

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re CLARENT CORPORATION SECURITIES
LITIGATION

Master File No. C-01-3361 CRB (JCS)

CLASS ACTION

This Document Relates To:

Judge: The Honorable Charles R. Breyer

ALL ACTIONS.

**NOTICE OF PENDENCY AND PROPOSED
PARTIAL SETTLEMENT OF CLASS ACTION**

IF YOU ACQUIRED CLARENT CORPORATION COMMON STOCK BETWEEN APRIL 26, 2000 AND AUGUST 31, 2001, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.

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

A Stipulation of Partial Settlement (the "Stipulation") which proposes a partial settlement of this consolidated class action entitled *In re Clarent Corporation Securities Litigation*, C-01-3361 CRB has been executed by certain parties. The Stipulation has been entered into by and among: (i) Lead Plaintiff Otter Creek Partners I Limited Partnership and Otter Creek International Limited ("Otter Creek Partners" or "Lead Plaintiff"), on or behalf of itself and the other members of the Settlement Class; (ii) the Liquidating Trustee on behalf of Clarent Corporation ("Clarent" or the "Company"), (iii) Jerry Shaw-Yau Chang ("Chang"); and (iv) the following other former officers and directors of Clarent: Barry Forman, Richard J. Heaps, Michael F. Vargo, Simon Wong, William Barker, Wen Chang Ko, William R. Pape, Arthur Rubinfeld, and Mark McIlvane (collectively the "Individual Settling Defendants" or "ISDs"), some of whom are current or former defendants in the consolidated class action.

Security and Time Period: Clarent Corporation ("Clarent") common stock acquired between April 26, 2000 and August 31, 2001.

Settlement Fund: \$6.9 million in cash paid by or on behalf of: (i) the Liquidating Trustee on behalf of Clarent as debtor and former debtor in possession in the Chapter 11 bankruptcy involving Clarent; (ii) Jerry Shaw-Yau Chang ("Chang"); and (iii) certain insurance carriers who issued insurance policies to Clarent.

This \$6.9 million is in addition to the \$2 million settlement fund paid by or on behalf of other defendants, Cooley Godward LLP, and Deborah Ludewig (the "Cooley Defendants"), for claims on behalf of persons who acquired Clarent common stock between March 29, 2001 and August 31, 2001. A separate notice regarding that settlement was previously sent and the Court approved that settlement on March 25, 2005. In this court case, Ernst & Young LLP ("E&Y") was also a defendant. On or about February 16, 2005, a jury found E&Y not liable.

Your recovery from the settlement fund will depend on the amount of Clarent stock acquired and the timing of your acquisitions and any sales. Depending on the number of eligible shares that participate in the settlement and when those shares were acquired and sold, the estimated average recovery of this settlement will be approximately \$0.32 per share before deduction of court-approved fees and expenses from this settlement only. Additional amounts may be paid to those who purchased or otherwise acquired Clarent common stock from March 29, 2001 through August 31, 2001 pursuant to the plan of allocation in the Notice previously sent regarding the settlement with Cooley Godward LLP, and Deborah Ludewig.

Reasons for Settlement with Clarent and the Individual Settling Defendants: Avoids the risks associated with continued litigation, including danger of no recovery from Clarent and the ISDs.

Continuing a case against Clarent and some or all of the ISDs could have resulted in a finding that Clarent and the ISDs were not liable for the alleged violations of the securities laws. Indeed, this risk is highlighted by the fact that, after a 3-week trial, a jury assigned no liability to Clarent's auditor, E&Y. In addition, a stay is in effect as to claims against Clarent due to its bankruptcy filing, and there is an uncertainty regarding the amount of money, if any, that could have been recovered if Lead Plaintiff prevailed against

Clarent and the ISDs at trial. The parties disagree about, among other issues: (1) the method for determining whether Clarent stock was artificially inflated during the relevant period; (2) the amount of any such inflation; (3) the extent that various facts alleged by Lead Plaintiff were materially false or misleading; and (4) the extent that various facts alleged by Lead Plaintiff influenced the trading price of Clarent common stock during the relevant period.

If Judge Breyer does not approve of the settlement with Clarent and the ISDs before or on July 31, 2005, the settlement between them will be canceled unless Lead Plaintiff, Clarent and the ISDs agree to continue it.

Reasons for Settlement with Chang: Lead Plaintiff obtained a jury verdict against Chang on or about February 16, 2005, finding liability for statements made by Chang regarding Clarent's second quarter 2001 financial results. Lead Plaintiff, on behalf of the Settlement Class, settled with Chang to avoid the risks associated with having a jury determine the contested issue of damages, including the real danger of a lesser recovery from Chang.

Attorneys' Fees and Expenses: Pursuant to a retainer agreement entered into between the Court-appointed Lead Counsel and the Court-appointed Lead Plaintiff, Lead Counsel will ask the court for attorneys' fees not to exceed 16% of the \$2 million settlement fund paid by or on behalf of the Cooley Defendants, 16% of the \$6 million settlement fund paid by or on behalf of Clarent and/or the ISDs, and 22% of the \$900,000.00 settlement fund paid by or on behalf of Chang; and for reimbursement of the total out-of-pocket expenses (including any costs taxed against Plaintiffs resulting from the trial against E&Y), with the expenses not to exceed \$1.75 million. If the above attorney fees are requested and approved by the Court, the average cost per share will be \$0.07 to be paid from this settlement and the settlement with the Cooley Defendants. If the above expenses are requested and approved by the Court, the average cost per share will be \$0.08 to be paid from this settlement and the settlement with the Cooley Defendants. Lead Counsel has not received any payment for their work investigating the facts, conducting this litigation, trying the case to a jury, and negotiating this settlement on behalf of the Lead Plaintiff and the Settlement Class.

Deadlines:

Submit Claim:	July 6, 2005
Request Exclusion:	July 6, 2005
File Objection:	July 6, 2005

Court Hearing on Fairness of Settlement: July 14, 2005

More Information: www.gardencitygroup.com or

Claims Administrator:

The Garden City Group, Inc.
P.O. Box 91087
Seattle, WA 98111-9187

Lead Counsel:

Alan Schulman, Robert S. Gans, Blair A. Nicholas, Niki L. Mendoza
Bernstein Litowitz Berger & Grossmann LLP
12544 High Bluff Drive, Suite 150
San Diego, CA 92130

- 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 potentially file your own lawsuit against Clarent, Chang, the ISDs, or other Released Persons described below relating to the legal claims in this case.
OBJECT	You may write to the Court if you don't like this settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement with Clarent, Chang, the ISDs, and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have acquired Clarent common stock between April 26, 2000 and August 31, 2001.

The Court ordered that this Notice be sent because you have a right to know about the proposed settlement of this lawsuit and about all of your options before the Court decides whether to approve the settlement with Clarent, Chang and the ISDs. If the Court approves this settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

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 Northern District of California, and the case is known as *In re Clarent Corporation Securities Litigation*, Master File No. C-01-3361 CRB. The institution who sued, Otter Creek Partners, is called the Lead Plaintiff. The following are current or former “Defendants” in the action: Clarent, E&Y, the Cooley Defendants, Chang, Matthew Chiang, Barry Forman, Richard J. Heaps, Michael F. Vargo, and Simon Wong. The settlement applies to all of these defendants except for the Cooley Defendants (which paid \$2 million in a separate settlement) and E&Y (which prevailed at trial). This settlement also dismisses actual or potential claims against the following persons: William Barker, Wen-Chang Ko, William Pape, Arthur Rubinfeld, Mark McIlvane and all other current and former directors, officers, and employees of Clarent or its subsidiaries, except Matthew Chiang, who are or were insureds under any of certain insurance policies issued to Clarent for the time period relevant to this lawsuit (herein referred to as “Released Persons”).

2. What Is This Lawsuit About?

This case was brought as a class action initially alleging that Clarent, Chang and certain of the ISDs violated the securities laws by concealing the true nature of Clarent’s financial results for 2000 and the first two quarters of 2001. Clarent, Chang, and the ISDs have denied that they did anything wrong.

3. Why Is This A Class Action?

In a class action, one or more people called class representatives (in this case the court-appointed Lead Plaintiff, Otter Creek Partners), sue on behalf of people who have similar claims. Here, all these people are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members, except for those who exclude themselves from the Settlement Class. Judge Charles R. Breyer is the judge in charge of this class action.

4. Why Is There a Settlement with Clarent and the ISDs?

Regarding the allegations against Clarent and certain ISDs, the Court did not decide in favor of Lead Plaintiff or Clarent or the ISDs. Instead, these parties agreed to a settlement. That way, they avoid the cost and risks associated with a trial, and eligible Settlement Class Members who make a valid claim will get compensation. The Lead Plaintiff and its attorneys think the settlement is best for all Settlement Class Members.

5. Why Is There a Settlement with Chang?

On February 16, 2005, a jury returned a verdict against Chang for statements he made regarding Clarent’s second quarter 2001 financial results. Chang agreed to a settlement following this jury verdict, but before the determination of damages. That way, he avoided continuing the litigation, the Class avoided the risk that the jury would not award damages against Chang, and eligible Settlement Class Members who make a valid claim will get compensation. The Lead Plaintiff and its attorneys think the settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT

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

6. How Do I Know if I Am Part of the Settlement?

The Settlement Class includes *all persons who acquired Clarent common stock between April 26, 2000 and August 31, 2001, and who were damaged thereby, except those persons and entities that are excluded, as described below.*

7. Who Is Excluded?

You are not a Settlement Class Member if you are one of the ISDs listed in question 1 above, any defendant in the case, Ernst & Young LLP, the Cooley Defendants, any entity in which any defendant in the case has or had a controlling interest, former directors and officers of Clarent, and members of the families, legal representatives, heirs, successors or assigns of any defendant in the case, including but not limited to Deborah Ludewig and Matthew Chiang. Certain persons referred to as the Colorado Plaintiffs are also expressly excluded from the Settlement Class and are barred from submitting any proofs of claim against or sharing in any proceeds of this \$6.9 million settlement fund because they separately settled with Clarent, Chang and the ISDs pursuant to separate litigation. "Colorado Plaintiffs" includes Chris Brazdziunas, Dan Dunning, Karen Goettler, Trent Harmon, Marty Langion, Steve Langion, Joni Marcoux, Mark Mastandrea, Joy Schwartz, Larry Schwartz, Joseph Shields, Kurt Stansbury and each and any other plaintiff in the case pending in the Colorado District Court, City and County of Denver, Colorado, Case No. 02CV3560, entitled *Schwartz et al. v. Clarent Corporation et al.* brought by the Colorado Plaintiffs, transferred from the United States District Court, District of Colorado, Case No. 02-cv-01077.

If you sold Clarent common stock between April 26, 2000 and August 31, 2001, that does not necessarily make you a Settlement Class Member. You are a Settlement Class Member only if you acquired Clarent common stock between April 26, 2000 and August 31, 2001, and were damaged by such acquisition(s).

8. 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 the Garden City Group at 1-800-293-7389 for more information. Or you can fill out and return the claim form described in question 11, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

9. What Does the Settlement Provide?

Clarent, Chang and the ISDs have agreed to pay or have paid on their behalf, a total of \$6.9 million in cash (\$6 million on behalf of Clarent and the ISDs and \$900,000 by or on behalf of Chang) to be divided among all eligible Settlement Class Members who send in valid claim forms, after payment of court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice. This is in addition to the \$2 million in cash paid by or on behalf of the Cooley Defendants, for claims by persons who acquired Clarent common stock between March 29, 2001 and August 31, 2001, and were damaged by such acquisition(s).

10. What Is My Share of the Settlement Fund?

Your share of the fund will depend on the number of valid claim forms that Settlement Class Members send in and the amount of Clarent common stock you acquired during the relevant period and when you acquired and sold them. For purposes of allocating the net settlement fund, a claim will be calculated as follows:

- (a) For shares of Clarent common stock acquired between April 26, 2000 and August 31, 2001, and
 - (i) sold on or before August 31, 2001, the claim per share is \$0.00.
 - (ii) retained at the close of trading on August 31, 2001, the claim per share is \$4.94.

(b) For Settlement Class Members who held shares at the beginning of the Settlement Class Period or made multiple purchases or sales during the Settlement Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Settlement Class Period will be matched, in chronological order, first against shares held at the beginning of the Settlement Class Period. The remaining sales of shares during the Settlement Class Period will then be matched, in chronological order, against shares acquired during the Settlement Class Period.

(c) A Settlement Class Member will be eligible to receive a distribution only if a Settlement Class Member had a net loss, after all profits from transactions in Clarent common stock during the Settlement Class Period are subtracted from all losses.

The payment you get will reflect your pro rata share after deduction of court-approved fees and expenses. Depending on the number of eligible shares that participate in this settlement and when those shares were acquired and sold, the estimated average payment will be approximately \$0.32 for each share before deduction of court-approved fees and expenses. The number of claimants who send in claims varies widely from case to case. If fewer than anticipated Settlement Class Members send in a claim form, you could get more money.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

11. How Will I Get a Payment?

To qualify for payment, you must be an eligible Settlement Class Member and you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than July 6, 2005.

12. When Will I Get My Payment?

The Court will hold a hearing on July 14, 2005, at 10:00 a.m., to decide whether to approve the settlement. If Judge Breyer approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

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

Unless you exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Clarent, Chang, the ISDs, or the Released Persons about the same legal issues in this case. That also means that you cannot (i) seek to enforce against or collect from certain insurance carriers who issued policies to Clarent during the relevant time period any judgment against or settlement with any insureds under any of the insurance carriers' policies, (ii) accept assignment from any insured of the right to seek enforcement or payment from any of these insurance carriers, or assign such right to any third party, (iii) solicit any third party to take assignment of such right, or (iv) sue, prosecute, or otherwise pursue any claim against any of these insurance carriers arising out of, or in connection with, this case. It also means that all of the Court's orders will apply to you and legally bind you; and you will release your claims in this case against Clarent, Chang, the ISDs, or the Released Persons. The terms of the release are included in the claim form that is enclosed.

Also as part of the settlement, the parties to the settlement have requested that Judge Breyer issue an order which would prevent any claims against any of the ISD or Chang, in any and every capacity, for indemnity, contribution or other relief that relate in any way to Clarent, by any persons or entities, including, without limitation, E&Y and the Cooley Defendants.

A Notice of Class Action was mailed and a Summary Notice was published on or about January 14, 2005, informing potential class members of the action against E&Y and Chang. That Notice informed potential class members that in the event of any settlement with, or judgment against, E&Y or Chang, only persons who did not exclude themselves from the Class by February 14, 2005, would be eligible to participate in a distribution of the settlement or Judgment proceeds. Those persons who excluded themselves from the Class against Chang by February 14, 2005, are not eligible to participate in this settlement with Chang. Only those persons who opted out of the Class against E&Y by February 14, 2005, can potentially file their own lawsuit involving these matters against E&Y.

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 Clarent, Chang, the ISDs or the Released Persons on your own about the same legal issues in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as opting out of the Settlement Class.

14. How Do I Get Out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from *In re Clarent Corporation Securities Litigation*, Master File No. C-01-3361 CRB. You must include your name, address, telephone number, your signature, and the number of Clarent securities you acquired between April 26, 2000 and August 31, 2001, the number of Clarent common stock sold during this time period, if any, and the dates of such acquisitions and sales. You must mail your exclusion request postmarked no later than July 6, 2005 to:

In re Clarent Corporation Securities Litigation
c/o The Garden City Group, Inc., Administrator
Attn: Exclusion Dept.
P.O. Box 91087
Seattle, WA 98111-9187

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. If you timely exclude yourself, you will not be legally bound by anything that happens with respect to Clarent, Chang, the ISDs or the Released Persons in this lawsuit.

15. If I Do Not Exclude Myself, Can I Sue Clarent, Chang, the ISDs or the Released Persons for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue Clarent, Chang, the ISDs, or Released Persons for the claims resolved by this settlement. If you have a pending lawsuit against Clarent, Chang, the ISDs, or the Released Persons speak to your lawyer in that case immediately. Remember, the exclusion deadline is July 6, 2005.

16. If I Exclude Myself, Can I Get Money from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may potentially sue, continue to sue, or be part of a different lawsuit against Clarent, Chang, the ISDs, or the Released Persons.

THE LAWYERS REPRESENTING YOU

17. Do I Have a Lawyer in This Case?

The Court approved the law firm of Bernstein Litowitz Berger & Grossmann LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. You will not personally be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees not to exceed 16% of the settlement fund received from the Cooley Defendants, 16% of the settlement fund received from Clarent and/or the ISDs, and 22% of the settlement fund received from Chang (an average of \$0.07 per share) and for reimbursement of out-of-pocket expenses up to \$1.75 million (an average of \$0.08 per share). Such sums as may be approved by the Court will be paid from the total combined settlement of \$8.9 million (consisting of the \$6.9 million settlement fund explained in this Notice and the \$2 million recovered pursuant to a separate settlement with the Cooley Defendants). Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel have not been paid for their services for conducting this litigation on behalf of the Lead Plaintiff and the Settlement Class nor for their substantial out-of-pocket expenses, which included trying the case against E&Y and Chang to verdict. The fee requested will compensate Lead Counsel for their work to date in achieving the settlement with Clarent, Chang, the ISDs, and the Released Persons and for pursuing this litigation on behalf of the Settlement Class, and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

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

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

If you are a Settlement 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 Clarent Corporation Securities Litigation*, Master File No. C-01-3361 CRB. Be sure to include your name, address, telephone number, your signature, the number of shares of Clarent common stock acquired and sold between April 26, 2000 and August 31, 2001, and the reasons you object to the settlement. Any objection to the settlement must be mailed or delivered such that it is received by each of the following no later than July 6, 2005:

Court:
Clerk of the Court
UNITED STATES OF DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION
450 Golden Gate Ave.
San Francisco, CA 94102

Lead Counsel for Plaintiff:

Alan Schulman
Robert S. Gans
Niki L. Mendoza
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
12544 High Bluff Drive, Suite 150
San Diego, CA 92130

Special Counsel for the Liquidating Trustee for the Estate of Clarent Corporation:

Dean A. Ziehl
PACHULSKI, STANG, ZIEHL, YOUNG,
JONES & WEINTRAUB, P.C.
10100 Santa Monica Boulevard, Suite 1100
Los Angeles, CA 90067

Counsel for Jerry Shaw-Yau Chang:

Michael H. Diamond
MILBANK, TWEED, HADLEY & McCLOY LLP
601 S. Figueroa Street
Los Angeles, CA 90017-5735

20. 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 Settlement Class. Excluding yourself is telling the Court that you don't want to be part of the Settlement 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.

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

The Court will hold a fairness hearing at 10:00 a.m., on July 14, 2005, at the United States Courthouse, 450 Golden Gate Ave., San Francisco, CA 94102, California. 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 Breyer will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

22. Do I have to Come to the Hearing?

No. Lead Counsel will answer questions Judge Breyer 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 is not necessary.

23. 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 intention to appear in *In re Clarent Corporation Securities Litigation*, Master File No. C-01-3361 CRB. Be sure to include your name, address, telephone number, your signature, and the number of Clarent common stock acquired between April 26, 2000 and August 31, 2001. Your notice of intention to appear must be postmarked no later than July 6, 2005, and be sent to the Clerk of the Court, Lead Counsel, and Clarent's counsel, and Chang's counsel, at the addresses listed in question 19. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

24. 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 Clarent, Chang, the ISDs or the Released Persons about the same legal issues in this case.

GETTING MORE INFORMATION

25. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. The proposed settlement is also part of a larger settlement involving other parties, including insurance carriers. More details are in the Stipulation of Partial Settlement with Clarent Corporation and Certain Former Directors and Officers of Clarent Corporation, and attachments thereto, filed with the Court on May 10, 2005. You can get a copy of this stipulation by writing to Niki L. Mendoza, Bernstein Litowitz Berger & Grossmann LLP, 12544 High Bluff Drive, Suite 150, San Diego, CA 92130, or from the Clerk's office at the United States District Court for the Northern District of California, 450 Golden Gate Ave., San Francisco, CA 94102, during regular business hours.

26. How Do I Get More Information?

You can: (1) call the Garden City Group at 1-800-293-7389; (2) call (858) 793-0070 or write to Niki L. Mendoza, Bernstein Litowitz Berger & Grossmann LLP, 12544 High Bluff Drive, Suite 150, San Diego, CA 92130; or (3) visit the website at www.gardencitygroup.com.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you hold any Clarent common stock acquired between April 26, 2000 and August 31, 2001, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

In re Clarent Corporation Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 91087
Seattle, WA 98111-9187

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

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

DATED: May 13, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT NORTHERN
DISTRICT OF CALIFORNIA