

ANDERSON KILL & OLICK, P.C.
1251 Avenue of the Americas
New York, New York 10020
(212) 278-1000

Conflicts Counsel for the Official Committee
of Unsecured Creditors
J. Andrew Rahl, Jr., Esq. (JR-9349)
Larry D. Henin, Esq. (LH-0437)
Paul Rachmuth, Esq. (PR-1566)

**UNITED STATES BANKRUPTCY COURT
FOR THE 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

**SUMMARY OF FIRST AND FINAL APPLICATION OF ANDERSON KILL &
OLICK, P.C., FOR REIMBURSEMENT OF FEES AND EXPENSES
AS: (1) CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS PURSUANT TO SECTION 330 OF THE
BANKRUPTCY CODE; AND (2) ON BEHALF OF PPM AMERICA, INC. FOR
SUBSTANTIAL CONTRIBUTION TO THESE CASES
PURSUANT TO SECTION 503(b)(3)(D) OF THE BANKRUPTCY CODE**

1. AS COMMITTEE CONFLICTS COUNSEL

Name of Applicant: Anderson Kill & Olick, P.C.

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

Date of Retention: July 29, 2002, by Order dated September 26, 2002

Period for which Compensation and Reimbursement is Sought: July 29, 2002 to October 9, 2002 (final compensation from Retention Date through the end of the representation).

Amount of Compensation Sought as actual, reasonable and necessary: \$129,072.50, representing the fees incurred during July 29, 2002 through October 9, 2002, for which no previous award has been requested or made; and

Amount of Expense Reimbursement Sought as actual, reasonable and necessary: \$1,509.97, representing expenses incurred during the Post-Retention Compensation Period, for which no previous award has been requested or made.

2. FOR SUBSTANTIAL CONTRIBUTION

Name of Applicant: Anderson Kill & Olick, on behalf of PPM America, Inc.

Authorized to Provide Services to: PPM America, Inc.

Date of Retention: June 7, 2002

Period for which reimbursement is Sought: June 7, 2002 through July 28, 2002

Amount of Compensation Sought as Actual, Reasonable and Necessary: \$109,187.50, representing the fees incurred during June 7, 2002 through July 28, 2002, for which no previous award has been requested or made.

Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary: \$1,793.92, representing expenses incurred during the Ad Hoc Period, for which no previous award has been requested or made.

3. TOTALS

Total Amount of Compensation Sought: Final compensation in the aggregate amount of \$238,260.00

Total Amount of Expense Reimbursement Sought: Final expense reimbursement in the aggregate amount of \$3,303.89

This is a final fee application.

No further application will be made to this Court for fee application preparation, although request for payment of time and expenses related to the preparation of this application will be made directly to the Reorganized Debtor, as contemplated by the Plan of Reorganization.

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1251 Avenue of the Americas
New York, New York 10020
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of Unsecured Creditors
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**UNITED STATES BANKRUPTCY COURT
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In re: : Chapter 11
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**FIRST AND FINAL APPLICATION OF ANDERSON KILL &
OLICK, P.C., FOR REIMBURSEMENT OF FEES AND EXPENSES
AS: (1) CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS PURSUANT TO SECTION 330 OF THE BANKRUPTCY CODE ;
AND (2) ON BEHALF OF PPM AMERICA, INC. FOR SUBSTANTIAL CONTRIBUTION TO THESE
CASES
PURSUANT TO SECTION 503(b)(3)(D) OF THE BANKRUPTCY CODE**

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

Anderson Kill & Olick, P.C. (“Anderson Kill”) hereby makes its First and Final Application (the
“Application”), for Reimbursement of Fees and Expenses Both as: (1) Conflicts Counsel to the Official

Committee of Unsecured Creditors (the “Committee”) Pursuant to Section 330 of the Bankruptcy Code (the “Committee”); and (2) on behalf of PPM America, Inc. for Substantial Contribution in these Cases Pursuant to Section 503(B)(3)(D) of the Bankruptcy Code, in the Cases of the above captioned debtors, Flag Telecom Holdings Limited, et. al. (collectively, the “Debtors”), and respectfully represents and alleges as follows:

I. INTRODUCTION

1. Anderson Kill hereby makes this Application for allowance of payment by the estates for professional services rendered and expenses incurred in its representation of: (1) the Committee as provided under Section 330 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and (2) on behalf of Jackson National Life Insurance Company, for substantial contribution to these Cases pursuant to Section 330 of the Bankruptcy Code.

2. Anderson Kill seeks final approval for allowance of compensation for two distinct periods in these cases. First, for the period from July 29, 2002, through October 9, 2002 (the “Retention Period”), and secondly, for Anderson Kill’s representation of Jackson National Life Insurance Company, prior to its retention by the Committee, for the period commencing on June 7, 2002 and ending on July 28, 2001, the day before Anderson Kill’s retention by the Committee (the “Substantial Contribution Period”). The Retention Period and the Substantial Contribution Period are hereinafter collectively referred to as the “Compensation Period”.

3. Anderson Kill seeks compensation for work performed in the total amount of \$238,260.00 which is comprised of \$129,072.50 for the Retention Period and \$109,187.50 for the Substantial Contribution Period. To date, Anderson Kill has not applied for or been paid by the Debtors for any fees incurred as a result of professional services rendered to any party in these cases. PPM America, Inc., however, has in fact paid (or will have paid by the date of the hearing at which the Court considers of this Application) the full amount of the fees and expenses sought herein for the Substantial Compensation Period.

4. Anderson Kill's request for reimbursement of expenses is in the aggregate amount of \$3,303.89, which is comprised of \$1,509.97 for the Retention Period and \$1,793.92 for the Substantial contribution Period.

5. Schedules setting forth the number of hours expended by senior shareholders, associate attorneys and paraprofessionals of Anderson Kill who rendered services during the Compensation Period, broken down as between the Retention and Substantial Contribution Periods, along with their respective hourly rates, are annexed hereto as Exhibits "A-1" and "A-2".

6. A schedule setting forth the expenses for which Anderson Kill is seeking reimbursement is annexed hereto as Exhibit "B". The expenses are also broken between the Retention and Substantial Contribution Periods.

7. Anderson Kill's application is for final compensation. No previous award of any of the amounts covered hereby has been requested or made.

II. FACTUAL BACKGROUND

8. Anderson Kill is a professional association of attorneys organized and existing under the laws of the State of New York. Its office is located at 1251 Avenue of the Americas, New York, N.Y. 10020. Anderson Kill's expertise includes the representation of parties in interest in complex bankruptcy matters, including the representation of creditor constituencies in all aspects financial restructuring and insolvency related proceedings.

9. On April 12, 2002 (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

10. The Debtors have three principal creditor constituencies, which consist of creditors of, respectively: (i) Flag Telecom Holdings Limited ("Holdco"); (ii) Flag Limited ("Limited"); and (iii) the Flag Atlantic Debtors.

11. The Committee was appointed by the United States Trustee on May 3, 2002. Its members are:

Alcatel Submarine Networks
Lucent Technologies, Inc.
HSBC Bank USA, as Trustee
The Bank of New York, as Trustee
Cerberus Capital Management, L.P.
Elliott Management Corp.
Varde Partners, Inc.
PPM America, Inc.
Pimco Investment Management Company (“Pimco”)

Three of these Committee members, PPM America, Inc., Pimco and HSBC Bank USA are creditors of Limited.

The rest of the Committee members are all or predominantly creditors of either Holdco or the Flag Atlantic Debtors.

12. On or about May 3, 2002, the date that the Committee was appointed, the Committee retained the law firm of Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”) to act as its legal counsel.

13. In May and June, 2002, the various Committee members and the Debtors negotiated the terms of an agreement for the Debtors’ plan of reorganization. These negotiations culminated in a term sheet which evidenced that agreement which was filed with the Court in July 2002 (the “Term Sheet”). The provisions of the Term Sheet in turn became the basis for the Debtors’ Plan of Reorganization (the “Plan”)

14. During the course of these negotiations, on June 7, 2002, Committee member PPM America, Inc. retained Anderson Kill to advise it, in its capacity as a creditor of Limited, as to, among other things: (i) the existence and merits, if any, of potential claims arising out of various intercompany relationships and claims between and among Limited, Holdco and Flag Atlantic; (ii) potential claims of the Limited, Holdco and Flag Atlantic estates with regard to their respective directors, officers and shareholders; and (iii) the positions which the creditors of Limited should take in the then ongoing negotiations with the creditors of Holdco and Flag Atlantic with regard to the Term Sheet. Committee members Pimco and HSBC Bank, who were the other two Limited creditors on the Committee, did not formally retain or agree to pay Anderson Kill at this time but did

participate on a joint enterprise basis in obtaining, and acting upon, Anderson Kill's advice to PPM America on these matters. With minor exceptions, Anderson Kill concluded its work on these matters by early July, 2002.

15. The Term Sheet for the Debtors' plan was subsequently agreed to by, among others, PPM America, Pimco, HSBC Bank and all other members of the Committee. Anderson Kill's actual charges for fees and expenses for this phase of its work on these Cases amount to approximately \$110,000 in total. These amounts are the subject of the Substantial Contribution portion of this Application for which reimbursement of PPM America, Inc. is sought under Bankruptcy Code Section 503(b)(3) (D)(3) and (4). PPM America, Inc. has in fact paid (or will have paid by the date of the hearing at which the Court considers of this Application) the full amount of the fees and expenses sought herein for the Substantial Contribution Period.

16. On July 29, 2002, PPM America and Pimco jointly consulted Anderson Kill again in connection with issues which had arisen with respect to how to preserve and address potential claims against the Debtors' directors and officers, and the insurance coverage related thereto, under the Plan. It was the Committee's understanding that the Debtors' have \$250 million of insurance coverage for such claims under various insurance policies with a number of different insurance carriers (the "d&o carriers") and that such coverage is in the form of "claims made" policies, meaning that if claims are not asserted or the insurers are not given adequate notice of any claims made against the d&o carriers before the policy terminates or expires, the d&o carriers are likely to assert that such claims are not covered by insurance. Pursuant to the Plan, on the Effective Date all assets of the Debtors that are not distributed to creditors under the Plan were transferred to a new entity that will operate the former business of the Debtors after the Effective Date. As a consequence, the Debtors' current d&o insurance terminated as of the Effective Date. The Committee, therefore, had to take all necessary steps to ensure that the d&o carriers were provided with the requisite notice of all possible claims in order to preserve the d&o insurance and the Plan had to make adequate provision for the investigation, preservation and prosecution of such claims.

17. As set forth in the Supplemental Affidavit of Michael S. Stamer filed on August 26, 2002 in further support of the Committee's retention of Akin Gump, Akin Gump currently represents one or more of the d&o insurance carriers in matters unrelated to these Chapter 11 cases and therefore could not prosecute claims against the Debtor's d&o insurance carriers. Accordingly, to ensure that the party investigating the claims against the d&o insurance carriers can, if necessary, prosecute such claims, and to avoid any duplication of effort or appearance of impropriety, the Committee retained Anderson Kill as Conflicts Counsel effective as of July 29, 2002. Anderson Kill thereafter represented the Committee in connection with the investigation and prosecution of any d&o claims and related insurance coverage matters. Anderson Kill's work on the Conflict Matters thus was a direct extension of a portion of the work which Anderson Kill performed during the Substantial Contribution Period as described in Paragraphs 13 & 14 above for which reimbursement is also sought in this Application.

18. The Plan was confirmed on September 29, 2002 and the Effective Date of the Plan was October 9, 2002. Pursuant to the Plan, a litigation trust was established on the Effective Date to preserve, investigate and pursue the d&o claims and related insurance coverage.

19. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

III. PROFESSIONAL SERVICES RENDERED

A. Retention Period

20. Anderson Kill's services during the Retention Period enhanced the Committee's understanding, and implemented the Committee's objectives with respect to the potential claims of the Debtors' estates with respect to the directors, officers and stockholders of the respective debtors. During the Retention Period, among other things, Anderson Kill refined and implemented its analysis of such claims, which it had commenced during the Substantial Contribution Period, by: (i) advising the Committee as to the nature of such claims and

the most appropriate allocation of such claims as among the Debtors' three creditor constituencies; (ii) analyzing the Debtors' insurance coverage for such claims and advising the Committee as to how best to preserve that coverage; (iii) performing all work in connection with the Litigation Trust which was established in connection with the consummation of the Plan; and (iv) representing the Committee with respect to the foregoing in connection with the confirmation and consummation of the Plan. Anderson Kill respectfully submits that its efforts in connection with the foregoing enabled the Committee to act in an informed, efficient manner with respect to the matters in question. To this end, Anderson Kill worked closely with other professionals and with the Committee to avoid unnecessary duplication or services charged to the Debtors' estates.

21. An itemized description of the work performed and the expenses incurred by Anderson Kill during the Retention Period is annexed hereto as Exhibit "A-1".

B. Substantial Contribution Period

22. Anderson Kill's compensation for the Substantial Contribution Period is not covered by the Retention Order. Anderson Kill respectfully submits that such compensation may, and should be, approved as compensation which is appropriately compensable under Sections 503(b)(3)(D) (3) and (4) of the Bankruptcy Code.

23. Sections 503(b)(3)(D) (3) and (4) of the Bankruptcy Code allow for reasonable compensation for attorneys representing a creditor "in making a substantial contribution...". Applicable case law defines a "substantial contribution" as those services which foster and enhance the progress of reorganization. In re Granite Partners, L.P., 213 B.R. 440 (Bk. S.D.N.Y. 1997) (Bernstein, J.) and cases cited therein.

24. Sections 503(b)(D) (3) and (4) of the Bankruptcy Code are directly applicable to Anderson Kill's role during the Substantial Contribution Period. Committee member PPM America, Inc. retained Anderson Kill for the purpose of advising with respect to the appropriate position which the entire constituency of Limited

creditors, as represented by all three Limited creditor members of the Committee should take on the ultimate issues in these Cases. While retained only by PPM America, Inc., Anderson Kill did in fact perform its work, render its advice to, and negotiate on behalf of, all three Limited Committee members for the benefit of the entire constituency of Limited creditors.

25. The work which Anderson Kill performed was on the issues which were central to the agreement which formed the economic basis for the Debtors' Plan and thus was central to the resolution of the entire case. The choice which the Limited creditors had before them at the time Anderson Kill began its work was whether or not to consent to a plan of reorganization based upon the substantive consolidation of all three major Debtor entities in these Cases, Limited, Holdings and Flag Atlantic, notwithstanding that it was proposed that each of those three constituencies were to receive materially different plan treatment from each other, both in terms of amount and form of consideration. The three Limited Committee members could not adequately have made their determination on these issues in a manner consistent with the performance of their fiduciary duties as Committee members without the advice of independent counsel with respect to the legal issues related to that determination. Moreover, Akin Gump, as counsel to the entire Committee, was not available to perform this function for the Limited Committee members alone.

26. Specifically, Anderson Kill was asked to analyze and give advice as to the effect and relative merits of all of the numerous intercompany transactions and transfers, and any resulting claims, by and among each of the three separate Debtor constituencies and their respective directors, officers and stockholders. The foregoing task was extremely complex and required extensive sophistication and experience in many areas of law, including but not limited to, all types of avoidance actions under the Bankruptcy Code, Federal and state securities laws matters, contract, ERISA tax and insurance coverage matters, and a panoply of other issues. Moreover, Anderson Kill performed this analysis in the extremely short time frame of less than four weeks.

27. Finally, as noted above, Anderson Kill was subsequently able to bring the results of a significant portion of its work during the Substantial Contribution Period to bear for the benefit of the entire Committee when Anderson Kill was called upon to do so during the Retention Period with respect to d&o claims and related insurance coverage.

28. Anderson Kill thus respectfully submits that its efforts during the Substantial Contribution Period constituted a compensable “substantial contribution” to these cases in that a “creditor’s lawyer ‘facilitated the progress of these Cases and ... substantially aided the formulation and adoption of a Plan of Reorganization’” In re Richton Int’l Corp., 15 B.R. at 856, as cited in In re Granite Partners, L.P., 213 B.R. 440 at 8 (Bk. S.D.N.Y. 1997) (Bernstein, J.).

V. COMPLIANCE WITH RULES AND GUIDELINES

29. Annexed hereto as Exhibit “C” is an Affirmation of J. Andrew Rahl, Jr., Esq. certifying Anderson Kill’s compliance with the requirements of Section 504 of the Bankruptcy Code, Rule 2016(a) of the Federal Rules of Bankruptcy Procedure, Local Rule 2016-2 and the United States Trustee’s guidelines for fee applications.

30. No agreement or understanding exists between Anderson Kill and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these Chapter 11 cases and Anderson Kill will not share or agree to share with any other person the compensation paid or allowed.

31. Summary sheets of the attorneys and paraprofessionals and their corresponding initials, billing rates and the number of hours incurred by each are annexed hereto as Exhibits A-1 and A-2, respectively. The hourly rates reflect what Anderson Kill generally charges its bankruptcy-related clients for similar services.

32. Anderson Kill has not received a retainer for representation in this matter.

33. Anderson Kill has not received compensation from any source for any of the work performed or expenses incurred in connection with its representation of the Committee during the Retention Period.

Anderson has received (or will have received by the date of the hearing at which the Court considers this Application) payment from PPM America, Inc. of the full amount of the fees and expenses sought herein for the Substantial Compensation Period. Anderson Kill has not filed any previous Application for reimbursement of fees and expenses, prior to this application.

VI. CONCLUSION

34. Anderson Kill is seeking compensation for fees in the aggregate amount of \$238,260.00, comprised as follows:

- a. \$129,072.50 representing the fees incurred during the Retention Period, for which no previous award has been requested or made; and
- b. \$109,187.50, on behalf of PPM America, Inc., representing the fees incurred during Substantial Contribution Period, for which no previous award has been requested or made.

35. Anderson Kill is also seeking reimbursement of expenses in aggregate amount of \$3,303.89, comprised as follows:

- a. \$1,509.97, representing the expenses incurred during the Retention Period; and
- b. \$1,793.92, on behalf of PPM America, Inc., representing expenses incurred during the Substantial contribution Period, for which no previous award has been requested or made.

WHEREFORE, Anderson Kill respectfully requests this Court: (a) grant a final award of compensation for professional services rendered in these Cases during the Compensation Period for a total of \$241,563.89 consisting of the sum of \$238,260.00 together with reimbursement of expenses in the amount of \$3,303.89 as delineated herein; and (b) grant such other and further relief as this Court deems just and proper.

Dated: November 8, 2002
New York, New York

ANDERSON KILL & OLICK, P.C.

/s/ _____

J. Andrew Rahl, Jr. (JR-9349)
1251 Avenue of the Americas
New York, NY 10020-1182
(212) 278-1000

EXHIBIT A-1

**SUMMARY OF ATTORNEY AND PARALEGAL TIME
CHARGES AND HOURLY RATES FOR THE RETENTION PERIOD**

Listed below are the attorneys and paralegals who performed professional services during the Compensation Period, their full names, initials, positions at the firm, year admitted, respective hourly rates and the time incurred by each

	INITIALS	YEAR ADMITTED	RATE PER HOUR	NUMBER OF HOURS	TOTAL
Martin R. Bring Senior Shareholder	MRB	1968	\$475	14.0	\$6,650.00
Steve Cooper Senior Shareholder	SIC	1984	\$425	21.4	\$9,095.00
Isaac E. Drucker Senior Partner	IED	1968	\$425	3.5	\$1,487.50
Phillip England Senior Shareholder	PCE	1975	\$495	78.7	\$38,956.50
Matthew Franks Associate Attorney	MEF	2001	\$180	93.4	\$16,812.00
Mark Garbowski Senior Shareholder	MG	1988	\$350	.4	\$140.00
Jeffrey E. Glen Senior Shareholder	JEG	1965	\$375	31.8	\$11,925.00
William G. Passannante Senior Shareholder	WGP	1990	\$425	17.0	\$7,225.00
J. Andrew Rahl, Jr. Senior Shareholder	JAR	1974	\$580	29.3	\$16,994.00
David M. Schlecker Senior Shareholder	DMS	1983	\$410	2.6	\$1,066.00
Jordan W. Siev Senior Shareholder	JWS	1989	\$375	19.3	\$7,237.50
William C. Tanzi Senior Shareholder	CWT	1983	\$340	4.3	\$1,462.00
Joshua Gold Associate Attorney	JGG	1995	\$310	.9	\$279.00
Lillian Moya Associate Attorney	LPM	2001	\$165	10.2	\$1,683.00
Paul A. Rachmuth Associate Attorney	PAR	1996	\$275	11.4	\$3,135.00
Joel S. Tennenberg Associate Attorney	JST	1996	\$290	12.3	\$3,567.00

	INITIALS	YEAR ADMITTED	RATE PER HOUR	NUMBER OF HOURS	TOTAL
Joyce Chu Paralegal	JC	N/A	\$140	.10	\$14.00
Kristi Skocpol Paralegal	KS	N/A	\$140	9.6	\$1,344.00
TOTAL:				360.2	\$129,072.50

NYDOCSI-652271.1

PPM AMERICA

CLIENT: 69924

NOVEMBER 7, 2002

REFERENCE: 10097723

EXHIBIT A-1

ANDERSON KILL & OLICK, P.C.

ATTORNEYS AND COUNSELLORS AT LAW

1251 AVENUE OF THE AMERICAS

NEW YORK, NY 10020-1182

(212) 278-1000

F.I.N. 13-2743351

RETENTION PERIOD

Client/Matter No.: 69924/PP319

Matter Name: FLAG COMMUNICATION

Billing Partner: JA RAHL, JR.

For Services Rendered Through October 9, 2002:

ITEMIZED SERVICES BILL

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
07/29/02	Telephone call with Passannante (.5); review emails on D&O claims and related matters (3.7).	B110	SIC	4.20
07/29/02	Call from Behenna (.2); conference Passannante (.3).	B110	JAR	.50
07/30/02	Review emails and claim issues.	B110	SIC	1.60
07/30/02	conference W Passannante re D&O policy; review prior correspondence re same issue	B110	MG	.40
07/30/02	Attention to D&O issues and review documents provided by client (1.2); follow-up on same (.5).	B110	WGP	1.70

PPM AMERICA

CLIENT: 69924

NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
07/31/02	Conference with Passanante (.3); review emails (1.5).	B110	SIC	1.80
07/31/02	Attention to D&O coverage issues regarding tower of insurance for Flag communications (1.4). Review materials, follow-up on telephone conference with client (.5).	B110	WGP	1.90
07/31/02	Committee conference call.	B111	JAR	1.00
08/01/02	Committee conference call.	B111	SIC	1.00
08/01/02	Review emails	B110	SIC	.80
08/01/02	Attention to D&O insurance coverage issues for Flag.	B110	WGP	1.50
08/02/02	Review emails (2.2); conference with Rahl (.4).	B110	SIC	2.60
08/02/02	Review memoranda and documents regarding underlying claims against potential directors and officers.	B110	WGP	1.30
08/05/02	Attention to D&O coverage issues for Flag.	B110	WGP	.50
08/05/02	Call Behenna re update	B111	JAR	.30
08/06/02	Review documents regarding insurance coverage (1.2); telephone conference regarding same (.3).	B110	WGP	1.50
08/06/02	Call from Simmons (.8); emails Passannante and Eisenhoffer (.7).	B111	JAR	1.50

PPM AMERICA

CLIENT: 69924

NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
08/07/02	Conference with Passanante re: D&O coverage.	B110	SIC	.30
08/07/02	Attention to telephone conference with plaintiff's lawyer.	B110	WGP	.70
08/07/02	Telephone conference with counsel for creditor (.3); follow-up on same (.3).	B111	WGP	.60
08/07/02	review revised plan language.	B112	JAR	.90
08/07/02	Call Simond re status	B104	JAR	.30
08/07/02	conference Passannante re conference with counsel for creditor	B104	JAR	.30
08/08/02	Telephone call with J. Eisenhofer.	B110	SIC	.20
08/08/02	Telephone conference with counsel for debtor; attention to issues raised by potential claimants lawyer; attention to D&O coverage issues.	B110	WGP	1.90
08/09/02	Emails re: D&O issues (.3); call Schaeffer re: same (.2).	B110	JAR	.50
08/13/02	Conferences with Rahl and Schaeffer; Glen re: claims.	B110	SIC	3.10
08/13/02	Emails re: insurance/D&O issues.	B110	JAR	.40
08/14/02	Send M. Bring's Flag due diligence files to Records.	B104	JC	.10
08/15/02	Review J. Glen email.	B110	SIC	.80

NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
08/15/02	Prep for conf call with subcommittee of creditors comm. re litigations v officers and directors, D&O coverage, third party claims (1.0); Participate in same. Followup re litigation trust proposal (.4). TCs Henin, Gold x2, Rachmuth re same (.5). Case law research on litigation trust and "insured v. insured" exclusion (1.0). TC Rahl x2, Klein, discussing strategy (.8). Participate in conf call with creditors committee. Report on same (1.0).	B111	JEG	4.70
08/15/02	Calls with J. Glenn re: litigation trust and insured vs. insured issues (.3); review of D. Bailey D&O collection re: same (.2); discussed Pintlar cases with J. Glen; Westlaw searches re: same (.4).	B110	JGG	.90
08/15/02	Conference Glen and Schaeffer re: D&O claims (.4); call Stamer re: same (.4).	B110	JAR	.80
08/16/02	Prep for 10:00 conf call (1.0). email Rahl re same (.3). Participate in conf call (1.0). Followup, additional research on insured v insured defense (1.3)	B110	JEG	2.60
08/16/02	Conference Klein and Schaeffer.	B111	JAR	.20
08/16/02	Attend Limited holder conference call re: D&O issues and AKO retention.	B111	JAR	1.20
08/18/02	File organization	B104	KS	.10

NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
08/19/02	Conference with Rahl (1.0); review emails (1.5).	B110	SIC	2.50
08/20/02	Conference with Passansante (.4); review emails (.9).	B110	SIC	1.50
08/20/02	Conference Stammer and Passannante re: litigation trust mechanics (.5); conference Schwartz and Davis re: retention (.2); call Stammer re: retention and litigation trust issues (.3).	B104	JAR	.80
08/21/02	Draft and send out AKO retention applicaiton (.7); conference and email Stammer re: same (.3).	B107	JAR	1.00
08/21/02	Conversation with A. Rahl about Unsecured Creditors Committee creation date and members. Downloaded information from docket.	B107	KS	.20
08/22/02	2 committee conference calls (1.0); 2 conferences Stammer re: retention (.3); revised AKO application (.30).	B111	JAR	1.60
08/23/02	Revise retention application (.2); call Davis and conference Skocpol re: obtaining signatures (.3).	B107	JAR	.50
08/26/02	various emails re "insured v insured" exclusion (.7). TC Passannante re substantive claims against O&D carriers, elements of negligent misrepresentation in this case (.4).	B110	JEG	1.10

NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
08/26/02	Attention to D&O claim issues (.9); follow-up on same (.4).	B110	WGP	1.30
08/26/02	Revise retention application.	B107	JAR	1.00
08/27/02	Attention to D&O claim issues (.9); follow-up on same with Mr. Glen (.4).	B110	WGP	1.30
08/27/02	email Passannante and Glen re: fiduciary duty and D&O issues (1.1).	B110	JAR	1.10
08/27/02	Conference Skocpol re: retention application	B107	JAR	.20
08/28/02	Attention to D&O claim insurance issues (1.0); follow-up on same (.1).	B110	WGP	1.10
08/29/02	Review emails.	B104	SIC	1.00
08/29/02	Follow-up on various D&O coverage issues; attention to same.	B110	WGP	.80
08/29/02	Email Siev, Passannante et.al. re: D&O claim issues.	B110	JAR	.50
08/30/02	Follow-up with Jeff Glen regarding insurance coverage issues.	B110	WGP	.90
08/30/02	Work on analysis of claims issues.	B110	JAR	.50
08/30/02	Email with Rahl. Email to D. Hill. Uploaded address list to system. Conversation with Angelina.	B107	KS	.40

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/03/02	Conducted research for P. England; cases re deductibility	B110	MEF	5.60
09/03/02	TC Rahl (.3); OC Schlecker x2 (.9); research on litigation trusts (.4). Memo re same. Memo re presentation of claims (.5). OC Rahl (.5). TC Stamer (.6). Review third draft of plan (.5)	B112	JEG	3.20
09/03/02	Several conference Glen re: D&O claims and coverage issue.	B110	JAR	.80
09/03/02	Conference with Jeff Glen re insured v. insured exclusion and claims by Trustee (.9). Review of memoranda (.9). Review of documents (.8).	B110	DMS	2.60
09/03/02	Conversation with Andy Rahl. (.1) Edits to Retention Application. (.3) Obtained Signatures for Andy's Affidavit. (.1) Individual emails to Co-chairs of Committee re Retention application. (.3) Conversations with Accounting re: BK Activity Codes in DTE. (.1) Conversation with Tracey Hope Davis re Application and Conversation with Andy RE: same (.4)	B107	KS	1.30
09/04/02	litigation trust due diligence for P. England	B110	MEF	4.40

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/04/02	Continued review of plan (.8). OC Passannante re insured exclusions (.4). Draft modifications to plan re same (.5). Review Lit trust agreements in other cases (.5). OC England, Siev, Rahl, to prep for creditors committee meeting (.8). TC England re tax issues with Lit trust (.5). TC Siev re substantive claims (.4).	B112	JEG	3.90
09/04/02	Conference Glen and Siev re: nature of D&O claims and plan revisions (.5); calls to Reilly and Lubavitz re: same (.3); many conferences Glen and England re: tax treatment of litigation trust (1.0); conference Stamer re: retention and administrative issues (.2).	B110	JAR	2.00
09/04/02	Conference with J. A Rahl re: D&O Complaint issues (.4); telephone conversations with J. Glenn re: same (.5); review documents re: same (2.1); conference with J Tennenberg, L. Moya re: same (.3)	B110	JWS	3.30
09/04/02	Meeting with JS re: Flag - D&O insurance (.4); on-line research and read articles re: Flag; reviewed AKO memo re: potential claims (.9)	B110	JST	3.50
09/05/02	litigation trust rsrch (2.0)/draft for P. England (3.9)	B101	MEF	5.90
09/05/02	various emails, TCs, re Sept 6 conf call of creditors meeting on form of litigation trust	B111	JEG	.30

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/05/02	Meeting with JS and JT re: derivative claim assignment (.5). Read memo drafted by JG for background (.5). Received 6 MW complaints (1.0). Distributed copies of same to JS (.2).	B110	LPM	2.20
09/05/02	emails Skocpol and Rosen and call to Davis re: retention	B107	JAR	.20
09/05/02	Several conference England re: tax issues (.6); revise plan language and conference Passannante re: same (.3)	B112	JAR	.90
09/05/02	review and revise draft litigation trust agreement	B112	JAR	.50
09/05/02	draft and email update to all counsel re: preliminary conclusions and draft documents	B111	JAR	.50
09/05/02	conference with Gibson Dunn re: plan terms	B112	JAR	.20
09/05/02	Conference with J Tennenberg, L Moya re: investigation of claims; telephone conversation with J. Glenn re: same	B110	JWS	.80
09/05/02	Meeting with JS and LM re: potential claims vs. D&O's (1.0); reviewed docket sheets from six related actions (1.0); began review of recent 10-K-s (1.0); reviewed class action complaints (1.0)	B110	JST	4.00

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REFERENCE: 10097723

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/05/02	File organization.(1) Research on signatures of Committee members for Retention App. (.1) T/c to Lucent.(.1) Email to Andy (.1)	B104	KS	.40
09/06/02	Prep. of Litigation Trust Agreement for certain assets including causes of action involving Flag bondholders.	B110	PCE	2.50
09/06/02	litigation trust rsrch for P.England	B110	MEF	5.80
09/06/02	Various tel confs England, Siev, Tennenbaum re conf call on Litigation Trust (1.0). Participate in call (1.0). TC Siev re substantive claims (.3). Review of FLAG D&O policy. email Passannante re same (.3).	B110	JEG	2.60
09/06/02	Emails re: factual research.	B110	LPM	.10
09/06/02	Email and call England re: committee conference call.	B110	JAR	.40
09/06/02	Multiple conversations with Phillip England and Jeffrey Glen re: litigation trust (1.0). Review documents prepare for and attend conference call (1.2).	B110	PAR	2.10
09/06/02	Telephone conversation with Tennenberg re: potential claims (.4); telephone conversation with Glenn re: same (.5); review documents (1.0), e-mails re: same (.2)	B110	JWS	2.10

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/06/02	Continued review of materials re: possible D&O claims (1.1); telephone conversation with J. Glen re: same (.5); telephone conversation with JS re: same (.4); reviewed 10-K's for D&O bonus information and other relevant information (2.0)	B110	JST	4.00
09/06/02	File Organization. (.10) Preparation of files for Court Filing. (.3) Finalize Retention and convert into PDF. (.8) Email Correspondence with Andy. (.2) Fax to US Trustee. (.2)	B104	KS	1.70
09/08/02	Factual research re: derivative claims. Checked SEC Edgar filings Jan 2000 - present.	B110	LPM	2.60
09/09/02	Prep and review and revisions to Litigation Trust Agreement.	B110	PCE	3.00
09/09/02	Meeting Phil England. OC Siev, Tennenbaum, Mola re claims.	B110	JEG	.90
09/09/02	Factual research re: Flag derivative claims (1.3). Searched westlaw articles re: same (1.5). Conference with JS, JG, JT re: same (1.0). Additional factual research on financial websites (Smartmoney.com, Yahoo Finance, Raging Bull, etc.) (1.5)	B110	LPM	5.30
09/09/02	Conference Siev and Glen re: litigation trust and insurance coverage issues.	B110	JAR	.50

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/09/02	Review public filings and other background documents and complaints (2.2); conference with J. Glenn, J. Tennenberg, L. Moya re: same (1.1); telephone conversation with J A Rahl re: same (.5)	B110	JWS	3.80
09/09/02	Review and consider proposed litigation trust agreement and related documents (.8); review legal research re structure and taxation of litigation trust as grantor trust (1.0); prepare, review and revise memorandum re grantor trust issues and structure of litigation trust (1.0)	B110	CWT	2.80
09/09/02	Meeting with JG, JS, LM re: potential D&O claims	B110	JST	.80
09/10/02	Memo re next steps on implementing litigation trust. TC Michael Bound at FLAG re notice to carriers.	B110	JEG	.70
09/10/02	Call Davis re: retention.	B107	JAR	.10
09/10/02	Review and revise memorandum re grantor trust issues and structure of proposed litigation trust (1.0); conference PE re same (.5)	B110	CWT	1.50
09/11/02	Preparation of Litigation Trust Agreement (1.5). Flag bondholders conf. call (1.0). Discussion with counsel (1.0). Revisions to document. Disclosure statement (5.5).	B110	PCE	9.00

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/11/02	Revisions to Litigation Trust/Plan of Reorganization with P.England	B110	MEF	5.80
09/11/02	Participate in Committee conference call.	B111	PAR	.80
09/12/02	Review additional documents re: D&O claims	B110	JWS	1.90
09/12/02	Email to Rahl about Retention.	B107	KS	.10
09/13/02	highlight and edit trust agreement with P. England	B110	MEF	4.30
09/13/02	OC England re litigation trust. TC Gibson Dunn attys re same. Review latest draft	B110	JEG	.60
09/13/02	Call from Behenna re: litigation trust.	B110	JAR	.20
09/16/02	Various discussions with counsel on issues of Litigation Trust Agreement (1.0). Revisions and changes on Disclosure statement issues (3.0).	B110	PCE	4.00
09/16/02	rev proc updates for P.England	B110	MEF	.50
09/17/02	Litigation Trust issues/discussion with counsel and issues re assets to go into trust.	B110	PCE	4.00
09/17/02	Revisions to Litigation Trust/Plan of Reorganization with P.England	B110	MEF	3.50
09/17/02	Work on adequacy of notice to insurance carrier (.8); call Davis re: retention (.2).	B110	JAR	1.00

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/17/02	Telephone conversation with J. Glen re: litigation trust issues	B110	JWS	.20
09/17/02	Prepare Notice of Presentment.(.4) Research Code for Service of Retention. (.4) Conversations with Rahl and Rachmuth, Obtained signature of NOP.(.2) Obtain 2002 list.(.3) Create mailing labels.(.6) Finalized NOP and convert to PDF.(.3) Assisted in Filing Retention.(.3) Service of Retention on 2002 list and committee members. (.8)	B104	KS	3.30
09/18/02	review litigation trust agreement (3.0); internal conference PE and MF (.5)	B110	MRB	3.50
09/18/02	Conference call re: various issues including plan modifications and inclusion of Litigation Trust (5.0); conference with counsel re: Litigation Trust/review and changes to Litigation Trust (1.0)	B110	PCE	6.00
09/18/02	edits to lit trust and rsrch re same (4.7); disclosure of claims in trust rsrch for P.England (.9)	B110	MEF	5.60
09/18/02	Conf call creditors comm. TCs Gibson Dunn, Akin Gump, re revision of litigation trust. OC x2 England re same. TC x2 Siev re contents of notice to carrier, memo re same. TC England x2 re third party claims	B111	JEG	2.10

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/18/02	Telephone conversations with Glen re: D&O claim issues; review documents re: same; telephone conversation with Passannante re: Notice of Circumstance; review and revise same	B110	JWS	3.40
09/19/02	internal conference J. Glen; P. England; M. Franks (1.2); revisions to litigation trust agreement (6.8)	B110	MRB	8.00
09/19/02	Revisions to Litigation Trust/Plan of Reorganization	B110	PCE	7.00
09/19/02	edits/rsrch re lit trust; discuss same with P.England & M.Bring (7.2hr); conf call with J.Finlayson/M.Bring/P.England (1.2hr)	B110	MEF	8.40
09/19/02	OC England (.5). OC England, Bring, Rathmuth, re aspects of trust instrument (.7). TC England, Simmons, re English assignability issue (1.0). OCs Passanante, England, re same. Conf call England, Simmons, Crouchman (in London) re same (1.4). Research on assignability, effect of variations between English and American bankruptcy law on "insured vs. insured" exclusion (.5). Memo on litigation trust in light of the English legal issues (1.0).	B110	JEG	5.10
09/19/02	Conference England and Rachmuth re: litigation trust issues.	B110	JAR	.50

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/19/02	Multiple meetings and conference calls with Phillip England, Martin Bring, Jeff Glen and Debtors' counsel re: litigation trust/English insurance contract insured-insured exclusion issue.	B110	PAR	4.80
09/19/02	Review D&O policy and review documents re: same	B110	JWS	2.10
09/20/02	revisions to litigation trust agreement	B110	MRB	1.00
09/20/02	Revisions to Litigation Trust (1.3); discussions re: same. Disclosure statement issues (3.2).	B110	PCE	4.50
09/20/02	continue rsrch/edits to trust & discuss same with P.England	B110	MEF	6.10
09/20/02	OC England, Rachmuth (.3); conf call Gibson Dunn lawyers (.5), various TCs all re litigation trust issues (.4). TC Klein, Schaeffer updating on litigation trust (.5). OC Franks on final revisions (.2). Draft revisions to funding sections of trust (.3). TC Schaeffer re funding cap and negotiating position (.2).	B110	JEG	2.40
09/20/02	Review and revise memo to debtor re: insurance issues and conference Glen re: same.	B110	JAR	.70

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/20/02	Research and edit memo to Debtors' counsel re: litigation trust in plan. (1.3) Meetings with England and Franks re same. (1) Conference call with Andrew Schiff, Phillip England and Jeff Glen re: trust language. (.5) Conference call with Debtors' counsel, re: same. (.5) Work on language. (.4)	B110	PAR	3.70
09/23/02	Final version of plan and litigation trust /further discussions and issues involving same.	B110	PCE	4.00
09/23/02	continue edits to trust with P.England	B110	MEF	5.40
09/23/02	Conf call England, Siev (.4). TC Franks (.3). Various TC limited bondholders reps re plan issues (.9).	B110	JEG	1.60
09/23/02	Conference Stamer re: trusteeship.	B110	JAR	.20
09/23/02	Telephone conversations with Glen, England re: D&O issues (.4); review memorandum re: same (.3); review documents re: same (.6)	B110	JWS	1.50
09/23/02	Preparation of documents for Hearing on Retention. (.8) Delivery of disks to Chambers time = 1.2 times .5 (.6)	B104	KS	1.40
09/24/02	Conference call re: trustee	B110	PCE	5.50
09/24/02	lit trust rsrch re trustee as agent & edits re same	B110	MEF	4.50

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/25/02	review litigation trust changes	B110	MRB	1.00
09/25/02	Preparation for bankruptcy court for confirmation of plan.	B112	PCE	2.50
09/25/02	trust edits and discuss same with P.Cox (4.2); review for P.England re same (1.0)	B110	MEF	5.20
09/25/02	Prepare for confirmation hearing.	B112	JAR	1.50
09/25/02	Voice mail from A. Rahl. T/c to Judge's Law Clerk. Email to A. Rahl	B104	KS	.40
09/26/02	Bankruptcy court confirmation hearing/revisions to Litigation Trust/issues re: oversight committee (4.2). Final review of plan and documentation of trust (3.3).	B112	PCE	7.50
09/26/02	edits to lit trust agreement with R.Cox and discuss with P.England	B110	MEF	1.00
09/26/02	confirmation hearing prep for P.England	B112	MEF	.50
09/26/02	Prepare for and attend confirmation hearing.	B112	JAR	3.50
09/27/02	Further discussions and revisiosn to Litigation Trust/oversight committee issues (1.0). Issues as to appointment of the oversight committee (1.0). Discussion with counsel and A R (1.5).	B110	PCE	3.50

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
09/27/02	edit to trust committee section of lit trust (1.2); call to r.cox re same (1.0); discuss with P.England, M.Bring, A.Rahl & J.Glenn (1.0)	B110	MEF	3.20
09/27/02	Conf. Frank re: terms of trust agreement; conf. England re: same.	B110	JAR	.50
09/27/02	Review Plan amendments	B112	JWS	.20
09/30/02	Downloaded docket, searched for entered Order, printed AKO Retention Order, and t/c to A. Rahl re: same.	B104	KS	.30
10/01/02	Oversight committee issues consisting of calls from creditors committee and discussions with counsel	B111	PCE	2.50
10/02/02	OC PE & MF re: liquidating, trust review & issues.	B110	IED	.80
10/02/02	OC PE re: my review & discuss in PM.	B110	IED	.30
10/02/02	OC MF re: "certification" review documents (.4); prepare comments (2.0).	B110	IED	2.40
10/02/02	Litigation trust issues/closing issues/TINs/bank account issues	B110	PCE	3.50
10/02/02	lit trust rsrch/draft with P.England	B110	MEF	5.80
10/03/02	Revisions and issues relating to litigation trust/discussions with counsel (2.8), prepare for closing (1.2)	B110	PCE	4.00

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
10/03/02	Continued drafting lit trust with P.England and I.Druker	B110	MEF	6.60
10/04/02	Litigation trust/final revisions (2.0) and discussion re: oversight committee trustee powers and closing issues (1.0)	B110	PCE	3.00
10/04/02	lit trust with P.England (calls (1.1), rsrch (.8), draft (2.8))	B110	MEF	4.70
10/07/02	Prepare for closing final LT matters/oversight committee/duties of members/succession/naming of members	B111	PCE	2.50
10/07/02	send final trust copies and calls re same	B110	MEF	.20
10/08/02	Call re: trustee register for litigation trust beneficiaries	B110	PCE	.20
10/08/02	calls re trust register/rsrch re same	B110	MEF	.40
10/09/02	litigation trust issues regarding list of beneficiaries	B110	MRB	.50

FEEES FOR SERVICES \$ 130,777.00

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SUMMARY OF SERVICES BY LEGAL PROFESSIONAL

<u>ATTORNEY NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
MR BRING	475.00	14.00	6,650.00
J CHU	140.00	.10	14.00
SI COOPER	425.00	21.40	9,095.00
IE DRUKER	425.00	3.50	1,487.50
PC ENGLAND	495.00	78.70	38,956.50
ME FRANKS	180.00	93.40	16,812.00
M GARBOWSKI	350.00	.40	140.00
JE GLEN	375.00	31.80	11,925.00
JG GOLD	310.00	.90	279.00
LP MOYA	165.00	10.20	1,683.00
WG PASSANNANTE	425.00	17.00	7,225.00
PA RACHMUTH	275.00	11.40	3,135.00
JA RAHL, JR.	580.00	29.30	16,994.00
DM SCHLECKER	410.00	2.60	1,066.00
JW SIEV	375.00	19.30	7,237.50
K SKOCPOL	140.00	9.60	1,344.00
CW TANZI	340.00	4.30	1,462.00
JS TENNENBERG	290.00	12.30	3,567.00
TOTAL LEGAL FEES		360.20	129,072.50

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SUMMARY OF SERVICES BY ACTIVITY PROFESSIONAL

Activity: B101 ASSET ANALYSIS AND RECOVERY

MATTHEW E FRANKS	5.90	1,062.00		
TOTAL WORK			5.90	1,062.00

Activity: B104 CASE ADMINISTRATION

JOYCE CHU	.10	14.00		
STEVEN I COOPER	1.00	425.00		
J A RAHL, JR.	1.40	812.00		
KRISTI SKOCPOL	7.60	1,064.00		
TOTAL WORK			10.10	2,315.00

Activity: B107 FEE/EMPLOYMENT APPLICATIONS

J A RAHL, JR.	3.00	1,740.00		
KRISTI SKOCPOL	2.00	280.00		
TOTAL WORK			5.30	2,020.00

Activity: B110 LITIGATION:

MARTIN R BRING	14.00	6,650.00		
STEVEN I COOPER	19.40	8,245.00		
ISAAC E DRUKER	3.50	1,487.50		
PHILLIP C ENGLAND	63.70	31,531.50		
MATTHEW E FRANKS	87.00	15,660.00		
MARK GARBOWSKI	.40	140.00		
JEFFREY E GLEN	17.60	6,600.00		
JOSHUA G GOLD	.90	279.00		
LILLIAN P MOYA	10.20	1,683.00		

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WILLIAM G PASSANNANTE	16.40	6,970.00		
PAUL A RACHMUTH	10.60	2,915.00		
J A RAHL, JR.	11.10	6,438.00		
DAVID M SCHLECKER	2.60	1,066.00		
JORDAN W SIEV	19.10	7,162.50		
C W TANZI	4.30	1,462.00		
JOEL S TENNENBERG	12.30	3,567.00		
TOTAL WORK			293.10	101,856.50

Activity: B111

MEETINGS OF CREDITORS:

STEVEN I COOPER	1.00	425.00		
PHILLIP C ENGLAND	5.00	2,475.00		
JEFFREY E GLEN	7.10	2,662.50		
WILLIAM G PASSANNANTE	.60	255.00		
PAUL A RACHMUTH	.80	220.00		
J A RAHL, JR.	6.30	3,654.00		
TOTAL WORK			20.80	9,691.50

Activity: B112

PLAN AND DISCLOSURE STATEMENT

PHILLIP C ENGLAND	10.00	4,950.00		
MATTHEW E FRANKS	.50	90.00		
JEFFREY E GLEN	7.10	2,662.50		
J A RAHL, JR.	7.50	4,350.00		
JORDAN W SIEV	.20	75.00		
TOTAL WORK			25.30	12,127.50

EXHIBIT A-2

**SUMMARY OF ATTORNEY AND PARALEGAL TIME
CHARGES AND HOURLY RATES FOR THE SUBSTANTIAL CONTRIBUTION PERIOD**

Listed below are the attorneys and paralegals who performed professional services during the Compensation Period, their full names, initials, positions at the firm, year admitted, respective hourly rates and the time incurred by each

	INITIALS	YEAR ADMITTED	RATE PER HOUR	NUMBER OF HOURS	TOTAL
Martin R. Bring Senior Shareholder	MRB	1968	\$475	34.5	\$16,387.50
Steve Cooper Senior Shareholder	SIC	1984	\$425	57.6	\$24,480.00
Phillip England Senior Shareholder	PCE	1975	\$495	.8	\$396.00
Jeffrey E. Glen Senior Shareholder	JEG	1965	\$375	31.2	\$11,700.00
William G. Passannante Senior Shareholder	WGP	1990	\$425	5.6	\$2,380.00
J. Andrew Rahl, Jr. Senior Shareholder	JAR	1974	\$580	55.6	\$32,248.00
Mark Weldon Senior Shareholder	MW	1981	\$340	23.5	\$7,990.00
Samuel M. Meiowitz Associate Attorney	SMM	2001	\$165	32.6	\$5,379.00
Paul A. Rachmuth Associate Attorney	PAR	1996	\$275	5.0	\$1,300.00
Diana R. Shafter Associate Attorney	DRS	2001	\$180.00	23.8	\$4,284.00
Lauren C. Bisordi Law Clerk	LCB	N/A	\$165	3.8	\$627.00
Joyce Chu Paralegal	JC	N/A	\$140	14.4	\$2,016.00
TOTAL:				288.40	\$109,187.50
Combined Total					

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

EXHIBIT A-2

ANDERSON KILL & OLICK, P.C.

ATTORNEYS AND COUNSELLORS AT LAW

1251 AVENUE OF THE AMERICAS

NEW YORK, NY 10020-1182

(212) 278-1000

F.I.N. 13-2743351

SUBSTANTIAL CONTRIBUTION PERIOD

Client/Matter No.: 69924/PP319

Matter Name: FLAG COMMUNICATION

Billing Partner: JA RAHL, JR.

For Services Rendered Through July 28, 2002:

ITEMIZED SERVICES BILL

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/07/02	(A. Rahl) FLAG - organizational meeting of limited creditor	B104	MRB	1.50
06/07/02	Conference call with Klein (1.7); meeting with Rahl, Glen, Weldon, Bring, Meirowitz (1.8).	B104	SIC	3.50
06/07/02	Meeting Rahl, others on Flag Ltd	B104	JEG	1.80
06/07/02	Conf. w/ A. Rahl and team re: background of case and assignments.	B104	SMM	1.60
06/07/02	Several conferences Klein, Schaeffer, Pimco and HSBC re: assignment (1.7); internal o/c re: same (1.8).	B104	JAR	3.50
06/07/02	Bondholder subcommittee conference call re: litigation analysis	B111	PAR	.70

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/07/02	Call re claims of Flag Limited Note-Holders (.8); conference with Andy Rahl, Steve Cooper and others regarding new case (.8); begin initial review of documents (.4).	B110	MW	2.00
06/07/02	Meet with A. Rahl, M. Bring, S. Cooper, J. Glen, S. Meirowitz, M. Weldon regarding Flag Telecom and its subsidiaries (1.8); print and copy emails to distribute for review (.5); prepare AKO's contact list (2.2).	B104	JC	4.50
06/08/02	FLAG - review documentation and memos from HL (1.7); review SEC documents (2.8)	B110	MRB	4.50
06/08/02	Reviewed emails and other background materials re claims.	B110	SMM	5.20
06/08/02	Calls re: obtaining diligence materials.	B104	JAR	1.30
06/08/02	Review claims of Flag Limited Note-Holders (.6); review of documents (1.4).	B110	MW	2.00
06/08/02	Search online for all SEC filings relating to Parent and subsidiaries, and deliver to M. Bring and J. Glen.	B104	JC	3.50
06/09/02	FLAG - review documentation and memos from HL (1.0); review SEC documents (2.0)	B110	MRB	3.00
06/09/02	Review due diligence files.	B110	SIC	4.80
06/09/02	Review of emails, SEC filings	B110	JEG	4.10

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/09/02	Review due diligence materials	B110	JAR	2.70
06/09/02	Reviewed e-mails, memorandum and other background materials pertaining to FLAG Telecom.	B110	DRS	3.50
06/09/02	Review Flag Limited Note-Holders; review of documents.	B110	MW	6.00
06/10/02	FLAG - conference call Houlihan, Lokey	B110	MRB	1.50
06/10/02	FLAG - internal conference (.5); meeting on claims (.5); review of 8 1/4% indenture (1.5)	B110	MRB	2.50
06/10/02	Review documents (4.0); meeting with Team (1.0); Business Strategy and Status (3.10).	B110	SIC	8.10
06/10/02	Work on Bermuda counsel tax issue	B110	PCE	.80
06/10/02	Draft memo to team (1.9). Meeting with team (2.1). Attend meeting at Gibson Dunn re diligence documents (1.0). Conf call Rahl, Cooper, Bring, Houlihan staff (.7)	B110	JEG	5.70
06/10/02	Reviewed background materials (2.3); Strategy Conf. w/ A. Rahl and AKO team (.9); Doc review at Gibson Dunn (2.10).	B110	SMM	5.30
06/10/02	Internal meetings re: results of weekend work (2.0); call HLHZ re: same (1.1).	B110	JAR	3.10

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/10/02	Review additional FLAG telecom documents, including Gibson Dunn document list and memorandum re. preliminary assessment of FLAG business plan (2.0). Meet with J. Glen re. introduction to case and impending document review (.5). Meet with S. Meirowitz re. facts of case. Conduct document review at offices of Gibson Dunn (3.2). Coordinate receipt of documents with Malka Resnicoff of Gibson Dunn and Joyce Chu (AKO) (.4).	B110	DRS	6.10
06/10/02	Re: Flag Limited Note-Holders; finish initial document review (1.0); prepare for a.m. meeting (.5); participate in conference with Andy Rahl, Steve Cooper and others (2.0); review document list with M. Bring; travel to Gibson Dunn with others to review additional documents and arrange for copying of same (2.7); initial litigation analysis and conferences with Jeff Glen (1.8).	B110	MW	8.00
06/10/02	Meet with A. Rahl, M. Bring, S. Cooper, J. Glen, S. Meirowitz, M. Weldon regarding Flag Telecom and its subsidiaries (2.0); print SEC exhibits (2.0); request copies of the documents from the data room at Gibson Dunn (.3); speak to S. Meirowitz, D. Shafter and M. Resnicoff regarding copies from the data room (1.2).	B104	JC	5.50

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/11/02	Review 11-5/8% and 8-1/4% indentures (2.6); telephone conference J. Cleveland re swaps (.9); internal conference S. Cooper; J. Glen, et al (1.0)	B110	MRB	4.50
06/11/02	Review diligence material (7.3); conference with Bring and Rahl re same (1.3); conference with Meiorowitz re same (.5).	B110	SIC	9.10
06/11/02	Memo on outline of claims (1.5). TC x2 Bring (.6). Meeting of team (.8). Review of ltr requesting access to docs (.3).	B110	JEG	3.20
06/11/02	Retrieved Documents fr/ Gibson Dunn (1.5); reviewed documents (1.8); strategy conference (.7).	B110	SMM	4.00
06/11/02	Calls and emails re: investigation (1.1) and call Klein re: same (.9); work on intercreditor issues (1.5)	B110	JAR	3.50
06/11/02	Arrange for delivery of documents. Multiple conferences with M. Weldon, re obtaining documents.	B110	DRS	.80
06/11/02	Conferences with M. Bring, S. Cooper, J. Glen, M. Weldon and S. Meiorowitz re claims	B110	DRS	1.20

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REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/11/02	Re: Flag Limited Note-Holders; review documents (1.9); conferences with J. Glen (.7); telephone conversations with Gibson Dunn personnel (.5); conference with M. Bring and S. Meirowitz; conference with S. Cooper, J. Glen and others (1.0); draft letter to Gibson Dunn regarding additional document production and production of CFO (1.4).	B110	MW	5.50
06/11/02	Speak to M. Weldon regarding copies from Gibson Dunn's data room.	B110	JC	.10
06/12/02	FLAG - review Form 20F of Flag entities (2.5); telephone conference - Blackstone (1.0)	B110	MRB	3.50
06/12/02	Telephone call with Rahl and Bring (.8); review documents; review files; conference with S. Meirowitz (8.20).	B110	SIC	9.00
06/12/02	Started draft of memo re: documents reviewed for legal analysis (2.0); prepared email (.3); conf. w/ S. Cooper (.7); research re: de-regulation of telecom industry (2.0).	B110	SMM	5.00
06/12/02	Conferences Cooper and Glen re: results so far and work plan.	B110	JAR	.70
06/12/02	Search & print 20-F filings for M. Bring; speak to S. Meirowitz regarding email attachments and SEC filings retrieved.	B110	JC	.70

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/13/02	Review and revise memo (3.0); telephone conference PPM; Pimco; HSBC (2.2); telephone conference with management of Flag (1.0); internal conference Glen and Cooper regarding memorandum issues (1.3)	B110	MRB	7.50
06/13/02	Conference call with Management of Flag - London (2.0); conference with clients (1.0); meeting with Rahl (1.2); review of documents and memos to clients (4.3).	B110	SIC	8.50
06/13/02	Conf call FLAG management (2.0). Meeting Bring, Cooper re scope of memo for client (1.3). OCs Meirowitz, Shafter, re memo for clients (.7). Drafting memo for clients (3.8).	B110	JEG	7.80
06/13/02	Telephone Conf. w/ Flag officers (1.9); multiple strategy conferences w/ S.Cooper; M. Bring; and J. Glen (1.3); Telephone conf. w/ Client (1.0); review of offering memorandum (.6); draft memo relating to offering memorandum and pre-petition transaction issues (4.8); worked on index of documents reviewed (1.1); drafted letter confirming request for documents from Flag Ltd. officers (.8).	B110	SMM	11.50
06/13/02	Work on intercreditor issues, including review of indentures (1.8) and conferences Glen and Cooper (1.2).	B110	JAR	3.00

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/13/02	Attend strategy meeting with S. Cooper, M. Bring, J. Glen and S. Meirowitz. Conduct research re. choice of law in NY for common law fraud in situation where seller of securities is foreign entity; elements of negligent misrepresentation in NY, CA, and MI; existence of various causes of action in Bermuda; elements of various causes of action in Bermuda; applicability of NY's Martin Act to instant case. Review cases/articles re. Bermuda law obtained by L. Bisordi. Meet with L. Bisordi re. research assignments. Various conferences with J. Glen, S. Cooper, M. Bring, L. Bisordi and S. Meirowitz re. ongoing research and results.	B110	DRS	8.90
06/13/02	Legal research regarding Bermuda law and statutes in Michigan, California and New York.	B110	LCB	3.80
06/14/02	Flag - revisions to memo; internal conference Cooper & Glen (2.4); conference call creditors committee (3.1)	B111	MRB	5.50
06/14/02	Review and revise memo to clients (3.4); conference with Bring, Glen, etc. (2.4)	B110	SIC	5.90

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/14/02	Drafting memo to clients re litigation possibilities. Meeting Bring, Meirowitz, Cooper by phone re bankruptcy law issues. Meeting Meirowitz, Shafter re choice of law and forum issues (2.4). Redrafting memo. Conf call Bring, creditors committee re worksheet terms, possible asset purchase, Blackstone fee request (3.50).	B110	JEG	5.90
06/14/02	Meetings with Marty Bring, Jeff Glen and Samuel Meirowitz re: preference analysis.	B110	PAR	2.40
06/14/02	Draft section of "Possible Claims of Flag LTd Note-Holders memorandum." (1.0) Conduct additional research re. claims and choice of law as necessary. Meet with J. Glen and S. Meirowitz (1.0). Make changes to document per J. Glen's instructions. Meet with M. Bring and S. Meirowitz to edit and revise document (1.3).	B110	DRS	3.30
06/17/02	Conference call with Creditors Committee (1.0); conference with Rahl and Glen (.5).	B111	SIC	1.50
06/17/02	Creditor committee conference call (1.0); conference Cooper and Glen (.5); conference Glen (.5); email Klein (.5).	B111	JAR	2.50
06/18/02	Committee conference call.	B111	JAR	1.00
06/18/02	Organize emails & SEC filings - send to Records.	B104	JC	.10

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
06/19/02	review revised term sheet and email committee re: fees; email Klein re: same and re: Blackstone fees.	B110	JAR	1.00
06/19/02	Committee conference call	B111	JAR	1.00
06/20/02	Review emails re: fees.	B110	JAR	.20
06/24/02	review term sheet	B110	MRB	.50
06/24/02	Conference call (1.2); review draft term sheet (.7); conference Stamer; review new draft term sheet (.8); email Ltd. committee members (.5); call Klein re: same (.9); 3 calls Stamer (1.4); conference Stamer and Cleveland (1.0).	B112	JAR	6.50
06/25/02	Call Stamer and Cleveland (.9); conference call limited holders (1.1); committee conference call (1.1); 2 calls Reparowitz (.9); mark up term sheet (1.5).	B112	JAR	5.50
06/26/02	Committee conference call (.7); revise term sheet (.3); call Behenna (.3); conference Klein (.2).	B112	JAR	1.50
06/27/02	Many calls Klein, Behenna, Phansalker, etc. (1.0); attend debtor meeting and negotiate Blackstone fee (3.1); many calls re: term sheet, etc (1.5).	B112	JAR	5.60
06/28/02	Many calls Rossner, Stamer, Klein, Schaeffer, Behenna and Phansaulker re: term sheet.	B112	JAR	4.50

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
07/01/02	Two calls Behenna (.6); Committee conference call (.5); work on term sheet (.9).	B112	JAR	2.00
07/02/02	Respond to emails (.2); two calls Klein (.5); review draft plan (.8).	B112	JAR	1.50
07/02/02	Conversation with Andrew Rahl re: term sheet and plan. Review same. Correspondence re: discrepancies.	B112	PAR	1.00
07/03/02	Call Stamer.	B104	JAR	.20
07/08/02	Several conferences Klein.	B112	JAR	.50
07/09/02	Review emails from Creditors Committee.	B104	SIC	.50
07/09/02	Several conferences Klein.	B112	JAR	.50
07/10/02	Call from Behenna re: disclosure statement comments; review and email Klein re: same.	B112	JAR	1.00
07/11/02	Attend Committee conference call.	B111	JAR	.50
07/15/02	Review emails from Creditors Committee.	B104	SIC	.40
07/17/02	Review Amended Plan/Disclosure Statement (.5) Draft correspondence to Andrew Rahl re: same. (.4)	B112	PAR	.90
07/18/02	Review emails re Creditors Committee.	B104	SIC	.50
07/23/02	Review emails re Creditors Committee.	B104	SIC	.50

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
07/24/02	Review emails re Creditors Committee.	B104	SIC	.50
07/24/02	Participate in conference call with Creditors committee	B111	JEG	.90
07/24/02	Attention to D&O issues raised regarding Flag.	B110	WGP	.50
07/25/02	Report on yesterday's conf call	B104	JEG	1.80
07/25/02	Discussion regarding D&O coverage concerning Flag (.8); follow-up on same (.3).	B110	WGP	1.10
07/26/02	Telephone call with Schaefer and Passannante (.8); review file (1.4).	B110	SIC	2.20
07/26/02	Review materials; telephone conference with client regarding D&O coverage issues and follow-up on same. Attention to indemnity issues; review underlying application documents; follow-up on same.	B110	WGP	2.20
07/27/02	Emails and call re: conference call (.5); review issues re: offer (.6).	B110	JAR	1.10
07/28/02	Prep for conference (.6); Conferences call with Rahl, Passannante, Behenna (2.0).	B110	SIC	2.60
07/28/02	Prepare attend and follow-up on conference call regarding D&O insurance and Flag Communications (1.8)	B110	WGP	1.80

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<u>DATE</u>	<u>SERVICES</u>	<u>ACTIVITY</u>	<u>INITS</u>	<u>HOURS</u>
07/28/02	Conference call Behenna, Cooper and Passannante re: D&O claims (1.0); email Stamer re: same (.2).	B110	JAR	1.20

FEEES FOR SERVICES \$ 109,187.50

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

SUMMARY OF SERVICES BY LEGAL PROFESSIONAL

<u>ATTORNEY NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
LC BISORDI	165.00	3.80	627.00
MR BRING	475.00	34.50	16,387.50
J CHU	140.00	14.40	2,016.00
SI COOPER	425.00	57.60	24,480.00
PC ENGLAND	495.00	.80	396.00
JE GLEN	375.00	31.20	11,700.00
SM MEIROWITZ	165.00	32.60	5,379.00
WG PASSANNANTE	425.00	5.60	2,380.00
PA RACHMUTH	260.00	5.00	1,300.00
JA RAHL, JR.	580.00	55.60	32,248.00
DR SHAFTER	180.00	23.80	4,284.00
M WELDON	340.00	23.50	7,990.00
TOTAL LEGAL FEES		288.40	109,187.50

SEPTEMBER 30, 2002

REFERENCE: 10097722

SUMMARY OF SERVICE BY ACTIVITY AND PROFESSIONAL

Activity: B104

CASE ADMINISTRATION

	<u>HOURS</u>	<u>AMOUNT</u>		
MARTIN R BRING	1.50	712.50		
JOYCE CHU	13.60	1,904.00		
STEVEN I COOPER	5.90	2,507.50		
JEFFREY E GLEN	3.60	1,350.00		
SAMUEL M MEIROWITZ	1.60	264.00		
J A RAHL, JR.	5.00	2,900.00		
TOTAL WORK			31.20	9,638.00

Activity: B110

LITIGATION:

	<u>HOURS</u>	<u>AMOUNT</u>		
LAUREN C BISORDI	3.80	627.00		
MARTIN R BRING	27.50	13,062.50		
JOYCE CHU	.80	112.00		
STEVEN I COOPER	50.20	21,335.00		
PHILLIP C ENGLAND	.80	396.00		
JEFFREY E GLEN	26.70	10,012.50		
SAMUEL M MEIROWITZ	31.00	5,115.00		
WILLIAM G PASSANNANTE	5.60	2,380.00		
PAUL A RACHMUTH	2.40	624.00		
J A RAHL, JR.	16.50	9,570.00		
DIANA R SHAFTER	23.80	4,284.00		
MARK WELDON	23.50	7,990.00		
TOTAL WORK			212.60	75,508.00

Activity: B111

MEETINGS OF CREDITORS:

	<u>HOURS</u>	<u>AMOUNT</u>
MARTIN R BRING	5.50	2,612.50
STEVEN I COOPER	1.50	637.50
JEFFREY E GLEN	.90	337.50

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

	<u>HOURS</u>	<u>AMOUNT</u>		
PAUL A RACHMUTH	.70	182.00		
J A RAHL, JR.	5.00	2,900.00		
TOTAL WORK			13.60	6,669.50

Activity: B112

PLAN AND DISCLOSURE STATEMENT

	<u>HOURS</u>	<u>AMOUNT</u>		
PAUL A RACHMUTH	1.90	494.00		
J A RAHL, JR.	29.10			
		16,878.00		
TOTAL WORK			31.00	17,372.00
FEE TOTAL			288.40	109,187.50

SEPTEMBER 30, 2002

REFERENCE: 10097722

DISBURSEMENTS FOR THIS BILLING PERIOD

<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
06/07/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	306.50
06/08/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	463.00
06/10/02	MEALS (IN-OFFICE OT) J. CHU - REIMB. FOR DINNER EXPENSE	E111	8.00
06/10/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	55.75
06/11/02	DI - FAX CHARGES - NY 06/01 - 06/15 NY;	E104	10.20
06/11/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	15.25
06/13/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	109.25
06/17/02	LOCAL TRAVEL S. COOPER - REIMB. FOR TAXI EXPENSE	E109	6.50
06/17/02	LOCAL TRAVEL CITYWIDE TRANSPORTATION - INV. #160767 - 6/17/02	E109	145.66
06/17/02	MEALS (IN-OFFICE OT) S. COOPER - REIMB. FOR MEAL EXPENSE	E111	9.63
06/18/02	DI - FAX CHARGES - NY 06/16 - 06/30 NY;	E104	3.60
06/18/02	MEALS (IN-OFFICE OT) S. COOPER - REIMB. FOR LUNCH EXPENSE - 6/13/02	E111	10.10
06/18/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	3.50
06/20/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	0.25
06/21/02	DI - OVERTIME BILLABLE - NY NY STAFF OVERTIME 6/27/02 Y. REYES-GUZMAN	E101E	50.00
06/21/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	4.75
06/24/02	LOCAL TRAVEL CITYWIDE TRANSPORTATION - INV. #161083 - 6/24/02 - LOCAL TRAVEL	E109	26.52
06/24/02	MEALS (IN-OFFICE OT) FRESH BASIL'S -	E111	30.22

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CLIENT: 69924

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REFERENCE: 10097722

<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
06/25/02	MEAL EXPENSE - INV. 6600 - 6/24/02 DI - FAX CHARGES - NY 06/16 - 06/30 NY;	E104	84.60
06/30/02	DI - LEGAL RESEARCH - NY WEST LAW	E106	450.64

PPM AMERICA

CLIENT: 69924

SEPTEMBER 30, 2002

REFERENCE: 10097722

DISBURSEMENTS SUMMARY FOR THIS BILLING PERIOD

<u>WORK</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
E101	COPYING	958.25
	COPYING	50.00
E101		
E		
E104	FACSIMILES	98.40
E106	ON-LINE RESEARCH	450.64
E109	LOCAL TRAVEL	178.68
E111	MEALS	57.95

	TOTAL DISBURSEMENTS	1,793.92

EXHIBIT “B”

NOVEMBER 7, 2002

REFERENCE: 10097723

EXHIBIT B**CHART ON DISBURSEMENTS- RETENTION PERIOD & SUBSTANTIAL CONTRIBUTION PERIOD****DISBURSEMENTS FOR THE RETENTION PERIOD**

<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
08/12/02	AIRFREIGHT FEDERAL EXPRESS INV.# 4- 321-84237 8/12/02		12.12
08/16/02	DI - FAX CHARGES - NY 08/16 - 08/31 NY;	E104	21.90
08/16/02	AP - TELEPHONE - VENDOR NO. 019925 ACCOUNT NO. 51975215-00001 BILL DATE 09/01/02	E105	150.78
08/16/02	DI - PHOTOCOPYING - NY 08/16 - 08/31 NY;	E101	35.50
08/19/02	TRAVEL AND/OR HOTEL EXPS. PETTY CASH KRISTI SKOCPOL R/T FARE TO COURT		3.00
08/26/02	DI - FAX CHARGES - NY 08/16 - 08/31 NY;	E104	47.70
08/27/02	DI - FAX CHARGES - NY 08/16 - 08/31 NY;	E104	41.70
09/04/02	DI - PHOTOCOPYING - NY 09/01 - 09/15 NY;	E101	48.75
09/05/02	DI - FAX CHARGES - NY 09/01 - 09/15 NY;	E104	3.60
09/05/02	DI - PHOTOCOPYING - NY 09/01 - 09/15 NY;	E101	88.25
09/06/02	DI - FAX CHARGES - NY 09/01 - 09/15 NY;	E104	33.60
09/06/02	DI - PHOTOCOPYING - NY 09/01 - 09/15 NY;	E101	16.25
09/10/02	DI - FAX CHARGES - NY 09/01 - 09/15 NY;	E104	5.10
09/10/02	DI - PHOTOCOPYING - NY 09/01 - 09/15 NY;	E101	0.50
09/13/02	DI - PHOTOCOPYING - NY 09/01 - 09/15 NY;	E101	25.00
09/17/02	DI - PHOTOCOPYING - NY 09/16 - 09/30 NY;	E101	258.00
09/18/02	DI - PHOTOCOPYING - NY 09/16 - 09/30 NY;	E101	14.25

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<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
09/19/02	DI - FAX CHARGES - NY 09/16 - 09/30 NY;	E104	15.30
09/19/02	DI - PHOTOCOPYING - NY 09/16 - 09/30 NY;	E101	0.25
09/20/02	DI - FAX CHARGES - NY 09/16 - 09/30 NY;	E104	3.60
09/20/02	DI - PHOTOCOPYING - NY 09/16 - 09/30 NY;	E101	5.00
09/26/02	DI - PHOTOCOPYING - NY 09/16 - 09/30 NY;	E101	5.50
09/30/02	DI - LEGAL RESEARCH - NY WESTLAW CHARGES - AUGUST 1 - 31, 2002	E106	66.34
09/30/02	DI - LEGAL RESEARCH - NY WESTLAW CHARGES - SEPTEMBER 1 - 30, 2002	E106	372.83
09/30/02	LOCAL TRAVEL SUBWAY	E109	1.50
09/30/02	LOCAL TRAVEL VENDOR# 002309 INV.# 164569 CITYWIDE TRANSPORTATION CAR SERVICES	E124	141.78
10/04/02	DI - PHOTOCOPYING - NY 10/01 - 10/15 NY;	E101	0.75
10/07/02	AIRFREIGHT VENDOR# 006001 INV.# 4- 416-90471 TRANSPORTATION CHARGES INV. DATE 10/7/02	E124	9.37
10/07/02	DI - FAX CHARGES - NY 10/01 - 10/15 NY;	E104	3.60
10/07/02	LOCAL TRAVEL VENDOR# 002309 INV.# 164843 CITYWIDE TRANSPORTATION CAR SERVICE	E124	71.40
10/07/02	DI - PHOTOCOPYING - NY 10/01 - 10/15 NY;	E101	1.25
10/08/02	DI - PHOTOCOPYING - NY 10/01 - 10/15 NY;	E101	3.50
10/10/02	DI - PHOTOCOPYING - NY 10/01 - 10/15 NY;	E101	0.50
10/23/02	DI - PHOTOCOPYING - NY 10/16 - 10/31 NY;	E101	1.50

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DISBURSEMENTS SUMMARY FOR THE RETENTION PERIOD

<u>WORK</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
		15.12
E101		504.75
E104	FACSIMILES	176.10
E105	TELEPHONE	150.78
E106	ON-LINE RESEARCH	439.17
E109	LOCAL TRAVEL	1.50
E124	OTHER	222.55

	TOTAL DISBURSEMENTS	1,509.97

DISBURSEMENTS FOR THE SUBSTANTIAL CONTRIBUTION PERIOD

<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
06/07/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	306.50
06/08/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	463.00
06/10/02	MEALS (IN-OFFICE OT) J. CHU - REIMB. FOR DINNER EXPENSE	E111	8.00
06/10/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	55.75
06/11/02	DI - FAX CHARGES - NY 06/01 - 06/15 NY;	E104	10.20
06/11/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	15.25
06/13/02	DI - PHOTOCOPYING - NY 06/01 - 06/15 NY;	E101	109.25
06/17/02	LOCAL TRAVEL S. COOPER - REIMB. FOR TAXI EXPENSE	E109	6.50
06/17/02	LOCAL TRAVEL CITYWIDE TRANSPORTATION - INV. #160767 - 6/17/02	E109	145.66
06/17/02	MEALS (IN-OFFICE OT) S. COOPER - REIMB. FOR MEAL EXPENSE	E111	9.63
06/18/02	DI - FAX CHARGES - NY 06/16 - 06/30 NY;	E104	3.60
06/18/02	MEALS (IN-OFFICE OT) S. COOPER - REIMB. FOR LUNCH EXPENSE - 6/13/02	E111	10.10

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NOVEMBER 7, 2002

REFERENCE: 10097723

<u>DATE</u>	<u>DESCRIPTION</u>	<u>EXP CODE</u>	<u>AMOUNT</u>
06/18/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	3.50
06/20/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	0.25
06/21/02	DI - OVERTIME BILLABLE - NY NY STAFF OVERTIME 6/27/02 Y. REYES-GUZMAN	E101E	50.00
06/21/02	DI - PHOTOCOPYING - NY 06/16 - 06/30 NY;	E101	4.75
06/24/02	LOCAL TRAVEL CITYWIDE TRANSPORTATION - INV. #161083 - 6/24/02 - LOCAL TRAVEL	E109	26.52
06/24/02	MEALS (IN-OFFICE OT) FRESH BASIL'S - MEAL EXPENSE - INV. 6600 - 6/24/02	E111	30.22
06/25/02	DI - FAX CHARGES - NY 06/16 - 06/30 NY;	E104	84.60
06/30/02	DI - LEGAL RESEARCH - NY WEST LAW	E106	450.64

DISBURSEMENTS SUMMARY FOR THE SUBSTANTIAL CONTRIBUTION PERIOD

<u>WORK</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
E101	COPYING	958.25
	COPYING	50.00
E101 E		
E104	FACSIMILES	98.40
E106	ON-LINE RESEARCH	450.64
E109	LOCAL TRAVEL	178.68
E111	MEALS	57.95

	TOTAL DISBURSEMENTS	1,793.92

EXHIBIT “C”

Anderson Kill has rendered professional services in these Chapter 11 cases to the Official Committee of Unsecured Creditors as Conflicts Counsel (the “Committee”) and also to PPM America, Inc., a member of the Committee, for the benefit of the constituency of the creditors of the Debtor Flag Limited.

In accordance with Section 504(a) of 11 U.S.C. §§101 *et. seq.* (the “Bankruptcy Code”) and Rule 2016 of the Federal Rule of Bankruptcy Procedure, no agreement or understanding exists between Anderson Kill and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these chapter 11 cases and Anderson Kill will not share or agree to share with any other person the compensation paid or allowed.

I have read the foregoing Application for Compensation and Reimbursement of Expenses of Anderson Kill, as Conflicts Counsel for the Committee and, on behalf of PPM America, Inc., for substantial contribution (the “Application”), and I know the contents thereof. The same are true to the best of my knowledge, except as to matters therein alleged to be upon information and belief, and as to those matters, I believe them to be true. I have personally performed many of the legal services rendered by Anderson Kill and am thoroughly familiar with all other work performed on behalf of the Committee by the attorneys and paraprofessionals of Anderson Kill.

The compensation for work performed and reimbursement of expenses incurred was billed at rates that are in accordance with practices that are customarily employed by Anderson Kill and are generally accepted by its clients.

1. Attached hereto as Exhibits A and B, respectively, are: (i) the Application; and
(ii) the Court's Order Approving Retention of Anderson Kill.

Dated: November 8, 2002
New York, New York

ANDERSON KILL & OLICK, P.C.

/s/

J. Andrew Rahl, Jr.
1251 Avenue of the Americas
New York, NY 10020-1182
(212) 278-1000