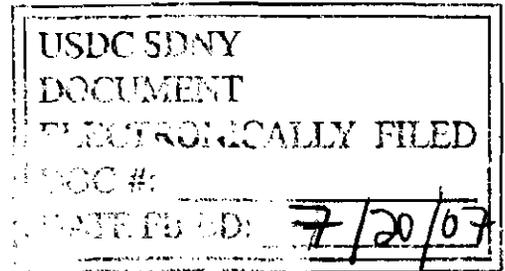


UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,  
  
Plaintiff,  
  
v.  
  
KPMG LLP, et al.,  
  
Defendants.

Civil Action No.  
03 CV 0671 (DLC)



SECURITIES AND EXCHANGE COMMISSION,  
  
Plaintiff,  
  
v.  
  
PAUL A. ALLAIRE, G. RICHARD THOMAN,  
BARRY D. ROMERIL, PHILIP D. FISHBACH,  
DANIEL S. MARCHIBRODA AND GREGORY  
B. TAYLER,  
  
Defendants.

Civil Action No.  
03 CV 4087

~~PROPOSED~~ **ORDER TO APPOINT DISTRIBUTION AGENT, APPROVE PLAN OF  
DISTRIBUTION AND TRANSFER OF FUNDS FROM THE COURT REGISTRY**

The Court, having reviewed the Securities and Exchange Commission's Motion for Appointment of a Distribution Agent, Adoption of Preliminary Plan and Disbursement of Funds and any memoranda filed by defendants, and for good cause shown,

**IT IS HEREBY ORDERED:**

1. Gilardi & Co., LLC is hereby appointed as Distribution Agent for purposes of distributing all the funds collected in these matters (the "Fund").

2. The plan of distribution included in the Report prepared for the Commission by ERS consulting and Dr. Marc Vellrath is hereby adopted as a basic plan for distribution of funds, subject to refinement and addition of specific details as to the manner of soliciting and approval of claims and calculating specific payments, which shall be submitted to the Court by the Distribution Agent for further approval after the plan is approved by the Commission staff.

3. The Clerk of the Court is directed forthwith to transfer to the account opened by the Distribution Agent, by wire or check, all but \$100,000 of the funds in the Court registry in accounts for the captioned matters, both principal and all interest accrued, less any administrative fees, taxes or other charges outstanding. The Clerk is instructed to make payment to the account named *SEC v. Xerox Corporation Settlement Fund* and mail the check via overnight delivery to Mr. Bruce H. Cozzi, Fund Controller, Gilardi & Co. LLC, 3301 Kerner Blvd., San Rafael, CA 94901, with a transmittal letter identifying the source of the funds, that they are for deposit for distribution to Xerox investors, and are to be treated as per this Order. A copy of this Order shall accompany the check and letter to Gilardi, with copies of the check and letter to Mr. James A. Kidney, Assistant Chief Litigation Counsel, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-4010. The cost of the overnight delivery shall be deducted from the registry funds. The federal taxpayer identification number for the Settlement Fund is 26-0442531.

4. The Clerk is directed forthwith to transfer \$100,000 in the registry account for CA No. 03-0671 to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312. The payment shall be accompanied by a letter specifying that payment is a penalty payment by defendant Joseph Boyle made pursuant to this Order and a copy of this Order. The Clerk shall

simultaneously transmit photocopies of such payment and letter to the aforementioned James A. Kidney.

5. The Distribution Agent shall have the following rights and duties:

a. The Distribution Agent shall be responsible for preparing a more detailed Distribution Plan not unacceptable to the SEC staff, and shall consult with the SEC staff in the preparation of the plan, which shall be submitted to the Court for approval and shall not be materially inconsistent with the ERS/Vellrath report, absent good cause.

b. The Distribution Agent is responsible as a fiduciary for the benefit of injured Xerox investors in the funds ordered transferred to accounts maintained in the name of the Distribution Agent. The Distribution Agent shall take reasonable steps to maintain the funds in interest-bearing accounts in which the risk to principal is minimal, such as U.S. Treasury Bills, until such time as the funds are distributed or fees paid as approved by the Court.

c. The Distribution Agent is responsible to distribute, after consultation with the SEC staff and in accordance with a further Distribution Plan approved by this Court, funds collected in this matter, and such plan shall provide that the Fund, including the portion designated as payment of civil penalties, shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.

d. The Distribution Agent, on behalf of the Fund, shall take all necessary steps to coordinate any necessary tax filings with Damasco & Associates, who this Court has previously appointed as Tax Administrator in this matter.

e. The Distribution Agent is entitled to be paid from the Fund all reasonable costs, fees, and other expenses incurred in the performance of its duties at the rates established in the plan submitted with the Commission's Motion.

f. Before any amounts referred to in Section 5(e) are paid to the Distribution Agent, it shall provide to the SEC staff a copy of a payment request which shall include the appropriate supporting documentation to justify the expense or services rendered. Charges for services shall include (a) the date of the service; (b) the name or initials of the individual rendering the service; (c) a description of the service; (d) the hourly rate; (e) the time charged; and (f) the amount (rate x time). The description of the service or activity should be brief and informative. Expenses shall be supported by invoices. If not apparent on the face of the invoice, the application shall include a description of the expense and the date the expense was incurred. The payment request shall be provided to the SEC staff at least 14 days before the Distribution Agent files the payment request with the Court. The SEC staff shall be permitted to submit to the Court for its consideration its position as to the reasonableness of the request.

g. All payment requests must be approved by the Court before payment from the Fund may be made. The Court shall review the reasonableness of the costs, fees, and expenses in determining whether, in its discretion, such payment will be approved.

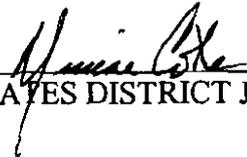
h. The Distribution Agent is entitled to rely on all outstanding rules of law and court orders and shall not be liable to anyone for its own good faith compliance with any order, rule, law, judgment, or decree, nor shall it be liable for complying with the orders of this Court. In no event shall it be liable to any defendant in this action for its good faith compliance with its duties and responsibilities under this Order, nor shall it be liable to anyone for any action taken

or omitted by it except upon a finding by this Court that it acted or failed to act as a result of misfeasance, bad faith, gross negligence, or in reckless disregard of its duties.

i. The Distribution Agent may be removed *sua sponte* at any time by the Court or upon motion of the Commission and replaced with a successor. In the event the Distribution

Agent decides to resign, it shall first give written notice to the parties and the Court of its intention, and its resignation shall not be effective until the Court appoints a successor. The Distribution Agent shall then follow such instructions as its successor or the Court may give it.

Dated: July 20, 2007

  
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UNITED STATES DISTRICT JUDGE