

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE WORLD.COM, INC.
SECURITIES LITIGATION

MASTER FILE NO.
02 Civ. 3288 (DLC)

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 :

HEARING ORDER

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 (ii) Defendants Citigroup Inc., Citigroup Global Markets Inc., formerly known as Salomon Smith Barney Inc., Citigroup Global Markets Limited, formerly known as Salomon Brothers International Limited, and Jack B. Grubman (the "Citigroup Defendants") previously entered into a settlement (the "Citigroup Settlement") of the

claims asserted against the Citigroup Defendants in the class actions consolidated in the above-captioned action (the "Action"), the terms of which are set forth in a Stipulation and Agreement of Settlement of the Lead Plaintiff and Other Named Plaintiffs with the Citigroup Defendants, dated July 1, 2004 (the "Stipulation"), and which was approved by the Court by the Judgment, and Opinion and Order, entered November 12, 2004; and

B. Plaintiffs have entered into Stipulations of Settlement with all other Defendants against whom the Action was not stayed (the "Settling Defendants"),¹ during

¹ The Action was stayed with respect to defendants Bernard Ebbers, Scott Sullivan, David Myers and Buford Yates. The settlements with the Settling Defendants were reached as follows:

Bank of America Securities LLC and Fleet Securities, Inc. – March 3, 2005, for a total of \$460.5 million in cash.

Lehman Brothers Inc.; Credit Suisse First Boston LLC; Goldman, Sachs & Co.; and UBS Warburg LLC - March 4, 2005, for a total of \$100,341,730 in cash, as follows: Lehman Brothers Inc. (paying \$62,713,582); Credit Suisse First Boston LLC (paying \$12,542,716); Goldman, Sachs & Co. (paying \$12,542,716); and UBS Warburg LLC (paying \$12,542,716).

ABN AMRO Inc., Mitsubishi Securities International plc, BNP Paribas Securities Corp. and Mizuho International - March 9, 2005, for a total of \$428,365,600 in cash, as follows: ABN AMRO Inc. (paying \$278,365,600), Mitsubishi Securities International plc (paying \$75 million), BNP Paribas Securities Corp. (paying \$37.5 million); and Mizuho International (paying \$37.5 million).

Deutsche Bank, WestLB AG and Caboto Holding SIM S.p.A. - March 10, 2005, for a total of \$437.5 million in cash, as follows: Deutsche Bank (paying \$325 million); WestLB (paying \$75 million); and Caboto (paying \$37.5 million).

J.P. Morgan Chase, Utendahl Capital and Blaylock Partners - March 16, 2005, for a total of \$2,000,806,840, as follows: JP Morgan (paying \$2.0 billion); Utendahl (paying \$234,000); and Blaylock (paying \$572,840).

Former WorldCom Director Defendants - March 21, 2005, for a total of \$60.75 million, with former directors James C. Allen, Judith Areen, Carl J. Aycock, Max E. Bobbitt, Clifford L. Alexander, Jr., Francesco Galesi, Stiles A. Kellett, Jr., Gordon S. Macklin, John A. Porter, Bert Roberts, the Estate of John W. Sidgmore and Lawrence C. Tucker paying \$24.75 million directly, and \$36 million being paid by insurers on the Directors' behalf.

Arthur Andersen LLP – April 22, 2005, for \$65 million in cash, plus contingent payments of an amount equivalent to 20% of the amounts, if any, actually paid by Arthur Andersen LLP to its present or former partners, participating principals, national partners and national directors in repayment of any and all subordinated notes issued in respect of paid in capital and/or subordinated loans, and an additional amount if Andersen pays from its own funds more than \$65 million in any other settlement. Further confidential protections for the class were put in place in the event of a bankruptcy proceeding by Andersen.

the period from March 3, 2005 to April 22, 2005 (the "Settlements"), and this Court granted preliminary approval of the Settlements in Preliminary Approval Orders dated March 16, 2005, March 18, 2005, March 21, 2005, and April 26, 2005; and

C. Lead Plaintiff and the Settling Defendants have moved, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for an Order providing notice of the proposed Settlements to Class Members; and

D. The Court having read and considered the proposed Notice of Proposed Settlements of Class Action With Settling Defendants and Bar Order Notice (the "Notice"), which includes the proposed Plaintiffs' Supplemental Plan of Allocation, a Summary of Supplemental Plan of Allocation, and the proposed Summary Notice of Proposed Settlements of Class Action With Settling Defendants and Bar Order Notice (the ("Summary Notice"), and finding that substantial and sufficient grounds exist for entering this Order;

IT IS HEREBY ORDERED:

1. Lead Plaintiff shall cause notice of the proposed Settlements, the hearing on the proposed Settlements, the request for approval of the Plans of Allocation contained within the Stipulations of Settlement, the request for approval of the proposed Supplemental Plan of Allocation, and Lead Counsel's application(s) for an award of attorneys' fees and payment of expenses to be provided to Class Members as follows:

a. Beginning by July 1, 2005, a copy of the Notice, together with a copy of the Supplemental Plan of Allocation, substantially in the form annexed hereto as Exhibits 1 and 2, respectively, shall begin to be mailed by first class mail, postage prepaid, to all Class Members who have previously submitted Proof of Claims forms at

the address of each such person as set forth in the records of WorldCom or its transfer agent; or as identified through the earlier process of mailing the Notice of Class Action, per the Court's Order of December 11, 2003, and the Notice of the proposed Citigroup Settlement, per the Court's Order of July 16, 2004; or who otherwise may be identified through further reasonable effort;

b. Beginning by July 1, 2005, a copy of the Notice, together with a copy of the Summary of Supplemental Plan of Allocation, substantially in the form annexed hereto as Exhibits 1 and 3, respectively, shall begin to be mailed by first class mail, postage prepaid, to all other potential Class Members who have not previously submitted Proof of Claims forms at the address of each such person as set forth in the records of WorldCom or its transfer agent; or as identified through the earlier process of mailing the Notice of Class Action, per the Court's Order of December 11, 2003, and the Notice of the proposed Citigroup Settlement, per the Court's Order of July 16, 2004; or who otherwise may be identified through further reasonable effort; and

c. A Summary Notice substantially in the form annexed hereto as Exhibit 4 shall be published once each on separate days in the national editions each of *The Wall Street Journal* and *The New York Times* and published electronically on the *PR Newswire* within ten days after the mailing of the Notice, that is, beginning on July 8, 2005, and Lead Plaintiff shall further seek to have the Summary Notice published on the *Dow Jones Newswire* and *Bloomberg News* by July 8, 2005;

d. The Notice, Summary Notice, Supplemental Plan of Allocation and Summary of Supplemental Plan of Allocation shall further be placed on the web site maintained by Lead Counsel for the purpose of this Action,

www.worldcomlitigation.com, and on the web site maintained by the Administrator, The Garden City Group, Inc., at www.gardencitygroup.com.

2. The Court approves the form of Notice and Summary Notice (together, the “Notices”), and preliminarily approves the Supplemental Plan of Allocation, and finds that the procedures established for publication, mailing and distribution of such Notices, the Supplemental Plan of Allocation and Summary of Supplemental Plan of Allocation substantially in the manner and form set forth in paragraph 1 of this Order meet the requirements of Rule 23 of the Federal Rules of Civil Procedure and due process, and constitute the best notice practicable under the circumstances.

3. To effectuate the provision of notice provided for in paragraph 1 hereof, the Court hereby approves Lead Plaintiff’s request that The Garden City Group, Inc., continue to serve as the Notice and Claims Administrator (the “Administrator”). Lead Counsel may continue to retain the Administrator and may pay, with the approval of Lead Plaintiff, the reasonable and customary fees and costs associated with the review of claims and administration of the Settlements out of the Settlement Funds without further order of the Court.

4. To further effectuate the provision of notice provided for in paragraph 1 hereof, the Administrator shall lease and maintain a post office box of adequate size for the return of Proofs of Claim. All Notices to Class Members shall designate said post office box as the return address for the purposes designated in the Notices. The Administrator shall be responsible for the receipt of all responses from Class Members and, until further order of the Court, shall preserve all entries of appearance, Proofs of Claim, Requests for Exclusion, Requests for Revocation of Exclusion, and all other

written communications from Class Members, nominees or any other person in response to the Notices. The costs of notification to Class Members of the Settlements, including printing, mailing and publication of all required notices, shall be paid from the Notice and Administration Fund established by the Settlements. In accordance with the Stipulations, Lead Counsel may draw up to \$14,325,000 from the Settlement Funds to pay the costs of notice and settlement administration.

5. In the event a settlement is reached with one or more of the defendants as to whom the class action is currently stayed, namely, Bernard Ebbers, Scott Sullivan, David Myers, and Buford Yates (collectively, the Non-Settling Defendants), no further notice shall be mailed to Class Members, as it is not expected that any settlement that could be achieved with the Non-Settling Defendants would materially increase the Settlement Fund, and the cost of further mailing, which would be the fourth to the Class, would be disproportionately high in comparison to any amount that could be expected to be achieved from such settlements. The Notice shall advise Class Members that notice of any settlement with one or more of the Non-Settling Defendants will only be provided by posting a description of the settlement on the web site maintained by Lead Counsel at www.worldcomlitigation.com and by publishing a summary notice in the publications listed in Paragraph 1.c. The Notice shall also advise that a Class Member may request a personal copy of any notice of settlement with a Non-Settling Defendant by mailing such a request to the Administrator by August 12, 2005 at the address indicated in Paragraph 16.

6. Seven days before the date fixed by this Court for the Settlement Hearing, that is, by September 2, 2005, Lead Counsel shall cause to be filed with the Clerk of this

Court affidavits or declarations of the person or persons under whose general direction the mailing of the Notice and the publication of the Summary Notice shall have been made, showing that such mailing and publication have been made in accordance with this Order.

7. All nominees who hold or held WorldCom, Inc. publicly traded securities for beneficial owners who are Class Members are directed to forward the Notice to such beneficial owners or, to the extent they have not already done so pursuant to the Notice of Class Action, dated December 11, 2003, and the Notice of the Citigroup Settlement, dated August 2, 2004, to supply the names and addresses of such beneficial owners to the Administrator as set forth in the Notice.

8. Lead Counsel are authorized and directed to prepare any tax returns required to be filed on behalf of the Settlement Funds and to cause any taxes due and owing to be paid from the Settlement Funds.

HEARING; RIGHT TO BE HEARD

9. There shall be a hearing on Friday, September 9, 2005, at 2:30 p.m. (the "Settlement Hearing"), at which time the Court shall address the fairness and adequacy of the Settlements, the fairness and reasonableness of the Plans of Allocation, the fairness and reasonableness of the Supplemental Plan of Allocation, the fairness and reasonableness of the proposed Coverage Claim Bar Order (as proposed in the Settlement with the Director Defendants), and Lead Counsel's application(s) for attorneys' fees and payment of expenses. The Settlement Hearing shall be held at the United States District

Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 11-B, New York, New York 10007.

10. Papers in support of the Settlements, the Plans of Allocation, the Supplemental Plan of Allocation, the proposed Coverage Claim Bar Order, and Lead Counsel's application(s) for attorneys' fees and payment of expenses, shall be submitted by July 29, 2005.

11. Any Class Member, Non-Settling Entity/Individual or Barred Person (as defined in the Settlement with the Director Defendants) may appear at the Settlement Hearing to show cause why the proposed Settlements should or should not be approved as fair, reasonable and adequate; why judgments should or should not be entered thereon; why the Plans of Allocation should or should not be approved as fair, reasonable and adequate; why the Supplemental Plan of Allocation should or should not be approved as fair, reasonable and adequate; why the Coverage Claim Bar Order should or should not be entered thereon; or why Lead Counsel should or should not be awarded attorneys' fees and payment of expenses in the amounts sought by Lead Counsel; *provided, however*, that no Class Member, Non-Settling Entity/Individual or Barred Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlements, the Judgments and Orders to be entered approving the same, the proposed Plans of Allocation, the proposed Supplemental Plan of Allocation, the proposed Coverage Claim Bar Order or Lead Counsel's application(s) for an award of attorneys' fees and payment of expenses, unless on or before August 12, 2005 such Class Member, Non-Settling Entity/Individual or Barred Person has properly and timely served by hand or by first-class mail for receipt by such date either of the Co-Lead Counsel written objections

and copies of any supporting papers and briefs (which must contain proof of all purchases, acquisitions, sales and dispositions of publicly traded securities of WorldCom (including bonds and common stock), made by such Class Member during the Class Period):

Leonard Barrack, Esq.
Jeffrey W. Golan, Esq.
Barrack Rodos & Bacine
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

Max W. Berger, Esq.
John P. Coffey, Esq.
Bernstein Litowitz Berger &
Grossmann LLP
1285 Avenue of the Americas
New York, NY 10019

and has filed by August 12, 2005 said objections, papers and briefs, showing due proof of such service upon one of the counsel identified above, with the Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007.

12. Any Class Member, Non-Settling Entity/Individual or Barred Person who does not object in the manner prescribed above shall be deemed to have waived such objection and shall be forever foreclosed from making any objection to the fairness, adequacy or reasonableness of the proposed Settlements, Judgments and Orders to be entered approving the Settlements, Plans of Allocation, Supplemental Plan of Allocation, Coverage Claim Bar Order, or Lead Counsel's application(s) for an award of attorneys' fees and payment of expenses.

13. In the event any Class Member, Non-Settling Entity/Individual or Barred Person serves and files written objections, as set forth above, Lead Counsel shall promptly serve such objections upon counsel for the Settling Defendants, the Insurers and the Citigroup Defendants; and Lead Counsel, counsel for the Settling Defendants, for the

Insurers, or for the Citigroup Defendants may, as they deem appropriate, submit reply papers in support of the Settlements, Plans of Allocation, Supplemental Plan of Allocation, Coverage Claim Bar Order and/or Lead Counsel's application(s) for attorneys' fees and payment of expenses by September 2, 2005. In this context, granting such Class Members, Non-Settling Entities/Individuals and Barred Persons a right to object and appear at the Settlement Hearing is without waiver of Lead Plaintiff's, the Insurers' and the Settling Defendants' right to argue that such persons lack standing to object and appear at the Settlement Hearing.

14. If approved, all Class Members will be bound by the proposed Settlements provided for in the Stipulations, and by any judgments or determinations of the Court affecting Class Members, regardless of whether or not a Class Member submits a Proof of Claim.

15. The Court expressly reserves the right to adjourn or continue the Settlement Hearing or any adjournment or continuance thereof without any further notice other than an announcement at the Settlement Hearing or any adjournment or continuance thereof, and to approve the Settlements, Plans of Allocation and Supplemental Plan of Allocation with modifications and without further notice to Class Members. The Court retains jurisdiction of this Action to consider all further applications arising out of or connected with the proposed Settlements, and as otherwise warranted.

CLAIMS PROCESS

16. In order to be entitled to participate in the Settlement, a Class Member, as defined in the Stipulation, must timely submit a valid Proof of Claim, the form of which

was annexed as Exhibit 2 and approved in the Court's Hearing Order dated July 16, 2004,
to:

WorldCom, Inc. Securities Litigation
Administrator
The Garden City Group, Inc.
P.O. Box 9000 #6247
Merrick, NY 11566-9000

The Hearing Order dated July 16, 2004, and the Notice of the Citigroup Settlement, specified that to be valid and accepted, a Proof of Claim must have been postmarked on or before March 4, 2005.

17. The Court hereby directs that the deadline for submitting a Proof of Claim is extended to August 26, 2005, meaning that Proofs of Claim that have already been submitted to the Administrator, as well as those that are hereafter postmarked or delivered by other means to the Administrator on or before August 26, 2005, shall be deemed to have been timely submitted. Counsel are directed to notify Class Members of the extension of the deadline for submitting a Proof of Claim in the Notice and Summary Notice. Except for good cause shown, there shall be no further extensions of this Proof of Claim submission deadline.

18. Any Class Member who does not timely submit a valid Proof of Claim shall not be entitled to share in the Settlement Funds, except as specifically ordered by the Court, but nonetheless shall be barred and enjoined from asserting any of the Released Claims.

19. Once the Administrator has considered a timely submitted Proof of Claim, Lead Counsel, through the Administrator, shall determine, based upon the Plan of Allocation for the Citigroup Settlement, as approved by the Court by Order of November

12, 2004, the Plans of Allocation for the present Settlements, as approved by the Court, and the Supplemental Plan of Allocation, as approved by the Court, whether such claim is valid, deficient or rejected. For each claim determined to be either deficient or rejected, the Administrator shall send a deficiency letter or a rejection letter, as appropriate, describing the bases on which the claim was so determined. Such deficiency letter or rejection letter shall further specify that each Class Member who receives a deficiency letter or rejection letter shall have 30 days from the date of such letter to supply to the Administrator documentation and/or an explanation sufficient to remedy the deficiency or rejection. Any Class Member who receives a deficiency letter or a rejection letter and who fails to submit documentation sufficient to remedy the deficiency or reason for rejection within the time prescribed herein shall have such claim deemed finally rejected. Such finally rejected claims shall be submitted to the Court as rejected claims at such time as Lead Plaintiff moves the Court for an Order approving distribution of the Net Settlement Funds, unless the recipient objects in writing to the deficiency letter or rejection letter, in which case the claim shall be submitted to the Court as a disputed claim. Notice of any hearing on such motion shall be provided to all Class Members whose claims are disputed.

20. If a Class Member timely responds to a deficiency letter or rejection letter by providing an explanation and/or documentation in response to such a deficiency letter or rejection letter, Lead Counsel, through the Administrator, shall determine whether such explanation and/or documentation is sufficient to remedy the deficiency or reason for rejection. If Lead Counsel, through the Administrator, determines that the explanation and/or documentation submitted in response to the deficiency letter or the

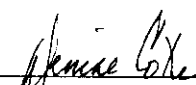
rejection letter is sufficient, such claim shall be deemed a valid claim. If, on the other hand, Lead Counsel, through the Administrator, determines that the explanation and/or documentation is not sufficient to remedy the deficiency or reason for rejection, or if no timely response is made to the deficiency letter of rejection letter, then such claim shall be deemed finally rejected. Such finally rejected claims shall be submitted to the Court as disputed claims at such time as Lead Plaintiff moves the Court for an Order approving distribution of the Net Settlement Funds. Notice of any hearing on such motion shall be provided to all Class Members whose claims are disputed.

21. There shall be no distribution of any of the Settlement Amounts to any Class Member until the Plan of Allocation, and Supplemental Plan of Allocation, are finally approved and are affirmed on appeal or certiorari or are no longer subject to review by appeal or certiorari and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

22. The Court shall retain continuing jurisdiction over the Settlements, as well as the administration thereof.

SO ORDERED:

Dated: New York, New York
June 14, 2005



DENISE COTE
United States District Judge