

In re

Adelphia Communications Corp. et al.,

Debtors.

Chapter 11

Case No(s): 02-41729 (REG)

(Jointly Administered)

**APPLICATION FOR FINAL COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR KLEE, TUCHIN, BOGDANOFF & STERN LLP FOR
THE PERIOD JUNE 25, 2002 THROUGH FEBRUARY 13, 2007**

Klee, Tuchin, Bogdanoff & Stern LLP ("KTB&S"), special counsel to The Official Committee of Unsecured Creditors (the "Creditors' Committee"), hereby submits its *Application For Final Compensation And Reimbursement Of Expenses For The Period June 25, 2002 Through February 13, 2007 ("Final Application")*. In support of this Final Application, KTB&S respectfully represents as follows:

I.

PRELIMINARY STATEMENT

1. By this Final Application, and pursuant to section 330 of title 11 of the United States Code ("Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure ("Federal Rules"), KTB&S requests that this Court enter its Order: (a) authorizing final allowance of compensation to KTB&S for professional services rendered to the Creditors' Committee during the these cases (through February 13, 2007) in the amount of \$2,708,147.00 ; (b) authorizing final reimbursement of the actual and necessary expenses KTB&S incurred in connection with the rendition of such professional services in the amount of \$166,792.04; (c) authorizing an additional final award of \$14,087.50 for professional fees incurred in preparing KTB&S's twelfth interim application and this Final Application (incurred after February 13, 2007); and (d) directing payment of the unpaid balance of the foregoing

(less amounts voluntarily written off by KTB&S under prior interim applications at the request of the Fee Committee), in the amount of \$389,776.66 (as of the filing of this Application).¹

2. KTB&S's request reflects the requisite time, skill and effort KTB&S expended with respect to the investigation and litigation during these cases of avoidance actions and other estate causes of action arising out of the relationships and transactions (involving billions of dollars) between and among the Debtors, on the one hand, and Citibank, Salomon Smith Barney, CIBC, CIBC World Markets, and various other entities, on the other hand, and other matters, as to which the lead counsel for the Creditors' Committee had or believed it might have conflicts of interest.

3. The total amount requested herein does not include (i) approximately \$65,000 in fees voluntarily written off by KTB&S in its billing discretion and in compliance with applicable *guidelines*, or (ii) \$92,652.18 in amounts written off at the request of the Fee Committee in satisfaction of its myriad objections to the fees and expenses to each of 9 interim fee applications that previously were filed by KTB&S and reviewed by the Fee Committee.

4. This Court has jurisdiction over this Final Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order Of Referral Cases To Bankruptcy Judges* dated July 10, 1984 by United States District Court Judge Robert T. Ward. Venue of these cases and this Final Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein is Bankruptcy Code sections 330 and Bankruptcy Rule 2016. This Final Application has been prepared in conformity with the *Final Compensation Procedures of the Fee Committee Of Adelphia Communications Corporation et al.*

¹ Pursuant to various orders of the Court, KTB&S anticipates receiving additional funds constituting a release of holdback amounts through and including the ninth interim period. As of the filing of this Application, those amounts have not yet been received.

II.

GENERAL BACKGROUND

5. On June 10, 2002, Century Communications Corporation ("CCC") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On June 25, 2002, Adelpia *Communications* Corporation and certain of its subsidiaries and affiliates ("ACC" and collectively the "Debtors") commenced cases under chapter 11 of the Bankruptcy Code (the "Petition Date"). The chapter 11 cases of CCC and ACC have been jointly administered pursuant to an order of this Court entered on June 26, 2002.

6. On July 22, 2002, the United States Trustee appointed the Creditors' Committee in these cases. On July 31, 2002, the United States Trustee appointed an Official Committee of Equity Security Holders.

7. On August 15, 2002, the Court entered its *Order Authorizing the Employment and Retention of Klee, Tuchin, Bogdanoff & Stern LLP As Special Counsel To The Official Committee Of Unsecured Creditors* authorizing the Creditors' Committee to retain KTB&S as its special conflicts counsel, nunc pro tunc to the Petition Date, with compensation of professional fees and reimbursement of expenses at the expense of the Debtors' estates. A copy of the KTB&S employment order is attached hereto as Exhibit A.

8. On January 5, 2007, the Court entered its *Order Confirming First Modified Fifth Amended Joint Chapter 11 Plan For Adelpia Communications Corporation And Certain Of Its Affiliated Debtors*. On February 13, 2007, the plan confirmed thereunder became effective. KTB&S is informed and believe that there is more than sufficient cash in the estates to satisfy the administrative expenses incurred during these cases, including the fees and expenses of the estates' professionals.

III.

KTB&S'S FEES AND EXPENSES

A. Compensation to Date.

9. As of the date of this Final Application, KTB&S has made 55 monthly applications for compensation and reimbursement of expenses and 12 interim applications accounting for each of those monthly periods.² Pursuant to the fee procedures established in these cases ("Monthly Fee Procedures Order"), KTB&S generally received payment of 80% of its fees and 100% of its expenses following each monthly application, with the balance constituting a "holdback".

10. The first 9 interim applications were audited by the Fee Committee and its professionals.³ Following each audit, the Fee Committee and its professionals identified objections, potential objections and/or issues of concern with respect to various fees and expenses. After conferring with representatives of the Fee Committee in each instance, KTB&S agreed to make voluntary reductions to its interim requests in satisfaction of the issues raised by the Fee Committee.⁴ Thereafter, the Court approved each of those interim applications (as modified), and KTB&S received a partial release of the holdback for the applicable period.

11. The following chart summarizes the fees and expenses incurred by KTB&S for each month of these cases, the amounts voluntarily written off at the request of the Fee Committee,⁵ and the amounts received to date by KTB&S with respect to each of the monthly

² KTB&S did not file a monthly application for the stub period February 1, 2007 to February 13, 2007, but did account for that period in its twelfth interim application.

³ The tenth, eleventh and twelfth interim applications filed by KTB&S are still pending.

⁴ KTB&S does not seek payment pursuant to this Final Application for any of the amounts voluntarily written off under its prior interim applications at the request of the Fee Committee.

⁵ Each Fee Committee audit raised issues regarding both professional fees and out-of-pocket expenses. In each case, KTB&S and the Fee Committee agreed on a single amount by which KTB&S's interim requests would be reduced. For purposes of the interim fee orders, it was agreed that these reductions were taken from the "Fees" category – although in each case the reduction resolved the issues of the Fee Committee as to both fees and expenses. Accordingly, the following chart notes these as reductions to the *aggregate* amount of fees and expenses incurred for each interim period.

and interim periods:

	Fees	Costs	Total	Total Paid To Date	Total Due
1st Period					
July 2002	\$30,627.00	\$4,527.16	\$35,154.16	\$29,028.76	\$6,125.40
August 2002	\$1,811.00	\$600.74	\$2,411.74	\$2,051.54	\$360.20
September 2002	\$41,143.00	\$77.55	\$41,220.54	\$32,996.44	\$8,224.10
October 2002	\$24,785.50	\$1,016.89	\$25,802.39	\$20,089.29	\$5,713.10
Total	\$98,366.50	\$6,222.33	\$104,588.83	\$84,166.03	\$20,422.80
2nd Period					
November 2002	\$38,218.50	\$9,384.15	\$47,602.65	\$39,961.45	\$7,641.20
December 2002	\$67,011.50	\$7,165.84	\$74,177.34	\$60,791.54	\$13,385.80
January 2003	\$72,720.00	\$284.56	\$73,004.56	\$58,472.56	\$14,532.00
February 2003	\$53,414.00	\$1,847.22	\$55,261.22	\$44,578.42	\$10,682.80
Write off at Fee Committee Request			(\$18,443.00)		
Total	\$231,364.00	\$18,681.77	\$231,602.77	\$203,803.97	\$27,798.80
3rd Period					
March 2003	\$94,372.50	\$6,845.01	\$101,217.51	\$82,343.01	\$18,874.50
April 2003	\$112,811.50	\$727.62	\$113,539.12	\$90,976.82	\$22,562.30
May 2003	\$156,727.00	\$6,255.80	\$162,982.80	\$131,637.40	\$31,345.40
June 2003	\$151,053.00	\$7,211.26	\$158,264.26	\$128,053.66	\$30,210.60
Write off at Fee Committee Request			(\$27,872.00)		
Partial Holdback Payment				\$23,624.42	
Total	\$514,964.00	\$21,039.69	\$508,131.69	\$456,635.31	\$51,496.38
4th Period					
July 2003	\$77,224.00	\$3,960.88	\$81,184.88	\$71,460.08	\$9,724.80
August 2003	\$43,829.50	\$9,844.78	\$53,674.28	\$39,188.38	\$14,485.90
September 2003	\$69,033.50	\$13,418.67	\$82,452.17	\$68,645.47	\$13,806.70
October 2003	\$119,422.50	\$10,429.25	\$129,851.75	\$105,967.25	\$23,884.50
Write off at Fee Committee Request			(\$17,340.00)		
Partial Holdback Payment				\$4,693.45	
Total	\$309,509.50	\$37,653.58⁶	\$329,823.08	\$289,954.63	\$39,868.45
5th Period					
November 2003	\$123,487.00	\$2,988.71	\$126,475.71	\$101,788.81	\$24,686.90
December 2003	\$130,699.50	\$1,803.56	\$132,503.06	\$106,390.66	\$26,112.40
January 2004	\$64,787.00	\$7,536.68	\$72,323.68	\$56,748.80	\$15,574.88
February 2004	\$6,319.00	\$1,471.37	\$7,790.37	\$6,436.57	\$1,353.80
Write off at Fee Committee Request			(\$17,300.00)		
Partial Holdback Payment				\$15,229.25	
Total	\$325,292.50	\$13,800.32	\$321,792.82	\$286,594.09	\$35,198.73

⁶ As reflected in KTB&S's fourth interim application, this amount includes a deduction for expenses inadvertently included in and subsequently approved in a prior period.

	Fees	Costs	Total	Total Paid To Date	Total Due
6th Period					
March 2004	\$47,294.50	\$1,696.60	\$48,991.10	\$39,637.80	\$9,353.30
April 2004	\$23,537.00	\$285.50	\$23,822.50	\$19,119.10	\$4,703.40
May 2004	\$6,694.00	\$2,763.33	\$9,457.33	\$8,145.03	\$1,312.30
June 2004	\$16,500.50	\$380.19	\$16,880.69	\$13,668.59	\$3,212.10
Write off at Fee Committee Request			(\$4,981.00)		
Partial Holdback Payments				\$13,610.95	
				\$4,421.65	
Total	\$94,026.00	\$5,125.62	\$94,170.62	\$98,603.12	(\$4,432.50)
7th Period					
July 2004	\$9,387.00	\$352.05	\$9,739.05	\$7,861.65	\$1,877.40
August 2004	\$7,449.00	\$339.36	\$7,788.36	\$6,186.57	\$1,601.79
September 2004	\$7,791.50	\$596.53	\$8,388.03	\$6,829.73	\$1,558.30
October 2004	\$15,854.50	\$3,243.87	\$19,098.37	\$15,927.47	\$3,170.90
Write off at Fee Committee Request			(\$1,313.00)		
Partial Holdback Payment				\$2,735.48	
Total	\$40,482.00	\$4,531.81	\$43,700.81	\$39,540.90	\$4,159.91
8th Period					
November 2004	\$11,434.00	\$258.16	\$11,692.16	\$9,405.36	\$2,286.80
December 2004	\$73,341.50	\$4,362.42	\$77,703.92	\$63,183.64	\$14,520.28
January 2005	\$9,282.50	\$1,069.04	\$10,351.54	\$8,495.04	\$1,856.50
February 2005	\$15,705.00	\$626.94	\$16,331.94	\$13,190.94	\$3,141.00
Write off at Fee Committee Request			(\$1,116.00)		
Partial Holdback Payment				\$9,860.30	
Total	\$109,763.00	\$6,316.56	\$114,963.56	\$104,135.28	\$10,828.28
9th Period					
March 2005	\$11,679.00	\$190.21	\$11,869.21	\$9,533.41	\$2,335.80
April 2005	\$3,952.50	\$18.63	\$3,971.13	\$3,180.63	\$790.50
May 2005	\$8,526.00	\$313.80	\$8,839.80	\$7,134.60	\$1,705.20
June 2005	\$32,674.50	\$108.20	\$32,782.70	\$26,247.80	\$6,534.90
July 2005	\$32,527.00	\$2,044.87	\$34,571.87	\$28,066.47	\$6,505.40
August 2005	\$13,489.50	\$223.40	\$13,712.90	\$11,015.00	\$2,697.90
Write off at Fee Committee Request			\$(4,287.18)		
Total	\$102,848.50	\$2,899.11	\$101,460.43	\$85,177.91	\$16,282.52
10th Period					
September 2005	\$55,819.00	\$2,086.13	\$57,905.13	\$46,741.33	\$11,163.80
October 2005	\$76,711.50	\$564.60	\$77,276.10	\$61,933.80	\$15,342.30
November 2005	\$23,243.50	\$1,239.49	\$24,482.99	\$19,834.29	\$4,648.70
December 2005	\$11,944.50	\$272.39	\$12,216.89	\$9,827.99	\$2,388.90
January 2006	\$14,662.00	\$283.28	\$14,945.28	\$12,012.88	\$2,932.40
February 2006	\$22,229.00	\$374.68	\$22,603.68	\$18,157.88	\$4,445.80
Total	\$204,609.50	\$4,820.57	\$209,430.07	\$168,508.17	\$40,921.90

	Fees	Costs	Total	Total Paid To Date	Total Due
11th Period					
March 2006	\$10,339.50	\$72.53	\$10,412.03	\$8,344.13	\$2,067.90
April 2006	\$17,992.50	\$80.72	\$18,073.22	\$0.00	\$18,073.22
May 2006	\$4,319.50	\$325.04	\$4,644.54	\$3,790.14	\$854.40
June 2006	\$6,348.00	\$228.35	\$6,576.35	\$5,306.75	\$1,269.60
July 2006	\$16,816.50	\$183.55	\$17,000.05	\$13,636.75	\$3,363.30
August 2006	\$122,951.50	\$246.60	\$123,198.10	\$98,607.80	\$24,590.30
Total	\$178,767.50	\$1,136.79	\$179,904.29	\$129,685.57	\$50,218.72
12th Period					
September 2006	\$122,974.50	\$8,583.82	\$131,558.32	\$106,963.42	\$24,594.90
October 2006	\$90,737.50	\$5,368.56	\$96,106.06	\$77,958.56	\$18,147.50
November 2006	\$104,041.50	\$3,305.46	\$107,346.96	\$86,538.66	\$20,808.30
December 2006	\$145,510.50	\$21,242.10	\$166,752.60	\$155,755.18	\$10,997.42
January 2007	\$33,155.00	\$5,705.90	\$38,860.90	\$32,229.90	\$6,631.00
February 2007 (thru Feb 13)	\$1,735.00	\$358.05	\$2,093.05	\$0.00	\$2,093.05
Total	\$498,154.00	\$44,563.89	\$542,717.89	\$459,445.72	\$83,272.17
Case Totals	\$2,708,147.00	\$166,792.04	\$2,782,286.86	\$2,406,250.70	\$376,036.16
Total Write Offs At Fee Committee Request (Already Reflected In "Total" And "Total Due")			\$92,652.18		
Fee Application Related Fees (Incurred After Feb. 13, 2007)					\$14,087.50
Adjustment for Inadvertently Billed Incoming Faxes					(\$347.00)
ADJUSTED TOTAL DUE					\$389,776.66

B. Compensation Requested.

12. KTB&S maintains written records of the time expended by attorneys and paraprofessionals in the rendition of professional services to the Creditors' Committee. Such time records are made contemporaneously with the rendition of services by the person rendering such services. These time records list the name of the attorney or paraprofessional, the date on which the services were performed, and the amount of time spent in performing the services.

13. These time records previously have been submitted with the interim applications filed by KTB&S and have been provided to the Fee Committee's professionals in

electronic form. The services provided by KTB&S and reflected in its time records for these cases were reasonable, necessary and beneficial to the estates, their creditors, and other parties in interest.

14. Attached hereto as Exhibit B is a table showing the name of each professional that rendered services during these, his or her position at KTB&S, the year admitted to the California State Bar, if applicable, the hours worked by each professional and paraprofessional, the hourly rate for each professional and paraprofessional (which notably has changed in some instances over the course of five years), and the aggregate amount billed by each during the cases. Attached as Exhibit C hereto is a summary of professional fees incurred during these cases by interim period and category of service.

15. Additionally, KTB&S respectfully requests allowance and payment of certain professionals fees related to the preparation of fee applications incurred after the effective date under the Plan (February 13, 2007), including the KTB&S twelfth interim fee application and this Final Application. These professional fees total \$14,087.50. Attached as Exhibit D hereto are detailed time entries with respect to those services. This nominal amount has not been included in the charts comprising Exhibit B and Exhibit C, but are reflected in the summary chart above in Section III of this Final Application.

16. KTB&S also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of professional services. A schedule setting forth the categories of expenses and amount for which reimbursement is requested is annexed hereto as Exhibit E. KTB&S previously has provided the Fee Committee and its professionals with backup documentation substantiating KTB&S's out-of-pocket expenses, in connection with the Fee Committee's audit and review of the first 9 interim fee applications. As Exhibit E summarizes, KTB&S incurred \$166,792.04 in actual and necessary expenses.

IV.

SUMMARY OF SERVICES RENDERED AND REASONABLENESS

17. The full breadth of KTB&S services during these cases are reflected in the time records that are attached and submitted with the KTB&S's 12 interim applications. For purposes of this Final Application, KTB&S's services and the reasonableness of the fees incurred in connection therewith are discussed below, in accordance with the *Final Compensation Procedures of the Fee Committee Of Adelphia Communications Corporation et al.*

A. Role, Objectives, And Accomplishments.

18. KTB&S was employed in these cases as special conflicts counsel to the Creditors' Committee. Its principal responsibility has been the investigation and litigation of avoidance actions and other estate causes of action against Citibank, Salomon Smith Barney, CIBC, CIBC World Markets, and other entities as to which the lead counsel to the Creditors' Committee, Kasowitz, Benson, Torres and Friedman ("Kasowitz") had or believed it might have a conflict of interest; and to handle any other case-related matters as to which Kasowitz had or believed it might have a conflict.

19. The relationships and transactions that were investigated by KTB&S involve billions of dollars of potential recovery for the estates and their stakeholders. These investigations culminated in the joint preparation by Kasowitz and KTB&S of a complaint containing fifty-two causes of action, spanning over 250 pages, and seeking billions of dollars in damages and other recoveries. As reflected on the complaint, KTB&S has been responsible for claims against Defendants Citibank, N.A.; Citicorp USA, Inc.; Citigroup Financial Products, Inc.; Citigroup Global Markets Holdings, Inc.; CIBC, Inc.; CIBC World Markets Corp.; Rabobank Nederland, New York; and Key Bank of New York. The "Citibank Defendants," notably are four of the most involved and culpable defendants.

20. KTB&S's work in connection with preparation and prosecution of this lawsuit has involved conducting extensive discovery, involving hundreds of thousands of pages of documents and live examinations of witnesses, conducting extensive legal and factual

research to develop causes of action (both unique to its particular defendants and common to other defendants), addressing discovery disputes, litigating the standing of the Creditors' Committee to maintain its lawsuit against the defendant banks and investment banks, and defending against the efforts by the defendant banks and investment banks to dismiss the lawsuit. As the Court is aware, it ultimately issued its *Decision On Motions By Creditors' Committee And Equity Committee To Prosecute Claims On Behalf Of The Debtors' Estates* ("Standing Decision") granting standing.

21. Although the various motions to dismiss filed by defendants remain under submission, and the litigation currently is still in the discovery phase, the Standing Decision did note the following:

The Creditors' Committee has put forth an extraordinarily detailed complaint, painting a picture that—if proven—could establish that the Defendants were recipients of fraudulent conveyances costing the Debtors' estate billions of dollars, and that the Agent banks and Investment Banks were guilty of a classic aiding and abetting of the Rigases that went considerably beyond ordinary business transactions and routine business dealings—that the Creditors' Committee, if its proof could substantiate its allegations, could show, *inter alia*, knowing substantial assistance to the Rigases in connection with the co-borrowing facilities, motivated by the Agent banks' and Investment Banks' economic self-interest in their Adelphia relationship—which, at the time, was in material respects a relationship with the Rigases individually.

KTB&S is proud of its work as special conflicts counsel in investigating and developing the causes of action that have been asserted against the defendants, its substantial contributions to the joint complaint, and its substantial contributions to the Committee's initial victory in substantiating the litigation, as reflected in the Standing Decision.

22. Most of KTB&S's work in these cases has been directly or indirectly related to the investigation and litigation of claims against the Debtors' prepetition banks and

investment banks. See Exhibit C (these services principally are categorized under "Litigation" and "Asset Analysis and Recovery"). KTB&S also provided substantial services in connection with confirmation of the joint chapter 11 plan in these cases, which was vigorously opposed by a parent bondholder group. KTB&S undertook various discrete projects in connection with the plan confirmation and related issues in conjunction with Kasowitz, which advised that it had conflicts with respect to certain of the objecting parties and certain witnesses. KTB&S's involvement in the plan confirmation litigation included developing direct testimony, participating in discovery, handling the examination of witnesses at the plan confirmation trial, and related legal research and briefing. See Exhibit C (these services principally are categorized under "Plan and Disclosure Statement" and "Litigation").

23. In addition, as reflected in the interim applications, KTB&S handled various other matters as to which Kasowitz had or believed it might have a conflict, and various administrative and other matters relating to its assignments – including time spent preparing for and participating in certain meetings of the Creditors' Committee and maintaining communications with Creditors' Committee members and other parties in interest, communicating with Kasowitz in order to coordinate efforts and avoid duplication, and handling the administrative requirements relating to applications for compensation and reimbursement for fees and expenses in these cases.

B. Time Billed For Services, Rates and Staffing.

24. When possible, KTB&S delegated tasks to lower cost of attorneys and paraprofessionals. By and large, however, the case was staffed very leanly. About 72.6% of the hours expended in these cases were performed by four attorneys: David Stern, Edward Attanasio, Martin Barash and Laura Buchanan. KTB&S operates on a "boutique" model. In other words, KTB&S does not, and in this case did not, staff its assignment with multiple layers of partners and associates in order to generate higher billings. KTB&S seeks to perform its work efficiently and effectively with fewer lawyers. Notwithstanding its billing rates (which may be higher than some firms), KTB&S believes that it is able to provide superior

service for less than other firms that function with different staffing philosophies.

25. As Exhibit B summarizes, KTB&S provided over 6,073 hours of services during these cases, for which it incurred \$2,708,147 in professional fees.⁷ Thus, without taking into account the write offs made by KTB&S at the request of the Fee Committee,⁸ this results in a blended hourly rate of \$445.89. KTB&S respectfully submits that in light of the efficiency with which it has provided professional services in these cases, the care demonstrated not to overstaff the case, the results achieved, and the additional reductions to which KTB&S already has agreed, that the amount requested is reasonable and appropriate under the circumstances.

C. Adherence To Scope of Employment.

26. As noted, KTB&S was employed as conflicts counsel, principally to assist in the investigation and prosecution of estate causes of action against bank and investment banks as to which Kasowitz had or believed it might have a conflict, and assist the Creditors' Committee with legal services relating to any and all other matters in which Kasowitz had or believed it might have a conflict. As reflected in its 12 interim applications and the time records attached thereto, KTB&S's services fell directly within this category, or were ancillary to providing services within that category (e.g., employment, compensation and other administrative matters). Accordingly, KTB&S respectfully submits that its work is consistent with its scope of employment.

D. Coordination With Other Professionals.

27. As special conflicts counsel, KTB&S has had a duty to conduct its own research, explore theories of recovery, and develop causes of action against its designated defendants, independently of the work performed by Kasowitz against the other defendants.

⁷ As noted above, these figures do not include the nominal amount requested in this Final Application with respect to preparation of fee applications, incurred after February 13, 2007.

⁸ As explained above, see footnote 5, KTB&S's write-offs at the request of the Fee Committee were reflected in the interim fee orders against fees, although they reflected a compromise of issues relating both to fee and expenses. For purposes of the summary above, these reductions have been credited against the aggregate amount for fees and expenses.

As a consequence, for instance, there may be some instances in which legal research performed by one firm may overlap in some respects with legal research performed by the other.

28. Nevertheless, KTB&S and Kasowitz worked closely to coordinate their efforts, share the results of their research and factual investigation, and avoid unnecessary duplication of effort. Accordingly, KTB&S's extensive efforts to obtain and review discovery have been focused principally on those defendants for which it has direct responsibility and the potential evidence that they have provided. (Although as noted above, those defendants include the Citibank defendants, four of the most significant defendants in the litigation).

29. Similarly, as to matters outside the litigation itself, KTB&S also has coordinated closely with Kasowitz. Indeed, as to such other matters, KTB&S generally has not undertaken any project outside the litigation without coordinating with Kasowitz and/or without being requested by Kasowitz to undertake such projects.

E. Necessity and Benefit of Services.

30. The services performed by KTB&S were beneficial or necessary to the estate at the time performed. The litigation stands to recover billions of dollars of value from the Debtors' banks and investment banks for the reasons set forth in the complaint. The Court, moreover, has found that the claims articulated and described in the complaint are colorable claims. For much of these cases it was not clear whether the stakeholders in the estates would be made whole. Although many have been made whole, many of the stakeholders have not yet been made whole, even upon confirmation of the joint plan in these cases. Thus, the services of KTB&S in developing and prosecuting the litigation, which is the principal source of recovery for many of the stakeholders in the estates, has been beneficial. Likewise, KTB&S services in connection with certain aspects of plan confirmation, and other matters as to which Kasowitz had an actual or perceived conflict, have further benefited the estate by assisting the Creditors' Committee in fulfilling its fiduciary duties without the limitations that otherwise may have result from Kasowitz's conflicts.

F. Reasonableness of Amount Of Time Expended.

31. As noted, the lawsuit against the Debtors' prepetition banks and investment banks is large and complex. It involves billions of dollars of transactions, business relationships spanning over a decade, and complex legal theories. In developing these causes of action, KTB&S not only had to research and identify the viable legal theories of recovery, but had to review, among other things, hundreds of thousands of pages of written discovery, synthesize and analyze that evidence, and marshal the facts substantiating the multi-billion dollar claims articulated in the complaint.

32. In addition, KTB&S had to litigate the Committee's standing to bring those claims and defend efforts by all of the defendants (including the defendants for which KTB&S was principally responsible) to dismiss those claims – in litigation so extensive and voluminous that certain aspects of that litigation have been under submission for almost 2 years. In addition, as the Court will recall, the issues raised in connection with confirmation were extensive, and the trial on plan confirmation lasted over several weeks. KTB&S respectfully submits that the professional services incurred in connection with these and related matters were more than reasonable under the particular circumstances presented.

G. Opposition Encountered and Problems Faced.

33. The circumstances supporting a finding that the time spent by KTB&S reasonable also include the opposition and other difficulties faced by KTB&S. As the Court and the parties to these cases are aware, the defendants to the complaint all have vehemently opposed prosecution of the complaint. All have opposed the standing of the Creditors' Committee to bring the complaint and all have sought to dismiss the complaint. Virtually all of the defendants for which KTB&S has had responsibility have separate counsel. Although some issues have overlapped, KTB&S has had to respond to multiple law firms, each asserting that the particular circumstances of its defendant-clients undermine the causes of action asserted against them in the complaint. These circumstances have compounded the work necessary to litigate these issues.

H. Compliance With Fee Committee Memorandum.

KTBS respectfully submits that it is and has been in substantial compliance with the so-called Fee Committee Memorandum setting forth the guidelines and position of the Fee Committee in these cases with respect to professional compensation and reimbursement of expenses. KTBS has been providing the Fee Committee with the requested electronic backup throughout the case, has promptly responded to requests for additional information, and has worked cooperatively with the Fee Committee and its professionals (particularly Legal Cost Control), to resolve all of the issues raised by the Fee Committee in its audits of each of KTBS's interim applications.

I. Voluntary Reductions Prior To And After Submission Of Interim Applications.

As noted above, KTBS generally has made two types of reductions in connection with its billings. First, prior to finalizing any invoice, KTBS would review all time entries and write off or "no charge" certain time entries either (i) in the exercise of its billing discretion or (ii) in order to comply with applicable guidelines regarding billing in this District and/or in these particular cases. Thus, for instance, such reductions include everything from one-half of all non-working travel time incurred by attorneys of the firm (*i.e.*, in accordance with applicable guidelines), to time spent on a particular project that the billing attorney did not believe was efficiently rendered (*i.e.*, reduced as a matter of billing discretion). The second column of the following chart shows these pre-invoice reductions. KTBS only made such reductions to its professional fees. There were no discretionary write-offs of expenses (although KTBS did endeavor not to invoice the estates for any non-compensable expenses).

Second, as discussed above, KTBS agreed to certain additional voluntary reductions at the request of and in order to satisfy the concerns of the Fee Committee appointed in these cases to audit and review professionals' fees applications. These reductions are shown in the third column of the following chart. Although each of these reductions was reflected in the orders approving KTBS's interim compensation requests under the "fees" category, these reductions were agreed to by KTBS in collective satisfaction of the issues

raised by the Fee Committee with respect to both the fees and expenses for each interim period.

Period	Fee Reductions Prior To Submission of Monthly Applications	Fee and Expense Reductions After Discussions With Fee Committee
1st Period	\$1,366.50	(Combined with 2nd period)
2nd Period	\$3,665.00	\$18,443.00
3rd Period	\$9,810.00	27872.00
4th Period	\$10,083.50	\$17,340.00
5th Period	\$24,42.00	\$17,300.00
6th Period	\$10,26.50	\$4,981.00
7th Period	\$3,118.50	\$1,313.00
8th Period	\$138.50	\$1,116.00
9th Period	\$210.00	\$4,287.18
10th Period	\$9,991.00	0
11th Period	0	0
12th Period	\$27,417.00	0
Total	\$65,902.50	\$92,652.18

REQUEST FOR FINAL COMPENSATION

34. Bankruptcy Code section 330(a)(1) provides, in pertinent part, that the Court may award to a professional person "[r]easonable compensation for actual necessary services rendered by the professional person, or attorney." 11 U.S.C. § 330. The congressional intent and policy expressed in section 330 of the Bankruptcy Code is to provide for adequate compensation to continue to attract qualified and competent practitioners to bankruptcy cases.

35. KTB&S respectfully submits that its request for final allowance of compensation is reasonable. The services rendered by KTB&S, as highlighted above, required substantial time, effort, and skill to perform, and included work performed during nights, weekends, and under demanding time constraints. The services rendered by KTB&S during these cases were performed diligently and efficiently. The services rendered by KTB&S during these cases required an aggregate expenditure of 6073.6 hours by attorneys and paraprofessionals, in addition to the time spent preparing the twelfth interim application and this Final Application.

V.

DISBURSEMENTS

36. KTB&S incurred actual and necessary out-of-pocket expenses during these cases, in connection with the rendition of the professional services described above, in the amounts set forth in Exhibit E. By this Final Application, KTB&S respectfully requests allowance of its reimbursement requests in full. The disbursements for which KTB&S seeks reimbursement including the following items, as to which KTB&S notes the following:

a. Duplicating. Internal duplicating is charged at \$0.20 per page pursuant to the *Administrative Order Re: Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases* dated April 19, 1995 by United States Bankruptcy Judge Burton R. Lifland ("Administrative Order"). Following each of the Fee Committee's interim audits, KTB&S has agreed to reduce its reimbursable copy charges to \$0.10 per page.

b. Outside Duplicating. Outside duplicating by third party vendors is charged at the actual cost billed to KTB&S.

c. Telephone. Telephone disbursements listed reflect long distance charges, billed at actual cost.

d. Facsimile. Outgoing facsimile transmissions are billed at \$0.50 per page, which is substantially less than the limit set forth in the Administrative Order. KTB&S does not account for, or bill its clients separately for the long distance charges incurred in connection with outgoing facsimiles. In accordance with the Administrative Order, KTB&S is not requesting reimbursement for incoming facsimiles, and has not included such charges in this Final Application. (As noted in the chart in Section III hereof, certain incoming fax charges inadvertently were included in several interim applications, but have been deducted from the balance due that is requested in this Final Application.)

e. Computer Research. KTB&S's charges for computer research reflect the actual cost of LEXIS, Westlaw, and PACER charges incurred in connection with

the services for which compensation is requested. Any discounts and/or volume rebates are passed on to KTB&S's clients on a ratable basis.

f. Postage and Delivery Services. KTB&S charges for postage and delivery services (e.g., Federal Express and similar couriers) are billed at actual cost.

g. Meals. KTB&S charges for travel-related meals.

h. Parking. KTB&S charges for parking fees required to attend various meetings and Court hearings, or those related to travel.

i. Travel. While representing the Creditors' Committee, KTB&S incurred travel expenses, where KTB&S attorneys were required to appear at meetings and/or hearings outside of Los Angeles.

VI.

CERTIFICATION OF COUNSEL

37. The undersigned, a partner with KTB&S and the professional designated by KTB&S with the responsibility for KTB&S's compliance in these cases with the Administrative Order, hereby certifies that I have read this Final Application and, to the best of my knowledge, information and belief, formed after reasonable inquiry (except as stated herein) certify as follows on behalf of KTB&S: (i) the fees and disbursements sought in this Final Application fall within the Administrative Order and the Guidelines promulgated by the United States Trustee; (c) the fees and disbursements sought in this Final Application are billed at rates and in accordance with practices customarily employed by KTB&S and generally accepted by KTB&S's clients; (d) all expenses for which reimbursement is requested have been billed at their actual cost, without enhancement, provided, however, that the rates for internal photocopies and outgoing telecopies are difficult to ascertain, and therefore have been fixed in accordance with the Administrative Order; (e) that monthly billing statements have been provided to the Debtors and the Chair of the Creditors' Committee, on the dates specifically set forth in the declarations of service attached to the firm's monthly fee applications, as authorized by the Monthly Fee Procedures Order, which billing statements

reflect the same fees and expenses requested in this Final Application (subject to the adjustments noted herein).

VII.

NOTICE

38. KTB&S is providing notice of this Application to the parties set forth on the attached Declaration of Service, including (i) the Office of the United States Trustee; (ii) the Debtors and their counsel; (iii) the Chairman of the Creditors' Committee, (iv) the Creditor Committee's other counsel, and (v) counsel for the Equity Committee. KTB&S is informed and believes that counsel for the Debtors or the Fee Committee will serve notice of the hearing on this Final Application and the applications of other professionals in these cases on such additional parties as are entitled to notice thereof. Based on the foregoing, KTB&S respectfully submits that notice of this Final Application given by KTB&S is reasonable and sufficient, and that no other notice of this Final Application is required.

39. As this Final Application presents no novel issue of law, KTB&S requests that the Court dispense with the requirement of Local Bankruptcy Rule 9013-1(b) that a memorandum of law be submitted herewith.

40. No previous application or motion for the relief requested herein has been made to this or any other Court, other than the interim compensation applications referenced above.

VIII.

CONCLUSION

WHEREFORE, KTB&S respectfully requests that this Court enter its Order: (a) authorizing final allowance of compensation to KTB&S for professional services rendered to the Creditors' Committee during the these cases (through February 13, 2007) in the amount of \$2,708,147.00; (b) authorizing final reimbursement of the actual and necessary expenses KTB&S incurred in connection with the rendition of such professional services in the amount of \$166,792.04; (c) authorizing an additional final award of \$14,087.50 for professional fees incurred in preparing KTB&S's twelfth interim application and this Final Application (incurred after February 13, 2007); and (d) directing payment of the unpaid balance of the foregoing (less amounts voluntarily written off by KTB&S under prior interim applications at the request of the Fee Committee), in the amount of \$389,776.66 (as of the filing of this Application).

Dated: March 30, 2007

KLEE, TUCHIN, BOGDANOFF & STERN LLP
On Its Own Behalf

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