against all Class Members. No Person shall have any claim against Plaintiff and the Class Counsel or any claims administrator or other agent designated by Plaintiff and the Class Counsel or defense counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, or further orders of the Court.

3. The Settlement Fund, less any deductions for fees and costs allowed by the Court and taxes due, shall be maintained by the Plaintiff and the Class Counsel as Escrow Agent for the benefit of the Class, as provided in the Stipulation.

4. If the proposed Settlement is approved by the Court, the Court will enter a Judgment which will dismiss this Action as against all Defendants with prejudice, and bar and permanently enjoin the Plaintiff and each Class Member, from prosecuting the Released Claims (defined below) against the Released Persons, and any such Class Member shall be conclusively deemed to have released any and all such Released Claims against the Released Persons. The Court shall retain jurisdiction over implementation of the Settlement, disposition of the Settlement Fund, hearing and determining any applications by attorneys for Plaintiff and the Class for attorneys' fees, costs, and expenses (including fees and costs of experts and/or consultants), and enforcing and administering the Stipulation, including any releases executed in connection therewith.

As used above, the "Released Claims" shall mean and include any and all claims, rights, demands, causes of action, suits, matters and issues, known or unknown, at law or in equity, under the laws of any jurisdiction, state or federal, that have been, might have been, or could be asserted at any time by reason of any of the facts, transactions, events, occurrences, acts, failures to act, disclosures, statements, omissions or other matters which have been or would or could have been alleged in the Action, including without limitation all matters relating to the Transaction. The Releasing Parties expressly waive any applicable law restricting the release of unknown claims, and disclaim reliance on any representations or understandings other than or in addition to any representation or understandings set forth in the Stipulation. This waiver includes, but is not limited to, a waiver of the provisions of California Civil Code Section 1542, 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 Plaintiff and the Class Members, upon the exhaustion of any opportunity for appeal or review of the Judgment, shall be deemed to have, 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, which is similar, comparable or equivalent to §1542 of the California Civil Code. The Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Plaintiff and each Class Member, upon the Effective Date, 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, which 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 which is negligent, 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.

VII. NOTICES TO BANKS, BROKERS, AND OTHER NOMINEES

Banks, brokerage firms, institutions, and other persons who are nominees who held the common stock of Mid-American on December 27, 1999 for the beneficial interest of other persons are requested within ten (10) days of receipt of the Notice, to: (1) provide Plaintiffs' Counsel with the names and addresses of such beneficial purchasers; or to (2) forward a copy of the Notice to each such beneficial purchaser and provide Plaintiffs' Counsel with written confirmation that the Notice has been so forwarded. Plaintiffs' Counsel offer to prepay your reasonable costs and expenses of complying with this provision upon submission of appropriate documentation. Additional copies of the Notice may be obtained from Plaintiffs' Counsel for forwarding to such beneficial owners. All such correspondence to Plaintiffs' Counsel should be addressed as set forth in Section VIII.

VIII. ATTORNEYS' FEES, COSTS AND EXPENSES OF PLAINTIFFS' COUNSEL

A hearing (the "Hearing") will be held before the Honorable Donna L. Paulsen, District Judge, at the Iowa District Court for Polk County, Fifth Judicial District, Des Moines, Iowa, at 10:00 a.m. on November 25, 2003, for the purpose

of determining whether Settlement is fair, reasonable and adequate and whether it should be approved by the Court; and whether Judgment should be entered dismissing the Litigation with prejudice as against Defendants and to consider Plaintiffs' Counsel's application for an award of attorneys' fees for services rendered by them in this action and for reimbursement of expenses. Plaintiffs' Counsel intend to seek attorneys' fees in an amount not greater than one-third of the Settlement Fund and their out-of-pocket expenses, plus interest earned on such amounts awarded by the Court from the date of payment of the settlement amount until the date such fees and expenses are distributed to Plaintiffs' Counsel pursuant to an Order of the Court. Any fees, expenses and payments that the Court awards will be paid out of the Settlement Fund. The Hearing may be adjourned from time to time by the Court at the Hearing or any adjourned session thereof without further notice.

Any Class Member who has not previously requested exclusion may appear at the hearing to show cause why the proposed Settlement should not be approved, the Litigation should not be dismissed with prejudice as against the Defendants, and to present any opposition to the Settlement or the application of Plaintiffs' Counsel for attorneys' fees, costs and expenses; provided, however, that no such person shall be heard, unless his or her objection or opposition is made in writing and is filed, together with copies of all other papers and briefs to be submitted by him or her to the Court at the Hearing, with the Court no later than October 30, 2003, and showing due proof of service on Plaintiffs' Counsel:

Roxanne Barton Conlin, Esq.
Roxanne Conlin & Associates P.C.
319 7th Street, Suite 600
Des Moines, Iowa 50309-2239

Rachell Sirota, Esq.
Sirota & Sirota LLP
110 Wall Street
New York, New York 10005

and Counsel for Defendants:

Deborah M. Tharnish, Esq.
Davis Brown Koehn Shors & Roberts, P.C.
The Financial Center
666 Walnut Street, Suite 2500
Des Moines, Iowa 50309-3993

George Garvey, Esq.
Stephen E. Morrissey, Esq.
Munger Tolles & Olson LLP
355 S. Grand Avenue, 35th Floor
Los Angeles, California 90071

Mark McCormick, Esq.
Belin Lamson McCormick Zumbach Flynn
The Financial Center
666 Walnut Street, Suite 2000
Des Moines, Iowa 50309-3989

Timothy Nelsen, Esq.
Skadden Arps Slate Meagher & Flom (Illinois)
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606

Persons who object to the Settlement and/or Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Hearing must include in their written objections the identities of any witnesses they may call to testify and copies of any exhibits they intend to introduce into evidence at the Hearing and proof of membership in the Class. Class Members do not need to appear at the Hearing or take any other action to indicate their approval or to obtain payment of their *pro rata* portion of the Settlement Fund if the proposed Settlement is approved by the Court.

Unless otherwise ordered by the Court, any Class Member who does not make his or her objection or opposition in the manner provided shall be deemed to have waived all objections and opposition to the fairness, reasonableness and adequacy of the proposed Settlement, the Plan of Allocation, or to the request of Plaintiffs' Counsel for attorneys' fees, costs and expenses.

IX. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in the Litigation, reference is made to the pleadings, to the Stipulation and to other papers filed in this Action which may be inspected at the Office of the Clerk of the Iowa District Court for Polk County, Fifth Judicial District, Des Moines, Iowa during business hours of each business day.

Inquiries regarding the Litigation should be addressed to Plaintiffs' Counsel as set forth in Section VIII.

DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: September 30, 2003

BY ORDER OF THE COURT,
IOWA DISTRICT COURT FOR POLK COUNTY
FIFTH JUDICIAL DISTRICT

MidAmerican Energy Holdings Company Securities Litigation
Claims Administrator
P.O. Box 58460
Philadelphia, PA 19102-8460

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