

GIBBONS, DEL DEO, DOLAN,  
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 A Professional Corporation  
 One Penn Plaza, 37<sup>th</sup> Floor  
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 Sam Della Fera, Jr. (SD-4840)

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

-----X  
 In re: : Chapter 11  
 :  
 WORLDCOM, INC., et al., : Case No. 02-13533 (AJG)  
 : (Jointly Administered)  
 Debtors. :  
 -----X

**SUMMARY SHEET PURSUANT TO THE UNITED STATES TRUSTEE  
 GUIDELINES FOR REVIEWING APPLICATIONS FOR  
 COMPENSATION AND REIMBURSEMENT OF EXPENSES FILED  
 UNDER 11 U.S.C. § 330 FINAL INTERIM APPLICATION**

Name of Applicant:	Gibbons, Del Deo, Dolan, Griffinger & Vecchione, A Professional Corporation
Authorized to Provide Professional Services to:	Debtors and Debtors -in-Possession
Date of Retention:	July 22, 2002 and January 10, 2003
Period for which compensation and reimbursement is sought:	October 1, 2003 through April 19, 2004
Amount of Compensation sought as actual, reasonable and necessary:	\$509,619.00
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	\$73,782.54
Fees Previously Sought:	\$639,443.00
Fees Previously Awarded:	\$212,128.50
Expenses Previously Sought	\$46,591.58
Expenses Previously Awarded	\$11,189.24

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**THIRD AND FINAL APPLICATION FOR COMPENSATION AND  
REIMBURSEMENT OF EXPENSES TO GIBBONS, DEL DEO, DOLAN,  
GRIFFINGER & VECCHIONE, P.C. AS LITIGATION COUNSEL FOR THE  
DEBTORS FOR THE PERIOD OCTOBER 1, 2003 THROUGH APRIL 19, 2004**

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

Gibbons, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation  
("Gibbons" or "the Firm"), Litigation Counsel to WorldCom, Inc. and its affiliates, debtors and  
debtors-in-possession in these jointly administered chapter 11 cases (collectively, the "Debtors"),  
hereby submits its Third and Final Interim Fee Application for Compensation and for  
Reimbursement of Expenses for the period from October 1, 2003 through April 19, 2004 (the  
"Interim Fee Application"), pursuant to sections 330(a) and 331 of 11 U.S.C. §101, et seq. (the  
"Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the  
"Bankruptcy Rules"). By this Interim Fee Application, Gibbons seeks allowance of  
compensation and reimbursement of actual and necessary expenses, for the period from October

1, 2003 through April 19, 2004 (the “Interim Period”). In support of the Fee Application, Gibbons respectfully represents as follows:

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

1. This Application has been prepared in accordance with (a) 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”); (b) 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 (c) the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals (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 annexed hereto as Exhibit “A.”

2. Gibbons seeks allowance of interim compensation for professional services rendered to the Debtors during the Interim Period in the amount of \$509,619.00, and for reimbursement of expenses incurred in rendering those services in the amount of \$73,782.54. During the Interim Period, Gibbons’ attorneys and paraprofessionals expended a total of 2,131.40 hours for which compensation is requested.

3. The fees charged by Gibbons in these cases are billed in accordance with its existing billing rates and procedures in effect during the Interim Period. The rates Gibbons charges for the services rendered by its professionals and paraprofessional in these chapter 11 cases are the same rates Gibbons charges for professional and paraprofessional services rendered in comparable non-bankruptcy related matters.

4. Pursuant to the UST Guidelines, annexed hereto as Exhibit “B” is a schedule setting forth all Gibbons professionals and paraprofessional who have performed services in these chapter 11 cases during the Interim Period, the capacities in which each such individual is employed by Gibbons, the department in which each individual practices, the hourly billing rate charged by Gibbons for services performed by such individual, the aggregate number of hours expended in this matter and fees billed therefore, and the year in which each professional first was licensed to practice law.

5. Annexed hereto as Exhibit “C” is a schedule specifying the categories of expenses for which Gibbons is seeking reimbursement and the total number for each such expense category.

6. Pursuant to Section II.D of the UST Guidelines, annexed hereto as Exhibit “D” is a summary of Gibbons time records billed during the Interim Period, including the utilization of project categories as hereinafter described.

7. Gibbons maintains computerized records of the time spent by all Gibbons attorneys and paraprofessionals in connection with the representation of the Debtors in their chapter 11 cases. Subject to redaction or modification for the attorney-client privilege where necessary to protect the Debtors’ estates, copies of these computerized records will be furnished to the Court, the attorneys for the statutory creditors’ committee, and the United States Trustee for the Southern District of New York (the “U.S. Trustee”) in the format specified by the UST Guidelines.

8. Prior to the commencement of these chapter 11 cases, beginning in March, 1996 Debtor WorldCom, Inc. and certain of its direct and indirect debtor subsidiaries had retained Gibbons in connection with a wide variety of matters, including, without limitation, various

complex commercial litigation matters and arbitrary proceedings, labor and employment matters, creditors' rights matters and commercial collection matters, all of which are related to these chapter 11 cases. As of the Petition Date, the Debtors owed Gibbons \$679,540.66 in costs, fees and disbursements that were incurred in connection with the rendering of prepetition services. Gibbons filed proofs of claim for that amount, some of which have been assigned to third parties.

9. To the extent time or disbursement charges for services rendered or disbursements incurred relate to the Interim Period but were not processed prior to the preparation of this Application, Gibbons reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

### **BACKGROUND**

10. On July 21, 2002 (the "Commencement Date"), each of the Debtors commenced a case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

11. WorldCom, Inc. one of the Debtors in the above captioned cases, together with approximately 200 direct and indirect domestic subsidiaries and 200 non-debtor foreign affiliates (collectively, the "Company"), is one of the world's preeminent global communications companies that provides a broad range of communication services in over 200 countries on six continents. Through its core communication services business, which includes voice, data, Internet and international services, the Company carries more data over its networks than any other entity. The Company carries more data over its networks than any other entity. The Company's business operations are divided into two distinct segments, the WorldCom Group and the MCI Group.

## **The WorldCom Group**

12. The WorldCom Group operates on the most expansive, wholly-owned communications networks comprising approximately 70,000 route miles of network connections linking metropolitan centers and various regions across North America, Europe, the Middle East, Africa, Latin America, Australia and Asia. Providing integrated data, Internet and commercial voice communications services over its seamless networks, the WorldCom Group is the leading global data, Internet and network services provider measured by revenues and traffic carried.

The WorldCom Group businesses provide commercial and international services as follows:

- Data services such as frame relay, asynchronous transfer mode and Internet protocol networks which provide a full spectrum of public and private network options for any data transmission requirement;
- Internet related services, including always-on connections over the Internet allowing a business to link various sites and employees, which is referred to as a virtual private network;
- the design, implementation and ongoing management of a customer's communications systems;
- commercial voice services; and
- international communication services.

13. In addition, the Company is a provider of network services for critical applications for the United States Government. These applications include the provision of communications services in support of customer service to 80 million Social Security beneficiaries, air traffic control applications for the Federal Aviation Administration, network management for Department of Defense, and critical data network services for the United States Postal Service. The Company also provides long distance voice and data communications services for the United States Postal Service. The Company also provides long distance voice

and data communications services for the House Representatives, the Senate, the General Accounting Office and virtually every other government agency.

### **The MCI Group**

14. The MCI Group, the second largest carrier of consumer and small business long distance telecommunications services in the United States, provides a broad range of retail and wholesale communications services, including long distance voice and data communications, consumer, local voice communications, wireless messaging and voice services, private line services and dial-up Internet access services. The MCI Group's retail businesses, provide to consumers and small businesses in the United States, including basic long distance service, dial around, collect calling, operator assistance, local telephone services and calling card services (including prepaid calling cards) and toll-free services to approximately 20 million residential and small business customers and more than 470 carriers and other resellers. The MCI Group's wholesale businesses include wholesale voice and data services provided to carrier customers and other resellers, and dial-up Internet access services.

15. For the year ended July 31, 2001, WorldCom recorded revenue of more than 30 billion. As of March 31, 2002, WorldCom's books and records reflected assets totaling approximately \$107 billion and liabilities totaling approximately \$41 billion. As of June 30, 2002 more than 63,900 individuals, of which 57,700 were full-time employees and approximately 6,200 were part-time employees. Approximately 425 employees of WorldCom are represented by organized labor union.

16. On July 29, 2002, the Office of the U.S. Trustee appointed a statutory creditors' committee (the "Committee") pursuant to section 1102(a) of the Bankruptcy Code.

17. The Debtors' chapter 11 plan of reorganization was confirmed by order dated October 31, 2003, and the plan became effective on April 20, 2004.

18. On information and belief, the Debtors have paid all quarterly fees due to the U.S. Trustee.

**Administrative Fee Order**

19. On August 13, 2002, the Court entered an Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals. Pursuant to the procedures set forth in the Administrative Order, professionals may request monthly compensation and reimbursement. Each person receiving a statement will have at least fifteen (15) days after its receipt to review it and, in the event that he or she has an objection to the compensation or reimbursement sought, he or she shall, by no later than the forty-fifth (45<sup>th</sup>) day following the month for which compensation is sought, serve an objection to such a request. At the expiration of the forty-five (45) day period, the Debtors are authorized to pay such professional eighty percent (80%) of the fees and one hundred percent (100%) of the expenses requested in the fee application.

20. The Administrative Order requires that, approximately every 120 days, but no more than every 150 days or such specific date set by the Court, each professional shall serve and file with the Court, in accordance with General Order M-182, an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code of the compensation and reimbursement of expenses requested (an "Interim Fee Application").

21. On June 14, 2003, Gibbons filed its First Interim Application for Compensation and for Reimbursement of Expenses for the amount of \$212,128.50 in fees and \$11,189.24 in expenses [Docket No. 6554]. By Order dated March 12, 2004, Gibbons was awarded the full amount of requested fees and expenses.

22. On December 15, 2004, Gibbons filed its Second Interim Application for Compensation and for Reimbursement of Expenses for the amount of \$427,314.50 in fees and

\$35,402.34 in expenses [Docket No. 10248]. An Order has not yet been entered awarding these fees.

23. Gibbons has filed seven monthly fee applications, for the months of October, 2003 through April 19, 2004. This is Gibbons' Third and Final Interim Fee Application under the Administrative Order, which covers the foregoing six-month period.

**THIRD INTERIM FEE REQUEST**

**Monthly Fee Applications Covered by This Fee Application**

Period Covered	Fees	Expenses	Allowed Fees (80%) <sup>1</sup>	Allowed Expenses
October 2003	\$121,983.50	\$12,912.55 <sup>2</sup>	\$97,586.80	\$12,912.55
November 2003	\$90,217.50	\$6,047.15	\$72,174.00	\$6,047.15
July 2003	\$98,658.50	\$14,684.54	\$78,926.80	\$14,684.54
January 2004	\$105,737.00	\$18,778.69	\$84,589.60	\$18,778.69
February 2004	\$32,430.50	\$5,991.77	\$25,944.40	\$5,991.77
March 2004	\$33,666.00	\$4,818.15	\$26,932.80	\$4,818.15
April 2004	\$26,926.00	\$10,549.69	\$21,540.80	\$10,549.69
<b>TOTAL:</b>	<b>\$509,619.00</b>	<b>\$73,782.54</b>	<b>\$407,695.20</b>	<b>\$73,782.54</b>

24. To date, pursuant to the Administrative Order, Gibbons has submitted seven monthly applications (collectively, the "Monthly Fee Applications," for October, November, December 2003, and January, February, March and April 2004, for compensation in the amount of \$509,619.00 for services performed during the Interim Period. Gibbons has received

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<sup>1</sup> Pursuant to the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals and Establishing a Joint Fee Review Committee, Gibbons submitted monthly invoices requesting eighty percent (80%) of fees and one hundred (100%) of disbursements.

<sup>2</sup> The monthly fee invoice that was filed for the month of October, 2003 inadvertently listed the expenses at \$12,736.07.

\$470,975.28 with respect to the Monthly Fee Applications and expenses, which sum constitutes payment of previously submitted invoices and the twenty percent holdback from fees awarded for the First Interim Period.

25. The Monthly Fee Applications covered by this Fee Application contain detailed time logs describing the actual and necessary services provided by Gibbons during the Interim Period as well as other detailed information. Because of the number of matters currently handled by Gibbons we have not attached previously submitted invoices. Monthly Fee Applications have been previously filed and served on the Debtors and counsel for the Debtors, the U.S. Trustee, and attorneys for the Debtors' post-petition lenders in accordance with the procedures as outlined in the Administrative Order. Additional copies are available from Gibbons upon request.

26. Included in the Monthly Fee Applications are recitations of the time spent each day by each professional or paraprofessional during the Interim Period, broken down in time increments of one-tenths of an hour, and containing a description of the service rendered and the value of the time expended for each such service. To the best of Gibbons' knowledge, this Interim Fee Application complies with sections 330 and 331 of the Bankruptcy Code, the General Order M-182 and the Administrative Order.

### **Gibbons Retention**

27. The Debtors' retention of Gibbons as litigation counsel was approved, effective as of January 10, 2003 by this Court's Order dated January 10, 2003, (the "Retention Order"). Specifically, Gibbons was retained to represent the Debtor in non-bankruptcy litigation matters in the 2<sup>nd</sup> and 3<sup>rd</sup> Circuits. Gibbons had previously been retained post-petition by the Debtors as an "ordinary course professional."

28. All services for which Gibbons requests compensation were performed for or on behalf of the Debtors as Debtors-in-Possession. Gibbons has received no payment and no

promises for payment from any source, other than the Debtors, for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Interim Fee Application. There is no agreement or understanding between Gibbons and any other person other than the shareholders of Gibbons for the sharing of compensation to be received for services rendered in these cases.

### **Summary of Services Rendered by Task Codes**

29. In accordance with Local Guidelines and the UST Guidelines, Gibbons has recorded its time entries utilizing the task codes mandated by said Guidelines. A breakdown of the fees sought herein by task codes is included in Exhibit “D” hereto. Narrative summaries of the Firm’s services rendered during the Interim Period broken down by task code categories is included in the Monthly Fee Applications and also below.

**a. 489 Kings Highway**

30. This matter involved obtaining an ISRA Letter of Non-Applicability for the termination of MCI’s operations at this leased facility. The LNA was issued by NJDEP on December 3, 2003. Legal work included the review and analysis of the lease and the ISRA statute/regulations, the submission of the application for the LNA to the NJDEP, and the distribution of the LNA to the client and landlord.

**b. 67 Broad Street**

31. This matter was a Civil Court Acton in which 67 Broad Street, the landlord of a building in which MCI leased space, brought a holdover proceeding to evict MCI from the building because the parties were unable to negotiate a new lease prior to the expiration of the previous lease. The Firm negotiated an adjournment of the action while MCI personnel negotiated a new lease directly with the landlord. The principals successfully negotiated and

entered a new lease during the adjournment period and the action was thereafter discontinued with the consent of both parties.

**c. Aerotel Ltd.**

32. This matter involves patent analysis and counseling. Because of the highly confidential nature of this matter, pursuant to the instructions of MCI's Chief Patent Counsel, we are not permitted to describe specific work performed in this matter.

**d. Akhtar Ali**

33. This matter is a small claims collection dispute pending in Civil Court of New York, County of Queens. A judgment was entered against WorldCom. The Firm filed a motion to vacate the judgment due to MCI's bankruptcy, which was denied. We then forwarded the judgment to WorldCom's bankruptcy counsel to have it voided. Despite the filing of the Notice of Bankruptcy, the judgment has not been voided against WorldCom.

**e. Anthony Biondo**

34. This matter is a personal injury action against WorldCom, Inc., which was stayed by WorldCom's bankruptcy filing. During the Interim Period, Gibbons continued to monitor the file and performed administrative tasks.

**f. Arthur Cerrati**

35. This matter is a suit against Arthur Cerrati for his improper exercise of certain stock options. During the Interim Period, Gibbons engaged in settlement negotiations with Mr. Cerrati, evaluated the matter with MCI and abandoned the matter at the instruction of MCI.

**g. Asch Webhosting**

36. This matter was an action brought in the United States District Court for the District of New Jersey (Camden Vincinage) by plaintiff, an internet services provider, for injunctive relief after MCI suspended internet service due to non-payment. The Firm negotiated

an agreement whereby service was continued while the parties briefed the issues on plaintiff's papers seeking entry of a temporary restraining order and preliminary injunction. After briefs were fully submitted but prior to argument before the Court, counsel and the parties negotiated a settlement agreement whereby plaintiff paid all outstanding amounts and agreed to terminate its service with MCI and not seek reinstatement of same as of February 4, 2004. The settlement agreement provided that both parties would review and negotiate in good faith any credits plaintiff may have been due under MCI's Service Level Agreements or due to overpayment of fees leading up to the settlement. The parties are still in the process of negotiating the credits issued but there has not been and likely will not be any further court action.

**h. Barbara Murphy**

37. This is an employment litigation matter that was pending in the state court of New York. This matter was stayed as a result of MCI's bankruptcy filing. During the Interim Period, Gibbons assisted MCI in evaluating the alleged claim and the costs of litigation.

**i. Con Edison Communications**

38. This matter relates to a subpoena served on MCI by Con Edison Communications with regard to litigation between Con Edison and Frontline Communications International. Responsive MCI documents were reviewed by the Firm and produced to Con Edison Communications.

**j. Dataline**

39. This is a patent litigation matter that was instituted by MCI several years ago. Recent work on this matter arises out of defendant's alleged breaches of the settlement. We expect to resolve all of the settlement issues and close this matter shortly.

**k. Dennis H. Derrer and Carol Derrer**

40. This matter is an asbestos action pending in the New York Supreme Court, County of New York, in which Dennis Derrer claims to suffer from mesothelioma due to exposure to asbestos-containing aircraft components during his career as an aircraft mechanic. The Firm requested Shared Technologies Fairchild Telecom, Inc. and WorldCom Intermedia, Inc. f/k/a Shared Technologies Fairchild, Inc., both on whom commenced bankruptcy cases contemporaneously with WorldCom. There was no proof of claim filed by the plaintiffs. We monitored (and continue to monitor) the case, including an appearance at a deposition of the plaintiff. We have been attempting to obtain plaintiff's consent to a No Opposition Motion for Summary Judgment. To date, the plaintiffs' counsel has not responded to that request.

**l. Distributed Data Networks Corp.**

41. We wrote to the Court in August 2003 requesting the Court's permission to pursue MCI's counterclaims against DDNC. The Court has not yet responded to MCI's request. We do not believe that plaintiff filed a Proof of Claim with the bankruptcy court. As such, the prosecution of plaintiff's claims is barred.

**m. Earthcam, Inc.**

42. MCI and Earthcam had an internet service agreement and were negotiating a renewed contract and settlement agreement. After negotiations began to break down in October, 2003, MCI considered disconnecting Earthcam's internet service. Earthcam threatened to file for injunctive relief enjoining MCI from disconnecting Earthcam's internet service. We were retained to defend any action by Earthcam. After a series of conferences and negotiations between and among Gibbons, MCI and Earthcam, the matter was resolved without litigation.

**n. Elena & Olga Skibinski**

43. This matter was brought by the plaintiffs against WorldCom for alleged service problems, and has been stayed as result of WorldCom's bankruptcy. The Firm monitored the case and helped MCI evaluate the claims.

**o. Empire Tel., Inc. & Isaac Levin**

44. This matter is a contract suit in which MCI obtained a judgment in its favor pre-petition. Gibbons was retained to take any actions that MCI might request to collect the judgment. During the Interim Period, Gibbons' activities in connection with this matter consisted of various informational and administrative tasks.

**p. GAB Robins North America**

45. In the fall of 2003, MCI commenced an arbitration against GAB Robins to collect its unpaid balance for telecommunications services rendered. The arbitration was set to commence on June 15, 2004. On June 14, 2004, the parties settled this matter. The settlement documents have been prepared and we are in the process of having them executed.

**q. General Counseling**

46. During the Interim Period, Gibbons conducted the necessary ongoing review of its records for any conflicts as necessary for its retention under 11 U.S.C. § 327(e) as litigation counsel herein. Gibbons also prepared and filed its monthly fee invoices for October 2003 through April 19, 2004 and its Second Interim Application for fees and for reimbursement of expenses.

**r. General Physic Corp. and GP Strategies**

47. This matter is a fraud case against MCI Communications, Inc. which has been stayed as a result of WorldCom's bankruptcy filing. In connection with the bankruptcy proceeding, plaintiffs moved for relief from the automatic stay. The Bankruptcy Court

conditionally granted plaintiffs' motion in order to permit the state court to rule on MCI's motion for summary judgment. The state court has not yet issued a ruling on the motion.

s. **Genuity, Inc.**

48. Prior to the Interim Period, the Debtors retained Gibbons, as an ordinary course professional to represent their interests in the bankruptcy case of Genuity Inc. The basis of Genuity's reorganization was a sale of its assets and the assumption and assignment or rejection of certain of its contracts, including certain of MCI's contracts, to the purchaser(s) of its assets.

49. During the Interim Period, Gibbons has continued to represent MCI with respect to its rights as a counterparty to numerous service agreements with the Debtor, which agreements have either been assumed or assigned to Level 3 Communications or rejected. With respect to the assumed contracts, the firm has been litigating over the appropriate cure amount to be paid and the source of such funds. The Firm has actively participated in the exchange of substantial information and related negotiations with Genuity's counsel, which remain ongoing. With respect to rejected agreements, the firm assisted MCI with the preparation and filing of its substantial supplemental rejection damages claim.

t. **Gold Plus Telecom, Inc.**

50. Prior to the Interim Period, Gibbons was retained to pursue claims against Gold Plus Telecom, Inc. ("GPT") for breach of contract and against the guarantors of GPT's for payment of GPT's obligations. GPT and its co-defendants asserted several defenses and opposed a motion for summary judgment against them. However, on the first day of trial GPT and its co-defendants withdrew their opposition to the summary judgment motion.

51. During the Interim Period, we obtained judgment against Gold Plus and Bilgen Ozfuruncu and have commenced steps to collect on the judgment. We docketed the judgment in Nassau and Queens counties. We served subpoenas for documents and requested to depose Mr.

Ozfuruncu and he failed to produce documents and to appear for his deposition. We made a motion to compel which was granted. Mr. Ozfuruncu then again failed to produce documents and appear for his deposition in accordance with the Court order. We then moved for an order to hold Mr. Ozfuruncu in contempt. He did not oppose the motion, which was returnable on June 29, 2004. We presently are waiting for a decision on the motion.

**u. Graphnet, Inc.**

52. The Firm represented WorldCom in connection with an appeal to the Third Circuit from a New Jersey District Court's decision that WorldCom was not precluded from recovering anything for the services it rendered and equipment it provided to Graphnet. In its September 12, 2003 opinion, the Third Circuit reversed the District Court's order and remanded the case for further proceedings consistent with its opinion. The Court awarded costs to WorldCom in the amount of \$846.00 against Graphnet. We submitted a proposed order on mandate relating to those taxed costs to the District Court. We also served discovery requests, including requests for documents and depositions, on defendant Graphnet and requested a Rule 16 conference with the Court. We are also preparing Rule 26 initial disclosures to Graphnet.

53. The parties appeared in January 2004 for a Rule 16 conference before Magistrate Judge Wigenton. We also responded to Graphnet's discovery demands and prepared and completed a document production of 2,500 pages to Graphnet. We explored amending the complaint to assert additional claims against Graphnet for Graphnet's default in payment on certain wholesale accounts. We interviewed WorldCom employees regarding the facts of Graphnet's default on the wholesale accounts. The Firm's efforts in this matter remain ongoing.

v. **Hanna Bordelay**

54. This matter was initiated by receipt of a Summons with Notice that was allegedly filed with the Supreme Court of the State of New York, County of Queens. Plaintiff sought damages of \$40,000.00 for MCI “illegally sending bills” to her and “usurping” her phone line. We were unable to contact plaintiff with the information provided on the Summons. We prepared an answer and a request for a more definite statement but were unable to file it because plaintiff did not actually file a complaint. We investigated first in Queens County, then in all five New York City counties, and determined that obtain a valid summons or otherwise start an action against MCI in any court. It appears that plaintiff filled out a summons with a notice form, mailed it to MCI but never filed an action in court. There has been no activity on this matter since we determined that there was no litigation.

w. **Hazel Cromwell**

55. We defended MCI in a third-party matter filed by Prestige Care as a result of a complaint filed against that entity by MCI employee, Hazel Cromwell. We were able to secure a voluntary dismissal of the case following preliminary discovery. Although, the case was fully resolved, however, Ms. Cromwell later filed an employment matter against MCI. During the interim period the parties engaged in settlement discussions. The matter was resolved in principle. A dispute remains as to the withholdings to be taken from the settlement proceeds.

x. **Inacom Corp.**

56. In November, 2000, MCI timely filed a proof of claim in the chapter 11 bankruptcy case of Inacom Corp. and its affiliates ("Inacom"), pending in the United States Bankruptcy Court for the District of Delaware, Case No. 00-2426 (PJW). The claim, for telecommunications-related goods, services and warranty claims, was originally filed in the unsecured, non-priority amount of \$5,810,837.71. In February, 2001, MCI filed an amended

claim in the amount of \$5,913,956.22. Inacom filed an objection to the claim in March, 2003, seeking to disallow the claim in its entirety. In March, 2003, the Firm drafted and filed a response to Inacom's objection. The hearing on the claim objection has been adjourned from time to time by consent of the parties, and is now pending without date while the parties attempt to negotiate an amicable resolution of the claim dispute.

**y. Infohighway Communications Corp.**

57. This matter was brought by Plaintiff against and MCI subsidiary Intermedia Telecommunications, Inc. in connection with alleged property damage on the plaintiff's premises. We filed a Notice of Bankruptcy with the court. We are awaiting confirmation from plaintiff that it filed a proof of claim with the Bankruptcy Court. If so, plaintiff's claim was discharged by the Bankruptcy Court.

**z. Integrated Security Solutions**

58. This is a breach of contract action brought originally in the United States District Court of New Jersey. The case was subsequently transferred to the United States District Court of Delaware. Plaintiff was seeking approximately \$13 to \$14 million in damages. The parties agreed to settle the matter without payment from MCI and without costs to either party.

59. During the Interim Period, Gibbons participated in negotiating the language of the settlement documents, coordinating the execution of them and conferring with our Delaware counsel regarding the same.

**aa. Intermedia Communication - Preston, Inc.**

60. Intermedia commenced this action on or about August 3, 1998 and Preston counterclaimed. The parties engaged in discovery, which was completed. When WorldCom filed for bankruptcy, all claim against Intermedia were stayed. On March 5, 2003, defendants made a motion in the Bankruptcy Court to reject the license agreement. In January 2004, we

sent to Preston's counsel a copy of the Purchase Contract, the Affidavit of Service of the Plan Supplement, along with relevant portions of the Plan Supplement and contract for the sale of the tower. Preston's counsel has not contacted us since receiving these documents. It does not appear that Preston is going to pursue this litigation, as he has done nothing since January 2004. Moreover, if the tower has been sold, subject to the litigation, Intermedia would not be the party to continue the litigation.

**bb. ISRA Compliance - Pine Brook Property**

61. This matter involves the expiration of a lease at a warehouse/office suite located in Pine Brook, New Jersey formerly held by MCI. The facility was used by MCI as a warehouse for telephonic switching equipment. The lease agreement between MCI and First Industrial, LP, expired on June 30, 2003. On June 23, 2003, Gibbons filed an application for a Letter of Non-Applicability ("LNA") with the New Jersey Department of Environmental Protection ("NJDEP"). The LNA was issued by the NJDEP on June 26, 2003. The LNA indicates that New Jersey's ISRA statute is not applicable to the leasehold; therefore, no environmental investigation of the property was required.

**cc. John Lump**

62. In or about March 2002, Mr. Lump commenced an action against WorldCom in Small Claims Court. A default judgment was entered against WorldCom. The parties were attempting to negotiate a settlement of this matter when WorldCom filed for bankruptcy. In January 2004, the Firm received a call from Mr. Lump who claimed that he and a former associate had reached some kind of oral agreement whereby Mr. Lump would cease seeking to obtain money from MCI concerning his wireless account and MCI would stop billing him. We were never able to resolve this matter, after several attempts to contact Mr. Lump.

**dd. John Nash**

63. This matter related to a new complaint that Gibbons prepared and filed against Mr. Nash for unearned commission and/or commissions and charge backs under relevant compensation plans. During the Interim Period, Gibbons evaluated the strength of the matter with MCI and abandoned the matter at MCI's instruction.

**ee. Lawrence and Sherry Boothe**

64. This was a personal injury action, which is stayed as to WorldCom defendants. WorldCom's motion for summary judgment was granted dismissing plaintiff's claims in their entirety. This matter is closed.

**ff. Lisa Taranto**

65. WorldCom retained Gibbons to represent Ms. Taranto, a former WorldCom employee, in connection with an investigation of WorldCom's accounting practices by the United States Justice Department. During the Interim Period, we have had several conversations with Ms. Taranto and the U. S. Attorney's Office in New York regarding the possibility of Ms. Taranto being deposed related to civil matters. Those conversations ceased when the court stayed civil discovery, at least to certain potential witnesses, including Mr. Taranto, until the conclusion of the related criminal matters.

**gg. Mail.Com**

66. Prior to the Interim Period, Gibbons was retained to pursue its trademark infringement claim against Mail.com. Gibbons brought suit on the claim which was settled during the prior interim period. During the Interim Period, there were substantive disagreements with the settlement, which were resolved in principle. Gibbons negotiated with the other side and finalized a settlement which is now completed pending receipt of the signed agreement from

WorldCom. During the Interim Period, the settlement documents were executed and the matter closed.

**hh. Marie Jean Carroll**

67. This is a consumer complaint fraud case. Gibbons reviewed the complaint filed with the Department of Labor and Public Safety. We prepared for and made an appearance at the Division of Consumer Affairs in Newark, New Jersey for arbitration. In July, 2004, the arbitrator ruled in MCI's favor and the matter was dismissed.

**ii. Marvec Investment**

68. This is a suit by MCI against Marvec Investment ("Marvec") for reimbursement to MCI for utilities Marvec, as lessee, was to have paid on a lease, but which MCI inadvertently paid. A complaint was filed by WorldCom and Marvec asserted counterclaims for certain maintenance work that it alleged WorldCom failed to do on the premises. We successfully had the counterclaim dismissed; however, Marvec raised the maintenance issues as a defense. The parties have agreed to settle this matter and the Firm is in the process of preparing the settlement documents.

**jj. Mary Byrd**

69. This is a suit by New York state prisoners challenging the Department of Corrections pay phone program. This case has been stayed as a result of the bankruptcy filing; however, the parties consented to lift the stay on December 16, 2003. On April 1, 2004, the plaintiffs wrote the District Court to urge that it rule upon motions to dismiss which had been filed before the entry of the stay in this matter. There was no further activity in this matter by the parties.

**kk. Meliza Sorrentino**

70. This is a personal injury suit brought by Ms. Sorrentino. A Notice of Bankruptcy has been filed and this matter was stayed. The plaintiff did not file a proof of claim with the Bankruptcy Court. We have requested that Plaintiff voluntarily dismiss the action against the MCI defendants. If plaintiff refuses to withdraw the action, we will proceed with a motion for contempt before the Bankruptcy Court as the commencement of the action was a violation of the automatic stay.

**ll. MFS City of New York**

71. We are local counsel in this matter involving litigation with the Metropolitan Fiber Systems of New York. During the Interim Period, we researched the issue of notice of claim requirement for suing in the City of New York.

**mm. Milan Shah**

72. This matter is a suit against Mr. Shah for his improper exercise of certain stock options. During the Interim Period, Gibbons evaluated the matter with MCI and abandoned it at MCI's instruction.

**nn. National Union Fire Insurance Co. of Pittsburgh**

73. This is a declaratory judgment action in which WorldCom seeks to have the court find that its insurance carriers are obligated to provide director and officer coverage for various pending security fraud suits. Gibbons is local counsel in the matter, which has been resolved.

**oo. New York Fire Department**

74. This matter involved the defense of several Notices of Violations ("NOVs") issued by the New York City Fire Department at an MCI facility located at 560 Washington Street. The NOVs were defended before the Bureau of Fire Prevention. Gibbons provided

assistance on the defense of the NOV's to the trial attorney. Assistance included analysis of the interaction of the administrative violations with the Bankruptcy Code.

**pp. Nyack Hospital**

75. This is a collection action against Nyack Hospital. During the first interim period, Gibbons commenced collection activity against Nyack Hospital. Since then, Gibbons filed a complaint in the United States District Court for the Southern District of New York seeking damages of approximately \$20,000 for breach of contract in failing to pay MCI for services it rendered to Nyack. In January 2004, this matter was settled for \$13,750.00.

**qq. Onsite Access Local, LLC**

76. Prior to the interim Period, WorldCom, Inc. had asserted administrative priority claim in Onsite Access, Local LLC's ("OAL") bankruptcy case. OAL filed proofs of claim against various debtors, alleging preferential transfers. During the Interim Period, Gibbons has continued to monitor the case of AOL and has followed up regarding outstanding claims issues.

**rr. OXYN Telecommunications, Inc.**

77. This is a collection matter. During the Interim Period Gibbons investigated MCI's claim.

**ss. Patricia Benites**

78. This is a personal injury action brought by Patricia Benites. Gibbons represents a former MCI employee, James Fitzgerald, and Associates Leasing pursuant to an indemnification provision in MCI's contract with Associates Leasing. This litigation was recently settled. The original release has been forwarded MCI and the Stipulation of Discontinuance will be filed with the court in the near future.

**tt. PSINet, Inc.**

79. Prior to the Interim Period, Gibbons, was retained to represent MCI's interests in the bankruptcy of PSINet, Inc. Gibbons is assisting MCI in working to resolve the debtors' objections to MCI's unliquidated pre-petition claim and MCI's request for payment of administrative expense claim in the amount of \$8,462,666. The hearing on the objections to claims, to which the Firm prepared and filed a response in October 2002, has been adjourned from time to time, and is presently scheduled for August 18, 2004.

**uu. Richard Jakob**

80. This was an employment litigation matter which was pending in the District Court for the Southern District of New York that was stayed as a result of MCI's bankruptcy. During the Interim Period, Gibbons assisted with evaluating the merits and potential costs of this litigation.

**vv. Robert Ferrer**

81. This matter was a suit by debtor UUNET Technologies, Inc. against Robert Ferrer for wrongful exercise of stock options. Gibbons was successful in negotiating a settlement with Mr. Ferrer on behalf of WorldCom. We prepared and finalized the necessary settlement documents. Gibbons also received and forwarded the first settlement installment to WorldCom. During the Interim Period, Gibbons has monitored this matter and has kept MCI apprised of the status.

**ww. Roman Alexander**

82. This matter is breach of contract suit in which Alexander, a former employee, sued WorldCom for denying him certain benefits under the WorldCom Stock Option Plan after he ended his employment with the company. We reviewed the Summary Judgment Opinion and prepared correspondence to Harvey D. Rumeld, our contact from the MCI Office of Law and

Public Policy regarding the summary judgment motion. During the Interim Period, Gibbons has continued to monitor this matter.

**xx. Rosemarie Campos**

83. This matter was a tort suit that was stayed as to MCI by MCI's bankruptcy filing. During the Interim Period Gibbons continued to monitor and appear in the case as necessary.

**yy. (Skytel) Iridium**

84. This was a preference action brought by Iridium against Skytel before the commencement of MCI's chapter 11 case. The Firm filed a notice of MCI's bankruptcy filing, which stayed the prosecution of the preference action. On the motion of the court overseeing Iridium's bankruptcy case, the preference action was dismissed during the Interim Period.

**zz. Success Express**

85. A Notice of Filing of Bankruptcy was filed during the previous interim period. The action was stayed. During the current interim period, we updated MCI regarding the status of this matter.

**aaa. T2 Telecom**

86. This is a collection matter. We drafted, filed and served the Complaint. T2 Telecom did not file an Answer and we are in the process of filing a motion for default judgment against T2 Telecom.

**bbb. Tricia Covini-Gonzalez**

87. This is a contractual dispute regarding commissions, as well as an employment matter relating to Title VII and the Florida employment statutes. We received the documentation from MCI, reviewed the same and discussed a strategy for having the case stayed. We prepared and filed a notice of stay in the District Court. On November 20, 2003, we had a conference

with the Hon. John Koeltl, U.S.D.J., who ordered that the matter be stayed and placed on the Suspense Calendar pending the emergence of MCI from Bankruptcy. We have discussed a strategy for having the case transferred to Florida upon the removal of the stay.

**ccc. UUNET Gosign.com, Inc.**

88. During the Interim Period, we prepared a complaint for filing in the Southern District of New York asserting claims for breach of contract, trademark infringement, unjust enrichment, etc. All defendants defaulted in answering the complaint. We prepared a motion for default judgment with supporting affidavits and exhibits. The defendants did not respond to our default motion and the Court issued a default judgment in April 2004. The default judgment set the case down for an inquest before the Magistrate Judge. We began preparation and filing of our memorandum of law and supporting papers for the inquest.

**ddd. Velocita Corp.**

89. Our firm was retained in the summer of 2002 as substitute counsel to MCI in this matter. A few months earlier Velocita Corp. and its affiliates (the "Velocita") had filed voluntary petitions under chapter 11 of the Bankruptcy Code and were operating their businesses as debtors-in-possession. Shortly after our retention, we negotiated a Stipulation and Order with Velocita's counsel which provided that Velocita deposit the sum of \$45,000.00 with the Firm as interim adequate assurance payment for MCI's post-petition services. Since our retention we have continually monitored the bankruptcy case on behalf of MCI, and the reviewed relevant filed pleadings, including omnibus claims challenges, sales of assets and Velocita's Chapter 11 Plan of Orderly Liquidation.

90. We periodically communicated with representatives of MCI concerning matters of interest regarding the status of the bankruptcy case and MCI's claims against Velocita. Most recently, we negotiated a Consent Order on behalf of MCI for the return of the adequate

assurance payment to Velocita. That Consent Order was entered by the Court on April 1, 2004 and the escrow funds were returned to Velocita shortly thereafter. This matter is essentially concluded absent a future challenge to MCI's filed unsecured claim or an avoidance action.

**eee. Vikki Piper**

91. This was an employment litigation matter which was pending in the District Court for the Eastern District of New York that was stayed as a result of MCI's bankruptcy. During the Interim Period, Gibbons assisted MCI with evaluating the merits and potential costs of litigation.

**fff. Vitcom Corp.**

92. This is a collection action commenced by MCI. Gibbons was successful in settling this matter during the first interim period. During the second and current interim period Gibbons has participated in finalizing the settlement agreement.

**ggg. Vortex Technologies**

93. This matter is a collection action. We obtained a default judgment against Vortex Technologies. MCI requested that we forward the judgment to MCI to forward on to a collection agency.

**hhh. Wave 2 Wave Communications**

94. This action was commenced in April 2002 against defendant Wave 2 Wave Communications, Inc. to collect for failure to pay telecommunications service charges. The Firm conducted general litigation activities. The matter was settled on April 28, 2003. During the Interim Period, Gibbons reviewed the file in response to a status update to client.

**Value of Services Rendered**

95. Attorneys and paraprofessionals of Gibbons expended a total of 2,131.40 hours in connection with these cases during the Interim Period. A breakdown of such hours by each

professional and paraprofessional of the Firm is included in the Monthly Fee Applications previously filed and served. The rates charged by Gibbons are reasonable and reflect Gibbons' conscientious efforts to have junior personnel, with lower hourly rates, perform services whenever possible.

### **Actual and Necessary Expenses**

96. Gibbons has incurred expense totaling \$73,782.54 during the Interim Period relating to its representation of the Debtors. Detailed breakdowns of actual and necessary expenses incurred by Gibbons for the Interim Period are attached to the Monthly Fee Applications. Such expenses are typical of expenses allowable in cases of this type. Your applicant submits that all such expenses were necessary and actual expenses related to the services rendered to the Debtors and are compensable in accordance with applicable law.

97. With respect to photocopying expenses, Gibbons charges all its clients \$.20 per page. With respect to facsimile expenses, in compliance with the Guidelines, charges only \$1.00 per page, which is less than \$1.25 per page as permitted by the Guidelines. Each of these categories of expenses does not exceed the maximum rate set by the Guidelines. These charges are intended to cover Gibbons' direct operating costs, which costs are not incorporated into the Gibbons' hourly billing rates. Only clients who actually use services of the types set forth in Exhibit "C" are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and other facilities and services. The amount of the standard photocopying charge is intended to allow Gibbons to cover the related expenses of its photocopying service. A determination of the actual expenses per page for photocopying, however, is dependent on both the volume of copies and the total expenses attributable to photocopying on an annual basis.

## Relief Requested

98. By this Interim Fee Application, Gibbons requests that the Court approve the interim allowance for professional services rendered and the reimbursement of actual and necessary expenses incurred by Gibbons from October 1, 2003 through April 19, 2004. The full scope of the services provided and the related expenses incurred are fully described in the Monthly Fee Applications.

99. At all relevant times, Gibbons has been a disinterested person within the meaning of § 101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interests of the Debtors.

100. Section 330 sets forth the criteria for the award for compensation and reimbursement to professionals, as follows:

In determining amount of reasonable compensation to be awarded, the court should consider the nature, 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.

11 U.S.C. § 330 (a)(3).

Gibbons respectfully submits that this Interim Fee Application is reasonable when measured in light of the above factors and that all of the services performed by Gibbons were actual and necessary and have substantially benefited the Debtors, their estates and their creditors. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues or risks involved. The professional services were performed with expedience and in an efficient manner.

**Final Allowance of Current and Prior Interim Awards**

101. Given (i) the successful confirmation of WorldCom's Plan of Reorganization and (ii) the reasonableness and appropriateness of the services rendered by Gibbons, during the course of this case, the Firm seeks final allowance of fees and expenses incurred during the Third and Final Interim Period as well as the First and Second Interim Awards, pursuant to section 330(a) of the Bankruptcy Code.

**WHEREFORE**, Gibbons respectfully requests that the Court enter an order, substantially in the form attached hereto, providing that, (i) for the period October 1, 2003 through April 19, 2004, an interim allowance be made to Gibbons in the sum of \$509,619.00 as compensation for services rendered and \$73,782.54 as reimbursement for reasonable and necessary costs of expenses incurred, for a total of \$583,135.06, that (ii) the Debtors be authorized and directed to pay Gibbons the difference between the amounts allowed and the amounts previously paid to Gibbons for the Interim Period, (iii) all interim awards to the Firm shall be finally allowed and (iv) for such other and further relief as this Court deems proper.

Dated: July 16, 2004

GIBBONS, DEL DEO, DOLAN,  
GRIFFINGER & VECCHIONE  
A Professional Corporation

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