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Attorneys for Debtors and
Debtors In Possession

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

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In re	:	
	:	Chapter 11 Case No.
	:	
GLOBAL CROSSING LTD., <u>et al.</u>,	:	02-40188 (REG)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**NOTICE OF HEARING OF DEBTORS' APPLICATION
PURSUANT TO SECTIONS 327(e) AND 328(a) OF
THE BANKRUPTCY CODE FOR AUTHORIZATION TO RETAIN
AND EMPLOY FOLEY & LARDNER AS SPECIAL COUNSEL AND
FOR A LIMITED PURPOSE NUNC PRO TUNC TO FEBRUARY 7, 2002**

PLEASE TAKE NOTICE that a hearing on the application of Global Crossing Ltd. and its debtor subsidiaries as debtors and debtors in possession (collectively, the "Debtors") pursuant to sections 327(e) and 328(a) of the Bankruptcy Code for authorization to retain and employ Foley & Lardner as special counsel and for a limited purpose nunc pro tunc to February 7, 2002 (the "Application") will be held before Honorable Robert E. Gerber, United States Bankruptcy Judge, in Room 621 of the United States Bankruptcy Court for the Southern District of New York (the "Court"), One

Bowling Green, New York, New York, on January 27, 2003 at 9:45 a.m. prevailing Eastern Time (the "Hearing").

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (General Order M-182 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov, the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Wordperfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers), and shall be served in accordance with General Order M-182, upon (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Paul M. Basta), (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st floor, New York, New York 10004 (Attn: Mary E. Tom), (iii) Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005, the attorneys for the Debtors' prepetition lenders (Attn: Allan S. Brilliant), (iv) Shearman and Sterling, 599 Lexington Avenue, New York, New York 10022, attorneys for the Joint Provisional Liquidators appointed by the Supreme Court of Bermuda in respect of certain of the Debtors herein (Attn: James L. Garrity, Jr.), (v) Brown Rudnick Berlack Israels LLP, 120 West 45th Street, New York, New York 10036, attorneys for the statutory committee of unsecured creditors (Attn: Edward S. Weisfelner), (vi) Foley & Lardner, One IBM Plaza, 330 North Wabash Avenue, Suite 3300, Chicago, Illinois

60611-3608 (Attention: Douglas M. Hagerman), and (vii) those parties entitled to notice pursuant to this Court's order dated January 28, 2002, establishing notice procedures in these the above-captioned cases, so as to be received no later than January 23, 2003 at 4:00 p.m.

Dated: January 17, 2003
New York, New York

/s/ Michael F. Walsh
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re :
 : Chapter 11 Case No.
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GLOBAL CROSSING LTD., et al., : 02- 40188 (REG)
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Debtors. :
 : (Jointly Administered)
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**APPLICATION OF THE DEBTORS PURSUANT
TO SECTIONS 327(e) AND 328(a) OF THE
BANKRUPTCY CODE FOR AUTHORIZATION TO RETAIN
AND EMPLOY FOLEY & LARDNER AS SPECIAL COUNSEL AND
FOR A LIMITED PURPOSE NUNC PRO TUNC TO FEBRUARY 7, 2002**

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

Global Crossing Ltd. ("GCL") and its debtor subsidiaries, as debtors and
debtors in possession (collectively, "Global Crossing" or the "Debtors") respectfully
represent:

Preliminary Statement

1. Through this application (the "Application") pursuant to sections 327(e)
and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), the Debtors

seek to retain and employ Foley & Lardner as special counsel and for a limited purpose nunc pro tunc to February 7, 2002 for the sole purpose of permitting Foley & Lardner to seek compensation as a professional for legal services provided to the Debtors from February through April 2002. In these chapter 11 cases, Foley & Lardner has incurred \$476,587.50 in outstanding fees and \$71,735.00 in outstanding disbursements.

2. For the reasons described below the Debtors and Foley & Lardner have reached an agreement under which Foley & Lardner will seek compensation for only fifty percent (50%) of its outstanding fees and one hundred percent (100%) of its outstanding disbursements.

3. In support of this Application, the Debtors submit the Affidavits of Douglas M. Hagerman and Stephen A. Best, attached hereto as Exhibits A and B (respectively, the "Hagerman Affidavit" and the "Best Affidavit"). In further support of this Application, the Debtors respectfully represent as follows:

Background

4. On January 28, 2002 (the "Commencement Date"), GCL and certain of its debtor subsidiaries each commenced a case in the United States Bankruptcy Court for the Southern District of New York under the Bankruptcy Code (such entities, together with their affiliates that commenced cases on April 24, 2002, August 4, 2002, and August 30, 2002, constitute the Debtors). 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.

5. No trustee has been appointed in these cases. On February 7, 2002, the United States Trustee (the "U.S. Trustee") appointed an official committee of unsecured

creditors (the “Creditors’ Committee”). On November 21, 2002, the Court entered an order directing the appointment of an examiner (the “Examiner”) to review certain financial and accounting records of the Debtors. On November 25, 2002, the U.S. Trustee appointed Martin E. Cooperman as the Examiner.

6. Each of the Global Crossing Debtors incorporated in Bermuda (collectively the “Bermuda Group”) has commenced a coordinated proceeding in the Supreme Court of Bermuda. The Supreme Court of Bermuda has issued an order appointing certain principals of KPMG International as Joint Provisional Liquidators (the “JPLs”) of the Bermuda Group. The Supreme Court of Bermuda has directed the JPLs to oversee the continuation of Global Crossing under the control of its Board of Directors and under the supervision of the Supreme Court of Bermuda and this Court in effecting a plan of reorganization under the Bankruptcy Code.

7. On August 9, 2002, the Court approved that certain purchase agreement (the “Purchase Agreement”) among GCL, Global Crossing Holdings Ltd., the JPLs, Singapore Technologies Telemedia Pte Ltd. and Hutchison Telecommunications Limited. Pursuant to the Purchase Agreement, the Debtors were required to file a plan of reorganization to implement the transactions contemplated by the Purchase Agreement.

8. On September 16, 2002, the Debtors filed with the Court the Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (as such plan may be amended from time to time, the “Plan”) and the Disclosure Statement with respect to the Plan (as such disclosure statement has been amended from time to time, the “Disclosure Statement”). On October 21, 2002, the Court entered an order approving the Disclosure Statement.

9. Commencing on December 4, 2002, hearings were held in respect of confirmation of the Plan. On December 26, 2002, the Court entered an order confirming the Plan.

The Special Committee of the Board of Directors

10. On or about August 6, 2001, Roy Olofson ("Olofson"), a former officer of one of the Debtors, sent a letter to the Debtors raising questions about certain accounting improprieties. Olofson subsequently sent draft complaints to the Debtors and threatened to file suit based on the alleged accounting improprieties (the "Olofson Allegations").

11. On February 11, 2002, GCL's board of directors (the "Board of Directors") passed a resolution creating a Special Committee on Accounting Matters of the Board of Directors of Global Crossing Ltd. (the "Special Committee") to undertake a comprehensive investigation of the Olofson Allegations and other accounting matters (the "Investigation") and to recommend to the Board of Directors an appropriate response to the Olofson Allegations. The resolution authorized the Special Committee to retain counsel.

12. The Special Committee consists of three directors charged with conducting the Investigation. On February 11, 2002, the Board of Directors appointed Mark Attanasio, Geoffrey Kent, and William Cohen to the Special Committee. According to the Hagerman Affidavit, on February 7, 2002, Mr. Attanasio informed Samuel Winer of Foley & Lardner that he wished to retain Foley & Lardner on behalf of the incipient Special Committee. Foley & Lardner immediately began working with the Debtors and its other professionals to conduct the Investigation.

Foley & Lardner's Services

13. Due to the extreme notoriety of the Olofson Allegations and the adverse impact on the Debtors' businesses caused by the daily media coverage, Foley & Lardner began providing services before the Debtors sought their retention. The Debtors needed Foley & Lardner immediately to assist the Special Committee to, among other things:

- (i) preserve evidence at facilities in New Jersey, New York, California and Ireland;
- (ii) resolve accounting issues to facilitate the reorganization or sale of the Debtors' assets in the best interests of creditors;
- (iii) allow completion of the Debtors' year 2001 audit;
- (iv) demonstrate to the United States Securities and Exchange Commission ("SEC") that the Debtors were taking the appropriate steps to independently investigate the Olofson Allegations and would take the appropriate corrective measures;
- (v) respond to the requests and inquiries of multiple interested parties and their counsel; and
- (vi) begin an immediate and comprehensive investigation of the Debtors' accounting matters. The Debtors believed that the work of the Special Committee was crucial to the Debtors' estates.

14. Foley & Lardner's services to the Debtors included, without limitation, collecting, preserving, and reviewing voluminous documents and other evidence relevant to the Investigation, interviewing current and former employees, officers, and directors of the Debtors, interviewing other witnesses, and communicating with the SEC and other governmental authorities.

15. On February 26, 2002, February 27, 2002, and March 18, 2002, respectively, Mr. Attanasio, Mr. Kent, and Secretary Cohen resigned from the Special Committee. Despite these resignations, Foley & Lardner continued its work to, among

other things, avoid the material, adverse negative consequences to the Debtors' estates and their creditors that would have resulted from the postponement of the ongoing investigation. Given the national media attention directed at the Debtors during the first few weeks of these chapter 11 cases, it was of the utmost importance for the Debtors to resolve any allegations of accounting improprieties as quickly and efficiently as possible, so as not to interfere with the Debtors' efforts to reorganize.

16. Following the resignation of the three original members of the Special Committee, GCL's Board of Directors appointed Alice Kane, Jeremiah Lambert, and Myron Ullman III as the new independent members to the Special Committee. For a variety of reasons, the new members of the Special Committee decided to retain Coudert Brothers as its primary counsel. Foley & Lardner's involvement in these chapter 11 cases stopped shortly thereafter.

17. Foley & Lardner fully shared the results of its work with the new members of the Special Committee and with Coudert Brothers. It delivered an enormous amount of data and internally-generated materials, including:

- (a) All of the memoranda of the interviews that Foley & Lardner had conducted;
- (b) Summaries of the contemporaneous capacity purchases and sales that are the subject of the questions about the Debtor's historical accounting;
- (c) Suggested additional areas and topics for investigation and interviews;
- (d) A sixty-one page PowerPoint presentation regarding Foley & Lardner's work on behalf of the Special Committee;
- (e) A compilation of key internal documents and other materials to assist the Special Committee and Coudert Brothers with the Investigation;
- (f) A chart of key personnel involved in each of the contemporaneous transactions;

- (g) Over 700 boxes of documents that it received as part of the evidence gathering process, together with CD-ROMs and other electronic data;
- (h) Legal source material that Foley & Lardner had gathered; and
- (i) Other information delivered to Coudert Brothers in a meeting on May 7, 2002, and in subsequent discussions.

18. Foley & Lardner's work contributed significant value to the Debtors and the Special Committee in connection with the Investigation, including but not limited to:

- (a) Preserving evidence and enabling the Special Committee to validate independently the thoroughness of the evidence gathering process;
- (b) Beginning the Investigation before important witnesses left employment with the Debtors and creating a written record of the interviews of those employees;
- (c) Addressing the pressing nature of the Investigation during a time when multiple constituencies (including the United States Congress, which had launched an investigation, Arthur Andersen LLP, which was then saying that the Investigation needed to be completed before an audit could be concluded, the SEC, which was gauging its own investigation on the Debtors' Investigation, and others interested in resolving the accounting issues so that the Debtor could reorganize) were in agreement with the Debtors' management, Board of Directors, and counsel that it was necessary to proceed with the investigation as quickly as possible, and
- (d) Demonstrating that the Debtors were responding appropriately to the Olofson Allegations.

19. The Debtors now seek to retain Foley & Lardner for the sole purpose of allowing them to be paid and reimbursed as a professional.

Jurisdiction

20. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This 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.

The Agreement

21. Prior to the date of this Application, the Debtors asked Foley & Lardner to consider seeking a smaller amount of fees than those actually incurred. The Debtors made this request in an effort to reduce the overall costs of the Investigation in light of the fact that the Special Committee ultimately chose different counsel and that such selection necessarily implied a certain amount of duplication of services. Foley & Lardner have agreed to reduce their fee request by fifty percent (50%) (the "Agreement"). Pursuant to the Agreement, Foley & Lardner's disbursements shall be reimbursed in full. Fifty percent of Foley & Lardner's legal fees amounts to \$238,293.75 (the "Fees") and one hundred percent of its disbursements equals \$71,735.00 (the "Disbursements"). The Debtors have been advised that this reduction is acceptable to the Creditors' Committee and the U.S. Trustee.

22. No Fees or Disbursements have been incurred since April 2002, and pursuant to this Application, Foley & Lardner is not seeking to be retained to provide services for the Debtors on a going forward basis.

23. The Fees represent hourly rates charged by Foley & Lardner as follows: \$275 to \$630 for partners, \$175 to \$455 for associates, and \$40 to \$255 for legal assistants. These rates are consistent with the rates charged by Foley & Lardner in matters of this type and are subject to periodic adjustment to reflect economic and other

conditions. Foley & Lardner's hourly rates are set at a level designed to fairly compensate the firm for the work of its attorneys and paralegals and to cover fixed and routine variable overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned to the matter and may be adjusted by Foley & Lardner from time to time.

24. The Disbursements represent actual, necessary expenses and other charges incurred by Foley & Lardner. It is Foley & Lardner's policy to charge its clients for all expenses incurred in connection with a client's case. The Disbursements include, among other things, telephone and telecopier toll charges, transportation and travel expenses, shipping or hand delivery charges, document processing and photocopying charges, expenses for "working meals," and computerized research and transcription costs. Foley & Lardner believes that it is appropriate to charge such expenses to the clients incurring them rather than to increase its hourly rates and thereby spread the expenses among all clients. Foley & Lardner has charged the Debtors for the Disbursements in a manner and at rates consistent with charges made generally to its other clients.

25. Pursuant to the Agreement, Foley & Lardner waives and forever releases any and all claims against the Debtors, their officers, directors, employees, shareholders, successors, and assigns for any payment not included in the Fees and Disbursements, including any administrative expense claims under section 503 of the Bankruptcy Code.

Compensation

26. The Debtors seek to pay the Fees and Disbursements in these chapter 11 cases. The compensation and reimbursement to be provided to Foley & Lardner in these chapter 11 cases shall be subject to (i) the Court's approval of such compensation and

expenses pursuant to Sections 330 and 331 of the Bankruptcy Code, (ii) the Bankruptcy Rules, (iii) the Local Bankruptcy Rules of the United States Bankruptcy Court for the Southern District of New York, (iv) the Administrative Orders Re: Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases issued by the Southern District of New York Bankruptcy Judges, (v) the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under Section 330 and dated January 30, 1996, (vi) the Court's Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, signed by this Court on January 28, 2002, (vii) the Order Approving and Implementing Fee Committee and Fee Procedure Protocol entered by the Court on August 22, 2002, and (viii) such procedures as may be fixed by order of this Court.

27. In light of (i) the unusual circumstances concerning this retention, (ii) the significant discount agreed by Foley & Lardner, and (iii) the fact that Foley & Lardner will not be seeking future fees, the Debtors request the authority to pay the Fees and Disbursements at this time without any holdback. Foley & Lardner will, of course, file an appropriate fee application.

28. No previous application for the relief sought herein has been made to this or any other court.

Waiver of Memorandum of Law

29. Pursuant to Case Management Order Number 1, entered by the Court on October 22, 2002, this Application satisfies rule 9013-1(b) of the Local Bankruptcy Rule for the Southern District of New York.

Notice

30. Notice of this Application has been provided to (i) the U.S. Trustee, (ii) the attorneys for the Debtors' prepetition lenders, (iii) the attorneys for the Creditors' Committee, (iv) the attorneys for the JPLs, (v) Foley & Lardner, and (vi) those parties entitled to notice pursuant to this Court's order dated January 28, 2002, establishing certain notice procedures in these cases. The Debtors submit that no other or further notice need be provided.

WHEREFORE, the Debtors respectfully request that this Court enter the annexed Order and grant such other and further relief as the Court may deem just and proper.

Dated: January 17, 2003
New York, New York

Respectfully submitted,

Global Crossing Ltd., et al.
Debtors and Debtors in Possession

By: /s/ Mitchell C. Sussis
Mitchell C. Sussis
Vice President

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

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In re :
 : **Chapter 11 Case No.**
 :
GLOBAL CROSSING LTD., et al. : **02- 40188 (REG)**
 :
 : **Debtors.** : **(Jointly Administered)**
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**ORDER PURSUANT TO SECTIONS 327(e) AND 328(a) OF
THE BANKRUPTCY CODE FOR AUTHORIZATION TO EMPLOY
AND RETAIN FOLEY & LARDNER AS SPECIAL COUNSEL AND
FOR A LIMITED PURPOSE NUNC PRO TUNC TO FEBRUARY 7, 2002**

Upon the Application dated January 17, 2003 (the "Application"), of Global Crossing Ltd. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), pursuant to sections 327(e) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), for authority to retain and employ Foley & Lardner as special counsel and for a limited purpose nunc pro tunc to February 7, 2002, all as more fully set forth in the Application, the affidavit of Douglas M. Hagerman, a partner of Foley & Lardner, sworn to on January 13, 2003 (the "Hagerman Affidavit") and the affidavit of Stephen A. Best, a partner of Coudert Brothers, sworn to on July 1, 2002 (the "Best Affidavit"); and upon consideration of the Hagerman Affidavit and the Best Affidavit; and the Court being satisfied, based on the representations made in the Application, the Hagerman Affidavit, and the Best Affidavit that Foley & Lardner represents or holds no interest adverse to the Debtors or their estates in the matters regarding which Foley & Lardner is to be engaged; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to

28 U.S.C. § § 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the 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 official statutory committee of unsecured creditors appointed in these chapter 11 cases, (iii) the attorneys for the Debtors' prepetition senior secured lenders, (iv) the Joint Provisional Liquidators as appointed by the Supreme Court of Bermuda and their attorneys, 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 no other or further notice need be provided; and no objections having been received to the relief requested herein; and the Court having reviewed the Application and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the relief granted herein; and the relief requested in the Application being in the best interests of the Debtors and their estates and creditors; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that pursuant to sections 327(e) and 328(a) of the Bankruptcy Code, the Debtors' retention of Foley & Lardner as special counsel and for a limited purpose, effective nunc pro tunc to February 7, 2002, is approved for the sole purpose of

allowing Foley & Lardner to receive compensation and reimbursement of expenses for past legal services provided to the Debtors; and it is further

ORDERED that pursuant to an agreement reached between the Debtors and Foley & Lardner (the “Agreement”), Foley & Lardner will seek the compensation of fifty percent (50%) of their fees and one hundred percent (100%) of their disbursements in these chapter 11 cases, which equal \$238,293.75 and \$71,735.00 respectively (the “Fees and Disbursements”); and it is further

ORDERED that Foley & Lardner shall seek compensation and the reimbursement of its expenses from the Debtors subject to (i) the Court’s approval of such compensation and expenses pursuant to Sections 330 and 331 of the Bankruptcy Code, (ii) the Bankruptcy Rules, (iii) the Local Bankruptcy Rules of the United States Bankruptcy Court for the Southern District of New York, (iv) the Administrative Orders Re: Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases issued by the Southern District of New York Bankruptcy Judges, (v) the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under Section 330 and dated January 30, 1996, (vi) the Court’s Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, signed by this Court on January 28, 2002, (vii) the Order Approving and Implementing Fee Committee and Fee Procedure Protocol entered by the Court on August 22, 2002, and (viii) such procedures as may be fixed by order of this Court; and it is further

ORDERED that in light of (i) the unusual circumstances concerning this retention, (ii) the significant discount agreed by Foley & Lardner, and (iii) the fact that Foley & Lardner will not be seeking future fees, the Debtors may pay the Fees and Disbursements at this time without any holdback; and it is further

ORDERED that Foley & Lardner will waive and forever release all claims against the Debtors, their officers, directors, employees, shareholders, successors, and assigns for any payment not included in the Fees and Disbursements, including any administrative expense claims under section 503 of the Bankruptcy Code; and it is further;

ORDERED that the requirement pursuant to Local Rule 9013-1(b) that the Debtors file a memorandum of law in support of the Application is hereby waived.

Dated: January ____, 2003
New York, New York

UNITED STATES BANKRUPTCY JUDGE