

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

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In re: :
: Chapter 11
FLAG TELECOM HOLDINGS LIMITED, :
FLAG LIMITED, :
FLAG ATLANTIC LIMITED, : Case Nos. 02-11732 (ALG) through
FLAG ATLANTIC HOLDINGS LIMITED, : 02-11736 (ALG) and 02-11975
FLAG PACIFIC USA LIMITED, : through 02-11979
FLAG TELECOM GROUP SERVICES LIMITED, :
FLAG TELECOM LIMITED, : (Jointly Administered)
FLAG TELECOM USA LTD., :
FLAG ASIA LIMITED, and :
FLAG ATLANTIC USA LIMITED, :
: Debtors. :
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**FINAL APPLICATION OF APPLEBY SPURLING & KEMPE, AS
SPECIAL BERMUDA COUNSEL TO THE DEBTORS, FOR FINAL
ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES
RENDERED AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY
EXPENSES INCURRED FROM APRIL 12, 2002, THROUGH OCTOBER 9, 2002**

TO THE HONORABLE ALLAN L GROPPER
UNITED STATES BANKRUPTCY JUDGE:

Appleby Spurling & Kempe (“Appleby”), Special Bermuda Counsel to
FLAG Telecom Holdings Limited and its affiliated debtors in the above-captioned cases
(collectively, the “Debtors”), for its final application (the “Application”), pursuant to
sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and
Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”),
for the final allowance of compensation for professional services performed by Appleby
for the period from April 12, 2002, through October 9, 2002 (the “Compensation

Period”), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period, respectfully represents:

**SUMMARY OF PROFESSIONAL COMPENSATION
AND REIMBURSEMENT OF EXPENSES REQUESTED**

1. This Application has been prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”) and the Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals (the “Administrative Order,” and collectively with the Local Guidelines and UST Guidelines, the “Guidelines”). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit “A.”

2. Appleby seeks allowance of the one hundred percent (100%) of the final compensation for professional services rendered to the Debtors during the Compensation Period, in the aggregate amount of \$415,899.00, and for reimbursement of one-hundred percent (100%) of expenses incurred in connection with the rendition of such services in the aggregate amount of \$12,309.77. During the Compensation Period, Appleby attorneys and paraprofessionals expended a total of 1068.88 hours for which compensation is requested.

3. There is no agreement or understanding between Appleby and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

4. The fees charged by Appleby in these cases are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates Appleby charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates Appleby charges for professional and paraprofessional services rendered in comparable nonbankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive international legal market.

5. Pursuant to the UST Guidelines, annexed hereto as Exhibit “B” is a schedule setting forth all Appleby professionals and paraprofessionals who have performed services in these chapter 11 cases during the Compensation Period, the capacities in which each such individual is employed by Appleby, the department in which each individual practices, the hourly billing rate charged by Appleby for services performed by such individual, the aggregate number of hours expended in this matter and fees billed therefore, and the year in which each professional was first licensed to practice law in Bermuda.

6. Annexed hereto as Exhibit “C” is a schedule specifying the categories of expenses for which Appleby is seeking reimbursement and the total amount for each such expense category.

7. Pursuant to Section II.D of the UST Guidelines, annexed hereto as Exhibit “D” is a summary by invoice number of the services performed by Appleby during the Compensation Period. Appleby’s system of recording time is on a per entry basis. It is not possible to input time entries on a project code basis. This feature does not exist within the time account programme that is used by Appleby nor is it a requirement in those instances when Appleby is required to submit invoices to the Supreme Court of Bermuda. Therefore, Appleby can only provide a summary of work as contained in each invoice. Every invoice produced contains detailed narrative of the work that was performed and has been provided to all relevant parties on a monthly basis in accordance with the UST Guidelines and the Appleby Interim Fee Order. Fees that have been incurred by John Riihiluoma, Jennifer Fraser, Nigel Howcroft, Kelvin Hastings-Smith and Susan Davis will have been in relation to general insolvency and restructuring issues including the drafting of papers to be filed with the Supreme Court of Bermuda and attendance at Court hearings in Bermuda. Fees that have been incurred by Geoffrey Bell and Arabella Di Iorio will have been in relation to on going litigation matters in Bermuda. Fees that have been incurred by Peter Bubenzer, Judy Collis, Michael Jones, Baldip Bhullar, Jeremy Leese and Alison Dyer-Fagundo, Angus Lynn and Tammy Richardson will have been in relation to corporate restructuring, incorporation of a new company including the drafting of Bye-laws and all relevant documents required for incorporation and general corporate matters.

8. Appleby maintains computerized records of the time spent by all Appleby attorneys and paraprofessionals in connection with the prosecution of the Debtors’ chapter 11 cases. Subject to redaction for the attorney-client privilege where

necessary to protect the Debtors' estates, copies of these computerized records will be furnished to the Court. Copies have previously been furnished to the United States Trustee for the Southern District of New York (the "U. S. Trustee") in accordance with Appleby's Interim Fee Order in the format specified by the UST Guidelines.

9. As of the Commencement Date, Appleby had a retainer in the amount of approximately \$293,000.00 to be applied against payment for services to be rendered and expenses incurred on behalf of the Debtors.

10. With respect to Appleby's fee statements for the Compensation Period, Appleby received payments totaling \$277,034.00, representing payment of eighty percent (80%) of the fees for professional services and one hundred percent (100%) of the expenses incurred from April 12, 2002 to September 26, 2002.

11. To the extent that time or disbursement charges for services rendered or disbursements incurred relate to the Compensation Period, but were not processed prior to the preparation of this Application, Appleby reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

BACKGROUND

12. On April 12, 2002 (the "Commencement Date"), the Debtors commenced cases under chapter 11 of the Bankruptcy Code. The chapter 11 cases are being jointly administered for procedural purposes. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

13. Pursuant to an order of the Court dated May 23, 2002 (the "Interim Retention Order"), the Debtors were authorized to retain Appleby as their attorneys to render legal services in the prosecution of these chapter 11 cases on an interim basis, with the retention to become final following a hearing to consider any objections filed to the Debtors' application for authority to employ Appleby. Upon request of the U.S. Trustee, Appleby submitted a supplemental affidavit dated May 13, 2002 disclosing additional information concerning the U.S. Trustee's query of potential adverse interests of Appleby. A Second Supplemental Affidavit dated May 23, 2002 was submitted by Appleby disclosing additional information concerning the U.S. Trustee's query over potential duplication of services and the scope of Elizabeth Gloster's QC representation as special Bermuda Counsel in addition to Appleby. A Third Supplemental Affidavit dated July 11, 2002 was submitted by Appleby to update the Court and provide further disclosure resulting from the delisting of the FLAG Telecom Holdings Limited from the Nasdaq National Market and the London Stock Exchange. Objections were filed to Appleby's Interim Retention Order and a hearing took place on May 29, 2002. Following this hearing, Appleby was granted a Second Interim Order, such Order continuing until further Order of the court. No objections were filed to Appleby's entry for final order and, thus, pursuant to an order dated July 9, 2002 the Debtors' retention of Appleby became final.

14. Pursuant to an Order of the Court dated October 11, 2002 (the "Interim Compensation Order"), Appleby was granted 100% allowance of compensation for professional services performed and expenses incurred by Appleby for the period April 12, 2002 to July 31, 2002.

SUMMARY OF SERVICES

15. Throughout the existence of these chapter 11 cases, Appleby was required to render a substantial amount of professional services, outlined more fully below, in some cases under severe time constraints, to deal with various critical issues typically faced by a debtor at the outset of a chapter 11 case as well as certain unique needs of the Debtors.

16. Appleby rendered professional services in furtherance of, among others activities, the following: (i) preparing pleadings for submission to the Bermuda Court regarding various administrative and operational activities on behalf of the Debtors; (ii) responding to creditor inquiries concerning the chapter 11 and Bermuda cases; (iii) providing counseling regarding compliance with the statutory and judicially imposed responsibilities under the Companies Act 1981 and Companies (Winding-Up) Rules 1982 in Bermuda and the specifics of the Bermuda proceedings and the interaction with the chapter 11 proceedings.; and (iv) providing counseling with respect to the proposed sale of certain of the Debtors' assets. In that regard, Appleby prepared and/or filed, on behalf of the Debtors, approximately 102 summonses, applications, and other relevant documents during the Compensation Period with the Supreme Court of Bermuda.

17. The following is a summary of the significant professional services rendered by Appleby during the Compensation Period. This summary is organized in accordance with Appleby's internal system of time recording.

FOR PROFESSIONAL SERVICES RENDERED for the period from 12 April 2002 through 31 May 2002 in connection with

- the winding-up proceedings including, preparing for commencement of winding-up proceedings, preparation for and attendance at hearings, participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- drafting retention application and affidavits for use in the Chapter 11 cases including, preparing for commencement of proceedings, participation in numerous teleconferences and meetings regarding the retention application;
- responding to requests for supplemental information as requested by the United States Trustee;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- analysis, research and participation and discussions regarding issues particular to US and other foreign entities, legal research and analysis of local law issues including Foreign Securities Laws, Insolvencies Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- preparing for and participation in Board calls;
- analysis and participation in numerous discussions regarding restructuring strategy;
- responding to creditor inquiries;
- teleconferences with the Bermuda Stock Exchange;
- review of Company Resolutions and Bye-Laws;
- drafting Retention Application and Affidavit of Elizabeth Gloster, QC, responding to requests for additional information concerning the Gloster Retention Application;
- research of Section 166 of the Companies Act issues;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited, including preparing for Privy Council hearing in London, England, attendance at hearing and participation in numerous teleconferences and meetings regarding the Privy Council hearing.

TOTAL HOURS = 367.60

FOR PROFESSIONAL SERVICES RENDERED for the period from 23 May 2002 through 27 June 2002 in connection with

- the winding-up proceedings including, preparing for commencement of winding-up proceedings, preparation for and attendance at hearings;
- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- drafting retention application of AS&K Services Limited and affidavits for use in the Chapter 11 cases including, preparing for commencement of proceedings, participation in numerous teleconferences and meetings regarding the retention application;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- legal research and analysis of local law issues including Insolvencies Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- preparing for and participation in Board calls;
- analysis and participation in numerous discussions regarding restructuring strategy;
- review of Company Resolutions and Bye-Laws in relation to Management Retention Plan and global term sheet negotiations with creditors;
- addressing Retention Application and Affidavit of Elizabeth Gloster, QC;
- drafting share transfer application and affidavit including participation in numerous teleconferences and meeting, liaising with Supreme Court Registrar and Joint Provisional Liquidators;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited, participation in numerous teleconferences and meetings regarding the Privy Council hearing;
- review of Statement of Affairs for US proceedings and review Bermuda form of statement of account including participation in numerous teleconferences, drafting Statement and Affidavit for Bermuda proceedings.

TOTAL HOURS = 101.55

FOR PROFESSIONAL SERVICES RENDERED for the period from 27 June 2002 through 25 July 2002 in connection with

- the winding-up proceedings including, preparing for commencement of winding-up proceedings, preparation for and attendance at hearings;

- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- drafting retention application of AS&K Services Limited and affidavits for use in the Chapter 11 cases including, preparing for commencement of proceedings, participation in numerous teleconferences and meetings regarding the retention application;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- legal research and analysis of local law issues including Insolvencies Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- preparing for and participation in Board calls;
- analysis and participation in numerous discussions regarding restructuring strategy;
- review of global term sheet negotiations with creditors;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited, participation in numerous teleconferences and meetings regarding the Privy Council hearing;
- review of Statement of Affairs for US proceedings and review Bermuda form of statement of account including participation in numerous teleconferences, revising Statement and Affidavit for Bermuda proceedings.

TOTAL HOURS = 121.30

FOR PROFESSIONAL SERVICES RENDERED for the period from 24 July 2002 through 31 July 2002 in connection with

- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- numerous discussions regarding restructuring strategy;
- addressing issues in the winding-up proceedings;
- analysis and research;

- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited including participation in numerous teleconferences and meetings regarding the calculation of costs and drafting the bill of costs;
- attending to Company, Supreme Court and Registered Office Search of FLAG Telecom Holdings Ltd.;
- participation in numerous teleconferences and meetings regarding the incorporation of a new corporate entity including legal research and drafting Memorandum of Association, name of the new entity.

TOTAL HOURS = 33.75

FOR PROFESSIONAL SERVICES RENDERED for the period from 1 August 2002 through 29 August 2002 in connection with

- the winding-up proceedings including preparation for and attendance at hearings;
- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- legal research and analysis of local law issues including Insolvency Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- numerous discussions regarding restructuring strategy;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited including participation in numerous teleconferences and meetings regarding the calculation of costs and drafting the bill of costs;
- review of Statement of Affairs for US proceedings and review Bermuda form of statement of account including participation in numerous teleconferences;
- drafting and revising Statement and Affidavit for Bermuda proceedings;
- attending to Company, Supreme Court and Registered Office Search of FLAG Telecom Holdings Ltd.;
- participation in teleconferences regarding s168 Companies Act 1981 hearing;
- participation in numerous teleconferences and meetings regarding the incorporation of a new corporate entity including legal research and drafting

- Memorandum of Association, name of the new entity; application to the Bermuda Monetary Authority;
- attending to the drafting of the First Interim Fee application including liaising with Debtors' US Attorneys.

TOTAL HOURS = 119.60

FOR PROFESSIONAL SERVICES RENDERED for the period from 30 August 2002 through 26 September 2002 in connection with

- the winding-up proceedings including, preparation for and attendance at hearings;
- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- legal research and analysis of local law issues including Insolvency Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- numerous discussions regarding restructuring strategy;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited including participation in numerous teleconferences and meetings regarding the calculation of costs and drafting the bill of costs;
- preparation for taxation hearing;
- attending to Company, Supreme Court and Registered Office Search of FLAG Telecom Holdings Ltd.;
- participation in numerous teleconferences and meetings regarding the incorporation of a new corporate entity including legal research and drafting Memorandum of Association, name of the new entity, establishment of Register, drafting share transfer forms, revise Transfer Agreement, application to the Bermuda Monetary Authority, drafting shareholders' resolutions and Bye-laws;
- attending to the drafting of the First Interim Fee application including liaising with Debtors' US Attorneys;
- participation in numerous teleconferences and meetings regarding Confirmation Hearing and Scheme/Plan issues;
- attending to the draft affidavits and summonses pursuant to Section 166 Companies Act 1981 and withdrawal and discharge of Joint Provisional Liquidators.

TOTAL HOURS = 147.03

FOR PROFESSIONAL SERVICES RENDERED for the period from 27 September 2002 through 9 October 2002 in connection with

- the winding-up proceedings including, preparation for and attendance at hearings;
- participation in numerous teleconferences and meetings regarding administration and procedure for winding-up cases;
- addressing case management, filing and administrative issues including coordination with Chambers and the Supreme Court Registrar;
- legal research and analysis of local law issues including Insolvency Procedures;
- coordination with Chapter 11 proceedings, preparation for and discussions with Joint Provisional Liquidators regarding various issues;
- numerous discussions regarding restructuring strategy;
- addressing issues in the winding-up proceedings;
- analysis and research;
- professional services rendered in connection with the ongoing termination of employment litigation commenced by FLAG Limited including participation in numerous teleconferences and meetings regarding the calculation of costs and drafting the bill of costs;
- preparation for taxation hearing;
- attending to Company, Supreme Court and Registered Office Search of FLAG Atlantic Holdings Ltd. and GTS TransAtlantic Holdings Ltd.;
- participation in numerous teleconferences and meetings regarding the incorporation of a new corporate entity including legal research and drafting Memorandum of Association, establishment of Register, drafting share transfer forms, revise Transfer Agreements, application to the Bermuda Monetary Authority, drafting shareholders' and directors' resolutions and Bye-laws;
- participation in numerous teleconferences and meetings regarding Scheme and Closing issues;
- attending to the draft affidavits and summonses pursuant to Section 166 Companies Act 1981 and withdrawal and discharge of Joint Provisional Liquidators along with preparation for hearings.

TOTAL HOURS = 178.05

18. The foregoing professional services performed by Appleby were necessary and appropriate to the administration of the Debtors' chapter 11 cases and the Debtors' Bermuda proceedings. The professional services performed by Appleby were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and nature of the problems, issues, or tasks involved. The professional services were performed with expedience and in an efficient manner.

19. The professional services performed by Appleby on behalf of the Debtors during the Compensation Period required an aggregate expenditure of 1068.88 recorded hours by Appleby's members, counsel, associates, and paraprofessionals. Of the aggregate time expended, 487.98 recorded hours were expended by partners and counsel of Appleby, 523.25 recorded hours were expended by associates, and 57.65 recorded hours were expended by paraprofessionals of Appleby.

20. During the Compensation Period, Appleby's hourly billing rates for attorneys ranged from \$250 to \$500 per hour. Allowance of compensation in the amount requested would result in a blended hourly billing rate for attorneys of approximately \$405.34 (based on 1011.23 recorded hours for attorneys at Appleby's regular billing rates in effect at the time of the performance of services). Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable bankruptcy cases in a competitive national legal market. As noted, attached hereto as Exhibit "B" is a schedule listing each Appleby professional and paraprofessional who performed services in these cases during the Compensation Period,

the hourly rate charged by Appleby for services performed by each such individual, and the aggregate number of hours and charges by each such individual.

ACTUAL AND NECESSARY DISBURSEMENTS OF APPLEBY

21. As set forth in Exhibit "C" hereto, Appleby has disbursed \$12,309.77 as expenses incurred in providing professional services during the Compensation Period. With respect to photocopying expenses, Appleby charges all of its clients \$.30 per page. This is a typical charge for photocopying services in Bermuda. Due to the location of Bermuda, the majority of goods must be imported which naturally raises their costs as compared with those costs which are incurred in other jurisdictions. Similarly, the higher cost of electricity affects the standard charge for photocopying. With respect to facsimile expenses, in compliance with the Guidelines, Appleby does not charge for facsimile transmissions, other than the cost of long distance facsimiles at applicable toll charge rates, which invariably are less than \$1.10 per page as permitted by the Guidelines. Each of these categories of expenses does not exceed the maximum rate set by the Guidelines. These charges are intended to cover Appleby's direct operating costs, which costs are not incorporated into the Appleby hourly billing rates. Only clients who actually use services of the types set forth in Exhibit "C" are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and other facilities and services. The amount of the standard photocopying charge is intended to allow Appleby to cover the related expenses of its photocopying service. A determination of the actual expenses per page for photocopying, however, is dependent

on both the volume of copies and the total expenses attributable to photocopying on an annual basis.

22. The time constraints imposed by the circumstances of these cases have required Appleby's attorneys and other employees to devote time during the evenings and on weekends to the performance of legal services on behalf of the Debtors. These extraordinary services were essential to meet deadlines, timely respond to inquiries on a daily basis from creditors and other parties in interest, and satisfy the demands of the Debtors' businesses and the administration of their estates. While Appleby has not charged the Debtors for any overtime expense, consistent with firm policy, attorneys and other employees of Appleby who worked late into the evenings or on weekends were reimbursed for their reasonable meal costs and their cost for transportation from the office to home. Appleby's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendition of services. The reimbursement amounts do not exceed those set forth in the Guidelines.

23. In addition, because of the location of the Debtors' businesses and other professionals in relation to Appleby's offices, frequent long distance telephone calls were required. On several occasions, overnight delivery of documents and other materials was required as a result of circumstances necessitating the use of such express services. These disbursements are not included in Appleby's overhead for the purpose of setting billing rates. Appleby has made every effort to minimize its disbursements in these cases. The actual expenses incurred in providing professional services were

absolutely necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors, their estates, and creditors.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

24. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses." *Id.* § 330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should 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.

Id. § 330(a)(3).

25. In the instant case, Appleby respectfully submits that the services for which it seeks compensation in this Application were, at the time rendered, believed to be necessary for and beneficial to the Debtors' rehabilitation and reorganization efforts. Such services and expenditures were necessary to and in the best interests of the Debtors' estates. Appleby further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest.

26. In sum, the services rendered by Appleby were necessary and beneficial to the Debtors' estates, and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved, and approval of the compensation sought herein is warranted.

WAIVER OF MEMORANDUM OF LAW

27. This Motion includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

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CONCLUSION

WHEREFORE APPLEBY respectfully requests (i) interim allowance of one percent (100%) of the compensation for professional services rendered during the Compensation Period in the amount of \$415,899.00 and one hundred percent (100%) of the reimbursement for actual and necessary expenses Appleby incurred during the Compensation Period in the amount of \$12,309.77; (ii) the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred be without prejudice to Appleby's right to seek , and additional compensation for services performed and expenses incurred during the Compensation Period which were not processed at the time of this Application; and (iii) the Court grant Appleby such other and further relief as is just.

Dated: Hamilton, Bermuda
November 8, 2002

/s/ Jennifer Y. Fraser

Jennifer Y Fraser

APPLEBY SPURLING & KEMPE
Cedar House, 41 Cedar Avenue
Hamilton HM 12 Bermuda
(441) 295 2244

SPECIAL BERMUDA COUNSEL TO THE
DEBTORS AND
DEBTORS IN POSSESSION