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February 2, 2005

By Hand

The Honorable Denise 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)
Twin City Fire Insurance Co. v. Ebbers, et al., 03 Civ. 758 (DLC)
Continental Cas. Co. v. Ebbers, et al., 03 Civ. 7927 (DLC)
Roberts v. Assoc. Elec. & Gas Ins. Servs. Ltd, et al., 04 Civ. 4089 (DLC)

Dear Judge Cote:

On behalf of Lead Plaintiff New York State Common Retirement Fund and Co-Lead Counsel Barrack, Rodos & Bacine, we write with regard to our pending request for preliminary approval of the Stipulation of Settlement (“Stipulation”), dated January 18, 2005, between and among Lead Plaintiff, on behalf of the Class, the Settling Director Defendants, and the Insurers. As explained below, Lead Plaintiff is constrained to withdraw that request and exercise its right to terminate the Stipulation.

Lead Plaintiff has reviewed the Court’s order issued earlier today regarding the “ability to pay” adjustment to the “Contribution Credit” set forth in ¶ 26 of the Stipulation. As noted in the submissions we made in support of that provision, and in ¶ 26 itself, this cap on the judgment reduction to any verdict against the non-settling Defendants was a material term of the Settlement for Lead Plaintiff and the Class.

We now understand that, to be approved, any settlement with the Settling Director Defendants would have to remove the “ability to pay” cap provision. We respect the Court’s decision but, regrettably, Lead Plaintiff cannot proceed to settle with these relatively impecunious individuals at the risk of a substantial reduction in any judgment against the remaining Defendants.

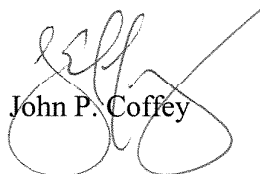
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Thank you for your consideration of this matter.

Respectfully submitted,



John P. Coffey

cc (by hand):

The Honorable Michael H. Dolinger

cc (by fax):

Paul Curnin, Esq. (Counsel for the Settling Director Defendants)
Jeffrey W. Golau, Esq. (Co-Lead Counsel for the NYSCRF and the Class)
All Insurers Counsel
All Other Counsel of Record