

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

_____) IN RE PARADYNE NETWORKS, INC.) SECURITIES LITIGATION)) CASE NO. 8:00-CV-2057-T-17TBM))
---	---

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR
ATTORNEYS FEES, AND RIGHT TO SHARE IN SETTLEMENT FUNDS**

**If you bought Paradyne Networks, Inc. (“Paradyne”) common stock
during the period from March 20, 2000 to September 28, 2000,
inclusive, you could get a payment from a class action settlement.**

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlement will provide \$3 million to pay claims from investors who bought shares of Paradyne common stock during the period from March 20, 2000 to September 28, 2000, inclusive.
- The settlement resolves a lawsuit over whether Paradyne and certain of its officers and directors misled investors about its future earnings.
- Your legal rights are affected whether you act, or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Paradyne about the legal claims in this case.
OBJECT	Write to the Court about why you don’t like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement, after any appeals are resolved, and after all claims are processed. Please be patient.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION	3
1. Why Did I Get This Notice Package?	3
2. What is This Lawsuit About?	3
3. Why is This a Class Action?	3
4. Why is There a Settlement?	3
WHO IS IN THE SETTLEMENT	3
5. How Do I Know If I Am Part of the Settlement?	3
6. Are There Exceptions to Being Included?	3
7. I'm Still Not Sure If I Am Included?	3
THE SETTLEMENT BENEFITS — WHAT YOU GET	3
8. What Does the Settlement Provide?	3
9. How Much Will My Payment Be?	4
HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM	4
10. How Can I Get a Payment?	4
11. When Would I Get My Payment?	4
12. What Am I Giving Up to Get a Payment or Stay in the Class?	4
EXCLUDING YOURSELF FROM THE SETTLEMENT	4
13. How Do I Get Out of the Settlement?	5
14. If I Don't Exclude Myself, Can I Sue Defendants For the Same Thing Later?	5
15. If I Exclude Myself, Can I Get Money From This Settlement?	5
THE LAWYERS REPRESENTING YOU	5
16. Do I Have a Lawyer In This Case?	5
17. How Will the Lawyers Be Paid?	5
OBJECTING TO THE SETTLEMENT	5
18. How Do I Tell the Court that I Don't Like the Settlement?	5
19. What's the Difference Between Objecting and Excluding?	6
THE COURT'S FAIRNESS HEARING	6
20. When and Where Will the Court Decide Whether to Approve the Settlement?	6
21. Do I Have to Come to the Hearing?	6
22. May I Speak at the Hearing?	6
IF YOU DO NOTHING	6
23. What Happens If I Do Nothing at All?	6
GETTING MORE INFORMATION	6
24. Are There More Details About the Settlement?	6
25. How Do I Get More Information?	6
PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS	6
UNDERSTANDING YOUR PAYMENT	7

BASIC INFORMATION

1. *Why Did I Get This Notice Package?*

You or someone in your family may have purchased shares of Paradyne common stock during the period from March 20, 2000 to September 28, 2000, inclusive.

The Court sent you this notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the settlement allows. You will be informed of the progress of the settlement.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Middle District of Florida, Tampa Division, and the case is known as *In re Paradyne Networks, Inc. Securities Litigation* Case No. 8:00-CV-2057-T-17TBM. The people who sued are called Plaintiffs, and the company and the individuals they sued, Paradyne and Andrew S. May, Patrick M. Murphy, Thomas Epley and Sean Belanger, are called the Defendants.

2. *What is This Lawsuit About?*

Paradyne is a developer, manufacturer and distributor of digital subscriber line (DSL) products. The lawsuit claimed that the Defendants misled investors by intentionally failing to disclose that they engaged in a very high risk business strategy. Under the strategy, Plaintiffs allege that the company purchased \$35 million worth of customized internet communications equipment for a customer that had not given the company any firm commitment to buy the customized equipment, and the customer ultimately determined not to purchase such equipment from Paradyne. The lawsuit also claimed that Paradyne issued press releases and financial statements that had false and misleading information about Paradyne's financial performance. The lawsuit further claimed that on September 28, 2000, when Defendants announced that the company's previously reported financial results were not representative of its true performance and that the \$35 million worth of inventory – previously represented as a valuable asset – was totally worthless, Paradyne's stock fell 41% from a close of \$10.00 on September 27, 2000 to a close of \$5.90 on September 28, 2000. The Defendants deny they did anything wrong. Defendants claim that they adequately disclosed the risks relating to the inventory build-up to meet the forecasted demands from this and other customers. They further contend that their public filings adequately warned investors of the risk of the practice by Paradyne (and its competitors) to stock inventory based on forecast without having a firm purchase commitment from the customer.

3. *Why is This a Class Action?*

In a class action, one or more people called Class Representatives (in this case Larry Spitaufsky, John Samson, Brian Rodak and Paul Cappaert), sue on behalf of people who have similar claims. All these people are Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. United States District Judge Elizabeth A. Kovachevich is in charge of this class action.

4. *Why is There a Settlement?*

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial, and the people affected will get compensation. The Class Representatives and their attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. *How Do I Know If I Am Part of the Settlement?*

Judge Kovachevich decided that everyone who fits this description is a Class Member: *All people who purchased or otherwise acquired the common stock of Paradyne during the period from March 20, 2000 to September 28, 2000, inclusive.*

6. *Are There Exceptions to Being Included?*

You are not a Class Member if you are a Defendant; a member of an individual Defendant's immediate family, any entity in which any Defendant has a controlling interest, or the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party. If one of your mutual funds own shares of Paradyne common stock, that alone does not make you a Class Member. You are a Class Member only if you purchased shares of Paradyne stock individually. Contact your broker to see if you have or held Paradyne stock during the Class Period.

If you sold Paradyne stock during the period from March 20, 2000 to September 28, 2000, inclusive, that alone does not make you a Class Member. You are a Class Member only if you *bought* shares during the period from March 20, 2000 to September 28, 2000, inclusive.

7. *I'm Still Not Sure If I Am Included?*

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-335-2852 or visit www.heffler.com for more information. Or you can fill out and return the claim form described on page 4, in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. *What Does the Settlement Provide?*

The Defendants have agreed to create a \$3 million settlement fund to be divided, after the deduction of Court approved attorneys' fees and administration expenses and net of any taxes, among all Class Members who send in a valid claim form.

9. *How Much Will My Payment Be?*

Your share of the fund will depend on the number of valid claim forms that Class Members send in, how many shares of Paradyne stock you bought, and when you bought and sold them. The proposed Plan of Allocation is set forth at the end of this Notice.

By following the instructions on page 7 of this Notice, you can calculate what is called your Recognized Claim. It's unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their claim forms, the payment you get will reflect your Recognized Claim in relation to the total of everyone's Recognized Claims. See the instructions on page 7 for more information on your Recognized Claim.

Generally, those who bought more shares and have a larger Net Recognized Loss will get more money, and those who bought fewer shares and have a smaller Net Recognized Loss will get less.

The number of claimants who send in claims varies widely from case to case. If less than 100% of the Class sends in a claim form, you could get more money.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

10. *How Can I Get a Payment?*

To qualify for payment, you must send in a claim form. A claim form is attached to this Notice. You may also get a claim form on the Internet at www.heffler.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it by first-class mail, postmarked no later than **July 12, 2004**.

11. *When Would I Get My Payment?*

The Court will hold a hearing on **June 11, 2004**, to decide whether to approve the settlement. If Judge Kovachevich approves the settlement after that, there may be appeals. It's always uncertain when these appeals will be resolved, and resolving them can take time, perhaps more than a year. It will also take time to process the Proofs of Claim submitted by all Class Members. Everyone who sends in a claim form will be informed of the progress of the settlement. Please be patient.

12. *What Am I Giving Up to Get a Payment or Stay in the Class?*

1. Unless you exclude yourself, you are staying in the Class, and that means that, if the settlement is approved, you will release all "Settled Claims" (as defined below) against the "Released Parties" (as defined below). In addition Class Members covenant not to sue any of the Released Parties directly, indirectly, or derivatively with respect to any of the Settled Claims.

2. "Settled Claims" means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, 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 class or individual in nature, including both known claims and unknown claims, (i) that have been asserted in the lawsuit by the Class Members or any of them against any of the Released Parties and relate to the purchase or other acquisition of shares of the common stock of Paradyne during the Certified Class Period, or (ii) that 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 are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the complaint and relate to the purchase or other acquisition of shares of the common stock of Paradyne during the Certified Class Period. "Settled Claims" does not include, and expressly excluded from this Settlement and any release contained herein and the covenant not to sue, are, any and all claims (i) that have been asserted in *In Re Paradyne Networks, Inc. Initial Public Offering Securities Litigation*, Civil Action No. 01 Civ. 10797, as coordinated for pretrial purposes in the *Initial Public Offering Securities Litigation*, Master File No. 21 MC 92 (SAS), pending in the United States District Court for the Southern District of New York, (the "IPO Litigation"), or (ii) that could be asserted in the IPO Litigation under the Securities Act of 1933 and the Securities Exchange Act of 1934, or any other laws, against any of the Defendants which relate to the alleged conduct of any of the underwriters and any of the Released Parties in connection with the underwriting, distribution or allocation of the initial or any subsequent public offering of shares of Paradyne (the "IPO Shares"), inclusive of allocation of any initial or follow-on public offering shares of any issuer, or the conduct of any underwriter in connection with the aftermarket for the IPO Shares.

3. "Released Parties" means Defendants, their past and present affiliates, shareholders, officers, directors, employees, insurers, reinsurers, professional advisors, attorneys, agents, subsidiaries, parents, successors and predecessors, advisors, and investment advisors, auditors, accountants and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

If you remain a member of the Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as opting out of the Class.

13. *How Do I Get Out of the Settlement?*

To exclude yourself from the settlement, you must send a letter by mail saying that you want to be excluded from *In re Paradyne Networks, Inc. Securities Litigation*. Be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request by first-class mail, postmarked no later than **May 17, 2004** to:

Paradyne Securities Litigation Exclusions
c/o Heffler, Radetich & Saitta L.L.P.
Post Office Box 58490
Philadelphia, PA 19102-8490

You can't exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Paradyne in the future.

14. *If I Don't Exclude Myself, Can I Sue Defendants For the Same Thing Later?*

No. Unless you exclude yourself, you give up any rights to sue Defendants for the claims that this settlement resolves. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **May 17, 2004**.

15. *If I Exclude Myself, Can I Get Money From This Settlement?*

No. If you exclude yourself, do not send in a claim form to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against the Defendants.

THE LAWYERS REPRESENTING YOU

16. *Do I Have a Lawyer In This Case?*

The Court ordered that the law firms of Milberg Weiss Bershad Hynes & Lerach LLP in Boca Raton, Florida and Barrack, Rodos & Bacine in Philadelphia, Pennsylvania, represent you and other Class Members. These lawyers are called Co-Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. *How Will the Lawyers Be Paid?*

Co-Lead Counsel will ask the Court for attorneys' fees not to exceed one-third (33 $\frac{1}{3}$ %) of the settlement amount, and for reimbursement of expenses in the approximate amount of \$325,000.00 plus interest. The requested fees and expenses would amount to an average of \$.08 per damaged share. Co-Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

18. *How Do I Tell the Court that I Don't Like the Settlement?*

If you're a Class Member, you can object to the settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *In Re Paradyne Networks, Inc. Securities Litigation* Case No. 8:00-CV-657-T-17TBM. Be sure to include your name, address, telephone number, your signature, and the reasons you object to the settlement. Mail the objection to these four different places by first-class mail, postmarked no later than **May 25, 2004**:

COURT	CO-LEAD COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court for the Middle District of Florida 801 North Florida Ave. Tampa, FL 33602	Robert R. Adler, Esq. Milberg Weiss Bershad Hynes & Lerach LLP 5355 Town Center Road Suite 900 Boca Raton, FL 33486	Tracy Nichols, Esq. Holland & Knight LLP P.O. Box 015441 Miami, FL 33101
	Daniel E. Bacine, Esq. Barrack, Rodos & Bacine 3300 Two Commerce Square 2001 Market Street Philadelphia, PA 19103	

19. *What's the Difference Between Objecting and Excluding?*

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

20. *When and Where Will the Court Decide Whether to Approve the Settlement?*

The Court will hold a Fairness Hearing at 2:00 pm on June 11, 2004, at the United States District Court for the Middle District of Florida, 801 North Florida Ave., Tampa, FL 33602. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. Judge Kovachevich will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Class Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

21. *Do I Have to Come to the Hearing?*

No. Co-Lead Counsel will answer questions Judge Kovachevich may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

22. *May I Speak at the Hearing?*

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *In re Paradyne Networks, Inc. Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than **May 25, 2004**, and be sent to the Clerk of the Court, Co-Lead Counsel, and Defense Counsel, at the four addresses above in question 18. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

23. *What Happens If I Do Nothing at All?*

If you do nothing, you'll get no money from this settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the legal issues in this case, ever again.

GETTING MORE INFORMATION

24. *Are There More Details About the Settlement?*

This notice summarizes the proposed settlement. More details are in a Settlement Agreement. You can get a copy of the Settlement Agreement by writing to Robert R. Adler, Esq., Milberg Weiss Bershad Hynes & Lerach LLP, 5355 Town Center Road, Suite 900, Boca Raton, Florida 33486, or Daniel E. Bacine, Esq., Barrack, Rodos & Bacine, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, Pennsylvania 19103, or by visiting www.Heffler.com.

25. *How Do I Get More Information?*

You can call 1-800-335-2852 toll free; write to In re Paradyne Securities Litigation Settlement, c/o Heffler, Radetich & Saitta L.L.P., Post Office Box 58490, Philadelphia, PA 19102-8490, or visit the website at www.heffler.com, where you will find answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

1. The \$3,000,000 Cash Settlement Amount, and the interest earned thereon shall be the “Gross Settlement Fund.” The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the “Net Settlement Fund”) shall be distributed to members of the Class who file acceptable Proofs of Claim (“Authorized Claimants”). The Claims Administrator shall determine each Authorized Claimant’s pro rata share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim.”

2. The following proposed Plan of Allocation is based on the proposition that the price of Paradyne common stock was artificially inflated from March 20, 2000 until September 28, 2000 when Paradyne issued a press release announcing that it expected lower financial results and that it would have a one-time charge of \$30 to \$35 million relating to writing down inventory. Following the announcement the price of Paradyne common stock dropped approximately \$4.09 per share from \$10.00 per share on September 27, 2000 to close at \$5.91 on September 28, 2000. Class Members who purchased during the Class Period and held those shares on or after the September 28, 2000 announcement will have their claims recognized for \$4.09 per share. To reflect a discount for the potential offset of the inflation received on the sale, Class Members who sold their shares at a loss prior to the September 28, 2000 announcement will have their claims recognized for the *lesser of* (a) \$1.02 per share (one quarter of the \$4.09 price drop), or (b) one-quarter of the difference between the purchase price paid and the sales proceeds received.

3. “Recognized Claims” will be calculated for purposes of the Settlement as follows: For shares of Paradyne common stock purchased¹ during the period March 20, 2000 through September 28, 2000, inclusive, and

- (a) Sold at a loss before the September 28, 2000 announcement, an Authorized Claimant’s “Recognized Claim” shall mean *the lesser of* (i) \$1.02 per share, or (ii) 25% of the difference between the purchase price paid (including commissions, etc.) and the sales proceeds received (net of commissions, etc.); or
- (b) Held at the time of the September 28, 2000 announcement, an Authorized Claimant’s “Recognized Claim” shall mean \$4.09 per share purchased during the Class Period and still held at the time of the announcement on September 28, 2000².

4. Sales during the Class Period will be matched first against any shares held prior to the Class Period and then against purchases during the Class Period on a First-In-First-Out (“FIFO”) basis. Transactions resulting in a gain shall not be included.

5. Distributions will be made to Authorized Claimants only after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Co-Lead Counsel.

UNDERSTANDING YOUR PAYMENT

STEP 1: Begin to calculate your Recognized Claim by listing your Class Period purchases and sales, if any, chronologically.

STEP 2: If you acquired any Paradyne shares prior to the Class Period and still owned them at the opening of trading on March 20, 2000, match any Class Period sales first against those shares and remove them from the calculations.

STEP 3: Match any remaining sales during the Class Period against Class Period purchases in chronological order.

For shares sold at a loss of \$4.09 or more a share, the Recognized Claim is calculated by multiplying the number of shares sold at a loss of \$4.09 or more by \$1.02 per share.

For shares sold at a loss of less than \$4.09 per share, the Recognized Claim is calculated by multiplying 25% of the loss per share by the number of shares sold.

STEP 4: Multiply the number of shares you purchased during the Class Period and still owned at the time of the September 28, 2000 announcement sold by \$4.09.

STEP 5: Add the numbers calculated in steps 3 and 4. This is your Recognized Claim.

STEP 6: Your Recognized Claim is a percentage of the Total Recognized Claims of all Class Members claims. This percentage is the same percentage of the Net Settlement Fund that you will get. This amount can be estimated only after the Claims Administrator receives all the Proof of Claim forms. If less than 100% of the Class sends in a claim form, you could get more money.

STEP 7: The Claims Administrator will calculate your payment from the Net Settlement Fund.

¹ The date of a purchase or sale is the “trade” or “contract” date as distinguished from the “settlement” or “closing” date.

² For purposes of the Plan of Allocation, a sale on September 28, 2000 at a price above \$8.00 per share will be considered to have occurred prior to the announcement and a sale for \$8.00 or below will be considered to have occurred after the announcement.

EXAMPLE — PAYMENT CALCULATION

Suppose John Smith bought 500 shares of Paradyne common stock on March 20, 2000, at \$35.00 per share, sold 100 shares on July 10, 2000 at \$36.50 per share, sold 100 shares of Paradyne common stock on July 20, 2000 at \$33.00 per share, sold 100 shares of Paradyne common stock on August 10, 2000 at \$24.00 per share, and still held 200 shares at the close of trading on September 28, 2000.

Also suppose that Claims are submitted by Class Members who have Total Recognized Claims of \$6,000,000, and that the Net Settlement Fund after fees and expenses is \$2,000,000:

STEP 1:	100 shares sold on 7/10/00 cost \$35.00, sold for \$36.50, GAIN – No Recognized Claim
STEP 2:	100 shares sold on 7/20/00 cost \$35.00, sold for \$33.00, a \$2.00 loss per share: $\$2.00 \times 25\% \times 100 \text{ shares} = \50.00 Recognized Claim
STEP 3:	100 shares sold on 8/10/00 cost \$35.00, sold for \$24.00, a loss over \$4.09 per share: $\$1.02 \times 100 \text{ shares} = \102.00 Recognized Claim
STEP 4:	200 shares held at the close of trading on 9/28/00: $\$4.09 \times 200 \text{ shares} = \818.00 Recognized Claim
STEP 5:	$\$50.00 + \$102.00 + \$818.00 = \970.00 , John Smith's Total Recognized Claim
STEP 6:	Suppose in this example that there are Total Recognized Claims of \$6 million claimed by all Class Members who send in claim forms: $\$970 \div \$6,000,000 =$ John Smith's Recognized Claim is 0.0161666% of the total.
STEP 7:	$\$2,000,000$ (Net Settlement Fund) $\times 0.0161666\% = \$323.33$ John Smith's payment.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired common stock of Paradyne during the period from March 20, 2000 to September 28, 2000, inclusive, for the beneficial interest of a person or entity other than yourself, the Court has directed that, **WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS SETTLEMENT NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or entity for whom or which you purchased such stock during such time period or (b) request additional copies of this Settlement Notice and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) days mail the Settlement Notice and Proof of Claim form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re Paradyne Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Post Office Box 58490
Philadelphia, PA 19102-8490
(800) 335-2852

Dated: Tampa, Florida
March 15, 2004

By Order of the Court
CLERK OF THE COURT

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

_____))
IN RE PARADYNE NETWORKS, INC.)
SECURITIES LITIGATION)
_____)

CASE NO. 8:00-CV-2057-T-17TBM

PROOF OF CLAIM AND RELEASE
DEADLINE FOR SUBMISSION: July 12, 2004.

IF YOU PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF PARADYNE NETWORKS, INC. ("PARADYNE") DURING THE PERIOD FROM MARCH 20, 2000 TO SEPTEMBER 28, 2000, INCLUSIVE ("CLASS PERIOD"), YOU ARE A "CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. EXCLUDED FROM THE CLASS ARE DEFENDANTS, MEMBERS OF EACH INDIVIDUAL DEFENDANT'S FAMILY AND THE LEGAL AFFILIATES, REPRESENTATIVES, HEIRS, CONTROLLING PERSONS, SUCCESSORS, AND PREDECESSORS IN INTEREST OR ASSIGNS OF ANY SUCH EXCLUDED PARTY

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND MAIL IT BY FIRST-CLASS MAIL, POSTMARKED NO LATER THAN JULY 12, 2004 TO THE FOLLOWING ADDRESS:

In re Paradyne Securities Litigation
c/o Heffler, Radetich & Saitta L.L.P.
Post Office Box 58490
Philadelphia, PA 19102-8490

YOUR FAILURE TO SUBMIT YOUR CLAIM BY JULY 12, 2004 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS LITIGATION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

CLAIMANT'S CERTIFICATION:

1. I purchased or otherwise acquired the common stock of Paradyne Networks, Inc. ("Paradyne") during the Class Period from March 20, 2000 to September 28, 2000, inclusive. (Do not submit this Proof of Claim if you did not acquire Paradyne common stock during this period.)

2. By submitting this Proof of Claim, I state that I believe in good faith that I am a Class Member as defined above and in the Notice of Proposed Settlement of Class Action, Motion for Attorneys' Fees, and Right to Share in Settlement Funds (the "Notice"), or am acting for such person; that I am not a Defendant in the action or anyone excluded from the Class; that I have read and understand the Notice; that I believe that I am entitled to receive a share of the Net Settlement Fund; that I elect to participate in the proposed settlement described in the Notice; and that I have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member (e.g., as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I have set forth where requested below all relevant information with respect to each purchase of Paradyne common stock during the Class Period, and each sale, if any, of such securities. I agree to furnish additional information (including transactions in other Paradyne securities) to the Claims Administrator to support this claim if requested to do so.

4. I have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, relevant portions of my tax returns or other documents evidencing each purchase, sale or retention of Paradyne common stock listed below in support of my claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER OR TAX ADVISOR BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)

5. I understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your Recognized Claim. In some cases the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives of the subject securities such as options.)

6. Upon the date that the settlement becomes effective, my signature hereto will constitute a full and complete release, remise and discharge by me or, if I am submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by my, its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns of each of the "Released Parties" of all "Settled Claims," as defined in the Notice.

7. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All claimants MUST submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-(800) 335-2852 or visit their website at www.heffler.com to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

12. SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security No. (for individuals) [] [] [] [] - [] [] - [] [] [] [] [] []

OR

Taxpayer Identification Number (for estates, trusts, corporations, etc.) [] [] - [] [] [] [] [] [] [] [] [] []

13. CERTIFICATION

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT AND COMPLETE.

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding, or (b) I (we) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above and check here .

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

Note: If you require the Instructions for Completing Substitute form W-9, please make a written request to us at: In re Paradyne Securities Litigation, c/o Heffler, Radetich & Saitta L.L.P., Post Office Box 58490, Philadelphia, PA 19102-8490. Please note that your accountant should also be able to provide you with the Instructions.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign)

(Signature)

(Signature)

Date: _____, 2004

THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN JULY 12, 2004, AND MUST BE MAILED TO:

In re Paradyne Securities Litigation
c/o Heffler Radetich & Saitta LLP
Post Office Box 58490
Philadelphia, PA 19102-8490

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by July 12, 2004, and if a postmark is indicated on the envelope and it is mailed first class, and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

If you wish to be assured that your Proof of Claim is actually received by the Claims Administrator then you should send it by Certified Mail, Return Receipt Requested. No acknowledgment will be made as to the receipt of claim forms. You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

In re Paradyne Securities Litigation
c/o Heffler Radetich & Saitta LLP
Post Office Box 58490
Philadelphia, PA 19102-8490

ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.

THANK YOU FOR YOUR PATIENCE.

Reminder Checklist:

1. Please sign the above release and certification.
2. Remember to attach copies of supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.