

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 :  
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 :

~~PROPOSED~~ <sup>J</sup> ORDER APPROVING LEAD PLAINTIFF'S MOTION TO  
CONDUCT AN INITIAL DISTRIBUTION OF THE NET SETTLEMENT FUND

Lead Plaintiff, by motion filed on November 21, 2006, on notice to Defendants' Counsel, moved this Court for the initial distribution of the Net Settlement Fund, and the Court, having considered all the materials and arguments submitted in support of such motion, including the Joint Declaration of John P. Coffey and Jeffrey W. Golan in Support of Lead Plaintiff's Motion to Conduct an Initial Distribution of the Net Settlement Fund (the "Joint Declaration"), the Affidavit of Shandarese Garr in Support of Motion for Initial Distribution of the Net Settlement Fund (the "Garr Initial Distribution Affidavit"), and the Independent Accountant's Report on Applying Agreed-Upon Procedure, submitted therewith; *the letter of 11/29/06, and the two telephone conferences held on the record on November 27 and 28;*

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulations and all terms used herein shall have the same meanings as set forth in the Stipulations.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Class Members.

3. Lead Plaintiff's motion to conduct an initial distribution of the Net Settlement Fund in **GRANTED**. The initial distribution shall be restricted to \$4.52 billion, which distribution shall commence as soon as practicable after entry of this Order. The remaining balance will remain on deposit in the interest bearing escrow account until the processing of claims-in-process and late-filed claims is completed, and until all unresolved disputed claims have been resolved by the Court, and may not be distributed to Authorized Claimants without further order of the Court.

4. The Net Settlement Fund shall be distributed to Authorized Claimants, as set forth in Exhibit ~~A~~<sup>F-1</sup> to the Garr Initial Distribution Affidavit.

5. The claims set forth in Exhibit ~~B~~<sup>F-2</sup> to the Garr Initial Distribution Affidavit are rejected.

6. In order to bring to the Claims Administrator's, Lead Plaintiff's and, if necessary, the Court's attention as expeditiously as possible any challenge by an Authorized Claimant that his, her or its Loss Amount or distribution amount was not properly determined under the terms of the Supplemental Plan of Allocation, each Authorized Claimant who receives a distribution from the Net Settlement Fund in connection with the initial distribution shall simultaneously receive a letter and a check stub, substantially in the forms annexed as Exhibit A and B to the Joint Declaration, which shall include a notice advising that should an Authorized Claimant disagree with

the calculation of his, her or its Loss Amount or distribution amount, such disagreement must be made in writing, detailing the disagreement, and must be sent to the Claims Administrator, postmarked no later than a date thirty days after the initial distribution check is mailed. The notice also shall advise Authorized Claimants that the failure to timely advise the Claims Administrator of his, her or its objection in the manner provided shall be deemed to have forever waived all objections to the amount of their distribution.

7. To increase the likelihood that any Claimant who did not receive a notice of rejection, but did not receive an initial distribution check, will notify Lead Counsel or the Claims Administrator of that fact before the balance of the Net Settlement Fund is distributed, notice of the initial distribution, substantially in the form annexed as Exhibit C to the Joint Declaration, shall be (a) published once each in the national editions of *The Wall Street Journal* and *The New York Times* and electronically on the *PR Newswire*, (b) sent to the Bloomberg and Dow Jones Newswire services, and (c) placed on the web site maintained by Lead Counsel for the purpose of this Action, [www.worldcomlitigation.com](http://www.worldcomlitigation.com), and on the web site maintained by the Claims Administrator, [www.gardencitygroup.com](http://www.gardencitygroup.com).

8. The Court approves the form of notices described above in paragraphs 6 and 7, and finds that the procedures established for publication, mailing and distribution of such notices substantially in the manner and form set forth in such paragraphs 6 and 7 of this Order meet the requirements of due process, and constitute the best notice practicable under the circumstances.

9. The Claims Administrator, the Settling Parties, counsel herein in any capacity in which they may act hereunder, and any employees or agents of the Claims


Administrator, the law firms or the parties (including without limitation those employees who may furnish services in connection with the Settlements) shall not be liable for anything done or omitted to be done in connection with the Settlements and the administration thereof, except for their own intentional misconduct.

10. This Court retains jurisdiction over any further application or matter which may arise in connection with the Settlements.

11. There is no just reason for delay in the entry of this Order as a Final Order of the Court; immediate entry of this Order as a Final Order 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  
November 29, 2006

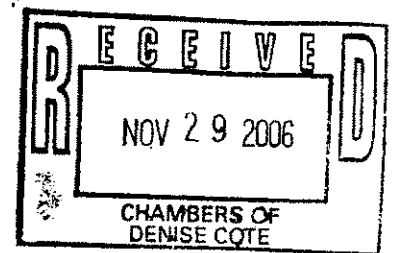
  
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DENISE COTE  
United States District Judge

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

ATTORNEYS AT LAW

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November 29, 2006

*JLF*

*11/29/06*

**MEMO ENDORSED**

**By Hand**

The Honorable Denise Cote  
United States District Court  
Southern District of New York  
500 Pearl Street, Room 1040  
New York, New York 10007

Re: In re WorldCom, Inc. Securities Litigation, Master File No. 02 Civ. 3288 (DLC)

Dear Judge Cote:

On behalf of Lead Plaintiff the New York State Common Retirement Fund, we are writing with respect to certain issues raised by the Court during telephonic hearings on November 27 and November 28, 2006, concerning the motion filed on November 21, 2006, to allow an initial distribution of the net settlement fund in this case.

First, we have confirmed with The Garden City Group ("GCG") that 162,256 Timely Claims are being recommended for rejection by GCG. Of this amount, 51,494 claims are recommended for rejection for failure to cure deficiencies, despite receiving two rounds of letters from GCG. The remaining 110,762 claims are ineligible for one of the following reasons: (1) the claimant is not a class member; (2) the claim was a duplicate; (3) the claim has no recognized loss; (4) the claim was filed by an excluded party; or (5) the claim was withdrawn. We have further confirmed with GCG that none of the claims being recommended for rejection, either as deficient or as ineligible, is subject to any dispute by the claimant.

Second, we have also now had the opportunity to review the Opinion and Order entered by the Court on September 15, 2006, as well as the Order Regarding Class Membership entered on March 9, 2005, with respect to the portion of the motion seeking to allow claims of 52 claimants that had been included within the list of 14,220 persons and/or entities identified within Exhibit A to the March 9, 2005 Order as having sought, on a timely basis, exclusion from the Class.



The Honorable Denise L. Cote  
November 29, 2006  
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GCG has confirmed the following information with respect to the 52 claimants that GCG and the Lead Plaintiff now recommend be included in the Class. 15 of the 52 claimants had written to GCG between January 31, 2004 and April 7, 2004, indicating a desire to remain within the Class, but their communications were misidentified by GCG as requests to opt out – a mistake that was discovered only when GCG reviewed their claim forms against their prior communication. 11 of the 52 provided requests to revoke their prior opt out request before September 1, 2004, but the requests to revoke were not properly matched to the appropriate Class member by GCG. Finally, 26 of the 52 claimants submitted letters on or after September 1, 2004, seeking to revoke their prior opt out requests, but these revocation requests were mistakenly not brought to the attention of Lead Counsel (or the Court) at the time we submitted the materials to the Court in conjunction with the Order Regarding Class Membership that the Court entered on March 9, 2005. Each of the 26 revocation requests were received on or before January 13, 2006 by GCG.<sup>1</sup> Further, each of them was submitted either in response to the Notice provided to Class members concerning the Citigroup Settlement or in response to letters sent to claimants who had submitted both a claim form and a request for exclusion, pursuant to the Order of September 15, 2004, as noted in paragraph “Second” of the March 9, 2005 Order.

Allowing each of these claimants to remain as a part of the Class (and to receive a distribution from the net settlement funds), we believe would be consistent with the Orders of September 16, 2006 and March 9, 2005, as well as positions presented by Lead Plaintiff during the course of the litigation. In sharp contrast to GSC, none of these Class members waited until after settlements had been reached with the Underwriter and Director Defendants to decide to revoke their prior opt out request. Rather, as now confirmed by GCG, each of these claimants who had initially requested to be excluded from the Class revoked their prior opt out requests well before the February 19, 2005 end date cited in the Opinion and Order of September 16, 2006, at 8, and, notably, 15 of these claimants did not ever seek exclusion. As the Court noted in the Opinion and Order of September 16, 2006, at 9, Lead Plaintiff petitioned previously for approval of requests to rejoin the Class for a certain time period following the September 1, 2004 cut-off date, but opposed such requests when they came after the March 9, 2005 Order was issued, and even more significantly after the announcement of the 2005 settlements. Here, Lead Plaintiff’s request to accept the claims of the 52 claimants identified in paragraph 43 and Exhibit D of the Garr Affidavit is wholly consistent with Lead Plaintiff’s prior applications to the Court, and, we believe, with the Court’s prior Orders.

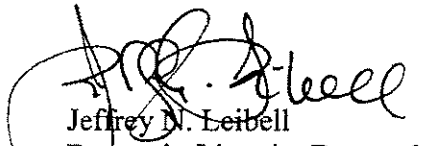
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<sup>1</sup> 9 of these 26 revocations of opt out requests in this category of claimants were submitted in September 2004; 13 were submitted in October 2004; 1 was submitted in November 2004; 2 were submitted in December 2004; and 1 was submitted in January 2005 (on January 13, 2005).

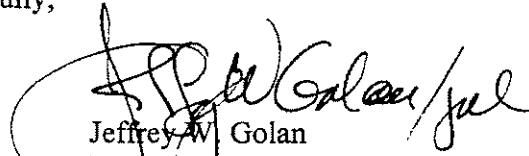
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Should the Court desire any further information or explanation of the Lead Plaintiff's positions, or GCG's determinations, with respect to the motion to allow an initial distribution, we would be pleased to provide such information.

Respectfully,



Jeffrey D. Leibell  
Bernstein Litowitz Berger &  
Grossmann LLP



Jeffrey W. Golan  
Barrack, Rodos & Bacine

cc: All counsel per attached service list (via e-mail or U.S. mail)