

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

\_\_\_\_\_ x

**IN RE GLOBAL CROSSING LTD.  
SECURITIES LITIGATION**

: **Case No. 02 Civ. 910 (GEL)**

\_\_\_\_\_ x

**STIPULATION OF SETTLEMENT**

This Stipulation of Settlement (“Settlement Agreement”) is an agreement between (i) Lead Plaintiffs, the Public Employees’ Retirement System of Ohio, the State Teachers’ Retirement System of Ohio, Michael A. Bernstein Profit Sharing Plan, and Roman Foltyn; the Additional Named Plaintiffs, Staro Asset Management LLC, Bennett Restruturing Fund, L.P., Bennett Restructuring Fund, II, L.P., Bennett Offshore Restructuring Fund, Inc., Richard P. Kleinknecht, James F. Tucker, Bella Pill, Bernie I. Shuster, William Trachtenberg, Renee Trachtenberg, and Stephen Harris; and the Class (as defined in Section I.E) (collectively, the “Plaintiffs”), and (ii) Defendant Arthur Andersen LLP (“Andersen”), by and through their undersigned attorneys.

WHEREAS, starting in February 2002 over 50 putative class actions alleging securities law violations were filed against certain of Global Crossing Ltd.’s current and former officers, directors and employees, and five putative class actions alleging securities law violations were filed against certain of Asia Global Crossing Ltd.’s current and former officers, directors and employees; and

WHEREAS, certain of those putative class actions named Andersen as a defendant for its alleged role in the demise of Global Crossing; and

WHEREAS, the Judicial Panel on Multidistrict Litigation centralized all of these actions before the Honorable Gerard E. Lynch of the United States District Court for the Southern District of New York for coordinated or consolidated pretrial proceedings of the Action; and

WHEREAS, Lead Plaintiffs, Securities Plaintiffs, and Andersen have agreed to a settlement of the Action, subject to the completion of additional factual investigation and analysis by Lead Counsel to evaluate further the fairness, reasonableness and adequacy of the proposed settlement;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Lead Plaintiffs (individually and in their representative capacities) and Andersen, by and through their duly authorized counsel, that the Action and the matters raised by it hereby are settled and compromised as to Andersen and other Releasees, and that the Action will be dismissed on the merits and with prejudice as to Andersen and other Releasees, and that the Released Claims will be released as to Andersen and other Releasees based upon the terms and conditions set forth in this Settlement Agreement and the Release set forth herein, subject to the approval of the Court becoming Final and the payments required by Section II being made Notice and Administrative Expenses Account and the Cash Settlement Account.

## **I. INTRODUCTION AND DEFINITIONS**

### **A. Procedural History**

1. Since February 2002, over 50 putative class actions alleging securities law violations were filed against, among others, certain of Global Crossing Ltd.'s current and former officers, directors and employees on behalf of putative classes of Global Crossing Securities holders. Certain of those putative class actions named Andersen as a defendant.

2. The Judicial Panel on Multidistrict Litigation centralized all of these actions before the Honorable Gerard E. Lynch of the United States District Court for the Southern District of New York for coordinated or consolidated pretrial proceedings. The Panel thus transferred to this Court all actions not originally filed in the Court.

3. In its December 13, 2002 order, the Court consolidated the actions alleging securities violations involving Global Crossing Ltd. into the Action pursuant to the provisions of Federal Rule of Civil Procedure 42(a). The Court appointed the Public Employees' Retirement System of Ohio and the State Teachers' Retirement System of Ohio as Lead Plaintiffs and Grant & Eisenhofer P.A. as Lead Counsel.

4. The Court also appointed an Executive Committee, comprised of certain counsel for plaintiffs Staro Asset Management, Richard P. Kleinknecht, Bennett Restructuring Funds and James F. Tucker.

5. Pursuant to the Court's December 13, 2002 order, Lead Counsel has the responsibility for, among other things, conducting settlement negotiations with defendants on behalf of all putative class members in the Action.

6. On January 28, 2003, Lead Plaintiffs filed a Consolidated Class Action Complaint (“Complaint I”) in this Action naming as defendants certain former officers, directors and employees of Global Crossing; the Andersen Defendants and various financial institutions including Citigroup, Goldman Sachs and the Canadian Imperial Bank of Commerce.

7. Complaint I asserted claims under Sections 10(b) (and Rule 10b-5 thereunder), 14(a) (and Rule 14A-9A thereunder), 20(a) and 20A of the Exchange Act, as well as Sections 11, 12(a) and 15 of the Securities Act. Plaintiffs specifically alleged claims against the Andersen Defendants under Sections 10(b), 14(a) and 20(a) of the Exchange Act, and Sections 11 and 15 of the Securities Act.

8. Complaint I plead on behalf of a proposed class of all persons, entities, or legal beneficiaries or participants in any entities that, during the period from February 1, 1999 to January 28, 2002, inclusive, purchased, sold, exchanged, otherwise acquired or disposed of, or transferred Global Crossing Securities.

9. On April 4, 2003, the Andersen Defendants filed a motion to dismiss the claims asserted against them in Complaint I.

10. In a May 29, 2003 order, the Court consolidated into the Action five putative class actions involving Asia Global Crossing Ltd. It also appointed certain counsel for plaintiffs Michael A. Bernstein Profit Sharing Plan and Roman Foltyn as a member of the Executive Committee.

11. On August 11, 2003, Lead Plaintiffs and Securities Plaintiffs filed an Amended Consolidated Class Action Complaint (“Complaint II”) and added as

defendants Microsoft; Softbank; and certain other financial institutions allegedly involved with either Global Crossing Ltd. or Asia Global Crossing Ltd. On October 10, 2003, certain of the Andersen Defendants filed a renewed motion to dismiss the claims in Complaint II.

12. On March 23, 2004, the Court denied in part the motion to dismiss filed by certain of the Andersen Defendants.

13. On March 22, 2004, after reaching a settlement with the former officers and directors of Global Crossing, Lead Plaintiffs and Securities Plaintiffs filed a Second Amended Consolidated Class Action Complaint (“Complaint III”) in which they: (i) added claims against Global Crossing’s former officers and directors based upon violations of state securities laws and of common law, on behalf of a proposed class of all persons, entities, or legal beneficiaries or participants in any entities who, during the period from February 1, 1999 to December 8, 2003, inclusive, purchased, sold, exchanged, otherwise acquired or disposed of, transferred or made any other Investment Decision involving Global Crossing Securities; and (ii) alleged certain additional facts against other defendants in the Action, including the Andersen Defendants.

#### **B. Settlement Discussions**

1. Lead Plaintiffs first engaged in settlement discussions with counsel for the Andersen Defendants on January 30, 2003, two days after Complaint I was filed. On that date, Lead Counsel and counsel for the Andersen Defendants at that time met in person in New York City to discuss the Action. Four months later, Lead Plaintiffs made their first settlement demand upon the Andersen Defendants.

2. The parties discontinued these discussions shortly thereafter until August 2003 when discussions renewed for a period of time.

3. In August 2004, after the Court denied the Andersen Defendants' motion to dismiss and Lead Plaintiffs had entered into a settlement with Global Crossing's former officers and directors, settlement discussions between the Lead Plaintiffs and the Andersen Defendants were renewed. Over the course of approximately nine months through several lengthy telephone conference calls and a meeting between Lead Counsel and Andersen Defendants' counsel, the Settling Parties agreed to the Settlement.

4. Throughout the settlement negotiations, Lead Plaintiffs and the Andersen Defendants were advised by various consultants and experts, including individuals with expertise in accounting and auditing issues and in estimating potential damages in cases involving allegations of securities fraud.

**C. Pre-Settlement Discovery**

1. Before filing Complaint I, Lead Plaintiffs and members of the Executive Committee conducted certain preliminary discovery. Lead Plaintiffs conducted, among other things, interviews of nearly 100 former Global Crossing employees. Lead Plaintiffs also analyzed documents provided to them by former Global Crossing employees, certain publicly available internal Global Crossing documents, including e-mails, memoranda, financial reports and sales documents, and Andersen documents relating to Global Crossing and the telecommunication industry.

2. Even prior to their designation as lead plaintiffs, Lead Plaintiffs had moved for production of all documents that Global Crossing produced to governmental agencies investigating the Company in connection with conduct at issue in the Action.

3. The documents that had been produced by the Company in connection with governmental inquiries and that were provided to Lead Counsel included 270,000 pages of documents and 80,000 e-mails (with their associated attachments). The documents related to, among other things: (i) transactions discussed in the Action; (ii) public disclosures regarding such transactions; (iii) internal budgets and forecasts; (iv) communications with analysts and the public regarding financial prospects; (v) internal policies regarding insider trading transactions; (vi) records regarding trades by insiders; and (vii) executive compensation.

4. On June 25, 2004, the Andersen Defendants produced to Lead Plaintiffs documents previously produced to the SEC. The initial production contained approximately 144,000 pages. Lead Plaintiffs subsequently obtained and analyzed additional documents from the Andersen Defendants.

5. As set forth below, this Settlement Agreement is subject to, among other things, Lead Counsel's completion of additional discovery, including the review of additional documents and Lead Counsel's, Lead Plaintiffs' and Securities Plaintiffs' conclusions at the completion of that additional discovery, that the settlement terms set forth herein are fair, reasonable and adequate.

#### **D. Settlement Considerations**

1. Without conceding any defect or lack of merit in the claims they have asserted, based upon their discovery, investigation and evaluation of the facts and law relating to the claims alleged in the Complaint, Lead Plaintiffs, Securities Plaintiffs, and Lead Counsel (which has extensive experience in securities class action litigation), have agreed to settle the Action and release Andersen and other Releasees pursuant to the terms of this Settlement Agreement after considering, among other things: (i) the substantial benefits to Class Members under the terms of this Settlement Agreement; (ii) the attendant risks of litigation, especially in complex actions such as this, as well as the difficulties and delays inherent in such litigation; (iii) the financial condition of the Andersen Defendants, especially Andersen; (iv) the desirability of consummating this Settlement Agreement promptly in order to provide effective relief to Class Members, including the ability to combine settlement proceeds with prior settlement proceeds; and (v) Lead Plaintiffs', Securities Plaintiffs', and Lead Counsel's belief, subject to the additional discovery contemplated by this Settlement Agreement, that the settlement is fair, reasonable and adequate, and in the best interests of Class Members.

2. The Andersen Defendants expressly deny that they have committed any act or omission giving rise to any liability and/or violation of law, and state that they are entering into this Settlement solely to eliminate the uncertainties, burden and expense of further protracted litigation.

3. Except as provided below, neither this Settlement Agreement, nor the Settlement, nor any of their terms, nor any press release or other statement or report

by the Parties or by others concerning this Agreement, the Settlement or their terms, shall constitute an admission or finding of wrongful conduct, acts or omissions on the part of any Releasee or be admissible in any proceeding (other than one to enforce the terms of the Settlement Agreement) for any purpose whatsoever.

**E. Definitions**

1. As used in this Settlement Agreement, the following terms have the following meanings, unless a section or subsection of this Settlement Agreement otherwise provides:

a. “Action” means the consolidated putative securities class action pending in this Court under the caption *In re Global Crossing Ltd. Securities Litigation*, Case No. 02 Civ. 910 (GEL), including, without limitation, all cases consolidated with the foregoing as of the Final Settlement Date.

b. “Administrator” means, subject to Court approval, The Garden City Group, Inc., which shall be appointed by the Court in the Hearing Order to implement the Notice, claims process, toll-free telephone number, and administration and distribution of the Net Cash Settlement Amount in accordance with the terms of this Settlement Agreement.

c. “Andersen Defendants” means Arthur Andersen LLP, Mark Fagan, Joseph F. Berardino, Thomas L. Elliott, Anthony J. Amoruso, Scott Taub, Benjamin Neuhausen, Carl E. Bass, Amy Ripepi, John Stewart, Dorsey L. Baskin, Jr., Michael Crooch, Rick Petersen, Thomas Hoey and Donald J. Weeks.

- d. “Andersen Defendants’ Counsel” means the law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP.
- e. “Approval Date” means the date on which the Court signs an order approving the Settlement Agreement after conducting the Fairness Hearing.
- f. “Attorneys’ Fees and Expenses Application” means the application for fees and expenses to be made by Lead Counsel pursuant to Section X.A below.
- g. “Attorneys’ Fees and Expenses Award” means the amounts awarded to Lead Counsel to compensate them for their fees and expenses in connection with investigating, prosecuting and/or settling the Action as provided for in Section X below.
- h. “Authorized Claimant” means a Class Member (or the representative of such Class Member including, without limitation, agents, administrators, executors, heirs, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b) and assigns) who submits a timely and valid Proof of Claim.
- i. “Bar Orders” means the Contribution Bar Order and the Complete Bar Order as provided for in Sections XII.A.8 and XII.A.9 below.
- j. “Cash Settlement Account” means an interest-bearing Escrow Account at Wachovia Bank, N.A., maintained by the Escrow Agent under the control of Lead Counsel into which the Cash Settlement Amount shall be paid. The Cash Settlement Account shall be maintained as a Qualified Settlement Fund, as defined below. All monies in the Cash Settlement Account, including all interest accruing

thereon, shall be deemed to be in the custody of the Court and will remain subject to the jurisdiction of the Court until such time as it is distributed to Authorized Claimants.

k. “Cash Settlement Amount” means Twenty Five Million dollars (\$25,000,000) to be paid by Andersen pursuant to the terms of this Settlement Agreement.

l. “Claim” means any and all actions, causes of action, proceedings, adjustments, executions, offsets, contracts, judgments, obligations, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, variances, covenants, trespasses, damages, demands (whether written or oral), agreements, promises, liabilities, controversies, costs, expenses, attorneys’ fees and losses whatsoever, whether in law, in admiralty or in equity and whether based on any federal law, state law, foreign law or common law right of action or otherwise, foreseen or unforeseen, matured or unmatured, known or unknown, accrued or not accrued, existing now or to be created in the future.

m. “Class” or “Class Members” means, subject to the exclusions set out in this Section, all persons, entities, or legal beneficiaries or participants in any entities who, during the Class Period, purchased, sold, exchanged, acquired, disposed of, transferred, or made any other Investment Decision involving Global Crossing Securities. The term Class or Class Members does not include:

(1) such persons or entities who submit valid and timely requests for exclusion from the Class;

(2) such persons or entities who, while represented by counsel, settled an actual or threatened lawsuit or other proceeding with the Andersen Defendants, and released the Andersen Defendants and other Releasees from any further claims concerning their purchase, sale, exchange, acquisition, disposal, transfer or any other Investment Decision involving Global Crossing Securities;

(3) such persons or entities who are or were: one of the Andersen Defendants; Family Members of any of the Andersen Defendants; any entity in which Global Crossing, the Andersen Defendants or a Releasee has or had a Controlling Interest; the legal representatives, heirs, executors, successors or assigns of any person or entity excluded pursuant to this subsection; or any current or former directors or officers of a defendant in the Action and/or of Global Crossing, the Andersen Defendants or Releasees or of an entity in which any of those parties had a Controlling Interest.

(4) such persons or entities who are or were excluded from the definition of “Class” or “Class Member” in a settlement of the Action and is subject to the Contribution and Complete Bar Order set forth below.

(5) any Non-Settling Defendant; Family Members of any Non-Settling Defendant; any entity in which a Non-Settling Defendant has or had a Controlling Interest; an affiliate (as defined in 17 C.F.R. Part 210.1-02.b) of a Non-Settling Defendant; the legal representatives, heirs, executors, successors or assigns of any person or entity that is excluded from the definition of Class or Class Member; or any current or former directors or officers of a Non-Settling Defendant or any other party

brought into the Action; *provided however*, that this exclusion does not apply to any Non-Settling Defendant to the extent it is acting as a Nominee for any Class Member.

As used in this Section, any entity in which any defendant in the Action has or had a controlling interest means that any such entity is excluded from the Class to the extent that the entity itself had a proprietary (*i.e.*, for its own account) interest in Global Crossing Securities. In the event that any such entity beneficially owned Global Crossing Securities in a fiduciary capacity or otherwise held Global Crossing Securities on behalf of third party clients or any employee benefit plans that otherwise fall within the Class, such third party clients and employee benefit plans shall not be excluded from the Class, irrespective of the identity of the entity or person in whose name the Global Crossing Securities were beneficially owned or otherwise held. For example, Global Crossing Securities shall not be excluded from the Class to the extent held (i) in a registered or unregistered investment company (including a unit investment trust) for which an entity in which any defendant in the Action has a controlling interest serves as investment manager, investment adviser or depositor; or (ii) (a) in a life insurance company separate account, or (b) in a segment or subaccount of a life insurance company's general account to the extent associated with insurance contracts under which the insurer's obligation is determined by the investment return and/or market value of the assets held in such segment or subaccount. "Beneficial ownership" shall have the meaning ascribed to such term under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto. For purposes of this paragraph, a defendant shall be deemed to have a "controlling interest" in an entity if such defendant has a beneficial

ownership interest, directly or indirectly, in more than 50% of the total outstanding voting power of any class or classes of capital stock that entitle the holders thereof to vote in the election of the Board of Directors of such entity.

n. “Class Period” means the period of time from February 1, 1999 through December 8, 2003, inclusive.

o. “Complaint” means the Second Amended Consolidated Class Action Complaint filed in the Action by Lead Plaintiffs and Securities Plaintiffs on March 22, 2004, Paragraph 2 of which is deemed to have been amended for purposes of this Settlement Agreement and Final Judgment as follows:

For purposes of certain defendants who have executed a Stipulation of Settlement on or about March 18, 2004, to settle all claims asserted herein (defined below in Paragraph 75 as the “Settling Defendants”), and certain defendants who have executed this Settlement Agreement, to settle all claims asserted herein, the claims in this Second Amended Consolidated Class Action Complaint are asserted against each such defendant on behalf of all persons and entities who purchased, sold, exchanged, otherwise acquired or disposed of, transferred, or made any decision regarding Global Crossing Securities or Asia Global Crossing Securities (defined below) including, without limitation, a decision to hold Global Crossing Securities, a decision to allow options or other rights with respect to Global Crossing Securities to expire, or a decision not to exercise options with respect to Global Crossing Securities from February 1, 1999 through December 8, 2003, inclusive. For purposes of this paragraph, the terms “Global Crossing Securities” and “Asia Global Crossing Securities” mean any securities (i) issued by Global Crossing or Asia Global Crossing, including but not limited to, stock, bonds, notes, employee stock options, commercial paper or other evidence of indebtedness, or derivative instruments or (ii) that trade in whole or in part based on the price or value of any security issued by Global Crossing or Asia Global Crossing, including but not limited

to, put and call options and any other derivative instruments (including but not limited to, collars, hedges and straddles).

p. “Complete Bar Order” means the bar order, the text of which is set forth in Section XII.A.9 below, to be entered by the Court as part of the Final Judgment.

q. “Contribution Bar Order” means the order, the text of which is set forth in Section XII.A.8 below, to be entered by the Court pursuant to section 21D(f)(7)(A) of the Exchange Act, 15 U.S.C. § 78u-4(f)(7)(A).

r. “Controlling Interest” means an interest in an entity where one possesses an interest in the entity that is sufficient to allow such one, directly or indirectly, to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting shares, by contract, or otherwise; *provided* that any disputes as to whether one has a Controlling Interest in an entity shall, for purposes of determining whether a Controlling Interest exists under this Settlement Agreement and for that purpose only, be submitted to the Court for resolution. The one with an alleged controlling interest shall, as the case may be, bear the burden of proof as to whether its interest in an entity is or was a Controlling Interest for purposes of this Settlement Agreement.

s. “Court” means the Court in which the Action is pending.

t. “Distribution Amount” means the Cash Settlement Amount less all Notice and Administrative Expenses and the Attorneys’ Fee and Expense Award

and any other payment necessary to effectuate the Settlement or otherwise authorized by the Court.

u. “Escrow Account” means the bank accounts maintained by the Escrow Agent into which the Cash Settlement Amount shall be deposited.

v. “Escrow Agent” means Wachovia Bank, N.A.

w. “Exchange Act” means the Securities Exchange Act of 1934, 15 U.S.C. §78, *et seq.*

x. “Execution Date” means the date by which this Settlement Agreement has been executed by the Settling Parties.

y. “Executive Committee Members” means the law firms of Berger & Montague, P.C., Much Shelist Freed Denenberg Ament & Rubinstein, P.C., Lovell Stewart Halebian LLP, Johnson & Perkinson and Weiss & Lurie.

z. “Fairness Hearing” means the hearing at or after which the Court will make a final decision pursuant to Fed. R. Civ. P. 23 as to whether this Settlement Agreement is fair, reasonable and adequate and, therefore, approved by the Court.

aa. “Family Members” means an individual’s father, mother, grandfather, grandmother, sister, brother, spouse/partner, son and/or daughter.

bb. “Final” means, when used in connection with any court order or judgment, that the relevant order or judgment will be final:

(1) if no appeal is taken therefrom, on the date on which the time to appeal therefrom (including any potential extension of time) has expired; or

(2) if any appeal is taken therefrom, on the date on which all appeals therefrom, including petitions for rehearing or reargument, petitions for rehearing *en banc* and petitions for *certiorari* or any other form of review, have been finally disposed of, such that the time to appeal therefrom (including any potential extension of time) has expired, in a manner resulting in an affirmance of the Final Judgment.

cc. “Final Judgment” means the judgment entered by the Court pursuant to the Court’s order finally approving the settlement and this Settlement Agreement, as contemplated in Section XII of this Settlement Agreement.

dd. “Final Settlement Date” means the date on which the Final Judgment becomes Final.

ee. “Global Crossing” means each and all of Global Crossing Ltd. and any or all of its respective parents, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries and entities in which it has a Controlling Interest. As used in this Settlement Agreement, the terms Global Crossing includes, without limitation, Asia Global Crossing Ltd., Global Crossing North America, Inc. (formerly known as Frontier Corporation), Global Marine Services, RACAL, IPC Communications, IXnet and Global Crossing Limited, and their respective

parents, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, subsidiaries or entities in which any of them have a Controlling Interest.

ff. “Global Crossing Securities” means any securities (i) issued by Global Crossing, including, but not limited to, stock, bonds, notes, employee stock options, commercial paper or other evidence of indebtedness, or derivative instruments or (ii) that trade in whole or in part based on the price or value of any security issued by Global Crossing, including, but not limited to, put and call options and any other derivative instruments (including, but not limited to, collars, hedges and straddles).

gg. “Hearing Order” means the order to be entered by the Court concerning notice, administration and the Fairness Hearing, as contemplated in Section XI.A of this Settlement Agreement.

hh. “Initial Notice and Administrative Expense Payment” means the amount of One Million dollars (\$1,000,000), which amount shall be paid pursuant to Section II.A.1 below which payment shall be used by Lead Counsel: (i) to pay the Notice and Administrative Expenses that will be incurred in preparing and mailing the Notice and in publishing the Summary Notice and (ii) to compensate the Administrator for services that will be rendered pursuant to the Hearing Order; *provided however*, that if approval of this Settlement Agreement does not become Final or this Settlement Agreement is otherwise terminated, any portion of the Initial Notice and Administrative Expense Payment (plus any accrued interest at the Interest Rate) that has not been used or with respect to which expenses have been incurred for such purposes as

set out in this Section shall be returned promptly to Andersen consistent with the terms of this Settlement Agreement; *provided further* that if approval of this Settlement Agreement does not become Final or this Settlement Agreement is otherwise terminated and the Initial Notice and Administrative Expense Payment is not sufficient to cover all Notice and Administrative Expenses that have been incurred as of the date this Settlement Agreement is terminated, the Andersen Defendants shall have no responsibility or obligation for any such additional costs; *provided further* that, if approval of this Settlement Agreement becomes Final, any portion of the Initial Notice and Administrative Expense Payment (plus any accrued interest) that is not needed for the purposes set out in this Section shall remain in the Cash Settlement Account and shall become part of the Net Cash Settlement Amount; *provided further* that, if approval of this Settlement Agreement becomes Final and the Initial Notice and Administrative Expense Payment is not sufficient to reimburse all Notice and Administrative Expenses, any expenses in excess of the Initial Notice and Administrative Expense Payment shall be paid from the Net Cash Settlement Amount.

ii. “Interest Rate” means interest calculated on a simple interest basis based upon the Federal Funds rate; *provided further* that the rate shall be established based upon the Federal Funds effective rate on the first (1st) day of each month, as published in *The Wall Street Journal* under the description of “Money Rates.”

jj. “Investment Decision” means a decision regarding an investment in Global Crossing Securities including, without limitation, a decision to buy, sell or hold Global Crossing Securities, a decision to allow options or other rights with

respect to Global Crossing Securities to expire, or a decision not to exercise options with respect to Global Crossing Securities.

kk. “IRS Filing” means any written statement filed or submitted to the Internal Revenue Service.

ll. “Lead Counsel” means the law firm of Grant & Eisenhofer P.A.

mm. “Lead Plaintiffs” means the Public Employees’ Retirement System of Ohio and the State Teachers’ Retirement System of Ohio, both in their individual capacity and in their capacity as representatives of the Class.

nn. “Nominees” means brokerage firms, banks and other institutions that hold Global Crossing Securities in street names or other similar fashion for the benefit of another.

oo. “Non-Settling Defendant” means those parties named as defendants in the Action, including any of the following: Dan J. Cohrs, David L. Lee, Barry Porter, Abbott L. Brown, Lodwick M. Cook, John M. Scanlon, Hillel Weinberger, James C. Gorton, Joseph P. Clayton, Robert Annunziata, Leo J. Hindery, Jr., Thomas J. Casey, David A. Walsh, William B. Carter, Jr., S. Wallace Dawson, Jr., John A. Scarpati, John M. Finlayson, Jay R. Bloom, Dean C. Kehler, Jay R. Levine, William D. Phoenix, Bruce Raben, Geoffrey J.W. Kent, Eric Hippeau, Douglas H. McCorkindale, William E. Conway, Jr., K. Eugene Shutler, Joseph P. Perrone, Gary Winnick, Mark L. Attanasio, Thomas U. Koll, Maria Elena Lagomasino, John J. Legere, Stefan C. Riesenfeld, Pieter Knook, Steven J. Green, Walter Beran, Anthony Christie, GKW Unified Holdings LLC,

the Winnick Family Foundation, Pacific Capital Group, Inc.; Citigroup Inc., Citigroup Global Markets Inc. (formerly Salomon Smith Barney Inc.); Citigroup Global Markets Holdings Inc. (formerly Salomon Smith Barney Holdings Inc.); Jack B. Grubman; Michael Carpenter; Kevin McCaffery; and Christine Gochuico; J.P. Morgan Chase & Co.; J.P. Morgan Securities, Inc.; Chase Securities, Inc.; Chase H&Q; Canadian Imperial Bank of Commerce; CIBC Oppenheimer Corp.; CIBC World Markets Corp.; CIBC Capital Partners; CIBC Capital Partners (Cayman); The Goldman Sachs Group, Inc.; Goldman, Sachs & Co.; Merrill Lynch & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Morgan Stanley Dean Witter; Morgan Stanley & Co., Inc.; Donaldson Lufkin & Jenrette, Inc.; Donaldson, Lufkin & Jenrette Securities Corporation; Credit Suisse First Boston; Credit Suisse Group; The Bear Stearns Companies, Inc.; Bear Stearns & Co., Inc.; Stearns Securities Corp.; Microsoft Corporation; Softbank Corporation; Deutsche Banc, A.G.; Deutsche Banc Securities; ABN AMRO Rothschild LLC; Lehman Brothers, A.G. Edwards & Sons, Inc.; First Union Securities, Inc.; RBC Dominion Securities Corporation; Wasserstein Perella Securities, Inc.; Advest, Inc.; Gerard Klauer Mattison & Co., Inc. (now known as Harris Nesbitt Gerard); Guzman & Company; KaufmanBros., L.P.; McDonald Investments Inc.; Monness, Crespi, Hardt & Co., Inc., Samuel A. Ramirez & Co., Inc., Raymond James & Associates, Inc.; Scott & Stringfellow, Inc.; and Stephens Inc.; *provided however*, that the term Non-Settling Defendant shall also include any person or entity, other than a Releasee, that Lead Plaintiffs, Securities Plaintiffs, or any member of the Class may hereafter sue on any Released Claim; *provided further* that any and all Claims of the Class or of Class Members against any Non-Settling Defendant

are reserved without regard to the relationship between or among any Non-Settling Defendant and any Settling Defendant(s) and without regard to any release provided to the Settling Defendant(s).

pp. “Notice” means the notice, as approved by the Court, that will be made available to members of the Class informing them of the settlement contemplated by this Settlement Agreement.

qq. “Notice and Administrative Expenses” means all expenses associated with the administration of the settlement contemplated by this Settlement Agreement, including, but not limited to, the expenses associated with: printing and mailing the Notice to Class Members; publishing the Summary Notice; assisting Class Members with filing Proofs of Claim; processing Proofs of Claim; setting up and maintaining the toll-free telephone number; *provided however*, that Notice and Administrative Expenses shall not include the amount of either the Attorneys’ Fees and Expenses Award.

rr. “Notice Ratio” means a ratio in which the numerator is equal to the number of Notices mailed to Class Members and the denominator is equal to the total number of Notices mailed to Class Members; *provided* that in calculating the numerator and denominator for purposes of this definition, the number of Notices mailed shall include the total number of Notices mailed to Nominees for distribution to Class Members.

ss. “Plan of Allocation” means the terms and procedures for allocating the Distribution Amount among, and distributing the Distribution Amount to,

Authorized Claimants as set forth in the Notice, or such other Plan of Allocation as the Court shall approve.

tt. “Preliminary Approval Date” means the date on which the Hearing Order is entered by the Court.

uu. “Preliminary Approval Hearing” means the hearing at which the Court will consider preliminarily approving this Settlement Agreement.

vv. “Proof of Claim” means the form, as approved by the Court, that will be mailed to Class Members with the Notice, pursuant to which such Class Members will submit a claim under the procedures set out in this Settlement Agreement.

ww. “PSLRA” means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, *et seq.*

xx. “Qualified Settlement Fund” means a fund within the meaning of Treasury Regulations § 1.468B-1.

yy. “Release” means the releases and waivers set forth in Section IX of this Settlement Agreement.

zz. “Released Claims” means: with respect to the Releasees, defined below, the release by Lead Plaintiffs, the Securities Plaintiffs and all members of the Class of all claims of every nature and description, known and unknown, arising out of or related to any Investment Decision in Global Crossing Securities, including without limitation: (a) all claims arising out of or relating to any analyst research reports or other statements made or issued by or published during the employment tenure of the Andersen

Defendants concerning Global Crossing, and any disclosures, registration statements or other statements by Global Crossing, and (b) the claims or allegations that were asserted or could have been asserted against the Releasees, defined below, by Lead Plaintiffs, the Securities Plaintiffs and all members of the Class in the Complaint, whether arising under state, federal or foreign law as claims, cross-claims, counterclaims, or third-party claims, whether asserted in the Complaint, in this Court, in any federal or state court, or in any other court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere. Provided, however, that the “Released Claims” described in this paragraph do not operate to preclude any Class Member or Authorized Claimant from making any claim with respect to any funds made available as a result of the Global Crossing Ltd. Bankruptcy or the Asia Global Crossing bankruptcy.

aaa. “Releasee” means each and every one of, and “Releasees” means all of, the following:

(1) with respect to the Andersen Defendants, (a) the Andersen Defendants, (b) AWSC Société Coopérative, *en liquidation*, (c) Arthur Andersen Asahi & Co., (d) the respective past and present parents, subsidiaries, successors and predecessors, member firms, related entities, divisions and affiliates of the entities described in (a), (b) and (c) hereinabove, (e) the respective past and present shareholders, members, partners, principals, participating principals, national directors, managing or other agents, management personnel, advisors, officers, directors, board members, administrators, the past and present attorneys, consultants, accountants and auditors, servants, employees, trustees, fiduciaries, insurers, agents and representatives of

any kind (and any officers, directors, members or shareholders of any of the foregoing which are not natural persons) of the entities described in (a), (b), (c) and (d) hereinabove, in their capacities as such; and (f) the predecessors, estates, heirs, spouses, executors, trusts, trustees, administrators, successors and assigns of each, as well as (g) insurers and reinsurers of those identified in (a), (b), (c) and (d) hereinabove, in their capacities as insurers or reinsurers of those identified in such paragraphs with respect to claims relating to this case (together, the “Andersen Releasees”), and any person or entity which is or was related to or affiliated with any Andersen Releasee or in which any Andersen Releasee has or had a controlling interest and the present and former employees, members, partners, principals, officers and directors, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents of each of them. However, the term “Releasees” shall not include any Non-Settling Defendant.

(2) with respect to Plaintiffs, the Lead Plaintiffs, the Securities Plaintiffs and all other members of the Class, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, members, partners, principals, officers and directors of each of them, the present and former attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents of each of them, and the predecessors, estates, heirs, executors, trusts, trustees, administrators, successors and assigns of each (together, the “Plaintiff Releasees”), and any person or entity in which any Plaintiff Releasee has or had a controlling interest or which is or was related to or

affiliated with any Plaintiff Releasee. However, the term “Plaintiff Releasees” shall not include any Non-Settling Defendant.

bbb. “SEC Filing” means any written statement filed with or submitted to the Securities and Exchange Commission.

ccc. “Securities Act” means the Securities Act of 1933, 15 U.S.C. §77 *et seq.*

ddd. “Securities Plaintiffs” means Staro Asset Management, Bennett Restructuring Funds, Richard P. Kleinknecht, James F. Tucker, Bella Pill, B.I. Shuster, Michael A. Bernstein Profit Sharing Plan and Roman Foltyn.

eee. “Settlement Agreement” means this Stipulation of Settlement and any accompanying Exhibits, including any subsequent amendments thereto and any Exhibits to such amendments.

fff. “Settling Defendant” means Arthur Andersen LLP.

ggg. “Settling Parties” means Lead Plaintiffs and Securities Plaintiffs on behalf of the Class, and Arthur Andersen LLP.

hhh. “Summary Notice” means the notice described in Section IV.B.

iii. “Tax Expenses” means (i) all taxes on the income of the Net Cash Settlement Amount and (ii) expenses and costs incurred in connection with the taxation of the Net Cash Settlement Amount (including, without limitation, expenses of tax attorneys and accountants).

jjj. “Underwriter Defendants” mean Goldman, Sachs & Co., Merrill Lynch & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Citigroup Inc., Citigroup Global Markets Inc (formerly Salomon Smith Barney Inc.); Citigroup Global Markets Holding, Inc. (formerly Salomon Smith Barney Holding, Inc.); the Bear Stearns Companies, Inc.; Bear Stearns & Co., Inc.; J.P. Morgan Chase & Co.; J.P. Morgan Securities, Inc.; Credit Suisse Group; Credit Suisse First Boston; Morgan Stanley; Deutsche Bank, A.G.; Deutsche Bank Securities Inc.; Lehman Brothers Inc.; ABN AMRO Rothschild LLC; A.G. Edwards & Sons, Inc.; Wachovia Securities (formerly First Union Securities, Inc.); RBC Dominion Securities Corporation; Dresdner Kleinwort Wasserstein-Grantchester, Inc. (formerly Wasserstein Perella Securities, Inc.); Advest, Inc.; Harris Nesbitt Gerard, Inc. (formerly Gerard Klauer Mattison & Co., Inc.); Guzman & Company; Kaufman Bros., L.P.; McDonald Investments, Inc.; Monness, Crespi, Hardt & Co., Inc.; Samuel A. Ramirez & Co., Inc.; Raymond James & Associates, Inc.; Scott & Stringfellow, Inc.; and Stephens Inc.

kkk. “Unknown Claim” means any claim that any Class Member does not know or suspect to exist in his, her or its favor at any time on or before the date that such Class Member’s release becomes effective, and that, if known by him, her or it, might have affected his, her or its settlement with any of the Releasees or might have affected his, her or its decision not to request exclusion from the Class or not to object to this Settlement Agreement.

2. Capitalized terms used in this Settlement Agreement, but not defined above, shall have the meaning ascribed to them in this Settlement Agreement.

## **II. TERMS AND CONDITIONS OF THE SETTLEMENT**

### **A. Payments Following the Preliminary Approval Date**

1. Within three (3) business days following the Court signing the Hearing Order, but not before July 12, 2005, Andersen shall pay the Cash Settlement Amount into the Cash Settlement Account.

2. All necessary steps to enable the Cash Settlement Account to be a Qualified Settlement Fund shall be taken, including the timely filing by Lead Counsel, the Administrator and/or their agents of all elections and statements, and federal, state and local tax returns required pursuant to Treas. Reg. §§ 1.468B-0 through 1.468B-5, or any other relevant statutes, regulations or published rulings now or hereafter enacted or promulgated, for all taxable years of the Cash Settlement Account, beginning with the date of its establishment. In no event shall the Andersen Defendants have any responsibility whatsoever for filing election or other required statements, or tax returns, or for paying the costs associated therewith, the payment of any taxes due, or the expenses of notice or administration of the Cash Settlement Account. Lead Counsel and Andersen Defendants' counsel shall cooperate to the extent necessary to comply with this Section.

### **B. Distribution of the Cash Settlement Amount**

1. The Cash Settlement Amount shall be distributed pursuant to the Plans of Allocation, as described below.

2. No person or entity shall have any claim against Lead Plaintiffs, Securities Plaintiffs, Lead Counsel, Executive Committee Members, the Administrator or

any of their agents, or against the Andersen Defendants, Andersen Defendants' Counsel or any Releasee with respect to or arising out of any distributions or lack thereof made under the Plan of Allocation, this Settlement Agreement or orders of the Court.

3. It is understood and agreed to by the Settling Parties that, notwithstanding any other provision of this Settlement Agreement, the proposed Plan of Allocation is not a part of this Settlement Agreement, and no order or proceedings relating to the Plan of Allocation shall operate to modify, terminate or cancel this Settlement Agreement or affect the finality of the Final Judgment or any other orders entered by the Court giving effect or pursuant to this Settlement Agreement.

4. The Andersen Defendants, Releasees and/or their respective counsel, including, but not limited to the Andersen Defendants' Counsel, shall have no role in, responsibility for, or liability with respect to the Plan of Allocation, the form, substance, method or manner of allocation, administration, or distribution of the Net Cash Settlement Amount, any tax liability that a Class Member may incur as a result of this Settlement Agreement, or as a result of any action taken pursuant to this Settlement Agreement, the administration or processing of claims, including, without limitation, determinations as to the validity of Proof of Claim, the amounts of claims or distribution of the Net Cash Settlement Amount, or (except as specifically set out above) the maintenance of the Cash Settlement Account as a Qualified Settlement Fund.

5. Unless otherwise ordered by the Court, Class Members shall look solely to the Cash Settlement Amount for settlement and satisfaction of all Released Claims. Under no circumstances will any of the Settling Parties or any Releasee be

responsible for the payment of any fees, costs, expenses or other funds associated with or arising out of the settlement contemplated by this Settlement Agreement. Except as expressly provided by this Settlement Agreement, the Plan of Allocation or order of the Court, no Class Member shall have any interest in the Cash Settlement Amount or any portion of the Cash Settlement Amount.

6. To the extent that any monies remain in the Cash Settlement Account after the Administrator has caused distributions to be of the Cash Settlement Amount to all Authorized Claimants, such monies shall be disbursed at such time and in such manner as directed and ordered by the Court.

**C. Plan of Allocation**

1. Lead Plaintiffs shall propose to the Court a Plan of Allocation pursuant to which the Distribution Amount shall be distributed to Authorized Claimants, and shall seek approval of the Court for such Plan of Allocation at the Fairness Hearing.

2. All cash distributions to Authorized Claimants shall be from the Cash Settlement Amount pursuant to the Plan of Allocation.

3. To receive a cash distribution from the Cash Settlement Amount pursuant to the Plan of Allocation, a Class Member must be an Authorized Claimant pursuant to the procedures set out in this Settlement Agreement or by order of the Court, and must submit a Proof of Claim.

4. Each Authorized Claimant who wishes to receive a distribution from the Cash Settlement Amount must complete and submit a Proof of Claim (*i*) by first-class mail, such that it is postmarked no later than sixty (60) days after the Fairness

Hearing or (ii) so that it is actually received at the address on the Proof of Claim form by the date stated in the Notice, unless that date is extended by order of the Court. The address to which the Proof of Claim must be mailed shall be stated in the Proof of Claim form itself and shall also be printed in the Notice.

5. The Proof of Claim must be sworn on oath or made subject to the penalties of perjury pursuant to 28 U.S. C. § 1746, and be supported by such documents and other information as called for in the Proof of Claim.

6. The Proof of Claim shall provide that the Class Member expressly:

a. agrees to the terms of the Release that are contained in this Settlement Agreement and that are included as an Appendix to the Notice;

b. consents to the jurisdiction of the Court for purposes of making a claim;

c. agrees to be subject to discovery with respect to the validity and/or amount of his, her or its claim; *provided* that such discovery shall be completed within sixty (60) days following the date on which a question regarding the validity or amount of his, her or its claims is first raised;

d. consents to summary disposition by the Court, without any right of appeal or review, with respect to the validity and/or amount of, or any other dispute regarding, his, her or its claim; and

e. waives trial by jury (to the extent any such right may exist) in connection with the Court's summary disposition of the validity or amount of his, her or its claim.

7. The validity of each Proof of Claim filed will be initially determined by the Administrator, acting under Lead Counsel's supervision, in accordance with the Plan of Allocation approved by the Court. The Administrator shall promptly advise the Class Member in writing if it determines to reject the claim. Neither Lead Counsel, its designees or agents, Lead Plaintiffs, Securities Plaintiffs, Andersen Defendants' Counsel or Andersen Defendants shall have any liability arising out of such determination. If an Authorized Claimant disagrees with such determination and the parties are unable to resolve the dispute, the Authorized Claimant shall, within thirty (30) days of the dispute's having first been raised, submit the dispute to the Court for summary resolution, without any right of appeal or review. Any such Class Member shall be responsible for his, her or its own costs, including, without limitation, attorneys' fees, incurred in pursuing any dispute.

8. All initial determinations as to the validity of a Proof of Claim, the amount of any claims and the calculation of the extent to which each Authorized Claimant will participate in the Cash Settlement Amount, the preparation and mailing of distributions to Authorized Claimants, and the distribution of the Cash Settlement Amount shall be made by Lead Counsel, its designees or agents, the Administrator, or such other persons or entities as Lead Counsel may, in its sole discretion, deem necessary or advisable to assist it in the administration of this Settlement Agreement. The administration of the Cash Settlement Amount, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim or regarding the rejection or amount of any claim, shall remain under the jurisdiction of the Court. All Class

Members and Settling Parties expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

9. Unless otherwise ordered by the Court, any Class Member who fails to submit a valid and timely Proof of Claim shall be barred from receiving a distribution from the Cash Settlement Amount, but shall nevertheless be bound by the Release and all proceedings, orders and judgments in the Action even if he, she or it has pending, or subsequently initiates, any litigation, arbitration or other proceeding, or has any Claim, against any or all of the Releasees that is, or relates in any way to, any Released Claim.

### **III. PRE-APPROVAL DISCOVERY**

A. Lead Counsel will continue to conduct reasonable discovery into the facts underlying the claims in the Complaint or relating to any of the Andersen Defendants to assure themselves and Lead Plaintiffs and Securities Plaintiffs that such underlying facts are consistent with their understanding, based on the discovery and investigation they have already conducted (as described above), and that this Settlement Agreement is fair, reasonable and adequate. To that end, consistent with discussions between counsel for Lead Plaintiffs and counsel for the Andersen Defendants, the Andersen Defendants agree to complete the production of documents in the possession, custody or control of the law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP (and any non-duplicative, non-privileged documents in the possession, custody or control of other law firms for the Andersen Defendants) not already in Lead Plaintiffs' possession, no later than sixty (60) days after the Preliminary Approval Date.

#### IV. NOTICE TO THE CLASS

##### A. Mailing of the Notice

1. Subject to the requirements of the Hearing Order and not later than ninety (90) days before the Fairness Hearing, Lead Counsel shall cause to be mailed, by first-class mail, postage prepaid, a copy of the Notice and Proof of Claim (i) to each person or entity in the Class who can be identified by reasonable effort including the use of any database established by the Administrator to administer prior settlement(s) in the Action and (ii) in cases of pending litigation, arbitration or other proceeding, or any other Claim, against any Releasee involving any Released Claims, to all legal counsel known by Lead Counsel or Andersen Defendants' Counsel to represent a Class Member; *provided* that Andersen Defendants' Counsel shall notify Lead Counsel of all such legal counsel of which it is aware within twenty (20) days following the Execution Date.

2. No later than ninety (90) days before the Fairness Hearing, Lead Counsel and the Administrator shall cause the Notice to be published on their respective websites.

3. The Notice shall, among other things,

- a. contain a short, plain statement of the background of the Action;
- b. explain that the Court has certified the Class for settlement purposes and identify the Class Members;

c. describe the Plan of Allocation and state that the Plan of Allocation may be modified in connection with, among other things, a ruling by the Court, an objection filed by a Class Member or a settlement with a person or entity requesting exclusion from the Class;

d. state that any receipt of a distribution or other relief by a Class Member is contingent on Court approval of this Settlement Agreement and such approval becoming Final;

e. explain how and when a Proof of Claim is to be submitted;

f. state that a Class Member may exclude himself, herself or itself from the Class;

g. explain how a Class Member may request exclusion from the Class and state that exclusion is necessary even if the Class Member has pending, or subsequently initiates, any litigation, arbitration or any other proceeding, or has any Claim, against any or all of the Releasees relating to any of the Released Claims;

h. explain how a Class Member may object to any term or aspect of this Settlement Agreement;

i. explain that, if this Settlement Agreement is approved, the Bar Orders described in Sections XII.A.8 and XII.A.10 below will be entered by the Court and request that any person or entity who objects to the Bar Orders should appear at the Fairness Hearing so that he, she or it may be heard by the Court regarding why the Bar Orders should not be entered by the Court as set out in this Settlement Agreement;

j. describe the Attorneys' Fees and Expenses Application that will be submitted to the Court for approval by Lead Counsel;

k. identify the date, time and location of the Fairness Hearing, and explain that the date and time may change without further notice;

l. set forth in an appendix or otherwise the complete language of the Release as well as the relevant definitions for terms in the Release; and

m. direct Class Members who have questions about the tax consequences of participating in the settlement to consult their own tax advisors regarding such consequences.

4. The Notice shall conform to all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, the Rules of the Court and any other applicable law, and shall otherwise be in the manner and form agreed upon by the Settling Parties and approved by the Court.

5. No later than seven (7) days prior to the Fairness Hearing, Lead Counsel shall submit to the Court affidavits demonstrating the adequacy of its efforts to provide Notice to the Class.

B. Summary Notice

1. No later than ninety (90) days before the Fairness Hearing, Lead Counsel shall cause the Summary Notice to be published on at least one occasion in *The Wall Street Journal* and *The New York Times*. Lead Counsel shall also cause the Summary Notice to be published on the Internet by issuing a release via PR Newswire or its equivalent.

**V. RETENTION OF ADMINISTRATOR**

A. As ordered in the Hearing Order, Lead Counsel shall retain the Administrator to help implement the settlement contemplated by this Settlement Agreement.

B. The Administrator may assist with various tasks, including, without limitation: (i) mailing or arranging for the mailing of the Notice to Class Members; (ii) arranging for publication of the Summary Notice; (iii) publication of the Notice on the Administrator's website; (iv) answering written inquiries from Class Members and/or forwarding such inquiries to Lead Counsel or its designee(s); (v) providing additional copies of the Notice, upon request, to Nominees or Class Members, with respect to which the Administrator shall separately record the number of Notices sent to Class Members (or Nominees); (vi) receiving and maintaining on behalf of the Court any requests for exclusion from the settlement received from potential Class Members; (vii) receiving and processing Proofs of Claim from Class Members; (viii) mailing or causing to be mailed to Authorized Claimants their distributions under the Plan of Allocation; and (ix) otherwise

assisting Lead Counsel with administration and implementation of this Settlement Agreement.

C. As ordered by the Court in the Hearing Order, the Administrator shall establish and staff with representatives knowledgeable about this Settlement Agreement and the Plan of Allocation a toll-free telephone number for responding to inquiries from Class Members about this Settlement Agreement and any issues relating to the Action. Lead Counsel and the Andersen Defendants' Counsel shall agree to a protocol for operating the telephone number consistent with industry standards, and Lead Counsel shall require the Administrator to operate the toll-free telephone number consistent with such agreed-upon standard.

## **VI. RIGHT TO COMMUNICATION WITH CLASS MEMBERS**

A. Lead Plaintiffs, Securities Plaintiffs, Lead Counsel, and Executive Committee Members, acknowledge and agree that the Andersen Defendants have the right to communicate orally and in writing with, and to respond to inquiries from, Class Members, including, without limitation, communications as may be necessary to implement the terms of this Settlement Agreement.

B. Subject to Section XIV.D below, Lead Plaintiffs, Lead Counsel, and Andersen Defendants' Counsel agree to cooperate in good faith to ensure that any comments about or descriptions of the settlement contemplated by this Settlement Agreement are balanced, fair and accurate.

## VII. REQUESTS FOR EXCLUSION

A. Any potential Class Member who wishes to be excluded from the Class must mail by first-class mail or otherwise deliver a written request for exclusion to the Administrator, care of the address provided in the Notice, such that it is postmarked or delivered no later than thirty (30) days before the Fairness Hearing, or as the Court may otherwise direct. A list of the persons and entities who have validly and timely requested exclusion from the Class shall be provided by the Settling Parties to the Court at or before the Fairness Hearing.

B. A potential Class Member's request for exclusion shall include the following information: (i) name, (ii) address, (iii) telephone number, (iv) number and type of Global Crossing Securities purchased, sold, exchanged, acquired or retained, (v) prices paid or value at receipt and (vi) the date of each transaction.

C. Unless otherwise ordered by the Court, any potential Class Member who does not file a timely written request for exclusion as provided by this Section shall be bound by the Release and by all proceedings, orders and judgments in the Action, even if he, she or it has pending, or subsequently initiates, litigation, arbitration or any other proceeding, or has any Claim, against any or all of the Releasees relating to any of the Released Claims.

D. The schedule reflected in the Hearing Order and proposed Notice submitted to the Court shall provide that within three (3) business days of receipt by Lead Counsel or the Administrator of any request for exclusion, copies of all such requests

shall be provided to the Andersen Defendants' Counsel. The Settling Parties agree that, after the close of the opt-out period, the Settling Parties will confer in good faith to perform the calculations provided for in paragraph nn of Section I.E.1. above. The Settling Parties further acknowledge that, in order to complete the calculations provided for in paragraph nn of Section I.E.1. above, a procedure must be established whereby, for Class members who opt out of the Class but fail to provide information sufficient to determine their share holdings or the face amount of bonds they held, some amount of holdings is ascribed to them. Accordingly, Lead Counsel and Andersen Defendants' Counsel shall confer on a fair and equitable manner for estimating such share or bond holdings in advance of the Fairness Hearing. In the event the parties are not able to resolve their dispute the parties will submit, no later than seven (7) days prior to the Fairness Hearing, their respective positions to the Court for resolution concurrent with the Fairness Hearing, which resolution shall be final and not appealable.

#### **VIII. OBJECTIONS TO SETTLEMENT**

A. Any Class Member who wishes to object to the fairness, reasonableness or adequacy of this Settlement Agreement, to the Plan of Allocation, to any term(s) of this Settlement Agreement, or to the proposed Attorneys' Fees and Expenses Award must both effect service on Lead Counsel, and Andersen Defendants' Counsel and file with the Court by no later than thirty (30) days before the Fairness Hearing, or as the Court may otherwise direct, a statement of his, her or its objection(s); *provided however*, that a potential Class Member who requests exclusion from the Class shall not be able to submit

an objection. If a Class Member timely and properly serves and files written objections, as set forth in this paragraph, Lead Counsel and Andersen Defendants' Counsel may, as they deem appropriate, submit reply papers in support of the Settlement Agreement, the Plan of Allocation, any term(s) of this Settlement Agreement, or to the proposed Attorneys' Fees and Expenses Award no later than fifteen (15) days before the Fairness Hearing.

B. The statement of objection of the Class Member shall state *(i)* whether the Class Member is a Class Member, *(ii)* which part of this Settlement Agreement the Class Member objects to and *(iii)* the specific reason(s), if any, for each such objection made by the Class Member, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of such objection.

C. Any Class Member may file an objection on his, her or its own, or through an attorney hired at his, her or its own expense. If a Class Member hires an attorney to represent him, her or it in connection with filing an objection, the attorney must both effect service on Lead Counsel, and Andersen Defendants' Counsel and file with the Court a notice of appearance no later than ten (10) days before the Fairness Hearing, or as the Court otherwise may direct.

D. Any Class Member who files and serves a written objection pursuant to this Section – and only such Class Members – may appear at the Fairness Hearing, either in person or through counsel hired at the Class Member's expense, to object to the

fairness, reasonableness or adequacy of this Settlement Agreement, to the Plan of Allocation, to any term(s) of this Settlement Agreement, or to the proposed Attorneys' Fees and Expenses Award. Class Members or their attorneys intending to make an appearance at the Fairness Hearing must both effect service on Lead Counsel and the Andersen Defendants' Counsel and file with the Court a notice of intention to appear by no later than ten (10) days before the Fairness Hearing, or as the Court otherwise may direct.

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

## **IX. RELEASE AND WAIVER, AND ORDER OF DISMISSAL**

### **A. Release and Waiver**

1. Without further action by anyone, and subject to Section IX.A.5 below, on and after the date on which all of the payments required by Section II.B.1 have been made into the Cash Settlement Account, any and all Class Members (including those Class Members who are parties to any other litigation, arbitration or other proceedings against, or have any Claim against any of the Releasees that is, or relates in any way to, any Released Claim that is pending on the Final Settlement Date), on behalf of themselves, their heirs, executors, administrators, beneficiaries,

predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), assigns, any person or entity claiming by or through any of the Class Members and any person or entity representing any or all Class Members, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

(a) all Released Claims against each and every one of the Releasees, including such Released Claims as already have been, could have been or could be asserted in any pending litigation, arbitration, or other proceeding, or other Claims, and whether or not a Proof of Claim has been executed and/or delivered by, or on behalf of, any such Class Member;

(b) all claims, damages and liability as to Lead Counsel or any or all Lead Plaintiffs, Executive Committee Members, Securities Plaintiffs, Andersen Defendants' Counsel, Andersen Defendants and each and every one of the Releasees that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to the prosecution, defense or settlement of the Action or to this Settlement Agreement, and any and all claims for attorneys' fees, costs or disbursements incurred by Lead Counsel or other counsel representing Lead Plaintiffs, Securities Plaintiffs or the Class Members in the Action, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, or the

administration of the Action and/or the settlement of the Action except to the extent otherwise specified in this Settlement Agreement; and

2. Without further action by anyone, and subject to Section IX.A.5 below, on and after the date on which all of the payments required by Section II.B.1 have been made into the Cash Settlement Account, all Andersen Defendants' Counsel and any or all Andersen Defendants on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), assigns, any person or entity claiming by or through any of the Andersen Defendants and any person or entity representing any or all Andersen Defendants, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged Lead Counsel and any or all Lead Plaintiffs, Securities Plaintiffs and members of the Class or their attorneys from any and all Claims and/or Unknown Claims that relate in any way to any or all acts directly or indirectly relating to the prosecution, defense or settlement of the Action or to this Settlement Agreement.

3. Without further action by anyone, and subject to Section IX.A.5 below, on and after the date on which all of the payments required by Section II.B.1 have been made into the Cash Settlement Account, Lead Counsel, Executive Committee Members, and any or all Lead Plaintiffs or Securities Plaintiffs, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates (as

defined in 17 C.F.R. Part 210.1-02.b), assigns, any person or entity claiming by or through any of them and any person or entity representing any or all Lead Plaintiffs and/or Securities Plaintiffs, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged Andersen Defendants' Counsel and any or all Releasees from any and all Claims and/or Unknown Claims that relate in any way to any or all acts directly or indirectly relating to the prosecution, defense or settlement of the Action or to this Settlement Agreement.

4. The parties agree that in no event shall the Administrator of Andersen, any member of the Administrative Board of Andersen (or any officer, director, member or shareholders of any member of the Administrative Board), any present or former directors, officers, managers, partners, participating principals, national directors or similar persons of Andersen or any of their agents or representatives have any personal liability with respect to Andersen's obligations arising out of or relating to this Settlement, and that none of the foregoing shall be obligated to make, nor in fact will make, any capital contribution or other payment of any kind to Andersen in order for Andersen to satisfy its obligations arising out of or relating to the Settlement.

5. The Releases of Claims set forth herein do not release any claims of Lead Plaintiffs, the Securities Plaintiffs or the Class against the Non-Settling Defendants.

6. Notwithstanding Sections IX.A.1, IX.A.2, IX.A.3 and IX.A.4 above, nothing in the Final Judgment shall bar any action or claim by the Settling Parties to enforce the terms of this Settlement Agreement or the Final Judgment.

7. The Claims against each and all of the Released Parties shall be released and dismissed with prejudice and on the merits, without costs to any party, upon entry of the Judgment. The releases described in this paragraph do not operate to preclude any Class Member or Authorized Claimant from making any claim with respect to any funds made available as a result of the Global Crossing bankruptcy or the Asia Global Crossing bankruptcy. Moreover, nothing in this paragraph is intended to release any claims asserted by the Class against any Non-Settling Defendant.

8. The Releases contemplated by this Settlement Agreement shall extend to Unknown Claims and the Plaintiff Releasees shall be deemed to relinquish and waive, to the full extent permitted by law, the provisions, rights and benefits of § 1542 of the California Civil Code and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542.

9. If, notwithstanding the Bar Orders, a person or entity obtains a judgment against any of the Releasees on any claim that is based upon, arises out of, or relates to any Released Claim, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the

Complaint, or on any other claim, however denominated, to recover, directly or indirectly from such Releasee, (i) any amounts that the person or entity obtaining the judgment against the Releasee might become liable to pay to any of the Class Members or (ii) any costs, expenses, or attorneys' fees that such person or entity might incur in defending any claim made against him, her or it by any of the Class Members, the Class and the Class Members agree that they will reduce or credit any judgment or settlement (up to the amount of such judgment or settlement) that they might obtain against that person or entity by an amount equal to the amount of that person's or entity's judgment against the Releasee, which amount shall be credited to the Releasee.

10. If a final judgment is entered in favor of a class certified in the Action against any person or entity before the adjudication of such person's or such entity's claims against any Releasee, any funds collected on account of such judgment shall not be distributed to such class that has obtained the judgment, but shall be held in trust pending final adjudication of such claim, and such funds shall be used as a credit against any judgment rendered in favor of the person or entity against the Releasee as provided in Section IX above.

11. The releases and waivers contained in this Section were separately bargained for and are essential elements of this Settlement Agreement.

B. Order of Dismissal

1. The Settling Parties will seek and obtain from the Court a Final Judgment as further described in Section XII below. The Final Judgment shall, among other things: (i) approve this Settlement Agreement as fair, reasonable and adequate; (ii) dismiss the Action as to the Andersen Defendants and other Releasees with prejudice and on the merits; (iii) enter the Bar Orders; and (iv) incorporate the Release.

**X. ATTORNEYS' FEES AND EXPENSES**

A. Attorneys' Fees and Expenses

1. Lead Counsel will make a Attorneys' Fees and Expenses Application no later than twenty one (21) days prior to the Fairness Hearing, which application shall seek an award of attorneys' fees not in excess of \$4.25 million as well as reimbursement of expenses not to exceed \$500,000. The Attorneys' Fees and Expenses Application may include expenses of the Lead Plaintiffs and their statutory legal advisor subject to the approval of the Court. Releasees shall take no position with respect to Lead Counsel's Attorneys' Fees and Expenses Application or cause any third party to take any position with respect to Lead Counsel's Attorneys' Fees and Expenses Application, and Lead Counsel may represent that Releasees do not oppose an Attorneys' Fees and Expenses Application consistent with this Section. The apportionment and distribution among securities plaintiffs' counsel of Attorneys Fees and Expenses shall be within the sole discretion of Lead Counsel.

2. Subject to Sections X.A.3 and X.A.4 below, the Attorneys' Fees and Expenses Award shall be paid to Lead Counsel on behalf of all Plaintiffs' counsel within five (5) business days after the later of the Approval Date or such other date that the Court issues the order setting out the Attorneys' Fees and Expenses Award.

3. If this Settlement Agreement is properly and timely terminated in accordance with the terms of this Settlement Agreement and the Attorneys' Fees and Expenses Award has been paid, then Lead Counsel shall within three (3) business days following such termination return to the Andersen Defendants, the Attorneys' Fees and Expenses Award with interest at the Interest Rate, such interest rate being calculated beginning as of the day the Attorneys' Fees and Expenses Award was paid pursuant to Section X.A.2 above and ending as the day the Attorneys' Fees and Expenses Award is returned. Lead Counsel and any Plaintiff's Counsel receiving fees or expenses under this Section shall be jointly and severally liable for the return of the Attorney's Fees and Expenses Award as contemplated by this Paragraph and expressly submit to the personal jurisdiction of the Court for the purposes of the enforcement of their obligations under this Paragraph.

4. If, after entry of the Final Judgment, the Attorneys' Fees and Expenses Award is reduced, then Lead Counsel shall within five (5) business days return to the Cash Settlement Account the difference between the Attorneys' Fees and Expenses Award and the reduced amount, plus interest on such difference at the Interest Rate, such interest being calculated beginning as of the day the Attorneys' Fees and Expenses

Award was paid pursuant to Section X.A.2 above and ending as of the day the difference between the Attorneys' Fees and Expenses Award and the reduced amount is returned to the Cash Settlement Account.

5. No Releasee shall be liable or obligated to pay any fees, expenses, costs or disbursements to, or incur any expense on behalf of, any person or entity (including, without limitation, Lead Plaintiffs and/or Securities Plaintiffs), directly or indirectly, in connection with the Action or this Settlement Agreement, except as expressly provided for in this Settlement Agreement.

#### **XI. PRELIMINARY APPROVAL HEARING AND HEARING ORDER**

A. Unless otherwise agreed to by the Settling Parties, within five (5) days after the Execution Date, the Settling Parties shall submit to the Court this Settlement Agreement, the long and summary forms of Notice to be given to the Class, the proposed Plan of Allocation and Proof of Claim form, and the proposed Hearing Order.

#### **XII. FINAL APPROVAL AND FINAL JUDGMENT**

A. After the Approval Date, the Settling Parties shall seek and obtain from the Court a Final Judgment, which shall, among other things:

1. find that the Court has personal jurisdiction over all Class Members and that the Court has subject matter jurisdiction to approve the terms of the settlement that is set out in this Settlement Agreement, including its exhibits, and

including all documents submitted to the Court in connection with the implementation of this Settlement Agreement;

2. approve the settlement embodied in this Settlement Agreement as fair, reasonable and adequate, consistent and in compliance with all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, the Rules of the Court and any other applicable law, and in the best interests of each of the Settling Parties and the Class Members;

3. direct the Settling Parties and their counsel to implement and consummate this Settlement Agreement according to its terms and provisions and approve the documents submitted to the Court in connection with implementation of this Settlement Agreement;

4. declare this Settlement Agreement, as to all claims that have or could have been raised in the Action, including Released Claims, to be binding on Lead Plaintiffs, Securities Plaintiffs and all other Class Members, as well as all of their heirs, executors and administrators, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b) and assigns;

5. find that the Notice, the Summary Notice and the notice methodology implemented pursuant to this Settlement Agreement *(i)* constituted the best practicable notice, *(ii)* constituted notice that was reasonably calculated, under the

circumstances, to apprise Class Members of the pendency of the Action, of the effect of this Settlement Agreement, including the Release, of their right to object to the proposed settlement, of the right of Class Members to exclude themselves from the Class, and of the right of Class Members to appear at the Fairness Hearing, (iii) were reasonable and constituted due, adequate and sufficient notice to all persons or entities entitled to receive notice and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, the Rules of the Court and any other applicable law;

6. find that Lead Counsel and Lead Plaintiffs adequately represented the Class for purposes of entering into and implementing the settlement;

7. declare any and all tolling agreements executed in connection with the Action to be null and void *ab initio*, and of no effect whatsoever;

8. enter a Contribution Bar Order submitted to the Court as follows:  
In accordance with 15 U.S.C. § 78u-4(f)(7)(A), any and all claims for contribution arising out of any Released Claim belonging to the Class, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint (a) by any person or entity against a Settling Defendant and (b) by any Settling Defendant against any person or entity other than as set out in 15 U.S.C. § 78u-4(f)(7)(A)(ii) are hereby permanently barred, extinguished, discharged, satisfied, and unenforceable. Accordingly, without limitation to any of the

above, (a) any person or entity, including, without limitation, each and every Non-Settling Defendant, is hereby permanently enjoined from commencing, prosecuting, or asserting against any of the Settling Defendants any such claim for contribution, and (b) each and every Settling Defendant is hereby permanently enjoined from commencing, prosecuting, or asserting against any person or entity, without limitation, any Non-Settling Defendant, any such claim for contribution. In accordance with 15 U.S.C. § 78u-4(f)(7)(B), any final verdict or judgment that may be obtained by or on behalf of the Class or a Class Member against a Non-Settling Defendant shall be reduced by the greater of (i) an amount that corresponds to the percentage of responsibility of the Settling Defendants for the loss to the Class or a Class Member or (ii) the amount paid by or on behalf of the Settling Defendants to the Class in connection with the Settlement Agreement. However, notwithstanding anything stated in this Contribution Bar Order or in the Settlement Agreement, in the event that any person or entity (for purposes of this proviso, a “petitioner”) commences against any of the Releasees any action asserting a claim that is based upon, arises out of, or relates to any Released Claim belonging to the Class, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint, and such claim is not barred pursuant to this Paragraph or is otherwise not barred by the Contribution Bar Order, neither the Contribution Bar Order nor the Settlement Agreement shall bar claims by that Releasee against (i) such petitioner; (ii) any person or entity who is or was controlled by, controlling or under common control with the petitioner, whose assets or estate are or were controlled, represented or administered by

the petitioner, or as to whose claims the petitioner has succeeded; and *(iii)* any person or entity that participated with any of the preceding persons or entities described in items *(i)* and *(ii)* of this proviso in connection with the conduct, transactions or occurrences that are the subject of the claim brought against the Releasee(s), or any person or entity that was involved in the issues and damages alleged by the petitioner;

9. enter a Complete Bar Order in the Action as set forth below:

(a) Any and all persons and entities are permanently barred, enjoined and restrained from commencing, prosecuting or asserting any Claim against any Releasee arising under state, federal or common law, however styled (whether for indemnification or contribution or otherwise denominated, including, without limitation, claims for breach of contract and for misrepresentation), where the alleged injury to such person or entity is that person's or entity's alleged liability to the Class or a Class Member in the Action, whether such Claim is based upon, arises out of, or relates to any Released Claim belonging to the Class or a Class Member, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint, whether such claims are legal or equitable, known or unknown, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, including, without limitation, any claim in which a person or entity seeks to recover from any of the Releasees *(i)* any amounts such person or entity may become liable to pay to any of the Class Members and/or *(ii)* any costs, expenses, or attorneys' fees from defending any claim by any of the Class Members. All such claims are hereby

extinguished, discharged, satisfied and unenforceable, subject to a hearing to be held by the Court, if necessary. The provisions of this Subparagraph are intended to preclude any liability of any of the Releasees to any person or entity for indemnification, contribution, or otherwise on any claim based upon, arising out of, or relating to any Released Claim belonging to the Class or a Class Member, where the alleged injury to such person or entity is that person's or entity's alleged liability to the Class or a Class Member in the Action, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint; *provided* that, with respect to any judgment against any person or entity on behalf of the Class or a Class Member based upon, arising out of, or relating to any Released Claim belonging to the Class or a Class Member, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint, that person or entity shall be entitled to a credit of the greater of (i) an amount that corresponds to the percentage of responsibility of the Settling Defendants for the loss to the Class or a Class Member or (ii) the amount of the Cash Settlement Amount; *provided further* that nothing in this Complete Bar Order shall prevent a putative Class Member who validly requested exclusion from the Class from pursuing any claim other than a claim barred by the Contribution Bar Order against any Releasee where such claim is based upon, arises out of, or relates to any Released Claim, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint and, if any putative Class Member who validly requests exclusion from the Class pursues any such claim against any Releasee,

nothing in this paragraph or in this Settlement Agreement shall operate to preclude said Releasee from seeking contribution or indemnity from any person or entity, including any co-defendant in the Action. If any provision of this Subparagraph is subsequently held to be unenforceable, such provision shall be substituted with such other provision as may be necessary to afford all of the Releasees the fullest protection permitted by law from any claim that arises out of, or relates to any Released Claim belonging to the Class or a Class Member, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint.

(b) Each and every Releasee is permanently barred, enjoined and restrained from commencing, prosecuting or asserting any claim against any person or entity (including any other Releasee) arising under state, federal, or common law, however styled (whether for indemnification or contribution, or otherwise denominated, including, without limitation, claims for breach of contract and for misrepresentation), where the alleged injury to such Releasee is that Releasee's alleged liability to the Class or a Class Member in the Action, whether such claim is based upon, arises out of, or relates to any Released Claim belonging to the Class or a Class Member, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint, whether such claims are legal or equitable, known or unknown, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, including, without limitation, any claim in which any Releasee seeks to recover from any person or entity, including another Releasee, (i) any amounts any such Releasee has or may become liable to pay to any of the Class Members and/or (ii) any

costs, expenses, or attorneys' fees from defending any claim by any of the Class Members. All such claims are hereby extinguished, discharged, satisfied, and unenforceable, subject to a hearing to be held by the Court, if necessary. However, notwithstanding anything stated in this Complete Bar Order or in the Settlement Agreement, in the event that any person or entity (for purposes of this proviso, a "petitioner") commences against any of the Releasees any action asserting a claim that is based upon, arises out of, or relates to any Released Claim belonging to the Class or a Class Member, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences referred to in the Complaint and such claim is not barred by a court pursuant to Paragraph 8 of this Section (Contribution Order) and this Subparagraph or is otherwise not barred by the Complete Bar Order, neither the Complete Bar Order nor the Settlement Agreement shall bar claims by that Releasee against (i) such petitioner; (ii) any person or entity who is or was controlled by, controlling or under common control with the petitioner, whose assets or estate are or were controlled, represented or administered by the petitioner, or as to whose claims the petitioner has succeeded; and (iii) any person or entity that participated with any of the preceding persons or entities described in items (i) and (ii) of this proviso in connection with the conduct, transactions or occurrences that are the subject of the claim brought against the Releasee(s), or any person or entity that was involved in the issues and damages alleged by the petitioner.

10. dismiss the Action (including all individual claims and Class claims presented thereby) on the merits and with prejudice as of the Final Settlement Date, without fees or costs to any Settling Party except as provided in this Settlement Agreement;

11. incorporate the Release set forth above in Section IX, make the Release effective as of Final Settlement Date, and forever discharge all of the Releasees from any and all claims or liabilities arising from or related to the Released Claims;

12. permanently bar and enjoin (i) all Class Members (and their heirs, executors and administrators, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b) and assigns) from filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefits or other relief from, any other lawsuit, arbitration or other proceeding or order in any jurisdiction that is based upon, arises out of or relates to any Released Claims, including, but not limited to, any claim that is based upon, arises out of or relates to the Action or the transactions and occurrences referred to in the Complaint and (ii) all persons or entities from organizing any Class Members for purposes of pursuing as a purported class action (including by seeking to amend a pending complaint to include class allegations, or by seeking class certification in a pending action) any lawsuit that is based upon, arises out of or relates to any Released Claims, including, but not limited to, any claim that is based upon, arises out of or relates to the Action or the transactions and occurrences referred to in the Complaint.

13. authorize the Settling Parties, without further approval from the Court, to agree to and adopt such amendments, modifications and expansions of this Settlement Agreement and all exhibits attached to this Settlement Agreement as (i) are not materially inconsistent with the Final Judgment and (ii) do not materially limit the rights of Class Members under this Settlement Agreement; *provided* that any modification in the Plan of Allocation that involves an amount equal to or less than ten percent (10%) of the total distribution amount involved in the Plan of Allocation shall be deemed to be materially consistent with the Final Judgment and shall be deemed not to materially limit the rights of Class Members under this Settlement Agreement;

14. make findings of fact and conclusions of law in support of the Court's Final Judgment;

15. expressly determine that there is no just reason to delay the Final Judgment respecting this Settlement Agreement and expressly direct that the Final Judgment regarding this Settlement Agreement be entered as to less than all parties and all claims in the Action pursuant to Federal Rule of Civil Procedure 54(b); and

16. incorporate any other provisions that the Court deems necessary and just.

B. Notwithstanding anything in Paragraphs 8 and 9 above of this Section XII, nothing in this Settlement Agreement or in these paragraphs 8 and 9 shall operate to preclude the Andersen Defendants (a) from asserting any claims against their own

insurers; and (b) from asserting any claims, including claims for contribution or indemnity, against any individual or entity, including any co-defendants in this Action, in connection with or arising out of any action brought by the Global Crossing Estate Representative, including the actions styled (i) *The Global Crossing Estate Representative, for Itself and as the Liquidating Trustee of the Global Crossing Liquidating Trust v. Citibank, N.A., et al.*, Adversary Proceeding No. 04-02113 (REG), (ii) *Global Crossing Estate Representative, for Itself and as the Liquidating Trustee of the Global Crossing Liquidating Trust v. Gary Winnick, et al.*, Case No. 04 Civ. 2558 (GEL), and (iii) *Robert L. Geltzer, as Chapter 7 Trustee for Asia Global Crossing Ltd. and Asia Global Crossing Development Co., v. Andersen Worldwide S.C. et al.*, Case No. 05 Civ. 3339 (GEL).

### **XIII. MODIFICATION OR TERMINATION OF THIS SETTLEMENT AGREEMENT**

A. The terms and provisions of this Settlement Agreement may be amended, modified or expanded by agreement of the Settling Parties, with approval of the Court; *provided however*, that, after entry of the Final Judgment, the Settling Parties may by written agreement effect any amendments, modifications or expansions of this Settlement Agreement and its implementing documents (including all exhibits to this Settlement Agreement) without notice to or approval by the Court if such changes are not materially inconsistent with the Court's Final Judgment and do not materially limit the rights of Class Members under this Settlement Agreement; *provided further* that a decision by Lead Plaintiffs to modify the Plan of Allocation in connection with an objection raised by

a Class Member or a settlement with a person or entity that requested exclusion from the Class shall not be deemed to be a change that materially limits the rights of Class Members under this Settlement Agreement to the extent such modification involves an amount equal to or less than ten percent (10%) of the total distribution amount involved in the Plan of Allocation that is subject to such modification.

B. This Settlement Agreement may terminate at the sole option and discretion of the Andersen Defendants' Counsel (on behalf of the Andersen Defendants) or Lead Counsel (on behalf of Lead Plaintiffs) if: (i) the Court, or any appellate court(s), rejects, modifies or denies approval of any portion of this Settlement Agreement (excluding the Plan of Allocation or the Attorneys' Fees and Expenses Application) or the proposed settlement that is material, including, without limitation, the terms of relief, the Bar Orders, the findings of the Court, the provisions relating to notice, the definition of the Class, and/or the terms of the Release, (ii) the Court, or any appellate court(s), does not enter or completely affirm, or alters or expands, any portion of the Hearing Order, or the Final Judgment, or any of the Court's findings of fact or conclusions of law as proposed by Andersen Defendants' Counsel, Lead Counsel, including the Bar Orders, that is material; *provided* that any decision to terminate the Settlement Agreement pursuant to this Section shall be, at the request of the non-terminating Settling Party, subject to review by the Court as to the materiality of the change that prompted termination; *provided further* that Andersen's right unilaterally to withdraw from and terminate this Settlement Agreement pursuant to Paragraph E.1. below of this Section shall not be

subject to such review by the Court as to materiality. The terminating Settling Party must exercise the option to withdraw from and terminate this Settlement Agreement, as provided in this Section, no later than ten (10) days after receiving actual notice of the event prompting the termination.

C. Notwithstanding the preceding Section, neither Lead Plaintiffs nor Lead Counsel may terminate this Settlement Agreement on the basis of the Attorneys' Fees and Expenses Award ordered, or as modified, by the Court or any appellate court(s).

D. If any action that would be barred by the Releases contemplated by this Settlement Agreement is commenced against any of the Andersen Releasees in any court prior to this Settlement Agreement being fully approved by the Court and, following a motion by the Andersen Releasee to dismiss or stay, such action is not dismissed or stayed in contemplation of dismissal subject only to the approval of the Settlement Agreement contemplated hereby, any Andersen Releasee(s) may at his, her or its sole option, prior to the Fairness Hearing, withdraw from the Settlement Agreement. The Settlement Agreement shall remain binding as to the remaining parties thereto and shall have no effect on any withdrawing Andersen Releasee.

E. Notwithstanding any other terms or provisions of this Settlement Agreement, this Settlement Agreement shall terminate if:

1. Without limiting any other rights under this Settlement Agreement, by no later than two (2) days before the Fairness Hearing, Andersen Defendants' Counsel (on behalf of the Andersen Defendants) may unilaterally withdraw from and terminate

this Settlement Agreement, and such withdrawal and termination shall not be subject to the Court review contemplated in Paragraph B above of this Section, if requests for exclusion are received from potential Class Members whose Recognized Claims (as defined in the Plan of Allocation), in the aggregate, would have exceeded an amount equal to or larger than five percent (5%) of the Total Recognized Claims (as defined in the Plan of Allocation), had they not requested exclusion from the Class, calculated using the information provided by such potential Class Members in their requests for exclusion pursuant to Section VII.A above; *provided however*, that, for those potential Class Members who fail to provide the information required by the request for exclusion, the Settling Parties will substitute an estimate of the amount such potential Class Members would have received under the Plan of Allocation from an expert to be agreed to by Andersen Defendants' Counsel and Lead Counsel or, failing such agreement, to be appointed by the Court.

F. If the Settlement outlined in this Settlement Agreement is not approved by the Court or is terminated: (a) the Settlement shall be without force and effect upon the rights of the Parties hereto, and none of its terms shall be effective or enforceable; and (b) the Parties shall revert to their litigation positions immediately prior to the execution of this Settlement Agreement. Neither this Settlement Agreement, nor the Settlement, nor the fact of the existence of this Settlement Agreement or the Settlement, nor any of the terms of this Settlement Agreement or the Settlement, nor any press release or other statement or report by the Parties or by others concerning this Settlement Agreement, the

Settlement, their existence or their terms, nor any negotiations or proceedings hereunder, shall be offered or received in evidence in any trial of this Action or any other action or proceedings, nor shall they be deemed to constitute any evidence or admission of liability or wrongdoing on the part of any of the Andersen Defendants or Releasees, which is expressly and unequivocally denied. Lead Plaintiffs shall return (or cause to be returned) to Andersen any monies remaining in the Cash Settlement Account (including any interest) except for any Notice and Administrative Expenses incurred but not yet paid.

#### **XIV. GENERAL MATTERS AND RESERVATIONS**

A. The obligation, although not the ability, of the Settling Parties to implement all of the terms of this Settlement Agreement is and will be contingent upon each of the following and any of the Settling Parties may terminate this Settlement Agreement if the conditions set forth below are not fully satisfied:

1. funding of the Cash Settlement Account, as required by, respectively, Section II.A.1 above, and the absence of any lien, garnishment, attachment or pledge of any funds in the accounts identified in this subsection;
2. payment of the Attorneys' Fees and Expenses Award as required by, respectively, Section X above;
3. any other conditions upon which this Settlement Agreement is expressly contingent.

B. This is not a claims made settlement. Except as provided for in this Settlement Agreement, neither the Andersen Defendants nor any person or entity acting or purportedly acting on behalf of any of the Andersen Defendants or on behalf of any estate of the Andersen Defendants, including a bankruptcy estate, shall have the right to the return of the Cash Settlement Amount or any portion thereof. If any or all of the Andersen Defendants or any persons or entity acting or purportedly acting on behalf of any of the Andersen Defendants or on behalf of any estate of the Andersen Defendants, including a bankruptcy estate, seek the return of the Cash Settlement Amount or any portion thereof, at any time through the distribution of the Cash Settlement Amount, Lead Plaintiffs, on behalf of themselves and the Class, may terminate this Settlement Agreement. In the case of such a termination, the Settlement shall be without force and effect as provided for in Section XIII(F) herein.

C. Except as provided in this Section or as may otherwise be required by law, the Settling Parties and their counsel agree to keep the contents of this Settlement Agreement and all related negotiations confidential until the Execution Date and, with respect to any initial press release announcing the settlement described in this Settlement Agreement, to attempt in good faith to coordinate the timing of such press release(s); *provided however*, that this Section shall not prevent earlier disclosure of such information by Andersen Defendants' Counsel, Lead Counsel to any person or entity (such as other Securities Plaintiffs, experts, courts, regulatory entities and/or Administrators) to whom the Settling Parties agree disclosure must be made to effectuate

the terms and conditions of this Settlement Agreement; *provided further* that the Andersen Defendants shall be able to make, without prior notification to, or review or approval by, Lead Counsel, any and all disclosures regarding this Settlement Agreement that they believe may be required or appropriate to the Securities and Exchange Commission, the Department of the Treasury, the Internal Revenue Service and/or any other regulatory body; *provided however*, that any and all such disclosures shall be balanced, fair and accurate; *provided further* that Lead Counsel and the Andersen Defendants' Counsel shall also be able to speak with media representatives regarding the terms of this Settlement Agreement prior to the Execution Date, but only to the extent they obtain an agreement from such media representatives not to publish any information regarding this Settlement Agreement until on or after the Execution Date.

D. Except for attorney notes, publicly available documents and information, pleadings, court submissions and transcripts of depositions, Plaintiffs agree to return to the Andersen Defendants, at the Andersen Defendants' option, all discovery obtained from the Andersen Defendants within thirty (30) days after all the claims in the above-captioned litigation against all Defendants have either been settled, tried to final judgment, or otherwise resolved.

E. Jay W. Eisenhofer represents that he is authorized to enter into this Settlement Agreement on behalf of Lead Plaintiffs, and, as authorized by the Court's December 13, 2002 order, on behalf of Securities Plaintiffs and Class Members, and any other attorneys, including, but not limited to, Executive Committee Members, who have

represented or who now represent Lead Plaintiffs, Securities Plaintiffs or Class Members in the Action with respect to the claims in the Action and/or the Released Claims; *provided* that Mr. Eisenhofer undertakes to obtain from each of the Securities Plaintiffs, either individually or through a duly authorized representative, a representation and certification that he, she or it *(i)* has been kept apprised of the progress of the Action and the settlement negotiations among the Settling Parties, and has either read this Settlement Agreement, including the exhibits attached to this Settlement Agreement, or has received a description of it from Lead Counsel or an Executive Committee Member, and has agreed to its terms; *(ii)* has consulted with Lead Counsel or an Executive Committee Member about the Action and this Settlement Agreement; and *(iii)* will remain in and not request exclusion from the Class.

F. Each of Lead Plaintiffs, through a duly authorized representative, represents and certifies that it *(i)* has agreed to serve as a representative of the Class proposed to be certified herein; *(ii)* is willing, able and ready to perform all of the duties and obligations as a representative of the Class, including, but not limited to, being available for, and involved in, discovery and fact finding; *(iii)* has read the pleadings in the Action, or has had the contents of such pleadings described to it; *(iv)* has been kept apprised of the progress of the Action and the settlement negotiations among the Settling Parties, and has either read this Settlement Agreement, including the exhibits attached to this Settlement Agreement, or has received a description of it from Lead Counsel, and has agreed to its terms; *(v)* has consulted with Lead Counsel about the Action, this Settlement

Agreement and the obligations of a representative of the Class; (vi) has authorized Lead Counsel to execute this Settlement Agreement on its behalf; and (vii) will remain in and not request exclusion from the Class and will serve as a representative of the Class until the terms of this Settlement Agreement are effectuated, this Settlement Agreement is terminated in accordance with its terms, or the Court at any time determines that such Lead Plaintiff cannot represent the Class.

G. Eliot Lauer represents that he is authorized to enter into this Settlement Agreement on behalf of Andersen, and any other attorneys who have represented or who now represent any of these entities in the Action or any of the putative class actions that have been consolidated into the Action.

H. This Settlement Agreement sets forth the entire agreement among the Settling Parties with respect to its subject matter and may not be altered or modified except by a written instrument executed by Lead Counsel and the Andersen Defendants' Counsel. The Settling Parties expressly acknowledge that there are no agreements, arrangements or understandings other than those expressed or referred to in this Settlement Agreement among or between them. In entering into this Settlement Agreement, no Settling Party has relied upon any representation or warranty not set forth expressly herein.

I. This Settlement Agreement and any ancillary agreements shall be governed by and interpreted according to the laws of the State of New York, excluding its conflict of laws provisions.

J. Any action arising under or to enforce this Settlement Agreement shall be commenced and maintained only in this Court.

K. Whenever this Settlement Agreement requires or contemplates that a Settling Party shall or may give notice to the other, notice shall be provided by facsimile and/or next-day (excluding Saturday and Sunday) express delivery service as follows and shall be deemed effective upon such facsimile transmission, or delivery, to the facsimile number or address, as the case may be, below:

1. If to the Andersen Defendants, then to:

Eliot Lauer, Esq.  
Jacques Semmelman, Esq.  
CURTIS MALLET-PREVOST, COLT  
& MOSLE LLP  
101 Park Avenue  
New York, NY 10178  
Telephone: (212) 696-6000  
Facsimile: (212) 697-1559

2. If to Lead Plaintiffs, then to:

Jay W. Eisenhofer, Esq.  
Sidney S. Liebesman, Esq.  
GRANT & EISENHOFER P.A.  
Chase Manhattan Centre  
1201 North Market Street  
Wilmington, DE 19801  
Telephone: (302) 622-7000  
Facsimile: (302) 622-7100

L. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by

this Settlement Agreement or by order of court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a legal holiday, or, when the act to be done is the filing of a paper in Court, a day on which weather or other conditions have made the office of the Clerk of the Court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Section, “legal holiday” includes New Year’s Day, the observance of Birthday of Martin Luther King, Jr., Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day and any other day appointed as a federal or New York state holiday.

M. The Settling Parties reserve the right, subject to the Court’s approval, to make any reasonable extensions of time that might be necessary to carry out any of the provisions of this Settlement Agreement.

N. All Settling Parties agree that this Settlement Agreement was drafted by counsel for the Settling Parties at arm’s length, and that no parol or other evidence may be offered to explain, construe, contradict or clarify its terms, the intent of the Settling Parties or their counsel, or the circumstances under which this Settlement Agreement was made or executed. Nor shall there be any presumption for or against any Settling Party that drafted all or any portion of this Settlement Agreement.

O. This Settlement Agreement, offer of this Settlement Agreement and compliance with this Settlement Agreement shall not constitute or be construed as an

admission by any of the Releasees of any wrongdoing or liability. This Settlement Agreement is to be construed solely as a reflection of the Settling Parties' desire to facilitate a resolution of the Claims in the Complaint and of the Released Claims. The Settling Parties agree that no party was or is a "prevailing party" in this case. In no event shall this Settlement Agreement, any of its provisions, or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce this Settlement Agreement. Without limiting the foregoing, neither this Settlement Agreement nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, but not limited to, Andersen Defendants, or as a waiver by Andersen Defendants of any applicable defense or as a waiver by Lead Plaintiffs, Securities Plaintiffs or the Class of any claims, causes of action or remedies.

P. No opinion or advice concerning the tax consequences of the proposed settlement to individual Class Members is being given or will be given by Andersen Defendants' Counsel and/or Lead Counsel; nor is any representation or warranty in this regard made by virtue of this Settlement Agreement. The Notice will direct Class Members to consult their own tax advisors regarding the tax consequences of the proposed settlement and any tax reporting obligations they may have with respect thereto.

Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

Q. The Settling Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Settlement Agreement in good faith and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Settlement Agreement.

R. The Settling Parties, their successors and assigns, and their attorneys agree to cooperate fully with one another in seeking Court approval of this Settlement Agreement and to use all reasonable efforts to effect the prompt consummation of this Settlement Agreement and the proposed settlement.

S. This Settlement Agreement may be signed in counterparts, each of which shall constitute a duplicate original. Execution by facsimile shall be fully and legally binding on a Settling Party.

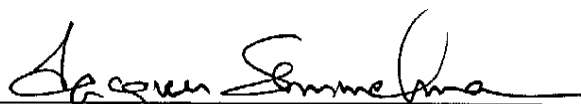
T. All Releasees who are not Settling Parties are intended third-party beneficiaries who are entitled as of the date on which all of the payments required by Section II.A. above have been made to enforce the terms of the Release set forth in Sections IX above.

Agreed to as of this \_\_\_\_\_ day of July 2005.

---

Jay W. Eisenhofer  
Sidney S. Liebesman  
GRANT & EISENHOFER P.A.  
1201 North Market Street, Suite 2100  
Wilmington, DE 19801  
Telephone: (302) 622-7000  
Facsimile: (302) 622-7100

ON BEHALF OF LEAD PLAINTIFFS,  
SECURITIES PLAINTIFFS AND THE  
CLASS



---

Eliot Lauer  
Jacques Semmelman  
CURTIS MALLET-PREVOST, COLT  
& MOSLE LLP  
101 Park Avenue  
New York, NY 10178  
Telephone: (212) 696-6000  
Facsimile: (212) 697-1559

ON BEHALF OF ARTHUR ANDERSEN LLP

F:\TMDocs\1288.01\050617155133.doc