

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO 1437 Bannock Street Denver, CO 80202</p>	
<p>Plaintiffs: ADELE BRODY, et al., On Behalf of Themselves and All Others Similarly Situated, v. Defendants: PETER S. HELLMAN, et al.</p>	<p>▲ COURT USE ONLY ▲</p>
<p>Robert J. Dyer III (5734) Kip B. Shuman (23593) Jeffrey A. Berens (28007) DYER & SHUMAN, LLP 801 East 17th Avenue Denver, CO 80218-1417 Telephone: 303/861-3003 303/830-6920 (fax)</p> <p>Attorneys for Plaintiffs</p> <p>[Additional counsel appear on signature page.]</p>	<p>Case Number: 00-CV-4142 Courtroom: 1</p>
<p>STIPULATION OF SETTLEMENT</p>	

This Stipulation of Settlement dated as of June 20, 2005 (the "Stipulation"), is made and entered into pursuant to Rule 23 of the Colorado Rules of Civil Procedure and contains the terms of a settlement by and among the following Settling Parties (as defined in ¶1.22 hereof) to the above-entitled Litigation: (i) the Class Representatives (on behalf of themselves and each of the Class Members), by and through their counsel of record in the Litigation; and (ii) the Defendants and Former Defendant, by and through their counsel of record in the Litigation. The Stipulation is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle the Released Claims, upon and subject to the terms and conditions hereof and subject to the approval of this Court.

I. THE LITIGATION

On June 21, 2000, Plaintiffs filed a class action complaint, entitled *Adele Brody, et al. v. Peter S. Hellman, et al.*, Case No. 00-CV-4142 (the "Litigation"), in the District Court for the City and County of Denver, Colorado alleging breach of fiduciary duty and breach of contract claims concerning the second quarter 2000 dividend declared by the US West board of directors on June 2, 2000, but not paid after the merger of US West and Qwest. Following an amendment to the class action complaint on January 11, 2001, the named defendants in the Litigation were Peter S. Hellman, Jerry Colangelo, Solomon D. Trujillo, Manuel A. Fernandez, Dr. Craig R. Barrett, Frank P. Popoff, Marilyn Carlson Nelson, Hank Brown, George J. Harad, Linda G. Alvarado, Qwest Communications International Inc. and Joseph P. Nacchio. The causes of action asserted in the amended complaint were for breach of fiduciary duty, breach of contract, breach of third party beneficiary contract, aiding and abetting breach of fiduciary duties and commission of *ultra vires* acts. Plaintiffs sought to recover money and/or other relief for the Class.

On March 12, 2001, Defendants moved to dismiss Plaintiffs' amended complaint and sought partial summary judgment, and Plaintiffs opposed Defendants' motions. Defendants' motion to dismiss was denied and their motion for summary judgment was denied pending discovery. Defendants filed an answer denying all material allegations of Plaintiffs' amended complaint and asserted various defenses.

The parties engaged in extensive discovery. On September 13, 2002, Defendants filed a renewed motion for summary judgment. On that same date, Plaintiffs also moved for summary judgment, or alternatively, adjudication of certain issues. Both of these motions were opposed. On July 22, 2003, the parties' motions were denied. On June 30, 2004, Defendants filed a

motion for summary adjudication of certain issues. On January 31, 2005, that motion was denied in part and granted in part. On January 31, 2005, the Court entered an order certifying the Class defined as:

THE LAST US WEST COMMON STOCK SHAREHOLDERS OF RECORD BEFORE THE US WEST – QWEST MERGER CLOSED ON JUNE 30, 2000, EXCLUDED FROM THE CLASS ARE DEFENDANTS AND ANY PERSON AFFILIATED WITH OR RELATED TO ANY DEFENDANT.

Notice, as approved by the Court, was mailed to the Class pursuant to the Individual Notice of Pendency of Class Action, dated March 11, 2005, and published April 6, 2005, and again on April 13, 2005, in the national edition of the *Wall Street Journal*, the *Denver Post*, and *Rocky Mountain News*. Trial of this matter was scheduled to commence on June 6, 2005.

II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiffs in the Litigation. The Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Class Representatives or the Class have suffered any damages, or that the Class Representatives or the Class were harmed by the conduct alleged in the Litigation.

Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation, and have secured contributions from certain insurers accounting for nearly 50% of the Settlement Fund. The Defendants have, therefore, determined

that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

This Stipulation, and any and all exhibits or documents referred to herein, or any terms or representations herein or therein, or any action taken to carry out this Stipulation, are not, and shall in no event be construed or be deemed to be, evidence or an admission or a concession by Defendants of any fault or liability or damages whatsoever. Defendants deny any and all wrongdoing of any kind whatsoever and deny any liability to Plaintiffs or the Class Members and Defendants do not concede any infirmity in the defenses they have asserted in the Lawsuit, nor are any such defenses waived. It is the Parties' intent that this agreement not be used for any purpose in litigation of any kind other than to enforce the provisions of this Stipulation or the provisions of any related agreement, release, or exhibit hereto, or in order to support a defense of *res judicata*, collateral estoppel, accord and satisfaction, release or other theory of claim or issue preclusion or similar defense. Therefore, pursuant to this Stipulation, as ordered by this Court, and pursuant to Colorado Rule of Evidence 408, the Federal Rules of Evidence and the Rules of Evidence of the various states and the Rules of Evidence followed by any quasi-judicial bodies, including regulatory and self-regulatory organizations, and any other applicable law, rule or regulation, the fact of entering into or carrying out this Stipulation, the exhibits hereto, and any negotiations and proceedings related hereto, and the settlement itself shall not be construed as, offered by a party hereto into evidence as, or deemed to be evidence of, an admission or concession of liability by or an estoppel against any of the Defendants, a waiver of any applicable statute of limitations or repose, and shall not be offered by a party hereto into evidence, or considered, in any action or proceeding against any Defendant in any judicial, quasi-judicial, administrative agency, regulatory or self-regulatory organization, or other

tribunal, or proceeding for any purpose whatsoever, other than to enforce the provisions of this Stipulation or the provisions of any related agreement, release, or exhibit hereto, or in order to support a defense of *res judicata*, collateral estoppel, accord and satisfaction, release or other theory of claim or issue preclusion or similar defense.

III. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Counsel for the Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Defendants through trial and through appeals. Counsel for the Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Counsel for the Plaintiffs are also mindful of the inherent problems of proof under and possible defenses to the violations asserted in the Litigation. Class Counsel and counsel for the Class Representatives believe that the settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Class Counsel and counsel for the Class Representatives have determined that the settlement set forth in the Stipulation is in the best interests of the Class Representatives and the Class.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Class Representatives (for themselves and the Class Members) and the Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled and

released, and the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation, as follows.

1. Definitions

As used in the Stipulation the following terms have the meanings specified below:

- 1.1 “Authorized Claimant” means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.
- 1.2 “Claimant” means any Class Member who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.
- 1.3 “Claims Administrator” means the firm of Gilardi & Co. LLC.
- 1.4 “Class” means the last US West common stock shareholders of record before the US West – Qwest Merger closed on June 30, 2000. Excluded from the class are Defendants and any Persons affiliated with or related to any Defendant. Also excluded are those Persons who timely requested exclusion from the Class pursuant to the Individual Notice of Pendency of Class Action dated March 11, 2005. Pursuant to the Final Judgment, the persons affiliated with or related to any Defendant include members of the immediate family of each individual defendant, any entity in which any defendant has a controlling interest, officers and directors of Qwest and its subsidiaries and affiliates, and the legal representatives, heirs, predecessors, successors and assigns of any such excluded party.
- 1.5 “Class Counsel” means Lerach Coughlin Stoia Geller Rudman & Robbins LLP, Keith F. Park, 401 B Street, Suite 1600, San Diego, California, 92101; Milberg Weiss Bershad & Schulman LLP, Jeff S. Westerman, 355 South Grand Avenue, Suite 4170, Los Angeles, California, 90071; and Weiss & Lurie, Jordan L. Lurie, 10940 Wilshire Blvd., 23rd Floor, Los Angeles, California, 90024.

1.6 "Class Member" or "Member of the Class" mean a Person who falls within the definition of the Class.

1.7 "Class Representatives" means Adele Brody and Employer-Teamsters Local Nos. 175 and 505 Pension Trust Fund.

1.8 "Defendants" means Qwest Communications International Inc., the Individual Defendants and the Former Defendant.

1.9 "Effective Date" means the first date by which all of the events and conditions specified in ¶8.1 of the Stipulation have been met and have occurred.

1.10 "Escrow Agent" means the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP or its successor(s).

1.11 "Final" means: (i) if no appeal is timely filed, the expiration date of the time for the filing or noticing of an appeal from the Judgment; or (ii) if an appeal is timely filed, (a) the latter of the date of final affirmance on an appeal of the Judgment, the expiration of the time for a petition for a writ of certiorari to review the affirmance, a denial of certiorari that has been timely sought or, if certiorari is granted, the date of final affirmance of the Judgment following review pursuant to that grant; or (b) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on certiorari to review the Judgment.

1.12 "Former Defendant" means Richard D. McCormick.

1.13 "Individual Defendants" means Peter S. Hellman, Jerry Colangelo, Solomon D. Trujillo, Manuel A. Fernandez, Craig R. Barrett, Frank P. Popoff, Marilyn Carlson Nelson, Hank Brown, George J. Harad, Linda G. Alvarado and Joseph P. Nacchio.

1.14 "Judgment" means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.15 "Person" means an individual, corporation, partnership, limited partnership, limited liability partnership (LLP), limited liability corporation (LLC), association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.16 "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the settlement, Taxes and Tax Expenses and such attorneys' fees, costs, expenses and interest as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and Defendants and the Related Parties shall have no responsibility or liability with respect thereto.

1.17 "Qwest" means Qwest Communications International Inc. and current and former predecessors (including but not limited to US West and any subsidiaries thereof), successors, subsidiaries, and affiliates thereof and any and all current and former officers, directors, employees and agents of any of them.

1.18 "Related Parties" means each of a Defendant's past or present directors, officers, employees, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of an Individual Defendant's immediate family, or any trust of which any Defendant is the settlor or which is for the benefit of any Individual Defendant and/or member(s) of his or her family. Related Parties shall also include all insurers, co-insurers and reinsurers that contributed to the Settlement Fund pursuant to agreements with their insureds.

1.19 “Released Claims” shall collectively mean all claims (including “Unknown Claims” as defined in ¶1.23 hereof), demands, suits, obligations, debts, damages, losses, controversies, costs, expenses, attorneys’ fees, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether actual or potential, whether or not concealed or hidden, asserted or that might have been asserted, whether in law or in equity and whether based on any federal law, state law, common law or foreign law right of action or of any other type or form, including, without limitation, claims for breach of contract, breach of third party beneficiary contract, negligence, gross negligence, fraud, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, the commission of ultra vires acts, or violations of any state or federal statutes, rules or regulations, by the Class Representatives or any Class Member, either individually or as a member of a class, against the Released Persons (as defined below) arising out of, based upon or related to both the non-payment of the common stock dividend declared by US West’s Board of Directors on June 2, 2000 and the allegations set forth or that could have been set forth in the Litigation by Class Representatives, including all claims that directly or indirectly arise out of any of the facts, transactions, events, occurrences, acts or omissions mentioned or referred to in the amended complaint in the above-entitled Litigation. “Released Claims” include claims arising out of the prosecution or defense of the above-entitled Litigation, including, but not limited to, claims related to the execution of, and entry into, this Stipulation; except that nothing in this Stipulation releases any claim arising out of the violation or breach of the terms of this Stipulation. Released Claims do not include any claims that are being asserted in the following lawsuits: *In re Qwest Communications International Inc. Sec. Litig.*, Civil Action No. 01-RB-1451, US District Court, District of Colorado; *In re Qwest Savings and Retirement Plan ERISA Litigation*, Civil Action No. 02-RB-464 US District Court, District of Colorado; *Passage v. Qwest*

Communications International Inc., et al, Case Number 02-CV-1102, Boulder County District Court, Colorado; *State of New Jersey v. Qwest Communications International Inc., et al.*, Docket No. MER-L-3738-02, Superior Court of New Jersey – Law Div. – Mercer County; *California State Teachers' Retirement System v. Qwest Communications International Inc., et al.*, Case No. 415546, San Francisco County Superior Court, California; *State University Retirement System of Illinois v. Qwest Communications International Inc., et al.*, Civil Action No. 03 CH 608, Circuit Court of Cook County, Illinois; *Stichting Pensionenfonds ABP v. Qwest Communications International Inc., et al.*, Case No. 04-RB-0238, US District Court, District of Colorado (consolidated with *In Re Qwest Communications International Inc Sec. Litig.* above); *Shriners Hospitals for Children v. Qwest Communications International Inc., et al.*, Case No. 04-RB-0781, US District Court, District of Colorado; *Teachers' Retirement System of Louisiana v. Qwest Communications International Inc., et al.*, Case No. 04-RB-0782, US District Court, District of Colorado; *New York City Employees' Retirement System, et al. v. Qwest Communications International Inc., et al.*, Case No. 04-RB-1964, US District Court, District of Colorado; and *Keller v. Qwest Communications International, Inc., et al.*, No. 04-CV-0680-REB-CBS, U.S. District Court, District of Colorado.

1.20 "Released Persons" means each and all of the Defendants and their Related Parties.

1.21 "Settlement Fund" means the principal amount of Fifty Million Dollars (\$50,000,000) in cash plus all interest earned thereon to be paid pursuant to ¶2.1 hereof.

1.22 "Settling Parties" means, collectively, each of the Defendants and the Class Representatives on behalf of themselves and the Members of the Class.

1.23 "Unknown Claims" means any Released Claims which the Class Representatives or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Class Representatives shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

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

The Class Representatives shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Class Representatives and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Class Representatives shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or

equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Class Representatives acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

1.24 "US West" means U S WEST, Inc. and current and former predecessors, successors, subsidiaries, and affiliates thereof and any and all current and former officers, directors, employees and agents of any of them.

2. The Settlement

a. The Settlement Fund

2.1 The principal amount of \$50,000,000 in cash shall be transferred to the Escrow Agent no later than thirty days after the preliminary approval of the settlement, which the parties agree to seek on or before June 21, 2005. If the entire amount of the Settlement Fund is not transferred to the Escrow Agent thirty days after the preliminary approval of the settlement, the Class Representatives may terminate this Stipulation; provided, however, that the Class Representatives must provide Defendants written notice of their intent to terminate, and allow thirty days for the breach to be cured.

b. The Escrow Agent

2.2 The Escrow Agent may invest the Settlement Fund deposited pursuant to ¶2.1 hereof in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of

these instruments as they mature in similar instruments at their then-current market rates. The Escrow Agent shall bear all risks related to investment of the Settlement Fund.

2.3 The Escrow Agent shall not disburse the Settlement Fund except as provided in the Stipulation, by an order of the Court, or with the written agreement of counsel for Defendants and Class Counsel.

2.4 Subject to further order and/or direction as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Class Members as are consistent with the terms of the Stipulation.

2.5 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

2.6 Within five (5) days after payment of the Settlement Fund to the Escrow Agent pursuant to ¶2.1 hereof, the Escrow Agent may establish a "Class Notice and Administration Fund," and may deposit up to \$1,000,000 from the Settlement Fund in it. The Class Notice and Administration Fund may be used by Class Counsel to pay costs and expenses reasonably and actually incurred in connection with providing notice to the Class, locating Class Members, soliciting claims, assisting with the filing of claims, administering and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms and paying escrow fees and costs, if any. The Class Notice and Administration Fund may also be invested and earn interest as provided for in ¶2.2 of this Stipulation.

3. Taxes

3.1 (a) Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this ¶3.1, including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including without limitation the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶3.1(a) hereof) shall be consistent with this ¶3.1 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶3.1(c) hereof.

(c) All (i) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a "qualified settlement fund" for federal or state income tax purposes ("Taxes"), and (b) expenses and costs incurred in connection with the operation and implementation of this ¶3.1 (including,

without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶3.1) ("Tax Expenses"), shall be paid out of the Settlement Fund; in all events the Released Persons shall have no liability or responsibility for the Taxes or the Tax Expenses. The Escrow Agent shall indemnify and hold each of the Released Persons harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); neither the Defendants nor their counsel are responsible nor shall they have any liability therefor. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶3.1.

(d) For the purpose of this ¶3.1, references to the Settlement Fund shall include both the Settlement Fund and the Class Notice and Administration Fund and shall also include any earnings thereon.

b. Termination of Settlement

3.2 In the event that the Stipulation is not approved, or is terminated, canceled, or fails to become effective for any reason, the entire Settlement Fund plus accrued interest shall be refunded to Qwest Communications International Inc., less expenses due and owing as set forth

in ¶¶2.6 and 8.3, pursuant to written instructions from Defendants' counsel, which shall include directions to make direct refunds to any carriers so requesting.

4. Notice Order and Settlement Hearing

4.1 As soon as practical following execution of the Stipulation, Class Counsel shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the "Notice Order"), substantially in the form of Exhibit A hereto, requesting, *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, and approval for the mailing of a settlement notice (the "Notice") and publication of a summary notice, substantially in the forms of Exhibits A-1 and A-3 attached hereto. The Notice shall include the general terms of the settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application as defined in ¶7.1 hereof and the date of the Settlement Hearing as defined below.

4.2 Class Counsel shall request that after notice is given, the Court hold a hearing (the "Settlement Hearing") and approve the settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Class Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

5. Releases

5.1 Upon the Effective Date, as defined in ¶1.9 hereof, Class Representatives and each of the Class Members shall be deemed (i) to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims (including Unknown Claims) against the Released Persons, whether or not such Class Member executes and delivers the Proof of Claim and Release, and (ii) to have covenanted not to sue any of the Released Persons or otherwise to assert, directly or indirectly, any of the Released Claims

against any of the Defendants, and agrees to be forever barred and enjoined from doing so, in any court of law or equity, or in any other forum.

5.2 The Proof of Claim and Release to be executed by Class Members and any other Authorized Claimant shall release all Released Claims against the Released Persons and shall be substantially in the form contained in Exhibit A-2 attached hereto.

5.3 Upon the Effective Date, as defined in ¶1.9 hereof, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of the Class Representatives, the Class Members and Class Counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.

6. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of Settlement Fund

6.1 The Claims Administrator, subject to such supervision and direction of the Court and/or Class Counsel, as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund (defined below) to Authorized Claimants.

6.2 The Settlement Fund shall be applied as follows:

- (a) to pay counsel to the Class Representatives attorneys' fees and expenses with interest thereon (the "Fee and Expense Award"), if and to the extent allowed by the Court;
- (b) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, soliciting Class claims, assisting with

the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms and paying escrow fees and costs, if any;

(c) to pay the Taxes and Tax Expenses described in ¶3.1 hereof; and

(d) to distribute the balance of the Settlement Fund (the "Net Settlement Fund")

to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

6.3 Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following.

6.4 Within ninety (90) days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release and as are reasonably available to the Authorized Claimant.

6.5 Except as otherwise ordered by the Court, all Class Members who fail to timely submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment. Notwithstanding the foregoing, Class Counsel may, in their discretion, accept for processing late submitted claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed.

6.6 The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with a Plan of Allocation to be described in the Notice and approved by the Court. If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution, after payment of any taxes, and unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement fund, then such balance shall be contributed to Colorado-based, non-sectarian, not-for-profit, 501(c)(3) organization(s) providing legal services to the indigent or otherwise in the appropriate public interest, designated by Class Counsel.

6.7 The Released Persons shall have no responsibility for, interest in, or liability whatsoever with respect to the investment or distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, or any losses incurred in connection therewith.

6.8 No Person shall have any claim against Class Counsel or the Claims Administrator, or their counsel, based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further order(s) of the Court. No Person shall have any claim whatsoever against Defendants, Defendants' counsel, or any Released Persons arising from or related to any distributions made, or not made, from the Settlement Fund.

6.9 It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the settlement set forth therein, or any other orders entered pursuant to the Stipulation.

7. Class Counsel's Attorneys' Fees and Reimbursement of Expenses

7.1 Class Counsel may submit an application or applications (the "Fee and Expense Application") for distributions to them from the Settlement Fund for an award of attorneys' fees, and reimbursement of expenses incurred in connection with prosecuting the Litigation, plus any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid). Class Counsel reserve the right to make additional applications for fees and expenses incurred. The Class Representatives may submit an application for reimbursement of their expenses (including lost wages) incurred in representing the Class in the Litigation.

7.2 The attorneys' fees, expenses and costs, as awarded by the Court, shall be paid to Class Counsel from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses. Class Counsel shall thereafter allocate the attorneys' fees amongst other Plaintiffs' counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation. In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense

Award is reversed or modified, or the Stipulation is canceled or terminated for any other reason, and in the event that the Fee and Expense Award has been paid to any extent, then Class Counsel shall within five (5) business days from receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund the fees, expenses and costs previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned on the Settlement Fund in an amount consistent with such reversal or modification. Each Plaintiffs' counsel's law firm as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph.

7.3 If so ordered by the court upon preliminary approval, Plaintiffs' counsel shall be entitled to provisional reimbursement of 75% of their expenses incurred, subject to Plaintiffs' counsel's several obligation to make appropriate refunds or repayments to the settlement fund plus interest at the same rate as earned on the escrow fund if, and when, as a result of any order, the final fee or cost award is lower than that amount or it is vacated.

7.4 The procedure for and the allowance or disallowance by the Court of any applications by Class Counsel for attorneys' fees and expenses to be paid out of the Settlement Fund, are not part of the settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the settlement of the Litigation set forth therein.

7.5 Defendants and their Related Parties shall have no responsibility for the allocation among Plaintiffs' counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation.

8. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

8.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (a) Defendants have timely made or caused to be made their contributions to the Settlement Fund as required by ¶2.1 hereof;
- (b) the Court has entered the Notice Order, as required by ¶4.1 hereof;
- (c) the Court has entered the Judgment, or a judgment substantially in the form of Exhibit B attached hereto;
- (d) the Judgment has become Final, as defined in ¶1.11 hereof; and
- (e) Defendants have waived or have not timely asserted any right to withdraw from the Settlement based upon the number of class members who have served Notices of Exclusion from the Class as set forth in the Confidential Agreement Regarding Requests for Exclusion, which is confidential.

8.2 Upon the occurrence of all of the events referenced in ¶8.1 hereof, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶8.1 hereof are not met, then the Stipulation shall be canceled and terminated subject to ¶8.4 hereof unless Class Counsel and counsel for Defendants mutually agree in writing within thirty (30) days of their receipt of notice of any failed condition to proceed with the Stipulation.

8.3 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, within five (5) business days after written notification of such event is sent by counsel for Defendants, or Class Counsel to the Escrow Agent, the entire Settlement Fund plus accrued interest shall be refunded to Qwest Communications International Inc., less expenses due and owing as set forth in ¶2.6, pursuant to written instructions from Defendants' counsel, which shall include directions to make direct refunds to any carriers so requesting, provided, however, that neither the Class Representatives nor their counsel shall have any obligation to repay any amounts actually and properly disbursed from the Class Notice and Administration Fund, and that any expenses already incurred and properly chargeable to the Class Notice and Administration Fund pursuant to ¶2.6 hereof at the time of such termination or cancellation but which have not been paid, shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to the balance being refunded. At the request of counsel to the Defendants, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds to Qwest Communications International Inc.

8.4 In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of June 19, 2005. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶1.1-1.24, 2.6, 6.7, 8.3-8.5 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal

of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, expenses and interest awarded by the Court to the Class Representatives or their counsel shall constitute grounds for cancellation or termination of the Stipulation.

8.5 If a case is commenced in respect to any Defendant under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and, in connection with such a case, a final order is entered by a court of competent jurisdiction determining the transfer of the Settlement Fund, or any portion thereof, by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction, then, as to such Defendant, the releases given and Judgment entered in favor of such Defendant pursuant to this Stipulation shall be null and void.

8.6 Each of the parties warrants and represents that he, she or it is not "insolvent" within the meaning of 11 U.S.C. §101(32) as of the time this Stipulation is executed and as of the time any payments are transferred or made as required by this Stipulation.

9. Miscellaneous Provisions

9.1 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

9.2 The Settling Parties intend this settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the settlement were negotiated in good faith by the Settling Parties, and

reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis. The Judgment will contain a finding that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Rule 11 of the Colorado Rules of Civil Procedure.

9.3 Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

9.4 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

9.5 All of the Exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

9.6 This Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

9.7 This Stipulation, the Exhibits attached hereto, and the Confidential Agreement Regarding Requests for Exclusion, constitute the entire agreement among the parties hereto and no representations, warranties or inducements have been made to any party concerning the Stipulation, its Exhibit, or the Confidential Agreement Regarding Requests for Exclusion, other than the representations, warranties and covenants contained and memorialized in such documents, and shall not be amended except by a written instrument signed by the Parties. Except as otherwise provided herein, each party shall bear its own costs.

9.8 Class Counsel, on behalf of the Class, are expressly authorized by the Class Representatives to take all appropriate action required or permitted to be taken by the Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Class which they deem appropriate.

9.9 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

9.10 The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

9.11 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties.

9.12 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

9.13 This Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Colorado, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Colorado without giving effect to that State's choice-of-law principles.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of June 23, 2005.

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
KEITH F. PARK
MICHAEL J. DOWD
LAURA M. ANDRACCHIO
X. JAY ALVAREZ
DEBRA J. WYMAN



MICHAEL J. DOWD

401 B Street, Suite 1600
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

MILBERG, WEISS BERSHAD
& SCHULMAN LLP
JEFF S. WESTERMAN

JEFF S. WESTERMAN

355 South Grand Avenue, Suite 4170
Los Angeles, CA 90071
Telephone: 213/617-1200
213/617-1975 (fax)

9.13 This Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Colorado, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Colorado without giving effect to that State's choice-of-law principles.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of June 23, 2005.

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
KEITH F. PARK
MICHAEL J. DOWD
LAURA M. ANDRACCHIO
X. JAY ALVAREZ
DEBRA J. WYMAN

MICHAEL J. DOWD

401 B Street, Suite 1600
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

MILBERG, WEISS BERSHAD
& SCHULMAN LLP
JEFF S. WESTERMAN



JEFF S. WESTERMAN

355 South Grand Avenue, Suite 4170
Los Angeles, CA 90071
Telephone: 213/617-1200
213/617-1975 (fax)

WEISS & LURIE
JORDAN L. LURIE
KARNIT DANIEL



JORDAN L. LURIE

10940 Wilshire Blvd., 23rd Floor
Los Angeles, CA 90024
Telephone: 310/208-2800
310/209-2348 (fax)

WEISS & LURIE
JOSEPH H. WEISS
551 Fifth Avenue, Suite 1600
New York, NY 10176
Telephone: 212/682-3025
212/682-3010 (fax)

Attorneys for Plaintiffs

MUSGRAVE & THEIS LLP
BOBBEE J. MUSGRAVE
B. LAWRENCE THEIS
STEVEN J. PERFREMENT

B. LAWRENCE THEIS

Republic Plaza, Suite 4450
370 Seventeenth Street
Denver, CO 80202
Telephone: 303/385-4700

Attorneys for Defendants

WEISS & LURIE
JORDAN L. LURIE
KARNIT DANIEL

JORDAN L. LURIE

10940 Wilshire Blvd., 23rd Floor
Los Angeles, CA 90024
Telephone: 310/208-2800
310/209-2348 (fax)

WEISS & LURIE
JOSEPH H. WEISS
551 Fifth Avenue, Suite 1600
New York, NY 10176
Telephone: 212/682-3025
212/682-3010 (fax)

Attorneys for Plaintiffs

MUSGRAVE & THEIS LLP
BOBBEE J. MUSGRAVE
B. LAWRENCE THEIS
STEVEN J. PERFREMENT



B. LAWRENCE THEIS

Republic Plaza, Suite 4450
370 Seventeenth Street
Denver, CO 80202
Telephone: 303/385-4700

Attorneys for Defendants