

FRIEDMAN, WANG & BLEIBERG, P.C.  
90 Park Avenue  
New York, NY 10016  
(212) 682-7474  
Special Litigation Counsel to the Debtors

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

Hearing Date and Time:  
**December 4, 2002 10:00 a.m.**

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

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

Name of Applicant:	<u>Friedman, Wang &amp; Bleiberg, P.C.</u>
Authorized to Provide Professional Services to:	<u>FLAG Telecom Holdings Limited, et al.</u>
Date of Retention:	<u>May 29, 2002 <i>nunc pro tunc</i> to April 29, 2002</u>
Period for which compensation and reimbursement is sought:	<u>April 29, 2002 through October 31, 2002</u>
Amount of Compensation sought as actual, reasonable and necessary:	<u>\$102,310.50</u>

Amount of Expense Reimbursement sought  
as actual, reasonable and necessary: \$7,777.52

TOTAL FEES AND EXPENSES  
REQUESTED: \$110,088.02

This is a(n):    interim   X   final application.

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FLAG TELECOM GROUP SERVICES LIMITED,	)	(Jointly Administered)
FLAG TELECOM LIMITED,	)	
FLAG TELECOM USA LTD.,	)	
FLAG ASIA LIMITED, and	)	
FLAG ATLANTIC USA LIMITED,	)	
	)	
	)	
	)	
Debtors.	)	

**FINAL APPLICATION OF FRIEDMAN,  
WANG & BLEIBERG, P.C., SPECIAL LITIGATION COUNSEL TO  
THE DEBTORS, FOR ALLOWANCE OF FINAL  
COMPENSATION FOR SERVICES RENDERED  
AND REIMBURSEMENT OF EXPENSES  
FROM APRIL 29, 2002 THROUGH OCTOBER 31, 2002**

TO: THE HONORABLE ALLAN GROPPER  
UNITED STATES BANKRUPTCY JUDGE

Friedman, Wang & Bleiberg, P.C. (“Friedman Wang”), special litigation counsel for FLAG Telecom Holdings Limited (“FTHL”) and its affiliated debtors in possession (collectively, the “Debtors”), hereby makes this 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”), and the Order, entered on June 13, 2002, establishing Procedures for Compensation and Reimbursement of Expenses of Professionals (the “Compensation Order”), for allowance of compensation for professional services rendered from April 29, 2002 through October 31, 2002 (the “Fee Period”) and reimbursement of expenses incurred in connection with such services. In support of the Application, Friedman Wang respectfully represents:

1. This Application has been prepared in accordance with the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (the “Guidelines”).

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

### **BACKGROUND**

3. The Debtors are part of a multinational corporate organization (“FLAG”) made up of more than 50 corporate entities. FLAG operates a global telecommunications network comprised of advanced fiber-optic global cable systems and interfaces that are owned, leased or otherwise available to FLAG. FLAG offers a panoply of telecommunications services, and views itself as “global carrier’s carrier” which targets an international wholesale broadband market consisting of established carriers or major incumbents, rather than retail telecommunications consumers.

4. On April 12, 2002, FTHL, FLAG Limited, FLAG Pacific USA limited, FLAG Atlantic Holdings Limited and FLAG Atlantic Limited filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On April 23,

2002, FLAG Telecom Group Services Limited, FLAG Telecom Limited, FLAG Telecom USA Ltd., FLAG Asia Limited and FLAG Atlantic USA Limited filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. This Court approved the retention of Gibson, Dunn & Crutcher (“Gibson Dunn”) as counsel for the Debtors by orders dated April 12, 2002 and May 29, 2002.

6. This Court approved the retention of Friedman Wang as special litigation counsel to the Debtors by order dated May 29, 2002, effective *nunc pro tunc* to April 29, 2002, (the “Retention Order”) for the special purpose of assessing and, if appropriate, prosecuting causes of action (the “Actions”) against certain banks (the “Banks”) for acts by the Banks against the Debtors and the Debtors’ property prior to the Petition Dates. A copy of the Retention Order is attached hereto as Exhibit “A.” As set forth more fully in the Debtors’ application to retain Friedman Wang, the Debtors selected Friedman Wang as their special counsel because of the firm’s extensive experience in the field of complex civil litigation, including litigating complex cases through trial.

7. On August 8, 2002, the Debtors filed the Third Amended And Restated Joint Plan Of Reorganization Of Debtors Under Chapter 11 Of The Bankruptcy Code (the “Plan”) and related Disclosure Statement.

8. On September 26, 2002, the Court entered an Order (the “Confirmation Order”) confirming the Plan. On October 9, 2002, the Plan became effective in accordance with its terms, and the Debtors emerged from bankruptcy.

9. Pursuant to an Order of the Court dated October 11, 2002, Friedman Wang was granted 100% allowance of compensation for professional services performed and expenses

incurred by Friedman Wang for the period April 29, 2002 to July 31, 2002, in the amount of \$69,024.42.

10. The Compensation Order authorizes professionals in these cases to submit a final application, pursuant to section 331 of the Bankruptcy Code, for the final approval and allowance of reimbursement of fees for services and expenses.

### **SUMMARY OF APPLICATION**

11. Friedman Wang seeks allowance of compensation for professional services rendered to the Debtors during the Fee Period in the aggregate amount of \$102,310.50 and reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$7,777.52. During the Fee Period, Friedman Wang's partners, associates, legal assistants and paraprofessionals expended a total of 394.2 hours for which compensation is requested. Further, Friedman Wang seeks allowance of the fees noted above plus reimbursement of out-of-pocket expenses in the amount of \$7,777.52 incurred and recorded during the Fee Period.

12. A schedule setting forth the number of hours expended by each of the partners, associates, legal assistants and paraprofessionals of Friedman Wang who rendered services to the Debtors, their respective hourly rates, and the year of bar admissions for each attorney is attached hereto as Exhibit "B." The rates charged by Friedman Wang are identical to those charged to Friedman Wang's non-bankruptcy clients for the same or similar services. A schedule specifying the categories of expenses for which Friedman Wang is seeking reimbursement and the total amount for each such expense category is attached hereto as Exhibit "C."

13. Annexed as Exhibit “D” are summaries of daily time records contemporaneously maintained by each partner, associate, legal assistant and paralegal employed by Friedman Wang reflecting the work performed and the time spent for which compensation is sought in this Application. Because Friedman Wang’s daily time records are attached, this Application provides only a summary of Friedman Wang’s principal activities during the Fee Period.

14. To the extent that time or disbursement charges for services rendered during the Fee Period, or disbursements incurred during the Fee Period, were not processed prior to the preparation of this Application, Friedman Wang reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

15. There is no agreement or understanding between Friedman Wang and any other person, other than members of the firm, for the sharing of compensation received for services rendered in these cases. Annexed hereto as Exhibit “E” is an affidavit of Peter N. Wang, a member of the firm, attesting that there is no such sharing arrangement.

#### **SUMMARY OF LEGAL SERVICES RENDERED**

16. During the Fee Period, Friedman Wang’s services have been devoted principally to investigating, preparing and commencing Actions against the Banks as well as engaging in settlement negotiations to resolve those Actions. Set forth below is a more specific summary of the services performed by Friedman Wang during the Fee Period.

17. The work performed by Friedman Wang during the Fee Period included document review and consultation with Gibson Dunn and officers of the Debtors concerning litigation strategy.

18. During the Fee Period, Friedman Wang initiated an adversary proceeding in this Court on behalf of FTHL against Westdeutsche Landesbank Girozentrale, New York Branch seeking turnover of funds, amounting to at least \$100 million, in a collateral account (the “West LB Action”).

19. Friedman Wang also initiated an adversary proceeding in this Court on behalf of FTHL against Barclays Bank PLC seeking turnover of funds, in excess of \$24 million, in a demand deposit account.

20. During the Fee Period, Friedman Wang engaged in negotiations and discussions with counsel for the Banks, Gibson Dunn and officers of the Debtors to settle the Actions.

21. Friedman Wang drafted documentation including a settlement agreement and other papers in support of a motion pursuant to Rule 9019 of the Bankruptcy Rules in connection with the West LB Action.

22. During the Fee Period, Friedman Wang’s attorneys, legal assistants and paralegals incurred fees in an aggregate of \$102,310.50 in connection with this matter. While the amount of legal work performed by Friedman Wang in these efforts has been substantial, Friedman Wang has endeavored to perform the work with maximum efficiency.

### **DISBURSEMENTS**

23. As set forth in Exhibit “C” annexed hereto, Friedman Wang is seeking reimbursement for \$7,777.52 as expenses incurred in providing professional services during the Fee Period.

24. The disbursement charges included in this Application are intended to cover Friedman Wang’s direct operating costs.



25. Friedman Wang charges all of its clients \$.15/page for photocopying expenses. The rates charged by Friedman Wang for Westlaw and Lexis computerized research vary according to the type of research conducted and the specific files researched, but in any event such charges are billed at cost. The foregoing charges are intended to cover Friedman Wang's direct operating costs for photocopying and computerized research, which costs are not incorporated into Friedman Wang's hourly billing rates. Only clients who actually use photocopying, computerized research and other office services of the types set forth in Exhibit "C" are separately charged for such services. The amount of the standard photocopying charges permits Friedman Wang to cover the related expenses of its photocopying services.

26. Friedman Wang has made every effort to minimize its disbursements in its representation of the Debtors. 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.

#### **NOTICE**

27. Copies of this application will be served upon (i) Akin, Gump, Strauss, Huer & Feld, 590 Madison Avenue, New York, New York, 10022 (Attn: Michael S. Stamer, Esq.) (ii) Gibson, Dunn & Crutcher, LLP, 200 Park Avenue, New York, New York, 10166 (Attn: Conor D. Reilly, Esq.) (iii) Milbank, Tweed, Hadley & McCloy, LLP, 1 Chase Manhattan Plaza, New York, New York, 10005 (Attn: Susheel Kirpaloni, Esq.) (iv) United States Trustee, 33 Whitehall Street, Suite 2100, New York, New York, 10004 (Attn: Tracy Hope Davis) (v) Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York, 10038 (Attn: Bruce Zirinsky, Esq.) (vi) Kasowitz, Benson, Torres & Friedman, LLP, 1633 Broadway, New York, New York, 10019 (Attn: David S. Rosner, Esq.). Copies of the Notice of Filing of this

Application will be served upon those parties requesting notice in these cases pursuant to Bankruptcy Rule 2002. Friedman Wang submits that, pursuant to the Compensation Order, such notice constitutes due and sufficient notice of this Application and that no further notice is necessary or required.

**THE REQUESTED COMPENSATION  
AND REIMBURSEMENT SHOULD BE ALLOWED**

28. 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." 11 U.S.C. § 330(a)(1) and (2). 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, extent, and the value of such services, taking into account all relevant factors, including --

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

11 U.S.C. § 330(a)(3).

29. In the instant case, Friedman Wang respectfully submits that the professional services for which it seeks compensation in this Application were necessary and beneficial for maximizing value in the Debtors' estates. Friedman Wang 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 and should be allowed in all respects.

### CONCLUSION

30. Friedman Wang submits that approval of the compensation sought herein is warranted. Whenever possible, Friedman Wang sought to minimize the costs of its services by utilizing legal assistants and paraprofessionals to handle as many tasks as possible.

31. In sum, Friedman Wang respectfully submits that the services it rendered were necessary and beneficial to the Debtor's estate and were consistently performed in an efficient and timely manner commensurate with the complexity, importance, and nature of the issues involved.

WHEREFORE, Friedman Wang respectfully requests this Court to enter an Order (i) allowing final compensation to Friedman Wang for professional services rendered as special litigation counsel to the Debtors in the amount of \$102,310.50 for the period from April 29, 2002 through October 31, 2002 and \$7,777.52 as reimbursement of actual and necessary disbursements incurred by Friedman Wang during that same period.

Dated: New York, New York  
November 8, 2002

FRIEDMAN, WANG & BLEIBERG, P.C.

By: /s/ Scott D. Corrigan

Peter N. Wang (PW-9216)  
Susan J. Schwartz (SS-6554)  
Scott D. Corrigan (SC-5545)  
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New York, New York 10016  
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