

## RETENTION AGREEMENT

WHEREAS, the Attorney General has determined that claims should be made against certain persons and/or legal entities which are now or have previously been known as WorldCom, Inc. (referred to hereinafter as "WorldCom" or the "Company"), certain of WorldCom's officers, directors and control persons, KPMG LLP, KPMG Peat Marwick LLP (referred to collectively hereinafter as "KPMG"), A. Dale Currie Jr., Thomas M. Mitchell, and other persons and legal entities which may be discovered in due course (all prospective defendants are referred to collectively hereinafter as the "defendants"), and which have not paid to the lawful citizens of the State of Mississippi and/or are not paying lawful amounts to which the State is entitled ("the Claimer") on account of *inter alia*, WorldCom's fraudulent and/or grossly negligent failure to pay taxes owed the State of Mississippi, KPMG and certain of its accountant's professional accounting malpractices, KPMG and certain of its accountant's common law fraud and negligent misrepresentations, the illegal civil conspiracy and/or joint venture of KPMG and WorldCom to defraud the State of Mississippi of tax monies owed; and

WHEREAS, the Attorney General has determined that the damages incurred by the State of Mississippi total in excess of \$1 billion, including applicable penalties, legal interest, attorneys' fees, and costs;

WHEREAS, the Attorney General has determined that the investigation, research, and litigation of the Claims will require the expenditure of large sums of money and require the work of numerous lawyers, paralegals, accountants, and secretaries who are familiar with the defendants and their tortious and/or otherwise wrongful actions and/or inactions, and related issues for an extended period of time; and

WHEREAS, the Attorney General has further determined that it is in the best interests of

the State and its citizens that the State retain attorney's experienced in the prosecution of professional malpractice, tax and tort claims to pursue the Claims; and,

WHEREAS, the below listed Law Firm is experienced in professional malpractice, tax and general tort law and litigation and has consented to represent the State of Mississippi, in association with the Attorney General, respecting the Claims and pursuant to the terms and conditions hereof

IT IS, ACCORDINGLY, AGREED as follows:

1. The Office of the Attorney General hereby retains the Langston Law Firm ("Law Firm"), and its principal members, Joseph C. Langston and Timothy R. Balducci, are hereby designated as Special Assistant Attorneys General to investigate, research and file the Claims in any appropriate Court or Courts or before any appropriate governmental agency.

2. The Attorney General does not relinquish his constitutional or statutory authority or responsibility through this Retention Agreement. The Attorney General has the sole authority to settle this litigation on behalf of the State of Mississippi and its citizens. The Law Firm shall consult with the Attorney General and obtain his approval on all material matters pertinent to these Claims and any litigation arising therefrom, and the Attorney General shall cooperate with the Law Firm and use his best efforts to secure the cooperation of other State agencies. Prior to initiating inquiries or demands to any persons or entities, the Attorney General and the Firm will agree upon entities

to be contacted and/or claims to be pursued; the Firm will thereafter be entitled to its reasonable fees and expenses, as provided below, on any recovery from such agreed-upon entity or claims, discovered as a consequence of this Firm's inquiry/demand. The Attorney General is not required, however, to assign any members of his staff to pursue the Claims, but may from time to time afford staff and other support services as the Attorney General deems appropriate. The Attorney General

shall designate a member(s) of his staff to monitor these Claims, and the Law Firm shall keep the Attorney General and his designated staff member(s) fully informed on all matters pertaining to the Claims.

3. The Attorney General and the Law Firm both recognize that the claims present numerous factual and legal obstacles, and that no assurance of success on the Claims has or can be made.

4. The Attorney General shall maintain responsibility for the public distribution of information concerning this matter. All press inquiries shall be referred to the Attorney General for comment and response.

5. Notwithstanding the potential difficulties, the Law Firm has agreed to represent the State, and the Attorney General hereby agrees that the Law Firm will be compensated for its efforts on the following basis:

**A. Fee Agreement:**

**Exhibit A - Retention Agreement - Matter Settled Prior to Initiation of Litigation**

**Exhibit B - Retention Agreement - Matter Resolved After Initiation of Litigation**

**B. All reasonable and necessary costs of litigation including, but not limited to, court costs, travel, witness fees, consultants, accounting, and expert fees and expenses, as shall be approved by the Attorney General, shall initially be borne entirely by the Law Firm, but shall be reimbursed from any gross recoveries from the pursuit of such claims on a case-by-case basis;**

**C. The Law Firm shall receive no compensation or reimbursement other**

than set out above. In the event that no recovery is realized, the Law Firm shall receive no compensation or reimbursement.

6. With the approval of the Attorney General, the Law Firm may associate other attorneys at its own expense and at no cost to the State of Mississippi. Notwithstanding such association of other attorneys, this Retention Agreement is non-assignable and non-transferable, nor are the Law Firm's commitments delegable without the express, written approval of the Attorney General.

DATED this 24<sup>th</sup> day of September, 2004.

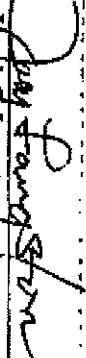
ATTORNEY GENERAL OF  
THE STATE OF MISSISSIPPI

By:

  
Jim Hood, Attorney General

LANGSTON LAW FIRM

By:

  
Joseph Q. Langston  
Kendrick R. Balducci

**Attachment A**  
**(Retention Agreement)**  
**(Matter Settled Prior to Initiation of Litigation) \***

The following shall be the structured contingent fee schedule:

For Sums Up to \$25,000,000.00:

15%

For those sums between \$25,000,000.00 and \$75,000,000.00:

13%

For those sums between \$75,000,000.00 to \$200,000,000.00:

7%

For those sums between \$200,000,000.00 to \$500,000,000.00:

4%

For all those sums greater than \$500,000,000.00:

7%

\* Due diligence and good faith must be exercised to settle this matter prior to filing a complaint, or before any significant discovery initiated.

Attachment B  
(Retention Agreement)  
(Matter Resolved After Initiation of Litigation)

The following shall be the structured contingent fee schedule:

For Sums Up to \$25,000,000.00:

After filing complaint before discovery completed:	17%
After filing complaint after discovery complete awaiting trial:	20%
After commencement of trial:	25%

For those sums between \$25,000,000.00 and \$75,000,000.00:

After filing complaint before discovery completed:	15%
After filing complaint after discovery complete awaiting trial:	18%
After commencement of trial:	21%

For those sums between \$75,000,000.00 to \$200,000,000.00:

After filing complaint before discovery completed:	10%
After filing complaint after discovery complete awaiting trial:	14%
After commencement of trial:	18%

For those sums between \$200,000,000.00 to \$500,000,000.00:

After filing complaint before discovery completed:	6%
After filing complaint after discovery complete awaiting trial:	8%
After commencement of trial:	10%

For all those sums greater than \$500,000,000.00:

After filing complaint before discovery completed:	3%
After filing complaint after discovery complete awaiting trial:	4%
After commencement of trial:	5%