

## **Exhibit 41**

Controls - Identification and Evaluation of Design

Specific Risk Controls		Design: Effective		Assessed by: Angela R. Jackson on 1/24/00	
Comments					
		Risk Location	Confirmed in operation	Nature	
<b>Accounting Principles and Practices Controls</b>					
The group responsible for determining useful lives review those lives for accuracy and adequacy on a bi-annual basis. The last review was performed during 1998 in conjunction with the MCI merger.		Accounting Principles and Practices - Not Business Reality Accounting Principles and Practices - Not Consistent with Industry	1/24/00	Detective, Human	

Pervasive Risk Controls		Design: Effective		Assessed by: Angela R. Jackson on 1/24/00	
Comments					
		Risk Location	Confirmed in operation	Nature	
<b>Communicate Risk Control Objectives</b>					
The director of property accounting, along with other members of financial and accounting management, determine the useful lives to be used for each class of fixed assets.		N/A	1/24/00	Preventive, Human	

Information Integrity		Integrity: Yes		Assessed by: Angela R. Jackson on 1/24/00	
Control	Information used by the control				
Personnel determining lives					
Review of lives					
<b>Rationale for concluding that information used has integrity</b>					
The Company uses the actual lives of fixed assets as well as industry information to determine useful lives. We tested the fixed asset module of SAP at UV-150, with no exceptions noted.					

AA001639  
Confidential Treatment Requested  
by Arthur Andersen LLP

### Risk Control Document

Risk : Depreciable Lives *4B-353,*

<b>Description</b>
Fixed assets represent a significant portion of total assets for MCI WorldCom. As telecommunications technology changes constantly, it is extremely important that depreciable lives assigned to various fixed asset classes are both appropriate and in line with industry expectations.

<b>Nature of Risk</b>	<b>Risk Quadrant</b>
Unintentional Misstatement	Low significance, High likelihood

<b>Root cause of Risk</b>
The subjective nature of determining appropriate depreciable lives.

<b>Risk Source</b>	
<b>Risk Area</b>	<b>Process</b>
Accounting Principles and Practices	Depreciation/ Depreciable lives
<b>Risk Location</b>	
Accounting Principles and Practices - Not Business Reality	
Accounting Principles and Practices - Not Consistent with Industry	

<b>Financial Statement Consequences</b>
Overstated net fixed assets and understated operating expenses

<b>Date Created</b>	<b>Created by</b>	<b>Assigned to</b>
1/21/00	Angela R. Jackson	Angela R. Jackson

<b>Controls Assessment</b>			
	<b>Design Effectiveness/Assessed by</b>		<b>Operating Effectiveness/Assessed by</b>
Monitoring	Ineffective	Angela R. Jackson 1/24/00	Not Assessed
Pervasive	Effective	Angela R. Jackson 1/24/00	Effective Angela R. Jackson 1/24/00
Specific	Effective	Angela R. Jackson 1/24/00	Effective Angela R. Jackson 1/24/00
Information Integrity	Yes	Angela R. Jackson 1/24/00	
Reviewed By			

<b>Residual Audit Risk</b>	No
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Controls Testing

<b>Tests of Pervasive Controls</b>		<b>Operating Effectiveness: Effective</b>		<b>Assessed by: Angela R. Jackson on 1/24/00</b>	
<p><b>Personnel determining lives</b> - The director of property accounting, along with other members of financial and accounting management, determine the useful lives to be used for each class of fixed assets.</p> <p><b>Nature and Extent of Test</b> Discuss process of determining useful lives with client personnel responsible.</p>					
<b>Period Covered</b>	<b>Items Tested</b>	<b>Deviations</b>	<b>Exceptions</b>	<b>Notes/X-Ref</b>	<b>Attachments</b>
1999	Quality of personnel making determination of useful lives.	<input type="checkbox"/>	<input type="checkbox"/>	See UV-140 for discussion	
					<b>Reviewed/Done by</b> <input checked="" type="checkbox"/> Reviewed Performed by: Angela R. Jackson Test Date: 1/24/00

<b>Tests of Specific Controls</b>		<b>Operating Effectiveness: Effective</b>		<b>Assessed by: Angela R. Jackson on 1/24/00</b>	
<p><b>Review of lives:</b> The group responsible for determining useful lives review those lives for accuracy and adequacy on a bi-annual basis. The last review was performed during 1998 in conjunction with the MCI merger.</p> <p><b>Nature and Extent of Test</b> 1. Review useful lives for reasonableness. 2. Compare useful lives used by the Company to those used by its competitors. Useful lives of all asset classes.</p>					
<b>Period Covered</b>	<b>Items Tested</b>	<b>Deviations</b>	<b>Exceptions</b>	<b>Notes/X-Ref</b>	<b>Attachments</b>
1999	Useful lives for all asset classes	<input type="checkbox"/>	<input type="checkbox"/>	See UV-140 for discussion of testing results.	
					<b>Reviewed/Done by</b> <input checked="" type="checkbox"/> Reviewed Performed by: Angela R. Jackson Test Date: 1/24/00

## **Exhibit 42**

UV-1412  
Epicable  
Lues RCO

AA010340  
Confidential Treatment Requested by  
Arthur Andersen LLP

**Risk Control Document**

**Risk : Depreciable Lives**

<b>Description</b>
Fixed assets represent a significant portion of total assets for MCI WorldCom. As telecommunications technology changes constantly, it is extremely important that depreciable lives assigned to various fixed asset classes are both appropriate and in line with industry expectations.

<b>Nature of Risk</b>	<b>Risk Quadrant</b>
Unintentional Misstatement	Low significance, High likelihood

<b>Root cause of Risk</b>
The subjective nature of determining appropriate depreciable lives.

<b>Risk Source</b>	
<b>Risk Area</b>	<b>Process</b>
Accounting Principles and Practices	Depreciation/Depreciable lives
<b>Risk Location</b>	
Accounting Principles and Practices - Not Business Reality	
Accounting Principles and Practices - Not Consistent with Industry	

<b>Financial Statement Consequences</b>
Overstated net fixed assets and understated operating expenses

<b>Date Created</b>	<b>FS Linkage</b>	<b>Assigned to</b>
1/21/00	Depreciation Expense Property, Plant & Equipment	Angela J. Newell

<b>Controls Assessment</b>			
	<b>Design Effectiveness/Assessed by</b>		<b>Operating Effectiveness/Assessed by</b>
<b>Monitoring</b>	<b>Effective</b>	Sidnette A. Wade 9/6/00	<b>Effective</b> Sidnette A. Wade 9/19/00
<b>Pervasive</b>	<b>Effective</b>	Angela J. Newell 9/6/00	<b>Effective</b> Sidnette A. Wade 9/19/00
<b>Specific</b>	<b>Effective</b>	Angela J. Newell 9/6/00	<b>NotAssessed</b>
<b>Information Integrity</b>	<b>Yes</b>	Angela J. Newell 9/6/00	
<b>Reviewed By</b>			

<b>Residual Audit Risk</b>	No
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Specific Risk Controls Design: Effective Assessed by: Angela J. Newell on 9/6/00			
<b>Comments</b> The client controls are designed effectively to ensure that the depreciable lives used are consistent with GAAP and inline with industry standards			
	<b>Risk Location</b>	<b>Confirmed in operation</b>	<b>Nature</b>
<b>Accounting Principles and Practices Controls</b>			
Depreciable lives are reviewed as needed to ensure that they are in line with industry standards and are appropriate based on the number of years that assets are actually being used.	Accounting Principles and Practices - Not Business Reality Accounting Principles and Practices - Not Consistent with Industry	9/15/00	Detective, Human
Depreciable lives are input into SAP, which then assigns a life to assets as they are placed in service based on the asset group code. Those lives are updated in SAP as changes are made.	Accounting Principles and Practices - Not Business Reality Accounting Principles and Practices - Not Consistent with Industry	9/15/00	Preventive, Human

Perseus Risk Controls Design: Effective Assessed by: Angela J. Newell on 9/6/00			
<b>Comments</b> Personnel responsible for reviewing and changing depreciable lives are well qualified.			
	<b>Risk Location</b>	<b>Confirmed in operation</b>	<b>Nature</b>
<b>Communicate Risk Control Objectives</b>			
The director of property accounting, along with other members of financial and accounting management, determine the useful lives to be used for each class of fixed assets.	N/A	1/24/00	Preventive, Human

Monitoring Risk Controls Design: Effective Assessed by: Sidette A. Wade on 9/6/00			
<b>Comments</b>			
	<b>Risk Location</b>	<b>Confirmed in operation</b>	<b>Nature</b>
<b>Observe, Repperform or Review Specific Risk Controls.</b>			
All ADR's must be approved by Kevin Brumbaugh and additional approval by Mark Abide and/or David Meyers is required if certain dollar value thresholds are met. Through this review and approval process, retirement of assets with significant net book values would be identified.	N/A	9/19/00	Detective, Human
<b>Other Monitoring Control</b>			
Mark Abide and Kevin Brumbaugh review a detailed-monthly rollforward of PP&E. They review this schedule for any unusual items including increases and decreases in asset retirements within a specific fixed asset classification.	N/A	9/18/00	Detective, Human

Information Integrity Integrity: Yes Assessed by: Angela J. Newell on 9/6/00	
<b>Control</b>	<b>Information used by the control</b>
Personnel determining lives	
Review of lives	listing of depreciable lives
Update of lives	none
Retirement Review	PP&E Rollforward
Approval	Asset Disposal Requests
<b>Rationale for concluding that information used has integrity</b>	
The Company uses the actual lives of fixed assets as recorded in the fixed asset module of SAP as well as industry information to determine useful lives. We tested various aspects of the fixed asset module of SAP in other RCDs, noting no exceptions	

Depreciable Lives - 200

WorldCo. Telecommunications  
12/31/00

Controls Testing

Tests of Pervasive Controls						Reviewed/ Done by
Period Covered	Items Tested	Deviations	Exceptions	Notes/X-Ref	Attachments	Reviewed/ Done by
01/01/00 - 12/31/00	Based on AA's experience with these individuals, AA believes that they have the requisite experience and knowledge to perform this task	<input type="checkbox"/>	<input type="checkbox"/>		depreciable lives.doc	<input type="checkbox"/> Reviewed Performed by: Sidnette A. Wade Test Date: 9/13/00
<p><b>Nature and Extent of Test</b> Identify and assess qualifications of employees responsible for reviewing depreciable lives and making needed changes. All personnel responsible</p>						Kenneth M. Avery
<p><b>Frequency</b> As changes occur</p>						
<p><b>Assigned To</b> Angela J. Newell</p>						
<p><b>Comments</b> Operating Effectiveness</p>						

Tests of Monitoring Controls						Reviewed/ Done by
Period Covered	Items Tested	Deviations	Exceptions	Notes/X-Ref	Attachments	Reviewed/ Done by
01/01/00 - 12/31/00	AA obtained competitor information relating to depreciable lives assigned to fixed assets for 5 of the company's competitors. AA noted that the average depreciable lives being used by the Company's competitors were not significantly different than those of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	UV-141.2/ - 8/	depreciable lives.doc	<input type="checkbox"/> Reviewed Performed by: Sidnette A. Wade Test Date: 9/19/00
<p><b>Nature and Extent of Test</b> Obtain information relating to depreciable lives being used by the Company's competitors from published sources in order to ensure the Company's assigned lives are consistent with those in the industry. 5 company's</p>						Angela J. Newell
<p><b>Frequency</b> Annually</p>						
<p><b>Assigned To</b> Sidnette A. Wade</p>						
<p><b>Comments</b> Operating Effectiveness</p>						

Depreciable Lives - 200

WorldCo., Telecommunications  
12/31/00

Controls Testing ADP (ADP) is a DR (DR) and is subject to the same controls as the DR (DR) and is subject to the same controls as the DR (DR). Through this review and approval, the DR (DR) is subject to the same controls as the DR (DR) and is subject to the same controls as the DR (DR).	Frequency Annually	Assigned To Sidnette A. Wade	Reviewer Angela J. Newell
Same as testing for Asset Retirement Review			

AA010344  
Confidential Treatment Requested by  
Arthur Andersen LLP

## **Exhibit 43**

**EXHIBIT**  
ID  
P-2067  
No 6-17-04

RCD Status: Complete

<b>Risk title:</b> Depreciable Lives	<b>Risk type:</b> Estimate: Assess risk controls
<b>Risk statement:</b> Fixed assets represent a significant portion of total assets for WorldCom. As telecommunications technology changes constantly, it is extremely important that depreciable lives assigned to various fixed asset classes are appropriate, properly reflect the life of asset and are in line with industry expectations.	<b>Root cause:</b> The subjective nature of determining appropriate depreciable lives.
<b>BIF linkage:</b> Asset Depreciable Lives	<b>Financial statement caption(s) affected:</b> Depreciation Expense Property, Plant & Equipment Accumulated Depreciation
<b>Risk source(s):</b> Capture business events and facts - Not business reality Key assumptions - Not supported	

Assess controls and determine residual audit risk						
	Design effectiveness	Assessed by	Date	Operating effectiveness	Assessed by	Date
Pervasive	Effective	TAM	10/31/01	Effective	JM	11/1/01
<i>Rationale</i>						
Specific	Effective	TAM	10/31/01	Effective	TAM	11/28/01
<i>Rationale</i>						
Monitoring	Partially Effective	TAM	10/31/01	Not Assessed		
<i>Rationale</i>	While monitoring the useful lives of retired assets is an effective means of determining actual lives of assets after the fact, we will expand our testing to the specific controls over the process that monitor the Company's position against competitors in the industry.					
Information integrity	Effective	TAM	10/31/01			
<i>Rationale</i>	The Company uses actual lives of fixed assets as well as industry guidance in establishing depreciable lives.					
Residual audit risk	No					

<b>Review and approve</b>	
<b>By:</b>	<b>Date:</b>
Todd A. McPherson	11/28/01
Michael L. Levy <i>ML</i>	11/29/01

*Handwritten initials/signature*

<b>Pervasive controls</b>	
<b>Client control:</b> The director of property accounting, along with other members of financial accounting and management, determine the useful lives to be used for each class of fixed asset.	<b>Confirmed in operation:</b> 10/31/01
<b>Control test:</b> Identify and assess the qualifications of individuals in charge of determining depreciable lives and making changes as needed.	<b>Extent:</b> <b>Frequency:</b> Annually
<b>Items tested:</b> Qualifications of Employees Who Determine Depreciable Lives	<b>Results:</b> Based on Andersen's experience with the Property Accounting Personnel, AA believes that the personnel responsible for determining depreciable lives have the requisite experience and knowledge to perform this task.
<b>Period covered:</b> 01/01/01-12/31/01	<b>Reviewed by/date:</b> Todd A. McPherson on 11/28/01
<b>Performed by/date:</b> Jennifer McQueen on 11/1/01	<b>Attachments:</b>

Specific risk controls		
<p><b>Client control:</b> Depreciable lives are input into SAP, which then assigns a life to assets as they are placed in service based on the asset group code. Those lives are updated in SAP as changes are made.</p>	<p><b>Risk source:</b> Capture business events and facts - Not business reality Key assumptions - Not supported</p>	<p><b>Confirmed in operation:</b> 10/31/01</p>
<p><b>Control test:</b> Review the Depreciable Lives by asset category as included in SAP and agree asset lives for reasonableness to the 10-K footnote disclosure. Additionally, review prior year depreciable lives by asset class noting any variations year over year.</p>		<p><b>Extent:</b> <b>Frequency:</b> Annually</p>
<p><b>Items tested:</b> Depreciable lives in SAP (prior year compared to current year), then compared to 10-K disclosures</p>	<p><b>Results:</b> All assets depreciable lives in SAP for the current year agree with the 10-K footnote disclosure.  Variations noted from prior year: See attached memo <u>UV-131</u> - <u>UV-121</u></p>	
<p><b>Period covered:</b> 1/1/01-12/31/01</p>	<p><b>Performed by/date:</b> Todd A. McPherson on 11/28/01</p>	<p><b>Reviewed by/date:</b>  <b>Attachments:</b> 2001 Dep Lives Comparison.xls</p>

<p><b>Client control:</b> Depreciable lives are reviewed as needed to ensure that they are in line with industry standards and are appropriate based on the number of years that assets are actually being used.</p>	<p><b>Risk source:</b> Capture business events and facts - Not business reality Key assumptions - Not supported</p>	<p><b>Confirmed in operation:</b> 10/31/01</p>
<p><b>Control test:</b> Compare the Company's depreciable lives to a group of its industry peers for reasonableness</p>	<p><b>Extent:</b> <b>Frequency:</b> Annually</p>	
<p><b>Items tested:</b> Comparison of WorldCom's depreciable lives to that of its peers.</p>	<p><b>Results:</b> AA determined WorldCom's depreciable lives to be reasonable as compared to its industry peers. See attached Word document listing depreciable lives for WorldCom and its industry peers.</p>	
<p><b>Period covered:</b> Amber B Hatten on 11/1/01</p>	<p><b>Reviewed by/date:</b> Todd A. McPherson on 11/28/01</p>	<p><b>Attachments:</b> Depreciable Lives Research.doc</p>

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Andersen

<b>Monitoring</b>		Confirmed in operation: 10/31/01
Client control: Mark Abide and Kevin Brumbaugh monitor the retirement of fixed assets to ensure the estimated useful life of the asset was appropriate, and whether any revisions to the useful life of the asset class are necessary.	<i>Not Effective</i>	Confirmed in operation: 11/1/01
Client control: Mark Abide, Director of Property Accounting, reviews the monthly entry prepared by Kelly Frazier to reclass CIP to Fixed Assets and to record Depreciation Expense.		Extent: 1 Month Per Quarter Judgementally Selected Frequency: Annually
Control test: Discuss with Mark Abide his monthly review of the CIP reclass entry and obtain a copy of the journal entry to reclass completed projects remaining in CIP to fixed assets.		
Items tested: Journal Entry to Reclass Completed CIP to Fixed Assets and to record Depreciation Expense for months February June September October:	Results: Andersen obtained the entry made to reclassify completed CIP projects to fixed assets and to record depreciation expense on these projects. Andersen noted that the entry is made monthly by Kelly Frazier and is then reviewed and approved by Mark Abide. Andersen reviewed the entry noting all items placed in TECO and Release status were downloaded from SAP, and a manual entry to record them in the fixed asset ledger was made. <i>See entry at 44-121</i>	
Period covered: 01/01/00-09/30/01	Performed by/date: Jennifer McQueen on 11/1/01	Reviewed by/date: Todd A. McPherson on 11/1/01
		Attachments:

Information integrity	Information used
Control	SAP
Depreciable Lives Maintained in SAP	None
Determination of Depreciable Lives	Fixed Asset retirements
Review of Ret. Assets for Appr. Life	None
Depreciable Lives in Line with Industry Standards	Journal Entry prepared by Kelly Frazier
CIP and Depreciation Expense Entry	
<p>Rationale that information has integrity: The Company uses actual lives of fixed assets as well as industry guidance in establishing depreciable lives.</p>	

AA026124  
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UV-131 Depreciation

FEL

UF-131

SAP Description	Asset Class	Category	G/L	Life WCOM
Country Agreements	ICA	INTANG	28002005	3
Competitive Agreements	NCA	INTANG	28002005	term
Data Processing Software	DPL	SOFTWARE	28002510	6
Communication Software	DSL	SOFTWARE	28002520	6
Switch System Software	DSS	SOFTWARE	28002530	6
Software License	SWL	SOFTWARE	28002530	6
PC Software	PSG	SOFTWARE	28002540	6
PC Software	PSL	SOFTWARE	28002540	6
Software Development	DCV	SOFTWARE	28002550	6
Deferred Line Install Costs - Network	LCN	LINE	28002810	10
Line Costs	LCS	LINE	28002810	5
Deferred Line Install Costs - Customer	ILA	LINE	28002850	2
Rights of Way	ROW	TRANS	31010009	term/40
Pagers - One Way	PG1	TRANS	31020009	4
Wireless 03	WI03	TRANS	31030009	4
Wireless 05	WI05	TRANS	31030009	4
Wireless 07	WI07	TRANS	31030009	4
Wireless 10	WI10	TRANS	31030009	4
Wireless 39	WI39	TRANS	31030009	4
Microwave Paging Eq - One Way	MP1	TRANS	31050009	10
Pagers - Two Way	PG2	TRANS	31060009	4
Pagers - 1.5 Way	PGH	TRANS	31070009	4
Microwave Paging Eq - Two Way	MP2	TRANS	31080009	10
Capitalized Interest	INT	TRANS	31110009	15
Power Equipment	POW	TRANS	31210009	12
Test Equipment	TEQ	TRANS	31310009	7
Tools, Machinery & Maintenance	TMM	TRANS	31320009	8
Alarm	FAL	TRANS	31420009	10
Local Cross Connect Equipment	DXC	TRANS	31520009	15
Fiber Optic	FOP	TRANS	31540009	15
Multiplex	MUX	TRANS	31550009	15
T-Mux	TMX	TRANS	31560009	15
Customer Termination Equipment	CTE	TRANS	31570009	15
Fiber Optic Cable	FOC	TRANS	31610009	40
Acquired Rights	SPF	TRANS	31620009	term/40
Ocean Cable	CBI	TRANS	31710009	40
Ocean Cable	CBL	TRANS	31720009	40
Earth Station Satellite	ETS	TRANS	31810009	20
Other Satellite	OSE	TRANS	31820009	15
Satellite Equipment	SAT	TRANS	31830009	15
Antenna System	ANT	TRANS	31910009	30
Radio-Analog	RAD	TRANS	31920009	30
Tower	TOW	TRANS	31930009	30
Switches	SWT	COMM	32010009	10
Customer Premise Equipment	PRI	COMM	32020009	5
Sales & Use Tax Accrual	STP	FF&O	33010009	10
Sales & Use Tax	SUT	FF&O	33020009	10
HVAC Equipment - Admin - Leased	LAH	FF&O	33120009	7
Leasehold Improvement - Administrative	LAL	FF&O	33120009	7
Personal Property - Administrative - Leased	LAP	FF&O	33120009	7
Storage Tanks - Administrative - Leased	LAT	FF&O	33120009	20
HVAC Equipment	LCH	FF&O	33120009	7
Land Improvements - Communications	LCI	FF&O	33120009	15
Leasehold Improvement - Communication	LCL	FF&O	33120009	20
Personal Property	LCP	FF&O	33120009	7
Storage Tanks - Communications - Leased	LCT	FF&O	33120009	20
Leasehold Improvement - Communication	LIP	FF&O	33120009	7
Furniture and Fixtures	FAF	FF&O	33210009	10
Office Equipment	OEQ	FF&O	33310009	7
Vehicles	VCL	FF&O	33420009	4

No changes to lives from prior year.

AA026125  
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EMA  
2nd

SAP Description	Asset Class	Category	G/L	Life WCOM
Corporate Aircraft	JET	FF&O	33520009	15
Communications Equipment	DHC	FF&O	33610009	8
Communications CPU	DHU	FF&O	33620009	4
Data Processing Hardware	DPH	FF&O	33630009	5
Data Processing CPU	DPU	FF&O	33630009	4
Personal Computers	OEP	FF&O	33640009	5
Telex Equipment	TLX	FF&O	33650009	5
Tymnet Engines	TYM	FF&O	33660009	5
Equipment Software	CSW	FF&O	33670009	6
HVAC Equipment - Admin - Owned	BAH	FF&O	33810009	7
Land Improvements - Admin	BAI	FF&O	33810009	15
Buildings - Administrative	BAL	FF&O	33810009	39
Personal Property - Administrative	BAP	FF&O	33810009	7
Buildings - Admin - Site Acquisition	BAS	FF&O	33810009	35
Storage Tanks - Administrative - Owned	BAT	FF&O	33810009	39
HVAC Equipment	BCH	FF&O	33820009	7
Land Improvements - Communications	BCI	FF&O	33820009	15
Buildings - Communications	BCL	FF&O	33820009	39
Personal Property	BCP	FF&O	33820009	7
Storage Tanks - Communications - Owned	BCT	FF&O	33820009	39
Buildings - Administrative	BLP	FF&O	33820009	39
Marine Station Equipment	MCS	FF&O	33820009	15
Shelter	SHL	FF&O	33820009	30
Land - Administrative	LDA	FF&O	33910009	0
Land - Communication	LDC	FF&O	33920009	0

NOTE: During 2001, Worldcom was included as part of a financial study of the Depreciable Lives of its telecom clients. Worldcom was generally in line with other telecom in the industry except for several long-lived fixed assets such as under sea cable and Transmitters equipment. The company believes these assets lives to be adequate and not excessive due to the nature of the assets and the lack of any replacements for the types of assets in the near future.

WA 101  
NAS  
10/31/01

THE FOLLOWING INFORMATION WAS OBTAINED FROM EDGAR ON-LINE

WorldCom

PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost. Depreciation is provided for financial reporting purposes using the straight-line method over the following estimated useful lives:

Transmission equipment (including conduit).....	5 to 45 years
Communications equipment.....	5 to 20 years
Furniture, fixtures, buildings and other.....	4 to 40 years

The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. In the event an impairment exists on property and equipment attributed to WorldCom group, a loss will be recognized by WorldCom group based on the amount by which the carrying value exceeds the fair value of the asset. If quoted market prices for an asset are not available, fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on property and equipment to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations. The Company constructs certain of its own transmission systems and related facilities. Internal costs directly related to the construction of such facilities, including interest and salaries of certain employees, are capitalized. Such internal costs were \$305 million (\$195 million in interest), \$625 million (\$339 million in interest) and \$842 million (\$495 million in interest) in 1998, 1999 and 2000, respectively, and have been allocated to WorldCom group.

AT&T

Property and Equipment:

Property and equipment, including significant improvements, is stated at cost. Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 20 years for support equipment and 10 to 40 years for buildings and improvements.

Sprint

Property, Plant and Equipment:

Property, plant and equipment is recorded at cost. Generally, ordinary asset retirements and disposals are charged against accumulated depreciation with no gain or loss recognized. Property, plant and equipment is depreciated on a straight-line basis over estimated economic useful lives. Repair and maintenance costs are expensed as incurred.

RMS  
JML

Williams Communications Corp.

PROPERTY, PLANT AND EQUIPMENT:

Property and equipment is recorded at cost. Depreciation is computed primarily on the straight-line method over estimated useful lives.

Depreciable Lives:

Fiber	25-30 Years
Optronics	7-10 Years
Right-of-Way	20-40 Years
Computer equipment	3 Years
General office furniture and fixtures	3-5 Years
Buildings and leasehold improvements	30 Years or life of lease

Qwest Communications Corporation, Inc.

Property, Plant and Equipment:

Property, plant and equipment is carried at cost and is depreciated using straight-line group methods. Generally, under the group method, when an asset is sold or retired, the cost is deducted from property, plant and equipment and charged to accumulated depreciation without recognition of a gain or loss. Leasehold improvements are amortized over the lesser of the useful lives of the assets or the lease term. Expenditures for maintenance and repairs are expensed as incurred. Network construction costs, including interest during construction, are capitalized.

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WorldCom, Inc.  
 Depreciable Lives Comparison  
 A: 12/31/2001

<u>SAP Description</u>	<u>Category</u>	<u>2000</u>	<u>2001</u>	<u>Reason for Change</u>
Intercountry Agreements	Intangible	Contract Term	3	Per discussion with Kevin Brumbaugh, Intercountry Agreements have historically been depreciated over the life of the agreement, but the company has decided to assign an average life to these agreements of approximately 3 years, based upon historical contracts. PFW reasonable. TAM
PC Software	Software		5 6	Per discussion with Kevin Brumbaugh, the change in life was made to make the depreciable lives of purchased software consistent with internally developed software. PFW reasonable. TAM
Capitalized Interest	Transmission		8 15	Per discussion with Kevin Brumbaugh, the change in useful life on transmission equipment capitalized interest was to make capitalized interest on this type of asset consistent with the depreciable life of the asset. PFW reasonable. TAM
Leasehold Improvements- Communication	FFE		20 7	Per discussion with Kevin Brumbaugh, this asset class is no longer used and the last posting of any asset to this asset type was 7/98, prior to the MCI WorldCom merger. As asset class is no longer used and inactive in SAP, PFW. TAM
Tymet Engines	FFE		4 5	Per discussion with Kevin Brumbaugh, this asset class is no longer used and no asset with this description is maintained on the books. PFW. TAM

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 TAM

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AA026130  
Confidential Treatment Requested by  
Arthur Andersen LLP

Identifying  
Retired Assets  
UV-140 RCD

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