GIBSON, DUNN & CRUTCHER LLP

Conor D. Reilly (CR-6559) M. Natasha Labovitz (MNL-5153) 200 Park Avenue New York, New York 10166-0193 (212) 351-4000

Attorneys for Reorganized Debtors

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
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FLAG TELECOM HOLDINGS LIMITED,	:	Case Nos. 02-11732 through
FLAG LIMITED,	:	02-11736 and 02-11975 through
FLAG PACIFIC USA LIMITED,	:	02-11979 (ALG)
FLAG TELECOM GROUP SERVICES LIMITED,	:	(Jointly Administered)
FLAG TELECOM LIMITED,	:	
FLAG TELECOM USA LTD.,	:	
FLAG ASIA LIMITED,	:	
FLAG ATLANTIC HOLDINGS LIMITED,	:	
FLAG ATLANTIC LIMITED, and	:	
FLAG ATLANTIC USA LIMITED,	:	
	:	
	:	
Reorganized Debtors.	:	
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STATEMENT OF AMENDMENT TO FINAL APPLICATION OF GIBSON, DUNN & CRUTCHER LLP, AS ATTORNEYS FOR THE REORGANIZED DEBTORS, FOR ALLOWANCE OF COMPENSATION FOR 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:

On November 8, 2002, Gibson, Dunn & Crutcher LLP ("GDC"), bankruptcy counsel for

FLAG Telecom Holdings Limited and the other above-captioned Debtors and reorganized

Debtors, filed its application (the "Application") for allowance of compensation for professional services performed by GDC for the period from April 12, 2002, through October 9, 2002, and for reimbursement of its actual and necessary expenses incurred during that period.

On November 15, 2002, the United States Trustee filed its Objection Regarding Applications for Final Allowance of Compensation and for Reimbursement of Out of Pocket Expenses (the "Objection"), which related to the final fee applications of numerous professionals retained in these chapter 11 cases. With respect to GDC's Application, the United States Trustee articulated three points of objection: (i) that the Application sought compensation for travel time at GDC's full hourly rates, whereas the United States Trustee would approve compensation for such time at one-half GDC's hourly rates; (ii) that the Application sought reimbursement of the expense of hiring an outside proofreader in the amount of \$407.63, and (iii) that certain portions of the detailed report of services rendered that was annexed to the Application as Exhibit D had been redacted.

In response to the Objection, GDC has agreed to reduce the amount of compensation sought for travel time by one-half, and has agreed not to seek reimbursement for the expense outside proofreading services. As a result, GDC now seeks compensation for services rendered in the amount of \$5,318,522.75 and reimbursement of expenses incurred in the amount of \$321,571.02.

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Furthermore, GDC has concluded upon review that certain previously redacted portions of its billing record may at this time become public. Accordingly, a revised detailed report of services rendered is annexed hereto as Exhibit A.

Dated: New York, New York December 3, 2002

GIBSON, DUNN & CRUTCHER LLP

By: /s/ Conor D. Reilly

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EXHIBIT A