

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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:  
In re MCI COMMUNICATIONS CORP.  
SECURITIES LITIGATION  
:  
No. 97-CV-1976 (RWR)  
:  
-----X

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

**If you bought MCI Communications Corporation Common Stock  
during the period of July 11, 1997 through August 21, 1997,  
you could get a payment from a class action settlement.**

*A federal court authorized this notice. This is not a solicitation from a lawyer.*

- The Settlement will provide \$4,500,000 to pay litigation expenses and claims from investors who bought shares of MCI Communications Corporation ("MCI") common stock between and including July 11, 1997 through August 21, 1997 the ("Class Period").
- The Settlement resolves a lawsuit (the "Litigation") over whether Defendants artificially inflated the common stock of MCI, prior to its acquisition by WorldCom, Inc. in September, 1998, as a result of Defendants' alleged misrepresentations and nondisclosures regarding MCI's proposed merger with British Telecommunication, plc ("BT").
- Your legal rights are affected whether you act, or don't act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment.
OBJECT	Write to the Court about why you don't like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals, if any, are resolved. Please be patient.

**SUMMARY NOTICE**

Statement of Plaintiff Recovery

Pursuant to the Settlement described herein, a Settlement Fund consisting of \$4,500,000 in cash, plus interest, has been established. Plaintiffs estimate that there were approximately 244.6 million shares of MCI common stock traded during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery, assuming all eligible shares claim, per damaged share of MCI common stock under the Settlement is \$0.02 per damaged share before deduction of Court-awarded attorneys' fees and expenses. If less than 100% of the shareholders seek to participate, however, the per-share recovery will be higher. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by his, her or its Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim.

Statement of Potential Outcome of Case

The parties disagreed on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. Defendants deny that they are liable to the Plaintiffs or the Class and deny that Plaintiffs or the Class have suffered any damages.

Reasons for the Settlement

Plaintiffs' Counsel believe that the proposed settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that Plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. For example, Plaintiffs faced the possibility that all or many of the claims in this case could have been dismissed on a motion for summary judgment. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone to trial, Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the Class Period the uncertainties and risks associated with MCI's business and financial condition were fully and adequately disclosed.

Statement of Attorneys' Fees and Costs Sought

Plaintiffs' Counsel have not recovered any payment for their services on behalf of Plaintiffs and the Class in the Litigation, nor have they been reimbursed for their substantial out-of-pocket expenses. If the Settlement is approved by the Court, Plaintiffs' Counsel will apply to the Court for fees of up to thirty three and one third percent (33 1/3%) of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of this Litigation in the approximate amount of \$250,000.00. The requested fees and expenses would amount to an average of \$.007 per damaged share in total for fees and expenses. Plaintiffs' Counsel has expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and has advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery.

Further Information

Further information regarding the Litigation and/or this Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: Joshua N. Rubin, Abbey Spanier Rodd Abrams & Paradis, LLP, 212 East 39<sup>th</sup> Street, New York, New York, 10016, Telephone (212) 889-3700 or Jeffrey G. Smith, Wolf Haldenstein Adler Freeman Herz LLP, 270 Madison Avenue, New York, NY 10016, Telephone (212) 545-4600.

**WHAT THIS NOTICE CONTAINS**

BASIC INFORMATION ..... 2

WHO IS IN THE SETTLEMENT ..... 3

THE SETTLEMENT BENEFITS — WHAT YOU GET ..... 3

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM ..... 3

ORDER CERTIFYING THE CLASS ..... 3

IF YOU DO NOTHING ..... 4

THE LAWYERS REPRESENTING YOU ..... 4

OBJECTING TO THE SETTLEMENT ..... 4

THE COURT'S SETTLEMENT FAIRNESS HEARING ..... 5

GETTING MORE INFORMATION ..... 5

PLAN OF DISTRIBUTION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS ..... 5

SPECIAL NOTICE TO NOMINEES ..... 6

**BASIC INFORMATION**

1. Why did I get this notice package?

You or someone in your family may have purchased shares of MCI common stock during the period July 11, 1997 through August 21, 1997.

The Court directed that this Notice be sent to you because you have a right to know about the proposed Settlement of the Litigation, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

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

The Court in charge of the case is the United States District Court for the District of Columbia (the "Court"), and the case is known as *In re MCI Communications Corp. Securities Litigation*, No. 97-CV-1976 (RWR). The people who sued are called Plaintiffs, and the company and the persons they sued, Gerald H. Taylor, Timothy F. Price, Douglas L. Maine, Bert C. Roberts, Jr. and David M. Case, are called Defendants. MCI was also a defendant but was dismissed from the case as a result of its bankruptcy. The Judge in the Litigation is United States District Judge Richard W. Roberts.

2. What is the Litigation about?

The Litigation claimed that the price of MCI common stock was artificially inflated as a result of alleged misrepresentations and nondisclosures regarding MCI's proposed merger with BT in the summer of 1997. Defendants deny they did anything wrong.

3. Why is this a class action?

In a class action, one or more people called Class Representatives sue on behalf of people who have similar claims. All these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to the Settlement. That way, they avoid the cost of a trial, and the people affected will get compensation. The Plaintiffs and the lawyers think the settlement is best for all Class Members.

## WHO IS IN THE SETTLEMENT

To see if you will get money from the Settlement, you first have to decide if you are a Class Member.

### 5. How do I know if I am part of the settlement?

Judge Roberts decided that everyone who fits this description is a Class Member: All persons who purchased MCI common stock during the period July 11, 1997 through August 21, 1997.

### 6. Are there exceptions to being included?

You are not a Class Member if you are a Defendant, an MCI officer or director, or a member of a Defendant's family, parent company, subsidiary, affiliate, heir, successor, assign, or any other entity in which MCI has a controlling interest. Also excluded are certain people who request exclusion from the Class.

If you **sold** MCI stock between July 11, 1997 and August 21, 1997, that alone does not make you a Class Member. You are a Class Member only if you **bought** shares between and including July 11, 1997 and August 21, 1997.

### 7. I'm still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-260-6889. Or you can fill out and return the claim form described on page 3, in question 10, to see if you qualify.

## THE SETTLEMENT BENEFITS — WHAT YOU GET

### 8. What does the Settlement provide?

Defendants have created a \$4,500,000 fund to be divided among all Class Members who send in a valid claim form.

### 9. How much will my payment be?

Your share of the Settlement proceeds will depend on the number of valid claim forms that Class Members send in, how many shares of MCI stock you bought, and when you bought and sold them. The proposed Plan of Distribution is set forth at the end of this Notice.

By following the instructions on pages 5 and 6 of this Notice, you can calculate what is called your Recognized Claim. It's unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their claim forms, the payment you get will reflect your Recognized Claim in relation to the total of everyone's Recognized Claim.

Generally, those who bought more shares and have a larger Recognized Claim will get more money, and those who bought fewer shares and have a smaller Recognized Claim will get less.

The number of claimants who send in claims varies widely from case to case. If less than 100% of the Class sends in a claim form, you could get more money.

## HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

### 10. How can I get a payment?

To qualify for payment, you must send in a claim form. A claim form is attached to this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than November 6, 2006.

### 11. When would I get my payment?

The Court will hold a hearing on September 1, 2006, to decide whether to approve the Settlement. If Judge Roberts approves the Settlement, there may be appeals of that approval. It's always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It will also take time to process the Proofs of Claim submitted by all Class Members. Everyone who sends in a claim form will be informed of the progress of the Settlement. Please be patient.

### 12. What am I giving up to get a payment?

Class Members will release the "Released Claims" as defined in the accompanying Proof of Claim and Release form, which describes exactly the legal claims that you give up.

## ORDER CERTIFYING THE CLASS

On February 13, 2003, the Court issued an order certifying a Class in the Litigation consisting of all persons who purchased common stock of MCI between and including July 11, 1997 through August 21, 1997, excluding the Defendants, MCI's officers and directors, members of the Defendants' families, parent companies, subsidiaries, affiliates, heirs, successors, assigns, or any other entity in which MCI has a controlling interest.

If you purchased common stock of MCI between and including July 11, 1997 through August 21, 1997, you have the right to exclude yourself from the Class. To exclude yourself from the Class, you must file a written request for exclusion addressed to the MCI Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9000 #6343, Merrick, New York, 11566-9000, post-marked no later than July 19, 2006. Your request for exclusion must include your name, address, telephone number, and the number of MCI shares you purchased common stock of MCI between and including July 11, 1997 through August 21, 1997. If you timely request exclusion from the Class, you will not be permitted to share in the proceeds of the settlement to be distributed to the Class, and you will not be bound by the Final Order and Judgment entered by the Court if the Settlement is approved.

13. If I don't exclude myself, can I sue for the same thing now or later?

No. Unless you exclude yourself, you give up any rights to sue the Released Parties for the claims that the Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit.

14. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, do not send in a claim form to ask for any money.

#### **IF YOU DO NOTHING**

15. What happens if I do nothing at all?

If you do nothing, you'll get no money from the Settlement. But you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the legal issues in the Litigation, ever again.

#### **THE LAWYERS REPRESENTING YOU**

16. Do I have a lawyer in this case?

The Court ordered that the law firms of Wolf Haldenstein Adler Freeman Herz, LLP and Abbey Spanier Rodd Abrams & Paradis, LLP of New York, New York, will represent you and other Class Members. These lawyers are called Plaintiffs' Co-Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

If the Settlement is approved by Judge Roberts, Plaintiffs' Co-Lead Counsel will request the Court to award attorneys' fees up to 33 1/3% of the Settlement Fund, plus reimbursement of the expenses, not to exceed \$250,000.00 exclusive of settlement administration expenses, which were advanced in connection with the Litigation, plus interest thereon. Class Members are not personally liable for any such fees, expenses or compensation.

To date, Plaintiffs' Counsel have not received any payment for their services in conducting the Litigation on behalf of Plaintiffs and the Members of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs' Co-Lead Counsel would compensate Plaintiffs' Counsel for their efforts in achieving the Settlement for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in lawsuits of this type.

#### **OBJECTING TO THE SETTLEMENT**

You can tell the Court that you don't agree with the settlement or some part of it.

18. How do I tell the Court that I don't like the settlement?

If you're a Class Member, you can object to the settlement if you don't like any part of it, including Plaintiffs' Counsel's application for a fee and reimbursement for expenses incurred in this litigation. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to *In re MCI Communications Corp. Securities Litigation, No. 97-CV-1976 (RWR)*. Be sure to include your name, address, telephone number, your signature, and the reasons you object to the Settlement. You must mail the objection to these four different places postmarked no later than August 1, 2006:

Clerk of the Court  
United States District Court for the  
District of Columbia  
333 Constitution Ave.  
NW Washington, D.C. 20001

WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP  
Jeffrey G. Smith  
270 Madison Avenue  
New York, New York 10016

*Plaintiffs' Co-Lead Counsel*

ABBEY SPANIER RODD ABRAMS &  
PARADIS, LLP  
Joshua N. Rubin  
212 East 39th Street  
New York, New York 10016

*Plaintiffs' Co-Lead Counsel*

JENNER & BLOCK LLP  
J. Alex Ward  
601 13<sup>th</sup> Street, NW  
Washington, D.C. 20005

*Defendants' Counsel*

## THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

19. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing on Friday, September 1, 2006, at 10:00 a.m., in Courtroom #9, before the Honorable Richard W. Roberts, United States District Judge, at the United States Courthouse, located at 333 Constitution Ave., N.W., Washington, D.C. 20001. At this hearing the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. Judge Roberts will listen to people who have asked to speak at the hearing. The Court may also consider Plaintiffs' Counsels' Fee and Expense Application and decide how much to pay to Class Counsel. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

20. Do I have to come to the hearing?

No. Class Counsel will answer questions Judge Roberts may have. But, you are welcome to come at your own expense. If you send 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's not required.

21. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *In re MCI Communications Corp. Securities Litigation*, No. 97-CV-1976 (RWR)." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than August 15, 2006, and be sent to the Clerk of the Court, Class Counsel, and Defense Counsel, at the four addresses on page 4, in question 18. You cannot speak at the hearing if you excluded yourself.

## GETTING MORE INFORMATION

22. Are there more details about the settlement?

This notice summarizes the proposed Settlement. More details are in a Settlement Agreement. You can get a copy of the Settlement Agreement or the Fee and Expense Application from the Clerk of the United States District Court for the District of Columbia, or by writing to Jeffrey G. Smith, Wolf Haldenstein Adler Freeman & Herz LLP, 270 Madison Avenue, New York, NY 10016, or Joshua N. Rubin, Abbey Spanier Rodd Abrams & Paradis, LLP, 212 East 39th Street, New York, New York, 10016.

## PLAN OF DISTRIBUTION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Net Settlement Fund as defined below, will be distributed to Settlement Class Members who submit valid and timely Proof of Claim and Release forms ("Authorized Claimants") under the Plan of Distribution described below. The Plan of Distribution provides that you will be eligible to participate in the distribution of the Settlement Fund only if you have a net loss on all transactions in MCI common stock purchased during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Distribution, Plaintiffs' Co-Lead Counsel have consulted with their damage consultants and the Plan of Distribution reflects an assessment of the damages that could have been recovered.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The \$4,500,000 Settlement Amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund"), shall be distributed to members of the Class who file timely and acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund, based upon each Authorized Claimant's "Recognized Claim."

The following proposed Plan of Distribution reflects the proposition that the decreases in the prices of MCI common stock following the disclosures made by MCI on August 22, 1997 eliminated the artificial inflation that the Defendants' alleged misrepresentations may have caused.

Recognized Claims will be calculated for purposes of the Settlement as follows:

- A. For each Class Member, the total of all profits from the transactions in MCI common stock during the Class Period shall be subtracted from the total of all losses from transactions in MCI common stock during the Class Period to determine if the Settlement Class Member has a claim. Only if a Settlement Class Member had a net loss on the MCI common stock purchased during the Class Period, after all profits from transactions in MCI common stock during the Class Period are subtracted from all losses for that Class Member, will such Class Member be eligible to receive a distribution from the Net Settlement Fund.
- B. With respect to shares of MCI purchased during the Period from July 11, 1997 through and including August 21, 1997 and:
- (i) sold prior to the close of trading on August 21, 1997: The Recognized Claim is zero (the reason being that the alleged artificial inflation received on sale offsets any alleged artificial inflation paid on the purchase).
  - (ii) sold at a loss during the period from August 21, 1997 through November 19, 1997: The Recognized Claim is the difference between the purchase price and the sale price.
  - (iii) held as of the close of trading on November 19, 1997: The Recognized Claim is the difference between the purchase price and \$ 33.80 per share.

Class Members who do not file timely and acceptable Proofs of Claim will not share in the Settlement proceeds. Class Members who do not either file a request for exclusion or file timely and acceptable Proofs of Claim will nevertheless be bound by the Judgment and the Settlement.

Purchases during the Class Period will be matched against sales during the Class Period on a First-In, First-Out ("FIFO") basis. In other words, the first sales will be considered sales of those shares held at the beginning of the Class Period until all such holdings are deemed "sold." The next sales, if any, will be considered sales of the first shares purchased during the Class Period until all of those shares are deemed "sold." The next sales, if any, will be considered sales of the second shares purchased during the Class Period, and so on and so forth.

Each Authorized Claimant shall be allocated a pro rata share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

#### **SPECIAL NOTICE TO NOMINEES**

If you hold any MCI common stock purchased 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 persons; or (2) provide a list of the names and addresses of such persons to the Claims Administrator:

MCI Securities Litigation  
 c/o The Garden City Group, Inc.  
 Claims Administrator  
 P.O. Box 9000 # 6343  
 Merrick, N.Y. 11566-9000

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for reasonable administrative costs actually incurred in connection with forwarding the Notice and Proof of Claim and Release to holders who are approved by the court at the final distribution, and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release, upon submission of appropriate documentation to the Claims Administrator.

23. How do I get more information?

This notice summarizes the proposed settlement. More details are in a Stipulation of Settlement dated December 29, 2006. You can get a copy of the Stipulation by visiting [www.whafh.com](http://www.whafh.com), or [www.abbeyspanier.com](http://www.abbeyspanier.com), or by writing to Co-Lead Counsel. You can also call the Claims Administrator at 1-800-260-6889 toll free; or write to:

MCI Securities Litigation  
 c/o The Garden City Group, Inc.  
 Claims Administrator  
 P.O. Box 9000 # 6343  
 Merrick, NY 11566-9000

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

Dated: April 19, 2006

BY ORDER OF THE UNITED STATES DISTRICT COURT  
 FOR THE DISTRICT OF COLUMBIA