

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

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

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In re

Chapter 11 Case No.

GLOBAL CROSSING LTD., et al.,

02-40188 (REG)

Debtors.

(Jointly Administered)

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**SECOND AND FINAL APPLICATION OF ROPES & GRAY LLP,
AS COUNSEL FOR MARTIN E. COOPERMAN, THE COURT APPOINTED
EXAMINER OF GLOBAL CROSSING LTD., FOR ALLOWANCE
OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES**

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

Ropes & Gray LLP (“Ropes”), counsel for Martin E. Cooperman, the court-appointed Examiner (the “Examiner”) of Global Crossing Ltd. and its debtor subsidiaries, as debtors in possession in the above-captioned cases (collectively, the “Debtors” or “Global Crossing”) for its second and final fee 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 Ropes for the period from April 1, 2003 through December 9, 2003 (the “Compensation Period”) and, (ii) reimbursement of its actual and

necessary expenses incurred during the Compensation Period, (iii) payment of the holdback for the Compensation Period (iv) final allowance of compensation for professional services performed by Ropes and reimbursement of actual and necessary expenses incurred for the period from November 25, 2002 through December 9, 2003 (the "Complete Compensation Period"), and (v) pursuant to Sections 503(b) and 105 of the Bankruptcy Code, for allowance of its fees and expenses incurred for the period November 8, 2002 through November 24, 2002 (the "Pre-November 25 Period") in connection with the retention of the Examiner, respectfully represents:

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

1. By Order dated November 25, 2002, Martin E. Cooperman was appointed as the Examiner in these cases. By Order dated December 23, 2002, the Court approved the retention of Reboul, MacMurray, Hewitt & Maynard as counsel to the Examiner nunc pro tunc to November 25, 2002. Reboul, MacMurray merged with Ropes & Gray LLP ("Ropes") effective May 1, 2003. By order dated July 8, 2003, this Court approved the substitution of Ropes for Reboul, MacMurray.

2. By this application, Ropes seeks allowance of:
- (i) interim compensation for professional services rendered as counsel to the Examiner during the Compensation Period in the aggregate amount of \$163,632.50, and for reimbursement of its actual and necessary expenses incurred during the Compensation Period in the aggregate amount of \$2,388.64;
 - (ii) payment of the holdback for the Compensation Period the amount of \$57,430.67;

- (iii) final allowance of its fees for professional services in the amount of \$275,961.80 and its actual and necessary expenses in the amount of \$4,650.09 for the Complete Compensation Period; and
- (iv) pursuant to Sections 503(b) and 105 of the Bankruptcy Code, allowance of the fees incurred by Ropes in the amount of \$13,387.50 and expenses incurred in the amount of \$139.37 during the Pre-November 25 Period in connection with the preparation of the affidavits and other papers required in connection with the appointment of the Examiner, review and preparation of papers requested by the U.S. Trustee in connection with the Examiner's retention, and other legal services provided in connection therewith, all of which provided a substantial contribution to the Debtors' estates and these Chapter 11 cases.

3. Ropes has 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 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.

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

5. Ropes's fees in these cases are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period, the Complete Compensation Period and the Pre-November 25 Period. The rates Ropes charges for the services rendered by its professionals and paraprofessionals in these Chapter 11 cases are the same rates Ropes charges for professional and paraprofessional services rendered in comparable non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by attorneys at other firms.

6. Pursuant to the UST Guidelines, annexed hereto as Exhibit B are schedules setting forth all Ropes attorneys and paraprofessionals who have performed services in these chapter 11 cases during the Compensation Period, the Complete Compensation Period and the Pre-November 25 Period, the capacities in which each such individual is employed by Ropes, the department in which each individual practices, the hourly billing rate charged by Ropes for services performed by such individual, the aggregate number of hours expended in this matter and fees billed therefor, and the year in which each professional was first admitted to practice law.

7. Annexed hereto as Exhibit C are schedules specifying the categories of expense for which Ropes is seeking reimbursement and the total amount for each such expense category during the Compensation Period, the Complete Compensation Period and during the Pre-November 25 Period.

8. Pursuant to Section II.D of the UST Guidelines, annexed hereto as Exhibit D are summaries by project categories of the services performed by Ropes during the Compensation Period, the Complete Compensation Period and during the Pre-November 25 Period.

9. Ropes maintains computerized records of the time spent by all Ropes attorneys and paraprofessionals in connection with its representation of the Examiner. Subject to redaction for the attorney-client privilege where necessary, copies of these computerized records will be furnished to the Court, and have previously been furnished to 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"), the Joint Provisional Liquidators and their attorneys ("JPLs"), the Fee Committee established pursuant to the Order of this Court dated January 28, 2002 (the "Order Approving Fee Procedures"), and the attorneys for the Debtors' prepetition lenders (the "Banks") in connection with Ropes's monthly fee statements.

10. Prior to the commencement of these cases, Ropes did not receive any payment from the Debtors, and holds no retainer from the Debtors or any other person for its services in this case.

11. With respect to Ropes' fee statements for the Compensation Period, Ropes received payments totaling \$121,878.49, representing payment of eighty percent (80%) of the fees and one hundred percent (100%) of the expenses for the period April 1 through October 31, 2003. Ropes has not received any payment for the November 1 through December 9, 2003 period.

12. The only additional amounts which have been paid to Ropes are for its fees and disbursements during the period November 25, 2002 through March 31, 2003. For that period, Ropes has been paid fees of \$98,812.73 and disbursements of \$2,261.45.

13. Ropes has been paid no portion of its fees and disbursement for the pre-November 25 Period.

BACKGROUND

14. On January 28, 2002, Global Crossing and certain of its debtor subsidiaries filed petitions for reorganization in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") pursuant to Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§101 et seq. On April 24, August 4, and August 24, 2002, respectively, certain additional affiliates of Global Crossing filed Chapter 11 petitions. In all, Global Crossing and seventy-nine of its subsidiaries are currently in proceedings pursuant to Chapter 11 in the Bankruptcy Court. The Chapter 11 cases are being jointly administered. The Debtors continue to manage and operate their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

15. Simultaneously with the commencement of these Chapter 11 cases, Global Crossing and fifteen of its Debtor subsidiaries incorporated in Bermuda (the "Bermuda Debtors") commenced coordinated proceedings in the Supreme Court of Bermuda. The Supreme Court of Bermuda issued an order appointing certain principals of KPMG, Malcolm Butterfield, Jane Moriarty and Philip Wallace, as Joint Provisional Liquidators ("JPLs") in respect of the Bermuda Debtors.

16. In June 2002, two motions were filed by shareholders of Global Crossing seeking various forms of relief, including the appointment of a shareholders' committee, the

appointment of a Trustee, or the appointment of an Examiner. By Orders dated September 5, and September 25, 2002, the Bankruptcy Court denied most of the relief sought in the foregoing motions, but, upon the agreement reached between the Debtors, the U.S. Trustee, and the Creditors Committee for the appointment of an Examiner, granted the request for appointment of an Examiner.

17. By Order dated November 20, 2002 authorizing the appointment of an Examiner (the “Examiner Order”), entered upon the agreement of the U.S Trustee, the Debtors and the Creditors Committee, the Court set forth the responsibilities and duties of the Examiner. The Examiner Order provided, among other things:

“2. The Examiner’s investigation shall be limited to reviewing the financial and accounting records of the Debtors and their wholly-owned subsidiaries for the fiscal years ended December 31, 2001, December 31, 2002 and earlier periods if any restatement of those periods is necessary (the financial statements applicable to such periods being referred to, collectively, as the ‘Financial Statements’), including (i) to audit revised financial statements prepared by the Debtors’ management if restatements or adjustments to the Financial Statements are required, (ii) to prepare a report to the Court specifying the Examiner’s findings or determinations with respect to the Financial Statements (the ‘Examiner’s Report’), and (iii) to cause an audit report to be issued with respect to the Financial Statements or the revised financial statements, as appropriate, in accordance with generally accepted auditing standards (the ‘Audit Report’). The Examiner may seek to retain the licensed and independent accounting firm with whom it is affiliated (the ‘Audit Firm’), on terms and conditions consistent with the provisions hereof, including paragraph 5, to assist it with the discharge of the Examiner’s obligations hereunder and such other professionals as the Examiner may need to discharge such obligations. The Audit Firm shall be retained jointly by the Audit Committee on behalf of the Company and by the Examiner with respect to clauses (i) and (iii). . .” (Examiner Order, paragraph 2)

18. By Order dated November 25, 2002, Mr. Cooperman was appointed as the Examiner.

19. By Order dated December 11, 2002, the Bankruptcy Court authorized the Examiner and the Audit Committee of the Board of Directors of Global Crossing (the “Audit

Committee”) to jointly retain the accounting firm, Grant Thornton LLP (“Grant Thornton”), of which the Examiner is a partner, nunc pro tunc to November 25, 2002, as auditors to assist the Examiner in performing the duties set forth in the Examiner Order and to perform the audits of Global Crossing’s consolidated financial statements as of and for the years ended December 31, 2002 and 2001.

20. By Order dated December 23, 2002, the Bankruptcy Court authorized the Examiner to retain Reboul, MacMurray, Hewitt & Maynard as counsel to the Examiner, nunc pro tunc to November 25, 2002, and on May 1, 2003, Reboul, MacMurray merged with Ropes.

21. By Order dated July 8, 2003, this Court approved the substitution of Ropes for Reboul, MacMurray.

SUMMARY OF SERVICES

22. As set forth in prior filings with this Court, the Examiner and Grant Thornton have been engaged in a variety of activities in this case, including the review of the Debtors’ books and records, preparation of the audits of the financial statements of Global Crossing as of and for the periods ending December 31, 2001 and 2002, the filing of reports with the Court, and the other services set forth in the Examiner Order.

23. Since prior to November 25, 2002, Ropes (formerly Reboul, MacMurray) actively assisted the Examiner and Grant Thornton in the performance of their duties.

24. Ropes’ services, as detailed in its billing records provided to the U.S. Trustee, the Fee Committee and other parties referred to above, have included the following:

- a. Advice and assistance to the Examiner regarding the performance of his duties;
- b. Assistance in preparation of the Examiner’s First Interim Report filed with this Court on or about February 24, 2003, Second Interim Report filed with

this Court on or about June 30, 2003, and Final Report, filed with this Court on or about December 30, 2003;

c. Participation in the meetings of the Audit Committee;

d. Numerous meetings and communications with the U.S. Trustee, the Audit Committee, the Debtors and their counsel, representatives of the Creditors Committee, Creditors, the Examiner, and Grant Thornton concerning a variety of issues and matters relating to the audits and activities of the Examiner;

e. Review and preparation of affidavits, applications and other filings related to the appointment of the Examiner, the retention of Grant Thornton as accountants to the Examiner and the Audit Committee, and the Examiner's application dated March 4, 2003 to modify the Examiner Order.

25. The professional services performed by Ropes were necessary and appropriate to the administration of the Debtors' chapter 11 cases and the services performed by the Examiner 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.

26. The professional services performed by Ropes in connection with this case required an aggregate expenditure of 308.00 hours by attorneys and paraprofessionals of Ropes during the Compensation Period and 541.74 hours during the Complete Compensation Period. Because of the nature of the services provided to the Examiner and Ropes's desire not to involve any unnecessary duplication of effort, most of the work in the case has been provided by the partner responsible for the matter without involving additional personnel. Of the aggregate time expended, 299.90 recorded hours were expended by partners of Ropes and 8.10 recorded hours were expended by non-partner professionals during the Compensation Period and 520.80 hours were incurred by Partners and 20.94 hours by non-partner professionals during the Complete Compensation Period. In addition, during the Pre-November 25 Period, Ropes incurred 25.50

hours of professional time, all of which was performed by a partner of the firm. The professional services were performed with expediency and in an efficient manner.

27. During the Compensation Period, the Complete Compensation Period and the Pre-November 25 Period, Ropes' hourly billing rates for attorneys ranged from \$220.00 to \$700.00 per hour. Allowance of compensation in the amount requested for the Compensation Period and Complete Compensation Period would result in a blended hourly billing rate of approximately \$531.27 for the Compensation Period and \$509.40 for the Complete Compensation Period.

28. As noted, attached hereto as Exhibit B are schedules listing each Ropes attorney who performed services in these cases during the Compensation Period, the Complete Compensation Period, and the Pre-November 25 Period, the hourly rate charge by Ropes for services performed by each such individual, and the aggregate number of hours and charges by each such individual. Ropes's fees for such services are reasonable based upon the customary compensation charge by other firms for similar work.

ACTUAL AND NECESSARY DISBURSEMENTS OF ROPES

29. As set forth in Exhibit C hereto, Ropes incurred expenses of \$2,388.64 in providing professional services during the Compensation Period and \$4,650.09 during the Complete Compensation Period. As is also set forth in Exhibit C, Ropes incurred \$139.37 of expenses for which reimbursement is sought during the Pre-November 25 Period. These expenses are reasonable and necessary, and conform fully to all of the limitations and guidelines set forth in the Guidelines.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

30. 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 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.

31. In the instant case, Ropes respectfully submits that the services for which it seeks compensation in this Application were reasonable and necessary, and in the best interests of the Debtors' estates. Such services were performed in a timely manner commensurate with

the complexity, importance, and nature of the issues involved. Ropes submits that, in light of the nature, extent, and value of such services to the Examiner, the Debtors, their estates, and all parties in interest, and because of the magnitude and complexity of the Debtors' chapter 11 cases, the compensation requested herein is reasonable, and approval of the compensation sought herein is warranted.

32. The services rendered by Ropes were necessary and beneficial to the Debtors' estates, and were performed in an expeditious and efficient manner.

**THE COURT SHOULD GRANT ROPES'S REQUEST
FOR PAYMENT OF ITS PRE-NOVEMBER 25 FEES AND EXPENSES**

33. Prior to November 25, 2002, the date of the Examiner's appointment, and the effective date of approval of Ropes' retention, Ropes provided substantial services which were not only necessary but provided a material benefit to the Debtors' estates and these cases.

34. Prior to the retention of the Examiner, Ropes (i) prepared and assisted the Examiner in preparing the affidavit, disclosures, and other papers required to be filed with the Court and required by the Office of the U.S. Trustee in connection with the Examiner's appointment; and (ii) advised the Examiner and worked with the U.S. Trustee in carrying out the steps necessary in connection with the Examiner's appointment. In connection with the foregoing services, Ropes incurred fees of \$13,387.50, as summarized in Exhibit B annexed hereto, and expenses of \$139.37 as summarized in Exhibit C annexed hereto, all detailed in the breakdown of Ropes' time charges and disbursements previously provided to the Fee Committee, the Office of the U.S. Trustee, counsel for the Debtors, the Creditors' Committee, and other parties set forth above.

35. Ropes respectfully submits that the foregoing services provided to the Examiner and the Debtors' estates provided a substantial contribution to the Debtors, the estates and these cases, and should be allowed pursuant to Sections 503(b) and 105 of the Bankruptcy Code.

36. 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, Ropes respectfully requests that the Court waive the requirements that Ropes file a memorandum of law in support of this application.

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

WHEREFORE, Ropes respectfully requests (i) compensation for professional services rendered during the Compensation Period in the amount of \$163,632.50 and reimbursement for actual and necessary expenses Ropes incurred during the Compensation Period in the amount of \$2,388.64; (ii) payment of the holdbacks; (iii) all final allowance of its fees and disbursements for the Complete Compensation Period in the amount of \$275,961.80 and \$4,650.09 (respectively); and (iv) fees for the Pre-November 25 Period in the amount of \$13,387.50 and disbursements for such period in the amount of \$139.37; and (v) that the Court grant Ropes such other and further relief as is just.

Dated: New York, New York
February 9, 2004

/s/ David S. Elkind
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