

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE MERRILL LYNCH RESEARCH REPORTS
SECURITIES LITIGATION

)
)
) 02 MDL 1484(JFK)

This Document Relates to:
All of the Actions on Schedule 1

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTIONS

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK (OR DEPOSITORY RECEIPTS) OF THE FOLLOWING COMPANIES DURING THE PERIODS LISTED BELOW OR WHO PURCHASED, IN A PRIVATE PLACEMENT, QUOKKA SPORTS, INC. 7% CONVERTIBLE SUBORDINATED PROMISSORY NOTES DUE SEPTEMBER 15, 2005:

| Company | Ticker Symbol | Class Period |
|--------------------------------------|---------------|----------------------|
| Aether Systems | AETH | 11/15/1999-2/7/2001 |
| B2B Internet HOLDRs Trust | BHH | 2/24/2000-4/8/2002 |
| CMGI, Inc. | CMGI | 3/23/1999-11/14/2000 |
| Doubleclick, Inc. | DCLK | 11/29/1999-4/15/2001 |
| ETOYS, Inc. | ETYS | 6/17/1999-11/8/2000 |
| EXCITE@HOME | ATHM | 6/7/1999-4/26/2001 |
| Exodus Communications, Inc. | EXDS | 12/8/1999-6/19/2001 |
| GoTo.com, Inc. | GOTO | 1/11/2001-6/6/2001 |
| Homestore.com, Inc. | HOMS | 9/8/1999-9/21/2001 |
| InfoSpace, Inc. | INSP | 12/6/1999-1/22/2001 |
| Internet Architecture HOLDRs Trust | IAH | 2/24/2000-4/8/2002 |
| Internet Capital Group, Inc. | ICGE | 8/30/1999-11/8/2000 |
| Internet HOLDRs Trust | HHH | 9/23/1999-4/8/2002 |
| Internet Infrastructure HOLDRs Trust | IIH | 2/24/2000-4/8/2002 |
| iVillage, Inc. | IVIL | 11/9/1999-5/7/2001 |
| Lifeminders Inc. | LFMN | 9/28/2000-1/31/2001 |
| Looksmart, Ltd. | LOOK | 5/25/2000-1/11/2001 |
| Openwave Systems, Inc. | OPWV | 10/16/2000-8/13/2001 |
| PETS.COM, INC. | IPET | 3/8/2000-11/7/2000 |
| Quokka Sports, Inc. | QKKA | 8/23/1999-1/9/2001 |

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM POSTMARKED ON OR BEFORE AUGUST 31, 2007.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, and an Order of the United States District Court for the Southern District of New York (the "Court"). The purpose of this Notice is to inform you of the proposed Settlement of these class actions and of the hearing to be held by the District Court to consider the fairness, reasonableness and adequacy of the Settlement. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and these Actions.

The proposed Settlement creates a fund in the amount of \$125,000,000 in cash (plus a cash amount equivalent to interest which has been accruing since March 30, 2006). The following cases are included in the Settlement:

1. All Aboard the Training Junction v. Merrill Lynch & Co., 03-CV-2927(JFK) (relating to stock of Doubleclick, Inc.);
2. In re Merrill Lynch & Co. Aether Systems Inc. Research Reports Sec. Litig., 02-CV-3429(JFK);
3. In re Merrill Lynch & Co. CMGI Inc. Research Reports Sec. Litig., 02-CV-7218(JFK);
4. In re Merrill Lynch & Co. eToys Inc. Research Reports Sec. Litig., 02-CV-6645(JFK);
5. In re Merrill Lynch & Co. Excite@Home Research Reports Sec. Litig., 02-CV-3042(JFK);
6. In re Merrill Lynch & Co. Exodus Communications, Inc. Research Reports Sec. Litig., 02-CV-6914(JFK);
7. In re Merrill Lynch & Co. GoTo.com Research Reports Sec. Litig., 02-CV-3835(JFK);
8. In re Merrill Lynch & Co. Homestore.com Research Reports Sec. Litig., 02-CV-9931(JFK);
9. In re Merrill Lynch & Co. InfoSpace Analyst Reports Sec. Litig., 01-CV-6881(JFK);
10. In re Merrill Lynch & Co. Internet Capital Group, Inc. Research Reports Sec. Litig., 02-CV-3050(JFK);
11. In re Merrill Lynch & Co. iVillage Inc. Research Reports Sec. Litig., 02-CV-6637(JFK);
12. In re Merrill Lynch & Co. Lifeminders Research Reports Sec. Litig., 02-CV-9852(JFK);
13. In re Merrill Lynch & Co. LookSmart, Ltd. Research Reports Sec. Litig., 02-CV-7739(JFK);
14. In re Merrill Lynch & Co. Openwave Systems, Inc. Research Reports Sec. Litig., 02-CV-3252(JFK);
15. In re Merrill Lynch & Co. Pets.com, Inc. Research Reports Sec. Litig., 02-CV-3634(JFK);
16. In re Merrill Lynch & Co. Quokka Sports, Inc. Research Reports Sec. Litig., 02-CV-7585(JFK);
17. In re Merrill Lynch & Co. B2B HOLDERS Sec. Litig., 02-CV-5002(JFK);
18. In re Merrill Lynch & Co. Internet Architecture HOLDERS Sec. Litig., 02-CV-3606(JFK);
19. In re Merrill Lynch & Co. Internet HOLDERS Sec. Litig., 02-CV-5961(JFK); and
20. In re Merrill Lynch & Co. Internet Infrastructure HOLDERS Sec. Litig., 02-CV-4242(JFK).

The complaints in these Actions, which were filed beginning in July 2001, allege, among other things, that research reports issued by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) on numerous Internet companies falsely recommended that investors buy the underlying securities which caused injury to plaintiffs.

STATEMENT OF PLAINTIFF RECOVERY

Based on the Co-Chairs’ estimate of the number of outstanding shares that may have been allegedly damaged by Defendants’ alleged conduct, the average recovery per damaged share of each specified security, before deduction of Court-approved fees and expenses, is set forth herein. However, your actual recovery from the Settlement Fund will depend on a number of variables including, among other things, the number of claims submitted, the price paid for the shares you purchased, the amount for which they were sold (if they were sold), the expense of administering the claims process, and the timing of your purchases and sales.

STATEMENT OF POTENTIAL OUTCOME OF CASE

Lead Plaintiffs and Defendants do not agree on the average amount of damages per share of each specified security that would be recoverable if plaintiffs were to have prevailed on each claim asserted in each complaint. The issues on which they disagree include: (1) the appropriate economic model for determining the amount by which each stock was allegedly artificially inflated (if at all) during the Class Periods; (2) the amount by which each stock was allegedly artificially inflated (if at all) during the Class Periods; (3) the effect of various market forces influencing the trading price of each stock at various times during the Class Periods; (4) the extent to which external factors, such as general market conditions, influenced the trading price of each stock at various times during the Class Periods; (5) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of each stock at various times during the Class Periods; (6) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of each stock at various times during the Class Periods; (7) whether the statements made or facts allegedly omitted were false, material or otherwise actionable under the federal securities laws; and (8) whether Plaintiffs could rely on the fraud-on-the-market presumption of reliance in lieu of proving actual reliance by purchasers of the particular securities on Defendants’ allegedly false statements during the Class Periods.

Lead Counsel for all of these lawsuits believe that the Settlement is an excellent recovery and is in the best interests of the Classes in light of previous dismissals of several cases and the Court of Appeals affirmance of dismissal of the only cases heard by that court in the Actions. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Classes would not have prevailed on any of their claims, in which case the Classes would receive nothing. In addition, the amount of damages recoverable by the Classes was and is challenged by Defendants. In fact, Defendants argue that none of the Classes was damaged in a manner that will legally permit any recoveries against them. Recoverable damages in these cases are limited to losses caused by conduct actionable under the federal securities laws and, had the Actions gone to trial, Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors.

STATEMENT OF ATTORNEYS' FEES SOUGHT

Lead Counsel have not received any payment for their services in conducting these Actions on behalf of Lead Plaintiffs and the Classes, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, the Co-Chairs of Plaintiffs' Executive Committee and Plaintiffs' Liaison Counsel ("Co-Chairs") will apply to the Court for attorneys' fees of up to 30% of the settlement and for reimbursement of costs and expenses not presently expected to exceed \$ 1,750,000 to be paid from the settlement proceeds. If the amount requested by the Co-Chairs is approved by the Court, the average cost per potentially damaged share would be the amount set forth herein.

I. NOTICE OF HEARING ON SETTLEMENT

A settlement hearing will be held on July 18, 2007, at 11:00 a.m., before the Honorable John F. Keenan, United States District Judge of the Southern District of New York, 500 Pearl Street, New York, NY 10007 (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (1) whether the proposed settlement consisting of the sum of \$125,000,000 in cash, plus a cash amount equivalent to interest accruing from March 30, 2006, should be approved by the Court as fair, reasonable, and adequate; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable and adequate; (3) whether the application by the Co-Chairs for an award of attorneys' fees and reimbursement of expenses should be approved; and (4) whether the Actions should be dismissed with prejudice. The Court may adjourn or continue the Settlement Hearing without any further notice to the Classes.

This Notice is not an expression of any opinion by the District Court about the merits of any of the claims or defenses asserted by any party in the Actions or the fairness, reasonableness or adequacy of the Settlement.

For further information regarding this Settlement, you may contact: Frederic S. Fox, Kaplan Fox & Kilsheimer LLP, 805 Third Avenue, 22nd Floor, New York, NY 10022, Telephone (212) 687-1980, Plaintiffs' Liaison Counsel for all of these Actions. Please do not contact the District Court, any representative of the Defendants or any company whose securities are involved in the Settlement.

II. DEFINITIONS USED IN THIS NOTICE

All capitalized terms not defined herein shall have the same meaning as defined in the Settlement Stipulation.

1. "Class" or "Classes" means such classes as may be certified by the District Court for purposes of settlement of the Actions. Included in such Class or Classes is any Person who purchased one or more of the securities listed on page 1. Excluded from the Classes are the Defendants, any entity in which any Defendant has a controlling interest, officers and directors of the Defendants and the legal representatives, heirs, predecessors, successors and assigns of any such excluded party.
2. "Class Members" means Persons who are members of the one or more of the Classes set forth on page 1 who do not timely and properly exclude themselves therefrom.
3. "Co-Chairs" means Edward F. Haber of Shapiro Haber & Urmy LLP, Herbert E. Milstein of Cohen, Milstein, Hausfeld & Toll, P.L.L.C., Jacqueline Sailer of Murray, Frank & Sailer LLP (f/k/a Rabin & Peckel LLP and Rabin, Murray & Frank LLP) and Frederic S. Fox of Kaplan Fox & Kilsheimer LLP.
4. "Defendants" means ML & Co., MLPF&S, B2B HOLDERS/SM Trust, Internet Architecture HOLDERS/SM Trust, Internet HOLDERS/SM Trust and Internet Infrastructure HOLDERS/SM Trust, Henry M. Blodget, Virginia Syer Genereux, John L. Steffens, E. Stanley O'Neal, George A. Schieren, Ahmass L. Fakahany, Thomas A. Patrick, Dominic A. Carone or Michael J. Castellano.
5. "Payor Defendants" means ML & Co.
6. "Released Claims" means any and all claims, actions, debts, demands, set-offs (both legal and equitable), causes of action, rights or liabilities whatsoever (including, but not limited to, any claims for damages, equitable relief, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state or local statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether direct, derivative, representative, class, individual or in any other form, including both known claims and Unknown Claims, that have been asserted in these Actions by the Class Members or any of them against any of the Released Parties, or which otherwise were or could have been at issue in the Actions (or any of them), or that have been or could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of or relate to or are based in whole or in part upon any of the allegations, transactions, facts, matters or occurrences, representations or omissions alleged, involved, set forth, or referred to in any of the Complaints. Notwithstanding the foregoing, the Released Claims expressly do not include the claims (other than claims identified in the provision to this paragraph below) that have actually been asserted under the Securities Act of 1933 or the Exchange Act or any other laws in the actions coordinated under the captions: 1) In re Initial Public Offering Securities Litigation, (Master File Number 21MC92 (SAS) (S.D.N.Y.) and 2) In re Initial Public Offering Antitrust Litigation, (01 Civ. 2014 (WHP)) (S.D.N.Y.), provided, however, that such claims shall not be excluded from this

Settlement or the Released Claims to the extent that they challenge research reports or analyst statements issued or authored by the Released Parties or seek damages allegedly attributable to such research reports or analyst statements.¹

7. “Unknown Claims” means any and all Released Claims that any Lead Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties. With respect to any and all Released Claims, the parties stipulate and agree that upon the Effective Date (the date the Settlement is finally approved and any appeals have been resolved), Lead Plaintiffs shall expressly, and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a key element of the Settlement. Defendants, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, release plaintiffs and plaintiffs’ counsel in these Actions from any and all claims arising out of or relating to their filing and prosecution of the Actions.

III. SUMMARY OF THE LITIGATION

- A. Beginning in July 2001 and continuing through 2003, a number of putative class action complaints were filed which named some or all of Defendants Merrill Lynch & Co., Inc. (ML & Co.), Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), B2B HOLDERS/SM Trust, Internet Architecture HOLDERS/SM Trust, Internet HOLDERS/SM Trust and Internet Infrastructure HOLDERS/SM Trust (hereinafter collectively “Merrill Lynch Defendants”) and several natural persons, including but not limited to, Henry M. Blodget (collectively “Defendants”). These complaints alleged, among other things, that research reports issued by MLPF&S on numerous Internet companies falsely recommended that investors buy the underlying securities which caused injury to plaintiffs. In October 2002, the Judicial Panel on Multidistrict Litigation granted the Merrill Lynch Defendants’ motion to transfer all such cases to the Southern District of New York for coordinated pre-trial proceedings. The cases were transferred to the Honorable Milton Pollack, Senior United States District Judge, and were coordinated under the caption In re Merrill Lynch Research Reports Securities Litigation, 02 MDL 1484.
- B. On or about December 9, 2002, Judge Pollack issued Case Management Order #1, consolidating the cases according to the security that was the subject of each complaint, resulting in 26 consolidated class actions. Case Management Order #1 further provided that additional, later-filed actions would likewise be consolidated. On February 5, 2003 (and on March 31, 2003 with respect to the Homestore.com action and on July 22, 2003 with respect to the DoubleClick, Inc. action), Lead Plaintiffs and Lead Counsel were appointed by the Court. The Court also appointed a Plaintiffs’ Executive Committee and Co-Chairs of the Plaintiffs’ Executive Committee. In addition, the Court appointed Liaison Counsel. Certain cases were ultimately voluntarily dismissed or abandoned. On or about March 13, 2003, Lead Plaintiffs filed consolidated amended complaints.
- C. On June 30, 2003, after extensive briefing and oral arguments, the Court dismissed the complaints in the consolidated cases captioned In re Merrill Lynch 24/7 Real Media Inc. Research Reports Sec. Litig., 02-CV-3210(MP) and In re Merrill Lynch Interliant Inc. Research Reports Sec. Litig., 02-CV-3321(MP), alleging violations of Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), Rule 10b-5 thereunder and Section 20(a) of the Exchange Act, with prejudice under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim upon which relief can be granted. See In re Merrill Lynch & Co. Research Reports Sec. Litig., 273 F. Supp. 2d 351 (S.D.N.Y. 2003). Lead Plaintiffs in those cases appealed. On January 20, 2005, after additional extensive briefing and oral arguments, the United States Court of Appeals for the Second Circuit affirmed the dismissal of the 24/7 Real Media and Interliant complaints with prejudice. See Lentell v. Merrill Lynch & Co., 396 F.3d 161 (2d Cir. 2005). On October 11, 2005, the United States Supreme Court declined to review the 24/7 Real Media case. See 126 S. Ct. 421 (U.S. 2005). Because those two cases were dismissed with prejudice and that dismissal was affirmed on appeal and Supreme Court review was denied, those two cases (concerning the stocks of 24/7 Real Media, Inc. and Interliant Inc.) are not a part of this Settlement.

¹ Some of the claims settled herein may overlap with allegations concerning Merrill Lynch analyst reports which are asserted in the following cases which are part of In re: Initial Public Offering Securities Litigation, Master File Number 21 MC 92 (SAS) (S.D.N.Y.) (“IPO Securities Litigation”): 1) In re Aether Systems Inc. Initial Public Offering Securities Litigation, 01-CV-5570 (S.D.N.Y.); 2) In re Toys Inc. Initial Public Offering Securities Litigation, 01-CV-5911 (S.D.N.Y.); 3) In re Internet Capital Group, Inc. Initial Public Offering Securities Litigation, 01-CV-3975 (S.D.N.Y.); 4) In re B2B HOLDERS Initial Public Offering Securities Litigation, 01-CV-2858 (S.D.N.Y.); 5) In re Merrill Lynch Internet Infrastructure HOLDERS Initial Public Offering Securities Litigation, 01-CV-7654 (S.D.N.Y.); and 6) In re Doubleclick, Inc. Initial Public Offering Securities Litigation, 01-CV-3980 (S.D.N.Y.) (the “IPO Cases”). The district court certified certain focus cases in the IPO Securities Litigation as class actions. Subsequently, the Court of Appeals in the IPO Securities Litigation reversed and vacated the district court’s class certification decision. Further review of the decision of the Court of Appeals is being sought. You can obtain additional information about the IPO Securities Litigation at the website www.iposecuritieslitigation.com. By participating in this Settlement, you may be releasing claims asserted in the IPO Cases concerning Merrill Lynch analyst reports.

- D. On or about October 29, 2003, the Court dismissed with prejudice pursuant to Federal Rule of Civil Procedure 12(b)(6) the consolidated class action complaints, alleging violations of Section 10(b) of the Exchange Act, Rule 10b-5 thereunder and Section 20(a) of the Exchange Act, actions relating to the following securities: eToys Inc., (Case Number 02-CV-6645); Homestore.com (02-CV-9931); iVillage Inc. (02-CV-6637); Lifeminders, (02-CV-9852); LookSmart, Ltd. (02-CV-7739); Openwave Systems, Inc. (02-CV-3252); Pets.com, Inc. (02-CV-3634); and Quokka Sports, Inc. (02-CV-7585).
- E. On November 9, 2003, the Court dismissed with prejudice pursuant to Federal Rule of Civil Procedure 12(b)(6) the consolidated complaint in an action captioned All Aboard the Training Junction v. Merrill Lynch & Co., 03-CV-2927(MP), containing similar allegations relating to the securities of Doubleclick, Inc.
Lead Plaintiffs in these actions appealed the Court's nine orders of dismissal to the United States Court of Appeals for the Second Circuit. None of the appeals had been determined at the time this Settlement was agreed upon.
- F. On December 8, 2003, Merrill Lynch moved to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6) the consolidated complaints in actions relating to the following securities: Aether Systems Inc. (Case Number 02-CV-3429); CMGI Inc. (02-CV-7218); Excite@Home (02-CV-3042); Exodus Communications, Inc. (02-CV-6914); GoTo.com (02-CV-3835); InfoSpace Inc. (01-CV-6881); Inktomi Corporation (02-CV-6916); and Internet Capital Group, Inc. (02-CV-3050).
- G. Lead Plaintiffs in certain of the Actions moved to amend their consolidated complaints.
- H. On October 18, 2005, Lead Plaintiff for the Inktomi Corporation class action voluntarily dismissed the action; Inktomi Corporation stock is therefore not a part of this Settlement. The motions to dismiss the consolidated complaints in the seven remaining cases (and the motions for leave to amend) had not yet been ruled upon at the time this Settlement was agreed upon.
- I. Four other consolidated actions remain pending in the District Court as to which no motions to dismiss have yet been filed:
In re Merrill Lynch & Co. Internet Architecture HOLDERS Sec. Litig., 02-CV-3606(JFK);
In re Merrill Lynch & Co. Internet HOLDERS Sec. Litig., 02-CV-5961(JFK);
In re Merrill Lynch & Co. Internet Infrastructure HOLDERS Sec. Litig., 02-CV-4242(JFK);
In re Merrill Lynch & Co. Internet Architecture HOLDERS Sec. Litig., 02-CV-3606(JFK).

IV. CLAIMS OF THE LEAD PLAINTIFFS AND BENEFITS OF THE SETTLEMENT

The Co-Chairs believe that the settlement provides an excellent monetary recovery for the Classes (as defined herein) based on the claims asserted, the procedural posture of the cases (including the previous dismissals and the decision by the Second Circuit in Lentell v. Merrill Lynch & Co. affirming the first dismissal), the evidence developed and the damages that might be proven by the Classes in the Actions (as defined herein).

Lead Counsel in all of these Actions, including the Co-Chairs, believe that the claims asserted in the Actions have merit and that the evidence developed to date supports the claims. However, Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against Defendants through trial and through appeals. Lead Counsel has also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as these Actions, as well as the difficulties and delays inherent in such litigation.

Lead Counsel is also mindful of the inherent problems of proof under and possible defenses to the federal securities law violations asserted in the Actions. Lead Counsel has conducted an intensive investigation relating to the claims and the underlying events alleged in the Complaints in the Actions. This investigation has included the review of tens of thousands of pages of documents produced to the New York Attorney General. Lead Counsel has analyzed the evidence adduced and have researched the applicable law with respect to the claims of Lead Plaintiffs and the Classes in the Actions against Defendants and the potential defenses thereto.

Lead Counsel has conducted extensive and lengthy discussions and arm's-length negotiations with counsel for Defendants with respect to a compromise and settlement of the Actions in an effort to settle the issues in dispute and to achieve the best relief possible consistent with the interests of the Classes. The Co-Chairs have retained damage experts who have sought to develop reasonable models of damages that may have been incurred by class members.

Based upon their investigation, extensive review of e-mail and other documents provided by the New York Attorney General, consultation with experts (including damage experts) and protracted negotiations with counsel for Defendants, Lead Counsel has concluded that the terms and conditions of the Stipulation are fair, reasonable and adequate to Lead Plaintiffs and the Classes, and in their best interests, and have agreed to settle the Actions pursuant to the terms and provisions of the Stipulation, after considering the substantial and immediate benefits that Lead Plaintiffs and the Classes will receive from settlement of the Actions, the attendant risks, uncertainties, expense and time-consuming nature of litigation, and the desirability of permitting the Settlement to be consummated as provided by the terms of the Settlement Stipulation.

V. DEFENDANTS' STATEMENT AND DENIALS OF WRONGDOING AND LIABILITY

At all times, Defendants have denied vigorously and continue to deny vigorously that they have committed or have threatened or attempted to commit any wrongful act or violation of law or duty of any nature and contend that they have acted properly under the

circumstances. Defendants have also denied and continue to deny the allegations that Lead Plaintiffs or the Classes have suffered any damages as a result of any conduct in which Defendants are alleged to have engaged;

Nevertheless, Defendants desire to settle and terminate the claims of Lead Plaintiffs and the Classes so as to avoid lengthy and time-consuming litigation and the burden, inconvenience and expense connected therewith, and to finally put to rest any and all claims that were or could have been asserted in the Actions, or arising out of the matters set forth in the pleadings, without in any way acknowledging any fault or liability.

VI. TERMS OF THE PROPOSED SETTLEMENT

The Payor Defendants have paid the Settlement Amount (\$125 million plus a cash amount equivalent to interest accruing from March 30, 2006), pursuant to the Preliminary Order Approving the Settlement (“Preliminary Order”), into the Escrow Accounts established for the Settlement Fund by the Co-Chairs for the benefit of the Class Members.

Pursuant to the Settlement Stipulation, the Co-Chairs have established a “Notice and Administration Fund” in the amount of \$4 million, which monies came from the Settlement Fund, to be used for reasonable out-of-pocket costs in connection with providing notice of the Settlement to the Classes and for other reasonable out-of-pocket administrative expenses. Upon written agreement of the parties, or order of the Court, additional amounts may be transferred from the Settlement Fund to the Notice and Administration Fund.

In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to the Co-Chairs as attorneys’ fees and for reimbursement of out-of-pocket expenses. The balance of the Settlement Fund (the “Net Settlement Fund”) will be distributed according to the Plan of Allocation described below (or such Plan of Allocation as is approved by the Court) to Class Members who submit valid and timely Proof of Claim forms.

The Settlement Stipulation provides that Defendants may withdraw from and terminate the Settlement in the event that claimants who purchased in excess of a certain number of shares of the issuers listed on page 1 exclude themselves from the Classes.

PLEASE BE ADVISED THAT BY PARTICIPATING IN THIS SETTLEMENT YOU ARE RELEASING ANY PENDING CLAIMS INCLUDING ARBITRATION CLAIMS THAT YOU HAVE OR MAY HAVE AGAINST MERRILL LYNCH OR ANY OF ITS EMPLOYEES RELATING TO RESEARCH REPORTS ISSUED BY MERRILL LYNCH REGARDING ANY OF THE 20 SECURITIES LISTED ON PAGE 1 AND ANY OTHER MATTERS WHICH WERE OR COULD HAVE BEEN ASSERTED IN THE RESPECTIVE COMPLAINTS.

IF YOU WISH TO CONTINUE TO PURSUE AN EXISTING ARBITRATION CLAIM, YOU NEED TO OPT OUT OF THIS SETTLEMENT. THE PROCEDURES FOR OPTING OUT ARE SET FORTH IN SECTION X. IF YOU DO NOT OPT OUT, YOUR CLAIMS AGAINST MERRILL LYNCH AND ALL “RELEASED PARTIES” AS DEFINED HEREIN WILL BE RELEASED AND YOUR ARBITRATION CLAIMS MAY BE DISMISSED.

VII. PLAN OF ALLOCATION

A. Allocation Among Cases

The parties have agreed to settle the 20 Actions listed above for an aggregate amount of \$125 million plus a cash amount equivalent to interest accruing from March 30, 2006. In order to apportion this amount among the 20 Actions, the parties utilized the services of retired United States District Judge Layn Phillips. Lead Counsel in each of the 20 Actions submitted opening and reply briefs to Judge Phillips in support of an allocation for their cases. In these briefs, Lead Counsel in each case highlighted the strengths of their case and the evidence in support of the allegations in their respective complaint. Lead Counsel also suggested how the settlement proceeds should be divided among the 20 Actions. After reviewing the plaintiffs’ submissions, Judge Phillips held an in-person meeting at which all Lead Counsel further argued in support of their proposed allocations. Thereafter, Judge Phillips issued a recommendation of how the settlement proceeds should be divided among the 20 Actions (“Allocation Among Cases”). The Allocation Among Cases, which is set forth herein, is subject to final approval by the Honorable Judge John F. Keenan, the District Judge presiding over these Actions.

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim forms (“Authorized Claimants”) under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Settlement Fund only if you have a net loss on all transactions in the common stocks or depository receipts at issue during the Class Periods specified therein.

The Plan of Allocation reflects an assessment of the damages that potentially could have been recovered and Lead Counsel’s assessment of the likelihood of establishing liability for various portions of the specified Class Periods.²

1. AETHER SYSTEMS (AETH) (\$3,750,000)

1. For shares of AETH common stock purchased November 15, 1999 through February 7, 2001, inclusive, and retained as of the close of trading on February 7, 2001, the Recognized Loss shall be the lesser of:
 - a. \$4.91 per share; or

² Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.”

- b. The difference between the purchase price per share and the sale price per share for any shares sold between February 8, 2001 and May 7, 2001; or
 - c. The difference between the purchase price per share and \$19.25 for each share still held at the close of trading on May 7, 2001
2. For shares of AETH common stock purchased and sold between November 15, 1999 and February 7, 2001, inclusive, the Recognized Loss shall be zero.

2. B2B INTERNET HOLDERS (BHH) (\$12,500,000)

1. For BHH depository receipts purchased between February 24, 2000 and April 5, 2002, inclusive, and retained as of the close of trading on April 5, 2002, the Recognized Loss shall be the lesser of:
 - a. The difference between the purchase price (with a ceiling of \$95.09) per share and \$3.78 per share; or
 - b. The difference between the purchase price per share and the sale price (with a floor of \$3.78) per share for any shares sold after April 5, 2002.
2. For BHH depository receipts purchased and sold between February 24, 2000 and April 8, 2002, inclusive, the Recognized Loss shall be:
 - a. The difference between the purchase price (with a ceiling of \$95.09) per share and the sale price per share.
3. For BHH depository receipts purchased on April 8, 2002, the Recognized Loss shall be zero.

3. CMGI, INC. (CMGI) (\$10,938,000)

The Allocation Among Cases provides that \$938,000 has been allocated to purchases of CMGI made during the time period March 23, 1999 through December 19, 1999, inclusive.

1. For shares of CMGI common stock purchased between March 23, 1999 and December 19, 1999, inclusive, and retained as of the close of trading on December 19, 1999, the Recognized Loss shall be the lesser of:
 - a. The difference between the purchase price per share and the sale price per share for any shares sold between December 20, 1999 and March 17, 2000; or
 - b. The difference between the purchase price per share and \$125.57 for each share still held at the close of trading on March 17, 2000.
- 1A. For shares of CMGI common stock purchased and sold between March 23, 1999 and December 19, 1999, inclusive, the Recognized Loss shall be zero.

The Allocation Among Cases provides that \$10,000,000 has been allocated to purchases of CMGI made during the time period December 20, 1999 through November 14, 2000, inclusive.

2. For shares of CMGI common stock purchased December 20, 1999 through October 4, 2000, inclusive, and retained as of the close of trading on October 4, 2000, the Recognized Loss shall be the lesser of:
 - a. \$2.31 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between October 5, 2000 and January 2, 2001; or
 - c. The difference between the purchase price per share and \$13.82 for each share still held at the close of trading on January 2, 2001.
- 2A. For shares of CMGI common stock purchased and sold between December 20, 1999 and October 4, 2000, inclusive, the Recognized Loss shall be zero.
3. For shares of CMGI common stock purchased between October 5, 2000 and November 14, 2000, the Recognized Loss shall be zero.

4. DOUBLECLICK, INC. (DCLK) (\$1,125,000)

1. For shares of DCLK common stock purchased November 29, 1999 through April 15, 2001, inclusive, and retained as of the close of trading on April 15, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.92 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between April 16, 2001 and July 13, 2001; or
 - c. The difference between the purchase price per share and \$12.81 for each share still held at the close of trading on July 13, 2001.

2. For shares of DCLK common stock purchased and sold between November 29, 1999 and April 15, 2001, inclusive, the Recognized Loss shall be zero.

5. ETOYS, INC. (ETYS) (\$1,625,000)

1. For shares of ETYS common stock purchased June 17, 1999 through November 7, 2000, inclusive, and retained as of the close of trading on November 7, 2000, the Recognized Loss shall be the lesser of:
 - a. \$0.64 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between November 8, 2000 and February 5, 2001; or
 - c. The difference between the purchase price per share and \$0.87 for each share still held at the close of trading on February 5, 2001.
2. For shares of ETYS common stock purchased and sold between June 17, 1999 and November 7, 2000, inclusive, the Recognized Loss shall be zero.
3. For shares of ETYS common stock purchased on November 8, 2000, the Recognized Loss shall be zero.

6. EXCITE@HOME (ATHM) (\$19,000,000)

1. For shares of ATHM common stock purchased June 7, 1999 through July 19, 2000, inclusive, and retained as of the close of trading on April 16, 2001, the Recognized Loss shall be the lesser of:
 - a. \$4.64 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between April 17, 2001 and July 15, 2001; or
 - c. The difference between the purchase price per share and \$3.43 for each share still held at the close of trading on July 15, 2001.
- 1A. For shares of ATHM purchased between June 7, 1999 and July 19, 2000, inclusive and
 - a. Sold between June 7, 1999 and July 19, 2000, inclusive, the Recognized Loss shall be zero.
 - b. Sold between July 20, 2000 and January 25, 2001, inclusive, the Recognized Loss shall be the lesser of \$2.51 per share or the difference between the purchase price per share and the sale price per share.
 - c. Sold between January 26, 2001 and April 16, 2001, inclusive, the Recognized Loss shall be the lesser of \$3.75 per share or the difference between the purchase price per share and the sale price per share.
2. For shares of ATHM common stock purchased between July 20, 2000 and January 25, 2001, inclusive, and retained as of the close of trading on April 16, 2001, the Recognized Loss shall be the lesser of:
 - a. \$2.13 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between April 17, 2001 and July 15, 2001; or
 - c. The difference between the purchase price per share and \$3.43 for each share still held at the close of trading on July 15, 2001.
- 2A. For shares of ATHM purchased between July 20, 2000 and January 25, 2001, inclusive and
 - a. Sold between July 20, 2000 and January 25, 2001, inclusive, the Recognized Loss shall be zero.
 - b. Sold between January 26, 2001 and April 16, 2001, inclusive, the Recognized Loss shall be the lesser of \$1.24 per share or the difference between the purchase price per share and the sale price per share.
3. For shares of ATHM common stock purchased between January 26, 2001 and April 16, 2001, inclusive, and retained as of the close of trading on April 16, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.89 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between April 17, 2001 and July 15, 2001; or
 - c. The difference between the purchase price per share and \$3.43 for each share still held at the close of trading on July 15, 2001, the Recognized Loss shall be zero.
- 3A. For shares of ATHM purchased and sold between January 26, 2001 and April 16, 2001, inclusive, the Recognized Loss shall be zero.
4. For shares of ATHM common stock purchased between April 17, 2001 and April 26, 2001, the Recognized Loss shall be zero.

7. EXODUS COMMUNICATIONS, INC. (EXDS) (\$7,500,000)

1. For shares of EXDS common stock purchased between December 8, 1999 and June 18, 2001, inclusive, and retained as of the close of trading on June 18, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.81 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between June 19, 2001 and September 17, 2001; or
 - c. The difference between the purchase price per share and \$1.39 for each share still held at the close of trading on September 17, 2001.
2. For shares of EXDS common stock purchased and sold between December 8, 1999 and June 18, 2001, inclusive, the Recognized Loss shall be zero.
3. For shares of EXDS common stock purchased on June 19, 2001, the Recognized Loss shall be zero.

8. GOTO.COM, INC. (GOTO) (\$1,125,000)

1. For shares of GOTO common stock purchased January 11, 2001 through June 5, 2001, inclusive, and retained as of the close of trading on June 5, 2001, the Recognized Loss shall be the lesser of:
 - a. \$2.58 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between June 6, 2001 and August 31, 2001; or
 - c. The difference between the purchase price per share and \$21.67 for each share still held at the close of trading on August 31, 2001.
2. For shares of GOTO common stock purchased and sold between January 11, 2001 and June 5, 2001, inclusive, the Recognized Loss shall be zero.
3. For shares of GOTO common stock purchased on June 6, 2001, the Recognized Loss shall be zero.

9. HOMESTORE.COM, INC. (HOMS) (\$1,875,000)

1. For shares of HOMS common stock purchased between September 8, 1999 and July 6, 2001, inclusive, and retained as of the close of trading on September 20, 2001, the Recognized Loss shall be the lesser of:
 - a. \$5.07 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between September 21, 2001 and December 19, 2001; or
 - c. The difference between the purchase price per share and \$4.66 for each share still held at the close of trading on December 19, 2001.
- 1A. For shares of HOMS common stock purchased between September 8, 1999 and July 6, 2001, inclusive and
 - a. Sold between September 8, 1999 and July 6, 2001, inclusive, the Recognized Loss shall be zero.
 - b. Sold between July 9, 2001 and September 20, 2001, inclusive, the Recognized Loss shall be the lesser of \$3.80 per share or the difference between the purchase price per share and the sale price per share.
2. For shares of HOMS common stock purchased between July 9, 2001 and September 20, 2001, inclusive, and retained as of the close of trading on September 20, 2001, the Recognized Loss shall be the lesser of:
 - a. \$1.27 per share (i.e. 25 percent of the Recognized Loss in 1.a. above); or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between September 21, 2001 and December 19, 2001; or
 - c. The difference between the purchase price per share and \$4.66 for each share still held at the close of trading on December 19, 2001.
- 2A. For shares of HOMS common stock purchased and sold between July 9, 2001 and September 20, 2001, inclusive, the Recognized Loss shall be zero.
3. For shares of HOMS common stock purchased on September 21, 2001, the Recognized Loss shall be zero.

10. INFOSPACE, INC. (INSP) (\$25,500,000)

1. For shares of INSP common stock purchased December 6, 1999 through June 20, 2000, inclusive, and retained as of the close of trading on January 22, 2001, the Recognized Loss shall be the lesser of:
 - a. \$6.72 per share; or

- b. The difference between the purchase price per share and the sale price per share for any shares sold between January 23, 2001 and April 20, 2001; or
 - c. The difference between the purchase price per share and \$3.60 for each share still held at the close of trading on April 20, 2001.
- 1A. For shares of INSP common stock purchased between December 6, 1999 and June 20, 2000, inclusive, and
- a. Sold between December 6, 1999 and December 11, 2000, inclusive, the Recognized Loss shall be zero.
 - b. Sold between December 12, 2000 and January 19, 2001, inclusive, the Recognized Loss shall be the lesser of \$3.42 per share or the difference between the purchase price per share and the sale price per share.
 - c. Sold on January 22, 2001, the Recognized Loss shall be the lesser of \$5.26 per share or the difference between the purchase price per share and the sale price per share.
2. For shares of INSP common stock purchased June 21, 2000 through July 27, 2000, inclusive, and retained as of the close of trading on January 22, 2001, the Recognized Loss shall be the lesser of:
- a. \$16.95 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 23, 2001 and April 20, 2001; or
 - c. The difference between the purchase price per share and \$3.60 for each share still held at the close of trading on April 20, 2001.
- 2A. For shares of INSP common stock purchased between June 21, 2000 and July 27, 2000, inclusive, and
- a. Sold between June 21, 2000 and July 27, 2000, inclusive, the Recognized Loss shall be zero.
 - b. Sold between July 28, 2000 and December 11, 2000, inclusive, the Recognized Loss shall be the lesser of \$10.23 per share or the difference between the purchase price per share and the sale price per share.
 - c. Sold between December 12, 2000 and January 19, 2001, inclusive, the Recognized Loss shall be the lesser of \$13.65 per share or the difference between the purchase price per share and the sale price per share.
 - d. Sold on January 22, 2001, the Recognized Loss shall be the lesser of \$15.49 per share or the difference between the purchase price per share and the sale price per share.
3. For shares of INSP common stock purchased between July 28, 2000 and December 11, 2000, inclusive, and retained as of the close of trading on January 22, 2001, the Recognized Loss shall be the lesser of:
- a. \$6.72 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 23, 2001 and April 20, 2001; or
 - c. The difference between the purchase price per share and \$3.60 for each share still held at the close of trading on April 20, 2001.
- 3A. For shares of INSP common stock purchased between July 28, 2000 and December 11, 2000, inclusive, and
- a. Sold between July 28, 2000 and December 11, 2000, inclusive, the Recognized Loss shall be zero.
 - b. Sold between December 12, 2000 and January 19, 2001, inclusive, the Recognized Loss shall be the lesser of \$3.42 per share or the difference between the purchase price per share and the sale price per share.
 - c. Sold on January 22, 2001, the Recognized Loss shall be the lesser of \$5.26 per share or the difference between the purchase price per share and the sale price per share.
4. For shares of INSP common stock purchased between December 12, 2000 and January 19, 2001, inclusive, and retained as of the close of trading on January 22, 2001, the Recognized Loss shall be the lesser of:
- a. \$3.30 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 23, 2001 and April 20, 2001; or
 - c. The difference between the purchase price per share and \$3.60 for each share still held at the close of trading on April 20, 2001.
- 4A. For shares of INSP common stock purchased between December 12, 2000 and January 19, 2001, inclusive and
- a. Sold between December 12, 2000 and January 19, 2001, inclusive, the Recognized Loss shall be zero.
 - b. Sold on January 22, 2001, the Recognized Loss shall be the lesser of \$1.84 per share or the difference between the purchase price per share and the sale price per share.
5. For shares of INSP common stock purchased on January 22, 2001 and retained as of the close of trading on January 22, 2001, the Recognized Loss shall be the lesser of:

- a. \$1.46 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 23, 2001 and April 20, 2001; or
 - c. The difference between the purchase price per share and \$3.60 for each share still held at the close of trading on April 20, 2001.
6. For shares of INSP common stock purchased and sold on January 22, 2001, the Recognized Loss shall be zero.

11. INTERNET ARCHITECTURE HOLDERS (IAH) (\$3,500,000)

1. For IAH depository receipts purchased between February 24, 2000 and April 5, 2002, inclusive, and retained as of the close of trading on April 5, 2002, the Recognized Loss shall be the lesser of:
 - a. The difference between the purchase price (with a ceiling of \$93.50) per share and \$28.20 per share; or
 - b. The difference between the purchase price per share and the sale price (with a floor of \$28.20) per share for any shares sold after April 5, 2002.
2. For IAH depository receipts purchased and sold between February 24, 2000 and April 5, 2002, inclusive, the Recognized Loss shall be:
 - a. The difference between the purchase price (with a ceiling of \$93.50) per share and the sale price per share.
3. For IAH depository receipts purchased on April 8, 2002, the Recognized Loss shall be zero.

12. INTERNET CAPITAL GROUP, INC. (ICGE) (\$16,875,000)

1. For shares of ICGE common stock purchased August 30, 1999 through November 8, 2000, inclusive, and retained as of the close of trading on November 8, 2000, the Recognized Loss shall be the lesser of:
 - a. \$4.825 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between November 9, 2000 and February 6, 2001; or
 - c. The difference between the purchase price per share and \$5.70 for each share still held at the close of trading on February 6, 2001.
2. For shares of ICGE common stock purchased and sold between August 30, 1999 and November 8, 2000, inclusive, the Recognized Loss shall be zero.

13. INTERNET HOLDERS TRUST (HHH) (\$6,500,000)

1. For HHH depository receipts purchased between September 23, 1999 and April 5, 2002, inclusive, and retained as of the close of trading on April 5, 2002, the Recognized Loss shall be the lesser of:
 - a. The difference between the purchase price (with a ceiling of \$108.25) per share and \$24.81 per share; or
 - b. The difference between the purchase price per share and the sale price (with a floor of \$24.81) per share for any shares sold after April 5, 2002.
2. For HHH depository receipts purchased and sold between September 23, 1999 and April 5, 2002, inclusive, the Recognized Loss shall be:
 - a. The difference between the purchase price (with a ceiling of \$108.25) per share and the sale price per share.
3. For HHH depository receipts purchased on April 8, 2002, the Recognized Loss shall be zero.

14. INTERNET INFRASTRUCTURE HOLDERS (IIH) (\$7,500,000)

1. For IIH depository receipts purchased between February 24, 2000 and April 5, 2002, inclusive, and retained as of the close of trading on April 5, 2002, the Recognized Loss shall be the lesser of:
 - a. The difference between the purchase price (with a ceiling of \$96.67) per share and \$2.92 per share; or
 - b. The difference between the purchase price per share and the sale price (with a floor of \$2.92) per share for any shares sold after April 5, 2002.
2. For IIH depository receipts purchased and sold between February 24, 2000 and April 5, 2002, inclusive, the Recognized Loss shall be:
 - a. The difference between the purchase price (with a ceiling of \$96.67) per share and the sale price per share.
3. For IIH depository receipts purchased on April 8, 2002, the Recognized Loss shall be zero.

15. IVILLAGE, INC. (IVIL) (\$750,000)

1. For shares of IVIL common stock purchased November 9, 1999 through May 6, 2001, inclusive, and retained as of the close of trading on May 6, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.19 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between May 7, 2001 and August 3, 2001; or
 - c. The difference between the purchase price per share and \$1.30 for each share still held at the close of trading on August 3, 2001.
2. For shares of IVIL common stock purchased and sold between November 9, 1999 and May 6, 2001, inclusive, the Recognized Loss shall be zero.
3. For shares of IVIL common stock purchased on May 7, 2001, the Recognized Loss shall be zero.

16. LIFEMINDERS, INC. (LFMN) (\$1,000,000)

1. For shares of LFMN common stock purchased September 28, 2000 through January 30, 2001, inclusive, and retained as of the close of trading on January 30, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.90 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 31, 2001 and April 30, 2001; or
 - c. The difference between the purchase price per share and \$1.46 for each share still held at the close of trading on April 30, 2001.
2. For shares of LFMN common stock purchased and sold between September 28, 2000 and January 30, 2001, inclusive, the Recognized Loss shall be zero.
3. For shares of LFMN common stock purchased on January 31, 2001, the Recognized Loss shall be zero.

17. LOOKSMART, INC. (LOOK) (\$875,000)

1. For shares of LOOK common stock purchased May 25, 2000 through January 11, 2001, inclusive, and retained as of the close of trading on January 11, 2001, the Recognized Loss shall be the lesser of:
 - a. \$2.88 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 12, 2001 and April 11, 2001; or
 - c. The difference between the purchase price per share and \$11.06 for each share still held at the close of trading on April 11, 2001.
2. For shares of LOOK common stock purchased and sold between May 25, 2000 and January 11, 2001, inclusive, the Recognized Loss shall be zero.

18. OPENWAVE SYSTEMS, INC. (OPWV) (\$1,313,000)

1. For shares of OPWV common stock purchased between October 16, 2000 and August 10, 2001, inclusive, and retained as of the close of trading on August 10, 2001, the Recognized Loss shall be the lesser of:
 - a. 10 percent of the difference between the purchase price per share and the sale price per share for any shares sold between August 13, 2001 and November 9, 2001; or
 - b. 10 percent of the difference between the purchase price per share and \$11.86 for each share still held at the close of trading on November 9, 2001.
- 1A. For shares of OPWV common stock purchased and sold between October 16, 2000 and August 10, 2001, inclusive, the Recognized Loss shall be zero.
2. For shares of OPWV common stock purchased on August 13, 2001, the Recognized Loss shall be zero.

19. PETS.COM, INC. (IPET) (\$875,000)

1. For shares of IPET common stock purchased March 8, 2000 through November 7, 2000, inclusive, and retained as of the close of trading on November 7, 2000, the Recognized Loss shall be the lesser of:
 - a. \$0.39 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between November 8, 2000 and February 7, 2001; or

- c. The difference between the purchase price per share and \$0.17 for each share still held at the close of trading on February 7, 2001.
2. For shares of IPET common stock purchased and sold between March 8, 2000 and November 7, 2000, inclusive, the Recognized Loss shall be zero.

20. QUOKKA SPORTS, INC. (QKKA) (\$875,000)

1. The Settlement Proceeds shall be divided 69% (\$603,750) to the QKKA common stock (the “QKKA Common Stock Fund”) and 31% (\$271,250) to the Quokka 7% Convertible Notes with warrants attached (the “Quokka Convertible Note Fund”).
2. In the event the total Recognized Loss for QKKA common stock is less than \$603,750, the difference between \$603,750 and the total Recognized Loss for common stock shall be allocated to the Quokka Convertible Note Fund.
3. In the event the total Recognized Loss for Quokka 7% Convertible Notes with warrants attached is less than \$271,250, the difference between the \$271,250 and the total Recognized Loss for the 7% Convertible Notes with warrants attached shall be allocated to the QKKA Common Stock Fund.
4. For shares of QKKA common stock purchased August 23, 1999 through January 8, 2001, inclusive, and retained as of the close of trading on January 8, 2001, the Recognized Loss shall be the lesser of:
 - a. \$0.21 per share; or
 - b. The difference between the purchase price per share and the sale price per share for any shares sold between January 9, 2001 and April 6, 2001; or
 - c. The difference between the purchase price per share and \$0.24 for each share still held at the close of trading on April 6, 2001.
5. For shares of QKKA common stock purchased and sold between August 23, 1999 and January 8, 2001, inclusive, the Recognized Loss shall be zero.
6. For shares of QKKA common stock purchased on January 9, 2001, the Recognized Loss shall be zero.
7. For Quokka 7% Convertible Notes with warrants attached purchased between August 23, 1999 and January 9, 2001 inclusive, and retained as of the close of trading on January 9, 2001, the Recognized Loss shall be in proportion to the Recognized Loss on the Common Stock based on the conversion value of the Notes.

VIII. ORDER CERTIFYING A CLASS FOR PURPOSES OF SETTLEMENT

On January 22, 2007, the Court certified the specified classes for settlement purposes only.

IX. PARTICIPATION IN THE SETTLEMENT

If you fall within the definition of one or more of the Classes, you will remain a Class Member unless you elect to be excluded from the Class or Classes in which you purchased securities. If you do not request to be excluded from one or more of the Classes, you will be bound by any judgment entered with respect to the settlement of the Actions whether or not you file a Proof of Claim.

If you wish to remain a Class Member, you need do nothing (other than timely file a Proof of Claim and Release if you wish to participate in the distribution of the Net Settlement Fund). Your interests will be represented by Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before August 31, 2007, and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Settlement Stipulation and the Order and Final Judgment (“Judgment”).

X. EXCLUSION FROM THE SETTLEMENT CLASSES

Each Member of any of the Classes certified for purposes of settlement only shall be bound by all determinations and judgments in these Actions concerning the settlement, whether favorable or unfavorable, unless such person shall mail, by first class mail, a written request for exclusion from one or more of the Classes, postmarked no later than May 18, 2007, addressed to **Merrill Lynch Litigation Settlement, c/o Analytics, Inc. Claims Administrator, P.O. Box 2004, Chanhassen, MN 55317-2004**. No person may exclude himself from any of the Classes after that date. In order to be valid, a Request for Exclusion must state: (1) the name and address of the Person requesting exclusion; (2) the Person’s purchases and sales of any of the common stocks or depository receipts at issue (from the list on page 1) made during the corresponding Class Periods, including the dates, the number of shares, and prices paid or received per share for each such purchase or sale; and (3) that the Person wishes to be excluded from the Class corresponding to each

| ALLOCATION AMONG CASES AND ESTIMATED RECOVERY PER SHARE | | | | | | |
|---|--------------|-------------------------|--------------------|---|--|---|
| Company | Stock Symbol | Class Period | Percent Allocation | Estimate of Allocation of Settlement Proceeds For This Case | Estimated Recovery Per Share Before Attorneys' Fees + Expenses | Estimated Recovery Per Share After Attorneys' Fees + Expenses |
| Aether Systems | AETH | 11/15/1999 - 2/7/2001 | 3.00% | 3,750,000 | \$0.17 | \$0.12 |
| B2B Internet HOLDERS Trust | BHH | 2/24/2000 - 4/8/2002 | 10.00% | 12,500,000 | \$0.29 | \$0.20 |
| CMGI, Inc. | CMGI | 3/23/1999 - 12/19/1999 | 0.75% | 938,000 | \$0.02 | \$0.01 |
| CMGI, Inc. | CMGI | 12/20/1999 - 11/14/2000 | 8.00% | 10,000,000 | \$0.12 | \$0.08 |
| DoubleClick, Inc. | DCLK | 11/29/1999 - 4/15/2001 | 0.90% | 1,125,000 | \$0.02 | \$0.01 |
| ETOYS, Inc. | ETYS | 6/17/1999 - 11/8/2000 | 1.30% | 1,625,000 | \$0.03 | \$0.02 |
| EXCITE@HOME | ATHM | 6/7/1999 - 4/16/2001 | 15.20% | 19,000,000 | \$0.09 | \$0.06 |
| Exodus Communications, Inc. | EXDS | 12/8/1999 - 6/19/2001 | 6.00% | 7,500,000 | \$0.04 | \$0.03 |
| GOTO.COM, INC. | GOTO | 1/11/2001 - 6/6/2001 | 0.90% | 1,125,000 | \$0.76 | \$0.53 |
| Homestore.com, Inc. | HOMS | 9/8/1999 - 9/21/2001 | 1.50% | 1,875,000 | \$0.03 | \$0.02 |
| InfoSpace, Inc. | INSP | 12/6/1999 - 1/22/2001 | 20.40% | 25,500,000 | \$0.13 | \$0.09 |
| Internet Architecture HOLDERS Trust | IAH | 2/24/2000 - 4/8/2002 | 2.80% | 3,500,000 | \$0.14 | \$0.10 |
| Internet Capital Group, Inc. | ICGE | 8/30/1999 - 11/8/2000 | 13.50% | 16,875,000 | \$0.10 | \$0.07 |
| Internet HOLDERS Trust | HHH | 9/23/1999 - 4/8/2002 | 5.20% | 6,500,000 | \$0.10 | \$0.07 |
| Internet Infrastructure HOLDERS Trust | IIH | 2/24/2000 - 4/8/2002 | 6.00% | 7,500,000 | \$0.10 | \$0.07 |
| iVillage, Inc. | IVIL | 11/9/1999 - 5/7/2001 | 0.60% | 750,000 | \$0.09 | \$0.06 |
| Lifeminders Inc. | LFMN | 9/28/2000 - 1/31/2001 | 0.80% | 1,000,000 | \$0.24 | \$0.17 |
| Looksmart, Ltd. | LOOK | 5/25/2000 - 1/11/2001 | 0.70% | 875,000 | \$0.35 | \$0.24 |
| Openwave Systems, Inc. | OPWV | 10/16/2000 - 8/13/2001 | 1.05% | 1,313,000 | \$0.02 | \$0.01 |
| PETS.COM, INC. | IPET | 3/8/2000 - 11/7/2000 | 0.70% | 875,000 | \$0.07 | \$0.05 |
| Quokka Sports, Inc. (notes & stock) | QKKA | 8/23/1999 - 1/9/2001 | 0.70% | 875,000 | \$0.12 | \$0.08 |

such security. Such Person should also state his telephone number. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Settlement Stipulation, shall not share in the distribution of the Settlement Fund, and shall not be bound by the Settlement Stipulation or the Judgment.

XI. DISMISSAL AND RELEASES

If the Settlement contemplated by the Settlement Stipulation is approved by the District Court, the Co-Chairs and Defendants' Counsel shall jointly request that the District Court enter the Judgment. The Settlement is expressly conditioned upon, among other things, the entry of the Judgment.

The Judgment will provide that all Class Members who do not validly and timely request to be excluded from the Class(es) in which he/she may be a member shall be deemed to have released and forever discharged all Released Claims (to the extent members of the Classes have such claims) against all Released Parties. The Judgment shall also provide that the Class Members shall be permanently barred and enjoined from instituting, commencing or prosecuting any and all claims, demands, rights, liabilities and causes of action, known or unknown (as defined in the Settlement Stipulation), asserted or that might have been asserted by any Lead Plaintiff or member of any of the Classes against Defendants and the Released Parties arising out of, based upon or related to their purchase of the securities of any of the companies identified herein during the specified Class Periods and the facts alleged in the complaints.

XII. APPLICATION FOR FEES, EXPENSES AND AWARDS

At the Settlement Hearing, the Co-Chairs will request the District Court to award attorneys' fees of up to 30% of the settlement proceeds, plus reimbursement of expenses, presently not expected to exceed \$ 1,750,000, which were advanced in connection with the Actions, plus interest thereon.

To date, Lead Counsel has not received any payment for their services in conducting the Actions on behalf of Lead Plaintiffs and the Classes, nor has counsel been reimbursed for their out-of-pocket expenses. The fee requested by the Co-Chairs would compensate Lead Counsel for their efforts in achieving the Settlement Fund for the benefit of the Classes, and for their risk in undertaking this representation on a contingency basis. Lead Counsel believe that the fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type.

XIII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Settlement Stipulation. Those events include, among other things: (1) entry of the Judgment by the District Court, as provided for in the Settlement Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Settlement Stipulation is not met, the Settlement Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Settlement Stipulation will be restored to their respective positions immediately prior to the execution of the Settlement Stipulation.

XIV. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who has not validly and timely requested to be excluded from any Class, and who objects to any aspect of the Settlement, the Plan of Allocation, the adequacy of representation by Lead Counsel, or the application for attorneys' fees, costs and expenses, may appear and be heard at the Settlement Hearing. Any such Person must submit and serve a written notice of objection, including a statement of the nature of the objection, to be received on or before May 18, 2007 by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
500 Pearl Street
New York, New York 10007

Frederic S. Fox
KAPLAN FOX & KILSHEIMER LLP
805 Third Avenue, 22nd Floor
New York, NY 10022
Plaintiffs' Liaison Counsel

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& Co., Inc., Merrill Lynch, Pierce Fenner
& Smith Incorporated, John L. Steffens,
E. Stanley O'Neal, George A. Schieren,
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*Attorneys for Defendant
Virginia Syer Genereux*

The notice of objection must demonstrate the objecting Person's membership in the Class, including an identification of the security at issue and the number of shares purchased and sold during the Class Period and contain a statement of the reasons for objection. Only members of a Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XV. SPECIAL NOTICE TO NOMINEES

If you hold any of the stocks specified herein (which were purchased during the specified Class Period) as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim by first class mail to all such Persons; or (2) provide a list of names and addresses of such Persons to the Claims Administrator:

**MERRILL LYNCH LITIGATION SETTLEMENT
C/O ANALYTICS, INCORPORATED CLAIMS ADMINISTRATOR
P.O. BOX 2004
CHANHASSEN, MN 55317-2004**

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Claims Administrator.

XVI. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Settlement Stipulation. For full details of the matters discussed in this Notice, you may review the Settlement Stipulation filed with the District Court, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court for the Southern District of New York, 500 Pearl Street, New York, NY 10007.

If you have any questions about the Settlement of the Actions, you may write to any of the following plaintiffs' firms who are the Co-Chairs of the Actions:

KAPLAN FOX & KILSHEIMER LLP
Frederic S. Fox
805 Third Avenue, 22nd Floor
New York, NY 10022
www.kaplanfox.com

MURRAY, FRANK & SAILER LLP
Jacqueline Sailer
275 Madison Avenue, 8th Floor
New York, New York 10016
www.murrayfrank.com

COHEN, MILSTEIN, HAUSFELD
& TOLL, P.L.L.C.
Herbert E. Milstein
Joshua S. Devore
1100 New York Avenue, N.W.
West Tower, Suite 500
Washington, DC 20005
www.cmht.com

SHAPIRO HABER & URMY LLP
Edward F. Haber
53 State Street
Boston, Massachusetts 02109
www.shulaw.com

DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: March 19, 2007

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK