

Gordon, Fournaris & Mammarella, P.A.

Attorneys at Law
1925 Lovering Avenue
Wilmington, Delaware 19806

Peter S. Gordon*
Thomas Mammarella
Emmanuel G. Fournaris*
Robert A. Penza
Bryan E. Keenan*
Peter M. Sweeney
Francis X. Gorman
Michael M. Gordon**

Telephone Number:
(302) 652-2900
Telecopier Numbers:
(302) 652-1142
(302) 652-2348

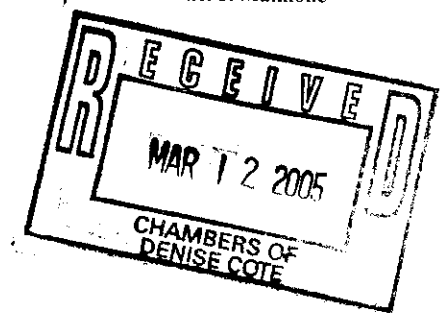
MEMO ENDORSED

*ALSO PENNSYLVANIA BAR
**ALSO MARYLAND BAR
*ALSO NEW YORK BAR

Special Counsel
Grover C. Brown
Michael J. Maimone*

March 10, 2005

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



Re: In re WorldCom, Inc./ Reynolds v. Allen, et al. (03cv9822 (DLC))

Dear Judge Cote:

This firm, along with Arent Fox in Washington, D.C. and New York, and The Lyons Law Firm in Wilmington, Delaware, represent plaintiff Richard F. Reynolds in the above-referenced action. Plaintiff is writing this letter to respectfully request that Your Honor free Plaintiff from a procedural quagmire that has existed for almost one year, and permit Plaintiff to prosecute the merits of this action. The facts underlying Plaintiff's request for relief are set forth below.

On April 15, 2003, Plaintiff filed a complaint (the "Complaint") in the Superior Court of the District of Columbia (the "Superior Court") on behalf of himself and a putative class – the public shareholders of WorldCom, Inc. ("WorldCom"), a Georgia corporation, including the holders of shares of the WorldCom-Group tracking stock (the "WCOM Shares") and the holders of shares of the MCI-Group tracking stock (the "MCIT Shares"). Plaintiff in the Complaint alleged four individual causes of action against defendants in this action ("Defendants"), the eleven members of the Board of Directors of WorldCom (the "Board") on March 6, 2002. Each of the four causes of action arise exclusively from the fact that on March 7, 2002, the Board announced that on March 6, 2002, it declared a cash dividend of \$0.60 per share to be paid on July 15, 2002, to the holders of record of MCIT Shares on the close of business on June 30, 2002 (the "July 15 Dividend"), and the fact that (after confirming on two separate occasions that the July 15 Dividend would be paid) on July 11, 2002, the Board announced that the July 15 Dividend would not be paid. Two of the causes of action – Count One and Count Two – challenge the conduct of Defendants that affected the individual right of the holders of MCIT Shares to receive a dividend, and two causes of action –

Count Three and Count Four -- challenge the conduct of Defendants that affected the individual right of the holders of WCOM Shares and the holders of MCIT Shares to vote their stock and to make voting and investment decisions based upon accurate information.

Since the filing of the Complaint almost two years ago, this action traveled to five different courts – the Superior Court, the United States District Court for the District of Columbia, the Panel on Multidistrict Litigation (the “Panel”), this Court and the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). During the first year of such travel (prior to arriving in the Bankruptcy Court), WorldCom (and certain of its affiliates and indirect subsidiaries), although fully aware of this action and the claims alleged in the Complaint, never filed a motion to stay this action. On February 26, 2004, however, WorldCom decided to seek the protection of the automatic stay provisions of Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) and filed the Notice of Bankruptcy and Automatic Stay (the “Notice”), and, on March 19, 2004, WorldCom filed the Debtors’ Motion to Enforce the Automatic Stay with respect to Prosecution of a Derivative Action by Richard F. Reynolds (the “Motion”).

The timing of the Notice and the Motion reveal that the only reason WorldCom decided to file the Notice on February 26, 2004, and to file the Motion on March 19, 2004, was because Defendants were “grasping at straws” to avoid the inevitable – the remand of this action to the Superior Court. Specifically, on January 27, 2004, Plaintiff filed a Response to the Order to Show Cause which demonstrated that this action should be remanded to the Superior Court (the “Response”), and filed an application for relief which demonstrated that this action should not be consolidated with the actions previously consolidated before this Court (the “Application”). During a hearing on January 29, 2004, this Court requested full briefing on the issue of remand and instructed Defendants to file an opposition to the Response:

... Frequently in these motions to remand it’s been unnecessary for Defendants to submit opposition papers because the prior opinions and orders that I’ve issued. This is one in which I would like opposition. I’m flexible with respect to the scheduling of that though and I don’t know if counsel have had an opportunity to look at this and to know how much time they would like.

So, what I would like you to do is write me a letter sometime next week with a proposed schedule for briefing this motion to remand.

On February 5, 2004, Defendants sent a letter to this Court informing this Court of the briefing schedule, which reflected that Defendants were required to file their opposition on or before February 26, 2004. Additionally, Defendants stated:

Plaintiff has also filed a motion for relief from the Court's May 28, 2003 Consolidation Order. Defendants do not believe that further briefing is necessary, but if the Court requests further briefing, the parties have agreed to submit papers on the same schedule set forth above.

This Court did not share Defendants' belief and, on February 13, 2004, ordered Defendants to file an answer to the Application.

Apparently, Defendants recognized that they did not have a valid opposition to the Response or a valid answer to the Application, and, in order to avoid their obligation to file such papers on February 26, 2004, Defendants decided to seek the protection of the automatic stay provisions of the Bankruptcy Code by having WorldCom file the Notice. Accordingly, on February 26, 2004 – the date that Defendants were obligated to file their papers – WorldCom filed the Notice, and on March 19, 2004, WorldCom filed the Motion.

The true purpose of the Notice and the Motion – to delay the prosecution of this action – was obvious from the weakness of the arguments contained therein. Specifically, in the Notice and the Motion WorldCom contends that Count One and Count Two of the Complaint are derivative, rather than individual, in nature, and, thus, solely for this reason, the causes of action alleged in Count One and Count Two are the property of WorldCom. Such contention by WorldCom simply is contrary to well-established law and is not supported by logic or common sense. The basic argument that is being made by WorldCom in the Notice and in Motion is that it (rather than WorldCom's shareholders) has a right to commence an action against, and has a right to receive a payment from, Defendants in connection with a dividend that WorldCom did not pay to the holders of MCIT Shares. In sum, WorldCom is arguing that it (rather WorldCom's shareholders) was harmed by the wrongful conduct of Defendants, and that it is entitled to receive a windfall from Defendants (or their insurance carriers) in connection with the dividend that was not paid to the holders of MCIT Shares. Neither law, logic nor common sense supported WorldCom's attempt to delay the prosecution of this action or WorldCom's attempt to receive a windfall. Moreover, WorldCom simply ignored Count Three and Count Four of the Complaint that challenge the conduct of Defendants that affected the individual right of the holders of WCOM Shares and the holders of MCIT Shares to vote their stock and to make voting and investment decisions based upon accurate information. Such causes of action were ignored by WorldCom because it was obvious to WorldCom that these causes of action are individual in nature.

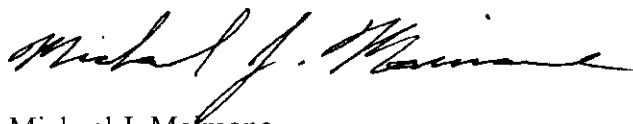
Unfortunately, regardless of the weakness of WorldCom's argument, the Notice and the Motion were successful in delaying this action. Specifically, on April 13, 2004, after submissions by the parties, the Bankruptcy Court heard argument in connection with the Motion. (A copy of Plaintiff's submissions is attached hereto for Your Honor's convenience.) Almost eleven months later, Plaintiff still awaits the ruling of the Bankruptcy Court. Regardless of the ruling of the Bankruptcy Court, the unsuccessful party will appeal the decision of the Bankruptcy Court to this Court, and this Court ultimately will determine the issue of whether the claims alleged in the Complaint are individual or derivative in nature. Moreover, if the claims alleged in the Complaint are individual in nature (and Plaintiff contends that such claims are individual in nature), then the automatic stay provisions of Chapter 11 of the Bankruptcy Code would be inapplicable and the informal "stay" that currently is in effect would be inappropriate. Indeed, although the Bankruptcy Court has not ruled on the Motion, Defendants in this action have benefitted from the informal "stay" that has been (and continues to be) in place, and, in turn, Plaintiff in this action has been prejudiced by such "stay." For example, this action has been transferred by the Panel to this Court only "for inclusion in the coordinated or consolidated pretrial proceedings occurring" in this Court, and the trial in this action will take place before a court located in Washington, D.C. Based upon the informal "stay" that has been in place for almost one year, discovery in the action consolidated in this Court -- a massive securities law action -- has been (or almost is) completed and the trial in such securities law action is scheduled to commence on March 22, 2005. Plaintiff in this action has not been provided with the opportunity to participate in any discovery that has occurred and the purpose of the Panel in transferring this action to this Court -- to permit Plaintiff to participate in "pretrial proceedings" -- has been defeated.

Simply stated, the informal "stay" has placed Plaintiff in a procedural quagmire. Almost two years have passed since the Complaint has been filed, and Plaintiff still has not been permitted to take a single deposition or to review a single document. In fact, although the Panel recognized that the trial in this action should occur in Washington, D.C., Plaintiff and this action have been in a state of limbo for almost a year, and the trial of this action in Washington, D.C. has been severely delayed.

Plaintiff is anxious to prosecute this action. Accordingly, Plaintiffs respectfully request that (a) this Court decide the issue of whether the claims alleged in the Complaint are individual or derivative in nature, and, if the claims are deemed to be individual in nature, (b) this Court grant the Application and order that this action not be consolidated with the actions previously consolidated before this Court, and (c) this Court grant Plaintiff's motion to remand this action to the Superior Court and order that this action be remanded to the Superior Court.

We are available for a conference at Your Honor's convenience to discuss this matter further if this Court deems it appropriate.

Respectfully,



Michael J. Mafmone

Attachments

cc: All Counsel (w/ attachments)
Via E-Mail

Any application for a ruling should be made in the first instance to Judge Gonzalez. Counsel should provide Judge Gonzalez with a copy of this letter as well.

*Denise Cote
March 17, 2005*