

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

..... X
IN RE: :
: Case Nos. 02-40188 (REG)
: :
GLOBAL CROSSING LTD., *et al.*, : Jointly Administered
: (Chapter 11)
: :
Debtors. :
..... X

**FIRST APPLICATION OF ERNST & YOUNG LLP FOR ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND FOR REIMBURSEMENT OF
EXPENSES INCURRED FROM
JUNE 1, 2003 THROUGH DECEMBER 9, 2003**

Name of Applicant: Ernst and Young LLP

Authorized to Provide
Professional Services to: Global Crossing, Ltd.

Date of Retention: October 10, 2003 (Nunc Pro Tunc June 2, 2003)

Period for Which Compensation
and Reimbursement is Sought: June 1, 2003 through December 9, 2003

Amount of Compensation For Services Sought as
Actual, Reasonable, and Necessary: \$475,000

Amount of Expenses Sought to Be Reimbursed as
Actual, Reasonable and Necessary: \$47,640

Total Amount of Fees and Expenses Sought to Be
Reimbursed as Actual, Reasonable and Necessary: \$522,640

This is: an X interim; ___ final application for an allowance of compensation and
reimbursement of expenses incurred pursuant to 11 U.S.C. § 330.

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

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GLOBAL CROSSING LTD., et al.,	:	Jointly Administered
	:	(Chapter 11)
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Debtors.	:	
.....	X	

**FIRST APPLICATION OF ERNST & YOUNG CORPORATE LLP FOR ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND FOR REIMBURSEMENT
OF EXPENSES INCURRED FROM
JUNE 1, 2003 THROUGH DECEMBER 9, 2003**

TO: THE HONORABLE ROBERT E. GERBER,
UNITED STATES BANKRUPTCY JUDGE:

This First application of Ernst & Young LLP (hereinafter referred to as E&Y LLP) for interim allowance of compensation for professional services rendered for Global Crossing, Ltd. (the "Company") respectfully represents:

1. On January 28, 2002, the Debtors filed a voluntary petition herein under Chapter 11 of the United States Bankruptcy Code and the Court entered an Order for Relief. The Debtors continue to operate their businesses and manage their property as debtors-in-possession pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code.
2. E&Y LLP makes this first application for interim allowance of compensation for professional services rendered and for expenses incurred in performance of services on behalf of Global Crossing, Ltd. E&Y LLP was employed by the Company pursuant to an Order entered by this Court on October 10, 2003 nunc pro tunc to June 2, 2003 (the "Retention Order") The Retention Order is annexed hereto as Exhibit A.
3. The order of this Court provides that all payments of compensation and reimbursement of expenses to E&Y LLP shall be subject to approval of the Court.

4. This is the first application¹ of E&Y LLP for an interim allowance of compensation and reimbursement of expenses under Section 331 of the Bankruptcy Code, and it reflects services rendered in the period from June 1, 2003 through December 9, 2003 (the "First Interim Period").
5. Pursuant to the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated October 27, 2003 ("Administrative Order"), the Debtors shall pay the professional 80% of its professional fees and 100% of its expenses on a monthly basis.
6. In order to assist the Court, the Debtors, the United States Trustee, and other parties in interest in evaluating this applicant for compensation, Exhibit B annexed hereto contains a summary by professional outlining the total amount of hours incurred by each professional during the Third Interim Period. Exhibit C annexed hereto contains a summary by project code outlining the total amount of hours incurred in connection with each project code as well as full and complete detailed descriptions of the services rendered by each professional on a daily basis, in tenths of hours during the Third Interim Period. Summarized on the following pages are the significant tasks performed during the Third Interim Period.

6	Valuation and Related Matters	1632.7
7	General Administrative	28.5
8	Fee Application	19.5

Preparation of a valuation analysis of the Company including the tangible fixed assets and material identifiable intangible assets of Global Crossing as of the valuation date. The tangible fixed assets generally included the owned capital equipment, network assets, global marine systems assets and leasehold improvements of Global Crossing. The scope of our engagement also included the following:

- Interviews with management concerning:
 - the nature and operations of the business of the Company, including the Company's historical financial performance;
 - any existing business plans, future performance estimates, budgets and network utilization factors for the Company;
 - the assumptions underlying the business plans, estimates, or budgets, as well as the risk factors that could affect planned performance; and,
 - the nature and expected use of the Company's major assets, including its identified tangible and intangible assets;
- Analysis of the industry, as well as the economic and competitive environments in which the Company operates;

¹ E&Y LLP did not incur any fees or expenses prior to June 1, 2003.

- Inspection of the global marine assets (the vessels);
 - Interviews with discussions with Company engineering personnel relating to the nature and operations of the network assets, replacement cost technologies, current, and intended future use of the network assets.
 - Interviews with personnel from both the accounting and tax functions of the Company;
 - Review and analysis of the material identifiable intangibles.
 - Estimation of the value of the assembled workforce¹ for purposes of developing a contributory asset charge in this analysis; and
 - Preparation of a summary narrative report outlining our recommendations of value, the methodologies employed, and the assumptions utilized in our analysis including supporting exhibits and a listing of the fixed assets in electronic format that can be uploaded back into Global Crossing's fixed asset system.
7. All of the services performed by E&Y LLP have been at the direction of the Company or its counsel.
8. Exhibit D sets forth detail of out-of-pocket expenses incurred during the First Interim Period in the amount of \$47,640.

WHEREFORE, EYCF respectfully requests this Court to grant interim compensation in the amount of \$475,000 and reimbursement of expenses incurred in the amount of \$47,640 and to grant such other relief as the Court may deem just and proper.

Ernst & Young LLP
 5 Times Square, 21st Floor
 New York, New York 10036
 Telephone: (212) 773-1430

By: _____
 Gary Cole
 Chief Financial Officer

Subscribed and sworn to before me
 this ___ day of _____ 2003.

 Notary Public

¹ Per SFAS 141, the assembled work force is no longer considered to be a separately identifiable intangible asset from goodwill, and its value was estimated for the purpose of the contributory asset calculation.

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

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In re :
 : **Chapter 11 Case Nos.**
 :
GLOBAL CROSSING LTD., et al., : **02- 40188 (REG)**
 :
 :
Debtors. : **(Jointly Administered)**
 :
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**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a)
OF THE BANKRUPTCY CODE AND RULE 2014 OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE EXPANDING THE SCOPE OF SERVICES
TO BE PROVIDED BY ERNST & YOUNG LLP NUNC PRO TUNC TO JUNE 2, 2003**

Upon this second supplemental application (the “Second Supplemental Application”) of Global Crossing and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), dated October 10, 2003, for an order pursuant to sections 327(a) and 328(a) of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) and rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) authorizing and approving the employment and retention of Ernst & Young LLP (“E&Y”) nunc pro tunc to June 2, 2003 to provide services related to the allocation of value among the Debtors’ assets, all as more fully set forth in the Second Supplemental Application; and upon the affidavits of Joseph Rosenbaum, Jacob Blank, and James Wolf (the “Affidavits”); and the Court being satisfied, based on the representations made in the Second Supplemental Application and the Affidavits that E&Y does not hold or represent an interest adverse to the Debtors’ estates, except those disclosed in the Affidavits, and that the employment of E&Y is necessary and in the best interests of the Debtors and their estates; and it appearing that notice of the Second Supplemental Application having been provided to (i) the Office of the United States Trustee for the Southern District of

New York, (ii) the attorneys for the statutory committee of unsecured creditors appointed in these chapter 11 cases, (iii) the attorneys for the Debtors' prepetition lenders, (iv) the attorneys for the Joint Provisional Liquidators appointed by the Supreme Court of Bermuda and (v) those parties entitled to notice pursuant to this Court's order dated January 28, 2002, establishing certain notice procedures in these cases, and that no objections have been filed and that no other or further notice need be given; and upon all of the pleadings and proceedings had before the Court; and after due deliberation and sufficient cause appearing for such Second Supplemental Application, it is

ORDERED that, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to retain and employ E&Y nunc pro tunc to June 2, 2003, according to the terms and conditions as set forth in the Second Supplemental and the letter of understanding, dated June 2, 2003 between the Debtors and E&Y; and it is further

ORDERED that E&Y shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the applicable Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Southern District of New York, the Fee Guidelines promulgated by the Executive Office of the United States Trustee, and such procedures as may be fixed by order of this Court; and it is further

ORDERED that the requirement pursuant to Local Rule 9013-10(b) that the Debtors file a memorandum of law in support of the Application be waived.

Dated: October 27, 2003
New York, New York

s/ Robert E. Gerber
United States Bankruptcy Judge

**GLOBAL CROSSING
ERNST & YOUNG LLP
SUMMARY OF HOURS AND FEES BY PROFESSIONAL
FOR THE PERIOD JUNE 1, 2003 THROUGH DECEMBER 9, 2003**

<u>PROFESSIONAL</u>	<u>POSITION</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Valuation				
Wolf, Jim	Partner	\$700	30.2	\$21,140
Stall, Robert	Partner	700	27.8	\$19,460
Bolotsky, Michael	Principal	625	3.0	\$1,875
Russell, Lee	Principal	625	3.0	\$1,875
Wojcickyj, Stefan	Principal	675	50.5	\$34,054
Van Raay, Robert	Principal	600	103.0	\$61,800
Hendy, James	Senior Manager	500	151.0	\$75,500
Thollot, Stephan	Senior Manager	500	77.7	\$38,850
Curtin, John	Manager	385	275.0	\$105,875
Hollander, Jordan	Senior Consultant	245	273.0	\$66,885
Artale, Sabrina	Senior Consultant	245	3.5	\$858
Michon, Leon	Senior Consultant	245	263.0	\$64,435
Michon, Leon	Staff Consultant	225	367.0	\$82,575
Blumenstock, Andrew	Staff Consultant	225	5.0	\$1,125
Subtotal			1632.7	<u>\$576,306</u>
Bugaric, Zorka	Administration	85	48.0	\$4,080
Valuation Total			<u>1680.7</u>	<u>\$580,386</u>
Less: E&Y Discount:				\$155,386
Subtotal Professional Fees				<u>\$425,000</u>
Agreed Upon Out of Scope Fees				\$50,000
Total Professional Fees				<u>\$475,000</u>
Expenses:				
Travel				\$17,065
Reference Materials				\$1,575
Admin Surcharge				\$29,000
Total Expenses				<u>\$47,640</u>
Total Professional Fees and Expenses				<u><u>\$522,640</u></u>

**GLOBAL CROSSING
ERNST & YOUNG LLP
SUMMARY OF HOURLY FEES BY PROJECT CODE
FOR THE PERIOD JUNE 1, 2003 THROUGH DECEMBER 9, 2003**

Project Code	Description	Hours	Fees
6	Valuation and related matters.	1,632.7	\$576,306
7	General Administrative	28.5	\$ 2,423
8	Fee Application	19.5	\$ 1,657
	TOTAL HOURS AND FEES	1,680.7	\$580,386

**GLOBAL CROSSING
ERNST & YOUNG LLP
SUMMARY OF EXPENSES INCURRED BY CATEGORY
FOR THE PERIOD JUNE 1, 2003 THROUGH DECEMBER 9, 2003**

PROFESSIONAL	COACH AIRFARE	MEALS	LODGING	TAXI/ CAR RENTAL	HOTEL TELEPHONE	OTHER	TOTAL	
Robert van Raay {1}	\$9,014.42	\$265.11	\$2,666.85	\$600.95	\$1,000.33	\$692.59	\$14,240.24	{1}
Robert Stall	\$1,661.00	\$155.00	\$314.00	\$165.00	\$0.00	\$0.00	\$2,295.00	{2}
James Hendy	\$0.00	\$0.00	\$0.00	\$208.00	\$0.00	\$0.00	\$208.00	{3}
Stephan Thollot	\$0.00	\$0.00	\$0.00	\$97.00	\$0.00	\$0.00	\$97.00	{3}
John Curtin	\$0.00	\$0.00	\$0.00	\$79.00	\$0.00	\$0.00	\$79.00	{3}
Leon Michon	\$0.00	\$0.00	\$0.00	\$146.00	\$0.00	\$0.00	\$146.00	{3}
Sub Total	\$10,675.42	\$420.11	\$2,980.85	\$1,295.95	\$1,000.33	\$692.59	\$17,065.24	
Reference Materials						\$1,575.00	\$1,575.00	
Administrative Overhead						\$29,000.00	\$29,000.00	
GRAND TOTAL							\$47,640.24	

{1} Out of pocket expenses related to site inspections for vessels of Global Marine

{2} Travel expenses to participate in Global Crossing meetings

{3} Ground transportation related to attending various meeting at Global Crossing