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March 21, 2005 - Former Directors Agree to Unprecedented Settlement Terms - Paying Nearly \$25 Million Out of Their Pockets

March 16, 2005 - Multiple Underwriter Defendants Pay Over \$3.5 Billion on Eve of Trial to Settle all Claims; Settlement Monies to Date Total More Than \$6 Billion

November 5, 2004 - Court Grants Final Approval of \$2.575 Billion Citigroup Settlement

COURT GRANTS FINAL APPROVAL OF ALL SETTLEMENTS

On September 21, 2005, United States District Court Judge Denise Cote granted final approval of all of the settlements reached in the WorldCom Securities Litigation. The total recovery for the Class stands at \$6.13 billion, plus interest. The settlements that were approved by the Court were with:

The Underwriter Defendants - in the total amount of \$3,427,306,840 (which is in addition to the \$2,575,000,000 achieved in the settlements with the Citigroup Defendants, which was approved in November 2004). To view the Judgment approving the Underwriter Settlements, [click here](#).

The Director Defendants - in the total amount of \$60,750,000, consisting of \$24,750,000 from the Director Defendants personally and \$36,000,000 from the entities that provided liability insurance for WorldCom's directors and officers. To view the Judgment approving the Director Settlement, [click here](#).

Arthur Andersen LLP - in the cash amount of \$65,000,000, plus certain contingent payments and other confidential protections for the Class in the event of a bankruptcy proceeding involving Andersen. To view the Judgment approving the Andersen Settlement, [click here](#).

The Executive Defendants, including former CEO Bernard Ebbers and former CFO Scott Sullivan - in the cash amount of more than \$10,000,000 (which included proceeds from the sale of Sullivan's house), plus approximately two-thirds of the proceeds from the sale of Ebbers' remaining assets (including his house and interests in other business entities). To view the Judgment approving the Ebbers Settlement, [click here](#); for the Sullivan Settlement, [click here](#); and for the Myers and Yates Settlements, [click here](#).

Describing the settlements reached in the case, the Judge had stated at the final settlement hearing on September 9, 2005:

The Citigroup Settlement: "The Citigroup defendants, whose settlement was the subject of the last fairness hearing, fought vigorously until virtually the close of fact discovery. They used a myriad of arguments to try to separate what they termed the analyst claims from the rest of this litigation, and only settled with the lead plaintiff on the eve of argument before the Second Circuit on the issue of class certification. As noted at our last fairness hearing, the settlement reached there was historic by any measure."

The Underwriter Settlements: "The underwriter defendants continued their fight, not settling until the eve of trial this year. If they had proceeded to trial, they would have been formidable opponents. They faced strict liability claims, and the trial would have been an epic battle over the quality of the due diligence performed for the 2000 and 2001 offerings.

"Lead counsel had to be prepared to fight that battle, and from what I observed and learned through summary judgment practice, lead counsel had worked hard already to prepare for that fight. The settlements reached with the underwriter defendants were every bit as historic as those reached with the Citigroup defendants. When combined with the recovery bondholders received through the bankruptcy proceedings, bondholders will be recovering a very substantial percentage of their losses through this litigation.

"Perhaps, even more significantly, the settlements reached with the Citigroup and underwriter defendants have the potential to improve the performance of due diligence in America by all investment bankers. Only history will tell us whether this litigation did enhance the performance of the capital markets by instilling new confidence in registration statements and in the stock market as a whole. It is certainly to be hoped that any increase in the cost of performing meaningful and thorough due diligence will ultimately be judged as well worth the expenditure and judged to be so not just by investors but by the industry too. ...

The Director Defendant Settlement: "Much has been spoken and written about the settlements reached with the directors in this case and the requirement that they contribute to the settlement from their own pockets based on their net worth. ... What is clear is that the settlement with the director defendants raised money from the directors that it is likely that lead plaintiff would not have been able to obtain through a settlement with the excess insurers who provided the D&O policies for the WorldCom directors. The excess insurers believe that the policies were null and void, and only through skillful and prolonged negotiations conducted by the settlement judges, counsel for the director defendants and, of course, to some extent, lead counsel, were the parties able to achieve the contribution from the excess insurers that paid essentially half of all the insurance proceeds into the settlement fund."

The Settlements with Arthur Andersen LLP and the Executive Defendants: "Andersen, as we know, went to trial. Lead plaintiff presented the jury with an explanation of an accounting fraud that spanned more than three years, introducing the jury to complex accounting concepts and educating them about the telecommunications market as it existed at the millennium, the particular business challenges faced by WorldCom, the methods used by a few within WorldCom to manipulate the company's books and records and the auditing and accounting standards that were at stake in the litigation. With just two defense experts left to testify, Andersen settled. As was true with the settlements with the four WorldCom executives that followed the trial, the particular challenge in settling with Andersen was assessing its financial condition and how much it could contribute to the settlement. With Andersen and each of the executives, the lead plaintiff obtained all that anyone could."

COURT FURTHER APPROVES PLANS FOR ALLOCATION OF SETTLEMENT PROCEEDS

The District Judge also approved Lead Plaintiff's proposed Plans of Allocation for the Settlements with the Underwriter Defendants, Arthur Andersen, the Director Defendants and the Executive Defendants (including former CEO Bernard Ebbers and CFO Scott Sullivan), and, with certain modifications, the Supplemental Plan of Allocation. [Click here to view the Order Approving Modified Supplemental Plan of Allocation.](#) To view the Orders approving the Plans of Allocation for

the Underwriter Settlements, [click here](#), and for the Director Defendants, Andersen, Ebbers and Myers Settlements, [click here](#).

The Supplemental Plan of Allocation was modified from the plan originally proposed in three respects:

First, investors who purchased or acquired WorldCom Securities during the Class Period and sold or redeemed them prior to January 29, 2002, and suffered a loss, will be able to receive some recovery in these settlements. However, only a small portion of any such loss in the prices of those Securities will be compensated in light of the facts that (a) the risk of proving that any decline in the price of such Securities was attributable to and caused by the acts of Defendants is so significant, (b) the prices that such investors were able to obtain in the sale of such Securities exceeded the prices that investors were able to obtain in the sale of similar Securities on and after January 29, 2002, and (c) the inflation in the market prices of WorldCom Securities, as determined by Lead Plaintiff's expert, was increasing from the start of the Class Period through January 28, 2002 and, therefore, such investors sold their WorldCom Securities when the inflation allegedly attributable to Defendants' acts was greater than the inflation at the time of such Class Members' purchases of WorldCom Securities. The methodology for determining the Recognized Amounts for each WorldCom Security which was held as of June 25, 2002, the last day of the Class Period or sold or redeemed during the period January 29, 2002 through June 25, 2002 is set forth in paragraphs 18-25 of the Supplemental Plan. For those WorldCom Securities which were sold or redeemed on or before January 28, 2002, the Recognized Amounts for each such WorldCom Security shall be 10% of the Recognized Amount that would be calculated for each such Security if it had been sold during the period January 29, 2002 through June 25, 2002.

Second, investors who purchased Intermedia Communications, Inc. 13.5% Series B Redeemable Exchangeable Preferred Stock due 2009 ("Intermedia 13.5% Preferred stock"), after the acquisition of Intermedia by WorldCom on July 1, 2001, will be eligible to participate in the distribution of the Settlement Funds, according to a formula similar to the formulas provided in the Supplemental Plan for Intermedia Series D, E and F Preferred stock.

Third, with respect to investors who purchased bonds issued in WorldCom's May 2000 and May 2001 bond offerings, and held those bonds through the effective date of WorldCom's plan of reorganization, Paragraphs 18(b)(ii) and 19(b)(ii) of the Supplemental Plan was modified to provide that for Notes redeemed pursuant to WorldCom's plan of reorganization, the aggregate value of consideration received was equivalent to \$302 per \$1,000 face amount, which will be used to represent the "sale price" at redemption.

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SETTLEMENTS OBTAINED FROM FORMER WORLDCOM EXECUTIVES SCOTT SULLIVAN, BUFORD YATES AND DAVID MYERS

July 26, 2005 - The New York State Comptroller, sole trustee for the New York State Common Retirement Fund and Lead Plaintiff in the WorldCom Securities Class Action Litigation, announced that he has reached settlements with former WorldCom executives Scott Sullivan, David Myers, and Buford Yates, the three remaining defendants in the WorldCom Securities Class Action in which the New York State Comptroller serves as Lead Plaintiff. Sullivan is WorldCom's former chief financial officer; Myers is WorldCom's former controller; and Yates is WorldCom's former chief of accounting. Each of these defendants pleaded guilty to crimes arising from the WorldCom scandal and cooperated with the U.S. Attorney's Office in the prosecution of former WorldCom chief executive officer Bernard Ebbers. The three men are scheduled to be sentenced by U.S. District Judge Barbara S. Jones in early August.

The settlement with Sullivan requires that he and his wife give the New York State Comptroller the right to sell the estate mansion that the Sullivans had been building in Boca Raton, Florida. That house, while not yet completed, is presently on the market for sale for \$10.9 million.

The sale of the house is subject to a number of liens. After brokers' commission and satisfaction of those liens (some of which may be challenged by the New York State Comptroller), it is expected that approximately \$4 million will be available for victimized investors. 85.5% of the net sale proceeds will be distributed to investors in the Securities Class

that the New York State Comptroller represents; 9.5% of the net proceeds will be distributed to former WorldCom employees represented in the ERISA class action; and 5% will be set aside to fund settlements that Sullivan may reach in other litigation arising from the WorldCom debacle.

In addition to surrendering the house in Boca Raton, Sullivan will be required to liquidate what remains in his WorldCom employee 401(k) account, and to pay those proceeds to the New York State Comptroller before Sullivan is sentenced on August 11. After payment of taxes and penalties, the net proceeds to the victims from this account should be approximately \$200,000. The New York State Comptroller has agreed that 10% of the net proceeds from the 401(k) account will be distributed to the ERISA class; the remaining 90% will be distributed to the Securities Class represented by the New York State Comptroller.

The settlement with Sullivan was reached after extensive analysis by the Common Retirement Fund, its outside counsel, and representatives of the U.S. Attorney's Office of the financial capabilities of the Sullivans, as well as Mrs. Sullivan's extensive medical history and anticipated needs.

As was the case with the recent Ebbers settlement, Lead Counsel at Bernstein Litowitz Berger & Grossmann LLP and Barrack, Rodos & Bacine have agreed to seek no fee from the Sullivan settlement.

The Common Retirement Fund, its outside counsel, and representatives of the U.S. Attorney's Office also devoted considerable time and effort to evaluating the sworn financial statements and additional financial information provided by former WorldCom executives David Myers and Buford Yates and concluded that each is unable to pay any settlement to the Class. Accordingly, the settlement requires no payment from these two defendants.

With these three settlements, each of the defendants in the WorldCom Securities Class Action has settled with the New York State Comptroller. Taken with the anticipated proceeds from the Sullivan settlement, the total recovery obtained for the Class exceeds \$6.136 billion, with \$18 million to \$28 million in additional money expected to be recovered from the sale of assets covered by the recent Ebbers' settlement.

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FORMER WORLDCOM CEO EBBERS WILL HAND OVER MOST OF HIS PERSONAL ASSETS TO WORLDCOM SHAREHOLDERS AND BONDHOLDERS

June 30, 2005 - The New York State Comptroller, the Lead Plaintiff in the WorldCom Securities Litigation, and U.S. Attorney for the Southern District of New York David N. Kelley, who has been conducting the criminal prosecution of former WorldCom CEO Bernard Ebbers, have reached a settlement with Ebbers of claims against him flowing from the WorldCom Securities Litigation, the New York State Comptroller announced today. The settlement provides that most of the personal assets of Ebbers that could have been subject to a fine or restitution in the criminal case will instead flow directly to victimized WorldCom shareholders and bondholders.

"Mr. Ebbers was the person most responsible for the biggest corporate fraud in history and it is appropriate that he surrender most of his personal wealth to the stockholders and bondholders he betrayed, the New York State Comptroller said. "I thank U.S. Attorney Kelley [and his staff] for deciding that Ebbers, assets should be returned to victimized investors through the class action litigation.... I would also like to thank....our outside lawyers who continue to do an excellent job representing the class, and my staff for negotiating this excellent settlement

The terms of the settlement require Ebbers to transfer substantially all of his assets either directly to the Class in the WorldCom Securities Litigation or to a liquidation trust that will be established to sell off his assets for the benefit of the Class and MCI, Inc., the successor to WorldCom.

The WorldCom stockholders and bondholders have already reached settlements worth a total of \$6,128,056,840.

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ARTHUR ANDERSEN SETTLES AFTER FOUR WEEKS OF TRIAL FOR \$65 MILLION

April 25, 2005 - After four weeks of trial and two days before closing arguments were scheduled to begin, Arthur Andersen LLP, the final defendant in the WorldCom securities class action, agreed to settle for \$65 million in cash.

If the Court approves this settlement and the settlements achieved earlier in the case, this will bring the total amount recovered for the WorldCom investor class to \$6,128,056,840 - by far the largest securities recovery in history on behalf of investors.

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FORMER DIRECTORS AGREE TO UNPRECEDENTED SETTLEMENT TERMS - PAYING NEARLY \$25 MILLION OUT OF THEIR POCKETS

On March 21, 2005, former WorldCom Chairman Bert Roberts, the 12th and final director defendant in the WorldCom securities class action, has agreed to pay a total of \$4.5 million from his own pocket to settle the claims against him in this action.

On March 18, 2005, 11 other former WorldCom director defendants agreed to pay a total of \$20.25 million - more than 20% of the aggregate net worth of these individuals - from their own pockets to settle the claims asserted against them. The insurance companies that had written directors and officers liability coverage for WorldCom will pay an additional \$1 million to settle the claims against Roberts and an additional \$35 million to settle the claims against the other former directors.

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MULTIPLE SETTLEMENTS WITH REMAINING UNDERWRITER DEFENDANTS ON EVE OF TRIAL BRING TOTAL SETTLEMENT VALUE TO OVER \$6.1 BILLION

March 2005 - With trial looming at the end of the month, the remaining underwriter defendants in the WorldCom case agreed to settle all claims against them.

On March 16, the New York State Comptroller announced today that J.P. Morgan Securities and certain of its affiliates, which underwrote 37.5 percent of the May 2000 WorldCom bond offering and 32.11 percent of the May 2001 offering, and served as a Co-Lead Underwriter for the May 2001 offering, agreed to pay \$2 billion in settlement of the claims asserted against them.

The J.P. Morgan settlement follows the \$460.5 million settlement with Bank of America announced on March 3, the \$100.3 million settlement with Lehman Brothers, Goldman Sachs, Credit Suisse First Boston, and UBS Warburg announced on March 4, the \$428.4 million in settlements with ABN AMRO, Mitsubishi Securities International, BNP Paribas Securities Corp. and Mizuho International announced on March 9, 2005, the \$325 million settlement with Deutsche Bank Securities Inc. and the \$112.5 million in settlements with WestLB and Cabato Holding announced on March 10, as well as the \$2.575 billion settlement with the Citigroup Defendants, which was approved by United States District Court Judge Denise Cote on November 12, 2004.

Pending final approval by the Court, these settlements bring the total amount recovered for the WorldCom investor class to \$6,001,500,000.

The underwriter defendants settlements announced after March 4, 2005, were higher, on a percentage basis, than the rate established by the amount the Citigroup Defendants agreed to pay in May 2004 to settle the bond portions of the claims against them.

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COURT GRANTS FINAL APPROVAL OF \$2.575 BILLION CITIGROUP SETTLEMENT

On November 5, 2004, Judge Cote granted final approval of the \$2.575 billion settlement reached with the Citigroup Defendants by the New York State Comptroller, sole trustee of the New York State Common Retirement Fund and Lead Plaintiff in the WorldCom Securities Class Action. [Click here to view Judge Cote's Opinion and Order.](#) This is the largest settlement ever paid by a third party defendant in a litigation.

"...Staggeringly High Settlement..."

When first announced to a worldwide media audience, the settlement was reported all over the globe including the front pages of both The Wall Street Journal and The New York Times on May 11, 2004. Bruce Carton, Executive Director of Securities Class Action Services, a firm which monitors and researches shareholder litigation, told the Dow Jones Newswires: "It is a staggeringly high settlement. This has got to be a huge wake-up call for the other banks." More recently, the November 2004 issue of The American Lawyer details the unprecedented Citigroup settlement and BLB&G's role in the case. [Click here to read "Taking Citi To School."](#)

The court-approved Notice of the Settlement was mailed to Class Members beginning on August 2, 2004. A Proof of Claim and Release form will accompany each Notice. The Court has established March 4, 2005 as the date by which Class Members must submit their Proof of Claim forms. Copies of the Notice and Proof of Claim form are available at www.worldcomlitigation.com.

Lead Plaintiff and Lead Counsel are continuing to prosecute the actions against 17 other underwriters such as J. P. Morgan Chase & Co., the Bank of America Corporation and Deutsche Bank AG. The New York State Comptroller said, "This settlement, while historic, is only the first step. We will continue to pursue our claims against the others who bear responsibility for the debacle at WorldCom, including the remaining 17 underwriters, WorldCom's auditor, Arthur Andersen, and the former directors and senior officers of WorldCom."

[Click here to view the full text of the Common Retirement Fund's November 5, 2004 press release concerning the Court's granting of final approval of the Citigroup settlement.](#)

"The magnitude of this settlement is attributable in significant part to Lead Counsel's advocacy and energy...
The Honorable Denise Cote

Throughout the prosecution of the case, Judge Cote has frequently noted on the record the quality of BLB&G's ongoing representation of the Class. In granting her approval of the Citigroup Settlement and Plaintiffs, plan of allocation, she again praised the efforts of Lead Counsel and Lead Plaintiff:

"The quality of the representation given by Lead Counsel...has been superb...and is unsurpassed in this Court's experience with plaintiffs' counsel in securities litigation. Lead Counsel has been energetic and creative. Its negotiations with the Citigroup Defendants have resulted in a settlement of historic proportions.

"Face-to-face negotiations before Judge Sweet by [the New York State] Comptroller...in the latter stages of the settlement process greatly facilitated the settlement.