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July 30, 2003

Alan P. Lebowitz, Esquire
General Counsel
Office of the State Comptroller
110 State Street, 14th Floor
Albany, New York 12236

Re: In re WorldCom Securities Litigation
In re Salomon Analyst WorldCom Litigation

Dear Alan:

We are pleased that the New York State Common Retirement Fund (the "CRF") has retained Barrack, Rodos & Bacine and Bernstein Litowitz Berger & Grossmann LLP (the "Firms") to represent the CRF in WorldCom-related litigation, including its role as Lead Plaintiff in the above-referenced actions. The CRF has already been appointed lead plaintiff in both of the above referenced actions (the "Actions"). This letter sets forth the fee agreement between our Firms and the CRF in connection with the prosecution of the Actions.

Attorneys' Fees, Costs and Expenses. As we have discussed, the Firms will prosecute these actions on a contingency fee basis. Thus, the CRF will not be responsible for the payment of any attorneys' fees, costs, disbursements or other expenses related to the prosecution of this litigation or CRF's involvement in any other litigation or proceedings, including but not limited to bankruptcy proceedings, that may enhance the ultimate recovery in these Actions. It will be the Firms' responsibility to pursue any such proceedings for the benefit of CRF and the class.

In accordance with Fed R. Civ. P. 23 and the PSLRA, at the conclusion of the litigation, if the Firms are successful in achieving a recovery for the Class, the Firms shall apply to the Court for approval of an award of attorneys' fees (the "fee request") and reasonable costs, disbursements, and expenses from the proceeds of any judgment or settlement obtained in this action premised on this agreement. It is understood that the Firms will pay, out of the fee awarded to the Firms consistent with the grid set out below, all attorneys' fees to all law firms whose work in the Actions was pursuant to assignments by the Firms or who the Court determines or the Firms believe have benefited the class through actions other than through objections to actions taken by Lead

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Plaintiff. No application for fees or expenses will be made to the Court without the prior written approval of the CRF .

The Fee application to the Court will be in accordance with the grid set forth below and, accordingly, will be a function of both the timing and size of the recovery and will be based on a decreasing sliding scale, as follows:

Total Recovery	Commencement of discovery through the completion of fact discovery	From completion of fact discovery to final 16 days before the last date set for trial	15 days before the last date set for trial through end of case (including all appeals
Tier I: \$0- \$100 million	12% of recovery	13% of recovery	14% of recovery
Tier II: \$100 - \$250 million	plus 11% of any amount in this range	plus 12% of any amount in this range	plus 13% of any amount in this range
Tier III: \$250 - \$500 million	plus 9 % of any amount in this range	plus 11% of any amount in this range	plus 12.5% of any amount in this range
Tier IV: \$500- \$1 billion	plus 5.5% of any amount in this range	plus 6.5% of any amount in this range)	plus 7.5% of any amount in this range
Tier V: Over \$1 billion	plus 4.0% of any amount in excess of \$1,000,000,000	plus 4.75% of any amount excess of \$1,000,000,000	plus 5.5% of any amount in excess of \$1,000,000,000

The fee grid set forth above reflects a fee that is presumptively fair, adequate and reasonable considering the information available at the time of the making of the agreement. It is expected that these percentages will serve as a cap on fees.

Notwithstanding anything to the contrary set forth above it is further agreed that in the event of a total recovery in an amount in excess of the Tier III amount (that is, any

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recovery exceeding \$500 million), the fee will not exceed the lesser of the amount calculated pursuant to the fee grid set forth above or 5 times the collective lodestar of the Firms and those other firms authorized to assist in the prosecution of the Actions (such collective lodestar of the Firms and those other firms authorized to assist in the prosecution of the Actions hereinafter referred to as the "Collective Lodestar").

If, at the conclusion of the litigation, the lodestar multiplier resulting from the application of the fee grid set forth above exceeds four times the Collective Lodestar, the CRF, in its reasonable discretion, may adjust the fee downward to no less than four times the Collective Lodestar. The downward adjustment may be made by the CRF considering all relevant circumstances including, but not be limited to, the following factors:

- (i) the size of the ultimate recovery and the number of persons benefited;
- (ii) the presence or absence of substantial objections by members of the class to the settlement terms and / or fees requested by Counsel;
- (iii) the complexity and duration of the litigation;
- (iv) the novelty and difficulty of the issues involved;
- (v) the risk of nonpayment;
- (vi) the amount of time devoted to the case by Counsel;
- (vii) the skill and efficiency of the attorneys involved; and
- (viii) awards in similar cases.

Only in the most extraordinary situation will the CRF, in its sole discretion, adjust the fee upward.

In addition, the Firms will advance all costs, disbursements and expenses in the lawsuit. In all cases, CRF will limit reimbursement from the recovery for expenses to the following unless written authorization to exceed the specified limits, or to include other items of expense, is obtained in advance:

- (i) Travel and meals while traveling or out of town on business relating to the Actions at rates paid to New York State Management / Confidential Employees as set forth in Appendix A hereto, as such rates may from time to time be amended. Air travel shall be reimbursed at coach rates. In the event Management Confidential rates are modified during the term of this Agreement, compensation for expenses hereunder shall reflect rates that are in effect at the time expenses are incurred);
- (ii) Meals in connection with meetings and / or negotiations at which representatives of the CRF are in attendance;

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- (iii) Telephone, postal and local messenger charges at actual cost to the firm;
- (iv) Actual telecopy and facsimile charges, excluding charges for facsimile "handling";
- (v) Federal Express or similar delivery service;
- (vi) Photocopying, not to exceed ten cents per page, except that photocopying services, which are performed by a third party, shall be reimbursed in the actual amount paid by the firm;
- (vii) Actual computer legal research charges. The result of all such research should be provided to the Fund as requested; and
- (viii) Compensation of experts and consultants, other than law firms, approved by the CRF; and
- (ix) Court and deposition transcripts, class notice, supplies, and transportation and meals for late night work by non-lawyers.

No other expenses or disbursements shall be reimbursable from the recovery unless specifically authorized in writing by the CRF.

Plan for Monitoring Litigation. To the extent practicable, we will provide you with copies of all significant pleadings and briefs in the case for your review and approval at least five days before they are filed with the Court. We will also provide you with quarterly status reports, on or before the 10th day after each third month, including our time and expenses summarized by type of work performed. Detailed information on time and expenses shall be provided to the CRF as requested. In addition, we will continue to promptly advise you in writing of any significant developments in the case, including any settlement discussions. As appropriate, we will also schedule periodic meetings and conference calls to discuss case developments and our joint strategies in the prosecution of the case.

We will also obtain your approval prior to assigning work to other law firms or hiring experts or consultants.

Theory of Recovery. It is acknowledged that WorldCom has filed for protection under the United States Bankruptcy Code and that any legal action against WorldCom is, therefore, subject to the stay of the Bankruptcy Court. We will vigorously represent the interests of the Class, to maximize the recovery for all WorldCom securities purchasers in this case. We will

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seek to maximize the recovery obtained from all named defendants and from any insurance proceeds.


Consultation Regarding Settlement Negotiations. We will also consult with you, and obtain your prior approval for, any proposed resolution of this litigation before entering into a final settlement agreement with defendants.

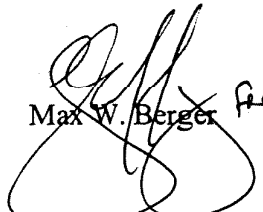
Public Statements Regarding the Proceeding(s) and/or Settlement(s). We agree that at no time will we disclose to the media any facts involving or relating to this proceeding and/or the settlement thereof without prior approval of the CRF. We understand that this bars all forms of communication, including but not limited to responding to telephone inquiries and/or issuing public statements or press releases. We will fully cooperate with your press office regarding requests for information and assist in the preparation of documents relating to this litigation requested by the Fund or your press office.

If the foregoing is satisfactory to you, we ask that you please sign the copy of this letter in the place indicated and return it to us at your earliest convenience.

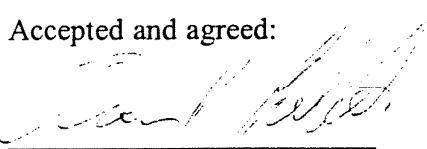
Sincerely yours,

BY


Leonard Barrack


Max W. Berger

Accepted and agreed:


Alan P. Lebowitz

on Behalf of the Common Retirement Fund

New York State Office of the State Comptroller

Alan G. Hevesi, State Comptroller

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TRAVEL GUIDELINES

Travel Reimbursement Rates for 2002/2003 Effective for Travel on or after October 1, 2002

Travel Reimbursement Rates:

The United States General Services Administration has announced the domestic maximum per diem rates for the 2002/2003 fiscal year. New York State uses the per diem rates established by the Federal Government. Any increase in rate will be effective on October 1, 2002. In locations where the per diem rate has been decreased, reductions to maximum rates will not be in effect until November 1, 2002.

In addition, a new \$50 meal allowance tier has been created. [Click here to view the Meal Allowance Breakdown.](#)

Per Diem Rates

- Maximum travel per diem rates for the Continental United States are available at the General Service Administration (GSA) Office of Governmentwide Policy Website:
<http://www.policyworks.gov/org/main/mt/homepage/mtt/perdiem/travel.shtml>

This site also maintains a list of hotels that will accept the government rates. Any area that is not specifically listed is assigned the standard CONUS (Continental United States) per diem rate. The standard rate in effect is \$55 for lodging and \$30 for meals, and will remain unchanged for fiscal year 2002/2003.

- In addition, maximum travel per diem rates for foreign areas can be found at the Department of State's website at: <http://www.state.gov/m/a/als/prdm/>

Waivers

If there are circumstances that justify the need to exceed these rates, an agency has the authority to grant a waiver to the rates. While the State Comptroller's Office does not need to approve these waivers, we will retain the right to review an agency's documentation of these exceptions.