

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In Re:

GLOBAL CROSSING LTD., et al.,

Debtors.

Chapter 11 Case Nos.
02-40188 (REG)

(Jointly Administered)

-----X

**COVER SHEET PURSUANT TO UNITED STATES TRUSTEE
GUIDELINES FOR REVIEWING APPLICATIONS FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES FILED UNDER 11 U.S.C. § 330**

NAME OF APPLICANT:	Jaffe, Raitt, Heuer & Weiss, P.C.	
TIME PERIOD:	April 1, 2003 through December 9, 2003	
ROLE IN THE CASE:	Special Counsel for the Debtors	
APPLICATION:	Fees Requested:	\$ 239,069.50
	Expenses Requested:	\$ 15,783.59
PRIOR APPLICATIONS:	Fees Requested:	\$ 340,957.50
	Expenses Requested:	\$ 22,172.28
	Fees Approved:	\$ 340,957.50
	Expenses Approved:	\$ 21,578.38

0884802.03

Hearing Date: April 22, 2004 at 9:45 a.m.

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**THIRD AND FINAL APPLICATION OF
JAFFE, RAITT, HEUER & WEISS, PROFESSIONAL CORPORATION,
AS SPECIAL COUNSEL TO THE DEBTORS
FOR INTERIM ALLOWANCE OF COMPENSATION FOR PROFESSIONAL
SERVICES RENDERED AND FOR REIMBURSEMENT OF ACTUAL AND
NECESSARY EXPENSES INCURRED
FROM APRIL 1, 2003 THROUGH DECEMBER 9, 2003**

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

Jaffe, Raitt, Heuer & Weiss, Professional Corporation (“JRH&W”), Special Counsel for Global Crossing Ltd. and its debtor subsidiaries, as debtors in possession in the above-captioned cases (collectively, the “Debtors” or “Global Crossing”), submits its third and 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”), for (i) allowance of compensation for professional services performed by JRH&W for the period from April 1, 2003 through December 9, 2003 (the “Fourth Compensation Period”) (ii) reimbursement of its actual and necessary expenses incurred during the Fourth Compensation Period, (iii) payment of holdback for the period from April 1, 2003 through December 9, 2003, and (iv) final allowance of compensation for professional services performed by JRH&W and reimbursement of actual and necessary expenses incurred for the

period from January 28, 2002 through December 9, 2003 (the "Complete Compensation Period"), and respectfully represents:

**SUMMARY OF PROFESSIONAL COMPENSATION
AND REIMBURSEMENT OF EXPENSES REQUESTED**

1. JRH&W prepared this application in accordance with the Amended Guidelines for Fees and Disbursement for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), 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 the Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals (the "Administrative Order," and collectively with the Local Guidelines and UST Guidelines, the "Guidelines"). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

2. JRH&W seeks allowance of the interim compensation for professional services rendered to the Debtors during the Compensation Period, in the aggregate amount of \$239,069.50 and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$15,783.59. During the Compensation Period, JRH&W attorneys and paraprofessionals expended a total of 1,072.70 hours for which compensation is requested.

3. There is no agreement or understanding between JRH&W and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

4. JRH&W's fees in these cases are billed in accordance with its existing billing rates and procedures in effect during the Complete Compensation Period. The rates JRH&W charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates JRH&W charges for professional and paraprofessional services rendered

in comparable non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable non-bankruptcy cases in a competitive national legal market.

5. Pursuant to the UST Guidelines, attached hereto as Exhibit B is a schedule setting forth all JRH&W professionals and paraprofessionals who have performed services in these chapter 11 cases during the Complete Compensation Period, the capacities in which each such individual is employed by JRH&W, the hourly billing rate charged by JRH&W for services performed by such individual, the aggregate number of hours expended in this matter and the fees billed therefor, and the year in which each professional was first licensed to practice law.

6. Attached hereto as Exhibit C is a schedule specifying the categories of expenses for which JRH&W is seeking reimbursement during the Complete Compensation Period and the total amount for each such expense category.

7. Pursuant to Section II.D of the UST Guidelines, attached hereto as Exhibit D is a summary by project categories of the services performed by JRH&W during the Complete Compensation Period.

8. JRH&W maintains computerized records of the time spent by all JRH&W attorneys and paraprofessionals. Copies of these records will be furnished to the Court if requested, and have previously been furnished on a monthly basis to the Debtor, the United States Trustee for the Southern District of New York (the "U.S. Trustee"), the attorneys for the statutory committee of unsecured creditors appointed in these chapter 11 cases (the "Committee"), Joint Provisional Liquidators and their attorneys ("JPLs"), and the attorneys for the Debtors' pre-petition lenders (the "Banks") in connection with JRH&W's monthly fee statements. In order to facilitate in the U.S. Trustee's review, JRH&W will supply another set of these time records to the U.S. Trustee with this Application.

9. With respect to JRH&W's fee statements for the Compensation Period, JRH&W has received payments totaling \$177,058.04, constituting 80% of the fees and 100% of the disbursements for invoices covering April 1, 2003 through October 31, 2003. For invoices

covering the period from November 1, 2003 through December 9, 2003, JRH&W has not received any payment.

10. To the extent that time or disbursement charges for services rendered or disbursements incurred relate to the Compensation Period, but were not processed prior to the preparation of this Application, JRH&W reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

BACKGROUND

11. On January 28, 2002 (the "Commencement Date"), each of the Debtors, commenced a case under chapter 11 of the Bankruptcy Code. 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.

12. On January 28, 2002, this Court entered an Order authorizing the Debtors to employ professionals utilized in the ordinary course of business. Pursuant to this Order, JRH&W was designated as an "Ordinary Course Professional" and was to have been paid the full amount billed each month, up to the lesser of: (a) \$30,000 per month per Ordinary Course Professional; or (b) \$300,000 per month, in the aggregate, for all Ordinary Course Professionals (the "Ordinary Course Professional Fee Cap"). JRH&W has been paid in full for the services rendered between January 29, 2002 and April 30, 2002, in accordance with the Order Authorizing the Debtors to Employ Professionals Utilized in the Ordinary Course of Business.

13. Pursuant to this Court's Order, on May 1, 2002, JRH&W was retained as Special Counsel for the Debtors to (a) represent the Debtors in general litigation matters concerning Debtors' large commercial and reseller customers in accordance with the practices and procedures existing prior to Debtors' bankruptcy; and (b) provide work out and bankruptcy advice and assistance in connection with routine customer insolvency and bankruptcy matters.

SUMMARY OF SERVICES

14. Since Debtors acquired Frontier Corporation and its various subsidiaries in 1999, JRH&W has performed legal services for certain of the Debtors, handling the same kinds of matters referenced in the preceding paragraph.

15. As identified above, JRH&W's detailed time records have already been submitted on a monthly basis to the appropriate persons. Nonetheless, set forth below is a brief description of the matters for which JRH&W provided services during the Compensation Period.

- A. Actel Integrated Communications, Inc. – Follow up on administrative expense issues, including entry of order allowing administrative expense claim in the amount of \$254,000. Review of bankruptcy pleadings.
- B. Abovenet, San Jose, California – Review and analysis of objections to claim in bankruptcy.
- C. Adelphia – Identify administrative expense, utility and termination issues. Address bankruptcy claim issues.
- D. Alltel Communications – Communications with Defendant's counsel. Analysis of pleadings and review of pre-trial order. Research and analysis of brief arguments concerning setoff and recoupment. Draft and file motion and brief in support of partial summary judgment. Analysis of carrier services agreement. Attendance at pre-trial conference. Negotiate and draft protective order concerning production of documents. Attention to many discovery issues.
- E. Ariana Telecommunications – Post-judgment collection efforts. Working with local counsel in California to collect on judgment. Follow up on debtor's examination and garnishment issues.
- F. Audit & Financial – Draft audit letter responses. Research and identify information to be included in audit letter response.
- G. Canquest Communications – Canada – Review and analysis of client documents including contract and account history. Research defendant viability. Communicate with client concerning advisability of suit.
- H. Centrix Telecom, Inc. – Florida – Review and analysis of documents provided by client, including account history. Draft complaint and compile exhibits. Attention to service of pleadings.
- I. Chamberlin Edmonds, Inc. – Georgia – Analysis of contract and review documents. Conferences with client and draft complaint. Analysis of invoices and usage. Review and analysis of Defendant's contentions and preparation of voluntary dismissal.
- J. Collection/Bankruptcy – Analysis of bankruptcy issues regarding various debtors or small matters where a separate file has not been opened.

- K. Communicate Technological Systems – Communications with local counsel regarding summary judgment issues. Draft response to motion to dismiss, attend to discovery and pre-trial issues. Research re personal guaranty issues. Settlement negotiations and preparation of settlement documents resulting in payments of \$52,000 to Debtors over time.
- L. Credit and Collections Consultation – Analysis of miscellaneous matters on issues of general applicability where a separate file has not been opened.
- M. Cross Media Marketing Corp. – Review and analysis of contractual relationships. Analysis of bankruptcy issues, including treatment of utilities.
- N. CSI, Inc. – Intercreditor Agreement issues. Communications with client and Univance counsel regarding Univance restructuring and settlement discussions. Analysis of financial information. Research regarding Univance bankruptcy issues.
- O. CSC – Review and analysis of Global Crossing documents, including contract and account history. Draft and file Complaint and follow up on service of process. Review, research and respond to motion to dismiss. Research and draft pleadings. Attend hearing on motion to dismiss.
- P. Direct Connect Communications – Drafting and negotiating settlement agreement. Follow up on Bankruptcy Court approval of stipulation culminating in settlement agreement. Drafting bankruptcy stipulation. Attention to status conferences and report to Court. Analysis of effect of Four Star's Bankruptcy.
- Q. Equal Net – Texas – Review of bankruptcy pleadings and post-confirmation pleadings.
- R. Everest Broadband – New Jersey – Review and analysis of contract, amendments and invoice history. Draft and file Complaint and attend to service of process issues. Attention to counter-claim and address issues relating to counter-claim. Research and draft motion and brief to dismiss counterclaim and reply brief in support of same.
- S. Fee Application – Draft and file second fee application with related exhibits. Follow up on hearing dates and adjournment notices regarding fee applications.
- T. General- Analysis of miscellaneous matters on issues of general applicability where a separate file has not been opened
- U. Global Telesystems Corporation – Collection litigation resulting in Judgment. Post-Judgment collection issues. Preparation for and attendance at creditor's examination, including review of financial documents. Review transcript and address collection strategy. Receipt and review notice of appeal. Prepare for and attend hearing in the U.S. Court of Appeals for the Sixth Circuit.
- V. Global Wireless Communications – Litigation issues and settlement negotiation and drafting, including settlement approval from bankruptcy court. Monitor payments in accordance with settlement agreement. Payments of \$33,500 received.

- W. Glopline Inc. – Illinois – Review and analysis of client documents including contractual arrangements. Research defendant’s status and liability.
- X. International Telecom Exchange, Inc. Research and draft response to motion for summary disposition on jurisdiction and venue issues. Settlement negotiations and draft agreement resulting in payment of \$55,000 to Debtor. Attention to Bankruptcy Court approval of settlement.
- Y. Itell, Inc. – Post judgment collection issues. Communications with local counsel and monitor contempt proceedings. Attention to bankruptcy issues relating to corporate guarantor, including addressing objections to claim, resulting in payment of \$94,118.26 to Debtors.
- Z. Loewen Funeral Home – Collection / bankruptcy issues. Review of bankruptcy related pleadings.
- AA. M A Mortenson Co., Minneapolis, MN – Contract/collection matter. Review and analysis of contract documents and account history. Draft Complaint and demand for arbitration. Investigation of claims.
- BB. Nationwide Long Distance, Inc. - Bankruptcy issues including claims objections
- CC. North American Communications Center – Contract/collection matter. Analysis of contract and account history.
- DD. Netvoice Technologies, Inc. – Review of bankruptcy pleadings. Address preference action asserted by debtor and related issues.
- EE. NOR Communications, Inc. – Post-judgment collection issues.
- FF. Optical Telephone Corporation – Alabama – Receipt, review and analysis of documents from client including contract and account history. Research regarding defendant in preparation for litigation. Preparation of appropriate pleadings.
- GG. Pacific Telecommunications – Bankruptcy and collection issues.
- HH. Pensat International Communications – Review and analysis of bankruptcy pleadings. Prepare proof of claim.
- II. Safe Auto Insurance – Litigation culminating in settlement. Follow up on settlement agreement between the parties and approval of settlement by Bankruptcy Court. Assist in preparation of bankruptcy pleadings. Payment of \$75,000 received by Debtor.
- JJ. Sequel Communications – Collection matter. Register foreign judgment and begin post-judgment collection work, including garnishments and subpoenas. Attention to appeal in the Sixth Circuit and draft reply brief. Preparation for oral argument. Travel to Cincinnati and oral argument of appeal. Review and analysis of opinion.
- KK. Teltran International, Inc., et al. – Engage in settlement negotiations relating to bankrupt defendant, including Trustee’s motion to dismiss chapter 11. Analysis of bankruptcy issues and address Debtor’s objections to claim. Settlement negotiations. Review and analysis of bankruptcy plan of reorganization and

disclosure statement. Participate in bankruptcy resulting in payment to Debtor of approximately \$60,000.

- LL. Total Media Technologies – Monitor settlement compliance and attend to issues in concluding pending litigation. Follow up on settlement authorization from Bankruptcy Court.
- MM. Total National Telecommunications, Inc. – Review and analysis of bankruptcy pleadings.
- NN. TS Interactive – Review and analysis of client documents regarding credits, contracts, insurance claims and account history. Draft and file complaint. Confirm service of process issues and follow up on multiple deadlines. Research jurisdictional issues. Prepare stipulated order of dismissal.
- OO. Unifor – Follow up on settlement issues and settlement documentation. Review and revise proposed settlement agreement. Follow up on settlement payments. Payments of \$57,000 to be received by Debtor.
- PP. United Technological Systems – Litigation. Attention to issues regarding motion to compel and analysis of documents provided by Defendant. Address discovery issues including supplemental response to request for production of documents. Draft motion to compel production. Prepare deposition notices. Draft motion for default judgment. Settlement negotiations resulting in stipulated judgment of \$325,000 in favor of Debtors and post-judgment collection efforts.
- QQ. U.S. Network Services, Inc. – Finalize settlement agreement in litigation against Global Crossing resulting in no payment, and follow up on approval of settlement from Bankruptcy Court.
- RR. Wholesale – Review and analysis of contract and account history. Research multiple issues. Prepare demand letter. Prepare and file complaint. Review and analysis of Counterclaim. Drafting discovery requests. Draft Motion to Dismiss Counterclaim. Analysis of discovery responses. Draft and argue Motion to Compel. Attention to Witness and Exhibit Lists. Research and draft motion for default judgment and amended default judgment. Attention to orders and judgments.
- SS. Word Connection Group, Inc. – Review and analysis of contract and account history and prepare demand letter. Research multiple issues in preparation of litigation. Draft complaint and follow up on service of process. Review, analysis, and research regarding Defendant's motion and brief to change venue. Draft response to motion for change of venue. Attend hearing on motion.

16. The professional services provided by JRH&W were necessary and appropriate to the administration of the Debtors' estates and were in the best interests of the Debtors and other parties in interest. Compensation for the services described above is commensurate with the complexity, importance, and nature of the problems, issues, or tasks involved. These services

were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problems and issues addressed.

17. The professional services performed by JRH&W on behalf of the Debtors during the Compensation Period required an aggregate expenditure of 1,072.70 recorded hours by JRH&W's members, associates, and paraprofessionals. Of the aggregate time expended, members of JRH&W expended 647.40 recorded hours, associates expended 373.50 recorded hours, and 51.80 recorded hours were expended by paraprofessionals of JRH&W. The professional services were performed with expedience and in an efficient manner.

18. During the Compensation Period, JRH&W's hourly billing rates for attorneys ranged from \$140 to \$325 per hour. Allowance of compensation in the amount requested would result in a blended hourly billing rate for attorneys of approximately \$228.64. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable litigation and bankruptcy cases in a competitive national legal market. As noted, attached hereto as Exhibit B is a schedule listing each JRH&W professional and paraprofessional who performed services in this case during the Compensation Period, the hourly rate charged by JRH&W for services performed by each such individual, and the aggregate number of hours and charges by each such individual.

ACTUAL AND NECESSARY DISBURSEMENT OF JRH&W

19. As set forth in Exhibit C hereto, JRH&W has disbursed \$15,783.59 as expenses incurred in providing professional services during the Compensation Period. These expenses are reasonable and necessary to the services provided.

20. With respect to photocopying expenses, JRH&W charges all of its clients \$.15 per page. In accordance with the General Recommendations of the Fee Committee contained in the Statement of the Fee Committee in Regard to the Applications for Second Interim Compensation and Reimbursement of Expenses, JRH&W has voluntarily reduced the charge for photocopying expenses charged during the Compensation Period to \$.10 per page effective on the invoice dated July 8, 2003, covering the month of June. However, for the photocopying expenses charged in

April and May, JRH&W erroneously charged Debtors \$.15 per page and has therefore voluntarily reduced its request for reimbursement by \$223.85 representing .05 per page charge in excess of the cost allowed by the General Recommendations of the Fee Committee. With respect to facsimile expenses, JRH&W charges all of its clients \$.15 per page for outgoing faxes only. Clients are not charged the cost of the long distance or toll charges associated with the facsimile because they are not readily determinable. These charges are intended to cover JRH&W's direct operating costs, which costs are not incorporated into JRH&W hourly billing rates. Only clients who actually use services of the types set forth in Exhibit C are separately charged for such services. The actual expenses incurred in providing professional services were absolutely necessary, reasonable and justified to serve the needs of the Debtors.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

21. 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." Id. § 330(a)(1). 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, the 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.

Id. § 330(a)(3).

22. In the instant case, JRH&W respectfully submits that the services for which it seeks compensation in this Application were, at the time rendered, believed to be necessary for and beneficial to the Debtors' estates. Such services and expenditures were necessary to and in the best interest of the Debtors' estates. JRH&W submits that the compensation requested herein is reasonable.

23. The services rendered by JRH&W were necessary and beneficial to the Debtors' estates, and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved. Accordingly, approval of the compensation sought herein is warranted.

24. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, JRH&W respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this motion.

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

**FINAL COMPENSATION REQUESTED BY
JAFFE, RAITT, HEUER & WEISS, PROFESSIONAL CORPORATION**

26. By this Application, JRH&W also requests final allowance of \$617,612.82 for the Complete Compensation Period, representing \$580,027.00 as compensation for professional services rendered and \$37,361.97 as reimbursement for actual and necessary expenses JRH&W has incurred. In accordance with JRH&W's prior fee applications in these chapter 11 cases that have been approved by the Court, JRH&W has received \$362,535.88 for fees and disbursements.

WHEREFORE, JRH&W respectfully requests (i) compensation for professional serviced rendered during the Compensation Period in the amount of \$239,069.50 and

reimbursement of actual and necessary expenses JRH&W incurred during the Compensation Period in the amount of \$15,783.59; (ii) the final allowance of \$617,612.82 for the Complete Compensation Period, representing \$580,027.00 as compensation for professional services rendered (including fees incurred during the Fourth Compensation Period) and \$37,361.97 as reimbursement for actual and necessary expenses JRH&W has incurred (including expenses incurred during the Fourth Compensation Period); and (iii) the Court grant JRH&W such other and further relief as is just.

JAFFE, RAITT, HEUER & WEISS,
Professional Corporation

Dated: February __, 2004

By: /s/ Eric A. Linden
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