

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
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02 Civ. 4946	02 Civ. 8228	03 Civ. 6229
02 Civ. 4958	02 Civ. 8229	

**JUDGMENT APPROVING SETTLEMENT AND DISMISSING
ACTION AGAINST ARTHUR ANDERSEN LLP**

DENISE COTE, District Judge

On the 9th day of September, 2005, a hearing having been held before this Court to determine (1) whether the terms and conditions of the Stipulation and Agreement of Settlement between Lead Plaintiff and the Named Plaintiffs ("Plaintiffs") on behalf of themselves and the Class, and Arthur Andersen LLP (the "Settling Defendant"), dated April 21, 2005 (the "Stipulation") are fair, reasonable and adequate for the settlement of all claims asserted by the Class Members against the Settling Defendant; (2) whether judgment should be entered dismissing the Complaint on the merits and with prejudice in favor of the Settling Defendant; and (3) whether the Released Claims, as defined below, should be released in favor of the Settling Defendant and the other Released Parties, as defined below, as against all Class Members who have not requested exclusion from the Class;

And it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons and entities reasonably identifiable, who purchased or otherwise acquired publicly traded securities of WorldCom, Inc. ("WorldCom") during the Class Period, except those persons and entities excluded from the definition of the Class, as shown by the records of WorldCom and as further identified through the mailing of the Notice of Class Action and the Summary Notice of Class Action, and the Notice of Proposed Settlement with the Citigroup Defendants and Summary Notice of Proposed Settlement with the Citigroup Defendants, pursuant to earlier orders of the Court, at the respective addresses set forth in such records;

And it appearing that a summary notice of the hearing substantially in the form approved by the Court was published in the national editions of The Wall Street Journal, The New York Times and over the PR Newswire, as well as the Bloomberg News wire, 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 is approved 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.

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 (v) 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 the Settling Defendant. 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 Settling Defendant 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 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, 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 Settling Defendant 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 the Settling Defendant 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 the Settling Defendant, (i) Arthur Andersen LLP; (ii) AWSC Societe Cooperative, en liquidation; (iii) the respective past and present subsidiaries, parents, successors and predecessors, member firms, affiliates, related entities, and divisions of the entities described in (i) and (ii) hereinabove; (iv) the respective past and present shareholders, members, partners, principals, participating principals, national directors, managing or other agents, management personnel, advisors, officers, directors, administrators, attorneys, consultants, accountants, servants, employees, and representatives of any other kind (and any officers, directors, members or shareholders of any of the foregoing which are not natural persons) of the entities described in (i), (ii), and (iii) hereinabove, in their capacities as such; (v) all heirs, spouses, estates, executors, administrators, successors, and assigns of the entities described in (iv) hereinabove, in their capacities as such; and (vi) insurers and reinsurers of those identified in (i), (ii) and (iii) hereinabove, in their capacities as insurers or reinsurers of those identified in such paragraphs with respect to claims relating to this case (collectively, "Settling Defendant Releasees").

(b) with respect to Plaintiffs, the Lead Plaintiff, Named Plaintiffs and all other members of the Class, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the predecessors, heirs, successors and assigns of each (together, the "Plaintiff Releasees"), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or affiliated with any Plaintiff Releasee.

10. Except as set forth in paragraphs 31 and 32 of the Stipulation, 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. Moreover, nothing in this paragraph is intended to release any claims asserted by the Class against any Non-Settling Entity/Individual. Further, nothing in this Judgment shall release the Released Claims against the Settling Defendant of any Persons who submitted a timely, signed request for exclusion and were not, thereafter allowed by the Court to revoke the prior request for exclusion.

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. This Settlement occurred shortly prior to closing arguments in the trial of this Action and the Parties, as part of this Settlement, have agreed to a stipulated claim by the Class in the event the Settlement is not consummated due to a bankruptcy filing.

15. Except as set forth in paragraph 14 above and as otherwise set forth in the Stipulation, 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 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.

16. The other defendants in the Litigation (whether such defendants have settled or not), Bernard Ebbers, Scott Sullivan, David Myers, Buford Yates, James C. Allen, Judith Aren,

Carl J. Aycock, Max E. Bobbitt, Clifford L. Alexander, Jr., Francesco Galesi, Stiles A. Kellett, Jr., Gordon S. Macklin, John A. Porter, Bert C. Roberts, Jr., The Estate of John W. Sidgmore, Lawrence C. Tucker, J. P. Morgan Chase & Co., J.P. Morgan Chase Securities, Inc., J.P. Morgan Securities, Ltd., Chase Securities, Inc., Blaylock & Partners, L.P., Lehman Brothers Inc., Deutsche Bank, Credit Suisse First Boston Corp., Goldman, Sachs & Co., UBS Warburg LLC, ABN/AMRO Inc., Utendahl Capital Partners, L.P., Tokyo-Mitsubishi International plc, Westdeutsche Landesbank Girozentrale, BNP Paribas Securities Corp., Caboto Holding SIM S.p.A., Mizuho International plc, Banc of America Securities LLC and Fleet Securities, Inc. (each individually and with any affiliate through which May 2001 notes were distributed) and any other person or entity later named as a defendant in this Litigation are hereby permanently BARRED, ENJOINED and RESTRAINED from (i) commencing, prosecuting, or asserting any claim for indemnity or contribution against the Settling Defendant Releasees or any other claim against the Settling Defendant 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, 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 were not, thereafter allowed by the Court to revoke their request for exclusion. The Non-Settling Defendants and Non-Settling Entities/Individuals shall be entitled to a judgment credit in an amount that is the greater of the total Settlement Amount paid by the Settling Defendant as

allocated to claims for which contribution would be sought, or, for each such claim, the proportionate share of the Settling Defendant's fault as determined at trial.

17. Subject to this Judgment becoming final, the Settling Defendant 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 the Settling Defendant is the Settling Defendant'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 Settling Director Releasees in cases brought by persons who timely opted out of the Class and were not, thereafter allowed by the Court to revoke their request for exclusion.

18. The Releases of claims set forth herein does not release any claims of Lead Plaintiff, the Named Plaintiffs or the Class against the Non-Settling Entities/Individuals.

19. 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.

20. 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; any Supplemental Plan of Allocation; and/or Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses. However, the Settling Defendant 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.

21. 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, and July 16, 2004, which provided, *inter alia*, for the Notice of Class Action and Notice of Proposed Settlement with the Citigroup Defendants 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. Due and adequate notice of the proposed Settlement was also provided, *inter alia*, in the Notices issued in accordance with the Hearing Order issued on June 14, 2005. 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, are bound by this Judgment.

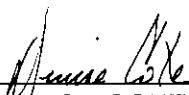
22. In the event this Judgment does not become final, it shall be rendered null and void and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void, and the Settlement Amount or any portion thereof or interest thereon, if previously paid by the Settling Defendant, shall be returned in full to the Settling Defendant, except as provided in the Stipulation.

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

24. In the event that the Effective Date does not occur, this Order shall be rendered null and void and shall be vacated *nunc pro tunc*, and the provisions of paragraphs 30, 31 and 32 of the Stipulation shall apply.

SO ORDERED:

Dated: New York, New York
September 21, 2005



DENISE COTE
United States District Judge