

STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE WORLDCOM, INC.
SECURITIES LITIGATION

MASTER FILE NO.
02 Civ. 3288 (DLC)

This Document Relates to:

02 Civ. 3288 02 Civ. 4973 02 Civ. 8230 :
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02 Civ. 3508 02 Civ. 5071 02 Civ. 9514 :
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02 Civ. 4946 02 Civ. 8228 03 Civ. 6229 :
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**DECLARATION OF ALAN P. LEBOWITZ, GENERAL COUNSEL TO THE
COMPTROLLER OF THE STATE OF NEW YORK, IN SUPPORT OF EXTENSION OF
THE TERMINATION DATE OF THE THIRD PARTY CLAIMS FUND ESTABLISHED
PURSUANT TO THE CLASS'S SETTLEMENT WITH BERNARD J. EBBERS**

ALAN P. LEBOWITZ declares as follows:

1. I am General Counsel to the Comptroller of the State of New York, Alan G. Hevesi, the sole Trustee of the New York State Common Retirement Fund and the Court-appointed Lead Plaintiff in this Action ("Lead Plaintiff" or "NYSCRF"). I submit this Declaration in support of Lead Plaintiff's motion to extend the termination date of the Third Party Claims Fund, as defined in paragraph 10(b)(vii) of the Stipulation of Settlement with Bernard J. Ebbers, dated July 6, 2005 (the "Ebbers Stipulation"), until the date of termination of the Trust Agreement, as defined in paragraph 2 below, as such date may be extended pursuant to the terms of the Trust Agreement. The statements in this Declaration are made on personal

knowledge.

2. The Action has been settled against all defendants. With respect to the settlement with Bernard J. Ebbers (“Ebbers”), Ebbers has, among other things, agreed to liquidate certain assets, as designated in the Ebbers Stipulation (the “Ebbers Assets”), with the proceeds of such liquidation to be paid for the benefit of the Class and MCI, LLC, successor by merger to MCI, Inc. (“MCI”). The Ebbers Stipulation directs (i) the establishment of a liquidating trust (the “Trust”) for the purpose of liquidating the Ebbers Assets and distributing the net proceeds realized to the Class and MCI in accordance with the separate intercreditor arrangements between the Class and MCI, and (ii) the Class and MCI to enter into an agreement (the “Trust Agreement”) with a liquidating agent (the “Trustee”) to effectuate such liquidation.

3. The Trust Agreement was entered into among the Class, MCI and the Trustee on September 26, 2005. Pursuant to the Trust Agreement, the Trustee agreed to administer the Ebbers Assets, consult with representatives of the Lead Plaintiff for the Class and MCI to develop a strategy to sell the Ebbers Assets (or cause the sale of underlying operating assets), and implement a program to sell the Ebbers Assets (or cause the sale of underlying operating assets) in a cost-effective and prudent manner, which process was to be completed not later than the fifteen (15) month anniversary of the Effective Date of the Trust Agreement or within a reasonable period after the payment in full of the proceeds realized from the liquidation of the Ebbers Assets, whichever is earlier (as such date may be extended, in the discretion of Lead Plaintiff and MCI). The Trustee agreed to use its best efforts to maximize the amount of the proceeds from the sale of the Ebbers Assets.

4. The Ebbers Stipulation (§10(b)(vii)) also provides that “5% of the net proceeds of the Trust shall be set aside in escrow and available to fund appropriately documented settlements of claims of litigants against Ebbers arising during the period 1998-2002 (e.g., the independent actions) (the “Third Party Claims Fund”).” The Ebbers Stipulation further provides that the Third Party Claims Fund is to expire twelve months from the date of the Trust Agreement (*i.e.*, September 26, 2006), with the intention that Lead Plaintiff and MCI would be in a position to direct the Trustee to distribute the proceeds in the Third Party Claims Fund on or shortly before that date.

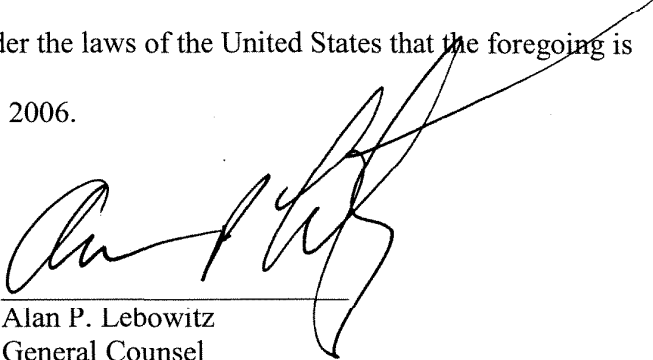
5. Pursuant to the Ebbers Stipulation, in addition to certain cash assets and notes receivable, a joint income tax refund receivable, approximately 2,000 acres of land in Lincoln County, and the Pine Ridge Farm residence, the Ebbers Assets were to include Ebbers’ interests in the following businesses and/or properties:

- Angelina Grain Elevator of Concordia Parish, LLC
- Angelina Planting Company, Inc.
- Angelina Properties, LLC
- Columbus Lumber Company, LLC
- Country Club Properties, LLC
- Joshua Holdings, LLC
- Joshua Management, LLC
- KLLM Transport Services, Inc.
- Master Corporation, Inc.
- Master Hospitality Services, Inc.
- Pine Ridge Farm (822 acres)
- Sunset Properties, LLC
- Tupelo Hospitality Company, LLC

6. Of the Ebbers Assets described above, Columbus Lumber Company, LLC; Joshua Holdings, LLC (owner of Joshua Timberlands LLC); Sunset Properties, LLC; interests in the Angelina companies; and Pine Ridge Farm and various other parcels of real estate have been

sold. Although the remaining Ebbers Assets – KLLM Transport Services, Country Club Properties, LLC and Tupelo Hospitality Company, LLC – have not yet been sold, the Trustee is in the process of liquidating each of them. Thus, while the bulk of the Ebbers Assets have been liquidated, the liquidation of all Ebbers Assets will not have been completed by September 26, 2006, and the amount to be deposited to the Third Party Claims Fund will not be finalized until after such date. Accordingly, Lead Plaintiff requests that the term of the Third Party Claims Fund be extended until the date of termination of the Trust Agreement, as such date may be extended pursuant to the terms of the Trust Agreement, so that a single distribution may be made upon completion of the liquidation.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on September 26, 2006.



Alan P. Lebowitz
General Counsel
Office of the Comptroller
State of New York