



**II. Amount to Be Distributed.**

A. As soon as practicable on or immediately after the Effective Date, the Custodian shall pay into the Plan:

(1) the Principal Class Settlement Amount (\$46,750,000 pursuant to Section 7.2.1 of the Agreement); plus

(2) the Ebbers Initial Settlement Payment (\$400,000 pursuant to Section 7.2.2 of the Agreement); plus

(3) any interest earned on those amounts pursuant to Section 7.1.2 of the Agreement; minus

(1) attorneys' fees, expenses, and Named Plaintiff compensation awarded by the Court, as contemplated by Section 10 of the Agreement or as reserved for or otherwise ordered by the Court; and

(2) any reasonable and necessary expenses of the Settlement Fund, as contemplated by Section 7.1.2 of the Agreement.

This amount is the "Net Class Settlement Amount."

B. The total amount to be distributed to the Participants (the "Distribution Amount") shall be the Net Class Settlement Amount, as set out in Paragraph II.A above, minus any reasonable and necessary out-of-pocket expenses of the implementation of the Plan of Allocation, as contemplated by Section 8.3 of the Agreement.

**III. Calculation of Each Participant's Share of the Distribution Amount.**

A. The Plan Administrator shall calculate, for each Participant, a Net Loss. The Net Loss for each Participant shall be equal to (a) the dollar amount of the account balance invested in Company Stock at the beginning of the Class Period, plus (b) the dollar amounts of any additional investment(s) in Company Stock during the Class

Period, as of the date of the investment(s), minus (c) the proceeds of all dispositions of Company Stock during the Class Period.

B. The Net Losses of the Participants as calculated in Section III.A above will be totaled to yield the loss of the Plan as a whole over the Class Period (the “Plan’s Loss”).

C. The Plan Administrator shall calculate for each Participant his or her “Preliminary Fractional Share” of the Plan’s Loss, i.e., by dividing each Participant’s Net Loss by the Plan’s Loss.

D. The Plan Administrator shall then calculate for each Participant his “Preliminary Dollar Recovery” of the Distribution Amount by multiplying the Participant’s Preliminary Fractional Share by the Distribution Amount.

E. The Plan Administrator shall identify all Participants whose Preliminary Dollar Recovery is greater than zero but less than ten dollars (\$10.00) (the “De Minimis Amount”). All such Participants shall receive an allocation from Distribution Amount of the De Minimis Amount.

F. The Plan Administrator shall then, taking into account the Participants who receive the De Minimis Amount, recalculate the Preliminary Fractional Shares and the Preliminary Dollar Recoveries as many times as necessary so as to arrive at the “Final Fractional Share” and the “Final Dollar Recovery” for each Participant. The sum of the Final Dollar Recoveries must equal the Distribution Amount.

#### **IV. Distribution of the Allocated Amounts.**

A. Current Participants. As promptly as possible after deposit of Net Class Settlement Amount into the Plan, the Plan Administrator shall deposit into each current

Participant's account his or her Final Dollar Recovery as calculated above. The deposited amount shall be allocated among the Participant's investment options in accordance with the existing investment elections then in effect and treated thereafter for all purposes under the Plan as assets of the Plan properly credited to that Participant's account.

B. Former Participants. With respect to former Participants who withdrew their accounts after the beginning of the Class Period but prior to the entry of the instant Order, the Plan Administrator shall invest each such former Participant's Final Dollar Recovery in a suitable short term investment vehicle, the primary purpose of which is the preservation of assets, pending distribution to the former Participant. The deposited amount, plus interest, shall then, as soon as is practical, be distributed to the former Participant in the same manner as a qualified distribution from the Plan pursuant to ERISA and the Internal Revenue Code. Amounts payable to former Participants who cannot be located shall be reallocated among other Participants and former Participants pro rata in accordance with their Final Fractional Shares to the extent permitted by ERISA.

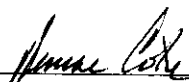
C. Additional Procedures for Subsequent Payments on Ebbers Note. As soon as practicable on or immediately after the Effective Date, Lead Counsel shall deliver to the Plan Administrator the Ebbers Note. Any payments on the Ebbers Note after the Ebbers Initial Settlement Payment shall be distributed to Participants and former Participants pro rata in accordance with their Final Fractional Shares.

**V. Qualifications and Continuing Jurisdiction**

A. In light of the manner in which the data is kept and the ease with which it can be manipulated, it may be appropriate to simplify some of the features of these calculations. Such simplifications are acceptable as long as the two basic features of the distribution are preserved: (1) that each Participant receives a share of the Distribution Amount based approximately on the decline in the value of WorldCom stock he held over the Class Period in comparison with the decline in value of WorldCom stock held by others; and (2) that the distribution take place through the Plan as an entity so as to realize the tax advantages of investment in the Plan. Any such simplifications shall be submitted to Lead Counsel and, if acceptable to Lead Counsel, shall be submitted to the Court on stipulation for approval. In the event the Plan Administrator and Lead Counsel are unable to agree on such a simplification, the matter shall be submitted to the Court for resolution.

B. The Court will retain jurisdiction over this Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.

SO ORDERED this 24 day of August, 2005.

  
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Hon. Denise Cote  
United States District Judge