

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE WORLDCOM, 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	:
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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	:
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02 Civ. 4958	02 Civ. 8229		:

**JUDGMENT APPROVING SETTLEMENT AND DISMISSING
ACTION AGAINST SCOTT D. SULLIVAN**

DENISE COTE, District Judge

On this ___ day of _____, 2005, a hearing having been held before this Court to determine (1) whether the terms and conditions of the Stipulation of Settlement between Lead Plaintiff and the Named Plaintiffs on behalf of themselves and the Class, and Scott D. Sullivan (“Sullivan”), dated July 26, 2005 (the “Stipulation”) are fair, reasonable and adequate for the settlement of all claims asserted by the Class Members against Sullivan (the “Settlement”); (2) whether judgment should be entered dismissing the Complaint on the merits and with prejudice in favor of Sullivan; and (3) whether the Released Claims, as defined below, should be released in favor of Sullivan and the other Released Parties, as defined below, as against all Class Members who have not validly requested exclusion from the Class;

And it appearing that a summary notice of the hearing substantially in the form approved by the Court was posted on the website maintained by Lead Counsel, and was published in the national editions of *The Wall Street Journal*, *The New York Times* and over the PR Newswire, pursuant to the specifications of the Court;

And the Court, having considered all matters submitted to it at the hearing, along with all prior submissions by the parties to the Settlement and others, and otherwise having determined the fairness and reasonableness of the proposed Settlement;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein have the same meanings as set forth in the Stipulation.
2. This Court has jurisdiction over the subject matter of this Litigation and over all members of the Class.
3. The Settlement and the Stipulation are approved (but not merged in this Judgment) as fair, reasonable and adequate, and in the best interests of the Class. The parties to the Settlement are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation. However, this Settlement and entry of this Judgment are expressly conditioned on final approval of all other settlements that Lead Plaintiff reached with each of the other defendants prior to the date of the Stipulation. If such condition is not fulfilled, Lead Plaintiff shall immediately at that time – notwithstanding whether District Court Approval or Final Approval has been given to this Settlement – have the right to unilaterally terminate the Stipulation and Settlement.

4. The Court reaffirms that all elements for maintenance of this Litigation as a class action have been met. Specifically, the Class satisfies the numerosity requirement of Rule 23(a)(1); there are common issues of fact and law sufficient to satisfy Rule 23(a)(2); the claims of the Plaintiffs are typical of the claims of absent members of the Class, satisfying Rule 23(a)(3); the Plaintiffs and Plaintiffs' counsel are adequate representatives of the Class, satisfying Rule 23(a)(4); common issues predominate over individual issues, satisfying Rule 23(b)(3)(i); and class action treatment of this Action is a superior method of proceeding in this matter, satisfying Rule 23(b)(3)(ii). A more detailed explanation of the bases for these conclusions, which remain the conclusions of the Court, is contained in the Opinion and Order of October 24, 2003. *See In re WorldCom, Inc. Securities Litigation*, 219 F.R.D. 267 (S.D.N.Y. Oct. 24, 2003).

5. The Class consists of all purchasers or acquirers of publicly traded securities of WorldCom during the period from April 29, 1999 through and including June 25, 2002 (the "Class Period"), and who were injured thereby. The Class includes persons or entities who acquired shares of WorldCom common stock by any method, including but not limited to in the secondary market, in exchange for shares of acquired companies pursuant to a registration statement, or through the exercise of options including options acquired pursuant to employee stock plans, and persons or entities who acquired debt securities of WorldCom in the secondary market or pursuant to a registration statement, and who were injured thereby.

6. Excluded from the Class are: (i) defendants in the Litigation; (ii) members of the family of each individual defendant; (iii) any entity in which any defendant in the Litigation has a controlling interest; (iv) officers and directors of WorldCom and its subsidiaries and affiliates; and (iv) the legal representatives, heirs, successors or assigns of any such excluded party. Also

excluded from the Class are all persons and entities who timely filed a valid request for exclusion from the Class. The exclusion of “any entity in which any defendant in the Litigation has a controlling interest” means that any such entity is excluded from the Class to the extent that the entity itself had a proprietary (i.e., for its own account) interest in WorldCom common stock or debt securities. In the event that any such entity beneficially owned WorldCom common stock or debt securities in a fiduciary capacity or otherwise held WorldCom common stock or debt securities on behalf of third party clients or any employee benefit plans that otherwise fall within the class, such third party clients and employee benefit plans shall not be excluded from the Class, irrespective of the identity of the entity or person in whose name the WorldCom common stock or debt securities were beneficially owned or otherwise held. For example, WorldCom common stock or debt securities shall not be excluded from the Class to the extent held (i) in a registered or unregistered investment company (including a unit investment trust) for which an entity in which any defendant in the Litigation has a controlling interest serves as investment manager, investment adviser or depositor; or (ii) (a) in a life insurance company separate account, or (b) in a segment or subaccount of a life insurance company's general account to the extent associated with insurance contracts under which the insurer's obligation is determined by the investment return and/or market value of the assets held in such segment or subaccount. A defendant shall be deemed to have a “controlling interest” in an entity if such defendant has a beneficial ownership interest, directly or indirectly, in more than 50% of the total outstanding voting power of any class or classes of capital stock that entitle the holders thereof to vote in the election of members of the Board of Directors of such entity. “Beneficial ownership” shall have the meaning ascribed to such term under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

7. The Complaint and the Action are hereby dismissed without costs and on the merits and with prejudice in full and final discharge of any and all claims or obligations which were or could have been asserted in the Litigation, as against Sullivan. The Court finds the Complaint was filed on a good faith basis in accordance with the Private Securities Litigation Reform Act and Rule 11 of the Federal Rules of Civil Procedure based upon all publicly available information.

8. “Released Claims” means:

(a) with respect to the Sullivan Releasees, defined below, the release by Lead Plaintiff, the Named Plaintiffs and all Class Members (the “Releasers”) of all claims and causes of action of every nature and description, known and unknown, whether arising under federal, state, common or foreign law, whether brought directly or derivatively, based upon, arising out of, or relating in any way to (i) investments (including, but not limited to, purchases, sales, exercises, and decisions to hold) in securities issued by WorldCom, including without limitation all claims arising out of or relating to any disclosures, public filings, registration statements or other statements by WorldCom or Sullivan, or (ii) property transfers or conveyances accurately disclosed in all material respects as part of Sullivan’s provision of financial information to Lead Plaintiff, as well as all claims asserted by or that could have been asserted by Plaintiffs or any member of the Class in the Action against the Sullivan Releasees. Provided, however, that the “Released Claims” described in this paragraph do not operate to preclude any Class Member or Authorized Claimant from making any claim with respect to any funds made available as a result of the WorldCom bankruptcy, WorldCom’s settlement with the Securities and Exchange Commission, or any other regulatory agency fund.

(b) with respect to Lead Plaintiff, the Named Plaintiffs and all other members of the Class, the release by Sullivan of the Plaintiff Releasees, defined below, from any claims relating to the institution or prosecution of this Litigation.

9. “Released Parties” means:

(a) with respect to Sullivan, the Sullivan Releasees. The Releasees shall not include any Previously Settling Defendant or other Remaining Individual Defendant, each as defined in paragraph 1(ee) of the Stipulation.

(b) with respect to Plaintiffs, the Plaintiff Releasees.

10. Plaintiffs and all members of the Class are hereby permanently barred and enjoined from instituting or prosecuting in this Litigation or any other action or proceeding any Released Claims or from pursuing outside of this Litigation any claim that arises from or relates to the facts alleged in the Complaint in this Litigation (as provided in the Notice of Class Action dated December 11, 2003 by Order of Denise Cote, United States District Judge). Members of the Class, the successors and assigns of any of them, and anyone claiming through or on behalf of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any Released Claims against any of the Released Parties.

11. The Released Claims against each and all of the Released Parties shall be released and dismissed with prejudice and on the merits, without costs to any party, upon entry of the Judgment. The releases described in this paragraph do not operate to preclude any Class Member or Authorized Claimant from making any claim with respect to any funds made available as a result of the WorldCom bankruptcy, WorldCom’s settlement with the Securities and Exchange Commission, or any other regulatory agency fund. Further, nothing in this

Judgment shall release the Released Claims against Sullivan of any Persons who submitted a timely, signed request for exclusion and did not submit a valid request to revoke the prior request for exclusion as allowed by the Court.

12. The Released Parties are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any claim arising out of the matters giving rise to this Litigation against any of Lead Plaintiff, Class Members or their attorneys.

13. The Released Parties' claims arising out of the matters giving rise to this Action, if any, against any of Lead Plaintiff, Class Members or their attorneys, are hereby compromised, settled, released, discharged and dismissed on the merits and with prejudice by virtue of the proceedings herein and this Judgment.

14. Neither the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) Offered in evidence as proof of liability or a presumption, concession or an admission by any of the Released Parties of the truth of any fact alleged or the validity of any claim that has been, could have been or in the future might be asserted in the Complaint, or otherwise against the Released Parties, or of any purported liability, fault, wrongdoing or otherwise of the Released Parties; or

(b) Offered or received in evidence as proof of a presumption, concession or an admission of any purported liability, wrongdoing, fault, misrepresentation or omission in any statement, document, report or financial statement heretofore or hereafter issued, filed, approved or made by any of the Released Parties or otherwise referred to for any other reason, other than

for the purpose of and in such proceeding as may be necessary for construing, terminating or enforcing the Stipulation; or

(c) Construed as a concession or an admission that Lead Plaintiff or the Class Members have suffered any damage; or

(d) Construed as or received in evidence as an admission, concession or presumption against Lead Plaintiff or the Class Members, or any of them, that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Fund.

15. The other defendants in the Litigation are hereby permanently BARRED, ENJOINED and RESTRAINED from (i) commencing, prosecuting, or asserting any claim for indemnity or contribution against the Sullivan Releasees or any other claim against the Sullivan Releasees where the injury to the entity/individual is the entity's/individual's actual or threatened liability to the Lead Plaintiff, Named Plaintiffs and other Class Members, 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, 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. Provided, however, that the Bar Order stated in this paragraph shall not apply to claims that may be asserted between and/or among any defendants in cases brought by persons who timely opted out of the Class and did not revoke their request for exclusion as allowed by the Court. The Remaining Individual Defendants shall be entitled to a judgment credit in an amount that is the greater of the total Settlement Fund paid by Sullivan, as allocated to claims for

which contribution would be sought, or, for each such claim, the proportionate share of Sullivan's fault as determined at trial.

16. Subject to this Judgment becoming final, the Sullivan Releasees are hereby permanently BARRED, ENJOINED and RESTRAINED from commencing, prosecuting, or asserting any claim for indemnity or contribution against the other defendants in the Litigation or any other claim against the other defendants where the injury to Sullivan is Sullivan's actual or threatened liability to the Lead Plaintiff, Named Plaintiffs and other Class Members, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Litigation, 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. Provided, however, that the Bar Order stated in this paragraph shall not apply to claims that may be asserted by the Sullivan Releasees in cases brought by persons who timely opted out of the Class and did not revoke their request for exclusion.

17. The release of claims set forth herein does not release any claims of Lead Plaintiff, the Named Plaintiffs or the Class against the Remaining Individual Defendants.

18. Exclusive jurisdiction is hereby retained over the parties and the Class Members for all matters relating to this Action, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Judgment.

19. The finality of this Judgment shall not be affected, in any manner, by rulings that the Court may make on Lead Plaintiff's Plan of Allocation or Supplemental Plan of Allocation. However, Sullivan shall have no obligation to make any payment into the Escrow Account except as specifically provided in paragraph 10 of the Stipulation, and there shall be no distribution of any of the Settlement Amount to any Class Member until a plan of allocation is

finally approved and is affirmed on appeal and/or is no longer subject to review by appeal or certiorari, and the time for any petition for rehearing, appeal, or review, by certiorari or otherwise, has expired.

20. The Court hereby finds that the notice described herein provided the best notice practicable under the circumstances. Said notice provided due and adequate notice of these proceedings and the matters set forth herein, including the Settlement and the Plan of Allocation, to all persons entitled to such notice, and said notice fully satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure and the requirements of due process. Due and adequate notice of the proceedings has been given to the Class Members and a full opportunity has been offered to the Class Members to object to the proposed Settlement and to participate in the hearing thereon. Due and adequate notice of the Litigation was also given to members of the Class pursuant to the Orders dated December 11, 2003, July 16, 2004, and June 14, 2005, which provided, *inter alia*, for the Notice of Class Action and Notice of Proposed Settlement with the Citigroup Defendants, and the settlements with the other investment bank defendants and Arthur Andersen LLP to be mailed to all members of the Class who could reasonably be identified, and the Court finds that such Notices offered to members of the Class the opportunity to request to be excluded from the Class, if done so timely and properly. Thus, it is hereby determined that all members of the Class who did not elect to exclude themselves by written communication postmarked or delivered on or before September 1, 2004, as required in the Notice of Class Action and extended by the Hearing Order of July 16, 2004, or who revoked their exclusion request as allowed by the Court, are bound by this Judgment.

21. In the event this Judgment does not become final, it shall be rendered null and void and shall be vacated and, in such event, all orders entered and releases delivered in

connection herewith shall be null and void, and the Settlement Fund or any portion thereof or interest thereon, if previously paid by Sullivan, shall be returned in full to Sullivan, except as provided in the Stipulation.

22. There is no just reason for delay in the entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

SO ORDERED:

Dated: New York, New York
_____, 2005

DENISE COTE
United States District Judge