

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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IN RE WORLDCOM, INC. : MASTER FILE NO.  
SECURITIES LITIGATION : 02 Civ. 3288 (DLC)

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This Document Relates to:

02 Civ. 3288 02 Civ. 4973 02 Civ. 8230 :  
02 Civ. 3416 02 Civ. 4990 02 Civ. 8234 :  
02 Civ. 3419 02 Civ. 5057 02 Civ. 9513 :  
02 Civ. 3508 02 Civ. 5071 02 Civ. 9514 :  
02 Civ. 3537 02 Civ. 5087 02 Civ. 9515 :  
02 Civ. 3647 02 Civ. 5108 02 Civ. 9516 :  
02 Civ. 3750 02 Civ. 5224 02 Civ. 9519 :  
02 Civ. 3771 02 Civ. 5285 02 Civ. 9521 :  
02 Civ. 4719 02 Civ. 8226 03 Civ. 2841 :  
02 Civ. 4945 02 Civ. 8227 03 Civ. 3592 :  
02 Civ. 4946 02 Civ. 8228 03 Civ. 6229 :  
02 Civ. 4958 02 Civ. 8229 :

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**[PROPOSED]**  
**PRELIMINARY APPROVAL ORDER REGARDING SETTLEMENT**  
**WITH ARTHUR ANDERSEN LLP**

DENISE COTE, District Judge

WHEREAS:

A. Lead Plaintiff, Alan G. Hevesi, Comptroller of the State of New York, as Administrative Head of the New York State and Local Retirement Systems and as Trustee of the New York State Common Retirement Fund, and the Additional Named Plaintiffs, Fresno County Employees Retirement Association, the County of Fresno, California, and HGK Asset Management, Inc., and the Class (collectively, "Plaintiffs"), and Defendant Arthur Andersen LLP (the "Settling Defendant") (collectively with Plaintiffs, the "Parties") have entered into a settlement (the "Settlement") of the claims asserted against the Settling Defendant in the class

actions consolidated in the above-captioned action (the “Action”), the terms of which are set forth in a Stipulation of Settlement, dated April \_\_, 2005 (the “Stipulation”);

B. Lead Plaintiff and the Settling Defendant have moved, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for an Order preliminarily approving the Settlement; and

C. The Court having read and considered the Stipulation, the proposed form of Judgment and the Mediator’s Statement dated April 22, 2005, and finding that substantial and sufficient grounds exist for entering this Order;

IT IS HEREBY ORDERED:

1. For purposes of this Order, the Court adopts all defined terms as set forth in the Stipulation.

2. The Court preliminarily approves the Settlement, as reflected in the Stipulation, as being fair, just, reasonable and adequate, pending a final hearing on the Settlement.

3. Pursuant to the Stipulation, the Plaintiffs’ Co-Lead Counsel may utilize \$2,000,000 out of the Settlement Amount to fund the Notice and Administration Fund for the payment of certain expenses incurred by Plaintiffs’ Co-Lead Counsel pursuant to the Stipulation in connection with this Settlement.

4. The Court orders that the class claims against the Settling Defendant are hereby severed from the claims against the Non-Settling Entities/Individuals, pending a final hearing on the Settlement.

5. Institution or prosecution of any action or claim that is subject to the release, dismissal or bar provisions contemplated by the Settlement, is hereby enjoined pending further order of the Court.

6. Prosecution by any Non-Settling Defendants or Non-Settling Entities/Individuals of any action or claim for contractual or other indemnity or contribution against the Settling

Defendant Releasees, arising out of or related to the claims or allegations asserted by Plaintiffs in the Litigation, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Complaint, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, is hereby enjoined pending further order of the Court. Provided, however, that the injunction stated in this paragraph shall not apply to claims that may be asserted by Non-Settling Defendants or Non-Settling Entities/Individuals in cases of persons who timely opted out of the Class and were not, thereafter, allowed by the Court to revoke their prior request for exclusion.

7. Prosecution by the Settling Defendant of any action or claim for contractual or other indemnity or contribution against the Non-Settling Defendants or Non-Settling Entities/Individuals, arising out of or related to the claims or allegations asserted by Plaintiffs in the Complaint, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, or third-party claims, is hereby enjoined pending further order of the Court. Provided, however, that the injunction stated in this paragraph shall not apply to claims that may be asserted by the Settling Defendant in cases of persons who timely opted out of the Class and were not, thereafter, allowed by the Court to revoke their request for exclusion.

8. Subject to final approval of the Settlement, the Non-Settling Defendants and Non-Settling Entities/Individuals shall be entitled to judgment credit in an amount that is the greater of the amount allocated in the Settlement to claims for which a Non-Settling Entity/Individual may be found liable for common damages or, for each such claim, the proportionate share of the Settling Defendant's fault as proven at trial.

9. Nothing herein shall prohibit a Non-Settling Entity/Individual from pursuing defenses in the Litigation based on the alleged responsibility of the Settling Defendant.

10. The Parties are further directed that, prior to seeking District Court Approval of the Settlement, the Parties shall submit to the Court proposed forms of notices to the Class and other orders as may be required by Rule 23 of the Federal Rules of Civil Procedure, in forms consistent with those approved by the Court in the Hearing Order entered July 16, 2004, in connection with the settlement with the Citigroup Defendants.

SO ORDERED:

Dated: New York, New York  
April \_\_\_\_, 2005

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DENISE COTE  
United States District Judge