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

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11 Nos.
)	
GLOBAL CROSSING LTD., <u>et al.</u>,	)	02-40187 (REG) through
	)	02-40241 (REG)
Debtors.	)	(Jointly Administered)
)	
	)	Hon. Robert E. Gerber
)	

**FIRST AND FINAL APPLICATION OF KELLEY DRYE & WARREN LLP,
SPECIAL COUNSEL TO THE DEBTOR, FOR (I) FINAL ALLOWANCE
AND AWARD OF COMPENSATION AND REIMBURSEMENT OF
EXPENSES AND (II) RELEASE OF HOLDBACK COMPENSATION**

SUMMARY

NAME OF APPLICANT	Kelley Drye & Warren LLP
AUTHORIZED TO PROVIDE PROFESSIONAL SERVICES TO	Global Crossing Ltd., <i>et al.</i>
PERIODS FOR WHICH COMPENSATION IS SOUGHT	September 1, 2002 – December 9, 2003
AMOUNT OF FEES SOUGHT FOR COMPENSATION PERIOD	\$256,900.00
AMOUNT OF EXPENSE REIMBURSEMENT SOUGHT FOR COMPENSATION PERIOD	\$8,247.94
AMOUNT OF HOLDBACK SOUGHT	\$43,848.84
THIS IS AN: INTERIM APPLICATION	<u> </u> FINAL APPLICATION <u> X </u>

EXHIBITS

The following exhibits are attached hereto and incorporated herein by reference:

- Exhibit A** Fee Order
- Exhibit B** Retention Orders
- Exhibit C** Summary of Compensation Sought (includes billing rate and year of admission to practice) for Kelley Drye & Warren LLP Professionals and Paraprofessionals
- Exhibit D** Detailed Time Entry Records for Kelley Drye & Warren LLP Professionals and Paraprofessionals
- Exhibit E** Summary of Kelley Drye & Warren LLP Expenses
- Exhibit F** Proposed Order

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

Kelley Drye & Warren LLP (“Kelley Drye”), special counsel to Global Crossing Ltd. and its affiliated debtors in the above-captioned cases (collectively, “Global Crossing” or the “Debtors”), hereby submits this application (the “Application”) for an order allowing and awarding, on a final basis: (i) \$256,900.00 in compensation for 859.82 hours of professional services rendered by Kelley Drye during the Compensation Period (as defined herein), (ii) reimbursement of \$8,247.94 for expenses incurred by Kelley Drye during the Compensation Period in connection with such services, and (iii) all amounts of compensation previously heldback. In support of this Application, Kelley Drye respectfully represents as follows:

Jurisdiction

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. § 1334 and the general reference of bankruptcy matters to this Court made by the District Court for the Southern District of New York. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the Debtors’ chapter 11 cases and this Application is proper under 28 U.S.C. §§ 1408 and 1409. The relief requested may be granted in accordance with the provisions of 11 U.S.C. §§ 105 and 331.

Background

2. On January 28, 2002 (the “Petition Date”), each of the Debtors filed with this Court a voluntarily petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). The Debtors have been operating their businesses and managing their properties and assets as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The chapter 11 cases were procedurally consolidated for administrative purposes.

3. On January 28, 2002, this Court entered an Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals (the “Fee Order”). A copy of the Fee Order is attached hereto as Exhibit A.

4. On October 17, 2003, this Court entered an Order Pursuant to Sections 327(e) and 328(a) of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure Authorizing Retention and Employment of Kelley Drye & Warren LLP as Special Counsel to the Debtors *Nunc Pro Tunc* to January 28, 2002 (the “First Retention Order”).

5. On January 29, 2004, the Court entered an Order Pursuant to Sections 327(e) and 328(a) of the Bankruptcy Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure Expanding the Scope of Employment of Kelley Drye & Warren LLP as Special Counsel to the Debtors *Nunc Pro Tunc* to November 24, 2003 (the “Second Retention Order,” and together with the First Retention, the “Retention Orders”). A copy of the Retention Orders are attached hereto as Exhibit B.

6. Pursuant to the Retention Orders, the Court ordered that Kelley Drye 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.

7. Kelley Drye 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. No promises have been received by Kelley Drye or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

8. Kelley Drye submitted the following monthly fee statements, in accordance with the Fee Order, seeking payment of interim compensation and reimbursement of expenses on a monthly basis:

- a. For the period September 1, 2002 through September 30, 2002, \$308.00 (80% of \$385.00) in fees for professional services rendered and \$17.23 (100% of \$17.23) for expenses incurred, for a total payment in the amount of \$325.23.
- b. For the period November 1, 2002 through November 30, 2002, \$2,368.80 (80% of \$2,961.00) in fees for professional services rendered and \$0.00 (100% of \$0.00) for expenses incurred, for a total payment in the amount of \$2,368.80.
- c. For the period December 1, 2002 through December 31, 2002, \$35,306.40 (80% of \$44,133.00) in fees for professional services rendered and \$914.66 (100% of \$914.66) for expenses incurred, for a total payment in the amount of \$36,221.06.
- d. For the period January 1, 2003 through January 31, 2003, \$29,765.60 (80% of \$37,207.00) in fees for professional services rendered and \$228.08 (100% of \$228.08) for expenses incurred, for a total payment in the amount of \$29,993.68.
- e. For the period February 1, 2003 through February 28, 2003, \$32,608.00 (80% of \$40,760.00) in fees for professional services rendered and \$144.98 (100% of \$144.98) for expenses incurred, for a total payment in the amount of \$32,752.98.
- f. For the period March 1, 2003 through March 31, 2003, \$33,838.80 (80% of \$42,298.50) in fees for professional services rendered and \$3,284.54 (100% of \$3,284.54) for expenses incurred, for a total payment in the amount of \$37,123.34.
- g. For the period April 1, 2003 through April 30, 2003, \$7,700.80 (80% of \$9,626.00) in fees for professional services rendered and \$1,738.32 (100% of \$1,738.32) for expenses incurred, for a total payment in the amount of \$9,439.12.

- h. For the period May 1, 2003 through May 31, 2003, \$13,443.60 (80% of \$16,804.50) in fees for professional services rendered and \$704.61 (100% of \$704.61) for expenses incurred, for a total payment in the amount of \$14,148.21.
- i. For the period June 1, 2003 through June 30, 2003, \$4,927.20 (80% of \$6,159.00) in fees for professional services rendered and \$51.67 (100% of \$51.67) for expenses incurred, for a total payment in the amount of \$4,978.87.
- j. For the period July 1, 2003 through July 31, 2003, \$1,254.40 (80% of \$1,568.00) in fees for professional services rendered and \$28.00 (100% of \$28.00) for expenses incurred, for a total payment in the amount of \$1,282.40.
- k. For the period August 1, 2003 through August 31, 2003, \$51.20 (80% of \$64.00) in fees for professional services rendered and \$24.96 (100% of \$24.96) for expenses incurred, for a total payment in the amount of \$76.16.
- l. For the period September 1, 2003 through September 30, 2003, \$8,824.40 (80% of \$11,030.50) in fees for professional services rendered and \$69.23 (100% of \$69.23) for expenses incurred, for a total payment in the amount of \$8,893.63.
- m. For the period October 1, 2003 through October 31, 2003, \$14,498.80 (80% of \$18,123.50) in fees for professional services rendered and \$54.55 (100% of \$54.55) for expenses incurred, for a total payment in the amount of \$14,553.35.
- n. For the period November 1, 2003 through November 30, 2003, in the amount of \$11,742.40 (80% of \$14,678.00) in fees for professional services rendered and \$606.22 (100% of \$606.22) for expenses incurred, for a total payment in the amount of \$12,348.62.
- 9. For the period December 1, 2003 through December 9, 2003, Kelley

Drye's fees for professional services rendered totaled \$7,893.50 and the expenses incurred totaled \$380.89 for a total of \$8,274.39 (the "December Fees and Expenses"). No monthly fee statement was submitted in connection with the December Fees and Expenses.

10. Kelley Drye's fees for all periods, September 1, 2002 through December 9, 2003 (the "Compensation Period"), total \$256,900.00, and Kelley Drye's expenses

for the Compensation Period in connection therewith total \$8,247.94 for a combined total of \$265,147.94.

11. Pursuant to the Fee Order, the Debtors have paid Kelley Drye \$213,024.71 during the Compensation Period. Accordingly, the remaining balance due Kelley Drye is \$52,123.23, which equals the amount heldback from the monthly payments made by the Debtors pursuant to the Fee Order (the “Holdback Compensation”) in the amount of \$43,848.84, plus the December Fees and Expenses in the amount of \$8,274.39.

12. By this Application, Kelley Drye is seeking, on a final basis, the allowance and award of (a) compensation for professional services rendered by Kelley Drye, as special counsel to the Debtors, during the Compensation Period, including the December Fees and Expenses (b) reimbursement of expenses incurred by Kelley Drye in connection with its services during the Compensation Period, and (c) the Holdback Compensation.

13. Because this is Kelley Drye’s final fee application, and in light of the prior confirmation of the Debtors’ Plan of Reorganization, Kelley Drye respectfully requests the release of the Holdback Compensation and payment of the December Fees and Expenses. The results of these chapter 11 cases have been readily ascertained and there is no necessity to require that funds remain subject to a holdback.

Kelley Drye’s Compensation and Expenses

14. Kelley Drye seeks approval, on a final basis, of the sum of \$256,900.00 for legal services rendered to the Debtors during the Compensation Period, and \$8,247.94 for reimbursement of expenses incurred in connection with the rendition of such services, for a total award of \$265,147.94.

15. The fees sought reflect an aggregate of 859.82 hours of attorney and paraprofessional time spent and recorded in performing services for the Debtors during the Compensation Period, at a blended average hourly rate of \$298.78 for both professionals and paraprofessionals. The blended hourly rate for professionals only is \$303.86.

16. Kelley Drye rendered to the Debtors all services for which compensation is sought solely in connection with these cases, in furtherance of the duties and functions of the Debtors.

17. Kelley Drye maintains computerized records of the time expended in the rendition of the professional services required by the Debtors. These records are maintained in the ordinary course of Kelley Drye's practice. For the convenience of the Court and parties in interest, and in accordance with the Local Rules, billing summaries for the Compensation Period are attached hereto as Exhibit C, setting forth the name of each attorney and paraprofessional for whose work on these cases compensation is sought, each attorney's year of bar admission, the aggregate time expended by each such attorney and paraprofessional, the hourly billing rate for each such attorney or paraprofessional at Kelley Drye's standard billing rates, and the by-timekeeper amounts of compensation requested. The compensation requested by Kelley Drye is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

18. Attached hereto as Exhibit D are time entry records broken down in tenths of an hour by matter and setting forth a detailed description of services performed by each attorney and paraprofessional on behalf of the Debtors.

19. Kelley Drye has incurred a total of \$8,247.94 in expenses in connection with services rendered to the Debtors during the Compensation Period. Kelley Drye also maintains computerized records of all expenses incurred in connection with the performance of professional services. A summary of the amounts and categories of expenses for which reimbursement is sought is attached hereto as Exhibit E.

20. Throughout the Compensation Period, Kelley Drye has been acutely aware of cost considerations and has tried to minimize the expenses it incurs.

Summary of Services

21. The professional services rendered by the Kelley Drye has directly contributed to the effective administration of the Debtors' estates. The following summarizes the services rendered during the Compensation Period and is not intended as a detailed description of such services, which is set forth in Exhibit D annexed hereto.

a. Reorganization

22. Kelley Drye spent time in this activity category researching and advising the Debtors on various bankruptcy related issues, including leasehold mortgage law in Virginia and New Jersey, recording requirements, real estate tax law and related filing requirements. Fees in this category total \$39,902.00 representing 149.4 hours of time spent.

b. FCC Regulatory

23. Kelley Drye advised the Debtors on various FCC matters in connection with the Debtors' ongoing regulated long distance businesses. Fees in this category total \$17,138.50 representing 58.1 hours of time spent.

c. Payphone Appeal

24. Kelley Drye completed work on an appeal for the Debtors on a matter involving the amount of compensation the Debtors were required to pay to owners of public payphones for calls made from those payphones to toll-free numbers (e.g., 800/888/866) served by the Debtors. Fees in this category total \$6,940.50, representing 18.2 hours of time spent.

d. State Regulatory

25. Kelley Drye advised the Debtors on matters in connection with regulation by state public utility commissions over the intrastate and local aspects of the Company's long distance businesses. Fees in this category total \$535.00, representing 1.4 hours of time spent.

e. General Advice

26. Kelley Drye spent time in this activity category preparing its various applications for retention as Special Counsel and expanding the scope of its retention as well as preparing supporting affidavits. In connection therewith, Kelley Drye also spent time conducting conflicts checks and responding to audit inquiries. Fees in this category total \$12,316.50, representing 39.6 hours of time spent.

f. Flying J, Inc. V.

27. Kelley Drye completed the final aspects of a defense of a lawsuit brought by an owner of public payphones, Flying J, Inc. to collect payphone compensation which Flying J, Inc. alleged was owed by the Debtors. Fees in this category total \$539.00, representing 1.4 hours of time spent.

g. BellSouth PIU – Federal District Court

28. Kelley Drye represented the Debtors in bringing a lawsuit against BellSouth in connection with the access fees BellSouth charges the Debtors for completing its long distance calls to BellSouth local telephone customers. Fees in this category total \$12,457.00, representing 38.7 hours of time spent.

h. Bellsouth PIU - Georgia PUC

29. Kelley Drye advised the Debtors in defending a complaint brought by BellSouth before the Georgia Public Service Commission in connection with a dispute over the proper pricing for access services used by the Debtors in terminating long distance calls to BellSouth customers. Fees in this category total \$2,251.50, representing 7.5 hours of time spent.

i. AT&T VOIP Petition

30. Kelley Drye represented the Debtors in preparation for a major strategic initiative to change its network configuration and resulting regulatory classification to “voice over internet protocol.” This included preparation for potential litigation and participation in FCC proceedings affecting the regulatory treatment of voice over internet protocol. If successful, this initiative would save the Debtors millions of dollars each year in local access fees. Fees in this category total \$135,482.00, representing 446.8 hours of time spent.

j. VOIP Litigation Preparation

31. This matter was a part of the same initiative described in the AT&T VOIP proceeding. Fees in this category total \$3,599.00, representing 13.2 hours of time spent.

k. Retention Matters

32. This matter related to work required to be done as part of retention as counsel to the Debtors. Fees in this category total \$2,893.50, representing 8.8 hours of time spent.

l. General Chapter 11 Administration

33. Kelley Drye spent time in this activity category preparing its monthly fee statements for compensation and reimbursement of expenses pursuant to the Fee Orders. Fees in this category total \$3,369.00, representing 14.1 hours of time spent.

m. New York Triennial Review Proceeding

34. Kelley Drye represented the Debtors in a proceeding before the New York Public Service Commission concerning the pricing of facilities leased by the Debtors from Verizon Communications and other local telephone companies in New York state. Fees in this category total \$16,052.00, representing 51.92 hours of time spent.

n. Verizon Claim Litigation

35. Kelley Drye represented the Debtors in connection with that certain Motion of the Telephone Operating Companies of Verizon Communications Inc. which sought to compel the Debtors to pay alleged undisputed post-petition access fees and collocation fees, in the approximate amount of \$25.4 million, as an administrative expense claim against the Debtors' estates. Fees in this category total \$3,424.00, representing 10.7 hours of time spent.

Factors To Be Considered in Awarding Attorneys' Fees

36. Section 330(a)(1) of the Bankruptcy Code provides that a court may award a professional employed in the case under section 1103 of the Bankruptcy Code “reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses.” Section 330(a)(3) further provides guidelines for awarding such fees and expenses:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, extent, and 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.

11 U.S.C. § 330(a)(3). Case law establishes additional factors to be considered in awarding fees, including the time and labor required, the novelty and difficulty of questions, the skill requisite to perform the legal services properly, the preclusion of other employment by the applicant due to acceptance of the current case, the customary fee, whether the fee is fixed or contingent, time limitations imposed by the client or other circumstances, the amount involved and results obtained, the experience, reputation and ability of the attorneys, the “undesirability” of the case, and the nature and length of professional relationship. *See, e.g., In re First Colonial Corp. of America*, 544 F.2d 1291, 1298-99 (5th Cir. 1977); *In re Nine Assocs., Inc.*, 76 B.R. 943, 945 (S.D.N.Y. 1987).

37. Kelley Drye respectfully submits that the professional services rendered during the Compensation Period were reasonable and necessary and provided a benefit to the

Debtors' estates. These services required a high level of professional competence and expertise, and such services were performed efficiently and effectively. The hourly rates billed by Kelley Drye were customary for professional services rendered in other matters and were fair and reasonable.

38. Kelley Drye submits that the expenses incurred during the Compensation Period were customary and necessary. Kelley Drye seeks reimbursement only of its actual costs.

39. Kelley Drye has made every effort to restrict the number of lawyers involved in these cases to a minimum at any particular stage so as to minimize duplication of efforts and employ special expertise in a given field of law to obtain the best possible results.

WHEREFORE, for the reasons set forth above Kelley Drye respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit F, (a) authorizing and awarding, on a final basis (i) compensation to Kelley Drye for professional services rendered as counsel to the Debtors during the Compensation Period in the amount of 256,900.00, (ii) reimbursement to Kelley Drye of expenses incurred in connection with rendering its services in the amount of \$8,247.94, and (iii) the release of the Holdback Amounts in the sum of \$43,848.84 and (b) granting such other and further relief that the Court deems just.

Dated: New York, New York
February 9, 2004

KELLEY DRYE & WARREN LLP

By: /s/ Edward J. Leen
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Special Counsel to the Debtors

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re
GLOBAL CROSSING, LTD., et al.,

Debtors.

Chapter 11 Nos.

02-40187 (REG) through
02-40241 (REG)

(Jointly Administered)

Hon. Robert E. Gerber

**CERTIFICATION REQUIRED BY THE AMENDED GUIDELINES
FOR FEES AND DISBURSEMENTS FOR PROFESSIONALS IN
SOUTHERN DISTRICT OF NEW YORK BANKRUPTCY CASES**

DANNY E. ADAMS, an attorney admitted to practice before this court, certifies, under penalty of perjury, that:

1. I am a member of the law firm of Kelley Drye & Warren LLP (“KDW”), Special Counsel to the debtors in the chapter 11 cases of Global Crossing, Ltd. And the affiliated debtors and debtors-in-possession (collectively, the “Debtors”), and make this certification in support of the First and Final Application of Kelley Drye & Warren LLP, Special Counsel to the Debtors, for (I) Final Allowance and Award of Compensation and Reimbursement of Expenses and (II) Release of Holdback Compensation (the “Application”) for the period commencing on September 1, 2002, through and including December 31, 2003.

2. This certification is made in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases

(the “Local Guidelines”) adopted by this Court on April 19, 1995, 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 Court’s Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals dated January 28, 2002 (the “Fee Order” and, collectively with the Local Guidelines and the UST Guidelines, the “Guidelines”).

3. I have read the Application, and to the best of my knowledge, information and belief formed after reasonable inquiry, the Application complies with the Guidelines; to the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines; and except to the extent that such fees or disbursements are prohibited by or exceed the rates permitted by the Guidelines, the fees and disbursements sought are billed at rates and in accordance with practices customarily employed by KDW and generally accepted by KDW’s clients.

4. In seeking reimbursement of necessary expenses, disbursements and other charges incurred and paid by KDW in connection with the performance of its legal services, KDW does not make a profit on such reimbursement; in seeking reimbursement for a particular expense, KDW does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay; and in seeking reimbursement for a service which KDW justifiably purchased or contracted for from a third party, KDW requests reimbursement only for the amount billed to KDW by the third party vendor and paid by KDW to such vendor.

5. KDW maintains supporting documentation for each item for which reimbursement is sought, and such documentation is available for review on request of the Court or the United States Trustee.

6. The Debtors are in the process of reviewing the Application for approval. Pursuant to the Administrative Fee Order, the invoices attached to the Application, with the appropriate level of detail required by the Guidelines, have been served on (i) the Debtors; (ii) the United States Trustee; (iii) counsel to the Creditors' Committee; (iv) counsel to Debtors' prepetition lenders; and (v) counsel to the ad hoc committee of Debtors' noteholders.

7. With respect to photocopying and facsimile transmission expenses, KDW's charges do not exceed the maximum rate set by the Fee Guidelines (there is no charge for incoming facsimile transmissions). These charges are intended to cover KDW's direct operating costs for photocopying and facsimile facilities, which costs are not incorporated into the KDW hourly billing rates. Only clients who actually use photocopying, facsimile, and other such office services are separately charged for the same.

8. The time constraints frequently imposed by the circumstances of this case has required KDW's attorneys and other employees, at times, to devote evenings and weekends to the performance of legal services on behalf of the Debtors. Mass transit has been used whenever possible. Consistent with firm policy, attorneys and other employees of KDW who worked late into the evenings were reimbursed for their reasonable meal costs and their cost for transportation home. KDW's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendition of services. The

reimbursement of these requested disbursements are consistent with the provisions set forth in the Guidelines.

9. In addition, same day and overnight delivery of documents and other materials was often required as a result of deadlines necessitating the use of such express services. These disbursements are not included in KDW's overhead for the purpose of setting billing rates. KDW has made every effort to minimize its disbursements in this case. The actual expenses incurred in providing professional services were absolutely necessary, reasonable and justified under the circumstances to serve the needs of the case.

Dated: New York, New York
February 9, 2004

KELLEY DRYE & WARREN LLP

By: /s/ Danny E. Adams
Danny E. Adams
101 Park Avenue
New York, New York 10178
Tel.: (212) 808-7800

Special Counsel to GLOBAL CROSSING,
LTD., et al.

EXHIBIT A

Fee Order

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

In re	:	
	:	Chapter 11 Case Nos.
	:	
GLOBAL CROSSING LTD., <u>et al.</u>	:	02- 40187 (REG) through
	:	02- 40241 (REG)
	:	
Debtors.	:	(Jointly Administered)
	:	

**ORDER PURSUANT TO SECTIONS 105(a) AND 331
OF THE BANKRUPTCY CODE ESTABLISHING
PROCEDURES FOR INTERIM MONTHLY COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the Motion dated January 28, 2002 (the "Motion") of Global Crossing Ltd. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to sections 105(a) and 331 of title 11 of the United States Code (the "Bankruptcy Code"), establishing procedures for monthly compensation and reimbursement of expenses of professionals retained by order of this Court; and upon consideration of the Affidavit of Dan Cohrs Pursuant to Local Bankruptcy Rule for the Southern District of New York 1007-2 (the "Local Rules") in Support of First-Day Motions and Applications sworn to on the 27th day of January, 2002; and the Court having jurisdiction to consider the Motion 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 Motion 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 Motion having been provided to the Office of the United States Trustee for the Southern District of New York, the attorneys for the Debtors' prepetition lenders, the Joint Provisional Liquidators (the "JPLs") appointed by the Supreme Court of Bermuda in respect of certain of the Debtors herein and their attorneys and the attorneys for certain of the Debtors' bondholders, and no other or further notice need be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion 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 Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted in its entirety; and it is further

ORDERED that except as may otherwise be provided in orders of the Court authorizing the retention of specific professionals, all professionals in these cases may seek monthly compensation in accordance with the following procedure:

- (a) On or before the twentieth (20th) day of each month following the month for which compensation is sought, each professional seeking compensation will serve a monthly statement (the "Monthly Statement"), by hand or overnight delivery, on (i) Global Crossing Ltd., 7 Giralda Farms, Madison, NJ 07940 (Attn: John B. McShane, Esq.); (ii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Paul M. Basta, Esq.); (iii) attorneys for the Debtors' prepetition lenders; (iv) attorneys for the ad hoc committee of the Debtors' noteholders; (v) attorneys for any statutory committees appointed in these cases; and (vi) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"), 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Carolyn S. Schwartz, Esq.).

- (b) The Monthly Statement need not be filed with the Court and a courtesy copy need not be delivered to chambers since this Motion is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and since professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules for the United States Bankruptcy Court, Southern District of New York.
- (c) Each Monthly Statement must contain a list of the individuals and their respective titles (e.g., attorney, accountant, or paralegal) who provided services during the statement period, their respective billing rates, in the case of attorneys, their respective years of graduation from law school, and to the extent applicable, their year of partnership, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to the Court's Administrative Orders dated June 24, 1991 and April 21, 1995 or the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 dated January 30, 1996), and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour.
- (d) Each person receiving a statement will have at least fifteen (15) days after its receipt to review it and, in the event that he or she has an objection to the compensation or reimbursement sought in a particular statement, he or she shall, by no later than the thirty-fifth (35th) day following the month for which compensation is sought, serve upon the professional whose statement is objected to, and the other persons designated in paragraph (a) above to receive Monthly Statements, a written "Notice Of Objection To Fee Statement," setting forth the nature of the objection and the amount of fees or expenses at issue.
- (e) At the expiration of the thirty-five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Statement to which no objection has been served in accordance with paragraph (d) above.
- (f) If the Debtors receive an objection to a particular Monthly Statement, they shall withhold payment of that portion of the Monthly Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e).
- (g) Similarly, if the parties to an objection are able to resolve their dispute following the service of a Notice Of Objection To Fee Statement and if the party whose Monthly Statement was objected to serves on all of the parties

listed in paragraph (a) a statement indicating that the objection is withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Statement which is no longer subject to an objection.

- (h) All objections that are not resolved by the parties shall be preserved and presented to the Court at the next interim or final fee application hearing to be heard by the Court in accordance with paragraph (j) below.
- (i) The service of an objection in accordance with paragraph (d) above shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Statement shall not be a waiver of any kind or prejudice that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code.
- (j) Approximately every 150 days each of the professionals shall serve and file with the Court, in accordance with General Order M-182 (which can be found at www.nysb.uscourts.gov), an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be) of the compensation and reimbursement of expenses requested. Such applications shall be filed with the Court.
- (k) Any professional who fails to file an application seeking approval of compensation and expenses previously paid under this Order when due shall (1) be ineligible to receive further monthly payments of fees or reimbursement of expenses as provided herein until further order of the Court and (2) may be required to disgorge any fees paid since retention or the last fee application, whichever is later.
- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper as to a particular statement shall not disqualify a professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court.
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's interim or final allowance of compensation and reimbursement of expenses of any professionals.
- (n) The attorney for any statutory committee may, in accordance with the foregoing procedure for monthly compensation and reimbursement of professionals, collect and submit statements of expenses, with supporting

vouchers, from members of the committee he or she represents; provided, however, that these reimbursement requests comply with this Court's Administrative Orders dated June 24, 1991 and April 21, 1995;

and it is further

ORDERED that each professional whose retention has been approved by the Court may seek, in its first request for compensation and reimbursement of expenses pursuant to this Order, compensation for work performed and reimbursement for expenses incurred during the period beginning on the date of the professional's retention and ending on February 28, 2002; and it is further

ORDERED that the Debtors shall include all payments to professionals on their monthly operating reports, detailed so as to state the amount paid to each professional; and it is further

ORDERED that any party may object to requests for payments made pursuant to this Order on the grounds that (i) the Debtors have not timely filed monthly operating reports or (ii) the Debtors have not remained current with their administrative expenses and 28 U.S.C. § 1930 fees by seeking a further order of this Court, or (iii) a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of these cases; and it is further

ORDERED that any party in interest, or the United States Trustee, may seek reconsideration of this Order, insofar as it applies prospectively, in the event of an adverse change in the liquidity of any of the Debtors, or for other cause shown; and it is further

ORDERED that all time periods set forth in this Order shall be calculated in accordance with Rule 9006(a) of the Federal Rules of Bankruptcy Procedure; 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 Motion is hereby waived.

Dated: January 28, 2002
New York, New York

/s/ Robert E. Gerber
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Retention Orders

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____ X
In re

GLOBAL CROSSING LTD., et al.,

Debtors.

:
: Chapter 11 Case No.

:
: 02-40188 (REG)

:
: (Jointly Administered)
:
:
: _____ X

**ORDER PURSUANT TO SECTIONS 327(e) AND 328(a) OF THE
BANKRUPTCY CODE AND RULE 2014 OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE AUTHORIZING RETENTION
AND EMPLOYMENT OF KELLEY DRYE & WARREN LLP AS SPECIAL
COUNSEL TO THE DEBTORS NUNC PRO TUNC TO JANUARY 28, 2002**

Upon the application (the "Application"), dated October 2, 2003, of Global Crossing and its affiliated debtors, as debtors in possession (collectively, the "Debtors"), pursuant to sections 327(e) 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") for authorization to retain and employ Kelley Drye & Warren LLP ("Kelley Drye") as special counsel to the Debtors nunc pro tunc to January 28, 2002, all as more fully set forth in the Application; and upon the affidavit of Danny E. Adams (the "Adams Affidavit"); and the Court being satisfied, based on the representations made in the Application and the Adams Affidavit that Kelley Drye does not hold or represent an interest adverse to the Debtors' estates, except those disclosed in the Adams Affidavit, and that the employment of Kelley Drye is necessary and in the best interests of the Debtors and their estates; and it appearing that 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 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 Application, it is

ORDERED that, pursuant to sections 327(e) and 328(a) of the Bankruptcy Code, the Debtors are authorized to employ and retain Kelley Drye as special counsel nunc pro tunc to January 28, 2002; and it is further

ORDERED that Kelley Drye 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 17, 2003
New York, New York

s/Robert E. Gerber
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTIONS 327(e) AND 328(a) OF THE
BANKRUPTCY CODE AND RULE 2014(a) OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE EXPANDING THE SCOPE OF
EMPLOYMENT OF KELLEY DRYE & WARREN LLP AS SPECIAL
COUNSEL TO THE DEBTORS NUNC PRO TUNC TO NOVEMBER 24, 2003**

Upon the application (the "*Application*"), dated January 12, 2004, of Global Crossing and its affiliated debtors, as debtors in possession (collectively, the "*Debtors*"), pursuant to sections 327(e) and 328(a) of title 11 of the United States Bankruptcy Code (the "*Bankruptcy Code*") and rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*") for authorization to expand the scope of retention of Kelley Drye & Warren LLP ("*Kelley Drye*") as special counsel to the Debtors *nunc pro tunc* to November 24, 2003, all as more fully set forth in the Application; and upon the affidavit of Danny E. Adams (the "*Adams Affidavit*"); and the Court being satisfied, based on the representations made in the Application and the Adams Affidavit that Kelley Drye does not hold or represent an interest adverse to the Debtors' estates, except those disclosed in the Adams Affidavit, and that the employment of Kelley Drye is necessary and in the best interests of the Debtors and their estates; and it appearing that notice of the Application having been provided in accordance with General Order M-182 to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the attorneys for the

Debtors, (iii) the attorneys for the statutory committee of unsecured creditors appointed in these chapter 11 cases, (iv) the attorneys for the Debtors' prepetition lenders, (v) the attorneys for the Joint Provisional Liquidators appointed by the Supreme Court of Bermuda, and (vi) 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 Application, it is

ORDERED that the scope of Kelley Drye's retention is expanded, *nunc pro tunc*, to November 24, 2003, to include representing the Debtors in connection with the Verizon Motion (as defined in the Application); 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: January 29, 2004

S/ Robert E. Gerber
United States Bankruptcy Judge

EXHIBIT C

By-Timekeeper Summary of Hours Devoted and Compensation Sought

Name	Position; Admission Year	Hourly Rate ¹	Total Hours	Total Compensation
Danny E. Adams	Partner, 1975	450/475	53.5	\$25,052.50
Joseph T. Casey, Jr.	Partner, 1976	415	5.2	\$2,158.00
John T. Capetta	Partner, 1980	535	0.5	\$267.50
Joseph P. Hoffman	Partner, 1982	410	12.6	\$5,166.00
Steven A. Augustino	Partner, 1991	380/385	141.8	\$54,174.00
Ira T. Kasdan	Counsel, 1979	325	9.7	\$3,152.50
Joan M. Griffin	Counsel, 1980	340	65.5	\$22,270.00
Laurel Gibaldi	Associate, 1989	320	0.2	\$64.00
Debra SuDock	Associate, 1989	305	0.6	\$183.00
Richard W. Davis	Associate, 1992	270	0.3	\$81.00
Andrew M. Klein	Associate, 1992	300	35.12	\$10,536.00
Rebecca Tzou	Associate, 1993	320	18.4	\$5,888.00
Leila M. Baheri	Associate, 1994	265	4.6	\$1,219.00
Carl F. Lettow II	Associate, 1995	285	16.7	\$4,759.50
Erin Reilly Swansiger	Associate, 1995	285	4.5	\$1,282.50
Winifred R. Brantl	Associate, 1996	245	89.1	\$21,829.50
Joseph W. Price	Associate, 1996	275/295	20.7	\$6,102.50
James A. Cordone	Associate, 1997	285	8.8	\$2,684.00
Jennifer M. Kashatus	Associate, 1997	255/280	79.2	\$21,943.50
Edward J. Leen	Associate, 1997	320	66.5	\$21,280.00
Randall W. Sifers	Associate, 1997	280	11.4	\$3,192.00
Naomi Cohen	Associate, 1998	285	4.4	\$1,254.00
Tamara E. Connor	Associate, 1998	245	3.3	\$808.50
Christopher T. Cardinale	Associate, 1999	245	26.5	\$6,492.50
Erin Weber Emmott	Associate, 1999	215/240	9.8	\$2,182.00

¹ The higher rate reflects a change effective as of January 1, 2003.

Name	Position; Admission Year	Hourly Rate¹	Total Hours	Total Compensation
M. Nicole Oden	Associate, 1999	215/240	13.4	\$2,951.00
Nicholaus G. Leverett	Associate, 2000	220	28.1	\$6,182.00
Heather Hendrickson	Associate, 2002	200	34.0	\$6,800.00
Anne H. Pak	Associate, 2002	255	11.8	\$2,655.00
Aaron Y. Strauss	Associate, 2002	200	18.7	\$3,740.00
Debra Yang	Associate, 2002	255	0.4	\$102.00
Elias M. Levenson	Associate, 2003	185	34.7	\$6,419.50
Denise N. Smith	Associate, 2004	115	3.5	\$402.50
Danielle K. Fisher	Law Clerk	135/140	6.7	\$923.00
Matthew G. Brigham	Paralegal	140	1.3	\$182.00
Sheila R. Carroll	Paralegal	135/140	14.2	\$1,988.00
Andrea Essex	Paralegal	125	2.5	\$312.50
Daniel A. Rosenthal	Paralegal	135	0.7	\$94.50
Marie Vicinanza	Paralegal	140	0.9	\$126.00
Total			859.82	\$256,900.00

EXHIBIT E

Summary of Kelley Drye Expenses

Disbursements	Amount
Duplication	\$1,259.60
Telephone	\$204.40
Facsimile	\$230.00
Cab Service	\$2.80
Meals	\$79.59
Postage	\$4.99
Courier	\$144.46
Binding	\$43.80
Outside Messenger	\$20.00
Westlaw Research	\$5,656.86
Lexis Research	\$342.83
Computer Search	\$42.39
Books/Research Matters	\$16.00
Local Travel	\$37.46
Long Distance Travel	\$162.76
TOTAL DISBURSEMENTS	\$8,247.94

EXHIBIT F

Proposed Order

Edward J. Leen (EL-1541)
KELLEY DRYE & WARREN LLP
101 Park Avenue
New York, NY 10178
Tel: (212) 808-7800
Fax: (212) 808-7897

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

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____	)	Chapter 11 Nos.
In re:)	
)	
GLOBAL CROSSING LTD., <u>et al.</u>,	)	02-40187 (REG) through
	)	02-40241 (REG)
Debtors.)	
	)	(Jointly Administered)
)	
	)	Hon. Robert E. Gerber
_____)	

**ORDER APPROVING THE FIRST AND FINAL APPLICATION
OF KELLEY DRYE & WARREN LLP, SPECIAL COUNSEL TO
THE DEBTOR, FOR (I) FINAL ALLOWANCE AND AWARD
OF COMPENSATION AND REIMBURSEMENT OF
EXPENSES AND (II) RELEASE OF HOLDBACK COMPENSATION**

This matter coming before the Court on the First and Final Application of Kelley Drye & Warren LLP, Special Counsel to the Debtors, for (I) Final Allowance and Award of Compensation and Reimbursement of Expenses and (II) Release of Holdback Compensation (the "Application"); the Court having reviewed the Application and having determined that the legal and factual bases set forth therein establish just cause for the relief granted herein,

THE COURT HEREBY FINDS AND CONCLUDES THAT:

A. Capitalized terms not otherwise defined herein have the meanings given to them in the Application.

B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and the general reference of bankruptcy matters to this Court made by the District Court for the Southern District of New York.

C. This is a core proceeding under 28 U.S.C. § 157(b)(2).

D. Notice of the Application was sufficient under the circumstances.

IT IS HEREBY ORDERED THAT:

2. The Application is GRANTED.

3. Kelley Drye, as special counsel to the Debtors, is hereby awarded, on a final basis, compensation for professional services rendered during the Compensation Period in the amount of \$256,900.00, and reimbursement of expenses incurred in connection with rendering such services in the amount of \$8,247.94, for a total award of \$265,147.94.

4. The Debtors are authorized and directed to pay to Kelley Drye within five business days after the date of entry of this Order the Holdback Compensation in the amount of \$43,848.84, plus the December Fees and Expenses in the amount of \$8,247.39, for a total of \$52,123.23.

Dated: _____, 2004
New York, New York

Hon. Robert E. Gerber
United States Bankruptcy Judge