

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

PRESTON GATES ELLIS & ROUVELAS MEEDS LLP
1735 New York Avenue, N.W.
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(202) 628-1700
Special Counsel for the Official
Committee of Unsecured Creditors

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

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: **In re:** :
: :
: **GLOBAL CROSSING LTD, et al,** : **Chapter 11**
: : **Case No. 02-40188 (REG)**
: **Debtors** : **(Jointly Administered)**
: :
: :
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**SUMMARY COVER SHEET FOR INTERIM AND FINAL APPLICATION OF PRESTON
GATES ELLIS & ROUVELAS MEEDS LLP, SPECIAL COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS, FOR ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED FROM JULY 28, 2003 THROUGH NOVEMBER 30, 2003,
AND FOR REIMBURSEMENT OF EXPENSES**

Name of Applicant: Preston Gates Ellis & Rouvelas Meeds LLP

Role in Case: Special Counsel for the Official Committee of
Unsecured Creditors

Current Application:

Fees Requested: \$85,361.00

Expenses Requested: \$ 4,158.99

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In re: :
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GLOBAL CROSSING LTD, *et al.*, : Chapter 11
: Case Nos. 02-40188 (REG)
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Debtors : (Jointly Administered)
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**INTERIM AND FINAL APPLICATION OF PRESTON GATES ELLIS & ROUVELAS
MEEDS LLP, SPECIAL COUNSEL FOR THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED FROM JULY 28, 2003 THROUGH NOVEMBER 30, 2003, AND FOR
REIMBURSEMENT OF EXPENSES**

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

Preston Gates Ellis & Rouvelas Meeds LLP (“Preston Gates”), special counsel for the statutory committee of unsecured creditors (the “Committee”) appointed in the Chapter 11 cases of Global Crossing Ltd., *et al.*, debtors and debtors in possession (collectively, the “Debtors”), submits its interim and final application (the “Application”),¹ 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

¹ Preston Gates was retained as special counsel to the creditors committee *nunc pro tunc* to July 28, 2003 and thus has no fees for prior interim periods. Therefore this Application is its first and only application to the court for fees.

professional services rendered by Preston Gates from July 28, 2003 through November 30, 2003 (the "Compensation Period"), (ii) reimbursement of its actual and necessary expenses incurred during the Compensation Period, (iii) payment of the holdback for the period from July 28, 2003 through November 30, 2003 and (iv) final allowance of compensation for professional services performed by Preston Gates and reimbursement of actual and necessary expenses incurred for the Compensation Period and, in support thereof, respectfully represents:

Summary of Application

1. Preston Gates seeks allowance of interim compensation for professional services rendered to the Committee during the Compensation Period in the aggregate amount of \$85,361.00 and for reimbursement of expenses incurred and recorded in connection with the rendition of such services in the aggregate amount of \$4,158.99.² During the Compensation Period, Preston Gates attorneys and paraprofessionals expended a total of 290 hours for which compensation is requested. A schedule setting forth the number of hours expended by each of the partners, associates, and paraprofessionals of Preston Gates who rendered services to the Committee, their respective hourly rates, and the year of bar admission for each Preston Gates attorney is attached hereto as Exhibit "A". A narrative description of the services performed in each project category and a schedule setting forth the total number of hours expended by the attorneys and paraprofessionals of Preston Gates by project category, and the aggregate fees associated with each project category, are attached hereto as Exhibit "B". Detailed descriptions of the expenses for which Preston Gates is seeking reimbursement are attached hereto as Exhibit "C". Detailed time records on a project category basis are attached hereto as Exhibit "D".

² Certain expenses have been reduced or eliminated in accordance with the Fee Committee's guidelines including phone charges and duplicating charges (which have been reduced to \$.10 per page).

2. In preparing this Application Preston Gates has complied 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 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 "Administrative Order"), the Court's Order Approving and Implementing Fee Committee and Fee Procedures Protocol (the "Fee Committee Order") and recommendations set forth in the Fee Committee's Statement in Regard to the Application for Second Interim Compensation and the Fee Committee's Statement in Regard to the Third Interim Application for Compensation and Reimbursement of Expenses (together, the "Fee Committee Recommendations" and, collectively with the Fee Committee Order, Administrative Order, the Local Guidelines, and the UST Guidelines, the "Guidelines"). A certification regarding compliance with the Guidelines is annexed hereto as Attachment 1.

3. Preston Gates believes that all applicable time and disbursement charges for the Compensation Period have been included herein. However, 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, Preston Gates reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

Jurisdiction and Venue

4. The Court has jurisdiction to consider the Application 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 10, 1984 (Ward, Acting C.J.). Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

5. On January 28, 2002, the majority of the Debtors filed their respective voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.³ The Debtors' Chapter 11 cases are being jointly administered. The plan of reorganization was confirmed in December 2002, and the plan became effective on December 9, 2003.

6. On February 7, 2002, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed the Committee. On September 19, 2003, the Court approved Preston Gates' retention as special counsel to the Committee *nunc pro tunc* to July 28, 2003, with respect to certain regulatory matters in these chapter 11 cases, including with respect to approval of Debtors' transaction with Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") by the Committee on Foreign Investment in the United States ("CFIUS"), a multi-agency review process mandated by United States law, and the Federal Communications Commission ("FCC"). Preston Gates has also been asked by the Committee to provide limited regulatory advice in connection with the claims process involving claims of certain payphone providers. As set forth more fully in the Committee's application to employ Preston Gates as special counsel, Preston Gates is an international law firm with a diverse practice. Preston Gates has expertise in most areas of law,

³ A majority of the Debtors filed their petitions on January 28, 2002. Subsequently, GT U.K. Ltd. filed its petition on April 24, 2002, SAC Peru S.R.L. filed its petition on August 3, 2002 and 23 additional related companies filed their petitions on August 30, 2002.

including in particular, regulatory, legislative advocacy, transactional and litigation and has extensive experience in representing clients in the types of matters and issues for which it was retained by the Committee.

7. This is Preston Gates' final application for allowance of compensation for services rendered and for reimbursement of expenses. Preston Gates has previously provided monthly fee statements to the Debtors, and attorneys for the Debtors' and has received payments with respect thereto as set forth below (which reflects the period through this Compensation Period):

Monthly Statement	Total Fees	Fees Paid	Total Expenses	Expenses Paid	Balance Remaining to be Paid
07/28/03-08/31/03	\$55,812.00	\$44,649.00	\$0.00	\$0.00	\$11,163.00
08/28/03-09/30/03	\$17,880.50	\$14,304.40	\$3,932.43	\$3,932.43	\$3,576.10
10/01/03-10/31/03	\$8,983.00	\$0.00	\$245.32	\$0.00	\$9,228.32
11/01/03-11/30/03	\$2,685.50	\$0.00	\$108.50	\$0.00	\$2,794.00
Total	\$85,361.00	\$58,953.40	\$4,286.25	\$3,932.43	\$26,761.42

Services Rendered by Preston Gates During the Compensation Period

8. Preston Gates has recorded time charges in this case separately for each matter as to which it has given attention during the Compensation Period. For purposes of this Application, the services rendered have been segregated into two (2) categories, as follows:

- a. CFIUS
- b. Regulatory Advice

9. Attached hereto as Exhibit "B" is a narrative description of the services performed in each project category and a schedule setting forth the total number of hours expended by the

attorneys and paraprofessionals of Preston Gates by project category and the aggregate fees associated with each project category referenced above in paragraph 8.

Disbursements

10. Preston Gates has charged \$4,286.25 as expenses incurred and recorded in providing professional services during the Compensation Period. Each of these expenses, with the exception of its phone and duplication charges as discussed below, does not exceed the maximum rate set by the Guidelines. These charges are intended to cover Preston Gates' direct costs, which costs are not incorporated into the Preston Gates hourly fees. Only clients who actually use services of the types for which reimbursement is sought are separately charged for such service. The effect of including such expenses as part of the monthly fee would impose that cost upon clients who do not require such services. With respect to its phone charges, due to an accounting error, Preston Gates has written off all such charges and has credited these charges to the amount due.

11. In these proceedings, Preston Gates charged \$.25 per page for internal duplicating and has recalculated its duplicating charges based on \$.10 per page and has credited the amount due accordingly. Preston Gates charges \$1.00 per page for outgoing domestic and international facsimile transmissions. Preston Gates does not charge for incoming facsimile transmissions. The amount of the standard photocopying charge is intended to allow Preston Gates to cover the related expenses of its photocopying service.

12. Preston Gates respectfully submits that the actual expenses incurred in providing professional services for which reimbursement is sought in this Application were necessary, reasonable, and justified under the circumstances to serve the needs of the Committee in fulfilling their statutory obligations.

The Requested Compensation Should Be Allowed

13. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern a court's award of such compensation. 11 U.S.C. section 330 provides that a court may award a professional employed by the Committee under section 1103 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1).

14. 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, extent, and the value of such services, taking into account all relevant factors, including

- (A) the time spent on such services;
- (B) the fees 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.

15. As set forth in greater detail below, Preston Gates respectfully submits that it has satisfied the requirements of section 330 of the Bankruptcy Code. The services for which it seeks compensation in this Application were necessary for and beneficial to the Committee, the creditors, and the Debtors' estates. Preston Gates' request for compensation is reflective of a reasonable and appropriate amount of time expended in performing such services commensurate with the

complexity, importance and nature of the problem, issue, or task involved. These services were performed without unnecessary duplication of effort by professionals employed by Preston Gates. The compensation sought by Preston Gates is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code. Indeed, Preston Gates' monthly fees are comparable with other similarly qualified legal advisors appearing in these and other chapter 11 cases. For all of the foregoing reasons, Preston Gates respectfully requests that the Court grant this Application.

Statements of Preston Gates

16. No agreement or understanding prohibited by section 504 of the Bankruptcy Code exists between Preston Gates and any other person for a sharing of compensation received or to be received for services rendered in or in connection with these chapter 11 cases, nor shall Preston Gates share or agree to share the compensation paid or allowed from the Debtors' estates for such services with any other person in contravention of section 504 of the Bankruptcy Code. No agreement or understanding prohibited by 18 U.S.C. § 155 has been made by Preston Gates.

17. Pursuant to Bankruptcy Rule 2016, Preston Gates states that no payments have heretofore been made or promised to Preston Gates for services rendered or to be rendered in any capacity in connection with these chapter 11 cases, except as authorized by the Court in its order dated September 19, 2003 approving the retention of Preston Gates.

18. A copy of this Application has been provided to the Co-Chairmen of the Committee for their review and approval. Preston Gates will advise the Court and the Fee Committee if the Co-Chairmen do not otherwise approve the Application.

Waiver of Memorandum of Law

19. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented by this Application, Preston Gates respectfully requests that the Court waive the requirement that Preston Gates file a memorandum of law in support of this Application.

WHEREFORE, Preston Gates respectfully requests (i) an interim allowance of compensation for professional services rendered as attorneys for the Committee in the amount of \$85,361.00 in fees for the period of July 28, 2003 through November 30, 2003, (ii) reimbursement of actual and necessary disbursements incurred and recorded by Preston Gates in the amount of \$4,158.99, (iii) authority to receive the outstanding fee payments constituting the twenty percent (20%) holdback pursuant to the Administrative Order, (iv) final allowance of compensation for professional services performed by Preston Gates and reimbursement of actual and necessary expenses incurred for the Compensation Period, and (v) such other and further relief as is just.

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

**PRESTON GATES ELLIS
& ROUVELAS MEEDS LLP**

By: 

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