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October 24, 2003

By Hand

The Honorable Denise L. Cote
United States District Court
Southern District of New York
500 Pearl Street, Room 1040
New York, New York 10007

Re: In re WorldCom, Inc. Securities Litigation, Master File No. 02 Civ. 3288 (DLC)

Dear Judge Cote:

On behalf of Lead Plaintiff New York State Common Retirement Fund ("NYSCRF") and Co-Lead Counsel Barrack, Rodos & Bacine, we respectfully submit Lead Plaintiff's proposals on how we might proceed for the balance of the pre-trial phase in the consolidated securities litigation.

In formulating these proposals, we have consulted with Liaison Counsel for the Individual Actions (who conveyed no reaction to our proposals and advised that they will submit a separate letter to the Court); lead counsel for the GOALS litigation (who concur with Lead Plaintiff's proposals); and lead counsel for the ERISA litigation (who, as discussed below, confirmed that there are efficiencies to be gained from coordinating depositions between the securities and ERISA litigations). We have also described our proposals regarding scheduling and depositions to Defendants through their liaison counsel, Paul Curnin, and have agreed to confer more substantively before next Thursday's conference, once all concerned have reviewed the various letters being submitted to the Court today.

It was after all of the foregoing discussions had occurred that we received last evening the Government's letter seeking a stay of discovery. We shall be discussing this development internally and with the NYSCRF, and anticipate submitting a response to the Court prior to the October 30 conference. Preliminarily, however, we believe that a blanket stay of discovery would not be necessary or warranted here. While we can appreciate the

Government's frustration at the lack of cooperation from certain Defendants, we believe it would be unfair to reward that behavior by delaying the proceedings brought by the victims of the WorldCom debacle against those Defendants. This is particularly so where, as here, the Government acknowledges that there are "many categories of documents that, if produced, would not interfere" with its efforts (USAO Letter at 2 (emphasis in original)), and the recent order concerning the Wilmer documents provides a workable and reasonable precedent for accommodation of the various interests at stake. As noted, we intend to address this further in separate correspondence in the next few days.

A. Schedule

Subject to the points discussed in Section C below, Lead Plaintiff proposes the following schedule:

Fact Discovery:

General deposition discovery commences[1]	November 10
Depositions of Defendants may begin	Earlier of January 15, 2004 or production of 3500 material for Sullivan trial
Depositions of Sullivan trial witnesses may begin[2]	Completion of Sullivan trial
Fact discovery cut-off	June 18, 2004

Expert Discovery:

Parties with burden of proof identify areas of expert testimony	April 16, 2004
Parties identify experts (affirmative and opposing)	May 14, 2004
Parties exchange expert reports	July 9, 2004

[1] All witnesses may be deposed except (a) the approximately 29 witnesses who the Government may call as witnesses at the Sullivan trial ("Sullivan trial witnesses"), and (b) Defendants (provided, however, that certain FRCP 30(b)(6) depositions of Defendants may be conducted).

[2] The Government has advised that there may be a subset of the Sullivan trial witnesses who are potential Government witnesses in other ongoing investigations and who may not testify at the Sullivan trial. Pursuant to the Court's October 8, 2003 order, discussion of the timing of any depositions of these witnesses has been deferred.

Expert depositions	July 12-30, 2004
Parties exchange expert rebuttal reports	August 20, 2004

Summary Judgment Motions:

Deadline to file motions for summary judgment	July 16, 2004
Deadline to file papers opposing motions for summary judgment	August 13, 2004
Deadline to file replies re summary judgment	September 3, 2004

Trial:

Submission of Joint Pretrial Order, motions *in limine*, proposed voir dire questions, requests to charge, and pretrial legal memoranda	August 30, 2004
Submission of filings in opposition to motions *in limine*, proposed voir dire questions, requests to charge, and pretrial legal memoranda	September 17, 2004
Trial begins	October 4, 2004

B. Depositions

Lead Plaintiff proposes that strict limits be placed on deposition discovery. We propose that each side in the consolidated securities litigation -- that is, all of the class and individual plaintiffs on the one hand and all of the defendants on the other hand -- have an equal allotment of deposition days to use in fact discovery. Each side would have the discretion to draw on its allotment to conduct half-day, single-day and multi-day depositions. The other side's cross-examination of such witnesses would not count against its allotment unless it exceeds the period used by the noticing party; at that point any additional examination would be charged against the cross-examining side's allotment. We propose the allotment be tracked in half-day (four hour) increments as opposed to hours or days.

Subject to the points discussed in Section C below, we believe that each side in the securities litigation should be allotted sixty deposition days. We anticipate that depositions

will likely have to proceed on a multi-track basis in order to conform to this schedule, but we believe that each side has adequate resources to do so in this case.

We understand that the ERISA plaintiffs endorse the concept of an allotment of deposition days for their litigation as well, and that they believe an allotment of fifty days for each side is appropriate. Pursuant to our discussions with Lynn Sarko, we are pleased to report our belief that, through continued coordination, we can eliminate approximately two dozen duplicative depositions between the two litigations. We believe that the defendants could do likewise.

C. Refinement of the Foregoing May Be Required

The foregoing proposals are made with a number of unavoidable caveats:

First, Lead Plaintiff has not yet had the opportunity to complete a meaningful review of a substantial number of documents we have just recently received. For example, we received approximately 200 boxes of documents from Defendants at or after the October 10 deadline; many of these documents appear to be particularly worthy of analysis. Similarly, the witness materials contained in the Wilmer documents ordered produced pursuant to the Court's October 8, 2003 order were not delivered to Lead Counsel until two days ago, October 22.

Second, Lead Plaintiff has yet to receive "e discovery" from certain Defendants (in particular, disclosure of responsive e-mails from the Underwriter Defendants). The parties have been engaged in discussions for quite some time and, despite progress on some points, significant issues remains open as to scope and cost-sharing. We are presently engaged in one final effort to resolve our differences before seeking the Court's assistance in resolving these issues.

Third, Lead Plaintiff expects to receive several hundred thousand pages of documents from third parties in the coming weeks.

With regard to the three points above, we are concerned about the potential effect on the number of depositions. Specifically, it may be that the documents and e-mails yet to be produced and/or fully analyzed require us to obtain testimony from persons not presently viewed as likely deponents. The same can be said as testimony is developed in the course of depositions.

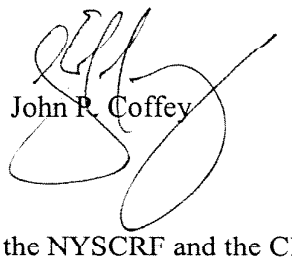
On a related point, we have built into our proposed allotment number the presumption that Defendants will continue to accede to our proposal to use written discovery where possible rather than requiring depositions and, further, will reasonably consent to stipulate to certain indisputable facts, for example, that the pertinent WorldCom financial statements were materially misstated or that no risk factors were identified in the May 2001 bond

offering documents. Should Defendants resist our efforts to reduce the number of factual disputes for trial through these standard means, additional depositions will likely be necessary.

In short, while we have formulated our proposals based on the circumstances as we know and anticipate them to be, we are constrained to reserve the right to revisit the issue should there be a material change in those circumstances.

Thank you for your consideration of the foregoing proposals. We look forward to discussing these matters with the Court at the October 30 conference.

Respectfully submitted,



John P. Coffey

Cc (by fax):
All Defendants' Counsel
Jeffrey Golan (Co-Lead Counsel for the NYSCRF and the Class)
Samuel Sporn (Counsel for HGK Asset Management)
Michael Pucillo (Counsel for Fresno and FCERA)
Neil Selinger (Liaison Counsel for Individual Actions)
Lynn Sarko (Lead Counsel for the ERISA litigation)
Jill Abrams (Counsel for GOALS plaintiffs)
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