

Hearing Date: December 4, 2002

Hearing Time: 10:00 a.m.

Michael S. Stamer, Esq. (MS-4900)  
AKIN GUMP STRAUSS HAUER & FELD LLP  
590 Madison Avenue  
New York, NY 10022  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)

David P. Simonds, Esq. (DS-7109)  
AKIN GUMP STRAUSS HAUER & FELD LLP  
2029 Century Park East, Suite 2400  
Los Angeles, CA 90067  
(310) 229-1000 (Telephone)  
(310) 552-6744 (Facsimile)

Attorneys for the Official Committee  
of Unsecured Creditors of FLAG Telecom Holdings Limited, et al.

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

-----X  
In re: : Chapter 11  
: :  
: :  
FLAG TELECOM HOLDINGS LIMITED, : Case Nos. 02-11732 (ALG)  
FLAG LIMITED, : through 02-11736 (ALG)  
FLAG PACIFIC USA LIMITED, : and 02-11975 (ALG) through  
FLAG ATLANTIC HOLDINGS LIMITED, : 02-11979 (ALG)  
FLAG ATLANTIC LIMITED, :  
FLAG TELECOM GROUP SERVICES LIMITED, : (Jointly Administered)  
FLAG TELECOM LIMITED, :  
FLAG TELECOM USA LTD., :  
FLAG ASIA LIMITED, and :  
FLAG ATLANTIC USA LIMITED, :  
: :  
DEBTORS. :  
-----X

**FINAL APPLICATION FOR COMPENSATION  
AND FOR REIMBURSEMENT OF EXPENSES**

Name of Applicant: Akin Gump Strauss Hauer & Feld LLP

Authorized to Provide  
Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: June 27, 2002 (nunc pro tunc to May 3, 2002)

Period for which compensation  
and reimbursement is sought: May 3, 2002 through October 9, 2002

Amount of Compensation sought as  
actual, reasonable, and necessary: \$1,923,211.75

Amount of Expense Reimbursement sought  
as actual, reasonable, and necessary: \$115,469.46

Period for which Compensation  
is sought: April 12, 2002 through May 2, 2002

Amount of Compensation sought  
as actual, reasonable and necessary: \$68,469.65

This is a final fee application.

**COMPENSATION BY PROJECT CATEGORY  
FOR THE PERIOD  
MAY 3, 2002 THROUGH OCTOBER 9, 2002**

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
General Case Administration	333.90	\$108,226.50
Akin Gump Fee Application/Monthly Billing Reports	99.90	\$21,150.00
Analysis of Other Professionals Fee Application/Reports	13.10	\$3,552.00
Review of Schedules, Statements	12.40	\$2,376.00
Retention of Professionals	316.20	\$90,701.50
Creditors Committee Meetings	352.30	\$148,906.00
Court Hearings	102.50	\$44,944.00
Financial Reports and Analysis	18.70	\$5,033.50
DIP and Exit Financing	0.50	\$122.50
Executory Contracts/License Agreements	50.90	\$14,453.00
General Claims Analysis/Claims Objections	274.00	\$70,233.00
Analysis of Pre-Petition Transactions	733.80	\$261,697.00
Analysis of Secured Claims/Adequate Protection Issues	40.60	\$11,542.00
Adversary Proceedings/Litigation Matters	140.70	\$44,201.00
Tax Issues	117.95	\$48,375.50
Labor Issues/Employee Benefits	365.50	\$126,440.00
Real Estate Issues	4.20	\$1,211.00
Exclusivity	82.40	\$27,143.50
Plan and Disclosure Statement and Related Documentation	2,026.80	\$772,148.50
Asset Sales	111.10	\$41,613.00

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
Travel (billed at 50% of hourly rate)	96.90	\$19,061.25
FCC Matters	200.50	\$60,081.00
<b>TOTAL</b>	<b>5,494.85</b>	<b>\$1,923,211.75</b>

**FLAG TELECOM HOLDINGS LIMITED**  
**FEE SUMMARY**  
**MAY 3, 2002 THROUGH OCTOBER 9, 2002**

<b>PARTNERS</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
BALDINI, S.	0.80	\$500	\$400.00
BERCHEM, K.	592.60	\$460	\$272,596.00
CROUCHMAN, A.	43.80	\$450	\$19,710.00
DAVIDSON, T.	35.50	\$500	\$17,750.00
DAVIS, C.	9.50	\$425	\$4,037.50
GAINES, A.	11.40	\$550	\$6,270.00
GOES, C.	0.30	\$550	\$165.00
HELLER, F.	87.60	\$550	\$48,180.00
HIERONS, R.	32.80	\$550	\$18,040.00
KILLIP, D.	4.25	\$500	\$2,125.00
LAVES, A.	169.60	\$500	\$84,800.00
LEBLANG, S.	7.90	\$595	\$4,700.50
LYNAM, T.	10.90	\$500	\$5,450.00
PESNER, S.	1.30	\$675	\$877.50
RUBIN, R.	34.10	\$500	\$17,050.00
SCHEINMAN, S.	5.40	\$525	\$2,835.00
STAMER, M.	580.50	\$550	\$319,275.00
VOLOW, M.	9.20	\$525	\$4,830.00
<b>COUNSEL</b>			
AULSEBROOK, A.	1.00	\$425	\$425.00
COX, P.	109.50	\$400	\$43,840.00
GOLD, J.	2.00	\$350	\$700.00
IULIANO, M.	206.00	\$380	\$77,900.00
PARDE, G.	0.50	\$375	\$187.50
SCEBAK, A.	11.00	\$425	\$4,675.00
SCHMITTER, P.	33.80	\$350	\$11,830.00
SIMONDS, D.	705.20	\$375	\$264,450.00
SIMONETTI, B.	59.00	\$425	\$25,075.00
STADLER, L.	2.30	\$350	\$805.00
<b>ASSOCIATES</b>			
ALBERINO, S.	1.20	\$200	\$240.00
ANDERSON, H.	59.10	\$200	\$11,820.00
BENNETT, B.	2.70	\$280	\$756.00
BERSH, D.	478.60	\$280	\$134,008.00
BLOOMSTEIN, J.	4.60	\$305	\$1,403.00
CEPEDA, R.	9.80	\$325	\$3,185.00
CHERRY, J.	165.50	\$280	\$46,340.00
CHRISTIAN, E.	53.90	\$300	\$16,170.00
DAVIS, K.	0.50	\$320	\$160.00

<b>ASSOCIATES (CONTINUED)</b>	<b>HOURS</b>	<b>RATE</b>	<b>AMOUNT</b>
DUBLIN P.	0.30	\$320	\$96.00
ELLINGWOOD, J.	33.30	\$325	\$10,822.50
FOSTER, D.	137.70	\$230	\$31,671.00
HAQUE, B.	65.10	\$275	\$17,902.50
HILL, A.	682.35	\$245	\$167,175.75
JONAH, R.	117.40	\$200	\$23,480.00
LAU, W.	5.60	\$230	\$1,288.00
MARCHESIELLO, P.	16.50	\$275	\$4,537.50
PARAHCE, M.	85.40	\$250	\$21,350.00
PENNAY, L.	2.00	\$250	\$500.00
POLLNER, D.	58.50	\$300	\$12,080.00
PROVOST, C.	2.15	\$350	\$752.50
QUIGLEY, D.	0.20	\$275	\$55.00
RASCH, B.	0.60	\$250	\$150.00
READE, N.	2.80	\$230	\$644.00
RICE, S.	101.90	\$315	\$32,098.50
ROISMAN, N.	72.70	\$50	\$18,175.00
RUSHFORD, D.	23.90	\$280	\$6,692.00
SAPIO, G.	31.90	\$350	\$11,165.00
SARATOVSKY, F.	1.00	\$230	\$230.00
SAMMAN, F.	11.30	\$250	\$2,825.00
SMITH, L.	6.60	\$380	\$2,508.00
SOSIN, J.	1.50	\$280	\$420.00
VILLOTA, C.	147.40	\$300	\$44,220.00
<b>LEGAL ASSISTANTS</b>			
AGBOH, B.	6.00	\$150	\$900.00
BUTT, S.	13.10	\$140	\$1,834.00
FERNANDEZ-HERRERO	1.30	\$140	\$182.00
GOLDMAN, D.	79.30	\$130	\$10,309.00
GRESE, F.	12.50	\$140	\$1,750.00
JUNG, C.	63.60	\$150	\$9,540.00
KAVERINA, M.	50.00	\$115	\$5,750.00
LESPERANCE, T.	4.00	\$140	\$560.00
MUNOZ, E.	3.70	\$150	\$555.00
ROBSON, M.	3.50	\$80	\$280.00
SPROFERA, P.	95.70	\$165	\$15,790.50
THOMAS, S.	11.20	\$150	\$1,624.00
YAU, J.	0.80	\$150	\$120.00
<b>LESS 50% REDUCTION FOR TRAVEL TIME</b>			<b>(\$14,372.00)</b>
<b>TOTAL</b>	<b>5,494.85</b>		<b>\$1,923,211.75</b>

**FLAG TELECOM HOLDINGS LIMITED  
DISBURSEMENT SUMMARY  
MAY 3, 2002 THROUGH OCTOBER 9, 2002**

COURIER/MESSENGER/POSTAGE	\$3,279.83
LONG DISTANCE TELEPHONE/CONFERENCE CALLS	\$47,419.71
DUPLICATING/OUTSIDE DUPLICATING	\$7,202.56
FACSIMILE	\$2,024.00
FILING FEES	\$843.00
MEALS/COMMITTEE MEETING EXPENSES	\$7,697.25
SECRETARIAL OVERTIME EXPENSES	\$2,031.86
TRAVEL EXPENSES	\$32,774.00
COMPUTERIZED RESEARCH/RESEARCH CHARGES	\$12,197.25
<b>TOTAL</b>	<b>\$115,469.46</b>

Michael S. Stamer, Esq. (MS-4900)  
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David P. Simonds, Esq. (DS-7109)  
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Counsel for the Official Committee of Unsecured Creditors  
of FLAG Telecom Holdings Limited, et al.

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

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In re: : Chapter 11  
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FLAG ATLANTIC LIMITED, :  
FLAG TELECOM GROUP SERVICES LIMITED, : (Jointly Administered)  
FLAG TELECOM LIMITED, :  
FLAG TELECOM USA LTD., :  
FLAG ASIA LIMITED, and :  
FLAG ATLANTIC USA LIMITED, :  
: :  
DEBTORS. :  
-----X

**APPLICATION OF AKIN GUMP STRAUSS HAUER & FELD LLP,  
COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS (I) FOR FINAL ALLOWANCE AND AWARD  
OF COMPENSATION AND FOR THE REIMBURSEMENT  
OF EXPENSES FOR SERVICES RENDERED DURING THE PERIOD  
FROM MAY 3, 2002 THROUGH OCTOBER 9, 2002  
AND (II) FOR FINAL ALLOWANCE OF COMPENSATION  
AND AWARD OF EXPENSES AND REIMBURSEMENT OF EXPENSES  
PURSUANT TO 11 U.S.C. § 503(b) FOR SERVICES RENDERED  
DURING THE PERIOD FROM APRIL 12, 2002 THROUGH MAY 2, 2002**



**TO: THE HONORABLE ALLAN L. GROPPER,  
UNITED STATES BANKRUPTCY JUDGE:**

Akin Gump Strauss Hauer & Feld LLP (“Akin Gump” or “Applicant”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) of FLAG Telecom Holdings Limited and certain of its subsidiaries and affiliates (collectively, the “Debtors”), submits this final fee application (the “Application”) seeking (i) final allowance and award of compensation for services rendered and reimbursement of expenses incurred in connection therewith during the period from May 3, 2002 through and including October 9, 2002, pursuant to 11 U.S.C. §§ 330(a) and 506(b)(2) and (ii) final allowance and award of compensation for services rendered and reimbursement of expenses incurred in connection therewith during the period from April 12, 2002 through and including May 2, 2002, pursuant to 11 U.S.C. § 503(b)(4). In support of the Application, Akin Gump respectfully represents:

### **I. INTRODUCTION**

1. By this Application, Akin Gump seeks: (i) a final allowance and award of compensation for the professional services rendered by Akin Gump as counsel to the Committee for the period from May 3, 2002 through and including October 9, 2002 (the “Compensation Period”) in the amount of \$1,923,211.75, representing 5,150.15 hours of professional services and 344.70 hours of law clerk and paraprofessional services; (ii) a final allowance and award in the amount of \$115,469.46 for reimbursement of actual and necessary expenses incurred in connection with the professional services rendered during the Compensation Period; and (iii) a final allowance and award of compensation for \$68,469.65 for professional services rendered by

Akin Gump on behalf of unsecured creditors for the period from April 12, 2002 through and including May 2, 2002, prior to the formation of the Committee (the “Pre-Committee Period”).

2. Venue of this proceeding and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are 11 U.S.C. §§ 330(a), 503(b)(2), and 503(b)(4) and Federal Rules of Bankruptcy Procedure 2002(a) and 2016(a).

## **II. BACKGROUND**

3. On April 12, 2002, FLAG Telecom Holdings Limited, FLAG Limited, FLAG Pacific USA Limited, FLAG Atlantic Holdings Limited and FLAG Atlantic Limited filed with this Court their voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On April 23, 2002, FLAG Telecom Group Services Limited, FLAG Telecom Limited, FLAG Telecom USA Ltd., FLAG Asia Limited and FLAG Atlantic USA Limited filed with this Court their voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Pursuant to an order of this Court, the Debtors’ chapter 11 cases were jointly administered.

4. On September 26, 2002, this Court entered an order confirming the Debtors’ Third Amended and Restated Plan of Reorganization (the “Plan”).<sup>1</sup> The Plan became effective on October 9, 2002 (the “Effective Date”). The Plan significantly reduced the Debtors’ debt levels and enabled the Debtors’ worldwide business to emerge intact from chapter 11. The post-confirmation successor to the Debtors is a leading global network services provider and

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<sup>1</sup> Terms not otherwise defined herein shall have the meanings ascribed to them in the Third Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as Further Amended, confirmed by the Court on September 26, 2002 (the “Plan”).

independent carriers' carrier, providing an innovative range of products and services to the international carrier community across an international network platform.

5. Pursuant to the Plan, the following creditor groups received distributions of cash and/or securities in full and final satisfaction of their claims as described below:

- (a) Holders of the Company's 11 ½% Senior Notes received US\$245 million in cash, a US\$45 million promissory note (callable at \$30 million for 18 months) and 5% of the common stock of the reorganized and newly incorporated holding company, FLAG Telecom Group Limited ("New FLAG");
- (b) Holders of FLAG Limited's 8 ¼% Notes received approximately 63% of the common stock of New FLAG;
- (c) Bank lenders under a credit facility previously extended to FLAG Atlantic Limited received approximately 26% of the common stock of New FLAG;
- (d) Certain significant trade creditors, such as Alcatel, Lucent, REACH and CIENA, amended their agreements with the Company and have received or will receive other consideration, including, among other things, notes, common stock of New FLAG and cash, as further detailed in the Plan;
- (e) Trade creditors other than trade creditors of FLAG Atlantic Holdings Limited and its Debtor subsidiaries have received or will receive a cash payment in settlement of their claim(s), reinstatement of their claim(s) or payment in full; and
- (f) Trade creditors (other than Alcatel and Lucent) of FLAG Atlantic Holdings Limited and those of its subsidiaries that are debtors in the proceedings received *pro rata* rights to recoveries on potential avoidance actions.

6. Prior to the Effective Date, the Debtors continued in possession of their property and continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

7. Akin Gump respectively submits that the services rendered on behalf of the Committee were necessary, resulted in the effective administration of the Debtors' chapter 11

cases, and benefited the Debtors' unsecured creditors. Together with Houlihan Lokey Howard & Zukin ("HLHZ"), the Committee's financial advisor, Akin Gump advised and counseled the Committee on formulating an effective strategy that led to the Debtors' successful reorganization. Through the efforts of Akin Gump and HLHZ, the Committee acquitted its fiduciary duties to, and secured a recovery for, the Debtors' unsecured creditors.

### **III. RETENTION OF AKIN GUMP**

8. In or around April 2002, the Debtors commenced negotiations with an informal committee (the "Informal Committee") comprised of certain holders of FLAG Limited 8¼% Senior Notes (the "Notes") in an effort to reach a consensual restructuring of the Debtors' debt obligations. Akin Gump served as counsel to the Informal Committee.

9. On May 3, 2002 (the "Committee Formation Date"), pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed the Committee. The Committee consisted of seven members.<sup>2</sup> On the Committee Formation Date, the Committee selected Akin Gump to serve as counsel to the Committee pursuant to section 1103(a) of the Bankruptcy Code.<sup>3</sup>

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<sup>2</sup> The Committee was comprised of the following entities: Alcatel Submarine Networks; Lucent Technologies, Inc.; HSBC Bank USA; The Bank of New York; Cerberus Capital Management, L.P.; Elliott Management Corp.; Varde Partners, Inc.; PPM America Inc.; and Pacific Investment Management Company, LLC, a.k.a. PIMCO.

<sup>3</sup> The Informal Committee dissolved upon the formation of the Committee and, upon such dissolution, the Informal Committee released Akin Gump as its counsel. Two of the nine members of the Informal Committee were members of the Committee.

10. Except with respect to the receipt of payment for services rendered prepetition to the Informal Committee,<sup>4</sup> and as described in paragraphs 12 through 14 below, Applicant has received no payment and no promises for payment from any source for services rendered in connection with the Debtors' chapter 11 cases. There is no agreement or understanding between the Applicant and any other person (other than members of Akin Gump) for the sharing of compensation to be received for the services rendered in the Debtors' chapter 11 cases.

11. As stated in the Affirmation of Michael S. Stamer, Esq., annexed hereto as Exhibit "A," all of the services for which final compensation is sought herein were rendered solely in connection with the Debtors' chapter 11 cases.

12. Pursuant to the Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, entered by the Court on June 17, 2002 (the "Fee Order"), Akin Gump sent to the Debtors and the appropriate notice parties its (i) Monthly Fee Statement, dated September 22, 2002, for Compensation and for Reimbursement of Expenses for Services Rendered during the Period from August 1, 2002 through and including August 31, 2002 in the amounts of \$338,584.75 for fees and \$17,288.05 for expenses (the "August Monthly Fee Statement"); (ii) Monthly Fee Statement, dated October 20, 2002, for Compensation and for Reimbursement of Expenses for Services Rendered during the Period from September 1, 2002 through and including September 30, 2002 in the amounts of

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<sup>4</sup> At the outset of Akin Gump's retention as counsel to the Informal Committee, Akin Gump received a \$200,000 retainer (the "Retainer") from the Debtors. Akin Gump applied the Retainer to the fees and expenses incurred in connection with prepetition services rendered to the Informal Committee. In addition, in accordance with Akin Gump's prepetition engagement letter with the Debtors, and as set forth in the Application of the Committee to employ Akin Gump as its counsel, Akin Gump applied the Retainer to the fees and expenses incurred in connection with certain services rendered to the Informal Committee during the period from April 12, 2002 (the "Petition Date") through and including May 2, 2002, the day prior to the formation of the Committee (the "Postpetition Services").

\$462,957.50 for fees and \$18,427.39 for expenses (the "September Monthly Fee Statement"); and (iii) Monthly Fee Statement, dated November 12, 2002, for Compensation and for Reimbursement of Expenses for Services Rendered during the Period from October 1, 2002 through and including October 9, 2002 in the amounts of \$203,371.50 for fees and \$18,647.24 for expenses (the "October Monthly Fee Statement").

13. Pursuant to the Fee Order, as of the date of this Application, Akin Gump has received payment of 80% of the fees requested and 100% of the expenses requested with respect to the August Monthly Fee Statement.

14. In addition, on September 9, 2002, Akin Gump filed its application for interim allowance of compensation in the amount of \$918,298.00 and for reimbursement of expenses in the amount of \$61,106.75 for services rendered during the period from May 3, 2002 through and including July 31, 2002 (the "Interim Fee Application"). On October 15, 2002, this Court entered an order awarding the fees and expenses requested in the Interim Fee Application.

#### **IV. SUMMARY OF SERVICES RENDERED**

15. Since May 3, 2002, Akin Gump has rendered professional services to the Committee as requested and as necessary and appropriate in furtherance of the interests of the Debtors' unsecured creditors. The variety and complexity of the Debtors' chapter 11 cases and the need to act or respond on an expedited basis in furtherance of the Committee's needs required the expenditure of substantial time by Akin Gump personnel from several legal disciplines, on an as-needed basis.

16. Akin Gump maintains written records of the time expended by attorneys and paraprofessionals rendering professional services to the Committee. Such time records were made contemporaneously with the rendition of services by the person performing such services

and in the ordinary course of Akin Gump's practice, and are presented in a form that is in compliance with the Local Bankruptcy Rules for the Southern District of New York. A compilation showing (i) the name of the attorney or paraprofessional, (ii) the date on which the services were performed, (iii) a description of the services rendered, and (iv) the amount of time spent performing professional services for the Committee during the Compensation Period is annexed hereto as Exhibit "B".

17. Akin Gump also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with its representation of the Committee, all of which also are available for inspection. A schedule of the categories of expenses and amounts for which reimbursement is requested is annexed hereto as Exhibit "C".

18. Akin Gump respectfully submits that the professional services that it rendered on behalf of the Committee were necessary and have directly contributed to the effective administration of the Debtors' chapter 11 cases.

19. The following summary of services rendered during the Compensation Period is not intended to be a detailed description of the work performed, as those day-to-day services and the time expended in performing such services are fully set forth in Exhibit "B". Rather, it is merely an attempt to highlight certain of those areas in which services were rendered to the Committee, as well as to identify some of the problems and issues that Akin Gump was required to address.

(i) Case Administration

20. A portion of the services rendered during the Compensation Period related to the initial organization of the Committee and matters related thereto. Akin Gump's attention

to the Committee's organizational needs during the Compensation Period enabled the Committee to begin to function as a coordinated group and to acquit its fiduciary duties.

21. Akin Gump reviewed and analyzed all motions filed by the Debtors and other parties in interest in this Court, including, but not limited to, the "first-day" motions filed by the Debtors; applications with respect to the retention of professionals; motions for the payment of certain prepetition claims; motions to authorize payment of prepetition employee compensation, benefits and expense reimbursements; a motion authorizing the adoption of "employee-related measures in connection with a global cost reduction program"; a motion authorizing certain transactions relating to the licensing and incorporation of the Debtors' Taiwanese affiliate, and motions to assume or reject certain executory contracts and real property leases. Akin Gump kept the Committee members advised of all material developments in the Debtors' chapter 11 cases during the Compensation Period.

22. Due to Akin Gump's experience in counseling creditors' committees, Akin Gump believes it was able to efficiently address all issues relating to case administration that arose during the pendency of the Debtors' chapter 11 cases. At the request of the Committee, Akin Gump analyzed all motions presented by the Debtors and advised the Committee on what actions to take with respect to such motions. In addition, Akin Gump coordinated all Committee activities, including preparing draft bylaws, attending to member issues and interacting with the Committee's chairs in setting agendas for the Committee. Akin Gump also consulted HLHZ with respect to documents and other information received from the Debtors, their representatives and other sources.



(ii) Creditors' Committee Meetings

23. The Committee played a very active role in the administration of the Debtors' chapter 11 cases during the Compensation Period. Akin Gump held two (2) in-person meetings and thirty-one (31) telephonic meetings with the full Committee during the Compensation Period. In addition, the Committee's various subcommittees held numerous telephonic meetings. In preparation for Committee meetings, Akin Gump reviewed each pending matter requiring the Committee's attention and all underlying documentation in connection therewith. Thereafter, Akin Gump discussed such matters with the full Committee, as well as individual Committee members, and assisted the Committee in formulating positions thereon. In addition, Akin Gump prepared memoranda to the Committee during the Compensation Period discussing the status of important matters in these proceedings.

24. Through meetings, telephone conferences and correspondence, Akin Gump assisted the Committee in fulfilling its statutory duties to make informed decisions regarding the various issues that have arisen in the Debtors' chapter 11 cases, to monitor the Debtors' management of these proceedings, and to reach independent conclusions on the merits of specific matters, as well as regarding the Debtors' prospects of reorganization.

25. During the Compensation Period, Akin Gump also participated in several telephonic conferences and in-person meetings with the Debtors and their professionals to discuss and address various proposed actions with the Debtors.

(iii) Court Hearings

26. Akin Gump attorneys appeared at this Court's hearings, including, among others, the hearings held on May 13, 2002, May 23, 2002, May 29, 2002, June 13, 2002, June 20, 2002, June 27, 2002, July 2, 2002, and July 31, 2002, August 6, 2002, August 8, 2002, August

29, 2002, September 4, 2002, September 10, 2002, September 19, 2002 and September 26, 2002, and actively asserted the Committee's position at such hearings.

(iv) Due Diligence Review

27. Akin Gump began an extensive review of the Debtors' pre-petition books, records, transactions and operations. Akin Gump also analyzed the Debtors' complex corporate structure, its significant contracts and relationships with non-debtor affiliates and prepared detailed analyses for the Committee. Akin Gump also performed several lien analyses and spent considerable amounts of time reviewing the Debtors' prepetition pension plans and alternative business plans.

(v) Plan of Reorganization

28. During the Compensation Period, the largest portion of time spent by Akin Gump pertained to continued analysis and negotiations related to the Debtors' proposed plan of reorganization and related disclosure statement filed by the Debtors. On August 8, 2002, this Court entered an order approving the Debtors' Third Amended Disclosure Statement with respect to the Debtors' Third Amended Plan of Reorganization (including exhibits and documents supplemental thereto, the "Plan Documents"). The Plan Documents filed with the Court reflect substantial negotiated changes supplied by Akin Gump to the Debtors.

29. During the Compensation Period, in connection with the Plan Documents, Akin Gump (i) had numerous discussions with the members of the Committee; (ii) conducted and coordinated extensive negotiations with the Debtors and their various creditor constituencies to reach an agreement on the economic terms of a plan of reorganization; (iii) drafted, revised and reviewed numerous drafts of a term sheet that reflected an agreement on the economic terms to be contained in a plan of reorganization; (iv) drafted and revised certain of the Plan

Documents; and (v) had numerous discussions with the Debtors and their professionals with respect to the Committee's comments to the Plan Documents. These efforts culminated in the filing of the Debtors' Third Amended Joint Plan of Reorganization, which was approved by all voting classes of creditors and which was confirmed by this Court on September 26, 2002. Following confirmation, Akin Gump had significant involvement in the Debtors' efforts to consummate the plan. With Akin Gump's participation and assistance, the plan became effective on October 9, 2002.

(vi) Regulatory Matters

30. During the Compensation Period, Akin Gump reviewed and analyzed the Debtors' application pending before the Federal Communications Committee (the "FCC") and the impact of FCC regulations on the Debtors' reorganization. Akin Gump also played an integral role in securing the necessary regulatory approvals for the reorganized Debtors by drafting and revising documentation required by the FCC and by carrying out discussions and negotiations with FCC personnel.

(vii) Asset Sales

31. During the Compensation Period, Akin Gump performed extensive due diligence in connection with the Debtors' efforts to sell substantially all of its assets and businesses to a third party. Akin Gump also conducted negotiations with such potential purchasers in an effort to maximize the value of the Debtors' estates.

(viii) Retention of Professionals

32. During the Compensation Period, the Debtors filed various applications for authorization to retain lawyers and financial advisors (the "Retention Applications"), including several professionals utilized in the ordinary course of the Debtors' businesses,

pursuant to the terms of an order entered by the Court. Akin Gump reviewed and analyzed each of the Retention Applications and had numerous discussions with the Committee, the Debtors and their proposed professionals with respect to the Retention Applications. Akin Gump also performed extensive negotiations with the Debtors to ensure that (i) all professionals employed by the Debtors were necessary to the administration of the Debtors' estates and (ii) the compensation provided to each professional employed by the Debtors was appropriate in light of the Debtors' financial circumstances and the value of the services performed by the professional. These negotiations resulted in a significant reduction in cash compensation payable to certain of the professionals retained in the Debtors' chapter 11 cases.

(ix) Retention of Committee's Professionals

33. During the Compensation Period, Akin Gump prepared the applications to retain (i) Akin Gump, as counsel to the Committee, (ii) HLHZ, as financial advisors to the Committee, (iii) Mello Jones & Martin, as special Bermuda counsel to the Committee and (iv) Heidrick & Struggles, Inc., as management search firm for the Committee.

(x) Key Employee Retention Plan and Management Term Sheet

34. Akin Gump, in conjunction with HLHZ, reviewed and performed an extensive analysis of the Debtors' proposed key employee retention plan (the "KERP") and prepared a counterproposal. Akin Gump held in-person meetings and telephonic conferences with the Debtors, their management and their professionals to address the Committee's concerns with respect to the terms of the KERP and to negotiate the terms of the KERP in accordance with the Committee's fiduciary duties to maximize the value of the Debtors' estates.

35. Akin Gump also engaged in significant negotiations with certain members of the Debtors' management (and their representatives) concerning the terms of their

employment and their compensation, including certain prepetition payments and certain proposed payments to management upon confirmation of the Debtors' plan of reorganization. These negotiations culminated in an agreement concerning the terms of the management group's post-reorganization employment and the payments received by, and proposed to be paid to, the management group. These negotiations resulted in a significant savings accruing to the Debtors' estates and their creditors.

(xi) Creditor Inquiries

36. Akin Gump fielded numerous telephone inquiries from unsecured creditors to discuss the status of the Debtors' cases, various pending matters, and the status of their claims against the Debtors.

**V. SUMMARY OF SERVICES RENDERED  
PRIOR TO THE COMMITTEE FORMATION**

37. During the Pre-Committee Period, Akin Gump rendered professional services on an expedited basis for the benefit of unsecured creditors as necessary and appropriate in furtherance of the interests of the Debtors' estates and their creditors. For those services, Akin Gump seeks an allowance and award of compensation for professional services in the amount of \$68,469.65<sup>5</sup>, representing 224.80 hours of professional services and 29.40 hours for paraprofessional services. The time records with respect to these services are annexed hereto as Exhibit "E".

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<sup>5</sup> Akin Gump incurred fees in the amount of \$99,878.00 and expenses in the amount of \$5,467.14 during the Pre-Committee Period. As previously disclosed, Akin Gump applied the remainder of its then existing retainer, in the amount of \$36,875.49 to these fee and expenses. After application of the remainder of the retainer, \$68,496.65 in fees incurred during the Pre-Committee Period remain unpaid.

38. During the Pre-Committee Period, Akin Gump reviewed the Debtors' first-day motions and proposed orders. In particular, Akin Gump reviewed and commented on the Debtors' motion for use of cash collateral. In addition, Akin Gump appeared at the hearing on the first-day motions in order to protect the interests of creditors until such time as the Committee could be appointed and the interests of such creditors could be formally represented and protected. Akin Gump was able to negotiate for the benefit of unsecured creditors a number of significant improvements in the first-day motions and in the terms of the orders granting such motions. Akin Gump also continued to engage in negotiations among various parties in interest in an effort to expedite the Debtors' emergence from chapter 11. Akin Gump's work during the Pre-Committee Period protected the interests of unsecured creditors, facilitated negotiations among the parties and, therefore, provided a substantial benefit to the Debtors' estates, their creditors and their reorganization.

39. The foregoing summary of services rendered during the Pre-Committee Period is not intended to be a detailed description of the work performed by Akin Gump during such time. Akin Gump's detailed time records for the Pre-Committee Period are fully set forth in Exhibit "B". The preceding paragraph is merely an attempt to highlight certain of services that were rendered by Akin Gump for the benefit of the Debtors' unsecured creditors at a time when they were not formally represented by the Committee or other professionals.

**VI. AUTHORITY FOR THE ALLOWANCE AND PAYMENT  
OF COMPENSATION AND REIMBURSEMENT OF  
EXPENSES RELATING TO THE PRE-COMMITTEE PERIOD**

40. Section 503(b) of the Bankruptcy Code authorizes the Court, after notice and a hearing, to allow as administrative expenses (i) "the actual, necessary expenses . . . incurred by" an unofficial committee "in making a substantial contribution

in a case under” chapter 11 of the Bankruptcy Code, (ii) “reasonable compensation for professional services rendered by an attorney . . . of an [unofficial committee] whose expense is allowable under [Section 503(b)(3)(D)], based on the time, the nature, the extent, and the value of such services, and the cost of comparable services other than in a case under [the Bankruptcy Code], and (iii) reimbursement for actual, necessary expenses incurred by such attorney,” 11 U.S.C. § 503(b)(3)(D)(4); 11 U.S.C. §503(b)(4).

41. Under Section 503(b), an applicant must establish by a preponderance of the evidence that the services it rendered for which it seeks compensation provided a substantial benefit to the estate. Michael Q. Lebron, Michael C. Lebron, and Anthony Lebron v. Mechem Financial, Inc., 27 F.3d 937 (3<sup>rd</sup> Cir. 1994); In re U.S. Lines, Inc., 103 B.R. 427, 429 (Bankr. S.D.N.Y. 1989), aff’d, 1991 WL 67464 (S.D.N.Y. 1991); see In re McLean Industries, Inc., 88 B.R. 36, 38 (Bankr. S.D.N.Y. 1988); In re Jack Winter Apparel, Inc., 119 B.R. 629, 622 (E.D. Wis. 1990); In re Hanson Industries, Inc., 90 B.R. 405, 409 (Bankr. D. Minn. 1988); In D.W.G.K. Restaurants, Inc., 89 B.R. 684, 689 (Bankr. S.D. Cal. 1988).

42. Although the Bankruptcy Code does not define the term “substantial contribution,” courts have found that an applicant satisfies the substantial contribution test when it has provided “actual and demonstrable benefit to the debtor’s estate, its creditors, and to the extent relevant, the debtor’s shareholders.” Michael Q. Lebron, 27 F.3d at 937 (pin cite?); U.S. Lines, 103 B.R. at 429; see In re Richton International Corp., 15 B.R. 854, 856 (Bankr. S.D.N.Y. 1981) (“[s]ervices which substantially contribute to a

case are those which foster and enhance, rather than retard or interrupt the progress of reorganization”).

43. Factors that courts have considered in determining whether an applicant has made a substantial contribution in a chapter 11 case include whether the services (a) were provided to benefit the estate itself or all the parties in the bankruptcy case, (b) conferred a direct, significant, and demonstrably positive benefit upon the estate, and (c) were duplicative of services performed by others. See In re FRG, Inc., 124 B.R. 653, 658 (Bankr. E.D. Pa. 1991); In re Buttes Gas & Oil Co., 112 B.R. 191, 194 (Bankr. S.D. Tex. 1989).

44. Akin Gump’s representation of the interests of unsecured creditors during the Pre-Committee Period satisfies these factors. The unsecured creditors’ interests were represented and protected by Akin Gump in connection with the first day motions and the hearings held regarding same. The work performed by Akin Gump directly benefited the Debtors’ estates and all unsecured creditors because, among other things, Akin Gump facilitated negotiation among the various parties in interest and, upon the formation of the Committee, Akin Gump was able to immediately advise the Committee on the Debtors, their history and their pre- and post-Petition Date restructuring activities. Such knowledge was the foundation to formulating a strategy to protect the interests of unsecured creditors throughout the Debtors’ chapter 11 cases.

45. The total time spent by Akin Gump attorneys and paraprofessionals during the Pre-Committee Period for which compensation is sought was 254.20 hours. The work involved and, thus, the time expended, was carefully assigned in light of the



experience and expertise required for a particular task. As shown by this Application and supporting documents, Akin Gump spent its time economically and without unnecessary duplication of time.

**VII. FACTORS TO BE CONSIDERED IN AWARDING ATTORNEYS' FEES**

46. The factors to be considered in awarding attorneys fees have been enumerated in In re First Colonial Corporation of America, 544 F.2d 1291, 1298-99 (5<sup>th</sup> Cir.), reh'g denied, 547 F.2d 573, cert. denied, 431 U.S. 904 (1977), and have been adopted by most courts. Akin Gump respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

(A) The Time and Labor Required. The professional services rendered by Akin Gump on behalf of the Committee have required the continuous expenditure of substantial time and effort, under significant time pressures. The services rendered required a high degree of professional competence and expertise in order to be administered with skill and dispatch.

(B) The Novelty and Difficulty of Questions. Akin Gump's effective advocacy and creative approach helped clarify and resolve a number of complex and novel issues.

(C) The Skill Requisite to Perform the Legal Services Properly. Akin Gump believes that its recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals in other areas of Akin Gump's practice, and its creative approach to the

resolution of issues contributed to the maximization of distributions to the Debtors' unsecured creditors.

(D) The Preclusion of Other Employment by Applicant Due to Acceptance of the Case. Due to the size of Akin Gump's insolvency department, Akin Gump's representation of the Committee has not precluded its acceptance of new clients.

(E) The Customary Fee. The fee sought herein is based upon Akin Gump's normal hourly rates for services of this kind. Akin Gump respectfully submits that the fee sought herein is not unusual given the magnitude and complexity of the Debtors' chapter 11 cases and the time expended in attending to the representation of the Committee, and is commensurate with fees Akin Gump has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.

(F) Whether the Fee is Fixed or Contingent. Pursuant to sections 330 and 331 of the Bankruptcy Code, all fees sought by professionals employed under section 327 of the Code are contingent pending final approval by this Court, and are subject to adjustment dependent upon the services rendered and the results obtained. The collective efforts of the various parties in interest and their respective professionals, including Akin Gump, resulted in the negotiation, confirmation and consummation of a consensual plan of reorganization in an extraordinarily short period of time given the complexity of the Debtors' chapter 11 cases.

(G) Time Limitations Imposed by Client or Other Circumstances. As discussed, Akin Gump was required to attend to certain issues arising in the Debtors' chapter 11 cases in compressed time periods and under significant time constraints.

(H) The Amount Involved and Results Obtained. Through the efforts of Akin Gump, the Committee was an active participant in the Debtors' chapter 11 cases, and its constructive assistance, as well as criticism, greatly contributed to enhancement of the recoveries available to the Debtors' creditors and to the efficient administration of the Debtors' chapter 11 cases. Akin Gump and its personnel made a material contribution to the Debtors' successful reorganization and their emergence from chapter 11 in less than six months.

(I) The Experience, Reputation and Ability of the Attorneys. Akin Gump has a large and sophisticated financial restructuring practice and has played a major role in numerous cases of national import including, for example, the reorganization proceedings of Carematrix, Inc., Carmike Cinemas, Inc., Hayes Lemmerz International, Inc., The LTV Corporation, OpTel, Inc., Pillowtex Corporation, Scott Cable Communications, Inc., Genesis Health Ventures, Inc., and Golden Books Publishing Company, Inc. Akin Gump's experience enabled it to perform the services described herein competently and expeditiously. In addition to its expertise in the area of corporate reorganization, Akin Gump called upon the expertise of

its partners and associates in other practice areas to perform the wide ranging scope of legal work necessitated by the Debtors' chapter 11 cases, including in the areas of telecommunications regulation, insurance, tax and litigation.

(J) The "Undesirability" of the Case. The Debtors' chapter 11 cases are not undesirable.

(K) Nature and Length of Professional Relationship. Akin Gump was selected as counsel to the Committee on May 3, 2002. The Court entered an order on June 27, 2002, authorizing the Committee to employ Akin Gump, nunc pro tunc to May 3, 2002. Akin Gump has continuously rendered services to the Committee since May 3, 2002, and throughout the Compensation Period, as necessary and appropriate.

### **VIII. ALLOWANCE OF COMPENSATION**

47. Given the numerous and intricate issues requiring evaluation and determination by the Committee, the professional services rendered by Akin Gump required a high degree of professional competence and expertise as well as the expenditure of substantial time and effort. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained to date have benefited not only the members of the Committee, but also the unsecured creditor body as a whole and the Debtors' estates.

48. With respect to the level of compensation, 11 U.S.C. § 330(a)(1) provides, in pertinent part, that the Court may award to a professional person:

reasonable compensation for actual, necessary services rendered ...

Section 330(a)(3)(A), in turn, provides that

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. §330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

49. The total time spent by Akin Gump attorneys and paraprofessionals during the Compensation Period was 5,494.85 hours. The work involved, and, thus, the time expended, was carefully assigned in light of the experience and expertise required for a particular task.

50. As shown by this application and supporting documents, Applicant spent its time economically and without unnecessary duplication of time. Attached hereto as Exhibit “D” is a schedule of the hours expended by attorneys and paraprofessionals during the Compensation Period, their normal hourly rates, and the value of their services.

In addition, Akin Gump incurred actual out-of-pocket expenses in connection with its representation of the Committee in the amount of \$115,469.46, for which Akin Gump respectfully requests reimbursement in full.

51. The disbursements and expenses have been incurred in accordance with Akin Gump's normal practice of charging clients for expenses clearly related to and required by particular matters. Akin Gump has endeavored to minimize these expenses to the fullest extent possible.

52. Akin Gump's billing rates do not include charges for photocopying, telephone and facsimile toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage and certain other office services, because of the differing needs of each client for such services. Akin Gump believes that it is fairest to charge each client only for the services actually used in connection with the representation of such client. In these proceedings, Akin Gump charges \$.15 per page for internal duplicating and \$.25 per page for outgoing facsimile transmissions. Akin Gump does not charge for incoming facsimile transmissions.

53. No agreement or understanding exists between Akin Gump and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with the Debtors' chapter 11 cases.

54. Except with respect to the Interim Fee Application, no prior application has been made in this Court or in any other court for the relief requested herein for the Compensation Period.

**WHEREFORE**, Akin Gump respectfully requests that this Court enter an order:

(a) approving and granting final allowance of \$1,923,211.75 for compensation of professional services rendered to the Committee during the period from May 3, 2002 through and including October 9, 2002;

(b) approving and granting final reimbursement of Akin Gump's out-of-pocket expenses incurred in connection with the rendering of such services during the period from May 3, 2002 through and including October 9, 2002 in the amount of \$115,469.46;

(c) approving and granting final allowance of \$68,469.65 for compensation of professional services rendered to the benefit of the Debtors' estates during the period from April 12, 2002 through and including May 2, 2002;

(d) authorizing and directing the Debtor to pay, as compensation to Akin Gump, (i) the aggregate amount of \$954,840.18, representing \$2,038,681.21 for professional services rendered and disbursements incurred by Akin Gump during the period of May 3, 2002 through October 9, 2002, less \$1,083,841.03, which amount has been paid by the Debtors as of the date of this Application; plus (ii) the amount of \$68,469.65, for professional services rendered during the period of April 12, 2002 through and including May 2, 2002; and

(e) granting such other and further relief as this Court may deem just  
and proper.

Dated: New York, New York  
November 12, 2002

**AKIN GUMP STRAUSS HAUER  
& FELD LLP**

By: /s/ Michael S. Stamer  
Michael S. Stamer  
A Member of the Firm

590 Madison Avenue  
New York, New York 10022-2524  
(212) 872-1000

Counsel for the Official Committee  
of Unsecured Creditors of  
FLAG Telecom Holdings Limited, et al.



# EXHIBIT A

Michael S. Stamer, Esq. (MS-4900)  
AKIN GUMP STRAUSS HAUER & FELD LLP  
590 Madison Avenue  
New York, NY 10022  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)

David P. Simonds, Esq. (DS-7109)  
AKIN GUMP STRAUSS HAUER & FELD LLP  
2029 Century Park East, Suite 2400  
Los Angeles, CA 90067  
(310) 229-1000 (Telephone)  
(310) 552-6744 (Facsimile)

Attorneys for the Official Committee of Unsecured Creditors  
of FLAG Telecom Holdings Limited, et al.

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

-----X  
:   
In re: : Chapter 11  
:   
:   
FLAG TELECOM HOLDINGS LIMITED, : Case Nos. 02-11732 (ALG)  
FLAG LIMITED, : through 02-11736 (ALG)  
FLAG PACIFIC USA LIMITED, : and 02-11975 (ALG) through  
FLAG ATLANTIC HOLDINGS LIMITED, : 02-11979 (ALG)  
FLAG ATLANTIC LIMITED, :   
FLAG TELECOM GROUP SERVICES LIMITED, : (Jointly Administered)  
FLAG TELECOM LIMITED, :   
FLAG TELECOM USA LTD., :   
FLAG ASIA LIMITED, and :   
FLAG ATLANTIC USA LIMITED, :   
:   
DEBTORS. :   
-----X

**AFFIRMATION**

**MICHAEL S. STAMER** respectfully states and affirms:

1. I am a member of the firm of Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”), which maintains offices for the practice of law at 590 Madison Avenue, New York,

New York 10022. Akin Gump has served as counsel to and has rendered professional services on behalf of the Official Committee of Unsecured Creditors (the "Committee") of FLAG Telecom Holdings Limited and certain of its subsidiaries and affiliates (collectively, the "Debtors").

2. This affirmation is submitted pursuant to Rule 2016(a) of the Federal Rules of Bankruptcy Procedure in support of Akin Gump's application for a final allowance of compensation and for the reimbursement of expenses for services rendered during the period from May 3, 2002 through October 9, 2002 in the aggregate amount of \$2,038,681.21.

3. All services for which compensation is requested by Akin Gump are professional services performed for and on behalf of the Committee and not on behalf of any other person.

4. In accordance with 18 U.S.C. § 155, neither I nor any member or associate of my firm has entered into any agreement, express or implied, with any other party in interest for the purpose of fixing the amount of any of the fees or other compensation to be allowed out of or paid from the Debtors' estates.

5. In accordance with section 504 of title 11 of the United States Code (the "Bankruptcy Code"), no agreement or understanding exists between me, my firm, or any member or associate thereof, on the one hand, and any other person, on the other hand, for the division of such compensation as Akin Gump may receive for services rendered in connection with these cases, nor will any division of fees prohibited by section 504 of the Bankruptcy Code be made by me or any partner, counsel or associate of my firm.

/s/ Michael S. Stamer  
MICHAEL S. STAMER

Dated: New York, New York  
November 12, 2002

# EXHIBIT B

**COMPENSATION BY PROJECT CATEGORY  
FOR THE PERIOD  
MAY 3, 2002 THROUGH OCTOBER 9, 2002**

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
General Case Administration	333.90	\$108,226.50
Akin Gump Fee Application/Monthly Billing Reports	99.90	\$21,150.00
Analysis of Other Professionals Fee Application/Reports	13.10	\$3,552.00
Review of Schedules, Statements	12.40	\$2,376.00
Retention of Professionals	316.20	\$90,701.50
Creditors Committee Meetings	352.30	\$148,906.00
Court Hearings	102.50	\$44,944.00
Financial Reports and Analysis	18.70	\$5,033.50
DIP and Exit Financing	0.50	\$122.50
Executory Contracts/License Agreements	50.90	\$14,453.00
General Claims Analysis/Claims Objections	274.00	\$70,233.00
Analysis of Pre-Petition Transactions	733.80	\$261,697.00
Analysis of Secured Claims/Adequate Protection Issues	40.60	\$11,542.00
Adversary Proceedings/Litigation Matters	140.70	\$44,201.00
Tax Issues	117.95	\$48,375.50
Labor Issues/Employee Benefits	365.50	\$126,440.00
Real Estate Issues	4.20	\$1,211.00
Exclusivity	82.40	\$27,143.50
Plan and Disclosure Statement and Related Documentation	2,026.80	\$772,148.50
Asset Sales	111.10	\$41,613.00

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
Travel (billed at 50% of hourly rate)	96.90	\$19,061.25
FCC Matters	200.50	\$60,081.00
<b>TOTAL</b>	<b>5,494.85</b>	<b>\$1,923,211.75</b>

**AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.**  
ATTORNEYS AT LAW

AUSTIN  
BRUSSELS  
DALLAS  
DENVER  
HOUSTON  
LONDON  
LOS ANGELES  
MOSCOW  
NEW YORK  
NORTHERN VIRGINIA  
PHILADELPHIA  
SAN ANTONIO  
WASHINGTON, DC  

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RIYADH (AFFILIATE)

A REGISTERED LIMITED LIABILITY PARTNERSHIP  
INCLUDING PROFESSIONAL CORPORATIONS

590 Madison Avenue  
New York, NY 10022  
(212) 872-1000  
Fax (212) 872-1002  
FED I.D. NO. 75-1338644  
WWW.AKINGUMP.COM

FLAG LIMITED INFORMAL NOTEHOLDERS' COMMITTEE  
ATTN: MICHAEL BOUND  
9 SOUTH STREET  
LONDON W1K 2XA,  
UNITED KINGDOM

Invoice Number 645865  
Invoice Date 07/22/02  
Client Number 032790  
Matter Number 0001

Re: RESTRUCTURING

FOR PROFESSIONAL SERVICES RENDERED THROUGH 05/31/02 :

MATTER SUMMARY OF TIME BILLED BY TASK :

		<u>HOURS</u>	<u>VALUE</u>
0002	General Case Administration	151.10	\$51,126.00
0005	Review/Preparation of Schedules, Statements	0.10	\$37.50
0006	Retention of Professionals	100.40	\$27,307.00
0007	Creditors Committee Meetings	65.70	\$26,978.50
0008	Court Hearings	30.10	\$13,326.00
0009	Financial Reports and Analysis	3.70	\$932.50
0011	Executory Contracts/License Agreements	4.70	\$1,151.50
0012	General Claims Analysis/Claims Objections	5.50	\$1,429.50
0013	Analysis of Pre-Petition Transactions	513.10	\$186,084.50
0015	Analysis of Secured Claims/Adequate Protection Issues	4.50	\$1,102.50
0017	Adversary Proceedings/Litigation Matters	50.50	\$21,784.50
0019	Labor Issues/Employee Benefits	14.60	\$4,338.50
0020	Real Estate Issues/Leases	3.90	\$1,098.50
0022	Plan and Disclosure Statement and Plan Related Documentation	2.00	\$1,100.00
0024	Asset/Stock Transaction/Business Liquidations	0.30	\$165.00
0025	Travel	47.80	\$15,537.00
	TOTAL	<u>998.00</u>	<u>\$353,499.00</u>

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/03/02	MSS	0002 Confs w/ comm. after org. meeting (.50); T/Cs w/ Debtors' counsel and FA re same (.40); confs w/ D. Simonds, D. Golden and A. Hill re results of org meeting and to-do list (1.20)	2.10
05/03/02	DF	0002 Prepare trading motion and order draft.	5.10
05/03/02	AH	0002 Conference with M. Stamer and D. Simonds re: foundational steps in case	0.80
05/03/02	AH	0002 Drafting of preliminary FLAG contact list	0.60
05/03/02	DPS	0002 Conference with S. Kirpilani regarding JPL.	0.10
05/03/02	DPS	0002 Review pleadings filed in case.	0.20
05/03/02	DPS	0002 Work on administrative items regarding committee formation.	0.50
05/03/02	DPS	0002 Office conference with M. Stamer and A. Hill regarding case coordination.	0.50
05/03/02	DPS	0002 Telephone conference with C. Reilly regarding open case issues.	0.20
05/03/02	DPS	0002 Office conference with R. Jonah regarding research regarding fiduciary duties.	0.20
05/03/02	DPS	0002 Office conference with D. Foster regarding assignment regarding trading order.	0.20
05/03/02	DPS	0002 Office conference with R. Sprofera regarding notice of appearance.	0.10
05/03/02	DPS	0002 Office conference with A. Hill regarding committee administrative matters.	0.20
05/03/02	RJ	0002 Research regarding fiduciary duties of creditors' committees.	3.30
05/03/02	CJ	0002 Retrieved pleadings for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.30
05/04/02	RJ	0002 Research regarding duties of a creditors' committee and conflicts of interest (8.7); discuss same with D. Simonds (.2).	8.90
05/05/02	PS	0002 Prepare administrative documents (.6); review court documents (.2).	0.80
05/05/02	AH	0002 Drafting by-laws for Official Committee of Unsecured Creditors (1.2); email to D. Simonds re: same (.2); drafting contact sheet for committee members and professionals (1.5); drafting email list of committee members and professionals (.5);	3.40
05/05/02	DPS	0002 Review and revise bylaws.	0.60
05/05/02	DPS	0002 Follow up regarding notice of appearance.	0.10
05/05/02	DPS	0002 Memo to committee regarding trading order.	0.10
05/05/02	DPS	0002 Office conference with R. Jonah regarding committee fiduciary duty issues.	0.80
05/05/02	DPS	0002 Revise trading motion and accompanying pleadings.	1.80
05/05/02	DPS	0002 Review memo regarding committee fiduciary duties.	0.50
05/05/02	DPS	0002 Attention to administrative matters.	0.70
05/05/02	DPS	0002 Draft and revise notice of appearance and withdrawal of notice of appearance.	0.40
05/05/02	RJ	0002 Additional research regarding multiple debtor creditors' committees (1.6); draft memo regarding same (1.8); discuss same with D. Simonds(.5).	3.90
05/05/02	RJ	0002 Research regarding duties of a creditors' committee (3.3); draft memo regarding same (1.8); discuss same with D. Simonds (.8).	5.90
05/06/02	MSS	0002 T/Cs w/ bondholders re: various issues (1.50); t/cs w/ prospective FAs re: background (1.00); participating in comm. call (2.5); reviewing and revising bylaws (.80)	3.30
05/06/02	DF	0002 Review Committee By-Laws.	0.60
05/06/02	AH	0002 Final revisions to proposed committee bylaws	0.40
05/06/02	DPS	0002 Attention to conflict list.	0.20
05/06/02	DPS	0002 Telephone conference with M. Stamer regarding open items.	0.20
05/06/02	DPS	0002 Telephone conference with A. Hill regarding open matters.	0.20
05/06/02	DPS	0002 Follow up regarding notice of appearance.	0.10



<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/06/02	DPS	0002 Draft and revise proposed committee bylaws.	0.90
05/06/02	DPS	0002 Office conference with E. Christian regarding intercompany relationship research issue.	0.20
05/06/02	DPS	0002 Office conference with R. Jonah regarding Committee fiduciary duty issues.	0.30
05/06/02	RJ	0002 Review cases addressing multiple - debtor creditors' committees (2.7); review memo regarding same (.6).	3.30
05/06/02	CJ	0002 Compiled list of creditors and creditor contact.	4.40
05/07/02	MSS	0002 T/Cs and e-mails w/ HLHZ reps re fee issues and case issues (.70); t/cs w/ committee members re FAs and Alcatel issues (.80); t/cs w/ counsel for banks re committee issues (.30); t/c FA for debtors re case issues (.40); confs w/ A. Hill re various issues (.50); reviewing documents and pleadings (2.40)	5.10
05/07/02	MSS	0002 Revising bylaws (.80).	0.80
05/07/02	PCS	0002 Meetings with S. Pesner; M. Stamer and A. Hill; review background documents.	1.50
05/07/02	PS	0002 Finalize notice of appearance and withdrawal (.4); office conferences DPS re case status (.2).	0.60
05/07/02	AH	0002 Coordination of changes to contact and email list re: committee contacts	0.20
05/07/02	AH	0002 Review of proposed Committee by-laws (.5); email to Committee re: same (.2)	0.70
05/07/02	DPS	0002 Telephone conference with L. Seegers regarding trading order.	0.30
05/07/02	DPS	0002 E-mail exchange regarding request for files.	0.20
05/07/02	DPS	0002 Revise work on appearance and withdrawal.	0.20
05/07/02	DPS	0002 Review files and plan assignments.	0.50
05/07/02	DPS	0002 Telephone conference with D. Behenna regarding bylaws.	0.20
05/07/02	DPS	0002 Telephone conference with A. Hill regarding Alcatel, bylaws and contact list.	0.20
05/07/02	DPS	0002 Work on administrative matters.	0.20
05/07/02	CJ	0002 Filed Withdrawal of Notice of Appearance for P. Sprofera (0.3); Filed Notice of Appearance for P. Sprofera (0.3); Retrieved documents for D. Simonds (0.4); Faxed documents to D. Simonds (0.1).	1.10
05/08/02	MSS	0002 T/Cs w/ committee members on various issues (.80); Conf T/cs w/ HLHZ reps re status and strategy (.80); confs w/ A.Hill and D. Simonds re various issues in prep. for comm. call (1.20); participating in prep. conf. call w/ Akin team and HLHZ reps (.4).	3.20
05/08/02	AH	0002 Revisions to Flag Committee proposed by-laws (.3).	0.30
05/08/02	DPS	0002 Attention to administrative items, billing, contact list, assignors.	0.30
05/08/02	DPS	0002 Review case calendar and revise same.	0.20
05/08/02	RJ	0002 Research regarding a creditors' committee's fiduciary duty owing to parties to an executory contract.	2.60
05/08/02	CJ	0002 Retrieved docket (0.2); Updated calender (0.1); Distributed calender (0.1); Retrieved pleadings for D. Simonds (0.2); Faxed documents for D. Simonds (0.1)	0.60
05/09/02	GNS	0002 Office conference with S. Rice and B. Bennett regarding due diligence strategy.	0.50
05/09/02	PCS	0002 Preparation for and attendance at hearing; review background documents.	5.00
05/09/02	DPS	0002 Telephone conference with P. Sprofera regarding administrative items.	0.20
05/09/02	DPS	0002 Conference with L. Seegers regarding Trading Order.	0.10
05/09/02	DPS	0002 Follow up regarding power of attorney.	0.20
05/09/02	RJ	0002 Research regarding a creditors' committee's fiduciary duty to parties to executory contracts.	5.90
05/09/02	CJ	0002 Retrieved pleadings for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.30
05/10/02	TWD	0002 Emails to and from F. Heller re: status of document request and	0.30

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/10/02	MSS	0002 conference with Flag Telecom regulatory lawyer. Prelim. review to comment to bylaws (.80); T/Cs w/ creditors re status (.30); T/Cs w/ Alcatel's counsel re: same (.30); T/Confs w/ D. Simonds and A. Hill (.50).	1.90
05/10/02	GNS	0002 Office conference with S. Rice and M. Kaverina regarding review of documents in data room and preparation of due diligence report.	0.50
05/10/02	DPS	0002 Telephone conference with M. Stamer regarding Alcatel, Brumuda, due diligence.	0.20
05/10/02	DPS	0002 Office conference with R. Jonah regarding committee fiduciary duty research.	0.20
05/10/02	DPS	0002 Review committee bylaws.	0.10
05/10/02	RJ	0002 Research regarding creditors' committee's fiduciary duties owing to parties to an executory contract (4.2); discuss same with D. Simonds (.2).	4.40
05/10/02	CJ	0002 Retrieved documents for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.30
05/13/02	DPS	0002 Review pleadings filed in case.	0.60
05/13/02	CJ	0002 Retrieved pleadings for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.30
05/14/02	MSS	0002 Confs w/ A. Hill re various issues (.30); t/cs w/ D. Simonds re same (.30)	0.60
05/14/02	AH	0002 Review of proposed trading procedures order (.5); email to Committee re: same (.1)	0.60
05/14/02	AH	0002 Review of proposed by laws (.5); email to Committee re: same (.2)	0.70
05/14/02	DPS	0002 Review bylaws.	0.20
05/14/02	DPS	0002 Telephone conference with D. Behenna regarding status.	0.10
05/14/02	DPS	0002 Draft Committee member power of attorney.	0.80
05/14/02	DPS	0002 Follow up with committee members regarding trading order.	0.20
05/15/02	DPS	0002 Follow up regarding trading order.	0.10
05/15/02	DPS	0002 Review FLAG press releases/ articles.	0.10
05/15/02	DPS	0002 Review 10-Q.	0.60
05/15/02	DPS	0002 Review case pleadings.	0.50
05/15/02	CJ	0002 Phone call with D. Morales re change of 5/16 meeting time (0.1); Phone call with S. Rice re change of 5/16 meeting time (0.1); E-mailed D. Morales, S. Rice, F. Heller, R. Hierons re change of 5/16 meeting time (0.1); Retrieved daily pleadings for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.60
05/16/02	MSS	0002 T/Cs JPL re meeting (.20); t/c Debtors' counsel re status (.30); t/cs w/ bondholders re status and strategy (.40); T/C w/ counsel for Holdco bonds re plan negots (.40); T/C w/ counsel for JPL re holdco bond negots (.30); reviewing JPL corresp. (.40)	2.00
05/17/02	MSS	0002 T/Cs w/ Comm members re various issues; t/cs w/ J. Werbalowsky re same (.40); t/cs w/ D. Simonds re same (.50); confs w/ A. Hill re various pleadings (.40); t/cs w/ JPL re next week's meeting (.30).	2.80
05/17/02	DPS	0002 Review pleadings filed in Chapter 11 case.	0.70
05/17/02	DPS	0002 Telephone conference with M. Stamer regarding open issues.	0.30
05/17/02	DPS	0002 Telephone conference with A. Hill regarding open items.	0.20
05/17/02	RJ	0002 Review documents received with D. Simonds and A. Hill.	0.30
05/17/02	CJ	0002 Retrieved documents for D. Simonds (2.5); Faxed documents to D. Simonds (0.2).	2.70
05/19/02	DPS	0002 Review pleadings filed in Chapter 11 case.	0.50
05/19/02	DPS	0002 Telephone conference with A. Hill regarding open items, cost reduction motion, other pending motions.	0.20
05/19/02	DPS	0002 Review corporate documents.	0.40
05/20/02	AH	0002 Calls to Committee members re: availability for Tuesday conference call	0.80
05/20/02	DPS	0002 Follow up regarding preparation of case calendar with T. Jung.	0.10

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/20/02	DPS	0002 Telephone conference with K. Rosen regarding bylaws and HLHZ engagement.	0.20
05/20/02	DPS	0002 Telephone conference with A. Hill regarding comments to memo.	0.20
05/20/02	DPS	0002 Correspondence regarding trading order.	0.10
05/20/02	DPS	0002 Telephone conference with M. Spencer regarding pending motions.	0.20
05/20/02	CJ	0002 Retrieved docket (0.2); Updated calender (0.2); Distributed calender (0.1); Retrieved documents for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.80
05/21/02	MSS	0002 Meeting w/ J. Cleveland and A. Hill and JPL's re various case issues (1.00).	1.00
05/21/02	MSS	0002 T/c w/ London Akin team re diligence issues (.30)	0.30
05/21/02	AH	0002 Review of comments to by-laws by committee members	0.90
05/21/02	AH	0002 Review of transcript of hearing held on May 13, 2002	0.50
05/21/02	DPS	0002 Telephone conference with K. Rogers regarding bylaws, HLHZ retention.	0.20
05/21/02	DPS	0002 Revise trading order application.	0.40
05/21/02	DPS	0002 Review trading order declaration.	0.30
05/21/02	DPS	0002 Follow up on administrative matters, contact list, etc.	0.20
05/21/02	DPS	0002 Telephone conference with C. Reilly regarding pending legal matters.	0.10
05/22/02	MSS	0002 T/Cs w/ comm members re various issues (.50); t/cs w/ A. Hill and D. Simonds re same (.50); t/cs w/ Debtors counsel re same (.30).	1.30
05/22/02	DPS	0002 Correspondence regarding employee cost package.	0.10
05/22/02	DPS	0002 Telephone conference with M. Stamer and C. Reilly regarding motions.	0.30
05/22/02	DPS	0002 Review debtor's information pleading regarding cost reduction program.	0.30
05/22/02	DPS	0002 Follow up regarding administrative items/calendar.	0.10
05/22/02	DPS	0002 Revise trading declaration.	0.40
05/22/02	DPS	0002 Telephone conference with A. Hill regarding objections to motions.	0.20
05/22/02	DPS	0002 Telephone conference with M. Stamer regarding matters on hearing.	0.10
05/22/02	DPS	0002 Telephone conference with N. Labovitz regarding committee responses to motions and applications.	0.40
05/22/02	DPS	0002 Telephone conference with L. Seegers regarding trading order.	0.60
05/22/02	DPS	0002 Research regarding trading restrictions/ethical walls.	0.40
05/22/02	DPS	0002 Office conference with J. Ellingwood regarding trading order.	0.20
05/22/02	DPS	0002 Telephone conference with A. Hill regarding follow up on pending motions.	0.20
05/22/02	DPS	0002 Telephone conference with M. Stamer regarding pending motions.	0.10
05/22/02	JE	0002 Revise and add to form declaration re internal information blocking procedures.	1.70
05/22/02	CJ	0002 Checked docket (0.1); Updated calender (0.1); Distributed calender (0.1); Retrieved pleadings for D. Simonds (0.2); Faxed documents to D. Simonds (0.1).	0.60
05/23/02	MSS	0002 T/cs w/ HLHZ re financial issues (.60); reviewing HLHZ prelim report (.80)	1.40
05/23/02	DPS	0002 Work on trading order declaration.	0.20
05/23/02	DPS	0002 Review pleadings received.	0.20
05/23/02	DPS	0002 Distribute trading order declaration to committee.	0.10
05/23/02	DPS	0002 Telephone conference with M. Stamer regarding upcoming motions and objections.	0.20
05/23/02	DPS	0002 Telephone conference with A. Hill regarding cost reduction program.	0.20
05/23/02	DPS	0002 Telephone conference with A. Hill regarding comments to committee status memos.	0.20
05/23/02	DPS	0002 Telephone conference with M. Stamer regarding employee reduction motion issues.	0.10
05/24/02	MSS	0002 T/Cs w/ A. Hill re various motions (.60); t/c w/ Debtors counsel re same (.40); t/c w/ HLHZ reps re plan issus (.40); t/c comm members re same (.50)	1.90

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/24/02	CJ	0002 Retrieved daily pleadings for D. Simonds (0.2); Faxed daily pleadings to D. Simonds. (0.1).	0.30
05/27/02	MSS	0002 Reviewing HLHZ analysis and preliminary due diligence report.	1.50
05/27/02	DPS	0002 Review pleadings and orders received.	0.80
05/27/02	DPS	0002 Review correspondence regarding trading order.	0.20
05/27/02	DPS	0002 Review employee termination analysis and exhibits.	1.00
05/27/02	DPS	0002 Review A. Hill memo regarding same.	0.20
05/28/02	MSS	0002 T/Cs w/ A. Hill and D. Simonds re various legal issues (.50); t/Cs w/ Debtors' counsel re status of negotiations (.40);	0.90
05/28/02	AH	0002 Conference with HLHZ re: financial and legal status of reorganization plan	0.20
05/28/02	DPS	0002 Review pleadings files.	0.40
05/28/02	DPS	0002 Review memo regarding cost reduction program.	0.10
05/28/02	DPS	0002 Telephone conference with C. Bruens regarding ordinary course professionals, dividends, administrative payment and other open issues.	0.30
05/28/02	DPS	0002 Work on proposed orders.	0.20
05/28/02	DPS	0002 Review daily pleadings filed in chapter 11 case.	0.30
05/28/02	DPS	0002 Correspondence regarding trading order with committee members.	0.20
05/28/02	DPS	0002 Telephone conference with A. Hill regarding ordinary course order; HLHZ retention and motion summaries.	0.30
05/29/02	DPS	0002 Attention to administrative items.	0.10
05/29/02	CJ	0002 Retrieved daily pleadings for D. Simonds (0.2); Faxed pleadings to D. Simonds (0.1).	0.30
05/30/02	MSS	0002 Meeting w/ J. Cleveland in prep for negots w/ bank group (1.00); participating in meetings w/ Debtors, Debtors professionals, banks, bank professionals and HLHZ (5.50); confs w/ A. Hill re various issues (.30); t/cs w/ D. Simonds re same (.20); t/cs w/ Debtors' FAs re negotiations (.30); t/cs w/ C. Reilly re various issues (.30); conf w/ K. Berchem re outcome of today's negots. (.20);	7.80
05/30/02	DPS	0002 Telephone conference with A. Hill regarding pending motions and orders.	0.30
05/30/02	DPS	0002 Review memo regarding court hearing.	0.10
05/30/02	DPS	0002 Telephone conference with A. Hill regarding pending motion summaries.	0.10
05/30/02	DPS	0002 Review pleadings and orders.	0.80
05/30/02	DPS	0002 Review case status memos.	0.30
05/30/02	CJ	0002 Retrieved daily pleadings for D. Simonds (0.2); Faxed daily pleadings to D. Simonds (0.1)	0.30
05/31/02	MSS	0002 T/Cs w/ J. Cleveland re status of neg pf file (.40); t/cs w/ comm members on various issues (.80); confs w/ A. Hill on various case issues (.30); t/cs w/ Debtor reps re same (.50).	2.00
05/31/02	AH	0002 Review of proposed interim compensation procedures.	0.80
05/31/02	AH	0002 Drafting of email to Committee re: negotiations with bank group	0.30
05/31/02	DPS	0002 Telephone conference with L. Seegers regarding same.	0.60
05/31/02	DPS	0002 Telephone conference with P. Guillotte regarding 341 meeting.	0.20
05/31/02	DPS	0002 Work on trading order declaration.	0.50
05/31/02	CJ	0002 Retrieved daily pleadings for D. Simonds (0.2); Faxed pleadings to D. Simonds (0.1).	0.30
05/20/02	DPS	0005 Telephone conference with A. Hill regarding schedules.	0.10
05/03/02	DPS	0006 Call to HLHZ regarding FA pitch.	0.10
05/03/02	DPS	0006 Call to Ernst & Young regarding F.A. pitch.	0.10
05/05/02	PS	0006 Prepare and review documents (1.9).	1.90
05/06/02	AH	0006 Drafting of memorandum re: summary of fee proposals for financial advisors (.8); review of Jeffco fee proposal (.2); review of Chanin fee proposal (.4); review of E&Y fee proposal (.3); review of Houlihan fee proposal (.4); email to Jeffco re: structure of FA presentations (.1)	2.20

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/07/02	PS	0006 Review documents re retention application (.6).	0.60
05/07/02	DPS	0006 Review retention applications.	0.20
05/07/02	DPS	0006 Conference with P. Sprofera regarding notice of appearance and conflict check.	0.20
05/07/02	DPS	0006 Telephone conference with N. Labovitz regarding retention applications.	0.20
05/08/02	AH	0006 Phone with S. Spencer re: conflicts check (.2).	0.20
05/08/02	DPS	0006 Telephone conference with M. Stamer regarding HLHZ employment issues.	0.20
05/08/02	DPS	0006 Telephone conferences with S. Spencer regarding engagement letter.	0.20
05/08/02	DPS	0006 Review HLHZ engagement letter.	0.40
05/09/02	PS	0006 Office conferences DPS re retention (.2); prepare documents re same (.3).	0.50
05/09/02	AH	0006 Review of proposed retention applications for Houlihan Lokey	0.80
05/09/02	DPS	0006 Review HLHZ retention documents.	0.20
05/10/02	PS	0006 Prepare retention documents.	2.30
05/10/02	DPS	0006 Review HLHZ retention materials.	0.20
05/10/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ employment.	0.20
05/10/02	DPS	0006 Conference with A. Hall regarding retention application.	0.10
05/12/02	PS	0006 Review documents re retention.	0.90
05/12/02	AH	0006 Drafting application re: retention of Houlihan Lokey as financial advisors	2.40
05/12/02	DPS	0006 Follow up regarding Akin retention issues.	0.10
05/13/02	AH	0006 Drafting of order re: retention of Houlihan Lokey as financial advisors (1.3); drafting of notice re: same (1.1); review of Houlihan Lokey engagement letter (.4)	2.80
05/13/02	AH	0006 Drafting of memorandum re: employment of Friedman Wang as Special Litigation Counsel	0.90
05/13/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ engagement letters.	0.10
05/13/02	DPS	0006 Review HLHZ engagement letter and comment on same.	0.90
05/13/02	DPS	0006 Follow up regarding Akin retention.	0.20
05/14/02	PS	0006 Prepare and review documents re retention of Akin Gump.	2.60
05/14/02	AH	0006 Revisions to Houlihan Lokey retention application (.8); revisions to notice re: same (.4); revisions to order re: same (.3)	1.50
05/14/02	AH	0006 Revisions to ordinary course motion memorandum (.4); conference with D. Simonds re: same (.2); revisions to Poorman Douglas memorandum (.3); call to C. Bruens re: same (.3)	1.20
05/14/02	AH	0006 Phone with C. Bruens re: Friedman Wang Application (.3); revisions to motion re: same (.3); conference with D. Simonds re: same (.2)	0.80
05/14/02	DPS	0006 Review/revise revised HLHZ engagement letter.	0.80
05/14/02	DPS	0006 Follow up regarding HLHZ engagement letter.	0.10
05/14/02	DPS	0006 Review Friedman Wang application.	0.20
05/14/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ retention.	0.60
05/14/02	DPS	0006 Comment and revise memo regarding Friedman Wang.	0.50
05/14/02	DPS	0006 Review and revise memo regarding Friedman Wang retention.	0.10
05/14/02	DPS	0006 Telephone conference with A. Hill regarding comments regarding Friedman Wang retention memo and Gibson Dunn application.	0.30
05/15/02	DPS	0006 Correspondence with M. Stamer regarding Friedman retention.	0.10
05/15/02	DPS	0006 Telephone conference with S. Spencer regarding Houlihan retention issues.	0.40
05/15/02	DPS	0006 Review Houlihan revised engagement letter and prepare comments to same.	1.00
05/15/02	DPS	0006 Follow up on Akin Gump retention application.	0.10
05/15/02	DPS	0006 Telephone conference with A. Hill regarding motions to be held and Friedman Wang retention.	0.30
05/16/02	PS	0006 Prepare and review documents re retention.	1.60

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/16/02	AH	0006 Drafting of memorandum re: Debtors application to retain Appleby as Bermuda counsel (.9); revisions to same (.2); drafting of memorandum re: Debtors application to retain poorman douglas as claims and noticing agent (.8); revisions to same (.2)	2.10
05/16/02	AH	0006 Phone with C. Bruens re: allocation language for retention orders	0.30
05/16/02	DPS	0006 Correspondence regarding Poorman application.	0.10
05/16/02	DPS	0006 Revise memo regarding Poorman and Appleby retention.	0.30
05/16/02	DPS	0006 Telephone conference with A. Hill regarding same.	0.10
05/16/02	DPS	0006 Revise Akin retention papers.	0.70
05/16/02	DPS	0006 Review and revise memo regarding Poorman application and follow up regarding same.	0.30
05/17/02	AH	0006 Final revisions to memorandum summarizing application to retain Appleby (.3); final revisions to memorandum summarizing application to retain Friedman Wang (.4); final revisions to memorandum summarizing application to retain Poorman Douglas (.3)	1.00
05/17/02	AH	0006 Drafting of memorandum re: Debtors' application to retain Blackstone (1.4); revisions to same (.5); conference with D. Simonds re: same (.2)	2.10
05/17/02	DPS	0006 Telephone conference with P. Sprofera regarding Akin retention application.	0.20
05/17/02	DPS	0006 Telephone conferences with Renee at HLHZ regarding HLHZ employment.	0.50
05/17/02	DPS	0006 Telephone conference with A. Hill regarding retention applications, engagement letters and summons.	0.50
05/18/02	PS	0006 Prepare retention documents.	1.60
05/19/02	DPS	0006 Review revised HLHZ retention letter.	0.50
05/19/02	DPS	0006 Correspondence regarding Gibson, Dunn application.	0.10
05/20/02	PS	0006 Office conference DPS re Akin Gump retention (.1); review and prepare documents re same (2.3).	2.40
05/20/02	AH	0006 email to C. Bruens re: Debtors' application to retain Brunswick (.1); phone with C. Bruens re: same (.2)	0.30
05/20/02	AH	0006 Drafting of memorandum re: Debtors' application to retain Gibson Dunn (.9); revisions to same (.4); Drafting of memoradnum re: retention of Brunswick Group (1.0); conference with M. Stamer re: same (.2); conference with D. Simonds re: same (.2); revisions to same (.3); Drafting of memorandum re: motion to establish procedures for retention of ordinary course professionals (1.1); revisions to same (.3); conference with C. Bruens re: Committee's concerns with same (.3); review of list of ordinary course professionals (.6); drafting of memorandum re: Debtors' application to retain Shearman and Sterling (.9); revisions to same (.4)	6.60
05/20/02	DPS	0006 Research regarding declarations.	0.20
05/20/02	DPS	0006 Review additions to HLHZ letter and correspondence regarding same.	0.20
05/20/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ retention issues.	0.20
05/20/02	DPS	0006 Review revised HLHZ language.	0.10
05/20/02	DPS	0006 Review HLHZ retention letter and employment pleadings.	0.60
05/20/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ employment.	0.30
05/20/02	DPS	0006 Review revised HLHZ engagement letter.	0.40
05/20/02	DPS	0006 Revise Akin Gump retention papers and follow up with A. Hill regarding same.	1.30
05/21/02	PS	0006 Prepare and review documents re retention (1.9); office conferences D. Simonds re same (.2).	2.10
05/21/02	AH	0006 Review of Houlihan's redline redvised draft of engagement letter	0.40
05/21/02	AH	0006 Email to C. Bruens re: committee concerns with retention applications	0.30
05/21/02	AH	0006 Review of Holdings' Committee's objections to Appleby retention app (.4); Friedman Wang app. (.3);Poorman-Douglas app (.3)	1.00
05/21/02	DPS	0006 Telephone conference with K. Rosen regarding HLHZ retention.	0.10

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/21/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ retention.	0.50
05/21/02	DPS	0006 Review correspondence and documents regarding HLHZ retention and email to S. Spencer regarding same.	0.30
05/21/02	DPS	0006 Communication with P. Sprofera regarding retention issues.	0.10
05/21/02	DPS	0006 Review memo HLHZ retention papers.	0.40
05/21/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ retention.	0.20
05/22/02	MSS	0006 T/cs w/ Blackstone re retention issues (.40); reviewing and revising objections to retention applications (.80).	1.20
05/22/02	PS	0006 Prepare and review documents re retention.	0.90
05/22/02	AH	0006 Revisions to retention application for Houlihan Lokey	0.80
05/22/02	AH	0006 Review of Debtors response to Holdings' Committee's objection to Poorman-Douglas App (.4); response to Appleby app (.2); response to Friedman Wang app (.2)	0.80
05/22/02	AH	0006 Drafting of objection to Debtors' application to retain Shearman & Sterling (2.3); revisions to same (.8)	3.10
05/22/02	AH	0006 Conference with C. Reilly, M. Stamer and D. Simonds re: retention applications	0.40
05/22/02	AH	0006 Conference with D. Simonds re: ordinary course professionals (.2); conference with D. Simonds re: Brunswick application (.3); conference with D. Simonds re: Shearman application (.3)	0.80
05/22/02	AH	0006 Drafting objection to Debtors' application to retain the Brunswick group (2.4); revisions to same (.4)	2.80
05/22/02	DPS	0006 Telephone conference with A. Hill regarding comments to objections.	0.60
05/22/02	DPS	0006 Review debtor's response to motions.	0.50
05/22/02	DPS	0006 Correspondence regarding Akin Gump retention papers.	0.10
05/22/02	DPS	0006 Telephone conference with A. Hill ordinary course professionals.	0.20
05/22/02	DPS	0006 Revise Akin Gump retention papers.	0.50
05/22/02	DPS	0006 Draft and revise Brunswick and Shearman employment objections.	2.30
05/22/02	DPS	0006 Telephone conference with D. Botter regarding engagement letter for HLHZ.	0.20
05/22/02	DPS	0006 Revise HLHZ engagement letter.	0.40
05/22/02	DPS	0006 Telephone conference with S. Spencer regarding same.	0.20
05/23/02	MSS	0006 Reviewing and revising objections to retention apps (1.80).	1.80
05/23/02	PS	0006 Finalize retention documents (1.7); office conferences MSS and DPS re same (.2).	1.90
05/23/02	AH	0006 Review of Akin Gump Retention Pleadings	0.60
05/23/02	AH	0006 Review of Houlihan Lokey revised draft engagement letter	0.50
05/23/02	AH	0006 Final revisions to Brunswick Objection (.9); coordination of filing re: same (.3)	1.20
05/23/02	AH	0006 Conference with C. Bruens re: motion for authority to retain ordinary course professionals (.3); conference with M. Stamer re same (.2)	0.50
05/23/02	DPS	0006 Telephone conference with A. Hill regarding ordinary course professionals.	0.20
05/23/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ engagement.	0.20
05/23/02	DPS	0006 Telephone conference with R. Chesley regarding same.	0.20
05/23/02	DPS	0006 Work on HLHZ engagement letter.	0.10
05/23/02	DPS	0006 Telephone conference with M. Stamer regarding HLHZ retention.	0.10
05/23/02	DPS	0006 Telephone conference with S. Spencer regarding HLHZ engagement letter.	0.20
05/23/02	DPS	0006 Telephone conference with A. Hill regarding HLHZ engagement.	0.20
05/24/02	AH	0006 Email to C. Laverty re: retention of Bermuda counsel	0.30
05/24/02	AH	0006 Preparation of summary of 5/23 Hearing	0.90
05/24/02	AH	0006 Review of final negotiated retainer agreement with Houlihan Lokey	0.50
05/24/02	AH	0006 Email to C. Bruens re: retention of ordinary course professionals	0.20
05/24/02	AH	0006 Review of interim order approving retention of Poorman-Douglas (.3); review of interim order approving retention of Appleby (.3); review of	1.40

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
		interim order approving retention of Friedman Wang (.3); review of order granting supplemental authority to pay prepetition compensation and reimbursement (.5)	
05/28/02	MSS	0006 T/Cs w/ US Trustee's office re retention issues (.30).	0.30
05/28/02	AH	0006 Review of final Houlihan Retainer letter	0.20
05/28/02	AH	0006 Preparation for 5/29 hearing	0.80
05/28/02	AH	0006 Review of proposed order re: retention of ordinary course professionals (.4); conference with D. Simonds re: same (.3); conference with M. Stamer re: same (.1); conference with C. Bruens re: proposed revisions (.3); review of revised order (.3)	1.40
05/28/02	DPS	0006 Telephone conference with A. Hill regarding ordinary course professionals.	0.20
05/28/02	DPS	0006 Review revised order regarding ordinary course professionals.	0.10
05/28/02	DPS	0006 Telephone conference with A. Hill regarding same.	0.10
05/28/02	DPS	0006 Review HLHZ retention letter.	0.10
05/28/02	DPS	0006 Review and revise ordinary course professional order.	0.30
05/29/02	AH	0006 review of final motion for retention of ordinary course professionals	0.30
05/29/02	AH	0006 Email to K. Baird re: retention of Bermuda counsel	0.30
05/29/02	DPS	0006 Telephone conference with P. Guillotte regarding HLHZ retention.	0.10
05/29/02	DPS	0006 Telephone conference with A. Hill regarding HLHZ retention.	0.10
05/29/02	DPS	0006 Review revised ordinary course professional order.	0.10
05/30/02	AH	0006 Further revisions to Houlihan Application (1.3); Further revisions to Houlihan Order (.7); Further Revisions to Houlihan Notice (.5); revisions to M. Stamer affidavit (.2); revisions to Peter Marshall Affidavit (.7); revisions to Johnathan Cleveland affidavit (.4); call to S. Spencer re: Houlihan Application (.2); email to Committee re: signature pages (.2)	4.20
05/30/02	AH	0006 Preparation of summary of 5/29 Hearing (.8); review of Gibson Dunn order (.4); review of Poorman order (.3); review of Appleby Order (.3); review of Friedman order (.3); review of ordinary course order (.4)	2.50
05/30/02	AH	0006 Phone with K. Baird re: Bermuda counsel (.2); phone with R. Tett re: Bermuda Counsel (.2); email to M. Stamer re: same (.1); phone call to D. Kessaring re: Bermuda counsel (.1)	0.60
05/30/02	DPS	0006 Telephone conference with A. Hill regarding HLHZ retention.	0.20
05/31/02	MSS	0006 Attention to retention docs (.50)	0.50
05/31/02	AH	0006 Final revisions to Marshall Affidavit (.8); final revisions to Cleveland affidavit (.7)	1.50
05/03/02	DPS	0007 Attend organizational meeting.	8.00
05/03/02	DPS	0007 Follow up regarding same.	0.10
05/03/02	DPS	0007 Coordinate committee conference call.	0.20
05/05/02	DPS	0007 Draft agenda for conference call.	0.50
05/05/02	DPS	0007 Review financial advisor pitch books.	1.50
05/05/02	DPS	0007 Coordinate conference call.	0.30
05/06/02	MSS	0007 Reviewing materials in prep. for committee call (2.00); confs w/ A. Hill and D. Simonds in prep. for call (.60); participating in comm. call (2.5); followup t/cs w/ committee members (.80).	5.90
05/06/02	AH	0007 Committee Conference Call re: retention of financial advisors and pending legal matters (2.5); final revisions to agenda (.2); email to Committee re: same (.1)	2.80
05/06/02	DPS	0007 Office conference with M. Stamer and A. Hill regarding call recap and Alcatel issues.	0.20
05/06/02	DPS	0007 Review financial advisor pitch books for conference call.	0.50
05/06/02	DPS	0007 Prepare for conference call.	0.20
05/06/02	DPS	0007 Participate in committee conference call.	2.50
05/07/02	AH	0007 Coordination of arrangements for 5/8 Conference Call	0.30
05/08/02	MSS	0007 Participating in comm. call (1.30).	1.30



<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/08/02	AH	0007 Committee Conference Call re: Alcatel motion to compel assumption of contract	1.20
05/08/02	DPS	0007 Conference call with committee.	1.40
05/08/02	DPS	0007 Pre-conference call with Chanuh.	0.50
05/10/02	AH	0007 Drafting of email to Committee re: Monday Conference Call (.2); coordination of arrangements for conference call (.3).	0.50
05/13/02	MSS	0007 Reviewing docs in prep for conf. call (.80); t/cs w/ HLHZ in prep for comm call (.40); participating in comm. call (.80).	2.00
05/13/02	PCS	0007 Committee conference call.	0.60
05/13/02	AH	0007 Phone conference with J. Werbalowsky and J. Cleveland re: settlement with Alcatel	0.50
05/13/02	DPS	0007 Prepare for conference call.	0.20
05/13/02	DPS	0007 Pre-conference call with HLHZ.	0.20
05/13/02	DPS	0007 Participate in committee conference call.	0.60
05/13/02	DPS	0007 Telephone conference with M. Stamer regarding preparation for committee call.	0.20
05/13/02	DPS	0007 Preparation for conference call.	0.10
05/14/02	AH	0007 Committee Conference Call	0.80
05/14/02	AH	0007 Meeting with Houlihan Professionals re: financial matters to be discussed on committee conference call (.3); meeting with Houlihan re: post-conference call strategy (.3)	0.60
05/15/02	MSS	0007 T/C w/ D. Simonds re various case issues (.30); T/Cs w/ creditors re various issues (.40); reviewing draft docs re Holdco bondholder settlement (1.00)	1.70
05/17/02	AH	0007 Coordination of preparations with staff for 5/21 conference calls with JPL's and Committee	0.30
05/19/02	DPS	0007 Revise committee member power of attorney.	0.50
05/20/02	MSS	0007 Confs w/ A. Hill re prep for tomorrow's conf call (.40); t/cs w/ Comm. members re tomorrow's comm. call (.80); drafting agenda for call (.60); reviewing pleadings and other docs relating to tomorrow's comm call (1.70)	3.50
05/20/02	DPS	0007 Review/comment on conference call agenda.	0.10
05/20/02	DPS	0007 Email regarding rescheduled conference call.	0.10
05/20/02	DPS	0007 Telephone conference with D. Behenna regarding conference call, power of attorney and bylaws.	0.30
05/20/02	DPS	0007 Telephone conference with S. Spencer regarding conference call arrangements.	0.10
05/20/02	DPS	0007 Telephone conference with A. Hill regarding comments to memo.	0.20
05/20/02	DPS	0007 Revise memo to committee regarding miscellaneous motions.	0.50
05/20/02	DPS	0007 Telephone conference with A. Hill regarding preparation for call and memos to committee members.	0.30
05/20/02	DPS	0007 Review and revise memos to committee regarding pending motions.	0.20
05/20/02	DPS	0007 Telephone conference with M. Stamer regarding conference call arrangements.	0.10
05/20/02	DPS	0007 Telephone conference with K. Rosen regarding proposed conference call.	0.10
05/20/02	DPS	0007 Telephone conference with M. Foreman regarding proposed conference call.	0.10
05/20/02	DPS	0007 Revise memo to committee regarding pending employment applications.	1.40
05/20/02	DPS	0007 Telephone conference with A. Hill regarding summaries.	0.30
05/21/02	MSS	0007 Participating in committee call (2.30); followup t/cs w/ comm. members and Akin team (.50).	2.80
05/21/02	MSS	0007 Confs w/ J. Cleveland in prep for today's meeting(.80); reviewing materials in prep for committee call and JPL meeting (2.50).	3.30
05/21/02	AH	0007 Committee conference call re: retention applications, by laws, etc.	2.20
05/21/02	AH	0007 Preparation of Agenda to Committee Conference Call (.7); revisions to	1.10

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/21/02	DPS	0007 same (.3); conference with D. Simonds re: same (.1)	0.10
05/21/02	DPS	0007 Review correspondence regarding bylaws.	2.30
05/21/02	DPS	0007 Participate in committee conference call.	0.50
05/21/02	DPS	0007 Telephone conference with M. Stamer, A. Hill and J. Cleveland regarding recap.	0.30
05/21/02	DPS	0007 Telephone conference with M. Foreman regarding meeting recap.	2.50
05/28/02	MSS	0007 Review motions, applications and mergers in preparation for committee conference call.	2.10
05/28/02	AH	0007 T/cs w/ comm. members re various issues (.50); t/cs w/ HLHZ reps in prep for comm call (.40); reviewing materials in prep. for comm call (1.20).	2.00
05/28/02	DPS	0007 Participation in Committee Conference Call re: financial reports and pending legal matters (1.5); preparation of agenda re: same (.5)	0.30
05/28/02	DPS	0007 Review committee memos.	0.50
05/28/02	DPS	0007 Review documents in preparation for FLAG conference call.	1.50
05/28/02	DPS	0007 Participate in conference call with committee.	0.20
05/28/02	DPS	0007 Recap regarding conference call with HLHZ and M. Stamer.	0.20
05/28/02	DPS	0007 Telephone conference with A. Hill regarding committee call preparation.	0.20
05/28/02	DPS	0007 Telephone conference with M. Stamer regarding pending motions and committee call.	0.10
05/30/02	DPS	0007 Correspondence with committee regarding due diligence.	2.20
05/13/02	MSS	0008 Reviewing docs in prep for hearing on financing motion (1.40); confs w/ Debtors' counsel re various issues (.30); participating in hearing (.50).	3.90
05/13/02	PCS	0008 Review papers, revised term sheet and financial advisor summary in preparation for hearing.	1.40
05/14/02	MSS	0008 Reviewing docs in prep. for Alcatel pre-hearing negot and hearing	2.70
05/14/02	MSS	0008 Participating in Alcatel pre-hearing negotiations with all parties	1.90
05/14/02	MSS	0008 Traveling to and from and participating in omnibus Alcatel hearing and negots that occurred before and after (1.50); reviewing pleadings (.40)	3.00
05/14/02	PCS	0008 Preparation for and attendance at hearing.	0.10
05/22/02	DPS	0008 Telephone conference with A. Hill regarding hearing.	0.20
05/22/02	DPS	0008 Telephone conference with C. Bruens regarding motions on for hearing on May 23.	0.10
05/22/02	DPS	0008 Review notice of hearing.	5.20
05/23/02	MSS	0008 Preparing for hearing (1.20); participating in hearing (1.60); confs w/ Debtors counsel re motions (.50); t/cs w/ comm. members re motion issues (.80); t/cs w/ Debtors counsel re same (.60); confs w/ D. Simonds and A. Hill re same (.50).	1.50
05/23/02	AH	0008 Attendance at hearing at Southern District Bankruptcy Court	0.80
05/23/02	AH	0008 Drafting of memorandum summarizing 5/23 Hearing.	0.20
05/23/02	DPS	0008 Telephone conference with M. Stamer regarding hearing recap.	0.40
05/23/02	DPS	0008 Telephone conference with A. Hill regarding hearing recap and objections to pleading motions.	0.40
05/23/02	RJ	0008 Telephone conference with A. Hill regarding hearing recap and objections to pending motions.	0.10
05/27/02	DPS	0008 Review hearing summary memo.	0.10
05/28/02	DPS	0008 Telephone conference with M. Stamer regarding hearing preparation.	3.20
05/29/02	MSS	0008 Reviewing materials in prep for hearing (.80); attending hearing (2.40).	2.50
05/29/02	AH	0008 Attendance at 5/29 omnibus hearing	0.20
05/29/02	DPS	0008 Telephone conference with A. Hill regarding hearing recap.	1.70
05/17/02	AH	0009 Review of Debtors' weekly cash use report (.4); email to Committee re same (.2); review of Flag 10-Q (.9); email to Committee re: same (.2)	0.40
05/21/02	AH	0009 Review of Debtors' cash use budget for June 2002	0.80
05/21/02	AH	0009 Conference with M. Stamer and J. Cleveland re: company's financial position and status of due diligence	0.30
05/23/02	AH	0009 Review of Flag weekly use of cash report	

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/23/02	DPS	0009 Review cash use spreadsheet.	0.10
05/30/02	AH	0009 Review of Debtors' cash use report for the week of May 20	0.30
05/30/02	DPS	0009 Review cash report.	0.10
05/08/02	AH	0011 Review of Debtors' objection to Alcatel's motion to compel assumption or rejection of contract (.6); phone conference with Houlihan professionals re: same (.6); review of Reach objection re: same (.4)	1.60
05/28/02	AH	0011 Drafting of memorandum re: Debtors' motion for approval of incorporation of Taiwanese affiliate (1.2); conference with D. Simonds re: same (.2); email to D. Trucano re: same (.2)	1.60
05/29/02	AH	0011 Further drafting of memorandum re: Debtors' motion for authority in incorporate Taiwan affiliate (.9); revisions re: same (.6)	1.50
05/03/02	AH	0012 phone with L. Mandel re: Stipulation with Joyce Williams (.2); email to C. Provost re: same (.1)	0.30
05/06/02	AH	0012 Review of form trading procedures motion from Global Crossing bankruptcy cases	0.30
05/06/02	AH	0012 Review of transcript from 4/29 hearing	0.50
05/08/02	KEB	0012 Meeting with D. Bersh re: Diligence tasks and preparation of diligence memo.	0.20
05/20/02	AH	0012 Final revisions to memorandum re: motion establishing procedures for adequate assurances of utilities (.4); drafting of memorandum re: Debtors' motion for authority to implement cost reduction program (1.2); revisions to same (.4); drafting of memorandum re: Debtors' motion for supplemental authority to pay prepetition wages and expenses (.9); revisions to same (.2)	3.10
05/20/02	AH	0012 Email to M. Stamer and D. Simonds re: information on pending legal matters to be sought from Debtors	0.40
05/20/02	DPS	0012 Telephone conference with M. Forman regarding Alcatel dispute.	0.30
05/23/02	AH	0012 Review of proposed trading procedures order.	0.40
05/06/02	EPC	0013 Office conference with D. Simonds regarding intercompany relationships and analysis thereof.	0.20
05/06/02	EPC	0013 Review and analysis of correspondence regarding analysis of intercompany relationships and corporate dealings.	0.10
05/07/02	FH	0013 Review 10K for background and information to direct London end of diligence effort.	2.50
05/07/02	FH	0013 Further review 10K and other materials.	2.00
05/07/02	FH	0013 Organizing initial due diligence conference call/meeting among Akin Gump participants.	0.60
05/07/02	KEB	0013 Review Membership By-laws and Alcatel memo.	1.20
05/07/02	DPS	0013 Review corporate due diligence memos.	0.30
05/08/02	TWD	0013 Telephone call with S. Scheinman, M. Stamer, D. Sineds, F. Heller et al; re: due diligence team assignment including regulatory evaluation.	0.50
05/08/02	SHS	0013 Meeting with M. Stamer, K. Berchem. Conference call with Akin diligence group.	1.00
05/08/02	MSS	0013 Participating in conf calls w/ Akin Team re: due diligence (1.50).	1.50
05/08/02	FH	0013 Conference call with Kimberley Woolley with Sebastian Rice regarding access to data room.	0.30
05/08/02	FH	0013 Review memorandum for creditor committee on Alcatel dispute.	0.70
05/08/02	FH	0013 Initial due diligence conference within London office among Brandon Bennett, Sebastian Rice, Richard Hierons.	0.60
05/08/02	FH	0013 Initial due diligence telephone conference with New York lawyers Stamer, Bercham, Scheinman and David Simonds of LA.	0.50
05/08/02	KEB	0013 Prepare for Diligence meeting and call with Stamer & Scheinman; review notes.	0.30
05/08/02	KEB	0013 Participate in diligence meeting (.6) and call with M. Stamer; S. Scheinman, T. Davidson, F. Heller and R. Heirons (.9).	1.40
05/08/02	KEB	0013 Research Intercompany issues.	3.20

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/08/02	KEB	0013 Conduct diligence on corporate financing transactions.	2.00
05/08/02	BB	0013 Conference with Fred Heller and Sebastian Rice regarding analysis of pre-petition transaction documents.	0.60
05/08/02	DB	0013 Meeting with K. Berchem re due diligence issues.	0.40
05/08/02	DB	0013 Due diligence document review.	0.50
05/08/02	EPC	0013 Office conference with D. Simonds regarding Intercompany transactions and review thereof.	0.30
05/08/02	EPC	0013 Prepare memorandum regarding corporate interactions standards and facts for due diligence investigation.	1.20
05/08/02	EPC	0013 Review and analysis of correspondence regarding due diligence investigation of intercompany and corporate interactions.	0.10
05/08/02	DPS	0013 Office conference with E. Christian regarding intercompany relationships.	0.30
05/08/02	DPS	0013 Office conference with E. Christian and K. Berchem regarding intercompany relationships.	0.20
05/08/02	DPS	0013 Meeting with K. Berchem, M. Stamer and S. Scheerson.	0.50
05/08/02	DPS	0013 Meeting with K. Berchem, M. Stamer & S. Scheerson and London corporate team.	0.50
05/08/02	DPS	0013 Telephone conference with M. Stamer regarding due diligence.	0.10
05/08/02	HR	0013 Flag due diligence call with Michael Stamer and other NYC lawyers to plan due diligence.	0.40
05/08/02	SR	0013 Telephone call with Fred Heller calling Gibson, Dunn & Crutcher regarding access to Data Room and consider areas of focus of Due Diligence.	0.30
05/08/02	SR	0013 Conference with Fred Heller and Brandon Bennet on Due Diligence.	0.60
05/09/02	TWD	0013 Conference call with R. Rubin, G. Pardee and N. Roisman to discuss telecom due diligence.	0.30
05/09/02	FH	0013 Conference with Sebastian Rice on coordination of diligence activities.	0.50
05/09/02	FH	0013 Analysis of earlier diligence results regarding intercompany arrangements.	1.40
05/09/02	KEB	0013 Conduct diligence; Credit Agreement and pay off letters.	0.60
05/09/02	KEB	0013 Email correspondence with S. Rice re: diligence questions for GD&C.	0.10
05/09/02	KEB	0013 Meeting with D. Bersh to discuss Diligence memo.	1.10
05/09/02	BB	0013 Conference with Sebastian Rice and George Sapio regarding analysis of pre-petition transaction documents.	0.20
05/09/02	DB	0013 Meetings with Kerry Berchem re due diligence issues.	1.10
05/09/02	DB	0013 Review re intercompany relationships law(.9); preparation of Fact Sheet(.4).	1.30
05/09/02	EPC	0013 Review and analysis of correspondence setting forth background structure of FLAG entities and basic corporate interactions.	0.10
05/09/02	EPC	0013 Research corporate interaction standards applicable in the Second Circuit.	1.10
05/09/02	EPC	0013 Office conference with D. Simonds regarding intercompany structure and corporate interactions.	0.20
05/09/02	SR	0013 Conference with Brandon Bennet and George Sapio on Due Diligence.	0.20
05/09/02	SR	0013 Conference with Fred Heller regarding Data Room and Due Diligence.	0.50
05/09/02	SR	0013 Briefing George Sapio on Data Room and Due Diligence objectives.	0.50
05/10/02	MSS	0013 T/cs w/ F. Heller re diligence issues (.30); T/Cs w/ HLHZ reps re diligence issues (.30), reviewing relevant docs (1.00)	1.60
05/10/02	FH	0013 Internal meeting with Sebastian Rice to get debriefed on data room analysis for the day.	0.30
05/10/02	FH	0013 Review updated data room index from Gibson Dunn.	0.40
05/10/02	FH	0013 Telephone conference with Denise Hamer of Flag, David Morales of Flag and Sebastian Rice regarding scope of information available on employment matters and financial data room material relevant to legal inquiry.	0.30

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/10/02	MAK	0013 Reviewed Intercompany agreements in Data Room	4.10
05/10/02	GNS	0013 Reviewed "reciprocal intercompany agreements".	5.50
05/10/02	GNS	0013 Met with K. Wooley of Gibson, Dunn & Crutcher to discuss changes/additions to data room.	0.50
05/10/02	BB	0013 Conference with Sebastian Rice regarding analysis of pre-petition transaction documents.	0.30
05/10/02	DB	0013 Preparation of due diligence Fact Sheet.	3.90
05/10/02	SR	0013 Conference with Brandon Bennett on due diligence.	0.30
05/10/02	SR	0013 Update Fred Heller on Data Room.	0.30
05/10/02	SR	0013 Discuss with Kimberley Woolley documents required meetings requested with Flag and copies of documents to be sent to New York and Washington.	0.90
05/10/02	SR	0013 Reviewing Inter-Company Agreements in the Data Room with M. Kaverina and George Sapio.	4.10
05/10/02	SR	0013 Conference call with Denise Hamer and David Morales of Flag.	0.30
05/12/02	FH	0013 Review 10K and summary of pre-petition diligence to direct London diligence.	1.50
05/12/02	GNS	0013 Drafted due diligence memorandum based on review of documents in data room on Friday.	2.00
05/13/02	FH	0013 Telephone from Sebastian Rice at data room on setting up interviews with HR representatives to assess liabilities to employees.	0.20
05/13/02	FH	0013 Meeting with Sebastian Rice for debrief on matters disclosed during visit to financial data room earlier in the day.	0.40
05/13/02	MAK	0013 Reviewed employment related documents in Flag Financial Data Room with S. Rice	3.20
05/13/02	GNS	0013 Drafted due diligence memorandum.	5.00
05/13/02	BB	0013 Conference with Sebastian Rice regarding analysis of pre-petition transaction documents.	0.20
05/13/02	DB	0013 Meeting with K. Berchem re due diligence findings.	0.40
05/13/02	DB	0013 Revision of fact sheet.	1.10
05/13/02	SR	0013 De-brief Fred Heller on Financial Data Room findings.	0.40
05/13/02	SR	0013 Producing memo on employment documents reviewed.	1.20
05/13/02	SR	0013 Conference with Brandon Bennet on Due Diligence.	0.20
05/13/02	SR	0013 Telephone Fred Heller to arrange meetings with Flag.	0.20
05/13/02	SR	0013 Review Employment related documents in Flag Financial Data Room with M. Kaverina.	3.20
05/14/02	TWD	0013 Conference call with D. Pollner, V. Pastore, Fred Heller, Sebastian Rice, Parminde Dust and Kimberly Woolley to discuss material contracts and way in which business conducted including expense and revenue recognition and allocation.	1.00
05/14/02	TWD	0013 Conference call with D. Pollner, V. Pastore, Fred Heller, Sebastian Rice and Kimberly Woolley to discuss licenses held by Flag Telecom and related entities.	1.00
05/14/02	FH	0013 Further conference call on intercompany resale of capacity and services and pricing mechanisms among Parminder Dorst, Veronica Pastor of Flag, Kimberley Woolley of Gibson Dunn, Tom Davidson and Dan Pollner (US regulatory lawyers), Sebastian Rice (UK lawyer), Richard Hierons.	0.90
05/14/02	FH	0013 Telephone conference with Kimberley Woolley and Richard Hierons to plan executive briefings with Houlihan Lokey for May 16.	0.10
05/14/02	FH	0013 Prepare for regulatory conference call with Flag.	0.30
05/14/02	FH	0013 Telephone conference with David Trucano of Houlihan Lokey re organization of executive briefings at Flag and financial consultant coordination with legal efforts in London.	0.30
05/14/02	FH	0013 Regulatory conference call with Veronica Pastor of Flag, Kimberly Woolley of Gibson Dunn, Sebastian Rice, Tom Davidson (US lawyer)	1.00

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
		and Dan Pollner (US lawyer) of Akin Gump for Flag to explain overview of regulatory license structure.	
05/14/02	KEB	0013	2.20
05/14/02	DEP	0013	3.50
05/14/02	BB	0013	0.10
05/14/02	DB	0013	2.50
05/14/02	HR	0013	0.60
05/14/02	HR	0013	0.10
05/14/02	HR	0013	1.10
05/14/02	SR	0013	0.90
05/14/02	SR	0013	0.10
05/14/02	SR	0013	1.10
05/14/02	SR	0013	1.00
05/14/02	SR	0013	0.50
05/15/02	TWD	0013	0.30
05/15/02	FH	0013	0.80
05/15/02	FH	0013	0.50
05/15/02	FH	0013	1.10
05/15/02	FH	0013	0.40
05/15/02	KEB	0013	1.80
05/15/02	KEB	0013	0.20
05/15/02	GNS	0013	0.80
05/15/02	GNS	0013	2.50
05/15/02	DB	0013	0.30
05/15/02	DB	0013	1.50
05/15/02	EPC	0013	0.90
05/15/02	EPC	0013	0.30
05/15/02	EPC	0013	0.20
05/15/02	EPC	0013	0.20
05/15/02	DPS	0013	0.10
05/15/02	DPS	0013	0.20
05/15/02	DPS	0013	0.60
05/15/02	HR	0013	0.20
05/15/02	HR	0013	0.30
05/15/02	HR	0013	0.80
05/15/02	HR	0013	0.80
05/15/02	HR	0013	0.40
05/15/02	SR	0013	0.40
05/15/02	SR	0013	3.80

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/15/02	SR	0013 Coordinating meeting with Flag executives.	0.30
05/15/02	SR	0013 Correspondence with Khaled Rabbani regarding Employment Law.	0.20
05/15/02	SR	0013 Meeting with Fred Heller, Richard Hierons and George Sapio to discuss Due Diligence work product.	0.80
05/15/02	SR	0013 Discuss Employment Issues with Richard Hierons.	0.20
05/15/02	SR	0013 Brief George Sapio on documents to be viewed in Data Room.	0.30
05/16/02	TWD	0013 Emails and telephone calls to D. Pollner re: organizing due diligence efforts.	0.30
05/16/02	TWD	0013 Reviewed term sheet getting facts settlement with Alcatel.	0.30
05/16/02	TWD	0013 Reviewed due diligence factsheet, with special attention to material contracts.	0.70
05/16/02	FH	0013 All day management presentation and interviews at Flag headquarters with Richard Hierons, bankers from Houlihan Lokey and Close Brothers and from Blackstone Group, numerous members of Flag management team for presentation of Flag's view of business and relevant issues as per agenda prepared for the day by Houlihan Lokey.	8.90
05/16/02	KEB	0013 Analyze intercompany issues; application of facts to law.	2.00
05/16/02	KEB	0013 Read 10Q.	0.50
05/16/02	KEB	0013 Meeting with Bersh re: diligence on Flag Limited and Flag Atlantic Credit Agreements.	0.70
05/16/02	KEB	0013 T. call with Bersh re: Credit Agreement due diligence.	0.20
05/16/02	DEP	0013 Review materials and meet with T.W. Davidson about due diligence issues.	0.50
05/16/02	GNS	0013 Prepared due diligence memorandum regarding leases.	3.50
05/16/02	GNS	0013 Discussed leases with S. Rice for inclusion in fact sheet.	0.30
05/16/02	DB	0013 Revision of fact sheet.	0.80
05/16/02	DB	0013 Set up conference call to discuss diligence.	0.30
05/16/02	DB	0013 Review of Flag Limited Credit Agreement.	1.50
05/16/02	DB	0013 Review of Flag Limited and Flag Atlantic Credit Agreements at Gibson Dunn.	5.30
05/16/02	EPC	0013 Review and analysis of 10-Q filing for intercompany interactions and corporate transactions investigations.	0.60
05/16/02	DPS	0013 Office conference with E. Christian regarding intercompany relationships.	0.20
05/16/02	HR	0013 Meeting - Real time presentation on competitors.	0.70
05/16/02	HR	0013 Meeting - Evans re key operating initiatives to improve operating performance.	1.20
05/16/02	HR	0013 Meeting - Role of JV partners by McCormack and Evans.	0.60
05/16/02	HR	0013 Meeting - Sales and marketing presentation by Chris Wood.	0.70
05/16/02	HR	0013 Meeting - Customer initiatives presentation by McCormack.	0.80
05/16/02	HR	0013 Meetings - Ed McCormack and A. Evans historical evolution, assessment of industry and implications of Chapter 11.	1.60
05/16/02	HR	0013 Meeting - McCormack and Evans re overview of networks.	2.30
05/16/02	HR	0013 Meeting - Overview of VPOP by a Flag VP.	0.50
05/16/02	HR	0013 Meeting re due diligence. Andres Bande overall introduction to Flag companies and current situation.	1.40
05/16/02	SR	0013 Reviewing advice on UAE Employment Law.	0.40
05/16/02	SR	0013 Correspondence with New York regarding Data Room and conference call.	0.20
05/16/02	SR	0013 Completing review and amendment of Flag Fact Sheet.	4.60
05/17/02	TWD	0013 Telephone call with S. Rice, F. Heller, K. Berchem re: due diligence stations and going forward efforts.	0.70
05/17/02	TWD	0013 Telephone call with D. Pollner re: starting due diligence efforts for receiving IRC review and spectrum leasing agreements.	0.40
05/17/02	RR	0013 Review diligence matrix; review bankruptcy vs. transactional view of	4.10

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
		IRUs.	
05/17/02	FH	0013 Consideration of intercompany issues based on information from diligence.	0.90
05/17/02	FH	0013 Follow up on internal organization of diligence information through preparation for conference call among lawyers on diligence team.	0.40
05/17/02	FH	0013 Conference call organizing diligence information and determination of outstanding issues to be pursued with Richard Hierons, Sebastian Rice, Kerry Berchem, David Bersh, Edward Christian of Akin Gump.	1.20
05/17/02	FH	0013 Follow up from conference call on London action items for diligence with Richard Hierons and Sebastian Rice.	0.40
05/17/02	FH	0013 Travel to and from Flag headquarters with Richard Hierons for further management interviews with Houlihan, Blackstone teams.	1.00
05/17/02	FH	0013 Management presentations regarding projections on business plan and next steps in restructuring at Flag headquarters with Richard Hierons of Akin Gump, Houlihan and Blackstone teams and Flag management team.	1.90
05/17/02	KEB	0013 Call with Bersh and Kuhn re: lien analysis and preferential transfer issues relating to limited/Barclays's facility.	0.30
05/17/02	KEB	0013 Research and analyze Intercompany issues.	2.40
05/17/02	KEB	0013 Meeting with Bersh to prepare for diligence conference call.	0.30
05/17/02	KEB	0013 Conference call with Bersh, Heirons, Rice, Heller, Christian re: diligence and Intercompany issues.	1.30
05/17/02	DB	0013 Preparation for conference call.	0.30
05/17/02	DB	0013 Call with K. Berchem and S. Kuhn to discuss lien searches.	0.30
05/17/02	DB	0013 Revision of fact sheet.	1.30
05/17/02	DB	0013 Review of Collateral Agreements and UCC filings for Flag Atlantic Credit Facility.	5.10
05/17/02	DB	0013 Conference call with corporate due diligence team.	1.30
05/17/02	EPC	0013 Participate in due diligence conference call regarding investigation into FLAG entities.	1.30
05/17/02	DPS	0013 Telephone conference with D. Bersh regarding diligence issues and follow up regarding same.	0.20
05/17/02	HR	0013 Review amendments to due diligence report riders.	0.70
05/17/02	HR	0013 Comments to Sebastian Rice.	0.30
05/17/02	HR	0013 Conference call to Kerry Burcham and David Bersh re due diligence.	1.20
05/17/02	HR	0013 Review with Rice and Heller re due diligence matters	0.20
05/17/02	HR	0013 Meeting at Flag with Andy Evans et al re restructuring proposal/financials.	1.80
05/17/02	SR	0013 Reviewing, researching and amending Flag Fact Sheet.	4.50
05/17/02	SR	0013 Conference call with Richard Hierons, Fred Heller, Kerry Berchem, Ed Christian; discussing due diligence.	1.20
05/17/02	SR	0013 Post conference call discussion with Richard Hierons, Fred Heller to discuss next steps.	0.40
05/18/02	HR	0013 Review amendments to due diligence riders with Sebastian Rice.	0.40
05/18/02	SR	0013 Review further Employment documents sent by Flag - 0013.	1.50
05/18/02	SR	0013 Discussion with Richard Hierons regarding Flag Fact Sheet.	0.40
05/18/02	SR	0013 Final amendments to Riders to Flag Fact Sheet.	1.70
05/19/02	FH	0013 Further analysis of material from management meetings.	1.00
05/19/02	FH	0013 Analysis of material from management meetings.	1.00
05/19/02	FH	0013 Examination of intercompany dealings and information.	1.10
05/19/02	DB	0013 Reviewed London due diligence and added it to fact sheet.	1.50
05/20/02	HA	0013 Review company background information.	0.50
05/20/02	DER	0013 Assembled set of registration statements filed by Flag Telecom Holdings Limited related to its initial equity offering and an exchange offer of bonds.	0.40



<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/20/02	TWD	0013 Reviewed due diligence factsheet and analyzed required due diligence.	0.70
05/20/02	TWD	0013 Emails to London office on status of any summaries of IRU agreements.	0.30
05/20/02	TWD	0013 Office conference with R. Rubin, B. Haque to discuss due diligence on IRVs and agreements for merged bandwidth.	1.00
05/20/02	RR	0013 Diligence regarding capacity, IRU, bandwidth, fiber, etc. contracts.	2.20
05/20/02	MSS	0013 Meeting w/ K. Berchem, D. Bersch and D. Simonds re diligence issues (.80).	0.80
05/20/02	FH	0013 Telephone conference with Kerry Berchem of NY office with Richard Hierons reporting on findings from interviews with Flag management for incorporation into overall diligence findings.	0.40
05/20/02	FH	0013 Travel with Richard Hierons and Sebastian Rice to Flag headquarters in South Street, Mayfair.	0.50
05/20/02	FH	0013 Review materials in preparation for meeting at Flag headquarters.	0.80
05/20/02	FH	0013 Meeting at Flag headquarters with Andy Evans, CTO, Michael Cayouette, CFO, Parminder Dost of tax and finance group, and Richard Hierons of Akin Gump to inquire regarding intercompany relationships.	1.50
05/20/02	FH	0013 Meeting with Sebastian Rice to examine intercompany relationships.	0.40
05/20/02	FH	0013 Meeting with Richard Hierons and Sebastian Rice to determine intercompany issues requiring further inquiry.	0.70
05/20/02	FH	0013 Telephone conference with Kimberley Woolley of Gibson Dunn to arrange to meet with Flag.	0.10
05/20/02	MAK	0013 Prepare Memo to S. Rice re summary of provisions of Income and Corporation Taxes Act 1988 on control	0.30
05/20/02	MAK	0013 Research Income and Corporation Taxes Act re definition of Control	0.40
05/20/02	KEB	0013 Prepare memo to Stamer/Simonds re: Intercompany cost allocations (SGA & Capacity Services)	0.80
05/20/02	KEB	0013 Read Management presentation documents and Diligence documents sent from FLAG.	3.50
05/20/02	KEB	0013 Prepare memo on Intercompany Group issue re: Creditors.	3.20
05/20/02	KEB	0013 Meeting with Bersh to prepar for diligence update with Stamer and Simmonds.	0.50
05/20/02	KEB	0013 Diligence status meeting with Stamer, Simonds and Bersh.	0.50
05/20/02	KEB	0013 Calls with Heirons and Heller re: Intercompany arrangements.	0.70
05/20/02	DEP	0013 Meet with R. Rubin, T. Davidson and B. Haque about Flag due diligence issues (.9); prepare for due diligence document review (.3); review revised fact sheet materials (1.3).	2.50
05/20/02	LMS	0013 Prepared for call with K. Berchem, M. Stamer and D. Simonds re due diligence.	0.50
05/20/02	GNS	0013 Drafted due diligence memorandum summarizing executive retention programs and change of control definitions of certain employment agreements.	4.30
05/20/02	GNS	0013 Discussed employment agreements summary with Sebastian Rice.	0.30
05/20/02	BB	0013 Conference with Sebastian Rice regarding analysis of pre-petition transaction documents	0.20
05/20/02	DB	0013 Call with M. Stamer, K. Berchem and D. Simonds.	0.50
05/20/02	DB	0013 Revised corporate fact sheet; reviewed Atlantic Credit Agreement.	4.50
05/20/02	DB	0013 Prepared for call with K. Berchem, M. Stamer and D. Simonds.	0.50
05/20/02	EPC	0013 Review and analysis of correspondence from K. Berchem regarding credit agreements entered into by FLAG entities.	0.10
05/20/02	EPC	0013 Office conference with D. Simonds regarding due diligence investigation and intercompany transactions.	0.20
05/20/02	DPS	0013 Telephone conference with K. Berchem regarding intercompany transfers.	0.10
05/20/02	DPS	0013 Office conference with E. Christian regarding intercompany due diligence.	0.20
05/20/02	DPS	0013 Telephone conference with M. Stamer, K. Berchem and D. Bersh	0.60

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/20/02	BOH	0013 regarding due diligence. Conference with T. Davidson(.20); review fact sheet and other corporate information (3.9).	4.10
05/20/02	HR	0013 Review with Sebastian Rice and Fred Heller due diligence of statutory books and re-organisation documents.	0.20
05/20/02	HR	0013 Further review with Fred Heller and Sebastian Rice regarding inter-company arrangements.	0.30
05/20/02	HR	0013 Meeting with Andy Evans, Parminder Dosh and Michel Cayouette (CFO).	1.60
05/20/02	HR	0013 Telephone conference call with Kerry Bercham and Fred Heller to discuss inter-company relationships.	0.40
05/20/02	HR	0013 Internal review with Fred Heller and Sebastian Rice - re intercompany arrangements.	0.40
05/20/02	HR	0013 Telephone conversation with Kimberley Woolley's office re due diligence.	0.10
05/20/02	SR	0013 Review of Flag Group of Companies statutory books.	2.70
05/20/02	SR	0013 Conference with Brandon Bennett regarding status and analysis of Due Diligence.	0.20
05/20/02	SR	0013 E-mail to David Bersh regarding amendments to Flag Fact Sheet.	0.10
05/20/02	SR	0013 Liaising with K. Woolley on coordinating conference call with Flag.	0.50
05/20/02	SR	0013 Review and amend summary of employing entity and total salary liabilities.	0.90
05/20/02	SR	0013 Call to Kitty Chan of Flag to discuss reviewing statutory books.	0.20
05/20/02	SR	0013 Further discussion on documents with Fred Heller and Richard Hierons.	0.30
05/20/02	SR	0013 Brief George Sappio on relevant information required for employment summaries.	0.30
05/20/02	SR	0013 Brief Lisa Purdy on relevant information required on employee lists.	0.20
05/20/02	SR	0013 Discussion on Due Diligence with Fred Heller and Richard Hierons in part.	0.80
05/20/02	SR	0013 Call to K. Woolley on access to documents.	0.10
05/21/02	HA	0013 Review list of agreements and governing law in preparation for due diligence review.	0.50
05/21/02	TWD	0013 Telephone call with B. Hague and D. Pollner re: status of due diligence efforts.	0.50
05/21/02	RR	0013 Review structure of diligence; review correspondence regarding diligence.	1.30
05/21/02	FH	0013 E-mail to diligence group with notes on Dost conversation.	0.20
05/21/02	FH	0013 Telephone to Houlihan Lokey re diligence results.	0.20
05/21/02	FH	0013 Telephone conference with Kerry Berchem re further intercompany queries.	0.10
05/21/02	FH	0013 Telephone conference with Parminder Dost of Flag regarding intercompany queries.	0.30
05/21/02	FH	0013 Telephone conference to Kimberley Woolley to arrange to speak with Flag management regarding intercompany issues.	0.10
05/21/02	FH	0013 Conference with Richard Hierons assimilating results of diligence findings.	0.40
05/21/02	FH	0013 Telephone conference with Mike Stamer of NY office and Richard Hierons summarizing diligence results from meetings and coordinating NY and London efforts.	0.20
05/21/02	FH	0013 Attention to further intercompany issues.	0.20
05/21/02	MAK	0013 Liaising with B. Bennett and S. Rice re changes to the Data Room Index	0.20
05/21/02	KEB	0013 Review and comment of Flag Fact Sheet.	1.50
05/21/02	KEB	0013 Revise Intercompany Memo based on additional diligence information (Credit Agreements).	1.30
05/21/02	KEB	0013 Diligence correspondence with Heller and Heirons.	0.50

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/21/02	DEP	0013 Due diligence review of regulatory and telecom agreements.	12.00
05/21/02	GNS	0013 Drafted notes related to due diligence review at Flag Limited.	0.30
05/21/02	GNS	0013 Discussed due diligence review with S. Rice.	0.80
05/21/02	GNS	0013 Due diligence review at offices of Flag Limited.	2.80
05/21/02	BB	0013 Attention to modified index of pre-petition transactions documents	0.80
05/21/02	BB	0013 Conference with Sebastian Rice regarding modified index of pre-petition transactions documents	0.30
05/21/02	DB	0013 Review of intercompany issues memo.	0.50
05/21/02	DB	0013 Revised and redistributed fact sheet.	4.20
05/21/02	AH	0013 Conference with joint provisional liquidators	1.00
05/21/02	EPC	0013 Review and analysis of due diligence and documents pertinent to structure of intercompany transactions.	0.40
05/21/02	EPC	0013 Review and analysis of correspondence and documents relevant to due diligence investigation into FLAG and intercompany transactions.	0.20
05/21/02	DPS	0013 Review due diligence issues.	0.30
05/21/02	BOH	0013 Review IRU agreements and real property licenses and create matrix regarding same.	11.30
05/21/02	HR	0013 Call to Houlihan Cokey with Fred Heller.	0.10
05/21/02	HR	0013 Call to Kimberley Woolley.	0.10
05/21/02	HR	0013 Reviewing due diligence documents.	0.90
05/21/02	HR	0013 Telephone conference with Sebastian Rice.	0.10
05/21/02	SR	0013 E-mail with comments summary of addendums to employment contracts to New York.	0.20
05/21/02	SR	0013 Liaise with Maria Kaverina regarding modified index of Data Room.	0.20
05/21/02	SR	0013 Review of statutory books and restructuring documents at Flag's offices.	5.10
05/21/02	SR	0013 Liaise with Brandon Bennett regarding modified index of Data Room documents.	0.30
05/21/02	SR	0013 Review and amend summary of addendums to Employment Contracts relating to retentions.	0.80
05/22/02	HA	0013 Review IRUs and other telecommunications agreements in New York data room.	11.50
05/22/02	TWD	0013 Telephone call and email to and from K. Beachem to clarify scope of due diligence assignment.	0.40
05/22/02	TWD	0013 Telephone call with H. Anderson, B. Hague and D. Pollner re: questions on Irus, maintenance agreements and service agreements.	0.50
05/22/02	TWD	0013 Telephone call from B. Hague and D. Pollner re: due diligence issue.	0.40
05/22/02	TWD	0013 Office conference with R. Rubin to discuss due diligence questions on factsheet summary and peering agreements.	0.30
05/22/02	RR	0013 Telephone conferences regarding IRUs/Fiber/Capacity Leases; Peering Agreement.	2.30
05/22/02	FH	0013 Review fact sheet summarizing diligence in particular verifying London input.	0.70
05/22/02	FH	0013 Telephone conference with Kimberley Woolley to get further information from Flag management regarding collateral issues.	0.10
05/22/02	FH	0013 Further analysis of intercompany relationships and issues relevant to case.	0.80
05/22/02	FH	0013 Conference with Richard Hierons and Sebastian Rice regarding intercompany issues and analysis.	0.30
05/22/02	FH	0013 Further conference with Richard Hierons regarding intercompany issues.	0.10
05/22/02	FH	0013 Conference with Sebastian Rice regarding intercompany issues and coordinating further diligence with client.	0.40
05/22/02	KEB	0013 Prepare issues list pertaining to secured obligations under Flag Limited's Credit Agreement and Flag Atlantic's Credit Agreement.	0.30
05/22/02	KEB	0013 Calls with Davidson re: review of IRU's and ROU's.	0.20
05/22/02	KEB	0013 Review/revise and distribute Memorandum on Intercompany Issue and	2.00

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
		Analysis.	
05/22/02	KEB	0013 Correspondence re: data room material review.	0.40
05/22/02	KEB	0013 Review KERP Retention Plan Summaries.	0.70
05/22/02	DEP	0013 Due diligence review.	11.00
05/22/02	DB	0013 Revised fact sheet.	0.70
05/22/02	DB	0013 Call with S. Rice to discuss due diligence coordination.	0.40
05/22/02	DB	0013 Review 10Q.	0.50
05/22/02	EPC	0013 Review and analysis of preliminary intercompany transaction memorandum.	0.50
05/22/02	EPC	0013 Review and analysis of underlying bondholder credit documents for structure of intercompany transactions and analysis thereof.	0.70
05/22/02	BOH	0013 Review IRU agreements, peering agreements and cable landing agreements (8.4); strategy conference regarding same (.5); create matrix regarding same (3.3).	12.20
05/22/02	HR	0013 Review fact sheet.	1.30
05/22/02	HR	0013 Due diligence issues with Fred Heller and Sebastian Rice re: inter-company matters.	0.30
05/22/02	HR	0013 Fred Heller review inter-company issues.	0.10
05/22/02	SR	0013 Meeting with Fred Heller regarding intercompany issues and coordinating further due diligence.	0.40
05/22/02	SR	0013 Telephone call with David Bersh to discuss modifications to Flag Fact Sheet.	0.40
05/22/02	SR	0013 Review and comment on revised version of Flag Fact sheet.	1.10
05/22/02	SR	0013 Summarise review of restructuring documents and e-mail comments to New York.	1.30
05/22/02	SR	0013 Review, amend and produce black-lined version of substantial identity document based on review of corporate books.	1.50
05/22/02	SR	0013 Meeting with Fred Heller and Richard Hierons to discuss inter-company issues.	0.30
05/22/02	SR	0013 Correspondence with Kerry Berchem regarding corporate entities.	0.20
05/23/02	HA	0013 Review and catalog telecommunications agreements in New York data room.	12.20
05/23/02	TWD	0013 Telephone call with B. Hague, H. Anderson and D. Pollner re: due diligence.	0.30
05/23/02	TWD	0013 Emails from K. Berden re: status of due diligence and need to document request.	0.30
05/23/02	TWD	0013 Telephone call with D. Pollner re: due diligence.	0.50
05/23/02	RR	0013 Review diligence matrix; review bankruptcy vs. transactional view of IRUs.	4.10
05/23/02	FH	0013 Refining issues that remain to be outstanding.	0.70
05/23/02	FH	0013 Further review of materials delivered by Flag in management meetings.	1.80
05/23/02	MAK	0013 Receive instructions from S.Rice on documents to review in a legal data room	0.40
05/23/02	MAK	0013 Review litigation and property documents in the legal data room	1.00
05/23/02	KEB	0013 Draft email correspondence to Rici regarding follow up on declared dividends: ask to obtain officers' certificate regarding calculation of dividends.	0.30
05/23/02	KEB	0013 Draft email to diligence group (Heller, Heirons, Bersh, Rice, Davidson) regarding open items to follow up on and discussion re: conclusion of diligence efforts.	0.40
05/23/02	KEB	0013 Review diligence email updates on Declared Dividends; SG&A expenses.	1.40
05/23/02	DEP	0013 Due diligence document review (8.1); review, edit and revise matrix/summaries (4.9).	13.00
05/23/02	DB	0013 Call with S. Rice to discuss due diligence.	0.50
05/23/02	DB	0013 Call with London and Virginia office to discuss due diligence.	0.50

<u>Date</u>	<u>Tkpr</u>	<u>Task</u>	<u>Hours</u>
05/23/02	DB	0013 Revised fact sheet.	0.80
05/23/02	EPC	0013 Review and analysis of credit documents for structure of intercompany transactions and bondholder consent thereto and to restructure.	0.40
05/23/02	DPS	0013 Review memo regarding intercompany relationships.	0.20
05/23/02	BOH	0013 Review IRU agreements (6.1); research IRU sale/lease analysis (2.4); draft memorandum regarding same (2.1).	10.60
05/23/02	HR	0013 Review due diligence materials.	0.50
05/23/02	HR	0013 Call to Kimberley Woolley re due diligence.	0.10
05/23/02	HR	0013 Prepare note re: inter-company issues.	0.50
05/23/02	SR	0013 Prepare document summarizing retention payments to most senior executives of Flag.	0.30
05/23/02	SR	0013 Meeting with Brandon Bennett to update on status of Due diligence.	0.20
05/23/02	SR	0013 Further discussions with Richard Hierons on payment of dividend.	0.10
05/23/02	SR	0013 Review documentation received overnight from New York regarding intercompany relationships and Responses to Retention Objections.	1.00
05/23/02	SR	0013 Telephone call with David Bersh regarding comments to intercompany relationships and allocation of documents in Data Room.	0.50
05/23/02	SR	0013 Conference call with David Bersh and NOVA lawyers discussing analysis of data room documents and materiality.	0.40
05/23/02	SR	0013 Telephone discussion with K. Woolley of Gibson, Dunn & Crutcher regarding Dividends paid by Limited.	0.20
05/23/02	SR	0013 Telephone discussion with M. Kaverina regarding review of documents in legal data room.	0.20
05/23/02	SR	0013 Analysis of hiring of an MRI ex-employee; review Confidentiality Agreement for issues.	0.40
05/23/02	SR	0013 Call to Gibson, Dunn & Crutcher to discuss access to Data Room.	0.20
05/23/02	SR	0013 Discuss amendments to substantive consolidation note with Fred Heller.	0.20
05/23/02	SR	0013 Conference with Richard Hierons regarding substantive consolidation and issue of dividends.	0.50
05/23/02	SR	0013 Brief M. Kaverina on documents to review in legal data room.	0.40
05/24/02	HA	0013 Draft, revise, and transmit Telecommunications Agreements Fact Sheet Insert and IRU Analysis.	9.50
05/24/02	TWD	0013 Office conferences with D. Pollner re: results of due diligence review.	0.50
05/24/02	TWD	0013 Telephone call with H. Anderson re: due diligence review.	0.30
05/24/02	FH	0013 Conference with Sebastian Rice regarding open issues.	0.20
05/24/02	FH	0013 Email to Kerry Berchem confirming open issues.	0.20
05/24/02	FH	0013 Review Flag cost reduction program as in court pleadings to compare to management meetings.	0.40
05/24/02	FH	0013 Review of engagement letter and petitions pending in court proceeding relative to issues with Flag from diligence.	0.50
05/24/02	FH	0013 Review of open issues in diligence.	0.70
05/24/02	KEB	0013 Read Management Presentation PowerPoint.	0.50
05/24/02	KEB	0013 Emails with S. Rice re: Limited's dividend(s)/Officers' Certificate and amount of dividend(s).	0.30
05/24/02	KEB	0013 T. call with Bersh re: limited collateral document and Note Placement Memorandum.	0.10
05/24/02	KEB	0013 T. call with H. Anderson re: IRU/ROU diligence.	0.20
05/24/02	KEB	0013 Prepare list regarding open due diligence items.	0.80
05/24/02	DEP	0013 Prepare overall due diligence summary and fact sheet inserts on regulatory and telecom issues.	7.50
05/24/02	GNS	0013 Travel to Gibson Dunn for due diligence.	0.30
05/24/02	GNS	0013 Due diligence; reviewed joint venture documents at Gibson Dunn.	1.50
05/24/02	GNS	0013 Drafted due diligence report in connection with review of joint venture agreements.	0.50
05/24/02	DB	0013 Revised fact sheet.	0.50
05/24/02	SR	0013 Reviewing and amending summary of South Street lease.	0.30