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Counsel for The Joint Venture

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

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

**SIXTH INTERIM AND FINAL APPLICATION OF HILCO REAL
ESTATE, LLC, HILCO INDUSTRIAL, LLC, NEW AMERICA
NETWORK, INC. AND NODECOM, INC., JOINT VENTURE PARTNERS
AS REAL ESTATE CONSULTANT FOR THE DEBTORS**

Name of Applicant: Hilco Real Estate, LLC, Hilco Industrial, LLC,
New America Network, Inc., and NodeCom, Inc.

Authorized to Provide Professional Services as: Real Estate Consultants to Debtors

Date of Retention: Order Entered November 26, 2002 with
Retention Nunc Pro Tunc to September 3, 2002

Period for which Interim Compensation and Reimbursement is Sought: December 1, 2003 through August 2, 2004

Period for which Final Compensation and Reimbursement is Sought: September 3, 2002 through August 2, 2004

Amount of Interim Compensation Sought as Actual, Reasonable and Necessary:

	<u>\$4,439,660.88¹</u>
Amount of Interim Expense Reimbursement Sought as Actual, Reasonable and Necessary:	<u>\$52,866.88</u>
Amount of Final Compensation Sought as Actual, Reasonable and Necessary:	<u>\$11,079,076.57</u>
Amount of Final Expense Reimbursement Sought as Actual, Reasonable and Necessary:	<u>\$1,183,649.55²</u>
Amount of Compensation and Expense Reimbursement Previously Paid to Applicant:	<u>\$11,996,442.64</u>
Amount of Holdback, Unpaid Compensation And Expense Reimbursement:	<u>\$266,283.48</u>

This is an interim and final application for Compensation and Reimbursement of Expenses.

¹ This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

² Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.58 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

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AS REAL ESTATE CONSULTANT FOR THE DEBTORS**

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

Hilco Real Estate, LLC, Hilco Industrial, LLC (collectively, "Hilco"), New America Network, Inc. ("NAI"), and NodeCom, Inc. ("NodeCom," and collectively with Hilco and NAI, the "Joint Venture"), real estate consultants to WorldCom, Inc., and certain of its direct and indirect subsidiaries, as debtors and debtors-in-possession herein (collectively, the "Debtors"), hereby make this application (the "Application") pursuant to sections 330 and 331 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), Federal Rule of Bankruptcy Procedure 2016 and 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 dated August 13, 2002, for (i) allowance of interim

compensation for actual and necessary professional services rendered in the amount of \$4,439,660.88³, together with reimbursement for actual and necessary expenses incurred in the amount of \$52,866.88 in connection therewith, for the period December 1, 2004 through August 2, 2004 (the “Sixth Interim Period”), including legal expenses in the amount of \$52,215.42 incurred during the Final Application Period (defined below)⁴, and (ii) final allowance of compensation for actual and necessary professional services rendered in the amount of \$11,079,076.57, together with reimbursement for actual and necessary expenses incurred in the amount of \$1,183,649.55⁵ in connection therewith, for the period September 3, 2002 through August 2, 2004 (the “Final Application Period”). In support of the Application, the Joint Venture respectfully represents as follows:

BACKGROUND

1. On July 21, 2002 (the “Commencement Date”), WorldCom Inc., and substantially all of its direct and indirect subsidiaries commenced cases under chapter 11 of the Bankruptcy Code.

³ This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

⁴ Paragraph 5 of Applicants’ Consulting and Advisory Services Agreement, put into effect in accordance with the Order approving Applicant’s retention (Docket No. 2124), expressly provides for reasonable legal fees in connection with Applicant’s retention and the preparation of fee/expense reimbursement applications, to be reimbursed by the Debtors.

⁵ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.55 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

2. The Debtors continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On July 22, 2002, an order was issued granting the Debtors' motion for joint administration of their cases for procedural purposes.

4. On July 29, 2002, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors in these cases.

5. 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 communications services business, which includes voice, data, Internet and international services, 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.

6. By Order dated August 13, 2002 (Docket Number 616), this Court established procedures for compensation and reimbursement of fees and expenses incurred by Court-approved professionals (the "Fee Order").

7. By Order dated November 26, 2002 (the "Retention Order") (Docket Number 2124), a copy of which is attached hereto as **Exhibit "A,"** the Joint Venture was retained by the Debtors as real estate consultant *nunc pro tunc* to September 3, 2002, for the purpose of providing services which include, but are not limited to:

- (i) Conducting valuation of certain Leases,⁶ Owned Properties and related furniture, fixtures and equipment (the ‘FF&E’);
- (ii) Developing a marketing strategy for the Owned Properties, the Leases and FF&E in coordination with the Debtors’ restructuring plans and implementing the marketing strategy after approval by the Debtors;
- (iii) Coordinating and Organizing, where necessary, the due diligence review, bidding, auction and sale processes in order to maximize the attendance of all interested bidders for the sale and/or assignment of Properties;
- (iv) Negotiating agreement for the sale and/or assignment of Properties;
- (v) Negotiating agreements with landlords in connection with Leases;
- (vi) Handling the disposition of the FF&E located at the Properties;
- (vii) Providing such other services as requested by the Debtors from time to time.

8. In accordance with the Retention Order and as set forth in greater detail in the Agreement between the Joint Venture and the Debtors, the Joint Venture is to be paid on commission, plus out of pocket expenses.

9. The Joint Venture has previously filed the following interim fee applications in this case:

Date of Application	Dates Covered	Amount Requested Fees/Expenses	Amount Allowed	Amount Received Fees/Expenses (need this information)	Holdback
2/04/03 Docket No. 3187	9/3/02- 11/30/02	\$12,900.00/ \$143,584.41	\$11,610.00/ \$143,584.41	\$11,610.00/ \$143,584.41	10% (\$1,290.00)
6/20/03 Docket No. 6717	12/1/02- 2/28/03	\$2,046,501.68/ \$495,863.63	\$2,046,501.68/ \$435,229.30 ⁷	\$2,046,501.68/ \$435,229.30	0
11/25/03 Docket No. 10014	3/1/03- 5/31/03	\$716,172.23/ \$361,963.81		\$716,172.23/ \$361,963.81	

⁶ Note that any term not otherwise defined herein shall have the meaning ascribed to it in the engagement letter (the ‘Agreement’) between the Debtors and the Joint Venture, dated September 17, 2002.

⁷ The Joint Venture voluntarily reduced its expenses as indicated.

Date of Application	Dates Covered	Amount Requested Fees/Expenses	Amount Allowed	Amount Received Fees/Expenses (need this information)	Holdback
4/06/04 Docket No. 11300	6/1/03- 8/31/03	\$3,849,528.28/ \$118,551.97		\$3,849,528.28/ \$118,551.97	
4/14/04 Docket No. 11423	9/1/03- 11/30/03	\$14,313.50/ \$65,217.88		\$14,313.50/ \$43,730.99	
8/2/04 Docket No. _____	12/1/03- 8/2/04	\$4,439,660.88 ⁸ / \$52,866.88 ⁹			
Total		\$11,079,076.57/ \$1,244,283.58¹⁰	\$2,058,111.68/ \$578,813.71	\$10,893,382.16/ \$1,103,060.48	\$1,290.00

10. The Joint Venture filed its first interim fee application (the ‘First Interim Fee Application’) covering the period of September 3, 2002 through November 30, 2002 (the ‘First Interim Period’) on February 4, 2003. On September 3, 2003, the Court entered an Order partially approving the Joint Venture’s First Interim Fee Application, and authorized the payment of 90% of the Joint Venture’s fee request and 100% of the requested expenses. Accordingly, the Joint Venture was allowed fees of \$11,610.00 and expenses of \$143,584.41.

11. With respect to the Joint Venture’s second interim fee application dated June 20, 2003 (the ‘Second Interim Fee Application’) covering the period of December 1, 2002 through February 28, 2003 (the ‘Second Interim Period’), the Court entered an order allowing 100% of

⁸ This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

⁹ This amount includes the Applicant’s legal fees for services utilized throughout the Final Application Period.

¹⁰ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.58 in prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

the applied-for fees and expenses. Accordingly, the Joint Venture was awarded fees of \$2,046,501.68 and expenses of \$435,229.30¹¹.

12. The Joint Venture filed its third interim fee application, covering the period of March 1, 2003 through May 31, 2003 (the “Third Interim Period”), on November 25, 2003. On April 6, 2004, the Joint Venture filed its fourth interim fee application, covering the period of June 1, 2003 through August 31, 2003 (the “Fourth Interim Period”); and on April 14, 2004, the Joint Venture filed its fifth interim fee application, covering the period from September 1, 2003 through November 30, 2003 (the “Fifth Interim Period”). The Court has entered no orders addressing the Third, Fourth, or Fifth Interim Period compensation.

JURISDICTION

13. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. § 1408 and 1409.

RELIEF REQUESTED

14. By this Application, the Joint Venture seeks: (i) interim allowance of compensation for professional services rendered by the Joint Venture as real estate consultants to the Debtors for the Sixth Interim Period, in the aggregate amount of \$4,439,660.88¹², representing fees earned for valuations of FF&E and lease renegotiations and early lease terminations, and reimbursement of actual and necessary expenses related thereto in the amount of \$52,866.88; and (ii) final allowance of compensation for professional services rendered for the

¹¹ Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30.

¹² This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

Final Application Period in the aggregate amount of \$11,079,076.57, and reimbursement of actual and necessary expenses related thereto in the amount of \$1,183,649.55¹³.

15. Attached hereto as **Exhibit “B”** are summaries of the professionals who performed services on behalf of the Debtors during the Sixth Interim Period and the hours of services performed by each such professional during said period. Also included in Exhibit B, is a summary of the commissions earned during the Final Application Period for appraisals and valuations of the Debtors’ FF&E. Attached hereto as **Exhibit “C”** are summaries of the fees earned throughout the Final Application, but whose allowance is sought among fees earned during the Sixth Interim Period, as a result of lease renewals and lease renegotiations. Attached hereto as **Exhibit “D”** are summaries of the professionals who performed services on behalf of the Debtors during the Final Application Period.

16. A summary of the actual, out-of-pocket expenses incurred by the Joint Venture during the Sixth Interim Period in connection with its representation of the Debtors is attached hereto as **Exhibit “D.”** A summary of the actual, out-of-pocket expenses incurred by the Joint Venture during the Final Application Period in connection with its representation of the Debtors is attached hereto as **Exhibit “F”**. These expenses have been incurred in accordance with the Joint Venture’s customary practice of charging clients for these out-of-pocket disbursement charges and expenses clearly related to and required by particular services rendered as allowable pursuant to the Agreement.

¹³ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.58 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

17. All services performed and expenses incurred by the Joint Venture for which commission and reimbursement is requested herein were performed or incurred for and on behalf of the Debtors and were not for any other person or entity.

SUMMARY DESCRIPTION OF SERVICES PERFORMED

18. The following is a summary of the services provided by the Joint Venture for the matters to which significant or substantive services were provided during the Final Application Period. The Joint Venture respectfully submits that the professional services rendered by it for and on behalf of the Debtors were necessary and have contributed to the effective administration of the Debtors' cases.

19. During the First Interim Period, the Joint Venture assisted the Debtors with developing an overall strategy for valuing the real estate assets. The Debtors' real estate portfolio consisted of over 6,000 leases and hundreds of owned properties, including office buildings, data centers, the largest ranch in British Columbia, vacant land and antenna sites, located throughout the United States and with a total value in excess of \$4.5 billion. The process of assessing value on an asset-by-asset and lease-by-lease basis was an enormous task executed with the assistance and knowledge of hundreds of real estate professionals in the field and the coordination of dozens of managers from Hilco Real Estate, LLC.

20. During the course of the Joint Venture's retention: (i) over 1,200 leases were valued; (ii) approximately 500 leases were rejected by the Debtors and rejection damages were negotiated and reduced by the Joint Venture; and (iii) approximately 700 leases were restructured to yield gross lease savings in excess of \$155 million, \$27 million of which was saved in 2003 alone, which meaningfully contributed to the Debtors' successful exit from

Chapter 11. Additionally, over 40 properties were marketed and sold at auction by the Joint Venture, realizing gross proceeds in excess of \$400 million.

21. This process included, in part (i) meeting with the Debtors' real estate team, attorneys and advisors; (ii) reviewing the Debtors' policies and procedures; and (iii) assembling a team of several hundred real estate consultants and field agents to execute the strategy.

22. The Joint Venture also performed desktop valuations of several of the owned properties and real estate market evaluations of the areas where these properties were located. The market evaluations involved a comprehensive study of each property's market, which required the Joint Venture to review and analyze each respective market's competitive properties, competitive rental rates, and competitive properties available for sale. The Joint Venture also conducted property inspections of each real estate asset.

23. The Joint Venture then developed marketing budgets for the owned real estate assets. Employing the marketing strategies, the Joint Venture generated several purchase offers for the owned real estate assets and, in certain cases, also assisted in leasing a number of owned facilities to maximize the recovery value of those assets.

24. Throughout the entire Final Application Period, the overall strategy of maximizing the value of the Debtors' real estate assets included the marketing and valuing of the Debtors' owned properties. The Joint Venture began by developing a marketing and advertising strategy to sell all of the owned excess real estate assets, which included antenna sites, excess vacant land, data centers, call centers and office buildings.

25. In the auction and sales' processes with respect to the Debtors' owned assets, the . During the course of the retention, the Joint Venture's sophisticated websites were a critical component. The Joint Venture had approximately 5,000 "hits" to its websites to view owned

properties slated for sale, over 1,800 interested parties signed confidentiality agreements to receive additional information, and over 350 financial offers were reviewed and negotiated.

26. One of the most public and impressive results achieved by the Joint Venture was with respect to the sale of the Debtors' former headquarters in Pentagon City, DC. Prior to the Debtors' bankruptcy filing, the Debtors had signed a contract to sell the two adjacent office buildings comprising approximately 500,000 square feet for \$101 million. Following the filing, the Debtors, in consultation with the Joint Venture, the Debtors' creditors, and advisors, determined that a more comprehensive process would yield higher returns. To this end, the Joint Venture, on behalf of the Debtors, responded to a Request for Proposal from the Transportation Service Administration (the "TSA") for space in the Washington DC/Metro area. The Joint Venture and the Debtors won this competitive bidding process and the TSA proceeded to move into the first of the two buildings in January, 2003. Thereafter, on the strength of the 10 year, triple net bondable TSA lease, the Joint Venture signed a stalking horse contract for \$133.4 million and thereafter, conducted a national marketing campaign over the next 3 months, yielding 3 qualified bidders. Two months following execution of the stalking horse contract, the buildings were sold at an open cry auction for \$142.8 million, yielding the estate more than \$40 million of unanticipated proceeds.

27. During the Second Interim Period, of particular value to the Debtor was the marketing and sale of the Debtors' Somerset, New Jersey data center, a 108,000 square foot data center that was newly built and never occupied. The Joint Venture was engaged to market this 108,336 square foot data center as a vacant asset, along with approximately 4 others of the same size, located across the country. The Joint Venture appraised the asset in a range of \$18-20 million vacant. Capitalizing on new legislation regarding back-up data requirements for financial

institutions, the Joint Venture solicited offers to lease the building from tenants and end users, and intended to subsequently sell the asset. The Joint Venture signed a bondable, 20-year lease with The Bank of New York and shortly thereafter, signed a stalking horse contract with a financial buyer for \$31 million. Approximately 5 weeks following contract execution, an open cry auction was conducted, which yielded 21 pre-qualified bidders and raised \$38.3 million in sale proceeds on July 16, 2003.

28. In addition to the Somerset, NJ data center, the Joint Venture sold like data centers for the Debtors located in Southfield, MI, Bridgeton, MO, Richardson, TX, and Alpharetta, GA, comprising over \$475,000 square feet and generating over \$116 million in sales. To raise these proceeds, the Joint Venture marketed each property separately and conducted auctions.

29. During the Third and Fourth Interim Periods, the Joint Venture additionally assisted in the closing of an 11.63 acre parcel located in Schaumburg, Illinois for a purchase price of \$3,063,000.00.

30. During the Fifth Interim Period, the Joint Venture assisted the Debtors in closing on three owned property sales (two antenna sites in Texas and the land sale in Schaumburg, Illinois noted above), which further increased the aggregate sale proceeds.

31. Throughout the entire Final Application Period, the Joint Venture assisted the Debtors in renegotiating and renewing over 700 critical, go-forward leases with landlords of the Debtors' leased real estate assets. The renegotiation/renewal process included: (i) setting up a strategy, including the creation of policies and procedures, to review a portfolio of approximately 1,200 leases; (ii) completing market evaluations on each leased real estate asset; (iii) reviewing the leases and all relevant matters within the lease agreements affecting each location; (iv)

determining which of the 1,200 leases should be rejected and which retained; (v) negotiating the reduction of occupancy costs at each leased location to be retained; and (vi) assembling a field team of several hundred of the Joint Venture's employees and consultants to assist with the renegotiation/renewal process.

32. With respect to the pool of renegotiated leases, gross lease savings, inclusive of downsizing several hundred thousand square feet of unneeded space, exceeded \$155 million. Of the \$155 million in savings, approximately \$27 million was realized in 2003 alone, significantly adding to the Debtors' ability to emerge timely. With respect to the pool of early terminated leases, savings, defined to include gross savings, claim savings and cash savings to the Debtors, were as follows:

- (i) gross leasehold savings was approximately \$45 million;
- (ii) claims savings was approximately \$14 million; and
- (iii) cash savings was approximately \$4.75 million.

33. For numerous locations, more was accomplished by the Joint Venture than simply economic savings, such as dividing technical and non-technical/administrative space, downsizing, securing renewal options, resolving operating cost conflicts, and tenant improvement cost disputes, among other non-material but substantive amendments. Though these services were outside of the scope of the Joint Venture's retention and, thus, did not generate revenue for the Joint Venture, they created significant present and future value for the Debtors.

34. In addition, the Joint Venture assisted the Debtors with deciding whether to reject certain of their leases. The Joint Venture conducted market evaluations to determine whether certain of the Debtors' leases had any value. On a property-by-property basis, the Joint Venture

completed analyses of certain leased real estate assets and submitted opinions as to the value of those leases to the Debtors. The Joint Venture worked with the landlord at each such lease location to mitigate any landlord claims. In total, the Debtors rejected approximately 500 leases and the Joint Venture successfully mitigated statutory lease obligations with respect to a majority of these leases.

35. Continuing through the Sixth Interim Period, the Joint Venture valued the FF&E in each of the Debtors' leased facilities and assisted the Debtors with the marketing and disposition of the FF&E. Specifically, the Joint Venture (i) valued the FF&E, (ii) discussed the FF&E values and marketing strategies with the Debtors, (iii) physically inspected the FF&E at numerous sites, (iv) contacted thousands of potential buyers for the FF&E and coordinated viewing schedules, (v) coordinated the marketing and sale of the FF&E with the sale and marketing of the real estate assets, which required discussions with the Debtors' lessors, managers, legal consultants, real estate consultants, environmental consultants, engineers, etc., (vi) coordinated the logistics and removal of sold FF&E from the sites, (vii) coordinated the payment for all purchases of FF&E prior to removal, (viii) issued invoices for all negotiated purchases and monitored the receipt of payment, and (ix) coordinated and confirmed that all purchasers of FF&E had the proper, required insurance certificates.

REPRESENTATIONS AS TO WORK PERFORMED AND BILLINGS RENDERED

36. As set forth in the Declaration of Eric Kaup attached hereto, the Joint Venture believes that the Application is in compliance with the Court's Orders of August 13, 2002 (with respect to fees), and November 26, 2002 (with respect to the Joint Venture's retention), and other applicable guidelines.

37. Further, the Joint Venture assigned the work performed in these matters to professionals having the experience and specialization necessary to perform the services required efficiently and properly. The professionals providing the services for which compensation is being sought herein specialize in the field of real estate marketing and consulting and, in light of their knowledge and experience, were able to render their services efficiently and effectively.

38. In addition, the Joint Venture wishes to point out that in rendering real estate consulting services to the Debtors, there was no actual duplication due to the different knowledge and expertise of the different professionals involved, the complexity of the matters, the various legal disciplines in question and the need to delegate and assign work among professionals.

39. The Joint Venture has not shared nor agreed to share compensation or reimbursement to be awarded in these cases with any other person other than in accordance with agreement existing by and between the members of the Joint Venture in connection with its retention in these cases.

40. No prior application has been made to this or any other Court for relief requested herein for the Sixth Interim or Final Application Periods.

CONCLUSION

41. In accordance with the terms of the August 13, 2002 Order establishing procedures for interim compensation and reimbursement of expenses to professionals, hard copies of this application have been served on (i) WorldCom, Inc., 1133 19th Street, Washington, D.C., 20035 (Attn: Anastasia Kelly, Esq.); (ii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York 10153 (Attn: Marcia L. Goldstein, Esq.); (iii) attorneys for the Debtors' pre-petition lenders; (iv) attorneys for the Debtors' post-petition lenders; (v) attorneys for the Official

Committee of Unsecured Creditors, Akin, Gump, Strauss, Hauer & Feld, LLP, 560 Madison Avenue, New York, New York, 10022 (Attn: Daniel H. Golden); and (vi) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), 33 Whitehall Street, 21st Floor, New York, New York, 10004 (Attn: Mary Elizabeth Tom, Esq.).

42. Because this Application raises no novel issues of law, the Joint Venture respectfully requests that the Court dispense with the requirements of Local Bankruptcy Rule 9013-1(b) of submitting a separate memorandum of law.

WHEREFORE, the Joint Venture respectfully requests an order:

- (i) Approving the allowance of \$4,439,660.88 for compensation for professional services rendered by the Joint Venture during the Sixth Interim Period;
- (ii) Approving the reimbursement of the Joint Venture’s actual, out-of-pocket expenses for the Sixth Interim Period in the amount of \$52,866.88;
- (iii) Approving the reimbursement of the Joint Venture’s out of pocket legal expenses in connection with securing the Joint Venture’s retention and preparing fee applications in the amount of \$52,215.42;
- (iv) Approving the final allowance of \$11,079,076.57 for compensation for professional services rendered by the Joint Venture during the Final Application Period;
- (v) Approving the reimbursement for actual and necessary expenses incurred in the amount of \$1,183,649.55¹⁴ by the Joint Venture during the Final Application Period;
- (vi) Authorizing and directing the Debtors to pay the Joint Venture the approved fees and approved expenses for the Sixth Interim and Final Application Periods; and
- (vii) Granting such other and further relief as this Court deems just and proper.

¹⁴ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.58 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

Dated: New York, New York
August 2, 2004

Respectfully Submitted,

KRONISH LIEB WEINER & HELLMAN, LLP

/s/ Cathy Hershcopf
Cathy Hershcopf (CH 5875)
1114 Avenue of the Americas
New York, New York 10036
Counsel for the Joint Venture

and

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

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

DECLARATION OF ERIC KAUP

ERIC KAUP, being first duly sworn, deposes and says:

1. That he is the assistant general counsel of Hilco Trading Co., Inc., a member of Hilco Real Estate, LLC, and Hilco Industrial, LLC, representing the Joint Venture in its Application herein; that he has read the foregoing interim application for allowance by him subscribed for and on behalf of said firm, being duly authorized to do so, knows the contents thereof, and that the same is true to the best of his knowledge and belief.
2. Deponent further states that Joint Venture has no agreement with any person whomsoever for division of the fees prayed for in said application other than in accordance with the agreement existing by and between the parties to the Joint Venture.

/s/ Eric Kaup
ERIC KAUP

Sworn to before me this
2nd day of August, 2004

/s/ Lori K. Henry
Notary Public, State of Illinois exp. 6/5/06

Kronish Lieb Weiner & Hellman LLP
1114 Avenue of the Americas
New York, New York 10036
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Cathy Hershcopf (CH 5875)

Counsel for The Joint Venture

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

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In re Chapter 11
WORLDCOM, INC., et al., Case No. 02-13533 (AJG)
Debtors. (Jointly Administered)
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**ORDER ALLOWING SIXTH INTERIM AND FINAL APPLICATION
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES OF
HILCO REAL ESTATE, LLC, HILCO INDUSTRIAL, LLC, NEW
AMERICA NETWORK, INC. AND NODECOM, INC., JOINT VENTURE
PARTNERS AS REAL ESTATE CONSULTANT FOR THE DEBTORS**

Upon the Sixth Interim and Final Application, dated July 20, 2004 (the "Final Application") of Hilco Real Estate, LLC, Hilco Industrial, LLC (collectively, "Hilco"), New America Network, Inc. ("NAI"), and NodeCom, Inc. ("NodeCom," and collectively with Hilco and NAI, the "Joint Venture"), real estate consultants to WorldCom, Inc., and certain of its direct and indirect subsidiaries, as debtors and debtors-in-possession herein (collectively, the "Debtors"), for an order awarding the Joint Venture (i) allowance of interim compensation for actual and necessary professional services rendered in the amount of \$4,439,660.88¹⁵, together

¹⁵ This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

with reimbursement for actual and necessary expenses incurred in the amount of \$52,866.88 in connection therewith, for the period December 1, 2004 through August 2, 2004 (the “Sixth Interim Period”), including legal expenses in the amount of \$52,215.42 incurred during the Final Application Period (defined below)¹⁶, and (ii) final allowance of compensation for actual and necessary professional services rendered in the amount of \$11,079,076.57, together with reimbursement for actual and necessary expenses incurred in the amount of \$1,183,649.55¹⁷ in connection therewith, for the period September 3, 2002 through August 2, 2004 (the “Final Application Period”); the Court having reviewed the Final Application; and finding that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and after notice and opportunity for a hearing to consider the Final Application; and upon the record and after due deliberation thereon; and due and proper notice of the Final Application having been given; and sufficient cause appearing therefore;

IT IS HEREBY ORDERED:

1. The Final Application is **GRANTED**;
2. The Joint Venture is allowed compensation as requested in its entirety and on a final basis in the amount of \$4,439,660.88¹⁸, together with reimbursement for

¹⁶ Paragraph 5 of Applicants’ Consulting and Advisory Services Agreement, put into effect in accordance with the Order approving Applicant’s retention (Docket No. 2124), expressly provides for reasonable legal fees in connection with Applicant’s retention and the preparation of fee/expense reimbursement applications, to be reimbursed by the Debtors.

¹⁷ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.55 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

¹⁸ This amount includes fees earned in connection with early terminations of leases and lease renegotiations throughout the Final Application Period, totaling \$5,619,149.89. Additionally \$1,185,389.01 of that amount was invoiced directly to the landlords involved in each individual lease, and does not require payment by the Debtors. Thus, the Joint Venture is only seeking the allowance of \$4,443,760.88 in connection lease terminations and renegotiations, and the total amount of \$4,439,660.88 during the Sixth Interim Period.

actual and necessary expenses incurred in the amount of \$52,866.88 in connection therewith, for the Sixth Interim Period, including any amounts held back or subject to objection. All such objections are overruled to the extent not withdrawn or previously resolved;

3. The Joint Venture is allowed compensation as requested in its entirety and on a final basis in the amount of \$11,079,076.57, together with reimbursement for actual and necessary expenses incurred in the amount of \$1,183,649.55¹⁹ in connection therewith, for the Final Application Period, including any amounts held back or objected to;
4. The Court shall retain jurisdiction over any matter arising out of and related to this Order to the Final Application.

Dated: New York, New York
_____, 2004

UNITED STATES BANKRUPTCY JUDGE

¹⁹ Applicant has actually requested total expense reimbursement in the amount of \$1,244,283.58 in the aggregate, including prior applications. However Applicant voluntarily reduced its Second Interim Period expenses from \$495,863.63 to \$435,229.30. Accordingly, the amount requested has been reduced to \$1,183,649.55.

