

CRAVATH, SWAINE & MOORE LLP
Special Counsel for the Debtors
and Debtors in Possession
825 Eighth Avenue
New York, New York 10019
(212) 474-1000
D. Collier Kirkham

Docket #: 1677

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11 Case Nos.
	:	
BETHLEHEM STEEL CORPORATION,	:	01-15288 (BRL) through
et al.	:	01-15302, 01-15308
	:	through 01-15315 (BRL)
Debtors.	:	(Jointly Administered)
	:	
-----X		

**SUMMARY SHEET PURSUANT TO UNITED STATES TRUSTEE GUIDELINES FOR
REVIEWING APPLICATIONS FOR COMPENSATION AND REIMBURSEMENT OF
EXPENSES FILED UNDER 11 U.S.C. § 330 AND 331**

FINAL APPLICATION

NAME OF APPLICANT:	Cravath, Swaine & Moore LLP	
TIME PERIOD:	October 15, 2001, through October 22, 2003	
ROLE IN THE CASE:	Special Corporate Counsel for the Debtors	
CURRENT APPLICATION:	Fees Incurred:	
	Total Fees Incurred	\$684,487.50
	Total Expenses Incurred:	\$15,613.03
	Fees Requested to be approved:	\$1,809.60
	Expenses Requested to be approved:	\$101.80
	Holdback Amount to be Paid:	\$36,893.50
PRIOR APPLICATIONS:	Fees Previously Requested:	\$538,765.40
	Fees Previously Awarded:	\$531,750.40
	Fees Previously Denied:	\$7,015.00
	Fees Previously Held Back:	\$136,893.50
	Retainer:	\$100,000.00
	Expenses Previously Requested:	\$ 15,511.23
	Expenses Previously Awarded:	\$ 15,511.23

HOURS BILLED

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARTNERS:				
Kirkham, D. Collier	C - 1976	\$625-635	237.20	\$148,928.00
Beerbower, John E.	L - 1975	625-635	11.60	7,257.00
Shaw, Gregory M.	C - 1982	625	6.10	3,812.50
Smith, Jeffrey A.	C - 1994	625	0.20	125.00
Vardell, James C., III	C - 1980	635	2.90	1,841.50
Total Partners			258.00	\$161,964.00

C – Corporate

L – Litigation

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ASSOCIATES:				
McSloy, Steven Paul	C - 1989	\$350-365	849.70	\$300,531.50
Coen, Kevin J.	C - 2001	275-345	262.50	84,598.50
Hill, Jason M.	C - 2000	350	21.00	7,350.00
Landis, Robin	L - 1983	450-465	30.50	13,746.00
Ment, Andrew	C - 1999	350	0.50	175.00
Nagar, Roshelle A.	C - 1996	335	.40	134.00
Norvell, Forrest H., IV	C – (pending)	230	313.60	72,128.00
Robinson, Richard D., Jr.	C - 2001	275	56.90	15,647.50
Total Associates			1,535.10	\$494,310.50

C – Corporate
L – Litigation

NAME OF PROFESSIONAL	DEPARTMENT	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARAPROFESSIONALS:				
None				
Total Paraprofessionals				\$0

STAFF CATEGORY	DEPARTMENT	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Desktop	C	\$135	19.50	\$2,632.50
Records/Library/Clerk	C - L	75-105	34.90 <u>.80</u> 35.70	2,934.00
Secretarial	C - L	55	263.90 <u>3.90</u> 267.80	14,729.00
Proofreaders	C	55	16.40	902.00
Total Staff			339.40	\$21,197.50

PROFESSIONALS	BLENDED RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
TOTALS:			
Partners	\$628	258.00	\$161,964.00
Associates	322	1,535.10	494,310.50
Other			21,197.50
Paraprofessionals	0	0	0
Total Fees Incurred			684,487.50
Holdback Until Final Fee Application (20%)			136,893.50
Retainer			100,000.00
Fee Disallowed			7,015.00
Total Fees Requested			\$677,472.50

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BETHLEHEM STEEL CORPORATION, : **01-15302, 01-15308**
et al. : **through 01-15315 (BRL)**
: **(Jointly Administered)**
: **Debtors.** :
: **X**
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APPLICATION OF CRAVATH, SWAINE & MOORE LLP,
AS SPECIAL COUNSEL FOR THE DEBTORS, FOR FINAL ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES
INCURRED FROM OCTOBER 15, 2001, THROUGH OCTOBER 22, 2003

TO THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE:

Cravath, Swaine & Moore LLP (“Cravath”), special counsel for Bethlehem Steel Corporation and its affiliated debtors in the above-captioned cases (collectively, the “Debtors”), for its application pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for the final allowance of compensation for professional services performed by Cravath for the period from October 15, 2001, through October 22, 2003 (the “Compensation Period”), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period, respectfully represents:

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

1. This Application has been prepared 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”) and in accordance with the Court’s Order Granting Application to Retain and Employ Cravath, Swaine & Moore LLP as Special Corporate Counsel, dated October 15, 2001 (the “Order”) and the affidavits of D. Collier Kirkham dated October 12, 2001, and November 27, 2001 (the “Kirkham Affidavits”) and the related application to employ Cravath (the “Application”) which were approved by the Order. Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit “A.”

2. Cravath seeks allowance of final compensation for professional services rendered to the Debtors during the Compensation Period, in the aggregate amount of \$36,893.50. During the Compensation Period, Cravath attorneys expended a total of 1,793.10 hours for which compensation is requested.

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

4. The fees charged by Cravath in these cases are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates Cravath charges for the services rendered by its professionals in these chapter 11 cases are the same rates Cravath charges for professional services rendered in comparable nonbankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive national legal market.

5. Pursuant to the UST Guidelines, annexed hereto as Exhibit “B” is a schedule setting forth all Cravath professionals who have performed services in these chapter 11 cases during the Compensation Period, the capacities in which each such professional is employed by Cravath, the department in which each professional practices, the hourly billing rate charged by Cravath for services performed by such individuals, the aggregate number of hours expended in this matter and fees billed therefor, and the year in which each professional was first licensed to practice law.

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

7. Cravath does not organize its professional billing by project categories and therefore is unable to attach, as otherwise required by Section II.D of the UST Guidelines, a summary by project categories of the services performed by Cravath during the Compensation Period.

8. Cravath maintains computerized records of the time spent by all Cravath attorneys in connection with the prosecution of the Debtors’ chapter 11 cases. Subject to

redaction for the attorney-client privilege where necessary to protect the Debtors' estates, copies of these computerized records have been furnished to the Court and the United States Trustee for the Southern District of New York (the "U. S. Trustee") in the format specified by the UST Guidelines.

9. Prior to the commencement of these cases, the Debtors paid Cravath at its usual billing rates for various services provided in its capacity as Debtors' regular outside counsel. As of the Commencement Date, Cravath had a retainer in the amount of \$100,000 to be applied against payment for services to be rendered and expenses incurred on behalf of the Debtors, subject to this Court's approval.

10. With respect to Cravath's fee statements for the Compensation Period, and fee statements for amounts payable by ISG pursuant to Section 5.3(i) of the Asset Purchase Agreement (such statements total \$9,092.66), Cravath has received to date payments totaling \$533,560. Cravath is not seeking payment on its bill dated August 20, 2003, totaling \$1,246.09, for services rendered in July, 2003, nor for any subsequent period.

BACKGROUND

11. On October 15, 2001 (the "Commencement Date"), the Debtors commenced cases under chapter 11 of the Bankruptcy Code. The chapter 11 cases are being jointly administered for procedural purposes. The Debtors continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

12. Pursuant to the Order, the Debtors were authorized to retain Cravath as their attorneys to render legal services in the prosecution of these chapter 11 cases on an interim basis, through and including November 5, 2001, with the retention to become final following a

hearing to consider any objections filed to the Debtors' application for authority to employ Cravath. Upon request of the U.S. Trustee, Cravath submitted a supplemental affidavit dated November 27, 2001, disclosing additional information concerning certain of Cravath's existing clients that are parties in interest in these cases. No objections were filed to Cravath's retention and, thus, pursuant to the Order, the Debtors' retention of Cravath became final.

13. On January 29, 2001, the Debtors filed a Statement of Financial Affairs, Schedule of Assets and Liabilities and Schedule of Executory Contracts and Unexpired Leases (collectively, the "Schedules").

14. No trustee or examiner has been appointed in the Debtors' chapter 11 cases. A statutory committee of unsecured creditors (the "Committee") was appointed on October 24, 2001.

15. Cravath has been reliably informed that, to date, the Debtors have paid all quarterly fees to the U. S. Trustee.

SUMMARY OF SERVICES

16. In these chapter 11 cases, Cravath was required to render a substantial amount of professional services, outlined more fully below, to deal with various issues typically faced by a debtor in a chapter 11 case as well as certain unique needs of the Debtors.

17. Cravath rendered professional services in furtherance of, among others activities, the following:

- Advice and review of documents in connection with the termination of the Receivables Purchase Agreement
- Advice and review of documents in connection with the debtor-in-possession financing
- Advice and the preparation of term sheets for potential joint ventures for the Sparrows Point, Burns Harbor and PST divisions

- Research regarding Investment Company Act issues in connection with the joint venture strategy
- Services and advice in connection with antitrust issues relating to Bethlehem strategic plans
- Advice and review of documents in connection with Columbus Coatings Company joint venture, including existing debt and forbearance agreements, assistance in dealing with LTV efforts to sell its interest to third parties, work on litigation in the LTV bankruptcy case and negotiations with LTV concerning acquisition of its interest
- Advice and review of documents in connection with the Walbridge venture
- Advice and review of documents in connection with the Double G joint venture and issues relating to the bankruptcy of National Steel
- Review of documents in connection with indenture trustee substitutions
- Advice in connection with the refinancing of the existing indebtedness of Columbus Coatings Company, including assistance in negotiating for financing to be provided by General Electric Capital Corporation, and related negotiations in connection with the DIP Facility
- Advice and review of documents in connection with the Chicago Cold Rolling subsidiary
- Advice and review of documents in connection with joint venture issues raised by the ISG transaction

18. The foregoing professional services performed by Cravath were necessary and appropriate to the administration of the Debtors' chapter 11 cases. The professional services performed by Cravath were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and nature of the problems, issues, or tasks involved. The professional services were performed with expedience and in an efficient manner.

19. The major portion of all the services performed by members and associates of Cravath were rendered by the Corporate Department. Cravath has a preeminent practice in this area and enjoys a national reputation for its expertise in financial matters.

20. The professional services performed by Cravath on behalf of the Debtors during the Compensation Period required an aggregate expenditure of 1,793.10 recorded hours

by Cravath's partners and associates. Of the aggregate time expended, 258.00 recorded hours were expended by partners of Cravath and 1,535.10 recorded hours were expended by associates.

21. During the Compensation Period, Cravath's hourly billing rates for attorneys ranged from \$230 to \$635 per hour. Allowance of compensation in the amount requested would result in a blended hourly billing rate for attorneys of approximately \$366 (based on 1,793.10 recorded hours for attorneys at Cravath's regular billing rates in effect at the time of the performance of services). Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable bankruptcy cases in a competitive national legal market. As noted, attached hereto as Exhibit "B" is a schedule listing each Cravath professional who performed services in these cases during the Compensation Period, the hourly rate charged by Cravath for services performed by each such individual, and the aggregate number of hours and charges by each such individual. Cravath's first interim fee application included time billed by non-legal staff and was approved. Cravath's second interim application also included such amounts, but the United States Trustee objected to such inclusion. Such amounts for the second interim application were withdrawn and a billing credit was given to the Debtors. No such amounts were included in the third and fourth applications.

ACTUAL AND NECESSARY DISBURSEMENTS OF CRAVATH

22. As set forth in Exhibit "C" hereto, Cravath has billed \$15,613.03 for disbursements and other charges incurred in providing professional services during the Compensation Period. With respect to photocopying and printing expenses, Cravath charges all of its clients \$.15 per page for photocopying and \$.12 per page for local printing. With respect to facsimile expenses, in compliance with the Guidelines, Cravath charges for outgoing facsimile transmissions at \$1.00 per page plus the cost of long distance facsimiles at applicable rates. Each

of these categories of expenses does not exceed the maximum rate set by the Guidelines. Only clients who actually use services of the types set forth in Exhibit "C" are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and other facilities and services.

23. The time constraints imposed by the circumstances of these cases have required Cravath's attorneys to devote time during the evenings and on weekends to the performance of legal services on behalf of the Debtors. These extraordinary services were essential to meet deadlines and satisfy the demands of the Debtors' businesses and the administration of their estates. While Cravath has not charged the Debtors for any overtime expense, consistent with firm policy, attorneys and other employees of Cravath who worked late into the evenings or on weekends were reimbursed for their cost for transportation from the office to home. Cravath's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendition of services. The reimbursement amounts do not exceed those set forth in the Guidelines.

24. In addition, because of the location of the Debtors' businesses in relation to Cravath's offices, frequent long distance telephone calls were required. On some occasions, overnight delivery of documents and other materials was required as a result of circumstances necessitating the use of such express services. These disbursements are not included in Cravath's overhead for the purpose of setting billing rates. Cravath has made every effort to minimize its disbursements in these cases. The actual expenses incurred in providing

professional services were absolutely necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors, their estates, and creditors.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

25. Section 330 of the Bankruptcy Code 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 the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, the extent, and the value of such services, taking into account all relevant factors, including --

(A) the time spent on such services;

(B) the rates charged for such services;

(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and

(E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id. § 330(a)(3).

26. In the instant case, Cravath respectfully submits that the services for which it seeks compensation in this Application were, at the time rendered, believed to be necessary for and beneficial to the Debtors’ rehabilitation and reorganization efforts. Such services and

expenditures were necessary to and in the best interests of the Debtors' estates. Cravath further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest.

27. In sum, the services rendered by Cravath were necessary and beneficial to the Debtors' estates, and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved, and approval of the compensation sought herein is warranted.

WAIVER OF MEMORANDUM OF LAW

28. This Motion includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

CONCLUSION

WHEREFORE Cravath respectfully requests (i) allowance of compensation for professional services rendered after the Fourth Interim Application of \$1,809.60 and reimbursement of actual and necessary expenses incurred after the Fourth Interim Application of \$101.80; (ii) final allowance and payment of compensation for professional services rendered during the Compensation Period in the amount of \$36,893.50 (reflecting previous holdbacks totaling \$136,893.50 and deduction of the retainer noted above); (iii) permission to apply the retainer advanced to Cravath prior to the filing of the petitions in the amount of \$100,000 against the fees and expenses awarded for the Compensation Period; and (iv) the Court grant Cravath such other and further relief as is just.

Dated: New York, New York
November 12, 2003

D. Collier Kirkham
CRAVATH, SWAINE & MOORE LLP
825 Eighth Avenue
New York, New York 10019
(212) 474-1000

SPECIAL COUNSEL FOR THE
DEBTORS AND DEBTORS IN POSSESSION

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UNITED STATES BANKRUPTCY COURT
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	:	through 01-15315 (BRL)
Debtors.	:	(Jointly Administered)
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CERTIFICATION UNDER GUIDELINES
FOR FEES AND DISBURSEMENTS
FOR PROFESSIONALS IN RESPECT OF
APPLICATION OF CRAVATH, SWAINE & MOORE LLP
FOR FINAL COMPENSATION AND REIMBURSEMENT OF EXPENSES

I, D. Collier Kirkham, hereby certify that:

1. I am a partner with the applicant firm, Cravath, Swaine & Moore LLP, (“Cravath”), with responsibility for the chapter 11 cases of Bethlehem Steel Corporation and its affiliated debtors in these cases (collectively, the “Debtors”), in respect of compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”), and the 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”) and the Court’s Order Granting Application to Retain and Employ Cravath, Swaine & Moore LLP as Special Corporate Counsel dated October 15, 2001 (the “Order”) based on my affidavits dated October 12, 2001, and November 27, 2001 (the “Kirkham Affidavits”) and the related application to employ Cravath (the “Application”).

2. This certification is made in respect of Cravath’s application, dated November 12, 2003 (the “Fee Application”), for final compensation and reimbursement of expenses for the period commencing October 15, 2001, through and including October 22, 2003 (the “Compensation Period”) in accordance with the Guidelines.

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

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

4. Cravath billed the Debtors on a monthly basis.

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

Dated: New York, New York
November 12, 2003

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SPECIAL COUNSEL FOR THE
DEBTORS AND DEBTORS IN POSSESSION

BETHLEHEM STEEL CORPORATION
PROFESSIONAL SERVICES RENDERED
BY CRAVATH, SWAINE & MOORE LLP
ON BEHALF OF THE DEBTORS
OCTOBER 15, 2001, THROUGH OCTOBER 22, 2003

NAME OF PROFESSIONAL	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARTNERS:				
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Total Paraprofessionals				\$0

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Retainer			100,000.00
Fee Disallowed			7,015.00
Total Fees Requested			\$677,472.50

Exhibit C

**ACTUAL AND NECESSARY DISBURSEMENTS AND OTHER CHARGES
INCURRED BY CRAVATH, SWAINE & MOORE LLP
ON BEHALF OF THE DEBTORS
OCTOBER 15, 2001, THROUGH OCTOBER 22, 2003**

EXPENSES	AMOUNTS
Special Disbursements	\$ 748.44
Travel	1,230.78
Local Transportation	878.10
Special Office Supplies	36.60
Courier/Mail Services	155.56
Miscellaneous Disbursements	4.00
Local Printing/Duplicating/Binding/Graphics	4,426.44
Long Distance Telephone/Outgoing Fax	6,313.79
Westlaw	186.33
Lexis	604.15
Computerized Legal Research/Database Research	786.07
Public Document Retrieval	71.70
Messenger - Firm/Bulk Deliveries	37.00
Miscellaneous	134.07
Total	\$15,613.03