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IN RE WORLDCOM, INC. SECURITIES  
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MASTER FILE  
02 Civ. 3288 (DLC)

**SUPPLEMENTAL PLAN OF ALLOCATION**

Lead Plaintiff and the Named Plaintiffs have established a settlement fund in excess of \$6.128 billion (the "Settlement Fund") as a result of settlements that, if approved, resolve all of the claims asserted against the Settling Defendants in this Action (the "Settlements"). The Settlement Fund is for the benefit of persons or entities who purchased or acquired the publicly traded securities of WorldCom, Inc. ("WorldCom") during the period April 29, 1999 through and including June 25, 2002, and were injured thereby (the "Class"), and who did not timely exclude themselves from the Class. This Supplemental Plan of Allocation sets forth the Lead Plaintiff's proposal for 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"). This Plan is subject to approval by the Court, and as described in the July 1, 2005 Notice of Proposed Settlements, you may submit any objections to this Plan by August 12, 2005.

**A. Calculation of "Recognized Amount"**

1. Only Authorized Claimants who purchased or acquired WorldCom publicly traded securities during the Class Period are entitled to recover from the Settlement Fund. The publicly traded securities 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"); and MCI Capital I 8% Cumulative Quarterly Income Preferred Securities ("QUIPs"). These publicly traded securities are referred to collectively as the "WorldCom Securities." The Settlement Fund will not provide any recovery for trading in any other WorldCom securities. Further, as set forth below in Section D, only those Class Members who (i) purchased or acquired WorldCom Securities during the period from April 29, 1999 through and including June 25, 2002 (the "Class Period"); (ii) held such WorldCom Securities through January 28, 2002; and (iii) suffered damages legally cognizable under the federal securities laws, will be eligible to share in the distribution of the Net Settlement Fund. Whether a Class Member has sustained a loss that will entitle her to recover from the Settlement Fund will depend on the calculation of a "Recognized Amount" of loss for that Member. The calculation of the Recognized Amount, as set forth below in Section D, will depend upon several factors, including:

- a. The type of WorldCom Securities purchased or acquired;
- b. When 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 it was sold or redeemed.

2. For each Claim Form that includes more than one Class Period purchase or acquisition of WorldCom Securities, the Recognized Amounts for all such purchases or acquisitions will be added to determine the "Aggregate Recognized Amount" for the Claim Form as described in Section E. For each Claim Form that does not include a Class Period sale or redemption of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock, or QUIPs, the "Claim Form Amount" shall be the Aggregate Recognized Amount as calculated pursuant to paragraph 27.a. For each Claim Form that does include a Class Period sale or redemption of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock, or QUIPs, the Claim Form Amount shall be the amount calculated pursuant to paragraph 27.c. Once Claim Form Amounts are determined, distribution amounts shall be calculated as set forth below in Section G.

3. If an Authorized Claimant acquired any WorldCom Security during the Class Period by means of a gift, inheritance or operation of law, the Recognized Amount for that acquisition will be computed by using the price of such WorldCom Security on the original date of purchase – if the original purchase was during the Class Period – and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of the WorldCom Security. To the extent that any WorldCom Security was originally purchased prior to commencement of the Class Period, and there was no taxable event or change in cost basis at the time of transfer during the Class Period, the Authorized Claimant's Recognized Amount for that acquisition shall be \$0.

4. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member. The Court also reserves 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. 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

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.

**B. Effect of WorldCom's December 31, 1999 3-for-2 Stock Split**

5. Recognized Amounts for WorldCom common stock will be adjusted to reflect the effect of the three-for-two stock split that became effective on December 31, 1999. Each share of WorldCom common stock purchased prior to December 31, 1999 will be considered to be 1.5 shares for the purpose of computing Recognized Amounts. No such adjustment will be made for WorldCom shares purchased or acquired on or after December 31, 1999, or for any other WorldCom publicly traded security.

**C. Basis for Calculation of Recognized Amounts**

6. 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 – the other WorldCom Securities in the Action – 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 below in paragraphs 8-9 and 17-19 for the Securities Act claims and paragraphs 10-17 and 20-25 for the Exchange Act claims.

7. Lead Plaintiff retained the Stanford Consulting Group, Inc. ("Stanford Consulting") to assist it in developing this Supplemental Plan of Allocation. Stanford Consulting, which specializes in computing damages under the Securities Act and the Exchange Act, also was retained as Lead Plaintiff's damages expert in connection with the litigation of this Action. In that regard, Stanford Consulting prepared and submitted to the Court four separate reports concerning damages to Class Members. In addition, the founder and President of Stanford Consulting, Blaine F. Nye, Ph.D., was deposed by the defendants in this Action and testified at the trial of this Action against Arthur Andersen LLP ("Andersen").

**Recognized Amounts for Purchases and Acquisitions of the May 2000 Notes and the May 2001 Notes**

8. The method for calculating damages under Section 11 of the Securities Act is set forth in Section 11(e). For purposes of this Action, under Section 11(e), the maximum damages that may be recovered are equal to 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. Recognized Amounts for purchases or acquisitions of the May 2000 Notes and the May 2001 Notes were determined in accordance with Section 11(e). The first class action lawsuit brought on behalf of purchasers or acquirers of the May 2000 Notes or the May 2001 Notes was commenced on June 27, 2002.

9. In July 2002, WorldCom filed a petition in the United States Bankruptcy Court for the Southern District of New York seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. On October 31, 2003, the Bankruptcy Court confirmed WorldCom's plan of reorganization (the "Plan of Reorganization"). Class Members who held the May 2000 Notes or the May 2001 Notes through April 20, 2004, the date that the Plan of Reorganization became effective, shall be deemed for purposes of determining damages under Section 11(e) of the Securities Act, to have disposed of the May 2000 Notes or the May 2001 Notes on that date for the amount allocated to such Notes in the Plan of Reorganization, as described below in paragraphs 17-19.

**Recognized Amounts for Purchases and Acquisitions of WorldCom Common Stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock and QUIPs**

10. This Action is intended to compensate Class Members for damages incurred due to the defendants' alleged violations of the federal securities laws, and cannot compensate Class Members for losses they may have experienced in the value of their WorldCom Securities due to other causes. This difference is demonstrated by the following events that occurred during the Class Period. During the Class Period — that is, from April 29, 1999 through June 25, 2002 — there was a significant decline in the market prices not only of WorldCom's securities, but also of the securities of its chief competitors, AT&T and Sprint. During that period, the market prices of AT&T and Sprint stock fell approximately 80% in value, while WorldCom's stock lost nearly all of its value, meaning that if an investor had purchased \$50 worth of stock each of WorldCom, AT&T and Sprint at the start of the Class Period in April 1999, and retained all of that stock until the end of the Class Period in June 2002, that investor would have been left with approximately \$10 worth of stock of AT&T and Sprint, but close to \$0 worth of stock in WorldCom. Hence, while that investor would have lost nearly the entire value of her WorldCom stock, the damages due to factors that were unique to WorldCom and that are recoverable in a federal securities law case would be substantially less.

11. The plaintiffs have asserted that the first partial disclosure of the alleged fraud at WorldCom occurred on January 29, 2002. The last disclosure during the Class Period occurred on June 25, 2002,<sup>1</sup> and Stanford Consulting has determined

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<sup>1</sup> On June 25, 2002, WorldCom announced, among other things, that the previously reported net income in its financial statements for the year 2001 and the first quarter 2002 was overstated by \$3.8 billion, and that it was undertaking an investigation into fraudulent conduct on the part of WorldCom executives.

that the effect of the June 25 disclosure is best measured, with respect to WorldCom common stock and MCI Tracking Stock, by the prices of those WorldCom shares on July 5, 2002.<sup>2</sup> Stanford Consulting calculated the impact on the decline in the price of WorldCom shares between January 29 and July 5, 2002 from the decline in the price of telecommunications industry securities generally, and also from the overall market decline. By subtracting this industry and market impact on the price of WorldCom shares, Stanford Consulting isolated the decline in the price of WorldCom shares that it reasonably believed was caused by the fraud. This decline represents the reasonable amount by which WorldCom shares were "artificially inflated" prior to January 29, 2002. Stanford Consulting has used this number to calculate for the WorldCom common stock and the MCI Tracking Stock what percentage of its closing market price as of January 28, 2002 -- the last trading day before January 29 -- was artificially inflated.

12. Stanford Consulting did a similar analysis for each of the WorldCom Securities other than the May 2000 and the May 2001 Notes. In each instance, Stanford Consulting measured the price decline on and after January 29, 2002, and further analyzed price changes after June 25, 2002, to determine the appropriate end date to use as the "settle out" price for each WorldCom Security. Based on that analysis, Stanford Consulting used the prices on July 9, 2002, as the "settle out" prices for WorldCom Predecessor Preferred Stock, and used the prices on June 26, 2002 as the "settle out" prices for the Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds and QUIPs.

13. The Lead Plaintiff contends that WorldCom made twelve materially false and misleading quarterly earnings disclosures during the period from April 29, 1999, the first day of the Class Period, through January 28, 2002, and that WorldCom overstated each quarter's earnings throughout the entire Class Period. Accordingly, the cumulative amount of the earnings overstatement grew with each succeeding quarter.

14. Stanford Consulting allocated the total artificial inflation which it had calculated to exist as of January 28, 2002, to each quarterly period during the Class Period before January 28, 2002. In making this allocation, Stanford Consulting considered the relationship that each such period's earnings overstatement bore to the total amount of the earnings overstatement in WorldCom's SEC filings, including the impairment charges that were reflected in the restated financial statements issued in 2004 by WorldCom for the years 2000 and 2001, and the knowledge in the market by the end of the Class Period about the extent and nature of fraudulent activity at WorldCom. Accordingly, the Supplemental Plan of Allocation starts with relatively smaller inflation percentages during the first quarters of the Class Period and gradually increases the inflation percentages until the inflation in the market prices of the WorldCom Securities (other than the May 2000 and May 2001 Notes) reaches almost 100% in the fourth quarter of 2001.

15. The Private Securities Litigation Reform Act limits the maximum amount of damages that a plaintiff may recover for a violation of the federal securities laws to the difference between the purchase price paid and the mean trading price of the security for the 90-day period beginning on the day (here, June 25, 2002) on which the information correcting the misstatements or omissions that are the basis for the action is disseminated to the market. This is known as the PSLRA 90-Day Lookback Provision. Application of the PSLRA 90-Day Lookback Provision does not result in any adjustment of the maximum amount of recoverable damages by Class Members for purchases of WorldCom stock, MCI Tracking Stock and WorldCom Predecessor Preferred Stock. In contrast, the PSLRA 90-Day Lookback Provision does result in an adjustment of the maximum amount of recoverable damages by Class Members for purchases of Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds and QUIPs.

16. The Recognized Amounts for the WorldCom Securities identified in the title of this Section of the Supplemental Plan of Allocation are based on an estimation of the level of artificial inflation in the prices of each such WorldCom Security. Those Recognized Amounts will be reduced dollar-for-dollar to the extent that (i) WorldCom Securities were purchased or acquired at a price below the lowest trading or published price for such WorldCom Security on the date during the Class Period on which the purchase or acquisition was made (e.g., in a private sale or at a discounted price), or (ii) WorldCom Securities were sold at a price above the highest trading or published price for such WorldCom Security on the date during the Class Period on which the sale was made.

#### **D. Recognized Amounts for Specific WorldCom Securities**

17. **No Recovery for WorldCom Securities Sold or Redeemed On or Before January 28, 2002.** For any WorldCom Security that was sold or redeemed on or before January 28, 2002, the Recognized Amount is \$0. Only investors who can show their loss was caused by the defendants' alleged misrepresentations or material omissions are entitled to recover in a federal securities law case. Here, the first alleged partial disclosure of the prior misrepresentations in WorldCom's financial statements occurred on January 29, 2002. Therefore, the first decline in the price of WorldCom Securities that could be said to be caused by public disclosure of the misrepresentations was a decline on and after January 29, 2002. As a result, investors who purchased WorldCom Securities during the Class Period but sold those securities before January 29, 2002, are not entitled as a matter of law to collect damages. It is for this reason that this Supplemental Plan of Allocation provides that investors who sold their WorldCom Securities before January 29, 2002 do not have a claim compensable from the Settlement Funds.

The methodology for determining the Recognized Amounts for each WorldCom Security is set forth in this Section.

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<sup>2</sup> Stanford Consulting chose July 5, 2002 as the date that best measures the effect of the disclosures on WorldCom shares during the Class Period because, among other things, WorldCom common stock was subject to a trading halt for three days after the June 25, 2002 announcement, that is, June 26 through June 28. On July 1, the first date on which WorldCom's common stock traded after June 25, the market price of WorldCom common stock fell to \$0.06, but it then rose over the next several days to \$0.25 on July 5, and remained near that price for some time.

18. **May 2000 Notes.** The May 2000 Notes include the following four Notes: the Floating Rate Notes due November 26, 2001 (the "Floating Rate Notes"); the 7.875% Notes due May 15, 2003 (the "7.875% Notes"); the 8.000% Notes due May 15, 2006 (the "8.000% Notes"); and the 8.250% Notes due May 15, 2010 (the "8.250% Notes"; collectively with the 7.875% Notes and the 8.000% Notes, the "May 2000 Non-Floating Rate Notes").

a. **The Floating Rate Notes.** The Floating Rate Notes were redeemed in full, and at par, in November 2001. Accordingly, there is no Recognized Amount for purchases or acquisitions of these Notes.

b. **The May 2000 Non-Floating Rate Notes.** May 2000 Non-Floating Rate Notes purchased or acquired from May 19, 2000 (the date those Notes were offered) through June 25, 2002, the last day of the Class Period:

(i) **And sold after January 28, 2002 but before June 27, 2002.** For each May 2000 Non-Floating Rate Note purchased or acquired between May 19, 2000 and June 25, 2002 and sold after January 28, 2002 but before June 27, 2002, the Recognized Amount per \$1,000 face amount is equal to the lower of the purchase price paid for the Note or the offering price, less the price at which the Note was sold.

(ii) **And sold or redeemed on or after June 27, 2002.** For each May 2000 Non-Floating Rate Note purchased or acquired between May 19, 2000 and June 25, 2002 and sold or redeemed on or after June 27, 2002, the Recognized Amount per \$1,000 face amount is equal to the lower of the purchase price paid for the Note or the offering price, less the greater of the price at which the Note was sold or the price on June 27, 2002. For such Notes redeemed at the bankruptcy proceedings, the aggregate value of consideration received was equivalent to \$357 per \$1,000 face amount; this figure will be used to represent the "sale price" at redemption.

19. **May 2001 Notes.** The May 2001 Notes include the following five Notes: the 6.50% Notes due May 15, 2004; the 6.75% Notes due May 15, 2008, the 7.25% Notes due May 15, 2008; the 7.5% Notes due May 15, 2011; and the 8.25% Notes due May 15, 2031. May 2001 Notes purchased or acquired from May 9, 2001 (the date those Notes were offered) through June 25, 2002, the last day of the Class Period:

a. **And sold after January 28, 2002 but before June 27, 2002.** For each May 2001 Note purchased or acquired between May 9, 2001 and June 25, 2002, and sold after January 28, 2002 but before June 27, 2002, the Recognized Amount per \$1,000 face amount is equal to the lower of the purchase price paid for the Note or the offering price, less the price at which the Note was sold.

b. **And sold or redeemed on or after June 27, 2002.** For each May 2001 Note purchased or acquired between May 9, 2001 and June 25, 2002 and sold or redeemed on or after June 27, 2002, the Recognized Amount per \$1,000 face amount is equal to the lower of the purchase price paid for the Note or the offering price, less the greater of the price at which the Note was sold or the price on June 27, 2002. For such Notes redeemed at the bankruptcy proceedings, the aggregate value of consideration received was equivalent to \$357 per \$1,000 face amount; this figure will be used to represent the "sale price" at redemption.

The 6.75% Notes due May 15, 2008 and the 7.25% Notes due May 15, 2008 were not denominated in United States dollars. Reference should be made to Section F below concerning currency conversion.

20. **WorldCom Common Stock.** Shares of WorldCom common stock purchased or acquired during the Class Period:

a. **And still held as of June 25, 2002, the last day of the Class Period:** For each share of WorldCom common stock purchased or acquired during the Class Period (from April 29, 1999 through June 25, 2002) and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per share for the date that share was purchased or acquired as set forth in Table A.

b. **And sold during the period January 29, 2002 through June 25, 2002:** For each share of WorldCom common stock purchased or acquired during the Class Period and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the *lesser* of (a) the amount of artificial inflation per share on the date of purchase or acquisition as set forth in Table A, or (b) the amount by which the actual purchase price per share exceeds the actual sales price per share.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

21. **MCI Tracking Stock.** Shares of MCI Tracking Stock purchased or acquired during the Class Period:

a. **And still held as of June 25, 2002, the last day of the Class Period:** For each share of MCI Tracking Stock purchased or acquired during the period from June 7, 2001, the date MCI Tracking Stock was issued, through and including June 25, 2002, and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per share for the date that share was purchased or acquired as set forth in Table B.

b. **And sold during the period January 29, 2002 through June 25, 2002:** For each share of MCI Tracking Stock purchased or acquired during the period from June 7, 2001 through June 25, 2002 and was sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the **lesser** of (a) the amount of artificial inflation per share on the date of purchase or acquisition as set forth in Table B, or (b) the amount by which the actual purchase price per share exceeds the actual sales price per share.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

22. **WorldCom Predecessor Preferred Stock.** WorldCom Predecessor Preferred Stock, which was originally issued by Intermedia prior to the beginning of the Class Period and was reissued by WorldCom in connection with WorldCom's acquisition of Intermedia on July 2, 2001, consists of the following three issues: WorldCom Series D Junior Convertible Preferred Stock, WorldCom Series E Junior Convertible Preferred Stock, and WorldCom Series F Junior Convertible Preferred Stock. Shares of WorldCom Predecessor Preferred Stock purchased or acquired during the Class Period:

a. **And still held as of June 25, 2002, the last day of the Class Period:** For each share of WorldCom Predecessor Preferred Stock purchased or acquired from July 2, 2001, the date the Intermedia acquisition was concluded, through June 25, 2002 and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per share for the date that share was purchased or acquired as set forth in Tables C-1 through C-3.

b. **And sold during the period January 29, 2002 through June 25, 2002:** For each share of WorldCom Predecessor Preferred Stock purchased or acquired from July 2, 2001, the date the Intermedia acquisition was concluded, and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the **lesser** of (a) the amount of artificial inflation per share on the date of purchase or acquisition as set forth in Tables C-1 through C-3, or (b) the amount by which the actual purchase or acquisition price per share exceeds the actual sales price per share.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

23. **Pre-Existing WorldCom Bonds.** Pre-Existing WorldCom Bonds are those bonds issued by WorldCom prior to the beginning of the Class Period. The Pre-Existing WorldCom Bonds include the following six securities: 6.25% Bonds due August 15, 2003; 6.40% Bonds due August 15, 2005; 6.95% Bonds due August 15, 2028; 7.55% Bonds due April 1, 2004; 7.75% Bonds due April 1, 2007; and 7.75% Bonds due April 1, 2027. Pre-Existing WorldCom Bonds purchased or acquired from April 29, 1999, the first day of the Class Period, through June 25, 2002, the last day of the Class Period:

a. **And still held as of June 25, 2002, the last day of the Class Period:** For each \$1,000 face amount of Pre-Existing WorldCom Bonds purchased or acquired during the period from April 29, 1999 through and including June 25, 2002, and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per \$1,000 face amount of Pre-Existing WorldCom Bond for the date that Pre-Existing WorldCom Bond was purchased or acquired as set forth in the Tables set forth below:

<u>Pre-Existing WorldCom Bond</u>	<u>Table</u>	<u>Pre-Existing WorldCom Bond</u>	<u>Table</u>
6.25% due 2003	D-1	7.55% due 2004	D-4
6.40% due 2005	D-2	7.75% due 2007	D-5
6.95% due 2028	D-3	7.75% due 2027	D-6

b. **And sold during the period January 29, 2002 through June 25, 2002:** For each \$1,000 face amount of WorldCom Pre-Existing Bonds purchased or acquired during the Class Period and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the **lesser** of (a) the amount of artificial inflation per \$1,000 face amount of bond on the date of purchase or acquisition as set forth in Tables identified above in paragraph 23.a, or (b) the amount by which the actual purchase or acquisition price per \$1,000 face amount of bond exceeds the actual sales or redemption price per \$1,000 face amount of bond.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

24. **WorldCom Predecessor Bonds.** WorldCom Predecessor Bonds were bonds issued by companies that WorldCom acquired prior to or during the Class Period. Included within the definition of Predecessor WorldCom Bonds are bonds issued by Brooks Fiber Properties, Inc. ("Brooks Bonds"); Intermedia ("Intermedia Bonds"); and MCI Communications Corp. ("MCI Bonds"):

a. **Brooks Bonds.** Bonds issued by Brooks Fiber Properties, Inc. were redeemed in full in 1996, 1997 and 1998. Accordingly, there is no Recognized Amount for the purchase or acquisition of those Bonds.

b. **Intermedia Bonds.** Intermedia Bonds purchased or acquired from July 2, 2001 (the first trading date after WorldCom acquired Intermedia Communications, Inc.) through June 25, 2002, the last day of the Class Period:

(i) **And still held as of June 25, 2002, the last day of the Class Period:** For each \$1,000 face amount of Intermedia Bonds purchased or acquired during the period from July 2, 2001 through and including June 25, 2002 and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per \$1,000 face amount of Intermedia Bonds for the date that Intermedia Bond was purchased or acquired as set forth in the Tables set forth below.

<u>Intermedia Bond</u>	<u>Table</u>	<u>Intermedia Bond</u>	<u>Table</u>
8.500% due 2008	E-1	9.500% due 2009	E-4
8.600% due 2008	E-2	11.250% due 2007	E-5
8.875% due 2007	E-3	12.250% due 2009	E-6

(ii) **And sold during the period January 29, 2002 through June 25, 2002:** For each \$1,000 face amount of Intermedia Bonds purchased or acquired during the period from July 2, 2001 through June 25, 2002 and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the *lesser* of (a) the amount of artificial inflation per \$1,000 face amount of bond on the date of purchase or acquisition as set forth in the Tables identified above in paragraph 24.b.(i), or (b) the amount by which the actual purchase or acquisition price per \$1,000 face amount of bond exceeds the actual sales or redemption price per \$1,000 face amount of bond.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

c. **MCI Bonds.** MCI Bonds purchased or acquired from April 29, 1999, the first day of the Class Period, through June 25, 2002, the last day of the Class Period:

(i) **And still held as of June 25, 2002, the last day of the Class Period:** For each \$1,000 face amount of MCI Bonds purchased or acquired during the Class Period and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per \$1,000 face amount of MCI Bonds for the date that MCI Bond was purchased or acquired as set forth in the Tables set forth below.

<u>MCI Bond</u>	<u>Table</u>	<u>MCI Bond</u>	<u>Table</u>
6.500% due 2010	F-1	7.750% due 2024	F-5
6.950% due 2006	F-2	7.750% due 2025	F-6
7.125% due 2027	F-3	8.250% due 2023	F-7
7.500% due 2004	F-4		

(ii) **And sold during the period January 29, 2002 through June 25, 2002:** For each \$1,000 face amount of MCI Bonds purchased or acquired during the Class Period and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the *lesser* of (a) the amount of artificial inflation per \$1,000 face amount of bond on the date of purchase or acquisition set forth in the Tables identified above in paragraph 24.c.(i), or (b) the amount by which the actual purchase or acquisition price per \$1,000 face amount of bond exceeds the actual sales or redemption price per \$1,000 face amount of bond.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

25. **QUIPs.** QUIPs purchased or acquired from April 29, 1999, the first day of the Class Period, through June 25, 2002, the last day of the Class Period:

a. **And still held as of June 25, 2002, the last day of the Class Period:** For each QUIP purchased or acquired during the Class Period and *still held* on June 25, 2002, the Recognized Amount is the amount of artificial inflation per QUIP for the date that QUIP was purchased or acquired as set forth in Table G.

b. **And sold during the period January 29, 2002 through June 25, 2002:** For each QUIP purchased or acquired during the Class Period and sold during the period from January 29, 2002 through June 25, 2002, the Recognized Amount is the *lesser* of (a) the amount of artificial inflation per QUIP on the date of purchase or acquisition as set forth in Table G, or (b) the amount by which the actual purchase or acquisition price per QUIP exceeds the actual sales or redemption price per QUIP.

Please refer to Section E below for the methodology for determining Aggregate Recognized Amounts and Claim Form Amounts.

**E. Methodology for Determining Aggregate Recognized Amounts and Claim Form Amounts for Certain WorldCom Securities**

26. When any Claim Form includes a Class Period sale or redemption of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock or QUIPs (the WorldCom Securities other than the May 2000 and May 2001 Notes), the method for determining which such WorldCom Securities purchased or acquired during the Class Period were retained until at least January 29, 2002 is as follows: The earliest sale during the Class Period of a specific WorldCom Security shall be matched first against the Authorized Claimant's opening position on the first day of the Class Period, if any, for that specific WorldCom Security, and then matched chronologically thereafter against each purchase or acquisition of that specific WorldCom Security during the Class Period.

27. Once the WorldCom Securities purchased or acquired during the Class Period have been determined, the following methodology will be applied to calculate Aggregate Recognized Amounts and Claim Form Amounts for each Claim Form:

a. Each Class Member's Aggregate Recognized Amount will be calculated as the sum of all the Recognized Amounts, as set forth in Section D, that apply to each share or \$1,000 face amount of bonds or notes purchased or acquired by the Class Member during the Class Period;

b. All market profits, defined as the amount by which the actual sale or redemption price of a WorldCom Security is greater than the actual purchase or acquisition price of that Security, shall be subtracted from all market losses, defined as the amount by which the actual purchase or acquisition price of a security is greater than the actual sale or redemption price of that Security, to determine the "Net Market Profit" or "Net Market Loss" of each Authorized Claimant; and

c. The Claim Form Amount for each Claim shall equal the *lesser* of his, her or its: (i) Aggregate Recognized Amount; or (ii) Net Market Loss. If the Authorized Claimant had a Net Market Profit, the value of the Claim shall be \$0. For each Claim Form that does not include a Class Period sale or redemption of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock, or QUIPs, the Claim Form Amount shall be the Aggregate Recognized Amount as calculated pursuant to paragraph 27.a.

**F. Recognized Amounts and Distributions for Purchases or Acquisitions of May 2001 Notes Denominated in Foreign Currencies**

28. Two of the May 2001 Notes were issued in foreign denominations. The 6.75% Notes due May 15, 2008 were issued in Euros, and the 7.25% Notes due May 15, 2008 were issued in Pounds Sterling.

29. Recognized Amounts for those two securities shall be determined in their native currencies (*i.e.*, Euros for the 6.75% Notes, and Pounds Sterling for the 7.25% Notes) as set forth above in Section D. Those amounts shall be converted into United States dollars using the published conversion rates on June 26, 2002, the first day after the end of the Class Period (€1 = \$0.86606; £1 = \$1.41020), in order to determine an Authorized Claimant's pro rata share of the Net Settlement Fund, as set forth below in Section G.

30. When the Net Settlement Fund is distributed to Authorized Claimants as approved by the Court, the United States dollar amounts will then be converted back into the respective native currencies at the conversion rates then in effect.

**G. Composition of and Distributions from the Net Settlement Fund**

31. As set forth in the accompanying Notice and the previously disseminated Notice of Class Action and Notice of Proposed Settlement of Class Action Against the Citigroup Defendants, not all claims were asserted against all defendants. Accordingly, the Settlement proceeds paid by the defendants have been allocated based upon the claims against them asserted by purchasers or acquirers of the various types of WorldCom Securities. The Net Settlement Fund has been divided into the following component parts (referred to collectively as the "Component Net Settlement Funds"):<sup>3</sup>

**a. The May 2000 Offering Net Settlement Fund**

(i) **Composition.** The May 2000 Offering Net Settlement Fund includes (1) a portion of the Settlement proceeds paid by (a) the Citigroup Defendants (*i.e.*, Citigroup Inc.; Citigroup Global Markets Inc., f/k/a Salomon Smith Barney Inc.; Citigroup Global Markets Limited, f/k/a Salomon Brothers International Limited; and Jack B. Grubman); (b) Bank of America Securities LLC ("BOA"); (c) J.P. Morgan Chase & Co. (sued herein as J.P. Morgan Chase & Co.), J.P. Morgan Securities Inc., J.P. Morgan Securities Ltd., and Chase Securities Inc. (collectively "JP Morgan Chase"); (d) Deutsche Bank Securities Inc., f/k/a Deutsche Bank Alex Brown Inc. ("Deutsche Bank"); (e) Blaylock & Partners, L.P. ("Blaylock"); (f) certain former WorldCom directors (as set forth in the accompanying Notice); and (g) Andersen that, as set forth in the accompanying Notice, have been allocated to settle Securities Act claims based on WorldCom's May 2000 Offering; and (2) all Settlement proceeds paid by (a) Lehman

<sup>3</sup> Should the Lead Plaintiff obtain a recovery, by settlement or through a judgment, from defendants Ebbers, Sullivan, Myers and Yates, that recovery would be distributed in the same manner as the recoveries from the Citigroup Defendants and the Director Defendants.

Brothers, Inc.; (b) Credit Suisse First Boston LLC; (c) Goldman, Sachs & Co.; and (d) UBS Warburg LLC, all of which were defendants only with respect to the May 2000 Offering.

(ii) **Distribution.** The May 2000 Offering Net Settlement Fund will be allocated only to the claims of Authorized Claimants who have a positive Aggregate Recognized Amount as a result of the purchase or acquisition of the notes WorldCom issued in the May 2000 Offering.

**b. The May 2001 Offering Net Settlement Fund**

(i) **Composition.** The May 2001 Net Settlement Fund includes (1) a portion of the Settlement proceeds paid by (a) the Citigroup Defendants; (b) Deutsche Bank; (c) JP Morgan Chase; (d) BOA; (e) Blaylock; (f) certain former WorldCom directors; and (g) Andersen, that, as set forth in the accompanying Notice, have been allocated to settle Securities Act claims based on WorldCom's May 2001 Offering; and (2) all Settlement proceeds paid by (a) ABN AMRO, Inc.; (b) Tokyo-Mitsubishi International plc; (c) BNP Paribas Securities Corp.; (d) Mizuho International plc; (e) Cabato Holding SIM S.p.A.; (f) Westdeutsche Landesbank Girozentrale, n/k/a WestLB AG; and (g) Utendahl Capital Partners L.P., all of which were defendants only with respect to the May 2001 Offering.

(ii) **Distribution.** The May 2001 Offering Net Settlement Fund will be allocated only to the claims of Authorized Claimants who have a positive Aggregate Recognized Amount as a result of the purchase or acquisition of the notes WorldCom issued in the May 2001 Offering.

**c. The Citigroup and Directors Exchange Act Net Settlement Fund**

(i) **Composition.** The Citigroup and Directors Exchange Act Net Settlement Fund includes the portions of the Settlement proceeds paid by the Citigroup Defendants and certain former WorldCom directors, that, as set forth in the accompanying Notice, have been allocated to settle Exchange Act claims.

(ii) **Distribution.** The Citigroup and Directors Exchange Act Net Settlement Fund will be allocated only to settle the Exchange Act claims of Authorized Claimants who have a positive Aggregate Recognized Amount as a result of the purchase or acquisition of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock, or QUIPs during the Class Period.

**d. The Andersen Exchange Act Net Settlement Fund**

(i) **Composition.** The Andersen Exchange Act Net Settlement Fund includes only the portion of the Settlement proceeds paid by Andersen that has been allocated to settle Exchange Act claims.

(ii) **Distribution.** Because the first allegedly false and misleading statement made by Andersen was on March 30, 2000, the Andersen Exchange Act Net Settlement Fund will be allocated only to the Exchange Act claims of Authorized Claimants who have a positive Aggregate Recognized Amount as a result of the purchase or acquisition of WorldCom common stock, MCI Tracking Stock, Pre-Existing WorldCom Bonds, WorldCom Predecessor Bonds, WorldCom Predecessor Preferred Stock, or QUIPs on or after March 30, 2000.

32. In the event that the sum total of Claim Form 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 Form Amounts to be paid from the Component Net Settlement Fund, multiplied by the total amount in the Component Net Settlement Fund. If the amount in any of the Component Net Settlement Funds exceeds the sum total amount of the Claim Form Amounts of all Authorized Claimants entitled to receive payment out of any of those Component Net Settlement Funds, such excess amount shall be distributed pro rata to all Authorized Claimants entitled to receive payment out of the particular Component Net Settlement Fund.