

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE FREEMARKETS, INC. SECURITIES LITIGATION	:	Civil Action No. 01-CV-746
	:	Judge Terrence F. McVerry
	:	

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT
OF CLASS ACTION, SETTLEMENT FAIRNESS HEARING,
AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS AND ENTITIES WHO PURCHASED THE COMMON STOCK AND PUBLICLY-TRADED CALL OPTIONS OF FREEMARKETS, INC. DURING THE PERIOD OF JULY 24, 2000 THROUGH APRIL 23, 2001

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. 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, POST-MARKED ON OR BEFORE DECEMBER 1, 2005.

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 Western District of Pennsylvania (the "Court") dated August 16, 2005, that a hearing will be held before the Honorable Terrence F. McVerry, in the United States District Courthouse, 829 U.S. Courthouse, 700 Grant Street, Pittsburgh, Pennsylvania 15219, at 9:30 A.M., on October 28, 2005 (the "Settlement Hearing") to determine whether a proposed settlement (the "Settlement") of the above-captioned litigation (the "Action"), as set forth in the Stipulation and Agreement of Settlement dated August 3, 2005 (the "Stipulation"), is fair, reasonable and adequate and to consider the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses.

I. SUMMARY OF SETTLEMENT AND RELATED MATTERS

A. Statement of Plaintiffs' Recovery.

Pursuant to the Settlement described herein, a Settlement Fund consisting of \$3,400,000 in cash plus interest has been established. As discussed below, depending upon when during the Class Period shares were purchased, different levels of price inflation and, therefore, different levels of damages apply. The artificial inflation per share between July 24, 2000 and the close of trading on April 23, 2001 (the "Class Period") is estimated by Plaintiffs' Counsel at \$2.13 per common share before deduction of Court-awarded attorneys' fees and expenses and the costs of administering this Settlement. Each Class Member's distribution from the Settlement Fund will be governed by a Plan of Allocation, as approved by the Court. A detailed explanation of the Plan of Allocation appears in Section V of this Notice.

Plaintiffs estimate that there were approximately 17 million shares bought during the Class Period by both institutional and non-institutional investors and held after the end of the Class Period. Based on different levels of disclosure in the market place, Plaintiffs believe that shares purchased during the Class Period were artificially inflated by amounts of \$2.13 during the period of July 24, 2000 through April 23, 2001. Maximum recoverable damages are based on the amount of price inflation in FreeMarkets stock at various points during the Class Period. (For the maximum recoverable damages for the periods when you purchased your shares, please refer to the Plan of Allocation at Section V herein.) Assuming that, in fact, 17 million shares were purchased and held through the end of the Class Period, Plaintiffs believe damages for those shares held through the end of the Class Period would be approximately \$35 million ("Retention Damages").

The Plan of Allocation described herein (see Section V) attempts to set each Authorized Claimant's Recognized Claim based on the maximum recoverable damages on each purchase of FreeMarkets common stock at certain times during the Class Period. The Plan of Allocation covers Retention Damages. No allocation is made for those who recognized a profit on their purchases and sales during the Class Period. In addition, no allocation is made for Class Members who sold shares during the Class Period because the level of price inflation when those shares were sold equals the level of price inflation when those shares were purchased. Plaintiffs estimate that, based on the damage model described herein, each authorized claimant will receive a gross recovery prior to deducting fees and expenses of approximately 10% of each Authorized Claimant's Recognized Claim per share under the Plan of Allocation. Assuming deduction of attorneys' fees of approximately 30% and costs which will not exceed 2.2% of the Settlement Fund, Plaintiffs estimate that each Authorized Claimant will receive a net recovery, after fees and costs, of approximately 7% of Recognized Claims under the Plan of Allocation. For further information with respect to your Recognized Claim, please refer to the Plan of Allocation in Section V herein.

B. Statement of Potential Outcome of the Litigation.

The Plaintiffs and Defendants disagree as to both liability and damages. They do not agree on the amount of damages per share at various points during the Class Period that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include, among other things (i) whether the statements made were false or misleading or were material or otherwise actionable under the federal securities laws; (ii) the extent to which the various matters that Plaintiffs allege were materially false or misleading influenced (if at all) the trading price of FreeMarkets common stock during the Class Period; and (iii) the amounts by which FreeMarkets common stock were so influenced (if at all) during the Class Period. The Defendants deny that they are liable to Plaintiffs or the Class and deny that Plaintiffs or the other Members of the Class have suffered any damages as the result of the alleged wrongdoing. Plaintiffs believe the proof at trial would show that

FreeMarkets' shares were artificially inflated by \$2.13 at various points during the Class Period for total damages of approximately \$35 million. Defendants disagree and assert that they neither misrepresented nor concealed any material fact, that their accounting treatment of the payments made by Visteon Corporation ("Visteon") did not contravene any settled accounting principle then in effect and was in fact explicitly endorsed by Defendants' independent auditor, and that the statements and omissions challenged by Plaintiffs had no effect on FreeMarkets' stock price and thus caused no damage to the Members of the Class. In this Action, as in any action, Plaintiffs' Counsel recognized that there was a substantial risk that Plaintiffs and the Class might not have prevailed on any of their claims and contentions or would have only prevailed on some of their claims and therefore would have recovered nothing or substantially less than the maximum amount. Plaintiffs' Lead Counsel believes that the proposed Settlement is in the best interests of the Plaintiffs and the Class.

C. Statement of Attorneys' Fees and Expenses Sought.

Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and the other Members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, Plaintiffs' Counsel intend to apply for fees of up to 30% of the Settlement Fund or an average of approximately \$.06 per damaged share, and for reimbursement of expenses incurred in connection with the prosecution of this Action not to exceed \$75,000, or approximately \$.005 per damaged share.

D. The Reasons For Settlement.

Plaintiffs believe that the proposed settlement is fair, reasonable and adequate and is in the best interests of the Class, considering the amount of the Settlement and the immediacy of recovery to the Class. Discovery on the facts, including exchange of documents and interrogatory responses, had been completed, and the parties had engaged experts as to damages. Trial would involve difficult questions regarding intent, interpretation and application of Generally Accepted Accounting Principles ("GAAP"), particularly those governing revenue recognition. The amount of damages sustained by the Class, if any, would also have been a contested issue at trial. As noted above, Plaintiffs estimated that FreeMarkets shares purchased during the Class Period were damaged by a total of approximately \$35 million, while the Defendants vigorously denied that there were any damages caused by the Defendants.

Accordingly, Plaintiffs' decision to enter into the Settlement was made with extensive knowledge of the facts and circumstances underlying Plaintiffs' claims and the strengths and weaknesses of those claims, as well as the potential damages that could be recovered at trial. In determining to settle the Action, Plaintiffs' Counsel evaluated the extensive discovery taken in the litigation and have taken into account 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. Plaintiffs' Counsel submit that the Settlement described herein confers very substantial benefits upon the Class. Based upon their consideration of all of these factors, Lead Plaintiffs and their counsel have concluded that it is in the best interests of Plaintiffs and the Class to settle the Action on the terms described herein.

E. Identification of Plaintiffs' Lawyers.

Further information regarding the Action and this Notice may be obtained by contacting Lead Counsel for Plaintiffs and the Class:

Norman Berman, Esq.
Julie A. Richmond, Esq.
Berman DeValerio Pease
Tabacco Burt & Pucillo
One Liberty Square
Boston, MA 02109
(617) 542-8300

II. BACKGROUND OF THE ACTION

a. Beginning on or about April 27, 2001, a number of class action complaints were filed in the above Court concerning the publicly-traded securities of FreeMarkets (the "FreeMarkets Class Actions"). The FreeMarkets Class Actions alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. The Court, on August 3, 2001, consolidated all pending actions (herein referred to as the "Action"), appointed Lead Plaintiffs pursuant to Section 21D(a)(3)(B) of the Exchange Act (as amended), and appointed the law firms of Berman DeValerio Pease Tabacco Burt & Pucillo as Lead Counsel ("Plaintiffs' Lead Counsel") and the Law Office of Alfred G. Yates, Jr., P.C. as Liaison Counsel for Lead Plaintiffs and the Class.

b. The Second Amended Consolidated Class Action Complaint (the "Complaint") – the operative complaint in the Action – was filed on or about October 17, 2001.

c. The Complaint generally alleges, among other things, that during the Class Period, FreeMarkets materially misstated its financial results by improperly recognizing revenue from a sham transaction in violation of GAAP. Specifically, the Complaint alleges that the Company issued discounted warrants to one of its major customers, Visteon, in return for Visteon's commitment to purchase goods and services from the Company. The Complaint alleges that as a result of these "round trip" arrangements, the Company improperly overstated its revenues during the second, third and fourth quarters of fiscal year 2000 and inflated the price of the Company's securities.

d. The Complaint further alleges that Lead Plaintiffs and the other Class Members purchased FreeMarkets common stock during the Class Period at artificially inflated prices and were damaged as a result of Defendants' dissemination of false and misleading statements regarding the Company's financial condition in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder.

e. On October 30, 2001, Defendants moved to dismiss the Complaint. By Order dated January 17, 2003, the Court denied Defendants' motion.

f. On June 4, 2002, Lead Plaintiffs filed an unopposed motion to permit service of non-party subpoenas for documents on PriceWaterhouseCoopers, LLP and Visteon. This motion was granted by the Court on June 5, 2002.

g. On or about March 3, 2003, Defendants' answer was filed denying the substantive allegations of the Complaint.

h. The parties commenced fact discovery. Beginning in February 2003, the parties engaged in extensive discovery. Lead Plaintiffs requested and reviewed thousands of pages of documents from the Defendants and other non-parties, propounded and responded to interrogatories to and from the Defendants, and engaged experts to advise Lead Plaintiffs on issues such as damages.

i. On or about April 1, 2003, Lead Plaintiffs filed their amended motion for class certification. On July 7, 2003, Defendants filed their memorandum in opposition to the motion for class certification. On March 10, 2004, the Court entered a Memorandum Opinion and Order granting Lead Plaintiffs' motion and certified, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), a class consisting of "[a]ll persons who purchased the common stock and publicly-traded call options of [FreeMarkets] during the period of July 24, 2000 through April 23, 2001 (the 'Class Period')". Excluded from the Class, however, are Glen T. Meakem and Joan S. Hooper, the Individual Defendants, members of their families, any entity in which any Defendant is trustee or has a controlling interest, and any of their parents, subsidiaries, officers, directors, affiliates, legal representatives, heirs, predecessors, successors, and assigns." On or about March 24, 2004, Defendants filed a Rule 23(f) Petition for Permission to Appeal Class Certification Order with the United States Court of Appeals for the Third Circuit ("Third Circuit"). On or about July 29, 2004, the Third Circuit granted Defendants' petition. On October 19, 2004, Defendants served their initial brief. On November 17, 2004, Lead Plaintiffs filed their response brief. On December 6, 2004, Defendants filed their reply brief. Oral argument was set for May 9, 2005. Because of the pendency of this appeal, no notice of certification was sent to the Class. On May 6, 2005, the parties notified the Third Circuit that they had reached a settlement agreement, which obviated the need for oral argument. On May 10, 2005, the Third Circuit issued a status report order staying the case until the District Court approves the settlement and directing the Appellants-Defendants to file a status letter within sixty (60) days. On July 11, 2005, Appellants-Defendants filed the status letter.

j. On May 6, 2005, the parties entered into a Letter Agreement memorializing their agreement in principle to settle the Action, subject to Court approval, on the terms set forth therein. Thereafter, the parties entered into the Stipulation. Among other things, the Letter Agreement and the Stipulation provide that Defendants shall pay or cause to be paid to the Class, in settlement of claims against them, the sum of \$3,400,000 (Three Million Four-Hundred Thousand Dollars), to be deposited into an interest-bearing account designated by Lead Counsel within ten (10) business days of the Court's preliminary approval of the Stipulation. In exchange for this consideration, Lead Plaintiffs agreed, upon final approval of the Settlement, to dismiss the Action with prejudice and to release all claims, known and unknown, arising out of the purchase of FreeMarkets common stock and publicly-traded call options during the Class Period that have been or could have been asserted by any Member of the Class in the Action against Defendants and certain other related parties. Defendants agreed to release Lead Plaintiffs, the Members of the Class, and their counsel from any claims relating to the institution, prosecution or settlement of the Action.

k. Defendants deny any wrongdoing, and this Stipulation shall in no event be construed or deemed to be evidence of, or an admission or concession on the part of any Defendant with respect to any claim of, any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants could have asserted. Defendants assert that they complied with all applicable laws and regulations and deny that they have committed any act or omission giving rise to any liability and/or violation of the law and state that they are entering into this Settlement to eliminate the burden and expense of further litigation.

l. Plaintiffs' Lead Counsel conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint and assert that the allegations they pursued in this Action are meritorious. Among other things, Plaintiffs' Lead Counsel analyzed the public records and evidence adduced during pre-trial discovery, interviewed former employees of the Company, and researched the applicable law with respect to the claims of the Lead Plaintiffs and other Members of the Class against Defendants, as well as the potential defenses thereto. Plaintiffs' Lead Counsel further retained experts to assist in damages analysis and render opinions as to the level of recoverable damages in this case.

m. Lead Plaintiffs, by and through their counsel, conducted discussions and arm's-length negotiations with counsel for and representatives of Defendants to determine if the Action could be compromised and settled while achieving the best possible relief consistent with the interests of the Class.

n. Based on their investigation, pre-trial discovery, and damages analysis, as set forth above, Lead Plaintiffs and their counsel have concluded that the terms and conditions of the Settlement are fair, reasonable and adequate to Lead Plaintiffs and the other Members of the Class, and in their best interests, and have agreed to settle the claims raised in the Action pursuant to the terms and provisions of this Stipulation, after considering (a) the substantial benefits that Lead Plaintiffs and the other Members of the Class will receive from the settlement of this Action, (b) the attendant risks of continued litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

III. BACKGROUND OF THE SETTLEMENT

The proposed Settlement described herein is the product of extensive arm's-length negotiations between the parties. Plaintiffs and Defendants each have conducted an in-depth analysis of their respective positions. This Settlement was reached less than one week before oral argument was set to take place before the United States Court of Appeals for the Third Circuit on the issue of class certification.

As a result of their discovery efforts, Plaintiffs' Counsel have a thorough understanding of the facts at issue in the Action. Among other things, Plaintiffs' Counsel contend that they could prove that Defendants engaged in an improper revenue recognition practice during fiscal year 2000 causing the Company to overstate its revenues, thereby artificially inflating the price of the Company's common stock. Plaintiffs also contend that they could show that Defendants effected this scheme through so-called "round trip" transactions whereby the Company issued warrants valued at \$95.5 million to one of its major customers, Visteon as an inducement to Visteon to purchase future auction services from FreeMarkets. Plaintiffs contend that they could further show that Defendants then booked Visteon's payments, not as payments for warrants, which they were in fact, but as revenues for services. Plaintiffs further contend that throughout the Class Period, Defendants caused FreeMarkets to report revenues inflated by as much as 12%, 11%, and 8% of FreeMarkets' total revenues for the second, third and fourth quarters of fiscal year 2000, respectively. Plaintiffs also believe that they could establish Defendants' scienter in that Defendants were aware of the express terms of the Service Agreement with Visteon; that insiders engaged in suspicious and unusual insider trading during the Class Period; that such insiders were motivated to inflate revenues in an effort to secure large bonuses for themselves; and that Defendants were motivated to inflate the Company's stock price of the Company's common shares for use in the acquisition of Adexa. With respect to causation and damages, Plaintiffs believe that they could show that had the Company properly accounted for its transaction with Visteon, its common stock would have traded at materially lower prices during the Class Period, and that, but for Defendants' fraud, the Company's stock would not have declined as a result of the revelations related to this fraud. Plaintiffs were prepared to submit expert testimony as to damages attributable to the Company's false statements and omissions.

The decision to enter into this Settlement was made with extensive knowledge of the facts and circumstances underlying Plaintiffs' claims and the strengths and weaknesses of those claims. In determining to settle the Action, Plaintiffs' Lead Counsel have evaluated the discovery undertaken in the litigation and potential recoverable damages, and have taken into account 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. Based upon their consideration of all of these factors, Plaintiffs and their counsel have concluded that it is in the best interests of Plaintiffs and the Class to settle the action on the terms described herein.

Recognizing the uncertainty and 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 desire to settle the claims of the Class against Defendants on the terms and conditions described herein, which provide substantial benefits to the Class. Lead Counsel for Plaintiffs and the Class believe such Settlement to be fair, reasonable and adequate to, and in the best interests of, the Members of the Class.

The Defendants have denied all allegations of wrongdoing or liability, and all other accusations of wrongdoing or violations of law. The Stipulation 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 Action. Defendants, while continuing to deny all allegations of wrongdoing or liability whatsoever, desire to settle and terminate all existing or potential claims against them, without in any way acknowledging any fault or liability.

The amount of damages, if any, which Plaintiffs could prove was a matter of serious dispute, and the Settlement's use of a Recognized Claim Formula (set forth in the Plan of Allocation described in Section V below) 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 or the amount, if any, of damages suffered by the Class, 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. The Settlement herein is providing an immediate and substantial cash benefit to Plaintiffs and the Class and avoids the risk that liability or damages might not have been proven at trial.

THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFFS' CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF A VIOLATION OF THE LAW OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE ACTION WERE NOT SETTLED.

IV. TERMS OF THE SETTLEMENT

1. In full and complete settlement of the claims which have or could have been asserted in this Action, and subject to the terms and conditions of the Stipulation, Defendants have deposited or caused to be deposited into an escrow account for the benefit of Plaintiffs and the Class \$3,400,000, which will earn interest for the benefit of the Class.

2. Pursuant to the Settlement, and on the Effective Date, Lead Plaintiffs and the other Members of the Class on behalf of themselves, their heirs, executors, administrators, successors and assigns, and any persons they represent, shall, with respect to each and every Released and Settled Claims (defined below), release and forever discharge, and shall forever be enjoined from prosecuting, any Released and Settled Claims against any of the Released Parties (defined below).

3. "Released and Settled Claims" means any and all claims, demands, debts, rights, causes of action or liabilities, of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liabilities whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule or regulation (whether class or individual in nature) including both known claims and "Unknown Claims," (as defined below), that have been or could have been asserted in any form by Plaintiffs or any of the other Class Members, or the successors or assigns of any of them, whether directly, indirectly, representatively, or in any other capacity, against any of the Released Parties that arise out of or relate in any way, directly or indirectly, to (1) the purchase of FreeMarkets securities by any Class Member during the Class Period; and (2) the allegations, transactions, facts, matters or occurrences, representations or

omissions involved, set forth, related to or referred to in the Complaint or that could have been asserted in the Complaint, including, without limitation, claims for negligence, gross negligence, negligent misrepresentation and breach of fiduciary duty.

4. "Released Parties" means the Defendants, and each of their past and present subsidiaries, successors and affiliates, parents, predecessors, officers, directors, employees, insurers and reinsurers, and the legal representatives, heirs, estates, agents, trustees, attorneys, advisors and investment advisors, auditors, successors in interest or assigns of the Defendants and any person, firm, trust, corporation, officer, director or other individual entity in which any Defendant has a controlling interest.

5. "Unknown Claims" means any and all Released and Settled Claims which any Lead Plaintiff or other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Released and Settled Defendants' Claims which any Defendant does not know or suspect to exist in his or its favor, which if known by him or it might have affected his or its decision(s) with respect to the Settlement. With respect to any and all Released and Settled Claims and Released and Settled Defendants' Claims, the parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Defendants shall have expressly, and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

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

6. If the Settlement is approved by the Court, all claims which have or could have been asserted in the Action against any of the Released Parties will be dismissed with prejudice as to all Class Members, and all Class Members shall be forever barred from prosecuting a class action or any other action arising out of wrongs which have been or could have been alleged in this Action against any Released Party. The Settlement will become effective at such time as Orders entered by the Court approving the Settlement shall become final and not subject to appeal (the "Effective Date").

7. By operation of the Order and Final Judgment, upon the Effective Date of this Settlement, Lead Plaintiffs and the other Class Members on behalf of themselves, their heirs, executors, administrators, successors and assigns, and any persons they represent, shall covenant to refrain from instituting, commencing, or prosecuting, either directly, indirectly, representatively or in any other capacity, any and all claims, demands, rights, causes of action or liabilities, of every nature and description whatsoever, whether based in law or equity, or on federal, state, local, statutory or common law, or any other law, rule or regulation, including both known claims and "Unknown Claims," as defined in California Civil Code § 1542, that have been or could have been asserted in any form by any Class Member, or the successors or assigns of 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, directly or indirectly, to or could have been asserted based upon the allegations or facts relating to this Action, including, without limitation, claims for negligence, gross negligence, negligent misrepresentation and breach of fiduciary duty.

8. Pursuant to the Settlement, and on the Effective Date, FreeMarkets and each Individual Defendant, on behalf of himself, his executor, administrator and the Released Parties, shall release and forever discharge each and every of the Released and Settled Defendant's Claims, and shall forever be enjoined from prosecuting any Released and Settled Defendant's Claims against any of the Lead Plaintiffs, other Class Members or their counsel.

9. "Released and Settled Defendants' Claims" means any and all claims, demands, rights, causes of action and liabilities, of every nature and description whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and "unknown claims," as defined in California Civil Code § 1542, that have been or could have been asserted in any form by the Defendants, the Released Parties or any of them or the successors or assigns of any of them against any of the Lead Plaintiffs, other Class Members or their counsel, which relate in any way to the institution, prosecution or settlement of the Action.

10. Upon approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Settlement Fund will be distributed as follows: (A) to pay costs and expenses in connection with providing Notice to the Members of the Class and administering the Settlement on behalf of the Class; (B) to pay Plaintiffs' Counsel's attorneys' fees and reimbursement of expenses, with interest thereon (the "Fee and Expense Award"), if and to the extent allowed by the Court; (C) to pay the reasonable costs incurred in the preparation of any tax returns required to be filed on behalf of the Settlement Fund as well as the taxes (and any interest and penalties determined to be due thereon) owed by reason of the earnings of the Settlement Fund; and (D) subject to the approval by the Court of the Plan of Allocation, which is set forth in Section V below, the balance of the Settlement Fund (the "Net Settlement Fund") shall be distributed in accordance with the Plan of Allocation to Class Members who submit valid, timely Proofs of Claim ("Authorized Claimants"). Approval of the Settlement is independent of approval of the Plan of Allocation, or any award of counsel fees and costs. Any determination with respect to the Plan of Allocation or the award of counsel fees and costs will not affect the Settlement, if approved. Payment from the Settlement Fund made pursuant to and in conformity with the Plan of Allocation, in the event of Court approval, shall be final and conclusive.

V. PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

1. The Net Settlement Fund shall be distributed pursuant to the following Plan of Allocation to Authorized Claimants who file timely, acceptable Proofs of Claim.

2. Each Authorized Claimant shall be allocated a pro-rata share of the Net Settlement Fund based on his, her or its "Recognized Claim" compared to the total Recognized Claims of all Authorized Claimants. **THE RECOGNIZED CLAIM IS NOT THE AMOUNT OF YOUR RECOVERY. YOUR ACTUAL RECOVERY WILL BE LESS.**

3. **Common Stock**

- a. With respect to shares of FreeMarkets common stock purchased on the open market during the Class Period, which an Authorized Claimant continued to hold as of April 23, 2001 (the end of the Class Period), an Authorized Claimant's Recognized Claim shall be \$2.13, which represents the amount of artificial inflation in FreeMarkets common stock as determined by Plaintiffs' damages expert, times the number of shares held.
- b. With respect to shares of common stock of FreeMarkets purchased and then sold during the Class Period, the "Recognized Claim" shall be \$0 since the artificial inflation on the date of purchase was the same as the artificial inflation on the date of sale, meaning that any decline in the value of the stock was attributable to something other than the alleged fraud.

4. **Call Options**

- a. With respect to Call Options to purchase shares of FreeMarkets common stock purchased during the Class Period, an Authorized Claimant's "Recognized Claim" shall mean the amount determined in accordance with the following: for each Call Option on FreeMarkets common stock purchased on the open market during the Class Period which an Authorized Claimant continued to hold as an open and unexpired option as of April 23, 2001 (the end of the Class Period), the Recognized Claim shall be equal to 50%¹ of the price paid (excluding commissions, etc.) for the Call Option(s) less the amount (if any) that the Call Option was "in the money" as of the close of trading on April 24, 2001 (the first day of trading after the end of the Class Period), times the number of shares covered by such Call Option(s).
- b. If a Call Option was exercised during the Class Period to purchase FreeMarkets common stock, the "Recognized Claim" from such transaction shall be calculated as a purchase of FreeMarkets common stock and the Authorized Claimant will have no "Recognized Claim" with respect to the purchase of the option. The date of the exercise of the option is the "Purchase" date.
- c. No Recognized Claim shall be allowed with respect to Call Option(s) purchased during the Class Period to cover Call Option(s) previously sold or written by a claimant.
- d. With respect to Call Option(s) purchased and then sold during the Class Period, the "Recognized Claim" shall be \$0 since the artificial inflation on the date of purchase was the same as the artificial inflation on the date of sale, meaning that any decline in the value of the option was attributable to something other than the alleged fraud.
- e. No Recognized Claim shall be allowed with respect to Call Option(s), that were purchased and then expired during the Class Period.

5. Note that \$2.13 is the constant amount of inflation calculated by Plaintiffs' Counsel's expert for FreeMarkets common stock during the Class Period. Neither \$2.13 nor the Recognized Claim amount described herein is the amount you will recover. The Recognized Claim is an amount that is used in determining the pro-rata amount of the Settlement Fund you will recover. YOUR ACTUAL RECOVERY WILL BE LESS THAN YOUR RECOGNIZED CLAIM, AND YOUR ACTUAL RECOVERY WILL BE LESS THAN \$2.13 PER SHARE.

6. In determining Recognized Claims, brokerage commissions and all other transaction costs shall be excluded from the calculation. Transactions resulting in a gain shall not be included.

7. FreeMarkets common stock or Call Options acquired during the Class Period by means of a gift, inheritance or operation of law are not eligible to share in the Net Settlement Fund based on such acquisition unless the transferor or donor on such a transaction would have been entitled to share in the Net Settlement Fund based on his, her or its acquisition. If the transferor or donor submits a claim relating to his, her or its acquisition of such shares or options, then any claim submitted by the transferee or done with respect to such shares or options will be rejected.

VI. THE RIGHTS OF CLASS MEMBERS

The Court has previously certified this Action to proceed as a class action. Class Members have the following rights pursuant to Rule 23(c)(2) of the Federal Rules of Civil Procedure:

- (a) Class Members may share in the proceeds of the Settlement, provided that you submit an acceptable Proof of Claim, as outlined in Section VII below.
- (b) Class Members will be represented by the Lead Plaintiffs and their counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you do chose to do so, such counsel must file an appearance on your behalf on or before October 8, 2005, and must serve copies of such an appearance on the attorneys listed in Section IX of this Notice.
- (c) Class Members may object to the Settlement, the Plan of Allocation or the attorneys' fees and/or expense application. Any Class Member 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, by following the procedures outlined in Section IX below.

¹ The Recognized Claim for Call Options is discounted to reflect the fact that part of the purchase price paid for a Call Option is a time premium, which is a wasting asset that is essentially unrelated to the alleged inflation.

VII. FILING AND PROCESSING OF PROOFS OF CLAIM

IN ORDER TO BE ELIGIBLE TO RECEIVE ANY DISTRIBUTION FROM THE SETTLEMENT FUND, YOU MUST COMPLETE AND SIGN THE ATTACHED PROOF OF CLAIM AND RELEASE FORM AND SEND IT BY PRE-PAID FIRST CLASS MAIL POST-MARKED ON OR BEFORE DECEMBER 1, 2005, ADDRESSED AS FOLLOWS:

FREEMARKETS, INC. SECURITIES LITIGATION
c/o STRATEGIC CLAIMS SERVICES
P.O. BOX 2463
2710 CONCORD ROAD - SUITE 5
ASTON, PA 19014
www.strategicclaims.net

IF YOU DO NOT FILE A PROPER PROOF OF CLAIM FORM, YOU WILL NOT BE ENTITLED TO ANY SHARE OF THE SETTLEMENT FUND.

IF YOU ARE A CLASS MEMBER, YOU WILL BE BOUND BY THE SETTLEMENT AND ORDER AND FINAL JUDGMENT OF THE COURT DISMISSING THIS LITIGATION, EVEN IF YOU DO NOT FILE A PROOF OF CLAIM.

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

Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Western District of Pennsylvania with respect to his, her or its claim.

VIII. EXCLUSION FROM THE SETTLEMENT

All Members of the Class have the option to exclude themselves by mailing via first-class mail a valid, timely request for exclusion, postmarked on or before October 8, 2005 to:

FREEMARKETS, INC. SECURITIES LITIGATION
c/o STRATEGIC CLAIMS SERVICES
P.O. BOX 2463
2710 CONCORD ROAD - SUITE 5
ASTON, PA 19014
www.strategicclaims.net

A request for exclusion must set forth the following information with respect to the person or entity requesting exclusion: name, address, Social Security or Employer Identification number; the date(s) and amount(s) of all purchases of FreeMarkets common stock; price(s) on each purchase and written confirmation of each such transaction(s). For Call Options, include the trade dates, number of contracts, month and strike price and total amount paid; if exercised state so and provide the date. All requests for exclusion must be signed by or on behalf of the person or entity requesting exclusion and must clearly state the intention to be excluded from the Class.

If a request for exclusion is not submitted in a timely manner, or does not include all the information required by this Notice, or is not signed as provided in this Notice, the request for exclusion is invalid. A Member of the Class who files an invalid request for exclusion remains a Class Member.

No persons or entities who properly file requests for exclusion from the Class shall be Class Members. Excluded Persons shall have no rights with respect to the Settlement and no interest in the Settlement Fund.

If you are a Class Member, you are represented by Counsel for Plaintiffs and the Class, Norman Berman, Esquire, Berman DeValerio Pease Tabacco Burt & Pucillo, One Liberty Square, Boston, Massachusetts, 02109, Lead Counsel for the Class. You may, but are not required to, enter an appearance through counsel of your own choosing at your own expense.

Any claimant whose Proof of Claim has been finally rejected in whole or in part, and who desires to contest such final rejection must, within 20 days after the date of mailing of the final rejection of the Proof of Claim, serve upon:

FREEMARKETS, INC. SECURITIES LITIGATION
c/o STRATEGIC CLAIMS SERVICES
P.O. BOX 2463
2710 CONCORD ROAD - SUITE 5
ASTON, PA 19014
www.strategicclaims.net

a notice and statement of reasons indicating the claimant's grounds for contesting the final rejection, along with any supporting documentation.

IX. SETTLEMENT HEARING

At the Settlement Hearing, the Court will determine whether to finally approve this Settlement and Plan of Allocation and dismiss the Action and the claims of the Class. The Settlement Hearing may be adjourned from time-to-time by the Court without further written notice to the Class.

At the Settlement Hearing, any Class Member who has not properly filed a request for exclusion from the Class may appear in person or by counsel and be heard to the extent allowed by the Court in opposition to the fairness, reasonableness and ade-

quacy 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, Plan of Allocation, and/or counsel's application for an award of attorneys' fees and reimbursement of 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 October 8, 2005, such person (a) files with the Clerk of Court, P.O. Box 1805, 700 Grant Street, Pittsburgh, Pennsylvania, 15230, notice of such person's intention to appear, together with 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, statement and documentation, together with copies of any other papers or briefs such person files with the Court, including the identity of any witnesses to be called and any exhibits to be offered in evidence, in person or by mail upon Plaintiffs' Lead Counsel:

Norman Berman, Esq.
Julie A. Richmond, Esq.
Berman DeValerio Pease
Tabacco Burt & Pucillo
One Liberty Square
Boston, MA 02109
(617) 542-8300

and upon Defendants' counsel:

William P. Quinn, Jr., Esq.
Karen Pieslak Pohlmann, Esq.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
(215) 963-5000

Unless otherwise ordered by the Court, any Class Member who does not make his, her or its objection or opposition in the manner provided herein shall be deemed to have waived such objection.

X. NOTICE TO BANKS, BROKERS OR OTHER NOMINEES

A. If you purchased FreeMarkets common stock or publicly-traded call options during the Class Period as a nominee for the benefit of another, or were or are holding certificates of FreeMarkets stock in your name as nominee for someone who purchased FreeMarkets stock during the Class Period, you are directed within 10 business days from receipt of this Notice to either (a) provide the names and addresses of such persons to the Claims Administrator, FreeMarkets, Inc. Securities Litigation, c/o Strategic Claims Services, P.O. Box 2463, 2710 Concord Road, Suite 5, Aston, PA 19014, in which case the beneficial owner will be sent a copy of the Notice and Proof of Claim Form; or (b) request additional copies of this Notice, which will be provided to you free of charge, and within seven (7) days of receipt of those copies mail the Notice and Proof of Claim Form to the beneficial owners of the securities referred to herein. You may receive reimbursement for your reasonable and actual out-of-pocket disbursements incurred in timely providing notice of this Settlement in a manner that would not have been made but for this request. Reimbursement of such expenses will only be upon timely submission of an itemized statement to the Claims Administrator. If you choose to follow alternative procedure (b), the Court has ordered that you must, upon such mailing, send a statement to the Claims Administrator confirming that the mailing was made as directed.

XI. FURTHER INFORMATION

A. The pleadings and other records of the Action, may be examined and copied (at your expense) at any time during regular office hours at the Office of the Clerk, Sam M. Gibbons, U.S. Courthouse, United States District Court, Western District of Pennsylvania, 700 Grant Street, Pittsburgh, Pennsylvania 15219.

B. 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 LISTED ABOVE OR BY CALLING 1-866-274-4004. DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT OR DEFENSE COUNSEL FOR INFORMATION OR ADVICE.

Dated: August 16, 2005

Clerk of the Court
United States District Court
Western District of Pennsylvania

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE FREEMARKETS, INC. SECURITIES LITIGATION :
: Civil Action No. 01-CV-746
: Judge Terrence F. McVerry
:

PROOF OF CLAIM AND RELEASE

DEADLINE FOR SUBMISSION: December 1, 2005

INSTRUCTIONS FOR FILING PROOF OF CLAIM

In order for you to qualify to participate in the distribution described in the Notice of Pendency of Class Action, Proposed Settlement of Class Action, Settlement Fairness Hearing, and Right to Share in Settlement Fund (the "Notice"), you must execute and file a Proof of Claim and Release in the form attached hereto and you must provide the required documentation to substantiate your claim. If you fail to timely file a properly addressed (as set forth in paragraph 4 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed settlement of this class action.

REQUIREMENTS FOR FILING

Your claim will be considered only upon compliance with all of the following conditions:

1. You must accurately complete all portions of the attached Proof of Claim form.

NOTE: The Proof of Claim contains purchases and sales schedules for FreeMarkets' common stock and publicly-traded call options. You must carefully complete these schedules. Do not omit to state any potentially relevant information regarding your purchases and sales of FreeMarkets common stock and publicly-traded call options. This information is necessary to determine your share of any distributions. If you cannot list all transactions in the spaces provided in the Proof of Claim form, or if you believe that you must or should supply additional information with respect to any transaction, attach additional sheets to the Proof of Claim supplying the required information. You must be properly identified on each additional sheet of paper. The date of purchase and sale is the "trade" or "contract" date, and not the "settlement" or "payment" date. The purchase price is the price paid excluding commissions or other expenses. The sale price is the price received less commissions or other expenses.

2. You must sign the Proof of Claim form.

NOTE: If the securities were or are owned jointly, all joint owners must sign the Proof of Claim. Executors, administrators, guardians, conservators and trustees may complete and sign the Proof of Claim on behalf of persons or entities represented by them, but they must identify such persons or entities and provide proof of their authority (for example, currently effective letters testamentary or letters of administration) to complete and execute the Proof of Claim. Any Proof of Claim submitted by legal representatives of a claimant must be executed by all such representatives.

3. You must attach to the Proof of Claim form legible copies of broker confirmation slips, monthly brokerage statements or other satisfactory proof confirming your opening balance in FreeMarkets common stock and/or publicly-traded call options as of July 24, 2000 (the first day of the Class Period) as well as the particulars of each purchase and sale you made of FreeMarkets common stock and/or publicly-traded call options during the period of July 24, 2000 through April 23, 2001 (the "Class Period"). **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.**

4. You must mail the completed and signed Proof of Claim and supporting documents by first-class mail, postage prepaid, postmarked no later than December 1, 2005 to:

FREEMARKETS, INC. SECURITIES LITIGATION
c/o STRATEGIC CLAIMS SERVICES
P.O. BOX 2463
2710 CONCORD ROAD - SUITE 5
ASTON, PA 19014
www.strategicclaims.net

Your failure to complete and mail the Proof of Claim by that date may preclude you from receiving any share of the available distributions. So that you will have a record of the date of your mailing and its receipt by the Claims Administrator, you are advised to use certified mail, return receipt requested. Please keep a copy of all documents that you send to the Claims Administrator.

I: CLAIMANT IDENTIFICATION (Please Print or Type)

Beneficial Owner's Name (as it appears on your brokerage statement)

Joint Beneficial Owner's Name (as it appears on your brokerage statement)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security No.

or

Taxpayer Identification No.

Specify one of the following:

Individual(s) Corporation UGMA Custodian Partnership Estate Trust Other _____

(_____) _____ (Work)
Area Code Telephone Number

(_____) _____ (Home)
Area Code Telephone Number

(_____) _____ (Work)
Facsimile Number

E-Mail Address

Record Owner's Name and Address (if different from beneficial owner listed above)

(Legal Representative of Claimants must attach a Power of Attorney or the instrument showing authority to act as agent.)

II. TRANSACTIONS IN FREEMARKETS COMMON STOCK

SECTION B: BEGINNING HOLDINGS: Number of shares of Common Stock of FreeMarkets, Inc. owned as of the close of trading on July 23, 2000:

SECTION P: PURCHASES: Purchases of FreeMarkets, Inc. Common Stock during the period of July 24, 2000 through April 23, 2001. Except as described in Section V, paragraph 7 of the Notice, persons who received FreeMarkets Common Stock during the Class Period other than by purchase — e.g. by gift or inheritance — are not entitled to file claims for those transactions. (Please list in chronological order.):

Trade Date(s) of Purchase(s) (List Chronologically) Month / Day / Year	Number of Shares of Common Stock Purchased	Purchase Price Per Share of Common Stock	Aggregate Cost (excluding commission, taxes and fees)
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

Except as described in Section V, paragraph 7 of the Notice, persons who received FreeMarkets Common Stock during the Class Period other than by purchase — e.g., by gift, inheritance or operation of law — are not entitled to file claims for those transactions.

SECTION S: SALES: Sales of FreeMarkets, Inc. Common Stock during the period of July 24, 2000 through April 23, 2001. (Please list in chronological order.)

Trade Date(s) of Sale(s) (List Chronologically) Month / Day / Year	Number of Shares of Common Stock Sold	Sales Price Per Share of Common Stock	Total Proceeds (excluding commission, taxes and fees)
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> - <input type="text"/> - <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

SECTION U: **UNSOLD:** Number of shares of FreeMarkets, Inc. Common Stock owned as of the close of trading on April 23, 2001:

III. TRANSACTIONS IN CALL OPTIONS ON FREEMARKETS COMMON STOCK

SECTION B: **BEGINNING POSITION:** Number of Contracts of Call Options for FreeMarkets, Inc. Common Stock owned as of the close of trading on July 23, 2000, in a short or long position:

Number of Call Option Contracts	Month and Strike Price of Options (e.g., Aug 20)	Total Amount Paid for Call Option (only if exercised)
<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	\$ <input type="text"/>

SECTION P: **PURCHASES:** Purchases of Call Options for FreeMarkets Inc. Common Stock during the period of July 24, 2000 through April 23, 2001. (Please list in chronological order.)

Trade Date(s) of Purchase (List Chronologically) Month / Day / Year	Number of Call Option Contracts	Month and Strike Price (e.g., Aug 20)	Total Amount Paid for Call Option (excluding commissions, taxes and fees, omit cents)	Enter "E" if Exercised or "X" if Expired	Exercised Date Month / Day / Year
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>

SECTION S: **SALES:** Sales of Call Options for FreeMarkets, Inc. Common Stock during the period of July 24, 2000 through April 23, 2001. (Please list in chronological order.)

Trade Date(s) of Sale (List Chronologically) Month / Day / Year	Number of Call Option Contracts	Month and Strike Price (e.g., Aug 20)	Total Amount Received for Call Option (excluding commissions, taxes and fees, omit cents)	Enter "A" if Assigned or "X" if Expired	Assigned Date Month / Day / Year
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="text"/>	<input type="text"/>

SECTION U: **UNSOLD:** Number of contracts of Call Options for FreeMarkets, Inc. Common Stock held as of April 23, 2001 in a short or long position:

Number of Call Option Contracts	Month and Strike Price (e.g., Aug 20)
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

IV. CERTIFICATION

1. By submitting this Proof of Claim, I state that I believe in good faith that I am a Class Member as defined above and in the Notice of Pendency of Class Action, Proposed Settlement of Class Action, Settlement Fairness Hearing And Right to Share in Settlement Fund (the "Notice"), or am acting for such person; that I am not a Defendant in the action or anyone excluded from the Class; that I have read and understand the Notice; that I believe that I am entitled to receive a share of the Net Settlement Fund; that I elect to participate in the proposed Settlement described in the Notice; and that I have not filed a request for exclusion.

2. I have set forth where requested below all relevant information with respect to each purchase and/or sale of FreeMarkets, Inc. common stock and/or publicly-traded call options during the Class Period.

3. I have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements or other documents evidencing each purchase and each sale or retention of FreeMarkets, Inc. common stock and/or publicly-traded call options listed below in support of my claim.

4. I understand that the information contained in this Proof of Claim is subject to such verification as the Court may direct, and I agree to cooperate in any such verification. I further agree and understand that if the proposed Settlement is approved by the Court and becomes effective, all claims, demands, or causes of action against any or all Defendants, and certain other persons or entities further identified below, which have been or could have been asserted relating to the subject matter of the Action will be satisfied, discharged and extinguished forever.

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

I (We) have read the foregoing Proof of Claim and Release and certify that all of the information contained herein, and in the documents attached hereto, is true, correct and complete to the best of my (our) knowledge, information and belief, and that this form was executed on the _____ day of _____, 20____,

in _____, _____
(City) (State/Country)

Signature of Claimant

(Print your name here)

Signature of Joint Claimant, if any

(Print your name here)

Signature of person signing on behalf of Claimant

(Print your name here)

Capacity of person signing on behalf of Claimant,
if other than an individual,
e.g., Executor, President, Custodian, etc.

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT
AMOUNT OF TIME. THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Remember to sign the above Certification.
2. Remember to attach only copies of acceptable supporting documentation, a complete list of which can be found on our website.
3. Do not send original stock certificates.
4. Keep a copy of the completed Proof of Claim and Release for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested, or its equivalent.
6. If you move after submitting your claim form, please send us your new address.
7. If you have any questions or concerns regarding your claim, please contact:

FREEMARKETS, INC. SECURITIES LITIGATION
c/o STRATEGIC CLAIMS SERVICES
P.O. BOX 2463
2710 CONCORD ROAD - SUITE 5
ASTON, PA 19014
Telephone: 866-274-4004
Fax: 610-364-2698
Website: www.strategicclaims.net

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c/o Strategic Claims Services
P.O. Box 2463
2710 Concord Road - Suite 5
Aston, PA 19014

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PLEASE FORWARD—IMPORTANT LEGAL NOTICE