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Interim Approval Hearing Date: November 5, 2002  
 at 10:00 a.m.  
 Interim Approval Objection Deadline: October 31, 2002  
 at 4:00 p.m.  
 Final Approval Hearing Date: December 3, 2002  
 at 10:00 a.m.  
 Final Approval Objection Deadline: November 28, 2002  
 at 4:00 p.m.

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ORIGINAL

Attorneys for the Official Committee of Unsecured  
 Creditors of WorldCom, Inc., et al.

**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

**NOTICE OF HEARING ON APPLICATION OF THE OFFICIAL  
 COMMITTEE OF UNSECURED CREDITORS FOR AN ORDER  
 AUTHORIZING THE EMPLOYMENT OF HOULIHAN LOKEY HOWARD &  
 ZUKIN CAPITAL, AS FINANCIAL ADVISOR, NUNC PRO TUNC TO JULY 29, 2002**

PLEASE TAKE NOTICE that the Official Committee of Unsecured Creditors (the  
 "Committee") of Worldcom, Inc. and its affiliated debtors and debtors in possession (collectively, the  
 "Debtors"), seek entry of an order approving its Application Authorizing the Employment of  
 Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey"), as Financial Advisor, pursuant to  
 sections 328(a) and 1103(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy  
 Code"), nunc pro tunc to July 29, 2002 (the "Application").

PLEASE TAKE FURTHER NOTICE that a hearing to consider the employment of  
 Houlihan Lokey and the payment of Houlihan Lokey's Monthly Fees,<sup>1</sup> on an interim basis, shall be  
 held before the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, in Room 523 of the  
 United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New

<sup>1</sup> Terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

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York, New York 10004 (the "Bankruptcy Court"), on November 5, 2002, at 10:00 a.m. (ET), or as soon thereafter as counsel may be heard (the "Interim Hearing").

PLEASE TAKE FURTHER NOTICE that a hearing to consider final approval of the Application, including the Transaction Fee set forth in the Application, shall be held before the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, in Room 523 of the Bankruptcy Court, on December 3, 2002, at 10:00 a.m. (ET), or as soon thereafter as counsel may be heard (the "Final Hearing").

PLEASE TAKE FURTHER NOTICE that responses or objections to the Application, if any, must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules"), and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers), and shall be served in accordance with General Order M-242 upon (i) the Debtors, 1133 19<sup>th</sup> Street, Washington, D.C. 20036, Attn: Michael Salsbury, General Counsel, (ii) Weil, Gotshal & Manges LLP, Attorneys for Debtors and Debtors in Possession, 767 Fifth Avenue, New York, New York 10153, Attn: Scott E. Cohen, Esq., (iii) the Office of the United States Trustee, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, New York 10004, Attn: Mary Tom, Esq., (iv) counsel for the examiner appointed in the Debtors' chapter 11 cases, (v) O'Melveny & Myers, LLP, Attorneys for the Lenders Party to the Debtors' 364-Day Revolving Credit Agreement, 153 East 53<sup>rd</sup> Street, New York, New York 10022, Attn: Robert White, Esq., (vi) Shearman & Sterling, Attorneys for the Debtors' Postpetition Lenders, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas Bartner, Esq. and Marc B. Hankin, Esq., (vii) Akin Gump Strauss Hauer & Feld LLP, Attorneys for the Official Committee of Unsecured Creditors, 590 Madison Avenue, New York, New York 10022, Attn: Daniel Golden, Esq., (viii) Kasowitz Benson Torres & Friedman, LLP, Attorneys for Informal Committee of Bondholders of MCI Communications Corporation, 1633 Broadway, New York, New York 10019, Attn: David S. Rosner, Esq. (ix) Paul Weiss Rifkind Wharton & Garrison, Attorneys for Informal Committee of Bondholders of Intermedia Communications Inc., 1285 Avenue of the Americas, New York, New York, 10019, Attn: Alan W. Kornberg, Esq., (x) the attorneys for any other statutory committee appointed in the Debtors' chapter 11 cases, (xi) Securities and Exchange Commission, 223 Broadway, New York, New York 10279, Attn: Wayne M. Carlin and Securities & Exchange Commission, 450 Fifth Street, N.W. Washington, D.C. 20549, Attn: Michael A. Berman, Esq., (xii) Internal Revenue Service, 290 Broadway, New York, New York 10007, Attn: District Director and Internal Revenue Service, 290 Broadway, New York, New York 10007, Attn: Regional Director, (xiii) other government agencies to the extent required by the Bankruptcy Rules and the Local Rules, and (xiv) any party that has requested notice pursuant to Bankruptcy Rule 2002, in each case so as to be received no later than (a) October 31, 2002 at 4:00 p.m. (ET) with respect to the relief requested at the Interim Hearing, and (b) November 28, 2002 at 4:00 p.m. (ET) with respect to the relief requested at the Final Hearing.

PLEASE TAKE FURTHER NOTICE that pursuant to the Application, the Committee seeks to retain Houlihan Lokey to provide the following services for the Committee:

- a. Evaluating the assets and liabilities of the Debtors;

- b. Analyzing and reviewing the financial and operating statements of the Debtors;
- c. Analyzing the business plans and forecasts of the Debtors;
- d. Evaluating all aspects of the Debtors' debtor in possession financing, cash collateral usage and adequate protection therefore and any exit financing in connection with any plan of reorganization and any budgets relating thereto;
- e. Providing such specific valuation or other financial analyses as the Committee may require in connection with these cases;
- f. Helping with the claim resolution process and distributions relating thereto;
- g. Assessing the financial issues and options concerning (a) the sale of any assets of the Debtors and/or the Company (as defined in the Engagement Letter, as defined below), either in whole or in part, and (b) the Debtors' plan(s) of reorganization or any other plan(s) of reorganization (the "Plan");
- h. Preparation, analysis and explanation of the Plan to various constituencies; and
- i. Providing testimony in court on behalf of the Committee, if necessary.

PLEASE TAKE FURTHER NOTICE that, if Houlihan Lokey's retention is approved, Houlihan Lokey will be entitled to receive the following compensation:

- a. A Monthly Fee of \$350,000;
- b. Upon the closing or consummation of a Transaction, the Company shall pay Houlihan Lokey, in cash, a Transaction Fee equal to the sum of (i) \$5,000,000; plus (ii) a Variable Transaction Fee as described below (the "Variable Transaction Fee"); plus (iii) \$3,000,000 if the Transaction is consensual (the "Consensual Transaction Fee"). The Variable Transaction Fee shall be calculated as follows: (A) 20 basis points (0.20%) of the total enterprise value (the "TEV") of the Company in excess of \$6,000,000,000, as of the consummation of a Transaction, plus (B) 35 basis points (0.35%) of the TEV of the Company in excess of \$9,000,000,000, as of the consummation of a Transaction. The Variable Transaction Fee shall not exceed \$17,000,000, and the Transaction Fee shall not exceed \$25,000,000. A Transaction shall be consensual if (i) a Plan is confirmed pursuant to section 1129 of the Bankruptcy Code and (ii) at least 50% in dollar amount of each class of unsecured claims that is actually voted votes in favor of such Plan; provided, however, that to the extent the Plan provides for a single class of unsecured creditors or classifies creditors without regard to the Debtor entity against which such

unsecured claim is held, at least 50% in dollar amount of the unsecured claims of each Debtor (as if the unsecured claims of each Debtor were separately classified) that is actually voted (the "Requisite Majority") votes in favor of such Plan. Any party asserting that the Consensual Transaction Fee has not been earned shall have the burden of establishing that the Requisite Majority was not achieved. The Transaction Fee shall be paid upon the consummation of a Transaction either (i) during the term of the Engagement Letter or (ii) within twelve months of the effective date of termination of the Engagement Letter; and

- c. Reimbursement of all reasonable out-of-pocket expenses.

**PLEASE TAKE FURTHER NOTICE that if the Application is granted, as more fully described in the Application and subject to certain conditions, the Debtors shall indemnify and hold Houlihan Lokey harmless against any and all losses, claims, damages or liabilities in connection with the engagement, except to the extent they result from Houlihan Lokey's gross negligence, willful misconduct, bad faith or self-dealing in connection with the performance of its services.**

PLEASE TAKE FURTHER NOTICE that the foregoing summary of certain elements of the retention is not complete and that the full terms of the retention are contained in the Application and the letter agreement, dated as of July 29, 2002, containing the terms of Houlihan Lokey's employment in these chapter 11 cases (the "Engagement Letter"), which is annexed to the Application as Exhibit A. The Application and the Engagement Letter are available for inspection at the Office of the Clerk for the Bankruptcy Court and on the Bankruptcy Court's Internet site at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), through an account obtained from Pacer Service Center at 1-800-676-6856, or 1-210-301-6440, or [www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov). To the extent that the summary of the retention terms set forth in this notice conflict with the terms of the Engagement Letter, the terms of the Engagement Letter shall control.

**PLEASE TAKE FURTHER NOTICE that if you do not object by the November 28, 2002 objection deadline above, your rights to subsequently object to the compensation of Houlihan Lokey will be affected and subject to the heightened standard of review enumerated in section 328 of the Bankruptcy Code.**

Dated: New York, New York  
October 7, 2002

**AKIN GUMP STRAUSS HAUER & FELD LLP**

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