

APPENDIX A

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October 8, 2003

REFER TO FILE NUMBER

280539 - 0001

VIA FACSIMILE AND U.S. MAIL

The Honorable Sarah R. Thomas  
Administrative Law Judge  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: A.03-08-016 – WorldCom, Inc. Application for Exemption from the Requirements of Sections 851 and 854 of the Public Utilities Code

Dear ALJ Thomas:

During last week's prehearing conference in this matter, you requested information from WorldCom's counsel concerning the enforceability of the recommendations made in the report entitled "*RESTORING TRUST: Report to The Hon. Jed S. Rakoff, The United States District Court For the Southern District of New York, On Corporate Governance for the Future of MCI, Inc.*", by Richard C. Breeden, the Corporate Monitor, dated August, 2003.

In response to your request, please find enclosed a copy of the "Stipulation and Order" of Judge Rakoff, dated June 11, 2003. Judge Rakoff's June 11<sup>th</sup> Stipulation and Order provides background on the Breeden Report. It further requires WorldCom to "adopt and implement each of the recommendations ... made by the Corporate Monitor in his report ...", and provides that if "WorldCom determines that adopting and implementing any particular recommendation ... would be too costly, or would be otherwise inappropriate, unreasonable or unnecessary, WorldCom may move this Court for entry of an Order providing that it need not adopt and implement such recommendation ... within 60 days of the receipt of the report of the Corporate Monitor." Stipulation and Order, at 2.

WorldCom received the Breeden Report on August 26, 2003. Thus, in accordance with the Stipulation and Order, WorldCom has until October 25, 2003 to move the Court for an Order relieving it of its obligation to implement any of the Corporate Monitor's recommendations. As of the date of this letter, WorldCom has no plans to file any such motion in Judge Rakoff's court and it fully intends to adopt and implement all of the recommendations

NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

The Honorable Sarah R. Thomas

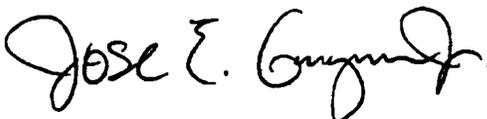
October 8, 2003

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made by Mr. Breeden. Of course, should WorldCom change its mind in this regard before October 25<sup>th</sup>, we will surely notify you of that change. In the absence of any such motion and the Court's order granting it, WorldCom will be bound by Judge Rakoff's Stipulation and Order. WorldCom fully expects that the Securities and Exchange Commission will seek to enforce the Stipulation and Order should WorldCom fail to comply with the provisions thereof.

Please let me or Mr. Mattes know if you have any further questions regarding the Breeden Report.

Sincerely,



Jose E. Guzman, Jr.

of NOSSAMAN, GUTHNER, KNOX & ELLIOTT, LLP

Enclosures

cc: Itzel Berrio, Esq.  
Richard B. Severy, Esq.  
Martin A. Mattes, Esq.

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

*Doc # 116*

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,

Civ No. 02-CV-4963 (JSR)

v.

WORLDCOM, INC.,

Defendant.



STIPULATION AND ORDER

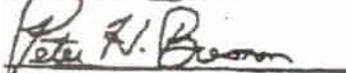
WHEREAS on June 26, 2002, plaintiff Securities and Exchange Commission (the "Commission") filed the instant action alleging certain violations of the federal securities laws by defendant WorldCom, Inc. ("WorldCom");

WHEREAS on November 26, 2002, the parties entered into a partial settlement of this case and WorldCom consented to the entry of a Judgment of Permanent Injunction, which among other things provided that Richard Breeden, the Corporate Monitor, would review the adequacy and effectiveness of WorldCom's corporate governance systems, policies, plans, and practices, and submit to WorldCom's Board of Directors, the Court and the Commission a report setting forth his recommendations with respect to the corporate governance issues he has reviewed. Mr. Breeden's report is not due until August 1, 2003, but the parties understand that Mr. Breeden expects to complete his report in advance of that deadline. The Judgment of Permanent Injunction also provides that within 60 days of the receipt of the report of the Corporate Monitor with respect to corporate governance, WorldCom's Board of Directors shall report to the Court and the Commission with respect to the decisions and actions taken as a result of each of the recommendations made by the Corporate Monitor.

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NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED THAT absent further Order of the Court, WorldCom shall adopt and implement each of the recommendations that will be made by the Corporate Monitor in his report with respect to corporate governance. In the event WorldCom determines that adopting and implementing any particular recommendation made by the Corporate Monitor would be too costly, or would be otherwise inappropriate, unreasonable or unnecessary, WorldCom may move the Court for entry of an Order providing that it need not adopt and implement such recommendation. Any such motion by WorldCom shall be made, on notice to the Commission, within 60 days of the receipt of the report of the Corporate Monitor.

Dated: June 11, 2003



Peter H. Bresnan  
Deputy Chief Litigation Counsel  
Securities and Exchange Commission



Paul C. Curnin  
Simpson Thacher & Bartlett  
Attorneys for Defendant WorldCom, Inc.

SO ORDERED.

Dated: New York, NY  
June 11, 2003

  
JED S. RAKOFF, U.S.D.J.

(END OF APPENDIX A)