

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
(Alexandria Division)

IN RE PSINET INC. SECURITIES LITIGATION

THIS DOCUMENT RELATES TO: ALL ACTIONS

Civ. No. 00-1850-A

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION,  
HEARING ON PROPOSED SETTLEMENT AND ATTORNEYS' FEE PETITION  
AND RIGHT TO SHARE IN SETTLEMENT FUND**

- TO: (A) ALL PERSONS AND ENTITIES WHO PURCHASED PSINET INC. ("PSINET") COMMON STOCK ON THE OPEN MARKET BETWEEN MARCH 22, 2000 AND NOVEMBER 2, 2000, INCLUSIVE AND WHO WERE DAMAGED THEREBY (THE "COMMON STOCK CLASS"); AND**
- TO: (B) ALL PERSONS AND ENTITIES WHO ACQUIRED PSINET COMMON STOCK THROUGH PSINET'S MERGER WITH METAMOR WORLDWIDE, INC. CONSUMMATED ON OR ABOUT JUNE 15, 2000 AND WHO WERE DAMAGED THEREBY (THE "METAMOR CLASS"); AND**
- TO: (C) ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED PSINET 7% SERIES D PREFERRED STOCK PURSUANT TO OR TRACEABLE TO PSINET'S AUGUST 3, 2000 PROSPECTUS AND WHO WERE DAMAGED THEREBY (THE "PREFERRED STOCK CLASS"); AND**
- TO: (D) ALL PERSONS AND ENTITIES WHO PURCHASED PSINET'S 10% SENIOR NOTES DUE 2005, 10.5% SENIOR NOTES DUE 2006, 11% SENIOR NOTES DUE 2009, AND 11.5% SENIOR NOTES DUE 2008 BETWEEN SEPTEMBER 15, 2000 AND NOVEMBER 2, 2000, INCLUSIVE, AND WHO WERE DAMAGED THEREBY (THE "BOND PURCHASER CLASS").**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THESE ACTIONS. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED HEREIN.**

**CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE JULY 10, 2003.**

**SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE INSTRUCTIONS ON PAGE 11 HEREIN.**

**SUMMARY OF SETTLEMENT AND RELATED MATTERS**

**I. Purpose of this Notice**

1. This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated April 2, 2003 of the United States District Court for the Eastern District of Virginia (the "Court"). The purpose of this Notice is to inform you of the proposed Settlement of these class action litigations (the "Actions"), of the terms of the proposed Settlement, which will affect all Class Members' rights, and of a hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement. This Notice describes rights you may have under the proposed Settlement and what steps you may now take in relation to these Actions. Previously, commencing on or about January 7, 2003, a Notice of Pendency of Class Action was distributed to members of the Classes advising Class Members of the pendency of the actions in the above-captioned litigation as class actions pursuant to Rule 23 of the Federal Rules of Civil Procedure and advising Class Members of their rights with respect to the actions, including the right to have requested exclusion from the Classes on or before March 3, 2003. This Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in these Actions, or the fairness or adequacy of the proposed Settlement.

**II. Statement of Plaintiffs' Recovery**

2. Pursuant to the Settlement described herein, a Settlement Fund consisting of \$17.833 million in cash, plus interest, has been established.

(a) Plaintiffs estimate that there were approximately 95 million shares of PSINet common stock traded during the Common Stock Class Period, including the common stock acquired through PSINet's acquisition of Metamor Worldwide, Inc., which are eligible to share in the settlement described below. Plaintiffs estimate that the average recovery per eligible share of PSINet common stock under the Settlement is \$0.14 per eligible share before deduction of Court-awarded attorneys' fees and expenses.

(b) Plaintiffs estimate that there were approximately 13.8 million shares of PSINet 7% Series D Preferred Stock issued which are eligible to share in the settlement described below. Plaintiffs estimate that the average recovery per eligible share of PSINet 7% Series D Preferred Stock is \$0.12 per eligible share before deduction of Court-awarded attorneys' fees and expenses.

(c) Plaintiffs estimate that there were approximately \$60.3 million in face amount of PSINet's 10% Senior Notes due 2005, \$81.5 million in face amount of 10.5% Senior Notes due 2006, \$179.6 million in face amount of 11% Senior Notes due 2009, and \$31.7 million in face amount of 11.5% Senior Notes due 2008 traded during the Bond Purchaser Class Period which are eligible to share in the settlement described below. Plaintiffs estimate that the average recovery per \$1,000 face amount of PSINet senior notes under the Settlement is \$5.50 per \$1,000 face amount of PSINet's 10% Senior Notes due 2005, \$6.24 per \$1,000 face amount of 10.5% Senior Notes due 2006, \$6.52 per \$1,000 face amount of 11% Senior Notes due 2009, and \$6.27 per \$1,000 face amount of 11.5% Senior Notes due 2008 before deduction of Court-awarded attorneys' fees and expenses.

Depending on the number of PSINet securities purchased by Class Members who submit claims, when such Class Members purchased their PSINet securities, and whether those securities were held on or after November 2, 2000 or sold prior thereto, and, if sold, when they were sold, an individual Class Member may receive more or less than the above average amounts.

3. Under the relevant securities laws, a claimant's recoverable damages are limited to the losses attributable to the alleged securities law violations. Losses which resulted from factors other than an alleged securities law violation are not recoverable from the Settlement Fund. For purposes of the Settlement herein, a Class Member's distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at paragraphs 38 - 45, or such other Plan of Allocation as may be approved by the Court.

### **III. Statement of Potential Outcome of Case**

4. The parties disagreed on both liability and damages and do not agree on the average amount of damages per security that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (a) the appropriate economic model for determining the amount by which any PSINet securities were allegedly artificially inflated (if at all) during the relevant time periods; (b) the amount by which any PSINet securities were allegedly artificially inflated (if at all) during the relevant time periods; (c) the effect of various market forces influencing the trading prices of the various PSINet securities at various times during the relevant time periods; (d) the extent to which external factors, such as general market and industry conditions, influenced the trading prices of each of the PSINet securities at various times during the relevant time periods; (e) the extent to which the various matters that plaintiffs alleged were materially false or misleading influenced (if at all) the trading prices of the various PSINet securities at various times during the relevant time periods; (f) the extent to which the various allegedly adverse material facts that plaintiffs alleged were omitted influenced (if at all) the trading prices of the various PSINet securities at various times during the relevant time periods; and (g) whether the statements made or facts allegedly omitted were false, misleading, material or otherwise actionable under the federal securities laws.

5. Plaintiffs' Counsel recognize that there are substantial obstacles that plaintiffs and the Classes would have had to overcome to prevail on their liability claims and that there were risks that the decline in the prices of PSINet securities could be attributed, in whole or in part, to other factors. Therefore, Plaintiffs could have recovered nothing or substantially less than the amount of the Settlement. For example, Plaintiffs faced the possibility that some or all of their claims could have been dismissed before trial at summary judgment. In addition, had the case gone to trial, Defendants would assert that the uncertainties and risks regarding PSINet's business and financial condition were fully and adequately disclosed and that the statements that Defendants made about PSINet's business were true and complete when made. Defendants also intended to assert that all of the losses to Class Members were caused by non-actionable industry or market factors that affected the Internet and technology sectors of the economy.

6. The Defendants deny that they are liable to the plaintiffs or the Classes and deny that plaintiffs or the Classes have suffered any damages.

### **IV. Statement of Attorneys' Fees and Costs Sought**

7. Plaintiffs' Counsel intend to apply for fees of up to one-third (33⅓%) of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of these Actions in the approximate amount of \$1,525,000. The requested fees and expenses would amount to an average of 5.86¢ per damaged share of PSINet common stock, 5.03¢ per damaged share of PSINet Series D Preferred Stock, and \$2.30 per \$1,000 face amount of PSINet's 10% Senior Notes due 2005, \$2.61 per \$1,000 face amount of 10.5% Senior Notes due 2006, \$2.73 per \$1,000 face amount of 11% Senior Notes due 2009, and \$2.62 per \$1,000 face amount of 11.5% Senior Notes due 2008 in total for fees and expenses. Plaintiffs' 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 Classes 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.

## **V. Further Information**

8. Further information regarding the Actions and this Notice may be obtained by contacting Plaintiffs' Lead Counsel: Robert M. Roseman, Esq., Spector, Roseman & Kodroff, P.C., 1818 Market Street, Suite 2500, Philadelphia, Pennsylvania 19103, Telephone (215) 496-0300 on behalf of the Common Stock Class; Sherrie R. Savett, Esq., Berger & Montague, P.C., 1622 Locust Street, Philadelphia, Pennsylvania 19103, Telephone (215) 875-3000 on behalf of the Metamor Class; Maya Saxena, Esq., Milberg Weiss Bershad Hynes & Lerach LLP, The Plaza, Suite 900, 5355 Town Center Road, Boca Raton, Florida 33486, Telephone (561) 361-5000 on behalf of the Preferred Stock Class; or Jill S. Abrams, Esq., Abbey Gardy LLP, 212 East 39th Street, New York, New York 10016, Telephone (212) 889-3700 on behalf of the Bond Purchaser Class.

## **VI. Reasons for the Settlement**

9. The principal reason for the Settlement is the benefit to be provided to the Classes now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

### **NOTICE OF SETTLEMENT FAIRNESS HEARING**

10. NOTICE IS HEREBY GIVEN, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of Virginia, Alexandria Division (the "Court") dated April 2, 2003, that a hearing will be held before the Honorable Leonie M. Brinkema in the Albert V. Bryan United States Courthouse, 401 Courthouse Square, Alexandria, Virginia 22314, at 10:00 a.m., on June 13, 2003, (the "Settlement Fairness Hearing") to determine whether a proposed settlement (the "Settlement") of the actions pending under the above caption, including McGowan v. PSINet, Inc., et al., Civ. No. 00-1935-A (the "Actions"), as set forth in the Stipulation and Agreement of Settlement dated April 1, 2003 (the "Stipulation"), is fair, reasonable and adequate and to consider the proposed Plan of Allocation for the Settlement proceeds and the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses.

11. The Court, by separate orders dated October 25, 2002, November 5, 2002, and November 12, 2002, has certified four plaintiff Classes consisting of: (a) all persons and entities who purchased PSINet common stock on the open market between March 22, 2000 and November 2, 2000, inclusive, (the "Common Stock Class Period") and who were damaged thereby (the "Common Stock Class"); (b) all persons and entities who acquired PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) and who were damaged thereby (the "Metamor Class"); (c) all persons and entities who purchased or otherwise acquired PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus and who were damaged thereby (the "Preferred Stock Class"); and (d) all persons and entities who purchased PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000, inclusive, (the "Bond Purchaser Class Period") and who were damaged thereby (the "Bond Purchaser Class") (the Common Stock Class, the Metamor Class, the Preferred Stock Class, and the Bond Purchaser Class are collectively referred to as the "Classes"). Excluded from the Classes are the Defendants, members of the immediate family of each of the Individual Defendants, any subsidiary or affiliate of Defendant PSINet, the directors and officers of Defendant PSINet or their subsidiaries or affiliates, any entity in which any defendant has a controlling interest and the legal representatives, heirs, successors, predecessors in interest, affiliates, or assigns of any defendant.

12. Copies of a Notice of Pendency of Class Action (the "Notice of Pendency") dated January 7, 2003 were previously mailed to Class Members and a summary notice was published in the national edition of *The Wall Street Journal* on or about January 23, 2003. If you submitted a request for exclusion in accordance with the requirements set forth in the Notice of Pendency, then you are excluded and may not submit a Proof of Claim herein.

### **BACKGROUND OF THE LITIGATION**

13. Throughout the relevant class periods, PSINet was engaged in the business of providing high-speed Internet access and related value added products and services to businesses throughout the U.S., Canada, Latin America, Europe and Asia.

14. On March 22, 2000, the first day of the Common Stock Class Period, PSINet announced that it entered into a definitive agreement to acquire Metamor, a leading provider of information technology ("IT") solutions, and a controlling interest in Metamor's publicly traded e-Business solutions subsidiary, Xpedior. On or about June 15, 2000, the acquisition of Metamor was consummated.

15. On August 3, 2000, Defendants issued a Prospectus on Form 424B3. The Prospectus covered the sale of up to 16,500,000 shares of Series D preferred stock by certain selling shareholders who purchased the Series D stock in a private placement announced on January 27, 2000. The selling shareholders included financial institutions as well as pension funds and other institutional shareholders. None of the Defendants was a selling shareholder.

16. The Common Stock Class, Metamor Class, and Preferred Stock Class allege that Defendants made materially false and misleading statements regarding PSINet's acquisition of Metamor and that Defendants failed to disclose known adverse facts which would negatively impact PSINet once the Metamor merger was consummated.

17. On September 15, 2000, the first day of the Bond Purchaser Class Period, PSINet issued "financial guidance," in a press release and at an analyst conference call and investor meeting. Plaintiffs allege that certain of the statements made by Defendants in connection with the guidance were materially false and misleading.

18. On November 2, 2000, the last day of the Class Periods, PSINet announced that it had approved a plan to classify Xpedior as a discontinued operation and to sell Xpedior and certain consulting businesses acquired as part of Metamor to raise needed cash, and that it would record a loss of \$663.8 million.

19. The initial complaints in these actions were filed in November 2000. In December 2000, Defendants moved to dismiss each of the fifteen individual complaints that had been filed as of that time. On December 20, 2000, the Court granted Defendants' motions to dismiss each of the complaints without prejudice. The Court denied the motion as to claims asserted under the Securities Act of 1933 (the "Securities Act") in *McGowan v. PSINet Inc. et al.*, Civ. No. 00-1935-A. On January 19, 2001, the Court appointed Bruce Waldack, Lance Lessman, Lance Lessman IRA, LL Capital Partners, and Creedon Capital Management as Lead Plaintiffs in the *In re PSINet Inc. Securities Litigation*, Civ. No. 00-1850-A, and ordered that the *McGowan* action would proceed separately. LL Capital Partners subsequently withdrew as a Lead Plaintiff. On January 24, 2001, Lead Plaintiffs filed the Amended Master Complaint (the "Complaint") which set forth the claims of the Common Stock Class, the Preferred Stock Class, and the Bond Purchaser Class. Defendants moved to dismiss the Complaint, which motion was denied on March 9, 2001. The *McGowan* action does not name defendants Hyatt or Kunkel; the Bond Purchaser Class does not name defendants Wills or Kunkel.

20. The Metamor Class and the Preferred Stock Class allege violations of Sections 11, 12(a)(2) and 15 of the Securities Act based on certain securities offering materials (the "Prospectuses") filed with the United States Securities and Exchange Commission ("SEC").

21. The Common Stock Class alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule 10b-5 promulgated thereunder by the SEC based on alleged materially false and misleading statements and omissions in the Prospectuses, as well as other public statements regarding PSINet's business operations and future prospects.

22. The Bond Purchaser Class alleges violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by the SEC based on the Defendants' September 15, 2000 statements.

23. Defendants have denied and continue to deny all of Plaintiffs' allegations of wrongdoing.

#### **SUBSEQUENT EVENTS**

24. On May 31, 2001, prior to the close of document discovery, PSINet filed for bankruptcy, which stayed the actions as to PSINet. PSINet, as one of the debtors in the bankruptcy proceeding, initiated an adversary proceeding seeking an injunction staying the Actions as to the Individual Defendants. Lead Plaintiffs and Defendants thereafter agreed to a stay of proceedings subject to various conditions, including permitting Lead Plaintiffs to enforce non-party subpoenas served before the commencement of PSINet's bankruptcy petition, and to serve subpoenas for the preservation of documents. The Parties agreed to additional extensions of the stay the Actions whereby, among other things, Defendants continued to produce documents. On June 17, 2002, the United States Bankruptcy Court for the Southern District of New York approved the plan of reorganization of PSINet Inc. On July 19, 2002, the Court lifted the stay of the Actions.

#### **BACKGROUND TO THE SETTLEMENT**

25. Prior to entering into the Stipulation, Plaintiffs' Counsel conducted a thorough investigation relating to the events and transactions underlying plaintiffs' claims and concluded all pretrial discovery on the merits, including, *inter alia*, analysis of hundreds of thousands of pages of documents produced by PSINet and the Individual Defendants and numerous non-parties, which included certain of PSINet's former employees, financial advisors, auditors and consultants. Plaintiffs' Counsel took more than 20 depositions of fact witnesses, including former PSINet employees, and non-party witnesses, as well as Defendants' expert witnesses. Plaintiffs' Counsel's decision to enter into this Settlement was made with full knowledge of the facts and circumstances underlying plaintiffs' claims and the strengths and weaknesses of those claims. In determining to settle this litigation, they have evaluated the extensive discovery taken and taken into account the risks of losing certain pre-trial motions which could have terminated or materially restricted Plaintiffs' case, the substantial expense and length of time necessary to prosecute the litigation through trial, post-trial motions, and likely appeals, taking into consideration the significant uncertainties in predicting the outcome of this complex litigation. Counsel for plaintiffs believe that the Settlement described herein confers very substantial benefits upon the Classes. Based upon their consideration of all of these factors, plaintiffs and their counsel have concluded that it is in the best interest of plaintiffs and the Classes to settle the Actions on the terms described herein.

26. Plaintiffs recognized the uncertainty and the risk of the outcome of any litigation, especially complex litigation such as this, and the difficulties and risks inherent in the trial of such an action. Plaintiffs desired to settle the claims of the Classes against Defendants on the terms and conditions described herein which provide substantial benefits to the Classes. Plaintiffs' Counsel deem such settlement to be fair, reasonable and adequate, and in the best interests of the members of the Classes.

27. The Defendants have denied and continue to deny all allegations of wrongdoing, violations of law or liability made by Plaintiffs in the Actions. The Defendants have expressly denied that any of them made any misstatements, that the price of any PSINet securities were artificially inflated by reason of any alleged misstatement, or that any of the Classes were harmed by the conduct alleged in the Actions. The Settlement is not and shall not be construed or be deemed to be evidence or an admission or a concession on the part of any of the Defendants of any fault or liability or damages whatsoever, and Defendants do not concede any infirmity in the defenses which they have asserted or intended to assert in the Actions.

28. Nevertheless, while continuing to deny all allegations of wrongdoing or liability whatsoever, the Defendants desire to settle and terminate all existing or potential claims against them, without in any way acknowledging any fault or liability.

29. The amount of damages, if any, that plaintiffs could prove was also a matter of serious dispute, and the Settlement's use of a Recognized Claim formula for distributing the Settlement proceeds does not constitute a finding, admission or concession that provable damages could be measured by the Recognized Claim formula. No determination has been made by the Court as to liability, the amount, if any, of damages suffered by the Classes, or the proper measure of any such damages. The determination of damages, like the determination of liability, is a complicated and uncertain process, typically involving conflicting expert opinions. During the course of the Actions, Defendants, in addition to denying any liability, disputed that plaintiffs and the Classes were damaged by any wrongful conduct on the part of Defendants. The Settlement herein provides an immediate and substantial cash benefit and avoids the risks that liability or damages might not have been proven at trial.

30. On January 10, 2003, the Parties submitted detailed confidential statements to a neutral mediator selected by the Parties. At the close of discovery on January 17, 2003, the parties exchanged those mediation statements. Commencing on January 21, 2003, the Parties participated in an extensive two-day mediation session. As a result of these sessions, the Parties reached an agreement in principle to settle the Actions for the sum of \$17,833,000, and executed a Memorandum of Understanding ("MOU") reflecting the principal terms of the Settlement on January 22, 2003.

31. The Court has not determined the merits of the plaintiffs' claims or the defenses thereto. This Notice does not imply that there has been or would be any finding of violation of the law or that recovery could be had in any amount if the Actions were not settled.

#### **TERMS OF THE SETTLEMENT**

32. In full and complete settlement of the Settled Claims (as defined below), and subject to the terms and conditions of the Stipulation, Defendants have agreed to pay \$17.833 million (the "Cash Settlement Amount") into escrow on behalf of plaintiffs and the Classes.

33. Pursuant to the Settlement, and on the Effective Date, plaintiffs and other members of the Classes who have not previously excluded themselves therefrom on behalf of themselves, their heirs, executors, administrators, successors and assigns shall release and forever discharge, and shall forever be enjoined from prosecuting, the Released Parties (defined below) with respect to each and every Settled Claim (defined below).

34. The "Defendants" include the following, each of whom will be released from all Settled Claims: PSINet Inc., William L. Schrader, Lawrence E. Hyatt, Harold S. Wills and David N. Kunkel (Defendants Schrader, Hyatt, Wills, and Kunkel are collectively referred to as the "Individual Defendants"). The Settlement will release all Class Members' Settled Claims against any and all of the Defendants, their past or present subsidiaries, parents, successors and predecessors, the past and present officers, directors, agents, employees, attorneys, auditors, accountants, insurers and excess insurers of PSINet, or any of its past or present subsidiaries, parents, successors or predecessors, 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 any of the Defendants (collectively, the "Released Parties").

35. "Settled Claims" means any and all claims, rights, demands, causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including, without limitation, both known claims and unknown claims, that have been or could have been asserted in any forum by any of the plaintiffs or Class Members whether directly, indirectly, representatively, or in any other capacity on behalf of themselves or any other Class Members, against any of the Released Parties which arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, referred to or that could have been asserted, set forth, or referred to in the Complaint or the *McGowan* Complaint or otherwise arising out of, relating to, or in connection with the purchase of PSINet common stock on the open market between March 22, 2000 and November 2, 2000, inclusive, the purchase or acquisition of PSINet 7% Series D

Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus, and the purchase of PSINet 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000, inclusive, or the acquisition of PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) by any member of the Classes. Such Settled Claims shall include claims which plaintiffs or any Class Member do not know or suspect to exist at the time of the release of the Released Parties in their favor in connection with or in any way related to the acquisition of any type of PSINet securities which if known by them might have affected their settlement with Defendants. Solely with respect to any and all Settled Claims that were or could have been asserted against the Released Parties, it is the intention of the parties hereto that, upon the Effective Date, plaintiffs and the Class Members will hereby expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, which provides:

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

and any and all provisions, rights and benefits of any similar statute, law or principle of common law of the United States, and state thereof, or any other jurisdiction.

36. If the Settlement is approved by the Court, all Settled Claims will be dismissed on the merits and with prejudice as to all Class Members and all Class Members shall be forever barred from prosecuting a class action or any other action raising any Settled Claims against any Released Party.

37. The Settlement will become effective at such time as an Order entered by the Court approving the Settlement shall become final and not subject to appeal (the "Effective Date").

#### **PROPOSED PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS AMONG CLASS MEMBERS**

38. The \$17.833 million 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 Classes who submit timely and valid 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." The Recognized Claim formulae set forth below are not intended to be estimates of the amount that a member of any of the Classes might have been able to prove or recover after a trial; nor are they estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formulae are the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

39. The following proposed Plan of Allocation reflects Plaintiffs' contention that because of alleged misrepresentations and omissions about PSINet's financial condition and prospects, the price of PSINet securities were allegedly artificially inflated during the relevant time periods for each Class, until September 15, 2000 when statements made by Defendants partially disclosed some of the allegedly misstated and omitted facts and reduced some of the alleged artificial inflation, and continuing until November 2, 2000. Defendants deny that they made any material misrepresentations or omitted to disclose any material information and assert that Defendants are not liable to Plaintiffs for anything. Without admitting any liability, the Defendants further contend that even if liability were shown, the Plaintiffs suffered no compensable damages. Defendants assert the prices of PSINet securities were not artificially inflated during the relevant periods, that the prices of its securities reflected market valuations prevalent at that time. Defendants further contend that the decrease in the prices of PSINet securities were explained and caused by the deteriorating conditions of the Internet industry, that the valuations of Internet companies generally declined by an average of almost fifty percent during the relevant Class periods, and that the price declines occurring on November 2, 2000 were caused by the announced write-down of assets and causes outside the control of the Defendants and not by any alleged fraud. The Court has not made any finding that Defendants are liable to Plaintiffs or the Class or that Plaintiffs have suffered any compensable damages.

40. 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" calculated under the following formulae:

#### **A. Common Stock Purchases:**

(1) for each share of PSINet common stock purchased on the open market during the period between March 22, 2000 and November 2, 2000, inclusive which an Authorized Claimant continued to hold as of the close of trading on November 2, 2000 (the end of the Class Period), the Recognized Claim shall be equal to 10%<sup>1</sup> of the amount

<sup>1</sup>This discount reflects a relative weighting of the claims of the Common Stock Class under the Securities Exchange Act of 1934 including under Section 10(b) thereof the claims of Common Stock purchasers as compared to the claims of the other classes under the Securities Act of 1933, including Section 11 thereof ("Securities Act Claims").

shown in the column for Common in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of purchase of the PSINet common stock (as shown on the table set forth below);

(2) for each share of PSINet common stock purchased on the open market during the period between March 22, 2000 and November 2, 2000, inclusive which an Authorized Claimant sold at a loss after September 14, 2000 but prior to the close of trading on November 2, 2000, the Recognized Claim shall be equal to 10% of **the lesser of** (a) the difference, if a loss, between the amount shown in the column for Common in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of purchase of the PSINet common stock during the Class Period and the amount shown in the column for Common in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of sale of the PSINet common stock, **or** (b) the difference, if a loss, between the purchase price paid (including commissions, etc.) and the proceeds received on sale (net of commissions, etc.);

(3) No claim shall be recognized with respect to PSINet common stock sold prior to September 15, 2000.

**B. Metamor Class Members:**

(1) for each share of PSINet common stock acquired through PSINet’s merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) and who were damaged thereby which an Authorized Claimant continued to hold as of the close of trading on November 2, 2000 (the end of the Class Period), the Recognized Claim shall be equal to 11%<sup>2</sup> of \$24.81<sup>3</sup> per share of PSINet common stock acquired in the exchange;

(2) for each share of PSINet common stock acquired through PSINet’s merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) and who were damaged thereby which an Authorized Claimant sold at a loss after September 14, 2000 but prior to the close of trading on November 2, 2000, the Recognized Claim shall be equal to 11% of **the lesser of** (a) the difference, if a loss, between \$24.81 (Plaintiffs’ contention of the inflation on the exchange) and the amount shown in the column for Common in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of sale of the PSINet common stock, **or** (b) the difference, if a loss, between \$30.00 per share of PSINet received on the exchange and the proceeds received on sale (net of commissions, etc.);

(3) No claim shall be recognized with respect to PSINet common stock acquired through PSINet’s merger with Metamor Worldwide, Inc. and sold prior to September 15, 2000.

**C. 7% Series D Preferred Stock Purchases:**

(1) for each share of PSINet 7% Series D Preferred Stock<sup>4</sup> purchased or otherwise acquired pursuant to or traceable to PSINet’s August 3, 2000 Prospectus on or before November 2, 2000, which an Authorized Claimant continued to hold as of the close of trading on November 2, 2000 (the end of the Class Period), the Recognized Claim shall be equal to 11%<sup>5</sup> of the amount shown in the column for Preferred in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of purchase of the PSINet Preferred stock (as shown on the table set forth below);

(2) for each share of PSINet 7% Series D Preferred Stock purchased or otherwise acquired pursuant to or traceable to PSINet’s August 3, 2000 Prospectus on or before November 2, 2000, which an Authorized Claimant sold at a loss after September 14, 2000 but prior to the close of trading on November 2, 2000, the Recognized Claim shall be equal to 11% of **the lesser of** (a) the difference, if a loss, between the amount shown in the column for Preferred in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of purchase of the PSINet Preferred stock and the amount shown in the column for Preferred in “Plaintiffs’ Contentions Of Estimated Inflation” on the date of sale of the PSINet Preferred stock, **or** (b) the difference, if a loss, between the purchase price paid (including commissions, etc.) and the proceeds received on sale (net of commissions, etc.);

(3) No claim shall be recognized with respect to PSINet 7% Series D Preferred Stock sold prior to September 15, 2000.

<sup>2</sup>This discount reflects a relative weighting of the Securities Act Claims of the Metamor Class to reflect the relative strengths and weaknesses of the claims of Metamor Class purchasers as compared to the claims of the other classes.

<sup>3</sup>This is equal to the difference between the \$30.00 per share exchange price and \$5.19, the amount Plaintiffs alleged to be the value of the PSINet shares on June 16, 2000.

<sup>4</sup>Preferred shares were convertible into common stock at the rate of 0.9352 common shares for 1.0 Preferred shares. The Estimated Inflation per Preferred share is equal to 0.9352 times the Estimated Inflation per Common Share.

<sup>5</sup>This discount reflects a relative weighting of the Securities Act Claims of the Preferred Stock Class to reflect the relative strengths and weaknesses of the claims of Preferred Stock purchasers as compared to the claims of the other classes.

#### **D. Bond Purchases:**

(1) for each \$1,000 face amount of PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 purchased between September 15, 2000 and November 2, 2000 which an Authorized Claimant continued to hold as of the close of trading on November 2, 2000 (the end of the Class Period), the Recognized Claim shall be equal to 10%<sup>6</sup> of the amount shown in the applicable Bond column in "Plaintiffs' Contentions Of Estimated Inflation" on the date of purchase of the respective Bond (as shown on the table set forth below);

(2) for each \$1,000 face amount of PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 purchased between September 15, 2000 and November 2, 2000 which an Authorized Claimant sold at a loss prior to the close of trading on November 2, 2000, the Recognized Claim shall be equal to 10% of **the lesser of** (a) the difference, if a loss, between the amount shown in the applicable Bond column in "Plaintiffs' Contentions Of Estimated Inflation" on the date of purchase of the respective Bond and the amount shown in the applicable Bond column in "Plaintiffs' Contentions Of Estimated Inflation" on the date of sale of the PSINet Bond, **or** (b) the difference, if a loss, between the purchase price paid (including commissions, etc.) and the proceeds received on sale (net of commissions, etc.).

41. Annexed hereto as Exhibit A is a table setting forth "Plaintiffs' Contentions Of Estimated Inflation" of each affected security on a daily basis during the respective class periods.

42. Transactions resulting in a gain shall not be included. In the event a Class Member has more than one purchase or sale of PSINet securities, all purchases and sales within the respective class periods shall be matched on a First In First Out ("FIFO") basis. Any person or entity who sold PSINet common stock "short" shall have no Recognized Claim with respect to any purchase during the Class Period to cover such short sale. A purchase or sale of PSINet securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of PSINet securities during the Class Period shall not be deemed a purchase or sale of PSINet securities for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of PSINet securities during the Class Period in exchange for securities of any other corporation or entity (other than Metamor) shall not be deemed a purchase or sale of PSINet securities. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Virginia, Alexandria Division with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to allow, disallow or adjust any claim on equitable grounds.

43. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Cash Settlement Fund based on his, her or its Recognized Claim compared to the Total Recognized Claims of all accepted claimants. Each Authorized Claimant shall be paid an amount determined by multiplying his, her or its "Recognized Claim" by a fraction the numerator of which shall be the Net Settlement Fund and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants. No checks shall be issued to any Authorized Claimant who would not be entitled to receive at least \$10.00 based on the initial proration of the Net Settlement Fund to Authorized Claimants.

44. Class Members who do not submit timely and valid Proofs of Claim will not be Authorized Claimants and will not share in the settlement proceeds. Class Members who are not Authorized Claimants will nevertheless be bound by the Settlement and by the Order and Final Judgment of the Court dismissing these Actions.

45. Checks will be distributed to Authorized Claimants 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 uncashed 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 each from 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) in Northern Virginia. Such organization(s) shall be designated by agreement of Plaintiffs' Lead Counsel and Defendants' Counsel.

---

<sup>6</sup>This discount reflects a relative weighting of the Exchange Act Claims of the Bond Class to reflect the relative strengths and weaknesses of the claims of Bond Class purchasers as compared to the claims of the other classes.

## **THE RIGHTS OF CLASS MEMBERS**

46. The Court has previously certified these Actions to proceed as class actions. If you:

(a) Purchased PSINet common stock on the open market between March 22, 2000 and November 2, 2000, inclusive, and were damaged thereby;

(b) Acquired PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) and were damaged thereby;

(c) Purchased or otherwise acquired PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus and were damaged thereby; or

(d) Purchased PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000, inclusive, and were damaged thereby,

and you are not excluded from the definition of the Classes, and you did not submit a request for exclusion in accordance with the terms of the Notice of Pendency, then you are a Class Member. Class Members may object to the Settlement or any of its terms, including the proposed Plan of Allocation or to Plaintiffs' Counsel's application for fees and expenses by following the instructions in paragraph 52 below.

## **SUBMISSION AND PROCESSING OF PROOFS OF CLAIM**

47. In order to be eligible to receive any distribution from the Settlement Fund, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail postmarked on or before July 10, 2003, addressed as follows:

In re PSINet Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
Post Office Box 180  
Philadelphia, PA 19105-0180

48. If you do not submit a proper Proof of Claim form, you will not be entitled to any share of the Settlement Fund.

49. All Proofs of Claim must be submitted by the date specified in this Notice unless such period is extended by Order of the Court.

50. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Eastern District of Virginia, Alexandria Division with respect to his, her or its Proof of Claim.

## **SETTLEMENT FAIRNESS HEARING**

51. At the Settlement Fairness Hearing, the Court will determine whether to finally approve this Settlement and dismiss the Actions and the claims of the Class Members. The Court will also determine whether the Plan of Allocation for the Settlement proceeds is fair and reasonable. The Settlement Fairness Hearing may be adjourned from time to time by the Court without further written notice to the Classes. If you intend to attend the Settlement Fairness Hearing, you should confirm the date and time with Plaintiffs' Lead Counsel. If the Settlement is approved, the Court will also consider the application of Plaintiffs' Counsel for attorneys' fees.

52. At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Classes may appear in person or by counsel and be heard to the extent allowed by the Court in opposition to the fairness, reasonableness and adequacy of the Settlement, the Plan of Allocation, or the application for an award of attorneys' fees and reimbursement of expenses, provided, however, that in no event shall any person be heard in opposition to the Settlement, the Plan of Allocation, or Plaintiffs' Counsel's application for attorneys' fees and expenses and in no event shall any paper or brief submitted by any such person be accepted or considered by the Court, unless, on or before May 23, 2003, such person (a) files with the Clerk of the Court notice of such person's intention to appear, showing proof of such person's membership in the Classes, and providing a statement that indicates the basis for such opposition, along with any documentation in support of such objection, and (b) simultaneously serves copies of such notice, proof, statement and documentation, together with copies of any other papers or briefs such person files with the Court, in person or by mail upon Plaintiffs' Lead Counsel:

Robert M. Roseman, Esq.  
Andrew D. Abramowitz, Esq.  
SPECTOR, ROSEMAN & KODROFF, P.C.  
1818 Market Street, Suite 2500  
Philadelphia, Pennsylvania 19103  
(215) 496-0300 (Telephone)  
(215) 496-6611 (Fax)

On behalf of the Common Stock Class

Sherrie R. Savett, Esq.  
Michael T. Fantini, Esq.  
BERGER & MONTAGUE, P.C.  
1622 Locust Street  
Philadelphia, Pennsylvania 19103  
(215) 875-3000 (Telephone)  
(215) 875-4636 (Fax)

On behalf of the Metamor Class

Maya Saxena, Esq.  
Robert R. Adler, Esq.  
MILBERG WEISS BERSHAD HYNES & LERACH, LLP  
The Plaza  
5355 Town Center Road, Suite 900  
Boca Raton, Florida 33486  
(561) 361-5000 (Telephone)  
(561) 367-8400 (Fax)

On behalf of the Preferred Stock Class

Jill S. Abrams, Esq.  
Stephanie Amin-Giwner, Esq.  
ABBEY GARDY LLP  
212 East 39th Street  
New York, New York 10016  
(212) 889-3700 (Telephone)  
(212) 684-5191 (Fax)

On behalf of the Bond Purchaser Class

and upon Defendants' Counsel:

Michael D. Warden, Esq.  
Jennifer M. Collins, Esq.  
SIDLEY AUSTIN BROWN & WOOD LLP  
1501 K Street, N.W.  
Washington, DC 20005  
(202) 736-8000 (Telephone)  
(202) 736-8711 (Fax)

On behalf of Defendants

Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the request for attorneys' fees are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval of the Settlement, the Plan of Allocation, or of Plaintiffs' Counsel's application for recovery of attorneys' fees and expenses.

#### **ATTORNEYS' FEES AND DISBURSEMENTS**

53. At the Settlement Fairness Hearing or at such other time as the Court may direct, Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not greater than one-third (33⅓%) of the Gross Settlement Fund and for reimbursement of their expenses up to a maximum amount of \$1,525,000, plus interest at the same rate as earned by the Settlement Fund. Plaintiffs' Counsel, without further notice to the Classes, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the members of the Classes and any proceedings subsequent to the Settlement Fairness Hearing.

#### **FURTHER INFORMATION**

54. For a more detailed statement of the matters involved in these Actions, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Actions, which may be inspected at the Office of the Clerk of the United States District Court for the Eastern District of Virginia, Alexandria Division, Albert V. Bryan United States Courthouse, 401 Courthouse Square, Alexandria, Virginia 22314, during regular business hours.

55. ALL INQUIRIES CONCERNING THIS NOTICE OR THE PROOF OF CLAIM FORM BY CLASS MEMBERS SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING AT THE ADDRESS INDICATED BELOW.

**SPECIAL NOTICE TO  
SECURITIES BROKERS AND OTHER NOMINEES**

56. If you (a) purchased PSINet Inc. ("PSINet") common stock on the open market between March 22, 2000 and November 2, 2000, inclusive; (b) acquired PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. on or about June 15, 2000; (c) purchased or otherwise acquired PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus; or (d) purchased PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, or 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (i) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you so acted, or (ii) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and, within seven (7) days of your receipt of the additional copies, mail the Notice and Proof of Claim form directly to the beneficial owners for whom you so acted. If you choose to follow alternative procedure (ii), 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. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re PSINet Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
Post Office Box 180  
Philadelphia, PA 19105-0180  
1-800-528-7199

Dated: Alexandria, Virginia  
April 11, 2003

By Order of the Court  
CLERK OF THE COURT

**EXHIBIT A**  
**PLAINTIFFS' CONTENTIONS OF ESTIMATED INFLATION**

<b>Date</b>	<b>Common</b>	<b>Preferred</b>	<b>10% Bond</b>	<b>10.5% Bond</b>	<b>11% Bond</b>	<b>11.5% Bond</b>
03/22/2000	37.10					
03/23/2000	35.49					
03/24/2000	33.28					
03/27/2000	34.35					
03/28/2000	33.49					
03/29/2000	33.56					
03/30/2000	29.91					
03/31/2000	29.74					
04/03/2000	26.52					
04/04/2000	27.77					
04/05/2000	25.42					
04/06/2000	26.59					
04/07/2000	28.53					
04/10/2000	24.30					
04/11/2000	22.15					
04/12/2000	20.38					
04/13/2000	18.68					
04/14/2000	20.24					
04/17/2000	19.01					
04/18/2000	21.95					
04/19/2000	21.62					
04/20/2000	19.92					
04/24/2000	18.84					
04/25/2000	18.17					
04/26/2000	16.52					
04/27/2000	15.09					
04/28/2000	19.73					
05/01/2000	18.31					
05/02/2000	17.43					
05/03/2000	18.06					
05/04/2000	17.90					
05/05/2000	19.10					
05/08/2000	21.02					
05/09/2000	21.97					
05/10/2000	20.89					
05/11/2000	21.07					
05/12/2000	20.21					
05/15/2000	20.22					
05/16/2000	24.88					
05/17/2000	24.57					
05/18/2000	22.93					
05/19/2000	21.72					
05/22/2000	21.42					
05/23/2000	20.33					
05/24/2000	19.88					
05/25/2000	19.27					
05/26/2000	19.19					
05/30/2000	20.16					
05/31/2000	21.54					
06/01/2000	22.69					
06/02/2000	23.61					
06/05/2000	28.81					
06/06/2000	27.21					
06/07/2000	26.86					
06/08/2000	27.64					
06/09/2000	26.87					
06/12/2000	24.36					

**PLAINTIFFS' CONTENTIONS OF ESTIMATED INFLATION (continued)**

<b>Date</b>	<b>Common</b>	<b>Preferred</b>	<b>10% Bond</b>	<b>10.5% Bond</b>	<b>11% Bond</b>	<b>11.5% Bond</b>
06/13/2000	26.76					
06/14/2000	25.01					
06/15/2000	24.94					
06/16/2000	22.87					
06/19/2000	23.48					
06/20/2000	21.14					
06/21/2000	21.16					
06/22/2000	21.20					
06/23/2000	20.21					
06/26/2000	21.75					
06/27/2000	20.31					
06/28/2000	19.30					
06/29/2000	19.38					
06/30/2000	19.91					
07/03/2000	20.00					
07/05/2000	18.54					
07/06/2000	18.04					
07/07/2000	17.24					
07/10/2000	16.04					
07/11/2000	15.00					
07/12/2000	17.03					
07/13/2000	14.57					
07/14/2000	16.33					
07/17/2000	17.91					
07/18/2000	17.63					
07/19/2000	17.83					
07/20/2000	17.78					
07/21/2000	15.64					
07/24/2000	14.77					
07/25/2000	14.69					
07/26/2000	14.54					
07/27/2000	13.41					
07/28/2000	11.97					
07/31/2000	12.64					
08/01/2000	11.31					
08/02/2000	11.37					
08/03/2000	11.48	10.73				
08/04/2000	11.33	10.59				
08/07/2000	13.43	12.56				
08/08/2000	14.12	13.21				
08/09/2000	11.71	10.95				
08/10/2000	11.38	10.64				
08/11/2000	9.81	9.18				
08/14/2000	8.77	8.20				
08/15/2000	10.84	10.14				
08/16/2000	10.60	9.92				
08/17/2000	10.13	9.48				
08/18/2000	10.35	9.68				
08/21/2000	12.06	11.27				
08/22/2000	12.28	11.48				
08/23/2000	13.02	12.17				
08/24/2000	12.74	11.91				
08/25/2000	11.60	10.84				
08/28/2000	12.11	11.32				
08/29/2000	11.97	11.20				
08/30/2000	12.15	11.36				
08/31/2000	11.63	10.88				

**PLAINTIFFS' CONTENTIONS OF ESTIMATED INFLATION (continued)**

<b>Date</b>	<b>Common</b>	<b>Preferred</b>	<b>10% Bond</b>	<b>10.5% Bond</b>	<b>11% Bond</b>	<b>11.5% Bond</b>
09/01/2000	11.57	10.82				
09/05/2000	12.37	11.56				
09/06/2000	12.03	11.25				
09/07/2000	10.23	9.57				
09/08/2000	10.00	9.35				
09/11/2000	10.07	9.42				
09/12/2000	8.96	8.38				
09/13/2000	10.42	9.74				
09/14/2000	8.96	8.38				
09/15/2000	6.41	5.99	416.33	418.72	417.49	423.90
09/18/2000	5.18	4.84	338.20	335.09	331.95	350.15
09/19/2000	4.70	4.40	324.45	327.30	318.51	327.03
09/20/2000	5.40	5.05	334.87	339.97	331.53	343.07
09/21/2000	5.55	5.19	334.45	337.59	332.49	350.15
09/22/2000	5.54	5.18	342.37	338.42	337.26	345.15
09/25/2000	5.38	5.03	342.37	338.42	337.26	345.15
09/26/2000	4.90	4.58	330.70	330.80	334.22	339.73
09/27/2000	3.94	3.69	268.20	281.16	269.20	291.40
09/28/2000	4.50	4.21	327.37	330.30	319.82	326.40
09/29/2000	4.42	4.13	315.70	320.80	319.70	323.90
10/02/2000	3.82	3.58	315.70	300.80	304.17	308.90
10/03/2000	2.41	2.26	274.87	283.05	280.08	284.73
10/04/2000	2.83	2.65	274.87	290.80	287.87	296.40
10/05/2000	3.00	2.81	274.87	318.30	286.17	296.40
10/06/2000	2.93	2.74	300.08	314.80	310.08	326.40
10/09/2000	3.24	3.03	300.08	314.80	310.08	326.40
10/10/2000	2.56	2.39	293.20	310.80	308.20	326.40
10/11/2000	1.80	1.68	293.20	287.68	290.08	283.90
10/12/2000	1.97	1.84	278.20	279.97	273.20	283.90
10/13/2000	2.18	2.03	275.70	289.08	267.70	288.90
10/16/2000	1.59	1.48	273.20	277.68	268.20	278.90
10/17/2000	1.38	1.29	285.70	282.47	284.87	273.07
10/18/2000	0.75	0.70	223.20	225.80	215.08	231.40
10/19/2000	1.48	1.38	219.87	229.33	225.90	238.90
10/20/2000	2.32	2.17	243.20	239.80	240.21	246.40
10/23/2000	2.89	2.70	254.45	256.63	257.78	258.90
10/24/2000	2.85	2.67	256.53	258.15	261.77	263.07
10/25/2000	2.61	2.45	248.20	247.80	248.20	270.15
10/26/2000	2.12	1.98	228.20	239.55	229.63	228.90
10/27/2000	1.91	1.79	228.20	223.30	221.95	221.40
10/30/2000	1.58	1.47	168.20	173.80	170.70	166.40
10/31/2000	2.20	2.06	171.20	170.80	170.20	170.15
11/01/2000	2.40	2.24	171.20	170.80	170.70	176.40
11/02/2000	0.00	0.00	23.20	0.00	0.00	11.40

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
(Alexandria Division)

IN RE PSINET INC. SECURITIES LITIGATION

Civ. No. 00-1850-A

**PROOF OF CLAIM AND RELEASE**

DEADLINE FOR SUBMISSION: JULY 10, 2003.

- IF YOU
- (1) PURCHASED PSINET INC. ("PSINET") COMMON STOCK ON THE OPEN MARKET BETWEEN MARCH 22, 2000 AND NOVEMBER 2, 2000, INCLUSIVE (THE "COMMON STOCK CLASS PERIOD") AND WERE DAMAGED THEREBY (THE "COMMON STOCK CLASS");
  - (2) ACQUIRED PSINET COMMON STOCK THROUGH PSINET'S MERGER WITH METAMOR WORLDWIDE, INC. PURSUANT TO A REGISTRATION STATEMENT/JOINT PROXY STATEMENT/PROSPECTUS ON FORM S-4 FILED ON APRIL 14, 2000 WITH THE SECURITIES AND EXCHANGE COMMISSION (AND AMENDMENT NO. 1 FILED ON MAY 12, 2000) AND WERE DAMAGED THEREBY (THE "METAMOR CLASS");
  - (3) PURCHASED OR OTHERWISE ACQUIRED PSINET 7% SERIES D PREFERRED STOCK PURSUANT TO OR TRACEABLE TO PSINET'S AUGUST 3, 2000 PROSPECTUS AND WERE DAMAGED THEREBY (THE "PREFERRED STOCK CLASS"); OR
  - (4) PURCHASED PSINET'S 10% SENIOR NOTES DUE 2005, 10.5% SENIOR NOTES DUE 2006, 11% SENIOR NOTES DUE 2009, AND 11.5% SENIOR NOTES DUE 2008 BETWEEN SEPTEMBER 15, 2000 AND NOVEMBER 2, 2000, INCLUSIVE, (THE "BOND PURCHASER CLASS PERIOD") AND WERE DAMAGED THEREBY (THE "BOND PURCHASER CLASS"),

THEN YOU ARE A "CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. THE COMMON STOCK CLASS, THE METAMOR CLASS, THE PREFERRED STOCK CLASS, AND THE BOND PURCHASER CLASS ARE COLLECTIVELY REFERRED TO AS THE "CLASSES."

EXCLUDED FROM THE CLASSES ARE THE DEFENDANTS, MEMBERS OF THE IMMEDIATE FAMILY OF EACH OF THE INDIVIDUAL DEFENDANTS, ANY SUBSIDIARY OR AFFILIATE OF DEFENDANT PSINET, THE DIRECTORS AND OFFICERS OF DEFENDANT PSINET OR THEIR SUBSIDIARIES OR AFFILIATES, ANY ENTITY IN WHICH ANY DEFENDANT HAS A CONTROLLING INTEREST AND THE LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, PREDECESSORS IN INTEREST, AFFILIATES, OR ASSIGNS OF ANY DEFENDANT.

IF YOU ARE A MEMBER OF ANY OF THE CLASSES, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE TO RECEIVE ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND MAIL IT BY FIRST-CLASS MAIL, POSTMARKED NO LATER THAN JULY 10, 2003 TO THE FOLLOWING ADDRESS:

IN RE PSINET INC. SECURITIES LITIGATION  
c/o HEFFLER, RADETICH & SAITTA L.L.P.  
CLAIMS ADMINISTRATOR  
POST OFFICE BOX 180  
PHILADELPHIA, PA 19105-0180

YOUR FAILURE TO SUBMIT YOUR CLAIM BY JULY 10, 2003 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.

1. I hereby certify that one or more of the following four representations are true (do not submit this Proof of Claim unless at least one of the following representations is true for you):

(a) I purchased PSINet Inc. ("PSINet") common stock on the open market between March 22, 2000 and November 2, 2000 (the "Common Stock Class Period") and was damaged thereby.

(b) I acquired PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) and was damaged thereby.

(c) I purchased or otherwise acquired PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus and was damaged thereby.

(d) I purchased PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000 (the "Bond Purchaser Class Period") and was damaged thereby.

2. By submitting this Proof of Claim, I state that I believe in good faith that I am a member of at least one of the Classes as defined above and in the Notice of Proposed Settlement of Class Action, Hearing on Proposed Settlement and Attorneys' Fee Petition and Right to Share in Settlement Fund (the "Settlement Notice"), or am acting for such person; that I am not a Defendant in the Actions or anyone excluded from the Classes; that I have read and understand the Settlement 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 Settlement 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 PSINet common stock during the Common Stock Class Period, acquisition of PSINet common stock through PSINet's merger with Metamor Worldwide, Inc., purchase or acquisition of PSINet 7% Series D Preferred Stock, and purchase of PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 during the Bond Purchaser Class Period, and each sale, if any, of such securities.

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 PSINet common stock, PSINet 7% Series D Preferred Stock, and PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 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. I submit this Proof of Claim and Release under the terms of the Stipulation and Agreement of Settlement. I also submit to the jurisdiction of the United States District Court for the Eastern District of Virginia with respect to my claim as a Class Member and for purposes of enforcing the release set forth herein. I further acknowledge that I am bound by and subject to the terms of any judgment that may be entered in the Actions. I have not submitted any other claim covering the same purchase or sales of PSINet securities during the Class Period and know of no other person having done so on my behalf.

7. Subject to the occurrence of the Effective Date, I hereby acknowledge full and complete satisfaction of, and hereby fully, finally, and forever settle, release and discharge each of the Released Parties from each of the Settled Claims. "Settled Claims" means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including, without limitation, both known claims and unknown claims, that have been or could have been asserted in any forum by me, the plaintiffs or Class Members or any of them, whether directly, indirectly, representatively, or in any other capacity, against any of the Released Parties which arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, asserted, set forth, referred to or that could have been asserted, set forth, or referred to in the Amended Master Complaint or the *McGowan* Complaint or otherwise arising out of, relating to or in connection with the purchase of PSINet common stock on the open market between March 22, 2000 and November 2, 2000, inclusive; the acquisition of PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000); the purchase or acquisition of PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus, and the purchase of PSINet 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000 against any and all of the Released Parties. The Settled Claims include claims which plaintiffs or Class Members do not know or suspect to exist at the time of the release of the Released Parties in their favor in connection with or in any way related to the acquisition of any type of PSINet securities which if known by them might have affected their settlement with Defendants. Solely with respect to any and all Settled Claims that were or that could have been asserted against the



12. I made the following purchases of PSINet common stock on the open market between March 22, 2000 and November 2, 2000, and was damaged thereby. (Persons who received PSINet common stock during the Class Period other than by purchase or by PSINet's merger with Metamor Worldwide, Inc. are not eligible to submit claims for those transactions. List acquisitions of PSINet common stock from the merger with Metamor in the next section.)

Date(s) of Purchase (List Chronologically) (Month / Day / Year)	Number of Shares of Common Stock Purchased	Purchase Price Per Share of Common Stock	Aggregate Cost (including commissions, taxes, and fees)
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□

13. I acquired \_\_\_\_\_ shares of PSINet common stock through PSINet's merger with Metamor Worldwide, Inc. pursuant to a Registration Statement/Joint Proxy Statement/Prospectus on Form S-4 filed on April 14, 2000 with the Securities and Exchange Commission (and Amendment No. 1 filed on May 12, 2000) which was consummated on or about June 15, 2000

14. I made the following sales of PSINet common stock between March 22, 2000 and November 2, 2000:

Date(s) of Sale (List Chronologically) (Month / Day / Year)	Number of Shares of Common Stock Sold	Sale Price Per Share of Common Stock	Amount Received (net of commissions, taxes, and fees)
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□

15. At the close of business on November 2, 2000, I still owned \_\_\_\_\_ shares of PSINet common stock.

**FOR PREFERRED STOCK CLASS:**

16. At the close of business on August 2, 2000, I owned \_\_\_\_\_ shares of PSINet 7% Series D Preferred Stock.

17. I made the following purchases or acquisitions of PSINet 7% Series D Preferred Stock pursuant to or traceable to PSINet's August 3, 2000 Prospectus and was damaged thereby:

Date(s) of Purchase (List Chronologically) (Month / Day / Year)	Number of Shares of Preferred Stock Purchased	Purchase Price Per Share of Preferred Stock	Aggregate Cost (including commissions, taxes, and fees)
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□
□□ - □□ - □□	□□□□□□	\$□□□.□□	\$□□□□□□.□□

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS PHOTOCOPY THIS PAGE

18. I made the following sales of PSINet 7% Series D Preferred Stock between the period August 3, 2000 and November 2, 2000:

Date(s) of Sale (List Chronologically) (Month / Day / Year)	Number of Shares of Preferred Stock Sold	Sale Price Per Share of Preferred Stock	Amount Received (net of commissions, taxes, and fees)
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□

19. At the close of business on November 2, 2000, I still owned \_\_\_\_\_ shares of PSINet 7% Series D Preferred Stock.

**FOR THE BOND PURCHASER CLASS:**

20. At the close of business on September 14, 2000, I owned  
 \_\_\_\_\_ 10% Senior Notes due 2005,  
 \_\_\_\_\_ 10.5% Senior Notes due 2006,  
 \_\_\_\_\_ 11% Senior Notes due 2009, and  
 \_\_\_\_\_ 11.5% Senior Notes due 2008.

21. I made the following purchases of PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000 and was damaged thereby. (Persons who received PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000 other than by purchase are not eligible to file claims for those transactions.)

Date(s) of Purchase (List Chronologically) (Month / Day / Year)	Type of Senior Note <sup>1</sup>	Number of Senior Notes Purchased	Purchase Price Per Senior Note	Aggregate Cost (including commissions, taxes, and fees)
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□. □□□□	\$ □□□□□□□□. □□

<sup>1</sup>Please use the following abbreviations to identify the PSINet securities that you purchased:  
 10% Senior Notes due 2005    10%  
 10.5% Senior Notes due 2006    10.5%  
 11% Senior Notes due 2009    11%  
 11.5% Senior Notes due 2008    11.5%

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS PHOTOCOPY THIS PAGE

22. I made the following sales of PSINet's 10% Senior Notes due 2005, 10.5% Senior Notes due 2006, 11% Senior Notes due 2009, and 11.5% Senior Notes due 2008 between September 15, 2000 and November 2, 2000:

Date(s) of Sale (List Chronologically) (Month / Day / Year)	Type of Senior Note	Number of Senior Notes Sold	Sale Price Per Senior Note	Net Proceeds (after commissions, taxes, and fees)
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□
□□ - □□ - □□	□□□□	□□□□	\$ □□□□ . □□□□	\$ □□□□□□□□ . □□

23. At the close of business on November 2, 2000, I still owned the following:  
 \_\_\_\_\_ 10% Senior Notes due 2005,  
 \_\_\_\_\_ 10.5% Senior Notes due 2006,  
 \_\_\_\_\_ 11% Senior Notes due 2009, and  
 \_\_\_\_\_ 11.5% Senior Notes due 2008.

24. **SUBSTITUTE FORM W-9**

**Request for Taxpayer Identification Number (TIN) and Certification**

NAME: \_\_\_\_\_

Enter TIN on appropriate line.

- For most individuals, this is your Social Security Number (SSN).
- 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 Number  
(for individuals)

or

□□ - □□□□□□□□

Employer Identification Number  
(for estates, trusts, corporations, etc.)

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS PHOTOCOPY THIS PAGE

25. **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.

**NOTE:** 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.

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)

Date: \_\_\_\_\_

THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN JULY 10, 2003, AND MUST BE MAILED TO:

In re PSINet Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
Post Office Box 180  
Philadelphia, PA 19105-0180

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by July 10, 2003, 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.

**Reminder Checklist:**

1. Please sign the above declaration.
2. Remember to attach supporting documentation for purchases, sales and Class Period Retention.
3. Do not send original stock certificates.
4. Keep a copy of your claim for your records.
5. If you move, or if this notice was sent to you at an old or otherwise incorrect address, please notify the Claims Administrator of your new address.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

In re PSINet Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 180  
Philadelphia, PA 19105-0180

FIRST-CLASS MAIL  
U.S. POSTAGE  
PAID  
PERMIT NO. 2323  
PHILADELPHIA, PA

**FIRST-CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**