

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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IN RE WORLDCOM, INC. SECURITIES  
LITIGATION

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MASTER FILE  
02 Civ. 3288 (DLC)

**SUMMARY OF SUPPLEMENTAL PLAN OF ALLOCATION**

There is a Supplemental Plan of Allocation that has been sent to all Class Members who have previously submitted a Proof of Claim form to the Court-appointed Settlement Administrator. The Supplemental Plan of Allocation sets forth the manner in which the Settlement Fund, after paying applicable taxes, fees, costs and expenses, shall be distributed among members of the Class ("Class Members") who timely submit valid Claim Forms ("Authorized Claimants"). If you have not already submitted a Proof of Claim form as described in the accompanying Notice, the time to submit Proof of Claim forms has been extended to August 26, 2005.

The Supplemental Plan of Allocation may be obtained upon request from the Claims Administrator, identified below, or may be downloaded either from the web site established by Lead Counsel for this Litigation, [www.worldcomlitigation.com](http://www.worldcomlitigation.com), or the web site maintained by the Administrator, [www.gardencitygroup.com](http://www.gardencitygroup.com).

WorldCom, Inc. Securities Litigation  
Administrator  
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The Supplemental Plan of Allocation describes how each Authorized Claimant's Claim Amount will be determined based on the specifics of the WorldCom publicly traded securities that Class Members may have purchased or acquired during the Class Period. These are: WorldCom common stock; WorldCom-issued MCI Tracking stock ("MCI Tracking Stock"); WorldCom notes issued in May 2000 (the "May 2000 Notes"); WorldCom notes issued in May 2001 (the "May 2001 Notes"); bonds WorldCom issued before the beginning of the Class Period (the "Pre-Existing WorldCom Bonds"); bonds issued by companies acquired by WorldCom (the "WorldCom Predecessor Bonds"); Series D, E, and F Junior Convertible Preferred stock issued by WorldCom in connection with the Intermedia Communications, Inc. ("Intermedia") acquisition (the "WorldCom Predecessor Preferred Stock"); or MCI Capital I 8% Cumulative Quarterly Income Preferred Securities ("QUIPs") (collectively referred to as "WorldCom Securities"). The Supplemental Plan of Allocation includes listings of each type of WorldCom Security identified above, and explains how Claim Amounts may be affected by:

- a. The type of WorldCom Security purchased or acquired;
  - b. When, and the price at which, each such WorldCom Security was purchased or acquired;
- and
- c. Whether each such WorldCom Security was held until the conclusion of the Class Period (June 25, 2002), or whether it was sold or redeemed, if applicable, during or after the Class Period and, if so, when and at what price it was sold or redeemed.

As set forth in the accompanying Notice, the primary claims asserted on behalf of purchasers and acquirers of the May 2000 Notes and the May 2001 Notes were for violations of the Securities Act of 1933 (the "Securities Act"), and the only claims asserted on behalf of purchasers and acquirers of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock and QUIPs were for violations of the Securities Exchange Act of 1934 (the "Exchange Act"). The bases for calculating the Recognized Amounts for claims under the Securities Act and the Exchange Act are set forth in detail in the Supplemental Plan of Allocation.

In brief, the Recognized Amounts for purchases of the May 2000 and May 2001 Notes are calculated based on the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (i) if the security was disposed of before the date upon which suit was commenced, the price at which the security was disposed of; or (ii) if the security was disposed of on or after the date upon which suit was commenced, the greater of the price at which the security was disposed of or the price on the date suit was commenced.

In contrast, for the WorldCom Securities concerning which Exchange Act claims were asserted, the Recognized Amounts for purchases of these WorldCom Securities are calculated based on the Plaintiffs' expert's calculation of the amount by which the prices of such securities were inflated during the Class Period, and other factors that may be relevant to certain Authorized Claimants. Plaintiffs asserted that the cumulative overstatements in WorldCom's financial statements grew with each succeeding quarter, so that the percentage of the total artificial inflation attributable to a quarter also increased with each succeeding quarter. Accordingly, the proposed Supplemental Plan of Allocation starts with relatively smaller inflation percentages during the first quarters of the Class Period and provides for gradually increasing inflation percentages over time until the percentage inflation in the market prices of the WorldCom Securities reaches almost 100% in the fourth quarter of 2001. The Supplemental Plan of Allocation includes charts showing, on a day-by-day basis, the amounts used to determine the Recognized Amounts for purchases of these WorldCom Securities. The Supplemental Plan of Allocation further explains how each Claim Form that includes more than one Class Period purchase or acquisition of a WorldCom Security will be treated in terms of accumulating the Recognized Amounts to determine the overall Claim Amount.

The Supplemental Plan of Allocation describes how the Settlement proceeds paid by the Settling Defendants are to be allocated based upon the claims asserted against the various Settling Defendants by purchasers or acquirers of the various types of WorldCom Securities. It further explains that if the sum total of Claim Amounts of all Authorized Claimants who are entitled to receive payment out of any of the Component Net Settlement Funds is greater than the amount in the Component Net Settlement Fund, each such Authorized Claimant shall be distributed his, her or its pro rata share of the Component Net Settlement Fund, which shall be his, her or its Claim Form Amount divided by the total of all Claim Amounts to be paid from the Component Net Settlement Fund, multiplied by the total amount in the Component Net Settlement Fund.

**THIS IS ONLY A SUMMARY OF THE SUPPLEMENTAL PLAN OF ALLOCATION. ALL CLASS MEMBERS WHO MAY BE SUBMITTING A PROOF OF CLAIM TO SEEK A DISTRIBUTION FROM THE SETTLEMENT FUND ARE ENCOURAGED TO OBTAIN A COPY OF THE SUPPLEMENTAL PLAN OF ALLOCATION AND REVIEW IT CAREFULLY. ALL PROOF OF CLAIM FORMS MUST BE POSTMARKED BY AUGUST 26, 2005.**

The Court has reserved the right to modify the Supplemental Plan of Allocation without further notice to Class Members. Payment pursuant to the Supplemental Plan of Allocation, as approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator or other agent designated by Lead Plaintiff or Lead Counsel based on the distributions made substantially in accordance with the Stipulations of Settlement that Lead Plaintiff entered into with the various Settling Defendants, the Supplemental Plan of Allocation, as approved by the Court, or further orders of the Court.