

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**SUMMARY SHEET PURSUANT TO UNITED STATES TRUSTEE GUIDELINES FOR
REVIEWING APPLICATIONS FOR COMPENSATION AND REIMBURSEMENT OF
EXPENSES FILED UNDER 11 U.S.C. §§330 AND 331**

THIRD INTERIM AND FINAL APPLICATIONS

NAME OF APPLICANT: WILSON, ELSER, MOSKOWITZ, EDELMAN &
DICKER LLP

TIME PERIOD: September 26, 2003 to April 19, 2004

ROLE IN THE CASE: Special Counsel for the Debtors

CURRENT APPLICATION: Fees Incurred: \$1,158,548.75
Third Interim and Final Expenses Incurred: \$ 18,278.51
Application Requested: \$ 229,709.75

PREVIOUS APPLICATIONS: NONE

Respectfully submitted,

/s/ Laura N. Steel

Laura N. Steel
Wilson, Elser, Moskowitz,
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case No.
: :
WORLD COM, INC., et al., : 02- 13533 (AJG)
: :
Debtors. : (Jointly Administered)
: :
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**FIRST AND FINAL APPLICATION OF WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER, LLP FOR ALLOWANCE OF FEES AND
EXPENSES FOR THE THIRD AND FINAL INTERIM PERIODS
OF SEPTEMBER 2003 THROUGH APRIL 19, 2004**

TO THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

Wilson, Elser, Moskowitz, Edelman & Dicker, LLP (“Wilson Elser”), special counsel to WorldCom, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession herein (collectively, the “Debtors”), hereby submits this First And Final Application (the “Application”) pursuant to sections 330 and 331 of Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) and Federal Rule of Bankruptcy Procedure 2016, for allowance of compensation for professional services rendered and reimbursement of actual and necessary expenses incurred in connection therewith for the Third and Final Interim Periods of September 2003 through April 19, 2004. In support of this Statement, Wilson Elser respectfully represents as follows:

BACKGROUND

1. On July 21, 2002 (the “Commencement Date”), WorldCom, Inc. and substantially all of its direct and indirect domestic subsidiaries commenced cases under Chapter 11 of Title 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their

properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. By order dated July 22, 2002, the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered. On July 28, 2002, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors in these cases.

2. 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.

3. By Order dated January 28, 2004, a copy of which is attached hereto as Exhibit A, Wilson Elser was retained by the Debtors as special counsel to represent the Company in connection with the Department of Justice's investigation into certain of the Company's alleged practices concerning the routing of telephone calls, to provide ethics advice and services to the Company and its Ethics Department, and to represent the Company in connection with lobbying and legislative matters, as well as employment matters and bankruptcy claims resolutions.

4. By Order dated August 13, 2002, this Court established procedures for compensation and reimbursement of fees and expenses incurred by Court-approved professionals.

5. 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

6. By this Statement, Wilson Elser seeks: (1) a allowance of compensation for professional services rendered and fees incurred by Wilson Elser as attorneys for the Debtors for the months of September 2003, October 2003, November 2003, December 2003, January 2004, February 2004, March 2004 and up through and including April 19, 2004 in the aggregate amount of \$1,098,548.75 representing 4,649.95 hours of professional and paraprofessional services; and (2) reimbursement of actual and necessary costs and expenses incurred by Wilson Elser during the Third and Final Interim Periods of September 2003 through April 19, 2004 in the total cumulative amount of \$11,999.81.

7. In addition, Wilson Elser seeks allowance of compensation for lobbying activities and advice performed on behalf of the Debtors at the court-approved rate of \$10,000 monthly retainer in the total amount of \$60,000.00 for the months of September 2003 through April, 2004. With respect to the lobbying activities and advice, Wilson Elser also seeks reimbursement of actual and necessary costs and expenses incurred by Wilson Elser during the Fourth Interim Period of September 2003 through April 19, 2004, in the total cumulative amount of \$ \$6,278.70.

8. The cumulative holdback during the Third and Final Interim Periods for the months of September through April 19, 2004, totals \$229,709.75.

9. Attached hereto as Exhibit B are summaries of the partners, counsel and associates who performed services on behalf of each of the Debtors during the Third and Final Interim Periods for the months of September 2003 through April 19, 2004, the hours of services performed by each such person, the rate charged by Wilson Elser for the services of each such person, the total value of the services performed by each person, and the total value of services

performed by Wilson Elser during the Third and Final Interim Periods of September 2003 through April 19, 2004.

10. Summaries of the actual, out-of-pocket costs and expenses incurred by Wilson Elser in connection with the representation of each of the Debtors are attached hereto as part of Exhibit B. These costs and expenses have been incurred in accordance with Wilson Elser's customary practice of charging clients for those out-of-pocket disbursement charges and expenses clearly related to and required by particular matters, rather than including such charges as part of Wilson Elser's hourly rates.

11. More detailed itemization of the services performed, time spent and expenses incurred in connection with Wilson Elser's representation of the Debtors during the Third and Final Interim Periods (for non-lobbying activities) for the months of September 2003 through April 19, 2004 is provided in the time and disbursement records in the appendix, Exhibit C, to this Application. Such records are made contemporaneously with the rendition of services by the person rendering such services in the ordinary course of Wilson Elser's billing practices and do not include the firm's lobbying activities performed on behalf of the Debtors.

12. All services performed and expenses incurred by Wilson Elser for which compensation or reimbursement if requested herein were performed or incurred for and on behalf of Debtors, and were not for any other person or entity.

**SUMMARY DESCRIPTION OF
SERVICES PERFORMED**

13. The following is a summary of the services provided by Wilson Elser for the matters with respect to which significant or substantive services were provided, during the Third and Final Interim Periods. Wilson Elser 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 Debtor's Cases.

14. The Department of Justice's investigation: This matter involves a pending investigation into certain of the Company's alleged practices concerning the routing of telephone calls. With respect to matter, Wilson Elser has been engaged in an extensive review and analysis of corporate documents and a determination of the potential responsiveness to a Letter of Inquiry from the Federal Communications Commission and to a subpoena issued in connection with a federal investigation regarding the Company's practices.

15. Ethics advice and services to the Company and its Ethics Department: As to these matters, Wilson Elser has provided extensive advice to Debtors and its employees in connection with corporate ethics matters, including responding to inquiries, conducting investigations and advising the Company.

16. Lobbying and legislative matters: Wilson Elser has provided legislative and lobbying counsel and activities to defeat certain legislation currently pending in the New York State Legislature. In that regard, New York State Senator Charles Fuschillo has sponsored legislation (Senate Bill No. 5664) that, in effect, would prohibit Debtors from obtaining any contracts with the State of New York or any local governments, including county governments, city or municipal governments and villages. This legislation, would, if passed, have a negative impact on and is of considerable importance to the Company. Since being retained, and as part of the Firm's lobbying efforts on behalf of the Debtors, the Firm's attorneys have met with the Comptroller of New York State, Alan Hevesi, who testified before the New York State Senate Committee hearings on this legislation, in order to educate him regarding the negative impact of this proposed legislation on the Company and the State of New York. The Firm's lawyers have

also met New York State Assembly Speaker, Sheldon Silver, and New York State Senate Majority Leader, Joseph Bruno, for the purpose of educating them regarding the negative impact of this proposed legislation. Wilson Elser's lawyers have also had meetings with State Senator Charles Fuschillo, the sponsor of the legislation in an effort to dissuade him from moving this measure.

17. Employment Matters: This matter involves the defense of litigation against the Debtors filed by a former employee challenging his discharge from employment. Plaintiff has filed a *pro se* Complaint in the Supreme Court of The State Of New York, the County Of Westchester, containing six causes of action sounding in breach of contract, promissory estoppel, discrimination and retaliation, constructive discharge, intentional infliction of emotional distress and intentional interference with contract. In defense of this litigation, Wilson Elser has undertaken a factual and legal investigation, drafted removal papers and prepared a motion to dismiss.

18. Bankruptcy Claim Resolutions: Wilson Elser has also performed services related to the resolution of bankruptcy claims and collection matters, including analysis of claim objections, advise to the Debtors regarding the claims, settlement negotiations and preparation of settlement documents.

19. Administrative Matters: Wilson Elser has also performed other tasks incidental to its role as special counsel, including the analysis of potential conflicts of interest, preparation of its invoices and preparation of statements for submission to the Bankruptcy Court.

**REPRESENTATIONS AS TO WORK
PERFORMED AND BILLINGS RENDERED**

20. As set forth in the Declaration of Laura N. Steel, attached hereto as Exhibit D, Wilson Elser believes that the Statement is in compliance with the Court's Orders of August 13, 2002 and January 28, 2004 (the latter is attached as Exhibit A) and other applicable guidelines.

21. Further, Wilson Elser has assigned the work performed in these matters to attorneys and paraprofessionals having the experience and specialization to perform the services required efficiently and properly. The compensation is based on customary compensation charged by comparably skilled practitioners in such cases. As a general practice, Wilson Elser seeks to use the services of law clerks and legal assistants supervised by attorneys whenever appropriate in order to limit costs and more efficiently utilize the services of attorneys. Wilson Elser has followed this practice with respect to the services rendered to the Debtors wherever possible.

22. Finally, in rendering services to and on behalf of the Debtors, Wilson Elser has taken every care to provide legal services as efficiently as possible and to avoid duplication of services, both internally and in connection with other law firms providing services.

23. Wilson Elser has not shared or agreed to share compensation or reimbursement to be awarded in these cases with any other person.

24. No prior application or statement has been made to this or any other Court for the relief requested herein for the Third and Final Interim Periods for the months of September 2003 through April 19, 2004.

25. 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: (1) WorldCom, Inc., 1133 19th Street, Washington D.C. 20035 (Attn: Anastasia Kelly, General Counsel); (2) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Marcia L. Goldstein, Esq.); (3) attorneys for the Debtors' prepetition lenders; (4) attorneys for the Debtors' postpetition lenders; (5) attorneys for any statutory committee appointed in these cases; (6) 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, Esquire); and (7) Weil, Gotshal & Manges LLP, 700 Louisiana, Suite 1600, Houston, Texas 77002 (Attn: Alfredo Perez, Esquire);.

26. Pursuant to the Court's January 28, 2004 Order, waiving the requirements of Local Bankruptcy Rule 9013-1(b), Wilson Elser did not submit a separate memorandum of law in support of this Application.

WHEREFORE, Wilson Elser respectfully requests an order:

- a. Approving the allowance of \$1,098,548.75 for compensation for professional services rendered by Wilson Elser during the Third and Final Interim Periods for the months of September 2003 through April 19, 2004;
- b. Approving the allowance of \$60,000.00 for compensation for lobbying activities and advice rendered by Wilson Elser during the Third and Final Interim Periods for the months of November 2003 through April 19, 2004 at the rate of \$10,000 per month for six months;
- c. Approving the reimbursement of Wilson Elser's actual, out-of-pocket expenses for the Third and Final Interim Periods for the months of September 2003 through April 19, 2004 in the amount of \$18,278.51;

- d. Authorizing and directing the Debtors to pay Wilson Elser's approved fees and approved expenses for the Third and Final Interim Periods for the months of September 2003 through April 19, 2004;
- e. Authorizing the Debtors to pay a cumulative holdback to Wilson Elser in the amount of \$229,709.75 for the months of September through April 19, 2004; and
- f. Granting such other and further relief as this Court deems just and proper.

Dated: Washington, D.C.
July 19, 2004

Respectfully submitted,

WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER, LLP
Special Counsel to the Debtors

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