

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**SECOND COURT-ORDERED NOTICE TO ALL INVESTORS WHO HAVE  
FILED INDIVIDUAL WORLDCOM ACTIONS**

**PLEASE READ CAREFULLY**

**A \$2.65 BILLION PARTIAL SETTLEMENT HAS BEEN REACHED IN THIS CLASS ACTION. IF YOU WISH TO RECEIVE MONEY FROM THIS SETTLEMENT AND ANY OTHER RECOVERIES THAT LEAD PLAINTIFF MAY OBTAIN FOR THE CLASS – EITHER BY FUTURE SETTLEMENTS OR THROUGH TRIAL – YOU MUST REMAIN A MEMBER OF THE CLASS AND FILE A PROOF OF CLAIM FORM BY MARCH 4, 2005.**

This Notice is being sent by Order of the United States District Court for the Southern District of New York (the “Court”), which is supervising the class action securities litigation arising out of the collapse of WorldCom, Inc. (“WorldCom”) (the “WorldCom Securities Class Action”), as well as related individual lawsuits. This Notice should be read in conjunction with the Court-Ordered Notice to All Investors Who Have Filed Individual WorldCom Actions (the “First Individual Action Notice”), which was sent pursuant to Court order in December 2003 to those persons and entities who had, as of that time, filed an individual lawsuit that is related to the WorldCom Securities Class Action (an “Individual WorldCom Action”). The First Individual Action Notice provided certain information about the WorldCom Securities Class Action and the Individual WorldCom Actions, a description of certain Court orders regarding the Individual WorldCom Actions, including the Court’s November 21, 2003 decision granting defendants’ motions to dismiss one of the Individual WorldCom Actions (the “November 21 Order”), and twelve important facts to consider when deciding whether to (a) participate in the WorldCom Securities Class Action, or (b) elect to be excluded from the WorldCom Securities Class Action and continue to pursue an Individual WorldCom Action. A copy of the First Individual Action Notice may be found on the website maintained by Lead Counsel, at [www.worldcomlitigation.com](http://www.worldcomlitigation.com), by clicking on “Class Notices.”

This Notice is intended to supplement the First Individual Action Notice, to describe certain events that have occurred since December 2003 in the WorldCom Securities Class Action and in the Individual WorldCom Actions, and to provide additional facts for you to consider when deciding whether to participate in the Class Action, or to request exclusion from the Class Action and pursue an Individual WorldCom Action.

The District Court has directed that you receive this Notice because you have a pending Individual WorldCom Action. This Notice has been reviewed and approved by the Court.

It is important that you immediately and carefully read this entire Notice, which should be read in conjunction with the separate Notice of Proposed Settlement of Class Action Against the Citigroup Defendants (the “Settlement Notice”), which has been sent to you and to all Class Members. You may be a member of a class that has been certified in the WorldCom Securities Class Action, and if a Class Member, you have the right to share in (a) the \$2.65 billion settlement with the Citigroup Defendants obtained for the benefit of the Class by Lead Plaintiff in the WorldCom Securities Class Action (the “Citigroup Settlement”), and (b) any other recoveries that Lead Plaintiff may obtain through future settlements or by trial for the benefit of the Class.

You may, however, choose not to remain in the Class and instead to continue with your Individual WorldCom Action. You must make that choice by September 1, 2004, the date that the period of time to opt out of the WorldCom Securities Class Action ends. If you wish to continue to attempt to pursue your Individual

WorldCom Action, and you have not previously opted out of the WorldCom Securities Class Action, you must act affirmatively to do so by September 1, 2004. If you do not submit a request for exclusion from the Class by that date, you will be deemed a member of the Class, be bound by any judgments and decisions entered in the WorldCom Securities Class Action, and have your Individual WorldCom Action dismissed.

One important issue for you to consider is that, as referenced above, in May 2004, Lead Plaintiff and the Additional Named Plaintiffs, on behalf of the Class, entered into a settlement with the Citigroup Defendants that will provide for the payment of Two Billion Six Hundred and Fifty Million Dollars (\$2,650,000,000) to the Class, with certain contingencies as more fully described in the separate Settlement Notice. Only members of the Class will be eligible to receive a part of the proceeds from the settlement with the Citigroup Defendants. Similarly, only members of the Class will be eligible to receive part of the proceeds that Lead Plaintiff may recover, by additional settlements or trial, from any of the other defendants in the Class Action. If you request to be excluded from the Class at this time, and continue to pursue your Individual WorldCom Action, you will not be eligible to participate in the Citigroup Settlement. You will also forego any further opportunity to participate in the Class Action, or to participate in any other recovery Lead Plaintiff might obtain from any other defendant in the Class Action.

Therefore, plaintiffs in Individual WorldCom Actions have to make important decisions that may irrevocably impact their rights to recover for any losses they sustained through the purchase or sale of WorldCom securities during the Class Period (April 29, 1999 through June 25, 2002). This Notice is designed to give you information that will be of assistance to you as you make these critical decisions.

### **Important Facts Regarding The WorldCom Securities Class Action And Individual WorldCom Actions**

In light of the events described herein, the Court has determined that every Class Member who is continuing to pursue an Individual WorldCom Action should be given this Notice in addition to the Settlement Notice that is being provided to members of the Class. Together with the First Individual Action Notice and the Settlement Notice, this Notice contains important information about the consequences of the choice to pursue an Individual WorldCom Action or to remain in the WorldCom Securities Class Action.

You should read and consider this Notice carefully. You are advised to consult with counsel regarding your legal options.

#### **1. The District Court Has Dismissed With Prejudice Claims Asserted Under the Securities Act of 1933 (the "Securities Act") Based On WorldCom's 1998 Bond Offering And WorldCom's December 2000 Private Placement Of Debt Securities.**

If you filed an Individual WorldCom Action because the WorldCom Securities Class Action does not assert Securities Act claims in connection with (a) WorldCom's August 1998 Bond Offering (the "1998 Offering"), and/or (b) a private placement of WorldCom debt securities issued in December 2000 (the "December 2000 Private Placement"), you should note that the Court has dismissed with prejudice all such claims that have been asserted in the Individual WorldCom Actions pending before it.

#### **2. The Individual WorldCom Actions Will Proceed In Federal Court.**

If you filed an Individual WorldCom Action in state court because you believed that was a more advantageous forum than federal court, and your action has been removed to and is now pending in federal court, you should read the Court's March 3, 2003 Order (the "March 3 Order"), in which the Court held that federal courts have jurisdiction over the Individual WorldCom Actions that were originally filed in state court, and the United States Court of Appeals for the Second Circuit's May 11, 2004 decision affirming the March 3 Order. Both of these decisions may be found at [www.worldcomlitigation.com](http://www.worldcomlitigation.com), by clicking on "Court Orders." Accordingly, the Individual WorldCom Actions that are pending in or transferred to the Southern District of New York will remain in federal court for all purposes, and will not be sent back to any state court for trial. Rather, those actions will be tried in federal court after all pre-trial proceedings are completed.

**3. Plaintiffs In Certain Individual WorldCom Actions Risk Losing Any Chance To Recover For Either Stock Losses Or Exchange Act Damages For Purchases of WorldCom Bonds.**

In addition to asserting Securities Act claims relating to WorldCom's May 2000 and May 2001 Bond Offerings, the WorldCom Securities Class Action asserts claims arising under the Securities Exchange Act of 1934 (the "Exchange Act") against certain defendants, including the Citigroup Defendants, for false and misleading statements and omissions in connection with the purchase and sale of WorldCom securities. Many of the Individual WorldCom Actions do not assert these Exchange Act claims.

The Exchange Act claims asserted in the WorldCom Securities Class Action pertain to purchases of WorldCom stock and bonds in the public market during the Class Period, regardless of when those bonds were first issued by WorldCom. Many Individual WorldCom Actions do not assert claims for stock or for secondary market bond purchases.

Therefore, if you choose to pursue an Individual WorldCom Action that brings claims solely for your losses from purchases of WorldCom bonds in connection with the May 2000 and May 2001 Offerings, there is a significant likelihood that you will lose all opportunity to recover for losses that you may have suffered from buying, during the Class Period, (a) WorldCom stock, or (b) WorldCom bonds that were issued prior to the Class Period.

You should note that the Citigroup Settlement provides compensation for losses incurred in connection with Class Period purchases of (a) WorldCom stock and (b) WorldCom bonds issued before the Class Period. The Plan of Allocation for the Citigroup Settlement provides for 45% of the Net Settlement Fund (approximately \$1.1 billion) to be allocated to Exchange Act claims asserted by Class Members, who, during the Class Period, purchased (a) WorldCom common stock and/or (b) publicly-traded debt securities that had been issued by WorldCom before the start of the Class Period. The remaining 55% of the Net Settlement Fund (approximately \$1.35 billion) is to be allocated to the Securities Act claims asserted in the WorldCom Securities Class Action.

**4. If You Request Exclusion From the Class, And Continue To Pursue Your Individual WorldCom Action, You Will Forfeit The Right To Receive Any Proceeds From The Citigroup Settlement Or Any Other Recovery That May Be Obtained In The Class Action.**

Any Class Member who chooses to opt out of the Class in order to pursue, for example, bond claims asserted in an Individual WorldCom Action, will not be able to participate in the WorldCom Securities Class Action at all. There will be no further opportunity to remain a member of the Class, or to rejoin the Class at a later point in time. Further, as of September 1, 2004, the deadline for opting out of the Class Action, the Court will no longer entertain motions by plaintiffs in Individual WorldCom Actions seeking to dismiss their actions voluntarily on the condition that they be allowed to participate in the Class Action.

**5. If You Pursue An Individual WorldCom Action You Will Have Burdens That You Would Not Have As A Class Member.**

The defendants have served plaintiffs in virtually all of the Individual WorldCom Actions with document requests and interrogatories. The Court has ordered that those plaintiffs in the Individual WorldCom Actions who elect to pursue their Individual WorldCom Actions will be required to produce relevant documents, including electronic records, to defendants. Further, as discussed below, discovery of the plaintiffs in the Individual WorldCom Actions remains open, and defendants may serve additional written discovery such as requests for admissions. In addition, the Court has allowed defendants to take up to ten depositions of each Individual WorldCom Action plaintiff that asserts fraud or Exchange Act claims, and up to four depositions of each Individual WorldCom Action plaintiff that asserts only Securities Act claims, including their respective financial advisors. This discovery may require you to expend significant time and effort.

In contrast, fact discovery of defendants (as well as of Lead Plaintiff and the Named Plaintiffs) in the WorldCom Securities Class Action ended on July 9, 2004. Accordingly, if you remain in the WorldCom Securities Class Action as a Class Member, you will not be subject to any discovery, and you will not have to sit for any depositions.

**6. There Is No Trial Date Set In Any Of The Individual WorldCom Actions Pending In The Southern District Of New York.**

Trial in the WorldCom Securities Class Action is set to begin on January 10, 2005. In contrast, discovery and other pre-trial proceedings in the Individual WorldCom Actions will continue well into 2005. No trial of an Individual WorldCom Action can occur until after the Court resolves any motions for summary judgment, which will likely occur no earlier than the Fall of 2005.

**7. There Are Material Risks To Succeeding At Trial Against the Citigroup Defendants.**

The risks involved in succeeding at trial against the Citigroup Defendants are significant. You are advised to read the Settlement Notice for a more detailed discussion of these risks.

**The WorldCom Securities Class Action**

As set forth in the First Individual Action Notice, on October 24, 2003, the Court granted Lead Plaintiff's motion to certify this action as a class action pursuant to Federal Rule of Civil Procedure 23(b)(3). On November 12, 2003, the Underwriter Defendants and the Citigroup Defendants each filed petitions for permission to appeal the Order certifying the Class to the United States Court of Appeals for the Second Circuit. No other defendant sought permission to appeal that Order. Lead Plaintiff opposed those petitions. On or about December 31, 2003, the Court of Appeals denied the petition filed by the Underwriter Defendants. While the Court of Appeals did grant the petition filed by the Citigroup Defendants, on May 10, 2004, the Court of Appeals suspended its consideration of the Citigroup Defendants' appeal in light of the settlement with the Citigroup Defendants. Accordingly, upon final approval of this Settlement, the suspended appeal will become moot, and there no longer will be any active appeals of the class certification order in the WorldCom Securities Class Action.

Lead Plaintiff and the Additional Named Plaintiffs are continuing to pursue claims against the non-settling defendants in the Class Action. In that connection, since December 2003, the parties in the Class Action have been engaged in intensive discovery, including taking more than ninety depositions, and reviewing millions of pages of documents. Pursuant to Court Order, fact discovery in the WorldCom Securities Class Action concluded on July 9, 2004. The Court has set January 10, 2005 as the firm date for trial in the Class Action for the remaining defendants.

As set forth in further detail below, discovery directed to the plaintiffs in the Individual WorldCom Actions will continue until 2005, and plaintiffs in Individual WorldCom Actions who have not substantially completed their document productions by now will face an even longer delay in getting their cases through the discovery phase. No trial date has been set for any Individual WorldCom Action that is pending in federal court.

The parties to the WorldCom Securities Class Action have also continued to engage in Court-ordered settlement discussions under the supervision of the Honorable Robert W. Sweet, United States District Judge, and the Honorable Michael H. Dolinger, United States Magistrate Judge. In May 2004, pursuant to certain provisions of the Citigroup Settlement, Lead Plaintiff made Offers of Settlement totaling more than \$2.8 billion to the remaining Underwriter Defendants in the Class Action, which Offers were not accepted and thus expired by their terms on June 28, 2004. In addition to the other Underwriter Defendants, the remaining defendants include Arthur Andersen LLP, WorldCom's former auditor, and various former officers and directors of WorldCom.

## **The Individual WorldCom Actions**

As set forth in more detail in the First Individual Action Notice, beginning in July 2002, Individual WorldCom Actions began to be filed across the country, frequently in state courts. Many of these actions were filed by public and private pension funds. Certain defendants removed the Individual WorldCom Actions that had been filed in state court to federal court, and the Judicial Panel on Multidistrict Litigation subsequently transferred virtually all of those actions to the Southern District of New York, where they were consolidated with the WorldCom Securities Class Action for pre-trial purposes.

Plaintiffs in many, if not all, of the Individual WorldCom Actions that were originally filed in state court filed motions to remand those cases to state court, arguing that federal courts did not have jurisdiction over their actions and thus removal was improper. In the March 3 Order, the Court denied the first of those remand motions, holding that those actions were subject to federal jurisdiction because they were related to the WorldCom bankruptcy.

On May 11, 2004, the Court of Appeals affirmed the decision by the District Court denying the motions to remand the Individual WorldCom Actions to state court, and in so doing held that federal courts could appropriately exercise jurisdiction over these actions. That decision may be found at California Public Employees' Retirement System v. WorldCom, Inc., 368 F 3d 86 (2d Cir. 2004). As a result, all Individual WorldCom Actions that were filed in state court and removed to federal court and subsequently transferred to the United States District Court for the Southern District of New York (Judge Cote presiding) will remain pending in that District Court until after all pre-trial proceedings in those actions are concluded, including determination of potential motions for summary judgment, which are currently scheduled to occur no earlier than the Fall of 2005. It is only after those motions are decided that any of those cases could be returned for trial to the federal court in the jurisdiction in which they were filed. Any trials will occur in federal court. No case will be returned to state court for trial.

The First Individual Action Notice identified a number of potential impediments and risks to bringing an Individual WorldCom Action, described the potential ramifications of the Court's November 21 Order on those actions, and discussed certain additional motions to dismiss that had been filed by defendants in the Individual WorldCom Actions. Since the First Individual Action Notice was issued, the Court has entered a number of decisions and orders in connection with these motions that have dismissed many of the claims in the Individual WorldCom Actions, and in some instances the entire action. Certain of these are discussed below.

Based on the holdings set forth in the Court's November 21 Order, certain defendants moved on or about December 2, 2003 to dismiss claims in thirty-six other Individual WorldCom Actions, including nine such actions in their entirety. Thirty-one of those actions were filed by the law firm of Milberg Weiss Bershad Hynes & Lerach LLP (now Lerach Coughlin Stoia & Robbins LLP ("LCSR")); all nine actions in which motions for complete dismissal were filed were LCSR Actions.

On January 20, 2004, the Court dismissed with prejudice: (1) all Securities Act claims asserted in the LCSR Actions that were based on (a) the 1998 Offering on the grounds that such claims were barred by the statute of limitations, and (b) the December 2000 Private Placement on the grounds that such issuance was a private placement that was not actionable under the Securities Act; (2) the LCSR Actions that were filed after June 25, 2003, on the grounds that the Securities Act claims asserted in those actions (including claims asserted in connection with the May 2000 and May 2001 Offerings that were included in the WorldCom Securities Class Action) were barred by the statute of limitations; (3) those Securities Act claims addressed to the May 2000 Offering that were added through an amendment after May 12, 2003; and (4) the claims against defendants added through amended pleadings after June 25, 2003 (the "January 20 Order"). This opinion, and all of the Court's opinions, may be located at [www.worldcomlitigation.com](http://www.worldcomlitigation.com), by clicking on "Court Orders."

On March 12, 2004, the Court dismissed with prejudice Securities Act claims asserted in certain LCSR Actions against the corporate parents of certain underwriter defendants, including Bank of America Corp., Deutsche Bank AG, Goldman Sachs Group, Inc., JP Morgan Chase & Co., Lehman Brothers Holdings Inc. and Citigroup, Inc. (the "Holding Company Defendants"), on the grounds that the Holding Company Defendants could not be liable as a matter of law under the Securities Act for the claims asserted against them.

Following the issuance of the November 21 Order, a number of Class Members who had filed Individual WorldCom Actions, and whose claims or actions were subject to dismissal pursuant to the November 21 Order, began to file applications seeking to voluntarily dismiss those actions under Federal Rule of Civil Procedure 41(a), on the condition that they be permitted to remain a member of the Class in the WorldCom Securities Class Action. Lead Plaintiff filed papers in support of these motions. On January 20, 2004, the Court granted those applications, and further ordered that any plaintiff in an Individual WorldCom Action whose claims or action was subject to dismissal pursuant to the Court's November 21 Order or January 20 Order would be permitted to dismiss its lawsuit voluntarily and remain a member of the Class. Since January 20, numerous additional Individual WorldCom Action plaintiffs have filed motions seeking to dismiss their individual action and remain a member of the Class. The Court has, to date, granted all such motions. However, the Court will not entertain any further motions seeking such relief after September 1, 2004, the date by which Class Members must request exclusion from the Class if they do not wish to participate in the Class Action.

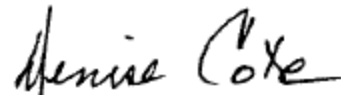
While the Individual WorldCom Actions were consolidated with the WorldCom Securities Class Actions for pre-trial purposes, including discovery, discovery of plaintiffs in the Individual WorldCom Actions is continuing and will not be completed until 2005. On April 19, 2004, the Court ordered that plaintiffs who want fact discovery in their individual actions to be completed by January 14, 2005 must substantially complete their document production and respond to initial interrogatories served by defendants by May 7, 2004, and produce electronic records by June 4, 2004. The Court further ordered that, to the extent that a plaintiff delays production beyond those dates, the fact discovery cut-off date in its action will be correspondingly extended. Plaintiffs in only two Individual WorldCom Actions substantially completed their document production by May 7 and produced electronic records, to the extent they had any, by June 4; however, the fact discovery cut-off in those two actions has not been finally determined. In those Individual WorldCom Actions where plaintiffs have not yet substantially completed their production of documents and electronic records, the fact discovery cut-off (which has yet to be determined) will be no earlier than March 2005. Depositions of plaintiffs in the Individual WorldCom Actions have yet to occur. No trial date in any Individual WorldCom Action has been set, and no trial of any Individual WorldCom Action will occur until after summary judgment motions are resolved.

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If you have any questions, you should consult with an attorney, whether it be the attorney who filed an Individual WorldCom Action on your behalf, or any other attorney of your choice. PLEASE DO NOT CONTACT THE COURT OR ITS STAFF WITH ANY QUESTIONS.

Dated: New York, New York  
August 2, 2004

By Order of the United States District Court  
For the Southern District of New York



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HONORABLE DENISE COTE  
United States District Judge