

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK**

**If you are a business customer who subscribed to private line or frame relay service from MCI or Verizon at any time between June 22, 2005 and March 16, 2007, you could get a payment from a class action settlement.**

*A federal court authorized this notice. This is not a solicitation from a lawyer.*

- This case concerns business customers who subscribed to private-line or frame relay service from MCI, Inc. (now known as Verizon Business Network Services Inc.) between June 22, 2005 and March 16, 2007, inclusive. The lawsuit alleges that MCI/Verizon had the right to bill customers for either federal *or* state Universal Service Fund charges, but billed customers for both. The settlement will provide over \$2.8 million to pay class members' claims for alleged overcharges; notice and administrative costs; and attorneys' fees and expenses.
- Your legal rights are affected whether or not you act. Please read this notice carefully.

Your Legal Rights and Options in This Settlement	
<b>SUBMIT A CLAIM FORM, POSTMARKED OR ELECTRONICALLY FILED BY JUNE 20, 2008</b>	The only way to receive a payment.
<b>EXCLUDE YOURSELF FROM THE CLASS BY MARCH 31, 2008</b>	Receive no payment. This is the only option that lets you participate in another lawsuit against MCI/Verizon concerning the legal claims asserted in this case.
<b>OBJECT OR COMMENT BY MARCH 31, 2008</b>	Write to the Court about why you do, or do not, like the settlement. You must remain in the class to object or comment.
<b>ATTEND A HEARING ON APRIL 17, 2008 AT 4:30 P.M.</b>	Ask to speak to the Court about the fairness of the settlement.
<b>DO NOTHING</b>	Receive no payment, and give up rights to sue.

- These rights and options, and the deadlines to exercise them, are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after any appeals are resolved. Please be patient.

Questions? Call Toll-Free 1 (888) 235-5166 or Visit [www.USFSettlement.com](http://www.USFSettlement.com)

### **1. Why did I receive this notice?**

According to MCI/Verizon's records, you are a business customer who subscribed to private line or frame relay service from MCI or Verizon between June 22, 2005 and March 16, 2007, inclusive, and were assessed both federal and state Universal Service Fund surcharges for such service for the same period. The Court ordered that this notice be sent to you, because you are a potential member of the settlement class, and have a right to know about a proposed class action settlement concerning the matter. This notice explains the lawsuit, the settlement, who is covered by the settlement, your rights and options, the benefits available under the settlement, and how to obtain a payment.

### **2. What is this lawsuit about?**

The lawsuit is entitled *Telstar Resource Group, Inc. v. MCI, Inc.*, Case No. 05 Civ. 10671 (JGK), and was filed in the United States District Court for the Southern District of New York in December 2005. It involves Universal Service Fund, or "USF," surcharges. Under federal law, providers of interstate telecommunications services contribute to a federal Universal Service Fund, which subsidizes telecommunications services for low-income and rural customers, among other things. Federal law also permits states to establish their own Universal Service Funds and require fund contributions from intrastate-service providers, and many states have created these funds. Service providers are allowed to pass their USF contributions on to their customers by billing them for USF surcharges.

The lawsuit alleges that by federal regulation, private line or frame relay services offered by MCI/Verizon must be classified as either interstate or intrastate lines, based on the percentage of interstate traffic carried. It further alleges MCI/Verizon is prohibited from assessing both federal and state USF surcharges for such services, and is allowed to assess only one or the other. The case was brought on behalf of all MCI/Verizon customers who were assessed both federal and state USF surcharges for their private line or frame relay services for the same billing period. The lawsuit asserts claims under the United States Communications Act, 47 U.S.C. §§ 201-202.

### **3. Why is there a settlement?**

The Court has not decided in favor of either side in the case, which has been pending since December 2005. In January 2007, the Court stayed the case so the parties could obtain a ruling from the Federal Communications Commission on certain issues. The parties reached their proposed settlement before obtaining the ruling.

The parties disagree over whether MCI/Verizon is liable in the case and the amount of damages the class has allegedly suffered. Without a settlement, the outcome of the case would be highly uncertain. MCI/Verizon denies the claims asserted against it in the litigation, denies that it has engaged in any wrongdoing, and denies that any class member has suffered any damages as a result of its conduct. MCI/Verizon states it is settling to avoid the burden and expense of continued litigation. Plaintiff and its attorneys assert that the claims are meritorious, but that settlement is in the best interests of the class because it is fair, reasonable, and adequate and provides a substantial

recovery now, while avoiding the risk, uncertainty, expense, and delay of pursuing the case through trial and possible appeal. Settlement is not an admission of wrongdoing or liability by MCI/Verizon, or an admission by Plaintiff that the lawsuit lacks merit.

**4. Who is included in the settlement?**

The class covered by the settlement is defined as follows: All customers of MCI, Inc. or its successor in interest, Verizon Business, who subscribed to private line service or frame relay service and who were assessed the Federal USF surcharge and a state USF surcharge for the same service or services during the same billing period between June 22, 2005 and March 16, 2007, inclusive.

Excluded from the class are Verizon Business; any entity in which Verizon Business Network Services Inc. has a controlling interest; any of the officers, directors, or employees of Verizon Business; the legal representatives, heirs, successors, and assigns of Verizon Business; anyone employed with the law firm Girard Gibbs LLP or the law firm Seeger Weiss LLP; any Judge to whom the lawsuit is or was assigned, and his or her immediate family; any entity of the United States government, or any state, territory, or municipality of the United States, or any entity thereof; and any person or entity who submits a timely and valid request to be excluded from the class.

**5. Who are the lawyers representing the class in this case?**

To represent the class for purposes of the settlement, the Court has appointed the named Plaintiff in the lawsuit, Telstar Resource Group, Inc., to serve as the class representative. The Court has also appointed the following attorneys and law firms to serve as Class Counsel: Daniel C. Girard and A. J. De Bartolomeo, Girard Gibbs LLP, 601 California Street, 14th Floor, San Francisco, California 94108.

Class Counsel will request an award of attorneys' fees of up to 25 percent of the settlement fund described below, plus reimbursement of expenses incurred in the case. Class Counsel will also request a \$5,000 incentive award for the class representative, for its initiative and effort in pursuing the case and settlement on behalf of the class. You will not have to pay any amount out-of-pocket for Class Counsel's services. You do not need to hire a lawyer to participate in the settlement. If you wish, however, you may hire a lawyer to represent you in this case, at your own expense.

**6. What does the settlement provide?**

Under the settlement, MCI/Verizon will place \$2,811,500 into an interest-bearing account. This amount, plus accrued interest, is the settlement fund. The settlement fund will be applied first to pay costs of giving notice to the class and settlement administration; any Court-approved award of attorneys' fees and expenses to Class Counsel; and any Court-approved incentive award to the class representative. Assuming the requested awards are approved, Class Counsel estimate the remaining balance will be approximately \$1.9 million plus accrued interest. This net settlement fund will be used to make payments to class members, as described below.

**7. How can I obtain a payment under the settlement?**

To request a payment, you must complete and send in the accompanying claim form. Please provide all requested information; sign and date the form; and mail it to the claims mailing address provided on the form, so that it is postmarked **no later than June 20, 2008**. You also have the option of completing and submitting a claim form online by visiting [www.USFSettlement.com](http://www.USFSettlement.com). If you choose this option, you must submit your claim online **no later than June 20, 2008**.

The amount of the payment will be based on the amount of state USF surcharges paid by your business. Using data provided by MCI/Verizon, the Settlement Administrator will determine the dollar amount of state USF surcharges paid by each claimant and not subsequently refunded. The net settlement fund will be distributed among claimants in the same proportion that their state USF surcharges bear to the total of all state USF surcharges paid by all claimants. Mathematically, it can be expressed like this:

$$\text{Payment} = (\text{Net settlement fund}) \times \frac{(\text{State USF surcharges you paid})}{(\text{Total of state USF surcharges paid by all claimants})}$$

**8. What am I giving up to obtain a payment or stay in the class?**

Your business must stay in the class to obtain a settlement payment. By staying in the class, your business will give up any right it may have to sue, continue to sue, or be part of any other lawsuit against MCI, Verizon, or their affiliates concerning the assessment, billing, or collection of USF surcharges between June 22, 2005 and March 16, 2007, inclusive. Furthermore, your business will be bound by all of the Court's orders in this case, including the judgment dismissing all claims asserted on behalf of the class.

To keep any right your business may have to sue or continue to sue over MCI's or Verizon's USF surcharges, as described above, you must exclude your business from the class.

**9. How can I exclude my business from the class and settlement?**

To exclude your business from the class, you must send in a letter saying that you want your business to be excluded from the class in *Telstar v. MCI*. You cannot exclude yourself by phone or e-mail. Your exclusion request must include the name of your business, its address, and its telephone number. You must also sign the request and state your name and business title. You must mail your exclusion request, postmarked **no later than March 31, 2008** to:

***Telstar Resource Group, Inc. v. MCI, Inc.***  
**Settlement Administrator**  
**P. O. Box 9211**  
**Dublin, OH 43017-4611**

If your business is excluded, it cannot receive a settlement payment or object to the settlement. Your business will not be bound by any of the Court's orders in this case, and will keep any right it may have to sue or continue to sue over MCI's or Verizon's USF surcharges.

**10. How can I tell the Court what I think about the settlement?**

If you do not exclude your business from the class, you can object to or comment on the settlement. The Court will consider your views. To object, you must send in a letter saying that you object to the settlement in *Telstar v. MCI*, Case No. 05 Civ. 10671 (JGK). The letter must state the reasons for your objection, and must include the name of your business, its address, and its telephone number. You must also sign the letter and state your name and business title. You must mail your objection, postmarked **no later than March 31, 2008** to each of the following:

**Clerk of the Court:**

Clerk of the Court  
United States District Court  
for the Southern District of  
New York  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007-1312

**Class Counsel:**

A. J. De Bartolomeo  
Girard Gibbs LLP  
601 California St., 14th Floor  
San Francisco, CA 94108

**Defense Counsel:**

F. Joseph Warin  
Daniel A. Cantu  
Gibson, Dunn & Crutcher LLP  
1050 Connecticut Ave. NW  
Suite 200  
Washington, DC 20036

If you do not submit a written objection to the proposed Settlement, proposed Plan of Allocation, application for attorneys' fees and expenses, and/or application for a Plaintiff's incentive award in accordance with the deadline and procedure set forth above, you will waive your right to appeal from any order or judgment of the Court granting approval of the matter to which you did not object as required.

**11. When and where will the Court hold a hearing on the fairness of the settlement?**

On April 17, 2008, at 4:30 p.m., in Courtroom 12B of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312, the Honorable John G. Koeltl, United States District Judge, will hold a fairness hearing to decide (a) whether the settlement should be approved as fair, reasonable, and adequate for the class; (b) whether a judgment granting approval of the settlement and dismissing the lawsuit with prejudice should be entered; and (c) whether Class Counsel's application for attorneys' fees and expenses and an incentive award for the named Plaintiff should be granted. The hearing may be postponed, adjourned, or rescheduled by the Court without further notice to the class.

**12. Do I have to come to the hearing? May I speak at the hearing?**

You do not need to attend the hearing for your business to remain a class member or obtain a settlement payment. You or your own lawyer may attend the hearing if you wish, at your own expense.

If you do not exclude your business from the class, you may also ask the Court for permission to speak at the hearing in support of, or in opposition to, the proposed settlement. To do so, you must send in a letter saying that it is your notice of your intention to appear at the fairness hearing in *Telstar v. MCI*, Case No. 05 Civ. 10671 (JGK). The letter must state the position you intend to present at the hearing, and must include the name of your business, its address, and its telephone number. You must also sign the letter and state your name and business title. You must mail your notice, postmarked **no later than March 31, 2008** to the Clerk of the Court, Class Counsel, and Defense Counsel at the three addresses listed under question 10. You may combine this notice and your objection (described under question 10) in a single letter.

**13. What happens if I do nothing at all?**

If you do nothing, your business will receive no payment from the settlement. Your business will still be part of the class, however, and will give up any right it may have to sue, continue to sue, or be part of any other lawsuit against MCI, Verizon, or their affiliates concerning the assessment, billing, or collection of USF surcharges between June 22, 2005 and March 16, 2007, inclusive.

**14. How do I get more information?**

This notice is a summary and does not describe all details of the settlement. For full details, you may wish to review the Stipulation of Settlement dated December 3, 2007. You can view the Stipulation of Settlement and get more information at [www.USFSettlement.com](http://www.USFSettlement.com). You can also get more information by calling toll-free 1 (888) 235-5166. The Stipulation of Settlement and all other pleadings and papers filed in the lawsuit are available for inspection and copying during regular business hours at the Office of the Clerk of the Court, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312.

**PLEASE DO NOT CONTACT THE COURT WITH QUESTIONS ABOUT THIS NOTICE.**