CONSOLIDATED AMENDED CLASS ACTION COMPLAINT

Plaintiffs, by their attorneys, allege the following based upon knowledge, with respect to their own acts, and upon other facts obtained through an investigation made by and through their attorneys, including a review of the public filings of Teleglobe Inc. ("Teleglobe" or the "Company") with the United States Securities and Exchange Commission (the "SEC"), press releases, published reports, news articles and analyst reports, as well as interviews of non-parties concerning Teleglobe. Plaintiffs believe that further substantial evidentiary support will exist for the allegations after a reasonable opportunity for discovery. Much of the evidence supporting the allegations contained herein is within the exclusive control of the defendants.

SUMMARY OF THE COMPLAINT

1. Plaintiffs bring this action as a class action under the Securities Exchange Act of 1934 (the "Exchange Act") on behalf of themselves and a class (the "Class") consisting of all purchasers of Teleglobe common stock between February 11, 1999 and July 29, 1999, inclusive (the "Class Period").

2. Teleglobe is a global telecommunications carrier reaching approximately 240 countries and territories and providing a range of international and domestic long distance telecommunications services. The Company offers services in two principal market segments:
(i) the international telecommunications services industry; and (ii) the North American domestic long distance industry. These segments are primarily serviced by two of the Company's subsidiaries: Teleglobe Communications Corporation ("TCC") and Excel Communications, Inc. ("Excel").

3. In November 1998, Teleglobe merged with Excel, a U.S.-based long distance, internet access and paging telecommunications service provider to businesses and consumers in the United States. Prior to the merger, Excel had developed several marketing channels that included mass person-to-person sales to businesses and consumers. Teleglobe sought to merge with Excel so that it could significantly expand the Company's presence in the United States, and add Excel's retail distribution capability and customer service "know-how," which Teleglobe badly needed. Teleglobe's then CEO, defendant Charles Sirois, actively recruited Excel as a merger partner in the fall of 1998 because the Company, then based in Canada, desperately needed retail marketing clout after losing its monopoly on Canada-to-overseas telecommunications on October 1, 1998.

4. Throughout the Class Period, Teleglobe experienced numerous, but undisclosed, problems in regard to the integration of Excel. For example, the Company lost a substantial amount of revenue because it could not effectively combine the billing systems of Excel and Teleglobe. The Company could not successfully integrate Excel's "Arbor" billing system with the one that Teleglobe had been using. These problems prevented Teleglobe from pulling minutes off the "switch," which is how the Company creates bills for customers. As a result, Teleglobe could not send bills to as many as 65,000 customers throughout the Class Period, resulting in a significant loss of revenue.
5. In addition, when the Company was able to send bills to its customers, these bills were often inaccurate. For example, if a customer had ten telephone lines, the Company's faulty billing software only picked up one phone line. This resulted in the Company not billing for approximately 90% of the customer's telephone calls. Moreover, some customers were only sent bills every three months. This also resulted in a significant loss of revenue for the Company because these bills were understated as a result of minutes being lost on the "switch" over time.

6. Nonetheless, defendants falsely assured investors throughout the Class Period that the integration of Excel was "well under control," that operational issues were "well in hand," and that any problems at Excel had been "thoroughly accounted for in guidance" to analysts. In fact, defendants knew what the investment community did not: that Teleglobe's acquisition of Excel was a disaster and that the integration of Excel was not proceeding favorably or "well under control." Indeed, the problems at Excel were so severe that defendant Charles Sirois was forced to temporarily step down as chairman of three other companies in his wireless and broadband communications empire – only two weeks after the end of the Class Period – so that he could, as he put it, "re-establish a connection between our investor base and the company."

7. Defendants had strong motivation to conceal the true state of affairs at Teleglobe. On May 10, 1999, the Company announced that it was going to build a $5 billion global telecommunications network called GlobeSystem. Shortly thereafter, the Company commenced a $1 billion bond offering in June 1999 to raise: (i) $435 million to repay four revolving credit facilities, entered into on May 10, 1999 (two of which were scheduled to mature in May 2000); (ii) $288 million to repay borrowings under its Canadian commercial paper program; and (iii) $263 million "for capital expenditures and for other general corporate purposes of Teleglobe."
Therefore, the $1 billion bond offering was necessary for Teleglobe to raise badly needed capital to repay existing debt, and to help fund its $5 billion global telecommunications network, thereby becoming more competitive by transitioning from a provider of slow-growing/low-margin telephone services to a provider of fast-growing/high-margin data services.

8. On July 28, 1999, and only eight days after the Company completed its $1 billion bond offering, Teleglobe surprisingly announced after the close of trading that it would badly miss analysts’ earnings estimates (which had been confirmed by defendants). Teleglobe stock fell $5.06 on July 29, 1999, from $26.75 to $21.69, on trading volume that was more than five times greater than Teleglobe’s average daily trading volume – representing a one day decline of almost 20%, and a total decline of over 35% from the stock’s inflated Class Period high of $33.38. Teleglobe’s market capitalization declined by nearly $10 billion during the Class Period.

9. Two weeks later, in a virtually unprecedented move, Merrill Lynch & Co. – the lead underwriter for Teleglobe’s $1 billion bond offering – returned $13 million to unsuspecting investors who had purchased the Company’s bonds. A Merrill Lynch spokesman stated, "[w]e will be compensating bond purchasers for the impact of the company’s earnings pre-announcement on the price of the bonds . . . to protect our investing clients against the impact of this unanticipated development which occurred so soon after issuance."

10. By this complaint, plaintiffs seek recovery for themselves and all other class members to compensate for the damages that they have suffered as a result of defendants’ violations of the securities laws.
JURISDICTION AND VENUE

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

12. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. § 240.10b-5].

13. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). Many of the acts alleged herein occurred in substantial part in this District.

14. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

Plaintiffs

15. Lead Plaintiffs. Lead plaintiffs Joe D. Stewart and Barbara Murray purchased Teleglobe common stock at artificially inflated prices during the Class Period and were damaged thereby.


a. Plaintiff Michael Shapiro purchased Teleglobe common stock during the Class Period at an artificially inflated price and was damaged thereby.
b. Plaintiff Michael Fedyk purchased Teleglobe common stock during the Class Period at an artificially inflated price and was damaged thereby. A copy of Mr. Fedyk's certification is attached hereto as Exhibit A.

Defendants

A. Defendant Teleglobe

17. Defendant Teleglobe is a corporation duly organized and existing under the laws of Canada with its principal place of business in Reston, Virginia. Teleglobe develops and supplies telecommunications services to carriers, internet service providers and multinational corporations. Through its Excel subsidiary, Teleglobe offers residential and commercial long distance services throughout the United States. In February 2000, Bell Canada Enterprises ("BCE") – Canada's largest telecommunications company – offered to buy Teleglobe for CDN $9.65 billion in BCE shares (BCE already owned 23% of Teleglobe through its Bell Canada subsidiary). Under the terms of this deal, defendant Charles Sirois was to receive CDN $772 million in exchange for his 8% stake of Teleglobe. However, BCE reduced its offer for Teleglobe to CDN $6.4 billion in June 2000 in view of Teleglobe's financial difficulties. BCE's reduced offer was approved by Teleglobe shareholders in November 2000.

B. Individual Defendants

18. Defendant Charles Sirois ("Sirois") was, at all relevant times during the Class Period, the Chairman and Chief Executive Officer of Teleglobe. According to Teleglobe's Notice of Annual and Special Meeting of Shareholders and Management Proxy Circular, dated March 31, 1999, Sirois beneficially owned (or exercised control or direction over) approximately
22.6 million shares of Teleglobe common stock, representing approximately 8.96% of Teleglobe's outstanding common shares.

19. Defendant Claude Seguin ("Seguin") was, at all relevant times during the Class Period, Executive Vice President, Finance and Chief Financial Officer of Teleglobe.

20. Defendants Sirois and Seguin (collectively, the "Individual Defendants") were, at all relevant times during the Class Period, controlling persons of Teleglobe within the meaning of Section 20(a) of the Exchange Act. Because of the Individual Defendants’ positions with the Company, they had access to undisclosed adverse information about its business, operations, financial condition, and present and future business prospects through access to internal corporate documents (including the Company’s operating plans, budgets, forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management meetings and meetings of the board and committees thereof, and through reports and other information provided to them in connection therewith.

21. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings, press releases and other public statements as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the Individual Defendants, by virtue of his high-level position with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest level and was privy to confidential proprietary information concerning the Company and its business, operations, prospects, growth, finances and financial condition as alleged herein. Said defendants were involved in drafting, producing,
reviewing, approving and/or disseminating the materially false and misleading statements and
information alleged herein (including SEC filings, press releases and other publications), were
aware of or recklessly disregarded that materially false or misleading statements were being
issued regarding the Company and nonetheless approved or ratified these statements in violation
of the federal securities laws.

22. As an officer and/or director, and a controlling person of a publicly held company
whose common stock was registered with the SEC, traded on the New York Stock Exchange
("NYSE"), and governed by the provisions of the federal securities laws, each of the Individual
Defendants had a duty to promptly disseminate accurate and truthful information with respect to
the Company's financial condition and performance, growth, operations, financial statements,
business, earnings, management, and present and future business prospects, and to correct any
previously-issued statements that had become materially misleading or untrue, so that the market
price of the Company’s publicly-traded securities would be based upon truthful and accurate
information. The Individual Defendants’ misrepresentations and omissions during the Class
Period violated these specific requirements and obligations.

23. The Individual Defendants participated in the drafting, preparation and/or
approval of the various public and shareholder and investor reports and other communications
concerning Teleglobe that are complained of herein and were aware of, or recklessly disregarded,
the misstatements contained therein and the omissions therefrom, and were aware of their
materially false and misleading nature. Because of their positions with Teleglobe, each of the
Individual Defendants had access to adverse undisclosed information about Teleglobe's business
prospects and financial condition and performance as particularized herein, and knew (or
recklessly disregarded) that these adverse facts rendered the statements complained of herein materially false and misleading.

24. The Individual Defendants, because of their positions of control and authority as officers and controlling persons of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each of the Individual Defendants was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports, releases and statements detailed herein and is therefore primarily liable for the representations contained therein.

CLASS ACTION ALLEGATIONS

25. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of themselves and a class consisting of all persons who purchased Teleglobe common stock on the open market during the Class Period and who suffered damages thereby. Excluded from the Class are defendants, the officers and directors of the Company at all relevant times, members of their immediate families, any entity in which any defendant has a controlling interest, and the legal affiliates, representatives, heirs, controlling persons, successors and predecessors in interest or assigns of any such excluded person or entity.

26. This action is properly maintainable as a class action because:

a. During the Class Period, more than 260 million shares of Teleglobe common stock were outstanding. Teleglobe's common stock was actively traded on the NYSE
and the Toronto Stock Exchange. The members of the Class are so numerous that joinder of all Class members is impracticable. Millions of shares of Teleglobe common stock were publicly traded during the Class Period and plaintiffs believe that there are thousands of members of the Class;

b. Plaintiffs' claims are typical of the claims of the other members of the Class. Plaintiffs and all members of the Class purchased and/or acquired their Teleglobe common stock in reliance upon defendants' statements to the public and/or the integrity of the open market and sustained damages as a result of defendants' wrongful conduct complained of herein;

c. Plaintiffs are representative parties who will fairly and adequately protect the interests of the other members of the Class and have retained counsel competent and experienced in class action securities litigation;

d. A class action is superior to other available methods for the fair and efficient adjudication of the claims asserted herein because joinder of all members is impracticable. Furthermore, because the damages suffered by the individual Class members may be relatively small, the expense and burden of individual litigation make it virtually impossible for the Class members to individually redress the wrongs done to them. The likelihood of individual Class members prosecuting separate claims is remote;

e. Plaintiffs anticipate no unusual difficulties in the management of this action as a class action; and

f. There are common questions of law and fact that predominate over any questions affecting any individual members of the Class.
27. The questions of law and fact that are common to plaintiffs and the Class include, among others:
   a. Whether the federal securities laws were violated by defendants' acts and omissions as alleged herein;
   b. Whether defendants' public statements during the Class Period omitted or misrepresented material facts about the financial condition, business and performance of Teleglobe;
   c. Whether defendants acted with knowledge or with reckless disregard for the truth in omitting to state and/or misrepresenting material facts;
   d. Whether the market price of Teleglobe's common stock was artificially inflated during the Class Period due to the omissions and/or material misrepresentations complained of herein;
   e. Whether the Individual Defendants were "control persons" within the meaning of Section 20(a) of the Exchange Act; and
   f. Whether the members of the Class have sustained damages and, if so, what is the measure of such damages.

FRAUD-ON-THE-MARKET DOCTRINE

28. Plaintiffs rely, in part, on the presumption of reliance established by the fraud-on-the-market doctrine. The market for Teleglobe common stock was at all times an efficient market for the following reasons, among others:
a. Teleglobe met the requirements for listing, and was listed, on the NYSE, a highly efficient market that quickly reflects all publicly available information concerning a listed company;

b. As a regulated issuer, Teleglobe filed periodic public reports with the SEC that contained material misrepresentations and/or omitted material facts during the Class Period, as alleged herein, causing the price of Teleglobe stock to trade at artificially inflated prices;

c. The trading volume of Teleglobe's common stock was substantial during the Class Period, indicating that there was a liquid market for Teleglobe stock during the Class Period;

d. Teleglobe was followed by numerous analysts employed by major brokerage firms, including, among others, Bear, Stearns & Co. Inc. ("Bear Stearns"), Credit Suisse First Boston Corporation ("CSFB"), Merrill Lynch Capital Markets and HSBC Securities, who issued reports which were distributed to the sales force and certain customers of their respective brokerage firms, which were also available to the investing public on various automated data retrieval services and that entered the public marketplace. In writing their reports, analysts reflected information provided by defendants; and

e. The market for Teleglobe common stock promptly digested new and current information regarding Teleglobe from all publicly available sources and reflected such information in the price of Teleglobe common stock.

29. The foregoing facts clearly indicate the existence of an efficient market for the trading of Teleglobe common stock and, consequently, the applicability of the fraud-on-the-market presumption of reliance. Accordingly, plaintiffs and the other members of the Class, who
allsufferedsimilarinjuryasaresultoftheirpurchasesofTeleglobecommonstockatartificially
inflatedprices,areentitledtopresumptionofreliancewithrespecttothemisstatementsand
omissionsallegedinthisComplaint.

TELEGLOBE'S DISASTROUS MERGER WITH EXCEL

30. Teleglobeisaglobaltelecommunicationscarrierreachingapproximately240
countriesandterritoriesandprovidinginternationalanddomesticlongdistance
telecommunicationsservicesonawholesaleandretailbasis. TheCompanyoffersservicesin
twoprincipalmarketsegments:(i)theinternationaltelecommunicationsservicesindustry;and
(ii)thenorthAmericandomesticlongdistanceindustry. Teleglobe providesinternational
telecommunicationsservicesthroughTCCanddomesticlongdistanceservicesthroughExcel,
bothofwhicharetholly-ownedsubsidiariesthroughCompany.

distance,internetaccessandpagingtelecommunicationsservicelayerbothbusinessesand
consumersintheUnitedStates. Teleglobe acquired Excel in the fall of 1998 knowing that its
monopolyforthe provision of overseas telecommunications services in Canada was scheduled to
lapse. Teleglobe, therefore, desperately needed to expand its customer base and increase the size
of its salesforce. According to the Company, the Excel merger "significantly expand[ed]"
Teleglobe's presence in the United States—roughly doubling its size. However, following the
Excel merger and throughout the Class Period, Teleglobe encountered significant (but
undisclosed) difficulties in its attempt to integrate the two companies.

32. Forexample, the Company lost a substantial amount of revenue because it could
not integrate the billing systems of Excel and Teleglobe. Prior to the merger, Excel had used the
"Arbor" billing system for sending bills to customers. However, since the fall 1998 merger and throughout the Class Period, Teleglobe could not successfully integrate its billing system with the "Arbor" system. These integration problems prevented Teleglobe from pulling minutes off the "switch," which is how the Company creates bills for customers. As a result, Teleglobe could not send bills to as many as 65,000 customers throughout the Class Period, resulting in a significant loss of revenue.

33. Even when the Company was able to send bills to its customers, the bills were often inaccurate. For example, if a customer had ten telephone lines with Teleglobe, the Company’s faulty billing software picked up only one phone line – resulting in the Company not billing for approximately 90% of the customer’s telephone calls. Moreover, some customers were only sent bills every three months. These bills were also inaccurate (and understated) because minutes on the "switch" were lost over time.

34. Teleglobe’s inability to bill customers had other detrimental effects on the Company. For example, without the ability to calculate actual customer usage, the Company could not pay commissions to its sales people. In fact, Teleglobe was forced to hand out lump sums of money just to keep its sales force satisfied. Teleglobe’s inability to assess customer usage also prevented defendants from accurately estimating the Company’s profitability.

35. In view of these severe billing problems, the Company organized a "Billing Investigation Team." This team evaluated the separate billing systems, and attempted to facilitate their integration. During this evaluation process, Teleglobe was forced to provide its customers with a significant amount of billing credits because customers were frequently
disputing charges. It was not until May 2000 (i.e., after the Class Period) that the Billing Investigation Team completed the system integration.

36. The Company also experienced numerous customer service problems during the Class Period as a result of its failed integration of Excel. For example, Teleglobe repeatedly failed to credit customer accounts upon receiving payments. The Company also failed to address thousands of customer complaints relating to Teleglobe's calling card business.

37. As a result of these problems, Teleglobe's customer service department became completely overwhelmed. In fact, after conducting a customer mail survey, the Company concluded that customers had to call Teleglobe an average of six times before their complaints were resolved. Teleglobe's inability to provide adequate service for its customers became so detrimental that the Company eventually lost approximately 15,000 customers as a result of these problems.

DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

I. TELEGLOBE ANNOUNCES FOURTH QUARTER 1998 AND YEAR-END RESULTS

38. After the close of trading on February 10, 1999, Teleglobe announced financial results for the fourth quarter and year-end 1998. The press release stated that consolidated revenues increased 16.3% in 1998 to $3.4 billion compared to $2.9 billion in 1997. On a recurring basis, excluding unusual charges, non-recurring items and non-core operations, EBITDA on a recurring basis increased 21.0% to $584.5 million compared to $482.9 million in 1997. Net income was $14.9 million, or $0.04 per share, in 1998 compared to $111.3 million, or
$0.46 per share, in 1997. On a recurring basis, adjusted net income was $255.8 million, or $0.99 per share, compared to $221.1 million, or $0.93 per share, in 1997.

39. With respect to year-end results, the press release stated that Excel revenues increased 29.3% to $1.8 billion, compared to $1.45 billion in 1997, and declined by 0.9% on a pro forma basis, and that Excel recorded 11.8 billion minutes of traffic in 1998 compared to pro forma 11.1 billion minutes in 1997. In regard to quarterly results, the press release stated that Excel’s telecommunication revenues for the fourth quarter of 1998 declined 9.7%, reflecting lower revenues from residential long distance services, including both pre-subscribed and casual calling.

40. The press release also stated, “[t]he transition of Excel’s traffic to its facilities-based network was virtually completed at the end of 1998, allowing for a 10% reduction in per minute cost. Excel can now concentrate all of its efforts on launching new products to increase U.S. long distance traffic beginning in 1999. Combined with the launch of retail services in Canada in the first quarter, Excel is well positioned to resume growth in 1999.”

41. The press release quoted defendant Sirois as follows:

We are pleased with our continued international traffic growth in 1998, the strong increase in revenues from transmission and data services, as well as TCC’s margin and cost performance. . . . For Excel, 1998 was a year of reinforcing its foundation for growth by migrating traffic to its own network and implementing a significant customer care systems change. 1998 was also a year of great achievements for the Commercial Sales division. With these major undertakings substantially behind us, all of Excel’s energy is now being focused on launching new products and increasing traffic.

* * *

When we announced the merger between Teleglobe and Excel, our intention was to leverage Teleglobe’s platform to expand Excel’s proven marketing channels
worldwide, introduce new services to Excel’s customers and integrate networks to reduce long-distance termination fees. All these objectives are well underway and the customer service launch of Excel in Canada in March 1999 is a key development in our growth strategy.

42. The statements in the foregoing February 10, 1999 press release were materially false and misleading for the following reasons:

   a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

   b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel’s "Arbor" billing system and the existing Teleglobe billing system;

   c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and

   d. they failed to disclose that Teleglobe’s profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

43. On February 10, 1999, in connection with the foregoing press release, defendants Sirois and/or Seguin spoke privately with various institutional investors, money managers and securities analysts, including Michael Wolf and John Shacko of Bear Stearns, John Henderson at Scotia Capital Markets, Dan Fletcher and Blake Bath of Lehman Brothers and Mary-Anne DeMonte-Whelan at Loewen Ondaatje McCutcheon Ltd. During those conversations, defendants Sirois and/or Seguin stated that: (i) three-fourths of Teleglobe’s revenue shortfall was attributable to its Excel division; (ii) the IT (back office) issues at Excel were well known by Teleglobe during its 1999 budgeting process and had been thoroughly accounted for in the
Company's guidance to analysts for Teleglobe's 1999 quarterly and year-end analyst estimates; (iii) the IT (back office) issues at Excel were being fixed, would likely be reasonably short-term and analysts could consider such problems to be "behind" Teleglobe; (iv) the Excel division was reporting excellent, (i.e., low) costs; (v) Teleglobe's cost trends and overall margins were favorable; and (vi) as a result of the foregoing, Teleglobe was comfortable with analysts' estimates of $0.24-0.27 per share, $0.26-0.30 per share and $1.25-1.29 per share for first quarter 1999, second quarter 1999 and year-end 1999, respectively.

44. The statements described in the foregoing paragraph, as reported by analysts following the Company, were materially false and misleading for the foregoing reasons:
   a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;
   b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel's "Arbor" billing system and the existing Teleglobe billing system;
   c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and
   d. they failed to disclose that Teleglobe's profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

45. On February 11, 1999, Bear Stearns issued an analyst report, authored by analysts Michael Wolf and John Sharko, which was based upon and repeated the information given to them by defendants as described in paragraph 43 above:
The IT issues at ECI are being fixed and are likely to be reasonably short-term. We are assured by Teleglobe’s management that these issues were well-known during the budgeting process and have been thoroughly accounted for in guidance for the coming year.

* * *

To summarize, revenue trends are disappointing, but cost trends and overall margins are tracking very nicely.

* * *

We are forecasting revenues and EPS from core operations for the first quarter of $907 million and $0.28 per share. For the total year 1999, we are forecasting $4.0 billion and $1.25 per share respectively.

46. The statements in the foregoing Bear Stearns analyst report were materially false and misleading for the foregoing reasons:

a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel’s "Arbor" billing system and the existing Teleglobe billing system;

c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and

d. they failed to disclose that Teleglobe’s profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

47. On March 4, 1999, Teleglobe hosted a luncheon for institutional investors and securities analysts, including Tim Newington of CSFB. During the luncheon, defendants Sirois and/or Seguin stated: (i) Teleglobe was executing on its business plan; (ii) Teleglobe’s earnings
would grow 20-25% in 1999; and (iii) they were comfortable with analysts’ earnings per share estimates of $0.24-0.27 per share, $0.26-0.30 per share and $1.25-1.29 per share for the first quarter 1999, second quarter 1999 and year-end 1999, respectively.

48. The foregoing statements during the March 4, 1999 luncheon, as reported by analysts following the Company, were materially false and misleading for the foregoing reasons:

a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel’s "Arbor" billing system and the existing Teleglobe billing system;

c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and

d. they failed to disclose that Teleglobe’s profitability was plummeting because of severe integration problems at the Company’s newly acquired Excel division.

II. TELGLOBE ANNOUNCES ITS AMBITIOUS GLOBESYSTEM PROJECT

49. On May 10, 1999, on the eve of its 1999 annual meeting and its first quarter 1999 earnings release, Teleglobe announced that it would build GlobeSystem, which was described as the "World’s First Globally-Integrated Internet, Voice, Data and Video network." The press release stated:

1 This press release was filed with the SEC on a Form 6-K dated May 19, 1999.
The projected US$5 billion investment over the next five years integrates next-generation optical, packet and fiber technology to deliver lower-cost, innovative services globally.

* * *

**GlobeSystem** establishes new global communications standards by offering Carriers, Internet Service Providers, Business Customers and Content Providers direct network access from 160 major cities worldwide to deliver a broad range of advanced competitive services. Teleglobe will be the first to globally deploy advanced technology enabling stand-alone voice, Internet, data and video networks to converge on a single, efficient network. Another major feature of **GlobeSystem** is a next-generation network management system that enables superior service creation and delivery on a global scale.

* * *

"As demand for global services continues to increase, Teleglobe's investment allows us to accelerate the growth of our successful Internet and Carrier business. With **GlobeSystem**, Teleglobe will advance its leadership in global telecommunications," said Charles Sirois, chairman and chief executive officer, Teleglobe Inc. "Teleglobe already ranks as one of the largest providers of global Internet, Carrier and Broadcast services, with nearly 50 years' experience in building and managing global connectivity. Additionally, **GlobeSystem** allows Teleglobe to expand the geographic market in which it offers its diverse product line, building on our rapidly growing global customer base of Carriers and Internet Service Providers."

50. The GlobeSystem project was critical to Teleglobe because it would allow the Company to decrease its dependency on the traditional wholesale long distance market (which was flat to declining in volume and in the throws of severe price competition) and increase its share of revenue earned from carrying data over its network (data revenues were growing at 40% per year but comprised only 6% of Teleglobe's 1998 consolidated revenue).

51. The foregoing statements in the May 10, 1999 press release were materially false and misleading for the following reasons:
a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel's "Arbor" billing system and the existing Teleglobe billing system;

c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and

d. they failed to disclose that Teleglobe's profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

III. FIRST QUARTER 1999 FINANCIAL RESULTS

52. On May 12, 1999, Teleglobe issued a press release announcing its financial results for the first quarter of 1999. The press release stated that revenues for the first three months of 1999 were $747.3 million, compared to $860.2 million in the corresponding quarter in 1998—a decrease of 13%, which the Company attributed "almost entirely...to lower revenues for Excel." The press release stated:

Excel Communications, did not show growth in its main distribution channel to residential customers and consequently reported lower results compared with the first quarter of 1998. However, Excel's traffic was stable on a sequential basis, indicating that the decline in its activities has virtually ended.

53. In the press release, defendant Sirois stated:

We have implemented corrective actions at Excel and made important organizational changes which are putting the company on a growth track in the

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2 This first quarter report to shareholders dated May 12, 1999 was filed with the SEC on a Form 6-K dated May 21, 1999.
United States. Network costs are declining, operational issues are well in hand and Excel is now focused on increasing its traffic and revenues.

54. With respect to Excel's financial results, the press release stated:

Excel revenues declined 21% to $370.2 million from $469.5 million in the first quarter of 1998. This is explained by lower prices and a 13% decrease in total long distance minutes to 2,321 million minutes from 2,683 million minutes in the corresponding period last year (excluding US wholesale minutes transferred to TCC).

Presubscribed residential revenues declined to $246.0 million from $323.0 million on a volume of 1,480 million minutes compared to 1,870 million minutes in the first quarter last year. These declines are partly due to a lack of business growth associated with difficulties experienced in the fourth quarter of 1998 with Excel's new customer care and billing system.

Casual calling revenues decreased to $54.3 million from $79.5 million as a result of a 20% decline in minutes and lower prices. On a sequential basis, however, both revenues and minutes were higher than in the preceding quarter, reflecting the successful turnaround in this business assisted by a focus on international long distance.

Commercial revenues, increased 22% to $43.9 million from $36.0 million on a volume increase of 40%.

Excel's communications charges were lower as a proportion of communication services revenues due mainly to the virtually completed migration of traffic to its own network, optimization of the network, cost management and routing of international minutes through TCC.

55. The press release also stated:

Excel is expected to achieve a turnaround on a sequential basis in all parts of its business. "The success of the Canadian launch and the reorganization of Excel into accountable business units ensures that the required focus is placed on renewing with profitable growth in all its business segments expansion," added [defendant] Sirois.

56. The foregoing statements in the May 12, 1999 press release were materially false and misleading for the following reasons:
a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

b. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and

c. they failed to disclose that Teleglobe's profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

57. On May 12, 1999, Teleglobe also hosted its annual shareholders meeting. As reported on Business Wire on that date, at the meeting, defendant Sirois stated, "Having built an impressive customer base and extended its business network and sales presence around the world, TCC has the necessary foundation and a unique opportunity to accelerate its already rapid growth." And, according to a report in the May 13, 1999 edition of The National Post, Sirois also stated at the meeting that "problems that cut into revenue at the Excel unit in recent months are now 'well under control.'"

58. The foregoing statements during the May 12, 1999 annual shareholders meeting were materially false and misleading for the following reasons:

a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel's "Arbor" billing system and the existing Teleglobe billing system;

c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers;
d. they failed to disclose that Teleglobe's profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division; and

e. they misrepresented that problems at Excel were "well under control."

IV. TELEGLOBE'S 1998 ANNUAL REPORT

59. On May 27, 1999, the Company filed with the SEC its 1998 Form 40-F for the year ended December 31, 1998 (the "Form 40-F"). The Form 40-F included as an exhibit Teleglobe's 1998 "Annual Information Form" dated May 17, 1999 (for the year ended December 31, 1998). The Annual Information Form stated:

Excel, an indirect wholly-owned subsidiary of the Corporation, provides through operating subsidiaries long distance telecommunications, Internet access and paging services to both residential and commercial customers in the United States and, as of March 1999, through Excel Telecommunications (Canada) Inc., in Canada. In the coming years, Excel also plans to enter retail markets in other countries, including the G7 countries. Excel has developed several marketing channels which include direct sales to residential, commercial and wholesale customers through independent representatives ("IRs"), dealers and/or direct sales personnel in addition to direct mail marketing of several dial around products. These multiple distribution channels which target both residential and commercial customers are a key element of Excel's business strategy as they allow Excel to balance its network traffic capacity and provide multiple avenues for growth. There are more than 3,700 employees who support the corporate, network management, billing, teleservices and marketing functions of Excel and a significant number of IRs.

Commercial Services. Current products include long distance, calling card, call accounting, enhanced billing services, data services and 8XX services. In addition to competitive rates and a wide variety of products, Excel, through its wholly-owned subsidiary, Telco Communications Group, Inc. ("Telco"), is able to offer business customers a highly specialized direct bill summary package that includes call summaries by service type, call type, originating number, account code, area code, country code, time-of-day and most frequently called numbers.
Excel, through Telco, offers a complete package of networking, billing and customer service, eliminating the need for resellers to coordinate with multiple vendors and giving them the ability to obtain all of their long distance services from a single source.

60. The Form 40-F also described Excel's billing and marketing practices.

Billing and Data Processing. Since its inception, Excel has billed a majority of its residential traffic through [local exchange carriers]. Excel has entered into billing and collection agreements with [local exchange carriers], including all of the [U.S. regional bell operating companies], that cover substantially all of the switched access lines in the United States. These agreements permit Excel to place its customers' call detail records on the customers' regular monthly local phone bill.

* * *

Marketing

Presubscribed Residential Products and Services. Excel markets presubscribed residential services through a nationwide network of IRs. Excel encourages IRs to enroll subscribers with whom the IRs have an ongoing relationship as a result of being a family member, friend, business associate, neighbor, or other acquaintance.

* * *

IRs are compensated based on the acquisition of subscribers and such subscribers' long distance usage and paging air time and Internet usage. IRs receive subscriber acquisition commissions only after, among other things, subscribers sign up for Excel's long distance service, Internet access or paging service. IRs receive commissions on the long distance, paging air time and Internet usage of subscribers who they have personally signed up. In addition, while Excel does not pay a commission to IRs for introducing new IRs to Excel, IRs do receive subscriber acquisition commissions and long distance, Internet and paging air time usage commissions for subscribers signed up by certain other IRs they have recruited directly themselves or indirectly, as in the case of subscribers recruited by other IRs in their network. Certain performance criteria must be maintained by the IRs in order to qualify to receive all such commissions.

* * *

- 26 -
In addition, Excel has developed a proprietary commission processing system to process the high volumes of data necessary to calculate commissions on long distance, Internet and paging usage, commissions on the acquisition of long distance, Internet and paging subscribers, and commissions on IR training. This system incorporates the provisions of Excel's marketing program to prepare monthly downline reports and commission payment details to IRs.

* * *

**Subscriber Care.** Excel believes that personal contact with its subscribers through IRs, sales representatives, and customer service representatives is a significant factor in subscriber acquisition and retention. Excel encourages IRs and sales representatives to contact each of their subscribers on a monthly basis to keep the subscriber satisfied with Excel's long distance, paging and Internet services. Excel operates three customer service centers staffed by Excel's employees, who have completed a certification and training program provided by Excel. To enhance the effectiveness of its customer service representatives, Excel, in addition to the initial training program, provides ongoing training to all customer service representatives. Excel's customer service department uses online, real-time automated systems that provide notes from all prior contacts with the subscriber, and provide a complete account and payment history for subscribers directly billed by Excel. Through this proprietary contact management software, Excel is able to provide a high level of subscriber care.

61. The foregoing statements in the Annual Information Forum were materially false and misleading for the following reasons:

   a. they failed to disclose that the Company was experiencing significant problems in its attempted integration of Excel;

   b. they failed to disclose that the Company was experiencing significant difficulties with the integration of Excel's "Arbor" billing system and the existing Teleglobe billing system;

   c. they failed to disclose that the Company was losing a substantial amount of revenue because it could not send accurate bills (if a bill was sent at all) to its customers; and
they failed to disclose that Teleglobe's profitability was plummeting because of severe integration problems at the Company's newly acquired Excel division.

V. TELEGLOBE'S $1 BILLION DOLLAR OFFERING

62. On or about June 8, 1999, which was shortly after the Company announced its GlobeSystem project, Teleglobe filed with the SEC a registration statement to sell, in a public offering, up to $1.5 billion in debt securities (the "Registration Statement"). The Registration Statement was signed by defendants Sirois and Seguin, among others.

63. Thereafter, on or about July 15, 1999, Teleglobe filed with the SEC a Prospectus Supplement (the "Prospectus"). The Prospectus related to the public offering of $1 billion in debt securities: $600 million in 7.20% debentures due 2009 and $400 million in 7.70% debentures due 2029. Merrill Lynch & Co. acted as the lead underwriter for the bonds.

64. The Prospectus stated that proceeds from the $1.0 billion debt offering would be used as follows:

We expect to receive $986.2 million of net proceeds from the sale of the debentures after deducting the underwriting commissions and estimated offering expenses which we are responsible for paying. We expect to use approximately $435 million to repay all revolving credit borrowings under the [four] Senior Credit Facilities [that were entered into on May 10, 1999 in the aggregate amount of $1.5 billion]. We have used borrowings under the Senior Credit Facilities to repay all outstanding indebtedness under prior credit facilities.3 The weighted average interest rate of revolving credit loans under our Senior Credit Facilities

3 The Prospectus defined the "Senior Credit Facilities" as "two U.S. revolving credit facilities totaling $900 million and two Canadian revolving credit facilities totaling $600 million." The Company explained that funds from the Senior Credit Facilities were used "to repay outstanding indebtedness under and to replace Excel's $1 billion credit facility and three of [its] Canadian credit facilities." Teleglobe also stated that it planned "to use proceeds from the Senior Credit Facilities to finance capital expenditures and future acquisitions, and for general corporate purposes."
was 5.44% at July 14, 1999. Two of our Senior Credit Facilities mature on May 8, 2000 while the other two Senior Credit Facilities mature on May 10, 2004. We also intend to use approximately $288 million of the net proceeds from the sale of the debentures to repay borrowings under our Canadian commercial paper program. The [remaining] balance [of $263 million] will be used for capital expenditures and for other general corporate purposes of Teleglobe.

65. The Prospectus, which incorporated by reference, among other things, the Company's May 10, 1999 press release regarding its $5.0 billion global telecommunications project, explained the importance of the GlobeSystem network to the Company:

In an effort to accelerate our current expansion strategy, we announced on May 10, 1999 that we will build GlobeSystem, a globally integrated Internet, voice, data and video network. The projected $5 billion investment from 2000 to 2004 (representing an incremental $2.6 billion over previously planned capital expenditures) will integrate next-generation optical, packet and fiber technology to deliver lower-cost, innovative services globally. . . . The incremental $2.6 billion of capital expenditures through 2004 over previously planned expenditures will be financed through a combination of operating cash flow, debt and equity.

66. The Company successfully completed its $1 billion debt offering on July 20, 1999. However, as set forth below, the Company announced just one week later that its financial condition was much worse than previously disclosed.

THE TRUTH BEGINS TO EMERGE

67. On July 28, 1999, after the close of market trading, Teleglobe announced for the second quarter of 1999 preliminary results consisting of net income of $0.10 per share compared to $0.24 per share in the second quarter of 1998. Defendant Seguin stated:

Teleglobe has felt the impact of accelerated price pressures, particularly in North America. While Teleglobe was able to implement significant cost decreases, traffic volume growth was not sufficient to compensate price pressures. We are currently implementing initiatives to renew with traffic growth in this competitive environment, and we expect those measures to have a positive impact on results going forward. Transmission and data revenues continued to grow year over year, testimony to Teleglobe’s market leadership in this key sector. Our results also
indicate that the stabilization at Excel is almost complete, and we expect Excel to resume with growth.

In the July 28 announcement, Teleglobe also cut its 1999 earnings per share projections from $1.00 per share to $0.70-$0.80 per share.

68. Defendants' July 28, 1999 announcement caused the price of Teleglobe stock to plunge from $27-13/16 (the closing price on July 28, 1999) to $21-11/16 (the close on July 29, 1999) on huge trading volume, and its market capitalization to drop by $2 billion in one day.

69. Analysts and institutional investors were furious at Teleglobe's failure to timely disclose the adverse news concerning its Excel division. Paul Devlin, Vice-President of MMA Investment Managers, Ltd., stated in a July 30, 1999 article in the Calgary Herald, "My biggest concern is management credibility; they keep coming out with bad news." Indeed, analysts were disturbed that 'Teleglobe waited nearly one month after the end of the second quarter to finally issue its earnings warning.

70. On August 4, 1999, Teleglobe issued a press release more fully explaining its earnings shortfall for the second quarter of 1999. As set forth below, Teleglobe began to admit to investors what it had known throughout the Class Period: that the Company's acquisition of Excel was a disaster, and that the deficiencies encountered in the integration of Excel dramatically hurt Teleglobe's financial results. According to the press release:

Teleglobe Communications Corporation (TCC) faced intense pricing pressure during the second quarter which eroded margins and reduced traffic growth as the company decided not to reduce margins further by growing volume in less profitable routes. As a result, TCC recorded disappointing results for the first time since we expanded outside Canada in 1995. We think the pricing environment is stabilizing. Meanwhile, TCC is taking action to be more competitive on all routes and the progressive development of GlobeSystem is enhancing our competitiveness in key geographic markets and services. Excel is
still in a restructuring phase since its merger with Teleglobe and year over year results continue to be unfavourable.

71. Comments by analysts confirm that the billing problems at Excel were significant. For example, in an August 9, 1999 report from Scott & Stringfellow, which followed a "much-needed" meeting of the Company and analysts in Washington, D.C., analyst Thomas Morabito stated:

"Overall, the tone of the meeting was positive, and while management did its best to alleviate near-term operational concerns (mainly Excel and pricing issues), the focus was squarely on where Teleglobe is heading."

* * *

[Defendant] Sirois spent time discussing both Excel and TCC. With Excel, he said that the primary goal is to get Excel back on track, with the immediate objective of restoring growth. . . . He emphasized that it would be impossible to add any new products to Excel until the new billing system is put in place in late October.

* * *

Excel is concentrating on improving the revenue management and billing aspects of the business. This is being done through the implementation of the new billing system, which has already vastly reduced the Company's billing error rate, and the installation of improved audit and control procedures for [local exchange carrier] billing.

72. Damage control continued after the Company's analyst meeting. In a virtually unprecedented move, on August 17, 1999, Merrill Lynch & Co. returned $13 million to investors who purchased bonds in Teleglobe's $1 billion bond offering - despite the fact that it only received a $7.4 million fee for acting as lead underwriter. As reported by The Gazette (Montreal) on August 19, 1999:

Merrill Lynch & Co. said yesterday it will compensate investors who bought $1 billion of Teleglobe Inc. debt from Merrill in July, shortly before the Canadian
long-distance company warned profit would miss estimates and its bonds tumbled.

Merrill, the largest bond underwriter in the U.S. and manager on Teleglobe's issue, will reimburse institutional investors about $13 million, said a person familiar with the matter. That means Merrill, which collected most of the $7.4-million fee for the transaction, could lose millions on the sale.

73. Similarly, The National Post reported on August 18, 1999:

Merrill Lynch & Co. confirmed yesterday it will offer some compensation to investors who bought debt issued by Teleglobe Inc. just weeks before the company issued a profit warning.

"We will be compensating bond purchasers for the impact of the company's earnings pre-announcement on the price of the bonds," said Peter Kahnert, a spokesman for Merrill Lynch Canada.

* * *

Merrill was lead manager for the debt issue last month, the majority of which was sold to U.S. institutional investors. The pricing took place in mid-July. On July 28, Teleglobe warned its earnings would fall short of expectations for the second quarter in a row.

The day after the warning, Teleglobe shares slid $9.35 and kept falling to an intraday low of $22.90 a week ago. They have since rebounded, closing at $27.45 yesterday, down 30 cents.

Mr. Kahnert said bond pricing also suffered as a result of the news.

"We are acting to protect our investing clients against the impact of this unanticipated development which occurred so soon after issuance," he said.

74. Thereafter, Teleglobe issued a press release on September 29, 1999 stating that it would report poor earnings for the third quarter of 1999. Teleglobe again attributed the expected earnings shortfall ($0.04-$0.05 per share compared to analyst expectations of $0.13 per share) to problems at the Excel division: "The main variances from the estimates provided following the
pre-release of Teleglobe's second quarter results in July are as follows: Higher SG&A expenses in Excel related to the implementation of new information systems."

75. According to a September 30, 1999 report from CSFB analyst Tim Newington:

The company had previously stated it had earnings expectations of $0.70 for fiscal 1999. The company is now forecasting earnings from continuing operations of $0.48-$0.50 per share.

* * *

[G]iven this is the third time the company has revised its outlook for the year in the last two months, the negative sentiment towards the company will not get any better over the near term. We continue to urge investors to stay away from the stock until management can prove it can perform to expectations and post some positive operating results.

76. In an October 1, 1999 report from Lehman Brothers, analyst Dan Fletcher confirmed that "Excel has been a drag on earnings in terms of both revs and expenses."

77. As reported in The Gazette (Montreal) on December 16, 2000, in February 2000, Sirois was "forced . . . to cut and run at Teleglobe." In February 2000, Sirois agreed to sell Teleglobe outright to BCE for approximately CDN $9.65 billion, but was then forced in June 2000 to accept CDN $3.25 billion less. According to a press release issued by Teleglobe on June 19, 2000:

Teleglobe has been in on-going negotiations with its lenders to renew its credit facility of US $750 million. Due to its continued overall financial weakness, Teleglobe could have been in default of bank covenants prior to the closing of the transaction, unless BCE agreed to provide additional financial support. This additional support was not part of the original agreement announced February 15, 2000.
ADDITIONAL SCIENTER ALLEGATIONS

78. As set forth above, defendants acted with scienter because they (i) knew or recklessly disregarded that the public documents and statements issued or disseminated were materially false and misleading, (ii) knew or recklessly disregarded that such statements or documents would be issued or disseminated to the investing public, and (iii) knowingly participated in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

79. In addition, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding the Company and/or their control over the Company, making them privy to confidential proprietary information, participated in the fraudulent scheme alleged herein. With respect to non forward-looking statements and/or omissions, defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public.

80. Defendants'scienter is also established by virtue of their efforts during the Class Period to obtain credit facilities to repay outstanding debt, and to sell $1 billion of Teleglobe bonds through a public offering to pay off existing debt and raise capital needed to build its global network. This $1 billion public offering occurred just one week before the price of the Company's stock collapsed when Teleglobe reported poor earnings for the second quarter of 1999. The Individual Defendants also engaged in this scheme to inflate the price of Teleglobe securities in order to protect and enhance their executive positions and the substantial compensation and prestige they obtained thereby.
NO STATUTORY SAFE HARBOR

81. The statutory safe harbor does not apply to any of the allegedly false statements pleaded in this complaint. Moreover, the specific statements pleaded herein were not identified as "forward-looking statements" when made. Nor was it stated with respect to any of the statements forming the basis of this complaint that actual results "could differ materially from those projected." To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of the Company who knew that those statements were false when made.

COUNT ONE

VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT
AND RULE 10b-5 PROMULGATED THEREUNDER
AGAINST ALL DEFENDANTS

82. Plaintiffs repeat and reallege each and every allegation contain above as if fully set forth herein.

83. During the Class Period, Teleglobe and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct that was intended to and, throughout the Class Period, did (i) deceive the investing public, including plaintiffs and other Class members,
as alleged herein, (ii) artificially inflate and maintain the market price of Teleglobe's common
stock, and (iii) cause plaintiffs and other members of the Class to purchase Teleglobe's common
stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of
conduct, defendants, and each of them, took the actions set forth herein.

84. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made
untrue statements of material fact and/or omitted to state material facts necessary to make the
statements not misleading; and (c) engaged in acts, practices, and a course of business which
operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to
maintain artificially high market prices for Teleglobe's stock in violation of Section 10(b) of the
Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the
wrongful and illegal conduct charged herein or as controlling persons as alleged below.

85. In addition to the duties of full disclosure imposed on defendants as a result of
their making of affirmative statements and reports, or participation in the making of affirmative
statements and reports to the investing public, defendants had a duty to promptly disseminate
truthful information that would be material to investors in compliance with the integrated
disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. §§ 210.01, et
seq.) and Regulation S-K (17 C.F.R. §§ 229.10, et seq.) and other SEC regulations, including
accurate and truthful information with request to the Company's operations, financial condition
and earnings so that the market price of the Company's securities would be based on truthful,
complete and accurate information.

86. Teleglobe and the Individual Defendants, individually and in concert, directly and
indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails,
engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Teleglobe as specified herein.

87. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Teleglobe's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting or state material facts necessary in order to make the statements made about Teleglobe and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Teleglobe's common stock during the Class Period.

88. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants
was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

89. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Teleglobe's significant problems from the investing public and supporting the artificially inflated price of its securities. Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

90. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Teleglobe's common stock was artificially inflated during the Class Period. In ignorance of the fact that the market price of Teleglobe stock was artificially inflated, and relying upon the integrity of the market, plaintiffs and the other members of the Class acquired Teleglobe common stock during the Class Period at artificially high prices and were damaged thereby.

91. At the time of said misrepresentations and omissions, plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiffs and the other members of the Class and the marketplace known of the true financial condition and business prospects of Teleglobe, which were not disclosed by defendants, plaintiffs and other members of the Class would not have purchased or otherwise acquired their Teleglobe common
stock, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

92. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

93. As a direct and proximate result of defendants' wrongful conduct, plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's common stock during the Class Period.

COUNT TWO

VIOLATION OF SECTION 20(a) OF THE EXCHANGE ACT AGAINST THE INDIVIDUAL DEFENDANTS

94. Plaintiffs repeat and reallege the allegations set forth above as if set forth fully herein. This claim is asserted against defendants Sirois and Seguin.

95. Defendants Sirois and Seguin acted as controlling persons of Teleglobe within the meaning of Section 20(a) of the Exchange Act. By virtue of Sirois's shareholdings, and the Individual Defendants' high-level positions, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's financial condition, finances and its business practices, Sirois and Seguin had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that plaintiffs contend are false and misleading. Sirois and Seguin were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiffs to be misleading.
prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

96. In particular, Sirois and Seguin had direct involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

97. Pursuant to Section 20(a) of the Exchange Act, Sirois and Seguin are liable for Teleglobe's violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, as described in Count One.

WHEREFORE, plaintiffs pray for relief and judgment as follows:

a. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

b. Awarding compensatory damages in favor of plaintiffs and the other Class members against all defendants for all damages sustained as a result of defendants’ wrongdoing, in an amount to be proven at trial, including interest thereon;

c. Awarding plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

d. Such other and further relief as the Court may deem just and proper.
JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

Dated: New York, New York
February 9, 2001

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Additional Plaintiffs' Counsel
Teleglobe
Certification of Named Plaintiff Pursuant
to Federal Securities Laws

I, Michael Feddy, (print name) (hereinafter designated “plaintiff”) duly
swear and affirm, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint prepared against Teleglobe,
et al., and authorizes its filing.

2. Plaintiff did not purchase or acquire any of the securities that are the
subject of this action at the direction of plaintiff’s counsel or the order to
participate in this private action.

3. Plaintiff is willing to serve as a representative party on behalf of the class,
including providing testimony at deposition and trial, if necessary.

4. Plaintiff’s transactions involving the security that is the subject of this
action during the class period February 11, 2000 to July 29, 2000 are
as follows:

   a. Amount of shares purchased: 35

   b. Date purchased shares: 2-16-99

   c. Price per share purchased: 29 7/8

   d. Total amount of shares purchased: 35

   e. Amount of shares sold: N/A

   f. Date shares sold: N/A

   g. Price per share sold: N/A

   h. Total amount shares sold: N/A

5. Plaintiff has not sought to serve as a class representative in other actions
filed under the federal securities laws in the past three (3) years preceding
the data which the certification is signed.

6. Plaintiff has not and will not accept any payment for serving as a
representative party on behalf of the class beyond the plaintiff’s pro rata
share of any recovery, or as ordered or approved by the court, including
any award for reasonable costs and expenses (including lost wages)
directly relating to the representation of the class.
7. Plaintiff agrees to be represented in this matter by Brodsky & Smith, L.L.C. or by any counsel this matter is assigned to.

I declare under penalty of perjury under laws in United States of America that the foregoing is true correct.

Executed this 10th day of August, 2000, at Santa Barbara, (city) CA (state).

By: [Signature]

BY Michael Fedysk
Print Name

Address: 1325 Mountain Ave
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CERTIFICATE OF SERVICE

I, Brian C. Kerr, hereby certify that on this 9th day of February 2001, I caused a true and correct copy of the foregoing Consolidated Amended Class Action Complaint to be served by hand upon the following:

Bruce D. Angiolillo, Esq.
SIMPSON THACHER & BARTLETT
425 Lexington Avenue
New York, New York 10017-3954

Counsel for Defendants

[Signature]
Brian C. Kerr