

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 00-cv-1864-REB-BNB (Consolidated with 00-cv-1908-REB-BNB, 00-cv-1910-REB-BNB, 00-cv-1919-REB-BNB, 00-cv-1945-REB-BNB, 00-cv-1954-REB-BNB, 00-cv-1957-REB-BNB, 00-cv-1963-REB-BNB, 00-cv-1996-REB-BNB, 00-cv-2040-REB-BNB, 00-cv-2074-REB-BNB, 00-cv-2149-REB-BNB, 00-cv-2243-REB-BNB, and 00-cv-2316-REB-BNB)

In re ICG COMMUNICATIONS, INC. SECURITIES LITIGATION

**NOTICE OF PENDENCY AND SETTLEMENT OF
CLASS ACTION, HEARING ON PROPOSED SETTLEMENT AND
ATTORNEYS' FEE PETITION AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS WHO PURCHASED COMMON STOCK OF ICG COMMUNICATIONS, INC. ("ICG" OR THE "COMPANY") ON THE OPEN MARKET DURING THE PERIOD FROM DECEMBER 9, 1999 THROUGH SEPTEMBER 18, 2000, INCLUSIVE ("CLASS PERIOD"), AND WHO SUFFERED DAMAGES THEREBY (THE "CLASS"), PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM POSTMARKED ON OR BEFORE DECEMBER 12, 2006.

This Notice has been sent to you under Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Colorado (the "Court"). This Notice is to inform you of the proposed settlement (the "Settlement") of this securities class action litigation and of the hearing the Court will hold to consider the proposed Settlement's fairness, reasonableness, and adequacy. This Notice describes the rights you may have, and the steps you may take, in connection with the Settlement. Capitalized terms not defined herein are given the meaning ascribed in the Stipulation and Agreement of Settlement between Lead Plaintiffs and Defendants (the "Stipulation").

1. **Statement of Plaintiff Recovery:** This Notice relates to a proposed Settlement of a class action lawsuit (the "Action") filed by Strategic Market Analysis Fund, Retirement Systems of Alabama, and the Policemen's Annuity and Benefit Fund of the City of Chicago (collectively, "Lead Plaintiffs") against J. Shelby Bryan and William S. Beans, Jr. (collectively, "Defendants"). The total value of this Settlement is \$18,000,000 in cash, plus interest (the "Settlement Fund"). The Net Settlement Fund (the Settlement Fund less Taxes, Notice and Administration Costs and attorneys' fees and Litigation Expenses awarded to Lead Counsel) will be distributed in accordance with the Plan of Distribution to be approved by the Court. Lead Plaintiffs' damages expert estimates that approximately 44 million shares of ICG common stock that traded during the Class Period may have been damaged as a result of the allegedly wrongful conduct. Thus, assuming that the owners of all affected shares elect to participate in the Settlement, the average per share recovery from the Settlement would be approximately \$0.41 per damaged share before the deduction of attorneys' fees, costs and expenses, as approved by the Court.

2. **Reasons for the Settlement:** The Settlement resolves claims against Defendants over whether they violated federal securities laws in connection with allegedly false and misleading public statements. Defendants deny any fault, liability or damage to Lead Plaintiffs or the Class while Lead Plaintiffs believe that the claims are meritorious. In view, however, of the uncertainty and risk of the outcome of any litigation (especially complex securities litigation), the difficulties and substantial expense and length of time necessary to defend the proceeding—including potentially through conclusion of discovery, summary judgment motions, trial, post-trial motions and appeals—and to eliminate the burden and expense of further litigation, the parties wish to settle the Action and put the Released Claims to rest, finally and forever. In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class.

3. **Statement of Average Amount of Damages Per Share:** Lead Plaintiffs and Defendants do not agree on the average amount of damages, if any, that would be recoverable if Lead Plaintiffs were to prevail on the claims asserted against Defendants. Lead Plaintiffs and Defendants disagree on, among other things: (1) the appropriate economic model for determining the amounts by which ICG common stock was allegedly artificially inflated, if at all, during the Class Period; (2) the effect of various market forces influencing ICG's common stock's trading price at various times during the Class Period; (3) the extent to which external factors, such as general market conditions, influenced ICG common stock's trading price at various times during the Class Period; (4) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced, if at all, ICG common stock's trading price at various times during the Class Period; and (5) whether the statements made were false, material or otherwise actionable under the federal securities laws.

4. **Statement of Attorneys' Fees and Expenses Sought:** Lead Counsel intends to apply for an award of attorneys' fees on behalf of all Plaintiffs' Counsel not to exceed 12% of the Settlement Fund. In addition, Lead Counsel intends to apply for reimbursement of Litigation Expenses paid and incurred in connection with the prosecution and resolution of the claims against Defendants, in an amount not to exceed \$650,000. Lead Counsel will ask that the amount awarded as reimbursement of Litigation Expenses be payable first from the Settlement Fund. If the Court approves Lead Counsel's fee and expense application, the average cost per share will be approximately \$0.06.

5. **Identification of Attorneys' Representatives:** Any questions regarding the Settlement should be directed to Lead Counsel: Robert S. Gans, Esq., Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130, 1 (800) 380-8496, www.blbglaw.com or Norman Berman, Esq., Berman DeValerio Pease Tabacco Burt & Pucillo, One Liberty Square, Boston, MA 02109, 1 (617) 542-8300, www.bermanesq.com.

DO NOT CONTACT THE COURT

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 12, 2006	The only way to get a payment.
EXCLUDE YOURSELF FROM THE CLASS POSTMARKED NO LATER THAN DECEMBER 28, 2006	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants with respect to the claims in this case.
OBJECT NO LATER THAN DECEMBER 28, 2006	Write to the Court and explain why you do not like the Settlement.
GO TO A HEARING AT 10:00 A.M. ON JANUARY 12, 2007 AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN DECEMBER 28, 2006	Ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up your rights.

[END OF COVER PAGE]

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WHY DID I GET THIS NOTICE?

6. You or someone in your family may have purchased shares of ICG common stock on the open market between December 9, 1999, and September 18, 2000, inclusive. The Court (as defined in the next paragraph) sent you this Notice because, as a potential Class Member, you have a right to know about a proposed Settlement of a class action lawsuit and your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after objections and appeals are resolved, a claims administrator approved by the Court will make payments pursuant to the Settlement.

7. The “Court” in charge of this case is the United States District Court for the District of Colorado, and the case is known as *In re ICG Communications, Inc. Securities Litigation*, Civil Action No. 00-cv-1864-REB-BNB. The entities that filed this lawsuit are the Lead Plaintiffs, and the persons who have been sued are the Defendants.

8. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of the terms of the proposed Settlement and to inform you of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement and to consider the application for attorneys’ fees and reimbursement of Litigation Expenses (the “Settlement Hearing”).

9. The Settlement Hearing will be held at 10:00 a.m. on January 12, 2007, before the Honorable Robert E. Blackburn, United States District Judge, at the Alfred A. Arraj United States Courthouse, 901 19th Street, Denver, Colorado 80294-3589 in courtroom A-701 to determine:

- (a) whether the proposed Settlement is fair, reasonable and adequate and should be approved by the Court;
- (b) whether the claims against Defendants should be dismissed with prejudice as set forth in the Stipulation; and
- (c) whether the application by Lead Counsel for an award of attorneys’ fees and reimbursement of Litigation Expenses incurred should be approved.

10. The issuance of this Notice is not an expression of the Court’s opinion on the merits of any claim in the lawsuit, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after any appeals are resolved and after the completion of all claims processing. Please be patient.

HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?

11. The Court has decided that all persons or entities who purchased shares of ICG common stock on the open market during the period beginning on December 9, 1999 through and including September 18, 2000 and who were damaged thereby, are eligible to participate in the Settlement, with the exception of the following persons or entities: (a) the Defendants; (b) ICG and all of its subsidiaries, affiliates, successors and assigns and any person who was a partner, officer, executive or director of any such entity at any time from December 9, 1999 through July 18, 2005 (the date of the Second Consolidated and Amended Complaint); (c) members of the families of each of the Defendants; (d) Liberty Media; Hicks, Muse, Tate and Furst; and Gleacher Partners and their legal affiliates, partners, officers, employees, executives, directors, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any of them; (e) any entity in which any such excluded person has a controlling interest; and (f) the legal representatives, heirs, successors and assigns of any such excluded person or entity. Also excluded from the Class is any member thereof who excludes himself, herself or itself by filing a request for exclusion in accordance with the requirements set forth in this Notice (*see* “WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?” below).

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER
OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?

12. The total value of the Settlement is \$18,000,000 in cash, plus interest. Taxes, attorneys’ fees, Litigation Expenses, notification costs, and administration costs will be deducted from these Settlement proceeds, and the balance will be distributed to the Class.

13. The amount of any recovery will depend on a number of factors, including when and for what price Class Members purchased and/or sold their shares of ICG common stock and the total number of shares for which timely and valid Claim Forms are submitted by Class Members (“Authorized Claimants”). *See* “HOW MUCH WILL MY PAYMENT BE? THE PROPOSED PLAN OF DISTRIBUTION.” below.

14. Lead Plaintiffs' damages expert estimates that approximately 44 million shares of ICG common stock that traded during the Class Period may have been damaged as a result of the allegedly wrongful conduct. Thus, assuming that the owners of all affected shares elect to participate in the Settlement, the average per share recovery from the Settlement would be approximately \$0.41 per damaged share before the deduction of attorneys' fees, costs and expenses, as approved by the Court.

15. **Timing of Payment:** Defendants have agreed to deposit or cause to be deposited \$18,000,000 in cash into the Escrow Account for the benefit of the Class no later than ten (10) business days after entry of the Court's Preliminary Approval Order.

WHY IS THERE A SETTLEMENT?

16. Under the proposed Settlement, the Court will not decide in favor of either the plaintiffs or Defendants. By agreeing to the Settlement, both the plaintiffs and Defendants avoid the costs and risk of a trial, and the Class Members are compensated.

17. In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of Class Members. The Settlement provides a substantial benefit, namely \$18,000,000 in cash, less the various deductions described in this Notice, as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

18. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither they nor the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING?

19. Lead Counsel has not received any payment for their services in pursuing Lead Plaintiffs' claims against Defendants on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenses. Lead Counsel intends to apply to the Court for an award of attorneys' fees not to exceed 12% of the Settlement Fund. In addition, Lead Counsel intends to apply for reimbursement of Litigation Expenses in an amount not to exceed \$650,000. If the application for attorneys' fees and reimbursement of Litigation Expenses is approved by the Court, the average cost per share would be approximately \$0.06. **THE COURT HAS NOT EXPRESSED ANY OPINION ON THE APPLICATION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES.** See "HOW WILL THE LAWYERS BE PAID?" below.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

20. On September 22, 2000, 14 federal securities class actions were filed in the United States District Court for the District of Colorado on behalf of purchasers of ICG stock against ICG and certain of ICG's officers (ICG ceased to be a party in this Action by virtue of its filing of a bankruptcy petition on November 14, 2000). On October 25, 2001, the Court appointed: (i) Strategic Market Analysis Fund, Retirement Systems of Alabama, and the Policemen's Annuity and Benefit Fund of the City of Chicago as lead plaintiffs, and (ii) Bernstein Litowitz Berger & Grossmann LLP and Berman DeValerio Pease Tabacco Burt & Pucillo as co-lead counsel, and Dyer & Shuman, LLP as liaison counsel. By Order filed February 11, 2002, the Court consolidated the pending cases under the caption *In re ICG Communications, Inc. Securities Litigation*, Civil Action No. 00-cv-1864-REB-BNB. In the Action, Lead Plaintiffs have asserted claims on behalf of a Class against certain of ICG's officers for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5, 17 C.F.R. § 240.10b-5. In the Action, Lead Plaintiffs generally allege, among other things, that during the Class Period, the Defendants issued materially false and misleading press releases and filings with the SEC regarding ICG's financial condition and the strength of its business. Lead Plaintiffs' claims are set forth in a Second Consolidated and Amended Complaint filed on July 18, 2005 (the "SAC").

21. On February 15, 2002, following their appointment by the Court, Lead Plaintiffs filed a Consolidated Amended Complaint against Defendants for violations of the federal securities laws, which Defendants moved to dismiss for failure to state a claim upon which relief could be granted and failure to comply with the pleading requirements of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). Pursuant to certain provisions of the PSLRA, all discovery in this Action was stayed pending the Court's decision regarding Defendants' motion to dismiss. In August 2004, the Court granted Defendants' motion in part, and denied it in part, which substantially limited the scope of Lead Plaintiffs' claims.

22. Following the Court's decision, Lead Counsel continued their investigation of the claims against Defendants. Based on this investigation, Lead Plaintiffs filed a motion before the Court in March 2005 for leave to file the SAC, to cure the deficiencies the Court found in Lead Plaintiffs' prior complaint. By Order dated July 18, 2005, the Court granted Lead Plaintiffs' motion to file the SAC, which Defendants then moved to dismiss for failing to state claims and to satisfy the PSLRA's pleading requirements. Discovery in this Action was stayed in part during the pendency of Defendants' motion to dismiss the SAC.

23. By Order dated February 7, 2006, the Court granted in part and denied in part Defendants' motion to dismiss, which had the effect of reviving certain claims that the Court had earlier dismissed and allowing additional discovery to proceed. Thereafter, on March 3, 2006, the Court directed that the trial of this Action would commence on September 11, 2006. Expedited discovery (including depositions) was underway at the time the Settlement was reached.

24. Lead Counsel states that, before agreeing to the Settlement, they conducted extensive research, discovery and investigation relating to the claims and the underlying events and transactions alleged in the Complaint, including: (i) interviews and depositions of former ICG employees and other witnesses; (ii) review and analysis of over 120,000 pages of documents and thousands of electronic files produced by ICG and others in this Litigation; (iii) review and analysis of various public statements and filings made by ICG and its senior officers with the SEC, securities analysts' reports, press releases, news articles, and other media reports regarding ICG; and (iv) retention of and consultation with highly qualified experts. Lead Plaintiffs, by their counsel, have conducted extensive settlement discussions to achieve the best relief possible consistent with the interests of the Class, including a two-day arm's-length mediation with Defendants' Counsel and counsel for certain of ICG's directors' and officers' liability insurers, Lloyd's, Zurich American Insurance Company, Executive Risk Specialty Insurance Company, General Star Indemnity Company, and Old Republic Insurance Company (the "Insurers"). The mediation was conducted by Jonathan Marks of MarksADR, LLC, a mediator with substantial experience in complex securities class action litigation. As a result of hard-fought settlement negotiations at the direction of the mediator, Lead Plaintiffs and Defendants reached agreement on the terms of the Settlement.

WHY HAVE DEFENDANTS AGREED TO THE SETTLEMENT?

25. Defendants deny any wrongdoing, fault, liability or damage to Lead Plaintiffs or the Class, deny that they engaged in any wrongdoing, deny that they committed any violation of law, and deny that they acted improperly in any way. The Defendants further state that they believe that: (i) they acted properly at all times; and (ii) this Action is without merit. The Settlement is not evidence of, an admission of, or a concession on the part of Defendants of any fault or liability whatsoever on the part of Defendants, or any infirmity in any defenses they have asserted or intended to assert in the Action. Defendants deny any wrongdoing, but consider it desirable and in their best interests that the claims against them be dismissed on the terms set forth in the Stipulation to avoid further expense and protracted litigation, taking into account the uncertainty and risks inherent in any litigation.

WHAT LED UP TO THE SETTLEMENT?

26. The Settlement resulted from extensive arm's-length negotiations among counsel for Lead Plaintiffs and counsel for Defendants. Lead Counsel had several settlement discussions, including a two-day mediation conducted by a professional mediator, with counsel for Defendants and counsel for certain of ICG's directors' and officers' liability insurers, which ultimately resulted in an agreement to settle the claims against Defendants.

WHAT ARE THE REASONS FOR THE SETTLEMENT?

27. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. However, they recognize the expense and length of continued proceedings necessary to pursue this lawsuit against Defendants through trial and appeals. Lead Plaintiffs and Lead Counsel have also taken into account the issues that would have to be decided by a jury, including whether Defendants acted knowingly or recklessly, whether each of the alleged misrepresentations and omissions was material, and the amount of any damages caused by the alleged misrepresentations and omissions. Lead Plaintiffs and Lead Counsel have also considered the uncertain outcome and trial risk in complex lawsuits like this one. Considering these factors and balancing them against the certain and substantial benefits that the Class will receive as a result of the Settlement, Lead Plaintiffs and Lead Counsel determined that the Settlement described herein is fair, reasonable and adequate, and that it is in the best interests of the Class to settle the claims against Defendants on the terms set forth in the Stipulation and this Notice.

HOW MUCH WILL MY PAYMENT BE? THE PROPOSED PLAN OF DISTRIBUTION.

THE PROPOSED PLAN OF DISTRIBUTION: GENERAL PROVISIONS

28. Defendants have agreed to pay or cause to be paid \$18,000,000 in cash (the "Settlement Fund").
29. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Court-approved Plan of Distribution described below.
30. The Settlement Fund will be distributed as follows:
- (a) First, to pay all federal, state and local taxes on any income earned by the Settlement Fund, and to pay the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants);
 - (b) To pay costs and expenses in connection with providing Notice to Class Members and administering the Settlement on behalf of Class Members;
 - (c) To reimburse Lead Counsel for, and to pay, costs and expenses incurred by Lead Counsel in connection with commencing and prosecuting the Action, with interest thereon if and to the extent allowed by the Court;
 - (d) To pay Lead Counsel's attorneys' fees, to the extent allowed by the Court; and
 - (e) Subject to the Judgment by the Court granting approval of the Settlement becoming Final (meaning that the time for appeal or appellate review of the Judgment granting final approval has expired, or, if the Judgment is appealed, that appeal is either decided without causing a material change in the Judgment or upheld on appeal and no longer subject to appellate review by further appeal or writ of certiorari) the balance of the Settlement Fund (the "Net Settlement Fund") shall be distributed in accordance with the Plan of Distribution to Authorized Claimants.
31. Defendants and the Insurers have no liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund.
32. Only those Class Members who purchased ICG common stock on the open market during the Class Period and were damaged will be eligible to share in the distribution of the Net Settlement Fund. Each person wishing to participate in the distribution must timely submit a valid Claim Form and all required documentation postmarked no later than December 12, 2006 to the address set forth in the Claim Form that accompanies this Notice.
33. The Court has reserved jurisdiction to allow, disallow or adjust on equitable grounds the Claim of any Class Member. The Court also reserves the right to modify the Plan of Distribution without further notice to Class Members. Payment pursuant to the Plan of Distribution shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Distribution, or further orders of the Court.

THE PROPOSED PLAN OF DISTRIBUTION: CALCULATION OF LOSS AMOUNT

34. A "Loss Amount" will be calculated for each purchase of ICG common stock that is listed in the Claim Form, and for which adequate documentation is provided. The calculation of the Loss Amount will depend upon several factors, including when the shares of ICG common stock were purchased and whether they were held until the conclusion of the Class Period or sold during the Class Period, and if so, when they were sold.
35. **Information Required on the Claim Form:** Each Claim Form must indicate each Claimant's position in ICG common stock as of the close of trading on December 8, 1999, the day before the first day of the Class Period; and the closing position in ICG common stock as of the close of trading on September 18, 2000, the last day of the Class Period. Each Claim Form also must list *all* open market transactions in ICG common stock, including all open market purchases and sales, as well as free receipts and free deliveries made during the Class Period.

BASIS FOR CALCULATION OF LOSS AMOUNT

36. Loss Amounts are based on the level of alleged artificial inflation in the price of ICG common stock, as determined by Lead Plaintiffs' damages expert. Those Loss Amounts will be reduced dollar-for-dollar to the extent that: (i) shares of ICG common stock were purchased at a price below the lowest reported trading price for ICG common stock on the date during the Class Period on which the purchase was made (e.g., at a discounted price); or (ii) shares of ICG common stock were sold at a price above the highest reported trading price for ICG common stock on the date during the Class Period on which the sale was made.

37. Lead Plaintiffs' damages expert calculated the reasonable dollar amount of alleged artificial inflation for ICG common stock for each day in the Class Period that, in its opinion, was attributable to the alleged wrongdoing. Lead Plaintiffs' expert analyzed the market price reaction to public disclosures that revealed or described the alleged misrepresentations or their effects. Further, Lead Plaintiffs' expert measured the dollar price decline associated with each particular disclosure, adjusted that price reaction to eliminate the effects, if any, attributable to general market or industry conditions, and used standard statistical techniques to ensure that the price reaction was statistically significant (*i.e.*, greater than the normal variation in the price). Lead Plaintiffs' expert thus isolated the price effect that it reasonably believed was caused by the alleged fraud. In addition, Lead Plaintiffs' damages expert also analyzed the market price reaction to ICG's earnings announcements throughout the Class Period to determine if any were associated with statistically significant stock price increases. Lead Plaintiffs' expert thus isolated the price effect that it reasonably believed was caused by inflationary statements that increased the alleged artificial inflation present in the market price of ICG common stock.

38. By accumulating the total isolated market reaction attributable to each public disclosure of the alleged fraud, Lead Plaintiffs' damages expert determined, in its expert opinion, the reasonable dollar amount of total artificial inflation in the market price of ICG common stock on August 9, 2000, the day before the first partial disclosure of the alleged fraud, and on September 18, 2000, the last day of the Class Period. Based on the isolated market reaction attributable to each allegedly inflationary statement and public disclosure of the alleged fraud, Lead Plaintiffs' damages expert determined, in its expert opinion, the reasonable dollar amount of artificial inflation in the market price of ICG common stock.

SPECIFIC LOSS AMOUNTS

39. Specific Loss Amounts will be calculated as follows:

A. Introductory Provisions:

To receive a distribution from the Net Settlement Fund, all persons or entities must:

- (i) Establish membership in the Class;
- (ii) Complete a valid Claim Form and supply all required documentation; and
- (iii) Submit the completed Claim Form and documentation so that it is postmarked for mailing to the Claims Administrator no later than December 12, 2006.

B. Calculation of Recognized Loss for Claims:

A "Recognized Loss" will be calculated for each purchase of ICG common stock that is listed in the Claim Form, and for which adequate documentation is provided. The calculation of the Recognized Loss will depend upon several factors, including:

- (i) When each share of ICG common stock was purchased; and
- (ii) Whether each share of ICG common stock was held until the end of the Class Period, or whether it was sold during the Class Period, and if so, when it was sold.

For all shares of ICG common stock that were purchased from December 9, 1999 through and including August 9, 2000, and that were sold on or before August 9, 2000, and for all shares of ICG common stock that were purchased from August 10, 2000 through and including September 18, 2000, and that were sold on or before September 18, 2000, the Recognized Loss per share is \$0.00. This determination was made because the purchase and the sale occurred before any allegedly adverse information was publicly disclosed. Thus, any losses that Class Members may have suffered with respect to shares of ICG common stock that were purchased from December 9, 1999 through and including August 9, 2000, that were sold on or before August 9, 2000, and any losses that Class Members may have suffered with respect to shares of ICG common stock that were purchased from August 10, 2000 through and including September 18, 2000, that were sold on or before September 18, 2000, were not related to the alleged misstatements or omissions, and are not compensable through an action for violation of the securities laws.

C. Recognized Gains and Losses:

- (i) Shares of ICG common stock that were purchased during the Class Period and held until the close of trading on September 18, 2000:
 1. For each share of ICG common stock that was purchased from December 9, 1999 through and including August 9, 2000 that was retained at the close of trading on September 18, 2000, the Recognized Loss per share is \$6.51, which is the dollar amount of inflation at the time of purchase as determined by Lead Plaintiffs' damages expert.
 2. For each share of ICG common stock that was purchased from August 10, 2000 through and including September 18, 2000 that was retained at the close of trading on September 18, 2000, the Recognized Loss per share is \$2.13, which is the dollar amount of inflation at the time of purchase as determined by Lead Plaintiffs' damages expert.
- (ii) For each share of ICG common stock that was purchased on or after December 9, 1999 but before the close of trading August 9, 2000, and sold on or after August 10, 2000, but before the close of trading on September 18, 2000, the Recognized Loss per share is the LESSER of: (a) \$4.38, which is the amount by which the artificial inflation at the time of purchase (\$6.51), as determined by Lead Plaintiffs' damages expert, exceeds the artificial inflation on the date the share was sold (\$2.13) as determined by Lead Plaintiffs' damages expert; or (b) the amount by which the actual purchase price per share exceeds the actual sales price per share.

D. General Provisions:

- (i) The Net Settlement Fund will be allocated among all eligible Class Members;
- (ii) In the event that the sum total of Recognized Losses of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each such Authorized Claimant shall receive his/her/its *pro rata* share of the Net Settlement Fund, which shall be his/her/its Recognized Loss divided by the total of all Recognized Losses to be paid from the Net Settlement Fund, multiplied by the total amount in the Net Settlement Fund. The proration factor applied to the Authorized Claims of Class Members will be based on the amount in the Net Settlement Fund available to satisfy those claims, as set forth in Paragraph 30, above;
- (iii) If the Net Settlement Fund exceeds the sum total amount of the Recognized Losses of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment out of the Net Settlement Fund;
- (iv) Each Authorized Claimant will be required to provide proof of his, her or its ownership position in ICG common stock as of the close of trading on December 8, 1999, and September 18, 2000. Each Claim Form also must list *all* open market transactions in ICG common stock, including all purchases and sales, as well as free receipts and free deliveries made during the Class Period (December 9, 1999 through and including September 18, 2000);
- (v) In the event an Authorized Claimant has more than one open market purchase or sale of ICG common stock during the Class Period, all purchases and sales shall be matched on a FirstIn,FirstOut (“FIFO”) basis, such that Class Period sales will be matched first against any ICG shares held at the beginning of the Class Period, and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period. Purchases and sales of ICG common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, devise or operation of law of ICG common stock during the Class Period shall not be deemed a purchase or sale of such ICG common stock for the calculation of an Authorized Claimant’s Recognized Loss, nor shall it be deemed an assignment of any claim relating to the purchase of such ICG common stock unless specifically provided in the instrument of gift or assignment;
- (vi) To the extent a Claimant had a gain from his, her or its overall transactions in ICG common stock during the Class Period, the value of the Recognized Loss will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in ICG common stock during the Class Period, but that loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss;
- (vii) For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in ICG common stock during the Class Period or suffered a loss, the Claims Administrator shall: (a) total the amount the Claimant paid for all ICG common stock purchased during the Class Period (the “Total Purchase Amount”); (b) match any sales of ICG common stock during the Class Period first against the Claimant’s opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (c) total the amount received for sales of the remaining shares of ICG common stock sold during the Class Period (the “Sales Proceeds”); and (d) ascribe a \$1.66 per share holding value for the number of shares of ICG common stock purchased during the Class Period and still held at the end of the Class Period (“Holding Value”). The difference between (x) the Total Purchase Amount ((a) above) and (y) the sum of the Sales Proceeds ((c) above) and the Holding Value ((d) above) will be deemed a Claimant’s gain or loss on his, her or its overall transactions in ICG common stock during the Class Period; and
- (viii) A payment to any Authorized Claimant of less than **\$10.00** in total will not be distributed.

WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?

40. If the Settlement is approved, the Court will enter a Judgment. The Judgment will dismiss the claims against Defendants with prejudice and provide that Lead Plaintiffs and all other Class Members, except those who validly and timely request to be excluded from the Class, shall upon the Effective Date of the Judgment be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Parties (“Released Parties” means the Defendants, the Insurers and their reinsurers, and each of their respective past and present agents, employees, attorneys, advisors and investment advisors, auditors, accountants, and any person, firm, trust, corporation, officer, director or other individual or entity in which they have a controlling interest or which is controlled by, controls or is in common control with them, and the legal representatives, heirs, administrators, successors in interest or assigns of them).

41. “Released Claims” means all claims, known or Unknown that: (i) have been asserted in the Action by Class Members against any of the Released Parties; or (ii) could have been asserted in any forum by Class Members against any of the Defendants that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Action and that relate to the purchase, or sale, of ICG common stock during the Class Period.

42. "Unknown Claims" means any and all Released Claims that any Plaintiff or Class Member does not know or suspect to exist in his, her or its favor upon the Released Claims' release, and any Settled Defense Claims that any Defendant does not know or suspect to exist in his, her or its favor upon the Settled Defense Claims' release, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Settled Defense Claims, the Parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and Defendants shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law, rules or regulations of any state or territory of the United States or any other country, or principle of common or civil law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiffs and Defendants acknowledge, and the Class members by operation of law shall be deemed to have acknowledged, that the inclusion of Unknown Claims in the definition of Released Claims and Settled Defense Claims was separately bargained for and was a key element of the Settlement.

43. The Judgment also will provide that Defendants and any of the other Released Parties shall release and discharge all claims of every nature and description, known or Unknown, that have been or could have been asserted in the Action or any forum by the Defendants, the Released Parties or any of them individually, or the successors and assigns of any of them against any of the Plaintiffs, Lead Plaintiffs, Class Members and their legal representatives, heirs, successors or assigns, and/or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Action; except claims relating to the enforcement of the Settlement.

HOW WILL THE LAWYERS BE PAID?

44. At the Settlement Hearing described below, or at such other time as the Court may direct, Lead Counsel intends to apply for an award of attorneys' fees not to exceed 12% of the Settlement Fund. In addition, Lead Counsel intends to apply for reimbursement of Litigation Expenses incurred in connection with the lawsuit, in an amount not to exceed \$650,000.

45. To date, neither Lead Counsel has received any payment for their services in prosecuting the Action on behalf of the Class, nor have Lead Counsel been reimbursed for their out-of-pocket expenses. The fee requested by Lead Counsel would compensate Lead 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 litigation of this type. The Court will determine the amount of the award.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

46. The Court has preliminarily certified the Action as a class action for purposes of the Settlement only. If you purchased ICG common stock on the open market between December 9, 1999, and September 18, 2000, inclusive, were damaged thereby, and you are not excluded by the definition of the Class and do not elect to exclude yourself, then you are a Class Member, and you will be bound by the proposed Settlement provided for in the Stipulation, in the event it is approved by the Court, as well as by any judgment or determination of the Court affecting the Class. Unless otherwise provided by the Court, any Class Member who fails to submit a Claim Form postmarked by December 12, 2006, shall be forever barred from receiving any payments pursuant to the Settlement set forth in the Stipulation, but will in all other respects be subject to the provisions of the Stipulation, including the terms of any judgments entered and the releases given.

47. If you wish to remain a Class Member, you may be eligible to share in the proceeds of the Settlement, provided that you submit an acceptable Claim Form. The Claim Form must be supported by such documents as specified in the Claim Form. The Claim Form is enclosed. Extra copies of the Claim Form may be obtained from the Claims Administrator at the address noted below or downloaded from Lead Counsel's websites at www.blbglaw.com or www.bermanesq.com.

48. The Court may disallow or adjust the Claim of any Class Member. The Court also may modify the Plan of Distribution without further notice to the Class. Payments pursuant to the Plan of Distribution, as approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against any plaintiffs' Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement, the Plan of Distribution, or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the District of Colorado with respect to his, her or its Claim Form.

49. As a Class Member you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file an appearance on your behalf and must serve copies of such appearance on the attorneys listed in the section entitled, “WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT?” below.

50. If you do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, “WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?” below.

51. If you object to the Settlement or any of its terms, or Lead Counsel’s application for attorneys’ fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, “WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT?” below.

WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?

52. Each Class Member will be bound by all determinations and judgments in this lawsuit concerning the Settlement, whether favorable or unfavorable, unless such person mails, by First Class Mail, a written request for exclusion from the Class, postmarked no later than December 28, 2006, addressed to In re ICG Communications, Inc. Securities Litigation EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 170500, Milwaukee, WI 53217. No person may exclude himself, herself or itself from the Class after that date. In order to be valid, each request for exclusion must set forth the name and address of the person or entity requesting exclusion, must state that such person or entity “requests exclusion from the Class in *In re ICG Communications, Inc. Securities Litigation*, Case No. 00-cv-1864-REB-BNB” and must be signed by such person or entity. The following information must also be provided: a telephone number, and the date(s), price(s), and number(s) of shares of all purchases and sales of ICG common stock on the open market during the Class Period. Requests for exclusion will not be accepted if the requests do not include the required information and or if the requests are not made within the time stated above, unless the requests for exclusion are otherwise accepted by the Court.

53. If a Class Member requests to be excluded from the Class, that Class Member will not receive any benefit provided for in the Stipulation.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT?

IF YOU DO NOT WISH TO OBJECT TO THE PROPOSED SETTLEMENT OR THE APPLICATION FOR ATTORNEYS’ FEES AND REIMBURSEMENT OF LITIGATION EXPENSES YOU NEED NOT ATTEND THE SETTLEMENT HEARING.

54. Any Class Member who does not request exclusion postmarked by December 28, 2006 may appear at the Settlement Hearing and be heard on any of the matters to be considered at the hearing; provided, however, that no such person shall be heard unless his, her or its objection or opposition is made in writing and is filed, together with copies of all other papers and briefs to be submitted to the Court at the Settlement Hearing, by him, her or it (including proof of all purchases of ICG common stock during the Class Period) with the Court in the Clerk’s Office of the Alfred A. Arraj United States Courthouse, Room A105, 901 19th Street, Denver, Colorado 80294-3589, postmarked on or before December 28, 2006, and is served on the same day by hand or overnight delivery to each of the following:

Co-Lead Counsel for Plaintiffs:

BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP
ROBERT S. GANS, ESQ.
12481 High Bluff Drive
Suite 300
San Diego, CA 92130

Co-Lead Counsel for Plaintiffs:

BERMAN DEVALERIO
PEASE TABACCO BURT &
PUCILLO
NORMAN BERMAN, ESQ.
BRYAN A. WOOD, ESQ.
One Liberty Square
Boston, MA 02109

Counsel for Defendants:

O’MELVENY & MYERS LLP
BRADLEY J. BUTWIN, ESQ.
JONATHAN ROSENBERG, ESQ.
WILLIAM J. SUSHON, ESQ.
7 Times Square
New York, NY 10036

55. The filing must demonstrate your membership in the Class, including the number of shares of ICG common stock purchased on the open market during the Class Period and price(s) paid. Only Class Members who have submitted their position in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise. You may file an objection without having to appear at the Settlement Hearing. Class Members who approve of the Settlement need not appear at the Settlement Hearing.

56. Attendance at the Settlement Hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement and/or the request for attorneys' fees are required to indicate in their written objections their intention to appear at the Hearing. Persons who intend to object to the Settlement and/or Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing.

57. The Settlement Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement and/or the application for attorneys' fees and reimbursement of Litigation Expenses. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

58. If you purchased ICG common stock on the open market during the Class Period for the beneficial interest of a person or organization other than yourself, you are directed to send a copy of this Notice, and the Claim Form, to the beneficial owner of the shares postmarked no later than ten (10) days from the date of this Notice, or to provide the names and addresses of such persons no later than ten (10) days from the date of this Notice to In re ICG Communications, Inc. Securities Litigation, c/o A.B. Data, Ltd., Fulfillment Department, P.O. Box 170500, Milwaukee, WI 53127, in which case the beneficial owner will be sent a copy of the Notice. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying herewith by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice, and the Claim Form, may also be obtained from the Claims Administrator or may be downloaded from Lead Counsel's websites at www.blbglaw.com or www.bermanesq.com.

CAN I SEE THE COURT FILE? WHO SHOULD I CONTACT IF I HAVE QUESTIONS?

59. This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in the Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, Room A105, 901 19th Street, Denver, Colorado 80294-3589.

60. All inquiries concerning this Notice or the Claim Form should be directed to:

In re ICG Communications, Inc.
Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 170500
Milwaukee, WI 53217
1 (866) 302-7323
Claims Administrator

OR

Robert S. Gans, Esq.
Bernstein Litowitz Berger &
Grossmann LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130
1 (800) 380-8496
Lead Counsel

OR

Norman Berman, Esq.
Bryan A. Wood, Esq.
Berman DeValerio Pease Tabacco
Burt & Pucillo
One Liberty Square
Boston, MA 02109
1 (617) 542-8300
Lead Counsel

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: August 11, 2006

By Order of the Clerk of the Court
United States District Court For
The District of Colorado