

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re WORLDSPACE, INC.
SECURITIES LITIGATION

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No. 07 Civ. 02252 (RMB)
ECF Case
NOTICE OF SETTLEMENT OF
CLASS ACTION LAWSUIT

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF WORLDSPACE, INC. (“WORLDSPACE”) FROM AUGUST 4, 2005 TO MARCH 16, 2006

- **PLEASE READ THIS NOTICE CAREFULLY.**
- **IF YOU WISH TO COMMENT IN FAVOR OF THE SETTLEMENT OR OBJECT TO THE SETTLEMENT, YOU MUST FOLLOW THE DIRECTIONS IN THIS NOTICE.**
- **YOU MAY BE ELIGIBLE TO RECEIVE MONEY FROM THE SETTLEMENT OF THIS CASE.**
- **YOUR LEGAL RIGHTS MAY BE AFFECTED BY THIS LAWSUIT.**
- **TO RECEIVE MONEY FROM THIS SETTLEMENT, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) POSTMARKED ON OR BEFORE MAY 8, 2013.**
- **IF YOU DO NOT WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MAY REQUEST TO BE EXCLUDED BY SENDING A WRITTEN REQUEST FOR EXCLUSION THAT MUST BE POSTMARKED ON OR BEFORE MAY 8, 2013.**
- **IF YOU RECEIVED THIS NOTICE ON BEHALF OF A CLASS MEMBER WHO IS DECEASED, YOU SHOULD PROVIDE THE NOTICE TO THE AUTHORIZED LEGAL REPRESENTATIVE OF THAT CLASS MEMBER.**

YOU ARE HEREBY NOTIFIED AS FOLLOWS:¹

A proposed settlement (the “Settlement”) has been reached between the parties in this class action pending in the United States District Court for the Southern District of New York (the “Court”) brought on behalf of all individuals and entities described above (the “Class”). The Court has preliminarily approved the Settlement, whose terms are set forth in a Stipulation and Agreement, which is available at www.gcginc.com, and has conditionally certified the Class for purposes of Settlement only. You have received this Notice because the parties’ records indicate that you are a member of the Class. This Notice is designed to inform you of your rights, how you can submit a claim and how you can comment in favor of the Settlement or object to the Settlement. If the Settlement is finally approved by the Court, the Settlement will be binding upon you, unless you exclude yourself, even if you do not submit a claim to obtain money from the Settlement Fund and even if you object to the Settlement.

There will be a hearing on the Settlement (“Fairness Hearing”) at 9:00 a.m. on May 22, 2013 in Courtroom 12D of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York.

¹ A summary of this notice may be found at www.gcginc.com.

I. BACKGROUND OF THE CASE

On and after March 15, 2007, five complaints were filed as a putative class action, asserting violations of the federal securities laws. These cases were consolidated into a single proceeding on June 21, 2007, and captioned as *In re WorldSpace, Inc. Securities Litigation* under the case number 07 Civ. 02252 (RMB). On August 9, 2007, an Amended Complaint, consolidating all actions and claims, was filed alleging that the Defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933.

WorldSpace designed, developed, constructed and financed a satellite-based radio and data broadcasting service primarily in China and India. The plaintiffs alleged, among other things, that, at the time of its initial public offering, WorldSpace was unable to determine accurately the number of paying subscribers it had under contract, the level of its renewals and the level of “churn” (*i.e.*, customer cancellation or attrition)— a key operating metric for subscription-based companies – and failed to disclose this material information. Plaintiffs further alleged that WorldSpace’s stock price was artificially inflated because of the failure to disclose this material information.

Defendants have denied and continue to deny all charges of wrongdoing or liability associated with the claims alleged, but wish to resolve and settle the lawsuit. The Court has not ruled on the merits of whether Defendants violated the securities laws.

Plaintiffs and Defendants, and their counsel, have concluded that the Settlement is advantageous, considering the risks and uncertainties to each side of continued litigation. The parties and their counsel have determined that the Settlement is fair, reasonable and adequate and is in the best interests of the members of the Class. During the pendency of this case, WorldSpace filed for bankruptcy protection. The bankruptcy court approved of this Settlement on November 13, 2012.

The Settlement creates a fund in the amount of \$2,375,000 in cash and will include interest that accrues on the fund prior to distribution. Your recovery from the Settlement Fund will depend on a number of variables, including the number of shares of WorldSpace common stock you purchased during the period from August 4, 2005 through and including March 16, 2006, and the timing of your purchases and any sales. Lead Counsel estimate that if everyone eligible submits a valid claim, the average distribution per share will be approximately \$0.20 before deduction of Court-approved fees and expenses.

Plaintiffs and the Defendants do not agree on the average amount of damages per share that would be recoverable if the Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the amount by which shares of WorldSpace common stock were allegedly artificially inflated (if at all) during the Class Period; (2) the effect of various market forces influencing the trading price of shares of WorldSpace common stock at various times during the Class Period; (3) the extent to which external factors, such as general market and industry conditions, influenced the trading price of WorldSpace common stock at various times during the Class Period; (4) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the trading price of WorldSpace common stock at various times during the Class Period; (5) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the trading price of WorldSpace common stock at various times during the Class Period; and (6) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws of the United States.

II. TERMS OF THE SETTLEMENT

The Stipulation and Agreement setting forth the terms of the Settlement provides for the following:

A. What Does the Settlement Provide?

Creation of the Settlement Fund

Defendants have paid or caused to be paid into an escrow account, pursuant to the terms of the Stipulation and Agreement dated October 11, 2012 (the “Stipulation”), cash in the amount of \$2,375,000 which has been earning and will continue to earn interest for the benefit of the Class (the “Settlement Fund”).

B. Am I included in the Settlement?

You are included in the Settlement if you purchased shares of common stock of WorldSpace in connection with WorldSpace's initial public offering on or about August 4, 2005 through March 16, 2006, inclusive.

C. What is the legal effect of the Settlement on my rights?

If you are a member of the Class, the Settlement will affect you. If the Court grants final approval of the Settlement, this action will be dismissed with prejudice and all Class Members will fully release and discharge defendants from all claims for relief for claims arising out of or based on Plaintiffs' allegations. When a person "releases" claims, that means that person cannot sue the defendants for any of the claims covered by the release. If you are a Class Member and you submit a valid and timely Proof of Claim form, you will receive a payment based upon the distribution formula described below.

D. What will I receive from the Settlement?

The total Settlement Fund is \$2,375,000 plus accrued interest. That consists of: (i) certain administrative expenses, including costs of printing and mailing this notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund, and costs associated with the processing of claims submitted; these administrative expenses are estimated to be \$150,000 to \$175,000; (ii) subject to Court approval, up to 25% of the Settlement Fund to plaintiffs' counsel for their attorneys' fees and up to \$175,000 as a reimbursement for plaintiffs' counsel's expenses; and (iii) the remaining balance or the "Net Settlement Fund" will be distributed to Class Members who submit valid and timely Proofs of Claim. The Net Settlement Fund is estimated to be a minimum of \$1,475,000 to compensate the class claims.

If you are a Class Member, you will receive a share of the Net Settlement Fund (an amount of at least \$1,475,000) unless you request exclusion from the Class or fail to submit a valid and timely Proof of Claim form. Although we cannot determine the exact amount of your individual payment at this time, your payment will be based on the formula described below.

The Net Settlement Fund of a minimum of \$1,475,000 will be distributed to Class Members who submit valid, timely Proofs of Claim ("Authorized Claimants"). If you have a net loss on all transactions in WorldSpace common stock during the Class Period, you will be paid as follows:

Damage Claims related to the Company's Initial Public Offering:

For shares of common stock purchased from August 4, 2005 to March 16, 2006, inclusive:

- A. For shares held at the end of trading on June 14, 2006, the Recognized Loss shall be that number of shares multiplied by the lesser of:
- (1) the applicable Artificial Inflation Per Share figure, as found in Table A; or
 - (2) the difference between: (a) the lesser of (i) the purchase price per share or (ii) \$21.00; and (b) \$6.02.²
- B. For shares sold from August 4, 2005 to March 16, 2006, inclusive, the Recognized Loss shall be that number of shares multiplied by the lesser of:
- (1) the applicable Artificial Inflation Per Share figure on the date of purchase less the applicable Artificial Inflation Per Share figure on the date of sale, as found in Table A; or
 - (2) the difference between: (a) the lesser of (i) the purchase price per share or (ii) \$21.00; and (b) the sale price per share.

² \$21.00 is the IPO price. \$6.02 is the mean closing price of WorldSpace's common stock during the 90-day period beginning on March 17, 2006 and ending on June 14, 2006, which average price is statutorily required to be considered in the allocation formula.

- C. For shares sold from March 17, 2006 to June 14, 2006, the Recognized Loss shall be that number of shares multiplied by the lesser of:
- (1) the applicable Artificial Inflation Per Share figure, as found in Table A; or
 - (2) the difference between: (a) the lesser of (i) the purchase price per share or (ii) \$21.00; and (b) the average closing price of WorldSpace, Inc. common stock between March 17, 2006 and the date of sale.

Table A

<u>Purchase or Sale Date Range</u>	<u>Artificial Inflation Per Share</u>
08/04/2005 – 11/07/2005	\$4.06
11/08/2005 – 03/16/2006	\$2.83

For Class Members who made multiple purchases or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of common stock during the Class Period will be matched, in chronological order, against purchases of WorldSpace common stock in chronological order, beginning with the earliest purchase made during the Class Period.

You will receive the proportionate share of the Net Settlement Fund that your claim bears to the aggregate total of all other valid and approved claims. No distributions will be made to Class Members who would otherwise receive less than \$10.00. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants.

E. Can I decide to opt out of this Settlement?

Yes. If you do not wish to be included in the Class and you do not wish to participate in the Settlement, you may request to be excluded. To do so, you must submit a written request for exclusion that must be postmarked on or before May 8, 2013. You must set forth: (a) your name, address, and telephone number; (b) the number of shares of WorldSpace common stock purchased in connection with WorldSpace’s IPO during the Class Period along with the dates and prices of such purchase(s), and the number of shares sold during the Class Period along with the dates and prices of such sales; and (c) that you wish to be excluded from the Class. The exclusion request should be addressed as follows:

WorldSpace Securities Litigation
EXCLUSION REQUEST
Claims Administrator
c/o GCG
P.O. Box 9906
Dublin, OH 43017-5806

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

If you timely and validly request exclusion from the Class, (a) you will be excluded from the Class, (b) you will not share in the proceeds of the Settlement described herein, (c) you will not be bound by any judgment entered in the case, and (d) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the litigation.

F. What if a Class Member is deceased?

The authorized legal representative(s) of a Class Member may receive a recovery on behalf of the Class Member.

G. How and what do I do to make sure the claims administrator has my correct address?

If your address changes from the address to which this Notice was directed, you must notify the Claims Administrator of your new address as soon as possible. Failure to keep the Claims Administrator informed of your address may result in the loss of any monetary award you might be eligible to receive. Please send your new contact information to the Claims Administrator at the address listed below and include your old address, new address, new telephone number, date of birth and Social Security number. These last two items are required so that the Claims Administrator can verify the address change is from an actual Class Member.

WorldSpace Securities Litigation
Claims Administrator
c/o GCG
P.O. Box 9906
Dublin, OH 43017-5806

H. What is the Lead Plaintiff being paid?

Midtown Partners III, Inc., the designated Class Representative, has not applied to the Court for any compensation that is different from that which is to be received by all other Class Members.

I. What are the Plaintiffs' counsels' fees and costs?

At the Fairness Hearing, Lead Counsel will request the Court to award attorneys' fees of 25% of the Settlement Fund, plus expenses not to exceed \$175,000, which were incurred in connection with the action, plus interest thereon. Whatever amount is approved by the Court as legal fees and expenses will be paid from the Settlement Fund.

To date, Lead Counsel has not received any payment for its services in conducting this action, nor has counsel been reimbursed for their substantial expenses. The fee requested by Lead Counsel will compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. If the amount requested is approved by the Court, the average cost per share will be \$0.06. The motion for attorneys' fees and expenses will be posted at www.aftlaw.com when it is submitted to the Court.

III. LEAD PLAINTIFF'S AND LEAD COUNSEL'S SUPPORT OF THE SETTLEMENT

The Lead Plaintiff and Lead Counsel support this Settlement. Their reasons include the inherent risks of denial of class certification in the non-settlement context (which has not been ruled upon by the Court), the risk of no recovery or limited recovery if the Court were to rule in favor of Defendants' summary judgment motion or if a trial proceeded on the merits, and the inherent delays and uncertainties associated with the litigation. Based on their experience litigating similar cases, Lead Counsel believe that further proceedings in this case, including a summary judgment motion, a trial and probable appeals, would be very expensive and protracted. No one can confidently predict how the various legal questions at issue, including the amount of damages, would ultimately be resolved. Therefore, upon careful consideration of all of the facts and circumstances of this case, Lead Counsel believe the Settlement is fair, reasonable and adequate.

IV. WHAT OPPORTUNITY WILL I HAVE TO GIVE MY OPINION ABOUT THE SETTLEMENT?

If you wish to object to the Settlement, you may submit a written statement of the objection to the Claims Administrator at the address in the following paragraph. Your written objection should include all reasons for the objection.

To be considered, your objection must be mailed to WorldSpace Securities Litigation, Claims Administrator, c/o GCG, P.O. Box 9906, Dublin, OH 43017-5806 via First-Class United States Mail, postage prepaid, or by overnight mail or delivery service such as FedEx or UPS, and must be received by May 8, 2013. The statement must also include your name and the number of shares of WorldSpace common stock you purchased during the Class Period.

If you file an objection to the Settlement, you also have a right to appear at the Fairness Hearing either in person or through counsel hired by you at your own expense. If you wish to appear at the Fairness Hearing, you should state your intention to do so in writing on your objection at the time you submit your written objection.

V. FAIRNESS HEARING

The Court will hold a Fairness Hearing at 9:00 a.m. on May 22, 2013 in Courtroom 12D of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 to determine whether the settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve Class Counsel's request for attorneys' fees and expenses. The Court may adjourn or continue the Fairness Hearing without further notice to the Class. You are not obligated to attend this hearing.

VI. GETTING MORE INFORMATION

This Notice is a summary and does not describe all of the details of the Stipulation. For precise terms and conditions of the Settlement, you may review the Stipulation filed with the Court, as well as the other pleadings and records of this litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 or at www.gcginc.com. Class members without access to the internet may be able to review this document on-line at locations such as a public library.

If you have any questions about the settlement of the action, you may contact Lead Counsel by writing:

ABRAHAM, FRUCHTER & TWERSKY, LLP
JACK G. FRUCHTER
LAWRENCE D. LEVIT
One Pennsylvania Plaza, Suite 2805
New York, NY 10119
(212) 279-5050

You may also call or write to the Claims Administrator at WorldSpace Securities Litigation, c/o GCG, P.O. Box 9906, Dublin, OH 43017-5806 or call at (888) 331-8499, stating that you are requesting assistance regarding the WorldSpace litigation.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: January 25, 2013

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