

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OKLAHOMA

IN RE WILLIAMS SECURITIES  
LITIGATION

Case No. 02-CV-72-SPF-FHM

This Document Pertains To: WCG Subclass

**NOTICE OF PENDENCY OF CLASS ACTION**

**TO: All persons who purchased any of the following securities of Williams Communications Group, Inc. (“WCG”) between July 24, 2000 and April 22, 2002, inclusive:**

- a) WCG common stock;
- b) WCG 10.700% Senior Notes issued October 6, 1999 and due October 1, 2007;
- c) WCG 10.875% Senior Notes issued October 6, 1999 and due October 1, 2009;
- d) WCG 11.700% Senior Notes issued August 8, 2000 and due August 1, 2008; or
- e) WCG 11.875% Senior Notes issued August 8, 2000 and due August 1, 2010.

**THIS NOTICE MAY AFFECT YOUR RIGHTS.  
PLEASE READ THIS ENTIRE NOTICE CAREFULLY.**

The purpose of this Notice is to inform you of a class action lawsuit that is now pending in the United States District Court for the Northern District of Oklahoma under the above-caption (the “Action”). The Action consists of two separate subclasses – the WMB subclass and the WCG subclass – as described in greater detail below. This Notice is intended only to advise you of the pendency of the Action brought on behalf of those who purchased WCG securities and of your rights with respect to the WCG subclass litigation only. This Notice is not, and should not be understood as, an expression of opinion by the Court concerning the merits of the Action.

**The Definition of the Class**

By Order dated June 12, 2006, the Court granted plaintiffs’ motion for class certification. By Order dated August 3, 2006, the Court amended the definition of the Class to be represented in this lawsuit, as follows:

All persons who purchased or otherwise acquired the securities of Williams Communications Group, Inc. (“WCG”) between July 24, 2000 and April 22, 2002, inclusive, and who were damaged thereby. Excluded from the subclass are defendants, officers and directors of WCG and/or any of its subsidiaries, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which defendants have or have had a controlling interest; holders of an Allowed Claim in Class 5 or 6 under WCG’s Second Amended Joint Chapter 11 Plan of Reorganization, acting in such capacity; and WCG stockholders who received their shares of WCG common stock in the April 2001 spin-off of WCG from The Williams Companies, Inc. (“WMB”) with respect to the WCG common stock they received as a result of the spin-off.

Please note that holders of WMB common stock who received shares of WCG common stock as a result of the April 2001 spin-off of WCG from WMB do not qualify as Class members with respect to the WCG common stock they received as a result of the spin-off, because such persons are not “purchasers” of those securities within the meaning of the federal securities laws and were not damaged as a result of their receipt of WCG common stock in the spin-off distribution. Please further note that the exclusion from the Class of “holders of an Allowed Claim in Class 5 or 6 under WCG’s Second Amended Joint Chapter 11 Plan of Reorganization” includes those who were holders on the Effective Date of WCG’s Second Amended Joint Plan of Reorganization of any of the WCG Notes issued on October 6, 1999 or August 8, 2000 from participating in the Class on account of such securities.

**There has not been a settlement of the Class’ claims in the Action.** In this Action, the Class’ claims are consolidated with claims brought on behalf of purchasers of WMB securities (the “WMB Subclass litigation”). On June 13, 2006, a tentative settlement was announced in the WMB Subclass litigation. That proposed settlement does not affect the claims of the Class of purchasers of WCG securities. If you purchased WMB securities between between July 24, 2000, and July 22, 2002 and you wish to receive further information regarding the status of the WMB Subclass litigation, please see the following website: [www.WilliamsLitigation.com](http://www.WilliamsLitigation.com).

**Description of the Lawsuit**

In the WCG subclass litigation, plaintiffs are former shareholders of WCG who assert that certain defendants, including former officers and directors of WCG; The Williams Companies, Inc. (“WMB”), WCG’s former parent company; Keith E. Bailey (“Bailey”), WMB’s former Chairman and Chief Executive Officer; and Ernst & Young LLP (“E&Y”), WMB’s and WCG’s outside auditor, during the period between July 24, 2000 and April 22, 2002 (the “Class Period”), made false and/or misleading statements regarding, among other subjects, WCG’s reported financial condition and prospects for future success. WCG itself is not a named defendant in the Action because it filed for bankruptcy protection on April 22, 2002.

Specifically, plaintiffs assert that certain former executive officers of WCG (Howard E. Janzen, Scott E. Schubert, Ken Kinnear, Matthew W. Bross, Bob F. McCoy, Howard S. Kalika, John C. Bumgarner, Jr., and Frank M. Semple), as well as WMB, Bailey and E&Y, violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, and further, that all of the defendants except for E&Y violated Section 20(a) of the Securities Exchange Act of 1934. Defendants vigorously deny all of the plaintiffs’ allegations of wrongdoing and deny they have any liability whatsoever.

The parties disagree on both liability and damages in this case and the Court has not made any finding on either liability or damages. The issues on which the parties disagree include: (a) whether statements made or facts allegedly omitted were false, material or otherwise actionable under the federal securities laws; (b) the amount by which WCG securities were allegedly artificially inflated (if at all) during the Class Period; (c) the extent to which external factors, such as general market conditions, including the overall decline of the stock market in general and the telecommunications sector in particular before and during the Class Period, affected the price of WCG securities at various times during the Class Period; (d) the extent (if any) to which the various matters that plaintiffs allege were materially false or misleading affected the price of WCG securities at various times during the Class Period; and (e) the extent (if any) to which the various allegedly adverse material facts that plaintiffs allege were omitted affected the trading price of WCG securities at various times during the Class Period.

Plaintiffs in this lawsuit represent a Class (defined above) of persons and entities who purchased WCG securities during the period between July 24, 2000 and April 22, 2002, inclusive, and who were damaged thereby. On behalf of the Class, they are seeking to establish liability against the defendants and resulting damages. Plaintiffs are seeking a trial by jury to decide whether any of plaintiffs' allegations are true, whether there is any liability on account of such facts under the federal securities laws if proven, and if so, the amount of damages to be paid, if any. This Court has not decided whether all or some of the defendants are liable to the Class or whether some or all of the defendants will have to pay any amount of damages. Defendants dispute that they made any materially false or misleading statements or omissions that affected the price of WCG securities at any time during the Class Period, or that they did anything wrong, and as outlined below, have requested that the Court enter judgment in their favor. It is therefore defendants' position that they have no liability and owe no damages.

### **The Status of the Lawsuit**

The Action is pending in the United States District Court for the Northern District of Oklahoma. Plaintiff Alex Meruelo was appointed by the Court to serve as the Lead Plaintiff and the law firms of Milberg Weiss Bershad & Schulman and Yourman, Alexander & Parekh have been appointed to serve as co-lead counsel. Plaintiffs then filed a consolidated amended complaint. Thereafter, defendants filed various motions to dismiss the consolidated amended complaint. The Court denied in part, and granted in part, defendants' motions to dismiss. Defendants then filed answers to the consolidated amended complaint denying the material allegations set forth therein. Plaintiffs subsequently filed a motion for class certification.

**On June 12, 2006, the Court granted plaintiffs' motion and certified the Action to proceed as a class action and certified plaintiffs Alex Meruelo and Norman Kirkendoll as Class representatives pursuant to Rule 23 of the Federal Rules of Civil Procedure. This means that the final result of this Action, whether favorable to the Class or favorable to defendants, will apply to all Class members who do not act to exclude themselves from the Class.**

The Court has made no decision regarding the merits of the class claims. On April 14, 2006, defendants filed four motions for summary judgment, seeking dismissal of plaintiffs' claims in this action. On May 12, 2006, plaintiffs filed their briefs in opposition to defendants' motions for summary judgment, and on May 26, 2006, defendants filed their reply briefs in further support of their motions. Separately, certain defendants filed motions seeking to exclude opinion testimony from plaintiffs' damages expert. Those motions have been fully briefed. The Court has not yet ruled on defendants' motions for summary judgment or the motion to exclude the testimony of plaintiffs' damages expert. On August 11, 2006, plaintiffs filed a motion seeking the appointment of the law firm of Susman Godfrey L.L.P. to serve as additional co-lead counsel and Class counsel; the Court has not yet ruled on that motion. Under the Fourth Amended Scheduling Order, entered by the Court on July 19, 2006, trial is scheduled to commence on January 16, 2007.

### **Your Rights as a Class Member**

If you purchased WCG securities between July 24, 2000 and April 22, 2002, inclusive, you may be a Class member. If you are a Class member, you have the right to decide whether to remain a member of the Class. If you choose to remain a Class member, you need do nothing at this time. You will automatically be included in the Class. This has important consequences:

If you choose to remain in the Class, you may be entitled to your share of any money awarded to the Class, if any, either through a settlement with defendants, or through a judgment of the Court. If the Court rules in favor of the defendants in their summary judgment motions and dismisses one or more of the claims against any defendant, you will be bound by that decision if you remain a member of the Class. In other words, you will not be allowed to separately sue for your individual claims and you will be bound by any judgments, adverse or favorable, that may be entered in the litigation. If you choose to remain in the Class, you will not be personally responsible for attorneys' fees or costs, unless you hire your own individual attorney.

If you choose to be excluded from the Class, you must send a signed letter by mail stating that you "request exclusion from the Class in *In re Williams Securities Litigation*, Civil Action No. 02-cv-72-SPF-FHM." Your letter should state the date(s), price(s), and number(s) of shares of all your purchases and sales of WCG securities during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than October 18, 2006 to:

In re Williams Securities Litigation  
c/o Analytics, Inc., Notice Administrator  
P.O. Box 2006  
Chanhassen, MN 55317-2006

You cannot exclude yourself by telephone or by e-mail. If you properly ask to be excluded, you will not be bound by any judgment of this Court, and you will not be entitled to any share of the money which may be awarded to the Class.

If you remain a Class Member, you do not have to pay for the attorneys' fees of Class counsel, or the costs they incur in representing you as a Class Member. The attorneys in this lawsuit have agreed to represent the Class on a contingent fee basis, which means they will be awarded fees and costs only if they succeed in obtaining money from one or more defendants. Any

attorney fees will be awarded by this Court from the settlement or judgment, if any, they obtain on behalf of the Class.

As a Class Member you have certain other rights, including the right to hire your own attorney to intervene in this lawsuit on your behalf, but you will be responsible personally for any fees that attorney charges you. You have the right to be notified of any proposed settlement or dismissal of the Class' claims.

**If You Choose to Remain in the Class, You Do Not Need to do Anything Now**  
**Please Keep Your Address Current**

If you change your address, or if this Notice was not mailed to your correct address, you should immediately provide your current address to the Notice Administrator at the above address. If Class counsel and the Notice Administrator do not have your correct address, you might not receive notice of important developments in this class action lawsuit and you might not receive your share of any money awarded to the Class.

**Lead Attorneys for the Class**

As a member of the Class, you will be represented by Class counsel, who are:

**MILBERG WEISS BERSHAD & SCHULMAN LLP**

Joshua H. Vinik, Esq.  
One Pennsylvania Plaza  
New York, NY 10119-0165  
(212) 594-5300

**YOURMAN ALEXANDER & PAREKH LLP**

Behram V. Parekh, Esq.  
3601 Aviation Blvd., Suite 3000  
Manhattan Beach, CA 90066  
(310) 725-6400

As stated above, on August 11, 2006, plaintiffs filed a motion seeking the appointment of the law firm of Susman Godfrey L.L.P. to serve as additional co-lead counsel and Class counsel. The Court has not yet ruled on that motion. If the motion is granted, the firm of Susman Godfrey L.L.P. will serve as lead trial counsel on behalf of the Class.

On May 18, 2006 in the United States District Court for the Central District of California (Los Angeles), Milberg Weiss Bershad & Schulman was named as a defendant in an indictment based on allegations that are unrelated to the present case. The firm has publicly stated that it is innocent and intends to fight the charges.

**Special Notice to Securities Brokers and Other Nominees**

If you purchased any of the following WCG securities:

WCG common stock	CUSIP # 969455104
WCG 10.700% Senior Notes due October 1, 2007	CUSIP # 969455AA
WCG 10.875% Senior Notes due October 1, 2009	CUSIP # 969455AB
WCG 11.700% Senior Notes due August 1, 2008	CUSIP # 969455AD
WCG 11.875% Senior Notes due August 1, 2010	CUSIP # 969455AH

during the period between July 24, 2000 and April 22, 2002, inclusive, for the beneficial interest of a person or entity other than yourself, the Court has directed that, within seven (7) days of your receipt of this Notice, you either (a) provide to the Notice Administrator identified above the name and last known address of each person or entity for whom or which you purchased such securities during such time period or (b) request additional copies of this Notice, which will be provided to you free of charge, and within seven (7) days of receipt of the copies, mail the Notice directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Notice Administrator at the above address confirming that the mailing was made as directed. You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of reasonable postage expenses and the reasonable costs of ascertaining the names and addresses of beneficial owners. Those reasonable expenses and costs will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be sent to the Notice Administrator at the following address:

In re Williams Securities Litigation  
c/o Analytics, Inc., Notice Administrator  
P.O. Box 2006  
Chanhassen, MN 55317-2006  
1-866-535-1630

**Additional Information**

This Notice gives only a summary of this lawsuit and the claims asserted by the Class representative. For more detailed information about the Action, you may examine the official court records of this lawsuit at any time during the regular office hours of the Clerk of Court, United States District Court for the Northern District of Oklahoma, 333 West Fourth Street - Room 411, Tulsa, Oklahoma 74103. You may ask for copies of these records from the Court Clerk, but must pay the Court's usual copying fees for this service.

If you have questions regarding this Notice or this class action lawsuit, you may write to any of the attorneys listed above. **DO NOT WRITE OR TELEPHONE THE CLERK OF COURT OR THE JUDGE WITH QUESTIONS REGARDING THIS LAWSUIT.**