

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

Civil Action No. 02-CV-4963 (JSR)

-v-

WORLDCOM, INC.,

Defendant.

-----X

**PETITION OF DISTRIBUTION AGENT FOR AN ORDER
AUTHORIZING THE DISTRIBUTION AGENT TO MAKE
A THIRD DISTRIBUTION UNDER THE DISTRIBUTION PLAN**

Richard C. Breeden, the Distribution Agent¹ appointed to oversee the implementation of the Distribution Plan for the WorldCom Victim Trust (“WVT”) approved by order of the Court dated July 19, 2004, (The “Distribution Plan”), respectfully submits this petition (the “Motion”) for entry of an order:

- (i) authorizing a distribution (the “Third Distribution”²) of up to \$130,000,000 to Eligible Claimants who hold Approved Claims under the Distribution Plan, payable at a rate of 1% of the amount of Eligible Loss Amount for each Approved Claim as further provided herein. The Third Distribution will not be made to Eligible Claimants who have already received a Minimum Payment and would not be eligible for an additional 1% distribution.
- (ii) At the conclusion of the distributions contemplated by this Motion all Eligible Claimants who have not previously received 100% of their

¹ Capitalized terms used but not specifically defined herein shall have the respective meanings ascribed to them in the Distribution Plan, the Court’s October 18, 2006 Order, the Distribution Agent’s March 2, 2007 Motion or the Court’s March 5, 2007 Order.

² Since the Electronic-Channel Claimants did not participate in the Initial Distribution, this will be the second distribution to this group of claimants.

total eligible recovery will have received payments from the WVT equal to 5% of Approved Claims.

In support of the Motion, the Distribution Agent respectfully represents as follows:

FACTS

1. On October 18, 2006, the Court entered an Order authorizing the Distribution Agent, among other things, to make an initial distribution in an amount equal to 2% of the Eligible Loss Amount (the "Initial Distribution") to Eligible Claimants (primarily individuals) who had submitted Approved Claims in paper form to WVT ("Paper-Channel Claims").

2. On March 5, 2007, the court entered an Order authorizing a second distribution. This involved paying Electronic-Channel Claimants 4% of their Eligible Loss Amount and paying an additional 2% to Paper-Channel Claimants. The Distribution Agent has mailed checks in the amount of \$523,403,233 to 254,667 Eligible Claimants as of the date hereof, and both Paper Channel and Electronic Channel Claimants have now received distributions of 4% of their eligible claims or a lesser Minimum Distribution.

3. The total claims base (aggregate Eligible Loss Amounts) of the WVT currently stands at approximately \$12.6 billion, including the impact of the decisions regarding the Electronic-Channel appeals. Unless altered as a result of the appeals process, the current Approved Claim base will lead to an ultimate total distribution (once final reserves are established and approved by the Court for pending appeals, taxes and administrative costs) of approximately 6% of Approved Claim amounts.

RELIEF REQUESTED

4. By this Motion, the Distribution Agent seeks the entry of an order authorizing the Distribution Agent to make the Third Distribution as described herein. This distribution

will be paid in respect of all claims, as identified in the list of Approved Claims that has been prepared by the Distribution Agent and made available to the Court. Upon completion of these distributions all Eligible Claimants will have received a distribution of 5% of their Eligible Loss Amount or the authorized Minimum Payment. As additional appeals are resolved, the resolved claims would receive payment at the applicable percentage distribution rate or a Minimum Payment.

5. As of August 8, 2007, the WVT had total assets of approximately \$260,951,947. The Distribution Agent estimates that the Third Distribution will result in actual cash distributions of approximately \$125 million. Thus, after making these payments (assuming the estimated amounts are paid in full), the cash balance in the Fair Fund will be in excess of \$135 million with all Approved Claims having received a distribution of 5% of Eligible Loss Amount or the Minimum Payment.

6. Paragraph 67 of the Distribution Plan provides that in seeking approval of the Court for distributions pursuant to the Plan, the Distribution Agent shall prepare “a list of all Eligible Claimants and the Approved Claim for each Eligible Claimant” and further provides that “[u]nder no circumstances shall the Distribution Agent or his Agents incur any liability to any Person if he makes a distribution in accord with the schedules previously submitted and approved by the Court and all Persons are enjoined from taking any action in contravention of this sentence.” As authorized by the Court’s October 18, 2006 Order, the Distribution Agent has made the appropriate schedules available to the Court with respect to the proposed Third Distribution, rather than filing this material in the Court’s docket.

7. The Distribution Agent has consulted with the staff of the Commission concerning this Motion, and the staff has not raised an objection to it.

NOTICE

8. Notice of this Motion has been provided to the United States Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549, Attn: Arthur Lowry, Esq.

9. In view of the nature of the relief requested herein, the Distribution Agent submits that no further notice or memorandum of law is necessary or required. The Distribution Agent has previously provided written notice to each of the Eligible Claimants of the amount of their Approved Claim. The Distribution Agent has previously provided notice to and is communicating with the holders of unresolved claims regarding the status of their claims and the review process. The Distribution Agent is posting the Motion on the Fair Fund's website (www.worldconvictimtrust.com) which the Distribution Agent has maintained to facilitate communications with claimants. The Distribution Agent submits that providing direct notice of this Motion to all of the Eligible Claimants, the holders of unresolved claims and other claimants would be an undue waste of the Fair Fund's assets.

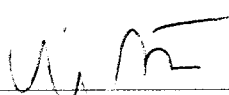
PRAYER FOR RELIEF

WHEREFORE, the Distribution Agent requests that this Court (i) enter an order substantially in the form annexed hereto granting the relief sought herein and (ii) grant the Distribution Agent such other and further relief as the Court may deem just and proper.

Dated: New York, New York

August 14, 2007

KAYE SCHOLER LLP

By: 

Arthur Steinberg (AS 1298)
Benjamin Mintz (BM 6060)
425 Park Avenue
New York, NY 10022

Counsel for the Distribution Agent

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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WORLDCOM, INC.,

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**ORDER AUTHORIZING THE DISTRIBUTION AGENT
TO MAKE A THIRD DISTRIBUTION UNDER THE DISTRIBUTION PLAN**

Upon the Petition (the "Motion") of Richard C. Breeden, the Distribution Agent ("Distribution Agent") appointed to oversee the implementation of the Distribution Plan approved by Order of this Court dated July 19, 2004, for the entry of an Order authorizing the Distribution Agent to make a distribution under the Distribution Plan of up to \$130,000,000 to Eligible Claimants consisting of a payment of 1% of the Eligible Loss Amount of each Approved Claim. It appears that the staff of the Commission has consented to the relief requested; and it further appears that due notice of the Motion has been given as described in the Motion, and that no other or further notice is necessary or required; and the Court having determined that the legal and factual bases set forth in the Motion establish just

cause for the relief granted herein and that such relief is in the best interest of the claimants of the Fair Fund; and after due deliberation and sufficient cause appearing therefore, it is

ORDERED, that the Motion is hereby granted in all respects; and it is further

ORDERED, that the Distribution Agent is authorized to make a distribution to Eligible Claimants of up to \$130,000,000 payable at a rate of 1% of Eligible Loss Amounts as proposed in the Motion; and it is further

ORDERED, that the Distribution Agent and his agents and employees shall be relieved of all liability to any person or entity for making distributions to Eligible Claimants in compliance with this Order; and it is further

ORDERED, that, in accordance with the Distribution Plan, upon receipt and acceptance of the distributions approved in this Order by an Eligible Claimant: (a) such Eligible Claimant shall be deemed to have released all claims that such Eligible Claimant may have against the Distribution Agent and his agents and employees, and the Equity Manager and his agents and employees on account of such distribution; and (b) such Eligible Claimant shall be enjoined from prosecuting or asserting any such claims against the Distribution Agent and his agents, the Equity Manager and his agents, or the WVT on account of such distribution; *provided, however*, that notwithstanding the foregoing, the Eligible Claimant shall be entitled in respect of its Approved Claim to claim a proportionate share of any further distributions that may be made by the Distribution Agent (as adjusted to account for amounts received in the distributions approved in this Order and under the Court's Orders of October 18, 2006 and March 5, 2007); and it is further

ORDERED, that this Court shall retain exclusive jurisdiction with respect to any disputes or other matters related to, or arising from, the interpretation or implementation of this Order.

Dated: New York, New York

_____, 2007

UNITED STATES DISTRICT JUDGE

Hon. Jed S. Rakoff

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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Plaintiff,

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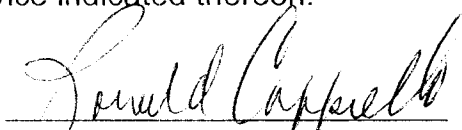
Defendant.
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AFFIDAVIT OF SERVICE

Ronald Cappiello, being duly sworn, deposes and says:

1. I am over the age of eighteen years, am employed by the offices of KAYE SCHOLER LLP, and am not a party to this action.

2. On the 14th day of August, 2007, I caused to be served true copies of the **Petition Of Distribution Agent For An Order Authorizing The Distribution Agent To Make A Third Distribution Under The Distribution Plan**, dated August 14, 2007, addressed to each of the parties at the last known address set forth on the annexed list in the manner of service indicated thereon.



Ronald Cappiello

Sworn to before me this
14th day of August, 2007



Notary Public

GURNEL JEAN-LOUIS
Notary Public, State of New York
No. 01JE6016979
Qualified in Queens County
Commission Expires Nov. 30, 2008

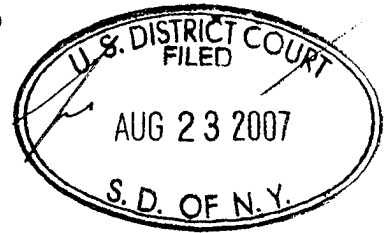
SERVICE LIST:

Securities & Exchange Commission
450 5th Street, N.W.
Washington, DC 20549
Attn: Arthur Lowry, Esq.

Electronic Mail and Overnight Mail/Next
Business Day

CL

DOC # 356



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