

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE TARGETS SECURITIES LITIGATION

Master File No. 03 Civ. 9490 (DLC)

**NOTICE OF PROPOSED SETTLEMENT
OF CLASS ACTION AND FAIRNESS HEARING**

This Notice provides you with important information in connection with the final resolution (the “Settlement”) of a class action lawsuit alleging violations of the federal securities laws against Defendants, Citigroup, Inc., Citigroup Global Markets Inc., formerly known as Salomon Smith Barney Inc., and Jack Grubman (the “Defendants”). Your rights will be affected by this Notice, so please read this Notice carefully.

If you purchased or otherwise acquired Targeted Growth Enhanced Terms Securities With Respect to the Common Stock of MCI WorldCom, Inc. due August 15, 2002 (“TARGETS”) on the secondary market during the period between July 30, 1999 and April 21, 2002, inclusive (the “Class Period”), you may be entitled to receive money from this Settlement.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- The Settlement resolves a securities class action in its entirety.
- The Settlement with the Defendants consists of one million, six-hundred thousand dollars (\$1,600,000) in cash (the “Settlement Fund”). The recovery is explained in greater detail below.
- Lead Counsel will apply to the Court for an award of attorneys’ fees from the Settlement Fund not to exceed thirty percent (30%) of the Settlement Fund, and reimbursement of expenses of no greater than \$90,000, or a total average of \$0.29 per damaged security.
- Your legal rights are affected whether you act or don’t act, so please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SECURITIES CLASS ACTION SETTLEMENT:	
SUBMIT A PROOF OF CLAIM AND RELEASE FORM	This is the only way to qualify to receive any portion of the Settlement Fund.
OBJECT	Write to the Court about why you don’t like the Settlement.
GO TO THE HEARING	Ask to speak in Court about the fairness of the Settlement.
REQUEST EXCLUSION FROM THE CLASS	You may pursue, on your own, whatever claims you may have against the Defendants. You will not receive any benefits from the Settlement.
DO NOTHING	Receive no payment. Give up your right to file your own lawsuit or arbitration proceeding or to participate in any other lawsuit or arbitration proceeding against the Defendants concerning the legal claims in the case.

- These rights and options – **and deadlines to exercise them** – are explained further in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement, after any and all appeals are resolved, and after the claims processing procedure is complete.

History of this Action

On November 26, 2003, and December 19, 2003, respectively, two actions captioned *Ina Rosenblum v. Citigroup, Inc., et al.*, No. 03 Civ. 9490 (DLC) and *Edward Castellani v. Citigroup, Inc., et al.*, No. 03 Civ. 10066 (DLC) were filed in the United States District Court for the Southern District of New York on behalf of persons who purchased or otherwise acquired TARGETS. 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 (“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.

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. TARGETS were issued by an affiliate of the corporate Defendants, and the Complaint asserted violations of the securities laws based on omissions of material information from the TARGETS prospectus and from Salomon Smith Barney research reports on WorldCom, Inc. (“WorldCom”). The class period as originally defined in the Complaint was the period beginning June 22, 1999 through April 21, 2002, inclusive. 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 a result of the June 28 Order, the only claims in the Action are those on behalf of investors who purchased or acquired TARGETS on the secondary market between July 30, 1999 and April 21, 2002, inclusive, and this Settlement will only provide benefits for those TARGETS investors.

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. 3288 (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.

Although this Action is related to the WorldCom Class Action, it is a separate lawsuit. Class Members in this Action may or may not be class members in the WorldCom Class Action in addition to being Class Members in this Action. As described below, Class Members in this Action, who are also class members in the WorldCom Class Action, may participate both in this Settlement and in Defendants’ settlement in the WorldCom Class Action.

Since July 2004, the parties were involved in extensive negotiations concerning a potential resolution of this Action. On January 6, 2005, the parties signed a formal Amended Stipulation of Settlement and related documents providing for this \$1,600,000 Settlement.

Statement of the Recovery to the Class

The proposed Settlement will result in the creation of a cash Settlement Fund of \$1,600,000. Lead Plaintiff estimates that 1,973,132 TARGETS were purchased or acquired during the Class Period and were damaged, or affected, by the misrepresentations allegedly contained in Defendants’ equity research reports on WorldCom. Under the Plan of Allocation of the Net Settlement Fund discussed at the end of this Notice, Lead Plaintiff estimates that the average recovery per damaged security under this Settlement will be \$0.81 before the deduction of attorneys’ fees, costs, and expenses, as approved by the Court. The actual recovery per damaged security will depend on: (1) the number of claims filed; (2) when Class Members purchased or acquired their TARGETS during the Class Period; (3) whether Class Members sold their TARGETS during the Class Period or held their TARGETS as of the end of the Class Period; (4) administrative costs, including the costs of notice; and (5) the amount awarded by the Court for attorneys’ fees, costs and expenses. Distributions to Class Members who are Authorized Claimants will be made based on the Plan of Allocation set forth at the end of this Notice.

In addition, the Defendants have also reached a settlement with the plaintiffs in the WorldCom Class Action. Among other things, the settlement agreement in the WorldCom Class Action provided that class members in the WorldCom Class Action would release all claims “arising out of or relating to investments (including, but not limited to, purchases, sales, exercises, and decisions to hold) in . . . derivative instruments based in whole or in part on the value of securities issued by WorldCom (including Targeted Growth Enhanced Terms Securities with respect to MCI WorldCom, Inc. . . .).” Defendants have agreed that if this Settlement becomes effective, they will not enforce any provisions in their settlement in the WorldCom Class Action that purport to release any claims based on investments in TARGETS against any TARGETS investors, except those that elect to opt out of the Class in this Action. That means that Class Members in this Action who are also class members in the WorldCom Class Action may participate in both settlements.

Statement of Potential Outcome of the Case

As discussed above, the June 28 Order dismissed many of the claims in the Complaint. These included all of the claims for violations of Sections 11 and 12(a)(2) of the Securities Act of 1933 and those claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder that were based on the TARGETS prospectus or on purchases of TARGETS before July 30, 1999. The June 28 Order shortened the Class Period by more than one month.

The parties in the Action disagree as to the probable outcome of the Action with respect to liability and damages. While Lead Plaintiff was prepared to proceed to trial, and is confident in the merits of the claims, Lead Plaintiff recognizes that going to trial is a risky proposition and that they may not have prevailed on all or any of their claims. Defendants believe that they had strong defenses and that they would have prevailed at trial. Defendants contend that the evidence at trial would have shown that most of Defendants’ equity research reports on WorldCom (the stock on which the price of TARGETS was based) during the Class Period either: (1) had no significant impact on the price of TARGETS, or (2) coincided with announcements by WorldCom itself, making it more difficult for Lead Plaintiff to prove causation. With respect to the remaining equity research reports on WorldCom during the Class Period, Defendants contend that the price of TARGETS did not track the Defendants’ recommendations.

The parties also disagree about whether and to what extent the Class had sustained recoverable losses even assuming liability, with estimates of that figure ranging from over \$15 million to under \$300,000, depending on the assumptions used. Defendants believe, among other things, that Lead Plaintiff’s damages calculations overstate the number of affected TARGETS and fail to account for dividend payments to TARGETS holders during the Class Period. Defendants also believe that they would be able to prove at trial that the decline in the price of TARGETS during the Class Period was attributable at least in part to a general decline in the telecommunications industry and not to the alleged fraud. While Lead Plaintiff disputes Defendants’ damages calculations, Lead Counsel, after consultation with its damages expert, Financial Markets Analysis LLC, on issues concerning the amount of loss and the causes of loss, has determined that the \$1,600,000 Settlement provides an excellent recovery for the Class under the circumstances.

While Lead Plaintiff believes the case is strong, these defenses create uncertainty as to Lead Plaintiff’s ability to win at trial. The dispute regarding causation and damages would be subject to expert testimony, and it is impossible to predict whose arguments would be credited by the Court and the jury. At trial, the Class potentially could recover all of the remaining claimed damages, it could recover nothing, it

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could be restricted to a recovery dictated by the Defendants' view of damages, or it could recover substantially less than the amount of this Settlement.

In addition, no appeal of the June 28 Order would be possible until after the trial of the Action, and Lead Counsel believes that the chance of any such appeal being successful is not sufficiently large to warrant continuing to litigate the Action. Lead Counsel's opinion with respect to the chance of success on appeal is based in part on the December 6, 2004 decision by the United States Court of Appeals for the Second Circuit in the case entitled *In re Enterprise Mortgage Acceptance Co., LLC Securities Litigation*, which is reported at 391 F.3d 401 (2d Cir. 2004). That decision held that the so-called "Sarbanes-Oxley" law does not extend the statute of limitations for securities lawsuits (such as this Action) that were filed before the Sarbanes-Oxley law became effective. The June 28 Order was based in part on the same conclusion reached by the Second Circuit Court of Appeals, to which any appeal in this Action would be taken. Lead Counsel has recommended the Settlement to the Lead Plaintiff because it believes that this Settlement provides a substantial recovery to the Class, and that it is fair, reasonable, and adequate in view of the substantial risks of litigation discussed above.

Statement of Attorneys' Fees and Costs Sought

Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund not to exceed thirty percent (30%) of the Settlement Fund, and reimbursement of expenses of no greater than \$90,000, or a total average of \$0.29 per damaged security. Lead Counsel has litigated this Action on a contingent fee basis, and has advanced all of the expenses of litigation with the expectation that if it were successful in recovering money for the Class, it would receive attorneys' fees and be reimbursed for its expenses from the Settlement Fund, as is customary in this type of litigation.

Identification of Attorney Representatives

Lead Counsel is available to answer questions from Class Members concerning any matter contained in this Notice: Joel H. Bernstein, Esq., Goodkind Labaton Rudoff & Sucharow LLP, 100 Park Avenue, 12th Floor, New York, NY 10017, e-mail: targets@glrslaw.com.

Reasons for the Settlement

The parties to this Action believe that the Settlement is fair, reasonable, and adequate and in each of their best interests considering: (1) the benefits afforded by the Settlement; (2) that it provides immediate recovery to the Class; (3) the uncertainty and risks of further litigation; (4) the June 28 Order dismissing many of the claims in the Action; and (5) Defendants' desire to avoid expending the time and resources required to continue to defend the Action.

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BASIC INFORMATION

A. Why did I receive this Notice package?

The Court authorized this Notice to be sent to you because you or someone in your family may have purchased or otherwise acquired TARGETS on the secondary market between July 30, 1999 and April 21, 2002, inclusive.

If the description above applies to you or someone in your family, you have a right to know about the proposed Settlement of the Action, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and resolves any objections or appeals that may be filed in opposition to the Settlement, then an administrator appointed by the Court will distribute the payments that the Settlement permits.

This Notice package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Judge presiding over this case is the Honorable Denise Cote, United States District Judge, of the United States District Court for the Southern District of New York, sitting in New York City. The case is titled *In re TARGETS Securities Litigation*, Master File No. 03 Civ. 9490 (DLC). The people who brought the lawsuits are called Plaintiffs, and the company and the persons they sued are called Defendants.

B. Why is the action a class action?

In a class action, one or more people and entities called Lead Plaintiffs (in this case, an individual investor, Ina Rosenblum), sue on behalf of people and entities that have similar claims. All of these people and entities are referred to as a Class or, individually, as Class Members. In a class action like this case, one Court resolves the issues for all Class Members, except for those who exclude themselves from the Class, at the same time.

C. Why is there a Settlement?

The Court did not decide in favor of Lead Plaintiff or Defendants in the lawsuit. Instead, both sides agreed to a Settlement. As explained above, Lead Plaintiff and her attorneys think the Settlement is best for all Class Members.

To see if you will receive a payment from this Settlement, you first need to know if you are a Class Member.

D. How do I know if I am part of the Settlement?

By Order dated January 11, 2005, the Court preliminarily approved this lawsuit as a class action for settlement purposes. The Class consists of 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.

E. Are there exceptions to being included?

Yes. You are not a Class Member if you are a Defendant, a member 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. However, if your TARGETS shares were held in the name of another person or entity, such as an employee benefit plan or a mutual fund, you are not excluded from the Class irrespective of whether the person or entity in whose name the shares were held was controlled by any Defendant. For example, a TARGETS investor shall not be excluded from the Class to the extent it held TARGETS: (1) 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 (2) (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.

In addition, anyone who submits a valid and timely Request for Exclusion from the Class, in accordance with the procedures set forth in this Notice, cannot participate in the Settlement.

F. I'm still not sure if I am included.

If you are still not sure whether you are included, you can ask for help free of charge. You can call 888-385-3088 toll-free, send e-mail to targets@glrslaw.com, contact Lead Counsel at the addresses listed in this Notice, or visit www.CompleteClaimSolutions.com for more information. You can also sign and return the enclosed Proof of Claim and Release to see if you qualify.

G. What does the Settlement provide?

This Settlement consists of one million, six-hundred thousand dollars (\$1,600,000) in cash and, including interest, will be available for the complete resolution of this litigation, the payment of taxes, administrative costs, including the costs of notice, and for attorneys' fees and expenses.

H. How much will my payment be?

If you are entitled to a payment, your share of the Settlement Fund will depend on the number of valid Proof of Claim and Release forms that Class Members submit, how many TARGETS you purchased or otherwise acquired, and when you bought, acquired or sold your shares. The Plan of Allocation is included at the end of this Notice.

By following the Plan of Allocation at the end of this Notice, you can calculate your “Recognized Loss.” The Administrator will distribute the Net Settlement Fund, that is, the Settlement Fund, less taxes owed, all administrative costs, and attorneys’ fees, including the costs of notice, and expenses, as awarded by the Court, according to the Plan of Allocation after the deadline for submission of Proof of Claim and Release forms has passed.

I. How can I receive a payment?

To qualify for payment, you must sign and return the Proof of Claim and Release enclosed with this Notice. Review the form and read the instructions carefully. Provide all of the information requested, sign the form and mail it to In re TARGETS Securities Litigation, c/o Complete Claim Solutions, Inc., P.O. Box 24669, West Palm Beach, FL 33416, postmarked on or before **June 22, 2005**. If you have any questions, or need assistance, call 888-385-3088 toll-free or send e-mail to targets@glrslaw.com, and someone will assist you.

J. When will I receive my payment?

The Court will hold a hearing on **April 22, 2005** to decide whether to approve the Settlement. Even if the Court approves the Settlement, it could take more than a year before the Settlement Fund is distributed to the Class Members. One reason that it may take more than a year for the Settlement Fund to be distributed is that delays could be caused by the filing of appeals. This would happen if, for example, a Class Member objects to any aspect of the Settlement, and is not satisfied by the resolution of that objection by the Court. That person could then appeal the Court’s decision. In addition, it is always uncertain whether an appeal will be resolved in favor of the Settlement, and resolving any such appeals or objections can take time, perhaps more than a year. The other reason that it may take more than a year for the Settlement Fund to be distributed is that once the Settlement has been approved, and any appeals are resolved, the Administrator must process all of the Proofs of Claim and Releases. The processing, by itself, is a complicated process and may take many months.

K. What am I giving up to receive a payment?

If you are a Class Member, and you did not exclude yourself as provided for in Question L, below, you will remain in the Class. That means that if the Settlement is approved, you, on behalf of yourself, your heirs, executors, administrators, successors and assigns, and any persons you represent, will release all “Released Claims” against all “Releasees” (as defined below and more fully in the Stipulation).

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

“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.

In addition, as part of the Settlement, Lead Plaintiff and the Class Members have agreed not to appeal the June 28 Order.

If you are member of the Class, the Court’s orders will apply to you and legally bind you.

L. Can I exclude myself from the Settlement?

Yes. If you exclude yourself from the Class, you may pursue, on your own, whatever claims you may have against the Defendants unless, as discussed in the next paragraph, you are also a member of the class in the WorldCom Class Action. If you request exclusion from the Class in this Action, you will not receive any benefits from the proposed Settlement.

The settlement agreement in the WorldCom Class Action (defined on page 2 above), the fairness of which was approved by Judge Cote in an Order dated November 10, 2004, provides that class members in the WorldCom Class Action released all claims based on investments in WorldCom securities and TARGETS securities. As a part of the Settlement of this Action, Defendants have agreed that if this Settlement is approved by the Court and becomes effective, they will not enforce the provision of the WorldCom Class Action that released the claims based on investments in TARGETS against any TARGETS investors, except those who elect to exclude themselves from the Class in this Action. Therefore, pursuant to the settlement in the WorldCom Class Action, if you request exclusion from the Class in this Action, you

will not be able to pursue your own claims against the Defendants based on investments in TARGETS if you are also a member of the certified class in the WorldCom Class Action.

If you wish to exclude yourself from the Class, you must submit a written Request for Exclusion setting forth the following information: (1) name, (2) address, (3) telephone number, (4) number of TARGETS purchased, acquired, sold, or exchanged, (5) prices paid or value at receipt, and (6) the date of each transaction.

The Request for Exclusion should be addressed as follows: In re TARGETS Securities Litigation, c/o Complete Claim Solutions, Inc., P.O. Box 24669, West Palm Beach, FL 33416.

YOUR REQUEST FOR EXCLUSION MAY BE CONSIDERED INVALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED. ALL REQUESTS FOR EXCLUSION MUST BE POSTMARKED NO LATER THAN **April 1, 2005**. If you use any other delivery service other than U.S. Mail, the request must be received by the Administrator no later than **April 1, 2005**.

M. If I do not exclude myself, can I sue the Defendants for the same thing later?

No. Unless you exclude yourself from the Class, you give up any right to bring a lawsuit or an arbitration proceeding against the Defendants for the claims that this Settlement releases.

N. If I exclude myself, can I obtain a payment from the Settlement?

No. If you exclude yourself from the Class, do not send in a Proof of Claim and Release to ask for any payment.

O. Do I have a lawyer in this case?

Yes. The Court appointed the law firm of Goodkind Labaton Rudoff & Sucharow LLP of New York City as Lead Counsel to represent all Class Members in this Action. You will not be charged for this law firm. If you want to be represented by your own lawyer, you may hire one at your own expense.

P. How will these lawyers be paid?

Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund not to exceed thirty percent (30%) of the Settlement Fund, and reimbursement of expenses of no greater than \$90,000, or a total average of \$0.29 per damaged security. Lead Counsel has litigated this Action strictly on a contingent fee basis, and have advanced all of the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive attorneys' fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation.

OBJECTING TO THE SETTLEMENT

Q. How do I notify the Court that I don't like the Settlement?

If you are a Class Member, you can tell the Court that you don't agree with the Settlement, some part of it, or Lead Counsel's request for attorneys' fees and reimbursement of expenses. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement, or any aspect of the Settlement, in *In re TARGETS Securities Litigation*, Master File No. 03 Civ. 9490 (DLC) (S.D.N.Y.). Be sure to include your name, address, telephone number, your signature, information concerning your purchase(s) and sale(s), including the number of shares and the dates of purchase and sale, and the reasons you object to the Settlement. The objection must be received by the Court and by Counsel for Lead Plaintiff on or before **April 1, 2005**. The objection should be sent to all of the addresses below:

THE COURT

Clerk of the Court
United States District Court
for the Southern District of New York
United States Courthouse
500 Pearl Street
New York, NY 10007

PLAINTIFFS' COUNSEL

Joel H. Bernstein, Esq.
Goodkind Labaton Rudoff & Sucharow LLP
100 Park Avenue, 12th Floor
New York, NY 10017

Lead Counsel for Lead Plaintiff and the Class

R. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object only if you are a member of the Class. If you exclude yourself, that tells the Court that you don't want to be a member of the Class. If you exclude yourself, you can't object because the case no longer affects you.

THE SETTLEMENT FAIRNESS HEARING

S. When and where will the Court decide whether to approve the Settlement?

The Court will hold a hearing, called a fairness hearing, to decide whether to approve the Settlement at **2:00 p.m.** on **April 22, 2005**, in Courtroom 11B of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States

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Courthouse, 500 Pearl Street, New York, New York 10007. You may attend and you may ask to speak. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to award Lead Counsel for attorneys' fees and expenses. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long this decision will take.

T. Do I have to answer questions at the hearing?

No. Lead Counsel and Defendants' Counsel will answer the questions the Court may have. However, you are welcome to attend the hearing at your own expense. If you send in an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

U. May I speak at the hearing?

Yes, but you must ask the Court for permission, by sending a letter saying that it is your "Notice of Intention to Appear in *In re TARGETS Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked on or before **April 1, 2005**, and be sent to the Clerk of the Court and Lead Counsel at all of the addresses in Question Q above. You may not speak at the hearing if you exclude yourself from the Class.

IF YOU FAIL TO FILE A TIMELY PROOF OF CLAIM AND RELEASE

V. What will happen if I do nothing at all?

If you fail to file a timely Proof of Claim and Release in response to this Notice, you will not get any money from this Settlement. Also, if you are a Class Member (meaning you did not exclude yourself), you will not be able to start a lawsuit or arbitration proceeding, continue with a lawsuit or arbitration proceeding, or be part of any other lawsuit or arbitration proceeding against the Defendants about the legal issues being released in this case, ever again.

GETTING MORE INFORMATION

W. How do I get more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are contained in the formal Settlement Agreement which was filed with the Court. If you want a copy of the Settlement Agreement, or if you have any questions about the Settlement, you may:

- Call 888-385-3088, toll-free;
- Send an e-mail to Lead Counsel at targets@glrslaw.com;
- Write to Lead Counsel at the address in Question Q above; or
- Write to *In re TARGETS Securities Litigation*, c/o Complete Claim Solutions, Inc., P.O. Box 24669, West Palm Beach, FL 33416.

PLEASE DO NOT CONTACT THE COURT OR COUNSEL FOR DEFENDANTS WITH QUESTIONS.

**PLAN OF ALLOCATION OF THE NET
SETTLEMENT FUND AMONG AUTHORIZED CLAIMANTS**

The Settlement Fund of \$1,600,000, plus interest, but after deduction of Court-approved attorneys' fees and expenses, taxes, and notice and administration costs, will be distributed to all Class Members who submit acceptable Proofs of Claim and Releases and did not exclude themselves from the Class ("Authorized Claimants").

The Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Loss." Each Authorized Claimant's "Recognized Loss" will be calculated for purposes of the Settlement as follows:

1. For Targeted Growth Enhanced Terms Securities With Respect to the Common Stock of MCI WorldCom, Inc. due August 15, 2002 ("TARGETS") that were purchased on the secondary market during the Class Period and still held as of the end of the Class Period, the Recognized Loss per TARGET is equal to the difference, if any, between the amount paid for such TARGET (excluding brokerage commissions and transaction charges) and \$1.00, the closing price of TARGETS on April 22, 2002 (the first trading day after the end of the Class Period, which occurred on a Sunday).
2. For TARGETS that were purchased on the secondary market during the Class Period and sold before the end of the Class Period, the Recognized Loss per TARGET is equal to the difference between the amount paid for such TARGET (excluding brokerage commissions and transaction charges) and the amount received for each such TARGET sold.
3. For TARGETS that were purchased on the secondary market during the Class Period and sold for no loss or for a gain prior to the end of the Class Period, the Recognized Loss per TARGET shall be zero. Such Authorized Claimants either "broke even" or profited from their trading in TARGETS and, accordingly, are considered to have suffered no recoverable damages as a result of Defendants' alleged wrongdoing.

QUESTIONS? Call 888-385-3088 toll free, send an e-mail to targets@glrslaw.com, or visit www.completeclaimssolutions.com.

For Class Members who made multiple purchases, acquisitions, or sales of TARGETS during the Class Period, a first-in, first-out inventory method, or "FIFO" will be used to calculate the Recognized Loss. The earliest subsequent sale of TARGETS will be matched first against the first purchase or acquisition of TARGETS during the Class Period, and then matched chronologically thereafter against each purchase or acquisition of TARGETS made during the Class Period.

Each Authorized Claimant shall be paid the percentage that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants. As such, each Authorized Claimant will receive a *pro rata* share of the Net Settlement Fund. The Court has retained jurisdiction to allow, disallow or adjust the Recognized Loss of any Class Member on equitable grounds.

Please note that the term "Recognized Loss" is used solely for calculating the amount of participation by Authorized Claimants in the Net Settlement Fund, and does not reflect the actual amount an Authorized Claimant can expect to recover.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased TARGETS during the Class Period as nominee for a beneficial owner, then within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by first class mail to all such beneficial owners; or (2) provide a list of the names and addresses of such beneficial owners to the Administrator at the following address:

In re TARGETS Securities Litigation
c/o Complete Claim Solutions, Inc.
P.O. Box 24669
West Palm Beach, FL 33416

Dated: January 11, 2005

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

IMPORTANT COURT DOCUMENTS

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