

arbitration before JAMS captioned, *Elizabeth Tiffany, Michael Thome, Tomi White Bryan, Thomas F. Cummings and Carol Zinsmeister, on behalf of Themselves and All Others Similarly Situated, v. Sprint Communications Company, L.P., and AT&T Corp., a New York corporation*, Case No. 1310015116 ("JAMS Arbitration"). The MDL Action and the JAMS Arbitration are referred to collectively as the "Actions." Sprint's settlement of the Actions is referred to herein as the "Sprint Settlement."

This Notice describes the Actions and the proposed settlement with Sprint and advises you of the date, time, and place of a hearing to be held by the Court to decide whether the Court will give final approval of the Sprint Settlement. If the Sprint Settlement is approved, all Settlement Class members who do not exclude themselves from the settlement on a timely basis (as described below) and who timely submit a claim form will be entitled to the settlement benefits set forth in Paragraph V below and will be bound by the orders issued by the Court regarding the settlement and their rights.

II. WHAT IS A CLASS ACTION?

Class actions are lawsuits in which the claims and rights of many people are decided in a single court proceeding. Individuals and companies appointed to represent the class ("Class Representatives" or "Class Plaintiffs") are named in the lawsuit to assert the claims of the entire class. This avoids the necessity for a large number of people to file similar individual lawsuits and enables the court system to resolve similar claims in an efficient and economical way. Class actions assure that people with similar claims are treated alike. In a class action, the Court is guardian of class interests and supervises the prosecution of the class claims by class counsel to assure that the representation is adequate. Class members are not individually responsible for the costs or fees of counsel, which are subject to Court approval.

III. DESCRIPTION OF THESE LAWSUITS

For purposes of the Sprint Settlement, Class Representatives are acting on behalf of the nationwide Settlement Class described above. The Class Representatives brought the MDL Action as a class action under Rule 23 of the Federal Rules of Civil Procedure. Three of the Class Representatives are also claimants in the JAMS Arbitration. In the Actions, Class Plaintiffs allege that (1) Sprint Communications Co., L.P., AT&T Corp. and MCI Worldcom Network Services, Inc., violated the antitrust laws by engaging in an illegal scheme and conspiracy to inflate the Universal Service Fund ("USF") charges paid by their customers and to include arbitration clauses in their customer contracts; (2) Sprint and AT&T breached their contracts with Class Plaintiffs and the class members by overcharging customers for USF charges; (3) Sprint violated the Kansas Consumer Protection Act by making misleading and deceptive statements regarding the USF charge; and (4) AT&T violated state consumer protection acts by making misleading and deceptive statements regarding the USF charge.

In the Actions, the Class Representatives allege that Sprint and AT&T are liable for compensatory, statutory, and related damages, and attorneys' fees and costs under various statutory and common law theories, and they seek to prevent Sprint and AT&T from continuing their practices in the future.

Sprint and AT&T deny the Class Representatives' factual and legal allegations and believe they are incorrect. In both the MDL Action and the JAMS Arbitration, Sprint and AT&T have denied all of the allegations and have raised a number of defenses to the claims asserted. This Notice does not imply that there has been any finding of any violation of the law by Sprint or AT&T or that recovery could be had in a certain amount. Although the Court has authorized Notice to be given of the proposed settlement with Sprint and of its certification of the Litigation Class, this Notice does not express the opinion of the Court on the merits of the claims or defenses asserted by either side in the MDL Action or the JAMS Arbitration.

IV. AM I PART OF THE CLASS?

All Sprint (residential and business), MCI (business) and AT&T (business and California residential) wireline (land line, not mobile) long distance customers in the United States who paid Universal Service Fund charges and/or who agreed to or became subject to an arbitration clause contained in a customer agreement of Sprint, AT&T or MCI at any time from August 1, 2001, to September 7, 2007, are part of the Settlement Class.

Judge Lungstrum has decided that all persons or firms who fit the following description are Litigation Class members in the ongoing case against AT&T: All AT&T, Sprint and MCI business and AT&T California residential wireline (land line, not mobile) long distance customers in the United States who paid a USF charge on or after August 1, 2001.

You are not a Settlement Class member or a Litigation Class member if you are an employee, officer or director of AT&T, Sprint or MCI or were an employee, officer or director of AT&T, Sprint or MCI at any point between August 1, 2001, and September 7, 2007.

V. THE PROPOSED SETTLEMENT WITH SPRINT

Class Counsel have engaged in discovery and investigated the facts and applicable laws regarding the Class Representatives' claims and Sprint's defenses. The parties in this action have engaged in lengthy and "arms-length" negotiations, including numerous informal discussions and formal mediation sessions conducted by the Hon. Judge Edward A. Infante, United States Magistrate Chief Judge of the Northern District of California (retired), which resulted in the proposed Sprint Settlement. Class Representatives and Class Counsel believe that the proposed Sprint Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class. Both sides agree that, by settling, Sprint is not admitting any liability or that Sprint did anything wrong, but both sides want to avoid the uncertainties and high cost in time and money in litigation of this type.

Under the Sprint Settlement, Sprint will provide the following benefits to the Settlement Class:

- A fund of \$25,000,000 worth of Sprint phone cards ("Cards") having maximum face values of \$50 and \$20, as described below, to be divided among all Settlement Class members, who send in valid claim forms, or otherwise distributed in accordance with the Settlement Agreement.
- The Cards may be used to pay for domestic long distance charges and will be freely transferable by the bearer.
- The Cards will be valid for a period of two (2) years from the date they are mailed to Settlement Class members by Sprint.
- The per minute rates on the Cards will be 5¢ per minute, which is no higher than Sprint's best commercial rates for cards of those denominations, excluding special or promotional deals.
- Eligible Settlement Class Members shall be entitled to receive one Card per eligible phone line upon which USF Charges were paid, except that individually negotiated or special-priced business contract customers shall be entitled to a maximum of 25 Cards.

Your share of the fund will depend on the number of valid claim forms that Settlement Class members send in. Here is how it will work:

- Upon the timely submission of a claim form, those Settlement Class members who do not opt out of the Sprint Settlement will receive one of the following benefits depending upon when they were customers:
 - (i) Cards in the face amount of \$50.00 for Settlement Class members who paid USF Charges as wireline long distance customers of Sprint, AT&T, and/or MCI WorldCom at any time between August 1, 2001, and March 31, 2003, inclusive; or
 - (ii) Cards in the face amount of \$20.00 for Settlement Class members who paid USF Charges as wireline long distance customers of Sprint, AT&T, and/or MCI WorldCom only after March 31, 2003.
- If the claims made would cause the aggregate face amount of the Cards to exceed \$25,000,000.00, the nominal face amount of each of the cards shall be reduced proportionally, so that the total aggregate face amount of the cards shall equal \$25,000,000.00.
- If the claims made would cause the aggregate face amount of the Cards to be less than \$25,000,000.00, Cards in the amount of the difference between the aggregate face amount of the Cards to be issued to Settlement Class members and \$25,000,000 shall be donated by Sprint to organizations providing services to U.S. military service personnel or other charitable groups and organizations agreeable to both Sprint and Class Representatives.
- Settlement Class members who paid USF Charges on or before March 31, 2003, receive larger Cards than those who paid USF Charges only after that date, because of changes in the regulatory framework applicable to long distance providers after that date that reduced the alleged amount of claimed damages.

VI. WHO REPRESENTS THE CLASS?

The Court has appointed Roger Gerdes, Goldman & Hellman, P.A., Lady Di's, Inc., Sterling Beimfohr, d/b/a Sterling Sales, Pressman Toy Co., B&C Values, Inc., and NYLB, Inc., d/b/a Siany, as Class Representatives for the Litigation Class, and them and Elizabeth Tiffany, Michael Thome and Tomi White Bryan as Class Representatives for purposes of the settlement with Sprint. The Court has appointed the following attorneys as Class Counsel:

Stacey L. Mills
Samuel D. Heins
HEINS MILLS & OLSON, P.L.C.
3550 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402

Barry C. Barnett
SUSMAN GODFREY L.L.P.
901 Main Street, Suite 5100
Dallas, Texas 75202

Marc R. Stanley
Roger L. Mandel
STANLEY, MANDEL & IOLA, L.L.P.
3100 Monticello Avenue, Suite 750
Dallas, Texas 75205

Marc M. Seltzer
David H. Orozco
SUSMAN GODFREY L.L.P.
1901 Avenue of the Stars, Suite 950
Los Angeles, California 90067

Class Counsel represent the interests of the Settlement Class, and you will not be charged for their services. You may hire your own attorney to advise you, but if you hire your own attorney, you will be responsible for paying that attorney's fees.

VII. OPTIONS OF SETTLEMENT CLASS MEMBERS WITH RESPECT TO THE SPRINT SETTLEMENT

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU HAVE THE FOLLOWING OPTIONS:

a. If you are a member of the Settlement Class and wish to receive benefits under the Sprint Settlement from Sprint, you must fill out and return a Proof of Claim form. If and to the extent the Sprint Settlement is approved, members of the Settlement Class who submit claim forms will receive the benefits as described in Paragraph V above. Your interests as a member of the Settlement Class will be represented by the Class Representatives and Class Counsel without charge to you. If you are a member of the Settlement Class, you will be releasing your claims against Sprint as described in section VIII below. That means you cannot sue, continue to sue, or be part of any other lawsuit against Sprint regarding the legal issues in the Actions. It also means that all of the Court's orders will apply to you and legally bind you. If you choose this option, please return the attached Proof of Claim Form, postmarked on or before July 1, 2008, by mail directed to USF Telephone Billing Practices Litigation, Claims Administrator, Gilardi & Co LLC, P O Box 808054, Petaluma, CA 94975-8054.

b. **You can request exclusion from the Sprint Settlement.** If you do not want a payment from the Settlement, but rather want to keep the right to sue Sprint or continue to sue Sprint on your own about the legal issues in this case, then you must take certain steps. This is called excluding yourself from the Settlement Class or "opting out" of the Settlement Class. To exclude yourself from the Sprint Settlement, you must send a letter by mail stating that you want to be excluded from the *In re Universal Service Fund Telephone Billing Practice Litig.*, Case No. MDL No. 1468 Sprint Settlement. The request must include: (1) customer's full name; (2) customer's current address and applicable wireline phone number; (3) customer's signature; and (4) a specific statement that "I want to be excluded from the Sprint Settlement Class." The request for exclusion must reference each wireline telephone line. Only those lines referenced will be excluded. The request for exclusion must be sent by first class mail, postmarked on or before January 21, 2008, addressed to:

USF Telephone Billing Practices Litigation
Claims Administrator
c/o Gilardi & Co LLC
P O Box 8060
San Rafael, CA 94912-8060

If the request is not postmarked on or before January 21, 2008, the request for exclusion will be invalid, and the person, corporation or entity making the request will be included in the Sprint Settlement. If you ask to be excluded, you will not get any settlement payment from Sprint, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Sprint in the future.

c. **You can remain a Settlement Class member and hire your own attorney to represent you at your own cost.** If you want your own attorney to represent you in this lawsuit, your attorney must file a Notice of Appearance by January 21, 2008, with the District Clerk, United States District Court for the District of Kansas, United States Courthouse, 500 State Avenue, Kansas City, KS 66101 under Case No. 02-MD-1468-JWL, and send copies to Class Counsel and counsel for Sprint at the addresses listed in subparagraph (d) below.

d. **You can object to the proposed Sprint settlement.** If you are a Settlement Class Member, you can object to the settlement with Sprint if you do not like any part of it, including the award of attorneys' fees and expenses to Class Counsel. If you wish to file objections with the Court, you must submit them in a written document that states all objections in detail, including all facts and legal authorities that support your objection,

whether you will appear at the hearing, and all witnesses you intend to call at the hearing, and you must attach to the written statement copies of all exhibits that you intend to offer at the hearing. Objections that do not substantially comply with these directions will not be considered. The Objections must be filed on or before January 21, 2008, with the District Clerk, United States District Court for the District of Kansas, United States Courthouse, 500 State Avenue, Kansas City, Kansas 66101.

You must serve any objections, along with any notice of intent to appear at the hearing, on Class Counsel and counsel for Sprint so that they are received by Class Counsel and Counsel for Sprint by no later than January 21, 2008.

The address for Class Counsel is:

Vincent J. Esades
HEINS MILLS & OLSON, P.L.C.
3550 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402

The address for counsel representing Sprint in this litigation is:

Mark D. Hinderks
STINSON MORRISON HECKER LLP
10975 Benson, Suite 550
12 Corporate Woods
Overland Park, KS 66210

Any Settlement Class member who does not file and serve objections in the time and manner described above will not be permitted to raise those objections later.

e. You may do nothing with respect to the Sprint Settlement. If you do nothing, you will not receive any benefits from this settlement. But, unless you exclude yourself from the Settlement Class, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Sprint about the legal issues in this case, ever again.

VIII. LEGAL EFFECT OF THE SPRINT SETTLEMENT (RELEASE OF CLAIMS AGAINST SPRINT)

Upon the Court's approval of the Sprint Settlement, Settlement Class members who do not properly opt out of the proposed Sprint Settlement, regardless of whether or not they file a claim for benefits, will release and forever discharge Sprint (as defined in the Settlement Agreement) from any and all claims, demands, debts, liabilities, actions, causes of action of every kind and nature, obligations, damages, losses, and costs, whether known or unknown, whether based on facts in addition to or different from those which they now know or believe to be true, whether based on federal, state, or local statute or ordinance, regulation, contract, common law, or any other source, that were or have been, could have been, may be or could be alleged or asserted in the future relating to, on the basis of, in or in connection with or arising out of, in whole or in part, the Actions, the subject matter of any of the claims alleged in the Actions, the USF Charges or the Arbitration Clause Issues, including, but not limited to, allegations that, on or before the Effective Date: (a) Sprint conspired with any other entity or entities to establish USF Charges or fixed the price of USF Charges; (b) Sprint failed to properly disclose, overcharged for or otherwise improperly charged a USF Charge; and/or (c) Sprint conspired with any other entity or entities to include an arbitration clause in customer agreements or concerning the form of arbitration clauses in customer agreements (the "Released Claims"). Solely with respect to the Released Claims, Settlement Class members shall expressly waive any and all rights or benefits they may now have, or in the future may have, under any law relating to the release of unknown claims, including, without limitation, California Civil Code § 1542, as more fully set forth in the Settlement Agreement.

IX. THE COURT WILL HOLD A HEARING TO CONSIDER FINAL APPROVAL OF THE PROPOSED SPRINT SETTLEMENT.

There will be a hearing to consider final approval of the proposed Sprint Settlement on March 3, 2008, beginning at 10:30 a.m., at the United States District Court for the District of Kansas, United States Courthouse, 500 State Avenue, Room 517, Kansas City, Kansas. The hearing may be postponed to a later date without further notice. The purpose of the hearing is to determine the fairness, reasonableness, and adequacy of the terms of Sprint Settlement, whether Settlement Class members are adequately represented by the Class Representatives and Class Counsel, and whether an order and final judgment should be entered approving the proposed settlement. The Court also will consider Class Counsel's application for an aggregate award of attorneys' fees not to exceed \$4,740,000 and costs and litigation expenses not to exceed \$250,000 to be paid by Sprint.

You will be represented at the hearing on the fairness of the settlement by Class Counsel, unless you choose to enter an appearance in person or through your own counsel. As a class member, you will not be personally responsible for attorneys' fees or cost disbursements except those of your own counsel if you choose to retain separate counsel

X. OPTIONS OF LITIGATION CLASS MEMBERS WITH RESPECT TO THE ONGOING LITIGATION AGAINST AT&T.

In addition to determining whether to take part in the Sprint Settlement, Litigation Class Members must decide whether to stay in the continuing litigation against AT&T or ask to be excluded from the AT&T litigation before the trial. You have to decide this now.

You do not have to do anything now if you want to keep the possibility of getting money or benefits from this lawsuit from AT&T. By doing nothing, you are staying in the Litigation Class against AT&T. If you stay in and the Class Representatives obtain money or benefits from AT&T, either as a result of a trial or a settlement, you will be notified about how to apply for a share (or how to ask to be excluded from any settlement). Keep in mind that if you do nothing now, regardless of whether the Class Representatives win or lose the case, you will not be able to sue, or continue to sue, AT&T as part of any other lawsuit about the same legal claims that are the subject of this lawsuit. You will also be legally bound by all of the orders the Court issues and judgments the Court makes with respect to AT&T in this class action.

If you already have your own lawsuit against AT&T regarding the same issues in this lawsuit and want to continue with it, you need to ask to be excluded from the Litigation Class and ongoing litigation against AT&T. If you exclude yourself from the Litigation Class and the ongoing lawsuit against AT&T – sometimes called “opting out” of the Litigation Class – you will not receive any money or benefits from the ongoing lawsuit against AT&T even if Class Representatives obtain them as a result of a trial or from any settlement (that may or may not be reached) between AT&T and Class Representatives. However, you may then be able to sue AT&T or continue to sue AT&T for the issues involved in this case. If you exclude yourself, you will not be legally bound by the Court’s judgments regarding AT&T in this class action.

To be excluded, you must send an “Exclusion Request” in the form of a letter sent by mail, stating that you want to be excluded from *In re Universal Service Fund Telephone Billing Practice Litig.*, Case No. MDL No. 1468. Your Exclusion Request must include: (1) customer’s full name; (2) customer’s current address and applicable wireline phone numbers; (3) customer’s signature; and (4) a specific statement that “I want to be excluded from the Litigation Class.” You may combine your requests to be excluded from the Settlement Class and the Litigation Class in one letter. You must mail your Exclusion Request postmarked by January 21, 2008, to USF Telephone Billing Practices Litigation, Claims Administrator, c/o Gilardi & Co LLC., P O Box 8060, San Rafael, CA 94912-8060.

X. ADDITIONAL INFORMATION

This Notice is only a summary. For a more detailed statement of the matters involved in the Actions or the settlement, you may inspect the papers filed in the MDL Action during regular business hours at the office of the District Clerk for the United States District Court for the District of Kansas, United States Courthouse, 500 State Avenue, Kansas City, KS 66101 under *In re Universal Service Fund Telephone Billing Practice Litig.*, Case No. MDL No. 1468. In addition, the Settlement Agreement is available at www.usflitigation.com or by writing USF Telephone Billing Practices Litigation, Claims Administrator, c/o Gilardi & Co LLC., P O Box 8060, San Rafael, CA 94912-8060 or by calling toll free at 1-800-961-7416.

ALL QUESTIONS ABOUT THIS NOTICE, THE CLASS ACTION, OR THE PROPOSED SPRINT SETTLEMENT SHOULD BE DIRECTED TO CLASS COUNSEL.

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION.

Dated: September 11, 2007.

**United States District Court for the District of Kansas
Kansas City, Kansas**