

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE WORLDCOM, INC.	:	MASTER FILE NO.
SECURITIES LITIGATION	:	02 Civ. 3288 (DLC)
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This Document Relates to:		
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02 Civ. 3288	:	02 Civ. 4973
02 Civ. 3416	:	02 Civ. 4990
02 Civ. 3419	:	02 Civ. 5057
02 Civ. 3508	:	02 Civ. 5071
02 Civ. 3537	:	02 Civ. 5087
02 Civ. 3647	:	02 Civ. 5108
02 Civ. 3750	:	02 Civ. 5224
02 Civ. 3771	:	02 Civ. 5285
02 Civ. 4719	:	02 Civ. 8226
02 Civ. 4945	:	02 Civ. 8227
02 Civ. 4946	:	02 Civ. 8228
02 Civ. 4958	:	02 Civ. 8229

[PROPOSED]
PRELIMINARY APPROVAL ORDER REGARDING
SETTLEMENT WITH SCOTT D. SULLIVAN

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) Defendant Scott D. Sullivan (“Sullivan”) (collectively with Plaintiffs, the “Parties”) have entered into a settlement (the “Settlement”) of the claims asserted against

Sullivan in the class actions consolidated in the above-captioned action (the “Action”), the terms of which are set forth in a Stipulation of Settlement, dated July 26, 2005 (the “Stipulation”);

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

C. The Court having read and considered the Stipulation and the proposed form of Judgment, and finding that substantial and sufficient grounds exist for entering this Order;

IT IS HEREBY ORDERED:

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

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

3. The 401(k) Account shall be liquidated promptly after entry of this Preliminary Approval Order and, prior to August 11, 2005, the Net 401(k) Amount shall be deposited into the Escrow Account, which cash shall be held in *custodia legis*.

4. The assignment to Lead Plaintiff of all rights to the Le Lac Gross Proceeds due to Sullivan and his wife in the event that the July 24, 2005 Contract is consummated shall be conveyed to Lead Plaintiff as soon as practicable after entry of this Preliminary Approval Order.

5. The authorizations, consents, and approvals necessary or appropriate to effectuate the liquidation of the Le Lac Property in the event that the July 24, 2005

Contract is not consummated shall be conveyed to Lead Plaintiff as soon as practicable after the entry of this Preliminary Approval Order.

6. Lead Plaintiff is authorized to commence the marketing and sale of the Le Lac Property immediately upon receipt of the appropriate authorizations, consents and approvals in the event that the July 24, 2005 Contract is not consummated.

7. Pursuant to the Stipulation, Lead Counsel may utilize up to \$100,000 out of the Settlement Fund to fund the Notice and Administration Fund to assist in paying certain expenses incurred by Lead Counsel pursuant to the Stipulation in connection with this Settlement.

8. Institution or prosecution of any action or claim that is subject to the release, dismissal or bar provisions contemplated by the Settlement, including without limitation the provisions of paragraphs 5 and 23 of the Stipulation, is hereby enjoined pending further order of the Court.

9. Prosecution by any Previously Settling Defendants of any action or claim for contractual or other indemnity or contribution against the Sullivan Releasees, arising out of or related to the claims or allegations asserted by Plaintiffs in the Litigation, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Complaint, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, is hereby enjoined pending further order of the Court. Provided, however, that the injunction stated in this paragraph shall not apply to claims that may be asserted by Previously Settling Defendants in cases of persons who timely

opted out of the Class and did not submit a valid request to revoke the prior request for exclusion as allowed by the Court.

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

11. Subject to final approval of the Settlement, the Remaining Individual Defendants shall be entitled to judgment credit in an amount that is the greater of the amount allocated in the Settlement of claims for which a Remaining Individual Defendant may be found liable for common damages or, for each such claim, the proportionate share of Sullivan's fault as proven at trial.

12. Nothing herein shall prohibit a Previously Settling Defendant from pursuing defenses in the Litigation based on the alleged responsibility of Sullivan.

13. The hearing to address the fairness and adequacy of the Settlement shall occur on September 9, 2005, at 2:30 p.m., and the procedures for objecting to the Settlement shall be as set forth in the Hearing Order dated June 14, 2005 (the "June 14, 2005 Hearing Order"). As set forth in paragraph 5 of the June 14, 2005 Hearing Order, no further notice shall be mailed to Class Members, as this Settlement will not materially increase the settlement funds recovered to date, and the cost of further mailing, which

would be the fourth to the Class, will be disproportionately high in comparison to the amount of the Settlement. Notice of this Settlement shall 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 notice in *The Wall Street Journal* and *The New York Times*, and over the PR Newswire. As set forth in paragraph 40 of the previously disseminated Notice of Proposed Settlements of Class Action with Settling Defendants and Bar Order, a Class Member may request a personal copy of such notice of settlement by mailing a request to the Administrator postmarked no later than August 12, 2005 at the following address:

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

SO ORDERED:

Dated: New York, New York
July __, 2005

DENISE COTE
United States District Judge