

DUPLICATE

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

IN RE: : Chapter 11  
: :  
FIRST MERCHANTS ACCEPTANCE : :  
CORPORATION, : : Case No. 97-1500 (JJF)  
: :  
Debtor. : :

**SECOND AND FINAL APPLICATION FOR  
COMPENSATION AND FOR REIMBURSEMENT OF EXPENSES**

Name of Applicant: Pepper Hamilton LLP<sup>1</sup>

Authorized to Provide  
Professional Services to: Official Unsecured Creditors' Committee

Date of Retention: July 28, 1997

Period for which compensation  
and reimbursement is sought: November 1, 1997  
March 16, 1998

Amount of Compensation sought as  
actual, reasonable and necessary: \$21,476.00

Amount of Expense Reimbursement sought  
as actual, reasonable and necessary: \$9,645.92

This is an:  interim  final application

The total time expended for fee application preparation is approximately 4.35 hours and the corresponding compensation requested is approximately \$456.75.

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1. Pepper, Hamilton & Scheetz LLP formally changed its name to Pepper Hamilton LLP as of January 2, 1998.

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If this is not the first application filed, disclose the following for each prior application:

<u>Date Filed</u>	<u>Period Covered</u>	<u>Requested Fees, Expenses</u>	<u>Approved Fees, Expenses</u>
12/9/97 <sup>2</sup>	7/28/97- 10/31/97	\$90,093.50 (fees) \$12,990.00 (expenses)	

total \$  
fees - \$111,569.50  
exp - \$22,635.92

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2. Amends 11/26/97 First Interim Fee Application.

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<u>Name of Professional Person</u>	<u>Position With the Applicant and Number of Years in That Position</u>	<u>Hourly Billing Rate (Including Changes)</u>	<u>Total Billed Hours</u>	<u>Total Compensation</u>
David B. Stratton	Partner (7 years)	\$281.10	29.90	\$ 8,405.00
David M. Fournier	Associate (7 years)	\$211.49	48.00	\$10,151.50
Tara L. Lattomus	Associate (2 years)	\$110.00	3.70	\$ 407.00
Catherine S. Leneweaver	Legal Assistant	\$ 95.00	23.30	\$ 2,213.50
James L. Rau	Legal Assistant	\$ 65.00	4.60	\$ 299.00
	TOTAL			\$21,476.00

TOTAL HOURS: 109.50  
TOTAL FEES: \$21,476.00  
BLENDED RATE: \$196.12

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
FIRST MERCHANTS ACCEPTANCE ) Case No. 97-1500 (JJF)  
CORPORATION. )  
)  
Debtor. )

**SECOND AND FINAL APPLICATION OF  
PEPPER HAMILTON LLP<sup>1</sup>  
CO-COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
FOR COMPENSATION AND REIMBURSEMENT OF COSTS  
INCURRED FOR THE PERIOD  
NOVEMBER 11, 1997 THROUGH MARCH 16, 1998**

For its Second and Final Application for Compensation and Reimbursement of Expenses (the "Application") Pepper Hamilton LLP (the "Applicant"), Co-Counsel to the Unsecured Creditors' Committee, respectfully represents as follows:

**A. BACKGROUND**

1. Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on July 11, 1997.
2. On July 28, 1997, the United States Trustee appointed the Committee of Unsecured Creditors (the "Committee") under § 1102 of the Bankruptcy Code. On July 28, 1997, the Committee retained Applicant as its counsel.

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1. Pepper, Hamilton & Scheetz LLP formally changed its name to Pepper Hamilton LLP as of January 2, 1998.

3. Pursuant to an order entered on August 22, 1997, the employment of Applicant as co-counsel to the Committee was authorized nunc pro tunc to July 28, 1997. A copy of the Order is attached hereto as Exhibit A.

4. Applicant has rendered services on behalf of the Committee from November 11, 1997 through March 16, 1998 totaling 109.50 hours, and in connection therewith requests allowance of interim compensation in the amount of \$21,476.00 and reimbursement of expenses in the amount of \$9,645.92.

5. Pursuant to this Court's Order under §§105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members, the Debtors to date have paid Applicant fees totaling \$90,093.50 and expenses in the amount of \$12,990.00 for the time period July 28, 1997 through October 31, 1997.

6. On December 9, 1997, Applicant filed its First Interim Application Of Pepper Hamilton & Scheetz LLP Co-Counsel For The Official Committee Of Unsecured Creditors For Interim Compensation And Reimbursement Of Costs Incurred For The Period July 28, 1997 Through October 31, 1997 (the "First Application") which is incorporated herein by reference. No hearing on that Application has been held.

7. Applicant maintains contemporaneous records of the time expended for the professional services and expenses related thereto performed in connection with this Chapter 11 case and such records are maintained in the ordinary course of its business. These records provide a detailed description of the services rendered (which comply with the requirements set forth in Standing Order #32), and expenses incurred during the period for which this Application

is being made. Applicant's time records in the sum of \$21,476.00 regarding the Chapter 11 proceeding are annexed hereto as Exhibit B.

**B. DESCRIPTION OF SERVICES AND  
EXPENSES AND RELIEF REQUESTED**

8. Applicant's services on behalf of the Committee are described in detail in Exhibit B. In general, Applicant represented the Committee in routine bankruptcy proceeding matters, in the conduct of all Committee meetings and in attending hearings before this Court. In summary, Applicant's activities included, without limitation, the following:

- a. Communications with Committee members and attendance during Committee conference calls.
- b. Participation in Committee meetings and Court hearings;
- c. Providing assistance to Faegre & Benson on Plan-related issues;
- d. Review, investigate and respond to various pleadings filed in case including research relating to the same.

9. To assist the Court in its review of the fees sought by Applicant, Applicant has separated its time entries in Exhibit B into the following categories:

- a. General Administration. This category includes time expended by Applicant in connection with performance of its duties as counsel for the Committee which does not fall within any of the following more specific categories. That time might include, by way of example and without limitation, responding to creditor inquiries regarding the status of the case and communications with the Committee or its members outside of Committee meetings. The total fees sought under this category for the period November 11, 1997 through March 16, 1998

are \$4,072.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 1 to Exhibit B.

b. Creditors Committee Meetings and Conference Calls. This category includes time expended by Applicant in meetings and conference calls with the Committee or any subcommittee thereof. Applicant has responsibility for establishing agendas for each Committee meeting, handling communication with Committee members relating to meetings and presiding as counsel at all Committee meetings. Because of the rapid pace of this case, the Committee met very regularly, typically one or more times per week. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$3,839.50. The detailed time entries of Applicant's professionals which fall within this category are attached under Tab 2 to Exhibit B.

c. Court Hearings. Applicant has represented the interests of the Committee at all hearings which have been held in this case since July 28, 1997. This category includes time expended by Applicant in appearances at such hearings. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$2,234.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 3 to Exhibit B.

d. Plan and Disclosure Statement. This category includes time expended in negotiating and addressing issues related to the Debtor's reorganization alternatives. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$1,280.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 4 to Exhibit B.

e. Fees. This category includes time expended in preparing fee statements and fee applications for Applicant, in assisting other professionals retained by the Committee in the preparation and filing of their fee statements and fee applications, and in securing reimbursement of the expenses incurred by Committee members in the performance of their duties. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$4,214.50. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 5 to Exhibit B.

f. Retention of Professionals. This category includes time expended in securing the continued retention of Applicant, Faegre & Benson LLP and Price Waterhouse. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$756.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 6 to Exhibit B.

g. Investigations. This category includes time expended in reviewing pleadings filed by the Debtor and other parties in this case and research regarding such pleadings, where appropriate. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$2,002.50. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 7 to Exhibit B.

h. Executory Contracts and Leases. This category includes time expended in reviewing the Debtor's exercise of its business judgment in the assumption and rejection of executory contracts and leases. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$58.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 8 to Exhibit B.



i. Assets Sales, Recovery and Disposition. This category includes time expended in negotiations and discussions with the Debtor and third parties regarding the sale or disposition of assets of the Debtor's estate, reviewing pleadings and other documents relating to the same, and in communications with the Debtor, the Committee and members of the Committee regarding the same. Although Faegre & Benson had primary responsibility for the provision of services to the Committee in this area, Applicant provided input on asset disposition issues from time to time as appropriate. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$273.00. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 9 to Exhibit B.

j. Contested Motions. This category includes time expended in formulating and prosecuting the Committee's position in connection with contested motions pending in this Chapter 11 case. The total fees sought under this category for the period November 11, 1997 through March 16, 1998 are \$2,746.50. The detailed time entries of Applicant's professionals which fall within this category are attached at Tab 10 to Exhibit B.

10. Applicant believes that the post-petition services rendered during the period November 11, 1997 through March 16, 1998 on behalf of the Committee are reasonably worth the sum of \$21,476.00, and Applicant requests the allowance of such sum. The blended hourly rate for all services rendered by Applicant is \$196.12.

11. Applicant further requests reimbursement of costs expended on behalf of the Committee through March 16, 1998 in connection with this Chapter 11 proceeding in the sum of \$9,645.92 as set forth in the summary attached as Exhibit C.

12. The expenses incurred by Applicant include long distance telephone calls, over-night delivery, local messenger service, facsimiles, postage, duplicating and word

processing, all of which Applicant normally bills to its non-bankruptcy clients at rates calculated to compensate Applicant for only the actual cost of the expense. The rate Applicant charges for photocopying is \$.20 per page and out-going facsimile transmission charges are \$1.00 per page. Applicant does not charge for incoming facsimiles. Applicant charges \$7.50 for routine messenger services. A significant expenditure for telephone charges is due primarily to the fact that Applicant arranged and paid the charges for the Committee's weekly conference calls.

13. The attorneys who primarily worked on this case occasionally found it necessary to consult with other attorneys in the firm on various aspects of the case. The primary attorneys and their areas of expertise are as follows:

David B. Stratton - Mr. Stratton is a Partner in the Bankruptcy Practice Department of Pepper Hamilton LLP and has been practicing law since 1978. He is a former chairman of the Delaware State Bar Association Commercial Law Section and is a member of the section's Bankruptcy and Banking Committees. He is also a member of the American Bar Association Business Law Section and a member of the Bankruptcy Subcommittee of the Banking Committee. His area of specialization is bankruptcy law.

David M. Fournier - Mr. Fournier is an Associate in the Bankruptcy Practice Department of Pepper Hamilton LLP and has been practicing law since 1990. He is a former Chairman of the Delaware State Bar Association International Law Section. He is also a member of the American Bar Association Business Law Section and a member of the Subcommittee on International Bankruptcy. His area of specialization is bankruptcy law.

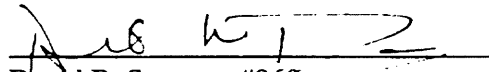
14. As outlined above, the attorneys who worked on this case from November 11, 1997 through March 16, 1998 have various levels of expertise. From time to time these attorneys consulted with each other and other attorneys on different aspects of the case. It is submitted that this is a more efficient way to run a case than to expect a single attorney to be an expert in all applicable areas of law. If a single attorney were to attempt to run a case such as this, the attorney would have to learn through research what other attorneys know and can tell him based on their years of knowledge and experience.

15. Applicant has reviewed the requirements of Standing Order #32 and believes that this Application complies with the requirements of the same.

WHEREFORE, Applicant prays this Court to enter an Order in the form attached hereto (i) allowing on a final basis all fees and expenses for which approval was sought on an interim basis in the First Application; and (ii) allowing Applicant final compensation for services rendered by Applicant on behalf of the Committee from November 11, 1997 through March 16, 1998 in the sum of \$21,476.00; and (iii) reimbursement of costs expended through March 16, 1998 in the sum of \$9,645.92; and (iv) directing prompt payment of the same by the Debtor to the extent not previously paid, and (v) granting such other and further relief as may be just.

Respectfully submitted,

PEPPER HAMILTON LLP



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Co-Counsel for the Official Committee  
of Unsecured Creditors

Dated: April 30, 1998