



**Barrack, Rodos & Bacine**

A Partnership Including Professional Corporations

Attorneys At Law  
www.barrack.com

Leonard Barrack  
Gerald J. Rodos  
Daniel E. Bacine  
William J. Ban'  
Jeffrey A. Barrack  
Stephen R. Basser\*  
Regina M. Calcaterra\*\*  
Chad A. Carder\*\*  
Jeffrey B. Gittleman\*\*  
Jeffrey W. Golan  
John I. Haussler\*  
Robert A. Hoffman\*\*  
M. Richard Komins  
Lisa M. Lamb  
Marisa C. Livesay\*  
Leslie Bornstein Molder  
Mark R. Rosen\*\*\*  
Beth R. Targan  
Pearlette V. Toussant  
Samuel M. Ward\*

September 13, 2005

The Honorable Denise Cote  
United States District Judge  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street, Room 1040  
New York, NY 10007

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

Of Counsel:

Sheldon L. Albert  
Donald C. Moss\*

Admitted in PA, except:  
\* Admitted in CA  
\*\* Also admitted in NJ  
\*\*\* Also admitted in CA & NJ  
† Admitted in NY  
" Also admitted in NY

**Main Office**

Two Commerce Square  
2001 Market Street  
Suite 3300  
Philadelphia, PA 19103  
215.963.0600  
215.963.0838 Fax

**California Office**

402 West Broadway  
Suite 850  
San Diego, CA 92101  
619.230.0800  
619.230.1874 Fax

**New Jersey Office**

14 Kings Highway West  
Third Floor  
Haddonfield, NJ 08033  
856.354.0707  
856.354.9404 Fax

**New York Office**

170 E. 61st Street  
Second Floor  
New York, NY 10021  
212.688.0782  
212.688.0783 Fax

Dear Judge Cote:

On behalf of Lead Plaintiff the New York State Common Retirement Fund and Co-Lead Counsel Bernstein Litowitz Berger & Grossmann LLP, the Named Plaintiffs and their counsel, we are enclosing with this letter a graph and charts with the historical prices during the Class Period in this case of the common stock of WorldCom, AT&T and Sprint, which Your Honor requested at the Hearing on September 9, 2005. For the Court's convenience, we are also enclosing a graph in a form in which the stock prices of the companies were indexed to WorldCom's April 29, 1999 share price of \$55.92 for comparative purposes.

We note in this context that the market prices of Sprint stock increased significantly in early October 1999 and decreased markedly in June and July 2000. These dates correspond to the announcement of the proposed WorldCom merger with Sprint, and the speculation and announcement of the termination of the proposed merger. For this reason, Sprint's trading prices for this particular period of time are not indicative of the overall trends relating to the trading prices of WorldCom stock compared to the stock of its primary competitors.

The Court further requested that we provide the expert fees and expenses for which reimbursement is being sought. As noted, each of the expert's fees and expenses were submitted to the Lead Plaintiff in advance of the expense requests in this case, and Lead Plaintiff carefully scrutinized the expert expenses before allowing the expense requests to be filed. The expenses of the testifying experts for Plaintiffs were:



Honorable Denise Cote  
September 13, 2005  
Page two

John Bise (telecommunications):	\$258,446.30
James Miller (due diligence):	\$319,345.29
Harris Devor (accounting):	\$3,223,016.96
Blaine Nye (damages and materiality):	\$888,286.00
Total for Testifying Experts:	\$4,689,094.55

In addition, Plaintiffs retained several other non-testifying consultants (whom we prefer not to specify), and incurred expenses in connection with the services provided by such consultants in the total amount of \$631,377.63, whose bills were also reviewed and approved by Lead Plaintiff.

We are further submitting this letter as a status report concerning the settle out price for bonds held by Class Members throughout the bankruptcy proceeding, and enclosing a proposed form of Order assuming that the Court is inclined to approve the supplemental plan with the modifications proposed by Lead Plaintiff for the Court's consideration.

The supplemental plan, as proposed, provided that if a Class member held May 2000 or May 2001 bonds through the bankruptcy proceedings, the "settle out" price for purposes of calculating that Class member's Recognized Amount would be \$357 per \$1,000 face amount of bonds. That was based on WorldCom's plan of reorganization that provided for bondholders to receive \$357 of new MCI bonds for each \$1,000 face amount of WorldCom bonds held by an investor.

Cerberus objected because the value of stock received through the bankruptcy proceeding was far less (\$255 per \$1,000 face amount of bonds) than if a bondholder had received bonds of the new MCI company, and that even if a Class member had elected to take all bonds, she still would have received a substantial amount of stock in the new MCI company. Indeed, Paragraph 4.06 of the Plan of Reorganization provided that in the event of an oversubscription of bondholders electing to take bonds, the Company could distribute stock to those bondholders who had elected to take bonds.

It now appears that the oversubscription for bonds of the new MCI entity, as opposed to stock, was quite severe. A press release issued by WorldCom stated that bondholders received only 46.85% of the bonds they sought through the plan of reorganization, and therefore, they were slated to receive the remaining value of their distribution (53.15%) in new MCI stock. MCI's bankruptcy counsel has confirmed the information in the press release.



*Barrack, Rodos & Bacine*

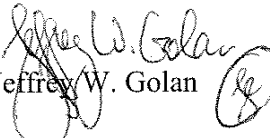
Honorable Denise Cote  
September 13, 2005  
Page three

Based on the foregoing, Lead Plaintiff and Named Plaintiffs propose, with the concurrence of counsel for Cerberus Partners, L.P., that a reasonable solution is to use the information about the relative amounts of stock and bonds that bondholders received to calculate a new settle out price. Based on the value of the combination of stock and bonds of the new MCI company using a ratio of 46.85% of new bonds and 53.15% of new stock, we propose utilizing \$302 per \$1,000 face amount of bonds (46.85% times \$357, plus 53.15% times \$255).

We have drafted in the enclosed proposed form of Order further changes to the initially proposed form of Order approving the supplemental plan, which comport with the modifications proposed in the Reply Brief submitted by Lead Plaintiff on September 2, 2005, and in my remarks at the Hearing on September 9, 2005.

Of course, we would be pleased to submit any additional information, or make any further changes to the proposed form of Order, as the Court may direct.

Respectfully,

  
Jeffrey W. Golan

Enclosures

cc: All counsel (w/encs.) (via email)