

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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IN RE WORLDCOM, INC. SECURITIES :  
LITIGATION : Master File No. 02 Civ. 3288 (DLC)  
: :  
This Document Relates to: :  
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IN RE TARGETS SECURITIES LITIGATION :  
: Master File No. 03 Civ. 9490 (DLC)  
This Document Relates to: :  
: :  
ALL ACTIONS :  
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**AMENDED STIPULATION OF SETTLEMENT**

This Amended Stipulation of Settlement (the "Stipulation") is entered into between (i) the Lead Plaintiff, Ina Rosenblum, and the Class (as defined in paragraph 1(e) below) (collectively, "Plaintiffs"), and (ii) Defendants Citigroup Inc., Citigroup Global Markets Inc., formerly known as Salomon Smith Barney Inc., and Jack Grubman (collectively, "Defendants") (together with Plaintiffs, the "Parties"), by and among their undersigned attorneys. This Stipulation replaces and supersedes the Stipulation of Settlement dated December 2, 2004 and the Corrected Stipulation of Settlement dated December 7, 2004.

The Parties are executing the Stipulation based on a letter agreement that was signed by counsel for the Parties on October 20, 2004. This Stipulation states all of the terms of the Settlement, as defined below, and is intended by the Parties to fully and finally compromise, resolve, discharge and settle the Released Claims, as defined herein, subject to the terms and conditions set forth below:

**WHEREAS:**

**The Litigation**

A. On November 26, 2003, the action captioned *Ina Rosenblum v. Citigroup, Inc., et al.*, No. 03 Civ. 9490 (DLC) was filed in the United States District Court for the Southern District of New York (the “Court”) on behalf of persons who purchased or otherwise acquired Targeted Growth Enhanced Terms Securities With Respect to the Common Stock of MCI WorldCom, Inc. due August 15, 2002 (“TARGETS”).

B. On December 19, 2003, the action captioned *Edward Castellani v. Citigroup, Inc., et al.*, No. 03 Civ. 10066 (DLC) was filed in the Court on behalf of persons who purchased or otherwise acquired TARGETS.

C. On February 5, 2004, the Court consolidated the *Rosenblum* and *Castellani* actions under Master File No. 03 Civ. 9490 (DLC), appointed Ina Rosenblum as Lead Plaintiff, and approved the appointment of the law firm of Goodkind Labaton Rudoff & Sucharow LLP to serve as Lead Counsel (“Lead Counsel”) for Lead Plaintiff and the putative class.

D. On March 5, 2004, Lead Plaintiff filed a Consolidated Amended Class Action Complaint (the “Complaint”), which charged the Defendants with violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission, and Sections 11 and 12(a)(2) of the Securities Act of 1933. The class period as originally defined in the Complaint was the period beginning June 22, 1999 through April 21, 2002, inclusive.

E. On June 28, 2004, the Court issued an Opinion and Order (the “June 28 Order”) granting in part and denying in part Defendants’ motion to dismiss the Complaint. The

June 28 Order dismissed the claims in the Complaint with the exception of certain claims brought pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder for purchases or acquisitions of TARGETS on the secondary market beginning July 30, 1999. As set forth in paragraph 11, below, Lead Plaintiff and the Class Members have agreed as part of the Settlement not to appeal the June 28 Order.

F. Extensive discovery and factual investigation has been conducted in the consolidated class action captioned *In re WorldCom, Inc. Securities Litigation*, Master File No. 02 Civ. 3088 (DLC) (the "WorldCom Class Action") that is related to this Action. Lead Counsel has been provided with all pertinent discovery in the WorldCom Class Action and has also consulted with its own expert on matters related specifically to TARGETS.

G. Lead Plaintiff and Lead Counsel believe that the proceedings described above provide an adequate and satisfactory basis for the settlement described herein.

**Benefits of the Settlement to the Class**

H. Lead Plaintiff and Lead Counsel believe that the settlement provides an excellent monetary recovery for the Class Members, based on the claims asserted, the evidence developed, and the damages that might be proven against the Defendants in the Action.

I. Lead Plaintiff and Lead Counsel further recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and appeals. They have also considered the uncertain outcome and the risk of any litigation, especially in complex litigation such as this Action, as well as the difficulties and delays inherent in any such litigation. They are further mindful of the inherent problems of proof and possible defenses to the federal securities law violations asserted and therefore believe that it is desirable that the Released Claims (defined below) be fully and finally

compromised, settled and resolved with prejudice and enjoined as set forth herein. Based upon their evaluation, Lead Plaintiff and Lead Counsel have determined that the settlement set forth in this Stipulation is fair, reasonable and adequate and in the best interests of the Plaintiffs and the Class Members, and that it confers substantial benefits upon the Class Members.

J. Defendants have denied that they have committed any act or omission giving rise to any liability and/or violation of law, and state that they are entering into this Settlement solely to eliminate the uncertainties, burden and expense of further protracted litigation. The Parties further agree that neither the Agreement, the Stipulation nor the Settlement, nor any of their terms, nor any press release or other statement or report by the Parties or by others concerning the Agreement, this Stipulation or the Settlement or their terms, shall constitute an admission or finding of wrongful conduct, acts or omissions on the part of any Releasee (defined in paragraph 1(aa)), or be admissible in any proceeding, including but not limited to arbitrations, other than a proceeding to enforce the terms of the Stipulation, for any purpose whatsoever.

**NOW, THEREFORE, IT IS HEREBY STIPULATED, CONSENTED TO, AND AGREED,** by Lead Plaintiff, for herself and on behalf of the Class Members, and the Defendants, that subject to the approval of the Court, this Action shall be settled, compromised and dismissed, on the merits and with prejudice and the Released Claims shall be finally and fully compromised, settled and dismissed as to the Releasees, in the manner and upon the terms and conditions hereafter set forth:

**Definitions**

1. The following capitalized terms, used in this Stipulation, shall have the meanings specified below:

(a) "Action" means the consolidated litigation captioned *In re TARGETS Securities Litigation*, Master File No. 02 Civ. 9490 (DLC) and all actions consolidated therein.

(b) "Administrator" means the third-party agent or administrator whom the Court shall appoint in the Hearing Order to implement the Notice, claims process, administration and distribution of the Net Settlement Fund in accordance with the terms of the Settlement. Lead Counsel has retained Complete Claim Solutions, Inc. as the Administrator.

(c) "Authorized Claimant" means any Class Member who submits a Claim that is allowed pursuant to the terms of this Stipulation.

(d) "Claim" means the submission to be made by Class Members, on the Proof of Claim and Release form, which shall be agreed upon by the Parties or as may be required by the Court.

(e) "Class" means all persons who purchased or otherwise acquired Targeted Growth Enhanced Terms Securities With Respect to the Common Stock of MCI WorldCom, Inc. due August 15, 2002 on the secondary market during the period between July 30, 1999 and April 21, 2002, inclusive, and were damaged thereby, excluding Defendants, members of Defendant Jack Grubman's family, any entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors, or assigns of any such excluded party. As used in this paragraph 1(e), "any entity in which

any Defendant 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 TARGETS during the relevant time period. In the event that any such entity beneficially owned TARGETS in a fiduciary capacity or otherwise held TARGETS on behalf of third party clients or any employee benefit plans that otherwise fall within the Class, such third party clients and employee benefits plans shall not be excluded from the Class, irrespective of the identity of the entity or person in whose name the TARGETS were beneficially owned or otherwise held. For example, a TARGETS investor shall not be excluded from the Class to the extent it held TARGETS (i) in a registered or unregistered investment company (including a unit investment trust) for which any entity in which any Defendant 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 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.

- (f) "Class Member" means a member of the Class who does not submit a timely, signed request for exclusion.
- (g) "Class Period" means the period beginning July 30, 1999 through April 21, 2002, inclusive.
- (h) "Complaint" means the Consolidated Amended Class Action Complaint filed on March 5, 2004.
- (i) "Court" means the United States District Court for the Southern District of New York.
- (j) "Effective Date" means the first day following the date on which the Final Judgment is finally affirmed on appeal and/or is no longer subject to appeal or certiorari, and the time for any petition for reargument, appeal, or review, by certiorari or otherwise, has expired.
- (k) "Escrow Account" means the bank account maintained by the Escrow Agent into which the Settlement Fund shall be deposited.
- (l) "Escrow Agent" means Goodkind Labaton Rudoff & Sucharow LLP.
- (m) "Fairness Hearing" means the hearing at or after which the Court will make a final decision whether to approve this Settlement as fair, reasonable, and adequate pursuant to Rule 23 of the Federal Rules of Civil Procedure.
- (n) "Final Judgment" means the judgment to be entered in the Action pursuant to paragraph 4 below, of this Stipulation. A copy of the Final Judgment proposed by the Parties is annexed hereto as Exhibit F

(o) "June 28 Order" means the Court's Opinion and Order granting and part and denying in part the Defendants' motion to dismiss the Complaint.

(p) "Hearing Order" means the Order that Lead Plaintiff and the Defendants will seek from the Court, as described in paragraph 3, below. Entry of a "Hearing Order" shall constitute "Preliminary Approval" of the Settlement. A copy of the Hearing Order proposed by the Parties is annexed hereto as Exhibit B

(q) "Lead Counsel" means the law firm of Goodkind Labaton Rudoff & Sucharow LLP

(r) "Lead Plaintiff" means Ina Rosenblum.

(s) "Net Settlement Fund" means the Settlement Fund less any taxes, attorneys' fees, expert fees, costs and expenses approved by the Court.

(t) "Notice" means the notice to be sent to Class Members pursuant to this Stipulation. A copy of the Notice proposed by the Parties is annexed hereto as Exhibit C.

(u) "Parties" means: (i) Lead Plaintiff In Rosenblum, and the Class (collectively, "Plaintiffs"), and (ii) Defendants Citigroup Inc., Citigroup Global Markets Inc., formerly known as Salomon Smith Barney Inc., and Jack Grubman (the "Defendants").

(v) "Person" means any individual, corporation, partnership, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.



(w) “Plan of Allocation” means the terms and procedures for allocating the Net Settlement Fund among, and distributing the Net Settlement Fund to, Authorized Claimants, or such other Plan of Allocation as the Court shall approve. A copy of the Plan of Allocation proposed by Lead Plaintiff is annexed hereto as Exhibit A.

(x) “Proof of Claim and Release” means the form that will be mailed to Class Members with the Notice and pursuant to which Class Members will submit a Claim in accordance with the procedures set forth in this Stipulation. A sample Proof of Claim and Release proposed by the Parties is annexed hereto as Exhibit E.

(y) “PSLRA” means the Private Securities Litigation Reform Act of 1995.

(z) “Released Claims” means with respect to the Releasees, defined below, the release by Lead Plaintiff and all Class Members of all claims of every nature and description, known and unknown, arising out of or relating, directly or indirectly, to investments (including, but not limited to, the purchase, acquisition, exchange, retention, transfer or sale of, or investment decision involving) in TARGETS during the Class Period, whether arising under any federal, state, or foreign statutory or common law or rule, that has been, or might have been, or could be asserted against any of the Releasees at any time by or on behalf of any Class Member, in any capacity, in the Action or in any court, tribunal, or other forum or competent jurisdiction. In addition, by operation of law and of the Final Judgment, “Released Claims” also includes the release by Lead Plaintiff and Class Members of all claims of every nature and description, known and unknown, arising out of or relating, directly or indirectly, as to any or all Releasees and Parties, to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral

or written statements or representations in connection with or directly or indirectly relating to the Stipulation or the Settlement of this Action.

(aa) "Releasees" means the Defendants, 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, partners, principals, and agents of each of them, and the predecessors, heirs, executors, administrators, successors and assigns of each, and any person or entity which is or was related to or affiliated with any Releasee or in which any Releasee has or had a controlling interest and the present and former employees, officers and directors, attorneys, accountants, insurers, partners, principals, and agents of each of them.

(bb) "Settlement" means the agreement between and among the Parties to settle, compromise and dismiss this Action with prejudice and on the merits, under the terms, conditions, and provisions set forth in this Stipulation.

(cc) "Settlement Amount" means One Million, Six Hundred Thousand Dollars (\$1,600,000.00) in cash.

(dd) "Settlement Fund" means the sum of the Settlement Amount.

(ee) "Summary Notice" means the published notice of the proposed Settlement. A copy of the Summary Notice proposed by the Parties is annexed hereto as Exhibit D.

(ff) "TARGETS" means Targeted Growth Enhanced Terms Securities With Respect to the Common Stock of MCI WorldCom, Inc. due August 15, 2002.

(gg) “WorldCom Class Action” means the consolidated class action captioned *In re WorldCom, Inc. Securities Litigation*, Master File No, 02 Civ. 3288 (DLC).

**Submission of the Settlement to Court for Approval**

2. Promptly upon execution of the Stipulation, Lead Plaintiff and the Defendants shall apply to the Court for preliminary approval of the Settlement and for the scheduling of a hearing for consideration of final approval of the Settlement, approval of the Plan of Allocation, and, in Lead Counsel and Lead Plaintiff’s discretion, the application for an award of attorneys’ fees and expenses. The Parties and their counsel shall use their best efforts to obtain final Court approval of the Settlement. The Settlement Fund, less the costs associated with notice to the class and administration of the Settlement, applicable taxes, attorneys’ fees and reimbursement of expenses and experts fees, as approved by the Court, shall constitute the Net Settlement Fund to be distributed in the manner set forth below.

3. The Parties shall jointly apply to the Court for entry of the Hearing Order, substantially in the form attached hereto as Exhibit B:

- (a) Providing for the certification of the Class for settlement purposes only;
- (b) preliminarily approving the Settlement;
- (c) setting a hearing (the “Fairness Hearing”), upon notice to the Class Members, to consider: (i) whether the Settlement should be approved as fair, reasonable and adequate to the Class Members, and dismissing the claims of Lead Plaintiff and all Class Members against the Defendants on the merits and with prejudice; (ii) whether the

Plan of Allocation is fair and reasonable and should be approved; and (iii) Lead Counsel's application for an award of attorneys' fees and payment of costs and expenses;

(d) setting the method of giving notice of the Settlement to the Class Members;

(e) approving the form of Notice attached hereto as Exhibit C;

(f) approving the form of Summary Notice attached hereto as Exhibit D; and the Proof of Claim and Release form attached hereto as Exhibit E;

(g) setting a period of time during which Class Members may serve written objections to the Settlement, the Plan of Allocation, or the application for attorneys' fees and expenses;

(h) enjoining prosecution of any action or claims that are subject to the release and dismissal contemplated by this Settlement by any Class Member who has not or does not opt out of the Class; and

(i) setting a period of time during which Class Members must file Claims in order to participate in the distribution of the Net Settlement Fund.

4. At the Fairness Hearing, the Parties shall jointly request entry of a Final Judgment, substantially in the form attached hereto as Exhibit F, the entry of which is a condition of this Settlement:

(a) Granting final approval of the Settlement as fair, reasonable, and adequate, within the meaning of Rule 23 of the Federal Rules of Civil Procedure, and directing its consummation pursuant to its terms;

(b) confirming certification of the Class for settlement purposes only, and finding that each element for certification of the Class is met;

(c) directing that the claims of the Class Members be dismissed without costs and with prejudice, and releasing, as against each of the Releasees, the Released Claims;

(d) finding that the complaints filed by Lead Plaintiff were filed on a good faith basis in accordance with the PSLRA and Rule 11 of the Federal Rules of Civil Procedure;

(e) permanently barring and enjoining the institution and prosecution, by Lead Plaintiff and other Class Members of any other action against the Releasees in any court asserting any Released Claim;

(f) dismissing the Action with prejudice and barring the Released Claims by the Lead Plaintiff and all Class Members;

(g) reserving jurisdiction over this Action, including all further proceedings concerning the administration, consummation and enforcement of this Settlement; and

(h) containing such other and further provisions consistent with the terms of this Settlement to which the parties hereto expressly consent in writing.

5. At the Fairness Hearing, Lead Counsel may also request entry of an Order approving Lead Counsel's application for an award of attorneys' fees and expenses. Any award of attorneys' fees and expenses to Lead Counsel shall be paid exclusively from the Settlement Fund, and may be payable five days after the Effective Date. In no event shall Defendants otherwise be obligated to pay for such attorneys' fees and expenses. The disposition of Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses is not a material term of this Stipulation and it is not a condition of this Stipulation that such application

be granted. Any disapproval or modification of the application for an award of attorneys' fees and reimbursement of expenses by the Court shall not affect the enforceability of the Stipulation, provide any of the parties with the right to terminate the Settlement, or impose an obligation on the Defendants to increase the compensation paid in connection with the Settlement.

**Settlement Consideration**

6. In full and complete settlement of the Released Claims, the Defendants shall deposit the Settlement Amount into the Escrow Account on the Effective Date. The Escrow Account shall be an interest-earning escrow account designated by Lead Plaintiff and all interest accruing thereon shall be deemed to be in the custody of the Court and will remain subject to the jurisdiction of the Court until such time as it is distributed to approved claimants.

7. All necessary steps to enable the Escrow Account to be a Qualified Settlement Fund shall be taken, including the timely filing by the Administrator of all elections and statements required pursuant to Treas. Reg. §§ 1.468B-0 through 1.468B-5, or any other relevant statutes, regulations or published rulings now or hereafter enacted or promulgated, for all taxable years of the Escrow Account, beginning with the date of its establishment. The Administrator shall be the Administrator of the Qualified Settlement Fund for purposes of the Escrow Account. The Administrator, on behalf of the Escrow Account, shall file or cause to be filed on a timely basis all required federal, state, and local tax returns and shall, at the direction of Lead Counsel, pay taxes in a manner consistent with its treatment as a Qualified Settlement Fund, as provided in Treas. Reg. §§ 1.468B-0 through 1.468B-5. In no event shall Defendants have any responsibility for filing election or other required statements, or tax returns, the costs associated therewith, the payment of any taxes due, or the expenses of notice or administration of

the Escrow Account. Defendants and Lead Counsel shall cooperate with the Administrator to the extent necessary for the Administrator to comply with the provisions of this paragraph.

8. Upon request by Defendants, the Administrator shall promptly provide to Defendants all information requested by Defendants in connection with any tax returns it must file or other report or filing it must make with respect to the Settlement Fund.

9. This is not a claims-made settlement. As of the Effective Date, the Defendants shall not have any right to the return of the Settlement Fund or any portion thereof irrespective of the number of Proofs of Claim filed, the collective amount of losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Settlement Fund.

10. As further consideration for the Settlement, Defendants agree that if the Court enters the Final Judgment approving the Settlement as fair, reasonable, and adequate, and the Effective Date has occurred, Defendants will not enforce paragraphs 1(bb)(i), 20, and 21 of the Stipulation and Agreement of Settlement in the WorldCom Class Action, dated July 1, 2004, and any Orders of the Court approving or implementing Defendants' settlement in the WorldCom Class Action, to the extent that they purport to release any claims based on investments in TARGETS (collectively, the "WorldCom TARGETS Release") against any TARGETS investors, except those that elect to opt out of the Class. The provisions of this paragraph were separately bargained for and are a material element of this Stipulation and of the Settlement. Defendants further agree that they will not attempt to enforce the WorldCom TARGETS Release against any TARGETS investors, except those that elect to opt out of the Class, until such time as the Court decides whether to enter the Hearing Order and, if the Court does enter the Hearing Order, until such time as the Court decides whether to enter the Final

Judgment, and, if the Court does decide to enter the Final Judgment, until the Effective Date has occurred.

11. Lead Plaintiff and all Class Members agree not to appeal the June 28 Order.

**Releases**

12. As of the Effective Date, Lead Plaintiff and all Class Members agree to release all Released Claims against the Defendants and the Releasees.

13. On and after the Effective Date, each Class Member, including Class Members who are parties to any other actions, arbitrations, or other proceedings against any of the Defendants or Releasees that are pending on the Effective Date, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, assigns, and any person they represent, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged all Released Claims against each and every one of the Releasees, and whether or not a Proof of Claim and Release is signed and returned by, or on behalf of, such Class Member; *provided, however*, that nothing in the Final Judgment shall bar any action or claim to enforce the terms of the Stipulation or the Final Judgment; *provided further*, that all Class Members, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, assigns, and any person they represent, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged all claims of every nature and description, known and unknown, arising out of or relating, directly



or indirectly, as to any or all Releasees and Parties, to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to this Stipulation or the Settlement of this Action.

14. The Final Judgment shall provide that Class Members, the successors and assigns of any of them, and anyone claiming through or on behalf of any of them, are permanently barred and enjoined from instituting, commencing or prosecuting, either directly or in any other capacity, any Released Claims against any of the Releasees.

**Administration and Distribution of the Settlement Fund**

15. Lead Counsel or its authorized agents, subject to the supervision, direction and approval of the Court, shall administer and calculate the Claims submitted by Class Members and shall oversee distribution of the Settlement Fund.

16. The Settlement Fund shall be applied as follows:

(a) To pay all costs and expenses incurred in connection with providing notice to Class Members, locating Class Members, soliciting claims, assisting with the filing of claims, administering and distributing the Net Settlement Fund to the Class, processing proofs of claim, processing requests for exclusion, escrow fees and costs.

(b) Subject to the approval and further order(s) of the Court, to pay to Lead Counsel the amount awarded by the Court as attorneys' fees, plus interest, and to pay Lead Counsel the amount awarded as costs and expenses, including fees of experts and consultants, plus interest.

(c) To pay taxes and tax expenses owed by the Settlement Fund.

(d) In order to participate in such distribution of the Net Settlement

Fund:

(i) Each person claiming to be an Authorized Claimant shall be required to timely submit a separate signed Proof of Claim and Release substantially in the form attached as Exhibit E supported by proof of all purchases or acquisitions and sales of TARGETS during the Class Period.

(ii) The validity of each Claim submitted will be initially determined by the Administrator, acting under Lead Counsel's supervision, in accordance with the Plan of Allocation approved by the Court, who shall promptly advise the Class Member in writing if the Administrator determines to reject the claim. Neither Lead Counsel, their designees or agents, nor Defendants shall have any liability arising out of said determination. In the event a Class Member disagrees with such determination, the dispute shall be submitted to the Court for summary resolution.

(iii) All initial determinations as to the validity of a Proof of Claim and Release, the calculation of the extent to which each Authorized Claimant will participate in the Net Settlement Fund, the preparation and mailing of distributions to Authorized Claimants, the distribution of the Settlement Fund and Net Settlement Fund shall be performed by Lead Counsel, their designees or agents, the Administrator, or such other persons or entities as Lead Counsel may, in their sole discretion, deem necessary or advisable to assist them in the administration of the Settlement. The administration of the Settlement Fund and Net Settlement Fund, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim and Release or regarding rejection of claims, shall remain under the jurisdiction of the Court. All Parties expressly waive trial by jury (to the extent such right may exist) with respect to such determinations.

(iv) Unless otherwise ordered by this Court, any Class Member who fails to submit a Proof of Claim and Release within such period as may be established by this Court shall be forever barred from receiving any payments pursuant to this Stipulation, but in all other respects will be subject to and bound by the provisions of this Stipulation and the Judgment.

(e) The Defendants shall bear no responsibility for the costs, fees or expenses described in this paragraph.

17. Prior to the distribution of the Net Settlement Fund, Lead Counsel shall present for the approval of the Court a final accounting of the receipts to and disbursements from the Settlement Fund and the proposed distribution of the Net Settlement Fund to Authorized Claimants. No such distribution shall be made in the absence of an order approving the accounting and the proposed distribution.

18. The Net Settlement Fund shall be distributed to Authorized Claimants pursuant to a Plan of Allocation, which Lead Plaintiff shall propose and with respect to which Lead Plaintiff shall seek approval of the Court. A copy of the Plan of Allocation proposed by Lead Plaintiff is annexed hereto as Exhibit A. Any modification of the Plan of Allocation by the Court shall not affect the enforceability of the Stipulation, provide any of the parties with the right to terminate the Settlement, or impose an obligation on the Defendants to increase the consideration paid in connection with the Settlement. Finality of the Settlement shall not be conditioned on any ruling by the Court concerning the Plan of Allocation. Any order or proceedings relating to a request for approval of the Plan of Allocation, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate the Settlement or affect or delay the effectiveness or finality of the Judgment, and the release of the Released Claims.

19. Defendants, Releasees, and their respective counsel shall have no role in or responsibility for the Plan of Allocation, the form, substance, method, or manner of administration, or distribution of the Net Settlement Fund to Authorized Claimants, any tax liability that a Class Member may incur as a result of this Stipulation or as a result of any action taken pursuant to this Stipulation, the administration or processing of claims, or the allocation of the Net Settlement Fund, including, without limitation, determinations as to the timeliness or

validity of Proof of Claim and Release forms, the amounts of claims or distribution of the Net Settlement Fund.

20. Class members shall look solely to the Net Settlement Fund for settlement and satisfaction of all Released Claims.

21. No Authorized Claimant shall have any claim against Lead Plaintiff, Lead Counsel, the Defendants, the Administrator, or any of their counsel, based on the distributions made substantially in accordance with this Stipulation and/or orders of the Court.

**Notice to the Class**

22. Subject to the requirements of the Hearing Order and not later than seventy (70) days before the Fairness Hearing, the Parties shall cause to be mailed, by first class mail, postage prepaid, to each person and entity in the Class who can be identified by reasonable effort, a copy of the Notice and Proof of Claim and Release substantially in the forms annexed hereto as Exhibits C and E, respectively.

23. The Notice shall conform to all applicable requirements of the Federal Rules of Civil Procedure, the PSLRA, the rules of the Court and any other applicable law, and shall otherwise be in the manner and form agreed upon by the Parties and approved by the Court.

24. No later than fifty-five (55) days before the Fairness Hearing, the Parties shall cause the Summary Notice, substantially in the form annexed hereto as Exhibit D, to be published once in *Investor's Business Daily*.

25. The Notice, Summary Notice, and Proof of Claim and Release shall also be placed on a web site maintained by the Administrator at [www.completeclaimssolutions.com](http://www.completeclaimssolutions.com).

26. Any Class Member who wishes to be excluded from the Class must mail by first class mail or deliver a written request for exclusion to the Administrator, at the address

provided for in the Notice, postmarked or delivered no later than 21 days before the Fairness Hearing, or as the Court may otherwise direct. A list of the persons and entities who have requested exclusion shall be provided by the Parties to the Court at or before the Fairness Hearing.

27. The request for exclusion shall set forth the following information: (i) name, (ii) address, (iii) telephone number, (iv) number of TARGETS purchased, acquired, sold, or exchanged, (v) prices paid or value at receipt, and (vi) the date of each transaction.

28. Any potential Class Member who does not file a timely written request for exclusion as provided by this Stipulation shall be bound by the Settlement and by all proceedings, orders, and judgments in this Action, even if he, she, or it has pending, or subsequently initiates, litigation, arbitration, or any other action against any or all of the Defendants or the Releasees relating to Released Claims.

**Retention of Administrator**

29. Defendants acknowledge that Lead Counsel has retained Complete Claim Solutions Inc. as the Administrator to help implement the terms of this Stipulation.

30. The Administrator may assist with various tasks, including, without limitation: (i) mailing or arranging for the mailing of the Notice and Proof of Claim and Release to Class Members; (ii) arranging for publication of the Summary Notice; (iii) arranging for and staffing a toll-free telephone number to assist Lead Counsel in responding to inquiries from Class Members; (iv) answering written inquiries from Class Members and/or forwarding such inquiries to Lead Counsel or their designee; (v) providing additional copies of the Notice and Proof of Claim and release, upon request, to Class Members; (vi) receiving and maintaining any Class Member's request for exclusion from the settlement; (vii) receiving and maintaining any Class

Member's withdrawal of request for exclusion from the settlement; (viii) preparing, receiving and processing Proof of Claim and Release forms returned by Class Members; (ix) mailing or causing to be mailed to Authorized Claimants their distribution from the Net Settlement Fund under the Plan of Allocation; and (x) otherwise assisting Lead Counsel with administration and implementation of the Settlement.

31. Lead Counsel may pay the Administrator the reasonable and customary fees and costs associated with the review of claims and administration of the Settlement out of the Settlement Fund without further order of the Court.

### **Objections to Settlement**

32. Any Class Member who has not filed a timely written request for exclusion from the Class and who wishes to object to the fairness, reasonableness or adequacy of this Settlement, to any terms of the Stipulation, to the Plan of Allocation, or to the proposed attorney's fees and expenses must serve upon Lead Counsel and Defendants' counsel, and must file with the Court no later than twenty-one (21) days before the Fairness Hearing or as the Court may otherwise direct, a statement of the objection, as well as the specific reason or reasons, if any, for each such objection, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of the objection.

33. Class Members may file an objection on their own or through an attorney hired at their own expense.

34. Any Class Member who files and serves a written objection pursuant to this Section may appear at the Fairness Hearing, either in person or through an attorney hired at the Class Member's own expense, to object to the fairness, reasonableness or adequacy of the

Settlement, to any term of the Stipulation, to the Plan of Allocation, or to the proposed Attorney's Fees and Expenses. Class Members or their attorneys intending to make an appearance at the Fairness Hearing must serve upon Lead Counsel (who shall in turn provide a copy to Defendants' Counsel) and must file with the Court no later than twenty-one (21) days before the Fairness Hearing or as the Court may otherwise direct, a notice of intention to appear.

35. Any Class Member who fails to comply with any of the provisions of this Section shall waive and forfeit any and all rights he, she or it may have to appear separately and/or object, and shall be bound by all of the terms of this Stipulation and by all proceedings, orders and judgments in this Action

#### **Termination of the Agreement**

36. In the event that Class Members who purchased shares in excess of a number of shares to be agreed upon by the parties in a separate confidential letter agreement that is to be considered a material term of this Stipulation choose to opt out of the Class, Defendants may, at their option, terminate the Settlement. Lead Counsel shall provide Defendants' Counsel with copies of any requests for exclusion on or before fifteen (15) calendar days prior to the Fairness Hearing. If class members who purchased in excess of the number of shares set forth in the confidential letter validly opt-out of the class, Defendants' Counsel may elect, on or before five (5) calendar days prior to the Fairness Hearing, to exercise their option to terminate the Settlement by written notice of such election to Lead Counsel. If Lead Counsel does not provide Defendants' Counsel with all requests for exclusion on or before fifteen (15) days prior to the Fairness Hearing, or if the Court accepts requests for exclusion that are not valid or timely as defined herein, Defendants may elect to exercise that option, if applicable, at any time prior to entry of the Final Judgment.

### **Effect of Disapproval, Cancellation, or Termination of Agreement**

37. If the Court does not enter the Final Judgment substantially in the form provided for in paragraph 4, or if the Court enters the Final Judgment and appellate review is sought and on such review, the entry of the Final Judgment is vacated, modified or reversed, then this Stipulation shall be cancelled and terminated, unless all parties who are adversely affected thereby, in their sole discretion within thirty days from the date of the mailing of such ruling to such parties, provide written notice to all other parties hereto of their intent to proceed with the settlement under the terms of the Judgment as it may be modified by the Court. Such notice may be provided on behalf of Lead Plaintiff and the Class Members by Lead Counsel. No party shall have any obligation whatsoever to proceed under any terms other than substantially in the form provided and agreed to herein, except to the extent provided for in paragraphs 5 and 18 relating to the Plan of Allocation and the award of attorneys' fees. If any party hereto engages in a material breach of the terms hereof, any other party, provided that it is in substantial compliance with the terms of this Stipulation, may terminate this agreement on notice to the breaching party or sue for enforcement.

38. In the event this Stipulation is terminated or cancelled or fails to become effective for any reason, then the parties to this Stipulation shall be deemed to have reverted *nunc pro tunc* to their respective status as of the date and time immediately before the execution of this Stipulation and they shall proceed in all respects as if this Stipulation and related orders had not been executed and without prejudice in any way from the negotiation, fact or terms of this settlement.



### Miscellaneous Provisions

39. All of the Exhibits to be attached hereto shall be incorporated by reference as though fully set forth herein.

40. Lead Plaintiff and Lead Counsel acknowledge that, given the amount of discovery taken of the Defendants in the WorldCom Class Action and provided to Lead Counsel including extensive document and other written discovery as well as numerous depositions, Lead Plaintiff and Lead Counsel are satisfied that an adequate factual record has been established that supports the Settlement and hereby waive any right to conduct further discovery to assess or confirm the Settlement.

41. This Stipulation may be amended or modified only by a written instrument signed by counsel for all parties or their successors-in-interest.

42. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (i) is or may be deemed to be or may be used as an admission or evidence of the validity of any Released Claim or of any wrongdoing or liability of the Defendants; or (ii) is or may be deemed to be or may be used as an admission or evidence of any fault or omission of the Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal, other than in such proceedings as may be necessary to consummate or enforce the Stipulation, the Settlement or the Final Judgment.

43. The Parties intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Class Members against the Releasees with respect to the Released Claims. Accordingly, the Defendants agree not to assert any claim under Rule 11 of the Federal Rules of Civil Procedure or any similar law, rule or regulation, that the

Action was brought in bad faith or without a reasonable basis. The Parties to the Stipulation agree that the amount paid and the other terms of the Settlement were negotiated at arm's length and in good faith by the Parties, and reflect a settlement that was reached voluntarily based upon adequate information and sufficient discovery and after consultation with experienced legal counsel.

44. The Parties agree that the Settlement set forth herein constitutes a fair, reasonable and adequate resolution of the claims that Plaintiffs asserted against the Defendants, and that it promotes the public interest. The Parties further agree that unless ordered by the Court, they will not publicize, disseminate, refer to, or otherwise distribute to any third party any information regarding the negotiations between the Parties, or any information or documents they have obtained from the other side in connection with the Action, whether the information was obtained through document or other written discovery, or through depositions, or otherwise.

45. To the extent permitted by law, all agreements made and orders entered during the course of the Action relating to the confidentiality of information shall survive this Stipulation.

46. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

47. This Stipulation, its exhibits, and the confidential letter agreement described in paragraph 36 constitute the entire agreement among these parties, and no representations, warranties or inducements have been made to any party concerning this Stipulation, its exhibits, or the confidential letter agreement, other than the representations, warranties and covenants contained and memorialized in such documents.

48. In the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit to be attached hereto, the terms of this Stipulation shall prevail.

49. This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the parties to this Stipulation shall exchange among themselves original signed counterparts.

50. The parties hereto and their respective counsel of record agree that they will use their best efforts to obtain all necessary approvals of the Court required by this Stipulation.

51. Each counsel signing this Stipulation represents that such counsel has authority to sign this Stipulation on behalf of his clients.

52. This Stipulation shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto, including any and all Releasees and any corporation, partnership, or other entity into or with which any party hereto may merge, consolidate or reorganize.

53. Notices required by this Stipulation shall be submitted either by any form of overnight mail or in person to:

Joel H. Bernstein  
GOODKIND LABATON RUDOFF & SUCHAROW LLP  
100 Park Avenue  
New York, New York 10017  
**LEAD COUNSEL FOR LEAD PLAINTIFF AND THE CLASS**

Richard A. Rosen  
PAUL WEISS RIFKIND WHARTON & GARRISON LLP  
1285 Avenue of the Americas  
New York, New York 10019  
**COUNSEL FOR THE DEFENDANTS**

54. This Stipulation shall be governed by and construed in accordance with the laws of the State of New York, without regard to choice of law principles, to the extent that federal law does not apply. Any action based on this Stipulation or to enforce any of its terms shall be venued in the United States District Court for the Southern District of New York, which shall retain jurisdiction over all such disputes. All parties to this Stipulation shall be subject to the jurisdiction of the United States District Court for the Southern District of New York for all purposes related to this Action and this Stipulation.

Agreed to as of this sixth day of January, 2005.

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**Certificate of Service**

I hereby certify that on January 7, 2005, I caused true and correct copies of the foregoing Amended Stipulation of Settlement to be served upon the following:

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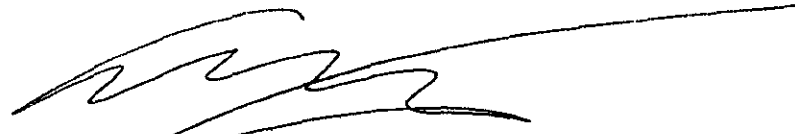
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