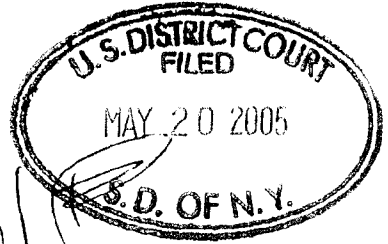


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



ADAM BURSTYN, ROBERT JAMES  
KENNEDY, JOSEPH ROSENBAUM,  
WATERVIEW PARTNERS and  
ELI MANN, on behalf of themselves and  
all others similarly situated,

Civ. Action No. 01 CV 1125 (GEL)

Plaintiffs,

v.

WORLDWIDE XCEED GROUP, INC.,  
SCOTT A. MEDNICK, WERNER G. HAASE,  
NURIT K. HAASE, WILLIAM ZABIT,  
JOHN P. GANDOLFO and  
HOWARD A. TULLMAN,

Defendants.

ORDER PRELIMINARILY APPROVING SETTLEMENT  
AND PROVIDING FOR NOTICE

WHEREAS, a class action is pending before the Court entitled *Adam Burstyn, Robert James Kennedy, Joseph Rosenbaum, Waterview Partners and Eli Mann, on behalf of themselves and all others similarly situated v. Worldwide Xceed Group, Inc., Scott A. Mednick, Werner G. Haase, Nurit K. Haase, William Zabit, John P. Gandolfo and Howard A. Tullman*, Civ. Action No. 01 CV 1125 (GEL) (the "Litigation");

WHEREAS, the parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of the Litigation, in accordance with a Stipulation of Settlement dated as of May 12, 2005 (the "Stipulation"), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed

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Settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the Exhibits annexed thereto, and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court hereby preliminarily approves the Stipulation and the Settlement set forth therein, subject to further consideration at the Settlement Hearing described below.
2. A hearing (the "Settlement Hearing") shall be held before this Court on **August 11, 2005, at 12:45 p.m.** in courtroom 443 at the United States District Court for the Southern District of New York, 40 Centre Street, New York, New York, to determine whether the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to each of the Settling Parties and the Class and should be approved by the Court; whether the Class conditionally certified on November 5, 2003 should be finally certified; whether a Judgment as provided for in the Stipulation should be entered herein; whether the proposed Plan of Distribution should be approved; and to determine the amount of fees and expenses that should be awarded to Plaintiffs' Counsel. The Court may adjourn the Settlement Hearing without further notice to members of the Class.
3. The Court approves, as to form and content, the Notice of Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release form (the "Proof of Claim"), and Summary Notice for Publication ("Summary Notice") annexed as Exhibits A-1, A-2, and A-3 hereto, and finds that the mailing and distribution of the Notice and publishing of the Summary Notice substantially in the manner and form set forth in paragraphs 4-5 of this Order meets the

requirements of Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

4. This Court hereby appoints the firm of Berdon LLP (the "Claims Administrator") to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) Not later than **June 3, 2005** (the "Notice Date"), the Claims Administrator shall cause a copy of the Notice and Proof of Claim, substantially in the form annexed as Exhibits A-1 and A-2, to be mailed by first class mail to all members of the Class who can be identified with reasonable effort, including beneficial owners previously identified by nominee owners in connection with the mailing of the Notice of Pendency;

(b) Within ten (10) days of the Notice Date, the Claims Administrator shall cause the Summary Notice, substantially in the form of Exhibit A-3 hereto, to be published once in the national edition of The Wall Street Journal; and

(c) At or prior to the Settlement Hearing, Plaintiffs' Co-Lead Counsel shall serve on counsel for Defendants, and file with the Court, proof, by affidavit or declaration, of such mailing and publication.

5. Nominees who held Xceed common stock purchased during the period beginning November 29, 1999 through and including November 15, 2000, shall be sent the Notice and the Proof of Claim on behalf of the beneficial owners of such Xceed common stock. The Nominees who did not previously identify their beneficial owners in connection with the mailing of the Notice of Pendency will be instructed to send the Notice and Proof of Claim to their beneficial owner of Xceed common stock within ten (10) days after receipt thereof, or send a list of the

names and addresses of such beneficial owners to the Claims Administrator within ten (10) days of receipt thereof in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners.

6. Members of the Class who wish to participate in the Settlement shall complete and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim forms must be submitted no later than one hundred and twenty (120) days from the Notice Date. Any Class Member who does not timely submit a Proof of Claim within the time provided for shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court.

7. Class Members may enter an appearance in the Litigation, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Plaintiffs' Co-Lead Counsel.

8. Pending final determination of whether the Settlement should be approved, neither the Plaintiffs nor any Class Member, either directly, representatively, or in any other capacity, shall commence or prosecute any action or proceeding in any court or tribunal asserting any of the Released Claims against any of the Released Persons.

9. Any Class Member may appear and show cause, if he, she or it has any reason why the proposed Settlement of the Litigation should or should not be approved as fair, reasonable and adequate, or why a judgment should or should not be entered thereon, why the Plan of Distribution should or should not be approved, or why attorneys' fees and expenses should or should not be awarded to Plaintiffs' Co-Lead Counsel. However, neither any Class Member nor any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Judgment to be entered thereon

approving the same, or the order approving the Plan of Distribution, or the attorneys' fees and expenses to be awarded to Plaintiffs' Counsel unless that Person has (1) delivered by hand, or sent by overnight or first-class mail, written objections and copies of any papers and briefs such that they are received on - or before twenty (20) days before the date of the Settlement Hearing to Weiss & Lurie, Moshe Balsam, Esq., 551 Fifth Avenue, Suite 1600, New York, NY 10176, telephone: (212) 682-3025; and Stull, Stull & Brody, Howard Longman, Esq., 6 East 45<sup>th</sup> Street, New York, NY 10017, telephone: (212) 687-7230; and Willkie Farr & Gallagher LLP, Jeanne M. Luboja, Esq., 787 Seventh Avenue, New York, NY 10019 Telephone: (212) 728-8000, and (2) filed said objections, papers and briefs with the Clerk of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New NY 10007, on or before twenty (20) days before the date of the Settlement Hearing. Any Class Member who does not make his, her or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Stipulation, to the Plan of Distribution, and to the award of attorneys' fees and reimbursement of expenses to Plaintiffs' Counsel, unless otherwise ordered by the Court.

10. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No Person that is not a member of the Class, a Lead Plaintiff or Plaintiffs' Counsel shall have any right to any portion of, or in the distribution of, the Settlement Fund, unless otherwise ordered by the Court or otherwise provided in the Stipulation.

11. 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.

12. All papers in support of the Settlement, the Plan of Distribution and the application by Plaintiffs' Co-Lead Counsel for attorneys' fees or reimbursement of expenses shall be filed and served ten (10) days prior to the Settlement Hearing.

13. Neither the Defendants nor Defendants' counsel shall have any responsibility for the Plan of Distribution or any application for attorneys' fees or reimbursement of expenses submitted by Plaintiffs' Co-Lead Counsel, and such matters will be considered separately from the fairness, reasonableness and adequacy of the Settlement.

14. At or after the Settlement Hearing, the Court shall determine whether the Plan of Distribution proposed by Plaintiffs' Co-Lead Counsel, and any application for attorneys' fees or reimbursement of expenses, shall be approved.

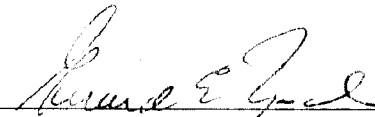
15. All reasonable expenses incurred in identifying and notifying the members of the Class, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither the Co-Lead Plaintiffs nor any of Plaintiffs' Counsel shall have any obligation to repay any amounts actually and properly disbursed from or chargeable to the Class Notice and Administration Fund.

16. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by Defendants of the truth of any of the allegations in the Litigation, or of any liability, fault or wrongdoing of any kind.

17. Pursuant to the Private Securities Litigation Reform Act of 1995, the Court expressly finds good cause to allow the filing under seal of that part of the Stipulation of the Settlement which specifies the amount or percentage of exclusion requests which would provide the Defendants the option to withdraw from the Settlement. Filing of that portion of the Stipulation of Settlement without protection of filing under seal would enable any person or persons, acting singly or collectively, to make their exclusion election with a view to jeopardizing the Settlement and thereby enhancing their own bargaining position or leverage vis-à-vis the Defendants and to the possible detriment of Class Members.

18. The Court reserves the right to adjourn the date of the Settlement Hearing without further notice to the members of the Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

Dated: May 9, 2005

  
UNITED STATES DISTRICT JUDGE