

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE: :
: Chapter 11
: :
LERNOUT & HAUSPIE SPEECH : Case No. 00-4397 (JHW)
PRODUCTS N.V., *et al.*, : through 00-4399 (JHW)
: :
Debtors. : Jointly Administered
:

Objections Due By: December 9, 2002 at 4:00 p.m.
Hearing Date: To be Determined

NOTICE OF FINAL APPLICATION OF
AFSCHRIFT ASSOCIATION D'AVOCATS, AS SPECIAL
BELGIAN COUNSEL TO L&H HOLDINGS USA, INC.,
FOR ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES INCURRED
DURING THE PERIOD JUNE 1, 2001 THROUGH OCTOBER 31, 2002

TO: Debtors' Co-Counsel
Robert J. Dehney, Esq.
Morris, Nichols, Arsht & Tunnell

Debtors' Co-Counsel
Luc A. Despins, Esq.
Milbank, Tweed, Hadley & McCloy LLP

United States Trustee
Mark S. Kenney, Esq.

Case Fee Auditor
Stuart, Maus, Mitchell & James, Ltd.

All Other Notice Parties Pursuant
to the Amended Administrative
Order, dated April 10, 2001

PLEASE TAKE NOTICE that pursuant to the Order of this Court, dated August 13, 2002, confirming the First Amended Plan of Liquidation of L&H Holdings USA, Inc., Afschrift Association D'Avocats ("Afschrift") has filed with the Clerk of the United States Bankruptcy Court for the District of Delaware (the "Court") the **Final Application of Afschrift Association D'Avocats, as Special Belgian Counsel to L&H Holdings USA, Inc., for Allowance of Compensation for Services Rendered and for**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE: :
: Chapter 11
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LERNOUT & HAUSPIE SPEECH : Case Nos. 00-4397 (JHW)
PRODUCTS N.V., *et al.*, : through 00-4399 (JHW)
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**FINAL APPLICATION OF AFSCHRIFT ASSOCIATION D'AVOCATS,
AS SPECIAL BELGIAN COUNSEL TO L&H HOLDINGS
USA, INC., FOR ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES INCURRED
DURING THE PERIOD JUNE 1, 2001 THROUGH OCTOBER 31, 2002**

Name of Applicant:	Afschrift Association d'Avocats
Authorized to Provide Professional Services to:	L&H Holdings USA, Inc.
Date of Retention:	May 31, 2001
Period for which compensation and reimbursement is sought:	June 1, 2001 through October 31, 2002
Amount of compensation sought as actual, reasonable and necessary:	\$12,007.50
Amount of expense reimbursement sought as actual, reasonable and necessary:	\$1,125.40

This is a **final fee application** filed in accordance with the Order of the Court, dated August 13, 2002, confirming the First Amended Plan of Liquidation of L&H Holdings USA, Inc. Afschrift Association d'Avocats did not file any monthly interim fee applications in these cases.

AFSCHRIFT ASSOCIATION D'AVOCATS

SUMMARY OF PROFESSIONALS PROVIDING SERVICES
FOR THE PERIOD JUNE 1, 2001 THROUGH OCTOBER 31, 2002

<u>Timekeeper</u>	<u>Year Admitted</u>	<u>Year Fee Incurred</u>	<u>Hourly Rate</u>	<u>Hours Engaged</u>	<u>Total Value(s)</u>
Sylvie Leyder	1989	2001	250	22.00	\$ 5,500.00
		2002	250	12.75	3,187.50
Adelaide Polet	1992	2001	160	6.00	960.00
Flip Goddevriendt	2000	2001	160	<u>14.75</u>	<u>2,360.00</u>
Totals				<u>55.5</u>	<u>\$12,007.50</u>

AFSCHRIFT ASSOCIATION D'AVOCATS

SUMMARY OF COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Status/Strategy	17.55	\$3,577.50
Claims	36.25	8,005.00
Plan	1.70	425.00
Totals	<u>55.5</u>	<u>12,007.50</u>

AFSCHRIFT ASSOCIATION D'AVOCATS

SUMMARY OF DISBURSEMENTS

Expense Category	Description and Service Provider (if applicable)	Total Expenses
Long Distance Facsimile (with rates)	425 pages at \$1.00 per page	\$425.00
Long Distance Telephone	Belgacom	70.00
In-House Reproduction	3,581 copies at \$.15 per page	537.15
Filing/Court Fees	copy of 6/20/01 Judgment	8.25
Postage	MGS Legal Mail, spri	85.00
Total		\$1,125.40

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FOR THE DISTRICT OF DELAWARE

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: Chapter 11
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**FINAL APPLICATION OF AFSCHRIFT ASSOCIATION
D'AVOCATS, AS SPECIAL BELGIAN COUNSEL TO L&H HOLDINGS
USA, INC., FOR ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES INCURRED
DURING THE PERIOD JUNE 1, 2001 THROUGH OCTOBER 31, 2002**

TO THE HONORABLE JUDITH H. WIZMUR,
UNITED STATES BANKRUPTCY COURT JUDGE:

Afschrift Association d'Avocats ("Applicant"), special Belgian counsel to L&H Holdings USA, Inc. ("Holdings"), one of the above captioned debtors and debtors-in-possession (collectively, the "Debtors"), as and for its application pursuant to section 330 of title 11, United States Code (the "Bankruptcy Code") for final allowance of compensation for services rendered, and for reimbursement of expenses incurred, during the period June 1, 2001 through October 31, 2002 (the "Compensation Period"), respectfully represents:

I.

INTRODUCTION

1. By this Application, Applicant seeks an allowance and award of (a) final compensation for professional services rendered by Applicant as special counsel to Holdings during the Compensation Period in the amount of \$12,007.50, and (b) final reimbursement of actual and necessary expenses incurred by Applicant during the Compensation Period in connection with the rendition of such professional services in the amount of \$1,125.40.

2. This Application is submitted pursuant to the terms of the Court's (a) Findings of Fact and Conclusions of Law Relating to, and Order under 11 U.S.C. § 1129 Confirming, First Amended Plan of Liquidation of L&H Holdings USA, Inc. under Chapter 11 of the Bankruptcy Code, dated August 13, 2002 (the "Confirmation Order"), and (b) Second Amended Administrative Order, dated July 17, 2001, establishing procedures for interim compensation and reimbursement of expenses of professionals pursuant to sections 105(a) and 331 of the Bankruptcy Code (the "Administrative Fee Order").

3. Applicant has not received any payments or promises of payment from any source for services rendered in connection with these cases. There is no agreement or understanding between the Applicant and any other person for the sharing of compensation to be received for the services rendered in these cases.

4. Applicant has not previously filed any applications for interim allowance of compensation and reimbursement of expenses in connection with services rendered to Holdings during the Compensation Period.

5. As stated in the Affidavit of Sylvie Leyder annexed hereto as Exhibit "1", all of the services for which compensation is sought herein were rendered for or on behalf of Holdings solely in connection with these cases.

II.

JURISDICTION AND VENUE

6. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2). The statutory predicates for the relief sought herein is section 330 of the Bankruptcy Code and Rules 2002(a) and 2016 of the Federal Rules of Bankruptcy Procedure.

III.

BACKGROUND

7. On November 29, 2000 (the "Petition Date"), Holdings, together with Lernout & Hauspie Speech Products N.V. ("L&H") and Dictaphone Corporation ("Dictaphone"), filed voluntary petitions with this Court for relief under Chapter 11 of the Bankruptcy Code.

8. During their respective Chapter 11 cases, the Debtors continued in possession of their property and operated and managed their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. Pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed two official committees of unsecured creditors to serve in the Debtors' cases: (a) a joint committee for Holding and L&H (the "Joint Committee"), which retained Akin, Gump, Strauss, Hauer & Feld LLP as its counsel; and (b) a

committee for Dictaphone (the "Dictaphone Committee"), which retained Cadwalader Wickersham & Taft as its counsel.

10. The Debtors were world leaders in the development of technologies relating to computerized speech recognition, production and language translation.

11. Holdings is a Delaware corporation and a wholly-owned subsidiary of L&H, a Belgian corporation. On November 30, 2000, L&H commenced a concordat reorganization proceeding in Belgium, which was subsequently rejected by the Belgian Commercial Court of Ypres (the "Belgian Court") on December 8, 2000. L&H commenced another concordat reorganization proceeding in Belgium on December 27, 2000, which was granted by the Belgian Court on January 5, 2001 (the "Concordat Proceeding"). The Concordat Proceeding was subsequently terminated by the Belgian Court in October 2001 and, by judgment of the Belgian Court dated October 24, 2001, a bankruptcy liquidation proceeding for L&H was commenced (the "Belgian Liquidation Proceeding").

12. On April 29, 2002, Holdings filed its first amended plan of liquidation under Chapter 11 of the Bankruptcy Code (the "Holdings Plan"), and the first amended disclosure statement (the "Holdings Disclosure Statement") related thereto.

13. The Holdings Disclosure Statement was approved by Court Order dated May 24, 2002. The Confirmation Order approving the Holdings Plan was entered on August 13, 2002, and the Plan became effective on September 23, 2002 (the "Effective Date").

IV.

RETENTION OF APPLICANT

14. Following the commencement of the Debtors' Chapter 11 cases, James and Janet Baker (collectively, the "Bakers") filed motions with the Court seeking (a) the appointment of a trustee in the Chapter 11 cases of L&H and Holdings (the "Trustee Motion"), and (b) the disqualification of Milbank, Tweed, Hadley & McCloy, LLP as bankruptcy counsel to the Debtors (the "Disqualification Motion").

15. The Bakers are the former principal shareholders of Dragon Systems, Inc. ("Dragon") who received shares of L&H common stock in exchange for their stake in Dragon, which was merged with and into Holdings on or about June 7, 2000 upon consummation of that certain Agreement and Plan of Merger, dated March 27, 2000 (the "Merger Agreement"), entered into among Dragon, Holdings, L&H, the Bakers and others.

16. By Order dated April 3, 2001 (the "April 3 Order"), the Court denied both the Trustee Motion and the Disqualification Motion but directed Holdings to retain special counsel to, among other things, evaluate and, if appropriate, prosecute and/or settle any claims Holdings may have against L&H, including, but not limited to, claims arising under or relating to the Merger Agreement. Holdings retained Togut, Segal & Segal LLP ("TS&S") of New York, New York as its special bankruptcy counsel for these matters.

17. In accordance with the April 3 Order, Holdings filed an application seeking Court authorization to retain Applicant as its special Belgian counsel. No objections to the application were filed. The Court entered an Order authorizing Holdings to retain Applicant as its special counsel (the "Retention Order").

18. Pursuant to the Retention Order, Applicant was authorized (a) to assist Holdings and TS&S in the evaluation and, if appropriate, prosecute and/or settle any claims Holdings may have against L&H, including, but not limited to, potential claims and causes of action arising under the Merger Agreement, and (b) to defend any claims that may be asserted by L&H against Holdings, including any claims to be prosecuted in L&H's Belgian proceedings. A copy of the Retention Order is annexed hereto as Exhibit "2."

V.

SUMMARY OF SERVICES RENDERED

19. During the Compensation Period, Applicant rendered professional services to Holdings as necessary and appropriate consistent with the scope of its engagement pursuant to the Retention Order.

20. Applicant maintains records reflecting the daily time expended by Applicant's professionals in the rendition of their services to Holdings. Included in this Application is a chart listing the names, billing rates and time spent by each professional rendering services on behalf of Holdings. Such time records were made contemporaneously with the rendition of services by the person concerned and in the ordinary course of Applicant's practice, and are presented in a form that is believed to be in substantial compliance with the Local Rules for the District of Delaware. A summary identifying each attorney who rendered services to Holdings, their position with Applicant and time employed by Applicant, their year of admission, their billing rates and the amount of time spent by each in rendering services during the Compensation Period is annexed hereto as Exhibit "3."

21. Applicant also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of services to Holdings. A schedule of the categories of expenses and amounts for which reimbursement is requested is annexed hereto as Exhibit "4."

22. Applicant respectfully submits that the professional services that it has rendered on behalf of Holdings were necessary and have benefited Holdings, its estate and creditors.

23. The following is a summary of services rendered during the Compensation Period and is not intended to be a detailed description of the work performed, as those day-to-day services and the time expended in performing such services are fully set forth in Exhibit "5." Applicant has attempted to format its time entries in a manner consistent with the requirements under the Local Bankruptcy Rules of this Court and other applicable rules. To the extent there is any variance, Applicant requests that a waiver be granted in light of the nature and intent of the services rendered and Applicant's good faith efforts to comply. Rather, it is provided in order to highlight aspects of the services rendered to Holdings.

A. Background Due Diligence

24. Upon its retention by Holdings, Applicant was required to determine the status of the Concordat Proceeding and other matters relevant to the engagement and the tasks Applicant was to perform consistent with the Court's directives in the April 3 Order. Applicant discussed the issues relating to the Bakers' allegations and the potential claims against L&H, as well as the status of the Concordat Proceeding and the Chapter 11 cases of L&H and Holdings with TS&S.

B. The Belgian Proceedings

25. During its Concordat Proceeding, L&H filed a proposed Recovery and Payment Plan (the "RPP"). Applicant reviewed the RPP to determine how it proposed to treat the possible intercompany claims among the various Debtors, including potential Merger-related claims.

26. Applicant engaged in discussions with the TS&S regarding the claims process in the Concordat Proceeding, including the preparation and filing of a protective claim to be filed by Holdings (the "Provisional Claim"). At the direction of Holdings and in close consultation with TS&S, Applicant ensured that the Provisional Claim was timely filed in the Concordat Proceeding.

27. The Belgian Court held a hearing in June 2001 at which time creditors voted on acceptance or rejection of the RPP. Applicant coordinated with TS&S to ensure that Holdings' interests were represented at the hearing and that the Provisional Claim was voted in favor of the RPP. Notwithstanding that a clear majority of creditors voted to accept the RPP, the Belgian Court rejected the RPP by judgment dated October 24, 2001 and terminated the Concordat Proceeding. Thereafter, L&H commenced the Belgian Liquidation Proceeding.

28. Upon commencement of the Belgian Liquidation Proceeding, the Belgian Court set November 21, 2001 as the last date for creditors to file claims against L&H. TS&S consulted with Applicant concerning the filing of a claim by Holdings in the Belgian Liquidation Proceeding. Applicant confirmed with TS&S that the Provisional Claim would not be deemed a filed claim in the Belgian Liquidation Proceeding.

29. With the assistance of Applicant, TS&S and Holdings prepared a new claim (the “Belgian Claim”). Applicant filed the claim in the Belgian Court on behalf of Holdings. The Belgian Claim asserted a “provisional” claim by Holdings against L&H for (i) rights, claims and causes of action relating to the Merger Agreement, and (ii) claims arising out of intercompany relationships, transactions and accounts.

C. Belgian Claims Determination and Disposition

30. In the Belgian Liquidation Proceeding, the Curators filed an objection to the Belgian Claim and requested that Holdings provide documentation and memoranda supporting the factual and legal bases of the claims asserted by Holdings against L&H.

31. Subsequently, the Curators, the Joint Committee and the management of Holdings engaged in negotiations to resolve and settle all intercompany claims by and between L&H and Holdings, including claims and causes of action potentially assertable by Holdings against L&H arising out of, or relating to, the Merger Agreement. In light of the continuing negotiations regarding settlement of all such claims, it was determined that Holdings should request an adjournment of the objection process relating to the Belgian Claim. TS&S consulted with Applicant regarding how to proceed with the Curators. Applicant and TS&S determined that a continuation of the claim process as to the Belgian Claim was appropriate. Applicant then secured the agreement of the Curators to adjourn the Belgian Claim objection.

32. Ultimately, Holdings determined to enter into a settlement that provided for the release and waiver of virtually all intercompany claims (L&H was to retain certain claims against Holdings that it had obtained by assignment from the

Bakers as part of L&H's settlement of the Bakers' claims in the Chapter 11 cases). The settlement was presented to both the Bankruptcy Court and the Belgian Court for approval. Applicant monitored the process in the Belgian Liquidation Proceeding to ensure that Holdings' rights were properly represented. The settlement was approved by both courts and was implemented as of the Effective Date.

VI.

APPLICABLE AUTHORITY

A. Statutory Basis For Awarding Fees

33. The services rendered by Applicant to Holdings during the Compensation Period were performed efficiently, effectively and economically, and have benefited Holdings and its estate.

34. Section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award a professional person "reasonable compensation for actual, necessary services rendered" Section 330(a)(3)(A), in turn, provides that:

In determining the amount of reasonable compensation to be awarded, the court shall 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.

11 U.S.C. § 330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

35. The perspective from which an application for an allowance of compensation should be viewed in a reorganization case was aptly stated by Congressman Edwards on the floor of the House of Representatives on September 28, 1978, when he made the following statement in relation to section 330 of the Bankruptcy Code:

[B]ankruptcy legal services are entitled to command the same competency of counsel as other cases. In that light, the policy of this section is to compensate attorneys and other professionals serving in a case under title 11 at the same rate as the attorney or other professional would be compensated for performing comparable services other than in a case under title 11. Contrary language in the Senate report accompanying S.2266 is rejected, and Massachusetts Mutual Life Insurance Company v. Brock, 405 F.2d 429, 432 (5th Cir. 1968) is overruled. Notions of economy of the estate in fixing fees are outdated and have no place in a bankruptcy code.

124 Cong. Rec. H11,092 (daily ed. Sept. 28, 1978) (emphasis added). See also In re McCombs, 751 F.2d 286 (8th Cir. 1984); In re Drexel Burnham Lambert Group Inc., 133 B.R. 13 (Bankr. S.D.N.Y. 1991); In re Carter, 101 B.R. 170 (Bankr. D.S.D. 1989); In re Public Service Co. of New Hampshire, 93 B.R. 823, 830 (Bankr. D.N.H. 1988); In re White Motor Credit Corp., 50 B.R. 885 (Bankr. N.D. Ohio 1985).

B. Factors To Be Considered In Awarding Fees

36. The factors to be considered in awarding attorneys fees have been enumerated in In re First Colonial Corporation of America, 544 F.2d 1291, 1298-99 (5th Cir. 1977), reh'g denied, 547 F.2d 573, cert. denied, 431 U.S. 904, which standards have been adopted by most courts. TS&S respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

- The Time and Labor Required. The professional services rendered by Applicant on behalf of Holdings have required the continuous expenditure of time and effort. The services that have been rendered throughout Applicant's retention required a high degree of professional competence and expertise in order to be administered with skill and dispatch.
- The Novelty and Difficulty of Questions. A working understanding of the complex financial condition and corporate structure of the Debtors and the terms and conditions of the Merger Agreement was essential to Applicant's ability to provide effective representation to Holdings.
- The Skill Requisite to Perform the Legal Services Properly. Applicant believes that its recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals, and its creative approach to the resolution of issues contributed to the maximization of the value of Holdings' estate.
- The Preclusion of Other Employment by Applicant Due to Acceptance of the Case. Applicant's representation of Holdings did not preclude its acceptance of new clients.
- The Customary Fee. The fee sought herein is based upon Applicant's normal hourly rates for services of this kind. Applicant respectfully submits that the fee

sought herein is not unusual given the magnitude and complexity of these cases and the time expended in attending to its representation of Holdings and is commensurate with fees TS&S has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.

- Time Limitations Imposed by Client or Other Circumstances. As indicated, Applicant was required to address various legal and factual issues involving Holdings and L&H Belgian cases and to become familiar with a substantial amount of diverse information in a short period of time.
- The Amount Involved and Results Obtained. The efforts of Applicant during the cases assisted Holdings in evaluating and preserving potential claims and causes of action assertable against L&H in the Belgian cases.
- The Experience, Reputation and Ability of the Attorneys. Applicant has an established bankruptcy and insolvency practice and is playing and has played a major role in representing parties in bankruptcy cases in Belgium.
- The "Undesirability" of the Case. This case was not undesirable.
- Nature and Length of Professional Relationship. The Retention Order authorized Holdings' employment and retention of Applicant in June 2001. Applicant rendered services to Holdings throughout the Compensation Period, as necessary and appropriate.

37. There was a total of 55.5 hours spent by Applicant's professionals during the Compensation Period. The work involved was carefully allocated and assigned in light of the experience and expertise required for a particular task.

38. As shown by this Application and supporting documents, Applicant rendered professional services to Holdings in the most economically

efficient manner practical and without unnecessary duplication of tasks and work performed. Attached hereto as Exhibit "3" is a schedule of the hours expended by professionals of Applicant during the Compensation Period, their normal hourly rates, and the value of their services.

39. Applicant incurred actual out-of-pocket expenses in connection with the rendition of professional services to Holdings in the aggregate amount of \$1,125.40 for which it requests final reimbursement at this time. These disbursements and expenses have been incurred in accordance with Applicant's normal practice of charging clients for expenses clearly related to and required by particular matters. Applicant has endeavored to minimize these expenses to the fullest extent possible. In accordance with section 330 of the Bankruptcy Code and with the U.S. Trustee Guidelines, Applicant is seeking reimbursement only for the actual costs of expenses incurred.

40. Applicant believes that it is appropriate to charge each client only for the services actually used in performing the legal services for it. Applicant charges Holdings \$.15 per page for internal duplicating and \$1.00 per page for outgoing long distance facsimile transmissions. Applicant does not charge for local outgoing or incoming facsimile transmissions.

41. No agreement or understanding exists between Applicant and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with the case.

42. No prior application has been made in this or any other court for the relief requested herein with respect to the Compensation Period.

VIII.

NOTICE

43. In accordance with the Administrative Fee Order, a copy of this Application, with Exhibits, has been provided to: (i) co-counsel to the Debtors; (ii) co-counsel for General Electric Capital Corporation; (iii) co-counsel to the Joint Committee; (iv) co-counsel to the Dictaphone Committee; (v) co-counsel to the post-petition lender Ableco; (vi) the fee auditor, Stuart, Maue, Mitchell & James, Ltd.; and (vii) the United States Trustee. Applicant submits that no further notice is required.

WHEREFORE, Applicant respectfully requests that this Court enter an order (i) approving and awarding, on a final basis, (a) compensation of \$12,007.50 for professional services rendered to Holdings during the period June 1, 2001 through and including October 31, 2002 and (b) reimbursement of out-of-pocket expenses actually incurred during the period June 1, 2001 through and including October 31, 2002 in connection with such services in the amount of \$1,125.40 and (ii) granting such other relief as the Court deems just and proper.

DATED New York, New York
November 25, 2002

AFSCHRIFT ASSOCIATION D'AVOCATS
By:

_____/s/ Sylvie Leyder_____
SYLVIE LEYDER
Avenue Louise 208
1050 Bruxelles
Tel.: 32(0)2.646.56.36
Fax: 32(0)2.644.38.00

Special Belgian Counsel for
L&H Holdings USA, Inc., Debtor
and Debtor-in-Possession

EXHIBIT "1"

AFFIDAVIT OF SYLVIE LEYDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

IN RE:	:	Chapter 11
	:	
LERNOUT & HAUSPIE SPEECH	:	Case Nos. 00-4397 (JHW)
PRODUCTS N.V., <i>et al.</i> ,	:	through 00-4399 (JHW)
	:	
Debtors.	:	(Jointly Administered)
	:	

SYLVIE LEYDER, being duly sworn, deposes and says:

1. I am a member of the firm of Afschrift Association d'Avocats ("Applicant"), which firm maintains offices for the practice of law in Brussels, Belgium. By Order of the Court, L&H Holdings USA, Inc. ("Holdings"), one of the debtors and debtors-in-possession in the above-captioned Chapter 11 cases (collectively, the "Debtors"), was authorized to retain Applicant as its special Belgian counsel.

2. This affidavit is submitted pursuant to Bankruptcy Rule 2016(a) and Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware ("Local Rule 2016-2") in support of Applicant's application for a final allowance of compensation for services rendered to Holdings and reimbursement of expenses incurred during the period June 1, 2001 through and including October 31, 2002 (the "Application"). To the best of my knowledge and belief, the Application complies with the requirements of Bankruptcy Rule 2016 and Local Rule 2016-2.

3. All services for which compensation is requested by Applicant were professional services performed for, and on behalf of, Holdings and not on behalf of any other person.

4. In accordance with section 155 of Title 18 of the United States Code, neither I nor any member or associate of my firm has entered into any agreement, express or implied, with any other party-in-interest for the purpose of fixing the amount of any of the fees or other compensation to be allowed or paid from the Debtors' estates.

5. In accordance with section 504 of the Bankruptcy Code, no agreement or understanding exists between me, my firm, or any member or associate thereof, on the one hand, and any other person, on the other hand, for the division of any compensation my firm may receive for services rendered in connection with these cases, nor will any division of fees prohibited by section 504 of the Bankruptcy Code be made by me or any partner or associate of my firm.

/s/ Sylvie Leyder
SYLVIE LEYDER

Sworn to before me this
25th day of November, 2002

/s/ Frederique Pauporte
Notary Public

EXHIBIT "2"

RETENTION ORDER

**DUPLICATE
ORIGINAL**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

[Handwritten signature]

IN RE:

LERNOUT & HAUSPIE SPEECH
PRODUCTS N.V., *et al.*,

Debtors

Case No. 00-4397 (JHW)
through 00-4399 (JHW)
Jointly Administered
Chapter 11

**ORDER AUTHORIZING EMPLOYMENT OF THE
AFSCHRIFT FIRM AS SPECIAL BELGIAN
COUNSEL FOR L&H HOLDINGS USA, INC. UNDER
11 U.S.C. §327(e) AND FED. R. BANKR. P. 2014, 2016 AND 5002**

In furtherance of this Court's Order dated April 3, 2001, which denied motions for the appointment of a Chapter 11 Trustee and to disqualify the Debtors' general bankruptcy counsel, and upon the application (the "Application") of L&H Holdings USA, Inc. ("Holdings"), one of the debtors and debtors-in-possession herein, for the entry of an order pursuant to section 327(e) of the title 11 of the United States Code authorizing the employment of the Afschrift firm ("Afschrift"), as special Belgian counsel to Holdings in its Chapter 11 case; and upon the affidavit of Thierry Afschrift, the senior member of Afschrift, annexed to the Application; and the Court being satisfied that Afschrift represents no interest adverse to the Debtor and its estate in connection with the matters upon which it is to be engaged; and it appearing that Afschrift is "disinterested" within the meaning of section 101(14) of the Bankruptcy

Debtor and its estate; and notice of the Application and this Order having been given to (i) general bankruptcy counsel to the Debtors; (ii) counsel to the Joint Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V. and Holdings; (iii) counsel the Committee of Unsecured Creditors of Dictaphone Corporation; (iv) the United States Trustee for this district; and (v) any other party that has filed a notice of appearance in these cases; and it appearing that no other or further notice thereof is required; and sufficient cause appearing therefor, it is

ORDERED, the Application be, and it hereby is, granted in all respects; and it is further

ORDERED, that Holdings be, and hereby is, authorized to employ Afschrift, effective as of May 15, 2001, as special counsel, under a general retainer, (a) to monitor and report to Holdings concerning the status and progress of the Condordat proceeding commenced by Lernout & Hauspie Speech Products N.V. ("L&H") in the Ieper Commercial Court in Belgium (the "Belgian Proceeding"); (b) if directed by Holdings, to assist in the evaluation and, if appropriate, the prosecution and/or settlement of any claims Holdings may have against L&H, including, but not limited to, Claim Number 270/01 filed by Holdings against L&H in the Belgium Proceeding; (c) to defend any claims asserted by L&H against Holdings; and (d) to render such other legal services as set forth in the Application, with compensation to be paid in

accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Administrative Fee Order dated January 4, 2001.

DATED: Wilmington, Delaware
July 29 2001



JUDITH H. WIZMUR
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT "3"

**SUMMARY OF PROFESSIONALS
PROVIDING SERVICES AND SUMMARY
OF COMPENSATION BY PROJECT CATEGORY**

EXHIBIT "3"

AFSCHRIFT ASSOCIATION D'AVOCATS

SUMMARY OF PROFESSIONALS PROVIDING SERVICES
FOR THE PERIOD JUNE 1, 2001 THROUGH OCTOBER 31, 2002

<u>Timekeeper</u>	<u>Year Admitted</u>	<u>Year Fee Incurred</u>	<u>Hourly Rate</u>	<u>Hours Engaged</u>	<u>Total Value(s)</u>
Sylvie Leyder	1989	2001	250	22.00	\$ 5,500.00
		2002	250	12.75	3,187.50
Adelaide Polet	1992	2001	160	6.00	960.00
Flip Goddevriendt	2000	2001	160	<u>14.75</u>	<u>2,360.00</u>
Totals				<u>55.5</u>	<u>\$12,007.50</u>

AFSCHRIFT ASSOCIATION D'AVOCATS
SUMMARY OF COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Status/Strategy	17.55	\$3,577.50
Claims	36.25	8,005.00
Plan	1.70	425.00
Totals	<u>55.5</u>	<u>12,007.50</u>

EXHIBIT "4"

SUMMARY OF DISBURSEMENTS

EXHIBIT "4"

AFSCHRIFT ASSOCIATION D'AVOCATS

SUMMARY OF DISBURSEMENTS

Expense Category	Description and Service Provider (if applicable)	Total Expenses
Long Distance Facsimile (with rates)	425 pages at \$1.00 per page	\$425.00
Long Distance Telephone	Belgacom	70.00
In-House Reproduction	3,581 copies at \$.15 per page	537.15
Filing/Court Fees	copy of 6/20/01 Judgment	8.25
Postage	MGS Legal Mail, sprl	85.00
Total		\$1,125.40

EXHIBIT "5"

TIME RECORDS

Time Records for the Period June 1, 2001 through June 30, 2001

- Case Status – Court hearing of June 5, 2001 (Ieper Commercial Court): Exchange of e-mails and phone calls with Robert Raicht with a view with the hearing of June 5, 2001. Examination of the plan filed in the Concordat Proceeding by Lernout & Hauspie Speech Products N.V. (“L&H”). Phone call to Mr. Gonthier, lawyer of L&H, in order to solve the question of the proxy in the name of L&H Holdings USA, Inc. (“Holdings”). Monitoring of the hearing of June 5, 2001. E-mail of June 6, 2001 to Mr. Raicht reporting the hearing of June 5, 2001.

Time Spent: 6.95 hours (partner – Sylvie Leyder) + 6 hours (associate – Adelaide Polet).

- Case Status – Court hearing of June 20, 2001 (Ieper Commercial Court): Monitoring of the hearing. Examination of the judgment pronounced by the Court at the hearing of June 20, 2001. E-mail of June 20, 2001 to Mr. Raicht reporting the hearing of June 20, 2001.

Time spent: 1.30 hour (partner – Sylvie Leder) + 3 hours (associate – Filip Goddevriendt).

Time Records for the Period September 1, 2001 through September 30, 2001

- Plan – Fax and e-mail of September 11, 2001 to Mr. Raicht informing about the presentation by L&H of a new plan. Overview of the plan's guidelines.

Time spent: 1 hour (partner – Sylvie Leyder).

Time Records for the Period October 1, 2001 through October 31, 2001

- Plan – Monitoring of Concordat Proceeding. Review status of plan and pronouncement regarding bankruptcy.

Time spent: 0.70 hour (partner – Sylvie Leyder).

- Case Status – Fax and e-mail of October 25, 2001 to Mr. Raicht confirming the bankruptcy of L&H pronounced on October 21,2001.

Time spent: 0.30 hour (partner – Sylvie Leyder).

Time Records for the Period November 1, 2001 through November 30, 2001

- Claims – Fax and e-mail of November 6, 2001 to Mr. Raicht reporting information about the declaration of receivable to be filed by the creditors of L&H.

Time spent: 0.30 hour (partner – Sylvie Leyder).

- Claims – November 14, 2001: Exchange of phone call and various e-mails with Mr. Toole. Review of the file.

Time spent: 2 hours (partner – Sylvie Leyder).

- Claims – November 15, 2001: Fax to Mr. Toole enclosing the English version of the claim to be filed before the leper Commercial Court. Review of the draft supplement for the claim sent by Mr. Toole. Exchange of various e-mails with Mr. Toole.

Time spent: 3.00 hours (partner – Sylvie Leyder).

- Claims – November 16, 2001: Fax and e-mail to Mr. Toole enclosing the final version of the claim with attachment and proxy.

Time spent: 1.00 hour (partner – Sylvie Leyder).

- Claims – November 19, 2001: Exchange of various e-mails with Mr. Toole. Amendments to the claim. Conference call with Mr. Toole and Mr. Barr. Translation in Dutch of the attachment of the claim. Transmission to Mr. Toole and Ms. Peterson of the final form of the claim. Phone call with Mr. Van Ryckeghem, lawyer in leper, in order to obtain an official address in leper.

Time spent: 2.00 hours (partner – Sylvie Leyder) + 2.15 hours (associate – Filip Goddevriendt).

- Claims – November 21, 2001: Filing of the claim in the name of Holdings before the leper Commercial Court. E-mail to Mr. Toole confirming the accomplished duties. Meeting with Mr. Van Ryckeghem in leper.

Time spent: 0.30 hour (partner – Sylvie Leder) + 4 hours (associate – Filip Goddevriendt).

- Claims – November 23, 2001: Fax to Mr. Toole enclosing a copy of the claim and attachment filed with the leper Commercial Court. List of the documents to be filed by December 12, 2001.

Time Spent: 0.30 hour (partner – Sylvie Leyder).

Time Records for the Period December 1, 2001 through December 31, 2001

- Claims – December 7, 2001: Fax and e-mail to Mr. Toole referring to the fax of November 23, 2001.

Time spent: 0.15 (partner – Sylvie Leyder).

- Claims – December 10, 2001: Fax to Mr. Toole confirming the receipt of the “Merger Agreement”. Overview of the merger agreement.

Time spent: 0.30 (partner – Sylvie Leyder).

- Claims – December 11, 2001: Fax received from Holdings (Mr. Delaney) enclosing a copy of the documents to be attached to the claim.

- Claims – December 12, 2001: Filing of the documents (as copy) attached to the claim in the name of Holdings before the leper Commercial Court.

Time Spent: 1 hour (partner – Sylvie Leyder) + 2 hours (associate – Filip Goddevriendt).

- Claims – December 13, 2001: Fax and e-mail to Mr. Toole confirming the filing of the documents attached to the claim in copy due to the receipt of the ROYALE courier by December 12 in the evening only.

Time Spent: 0.15 (partner – Sylvie Leyder).

- Claims - December 17, 2001: Phone call with the curator of L&H. Fax to the curator confirming the non-admission of the claim by the hearing of December 19, 2001 and the handling of the claim to a further hearing.

Time spent: 0.30 (associate – Filip Goddevriendt).

- Claims – December 19, 2001: Phone conversation with Mr. Toole confirming the further treatment of the claim filed by Holdings.

Time spent: 0.15 (partner – Sylvie Leyder).

Time Records for the Period January 1, 2002 through January 31, 2002

- Claims – January 5, 2002: Overview of the written memorandum transmitted by the curator.

Time spent: 0.30 (partner – Sylvie Leyder).

Time Records for the Period February 1, 2002 through February 28, 2002

- Claims – February 27, 2002: Fax and e-mail to Mr. Toole confirming the date of the next hearing. Translation of the correspondence sent by the curator. Translation of the written memorandum filed by the curator. Comments regarding the written memorandum and the next step in the proceedings.

Time spent: 1.70 (partner – Sylvie Leyder).

- Claims – February 28, 2002: E-mail received from Mr. Toole acknowledging receipt of the e-mail of February 27, 2002. Request for additional information regarding the counterclaim of L&H NV.

Time spent: .30 (partner – Sylvie Leyder).

Time Records for the Period March 1, 2002 through March 31, 2002

- Claims – March 1, 2002: Fax and e-mail to Mr. Toole in respect with the counterclaim.

Time spent: .25 hour (partner – Sylvie Leyder).

- Claims – March 7, 2002 – e-mail from Mr. Toole concerning the L&H Holdings claim filed in the Belgian proceeding of Lernout & Hauspie Speech Products N.V. Phone call with Mr. Toole

Time spent: .90 hour (partner – Sylvie Leyder).

- Claims – March 18, 2002: contact with the curator in order to postpone the hearing of April 9, 2002. Confirmation to Mr. Toole.

Time spent: 0.30 hour (associate – Filip Goddevriendt).

- Claims – March 20, 2002: Exchange of correspondence with the curator concerning the U.S. settlement and the hearing of April 9, 2002.

Time spent: 0.70 hour (associate – Filip Goodevriendt).

- Claims – March 26, 2002: e-mail to Mr. Toole enclosing a transaction of the correspondence with the curator and with explanations about the hearing of April 9, 2002. Exchange of various e-mails with Mr. Toole about the adjournment of the hearing of April 9, 2002. Phone conversation with Mr. Toole. Fax to the curator.

Time spent: 1.10 hour (partner – Sylvie Leyder).

Time Records for the Period April 1, 2002 through April 30, 2002

- Claims – April 4, 2002: Letter of the curator in respect with the hearing of April 9, 2002. Phone conversation with the curator. Fax and e-mail to Mr. Toole with a translation of the later of the curator and comments thereof.

Time spent: 1.00 hour (partner – Sylvie Leyder).

- Claims – April 19, 2002: Letter from the curator with information on the Belgian proceeding. Fax and e-mail to Mr. Toole confirming the date of the next hearing (October 7, 2002) and the requested documents.

Time spent: .50 hour (partner – Sylvie Leyder).

Time Records for the Period September 1, 2002 through September 30, 2002

- Claims – September 1, 2002: Review letter of the curator confirming the U.S. intercompany settlement. Review documents sent by the curator. Phone conversation with the Court. Fax and e-mail to Mr. Toole concerning the withdrawal of the claims.

Time spent: 1.50 hour (partner – Sylvie Leyder).

Time Records for the Period October 1, 2002 through October 31, 2002

- Claims – October 3, 2002: Exchange of correspondence with Mr. Toole regarding the withdrawal of the claims in the frame of the Belgian proceeding further to the confirmation of the Holdings plan. Correspondence with the curator and the Court confirming the withdrawal of the claims and enclosing the formal withdrawal notice.

Time spent: 2,00 hours (partner – Sylvie Leyder).

- Claims – October 7, 2002: hearing before the Leper Commercial Court. Withdraw of the Holdings claim.

Time spent: 3.00 hours (partner – Sylvie Leyder).