

Hearing Date: April 22, 2004 at 9:45am

Kissinger McLarty Associates  
1775 Pennsylvania Ave, N.W.  
Suite 450  
Washington, DC 20006  
Telephone: (202) 419-1420  
Facsimile: (202) 419-1421  
Nelson W. Cunningham

Advisors to the Debtors

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

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

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:	Kissinger McLarty Associates	
ROLE IN THE CASE:	Counsel for the Debtors and the Debtors in Possession	
FOURTH PERIOD:	April 1, 2003 through December 9, 2003	
	Fees Requested:	\$248,710.00
	Expenses Requested:	\$0.00
	Payments Received to Date:	\$168,000.00
	Existing Holdback Requested:	\$42,000.00
COMPLETE COMPENSATION PERIOD:	January 28, 2002 through December 9, 2003	
	Total Fees Requested:	\$398,710.00
	Total Expenses Requested:	\$1,279.00
	Total Holdback Outstanding:	\$42,000.00
	Payments Received to Date:	\$319,279.00
	Fees Previously Allowed:	\$150,000.00
	Expenses Previously Allowed:	\$1,279.00

Kissinger McLarty Associates  
1775 Pennsylvania Ave, N.W.  
Suite 450  
Washington, DC 20006  
Telephone: (202) 419-1420  
Facsimile: (202) 419-1421  
Nelson W. Cunningham

Advisors to the Debtors

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

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

**SECOND AND FINAL APPLICATION OF KISSINGER MCLARTY ASSOCIATES, AS  
ADVISORS TO THE DEBTORS, FOR ALLOWANCE OF INTERIM  
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:

Kissinger McLarty Associates (“KMA”), Advisors for Global Crossing Ltd. and its debtor subsidiaries, as debtors in possession in the above-captioned cases (the “Debtors”), submits its first 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 the (i) allowance of compensation for professional services performed by KMA 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 the holdback for the period from April 1, 2003 through December 9, 2003, and (iv) final allowance of compensation for professional services performed by KMA 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. KMA prepared this application in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), 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 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. KMA seeks allowance of the interim compensation for professional services rendered to the Debtors during the Fourth Compensation Period in the aggregate amount of \$248,710.00, and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$0.00.

3. There is no agreement or understanding between KMA 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. KMA's monthly fees in this case is billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates KMA charges for the services rendered by its professionals and paraprofessionals are the same rates KMA charges for professional services rendered in comparable nonbankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive strategic advisory market.

5. Under the terms of its Agreement with the Debtors, dated as of November 1, 2002, and of the Order of this Court dated December 30, 2002, KMA is to be compensated at a flat rate of \$30,000 per month. Annexed hereto as **Exhibit B** is a schedule detailing the retainer payments for which KMA is seeking reimbursement.

6. Annexed hereto as **Exhibit C** is a schedule specifying the categories of expenses for which KMA is seeking reimbursement and the total amount for each such expense category.

7. With respect to KMA's fee statements for the Fourth Compensation Period, KMA received payments totaling \$168,000.00, representing payment of eighty percent (80%) of the professional services and one hundred percent (100%) of the expenses requested by KMA for the period from April 1, 2003 to October 31, 2003. KMA has not yet received any payments for the period from November 1 to December 9, 2003, and is owed \$38,710.00 for that period.

8. 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, KMA reserves the right to request additional compensation for such services and reimbursement of such expenses in a future fee application.

### **BACKGROUND**

9. On January 28, 2002 (the “Commencement Date”), certain of the Debtors commenced cases in the United States Bankruptcy Court for the Southern District of New York under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) (additional Debtors commenced cases on April 24, 2002, August 4, 2002 and August 30, 2002). 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.

10. Pursuant to an order of the Court dated December 30, 2002, the Debtors were authorized to retain KMA as Advisors to render services in connection with their pursuit of regulatory approval from the CFIUS.

11. No trustee has been appointed in the Debtors’ chapter 11 cases. The Creditors Committee was appointed on February 8, 2002. On November 20, 2002, the Court ordered the appointment of an Examiner.

12. On August 21, 2002, the Court entered the Order Approving and Implementing Fee Committee and Fee Procedures Protocol (the “Fee Procedures Order”). Pursuant to such order, a fee committee (the “Fee Committee”) was appointed, nunc pro tunc to January 28, 2002, in an effort to monitor the fees incurred in these chapter 11 cases. The Fee Committee is authorized to review and analyze fee statements and interim and final fee

applications submitted by the professionals appointed in these chapter 11 cases and the fee statements of any professionals retained by the Banks whose fees and expenses are charged against the Debtors. The Fee Committee consists of a businessperson appointed by and representative of each of the Creditors Committee, the Banks, the U.S. Trustee and the Debtors.

#### **SUMMARY OF SERVICES FOR FOURTH COMPENSATION PERIOD**

13. These chapter 11 cases are extraordinarily large and complex. KMA has dedicated significant resources to advise the Debtors in their effort to obtain CFIUS approval. During the Compensation Period, KMA advised the Debtors in frequent meetings and conference calls regarding the CFIUS process. KMA advised Debtors in their communications with the Governments of the United Kingdom and Singapore in connection with the CFIUS review. KMA regularly coordinated with Debtors' bankruptcy counsel, and with counsel for and senior officials from Hutchison Communications and ST Telemedia.

14. The professional services performed by KMA were necessary and appropriate to the pursuit of CFIUS approval 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.

#### **ACTUAL AND NECESSARY DISBURSEMENTS OF KMA**

15. As set forth in Exhibit C hereto, KMA has incurred \$0.00 as expenses in providing professional services during the Compensation Period.

**FINAL COMPENSATION REQUESTED BY KMA**

16. By this Application, KMA also requests final allowance of \$399,989.00 for the Complete Compensation Period, representing \$398,710.00 as compensation for professional services rendered and \$1,279.00 as reimbursement for actual and necessary expenses KMA incurred. In accordance with KMA's prior fee applications in these chapter 11 cases that have been approved by the Court, KMA has received \$151,279.00 for fees and disbursements.

**THE REQUESTED COMPENSATION SHOULD BE ALLOWED**

17. 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." 11 U.S.C. § 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).

18. In the instant case, KMA 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' rehabilitation and reorganization efforts. Such services and expenditures were necessary to and in the best interests of the Debtors' estates. KMA further submits that, in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest, and because of the magnitude and complexity of the Debtors' representation before the CFIUS, the compensation requested herein is reasonable.

19. The services rendered by KMA 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.

20. 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, KMA respectfully requests that the Court waive the requirement that KMA file a memorandum of law in support of this motion.

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



**CONCLUSION**

WHEREFORE KMA respectfully requests (i) allowance of compensation for professional services rendered during the Fourth Compensation Period in the amount of \$248,710.00 and reimbursement for actual and necessary expenses KMA incurred during the Compensation Period in the amount of \$0.00; (ii) that the Court award on a final basis the aggregate fees in the amount of \$398,710.00, and aggregate expenses of \$1,279.00; (iii) that the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred be without prejudice to KMA's right to seek additional compensation for services performed and expenses incurred during the Compensation Period which were not processed at the time of this Application; and (iv) the Court grant KMA such other and further relief as is just.

Dated: Washington, D.C.  
February 9, 2004

/s/ Nelson W. Cunningham  
Nelson W. Cunningham  
Managing Partner  
Kissinger McLarty Associates  
1775 Pennsylvania Ave., NW  
Suite 450  
Washington, D.C. 20006  
Telephone: (202) 419-1420  
Facsimile: (202) 419-1421

Advisors for Debtors and  
Debtors In Possession

**EXHIBIT A**

Kissinger McLarty Associates  
1775 Pennsylvania Ave., NW  
Suite 450  
Washington, D.C. 20006  
Telephone: (202) 419-1420  
Facsimile: (202) 419-1421  
Nelson W. Cunningham

Advisors for Debtors and  
Debtors In Possession

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

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

**CERTIFICATION UNDER GUIDELINES FOR FEES AND  
DISBURSEMENTS FOR PROFESSIONALS IN RESPECT OF SECOND AND FINAL  
APPLICATION OF KISSINGER MCLARTY ASSOCIATES FOR  
INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

I, Nelson W. Cunningham, hereby certify that:

I am Managing Partner of Kissinger McLarty Associates (“KMA”), with primary responsibility for the representation of Global Crossing Ltd. and its affiliated debtors (collectively, the “Debtors”), in respect of compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), 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 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”).

This certification is made in respect of KMA’s application, dated February 9, 2004 (the “Application”), for interim compensation and reimbursement of expenses for the period commencing April 1, 2003 through and including December 9, 2003 in accordance with the Guidelines.

In respect of Section B.1 of the Local Guidelines, I certify that:

- a. I have read the Application;
- b. to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines;
- c. the fees and disbursements sought are billed at rates in accordance with practices customarily employed by KMA and generally accepted by KMA’s clients; and
- d. in providing a reimbursable service, KMA does not make a profit on that service, whether the service is performed by KMA in-house or through a third party.

In respect of section B.2 of the Local Guidelines and as required by the Administrative Order, I certify that KMA has complied with the provision requiring it to provide the Debtors, on a monthly basis, with a statement of KMA’s fees and disbursements accrued during the previous month.

In respect of section B.3 of the Local Guidelines, I certify that the United States Trustee for the Southern District of New York and the Debtors are contemporaneously being provided with a copy of the Application.

Dated: February 9, 2004

/s/ Nelson W. Cunningham  
Nelson W. Cunningham

**EXHIBIT B**

**SCHEDULE OF MONTHLY RETAINER  
PAYMENTS DUE TO KMA FOR THE PERIOD  
JANUARY 28, 2002 THROUGH DECEMBER 9, 2003**

November 2002	\$30,000.00
December 2002	\$30,000.00
January 2003	\$30,000.00
February 2003	\$30,000.00
March 2003	\$30,000.00
April 2003	\$30,000.00
May 2003	\$30,000.00
June 2003	\$30,000.00
July 2003	\$30,000.00
August 2003	\$30,000.00
September 2003	\$30,000.00
October 2003	\$30,000.00
November 2003	\$30,000.00
December 2003	<u>\$8,710.00</u>
<b>TOTAL</b>	<b>\$398,710.00</b>

**EXHIBIT C**

**ACTUAL AND NECESSARY DISBURSEMENTS INCURRED BY  
KISSINGER MCLARTY ASSOCIATES COMMENCING  
APRIL 1, 2003 THROUGH DECEMBER 9, 2003**

<b><u>DISBURSEMENT</u></b>	<b><u>TOTAL</u></b>
Travel	\$ 0.00
<b>Total Disbursements</b>	<b>\$ 0.00</b>