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

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**In re** :  
: **Chapter 11 Case No.**  
**WORLDCOM, INC., et al.,** : **02-\_\_\_\_\_ ( )**  
: **(Jointly Administered)**  
: **Debtors.** :  
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**APPLICATION OF THE DEBTORS PURSUANT TO  
SECTIONS 327(a) AND 328(a) OF THE  
BANKRUPTCY CODE FOR AUTHORIZATION TO EMPLOY  
WEIL, GOTSHAL & MANGES LLP AS ATTORNEYS FOR THE DEBTORS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

WorldCom, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “WorldCom” or the “Debtors”), respectfully represent:

**Background**

1. On the date hereof (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 United States Code (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.

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.

#### The WorldCom Group

3. The WorldCom Group operates one of 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 to the Internet, which includes digital subscriber lines and dedicated access, and dial-up access;

- secure communication over the Internet allowing a business to link various sites and employees, which is referred to as a virtual private network; and
- web site management and web-enabled products which provide customers with the hardware, software and monitoring for their web sites;
- the design, implementation and ongoing management of a customer's communications systems;
- commercial voice services; and
- international communication services.

4. 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 the 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 House of Representatives, the Senate, the General Accounting Office and virtually every other government agency.

#### The MCI Group

5. 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, provided to consumers and small businesses in the United States, include basic long distance service, dial around, collect calling, operator assistance, local telephone services and calling card services (including prepaid calling

cards) and toll-free or 800 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.

6. For the year ended December 31, 2001, WorldCom recorded revenue of more than \$30 billion.<sup>1</sup> 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, WorldCom employed more than 63,900 individuals, of which approximately 57,700 were full-time employees and approximately 6,200 were part-time employees. Approximately 425 employees of WorldCom are represented by organized labor unions.

### **Jurisdiction**

7. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **The Retention of Weil, Gotshal & Manges LLP**

8. The Debtors seek court approval pursuant to section 327(a) of the Bankruptcy Code to employ Weil, Gotshal & Manges LLP ("WG&M") as their attorneys in connection with the commencement and prosecution of their chapter 11 cases. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors, as debtors in possession, request that the Court approve the retention of WG&M, under a general retainer, as their

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<sup>1</sup> The amounts in this paragraph are stated on a consolidated basis, including Debtors and non-debtor domestic subsidiaries only. WorldCom, Inc. has announced its intention to restate the financial statements for 2001 and the first quarter of 2002.

attorneys, to perform the extensive legal services that will be necessary during their chapter 11 cases in accordance with WG&M's normal hourly rates in effect when services are rendered and normal reimbursement policies. A form of proposed order is attached hereto as Exhibit "A."

9. The Debtors have been informed that Marcia L. Goldstein, Lori R. Fife and Alfredo R. Perez,<sup>2</sup> members of WG&M, and certain other members of, counsel to, and associates of WG&M who will be employed in these chapter 11 cases, are members in good standing of, among others, the Bar of the State of New York and the United States District Court for the Southern District of New York. In addition, Christopher Mallon, a member of WG&M as well as other members of, counsel to and associates in WG&M's office in London, United Kingdom will provide international expertise with respect to matters pertaining to the Debtors' operations in foreign jurisdictions.

10. The Debtors have selected WG&M as their attorneys because of the firm's knowledge of the Debtors' businesses and financial affairs and its extensive general experience and knowledge, and in particular, its recognized expertise in the field of debtors' protections and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. WG&M has been actively involved in major chapter 11 cases, including the representation of the debtor(s) in Global Crossing Ltd., Enron Corp., APW Ltd., Bethlehem Steel Corporation, Rhythms NetConnections Inc., Regal Cinemas,

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<sup>2</sup> Mr. Perez is admitted to the State Bar of Texas and the United States District Courts for the Southern, Eastern, Western, and Northern Districts of Texas. Concurrently with the filing of this application, a motion for leave to appear *pro hac vice* is being filed by Mr. Perez.

Inc., Armstrong Worldwide Industries, Sunbeam Corporation, Ames Department Stores, Inc., Genesis Health Services Corp., Carmike Cinemas, Inc., DIMAC Holdings, Inc., Sun Healthcare Group, Inc., Bruno's, Inc., United Companies Financial Corporation, Consolidated Hydro, Inc., Olympia & York Development Limited, Texaco Inc., Edison Brothers Stores, Inc. (I) and (II), G. Heileman Brewing Company, Inc., R.H. Macy & Co., Inc., Weiner's Stores, Best Products Co., Inc. (I) and (II), P.A. Bergner & Co. Holding Company, Grand Union Corporation and The Drexel Burnham Lambert Group, Inc., among others.

11. WG&M is also familiar with the Debtors' businesses, affairs, and capital structure. Prior to the Commencement Date, in June 2002 the Debtors engaged WG&M to assist and advise them with respect to the formulation, evaluation, and implementation of various restructuring alternatives, debtor in possession financing, and then with respect to the commencement and prosecution of their chapter 11 cases. Accordingly, WG&M has the necessary background to deal effectively with many of the potential legal issues and problems that may arise in the context of the Debtors' chapter 11 cases. The Debtors believe that WG&M is both well qualified and uniquely able to represent them in their chapter 11 cases in a most efficient and timely manner.

12. Were the Debtors required to retain attorneys other than WG&M in connection with the prosecution of these chapter 11 cases, the Debtors, their estates, and all parties in interest would be unduly prejudiced by the time and expense necessarily attendant to such attorneys' familiarization with the intricacies of the Debtors and their business operations.

13. The employment of WG&M under a general retainer is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors in possession and to implement their restructuring and reorganization. Subject to further order of this Court, it is proposed that WG&M be employed to:

- a. take all necessary action to protect and preserve the estates of the Debtors, including the prosecution of actions on the Debtors' behalf, the defense of any actions commenced against the Debtors, the negotiation of disputes in which the Debtors are involved, and the preparation of objections to claims filed against the Debtors' estates;
- b. prepare on behalf of the Debtors, as debtors in possession, all necessary motions, applications, answers, orders, reports, and other papers in connection with the administration of the Debtors' estates;
- c. negotiate and prepare on behalf of the Debtors a plan of reorganization and all related documents thereto; and
- d. perform all other necessary legal services in connection with the prosecution of these chapter 11 cases.

14. It is necessary for the Debtors to employ attorneys under a general retainer to render the foregoing professional services.

15. WG&M has stated its desire and willingness to act in these cases and render the necessary professional services as attorneys for the Debtors and debtors in possession. To the best of the Debtors' knowledge, the members of, counsel to, and associates of WG&M do not have any connection with, or any interest adverse to, the Debtors, their creditors, or any other party in interest, or their respective attorneys and accountants, except as may be set forth in the annexed affidavit of Marcia L. Goldstein, a member of WG&M (the "WG&M Affidavit").

16. WG&M received certain amounts (as set forth in the WG&M Affidavit) advanced from the Debtors as compensation for professional services performed and to be performed relating to the potential restructuring of the Debtors' financial obligations and the commencement and prosecution of these chapter 11 cases and for the reimbursement of reasonable and necessary expenses incurred in connection therewith. WG&M has used this advance to credit the Debtors' account for its charges for professional services performed and expenses incurred prior to the Commencement Date. After application of amounts from the advance for payment of any additional prepetition professional services and related expenses, the excess amounts will be applied to such postpetition allowances of compensation and reimbursement of expenses that are allowed by the Court.

17. The Debtors understand that WG&M hereafter intends to apply to the Court for allowances of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York for all services performed and expenses incurred after the Commencement Date.

18. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors may retain WG&M on any reasonable terms and conditions. The Debtors submit that the most reasonable terms and conditions are those charged by WG&M to the Debtors and other clients on a daily basis in a competitive market for legal services. Therefore, the Debtors and WG&M have agreed that WG&M shall be paid its customary hourly rates for services rendered that are in effect from time to time, as set forth in the WG&M

Affidavit, and shall be reimbursed according to WG&M's customary reimbursement policies.

19. The Debtors submit the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

### **Memorandum of Law**

20. This Motion includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

### **Notice**

21. No trustee, examiner, or statutory creditors' committee has been appointed in the Debtors' chapter 11 cases. Notice of this Motion has been provided to (i) the United States Trustee for the Southern District of New York, (ii) the attorneys for the Debtors' proposed postpetition lenders, (iii) the attorneys for the lenders party to the Debtors' 364-Day Revolving Credit Agreement, dated as of June 8, 2001, (iv) the attorneys for each of the three informal committees of bondholders, and (v) the holders of the fifty (50) largest unsecured claims against the Debtors' estates. In light of the nature of the relief requested, the Debtors submit that no other or further notice need be provided.

22. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein and such other or further relief as is just.

Dated: New York, New York  
July 21, 2002

WorldCom, Inc.,  
on behalf of itself and its direct and indirect  
subsidiaries, as Debtors and debtors in possession

By: /s/ Susan Mayer  
Susan Mayer  
Senior Vice President

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Alfredo R. Perez, Esq.

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

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<b>In re</b>	:	<b>Chapter 11 Case No.</b>
	:	
<b>WORLDCOM, INC., et al.,</b>	:	<b>02- ____ ( )</b>
	:	
<b>Debtors.</b>	:	<b>(Jointly Administered)</b>
	:	
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**AFFIDAVIT OF MARCIA L. GOLDSTEIN AND  
DISCLOSURE STATEMENT PURSUANT TO BANKRUPTCY  
CODE SECTIONS 327, 328(a), 329 AND 504 AND FEDERAL  
RULES OF BANKRUPTCY PROCEDURE 2014(a) AND 2016(b)**

STATE OF NEW YORK                    )  
  )        ss:  
COUNTY OF NEW YORK                )

Marcia L. Goldstein, being duly sworn, deposes and says:

1. I am a member of the firm of Weil, Gotshal & Manges LLP (“WG&M” or the “Firm”), a law firm with principal offices at 767 Fifth Avenue, New York, New York 10153; regional offices in Washington, D.C.; Houston and Dallas, Texas; Miami, Florida; and Menlo Park, California; and foreign offices in London, United Kingdom; Budapest, Hungary; Warsaw, Poland; Brussels, Belgium; Frankfurt, Germany; and Prague, The Czech Republic.

2. I submit this affidavit in connection with the application dated July 21, 2002 (the “Application”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for approval of the Debtors’ retention of WG&M, their attorneys in the above-captioned chapter 11 cases at their normal hourly rates in effect from time to time and in accordance with their normal reimbursement policies, in compliance with sections 328(a), 329 and 504 of title 11 of the United States Code (the “Bankruptcy Code”), and to provide disclosure required under rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent any information disclosed herein requires amendment or modification upon WG&M’s completion of further review or as additional party-in-interest information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

3. Neither I, WG&M, nor any member, counsel or associate of the Firm represent any entities other than the Debtors in connection with the Debtors’ chapter 11 cases. In addition, except as set forth herein, to the best of my knowledge, after due inquiry, neither I, WG&M, nor any member or counsel, or associate of the Firm represent any party in interest other than the Debtors in these chapter 11 cases.

4. WG&M is a “disinterested person,” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by Section 1107(b) of the Bankruptcy Code, in that WG&M, its members, counsel, and associates:

- a. are not creditors or insiders of the Debtors;

- b. are not and were not investment bankers for any outstanding security of the Debtors;
- c. have not been, within three years before the date of this affidavit, (i) investment bankers for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors;
- d. are not and were not, within two years before the date of this affidavit, a director, officer, or employee of the Debtors or any investment banker as specified in subparagraph (b) or (c) of this paragraph; and
- e. has certain relationships with certain creditors, other parties in interest, and other professionals in connection with unrelated matters, but has not represented any such party in connection with matters relating to the Debtors, except as set forth herein.

**WG&M's Prepetition Relationship with the Debtors**

5. In June 2002, the Debtors engaged WG&M to represent and advise them in connection with strategic alternatives, financial restructuring and bankruptcy matters. In that regard, WG&M represented the Debtors in connection with certain litigation commenced against them by members of their prepetition bank group. WG&M prepared the chapter 11 petitions for the Debtors and the initial motions, applications, and affidavits relating to these chapter 11 cases and negotiated on behalf of the debtors the proposed debtor-in-possession financing facility.

6. WG&M is not a creditor of the Debtors. In the one year prior to July 21, 2002, the Debtors advanced \$8,000,000 to WG&M on account of services performed and to be performed and expenses incurred and to be incurred in connection with the commencement and prosecution of the chapter 11 cases. As of the Commencement Date, the fees and expenses incurred by WG&M and debited against the amounts advanced to it approximated \$1,900,000 (including an estimate of the charges for the period from July

19, 2002 through July 21, 2002). The precise amount will be determined upon the final recording of all time and expense charges. As of the Commencement Date, WG&M has a remaining credit balance in favor of the Debtors in the approximate amount of \$6,000,000 for additional professional services performed and to be performed and expenses incurred and to be incurred in connection with these chapter 11 cases. After application of amounts for payment of any additional prepetition professional services and related expenses, the excess advance amounts will be held by WG&M for application to and payment of postpetition fees and expenses that are allowed by the Court.

#### **WG&M Disclosure Procedures**

7. WG&M has in the past represented, currently represents, and may in the future represent entities that are claimants or interest holders of the Debtors in matters unrelated to the Debtors' pending chapter 11 cases. WG&M, which employs approximately 950 attorneys, has a large and diversified legal practice that encompasses the representation of many financial institutions and commercial corporations. Some of those entities are or may consider themselves to be creditors or parties in interest in the Debtors' pending chapter 11 cases or to otherwise have interests in these cases.

8. In preparing this affidavit, I used a set of procedures developed by WG&M to ensure compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals by a debtor under the Bankruptcy Code (the "Firm Disclosure Procedures"). Pursuant to the Firm Disclosure Procedures, I performed, or caused to be performed, the following actions to identify the parties relevant to this affidavit and to ascertain WG&M's connection to such parties:

- a. A comprehensive list of the types of entities who may have contacts with the Debtors was developed through discussions with the WG&M attorneys who have provided services to the Debtors and in consultation with senior management of the Debtors (the “Retention Checklist”).
- b. Using the Retention Checklist, the information provided by the Debtors, and additional information identified by WG&M, a list of names of entities who may be parties in interest to these chapter 11 cases (the “Potential Parties In Interest”) was assembled.
- c. WG&M compared the Potential Parties In Interest to the names that WG&M has compiled into a master client database from its conflict clearance and billing records, comprised of the names of the entities for which any attorney time charges have been billed since the database was first created approximately twenty-three years ago (the “Client Database”). The Client Database includes the name of each current or former client, the name of the parties who are or were related or adverse to such current or former client, and the names of the WG&M personnel who are or were responsible for current or former matters for such client.
- d. Any matches between the Client Database and the list of Potential Parties In Interest were identified (the “Client Match List”), together with the names of the respective WG&M personnel responsible for current or former matters for the entities on the Client Match List.
- e. An attorney then reviewed the Client Match List and deleted obvious name coincidences and individuals or entities that were adverse to WG&M’s clients in both this matter and the matter referenced on the Client Match List. The remaining client connections with regard to which WG&M had represented the client within the last two years were compiled for purposes of this Affidavit.
- f. In addition, a general inquiry to all WG&M attorneys was sent by electronic mail to determine whether (i) any such individual or immediate family member holds any claims against, or stock of, the Debtors, and (ii) any such individuals were ever employed by the Debtors or an investment banker of the Debtors. Responses were received by approximately 30 individuals who held securities of the Debtors. Each of these individuals has since divested of all securities of the Debtors.

**WG&M’s Connections with Parties in Interest  
in Matters Unrelated to these Chapter 11 Cases**

9. Any identified client connections with regard to which WG&M had represented the client within the last two years were reviewed by an attorney working under my supervision and from such review it was determined that, in respect of each connection between WG&M and such parties, WG&M does not hold or represent an interest that is adverse to the Debtors’ estates, and that WG&M is a “disinterested person” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, for the reasons discussed below.

10. WG&M previously has represented, currently represents, and may represent in the future the entities described below (or their affiliates), in matters totally unrelated to the Debtors:

<b>Matched Entity</b>	<b>Relationship to Debtors</b>	<b>Relationship to WG&amp;M</b>
American Express	Bondholder	Current Client
Bank of New York	Bondholder	Current Client
Bank of NY/Barclays Capital	Bondholder	Current Client
First Union	Bondholder	Current Client
Lasalle Bank	Bondholder	Current Client
Merrill Lynch Safekeeping	Bondholder	Current Client
SG Cowen Securities	Bondholder	Current Client
Prudential	Bondholder / Landlord	Current Client
PNC Bank	Bondholder / Significant Stockholder	Current Client
Bank of America	Bondholder / Underwriter	Current Client
BT Alex. Brown	Bondholder / Underwriter	Current Client
Credit Suisse First Boston	Bondholder / Underwriter	Current Client
Goldman Sachs	Bondholder / Underwriter	Current Client
UBS PaineWebber	Bondholder / Underwriter	Current Client
Donaldson Lufkin Jenrette	Bondholder/ Underwriter	Current Client
Morgan Stanley	Bondholder/ Underwriter / Unsecured Creditor	Current Client

<b>Matched Entity</b>	<b>Relationship to Debtors</b>	<b>Relationship to WG&amp;M</b>
Mellon Bank N.A.	Indenture Trustee / Landlord	Former Client
Arab Bank PLC	Bank Lender	Current Client
Banco Bilbao Vizcaya	Bank Lender	Current Client
Bank of Nova Scotia	Bank Lender	Current Client
Bank of Tokyo Mitsubishi	Bank Lender	Current Client
Bank One NA	Bank Lender	Former Client
Bayerische Landesbank	Bank Lender	Current Client
Credit Lyonnais	Bank Lender	Current Client
Fortis Capital Corp.	Bank Lender	Current Client
Governor & Co. Bank of Scotland	Bank Lender	Current Client
Intesabci S P A	Bank Lender	Current Client
JP Morgan Chase	Bank Lender	Current Client
Lloyds TBS Bank PLC	Bank Lender	Former Client
Mizuho Holdings – DKB/Fuji/IBJ	Bank Lender	Affiliate of a Current Client
Royal Bank of Scotland	Bank Lender	Current Client
Westdeutsche Landesbank Girozentral	Bank Lender	Current Client
ABN AMRO	Bank Lender / Bondholder / Underwriter	Current Client
Deutsche Bank	Bank Lender / Bondholder / Underwriter	Current Client
Citibank, N.A./Salomon Smith Barney	Bank Lender / Bondholder / Underwriter / DIP Lender	Current Client
J.P. Morgan Chase	Bank Lender / Bondholder Underwriter / DIP Lender	Current Client
BNP Paribus	Bank Lender / Underwriter	Current Client
Fleet	Bank Lender / Underwriter/ Indenture Trustee	Affiliate of a Current Client
GE Capital	DIP Lender	Current Client
Arthur Andersen-Morgan Stanley	Underwriter	Current Client
Bear Stearns	Underwriter	Current Client
Lehman Brothers	Underwriter	Current Client
NationsBanc Montgomery Securities, LLC	Underwriter	Current Client
The Bank of Tokyo- Mitsubishi, Ltd.	Underwriter	Current Client
UBS Warburg LLC	Underwriter	Current Client

<b>Matched Entity</b>	<b>Relationship to Debtors</b>	<b>Relationship to WG&amp;M</b>
Warburg Dillon Read	Underwriter	Current Client
AMC Corporation (American Airlines)	Unsecured Creditor	Current Client
AT&T Communications	Unsecured Creditor	Former Client
BellSouth Corporation	Unsecured Creditor	Current Client
Cisco Systems	Unsecured Creditor	Current Client
Compaq Computer Corp.	Unsecured Creditor	Current Client
Electronic Data Systems, Inc.	Unsecured Creditor	Current Client
GC Services Inc.	Unsecured Creditor	Former Client
Hewlett Packard	Unsecured Creditor	Current Client
Indostat	Unsecured Creditor	Current Client
Messner Velere Berger Mcnamee	Unsecured Creditor	Former client
Motorola	Unsecured Creditor	Current Client
Qwest Communications	Unsecured Creditor	Former Client
SBC Communications, Inc.	Unsecured Creditor	Current Client
Verizon Communications	Unsecured Creditor	Current Client
Wells Fargo	Unsecured Creditor	Current Client
CIT Capital Finance (TYCO)	Landlord	Current Client
Daimler Chrysler Services North America	Landlord	Affiliate of a Current Client
NYNEX	Landlord	Current Client
Pacificorp	Landlord	Former Client
The Department of Justice	Regulatory Agency	Current Client
The Federal Communications Commission (FCC)	Regulatory Agency	Former Client
Ernst & Young LLP	Accountant	Current Client
KPMG	Accountant	Current Client
PricewaterhouseCoopers LLP	Accountant	Current Client

11. In addition to the entities identified above, the following entities either (i) have a name similar to a client in the Client Database, or (ii) are or may be related to a client (collectively, the “Potential Clients”). After a diligent effort, WG&M was unable

to determine whether the similarity of names was in fact a name coincidence or whether, and to what extent, the Potential Client is related to a client in the Client Database.

However, out of an abundance of caution, WG&M has confirmed that, similar to the clients identified above, WG&M does not represent any of the Potential Clients in matters related to the Debtors' chapter 11 cases.

<b>Matched Entity</b>	<b>Relation to Debtors</b>	<b>Relation to WG&amp;M</b>
Sprint	Unsecured Creditor	May be an Affiliate of a Current Client
AXA Financial, Inc.	Significant Stockholder	May be an Affiliate of a Former Client
EOP-Quadrant, LLC	Landlord	May be an Affiliate of a Current Client
Equity Office Properties	Landlord	May be an Affiliate of a Former Client
Valence Co. Technology, Inc.	Affiliate of Officer or Director	May be an Affiliate of a Current Client
MFS CableCo. US.Inc. MFS Datanet, Inc. MFS Telecom, Inc. MFS-Telephone (various) MFS/C-TEL MFSA Holdings	Filing Entity	May have Claims against a Current Client
UUNET	Filing Entity	May have Claims against a Current Client

12. To the best of my knowledge and information, the annual fees for each of the last twelve months paid to WG&M by each of the entities listed above did not exceed 2.4% of the annual gross revenue of WG&M other than General Electric Capital Corp., which accounted for 6.5% of such gross revenues.

13. Additionally, WG&M has represented, and may currently represent, entities which hold certain of the Debtors' debt in beneficial accounts on behalf of

unidentified parties. However, these entities maintain no direct financial stake in the Debtors' economic performance.

14. Because distressed bank and note debt is actively traded in the commercial markets, WG&M may be unaware of the actual holder of such debt at any given moment. Because WG&M represents in unrelated matters numerous entities that may buy and sell distressed debt of chapter 11 debtors, out of an abundance of caution, I am listing here many such entities represented by WG&M: Salomon Smith Barney, Donaldson Lufkin Jenrette, JP Morgan/Chase Manhattan Bank, Bank of America, Bay Harbour Management, Mackay Shields, Perry Corporation, Whipporwill Associates, Teachers Insurance Company, Elliott Associates, Morgens Waterfall Vintiades & Co., Oaktree Associates, Argent Capital, AIG Corporation, Leucadia Corporation, Halcyon Management Co., Bennett Management Co., Resurgence Asset Management Co., and M.D. Sass & Co. Generally, WG&M does not represent any of such entities in connection with the purchase or sale of distressed debt.

15. Additionally, WG&M has represented, may currently represent, and may in the future represent entities with respect to matters involving legal and regulatory authorities such as the Securities Exchange Commission and the Federal Trade Commission, among others, which may be involved in the Debtors chapter 11 cases.

16. WG&M has not, does not, and will not represent any of the aforementioned entities or their respective affiliates or subsidiaries, except as stated above, in matters related to the Debtors or their chapter 11 cases.

17. Contemporaneously herewith the Debtors have filed applications for authority to employ certain professionals, including other law firms. To the extent issues

may arise which would cause the Debtors to be adverse to any of WG&M's clients such that it would not be appropriate for WG&M to represent the Debtors with respect to such matters, such firms or another firm will be retained to represent the Debtors with respect to such matters.

18. WG&M will continue to apply the Firm Disclosure Procedures as additional information concerning entities having a connection with the Debtors is developed and will file appropriate supplemental disclosure with the Court.

#### **WG&M's Rates and Billing Practices**

19. WG&M's current customary hourly rates, subject to change from time to time, are \$375 to \$700 for members and counsel, \$200 to \$410 for associates and \$120 to \$175 for paraprofessionals in our United States offices.

20. WG&M's disbursement policies pass through all out-of-pocket expenses at actual cost or at estimated actual cost when the actual cost is hard to determine. These expenses include facsimiles, toll calls, overtime, overtime meals, computerized research, deliveries, court costs, transcript fees, travel, clerk fees, and other expenses.

21. No promises have been received by WG&M or any member, counsel or associate thereof as to payment or compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code. WG&M has no agreement with any other entity to share with such entity any compensation received by WG&M or by such entity.

22. The Debtors' Application requests, pursuant to section 328(a) of the Bankruptcy Code, approval of their retention of WG&M on rates, terms and conditions consistent with what WG&M charges non-chapter 11 debtors, namely, prompt payment

of its hourly rates as adjusted from time to time and reimbursement of out-of-pocket disbursements at cost or based on formulae that approximate the actual cost where the actual cost is not easily ascertainable. Subject to these terms and conditions, WG&M intends to apply pursuant to section 330 of the Bankruptcy Code for allowances of compensation for professional services rendered in these chapter 11 cases and for reimbursement of actual and necessary expenses incurred in connection therewith.

23. As noted earlier, WG&M understands that the Debtors will seek to retain additional law firms as counsel in connection with the Debtors' chapter 11 cases. WG&M intends to carefully coordinate with such firms and clearly delineate their respective duties so as to prevent duplication of effort whenever possible. Rather than resulting in any extra expense to the Debtors' estates, it is anticipated that the efficient coordination of efforts of the Debtors' attorneys will greatly add to the progress and effective administration of these chapter 11 cases.

24. The foregoing constitutes the statement of WG&M pursuant to sections 327(a), 328(a), 329, and 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).

/s/ Marcia L. Goldstein  
Marcia L. Goldstein

Sworn before me this 21st day  
of July, 2002

/s/ Angela M. Williams  
Notary Public

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

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**In re** :  
 :  
**WORLDCOM, INC., et al.,** : **Chapter 11 Case No.**  
 : **02-\_\_\_\_\_ ( )**  
 :  
 : **(Jointly Administered)**  
**Debtors.** :  
 :  
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**INTERIM ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE  
BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT OF  
WEIL, GOTSHAL & MANGES LLP AS ATTORNEYS FOR THE DEBTORS**

Upon the Application dated July 21, 2002 (the "Application") of WorldCom, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), for authority to employ Weil, Gotshal & Manges LLP ("WG&M") as their attorneys under a general retainer, all as more fully set forth in the Application; and upon consideration of the Affidavit of Marcia L. Goldstein, a member of WG&M, annexed to the Application (the "WG&M Affidavit"); and it appearing that the members of, counsel to, and associates of WG&M who will be engaged in these chapter 11 cases are or will be duly admitted to practice before this Court; and the Court being satisfied, based on the representations made in the Application and the WG&M Affidavit, that WG&M represents or holds no interest adverse to the Debtors or their estates with respect to the matters upon which it is to be engaged and is a "disinterested person," as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and upon consideration of the supporting Affidavit of Susan Mayer Pursuant to Local Bankruptcy

Rule 1007-2, sworn to on the 21st day of July, 2002; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided, and it appearing that no other or further notice need be provided; and the relief requested in the Application being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Application and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors’ retention of WG&M as their attorneys under a general retainer in accordance with WG&M’s normal hourly rates and disbursement policies as set forth in the WG&M Affidavit, effective as of the commencement of these cases, is approved; and it is further

ORDERED that WG&M shall apply for compensation and reimbursement in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, local rules and orders of the

Court, guidelines established by the Office of the United States Trustee, and such other procedures as may be fixed by order of this Court; and it is further

ORDERED that the Application is granted on an interim basis; and it is further

ORDERED that within 5 business days the Debtors shall serve a copy of the Application and this Order upon the holders of the 50 largest unsecured claims against their estates; and it is further

ORDERED that any objection to the relief requested by the Application on a permanent basis must be filed with the Court, One Bowling Green New York, New York 10004-1408, by no later than August \_\_, 2002 at 4:00 p.m. (Eastern Time) and served on the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Carolyn Schwartz, Esq. and Weil, Gotshal & Manges LLP, attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attention: Marcia L. Goldstein, Esq. so as to be actually received by such filing deadline; and it is further

ORDERED that any objections to the proposed retention of WG&M on a permanent basis must be filed with the Court in accordance with General Order of the United States Bankruptcy Court for the Southern District of New York M-242, which order can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov); and it is further

ORDERED that if timely objections are received there shall be a hearing held on \_\_\_\_\_ \_\_, 2002 at \_\_\_\_\_ .m. (Eastern Time) to consider such timely objections to the proposed retention herein; and it is further

ORDERED that if no objections to WG&M's retention on a permanent basis are timely filed, served and received in accordance with this Order, this Court may enter a final order without further notice or hearing, and the Application shall be granted in its entirety, and WG&M's retention on a permanent basis shall be made effective nunc pro tunc to the date of the commencement of these chapter 11 cases; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion; and it is further

ORDERED that the requirement pursuant to Local Rule 9013-1(b) that the Debtors file a separate memorandum of law in support of the Application is hereby waived.

Dated: New York, New York  
July \_\_, 2002

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UNITED STATES BANKRUPTCY JUDGE