

CROWELL & MORING LLP
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Harold J. Heltzer

Special Counsel to Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

WORLDCOM, INC., et al.,

Debtors.

Chapter 11

Case No. 02-13533 (AJG)

(Jointly Administered)

**SUMMARY OF AMENDED THIRD AND FINAL APPLICATION OF CROWELL &
MORING LLP PURSUANT TO SECTIONS 330 AND 331 OF THE BANKRUPTCY
CODE AND RULE 2016(a) OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT
OF ACTUAL AND NECESSARY EXPENSES**

Applicant:	CROWELL & MORING LLP
Third Application Period:	October 1, 2003 through April 19, 2004
Final Application Period	January 1, 2003 through April 19, 2004
Date of Entry of Order Authorizing Employment:	September 4, 2002
Date Services by Applicant Were Commenced:	July 23, 2002

Prior Fee Applications:

Period Covered	Requested		Awarded	
	Fees	Expenses	Fees	Expenses
Jan. 1, 2003- Mar. 31, 2003	\$215,339.00	\$5,735.42	\$215,339.00	\$5,227.27
Apr. 1, 2003- Sep. 30, 2003	\$271,328.00	\$13,220.99	Pending	Pending

Total Fees Requested in This Third Application: \$220,033.00

Total Expenses Requested in This Third Application: \$7,998.43

Blended Rate Including Paraprofessionals, Third Application: \$433.90

Blended Rate Not Including Paraprofessionals, Third Application: \$439.16

Total Fees Requested in This Final Application \$706,700.00

Total Expenses Requested in This Final Application \$26,446.69

Blended Rate Including Paraprofessionals, Final Application \$375.72

Blended Rate Not Including Paraprofessionals, Final Application \$379.16

List of Professionals Providing Services -- All Matters (10/1/03-4/19/04)

<u>Name</u>	<u>Title</u>	<u>Bar Year</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
Barton, Peter G. H.	Associate	2002	22.10	300	6,630.00
Epley, Leslie	Associate	2002	0.80	255	204.00
Facchina, Bazil	Associate	1987	15.50	365	5,657.50
Gerson, Marc	Associate	1993	122.20	360	43,992.00
Gurr, Tara	Associate	2002	3.30	280	924.00
Tran, Jan	Associate	2003	5.10	195	994.50
Tran, Jan	Associate	2003	21.70	225	4,882.50
Cooper, Michael J.	Counsel	1969	22.10	390	8,619.00
Mannix, Richard J.	Counsel	1984	8.50	330	2,805.00
Heltzer, Harold J.	Partner	1967	112.30	570	64,011.00
Hwang, Charles C.	Partner	1989	18.80	420	7,896.00
Weinman, Howard M.	Partner	1973	145.90	495	72,220.50
Willmore, Robert	Partner	1981	0.50	430	215.00
Attorney Subtotal					219,051.00
Kelley, Marie	Legal Asst.		5.30	140	742.00
Vogt, Jill	Legal Asst.		3.00	80	240.00
Paraprof. Subtotal					982.00
TOTAL					220,033.00
Less 20% Holdback					44,006.60
TOTAL AFTER HOLDBACK					176,026.40

Expenses & Disbursements -- All Matters (10/1/03-4/19/04)

<u>Disbursements</u>	<u>Value</u>
Document Reproduction	370.80
Local Transportation	43.00
Messenger Service	25.89
Postage	16.52
Telephone/Fax	5.07
Library Research	7,366.09
Miscellaneous	4.06
Train Fare	134.00
Travel Expenses	33.00
TOTAL DISBURSEMENTS	7,998.43

List of Professionals Providing Services -- All Matters (1/1/03-4/19/04)

<u>Name</u>	<u>Title</u>	<u>Bar Year</u>	<u>Hours</u>	<u>Rate</u>	<u>Value</u>
Allison, Bridget K.	Associate	1999	0.7	280	\$ 196.00
Barton, Peter G. H.	Associate	2002	317.7	260	\$ 82,602.00
Barton, Peter G. H.			22.1	300	\$ 6,630.00
Epley, Leslie	Associate	2002	29.6	210	\$ 6,216.00
Epley, Leslie			0.8	255	\$ 204.00
Facchina, Bazil	Associate	1987	23	340	\$ 7,820.00
Facchina, Bazil			15.5	365	\$ 5,657.50
Gerson, Marc	Associate	1993	5.4	300	\$ 1,620.00
Gerson, Marc J.			122.5	360	\$ 44,100.00
Gurr, Tara	Associate	2002	3.3	280	\$ 924.00
Tran, Jan	Associate	2003	5.1	195	\$ 994.50
Tran, Jan			21.7	225	\$ 4,882.50
Cooper, Michael J.	Counsel	1969	196	365	\$ 71,540.00
Cooper, Michael J.			22.1	390	\$ 8,619.00
Mannix, Richard J.	Counsel	1984	315.5	315	\$ 99,382.50
Mannix, Richard J.			8.5	330	\$ 2,805.00
Sadler, Alex E.	Counsel	1995	7.3	325	\$ 2,372.50
					\$
Heltzer, Harold J.	Partner	1967	105.2	530	\$ 55,756.00
Heltzer, Harold J.			116.4	570	\$ 66,348.00
Hwang, Charles C.	Partner	1989	105.35	390	\$ 41,086.50
Hwang, Charles C.			19.6	420	\$ 8,232.00
Plevin, Mark D.	Partner	1981	4.3	435	\$ 1,870.50
Weinman, Howard M.	Partner	1973	229.55	460	\$105,593.00
Weinman, Howard M.			155.1	495	\$ 76,774.50
Willmore, Robert	Partner	1981	3.6	400	\$ 1,440.00
Willmore, Robert			0.5	430	\$ 215.00
Attorney Subtotal			1856.4		\$703,881.00
Kelley, Marie	Legal Asst.		8	130	\$ 1,040.00
Kelley, Marie			6.3	140	\$ 882.00
Mowatt, Sarah	Legal Asst.		4.2	110	\$ 462.00
Vogt, Jill	Legal Asst.		3	80	\$ 240.00
Wheeler, Duwayne	Legal Asst.		3	65	\$ 195.00
Paraprof. Subtotal			24.5		\$ 2,819.00
Total			1880.9		\$706,700.00
Blended rate including paraprofessionals					\$ 375.72
Blended rate excluding paraprofessionals					\$ 379.16

Expenses and Disbursements -- All Matters (1/1/03 - 4/19/04)

Disbursements

Document reproduction	\$ 2,051.10
Express delivery	\$ 79.47
Local transportation	\$ 271.00
Messenger service	\$ 31.70
Postage	\$ 21.22
Telephone/facsimile	\$ 736.92
Library research	\$14,764.87
Administrative overtime	\$ 247.50
Miscellaneous meals	\$ 180.00
Consulting fees	\$ 8,400.00
Miscellaneous	\$ 4.06
Train Fare	\$ 134.00
Travel Expenses	\$ 33.00
Subtotal	\$26,954.84
Disallowed costs	\$508.15
Total	\$26,446.69

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**AMENDED THIRD AND FINAL APPLICATION OF CROWELL & MORING LLP
PURSUANT TO SECTIONS 330 AND 331 OF THE BANKRUPTCY CODE AND
RULE 2016(a) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF ACTUAL AND
NECESSARY EXPENSES**

TO THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE:

Crowell & Moring LLP ("Crowell & Moring"), special counsel to MCI, Inc. f/k/a WorldCom, Inc. and its debtor subsidiaries, as debtors in possession in the above-captioned cases (collectively, the "Debtors"), for its amended third and final application (the "Application"), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for (i) the allowance of compensation for professional services performed by Crowell & Moring for the period from October 1, 2003 through and including

April 19, 2004 (the "Third Compensation Period"), and for reimbursement of its actual and necessary expenses incurred during the Third Compensation Period, and (ii) final allowance of compensation for professional services performed by Crowell & Moring and reimbursement of actual and necessary expenses incurred for the period commencing January 1, 2003¹ through and including April 19, 2004 (the "Total Compensation Period"), respectfully represents:

**SUMMARY OF PROFESSIONAL COMPENSATION
AND REIMBURSEMENT OF EXPENSES REQUESTED**

1. Crowell & Moring prepared this Application in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the "UST Guidelines") and the Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals dated August 13, 2002 (the "Administrative Order," and collectively with the Local Guidelines and UST Guidelines, the "Guidelines"). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

2. The bankruptcy petition was filed in this case on July 21, 2002. Crowell & Moring began performing services in connection with this case on July 23, 2002. (Crowell & Moring had previously performed services for Debtors beginning August 20, 1998.) These services were performed subject to the Bankruptcy Court's orders of September 4, 2002, and

¹ Crowell & Moring was not subject to fee application procedures prior to January 2003.

January 10, 2003. Crowell & Moring has been retained based on its regular hourly rates and reimbursement of expenses. Pursuant to the Order Establishing Budgeting Procedures for Professional Fees in this case by the United States District Court for the Southern District of New York dated March 6, 2003, Crowell & Moring was subject to a budgetary limitation of \$225,000 on fees for the period October-December 2003, \$250,000 for the period January-March 2004, and \$450,000 for the period April-June 2004.

3. Crowell & Moring seeks final allowance of the compensation for professional services rendered to the Debtors during the Third Compensation Period, in the aggregate amount of \$220,033.00², and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$7,998.43.³ During the Third Compensation Period, Crowell & Moring attorneys and paraprofessionals expended a total of 507.1 hours for which compensation is requested.

4. Crowell & Moring also requests final allowance of compensation of \$733,146.69 (the "Final Allowance") for the Total Compensation Period, representing \$706,700.00 (inclusive of amounts already paid by Debtors) as compensation for professional services rendered to the Debtors and \$26,446.69⁴ (inclusive of amounts already paid by Debtors) as

² In preparing this Application, we became aware that our billing software erroneously did not bill for 1.9 hours of time incurred on April 8, 2004 under matter 19 having a value of \$940.50. A full description of this time was, however, included with the April fee statement, previously filed with the Bankruptcy Court and included in Exhibit D attached hereto. The fees requested in this Application are adjusted to include this amount.

³ This Application is without prejudice to Crowell & Moring's right to compensation pursuant to the "Agreement Among WorldCom, Inc., Arthur Andersen, LLP and Crowell & Moring LLP Relating to 1996-1998 Research and Experimentation Study," which was the subject of a proof of claim of Crowell & Moring filed in this case on January 21, 2003.

⁴ This amount does not include \$508.15 in disallowed costs.

reimbursement for actual and necessary expenses incurred by Crowell & Moring in connection with the rendition of such services during the Total Compensation Period. Of the \$733,146.69 for which final allowance and payment is sought, \$461,960.90 has not yet been paid by Debtors. During the Total Compensation Period, Crowell & Moring attorneys and paraprofessionals expended a total of 1,880.9 hours for which compensation is requested.

5. Prior to the filing of this Application, Crowell & Moring filed monthly fee statements setting forth Crowell & Moring's fees for professional services rendered and expenses incurred beginning October 1, 2003 through April 19, 2004.

6. There is no agreement or understanding between Crowell & Moring and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

7. Crowell & Moring's fees in these cases are billed in accordance with its existing billing rates and procedures in effect during the Total Compensation Period. The rates Crowell & Moring charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates Crowell & Moring charges for professional and paraprofessional services rendered in comparable nonbankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive national legal market.

8. Pursuant to the UST Guidelines, annexed hereto as Exhibit B are schedules setting forth all Crowell & Moring professionals and paraprofessionals who have performed services in these chapter 11 cases during the Third Compensation Period and the Total

Compensation Period, the capacities in which each such individual is employed by Crowell & Moring, the hourly billing rate charged by Crowell & Moring for services performed by such individual, the aggregate number of hours expended in this matter and fees billed therefor, and the year in which each professional was first licensed to practice law.

9. Annexed hereto as Exhibit C are schedules specifying the categories of expenses for which Crowell & Moring is seeking reimbursement and the total amount for each such expense category for the Third Compensation Period and the Total Compensation Period.

10. Annexed hereto as Exhibit D are Crowell & Moring's detailed computerized monthly time records for the Third Compensation Period reflecting the time spent by Crowell & Moring attorneys and paraprofessionals, recorded under various Crowell & Moring internal matter numbers, in connection with services performed for the Debtors. Crowell & Moring maintains computerized records of the time spent by all Crowell & Moring attorneys and paraprofessionals. Subject to redaction for the attorney-client privilege where necessary to protect the Debtors' estates, copies of these computerized records are being furnished to the Court, and have previously been furnished to the United States Trustee for the Southern District of New York (the "U. S. Trustee"), the attorneys for Debtors' prepetition lenders, attorneys for Debtors' postpetition lenders, as well as to various other parties and filed with the Court in connection with Crowell & Moring's monthly fee statements.

11. Included in Exhibit D is a detailed listing of all expenses incurred during the Third Compensation Period in connection with services performed for the Debtors.

12. With respect to Crowell & Moring's fee statements for the Third Compensation Period, Crowell & Moring sought payments totaling \$183,272.43, representing payment of eighty percent (80%) of the professional services and one hundred percent (100%) of the expenses requested by Crowell & Moring in its monthly fee statements for the period from October 1, 2003 through April 19, 2004. Crowell & Moring has currently not received any payments with respect to such period.

13. To the extent that time or disbursement charges for services rendered or disbursements incurred relate to the Third Compensation Period, but were not processed prior to the preparation of this Application, Crowell & Moring reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

14. During the Third Compensation Period and the Total Compensation Period, Crowell & Moring acted as Special Tax Counsel to the Debtors. In connection with this representation, Crowell & Moring provided tax advice to the Debtors on various matters and represented the debtors before the Internal Revenue Service in matters involving tax audits and claims for refund. In the course of this representation, Crowell & Moring conferred with the Debtors and the Internal Revenue Service, performed legal research, reviewed and analyzed documents, and prepared memoranda and other documents with respect to various international and domestic tax issues. These matters are not matters of public record. To preserve the attorney-client privilege and to protect the Debtors' estates, details of the subject matter of these representations are being withheld.

15. The professional services performed by Crowell & Moring on behalf of the Debtors during the Third Compensation Period required an aggregate expenditure of 507.1

recorded hours by Crowell & Moring's partners, counsel, associates, and paraprofessionals. Of the aggregate time expended, 308.1 recorded hours were expended by partners and counsel of Crowell & Moring, 190.7 recorded hours were expended by associates, and 8.3 recorded hours were expended by paraprofessionals of Crowell & Moring. The professional services were performed with expedience and in an efficient manner.

16. During the Third Compensation Period, Crowell & Moring's hourly billing rates in connection with this representation for attorneys ranged from \$195 to \$570 per hour, and the hourly billing rate for paraprofessionals ranged from \$80 to \$140 per hour. Allowance of compensation in the amount requested would result in a blended hourly billing rate of approximately \$433.90 (\$439.16 if paraprofessionals are excluded). Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable bankruptcy cases in a competitive national legal market. As noted, attached hereto as Exhibit B is a schedule listing each Crowell & Moring professional and paraprofessional who performed services in these cases during the Third Compensation Period, the hourly rate charged by Crowell & Moring for services performed by each such individual, and the aggregate number of hours and charges by each such individual.

ACTUAL AND NECESSARY DISBURSEMENTS OF CROWELL & MORING

17. As set forth in Exhibit C hereto, Crowell & Moring has disbursed \$7,998.43 as expenses incurred in providing professional services during the Third Compensation Period. These expenses are reasonable and necessary in light of the size and complexity of the matters that Crowell & Moring is handling for Debtors.

18. Any overtime expenses were absolutely necessary for the case. Crowell & Moring's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendition of services. The reimbursement amounts do not exceed those set forth in the Guidelines.

19. With respect to photocopying expenses, Crowell & Moring charges all of its clients 20 cents per page. However, Crowell & Moring believes that its cost per page is approximately 10 cents. Therefore, Crowell & Moring has reduced its request in connection with this Application to 10 cents per page. Similarly, in conformity with applicable guidelines, we have not, in our monthly fee statements or in this Application, imposed our normal \$1.00 per page charge for outgoing faxes. There is no charge for incoming facsimiles. These charges are intended to cover Crowell & Moring's direct operating costs, which costs are not incorporated into the Crowell & Moring hourly billing rates. Only clients who actually use services of the types set forth in Exhibit C are separately charged for such services.

FINAL COMPENSATION REQUESTED BY CROWELL & MORING

20. By this Application, Crowell & Moring also requests final allowance of \$733,146.69 for the Total Compensation Period, representing \$706,700.00 (inclusive of amounts already paid by Debtors) as compensation for professional services rendered and \$26,446.69 (inclusive of amounts already paid by Debtors) as reimbursement for actual and necessary expenses incurred by Crowell & Moring. In accordance with Crowell & Moring's prior Monthly Fee Statements and interim fee applications in these chapter 11 cases, Crowell & Moring has received \$271,185.79 for fees and disbursements incurred from January 1, 2003

through April 19, 2004. \$461,960.90 remains due and payable by the Debtors to Crowell & Moring.

21. The detailed time records and fee applications describing the professional services rendered and itemizing the related expenses incurred throughout these chapter 11 cases prior to the Third Compensation Period have been previously filed with the Court and are incorporated herein by reference, but not reiterated so as not to burden the Court with unnecessary duplicative material.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

22. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses." Id. § 330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, the extent, and the value of such services, taking into account all relevant factors, including -

(A) the time spent on such services;

(B) the rates charged for such services;

(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and

(E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id. § 330(a)(3).

23. In the instant case, Crowell & Moring respectfully submits that the services for which it seeks compensation in this Application were, at the time rendered, believed to be necessary for and beneficial to the Debtors' rehabilitation and reorganization efforts. Such services and expenditures were necessary to and in the best interests of the Debtors' estates. Crowell & Moring further submits that, in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest, and because of the magnitude and complexity of the Debtors' ongoing operations, the compensation requested herein is reasonable.

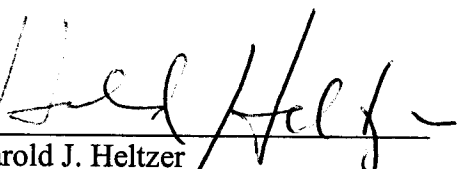
24. The services rendered by Crowell & Moring were necessary and beneficial to the Debtors' estates, and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved. Accordingly, approval of the compensation sought herein is warranted.

25. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this motion.

26. No previous motion for the relief sought herein has been made to this or any other court.

WHEREFORE Crowell & Moring respectfully requests (i) final allowance and payment of compensation for professional services rendered during the Third Compensation Period in the amount of \$220,033.00 and reimbursement for actual and necessary expenses Crowell & Moring incurred during the Third Compensation Period in the amount of \$7,998.43; and (ii) final allowance of compensation for professional services rendered during the Total Compensation Period in the amount of \$706,700.00 (inclusive of amounts already paid by Debtors), and reimbursement for actual and necessary expenses incurred during the Total Compensation Period in the amount of \$26,446.69 (inclusive of amounts already paid by Debtors), (iii) that this Court direct and authorize the Debtors as of the date an order approving this Application is approved to pay Crowell & Moring the amounts outstanding, totaling \$461,960.90 that Crowell & Moring has not yet received from the Debtors for the Total Compensation Period; (iv) that the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred be without prejudice to Crowell & Moring's right to seek additional compensation for services performed and expenses incurred during the Third Compensation Period which were not processed at the time of this Application; and (v) the Court grant Crowell & Moring such other and further relief as is just.

Dated: Washington, DC
July 27, 2004



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