

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

_____))
In re))
GLOBAL CROSSING LTD., et. al.))
Debtors.) Chapter 11
) Case No: 02-40188 (REG) to
) Case No: 02-40241 (REG)
) (Jointly Administered)
_____))

FOURTH INTERIM AND FINAL APPLICATION OF DELOITTE & TOUCHE LLP
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

Name of Applicant(s): Deloitte & Touche LLP

Authorized to Provide
Professional Services to: Unsecured Creditors Committee of Global
Crossing Ltd., et. al.

Date of Retention: March 6, 2002 (nunc pro tunc)

Period for which Compensation
and Reimbursement is Sought: April 1, 2003 through December 9, 2003

Amount of Compensation Sought
as Actual, Reasonable and
Necessary: \$ 1,977,504.00

Amount of Expense Reimbursement
Sought as Actual, Reasonable
and Necessary: \$ 13,104.00

This is a: X Interim X Final Application

its actual and necessary expenses incurred during the Fourth Interim Compensation Period, (iii) payment of the holdback for the Fourth Interim Compensation Period, and (iv) final allowance of compensation for professional services performed by D&T and reimbursement of actual and necessary expenses incurred for the period March 6, 2002 through December 9, 2003 (the "Final Compensation Period"), and respectfully represents as follows:

I. INTRODUCTION

Background

1. On January 28, 2002 (the "Petition Date"), the Debtors commenced their cases under Chapter 11 of the Bankruptcy Code. A Plan of Reorganization was confirmed in December 2002 and the Debtors emerged from Chapter 11 in December 2003.

2. The Debtors' principal offices are located at 200 Park Avenue, Florham Park, NJ 07932.

3. On February 7, 2002, the United States Trustee for the Southern District of New York, pursuant to section 1102 (a) of the Bankruptcy Code, appointed a thirteen (13) member Committee, which selected Brown Rudnick Berlack Israels L.L.P. ("BRBI") as counsel to represent the Committee in these Chapter 11 cases.

4. On April 15, 2002 the Committee filed an application for authority to employ Deloitte as accountants and restructuring consultants (the "Retention Application"). In addition, Deloitte has

filed Supplemental Affidavits further disclosing information relative to the firm's Retention Application.

5. On May 13, 2002, the Court authorized the employment of Deloitte as accountants and restructuring consultants nunc pro tunc as of March 6, 2002.

Jurisdiction. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This Application is made to this Court 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") and 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, collectively with the Local Guidelines, the "Guidelines").

B. Retention of D&T and Billing History

1. The Court authorized D&T's retention as accountants and restructuring consultants to the Committee in these cases effective nunc pro tunc as of March 6, 2002, pursuant to the Order Approving Retention of D&T as accountants and restructuring consultants to the Committee (the "Retention Order") entered by the Court on April 15,

2002. The Retention Order authorizes D&T to be compensated pursuant to the procedures set forth in the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and orders of this Court, including the Compensation Order.

2. This Application is D&T's Fourth Interim and Final Application for approval and allowance of compensation. D&T makes this Fourth Interim and Final Application for approval and allowance of compensation pursuant to section 331 of the Bankruptcy Code and the Compensation Order.

3. No prior application has been made to this or any other Court for the relief requested herein. During the Fourth Interim Compensation Period, Deloitte has submitted eight monthly fee statements for the periods: April 1, 2003 through April 30, 2003 (the "April 2003 Monthly Fee Statement"), May 1, 2003 through May 31, 2003 (the "May 2003 Monthly Fee Statement"), June 1, 2003 through June 30, 2003 (the "June 2003 Monthly Fee Statement"), July 1, 2003 through July 31, 2003 (the "July 2003 Monthly Fee Statement"), August 1, 2003 through August 31, 2003 (the "August 2003 Monthly Fee Statement"), September 1, 2003 through September 30, 2003 (the "September 2003 Monthly Fee Statement"), October 1, 2003 through October 31, 2003 (the "October 2003 Monthly Fee Statement"), and November 1, 2003 through December 9, 2003 (the "November/December 2003 Monthly Fee Statement"), respectively. In the April 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$276,444.00 and reimbursement of expenses totaling \$1,607.00. Deloitte has received a payment of \$222,762.00 in

connection with the April 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the May 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$221,835.00 and reimbursement of expenses totaling \$1,210.00. Deloitte has received a payment of \$178,678.00 in connection with the May 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the June 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$194,490.00 and reimbursement of expenses totaling \$1,544.00. Deloitte has received payment of \$157,136.00 in connection with the June 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the July 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$162,115.00 and reimbursement of expenses totaling \$1,244.00. Deloitte has received payment of \$130,936.00 in connection with the July 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the August 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$172,320.00 and reimbursement of expenses totaling \$1,621.00. Deloitte has received payment of \$139,477.00 in connection with the August 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the September 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$230,277.00 and reimbursement of expenses totaling \$1,920.00. Deloitte has received payment of \$186,142.00 in connection with the September 2003 Monthly Fee Statement. Such payment represents 80% of fees incurred plus 100% of expenses. In the

October 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$329,683.00 and reimbursement of expenses totaling \$2,296.00. Deloitte has not yet received payment in connection with the October 2003 Monthly Fee Statement. In the November/December 2003 Monthly Fee Statement, Deloitte has sought aggregate fees of \$390,340.00 and reimbursement of expenses totaling \$1,662.00. Deloitte has not yet received payment in connection with the November/December 2003 Monthly Fee Statement. See Exhibit A for a complete summary of all Deloitte billings, collections, agreed reductions and holdbacks in these proceedings.

4. D&T has not entered into any agreement, express or implied, with any other party for the purpose of fixing or sharing fees or other compensation to be paid for professional services rendered in these cases.

5. No promises have been received by D&T or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

II. CASE STATUS

6. The court has confirmed the Debtors' Plan of Reorganization in these cases.

III. APPLICATION

7. By this Fourth Interim and Final Application, D&T is seeking (a) allowance of reasonable compensation for actual and

necessary professional services rendered by D&T, as accountants and restructuring consultants to the Committee, during the Fourth Interim and Final Compensation Period, and (b) reimbursement of actual, reasonable and necessary expenses incurred by D&T in connection with such services during the Fourth Interim and Final Compensation Period.

8. D&T seeks approval of the sum of \$1,977,504.00 for actual, reasonable and necessary professional services rendered and \$13,104.00 for reimbursement of actual, reasonable and necessary expenses incurred on behalf of the Committee during the Fourth Interim Compensation Period. The fees sought by the Application reflect an aggregate of 4,642.5 hours for accounting and consulting advisory time incurred and recorded in performing services for the Committee during the Fourth Interim Compensation Period, at a blended average hourly rate of \$425.96 for professionals.

9. D&T has sought total fees in this matter of \$7,435,722.00. After consultation with the Fee Audit Committee, Deloitte has agreed to a reduction in fees in connection with its Second and Third Interim Fee Applications totaling \$103,252.00. By this Application, D&T requests final allowance of the net amount of \$7,332,470.00 as reimbursement for professional services rendered and \$86,669.00 as reimbursement for actual and necessary expenses D&T incurred. In accordance with D&T's prior monthly and interim fee applications in these Chapter 11 cases that have been paid pursuant to the Administrative Order or approved by the Court, D&T has received \$6,546,914.00 for fees and disbursements.

10. D&T rendered to the Committee all services for which compensation is sought solely in connection with these cases, in furtherance of the duties and functions of the Committee.

11. D&T maintains written records of the time expended in the rendition of the professional services required by the Committee. These records are maintained in the ordinary course of D&T's practice. Attached hereto as Exhibit B is a billing summary by matter code for the Fourth Interim Compensation Period. Attached as Exhibit C is a summary of total fees incurred by individual. These exhibits set forth summaries including the name of each professional for whose work on these cases compensation is sought, the aggregate of the time expended by each such professional, the hourly billing rate for each such accountant at D&T's prevailing current billing rates, and a total of the individual amounts requested as part of the total amount of compensation requested. The compensation requested by D&T is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under title 11 of the United States Code.

12. Attached hereto as Exhibits D through K are the Monthly Fee Statements which contain time entry records broken down in tenths of an hour by project category, based on the Guidelines, setting forth a detailed description of services performed by each accountant and consultant on behalf of the Committee.

13. D&T also maintains records of all actual and necessary expenses incurred in connection with the performance of professional

services. Detail of the amounts and categories of expenses for which reimbursement is sought can be found in Exhibits D through K.

IV. SUMMARY OF PROFESSIONAL SERVICES RENDERED

14. To provide an orderly and meaningful summary of the services rendered on behalf of the Committee by D&T, in accordance with the Guidelines, D&T has established the following separate project billing categories in connection with these cases:

- 1) Engagement Planning, Supervision and Project Administration
- 2) Firm Retention
- 3) Preparation of Fee Application and Monthly Fee Statements
- 4) General Communication with Committee Members and Counsel (written and oral)
- 5) Preparation and Review of Information Requests and Related Matters
- 6) Valuation and Related Matters
- 7) Liquidation Analysis and Related Matters
- 8) Analysis of Potential Avoidance Actions
- 9) Analysis of Business Plan and Related Matters
- 10) Analysis and Preparation of Current Operating Results, Weekly and Monthly Flash Reports, Short Term Cash Flows, Other Financial Analyses and Financial Models
- 11) Analysis of Bankruptcy Schedules and Statements
- 12) Analysis of Related Party Transactions
- 13) Prepare for and Attend Court Hearings
- 14) Analysis of Reclamation Claims
- 15) Analysis of Intercompany Claims
- 16) Analysis of Other Claims (Contingent Liabilities, Litigation, Contracts)
- 17) Analysis of Liabilities Subject to Compromise
- 18) Development of Hypothetical Claim Estimates
- 19) Preparation and Participation in Meetings and Calls with Debtor and Company Personnel
- 20) Preparation and Participation in Creditor Committee Meetings and Conference Calls
- 21) Meetings with Other Parties
- 22) Analyze Employee Severance, Pension, Retention and Bonus Program
- 23) Analyze Employment Contract Matters
- 24) Analyze Motions to Assume/Reject Real Property Leases

- 25) Analyze Motions to Assume/Reject Real Other Contracts, Excluding Real Property Leases
- 26) Review/Analyze Real Property Leases
- 27) Analyze DIP Facility
- 28) Analyze Other Financing Matters
- 29) Participate in Rule 2004 Exams/Discovery
- 30) Other Litigation Matters
- 31) Participate in Negotiation and Formulation of Plan of Reorganization
- 32) Review Disclosure Statement and Plan of Reorganization
- 33) Analysis of Exclusivity Matters
- 34) None
- 35) None
- 36) Analysis of Motions to Lift Stay and Related Matters
- 37) Analyze Disposition/Asset Sale Proposals/M&A Due Diligence
- 38) Analyze Cash Management and Related Matters
- 39) Vendor Management and Related Matters
- 40) Assessment of Strategic and Operational Assessment
- 41) Analysis of Turnaround/Operational Plan
- 42) Internal Control Assessment, Testing and Related Matters
- 43) Reporting on Annual Financial Statements and Related Matters
- 44) Consultation Regarding Accounting Issues/Procedures Outside the Scope
- 45) Analysis of Tax Returns, Federal, State and Local Tax Matters and Related Information

15. The following summaries are intended only to highlight a number of the services rendered by D&T in the separate project billing categories where D&T has expended a considerable number of hours on behalf of the Committee during the Fourth Interim Compensation Period. It is not meant to be a detailed description of all of the work performed. Detailed descriptions of the day-to-day services provided by D&T and the time expended performing such services in each project billing category are fully set forth in Exhibits D through K attached hereto.

16. **Matter Code 1: Engagement Planning, Supervision and Project Administration** - Services include development of case projects and work plans to accomplish same; oversight/supervision of staff activities, preparation of time detail and organizing case files. In addition, the category includes time incurred in regular staff meetings to discuss case issues, progress on projects and assignment of work to team members.

Total Time Expended: 369.0 Hours

Total Fees: \$ 169,044.00

17. **Matter Code 3: Preparation of Fee Application and Monthly Fee Statements** - Prepared eight monthly statements including Deloitte's March 2003, April 2003, May 2003, June 2003, July 2003, August 2003, September 2003, October 2003 and November/December 2003 monthly Fee Statements including required disclosures, time and expense detail and other information consistent with the Order Establishing Procedures for Interim and Monthly Compensation and Reimbursement of Expenses. In addition, we prepared D&T's Third and Fourth Interim and Final Fee Applications. D&T's aggregate fees for billing activities totaled \$62,194. The aggregate fees incurred during the relevant period (March 1, 2003 through December 9, 2003) totaled \$2,291,779,00. D&T's fees therefore amount to approximately 2.7% of total fees, or slightly in excess of the percentages set forth by the Fee Audit Committee.

Total Time Expended: 219.4 Hours

Total Fees: \$ 62,194.00

18. **Matter Code 4: General Communication with Committee Members and Counsel (written and oral)** - Includes all communication with Committee Counsel and Members of the Committee in connection with the case status and issues being addressed.

Total Time Expended: 75.4 Hours

Total Fees: \$ 41,910.00

19. **Matter Code 5: Preparation and Review of Information Requests and Related Matters** - D&T prepared data requests for management, Blackstone Group and Huron Consulting, as well as follow-up and monitoring of the responses/compliance against such requests. Participation in meetings with Debtors' advisors to discuss requests and obtain requested information and discuss same with Debtors' advisors.

Total Time Expended: 57.1 Hours

Total Fees: \$ 26,918.00

20. **Matter Code 6: Valuation and Related Matters** - Includes helping to identify valuation advisors for conducting valuation of tangible and intangible assets. Also includes participating in the process of interviewing, evaluating and selecting valuation advisors.

Total Time Expended: 62.2 Hours

Total Fees: \$ 34,045.00

21. Matter Code 8: Analysis of Potential Avoidance Actions

Continued preference-related analyses and obtained required information from management and other sources. Prepared and edited the various Accounts Payable, payment and related schedules and incorporated them into financial models for review and summary of potential preferences.

Total Time Expended: 1,112.8 Hours

Total Fees: \$ 399,922.00

22. Matter Code 9: Analysis of Business Plan and Related

Matters - D&T performed review of certain aspects of the Debtors' Operating Plan and related documents in order to understand the Plan and its relationship to short term cash forecasts, spending levels and cost reductions anticipated, exit costs and other financial metrics.

Total Time Expended: 13.5 Hours

Total Fees: \$ 7,160.00

23. Matter Code 10: Analysis and Preparation of Current

Operating Results, Weekly and Monthly Flash Reports, Short Term Cash Flows, Other Financial Analyses and Models - Includes a wide range of analyses and diligence activities surrounding current operating results, cash flow, foreign payables, downstreaming of cash to non-

filed subsidiaries and related issues; prepared reports for the Committee re: cash flow, forecasts, operating results; prepared work product for counsel to the Committee; analyzed aspects of intercompany issues and relationships between various Global Crossing corporate entities, guarantor/pledgor issues and reported financial positions.

Total Time Expended: 1,837.5 Hours

Total Fees: \$ 801,630.00

24. **Matter Code 11: Analysis of bankruptcy schedules and statements** - Reviewed and prepared analysis of various claims and liabilities included in Debtor's schedules and statements.

Total Time Expended: 0.6 Hours

Total Fees: \$ 360.00

25. **Matter Code 16: Analysis of Other Claims (Contingent Liabilities, Litigation, Contracts)** - D&T reviewed customer contracts to understand terms, revenue streams and potential impact of assumption and/or rejection; reviewed certain case litigation; potential claims and other contingencies.

Total Time Expended: 92.7 Hours

Total Fees: \$ 46,025.00

26. **Matter Code 18: Development of Hypothetical Claim Estimates** - Reviewed and discussed claims, process, stratification, contract rejection and assumption status, settlements and related issues and subsequent work to be performed.

Total Time Expended: 207.3 Hours

Total Fees: \$ 95,220.00

27. **Matter Code 19: Preparation and Participation in Meetings and Calls with the Debtor and Company Personnel** - D&T maintained ongoing communication and an active on-site presence at Global Crossing headquarters. Category reflects time associated with D&T's significant interaction with the Debtors' key management personnel.

Total Time Expended: 156.2 Hours

Total Fees: \$ 77,560.00

28. **Matter Code 20: Preparation and Participation in Creditor Committee Meetings and Conference Calls** - D&T prepared for and attended Committee calls and meetings with the Committee.

Total Time Expended: 99.1 Hours

Total Fees: \$ 54,140.00

29. **Matter Code 22: Analyze Employee Severance, Pension, Retention and Bonus Program** - Analyzed employee payments including severance and other programs, negotiated modifications with management and reviewed comparables.

Total Time Expended: 69.6 Hours

Total Fees: \$ 33,345.00

30. **Matter Code 27: Analyze DIP Facility** - Includes review and analysis of proposed and/or approved DIP financing. Also includes any work associated with exit financing.

Total Time Expended: 4.2 Hours

Total Fees: \$ 2,520.00

31. **Matter Code 28: Analyze Other Financing Matters** - D&T reviewed proposed exit financing, analyzed accounts receivable and other assets, working capital funding, debt capacity analysis, vendor financing and related matters.

Total Time Expended: 1.8 Hours

Total Fees: \$ 990.00

32. **Matter Code 30: Other Litigation Matters** - Review case pleadings including proposed settlements, claims, severance and other issues; assist Committee in identifying Board of Director candidates and performing background checks, etc.

Total Time Expended: 117.1 Hours

Total Fees: \$ 45,383.

33. **Matter Code 32: Review Disclosure Statement and Plan of Reorganization** - Reviewed Plan of Reorganization and Disclosure Statement to evaluate mandated covenants.

Total Time Expended: 32.3 Hours

Total Fees: \$18,115.00

34. **Matter Code 37: Analyze Disposition, Asset Sale Proposals, M&A Due Diligence** - Includes discussions regarding proposed bids, auction process and status.

Total Time Expended: 19.3 Hours

Total Fees: \$ 11,380.00

35. **Matter Code 44: Consultation regarding Accounting Issues/Procedures Outside the Scope** - Includes review and analysis of issues surrounding the audit of GX and AGC; SEC matters including issues re: listing requirements and related matters.

Total Time Expended: 45.7 Hours

Total Fees: \$ 25,875.00

36. **Matter Code 45: Analysis of Tax Returns, Federal, State and Local Tax Matters, and Related Information** - Prepare, review and revise tax memos. Reviewed company's tax models. Review and revise reports on tax issues.

Total Time Expended: 23.6 Hours

Total Fees: \$ 11,580.00

37. **Matter Code 77: Subpoena Compliance** - Activities related to compliance with Shareholders' subpoena. Includes preservation, maintenance, preparation and/or submittal of hardcopies and/or electronic files of documents related to activity or engagement in question.

Total Time Expended: 26.1 Hours

Total Fees: \$ 12,189.00

V. ALLOWANCE OF COMPENSATION

38. The professional services rendered by D&T have required a high degree of professional competence and expertise so that the numerous issues requiring evaluation and action by the Committee could be addressed both thoroughly and timely. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained to date have benefited not only the members of the Committee, but also the unsecured creditor body as a whole and the Debtors' estates. A significant effort has been made by Applicant and

the other Committee professionals to coordinate efforts in order to avoid duplication of services.

39. The total time incurred by D&T accountants and restructuring consultants during the Fourth Interim Compensation Period was 4,642.5 hours, which services have a fair value of \$1,977,504. As shown by this Fourth Interim Application and supporting exhibits, D&T incurred professional time economically and without unnecessary duplication of effort. In addition, the work involved, and thus the time expended, was carefully assigned in view of the experience and expertise required for a particular task.

VI. ALLOWANCE OF EXPENSES

40. D&T has expended a total amount of \$13,104.00 in actual, reasonable and necessary expenses in connection with the representation of the Committee during the Fourth Interim Compensation Period. D&T maintains records of all actual and necessary expenses incurred in connection with the performance of professional services. Deloitte has utilized a team based in New York and thus has been able to minimize out-of-pocket expenditures throughout this case.

VII. NOTICE

41. Notice of this Application has been given to the following: (i) United States Trustee For the Southern District of New York; (ii) Daniel O'Brien, Chief Financial Officer for the Debtors; (iii) John McShane, in-house counsel for the Debtors (iv) Brown Rudnick Berlack Israels LLP, attorneys for the Committee; (v) and to all parties that have filed notices of appearance. D&T submits that no further notice need be given in accordance with the Compensation Order.

VIII. CONCLUSION

WHEREFORE, D&T respectfully requests the Court to enter an order (i) allowing D&T compensation in the amount of \$1,977,504.00 for actual, reasonable and necessary professional services rendered during the Fourth Interim Compensation Period, (ii) allowing reimbursement of \$13,104.00 for actual, reasonable and necessary expenses incurred during the Fourth Interim Compensation Period, (iii) authorizing payment of the holdback for the period April 1, 2003 through December 9, 2003, (iv) granting final allowance of \$7,332,470.00 compensation for professional services performed by D&T and reimbursement of \$86,669.00 actual and necessary expenses incurred during the period March 6, 2002 through December 9, 2003, and (v) granting such further relief as is just and proper.

Dated: New York, New York
February, 9 2004

Deloitte & Touche LLP

By: /s/ Daniel Polsky
Daniel Polsky
Principal

2 World Financial Center
New York, New York 10281
(212) 436-5668

Accountants and Restructuring Consultants
for the Official Committee of Unsecured
Creditors of Global Crossing Ltd., et. al.

SWORN TO AND SUBSCRIBED before me
this 9th day of February, 2004

/s/ Renea A. Gargiulo No. 01GA6086300
Notary Public

My Commission Expires: 1/21/09