

Hearing Date: November 3, 1998
Hearing Time: 9:30 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
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HOME HOLDINGS INC., : Case No. 98 B 40319 (JHG)
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Debtor. :
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APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP,
ATTORNEYS FOR HOME HOLDINGS INC., SEEKING FINAL ALLOWANCE
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES UNDER
11 U.S.C. § 330 AND FED. R. BANKR. P. 2016

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Dated: New York, New York
September 25, 1998

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TO THE HONORABLE JEFFRY H. GALLET,
UNITED STATES BANKRUPTCY JUDGE:

Skadden, Arps, Slate, Meagher & Flom LLP
("Skadden, Arps" or the "Firm"), attorneys for Home
Holdings Inc. ("Home Holdings"), former debtor-in-posses-
sion in the above-captioned Chapter 11 case, submits this
application (the "Application") seeking final allowance
of compensation and reimbursement of expenses under
11 U.S.C. § 330 and Fed. R. Bankr. P. 2016 (i) for the

period from January 15 through June 9, 1998 (the "Application Period") and (ii) for a portion of the time spent preparing Skadden, Arps' monthly statements of fees and disbursements and this Application.

Preliminary Statement

1. When Home Holdings filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on January 15, 1998 (the "Petition Date"), its Chapter 11 case was designed as a "pre-negotiated" reorganization. Indeed, Skadden, Arps had performed significant work in connection with the reorganization prior to the commencement of the case. As a result, on the Petition Date Home Holdings was able to file a proposed plan of reorganization (as revised, amended, and restated from time to time, the "Plan") and a related disclosure statement (the "Disclosure Statement").

2. Due to the size of Home Holdings' debt, the court determined to treat this case as a mega-Chapter 11 case.¹ Although the Plan was complex and unusual in

¹ Also, since its inception, the case has been subject to the court's electronic filing procedures.

its proposed reorganization of Home Holdings' capital structure, and required certain regulatory approvals to succeed, Skadden, Arps sought and obtained an expedited schedule for a hearing on the Disclosure Statement, the solicitation of votes, and confirmation of the Plan.

3. The nature of the case changed, however, with the unexpected appearance of a recalcitrant creditor, AmBase Corporation ("AmBase"), and a purported intervenor and policyholder of The Home Insurance Company, Whitman Corporation ("Whitman"). AmBase mounted a forceful attack on confirmation, and Whitman followed AmBase's lead, making the reorganization heavily contested rather than consensual. The appearance of AmBase and Whitman also prolonged the case, which was otherwise on a "fast track" destined to conclude in less than three months, into a contentious five-month litigation with intense expedited discovery, retention of expert witnesses, and numerous unforeseen court appearances culminating in a four-day trial.

4. To overcome novel legal issues and factual obstacles presented by AmBase's and Whitman's challenges to the Plan, Skadden, Arps modified the Disclosure State-

ment twice and the Plan five times during the case. Skadden, Arps also helped to maintain the consensus among the Plan's primary supporters in the face of uncertainty caused by the delay. Despite temporary setbacks, the Plan received the overwhelming approval of Home Holdings' creditors. Home Holdings was able to restructure its large public and private indebtedness, to resolve favorably litigation that threatened to disrupt the bankruptcy process and, in only 21 weeks, to emerge from Chapter 11. On June 9, 1998, the court entered an order confirming the Plan.

Background

5. By order dated January 31, 1998, a copy of which is annexed hereto as Exhibit A, the court approved the employment and retention of Skadden, Arps under sections 327(a) and 329 of the Bankruptcy Code and Fed. R. Bankr. P. 2014 and 2016 as attorneys for Home Holdings, under a general retainer as of the commencement of the case, to perform the following services:

- (a) advise Home Holdings with respect to its powers and duties as debtor-in-possession;
- (b) attend meetings and negotiate with representatives of creditors and other parties in interest;

- (c) take all necessary action to protect and preserve Home Holdings' estate, including the prosecution of actions on its behalf, the defense of any actions commenced against it, negotiations concerning all litigation involving Home Holdings, and objections to claims filed against Home Holdings' estate, if any;
- (d) prepare on Home Holdings' behalf all motions, applications, answers, orders, reports, and papers necessary to the administration of the estate;
- (e) take any necessary action on Home Holdings' behalf to (i) obtain confirmation of any plan that Home Holdings might propose, (ii) implement all transactions related thereto, and (iii) prosecute any modifications, revisions or appeals thereto;
- (f) appear before this court, any appellate courts, and the United States Trustee, and protect the interest of Home Holdings' estate before such courts and the United States Trustee;
- (g) advise Home Holdings with respect to all corporate and Securities and Exchange Commission matters; and
- (h) perform all other necessary legal services and provide all other necessary legal advice to Home Holdings in connection with this Chapter 11 case.

6. Pursuant to paragraph A.3 of the Administrative Order regarding Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, dated June 24, 1991, no later than 20

days after the end of each month during the Application Period, Skadden, Arps provided counsel for the creditors' committee (the "Committee") and Home Holdings with a monthly statement of fees and disbursements accrued during such month. A copy of each monthly statement was also provided to the Office of the United States Trustee and to counsel for Zurich Insurance Company. All quarterly fees were paid to the United States Trustee, and all monthly operating reports required under the United States Trustee Operational Guidelines were timely filed.

7. The court has jurisdiction over this Application, which is a core proceeding, pursuant to 28 U.S.C. §§ 157(b)(2) and 1334, and the "Standing Order of Referral of Cases to Bankruptcy Judges," dated July 10, 1984 (Ward, J.). Venue of this case and this Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

I.

Relief Requested

8. Skadden, Arps submits this Application for (a) allowance of compensation in the amount of

\$1,769,637.00² for the professional services rendered by it as attorneys for Home Holdings during the Application Period, which amount is derived solely from the applicable hourly billing rates of the Firm's personnel who rendered such services, (b) reimbursement of actual and necessary out-of-pocket disbursements and charges in the amount of \$165,844.22³ incurred in the rendition of required professional services on behalf of Home Holdings during the Application Period, and (c) payment of \$30,000.00 for time spent and expenses incurred in preparing the monthly statements and this Application.⁴

² This figure reflects a voluntary reduction of \$31,561.65, including charges for work by certain attorneys and all paraprofessionals who spent five or fewer hours on this case during the Application Period, \$14,508.25 of which was not deducted in prior monthly statements and is being deducted in this Application.

³ This amount represents a voluntary reduction by Skadden, Arps of \$14,414.74 in expenses incurred during the Application Period.

⁴ The amount requested by Skadden, Arps covers only a portion of the actual time spent and expenses incurred in preparing the monthly statements and this Application.

9. Skadden, Arps has received no promise of payment for professional services rendered or to be rendered in this case.⁵

10. Skadden, Arps maintains records of the time it expended in the rendition of all professional and paraprofessional services. The Firm's time records were made concurrently with the rendition of professional services, and attorney and paraprofessional time detail is annexed to this Application.

11. During the Application Period, attorneys and paraprofessionals of Skadden, Arps devoted an aggregate of 6,228.40 hours to this Chapter 11 case. Of the aggregate time expended, approximately 1,019 hours were spent by partners, 1,680 hours by special counsel and

⁵ Skadden, Arps has not filed any request for allowance of interim compensation or reimbursement of expenses in this case. For the services rendered or to be rendered in contemplation of or in connection with this Chapter 11 case, Skadden, Arps received a pre-petition retainer of \$700,000.00 from Home Holdings, all of which was applied to pre-petition fees and expenses. Skadden, Arps waived the amounts that remained due and owing for pre-petition fees and expenses, which approximated \$26,000.00. Skadden, Arps has received no payment as compensation for services rendered to, or reimbursement of expenses incurred on behalf of, Home Holdings during the Application Period.

counsel, 2,637 hours by associates, and 891 hours by paraprofessionals. The chart immediately preceding the first page of this Application sets forth a schedule showing the name and position of each partner, special counsel, counsel, associate, and paraprofessional working on this case, together with that person's year of admission to the bar (if applicable), hours worked during the Application Period, and hourly billing rate.

12. Exhibit B hereto contains a summary of the services performed by the principal Skadden, Arps attorneys and paraprofessionals. Exhibit C hereto lists the Firm's billing matters to which its services in the case were charged.⁶ Exhibits D-1 through D-6 hereto include all professionals' and paraprofessionals' daily time records of services performed during the Application Period, on a monthly basis by billing matter. Exhibits E and F hereto contain a summary of disbursements incurred during the Application Period and a corresponding computer daily detail.

⁶ Skadden, Arps' attorneys and paraprofessionals allocated their services in the case to various billing matters that covered discrete activities within the case.

13. An index to all of the Exhibits is attached hereto immediately following (a) the affidavit required under Fed. R. Bankr. P. 2016 and (b) the certification that the Application complies with all the requirements of the court's Administrative Order, dated June 20, 1991, as amended April 19, 1995, relating to "Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases," both of which appear at the end of this portion of the Application.

II.

Description Of Services Rendered By Skadden, Arps Throughout The Case And Benefits To Home Holdings

14. Throughout the case, Skadden, Arps was required to render services to Home Holdings on a daily basis, often seven days a week. The demands on Skadden, Arps were extreme. Skadden, Arps attorneys were required to devote significant amounts of time to the case, often to the exclusion of other clients. It is impossible to summarize completely, short of collating the hundreds of pages of daily time records, the work performed by Skadden, Arps throughout Home Holdings' case and to detail in narrative form all of the research, drafting,

conferences, telephone conversations, negotiating sessions, document review, and other matters that occupied Skadden, Arps daily. Skadden, Arps' time records, however, which are annexed to this Application, provide ample detail of the services performed. This section of the Application describes the services performed and the role played by Skadden, Arps during the Application Period, and highlights certain crucial parts of the case that required particularly intense dedication by the Firm's attorneys.

A. Home Holdings' Capital Structure

15. Home Holdings was a holding company for its wholly-owned subsidiary, The Home Insurance Company, a New Hampshire domiciled property and casualty insurance company ("Home Insurance"), as well as three other subsidiaries and a limited liability company.⁷ Pursuant to a consent order issued on June 12, 1995 by the New Hampshire Insurance Department (the "Department"), Home Insurance generally ceased writing new or renewal insurance. Subsequently, the Department issued an Order of

⁷ The three subsidiaries were inactive or dormant. The limited liability company is an active land development management company.

Supervision (the "Order of Supervision"), placing Home Insurance under formal supervision.

16. Also on June 12, 1995, Home Holdings entered into a recapitalization agreement (as amended, the "Recapitalization") with Trygg-Hansa AB, a corporation organized under the laws of Sweden ("Trygg-Hansa"); Zurich Insurance Company, a corporation organized under the laws of Switzerland, and certain of its affiliates (together with its affiliates, "Zurich"); and others.

17. Upon the closing of the Recapitalization, Trygg-Hansa and Zurich, directly or indirectly, owned virtually all of the equity in Home Holdings.⁸

18. In addition, various debt transactions occurred as part of the Recapitalization, including, among others:

- C the issuance by Home Holdings to Trygg-Hansa of (a) \$98 million aggregate principal amount of its 12% Senior Subordinated Notes due December 31, 2004 and (b) \$80 million aggregate principal amount of its 8% Junior Subordinated Notes due December

⁸ Approximately .59% of the equity interest in Home Holdings was publicly held.

31, 2004, which refinanced certain indebtedness of Home Holdings;⁹

- C the purchase by two affiliates of Zurich of \$15 million principal amount of Home Holdings' 12% Senior Subordinated Working Capital Notes, due December 31, 2004, and \$16 million principal amount of Home Holdings' 7% Series A Senior Working Capital Notes; and
- C the completion by Home Holdings, on August 25, 1995, of an exchange offer in which approximately \$179 million principal amount of the 7-7/8% Senior Notes were exchanged for its 7-7/8% Senior Sinking Fund Notes due 2003 (together with the 7% Senior Notes and the 7-7/8% Senior Notes, the "Senior Notes").

B. The Pre-Negotiated Plan Of Reorganization

19. In March 1997, an unofficial committee of holders of Home Holdings' Senior Notes (the "Senior Noteholders' Committee") and its representatives began discussions with Trygg-Hansa, Zurich, and, ultimately, Home Holdings, in connection with a possible restructuring of the Senior Notes.

20. Home Holdings relied principally upon dividends from Home Insurance to meet its obligations for

⁹ As part of the Recapitalization, Trygg-Hansa sold to a Zurich affiliate \$98 million principal amount of the 12% Senior Subordinated Notes and \$12 million principal amount of the Junior Notes.

payment of interest and principal on its outstanding debt obligations, dividends to stockholders, and corporate expenses. Pursuant to the Order of Supervision, however, Home Insurance could not make any dividends without prior approval of the Department.

21. After Home Holdings did not make an interest payment on its Senior Notes that was due on June 15, 1997, the Department in July 1997 approved an \$11.7 million dividend for the purpose of funding the payment, plus 29 days' interest.

22. The parties continued their negotiations regarding a restructuring of the Senior Notes. On November 15, 1997, in furtherance of the parties' discussions regarding a pre-negotiated reorganization plan, Trygg-Hansa established a Home Holdings stock trust. On November 20, 1997, Trygg-Hansa transferred all of its equity interests in Home Holdings to the trust for the benefit of the shareholders of Trygg-Hansa.

23. Home Holdings announced on December 12, 1997 that it would not make an interest payment of \$11,637,500 on the Senior Notes, which was due on December 15, 1997.

24. It was against this backdrop that Skadden, Arps was requested to prepare the Plan, Disclosure Statement, and related documents necessary to file the Chapter 11 petition for Home Holdings and to devise a strategy for the impending Chapter 11 case. The Plan was a complicated arrangement agreed upon by Home Holdings, Zurich, Trygg-Hansa, and the Senior Noteholders' Committee, providing for the treatment of claims in a total amount exceeding \$600 million. It contemplated, among other things, (i) the reorganization of Home Holdings as a going concern ("Reorganized Home"), (ii) distributions to the holders of the Senior Notes and certain other unsecured creditors of three different series of Earn Out Notes ("EONs"), based on Reorganized Home's future tax savings through the utilization of Home Holdings' net operating loss carryovers ("NOLs"), (iii) distributions of new notes to the holders of the Senior Notes and certain other unsecured creditors and a tender offer by Zurich with respect to the new notes, and (iv) the transfer of the shares of Home Insurance to a limited liability company, the members of which were to be certain of the Senior Noteholders and certain other unsecured credi-

tors. Significantly, a condition precedent to the effectiveness of the Plan was the approval of the Department.

25. On the Petition Date, Skadden, Arps filed the Plan, the Disclosure Statement, Home Holdings' schedules of assets and liabilities and statement of financial affairs, and various first-day motions and proposed orders. Skadden, Arps also sought and obtained a bar date (the "Bar Date") for the filing of claims and a schedule for hearings on the Disclosure Statement and confirmation of the Plan. At a case management conference held two weeks after the Petition Date, Skadden, Arps was able to report to the court that the reorganization process was proceeding on schedule.

C. The Disclosure Statement

26. Skadden, Arps devoted substantial amounts of time to revising and editing the Disclosure Statement to ensure that it complied strictly with Bankruptcy Code requirements, accurately described relevant agreements and other background documentation, and reflected the changing circumstances of the Chapter 11 case.

27. Almost immediately upon the filing of Home Holdings' case, Skadden, Arps' began receiving inquiries

from creditors regarding the contents of the Disclosure Statement. In response to those questions and others posed by the Committee, the Committee's financial advisors, Zurich, Trygg-Hansa, Home Insurance, and the Department, and in order to make the Disclosure Statement consistent with proposed revisions to the Plan, Skadden, Arps began to amend the Disclosure Statement and perform legal research on several issues relating to its contents.

28. Consistent with the pre-negotiated nature of the case, Skadden, Arps routinely sent drafts of proposed revisions to the Disclosure Statement to various parties in interest for comments, so that needed changes could be effected in a manner that would be acceptable to all of the parties. By obtaining comments on early drafts, Skadden, Arps successfully resolved in advance many issues that could otherwise have caused disputes.

29. Upon receiving the objections to the adequacy of the Disclosure Statement that were filed by the United States Trustee, Dr. Seymour Licht, General Electric Capital Corporation ("GECC"), The Bank of New York ("BONY"), the Pension Benefit Guaranty Corporation

(the "PBGC"), and AmBase, Skadden, Arps began negotiating with those parties in an effort to resolve their objections prior to the Disclosure Statement hearing. Almost all of those discussions led to negotiated resolutions of the Disclosure Statement objections, which were reflected in the amended versions of the Disclosure Statement that Skadden, Arps prepared and filed on February 26 and March 3, 1998.

30. AmBase's objection to the Disclosure Statement. The most significant challenge to the Disclosure Statement was that posed by AmBase. AmBase's lengthy objection to the adequacy of the Disclosure Statement addressed (i) financial and valuation issues, (ii) issues respecting Home Holdings' affiliates and the Excess of Loss Reinsurance Agreement, (iii) Senior Noteholders' Committee issues, (iv) alleged omissions, (v) litigation arguments, and (vi) other miscellaneous arguments regarding third-party releases and lock-up letters, among other things.

31. Skadden, Arps researched the issues raised by AmBase's objection, consulted with all of the parties which had participated in the negotiations leading to the

pre-negotiated Plan, and addressed each of AmBase's objections in a detailed 48-page response.

32. Skadden, Arps also assisted Home Holdings in intensive negotiations with AmBase, including a day-long meeting with AmBase, Zurich, Trygg-Hansa, Home Insurance, the Committee, and the Department, in an attempt to resolve disputes with AmBase regarding the Disclosure Statement. These efforts led to a consensual resolution of many of AmBase's objections.

33. The Disclosure Statement hearing. In advance of the Disclosure Statement hearing, Skadden, Arps drafted notice of the hearing and arranged for its service and publication. As noted above, Skadden, Arps also reviewed and analyzed the various objections to the Disclosure Statement, conducted legal research with respect to the issues they raised, prepared written responses, engaged in negotiations with objecting parties, and drafted new and/or amended sections of the Disclosure Statement to resolve the disputes. Finally, Skadden, Arps prepared a proposed order approving the Disclosure Statement and prepared the related solicitation materials (the "Solicitation Package").

34. Because Skadden, Arps negotiated resolutions to most of the objections to the Disclosure Statement, the disputes to be resolved at the Disclosure Statement hearing were considerably narrowed. Skadden, Arps appeared at a chambers conference regarding the Disclosure Statement on February 27 and at the hearing to consider approval of the Disclosure Statement on March 3.

35. On March 4, the court entered an order approving the amended Disclosure Statement and the Solicitation Package. Skadden, Arps subsequently supervised the efforts of MacKenzie Partners, Inc., its Information Agent ("MacKenzie"), to ensure that appropriate procedures were utilized in mailing the Solicitation Packages to creditors.

36. The AmBase Claim. In Home Holdings' financial schedules filed with the court on the Petition Date, AmBase's contingent claim bore a stated amount of \$11,703,136. AmBase subsequently filed a proof of claim, however, for a staggering \$57,136,920 (the "AmBase Claim"). The implications of such a claim were significant, not only because of its unexpected size, but also

because the filing of the claim signaled a disruption of the consensual nature of the Chapter 11 case.

37. The AmBase Claim was based on alleged outstanding amounts due to AmBase pursuant to a stock purchase agreement and a tax sharing agreement. The Firm's attorneys, including tax counsel, immediately commenced extensive factual and legal research with respect to the circumstances and documents underlying the AmBase Claim, including AmBase's Form 10-K's, records from pending litigation, and various agreements. Skadden, Arps then prepared and filed a detailed 20-page objection to AmBase's claim, and sought a prompt hearing to prosecute the objection.

38. AmBase responded by filing a motion for temporary allowance of its claim for voting purposes and a reply to Home Holdings' objection to its claim. Skadden, Arps analyzed and researched issues raised by the motion and submitted a thorough 29-page response that refuted the basis of AmBase's claim.

39. In connection with the dispute regarding AmBase's claim, Skadden, Arps deposed two of AmBase's principals, requested production of documents from

AmBase, reviewed the produced documents, developed strategy regarding the trial of the claim, and prepared a witness for the trial.

40. Finally, Skadden, Arps assisted Home Holdings in the settlement negotiations with AmBase's representatives and counsel, described in greater detail below, which resulted in the withdrawal of AmBase's Claim on the Plan's effective date.

D. The Intervention Of Whitman Corporation

41. On March 27, Whitman moved to intervene in Home Holdings' Chapter 11 case. Skadden, Arps represented Home Holdings in filing a 20-page response, strenuously opposing such intervention and challenging Whitman's standing to be heard. The Firm also represented Home Holdings at the April 17 hearing when this court denied Whitman's motion. After Whitman appealed from the denial of its motion to intervene, and sought a stay pending appeal, Skadden, Arps appeared on behalf of Home Holdings in opposition to the stay at the May 15 hearing.

42. When on May 15 this court sua sponte vacated its previous order and granted Whitman leave to intervene on the issue of whether the Plan was feasible

with respect to Home Insurance, Whitman joined AmBase in objecting to confirmation of the Plan and seeking to delay the confirmation hearing.

43. Pursuant to this court's directives on May 15, Skadden, Arps supplied Whitman with the benefit of the discovery (detailed below) that had been conducted in connection with AmBase's objections to confirmation of the Plan. Skadden, Arps was required to deliver to Whitman the transcripts of the depositions that had previously been taken and to make available to Whitman all of the documents that Home Holdings had produced as well as all of the trial exhibits that had been prepared for the confirmation hearing. This discovery exchange led to further disputes, which in turn required Skadden, Arps to participate in court conferences regarding discovery and other trial preparation matters.

44. Whitman's intervention and opposition to the Plan confirmation raised new legal issues that Skadden, Arps analyzed, researched, and prepared to refute. Whitman's intervention also provoked further discussions with the other parties that had participated in the formulation of the pre-negotiated Plan. All of

these activities were time-consuming for the Skadden, Arps team, which was otherwise occupied daily with the events of the case and the preparation for the confirmation hearing itself.

E. The Plan

45. Primarily to address the objections of AmBase, Whitman, and certain unsecured creditors and governmental authorities, the Plan required additional development as the case progressed. During the Application Period, Skadden, Arps worked with Home Holdings' management, the Committee and its financial advisors, Zurich, Trygg-Hansa, Home Insurance, the Department, and other parties in interest on the difficult task of presenting a revised Plan that offered the best prospects for confirmation. The Firm's attorneys conferred regularly with Home Holdings' management about the vast array of legal and factual issues involved in the construction and implementation of such a Plan. Skadden, Arps also negotiated extensively with the Committee's professionals regarding numerous issues related to the Plan, ranging from the broadest of conceptual issues to the smallest of details. The Firm routinely sent revised drafts of the

Plan to various constituencies for comments. Skadden, Arps filed amended versions of the Plan on February 26, March 3, April 29, May 22, and June 3.

46. As examples of some of the complicated issues that Skadden, Arps addressed in implementing the Plan, the Firm (i) vigorously defended AmBase's challenges to the Plan (as detailed below), (ii) assisted Home Holdings in negotiating a resolution of the disputes with the PBGC, BONY, and the United States Attorney's Office, (iii) evaluated the legal effects of proposed treatment of certain creditors, (iv) renegotiated and reformulated the form and manner of distributions to be made to the Class 4 creditors pursuant to the Plan, (v) evaluated the complicated tax consequences of the Plan upon Home Holdings and its creditors and interest holders, (vi) analyzed the terms and conditions of the new securities to be issued under the Plan, (vii) worked to resolve issues raised by the Federal Reserve Board in connection with the post-confirmation management structure for the limited liability company that was to own Home Insurance, (viii) worked on innumerable issues raised in connection with the requirement that the De-

partment approve certain aspects of the Plan, and (ix) extensively researched matters respecting Home Holdings' NOLs. As issues were resolved, the Firm's attorneys revised the relevant provisions of the Plan. Skadden, Arps also worked with counsel for Zurich and Home Holdings' management on the various Plan Supplement Documents (e.g., notes, indentures, keepwell agreements, amendments to certificates of incorporation and by-laws, and limited liability company agreement) which comprised a part of the Plan itself.

47. In negotiating, redrafting, and revising Home Holdings' Plan, Skadden, Arps devoted substantial amounts of time and resources to researching many legal and factual issues relevant to the Plan's successful confirmation. Among those issues were (i) feasibility, (ii) the liquidation analysis, (iii) subordination and classification, (iv) solicitation and voting procedures, (v) federal, state, and local taxes, (vi) standards for confirmation, (vii) assumption or rejection of contracts and leases, (viii) discharge, (ix) the Plan's injunctions and releases, (x) the issuance of securities under the Plan, (xi) cramdown, (xii) impairment and unfair discrim-

ination, (xiii) new value, (xiv) the treatment of contingent, disputed, and unliquidated claims, (xv) standing to object to the Plan and standing to appeal from the confirmation order, (xvi) possible avoidance actions, (xvii) plan modification, (xviii) retention of expert witness, and (xix) various trial discovery issues.

48. Among the more important amendments and modifications of the Plan were those affecting the percentage formula, the distributions to the various classes of creditors, the treatment of the AmBase Claim, certain third-party releases, PBGC-related obligations, the payment of BONY's fees, Reorganized Home's prosecution of avoidance actions, and Home Insurance's treatment under the Plan.

49. Skadden, Arps also prepared a 107-page memorandum of law in support of confirmation of the First Amended Plan. On the day when the memorandum was to be filed, the court adjourned the confirmation hearing date from April 29 to May 26 and rescheduled the pre-trial proceedings. The court nonetheless required Skadden, Arps to deliver to AmBase its confidential draft of the confirmation brief.

50. With respect to the Second Amended Plan, Skadden, Arps researched and prepared a motion under section 1127 of the Bankruptcy Code and Fed. R. Bankr. P. 3019 for a determination that the modifications contained in the Plan did not adversely affect the creditors voting in favor of the Plan and that such creditors' prior votes should be deemed acceptances of the amended Plan (the "Rule 3019 Motion"). Because AmBase filed an objection and memorandum opposing the Rule 3019 Motion, the Firm added a new section to its confirmation brief in reply to AmBase's arguments. Skadden, Arps also spent considerable time preparing to argue the motion. At the confirmation hearing, the court granted the Rule 3019 Motion.

51. AmBase's objections to confirmation; discovery. After Skadden, Arps finalized and served the Second Amended Plan, AmBase raised multiple objections to confirmation regarding AmBase's alleged impairment under the Plan; the admissibility of releases and injunctions under the Plan; AmBase's alleged rights under various reinsurance agreements; AmBase's alleged interest in, and right to compel, dividends to Home Holdings by Home Insurance; alleged discrimination against AmBase under

the Plan; the Plan's alleged violation of the good faith requirement; the Plan's tax provisions and NOL calculations; the Disclosure Statement's disclaimer; and Home Holdings' liquidation analysis.

52. As a result of AmBase's objections, it became obvious that Home Holdings would need to retain expert witnesses to testify at the confirmation hearing on matters that could otherwise have been addressed by Home Holdings' management. Accordingly, the Firm assisted Home Holdings in interviewing and retaining two expert witnesses. Skadden, Arps then assisted the experts in developing their testimony and prepared them to testify at deposition and at the confirmation hearing.

53. Also as a result of AmBase's and Whitman's objections, the parties launched extensive discovery. Due to the existing schedule for the confirmation hearing, this discovery was necessarily expedited and intense. Between March 27 and April 30, AmBase, Home Holdings, and the Committee deposed ten witnesses during 14 days, creating a 2,655-page record. The Firm defended three of the deponents (including Home Holdings' accountants and expert witnesses), took a lead role in examining AmBase's two representatives and, of necessity,

attended and participated in the remaining depositions of Zurich's and the Department's representatives that AmBase had subpoenaed.

54. During the same time period, Home Holdings served and received many requests for production of documents. Skadden, Arps responded to these document requests, produced 3,396 pages of Home Holdings' documents, and reviewed more than 18,000 pages of documents that were produced by AmBase and other parties. The Firm also worked on issues regarding the designation of expert and trial witnesses and identified more than 200 documents for use at trial, all of which had to be indexed and provided to the court and opposing counsel. Finally, Skadden, Arps participated in conferences with the court regarding discovery disputes.

55. Because of the substantial changes in AmBase's treatment under the Second Amended Plan, Skadden, Arps substantially reworked the previously-prepared memorandum of law in support of confirmation to address new issues raised by AmBase. Skadden, Arps' new 115-page memorandum of law dealt with AmBase's lack of standing to object to confirmation, the unimpairment of

AmBase's claims under the Second Amended Plan, AmBase's potential cramdown, and the fairness of AmBase's treatment. Skadden, Arps' memorandum of law also fully addressed the PBGC's objection regarding the continuation of the pension plan; the United States Attorney's objection regarding the releases; BONY's objection regarding the alleged violation of its rights under the various Senior Notes indentures; Dr. Seymour Licht's objection regarding the payment of the Senior Noteholders' Committee's fees, the Plan's alleged failure to provide a mechanism for changing votes, the alleged violation of section 1127(d) of the Bankruptcy Code, and the alleged discriminatory treatment under section 1129(b)(1) of the Bankruptcy Code; and finally the general objection to confirmation filed by a shareholder of Home Holdings, Mr. Weadock.

56. Subsequently, Skadden, Arps prepared a supplemental memorandum of law in support of confirmation and in reply to Whitman's opposing pre-trial memorandum. Due to the schedule imposed by the court, the Firm was required to prepare, serve, and file this supplemental memorandum just 19 hours after receiving Whitman's brief.

57. Resolution of most objections. Skadden, Arps also represented Home Holdings in negotiations to resolve the confirmation objections of various parties. These negotiations resulted in the settlement of most objections. Most significant was the settlement with AmBase, discussed over a period of weeks but not achieved until the eve of the confirmation hearing. Skadden, Arps represented Home Holdings' interests in connection with that settlement, which provided for the release of AmBase's claim against the estate in consideration of a cash payment by a Zurich affiliate to AmBase on the effective date of the Plan and AmBase's exchange of releases with Home Holdings, Zurich, Trygg-Hansa, and Home Insurance. This settlement required Skadden, Arps to effect a further revision of the Plan to include the terms of the settlement. The Firm also engaged in negotiations regarding the scope of the releases to be exchanged by the parties. Because it did not affect the feasibility of the Plan or the rights of the creditors to the distributions provided under the Plan, the settlement benefitted the estate and avoided a long and costly trial of all of AmBase's objections to confirmation.

58. The confirmation hearing. In anticipation of the confirmation hearing, the Firm's attorneys were required to, among other things, (i) draft, serve, and publish notice of the hearing, (ii) work closely with the Information Agent to ensure proper and accurate tabulation of votes on the Plan, (iii) maintain frequent contact with Home Holdings, the Committee, Zurich, Trygg-Hansa, Home Insurance, and other interested parties to consider, negotiate, and resolve various disputes as they arose, (iv) draft modifications to the Plan, (v) prepare witnesses to testify at the hearing, (vi) research a significant number of legal and factual issues germane to confirmation, and (vii) prepare a lengthy and detailed proposed confirmation order for Home Holdings (the "Confirmation Order") which included terms that Skadden, Arps had previously negotiated with various parties.

59. Skadden, Arps also prepared for, and appeared at, the four-day confirmation hearing regarding the Plan. Whitman was the major Plan opponent at the trial. Although Skadden, Arps had originally prepared and charted the testimony of more than six witnesses for the hearing, the resolution of the AmBase objection obviated the need to call most of them. Nonetheless, at

trial, Skadden, Arps proffered a portion of the testimony of Home Holdings' former treasurer and chief accounting officer and conducted his remaining direct and rebuttal examination. The Firm also conducted the direct and rebuttal examination of a representative of the Department. In addition, Skadden, Arps attorneys made presentations with respect to the most recent modifications to the Plan and the tabulation of votes in favor of the Plan. The Firm argued in opposition to the few remaining objections to the Plan. Skadden, Arps also argued the many procedural objections regarding the introduction of exhibits and other matters. Finally, Skadden, Arps argued in opening and closing that the Plan should be confirmed.

60. At the end of the fourth day of the hearing, the court rendered a bench decision confirming the Plan, overruling Whitman's, Dr. Licht's, and Mr. Weadock's objections. Whitman immediately requested a stay of confirmation pending appeal, but Skadden Arps successfully opposed the motion. On June 5, Whitman filed a notice of appeal from the court's decision to confirm the Plan. In the face of objections by Whitman,

Skadden, Arps was required to make further modifications to the Confirmation Order prior to its entry on June 9.

61. On June 8, Whitman moved in the District Court for the Southern District of New York by order to show cause for a stay pending Whitman's appeal from the confirmation order. Overnight, Skadden, Arps was required to prepare a detailed memorandum in response to Whitman's motion for a stay, refuting one by one Whitman's numerous factual inaccuracies and setting forth the legal standards which supported denial of the stay. On the following day, two hours after this court had entered the Confirmation Order, Skadden, Arps successfully argued in the district court that the stay should be denied.

F. Other Substantial Tasks Performed

62. In addition to the matters described above, Skadden, Arps performed other services in the case that may be broadly characterized as follows:

- a. administrative matters/general bankruptcy advice;
- b. corporate governance;
- c. claims analysis/objection/resolution;
- d. committee matters; and
- e. tax issues.

a. Administrative Matters/
General Bankruptcy Advice

63. Case administration. Skadden, Arps devoted a considerable amount of time during the Application Period to matters of case administration. The Firm's attorneys conferred with Home Holdings' management on a daily basis to formulate strategy for resolving issues arising in the case. In conjunction with these efforts, the Firm prepared and regularly updated a case calendar to keep Home Holdings' management abreast of pending matters. The calendar enabled Home Holdings' management to monitor the case and to use its resources in the most efficient fashion. In addition, Skadden, Arps attorneys on multiple occasions worked with the court to resolve issues arising from the recently implemented electronic filing system to make all filings immediately accessible on-line through the court's Internet web site.

64. General bankruptcy advice. Throughout the case, and in order to ensure that Home Holdings operated as smoothly as possible and with a minimum of court involvement, Skadden, Arps worked with management to ensure that Home Holdings operated its business in accor-

dance with the Bankruptcy Code and applicable non-bankruptcy law. In response to specific questions posed by management concerning possible transactions and other business issues, Skadden, Arps advised Home Holdings of the applicable rights and duties of a debtor-in-possession and of relevant non-bankruptcy law considerations, noting proscribed, permitted, and required conduct, and of its own fiduciary and managerial role with respect to such transactions and issues.¹⁰ During the Chapter 11 case, almost no day passed without Skadden, Arps' discussing with the senior officers of Home Holdings or of Risk Enterprise Management Limited ("REM")¹¹ the myriad issues concerning a debtor-in-possession. Thus, Skadden, Arps spent substantial amounts of time evaluating Home Holdings' proposed expenditures, contractual relationships, payments, and other transactions to determine if the contemplated transactions were within the

¹⁰ Because of the attorney-client privilege, Skadden, Arps can describe the advice given to Home Holdings only in general terms.

¹¹ Under the administrative services arrangement with Home Holdings which the court approved on January 31, 1998, REM provided all administrative, claims, and risk management services necessary for the continuing day-to-day operations of Home Holdings.

ordinary course of business or were outside the ordinary course of business and thus required court approval. Skadden, Arps also advised Home Holdings of its obligations under the relevant securities laws.

65. General communications with creditors and others. During the case, Skadden, Arps attempted to minimize, settle, or prevent litigation between Home Holdings and the major parties in the case. It is noteworthy that, with the exception of the disclosure statement and confirmation hearings, no contested evidentiary hearings occurred during the case. Skadden, Arps' attorneys communicated regularly with counsel for the Committee concerning such matters as the AmBase Claim, the objections to the Disclosure Statement, the objections to the Plan, Whitman's intervention, and the progress of the case.

66. Because of the pre-negotiated character of this Chapter 11 case, Skadden, Arps also conferred regularly with the main parties in the case, including Zurich, Trygg-Hansa, Home Insurance, the Department, and their professional advisors. In addition, holders of Home Holdings' securities and state and local governmental authorities inquired regularly regarding, among

other things, the Disclosure Statement and the Plan, the status of the case, the Bar Date, and the various actions that Home Holdings had taken, including its omnibus objections to claims. Skadden, Arps advised and assisted Home Holdings in responding to these inquiries.

67. Skadden, Arps also prepared for and represented Home Holdings at an organizational meeting of creditors to establish the Committee. In addition, the Firm prepared Home Holdings' representatives for the section 341 meeting of creditors, and represented Home Holdings at the meeting. At various times during the case, Skadden, Arps professionals conferred with representatives of the United States Trustee's office regarding administrative matters in the case including, among others, the creditors' meetings and the retention of various professionals.

68. Votes tabulation. After the entry of the order approving the Disclosure Statement and the Solicitation Package on March 4, Skadden, Arps finalized such documents for the purpose of delivering the Solicitation Packages to all of Home Holdings' known creditors and equity security holders as of the record date, and to all other entities required to be served under Fed. R. Bankr.

P. 2002 and 3017. Skadden, Arps also finalized the notice of confirmation hearing for publication in the national editions of the New York Times and Wall Street Journal. Then, Skadden, Arps supervised and assisted MacKenzie in the mailing of the Solicitation Packages to the registered holders of Home Holdings' notes and common stock, and to custodian banks, brokerage firms, nominees and intermediaries for distribution to beneficial holders of Home Holdings' notes and common stock. Finally, once MacKenzie received all the ballots, Skadden, Arps assisted MacKenzie in the votes tabulation as regulated by the court's order establishing solicitation, voting, and tabulation procedures and deadlines, entered on the Petition Date. The Firm also assisted MacKenzie in the drafting of the tabulation affidavit, which detailed the overwhelming creditor vote in favor of the Plan.

69. Skadden, Arps also supervised and assisted MacKenzie in the mailing of the Rule 3019 Motion, and the attached Second Amended Plan, to all of Home Holdings' known creditors and equity security holders as of the record date, and to all other entities required to be served under Fed. R. Bankr. P. 2002 and 2017.

b. Corporate Governance

70. Throughout the case, Skadden, Arps regularly advised Home Holdings with respect to a host of issues concerning corporate governance and general corporate affairs. That advice related to, and included legal research on, among other things, (i) the maintenance of corporate records and bank accounts, (ii) the public release of information regarding the case, (iii) the procedure for communicating, and the substance of communications, with federal and state governmental agencies, (iv) questions concerning accounting and book-keeping procedures, (v) issues arising under various federal and state tax laws, rules, and regulations, (vi) the deregistration of Home Holdings' public bonds, (vii) the preparation of press releases, and (viii) certain filings made by Home Holdings with the Securities and Exchange Commission ("SEC").

71. For example, Skadden, Arps assisted Home Holdings in the preparation and filing of its Form 8-K filed in connection with this Chapter 11 case. Then, Skadden, Arps requested from the SEC a no-action letter permitting Home Holdings to modify its reporting requirements under the Securities Exchange Act of 1934 during

the pendency of the case, and later assisted Home Holdings in the preparation and filing of a Form 15 to permit Home Holdings to suspend such requirements. The suspension of Home Holdings' reporting requirements permitted Home Holdings to avoid a large drain on its scarce financial resources, and to focus its efforts on the confirmation of the Plan. Skadden, Arps also attended meetings of Home Holdings' board of directors and advised Home Holdings in the preparation of monthly operating reports required under the United States Trustee's Operational Guidelines.

c. Claims Analysis/Objection/Resolution

72. Bar Date and notices. Skadden, Arps worked with MacKenzie in connection with the claim filing process. Immediately after the Petition Date, Skadden, Arps finalized the documents to be sent to all Home Holdings' creditors (including the notice of commencement of Chapter 11 case and section 341 meeting, the Bar Date notice, and the proof of claim forms), prepared the lists of the creditors and parties in interest, and then directed and supervised MacKenzie in the mailing of such documents. At the same time, Skadden, Arps finalized the Bar Date notice for publication in the national editions

of the New York Times and Wall Street Journal. Skadden, Arps also fielded responses to the innumerable telephone inquiries from creditors, other parties in interest, and the press that were prompted by these notices.

73. More than 200 claims were filed by the Bar Date, including a claim filed by the indenture trustee. Skadden, Arps worked closely with Home Holdings throughout the case on many matters related to analysis of, objections to, and resolution of these creditor claims.

74. Skadden, Arps communicated regularly with numerous claimants and/or their attorneys to analyze claims, exchange information and update the creditors' list, conduct informal discovery and develop procedures for claims analysis and settlement. The review of all the claims required the Firm's attorneys to confer regularly with Home Holdings' financial personnel, developing criteria for claims objections generally, discussing the merits of specific claims objections contemplated by Home Holdings, and engaging in factual and legal research with respect to the nature, amount, timeliness, validity, and legality of the more than 200 claims to which Home Holdings ultimately objected. The legal issues involved in the analysis of these claims in-

cluded, among others, the relative priorities of particular claims, including tax claims, the standards for allowance of administrative expense status, the estimation of unliquidated claims, and the jurisdiction of the bankruptcy court to estimate certain claims.

75. Throughout the Application Period, Skadden, Arps monitored the claims register and rendered advice to Home Holdings regarding many pre- and post-petition claims of creditors. Skadden, Arps consulted with Home Holdings and researched the relevant facts and legal standards with respect to pre- and post-petition tax claims; general unsecured claims; administrative expense claims; contingent, disputed, and unliquidated claims; and pension claims. During this process, Skadden, Arps also twice amended Home Holdings' financial schedules and creditor list. In addition, Skadden, Arps attorneys continued to respond to innumerable questions from creditors regarding their claims.

76. Skadden, Arps also worked with Home Holdings to resolve disputes with several claim holders during the Application Period. For instance, the Firm's attorneys devoted many hours to reviewing, analyzing, researching, and assisting in the negotiation of a

settlement of the claim filed by AmBase, which is discussed above. Skadden, Arps attorneys also reviewed and analyzed several requests for administrative expense treatment of claims, and, when appropriate, assisted Home Holdings in entering into stipulations regarding the amendment, withdrawal, or settlement of many other claims, including several significant claims asserted by GECC, the State of New York, and GE Silicones.

77. Omnibus objections to claims. During the Application Period, Skadden, Arps prepared and filed two omnibus objections to claims and supporting affidavits. In the first omnibus objection, dated March 16, Home Holdings requested that 206 claims, including duplicate public debt claims, shareholder claims, and purported retirement benefit plan claims, be disallowed and expunged. Skadden, Arps prepared for and appeared at the hearing on the first omnibus objection held on April 24, when the court granted Home Holdings' first omnibus objection. In the second omnibus objection, filed on May 1, Home Holdings requested that two other claims be disallowed and expunged because they were duplicate public debt claims. Skadden, Arps prepared for and appeared at the hearing on the second omnibus objection

on June 5, when the court also granted the second omnibus objection. Before the filing of each of the omnibus objections, Skadden, Arps conducted informal discovery regarding those claims. Skadden, Arps also sent notices of the objections to all the claimants and parties in interest. After the filing of the objections, Skadden, Arps attorneys also responded to the several telephone inquiries made by the claimants.

d. Committee Matters

78. As noted elsewhere in this Application, the Firm's work was affected by the consensual nature of this case which required regular consultations, negotiations, and meetings with the Committee's counsel and financial advisors. In addition to the many specific matters referenced herein, the Firm's work with the Committee more generally included (i) collaboration with the Committee concerning issues of case administration and possible motions and objections being considered by Home Holdings or the Committee, (ii) formulation and negotiation of amendments and revisions to the Plan and Disclosure Statement, (iii) regular telephone conferences and meetings regarding pending matters, (iv) preparation of Home Holdings' management for the organizational

meeting of creditors, and (v) advice to Home Holdings regarding requests for information received from the Committee.

79. In addition, Skadden, Arps worked closely with the Committee on issues raised by the AmBase Claim and Whitman. The Firm's attorneys conferred frequently with the Committee's professionals regarding requests for discovery from AmBase and related depositions, preparation for possible litigation over the validity of the AmBase Claim, the settlement of the AmBase Claim, and the opposition to Whitman.

e. Tax Issues

80. Because the Plan permits Home Holdings' creditors to participate in the tax savings of Reorganized Home derived through the utilization of the NOLs, the main asset of Home Holdings' estate, the tax aspects of the Chapter 11 case were significant. As a result, Skadden, Arps' work on tax issues the was considerable. The Firm's attorneys analyzed issues arising under section 382 of the Internal Revenue Code, researched and analyzed various issues with respect to federal income tax treatment of payments on the new notes and the EONs, analyzed tax contingencies and tax liens, and presented

the results of their analysis to Home Holdings' management. Skadden, Arps' tax attorneys provided invaluable assistance to Home Holdings in the revision and amendment of the Plan and Disclosure Statement discussed elsewhere in this Application.

81. The Firm's attorneys also assisted Home Holdings in its opposition to the AmBase Claim which, as discussed above, was characterized by complicated tax issues. Skadden, Arps attorneys reviewed the stock purchase agreement between AmBase, Home Insurance, and Home Holdings, worked on strategy issues regarding the AmBase Claim, and met with Home Holdings management, counsel for Zurich, and AmBase and its counsel regarding the AmBase Claim and its settlement.

82. The Firm's attorneys also worked with Home Holdings during the case to assess the value of the EONs to be distributed to Home Holdings' creditors. In addition, the Firm reviewed the EON documents and the related indenture included in the Plan Supplement.

III.

Allowance Of Compensation

83. Standing at the bar and experience. The partner in charge of the Skadden, Arps engagement was Kayalyn Marafioti. Ms. Marafioti has had substantial experience in providing bankruptcy advice on a wide variety of matters. She has represented debtors, creditors, trustees, committees, equity holders, foreign liquidators, investment banks, and accountants in reorganization and bankruptcy ancillary cases as well as out-of-court restructurings and corporate transaction. Ms. Marafioti has authored and co-authored numerous educational outlines on bankruptcy-related issues and is a frequent speaker on continuing legal education panels and at seminars on bankruptcy law and related topics. Ms. Marafioti supervised and coordinated the activities of the Firm's attorneys and was involved in all aspects of Home Holdings' Chapter 11 case, including negotiations with creditors and government agencies; daily consultation with Home Holdings' management; frequent consultation with the counsel for the Committee, Zurich, Trygg-Hansa, Home Insurance, and the Department; the preparation of motions, applications, memoranda of law, and pro-

posed orders; the drafting and revision of Home Holdings' Plan and Disclosure Statement; and appearances at court conferences and hearings.

84. Stephanie R. Schwartz, counsel in the Firm's restructuring and bankruptcy reorganization group, is experienced in representing both debtors and creditors in reorganization cases. Ms. Schwartz worked as the principal Skadden, Arps attorney in charge of the daily activity in this case. As with Ms. Marafioti, Ms. Schwartz supervised and coordinated the activities of the Firm's attorneys and was involved in all aspects of Home Holdings' Chapter 11 case.

85. Compensation sought. Because of the benefits realized by the estate, the nature of this case, the standing at the bar of the attorneys who rendered services, the amount of work done, the time consumed, the skill required, and the contingent nature of the compensation, Skadden, Arps requests that it be allowed \$1,769,637.00 in compensation, representing all fees for professional services rendered during the Application Period.¹²

¹² Skadden, Arps' total time charges for the Applica-
(continued...)

86. In this Application, Skadden, Arps also requests \$30,000.00 compensation for time spent and expenses incurred in preparing the monthly fee statements and this Application. This amount represents only a fraction of the time spent preparing the monthly statements and the Application.¹³

87. Reimbursement of expenses. Skadden, Arps requests that it be granted final reimbursement of ex-

¹²(...continued)

tion Period are \$1,801,198.65. Skadden, Arps, however, is voluntarily reducing its request for compensation of professional services, including time billed by persons working on this case for five hours or less during the Application Period, by \$31,561.65, thereby reducing its total request for compensation for services rendered during the Application Period to \$1,769,637.00. Skadden, Arps is requesting no compensation for the time spent in performing the conflicts review in connection with its retention.

¹³ In this district, it is generally accepted that reasonable compensation is appropriate for time spent preparing a fee application. See, e.g., In re McLean Industries, Inc., 1990 U.S. Dist. Lexis 4212, *4-8 (S.D.N.Y. 1990) ("a professional is entitled to compensation, but at a reduced rate, based on the difference between the amount, if any, that it ordinarily charges to prepare and present fee applications for its non-bankruptcy clients, and the amount it spends in preparing and presenting its fee applications in a bankruptcy proceeding"). See also In re The Bennet Funding Group, Inc., 213 B.R. 234, 249 (Bankr. N.D.N.Y. 1997).

penses in the amount of \$165,844.22,¹⁴ which represents the following sums for actual and necessary expenses incurred in the rendition of professional services during the Application Period:

Computer Legal Research (<u>e.g.</u> , Lexis, Nexis and Westlaw)	\$53,083.41
Long Distance Telephone	1,654.85
Outside Telephone	8.19
In-House Reproduction	46,618.05
Outside Reproduction	26.60
Outside Research	1,374.48
Filing/Court Fees	170.00
Court Reporting	536.40
Word Processing	39,922.50
Local Travel	9,456.60
Business Meals	1,127.29
Overtime Expenses ¹⁵	4,028.97
Courier & Express Carriers	6,936.76
Postage	<u>900.12</u>
	<u>\$165,844.22</u>

Exhibits E and F hereto provide further information and detail concerning the Firm's expenses and certain expense billing policies.

88. In the event that a subsequent review reveals that a different amount of professional services

¹⁴ Reflects Skadden, Arps' voluntary reduction of \$14,414.74.

¹⁵ Reflects Skadden, Arps' voluntary reduction of \$970.64, in compliance with the standing orders of this court regarding reimbursement of overtime meal expenses.

has been rendered or expenses have been incurred on behalf of Home Holdings, which were not processed by the Firm's computer system in advance of this Application, Skadden, Arps further reserves the right to seek such different fees and expenses by subsequent application to the court.

WHEREFORE, Skadden, Arps respectfully requests that the court enter an order granting it (a) a final allowance of (i) compensation for professional services rendered as attorneys for Home Holdings during the Application Period in the sum of \$1,769,637.00 (which represents 100% of Skadden, Arps' time charges less a reduction of \$31,561.65 in time charges for certain services rendered), plus reimbursement of actual and necessary expenses incurred in the sum of \$165,844.22 (which represents 100% of Skadden, Arps' disbursements less a reduction of \$14,414.74) and (ii) \$30,000.00 for fees and costs associated with the preparation of the monthly fee statements and this Application, and (b) such other and further relief as is just.

Dated: New York, New York
September 25, 1998

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Attorneys for Home Holdings Inc.

By: _____
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