

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE SALOMON ANALYST METROMEDIA
LITIGATION

Case No. 02-CV-7966
Judge Gerard E. Lynch

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

PLEASE READ THIS ENTIRE NOTICE CAREFULLY!

**THIS NOTICE EXPLAINS IMPORTANT RIGHTS YOU MAY HAVE INCLUDING
YOUR POSSIBLE RECEIPT OF CASH FROM THE SETTLEMENT.
YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU DO OR DO NOT ACT.
IN ORDER TO RECOVER FROM THE SETTLEMENT, YOU MUST FILE A PROOF OF
CLAIM AND RELEASE POSTMARKED ON OR BEFORE MARCH 2, 2009.**

If you purchased or otherwise acquired the securities of Metromedia Fiber Network Inc. ("MFN") from November 25, 1997 through July 25, 2001, inclusive, you are a member of the Settlement Class ("Settlement Class Member") and could get a payment from the Settlement described below.

- 1. Statement of Settlement Class Members' Recovery:** This Notice has been sent to you pursuant to an Order of the United States District Court, Southern District of New York (the "Court") in the class action bearing the caption *In re Salomon Analyst Metromedia Litigation*, Docket No. 02-cv-7966 (the "Class Action"). The purpose of this Notice is to inform you of the proposed Settlement of the Class Action for \$35,000,000 plus interest ("Settlement Fund"). This Notice describes the rights you may have in connection with the Settlement, what steps you may take in relation to the Settlement, and provides information about the hearing that will be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. **In order to be eligible to receive proceeds from the Settlement, you will need to file a Proof of Claim and Release.**
- 2. Reasons for the Settlement:** The Settlement resolves claims against the Defendants in the Class Action regarding alleged violations of the federal securities laws. The Defendants deny all allegations of wrongdoing. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class Members, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. The Settlement provides a substantial benefit of \$35,000,000 in cash, plus interest, less the various deductions described in this Notice, as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert defenses to the claims asserted against them.
- 3. Statement of Average Amount of Damage Per Share:** Lead Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs had prevailed on each claim alleged. The issues on which the parties disagree include: (a) the appropriate economic model for determining the amount by which MFN securities were allegedly artificially inflated (if at all) during the class period; (b) the amount by which MFN securities were allegedly artificially inflated (if at all) during the class period; (c) the various market forces influencing the trading price of MFN securities at various times during the class period; (d) the extent to which external factors, such as general market conditions, influenced the trading price of MFN securities at various times during the class period; (e) the extent to which the various matters that Lead Plaintiffs alleged were false or misleading influenced (if at all) the trading price of MFN securities at various times during the class period; (f) the extent to which the various allegedly material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading price of MFN securities at various times during the class period; and (g) whether the statements made or facts omitted were actionable under the federal securities laws.

Lead Plaintiffs' damages expert estimates that 227 million shares of MFN securities were subject to damages during the period from March 8, 2001 through July 25, 2001. Approximately 240 million additional shares of MFN securities purchased during the period from November 25, 1997 through March 7, 2001 are eligible for recovery as part of the Settlement. Based upon the size of the Settlement and the Plan of Allocation set forth below, and assuming that the owners of all damaged MFN securities elect to participate in the Settlement, the average recovery per share for each share purchased during the period from March 8, 2001 through July 25, 2001 will be approximately \$0.15 per share, before deduction of any fees, expenses, costs and awards described herein. However, your actual recovery from the Settlement Fund will depend on a number of variables including, among other things, the number of MFN securities you purchased, the price paid for the MFN securities, the amount for which they were sold (if they were sold), the expense of administering the claims process, the timing of your purchases and sales, and the number of eligible shares purchased by Settlement Class Members who elect to participate in the Settlement. Accordingly, the actual amount disbursed to Settlement Class Members ("Authorized Claimants") may be more or less than this figure. Moreover, the recovery of Settlement Class Members who purchased MFN securities during the period from November 25, 1997 through March 7, 2001 likely will be substantially less than this figure. As discussed herein (at ¶ 26), the Court had previously dismissed all claims for this period and the Plan of Allocation takes the status of these dismissed claims into account.

Pursuant to the Stipulation of Settlement effective November 14, 2008 ("Settlement Stipulation"), Co-Lead Counsel will establish a "Notice and Administration Fund" in the initial amount of \$ 250,000, which monies shall come from the Settlement Fund, to be used for reasonable out-of-pocket costs in connection with providing notice of the Settlement to the Settlement Class and for other reasonable out-of-pocket administrative expenses. Additional amounts may be transferred from the Settlement Fund to the Notice and Administration Fund without prior approval of the Court.

In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to the Co-Lead Counsel as attorneys' fees and for reimbursement of out-of-pocket expenses. The balance of the Settlement Fund (the "Distribution Amount") will be distributed according to the Plan of Allocation described below (or such Plan of Allocation as is approved by the Court) to Settlement Class Members who submit valid and timely Proof of Claim forms.

4. **Statement of Attorneys' Fees and Expenses:** Co-Lead Counsel has not received any payment for its services in conducting this litigation on behalf of Lead Plaintiffs and the Settlement Class Members, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, Co-Lead Counsel will apply to the Court for attorneys' fees not to exceed 33 1/3% of the Settlement Fund and reimbursement of expenses not to exceed \$1,300,000 to be paid from the Settlement Fund. If the amount requested by counsel is approved by the Court, the average cost would be approximately \$0.05 per share.
5. **Identification of Plaintiffs' Representatives:** For further information regarding this Settlement you may contact any one of the Plaintiffs' Co-Lead Counsel firms: 1) Kaplan Fox & Kilsheimer LLP, 850 Third Avenue, New York, NY 10022, Telephone (212) 687-1980; 2) Nix, Patterson & Roach, LLP, 205 Linda Drive, Daingerfield, Texas 75638, Telephone: (903) 645-7333; or 3) Patton Roberts, PLLC, Century Bank Plaza, 2900 St. Michaels Drive, Suite 400, Texarkana, Texas 75505, Telephone: (903) 334-7000. **DO NOT CONTACT THE COURT.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT		
	DATE	
SUBMIT A PROOF OF CLAIM AND RELEASE FORM	Postmarked By March 2, 2009	The only way to get a payment that results in the release of claims against the Defendants and others.
EXCLUDE YOURSELF	January 15, 2009	Get no payment. This is the only option that allows you to ever be part of any other lawsuit or arbitration against the Defendants with respect to the claims in this case.
OBJECT	February 6, 2009	Write to the Court and explain why you do not like the Settlement.
GO TO A HEARING	February 27, 2009	Ask to speak in Court about the fairness of the Settlement.
DO NOTHING		Get no payment. Give up your rights (released claims). Alternatively, submit a claim.

WHY DID I GET THIS NOTICE?

6. You or someone in your family may have purchased or otherwise acquired the securities of MFN from November 25, 1997 through July 25, 2001, inclusive (the "Settlement Class Period"). The Court sent you this Notice because, as a potential Settlement Class Member, you have a right to know about a proposed Settlement of this Class Action lawsuit and your options, before the Court decides whether to approve the Settlement. A class action is a lawsuit in which one or more persons sues on behalf of all other persons who have similar claims.
7. If the Court approves the Settlement, and after any objections and appeals are resolved, a claims administrator approved by the Court will make payments from the Settlement Fund to eligible claimants pursuant to the Settlement.
8. The Court in charge of this case is the United States District Court for the Southern District of New York, and the case is known as *In re Salomon Analyst Metromedia Litigation*, Docket No. 02-cv-7966. The entities that filed this lawsuit are the Court-appointed Lead Plaintiffs, Techgains Corporation and the Metromedia Plaintiffs Group ("Lead Plaintiffs"). The entities and people who have been sued are defendants Citigroup Inc., Citicorp USA, Inc., Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., and Jack B. Grubman ("Defendants"). Your interests have been represented in this lawsuit by Court-appointed Co-Lead Counsel, Kaplan Fox & Kilsheimer LLP, Nix, Patterson & Roach, LLP and Patton Roberts, PLLC ("Co-Lead Counsel").
9. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of the terms of the proposed Settlement and to inform you of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement and to consider the application for attorneys' fees and reimbursement of litigation expenses.
10. The Settlement Hearing will be held on February 27, 2009, at 11:00 a.m., before the Honorable Gerard E. Lynch, United States District Judge, at the United States Courthouse, 500 Pearl Street, Courtroom 6B, New York, New York 10007 (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (a) whether the settlement for \$35,000,000 plus interest should be approved as fair, just, reasonable and adequate; (b) whether the proposed plan to distribute the Settlement proceeds (the "Plan of Allocation") is fair, just, reasonable, and adequate; (c) whether the action should be certified as a class action for purposes of this Settlement; (d) whether the application by Co-Lead Counsel for an award of attorneys' fees and reimbursement of expenses should be approved; (e) whether to award the three Lead Plaintiffs reimbursement of costs and expenses of \$5000 each; and (f) whether the Class Action should be dismissed with prejudice against the Defendants.
11. The Court may adjourn or continue the Settlement Hearing without further notice to the Settlement Class. The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the lawsuit, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after appeals are resolved and after the processing of all claims. Please be patient.

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

12. By order of the Court dated November 19, 2008 all persons and entities that purchased or otherwise acquired MFN securities during the period of November 25, 1997 through July 25, 2001, inclusive, are eligible to participate in the Settlement, with the exception of the Defendants and their corporate affiliates, or members of their immediate families, and their heirs, successors and assigns. Also excluded from the Settlement is any person or entity that files a request for exclusion in accordance with the requirements set forth in this Notice (see ¶ 59).

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST MAIL THE PROOF OF CLAIM AND RELEASE, POSTMARKED ON OR BEFORE MARCH 2, 2009.

WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?

13. The total cash amount of the Settlement is \$35,000,000. Attorneys' fees and reimbursement of expenses, notification costs, and claims administration costs will be deducted from the Settlement Fund. The Settlement Fund minus these fees, costs, expenses and awards shall be distributed to the Class (the "Distribution Amount").

14. The average expected recovery will depend on a number of factors including but not limited to when and for what price Settlement Class Members purchased and/or sold their shares of MFN securities, and the total number of shares for which timely and valid Proofs of Claim and Releases are submitted by Authorized Claimants.

WHY IS THERE A SETTLEMENT?

15. Under the proposed Settlement, the Court will not decide in favor of either the Lead Plaintiffs or the Defendants. By agreeing to a Settlement, Lead Plaintiffs and Defendants avoid the costs and risk of a trial, and the Settlement Class Members are compensated.
16. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of Settlement Class Members. The Settlement provides a substantial benefit, namely \$35,000,000 in cash, as compared to the risk that a similar, a smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert defenses to the claims asserted against them.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

17. If there were no Settlement, Lead Plaintiffs would be required to establish that this action properly could be certified as a class action, and would be required to establish every essential element of their claims. If Lead Plaintiffs failed to establish the propriety of certification or failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the Class would recover anything from the Defendants. Also, if the Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

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

Background

18. Defendant Citigroup Inc. ("Citigroup") is the indirect parent to Defendant Citigroup Global Markets Inc. ("CGMI"), which was formerly known as Salomon Smith Barney Inc. ("SSB"). SSB provided a range of investment services to its clients, including the preparation of research reports and ratings concerning publicly traded companies.
19. During the Settlement Class Period, Defendant Jack B. Grubman was a telecommunications research analyst at SSB. In this capacity, Grubman was responsible for issuing research analyst reports on companies operating in the telecommunications sector, including MFN.
20. In April 2002, the New York State Attorney General ("NYSAG") announced that it was investigating Defendants' preparation and issuance of research analyst reports and ratings during the period 1999 through early 2002 ("NYSAG investigation"). This investigation focused on Defendants' reports regarding numerous companies, including MFN.

The Class Action

21. Following an extensive investigation, including the review of documents made available by the NYSAG and defendants, Lead Plaintiffs filed the original complaint in this Action on October 7, 2002, naming as defendants Citigroup, Inc., Citicorp USA, Inc., CGMI (successor in interest to SSB), and Grubman. The original complaint asserted securities fraud claims against Defendants under Sections 10(b) (and Rule 10b-5 promulgated thereunder) and 20(a) of the Securities Exchange Act of 1934 on behalf of all persons or entities who purchased shares of MFN securities during the period from November 25, 1997 through July 25, 2001.
22. By Notice Order dated February 4, 2003, the Court transferred this case to the Honorable Gerard E. Lynch.
23. On December 6, 2002, plaintiffs Techgains Corporation and the Metromedia Plaintiffs Group, both moved separately for appointment as lead plaintiff pursuant to 21D(a)(3)(B) of the Exchange Act.
24. By Order dated January 28, 2003, the Court: (i) appointed plaintiffs Techgains Corporation and the Metromedia Plaintiffs Group as Lead Plaintiffs; and (ii) appointed Kaplan Fox & Kilsheimer LLP, Nix, Patterson & Roach, LLP and Patton, Haltom, Roberts, McWilliams & Greer, LLP n/k/a Patton Roberts, PLLC as Co-Lead Counsel.
25. On October 15, 2003, Lead Plaintiffs filed an Amended Class Action Complaint (the "Complaint") on behalf of a class consisting of all persons or entities who purchased or otherwise acquired securities of MFN from November 25, 1997 through July 25, 2001, inclusive, alleging that Defendants violated Sections 10(b) and 20(a) of the Securities

Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. On December 30, 2003, Defendants moved to dismiss the Complaint. Lead Plaintiffs filed an opposition to Defendants' motion to dismiss on February 6, 2004.

26. On January 5, 2005, the District Court issued an order granting in part and denying in part Defendants' motion to dismiss. The Court also held that with respect to certain research reports issued between March 8, 2001 and July 25, 2001, the Complaint pleaded fraud with sufficient particularity to withstand defendants' motion to dismiss under Federal Rules of Civil Procedure 9(b) and 12 (b)(6). **However, the court dismissed the claims of class members who purchased MFN securities between November 25, 1997 and March 7, 2001.** See *In re Salomon Analyst Metromedia Litig.*, 373 F. Supp. 2d 235 (S.D.N.Y. 2005).
27. On June 20, 2006, the District Court certified the class of plaintiffs who purchased MFN securities between March 8, 2001 and July 25, 2001 under Federal Rules of Civil Procedure 23. See *In re Salomon Analyst Metromedia Litig.*, 236 F.R.D. 208 (S.D.N.Y. 2006).
28. On July 6, 2006, Defendants filed a petition with the United States Court of Appeals for the Second Circuit, under Federal Rule of Civil Procedure 23(f), for permission to appeal the District Court's class certification decision. The Second Circuit granted Defendants' petition on October 6, 2008. The parties then filed briefs with the Second Circuit, and the Second Circuit heard oral argument on January 30, 2008.
29. On September 30, 2008, the Second Circuit issued an opinion, *In re Salomon Analyst Metromedia Litigation*, Docket No. 06-cv-3225, 2008 U.S. App. LEXIS 20570 (2nd Cir. Sept. 30, 2008), vacating the District Court's class certification order and remanding the case for further proceedings.

Events that Led to the Settlement

30. During the past two and one-half years, Co-Lead Counsel have conducted arms-length negotiations with Defendants' counsel in an effort to resolve this action. A significant portion of these negotiations have been conducted under the supervision of the Honorable Layn R. Phillips, a former United States District Court Judge for the Western District of Oklahoma and a member of Irell & Manell LLP, where he is head of the Irell & Manell Alternative Dispute Resolution Center.
31. During these two and one-half years, the Settling Parties and Defendants engaged in a face-to-face mediation, presided over by the Hon. Layn Phillips, and in numerous phone calls concerning the possibility of settlement. Negotiations between the Settling Parties continued until approximately September 24, 2008, when a settlement in principle was reached.
32. Throughout the settlement negotiations, various consultants and experts, including individuals with expertise in estimating potential damages in cases involving allegations of securities fraud, advised the Settling Parties.
33. Co-Lead Counsel, on behalf of Lead Plaintiffs, have conducted an extensive factual investigation relating to the claims and the underlying events and transactions alleged in the Complaint and, in connection therewith, have engaged and consulted experts and have conducted extensive discovery including, among other things: 1) the inspection, review and analysis of hundreds of thousands of pages of documents produced by Defendants and non-parties; 2) the depositions of twenty-five fact witnesses; and 3) expert discovery regarding, among other things, market impact and damages. Based upon this extensive investigation, Co-Lead Counsel has an adequate and satisfactory basis for the evaluation of the Settlement.

WHAT ARE THE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?

34. Lead Plaintiffs believe that their claims have merit and that the evidence developed to date supports those claims. For example, Lead Plaintiffs assert, and believe they would present supporting evidence at trial, that Defendants caused the price of MFN securities to be artificially inflated during the Settlement Class Period by issuing materially false statements and by omitting material information, and that Lead Plaintiffs and Settlement Class Members were injured by this misconduct.
35. However, Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings, trial and appeals. Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Class Action, as Lead Plaintiffs are also mindful of the inherent problems of proof under and possible defenses to the federal securities law violations asserted in the Class Action, including the defenses asserted by Defendants during the litigation, in motions on the pleadings, and in settlement negotiations.

36. In particular, Lead Plaintiffs weighed the following considerations, among others, in concluding that the Settlement is fair and reasonable:
- a. That the District Court granted, in part, Defendants’ motion to dismiss the Complaint. Specifically, the Court held that only with respect to certain research reports issued between March 8, 2001 and July 25, 2001 did the Complaint plead fraud with sufficient particularity to withstand defendants’ motion to dismiss under Federal Rules of Civil Procedure 9(b) and 12 (b)(6). *See In re Salomon Analyst Metromedia Litig.*, 373 F. Supp. 2d 235 (S.D.N.Y. 2005);
 - b. The then-pending appeal before the United States Court of Appeals for the Second Circuit concerning the District Court’s grant of class certification for a very limited portion of the original class period. The appeal presented the risk that the Second Circuit would vacate the class certification order (which it later did, after the settlement in principle was reached), thus leading to protracted and costly litigation with no guarantee of a renewed class certification decision by the District Court. The appeal also presented the risk that the Second Circuit would articulate a test that would make future class certification unlikely or impossible;
 - c. Defendants’ assertion that the research analyst reports that Lead Plaintiffs allege to be false and misleading in fact represented Defendants’ honestly held views and were consistent with views about MFN that were widely held by other analysts at the time;
 - d. Defendants’ assertion that Grubman did not have non-public information relating to the credit facility that MFN was to obtain from Citicorp USA, Inc., and thus could not have failed to disclose facts regarding that facility;
 - e. Defendants’ assertion that Lead Plaintiffs cannot base a claim of liability on a theory that imputes knowledge to a research analyst based on information received by investment bankers, notwithstanding properly functioning informational barriers;
 - f. Defendants’ assertion that the problems and risks associated with the credit facility were fully disclosed by MFN itself prior to the issuance of the March 8, 2001 report and, therefore, any losses could not have been caused by those allegedly fraudulent reports;
 - g. Defendants’ assertion that any problems with the MFN credit facility did not arise until late in the class period, such that any potential liability would be substantially curtailed;
 - h. Defendants’ assertion that Lead Plaintiffs would not be able to establish “corrective disclosures” under *Lentell v. Merrill Lynch*, 396 F.3d 191 (2d Cir. 2005), and *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336 (2005);
 - i. Defendants’ assertion that their statements concerning MFN on various dates, which Lead Plaintiffs contend allegedly affected the price of MFN securities, did not in fact affect the stock price, and that accordingly, as a matter of fact, Lead Plaintiffs would be unable to prove loss causation or that a class could not be certified; and
 - j. Defendants’ assertion that even assuming, *arguendo*, that Lead Plaintiffs could establish that any report was fraudulent or had an impact on the stock price, it would, at most, be able to establish this for a subset of the reports, and any damages would therefore be significantly curtailed.
37. Based on its evaluation, Lead Plaintiffs have determined that the Settlement set forth in the Settlement Stipulation is in the best interests of the Settlement Class and confers substantial benefits upon the Settlement Class.

THE MEDIATOR’S STATEMENT REGARDING THE SETTLEMENT

38. As set forth above, the settlement was mediated by the Honorable Layn R. Phillips. In a statement dated November 10, 2008, *submitted in support of the Settlement*, Judge Phillips states, among other things, that:
- I presided over an in-person mediation between the Parties on May 4 and 5, 2006 at the offices of Irell & Manella LLP. Prior to the scheduled mediation, the Parties submitted confidential mediation statements supporting their respective positions. The issues in this case were complex and novel, and I met jointly and separately with each side to discuss the strengths and weaknesses of their respective positions, and the risks of litigation, in an effort to bridge the differences between the Parties. The discussions during this mediation session were vigorous on both sides.

- Since this first mediation session, I have continued to communicate with the Parties regarding their settlement positions and have continued to attempt to mediate a settlement. These discussions, which occurred over a period of more than two years, ultimately resulted in a settlement of \$35,000,000.
- In my opinion, the proposed Settlement is the result of vigorous arm's length negotiation by both sides. I believe, based on my extensive discussions with the Parties and the information made available to me during the mediation process, that the settlement was negotiated in good faith and that the settlement is fair and reasonable.
- Based on my involvement with the mediation, including discussions of the relative value of certain claims, I also believe that the proposed Plan of Allocation is fair and reasonable.

Statement by the Mediator, former U.S. District Judge Hon. Layn R. Phillips, at ¶¶3-6.

WHY HAVE THE DEFENDANTS AGREED TO THE SETTLEMENT?

39. The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Lead Plaintiffs on behalf of the Class. The Defendants also have denied and continue to deny, among other things, the allegations that the price of MFN securities were artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that any harm was caused by the conduct alleged. Defendants believe that they fully disclosed their true opinions about MFN and made no misrepresentations or omissions of material facts.
40. Nonetheless, the Defendants have concluded that further conduct of the Class Action would be protracted and expensive, and that it is desirable that the Class Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Settlement Stipulation in order to limit further expense, inconvenience and distraction, to dispose of the burden of protracted litigation, and to permit the operation of the Defendants' businesses without further distraction and diversion caused by continuation of the Class Action. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this litigation.
41. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Class Action be settled in the manner and upon the terms and conditions set forth in the Settlement Stipulation. The Defendants entered into the Settlement Stipulation without in any way acknowledging any fault, liability, or wrongdoing of any kind. There has been no adverse determination by any court against any of the Defendants on the merits of the claims asserted by Lead Plaintiffs. Neither the Settlement Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by any of the Defendants of the merit or truth of any of the allegations or wrongdoing of any kind on the part of any of the Defendants.

HOW MUCH WILL MY PAYMENT BE? WHAT IS THE PLAN OF ALLOCATION?

42. **Your share (if any) of the recovery will depend upon a number of factors including the number of valid Proofs of Claim that Settlement Class Members submit, how many shares you purchased, the price paid for your shares, the amount for which they were sold (if they were sold), and the timing of your purchases and sales.**
43. Defendants have agreed to pay \$35,000,000 to settle this Class Action. Attorneys' fees and reimbursement of expenses, notification costs, any compensatory award to the Lead Plaintiffs, and claims administration costs will be deducted from this Settlement Fund. The Settlement Fund minus these fees, costs, expenses and awards shall be distributed to the Settlement Class.
44. As set forth above, on January 5, 2005, the District Court dismissed all claims brought on behalf of all persons and entities who purchased or otherwise acquired MFN securities between November 25, 1997 and March 7, 2001 and held that the complaint pleaded fraud with sufficient particularity to withstand defendants' motion to dismiss under Federal Rules of Civil Procedure 9(b) and 12 (b)(6) only with respect to certain research reports issued between March 8, 2001 and July 25, 2001. *See In re Salomon Analyst Metromedia Litig.*, 373 F. Supp. 2d 235 (S.D.N.Y. 2005).
45. Thereafter, the District Court certified a class of claims only on behalf of purchasers of MFN securities from March 8, 2001 through July 25, 2001. Defendants appealed the class certification decision. On September 30, 2008, the United States Court of Appeals for the Second Circuit issued an opinion, in *In re Salomon Analyst Metromedia Litigation*, Docket No. 06-cv-3225, 2008 U.S. App. LEXIS 20570 (2nd Cir. Sept. 30, 2008), vacating the District Court's class certification order granting class certification on behalf of purchasers of MFN securities from March 8, 2001 through

July 25, 2001 and remanding the case back to the District Court for further proceedings. Defendants have agreed to settle for the entire class period alleged in Plaintiffs' original complaint (November 25, 1997 through July 25, 2001).

46. In light of the status of the claims brought on behalf of purchasers between November 25, 1997 and March 7, 2001, the Plan of Allocation provides that the "Recognized Loss" of purchasers during this period shall be limited to 5% of the inflation per share at the time of purchase for the applicable date of purchase less the inflation per share at the time of sale. Inflation per share shall be determined at each transaction date based on the dollar inflation applicable to that date as set forth in Table 1 (at p. 9). Further, the total amount received by Settlement Class members for claims based on purchases during the period November 25, 1997 through March 7, 2001 shall be limited to no more than 5% of the total Distribution Amount.
47. To receive money from the Distribution Amount, Settlement Class Members must complete a Proof of Claim and Release and mail it and all required documentation to the Claims Administrator **postmarked on or before March 2, 2009**. Settlement Class Members who do not submit acceptable Proofs of Claim and Releases will not share in the settlement proceeds. Settlement Class Members who do not submit either a request for exclusion or an acceptable Proof of Claim and Release will nevertheless be bound by the Settlement and the Final Judgment and Order of Dismissal of the Court ("Final Judgment"), dismissing the claims against the Defendants.
48. No distribution will be made to Authorized Claimants who would otherwise receive a distribution of less than \$20.
49. A claim will be calculated as follows:
 - A. For shares purchased on or between November 25, 1997 through March 7, 2001, the following Recognized Losses shall be allowed:
 - a. For each share sold on or between November 25, 1997, and June 20, 2001, the Recognized Loss shall be zero.
 - b. For each share sold on or between June 21, 2001 and July 25, 2001, the Recognized Loss shall be 5% of the inflation per share at the time of purchase for the applicable date of purchase less the inflation per share at the time of sale. Inflation per share shall be determined at each transaction date based on the dollar inflation applicable to that date as set forth in Table 1; and
 - c. For each share sold after July 25, 2001, the Recognized Loss shall be the 5% of the dollar inflation per share at the time of purchase as set forth in Table 1.
 - B. For shares purchased on or between March 8, 2001 through July 25, 2001, the following Recognized Losses shall be allowed:
 - a. For each share sold on or between March 8, 2001, and June 20, 2001, the Recognized Loss shall be zero.
 - b. For each share sold on or between June 21, 2001 and July 25, 2001, the Recognized Loss shall be 100% of the inflation per share at the time of purchase for the applicable date of purchase less the inflation per share at the time of sale. Inflation per share shall be determined at each transaction date based on the dollar inflation applicable to that date as set forth in Table 1; and
 - c. For each share sold after July 25, 2001, the Recognized Loss shall be the 100% of the dollar inflation per share at the time of purchase as set forth in Table 1.

For all purposes, the transaction date and not the settlement date shall be used as the date for determining inflation per share and eligibility to file a claim. All purchases and sales of MFN securities shall be accounted for and matched using the first-in-first-out (FIFO) method of accounting.

In addition to Table 1 below, the Recognized Loss for MFN securities purchased during the Settlement Class Period shall be limited (as provided for under the PSLRA) to the smallest of the following: (i) the difference between the price paid (excluding all fees and commissions) and the price received (excluding all fees and commissions) if sold on or before October 22, 2001; (ii) the difference between the price paid (excluding all fees and commissions) and the average closing price between July 26, 2001 and the date sold, if sold, prior to October 22, 2001; and (iii) the difference between the price per share paid and \$0.69 per share if the shares were held on the close of business on October 22, 2001. For the vast majority of purchased shares, these loss limitations will have no practical effect.

Table 1: Inflation per Share Percentage and Averages Over Identified Time Periods

Period	Begin Date	End Date	Inflation per Share
1	25-Nov-97	20-Jun-01	\$0.97
2	21-Jun-01	27-Jun-01	\$0.71
3	28-Jun-01	28-Jun-01	\$0.56
4	29-Jun-01	23-Jul-01	\$0.46
5	24-Jul-01	24-Jul-01	\$0.33
6	25-Jul-01	25-Jul-01	\$0.15

50. Lead Plaintiffs may alter the allocation plan set forth herein (the "Plan of Allocation") (subject to Court approval) without any further notice to Settlement Class Members, unless such Settlement Class Members expressly request notice of alteration of the Plan of Allocation. Therefore, in order to receive such notice, you must send a request no later than January 15, 2009 by contacting the Claims Administrator as set forth below.

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

51. If you fall within the Settlement Class as defined above, you will remain a Settlement Class Member unless you elect to be excluded therefrom. If you do not request to be excluded from the Settlement Class, you will be bound by any judgment entered in the Class Action whether or not you file a Proof of Claim and Release, including the dismissal with prejudice of any Released Claims (as defined in Section VII of the Proof of Claim and Release) against the Defendants you may possess under Federal law, or the law of any state.
52. If you wish to remain a Settlement Class Member, you need do nothing (other than timely request and file a Proof of Claim and Release if you wish to participate in the distribution of funds from the Settlement). Your interests will be represented by Lead Plaintiffs' Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.
- 53. To participate in the distribution of funds from the Settlement, you must timely complete and return the Proof of Claim and Release form.**
54. The Proof of Claim and Release must be postmarked on or before March 2, 2009, and mailed to the Claims Administrator at the following address: In re Salomon Analyst Metromedia Litigation, c/o Analytics, Inc., Claims Administrator, P.O. Box 2005, Chanhassen, MN 55317-2005. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be barred from receiving any payments from the Settlement, but will in all other respects be bound by the provisions of the Settlement Stipulation and the Final Judgment.

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

55. If the Settlement is approved, the Court will enter the Final Judgment and Order of Dismissal. The Final Judgment will dismiss the claims against the Defendants with prejudice and provide that Lead Plaintiffs and all other Settlement Class Members, except those who validly and timely request to be excluded from the Settlement Class, shall upon the entry of the Final Judgment be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Parties (as defined in Section VII of the Proof of Claim and Release) from all Released Claims (including Unknown Claims (as defined in Section VII of the Proof of Claim and Release)), and from all claims (including Unknown Claims) arising out of, in any way related to, or in connection with any purchase or sale of MFN 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 Settlement Class Period concerning MFN securities, and (b) the claims or allegations that were asserted or could have been asserted against the Citigroup Releasees (as defined in Section VII of the Proof of Claim and Release) by Lead Plaintiffs and all Settlement Class Members in the original or amended complaints, whether arising under state, federal or foreign law as claims, cross claims, counterclaims, or third party claims, whether asserted in the original or amended complaints, 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.

56. The Released Claims contemplated by this Settlement shall extend to Unknown Claims and each of the Lead Plaintiffs and Settlement Class Members shall be deemed to have waived, and by operation of the Final Judgment shall have waived, the provisions, rights, and benefits of California Civil Code Section 1542 (to the extent it applies to the Action), 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. California Civil Code § 1542 provides:

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

57. **If the Settlement is approved, Settlement Class Members who have not requested exclusion from the Settlement Class will release all Released Claims, even if they bring, or have brought a lawsuit, arbitration or other proceeding against the Released Parties relating to the Released Claims. If you have such proceedings, you must exclude yourself from this Settlement pursuant to the procedures set forth in ¶59 below in order to preserve your rights.**

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

58. As stated above, if the Settlement is approved, Settlement Class Members who have not requested exclusion from the Class will release all Released Claims, even if they bring, or have, a pending litigation, arbitration or other proceeding against the Citigroup Releasees (as defined in Section VII of the Proof of Claim and Release) relating to the Released Claims.

59. **You may request to be excluded from the Settlement Class.** To do so, you must mail a written request to the Claims Administrator at: In re Salomon Analyst Metromedia Litigation EXCLUSIONS, c/o Analytics, Inc., Claims Administrator, P.O. Box 2005, Chanhassen, MN 55317-2005. The request for exclusion must: (a) state your name, address, and telephone number; (b) provide documentation reflecting all purchases and sales of MFN securities made during the Settlement Class Period, including the dates, the number of shares, and price paid or received per share for each such purchase or sale; and (c) state that you wish to be excluded from the Settlement Class. **TO BE VALID, A REQUEST FOR EXCLUSION MUST STATE ALL OF THE FOREGOING INFORMATION. YOUR EXCLUSION REQUEST MUST BE RECEIVED ON OR BEFORE JANUARY 15, 2009.**

60. If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of funds from the Settlement, and shall not be bound by the Settlement Stipulation or the Final Judgment.

61. **If you do exclude yourself from the Settlement Class, your ability to subsequently initiate litigation, arbitration or other proceeding against the Defendants concerning the Released Claims may be impacted by the relevant Statute of Limitations. You should consult your own legal counsel concerning this issue.**

WHAT PAYMENTS ARE THE ATTORNEYS FOR THE CLASS AND THE LEAD PLAINTIFFS SEEKING FOR THEIR WORK IN THIS CASE?

62. Co-Lead Counsel has not received any payment for its services in pursuing this lawsuit on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenses. Co-Lead Counsel intends to apply to the Court for an award of attorneys' fees on behalf of all Plaintiffs' Counsel not to exceed 33-1/3 % of the Settlement Fund. In addition, Co-Lead Counsel intends to apply for reimbursement of litigation expenses advanced in connection with the Class Action in an amount not to exceed \$1,300,000. All such fees and expenses will be paid out of the Settlement Fund.

ARE THERE OTHER CONDITIONS THAT MAY AFFECT THE SETTLEMENT OR AN AWARD THEREFROM?

63. The Settlement is conditioned upon the occurrence of certain events. Those events include, among other things: (a) entry of the Final Judgment by the Court, as provided for in the Settlement Stipulation; (b) expiration of the time to appeal from the Final Judgment, or if an appeal is taken, a final resolution of the appeal in favor of the Final Judgment.

In addition, pursuant to the terms of the Settlement Stipulation, Defendants have the right to terminate the Settlement, should requests for exclusion exceed a certain threshold. If, for any reason, any one of the conditions described in the Settlement Stipulation is not met, that Settlement Stipulation might be terminated and, if terminated, will become null and void, and the parties to that Settlement Stipulation will be restored to their respective positions as of November 14, 2008.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT AND RELATED MATTERS? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DO NOT LIKE THE SETTLEMENT OR OTHER MATTERS REFERENCED IN THIS NOTICE?

64. If you do not wish to object to the proposed Settlement, the Plan of Allocation, or the application for attorneys' fees and reimbursement of expenses, or the proposed award to each of the three Lead Plaintiffs, you need not attend the Settlement Hearing scheduled for February 27, 2009 at 11:00 a.m.
65. Any Settlement Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys' fees, costs and expenses may appear and be heard at the Settlement Hearing. Any such Settlement Class Member must submit a written notice of objection, which must be received on or before February 6, 2009, to each of the following: Clerk of the Court, Southern District of New York, 500 Pearl Street, New York, New York 10007; KAPLAN FOX & KILSHEIMER LLP, Frederic S. Fox, Esq., 850 Third Avenue, 14th Floor, New York, New York 10022; NIX, PATTERSON & ROACH, LLP., Bradley B. Beckworth, Esq., Jeffrey J. Angelovich, 205 Linda Drive, Daingerfield, Texas 75638 (Co-Lead Counsel for Lead Plaintiffs); PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP, Richard A. Rosen, Esq., 1285 Avenue of the Americas, New York, New York 10019 (Counsel for Defendants); WILMER HALE, Christopher Meade, Esq., 399 Park Avenue, New York, New York 10022 (Counsel for Defendants).
66. The notice of objection must demonstrate the objecting Settlement Class Member's membership in the Class, including documentation reflecting the number of shares of MFN securities purchased and sold during the Settlement Class Period, and contain a statement of the reasons for objection. Only Settlement Class Members who have submitted written notices of objection and related documentation in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.
67. The Settlement Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Co-Lead Counsel.
68. Unless otherwise ordered by the Court, any Settlement Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the application for attorneys' fees and reimbursement of litigation expenses, and/or the proposed Plan of Allocation. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

WHAT IF I AM A BROKER, BANK OR OTHER NOMINEE THAT BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

69. If you hold or held any MFN securities purchased during the Settlement Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (a) provide a list of the names and addresses of such beneficial owners to the Claims Administrator, preferably in an MS Excel data table, setting forth (i) title/registration; (ii) street address; (iii) city/state/zip; electronically in MS Word or WordPerfect files (label size Avery 5162); or on computer-generated mailing labels; or (b) send a copy of this Notice by first class mail to all such beneficial owners, providing written confirmation to the Claims Administrator of having done so. If you choose to mail the Notice yourself, you may obtain (without cost to you) as many additional copies of this document as you will need to complete the mailing by contacting the Claims Administrator as set forth below.
70. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement of **reasonable** administrative costs actually incurred in connection with forwarding the Notice and Proof of Claim and Release and which would not have been incurred but for the obligation to forward the Notice, after submission to the Claims Administrator of appropriate documentation.

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

71. This Notice is a summary and does not describe all of the details of the Settlement Stipulation. For full details of the matters discussed in this Notice, you may desire to review the Settlement Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, United States Courthouse, Southern District of New York, 500 Pearl Street, New York, NY 10007. If you have any questions about the settlement of the Class Action, you may contact Co-Lead Plaintiffs' Counsel by writing: Kaplan Fox & Kilsheimer LLP, 850 Third Avenue, New York, NY 10022; 2) Nix, Patterson & Roach, LLP, 205 Linda Drive, Daingerfield, Texas 75638; or 3) Patton Roberts, PLLC, Century Bank Plaza, 2900 St. Michaels Drive, Suite 400, Texarkana, Texas 75505. If you need additional copies of this Notice, or if you have a question about filing a claim, you may contact the Claims Administrator at:

In re Salomon Analyst Metromedia Litigation
c/o Analytics Incorporated, Claims Administrator
P.O. Box 2005
Chanhassen, MN 55317-2005
1-866-233-5637
www.metromediassettlement.com

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

Dated: November 19, 2008 BY ORDER OF THE COURT