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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 01-CV-1451-REB-KLM

(Consolidated with Civil Action Nos. 01-RB-1472, 01-RB-1527, 01-RB-1616, 01-RB-1799, 01-RB-1930, 01-RB-2083, 02-RB-333, 02-RB-374, 02-D-507, 02-RB-658, 02-RB-755, 02-RB-798, and 04-RB-238)

In re QWEST COMMUNICATIONS INTERNATIONAL INC. SECURITIES LITIGATION

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Stipulation") dated as of August 4, 2008 is made and entered into pursuant to Rule 23 of the Federal Rules of Civil Procedure and contains the terms of a settlement by and among the Settling Parties to the above-entitled Litigation: (i) the Lead Plaintiffs (on behalf of themselves and each of the N&W Class Members), by and through Lead Counsel; and (ii) Joseph P. Nacchio ("Nacchio") and Robert S. Woodruff ("Woodruff") (Nacchio and Woodruff, collectively, are sometimes referred to herein as the "Settling Defendants"), by and through their counsel of record in the Litigation. For certain purposes, as described more fully below, Qwest Communications International Inc. ("QCII") is also a party to this Stipulation. This Stipulation is intended by the Settling Parties and QCII to resolve fully, and to finally and forever discharge and settle the Released Claims, upon and subject to this Stipulation's

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terms and conditions and subject to the approval of the District Court. All capitalized terms in this Stipulation shall have the meanings specified for them in this Stipulation.

I. THE LITIGATION.

On July 27, 2001, New England Healthcare Employees Pension Fund filed a class action complaint, entitled *New England Health Care Employees Fund v. Qwest et al.*, Civil Action No. 01-N-1451-REB-CBS, in the United States District Court for the District of Colorado (the "District Court"), alleging various violations of the federal securities laws. A number of similar class action complaints were subsequently filed in the District Court. Pursuant to the Private Securities Litigation Reform Act of 1995, all of the related class action complaints were consolidated under the first filed case, No. 01-N-1451 (the "Litigation" as defined below); New England Healthcare Employees Pension Fund, Clifford Mosher, Tejinder Singh, and Satpal Singh were appointed Lead Plaintiffs; and a consolidated class action complaint was filed. Lead Plaintiffs filed amended complaints on December 3, 2001, April 5, 2002, May 2, 2002, August 21, 2002, and February 6, 2004. In the Fifth Amended Complaint, the named defendants in the Litigation were Nacchio, Woodruff, QCII, Arthur Andersen LLP, Philip Anschutz, Robin Szeliga, Stephen Jacobsen, Drake Tempest, Marc Weisberg, James Smith, Lewis Wilks, Craig Slater, Afshin Mohebbi, Gregory Casey, and Vinod Khosla. The causes of action asserted in the Fifth Amended Complaint were for violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. Lead Plaintiffs sought to recover money and/or other relief on behalf of themselves and a putative class.

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Defendants moved to dismiss Lead Plaintiffs' various consolidated amended complaints, and Lead Plaintiffs opposed those motions. The Court granted the motions to dismiss in part and denied them in part, with some individuals being dismissed from the Litigation. In other instances, claims or allegations were narrowed.

Those Defendants not dismissed from the Litigation filed answers denying all material allegations of Lead Plaintiffs' Fifth Amended Complaint and asserted various defenses. Lead Plaintiffs and Defendants engaged in extensive discovery, which was coordinated with discovery in several other state and federal securities actions that have since been settled and dismissed, and which continued in coordination with *Securities and Exchange Commission v. Nacchio, et al.*, Civil Action No.05-CV-00480-MSK-CBS.

On or about November 21, 2005, Lead Plaintiffs and all Defendants except Nacchio and Woodruff entered into a Stipulation of Partial Settlement, establishing the terms and conditions for the settlement of all claims by a putative class of Qwest shareholders against all Defendants except Nacchio and Woodruff (the "Qwest Stipulation"). Nacchio and Woodruff filed objections to their exclusion from the proposed partial settlement, and particularly to certain "bar orders" and contractual provisions included therein. In May 2006, the Honorable Robert E. Blackburn of the United States District Court for the District of Colorado conducted a hearing to consider argument and objections to the proposed partial settlement as set forth in the Qwest Stipulation.

On September 28, 2006, the District Court issued an order, certifying a class for settlement purposes only, finding the settlement set forth in the Qwest Stipulation to be

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fair, reasonable, and adequate to that class in accordance with the standards of Rule 23 of the Federal Rules of Civil Procedure and denying the objections to the proposed settlement that had been advanced by Nacchio, Woodruff, and others (the "Partial Settlement"). The District Court approved the Qwest Stipulation and incorporated that document into the Partial Settlement. Nacchio and Woodruff filed an appeal in the United States Court of Appeals for the Tenth Circuit, challenging the Partial Settlement insofar as it overruled their objections and incorporated and approved the bar orders and contractual provisions to which they had objected. None of the class members who had objected to the Partial Settlement in the District Court pursued appeals.

The Tenth Circuit held that Nacchio and Woodruff had standing to challenge the bar orders and the contractual provisions of the Partial Settlement, and remanded to the District Court "so that it might make appropriate findings and conclusions with respect to Mr. Nacchio's and Mr. Woodruff's objections to the settlement." *New England Health Care Employees Pension Fund v. Woodruff, et al.*, 512 F.3d 1283, 1286, 1287, 1288-89, 1290-91, *reh'g and reh'g en banc denied*, 520 F.3d 1255 (10th Cir. 2008). The District Court has not yet issued a further ruling following the remand from the Tenth Circuit Court of Appeals.

To resolve Nacchio's and Woodruff's objections to the Partial Settlement and disputes between Qwest and the Settling Defendants arising out of the Litigation without further litigation and delay, QCII will contribute to the settlement of claims asserted by a putative class against Nacchio and Woodruff in this Litigation on the terms specified herein. This Stipulation is intended to settle and resolve all of the putative class' claims

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against Nacchio and Woodruff and to eliminate all objections that Nacchio and Woodruff have asserted to the Partial Settlement without further litigation and delay.

II. SETTling DEFENDANTS' AND QWEST'S DENIALS OF WRONGDOING AND LIABILITY.

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

Nonetheless, the Settling Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Settling Defendants also have considered the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. The Settling Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

This Stipulation, and any and all exhibits or documents referred to herein, or any terms or representations herein or therein, or any action taken to carry out this Stipulation, are not, and shall in no event be construed or be deemed to be, evidence

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of, or an admission or a concession by the Settling Defendants of any fault, liability, obligation (other than those contained in this Stipulation), or damages whatsoever. The Settling Defendants deny any and all wrongdoing of any kind whatsoever and deny any liability to Lead Plaintiffs, to the N&W Class Members, or to Qwest. The Settling Defendants do not concede any infirmity in the defenses they have asserted in the Litigation, nor are any such defenses waived.

Notwithstanding the foregoing, based upon the publicly available information at the time of this Stipulation, the Settling Defendants agree that they will not contest that the Litigation was filed in good faith, was not frivolous, and is being settled voluntarily in an amount and manner that reasonably reflects the risks posed by the claims against the Settling Defendants collectively.

This Stipulation, and any and all exhibits or documents referred to herein, or any terms or representations herein or therein, or any action taken to carry out this Stipulation, are not, and shall in no event be construed or be deemed to be, evidence of, or an admission or a concession by Qwest of any fault, liability, obligation (other than those contained in this Stipulation), or damages whatsoever. Qwest denies any and all wrongdoing of any kind whatsoever and denies any liability to Lead Plaintiffs, to the N&W Class Members, or to the Settling Defendants. Qwest does not concede any infirmity in the defenses it has asserted in the Litigation, nor are any such defenses waived.

It is the intent of Qwest, Lead Plaintiffs, and the Settling Defendants that this Stipulation shall not be used for any purpose of any kind other than to enforce the

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provisions of this Stipulation or the provisions of any related agreement, release, or exhibit hereto, or in order to support a defense of *res judicata*, collateral estoppel, accord and satisfaction, release, or other theory of claim or issue preclusion or similar defense. Therefore, pursuant to this Stipulation, as ordered by this Court, and pursuant to Federal Rule of Evidence 408, any other Federal Rule of Evidence, the rules of evidence of the various states, the rules of evidence followed by any quasi-judicial bodies, including regulatory and self-regulatory organizations, and any other applicable law, rule or regulation, Qwest and the Settling Parties agree that the fact of entering into or carrying out this Stipulation, the exhibits hereto, and any negotiations and proceedings related hereto, as well as the settlement itself, (a) shall not be construed as, offered into evidence as, or deemed to be (i) evidence of, (ii) an admission or concession of liability or obligation (other than those contained in this Stipulation) of, or (iii) an estoppel against, any Defendant, or (iv) a waiver of any applicable statute of limitations or repose, and (b) shall not be offered by a party hereto into evidence, or considered, in any action or proceeding against any Defendant in any judicial, quasi-judicial, administrative agency, regulatory or self-regulatory organization, or other tribunal, or proceeding for any purpose whatsoever, other than to enforce the provisions of this Stipulation or the provisions of any related agreement, release, or exhibit hereto, or in order to support a defense of *res judicata*, collateral estoppel, accord and satisfaction, release or other theory of claim or issue preclusion or similar defense.

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

The Lead Plaintiffs believe that the claims asserted in the Litigation have merit and believe that the evidence developed to date supports the claims. However, the Lead Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Settling Defendants through trial and appeals. The Lead Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties, delays, problems of proof, and possible defenses that are inherent in such litigation. The Lead Plaintiffs and Lead Counsel are also mindful of the inherent problems of proof under and possible defenses to the violations asserted in the Litigation and of the claims of the Settling Defendants that their available assets would not satisfy a substantial judgment against them, as well as the existence of other litigation against the Settling Defendants that may be resolved before the claims of the N&W Class against them can be tried, which, if successful, will reduce their assets further. The Lead Plaintiffs and Lead Counsel believe that the settlement set forth in this Stipulation confers substantial benefits upon the N&W Class Members, both because it will achieve a substantial recovery with respect to the claims against the Settling Defendants and because it will resolve all remaining objections to the Partial Settlement and thus accelerate the distribution of funds that are the subject of the Partial Settlement, the substantial majority of which will be distributed to N&W Class Members who are participating in the Partial Settlement.

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Based on their evaluation, the Lead Plaintiffs and Lead Counsel have determined that the settlement set forth in this Stipulation is in the best interests of the N&W Class.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Lead Plaintiffs (for themselves and the N&W Class Members), the Settling Defendants, by and through their respective counsel of record, and QCII, by and through its counsel of record, that, subject to the approval of the Court and to the terms and conditions of this Stipulation, the Litigation and the Released Claims shall be finally and fully compromised, settled and released, and the Litigation shall be dismissed with prejudice as to the Settling Defendants.

1. Definitions.

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

1.1. "Authorized Claimant" means any N&W Class Member whose claim for recovery has been allowed pursuant to the terms of this Stipulation.

1.2. "Claimant" means any N&W Class Member of a class certified in accordance with this Stipulation who files or has filed a Proof of Claim in such form and manner and within such time as the Court shall prescribe.

1.3. "Claims Administrator" means Gilardi & Co. LLC.

1.4. "Defendants" means QCII, Arthur Andersen LLP and each of the individuals named as a defendant in the Litigation, including Nacchio and Woodruff.

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1.5. "Effective Date" means the first date by which all of the events and conditions specified in Paragraph 8.1 of this Stipulation have occurred.

1.6. "Escrow Agent" means Lead Counsel.

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

1.8. "Final Settlement Approval" means an order by the District Court finally approving the terms of this Stipulation pursuant to FED.R.Civ.P. 23(e).

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

1.10. "Lead Counsel" means Coughlin Stoia Geller Rudman & Robbins LLP, 655 W. Broadway, Suite 1900, San Diego, CA 92101-3301.

1.11. "Lead Plaintiffs" means New England Healthcare Employees Pension Fund, Satpal Singh, Tejinder Singh, and Clifford Mosher.

1.12. "Litigation" means *In re Qwest Communications Securities Litigation*, Civil Action No. 01-CV-1451-REB-KLM, including all putative class actions consolidated therein.

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1.13. "N&W Class" means all Persons who purchased or otherwise acquired Qwest publicly traded securities (including common stock, bonds, and options) from May 24, 1999 through July 28, 2002 ("Class Period"), except for those Persons who requested and obtained exclusion from the class that was certified by the Court in the Partial Settlement and who subsequently resolved their claims against QCII, Nacchio, Woodruff and others and provided releases of claims against QCII, Nacchio, Woodruff and others. Excluded from the N&W Class are Defendants and any Persons affiliated with or related to any Defendant. For purposes of this Paragraph, the Persons affiliated with or related to any Defendant are members of the immediate family of each Defendant, any entity in which any Defendant has a controlling interest, officers and directors of QCII and its subsidiaries and affiliates, and Arthur Andersen LLP ("AA") and AA's partners, shareholders and members, and the legal representatives, heirs, predecessors, successors and assigns of any such excluded party. Also excluded from the N&W Class are those Persons who request exclusion from the N&W Class in such form and manner, and within such time, as the Court shall prescribe. Also excluded from the N&W Class is any current or former officer, director, employee, or agent of Qwest who has been sued by the United States Securities and Exchange Commission in connection with such Person's affiliation with or conduct related to Qwest.

1.14. "N&W Class Member" means a Person who falls within the definition of the N&W Class.

1.15. "N&W Settlement Fund" means the principal amount of \$45,000,000.00

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(forty-five million dollars) in cash, plus all interest earned thereon pursuant to this Stipulation.

1.16. "Net N&W Settlement Fund" means the N&W Settlement Fund, together with any interest earned thereon, less (i) any taxes, (ii) the cash allocated to Lead Counsel for attorneys' fees and expenses pursuant to any Fee and Expense Application (defined in Paragraph 7.1) approved by the Court pursuant to Paragraphs 7.1 and 7.2, and (iii) the cash allocated to the N&W Class Notice and Administration Fund pursuant to Paragraph 2.8.

1.17. "Partial Settlement" shall mean the Order of the District Court entered on September 29, 2006 [Docket No. 1050], as amended on January 8, 2007 [Docket No. 1096], certifying a class for the purpose of implementing the partial class action settlement provided for in the Stipulation of Partial Settlement between and among Lead Plaintiffs, Qwest and all other Defendants except Nacchio and Woodruff, and finding that settlement to be fair, reasonable, and adequate to that class in accordance with the standards of Rule 23 of the Federal Rules of Civil Procedure.

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

1.19. "Plan of Allocation" means the plan or formula of allocation that was approved by the United States District Court for the District of Colorado as part of that

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Court's approval of the Partial Settlement, which shall be used in distributing the Net N&W Settlement Fund as well. The Plan of Allocation is not part of this Stipulation and the Defendants and the Related Parties shall have no liability with respect to it.

1.20. "Preliminary Settlement Approval" means an order by the District Court preliminarily approving the terms of this Stipulation and ordering that notice be issued to the Class pursuant to FED.R.CIV.P. 23(e).

1.21. "QCII" means Qwest Communications International Inc.

1.22. "Qwest" means QCII, any and all successors, subsidiaries, and affiliates of QCII, and any and all current and former officers, directors, employees and agents of any of them, as well as any predecessors of QCII (including but not limited to U S WEST and any successors, subsidiaries, and affiliates thereof) and their successors, subsidiaries, and affiliates, and any and all current and former officers, directors, employees and agents of any of them. Notwithstanding the foregoing, neither Nacchio nor Woodruff is included in the definition of Qwest.

1.23. "Qwest Stipulation" shall mean the Stipulation of Partial Settlement, executed by Lead Plaintiffs, Qwest and all other Defendants except Nacchio and Woodruff and filed in this matter on November 21, 2005 [Docket No. 886], which was approved by the District Court in the Partial Settlement and incorporated into the Partial Settlement by reference.

1.24. "Related Parties" means each of a Settling Defendant's past or present partners, employees, attorneys, accountants or auditors, banks or investment banks, advisors, personal or legal representatives, insurers, reinsurers, successors, assigns,

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spouses, heirs, related or affiliated entities, any partnership in which a Settling Defendant is a general or limited partner, any entity in which a Settling Defendant has a controlling interest, any member of a Settling Defendant's immediate family, or any trust or foundation of which any Settling Defendant is the settlor or which is for the benefit of any Settling Defendant and/or member(s) of his or her family.

1.25. "Released Claims" shall collectively mean all claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, whether based in law or equity, on federal, state, local, foreign, statutory or common law, or any other law, rule, or regulation (including, but not limited to, all claims arising out of or relating to any acts, omissions, disclosures, public filings, registration statements, financial statements, audit opinions, or statements by the Settling Defendants, including without limitation, claims for negligence, gross negligence, constructive or actual fraud, negligent misrepresentation, conspiracy, or breach of fiduciary duty), whether known or unknown, whether or not concealed or hidden, accrued or not accrued, foreseen or unforeseen, matured or not matured, that were asserted or that could have been asserted directly, indirectly, representatively or in any other capacity, at any time, in any forum by Lead Plaintiffs, the N&W Class Members, or the successors or assigns of any Lead Plaintiff or N&W Class Member, or any of them, against the Released Persons arising out of, based upon, or related in any way to: (a) the purchase, acquisition, sale, or disposition of Qwest securities by any Lead Plaintiff or any N&W Class Member during the Class Period and the allegations that were made or could have been made in the Litigation; (b) the purchase or other acquisition of, the retention of, the sale or other

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disposition of, or any other transaction involving Qwest securities by any of the Released Persons during the Class Period; or (c) the settlement or resolution of the Litigation (including, without limitation, any claim for attorneys' fees by Lead Plaintiffs or any N&W Class Member). Released Claims shall also include claims related to any tax effects or tax liabilities (including any interest, penalties and representation costs) arising out of this Stipulation or any payment or transfer made pursuant to this Stipulation. Released Claims shall also include Unknown Claims otherwise subject to this provision. Released Claims does not include claims to enforce the terms of this Stipulation.

1.26. "Released Persons" means each of the Settling Defendants and his Related Parties.

1.27. "Settling Defendants" means, collectively, Joseph P. Nacchio and Robert S. Woodruff.

1.28. "Settling Parties" means, collectively, each of the Settling Defendants and the Lead Plaintiffs on behalf of themselves and the N&W Class Members.

1.29. "Stipulation" means this document together with all its exhibits.

1.30. "Unknown Claims" means any claims that any N&W Class Member or Lead Plaintiffs do not know or suspect to exist in his, her, its or their favor at the time of the release of the Released Persons which, if known by him, her, it, or them might have affected his, her, its or their settlement with and release of the Released Persons, or might have affected his, her, its, or their decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that,

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upon the Effective Date, the Lead Plaintiffs shall expressly, and each of the N&W Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

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

The Lead Plaintiffs shall expressly, and each of the N&W Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiffs and N&W Class Members may hereafter discover facts in addition to or different from those that he, she, it or they now know or believe to exist or to be true with respect to the subject matter of the Released Claims, but the Lead Plaintiffs shall have, and each N&W Class Member, upon the Effective Date, and by operation of the Judgment shall be deemed to have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiffs

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acknowledge, and the N&W Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a material element of the settlement of which this release is a part.

2. The Class Settlement with Nacchio and Woodruff.

2.1 Payment of the N&W Settlement Fund shall occur as follows:

a. Within 10 calendar days after the Preliminary Settlement Approval, QCII shall transfer \$2 million in cash to an account maintained by the Escrow Agent for the purpose of administering funds contributed by QCII to the N&W Class settlement. Within 30 calendar days after the Preliminary Settlement Approval, QCII shall transfer an additional \$38 million in cash to an account maintained by the Escrow Agent for the purpose of administering funds contributed by QCII to the N&W Class settlement. If all or part of this \$40 million is not transferred to this account within the periods specified herein, the amount not transferred shall accrue interest at a rate of 7% annually until the entire \$40 million has been transferred. Further, if all or part of the \$40 million is not transferred to the account within the specified 30 days, Lead Plaintiffs may terminate this N&W Class settlement; provided however, that the Lead Plaintiffs shall provide the Settling Defendants and QCII written notice of their intent to terminate, and allow Settling Defendants and QCII 30 days to cure.

b. Within 30 calendar days after Final Settlement Approval of the N&W Class settlement provided herein, the Settling Defendants shall cause \$5 million in cash to be transferred into an account maintained by the Escrow Agent

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for the purpose of administering funds contributed by the Settling Defendants to the N&W Class settlement. If all or part of this \$5 million is not transferred to this account within the specified 30-day period, the amount not transferred shall accrue interest at a rate of 7% annually until the entire \$5 million is transferred. Further, if all or part of the \$5 million is not transferred to the account within the specified 30 days, Lead Plaintiffs may terminate this N&W Class settlement; provided however, that the Lead Plaintiffs shall provide the Settling Defendants and QCII written notice of their intent to terminate, and allow Settling Defendants and QCII 30 days to cure.

2.2 The Escrow Agent shall maintain the QCII payments and the Settling Defendants' payment in separate accounts, with the total of \$45 million constituting the N&W Settlement Fund. The Escrow Agent (a) shall maintain separate accounts for QCII's payments and the Settling Defendants' payment, (b) shall invest the N&W Settlement Fund deposited pursuant to Paragraph 2.1 hereof in instruments with maturities of less than one year, such investments to be backed by the full faith and credit of the United States Government or fully insured by the United States Government or one of its agencies, and (c) shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Escrow Agent shall bear all risks related to management and investment of the N&W Settlement Fund; however, the Escrow Agent shall not be subject to any liability based on its investment choices to the extent it complies with the foregoing sentence.

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2.3 The Settling Defendants shall not assert any claim upon or interest in the \$40 million that QCII shall pay to the Escrow Agent, nor upon any gains resulting from the investment of those funds. If (i) the Effective Date does not occur, (ii) the Stipulation is canceled or terminated for any reason, or (iii) if the dismissal with prejudice of this Litigation does not become Final, the Settling Defendants shall not object to or otherwise contest QCII's demand that the Escrow Agent return as directed by QCII the \$40 million contributed by QCII to the N&W Settlement Fund, together with any accrued interest thereon, minus any amounts reasonably and actually expended for the costs of notice, administration, taxes and tax expenses, and the Settling Defendants shall take such actions as may be reasonably requested of them to facilitate the Escrow Agent's prompt payment of that amount, such as promptly executing any consent or written instruction required by the Escrow Agent.

2.4 Qwest shall not assert any claim upon or interest in the \$5 million that the Settling Defendants shall cause to be paid to the Escrow Agent, nor upon any gains resulting from the investment of those funds. If (i) the Effective Date does not occur, (ii) the Stipulation is canceled or terminated for any reason, or (iii) if the dismissal with prejudice of this Litigation does not become Final, Qwest shall not object to or otherwise contest the Settling Defendants' demand that the Escrow Agent return as directed by the Settling Defendants the \$5 million they have caused to be contributed to the N&W Settlement Fund, together with any accrued interest thereon, minus any amounts reasonably and actually expended for the costs of notice, administration, taxes and tax expenses, and QCII shall take such actions as may be reasonably requested of QCII to

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facilitate the Escrow Agent's prompt payment of that amount, such as promptly executing any consent or written instruction required by the Escrow Agent.

2.5 The Escrow Agent shall not disburse the N&W Settlement Fund except as provided in the Stipulation or pursuant to an order of the Court.

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

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

2.8 Upon the payment of \$2 million to the account controlled by the Escrow Agent pursuant to Paragraph 2.1(a), the Escrow Agent may establish an "N&W Class Notice and Administration Fund," and may deposit that amount in it. Within five calendar days after payment of additional amounts required by Paragraph 2.1(a), the Escrow Agent may deposit an additional \$2 million into the N&W Class Notice and Administration Fund. The N&W Class Notice and Administration Fund may be used by Lead Counsel to pay costs and expenses reasonably and actually incurred in connection with providing notice to the N&W Class, locating N&W Class Members, soliciting claims, assisting with the filing of claims, administering and distributing the Net N&W Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any. The N&W Class Notice and

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Administration Fund may also be invested and earn interest as provided for in Paragraph 2.2 of this Stipulation. Any notice and administrative costs in excess of \$4 million shall be paid following the Effective Date from the Net N&W Settlement Fund upon Lead Counsel's approval.

3. Taxes.

3.1 Settling Parties and the Escrow Agent agree to treat the N&W Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this Section 3, including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

3.2 For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax reports and returns necessary or advisable with respect to the N&W Settlement Fund (including without limitation the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in Paragraph 3.1) shall be consistent with this Section 3 and in all events shall reflect that all taxes (including

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but not limited to any federal, state, or local taxes, and any estimated taxes, interest or penalties) on the income earned by the N&W Settlement Fund shall be paid out of the N&W Settlement Fund as provided in Paragraph 3.3.

3.3 All (i) taxes (including but not limited to any federal, state, or local taxes, and any estimated taxes, interest or penalties) arising with respect to the income earned by the N&W Settlement Fund, including any taxes or tax detriments that may be imposed upon the Settling Defendants or their counsel with respect to any income earned by the N&W Settlement Fund for any period during which the N&W Settlement Fund does not qualify as a "qualified settlement fund" for federal or state income tax purposes and (ii) tax expenses, such as expenses and costs incurred in connection with the operation and implementation of this Section 3 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the reports and returns described in this Section 3), shall be paid out of the N&W Settlement Fund; in all events neither the Released Persons nor QCII shall have any liability or responsibility for the taxes or the tax expenses. The Escrow Agent shall indemnify and hold QCII and each of the Released Persons harmless for taxes and tax expenses (including, without limitation, taxes payable by reason of any payment made to or for the benefit of the N&W Class hereunder, and taxes payable by reason of any such indemnification). Further, taxes and tax expenses shall be treated as, and considered to be, a cost of administration of the N&W Settlement Fund and shall be timely paid by the Escrow Agent out of the N&W Settlement Fund without prior order from the Court and the Escrow Agent shall be

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obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts including the establishment of adequate reserves for any taxes and tax expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)); neither the Settling Defendants, QCII, nor their counsel are responsible nor shall they have any liability therefor. Nothing in this Section 3 or any part of this N&W Stipulation shall constitute or be considered to be tax advice by the Released Persons or any of their respective counsel. The Settling Parties and QCII agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Section 3.

3.4 Released Persons and QCII have made no representation or warranty with respect to the tax treatment by any Lead Plaintiff or N&W Class Member of any payment or transfer made pursuant to this Stipulation or derived from or made pursuant to the N&W Settlement Fund.

3.5 For the purpose of this Section 3, references to the N&W Settlement Fund shall include both the N&W Settlement Fund and the N&W Class Notice and Administration Fund and shall also include any earnings on either of those funds.

4. Notice Order and Settlement Hearing.

4.1 As soon as practicable following execution of this Stipulation, Lead Counsel shall submit this Stipulation together with its exhibits to the Court and shall apply for entry of an order (the "Notice Order"), substantially in the form of Exhibit A, requesting, *inter alia*, Preliminary Settlement Approval as set forth in this Stipulation,

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and approval for the mailing of a settlement notice (the "Notice") and publication of a summary notice, substantially in the forms of Exhibits A-1 and A-3. The Notice shall include the general terms of the settlement set forth in this Stipulation, the Plan of Allocation, the general terms of the Fee and Expense Application as defined in Paragraph 7.1, below, and the date of the Settlement Hearing as defined in Paragraph 4.2 below.

4.2 Lead Counsel shall request that, after notice is given, the Court hold a hearing (the "Settlement Hearing") and provide Final Settlement Approval for the settlement set forth in this Stipulation. At or after the Settlement Hearing, Lead Counsel also will request that the Court approve the Fee and Expense Application.

5. Releases, Settling Defendants' Withdrawal of Objections and Confirmation of Partial Settlement.

5.1 Upon the Effective Date, Lead Plaintiffs and each of the N&W Class Members shall be deemed to have, and by operation of the Judgment shall have: (i) fully, finally, and forever released, relinquished and discharged all Released Claims (including Unknown Claims) against the Released Persons, whether or not each such N&W Class Member executes and delivers the Proof of Claim and Release; (ii) covenanted not to sue any of the Released Persons or otherwise to assert, directly or indirectly, any of the Released Claims against any of the Released Persons; and (iii) agreed to be forever barred and enjoined from doing so, in any court of law or equity, or in any other forum.

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5.2 The Proof of Claim and Release to be executed by N&W Class Members shall release all Released Claims against the Released Persons and shall be substantially in the form contained in Exhibit A-2.

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

5.4 Upon the Effective Date, the Settling Defendants and their Related Parties shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged one another from all claims (including Unknown Claims), arising out of, relating to, or in connection with the Released Claims.

5.5 Upon the Effective Date:

(a) the Settling Defendants shall be deemed to have, and by operation of the Judgment shall have withdrawn, waived, and abandoned any and all objections, challenges, and appeals they have now, have ever had, or may in the future ever have to the Qwest Stipulation and to the Partial Settlement;

(b) there being no objections, challenges, or appeals to or from the Partial Settlement other than those withdrawn, waived, and abandoned pursuant

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to Paragraph 5.5(a), the Partial Settlement shall be "Final" as defined in Paragraph 1.11 and used in Paragraph 8.1(d) of the Qwest Stipulation; and

(c) the finality of the Partial Settlement pursuant to Paragraph 5.5(b) being the last to occur of the conditions to the "Effective Date" of the Partial Settlement stated in Paragraph 8.1 of the Qwest Stipulation, the Effective Date of this N&W Stipulation shall also be the "Effective Date" of the Partial Settlement under Paragraph 8.1 of the Qwest Stipulation.

6. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of the N&W Settlement Fund.

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

6.2 The N&W Settlement Fund shall be applied as follows:

(a) to pay Lead Counsel's attorneys' fees and expenses with interest thereon (the "Fee and Expense Award"), and to pay Lead Plaintiffs' expenses (including lost wages) incurred in representing the N&W Class if and to the extent allowed by the Court;

(b) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating N&W Class Members, soliciting N&W Class claims, assisting with the filing of claims, administering and distributing the Net N&W Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms and paying escrow fees and costs, if any;

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(c) to pay the taxes and tax expenses described in Section 3; and

(d) to distribute the Net N&W Settlement Fund to Authorized Claimants

as allowed by this Stipulation, the Plan of Allocation, and the Court.

6.3 Upon the Effective Date and thereafter, and in accordance with the terms of this Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net N&W Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with Paragraphs 6.4-6.9.

6.4 Within ninety (90) calendar days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release and as are reasonably available to the Authorized Claimant, provided, however, that any Person who submitted a Proof of Claim and Release to participate in the Partial Settlement shall be deemed to be a N&W Class Member and shall participate in the N&W Class based on the information included in the Proof of Claim and Release that such Person submitted in the Partial Settlement unless such Person submits a Proof of Claim and Release in this proceeding (in which case, the Proof of Claim and Release filed in the Partial Settlement shall be disregarded for these purposes) or unless such Person is specifically excluded from the N&W Class.

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6.5 Except as set forth in Paragraph 6.4, above, or except as otherwise ordered by the Court, all N&W Class Members who fail timely to submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to this Stipulation and the settlement set forth herein, but will in all other respects be subject to and bound by the provisions of this Stipulation, the releases contained herein, and the Judgment. Notwithstanding the foregoing, Lead Counsel may, in their discretion, accept for processing late submitted claims so long as the distribution of the Net N&W Settlement Fund to Authorized Claimants is not materially delayed.

6.6 The Net N&W Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation previously approved by the Court in relation to the Partial Settlement, which shall be described in the Notice. If any funds remain in the Net N&W Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have N&W Class Members who are entitled to participate in the distribution of the Net N&W Settlement Fund cash their distribution checks, any balance remaining in the Net N&W Settlement Fund one year after the initial distribution of such funds shall be re-distributed to N&W Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution, after payment of any taxes and unpaid costs or fees incurred in administering the Net N&W Settlement Fund for such re-distribution. If six months after such re-distribution any funds shall remain in the Net N&W Settlement fund, then such balance shall be paid to Colorado-based non-

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sectarian, not-for-profit 501(c)(3) organization(s) providing legal services or otherwise in the appropriate public interest designated by Lead Counsel.

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

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

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

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Court's Judgment approving this Stipulation and the settlement set forth therein, or any other orders entered pursuant to this Stipulation.

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

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

7.2 The attorneys' fees, expenses and costs, as awarded by the Court, shall be paid to Lead Counsel from the N&W Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses, but no earlier than the Final Settlement Approval. Lead Counsel shall allocate the attorneys' fees amongst other Plaintiffs' counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation. In the event that (i) the Effective Date does not occur, (ii) the judgment and/or order making such fee and expense award is reversed or modified, (iii) the Stipulation is canceled or terminated for any reason, or (iv) if the dismissal with prejudice of this Litigation does not become Final, and in the event that the fee and expense award has been paid to

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any extent, then Lead Counsel shall within five (5) business days from receiving notice from QCII, from one or both Settling Defendants, or from a court of appropriate jurisdiction, refund to the N&W Settlement Fund the fees, expenses and costs previously paid to them from the N&W Settlement Fund plus interest thereon at the same rate as earned on the N&W Settlement Fund in an amount consistent with such reversal or modification. Each Plaintiffs' counsel's law firm as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph. Without limitation, each such law firm and its partners and/or shareholders agree that the Court may, upon application of QCII or of one or both Settling Defendants, summarily issue orders including, without limitation, judgments and attachment orders and may make appropriate findings of or sanctions for contempt, against them or any of them should such law firm fail timely to repay such fees and expenses.

7.3 The procedure for and the allowance or disallowance by the Court of any applications by Lead Counsel for attorneys' fees and expenses to be paid out of the N&W Settlement Fund are not part of the settlement set forth in this Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in this Stipulation, and any order or proceeding relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to

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terminate or cancel this Stipulation, or affect or delay the finality of the Judgment approving this Stipulation and the settlement of the Litigation set forth therein.

7.4 Settling Defendants, QCII, and the Related Parties shall have no responsibility for the allocation among Plaintiffs' counsel, and/or any other Person who may assert some claim thereto, of any fee and expense award that the Court may make in the Litigation.

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

8.1 The Effective Date of this Stipulation shall be conditioned on the occurrence of the last to occur of the following events:

(a) The Settling Defendants and Qwest have timely made or caused to be made the contributions to the N&W Settlement Fund as required by Paragraph 2.1;

(b) the Court has entered the Notice Order, as required by Paragraph 4.1;

(c) QCII has waived or has not timely asserted any right to withdraw from the N&W Settlement, including the rights to terminate provided under Paragraph 8.2.

(d) the Court has entered the Judgment, attached as Exhibit B, or a judgment substantially similar in all material respects; and

(e) the Judgment has become Final.

8.2 Simultaneously herewith, QCII, the Settling Defendants, and the Lead Plaintiffs (individually and on behalf of the N&W Class) have entered into a

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“Supplemental Agreement Regarding Requests for Exclusion” setting forth, among other things, certain conditions under which this Stipulation may be withdrawn or terminated by QCII. In the event of a withdrawal from or termination of this Stipulation pursuant to the Supplemental Agreement Regarding Requests for Exclusion, this Stipulation shall become null and void and of no further force and effect and the provisions of Paragraph 8.4 shall apply. In addition, QCII and the Settling Defendants have entered into an agreement relating to QCII's participation in this Stipulation. Neither the Supplemental Agreement Regarding Requests for Exclusion nor the agreement between QCII and the Settling Defendants shall be filed unless a dispute arises as to its terms, or, with respect to the Supplemental Agreement Regarding Requests for Exclusion, if QCII exercises its right thereunder to terminate the Stipulation.

8.3 Upon the occurrence of all of the events referenced in Paragraph 8.1, any and all remaining interest or right of Settling Defendants and of QCII in or to the N&W Settlement Fund, if any, shall be absolutely and forever extinguished. If any or all of the conditions specified in Paragraph 8.1 are not met, then, unless Lead Counsel and counsel for the Settling Defendants and counsel for QCII mutually agree in writing to proceed with this Stipulation within thirty business days of their receipt of notice of any failed condition, this Stipulation shall be canceled and terminated and shall become null and void, and the parties shall proceed in all respects as if this Stipulation had not been executed and without prejudice in any way from the negotiation, fact, or terms of this Stipulation, except that Paragraph 8.4 shall survive.

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8.4 Unless otherwise ordered by the Court, in the event this Stipulation shall terminate, be canceled, or not become effective for any reason, within five business days after written notification of such event is sent by counsel for Settling Defendants or QCII to the Escrow Agent, the N&W Settlement Fund, plus accrued interest and the N&W Class Notice and Administration Fund, plus accrued interest, shall be paid in accordance with written instructions received from counsel for the Settling Defendants (as to any and all amounts Settling Defendants caused to be contributed) and QCII (as to any and all amounts QCII contributed), less expenses, taxes and tax expenses due and owing as set forth in Paragraph 2.8; provided, however, that neither the Lead Plaintiffs nor Lead Counsel shall have any obligation to repay any amounts actually and properly disbursed from the N&W Class Notice and Administration Fund, and that, prior to the balance of that fund being refunded, any expenses already incurred and properly chargeable to the N&W Class Notice and Administration Fund pursuant to Paragraph 2.8 hereof, and taxes and tax expenses due at the time of such termination or cancellation but that have not been paid, shall be paid or retained in escrow by the Escrow Agent in accordance with the terms of this Stipulation. At the request of counsel for one or both Settling Defendants or QCII, the Escrow Agent or its designee shall apply for any tax refund owed on the N&W Settlement Fund and pay the proceeds in accordance with the written instructions of counsel for the Settling Defendants or QCII.

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9. Class Certification.

9.1 For purposes of this Stipulation only, the Settling Parties will stipulate to certification of the N&W Class as defined herein. The Settling Defendants expressly reserve the right to contest class certification in the event this N&W Class settlement does not become effective for any reason. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it, shall not be construed as or received in evidence as an admission, concession or presumption that class certification is appropriate in this action.

10. Limitations On Subsequent Claims Against Released Parties.

10.1 Upon entry of the Judgment, the Settling Defendants shall be afforded all protections against future claims for contribution arising out of the Litigation as provided by Section 21D-4(f)(7)(A) of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78u-4(f)(7)(A), and any subsequent verdict or judgment in the Litigation shall be reduced as required by the reduction provision set forth in Section 21D-4(f)(7)(B) of the PSLRA, 15 U.S.C. § 78u-4(f)(7)(B).

11. Miscellaneous Provisions.

11.1 Notwithstanding any other provision in this Stipulation, including Paragraphs 5.4 and 10.1, this Stipulation shall not cause the Released Persons to release the following potential claims between or among themselves:

(a) Claims that arise from or relate to claims asserted by those Persons who request exclusion from the N&W Class in such form and manner, and within such time, as the Court shall prescribe, and who assert claims that

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would have been Released Claims under this Stipulation but for the Person's exclusion from the N&W Class;

(b) Any claims, rights or obligations concerning advancement of legal fees and expenses, or the recovery of legal fees and expenses advanced or that may be advanced, by Qwest to any Released Person;

(c) (i) the November 12, 2003 Definitive Settlement Agreement and all documents attached thereto and/or contemplated thereby relating to the settlement among QCII and certain directors and officers and fiduciary liability insurance carriers, or (ii) the Insureds Trust Agreement (as amended) made and entered into as of June 1, 2004, by and among U.S. Bank Trust Association, U.S. Bank Trust National Association, the Honorable Sam C. Pointer, QCII and Individual Beneficiaries as defined therein; and

(d) Enforcement of any breach of this Stipulation.

11.2 The Settling Parties and QCII (a) acknowledge that it is their intent to consummate this Stipulation, and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation.

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

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and QCII, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties and QCII reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis. The Settling Parties and QCII agree not to oppose a finding in the Judgment that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

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

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11.5 The protections afforded by the protective order governing the Litigation shall be unaffected by this Stipulation.

11.6 All of the exhibits to this Stipulation are material and integral parts of it and are fully incorporated by this reference.

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

11.8 This Stipulation and its exhibits, and the Supplemental Agreement Regarding Requests for Exclusion constitute the entire agreement among the Settling Parties and no representations, warranties or inducements have been made between or among the Settling Parties concerning this Stipulation, its exhibits, or the Supplemental Agreement Regarding Requests for Exclusion, other than the representations, warranties and covenants contained and memorialized in such documents.

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

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

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

11.12 This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and Qwest.

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

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

11.15 Whenever notice to Lead Plaintiffs or Lead Counsel is required to be given pursuant to this Stipulation, it shall be delivered by both facsimile and federal express to:

Keith Park
Coughlin, Stoia, Geller,
Rudman & Robbins LLP
655 W. Broadway, Suite 1900
San Diego, CA 92101-3301
Fax: 619-231-7423

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11.16 Whenever notice to Settling Defendants is required to be given pursuant to this Stipulation, it shall be delivered by both facsimile and federal express to:

Notices to Joseph P. Nacchio:

Herbert J. Stern, Joel M. Silverstein, and Jeffrey Speiser
Stern & Kilcullen, LLC
75 Livingston Avenue
Roseland, NJ 07068
Fax: (973) 535-9664

Notices to Robert S. Woodruff:

David Meister and James Miller
Clifford Chance US LLP
31 West 52nd Street
New York, NY 10166
Fax: (212) 878-8375

11.17 Whenever notice to any Settling Party is given pursuant to this Stipulation or whenever notice to QCII is required to be given pursuant to this Stipulation, it shall also be delivered by both facsimile and federal express to QCII by delivering same to the following:

General Counsel
Qwest Communications International Inc.
1801 California Street
Suite 5200
Denver, Colorado 80112
Fax: 303-383-8444

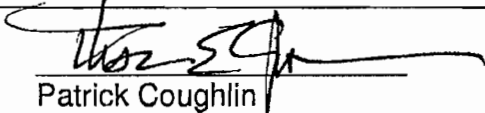
and

Jonathan Schiller
David Boyd
Boies, Schiller & Flexner LLP
5301 Wisconsin Ave., N.W.
Washington DC 20015

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(202) 237-2727 (phone)
(202) 237-6131 (fax)

IN WITNESS WHEREOF, the parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, dated as of August 4, 2008.

<p>By:  Patrick Coughlin Keith Park Michael J. Dowd Thomas E. Egler Coughlin, Stoia, Geller, Rudman & Robbins LLP 655 W. Broadway, Suite 1900 San Diego, CA 92101-3301</p> <p>Lead Counsel</p>	<p>By: _____ Herbert J. Stern Joel M. Silverstein Jeffrey Speiser Stern & Kilcullen, LLC 75 Livingston Avenue Roseland, NJ 07068</p> <p>Counsel for Joseph P. Nacchio</p>
<p>By: _____ Jonathan Schiller David Boyd Boies Schiller & Flexner LLP 5301 Wisconsin Ave., N.W. Washington, D.C. 20015</p> <p>Counsel for QCII</p>	<p>By: _____ David Meister James Miller Clifford Chance US LLP 31 West 52nd Street New York, NY 10166</p> <p>Counsel for Robert S. Woodruff</p>

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<p>By: _____ Jonathan Schiller David Boyd Boies Schiller & Flexner LLP 5301 Wisconsin Ave., N.W. Washington, D.C. 20015</p> <p>Counsel for QCII</p>	<p>By: _____ David Meister James Miller Clifford Chance US LLP 31 West 52nd Street New York, NY 10166</p> <p>Counsel for Robert S. Woodruff</p>

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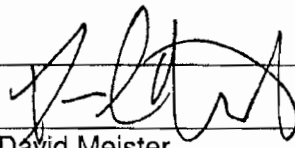
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<p>By:  Jonathan Schiller David Boyd Boies Schiller & Flexner LLP 5301 Wisconsin Ave., N.W. Washington, D.C. 20015</p> <p>Counsel for QCII</p>	<p>By: _____ David Meister James Miller Clifford Chance US LLP 31 West 52nd Street New York, NY 10166</p> <p>Counsel for Robert S. Woodruff</p>

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<p>By: _____ Jonathan Schiller David Boyd Boies Schiller & Flexner LLP 5301 Wisconsin Ave., N.W. Washington, D.C. 20015</p> <p>Counsel for QCII</p>	<p>By:  _____ David Meister James Miller Clifford Chance US LLP 31 West 52nd Street New York, NY 10166</p> <p>Counsel for Robert S. Woodruff</p>