

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, : ORDER
Plaintiff, :
-against- : 03 Civ. 2937 (WHP)
BEAR, STEARNS & CO. INC., :
Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff, :
-against- : 03 Civ. 2938 (WHP)
JACK BENJAMIN GRUBMAN, :
Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff, :
-against- : 03 Civ. 2939 (WHP)
J. P. MORGAN SECURITIES INC., :
Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :
Plaintiff, :
-against- : 03 Civ. 2940 (WHP)
LEHMAN BROTHERS INC., :
Defendant. :

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
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 -against- : 03 Civ. 2941 (WHP)
 :
 MERRILL LYNCH, PIERCE, FENNER & :
 SMITH INC. :
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 Defendant. :
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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
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 -against- : 03 Civ. 2942 (WHP)
 :
 U.S. BANCORP PIPER JAFFRAY INC., :
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 Defendant. :
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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
 :
 -against- : 03 Civ. 2943 (WHP)
 :
 UBS SECURITIES LLC, :
 f/k/a UBS WARBURG LLC, :
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 Defendant. :
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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
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 -against- : 03 Civ. 2944 (WHP)
 :
 GOLDMAN, SACHS & CO., :
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 Defendant. :
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-against- : 03 Civ. 2945 (WHP)

CITIGROUP GLOBAL MARKETS INC., :
f/k/a SALOMON SMITH BARNEY, :

Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-against- : 03 Civ. 2946 (WHP)

CREDIT SUISSE FIRST BOSTON LLC, :
f/k/a CREDIT SUISSE FIRST BOSTON :
CORPORATION, :

Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-against- : 03 Civ. 2947 (WHP)

HENRY McELVEY BLODGET, :

Defendant. :

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :
 :
 Plaintiff, :
 :
 -against- : 03 Civ. 2948 (WHP)
 :
 MORGAN STANLEY & CO. INC., :
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 Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
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 -against- : 04 Civ. 6909 (WHP)
 :
 DEUTSCHE BANK SECURITIES INC., :
 :
 Defendant. :

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SECURITIES AND EXCHANGE COMMISSION, :
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 Plaintiff, :
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 -against- : 04 Civ. 6910 (WHP)
 :
 THOMAS WEISEL PARTNERS LLC, :
 :
 Defendant. :

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WILLIAM H. PAULEY III, District Judge:

On January 31, 2005, Francis E. McGovern, the Distribution Fund Administrator, submitted a "Global Research Analyst Settlement Distribution Fund Plan" ("Plan") to the Court. That Plan relates to the following investment banks: (1) Bear, Stearns & Co. Inc., (2) J.P. Morgan Securities Inc., (3) Lehman Brothers Inc., (4) Merrill Lynch, Pierce, Fenner & Smith Inc., (5) U.S. Bancorp Piper Jaffray Inc., (6) UBS Securities LLC, (7) Goldman, Sachs

& Co., (8) Citigroup Global Markets Inc., (9) Credit Suisse First Boston LLC, (10) Morgan Stanley & Co. Inc., (11) Deutsche Bank Securities Inc., and (12) Thomas Weisel Partners LLC. A copy of the Plan is annexed as Exhibit 1 to this Order.

The Distribution Fund Administrator is authorized and directed to publish and advertise the Plan to inform the investing public of its terms, the comment period and the fairness hearing to be conducted by this Court. A copy of the Publication and Notice Schedule is annexed as Exhibit 2 to this Order.

Any interested person may submit comments in writing by March 8, 2005. All such comments shall be submitted to Global Research Analyst Settlement, P.O. Box 9000 #6284, Merrick, NY 11566-9000 to ensure that they are catalogued, copied and distributed to the parties and to the Court. The parties to this litigation shall submit their comments to the Court, the Distribution Fund Administrator and all other parties by March 22, 2005. The Distribution Fund Administrator shall submit his response to the Court and all parties by March 29, 2005.

This Court will conduct a fairness hearing in Courtroom 11D of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007 on April 11, 2005 at 10:00 a.m. Any person desiring to address the Court during that hearing shall submit a one-page written request of what (s)he wants to state, suggest or ask at the hearing to Global Research Analyst Settlement, P.O. Box 9000 #6284, Merrick, NY 11566-9000 no later than March 22, 2005. The Court will decide who may be heard, on what subjects, and for how long.

This Court notes that each of the Settling Firms consented to a judgment in the civil action by the Securities and Exchange Commission without admitting or denying the allegations of the complaint against them. The definitions and terms used by this Court in the Consent Judgments and the Plan do not constitute findings of fact or conclusions of law

concerning liability or any other issue, and are not intended to have precedential weight beyond the proceedings at bar.

The Clerk is directed to file copies of this Order in all of the captioned actions.

Dated: January 31, 2005
New York, New York

SO ORDERED:


WILLIAM H. PAULEY III
U.S.D.J.

Copies Mailed To:

All Counsel of Record

The Distribution Fund Administrator

Exhibit 1

**Proposed
Distribution Fund Plan**

for the

**Global Research Analyst
Settlement Funds**

**Francis E. McGovern
Distribution Fund Administrator
401 W. Alabama
Houston, TX 77006**

OVERVIEW AND SUMMARY

SETTLEMENT DESCRIPTION:

The U.S. Securities and Exchange Commission (“SEC”), NASD, Inc. (“NASD”), the New York Stock Exchange, Inc. (“NYSE”), and state regulators conducted investigations of potential conflicts of interest in equity research analysis that culminated in the Global Research Analyst Settlement. As a part of this Settlement, Final Judgments were entered on October 31, 2003 and September 24, 2004 in the federal court action between the SEC and twelve financial institutions and two individuals (“Settling Parties”).

The website <http://www.sec.gov/spotlight/globalsettlement.htm> contains links to all of the Final Judgments and Orders entered in the SEC’s actions and related information regarding the Global Research Analyst Settlement. The Global Research Analyst Settlement included the following components: (1) structural reforms in the relationship between investment banking and research; (2) approximately \$85 million for investor education programs; (3) approximately \$450 million for independent investment research; (4) approximately \$500 million paid to the states; (5) twelve separate distribution funds totaling \$432.75 million created in the SEC actions,¹ which consist exclusively of monies paid in resolution of the actions brought by the SEC, NASD, and NYSE; and (6) a provision for investors to pursue, to the extent otherwise available, any other remedy or recourse against a Settling Party.

The Final Judgments established twelve separate funds for investors who purchased specified stocks through a “Settling Firm” during specified time frames.² Appendix A identifies the name of the Settling Party, the size of the fund, the names of the relevant equity securities purchased through each Settling Firm, and the relevant period of purchase of those stocks. The maximum amount available for distribution in each separate fund is limited to the money contained in that fund.

The Final Judgments specify the two threshold requirements for an investor to qualify as a fund recipient:

- 1) The investor must have purchased one of the equity securities listed in Appendix A through a Settling Firm during the relevant period for that security. Court Orders provide the relevant stocks and time periods for the purchase of each security listed in Appendix A for each Distribution Fund.
- 2) The investor must have suffered a net loss on that stock purchase.

EXAMPLES

An investor who purchased CAIS Internet, Inc. from Bear, Stearns & Co. Inc. between November 7, 2000 and April 24, 2001 and suffered a net loss would meet these threshold requirements.

An investor who purchased CAIS Internet, Inc. before November 7, 2000 or after April 24, 2001 would not meet these threshold requirements.

An investor who purchased CAIS Internet, Inc. from a broker other than Bear, Stearns & Co. Inc. would not meet these threshold requirements.

An investor who purchased CAIS Internet, Inc. from Bear, Stearns & Co. Inc. between November 7, 2000 and April 24, 2001 and did not suffer a net loss would not meet these threshold requirements.

In accordance with the Final Judgments, the SEC nominated and The Honorable William H. Pauley III, United States District Judge in the Southern District of New York, appointed Francis E. McGovern, Esq. to be the Distribution Fund Administrator for the Global Research Analyst Settlement. The Distribution Fund Administrator has the task of proposing a distribution plan. This Overview and Summary describes the Distribution Fund Administrator's proposal for the twelve separate funds totaling \$432.75 million. The complete proposal is contained in Appendix B.

The Court has determined that any interested person must have an opportunity to comment on the Distribution Fund Administrator's proposal. Comments must be in writing and received no later than March 8, 2005 at: Global Research Analyst Settlement, PO Box 9000 #6284, Merrick, NY 11566-9000. Judge Pauley will conduct a hearing on April 11, 2005 to determine the proposal's fairness. The proposal and the schedule for comments can be found at www.globalresearchanalystsettlement.com.

The Distribution Fund Administrator shares Judge Pauley's desire for a swift and equitable distribution of the Distribution Funds with minimal administrative costs. As directed by the Final Judgments, the Distribution Fund Administrator intends to complete distribution of the funds within nine months of the Court's approval of the proposed plan. Each of the Settling Firms has agreed to provide data and cooperation needed to facilitate the distributions, as well as pay all administrative costs, including the Distribution Fund Administrator's fees and expenses.³ Each of the Settling Firms has data on their customers and their relevant transactions. These data are objective, reliable, and relatively inexpensive to use. Judge Pauley has directed each of the Settling Firms to compile these data and supply them to the Distribution Fund Administrator. The Distribution Fund Administrator will use these data to facilitate timely and economical distributions to investors.

FOUR PRINCIPLES FOR DISTRIBUTION:

If there is enough money available in a Distribution Fund to meet all claims for losses from purchases through that Settling Firm, investors will receive 100 cents on the dollar. If, however, there is not enough money to meet all claims, then the first two principles will be applied to ensure that meaningful payments go to those investors who were most likely to have been affected by the events that gave rise to the settlement.

The first principle is the “proximity principle.” Investors who purchased a stock closer in time after the events that gave rise to the settlement are more likely to have been affected than investors who purchased the same stock later. Thus investors who purchased closer in time after the events that gave rise to the settlement will receive a proportionately greater payment than those who purchased the same stock later.

The second principle is the “information principle.” Investors who make larger purchases of stock are more likely to have both greater and more diverse informational resources than smaller investors. For larger investors, any information provided by the Settling Party would have been a smaller factor in the total mix of information used to make a decision to purchase a particular stock. Therefore, investors who purchased smaller amounts of stock through a Settling Firm will receive proportionately greater payments than those who purchased larger amounts of stock from that party.

The third principle is that funds should be distributed quickly and efficiently. Payments are anticipated to be made within nine months of the Court’s approval of a distribution fund plan, and no payment will be made for eligible losses of less than \$100.

The fourth principle is that investors who held on to a stock should not be disadvantaged simply because they did not sell. Therefore, investors will be allowed to recover both realized and unrealized net losses.

The Final Judgments specified that meaningful payments to investors should be made from the twelve distribution funds. It is impossible to know at the present time precisely how much each investor will receive for their eligible losses. Payment amounts cannot be determined until all relevant data are compiled from the Settling Firms and investors.

In addition, investors are not precluded from pursuing, to the extent otherwise available, any other legal remedy or recourse against a Settling Party.

FAIRNESS HEARING:

As indicated above, the controlling description of the proposed plan of distribution is contained in Appendix B, and it describes all the applicable provisions in more detail. Any investor who desires to make comments on the proposed plan of distribution may do so by sending them in writing to: Global Research Analyst

Settlement; PO Box 9000 #6284; Merrick, NY 11566-9000. Comments must be received no later than March 8, 2005.

Judge Pauley will entertain written comments at a fairness hearing on April 11, 2005. After the fairness hearing, Judge Pauley will issue an Order setting forth the official Plans of Distribution for each of the Distribution Funds described in the Final Judgments. Once Judge Pauley enters that Order, the Distribution Fund Administrator anticipates that funds will be distributed to investors within nine months.

If you have questions concerning the proposed Plans of Distribution, you can listen to recorded messages on 800-250-3905 or go to the Global Research Analyst Settlement website, which contains the Final Judgments, related Orders, the proposed Distribution Fund Plan, and answers to frequently asked questions. In addition, the website provides an opportunity to ask questions and the Distribution Fund Administrator will post answers to the most frequently asked questions on a periodic basis. The website address is: www.globalresearchanalystsettlement.com

WHAT DOES AN INVESTOR NEED TO DO?

If you (1) bought a stock through one of the Settling Firms; (2) that stock is on the list of equities for that specific firm; (3) the purchase was made during the relevant time period for that stock; and (4) you suffered a loss, you are eligible for compensation from the fund. There is no necessity for investors to prove that they relied on any analyst report in order to be eligible.

If a Settling Firm has a record of your purchase and sale of that stock, the Distribution Fund Administrator will send you a letter with your records from the Settling Firm's data. If the information is correct, you will not be required to do anything more. If the information is not correct, you will be asked to correct it.

If a Settling Firm has a record of your purchase but no record of your sale, you will be asked to provide evidence of a net loss.

If you do not receive a letter from the Distribution Fund Administrator by June 3, 2005 and believe that you are eligible to participate in the fund, you will have an opportunity to provide proof of purchase and loss in writing no later than July 8, 2005.

¹ One of the Distribution Funds contains payments made by Henry Blodget, formerly a Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") research analyst. Merrill Lynch, which previously reached settlements with state regulators, does not have its own Distribution Fund. The payment of Jack Grubman, formerly an analyst with Citigroup Global Markets Inc. (f/k/a Salomon Smith Barney Inc.), is included in the Citigroup Global Markets Inc. Distribution Fund.

² In this document, the term "Settling Firms" refers to the eleven Settling Party financial institutions with their own Distribution Funds and Merrill Lynch, the former employer of Henry Blodget.

³ Merrill Lynch has agreed to provide data regarding relevant transactions in Goto.com and to pay for administrative costs and expenses related to Henry Blodget's Distribution Fund.

Appendix A

ELIGIBLE DISTRIBUTION FUND RECIPIENTS are those investors who (1) bought a stock through one of the Settling Firms; (2) that stock is on the list of equities for that specific firm; (3) the purchase was made during the relevant time period for that stock; and (4) the investor suffered a net loss.

<i>Settling Party</i>	<i>Size of Distribution Fund</i>	<i>Relevant Equity Security</i>	<i>Relevant Period of Purchase</i>	
Bear, Stearns & Co. Inc.	\$25 million	CAIS Internet, Inc.	Nov 7, 2000 - Apr 24, 2001	
		Digital River, Inc.	Jan 30, 2002 - Apr 1, 2002	
		Micromuse, Inc.	Jul 18, 2001 - Oct 16, 2001	
		Sonic Wall	Jan 25, 2001 - May 15, 2001	
Citigroup Global Markets Inc., f/k/a Salomon Smith Barney and Jack Benjamin Grubman	\$157.5 million	Adelphia Business Solutions Inc.	May 14, 2001 - Aug 13, 2001	
		AT&T Corp.	Nov 29, 1999 - Jan 25, 2000	
		Focal Communications Corp.	Apr 10, 2000 - Oct 17, 2000; Feb 21, 2001 - Aug 13, 2001	
		Level 3 Communications Inc.	Apr 18, 2001 - Jun 18, 2001	
		Metromedia Fiber Networks, Inc.	Apr 30, 2001 - Jul 25, 2001	
		RCN Corp.	May 3, 2001 - Aug 2, 2001	
		Williams Communications Group Inc.	May 1, 2001 - Nov 1, 2001	
		XO Communications Inc.	Apr 26, 2001 - Nov 1, 2001	
Credit Suisse First Boston LLC, f/k/a Credit Suisse First Boston Corporation	\$75 million	Agilent Technologies, Inc.	Jul 21, 2000 - Feb 20, 2001	
		Digital Impact, Inc.	Jul 23, 2001 - Oct 2, 2001	
		New Power Holdings, Inc.	Oct 30, 2000 - Dec 31, 2001	
		Numerical Technologies, Inc.	May 4, 2000 - Aug 2, 2000	
		Synopsys, Inc.	Jul 23, 1999 - Jun 29, 2000	
		Winstar Communications, Inc.	Jan 5, 2001 - Apr 5, 2001	
Deutsche Bank Securities Inc.	\$28.75 million	Empisphere Technologies, Inc.	Jan 26, 2000 - Apr 25, 2000	
		E-Prise Corporation	Apr 26, 2001 - Jul 25, 2001	
		Getty Images, Inc.	Apr 5, 2002 - Jul 4, 2002	
		Oracle Corporation	May 31, 2001 - Aug 29, 2001	
		Transkaryotic Therapeutics, Inc.	Jul 13, 2001 - Oct 11, 2001	
		Trimeris, Inc.	Dec 28, 2001 - Mar 28, 2002	
		United Therapeutics, Inc.	Mar 7, 2000 - Jun 5, 2000	
		360networks, Inc	Apr 27, 2001 - May 15, 2001	
		AT&T Corp.	Jul 26, 2000 - Dec 19, 2000; Apr 25, 2001 - Jun 30, 2001	
Goldman, Sachs & Co.	\$25 million	Exodus Communications Inc.	Jun 11, 2001 - Jun 20, 2001	
		Global Crossing Ltd.	Mar 21, 2000 - Jun 19, 2000	
		WorldCom Inc.	Aug 7, 2000 - Dec 5, 2000; Apr 26, 2001 - Jun 30, 2001	
Henry McElvey Blodgett ⁽¹⁾	\$4 million	Goto.com	Jan 11, 2001 - Jun 6, 2001	
J.P. Morgan Securities Inc.	\$25 million	Epicor Software Corp ⁽²⁾	Oct 22, 1999 - Jan 30, 2001	
		International Rectifier Corp. ⁽³⁾	Jul 1, 1999 - Nov 1, 2000	
Lehman Brothers Inc.	\$25 million	Broadwing, Inc.	Jan 25, 2001 - Apr 25, 2001	
		DDi Corp	Jun 30, 2000 - Sep 28, 2000	
		Razorfish Inc.	May 24, 1999 - Aug 22, 1999	
		Real Networks, Inc.	Jul 11, 2000 - Oct 17, 2000	
		RSL Communications	Mar 2, 2000 - Sep 6, 2000	
		Ask Jeeves Inc.	Apr 20, 2000 - Jul 19, 2000	
		drugstore.com Inc.	Apr 25, 2000 - Jul 24, 2000	
Morgan Stanley and Co. Incorporated	\$25 million	Inktomi Corp.	Dec 7, 2000 - Jan 4, 2001	
		Ventro Corp. (formerly Chemdex Corp.)	Apr 5, 2000 - Jul 4, 2000	
		Hotjobs.com Ltd	Nov 4, 1999 - Feb 2, 2000	
		InfoSpace, Inc.	Jan 11, 2001 - Jul 25, 2001	
		Level 3 Communications Inc.	May 21, 2001 - Jun 19, 2001	
		Sprint FON Group	Jun 19, 2001 - Jul 19, 2002	
UBS Securities LLC, f/k/a UBS Warburg LLC	\$25 million	Interspeed, Inc.	Jan 3, 2000 - Jul 21, 2000	
		Triangle Pharmaceuticals Inc.	Oct 8, 1999 - Mar 10, 2000	
		Atmel Corp. ⁽⁴⁾	Feb 9, 2000 - May 9, 2000	
		Flextronics International, Ltd ⁽⁴⁾	Mar 2, 2001 - Jun 1, 2001	
		Esperion Therapeutics, Inc.	Oct 18, 2001 - Jun 28, 2002	
US Bancorp Piper Jaffray Inc.	\$12.5 million	Triton Networks Systems Inc.	Mar 30, 2001 - May 1, 2001	
		Just for Feet, Inc. ⁽⁵⁾	Apr 21, 1999 - Jul 20, 1999	
		JDS Uniphase Corp. ⁽⁵⁾	Jul 27, 1999 - Oct 25, 1999	
		Converse Technology, Inc. ⁽⁵⁾	Mar 28, 2001 - Jun 26, 2001	

⁽¹⁾ Limited to purchases of Goto.com through Merrill Lynch, Pierce, Fenner & Smith Incorporated.

⁽²⁾ Limited to purchases of Epicor Software Corp by clients of Hambrecht & Quist LLC and Chase H&Q; purchasers of Epicor from J.P. Morgan Securities Inc. are not eligible.

⁽³⁾ Limited to purchases of International Rectifier Corp by clients of J.P. Morgan Securities Inc.

⁽⁴⁾ Per the Distribution Fund Order, payments will be first allocated to purchasers of Triangle Pharmaceuticals, Inc. and Interspeed, Inc. If such allocations do not exhaust the available funds, payments will then be allocated to purchasers of these equity securities.

⁽⁵⁾ Per the Distribution Fund Order, payments will be first allocated to purchasers of Esperion Therapeutics, Inc. and Triton Networks Systems Inc. If such allocations do not exhaust the available funds, payments will then be allocated to purchasers of these equity securities.

APPENDIX B:

Global Research Analyst Settlement Distribution Fund Plan

This Appendix describes the process for an equitable and practicable distribution of funds from the Global Research Analyst Settlement. It is based upon provisions of the various Final Judgments and Orders applicable to the Global Research Analyst Settlement, which are available at <http://www.sec.gov/spotlight/globalsettlement.htm> or <http://www.globalresearchanalystsettlement.com>.

I. Identification and Categorization of Eligible Distribution Fund Recipients

The first step in the Distribution Fund Plan is to identify Eligible Distribution Fund Recipients.¹

The Final Judgments specify that Eligible Distribution Fund Recipients are limited to those who purchased, through a Settling Firm, certain equity securities during specified periods of purchase.² Subsequent Orders identified the relevant equity securities and the relevant periods of purchase for each Distribution Fund. The relevant securities and relevant periods of purchase for each Fund are set forth in Appendix A.

The Final Judgments with Settling Firms with their own Distribution Funds exclude a specific set of purchasers from qualifying as Eligible Distribution Fund Recipients. To the extent practicable, the Eligible Distribution Fund Recipient pool excludes the following entities: (a) the Settling Firms, their predecessors, successors, and their subsidiaries, affiliates, present or former officers and directors;³ (b) W-2 employees of the Settling Firms and family members of W-2 employees of Settling Firms eligible to obtain “employee” accounts (if the underlying employee was employed during the relevant period of purchase); (c) those persons identified in Sections III(c)(3)-(5) of the Final Judgments as ineligible for compensation; and (d) the Distribution Fund Administrator, the Distribution Fund Administrator’s immediate family, and those

¹ The terms contained in the Final Judgments and in this Distribution Fund Plan have legal and plain language meanings. For purposes of this Distribution Fund Plan, we interpret terms in a manner appropriate for the circumstances associated with this Plan. These interpretations should not serve as a precedent beyond this Plan.

² The Global Research Analyst Settlement created twelve separate distribution funds totaling \$432.75 million. One of the Distribution Funds contains payments made by Henry Blodget, formerly a Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) research analyst. Merrill Lynch, which previously reached settlements with state regulators, does not have its own Distribution Fund. The payment of Jack Grubman, formerly an analyst with Citigroup Global Markets Inc. (f/k/a Salomon Smith Barney Inc.), is included in the Citigroup Global Markets Inc. Distribution Fund. In this document, the term “Settling Firms” refers to the eleven financial institutions with their own Distribution Funds and Merrill Lynch, the former employer of Henry Blodget. In this document, the term “Settling Parties” refers to the twelve Settling Firms and two individuals.

³ The fact that an investment entity is advised by a Settling Firm will not disqualify that entity as an Eligible Distribution Fund Recipient, even if similarities exist in the names of the investment entity and the Settling Firm.

persons engaged to assist the Distribution Fund Administrator in developing and implementing this Distribution Fund Plan.

There are additional restrictions. Specifically, derivatives, such as options and futures, are excluded from the definition of “equity securities in question” for purposes of the Distribution Fund Plan, which is consistent with the guidance that the SEC provided to the Court on this question. It will also be required that Eligible Distribution Fund Recipients have purchased the equity security *before* selling the equity security (i.e., investors who lost money on short sales are ineligible for compensation). Finally, since the purchases by funds following automatic investment rules (e.g., index funds) could by definition not have been influenced by the analyst research, investors in such funds will not, to the extent practicable, be Eligible Distribution Fund Recipients.

The Final Judgments state that an Eligible Distribution Fund Recipient “must have suffered a net loss on his equity securities purchases in question.” A person who has realized a net gain on that security is therefore ineligible for compensation. Economic principles suggest that unrealized losses represent a loss of wealth, and such losses therefore are reasonably viewed as a “net loss” for this purpose. The specific determinations of “net losses” will be discussed in the next section.

II. Determination of Compensation Amounts

In determining compensation amounts, eligible losses will be calculated on a last-in, first-out (“LIFO”) accounting basis and will include commissions and other fees charged by Settling Firms to the extent practicable. Losses will be computed in nominal terms, with no adjustment for opportunity costs, inflation, or risk. Losses will be determined by aggregating across transactions in each relevant equity security for the same entity.

In determining net losses eligible for compensation, it is helpful to identify four categories of gains or losses:

- Realized Net Gain. Any person who bought in the “relevant period of purchase” and subsequently realized a net gain is ineligible for compensation.⁴
- Realized Net Loss. Any person who bought in the “relevant period of purchase” and subsequently realized a net loss before the Settlement Date⁵ is eligible for compensation. If the person realized a net loss on or prior to 90 days after the end of the “relevant period of purchase,” the person is eligible for compensation up to the amount of the realized net loss. If, however, the

⁴ “Selling short against the box” will not be treated as a realization for this purpose.

⁵ On April 28, 2003, ten Settling Firms and two individuals announced the Global Research Analyst Settlement with the Securities and Exchange Commission and other regulators. For these Settling Parties, the Settlement Date is, therefore, April 28, 2003. On August 26, 2004, two additional Settling Parties announced a settlement with the Securities and Exchange Commission and other regulators. For these two additional Settling Parties, the Settlement is, therefore, August 26, 2004.

See <http://www.sec.gov/spotlight/globalsettlement.htm>

person realized a net loss more than 90 days after the end of the “relevant period of purchase,” the person will be eligible for compensation up to the implied unrealized net loss (as determined below for unrealized net losses) or the actual realized net loss, whichever is smaller.

- Unrealized Net Gain. Any person who bought in the “relevant period of purchase” and had not sold as of the Settlement Date is not eligible for compensation if the closing stock price on the Settlement Date implies an unrealized net gain.
- Unrealized Net Loss. Any person who bought in the “relevant period of purchase” and had not sold as of the Settlement Date is eligible for compensation if the closing stock price on the Settlement Date implies an unrealized net loss. In this case, the person will be eligible for compensation up to the implied unrealized net loss as determined using the average daily closing price for the equity security during the 90 days following the end of the “relevant period of purchase,” or the implied unrealized net loss on the Settlement Date, whichever is smaller.

After eligible losses are defined, the second stage in determining compensation amounts involves allocating the available funds among Eligible Distribution Fund Recipients. The following decisions have been made regarding the methodology for determining compensation payments.

Adjustment Principles

If there is enough money available in a Distribution Fund to meet all claims for losses from purchases through the relevant Settling Firm, investors will receive 100 cents on the dollar. If, however, there is not enough money to meet all claims, then a key goal is to distribute settlement funds to investors who are more likely to have been affected by the events that are the subject of the settlement. Although that goal may not be perfectly achievable, the plan uses two principles to achieve a better approximation of that goal.

A. The Proximity Principle

The first principle is that purchases of equity securities that were made shortly after the events that are the subject of the settlement are more likely to have been affected by those events than purchases made more distant in time from the events: the proximity principle. This principle is consistent with provisions in the Final Judgments. If funds are not sufficient to compensate investors in full for their eligible losses, the compensation formula will involve a “proximity adjustment.”

Specifically, those investors who purchased the equity security closer to the beginning of the “relevant period of purchase” will receive a higher compensation rate

(that is, compensation as a share of eligible losses) than those who purchased later.⁶ A maximum proximity adjustment rate of three percent per trading day will help to ensure an equitable distribution of funds. The proximity adjustment rate will be set at zero for the first eleven trading days of the “relevant period of purchase.”

Example of Proximity Principle

Consider two persons who both realized a net loss of \$10,000. If the first investor purchased the equity security six trading days after the beginning of the “relevant period of purchase,” the investor would be eligible to receive up to 100 percent of net losses. If the second investor purchased the equity security 35 trading days after the beginning of the “relevant period of purchase,” the investor would be eligible to receive up to approximately 50 percent of net losses.*

* The adjustment factor is applied multiplicatively after the eleventh trading day such that the proximity adjustment for an investor who purchased a relevant equity security 35 trading days after the beginning of the relevant period of purchase is equal to $(1-.03)^{(35-11)}$ or 0.48.

B. The Information Principle

The second principle focuses on the consumption of information prior to making equity security purchases: the information principle. Purchasers who make larger investments in equity securities are more likely to spend more on obtaining information regarding those equity securities. Conversely, purchasers of smaller amounts of equity securities are more likely to spend less on information. This principle suggests, therefore, that the events that are the subject of the settlement are more likely to have affected those investors making smaller purchases than those investors making larger purchases. Like the proximity principle, the information principle is consistent with provisions in the Final Judgments.

Specifically, if an investor’s total purchases from a Settling Firm over the relevant periods of purchase are larger than the median value for purchases of the relevant equity securities from the Settling Firm, the adjustment will equal a maximum of three percent for each multiple above the median.⁷ The information adjustment will not apply to those investors with total purchases from a Settling Firm over the relevant periods of purchase that are smaller than the median value for purchases of the relevant equity securities from the Settling Firm.

⁶ If the Distribution Fund has resources more than sufficient to compensate in full all proximity-adjusted and volume-adjusted losses (see below for discussion of volume adjustment), the proximity adjustment factor will be reduced accordingly to increase payments to recipients.

⁷ As with the proximity-dependent decay rate, if the Distribution Fund has more than sufficient resources to compensate in full all proximity-adjusted, information-adjusted losses, the adjustment will be reduced, which would then raise total proximity- and information-adjusted losses. The proximity-dependent decay rate and the information-dependent adjustment factor would be revised simultaneously.

Example of Information Principle

If the median of all purchases of relevant equity securities from a Settling Firm is \$25,000, an investor purchasing \$100,000 of relevant securities from that Settling Firm will be assigned an adjustment of 8.7 percent.* For all investors purchasing less than \$25,000 in relevant equity securities, this adjustment factor will be equal to zero.

* The adjustment factor is applied multiplicatively for each increment above the median. The \$75,000 difference between the \$100,000 purchase and the \$25,000 median is three times the median. The adjustment factor is therefore $(1-.03)*(1-.03)*(1-.03)$, or 0.912. The adjustment is therefore 8.7% ($1-.912=.087$).

Other Factors Affecting the Determination of Compensation

The total compensation rate for investors will be based on the adjusted net loss, which reflects both the proximity and information adjustments. For each investor, this adjusted net loss will not be less than ten percent of the investor's eligible net loss. For example, consider an investor who realized a net loss of \$20,000. The investor's adjusted net loss will be no lower than \$2,000. If the application of the proximity and information adjustment were to result in an adjusted net loss of less than \$2,000, the investor's adjusted net loss will nonetheless be maintained at \$2,000 (ten percent of eligible losses).

If a Distribution Fund is insufficient to compensate persons in full for their adjusted net losses, each person will receive a proportion of such losses. That is, a Distribution Fund will use a simple proportional formula that allows all persons to receive the same compensation per dollar of adjusted net losses.⁸

Finally, in accordance with the cost-effectiveness mandate in the Final Judgments, payments will be made only if they exceed \$100.

III. Distribution Issues

Data available from the Settling Firms will allow the implementation of much of the plan presented above. In certain specific cases, however, additional information will be necessary.

To ensure that the information available from the Settling Firms is accurate and complete, a letter will be sent to all potential recipients.⁹ If the data from the Settling Firms are correct, potential recipients will be informed that they do not need to respond to the letter.

⁸ For UBS Securities LLC and US Bancorp Piper Jaffray Inc., payments will be first allocated to the equity securities identified in the Distribution Fund Orders as eligible for compensation in the first instance. If such allocations do not exhaust the available funds, payments will then be allocated to the equity securities identified in the Distribution Fund Orders as eligible for compensation if the allocation to the first equity securities does not exhaust the Distribution Funds.

⁹ As part of the notice campaign described below, any potential recipient who does not receive a letter by June 3, 2005 will be instructed to write to a specified address or call a specified phone number.

If the data maintained by the Settling Firms have incorrect information or fail to include necessary information for a purchaser, the potential recipient will be asked to provide the necessary information. For example, if the transactional data maintained by the Settling Firms indicate a relevant purchase but no relevant sale, the letter will inform potential recipients that they must provide such information to be eligible to be receive funds.¹⁰

To ensure an equitable distribution of funds, large payments to Eligible Distribution Fund Recipients will be subject to additional scrutiny. Potential recipients of payments of more than \$100,000 identified using the data maintained by the Settling Firms will be required to complete a claim form (which will be attached to the letter sent to potential recipients), which will require that they verify certain key information.

Purchasers with 500 or more underlying beneficiaries, and purchasers with fewer than 500 underlying beneficiaries and eligible losses of less than \$100,000, will be required to attest that the compensation will be allocated to the benefit of current investors and not management.

Purchasers with fewer than 500 underlying beneficiaries and with eligible losses of more than \$100,000 will be required to confirm their total eligible losses. They will also be required to distribute claim forms to the underlying investors at the time the relevant equity security was purchased. In these cases, it is these underlying investors who will be responsible for filing the claim forms and will receive payments directly from the Distribution Funds.¹¹

After the amounts of compensation have been determined, a paying agent will mail a check to each recipient.¹² Investors will be required to attest to the key eligibility requirements identified in Section II of this memorandum as part of endorsing the check for deposit.

In the case that a recipient is not able to endorse a check as written (*e.g.*, if an individual has changed names, a couple has divorced, or an individual is now deceased), the claim form processor and the accounting firm will be responsible for collecting information on such issues and making recommendations regarding how they should be resolved.

After this Distribution Fund Plan is released by the Court, there will be a public notice process which will seek to inform the investing public of the terms, comment period,¹³ and hearing related to this Plan. The notice campaign will commence in

¹⁰ The letter will indicate that those investors with losses of less than \$100 should not fill out the form.

¹¹ Along with distributing the claim form, these purchasers will also be required to provide underlying investors with information about their proportional eligible losses, based on their proportional holdings of the fund at the date of the purchase of the relevant equity securities.

¹² An accounting firm will be responsible for verifying the payment process.

¹³ Any interested person will be able to submit comments on this plan during a comment period provided by the Court.

accordance with the Court's Order and will include a website and advertisements in major newspapers read by the investing public.

There will be a written appeals process. Appeals will be accepted only for mechanical errors in determining eligibility or calculating the distribution fund payment to a recipient. Appeals will not be allowed for any other reason.

The Internal Revenue Code and associated Internal Revenue Service regulations may require tax withholding on and/or reporting of compensation payments from the Distribution Funds. All necessary steps will be taken to comply with these statutes and regulations, including informing recipients about them if appropriate.

After payments are made to investors, any amounts that remain in the Distribution Funds will be transferred to the Investor Education Fund.

In the course of distributing the Funds, additional issues may arise that require decisions to be made. These decisions will be made consistent with the overriding goal of an equitable distribution of the funds as stated in this Distribution Fund Plan, and the relevant parties will be notified as necessary.

Exhibit 2

Publication and Notice Schedule

- Notice (see attached) will appear in the following publications:
 - *The Wall Street Journal* – twice; 5 col. x 15.75” (approximately ½ page)
 - *The New York Times* - once on a weekday and once on a Sunday; 4 col. x 15.75” (approximately ½ page)
 - *USA Today* – once in the weekend edition (that is, the Friday-Sunday edition); 2/3 page
 - *Investor’s Business Daily* – once on a weekday (Tuesday-Friday); junior page (approximately 2/3 page)
 - *Barron’s* – once; full page
- A website has been created to inform the public about the distribution fund plan and to help answer questions. The website address is <http://www.globalresearchanalystsettlement.com>.
- An 800-number for recorded messages has been established. It is 800-250-3905.

GLOBAL RESEARCH ANALYST SETTLEMENT

To: All Persons Who Purchased Stocks Listed Below Through the Listed Settling Parties During the Listed Time Periods and Suffered A Net Loss. You May Be Eligible for Compensation.

On April 11, 2005, The Honorable William H. Pauley III, United States District Court Judge for the Southern District of New York, will conduct a fairness hearing to consider a proposed plan of distribution of funds for the Global Research Analyst Settlement. The proposal can be found at www.globalresearchanalystsettlement.com.

The Global Research Analyst Settlement Distribution Funds were created as a result of payments made by financial institutions and individuals to resolve matters with the Securities and Exchange Commission, NASD, Inc., and New York Stock Exchange, Inc. The federal court entered a series of Final Judgments on October 31, 2003 and September 24, 2004. The Final Judgments provide that the \$432.75 million contained in twelve separate funds should be distributed directly to investors. You may be eligible to receive funds if you purchased a stock listed below through the specified financial institution during the listed time periods and you suffered a net loss on your transaction.

If you desire to comment on the proposed plan of distribution, you may do so by sending your written comments to be received no later than March 8, 2005 to:

Global Research Analyst Settlement
PO Box 9000 #6284
Merrick, NY 11566-9000

If you desire further information, you may call (800) 250-3905 for recorded messages or go to www.globalresearchanalystsettlement.com, which contains the Final Judgments, related Orders, the proposed Distribution Fund Plan, and answers to frequently asked questions. In addition, the website provides an opportunity to ask questions and the Distribution Fund Administrator will post answers to the most frequently asked questions on a periodic basis.

Settling Party	Relevant Equity Security	Relevant Period of Purchase
Bear, Stearns & Co. Inc.	CAIS Internet, Inc.	Nov 7, 2000 - Apr 24, 2001
	Digital River, Inc.	Jan 30, 2002 - Apr 1, 2002
	Micromuse, Inc.	Jul 18, 2001 - Oct 16, 2001
	Sonic Wall	Jan 25, 2001 - May 15, 2001
Citigroup Global Markets Inc., f/k/a Salomon Smith Barney and Jack Benjamin Grubman	Adelphia Business Solutions Inc.	May 14, 2001 - Aug 13, 2001
	AT&T Corp.	Nov 29, 1999 - Jan 25, 2000
	Focal Communications Corp.	Apr 10, 2000 - Oct 17, 2000; Feb 21, 2001 - Aug 13, 2001
	Level 3 Communications Inc.	Apr 18, 2001 - Jun 18, 2001
	Metromedia Fiber Networks, Inc.	Apr 30, 2001 - Jul 25, 2001
	RCN Corp.	May 3, 2001 - Aug 2, 2001
	Williams Communications Group Inc.	May 1, 2001 - Nov 1, 2001
	XO Communications Inc.	Apr 26, 2001 - Nov 1, 2001
Credit Suisse First Boston LLC, f/k/a Credit Suisse First Boston Corporation	Agilent Technologies, Inc.	Jul 21, 2000 - Feb 20, 2001
	Digital Impact, Inc.	Jul 23, 2001 - Oct 2, 2001
	New Power Holdings, Inc.	Oct 30, 2000 - Dec 31, 2001
	Numerical Technologies, Inc.	May 4, 2000 - Aug 2, 2000
	Synopsys, Inc.	Jul 23, 1999 - Jun 29, 2000
Deutsche Bank Securities Inc.	Winstar Communications, Inc.	Jan 5, 2001 - Apr 5, 2001
	Empisphere Technologies, Inc.	Jan 26, 2000 - Apr 25, 2000
	E-Prise Corporation	Apr 26, 2001 - Jul 25, 2001
	Getty Images, Inc.	Apr 5, 2002 - Jul 4, 2002
	Oracle Corporation	May 31, 2001 - Aug 29, 2001
	Transkaryotic Therapeutics, Inc.	Jul 13, 2001 - Oct 11, 2001
	Trimeris, Inc.	Dec 28, 2001 - Mar 28, 2002
United Therapeutics, Inc.	Mar 7, 2000 - Jun 5, 2000	
Goldman, Sachs & Co.	360networks, Inc.	Apr 27, 2001 - May 15, 2001
	AT&T Corp.	Jul 26, 2000 - Dec 19, 2000; Apr 25, 2001 - Jun 30, 2001
	Exodus Communications Inc.	Jun 11, 2001 - Jun 20, 2001
	Global Crossing Ltd.	Mar 21, 2000 - Jun 19, 2000
	WorldCom Inc.	Aug 7, 2000 - Dec 5, 2000; Apr 26, 2001 - Jun 30, 2001
Henry McElvey Blodget ⁽¹⁾	Goto.com	Jan 11, 2001 - Jun 6, 2001
J.P. Morgan Securities Inc.	Epicor Software Corp. ⁽²⁾	Oct 22, 1999 - Jan 30, 2001
	International Rectifier Corp. ⁽³⁾	Jul 1, 1999 - Nov 1, 2000
Lehman Brothers Inc.	Broadwing, Inc.	Jan 25, 2001 - Apr 25, 2001
	DDi Corp.	Jun 30, 2000 - Sep 28, 2000
	Razorfish Inc.	May 24, 1999 - Aug 22, 1999
	Real Networks, Inc.	Jul 11, 2000 - Oct 17, 2000
Morgan Stanley and Co. Incorporated	RSL Communications	Mar 2, 2000 - Sep 6, 2000
	Ask Jeeves Inc.	Apr 20, 2000 - Jul 19, 2000
	drugstore.com Inc.	Apr 25, 2000 - Jul 24, 2000
	Inktomi Corp.	Dec 7, 2000 - Jan 4, 2001
Thomas Weisel Partners LLC	Ventro Corp. (formerly Chemdex Corp.)	Apr 5, 2000 - Jul 4, 2000
	Hotjobs.com Ltd.	Nov 4, 1999 - Feb 2, 2000
	InfoSpace, Inc.	Jan 11, 2001 - Jul 25, 2001
	Level 3 Communications Inc.	May 21, 2001 - Jun 19, 2001
UBS Securities LLC, f/k/a UBS Warburg LLC	Sprint FON Group	Jun 19, 2001 - Jul 19, 2002
	Interspeed, Inc.	Jan 3, 2000 - Jul 21, 2000
	Triangle Pharmaceuticals, Inc.	Oct 8, 1999 - Mar 10, 2000
	Atmel Corp. ⁽⁴⁾	Feb 9, 2000 - May 9, 2000
US Bancorp Piper Jaffray Inc.	Flextronics International Ltd. ⁽⁴⁾	Mar 2, 2001 - Jun 1, 2001
	Esperion Therapeutics, Inc.	Oct 18, 2001 - Jun 28, 2002
	Triton Networks Systems Inc.	Mar 30, 2001 - May 1, 2001
	Just for Feet, Inc. ⁽⁵⁾	Apr 21, 1999 - Jul 20, 1999
	JDS Uniphase Corp. ⁽⁵⁾	Jul 27, 1999 - Oct 25, 1999
	Converse Technology, Inc. ⁽⁵⁾	Mar 28, 2001 - Jun 26, 2001

⁽¹⁾ Limited to purchases of Goto.com through Merrill Lynch, Pierce, Fenner & Smith Incorporated.

⁽²⁾ Limited to purchases of Epicor Software Corp. by clients of Hambrecht & Quist LLC and Chase H&Q; purchasers of Epicor from J.P. Morgan Securities Inc. are not eligible.

⁽³⁾ Limited to purchases of International Rectifier Corp. by clients of J.P. Morgan Securities Inc.

⁽⁴⁾ Per the Distribution Fund Order, payments will be first allocated to purchasers of Triangle Pharmaceuticals, Inc. and Interspeed, Inc. If such allocations do not exhaust the available funds, payments will then be allocated to purchasers of these equity securities.

⁽⁵⁾ Per the Distribution Fund Order, payments will be first allocated to purchasers of Esperion Therapeutics, Inc. and Triton Networks Systems Inc. If such allocations do not exhaust the available funds, payments will then be allocated to purchasers of these equity securities.