

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

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**In re** : **Chapter 11 Case No.**  
: **Adelphia Communications Corporation, et al.,** : **02-41729 (REG)**  
: **Debtors.** : **Jointly Administered**  
:  
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**FINAL APPLICATION**

Name of Applicant: **LAZARD FRÈRES & CO. LLC**

Authorized to Provide Professional Services to: Debtors and Debtors-in-Possession

Date of Retention: September 27, 2002 effective a/o June 25, 2002

Period for which Compensation and Reimbursement is Sought: June 25, 2002 through February 13, 2007

Interim Compensation Requested: \$19,437,167<sup>1</sup>

Amount of Expenses Requested: 1,236,568

Total Amount of Compensation Requested: 20,673,735

Less: Amounts Paid to Date: (17,170,978)

Net Amount of Compensation Requested: \$3,502,756<sup>2</sup>

This is a(n): \_\_\_\_\_ monthly \_\_\_\_\_ interim  X  final application

Total time expended for the preparation of this application is approximately 12 hours.

<sup>1</sup> Please see Exhibit E – Summary of Monthly Fee Statements and Amounts Paid to Date for detail of fees and expenses requested and payments applied during the Application Period.

<sup>2</sup> Please see Exhibit E – Summary of Monthly Fee Statements and Amounts Paid to Date for detail of fees and expenses requested and payments applied during the Application Period.

Prior Interim Applications filed:

<b>Date Filed</b>	<b>Period Covered</b>	<b>Fees</b>	<b>Expenses</b>	<b>Status</b>
11/25/02	06/25/02 – 09/30/02	\$ 712,500	\$53,208	Approved and Paid
04/23/03	10/31/02 – 02/28/03	1,375,000	69,780	Approved and Paid <sup>3</sup>
09/19/03	03/01/03 – 06/30/03	1,100,000	26,885 <sup>4</sup>	Approved and Paid <sup>3</sup>
02/13/04	07/01/03 – 10/31/03	1,100,000	32,003 <sup>5</sup>	Approved and Paid <sup>3</sup>
07/14/04	11/01/03 – 02/29/04	1,100,000	31,683 <sup>6</sup>	Approved and Paid <sup>3</sup>
12/12/04	03/01/04 – 06/30/04	1,100,000	228,222 <sup>7</sup>	Approved and Paid <sup>3</sup>
05/06/05	07/01/04 – 10/31/04	1,310,000	64,722	80% of Fees and 100% of Expenses – Paid.
09/28/05	11/01/04 – 02/28/05	1,100,000	97,388	80% of Fees and 100% of Expenses – Paid
02/27/06	03/01/05 – 08/31/05	2,454,000	245,253	80% of Fees and 100% of Expenses – Paid
06/16/06	09/01/05 – 02/28/06	4,941,500	95,485	80% of Fees and 100% of Expenses – Paid
10/13/06	03/01/06 – 08/31/06	1,650,000	265,239	80% of Fees and 100% of Expenses – Paid
03/16/07	09/01/06 – 02/13/07	1,494,167	26,700	Pending Approval
	<b>TOTAL</b>	<b>\$19,437,167</b>	<b>\$1,236,568</b>	

<sup>3</sup>90% of fees and 100% of expenses have been paid. There is a 10% holdback of fees requested until final application for the interim periods indicated.

<sup>4</sup> This amount reflects a voluntary reduction of \$20,000 to expenses requested for the 1<sup>st</sup> through 3<sup>rd</sup> interim periods (6/25/02 – 6/30/03) pursuant to an Agreement with the Fee Committee.

<sup>5</sup> This amount reflects a voluntary reduction of \$1,000 to expenses requested pursuant to an Agreement with the Fee Committee.

<sup>6</sup> This amount reflects a voluntary reduction of \$5,285 to expenses requested pursuant to an Agreement with the Fee Committee.

<sup>7</sup> This amount reflects a voluntary reduction of \$1,859 to expenses requested pursuant to an Agreement with the Fee Committee.

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**In re** : **Chapter 11 Case No.**  
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**Debtors.** :  
: **Jointly Administered**  
: **Jointly Administered**  
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**FINAL APPLICATION OF LAZARD FRÈRES & CO. LLC, AS  
INVESTMENT BANKERS FOR THE DEBTORS, FOR INTERIM ALLOWANCE OF  
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND  
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES  
INCURRED FROM JUNE 25, 2002 THROUGH FEBRUARY 13, 2007**

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

Lazard Frères & Co. LLC (“Lazard”), investment banker for Adelphia Communications Corporation and its affiliates, as debtors and debtors in possession in these chapter 11 cases (collectively, “Adelphia”, the “Company” or the “Debtors”), for its Final application (the “Application”), pursuant to sections 327(a) and 328(a) of title 11, United States Code (the “Bankruptcy Code”) and Rule 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for the interim allowance of compensation for professional services performed by Lazard for the period commencing June 25, 2002 through and including February 13, 2007 (the “Compensation Period”), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period as set forth in their engagement letter (the “Engagement Letter”), attached hereto as **Exhibit A** and as modified in the Retention Order attached hereto as **Exhibit B**, respectfully represents as follows:

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

1) Lazard seeks final allowance of compensation for professional services rendered to the Debtors during the Compensation Period in the aggregate amount of \$19,437,167 and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$1,236,568. During the Compensation Period, Lazard expended a total of approximately 18,640 hours for which compensation is requested.

2) Lazard has not entered into any agreement, express or implied, with any party in interest, including the Debtors, any creditors, or any representative of any of them, or with any attorney for such party in interest, for the purpose of fixing the fees or other compensation to be paid to Lazard for services rendered in connection herewith, from the assets of the Debtors. There is no agreement or understanding between Lazard and any other person, other than members, associates and employees of Lazard, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

3) Lazard, in its normal course of business, invoices its clients a flat monthly fee and does not charge by the hour. Thus, Lazard does not ordinarily keep time records. However, for the benefit of the Court, Lazard is recording its hourly time and has provided summaries of the time spent by professionals on each of the aforementioned services during the Compensation Period, attached hereto as **Exhibit C**.

4) Attached hereto as **Exhibit D** is a summary of the Out of Pocket Expenses specifying the categories of expenses for which Lazard is seeking reimbursement and the total amount for each such expense category incurred during the Compensation Period.

5) Prior to the commencement of these chapter 11 cases, Lazard was paid a \$174,561 retainer to be credited against any unpaid pre-petition invoices and unbilled fees,

charges and disbursements, it being understood that the unused portion of the retainer shall be held by Lazard and applied against any fees requested pursuant to fee applications. Lazard has applied \$22,500 for fees earned from June 22, 2002 through June 24, 2002, and \$125,172 for pre-petition expenses, leaving \$26,890, which Lazard applied against the amount requested in the First Interim Application.

### **BACKGROUND**

6) On the Commencement Date, each of the Debtors commenced a case under chapter 11 of the Bankruptcy Code. The Debtors continue to be authorized to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

7) Lazard was retained as financial advisor to the Debtors to perform services set forth in the Engagement Letter. The Debtors retained Lazard due to its well-established reputation and expertise in investment banking, particularly in the restructuring and bankruptcy area. Lazard's Restructuring Group consists of an experienced group of professionals dedicated to providing advisory services in the area of debt restructuring and business reorganizations. Lazard's Restructuring Group has been involved in over 250 assignments since 1990 including both out-of-court and chapter 11 restructurings, representing over \$350 billion of indebtedness.

8) The Court approved the Debtors' retention of Lazard nunc pro tunc to the Commencement Date as investment banker at a rate of \$225,000.00 per month which will be credited against a Restructuring Fee of \$13 million, plus reimbursement of expenses, in the **Order Authorizing Retention of Lazard Freres & Co. LLC as Investment Banker for the Debtors in Possession Pursuant to Sections 327(a) and 328 of the Bankruptcy Code dated September 27, 2002 (the "Retention Order")**. Commencing with the fee payable September

22, 2002 the monthly fee was increased from \$225,000 to \$275,000 pursuant to the Retention Order.

9) On December 12, 2003, this Court Entered the Order Expanding Scope of Employment and Retention of Lazard Freres & Co LLC as Investment Banker for the Debtors and Debtors in Possession Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code (the “Expanded Retention Order”).

10) On February 13, 2007, the Debtors declared the Effective Date of their chapter 11 cases, and the distributions of proceeds commenced pursuant to the Debtors’ approved plan of reorganization.

11) On May 5, 2004, Entercom Communications acquired from the Debtors, under a Federal Bankruptcy Court ordered sale, the assets of WNSA-FM (in May 2004, the call letters were changed to WLKK-FM) serving the Buffalo radio market thereby consummating a Sale transaction. The purchase price was \$10,500,000.00 in cash. Pursuant to the terms of its Engagement letter, as modified by the Expanded Retention Order, Lazard was paid a cash Sale Transaction Fee on consummation of that Sale Transaction

12) On June 6, 2005, Adelphia and ML Media Partners, L.P. announced that they had entered into an agreement with a newly formed entity between MidOcean Partners, a New York and London-based private equity firm and its partner, Crestview Partners, a New York-based private equity firm, to sell their jointly owned San Juan, Puerto Rico area cable operations. Under the terms of the transaction, MidOcean and Crestview will pay \$520 million subject to customary purchase price adjustments. Pursuant to the terms of its Engagement letter, as modified by the Expanded Retention Order, Lazard was paid a cash Sale Transaction Fee on consummation of that Sale Transaction

13) All services for which Lazard requests compensation were performed for or on behalf of the Debtors. As Lazard was the only Financial Advisor/Investment Banker hired by the Debtors for restructuring services, there has been no duplication of services.

14) The Office of the United States Trustee has appointed a statutory creditors' committee (the "Committee") pursuant to section 1102(a) of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' chapter 11 cases.

### **SUMMARY OF SERVICES**

15) The Managing Directors, Vice Presidents, Associates and Analyst of Lazard who have rendered professional services during the Compensation Period in these cases are as follows: Daniel Aronson (Managing Director); David Kurtz (Managing Director); Louis Zachary (Managing Director); Jeffery Sechrest (Managing Director); Said Armutcuglu (Managing Director); David Descoteaux (Vice President); Dan Klein (Vice President); Armand Sadoughi (Vice President); Stephen Sieh (Vice President); Joseph Miller (Associate); Sam Gabbita (Associate); James Fincher (Associate), David Glazek (Financial Analyst); Owen Borger (Financial Analyst); Kanishka Singh (Financial Analyst); Andrew Glaser (Financial Analyst); Mashrib Zahid (Financial Analyst); Robert Profusek (Financial Analyst); McLean Harbour (Financial Analyst); Will Swayne (Financial Analyst) and Sayles Braga (Financial Analyst).

16) During the Compensation Period, the Debtors relied heavily on the experience and expertise of the above-named persons in dealing with matters described in Paragraph 17. As a result, Lazard's highly skilled restructuring professionals devoted significant time and effort to perform properly and expeditiously the required professional services.

17) A summary of some of the services rendered by Lazard during the Compensation Period are as follows:

- a) *Preparation of Bankruptcy Documentation:* Lazard worked with the Company and its legal advisors in preparing, developing, reviewing and revising numerous court filings including: exhibits and schedules to the various disclosure statements, plans of reorganization, and related exhibits; responses to objections on numerous matters; position statements of the Debtors and each of the Constituencies; and various other supporting roles for most financial aspects of any of the Debtors' court filings.
- b) *Preparation for and Participation in Meetings of the Board of Directors:* Lazard attended numerous meeting of the Debtors' board of directors. Lazard prepared various presentations on issues of a financial/ investment banking matters or regarding strategic bankruptcy/restructuring issues.
- c) *Attendance at Various Court Hearings:* Lazard professionals attended various bankruptcy court hearings regarding the proposed settlements and other bankruptcy issues.
- d) *Assistance with General Bankruptcy Planning and Strategy Issues:* Lazard assisted the Company in developing a detailed timeline describing the critical requirements to be satisfied by the Debtors' efforts to emerge from bankruptcy, and engaged in several strategic discussions concerning the most efficient and effective way to accomplish the same. In addition, Lazard professionals participated in weekly planning sessions with the Company and its legal counsel.



- e) *Preparation for and Participation in Meetings with Various Creditor Constituents:* At the request of the Company, Lazard attended multiple meetings and participated in numerous calls with various creditor constituents. Lazard prepared and assisted with various presentations on issues of financial, operational and investment banking matters and regarding strategic bankruptcy issues.
- f) *Determination of Short-Term Liquidity Requirements:* Lazard assisted the Debtors in determining their short-term liquidity needs, including building a 13-week cash flow model with respect thereto and developing strategies with respect to the treatment of various parties in interest.
- g) *Review and Analysis of the Debtor's Business, Operations and Financial Projections:* Lazard used its industry expertise to help the Company evaluate its business, operations and financial projections. In particular, Lazard advised the Company with respect to industry norms and the performance of peer MSOs as a benchmark against which to measure Adelphia's performance.
- h) *Arrangement of DIP Financing and Negotiations with DIP lenders:* Lazard assisted the Debtors in choosing among various DIP lenders, negotiating with the chosen DIP lenders and their advisors regarding the structure of the DIP loan, establishing borrowing caps among borrowing groups and covenants for each of the borrowing groups. Lazard also offered testimony with regard to the Debtors' DIP financing.
- i) *Assistance with Negotiations with Department of Justice:* Lazard worked with the Company in negotiating with the Department of Justice regarding possible

actions against the Debtors. Lazard prepared certain financial analysis that was presented to the Department of Justice.

- j) *Negotiations with Comcast:* Lazard participated in strategic discussions regarding, and meetings with, Comcast, the minority owner of the Century-TCI and Parnassos entities as to the rights of Comcast in the Debtors' operations of the Century-TCI and Parnassos entities.
- k) *Advice with Regard to Co-Ventures:* Lazard advised the Debtors with respect to those financial matters arising in connection with the Company's various joint ventures, including ML Media (as discussed below), Brazil and Venezuela operations and Devon Mobile Communications.
- l) *Review of Strategic Alternatives for ML Media Partnership:* Lazard assisted the Company regarding various strategic alternatives with respect to the ML Media partnership, which holds the Company's Puerto Rico operations.
- m) *Financial Modeling:* Lazard worked with the Company in preparing numerous financial models including financial projection models, rate-of-return based financial models, valuation models, recovery models and various other financial models utilized throughout the duration of the Chapter 11.
- n) *Assistance with Discussions with New Management Team:* Lazard assisted with Company's retention of new senior management. In particular, Lazard prepared comparable compensation analysis of management of peer MSOs and other large bankrupt companies as a benchmark which to measure compensation; negotiated with the committees for the secured, unsecured, and equity committees; and reviewed comparable long-term incentive plans for executives.

- o) *Due Diligence process, Including Organizing and Participating in Due Diligence by Secured and Unsecured Creditors Equity Committee and Various Other Parties In Interest:* Lazard responded to the informational requests of the various parties in interest through interfacing with the relevant personnel at the Company or the other advisors to the Company. Lazard also arranged and hosted on location, face-to-face meetings and conference calls between Company employees and the committees representing the secured creditors, unsecured creditors, and equity committees.
- p) *Review of Strategic Alternatives for Buffalo Sabres:* Lazard assisted the Company regarding various strategic alternatives with respect to the Buffalo Sabres, a NHL franchise.
- q) *Assistance with Denver Relocation:* Lazard assumed an integral role in assessing the Debtors' relocation to Denver. Lazard assisted the Debtors in drafting and presenting to the several creditor constituencies a detailed analysis of the contemplated relocation and the impact upon the Debtors' present and future operations. Lazard maintained significant contact with the major constituents and worked with the Debtors to timely respond to multiple informational requests. Lazard also reviewed and drafted language supporting certain sections of the Debtors' court filings related to the Denver relocation.
- r) *Preparation of Preliminary Valuation Materials for Discussions with Constituencies:* At the request of the Debtors, Lazard devoted significant time and resources to begin developing and refining preliminary valuation materials. Lazard worked closely with the Company's legal advisors to incorporate the preliminary valuation information into presentation materials

for the Company and its creditors. Lazard participated in numerous telephone conferences and meetings with the Company and the creditor constituencies regarding valuation issues.

s) *Review and analysis of Financial Information on a Legal Entity Basis:*

Lazard advised the Company in developing a complex model projecting a potential absolute priority scheme in these Chapter 11 proceedings and the impact of such scheme upon the Debtors' financial obligations across categorized subsidiaries. Lazard also reviewed and analyzed various issues and financial information related to the Debtors' legal entities, and worked closely with the Company's legal advisors to incorporate the implications of plausible competing scenarios into the legal entity analysis. Lazard provided this model and tutorials to any/all Constituencies who executed Confidentiality Agreements. In addition, at the request of the Court and Constituencies, Lazard ran tens of thousands of scenarios to assist in the settlement process.

t) *Preparation of Recovery Analysis Materials for Discussions with*

*Constituencies:* At the request of the Debtors, Lazard devoted significant time and resources to advancing its valuation and recovery analyses following the execution of the sale agreement to Time Warner and Comcast. Lazard worked closely with the Company's legal and financial advisors to present the valuation information from the sales process (led by UBS and Allen & Co.) and potential recovery information to various creditor constituencies. Lazard participated in numerous telephone conferences and meetings with the

Company and various creditor constituencies regarding a wide range of valuation and recovery issues.

- u) *Various Discussions with Potential Exit Financing Lenders:* Lazard communicated frequently with parties interested in providing exit financing to the Debtors and attended meetings with the Company and such potential exit lenders.
- v) *M&A:* Lazard assisted the Company in assessing a divestiture of its Non-Core Businesses. In particular, Lazard provided assistance to the Company in analyzing its surveillance business and researching the security surveillance industry generally, including an analysis of relevant industry and competitive forces that would impact a proper valuation. Lazard has advised Adelphia on the evaluation of the Company's strategic alternatives on selected assets and equity interests, including its 50% interest in Century/ML Cable Venture in Puerto Rico, the Brazilian operations, Venezuelan/Colombian operations, and its interest in various Telemedia joint ventures. In particular, Lazard provided assistance to the Company in conducting several stages of the sales process: contacting potential buyers of the assets, coordinating the due diligence process as well devoting a significant time to valuation analysis relating to the assets or equity interests. Lazard also assisted Adelphia with purchasing its' joint venture partners' stake in the Telemedia joint ventures.
- w) *Document Production:* Lazard was required to produce documents in connection with Subpoenas issued by a number of creditors and creditor groups as part of the discovery process following the filing of the November 2005 plan of reorganization and disclosure statement documents. Lazard

spent a significant amount of time preparing and organizing the response files to these document production requests.

- x) *Participation in Settlement Discussions:* Lazard attended various negotiating sessions throughout the duration of the Chapter 11 proceedings, including meetings with the court appointed aide.
- y) *Preparation for Effective Date:* Lazard worked with the Company, the Company's legal advisors, and various other interested parties in order to ensure a smooth transition out of chapter 11 protection. Lazard built and managed the financial model that served as the basis of distributions under the Debtors' plan of reorganization. Lazard also helped to prepare, and spent numerous hours reviewing, the Company's Effective Date press release governing distributions to various creditors.

#### **ACTUAL AND NECESSARY DISBURSEMENTS OF LAZARD**

As set forth on **Exhibit D** annexed hereto, Lazard has disbursed \$1,236,568 as expenses incurred in providing professional services during the Compensation Period. Lazard has maintained detailed records of actual and necessary expenses incurred during the Compensation Period. With respect to expenses, it should be noted that Lazard has absorbed certain expenses customarily charged by other professionals in bankruptcy cases. For example, Lazard does not allocate office telephonic charges by client and thus these costs are absorbed by Lazard in its overhead and not charged to the Debtors' estate. Additionally, Lazard voluntarily does not charge the Debtors for Temporary Wages for Graphics/Word Processing charges incurred in connection with the preparation of various presentations, memorandums, etc, prepared at the request of the Debtors. Furthermore, pursuant to an agreement with the Fee

Committee, Lazard has also agreed not to request reimbursement for charges incurred for overtime (after 8:00 pm) meals and car/taxi service. Therefore, at its discretion and in accordance with agreements with the Fee Committee, Lazard has voluntarily reduced its expenses incurred during the application period by a total of \$57,029.08. Lazard respectfully submits that the expenses for which it seeks allowance during the Compensation Period are necessary and reasonable both in scope and amount.

<b>Lazard Frères &amp; Co. LLC</b>								
<b>Summary of Fee and Expense Reductions</b>								
<b>Adelphia Communications Corporation</b>								
<b>Interim Period</b>	<b>Total Amount Incurred</b>		<b>Voluntary Reductions</b>		<b>FA Proposed Reductions</b>		<b>Final Requested</b>	
	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>
1st	\$712,500.00	\$53,208.49	\$0.00	\$0.00	\$0.00	\$0.00	\$712,500.00	\$53,208.49
2nd	1,375,000.00	69,780.26	0.00	0.00	0.00	0.00	1,375,000.00	69,780.26
3rd	1,100,000.00	46,884.70	0.00	0.00	0.00	20,000.00 <sup>a</sup>	1,100,000.00	26,884.70
4th	1,100,000.00	33,003.04	0.00	0.00	0.00	1,000.00 <sup>b</sup>	1,100,000.00	32,003.04
5th	1,100,000.00	36,967.63	0.00	0.00	0.00	5,285.00 <sup>c</sup>	1,100,000.00	31,682.63
6th	1,100,000.00	241,161.40	0.00	11,080.66 <sup>d</sup>	0.00	1,859.00 <sup>e</sup>	1,100,000.00	228,221.74
7th	1,310,000.00	70,406.30	0.00	5,683.86 <sup>d</sup>	0.00	0.00	1,310,000.00	64,722.44
8th	1,100,000.00	100,047.17	0.00	2,659.57 <sup>d</sup>	0.00	0.00	1,100,000.00	97,387.60
9th	2,454,000.00	249,885.39	0.00	4,632.78 <sup>d</sup>	0.00	0.00	2,454,000.00	245,252.61
10th	4,941,500.00	98,157.38	0.00	2,671.94 <sup>d</sup>	0.00	0.00	4,941,500.00	95,485.44
11th	1,650,000.00	266,467.10	0.00	1,228.37 <sup>d</sup>	0.00	0.00	1,650,000.00	265,238.73
12th	1,494,167.00	27,627.54	0.00	927.90 <sup>d</sup>	0.00	0.00	1,494,167.00	26,699.64
	<b>\$19,437,167.00</b>	<b>\$1,293,596.40</b>	<b>\$0.00</b>	<b>\$28,885.08</b>	<b>\$0.00</b>	<b>\$28,144.00</b>	<b>\$19,437,167.00</b>	<b>\$1,236,567.32</b>

<sup>a</sup> This amount reflects a reduction to expenses requested for the 1<sup>st</sup> through 3<sup>rd</sup> interim periods (6/25/02 – 6/30/03) pursuant to an Agreement between Lazard and the Fee Committee.

<sup>b</sup> This amount reflects a reduction to expenses requested for the 4th interim period (7/1/03 – 10/31/03) pursuant to an Agreement between Lazard and the Fee Committee.

<sup>c</sup> This amount reflects a reduction to expenses requested for the 5th interim period (11/1/03 – 02/29/04) pursuant to an Agreement between Lazard and the Fee Committee.

<sup>d</sup> This amount reflects a voluntary reduction of expenses relating to local commutation, over-time meals and temporary wages, incurred but not requested of the estate pursuant to an Agreement with the Fee Committee.

<sup>e</sup> This amount reflects a reduction to expenses requested for the 6th interim periods (3/01/04 – 6/30/04) pursuant to an Agreement between Lazard and the Fee Committee.

## CONCLUSION

18) It is respectfully submitted that the amount requested by Lazard is fair and reasonable given (a) the complexity of the issues presented, (b) the time and labor required, (c)

the skill necessary to perform the financial advisory services, (d) the preclusion of other employment, (e) the employment of proprietary knowledge and experience with respect to the industry and capital markets and (f) the customary fees charged to clients in bankruptcy and non-bankruptcy situations.

WHEREFORE Lazard respectfully requests (i) a final allowance of compensation for professional services rendered during the Compensation Period in the amount of \$19,437,167 and reimbursement for actual and necessary expenses Lazard incurred during the Compensation Period in the amount of \$1,236,568.

Fees Requested	\$19,437,167
Out-of-Pocket Expenses Requested	1,236,568
<b>Total Requested</b>	<b>20,673,735</b>
Less: Amounts Paid to Date	(17,170,978)
<b>Net Amount Due and Requested:</b>	<b>\$3,502,756</b>

Dated: New York, New York  
March 26, 2007

/s/ Daniel Aronson

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Daniel Aronson  
Managing Director  
LAZARD FRÈRES & CO. LLC  
30 Rockefeller Plaza  
New York, New York 10020  
(212) 632-6000

Investment Banker for the Debtors and  
Debtors in Possession