

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

Chapter 11

In re:

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

Case No. 00-4398 (JHW)  
through 00-4399 (JHW)  
Jointly Administered

Debtors.

Obj. Deadline: 6/16/04 @ 4:00 p.m.

---

**SECOND INTERIM AND FINAL APPLICATION OF BILZIN SUMBERG  
BAENA PRICE & AXELROD LLP FOR COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS  
SPECIAL COUNSEL TO LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
FOR THE PERIOD FROM OCTOBER 21, 2003 THROUGH APRIL 1, 2004**

Name of Applicant:	Bilzin Sumberg Baena Price & Axelrod LLP
Authorized to provide professional services to:	Special Counsel to Lernout & Hauspie Speech Products N.V.
Date of retention:	November 25, 2003 <i>nunc pro tunc</i> to October 21, 2003
Interim Period for which compensation and reimbursement is sought:	March 1, 2004 through April 1, 2004
Amount of interim compensation sought as actual reasonable and necessary:	<u>\$107,204.00</u>
Amount of interim expense reimbursement sought as actual reasonable and necessary:	<u>\$2,063.42</u>
Final Period for which compensation and Reimbursement is sought:	October 21, 2003 through April 1, 2004
Amount of final compensation sought as actual reasonable and necessary:	<u>\$291,939.50</u>
Amount of final expense reimbursement sought as actual reasonable and necessary:	<u>\$10,237.28</u>

This is an: X interim X final application

The total time expended for the preparation of this application is approximately 10.0 hours and the corresponding compensation requested is approximately \$2,000.00.

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

<b>DATE FILED</b>	<b>PERIOD COVERED</b>	<b>REQUESTED FEES/EXPENSES</b>	<b>APPROVED FEES/EXPENSES</b>
4/2/04	10/21/03 – 4/1/04	\$184735.50/\$8,173.86	PENDING

**ATTACHMENT "B" TO FEE APPLICATION  
SUMMARY OF HOURS  
Interim Period from 3/1/04 through 4/1/04**

<b>Name of Professional Person</b>	<b>Position of Applicant</b>	<b>Years of Experience For Attys</b>	<b>Department</b>	<b>Hourly Billing Rate</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
David W. Trench	Partner	27	Litigation	385.00	43.1	\$16,593.50
Scott L. Baena	Partner	28	Bankruptcy	550.00	3.4	\$1,870.00
Jay M. Sakalo	Associate	5	Bankruptcy	290.00	.2	\$58.00
Scott G. Klein	Associate	4	Bankruptcy	255.00	144.6	\$36,873.00
Adrian C. Delancy	Associate	8	Bankruptcy	300.00	14.3	\$4,290.00
TerRance Q. Woodard	Associate	2	Bankruptcy	215.00	2.9	\$623.50
Nathan G. Mancuso	Associate	5	Bankruptcy	290.00	123.0	\$35,670.00
R. Cantrell Jones	Associate	2	Litigation	195.00	1.0	\$195.00
Luisa M. Flores	Paralegal		Bankruptcy	120.00	14.9	\$1,788.00
Silvia J. Anderson	Paralegal		Bankruptcy	120.00	5.8	\$696.00
Wendy Van Dijk	Project Asst		Bankruptcy	110.00	48.6	\$5,346.00
Adam Josephs	Project Asst		Litigation	110.00	29.1	\$3,201.00
<b>Total:</b>					<b>430.9</b>	<b>\$107,204.00</b>
<b>GRAND TOTAL - \$107,204.00</b>						
<b>Blended Rate: \$248.79</b>						

**SUMMARY OF CUMMULATIVE HOURS**  
**Final Period from 10/21/03 through 4/1/04**

<b>Name of Professional Person</b>	<b>Position of Applicant</b>	<b>Years of Experience For Attys</b>	<b>Department</b>	<b>Hourly Billing Rate</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
David W. Trench	Partner	27	Litigation	375.00	47.8	\$17,925.00
David W. Trench	Partner	27	Litigation	385.00	86.2	\$33,187.00
Scott L. Baena	Partner	28	Bankruptcy	500.00	.5	\$250.00
Scott L. Baena	Partner	28	Bankruptcy	550.00	3.8	\$2,090.00
Jay M. Sakalo	Associate	5	Bankruptcy	290.00	.2	\$58.00
Michael Foster	Associate	9	Litigation	290.00	6.3	\$1,827.00
Scott G. Klein	Associate	4	Bankruptcy	225.00	24.2	\$5,445.00
Scott G. Klein	Associate	4	Bankruptcy	255.00	351.2	\$89,556.00
Adrian C. Delancy	Associate	8	Bankruptcy	300.00	19.7	\$5,910.00
TerRance Q. Woodard	Associate	2	Bankruptcy	185.00	6.2	\$1,147.00
TerRance Q. Woodard	Associate	2	Bankruptcy	215.00	40.9	\$8,793.50
Nathan G. Mancuso	Associate	5	Bankruptcy	270.00	42.9	\$11,583.00
Nathan G. Mancuso	Associate	5	Bankruptcy	290.00	248.4	\$72,036.00
R. Cantrell Jones	Associate	2	Litigation	170.00	83.7	\$14,416.00
R. Cantrell Jones	Associate	2	Litigation	195.00	26.8	\$5,226.00
Efraim Gutierrez	Paralegal		Corporate	120.00	.25	\$30.00
Luisa M. Flores	Paralegal		Bankruptcy	120.00	23.0	\$2,760.00
Luisa M. Flores	Paralegal		Bankruptcy	110.00	6.7	\$737.00
Anthony D. Box	Paralegal		Bankruptcy	120.00	1.6	\$192.00
Silvia J. Anderson	Paralegal		Bankruptcy	120.00	7.1	\$852.00
Silvia J. Anderson	Paralegal		Bankruptcy	110.00	1.0	\$110.00
David Rosenblatt	Paralegal		Litigation	110.00	1.3	\$143.00
Wendy Van Dijk	Project Asst		Bankruptcy	100.00	12.1	\$1,210.00
Wendy Van Dijk	Project Asst		Bankruptcy	110.00	84.9	\$9,339.00
Adam Josephs	Project Asst		Litigation	110.00	64.7	\$7,117.00
<b>Total:</b>					<b>1,191.45</b>	<b>\$291,939.50</b>
<b>GRAND TOTAL - \$291,939.50</b>						
<b>Blended Rate: \$245.03</b>						

**COMPENSATION BY PROJECT CATEGORY**  
**Interim Period from 3/1/04 – 4/1/04**

<b>PROJECT CATEGORY</b>	<b>TOTAL HOURS</b>	<b>TOTAL FEES</b>
Case Administration	1.6	\$243.00
Kemper Indemnity Insurance Litigation	1.1	\$605.00
Claims Administration/Objection	43.2	\$10,465.50
Preference Actions	367.2	\$93,295.50
Fee Applications	17.8	\$2,595.00
<b>Grand Total</b>	<b>430.9</b>	<b>\$107,204.00</b>

**CUMMULATIVE COMPENSATION BY PROJECT CATEGORY**  
**Final Period from 10/21/03 – 4/1/04**

<b>PROJECT CATEGORY</b>	<b>TOTAL HOURS</b>	<b>TOTAL FEES</b>
Case Administration	1.6	\$243.00
Kemper Indemnity Insurance Litigation	135.2	\$31,592.00
Claims Administration/Objection	103.05	\$25,171.50
Preference Actions	887.8	\$221,227.00
Retention of Professionals	46.00	\$11,111.00
Fee Applications	17.8	\$2,595.00
<b>Grand Total</b>	<b>1,191.45</b>	<b>\$291,939.50</b>

**EXPENSE SUMMARY**  
**Interim Period from 3/1/04 – 4/1/04**

1.	Searches/Title/Name/Corp Searches		
2.	Process Service		124.75
3.	Messenger Services		
4.	Photocopies		148.95
	(a) In-house copies @ .15	148.95	
	(b) Outside copies (at cost)		
5.	Postage		4.67
6.	Overnight Delivery Charges		106.63
7.	Long Distance Telephone Charges		509.53
8.	Telecopies		6.00
9.	Computerized Research		1,162.89
10.	Expert Fees and Costs		
11.	Miscellaneous Costs		
12.	Professional Services		
13.	Travel Expenses		
	(a) Airfare		
	(b) Meals		
	(c) Parking & Mileage & Car Rental		
	(d) Misc Travel expenses		
	(e) Lodging		
<b>TOTAL "GROSS" AMOUNT OF REQUESTED DISBURSEMENT</b>			
<b>TOTAL NET AMOUNT OF REQUESTED REIMBURSEMENT</b>			<b>\$2,063.42</b>

**CUMMULATIVE EXPENSE SUMMARY**  
**Final Period from 10/21/03 – 4/1/04**

1.	Searches/Title/Name/Corp Searches		\$22.00
2.	Process Services		\$124.75
3.	Messenger Services		
4.	Photocopies		\$499.95
	(a) In-house copies @ .15	499.95	
	(b) Outside copies (at cost)		
5.	Postage		\$7.44
6.	Overnight Delivery Charges		\$122.22
7.	Long Distance Telephone Charges		\$1,186.12
8.	Telecopies		\$34.00
9.	Computerized Research		\$6,308.74
10.	Expert Fees and Costs		
11.	Miscellaneous Costs		
12.	Professional Services		
13.	Travel Expenses		\$1,932.06
	(a) Airfare	\$1,399.00	
	(b) Meals	\$67.63	
	(c) Parking & Mileage & Car Rental	\$24.00	
	(d) Misc Travel expenses	\$189.53	
	(e) Lodging	\$251.90	
<b>TOTAL "GROSS" AMOUNT OF REQUESTED DISBURSEMENT</b>			<b>\$10,237.28</b>
<b>TOTAL NET AMOUNT OF REQUESTED REIMBURSEMENT</b>			<b>\$10,237.28</b>

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

Chapter 11

In re:

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

Case No. 00-4398 (JHW)  
through 00-4399 (JHW)  
Jointly Administered

Debtors.

---

**SECOND INTERIM AND FINAL APPLICATION OF BILZIN SUMBERG  
BAENA PRICE & AXELROD LLP FOR COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS  
SPECIAL COUNSEL TO LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
FOR THE PERIOD FROM OCTOBER 21, 2003 THROUGH APRIL 1, 2004**

Bilzin Sumberg Baena Price & Axelrod LLP (the "Applicant"), special counsel to Lernout & Hauspie Speech Products N.V. ("L&H NV"), hereby submits its Second Interim and Final Application of Bilzin Sumberg Baena Price & Axelrod LLP for Compensation for Services Rendered and Reimbursement of Expenses Incurred as Special Counsel to Lernout & Hauspie Speech Products N.V. or the Period From October 21, 2003 through February 29, 2004 (the "Application"), pursuant to 11 U.S.C. §§ 330 and 331, Bankruptcy Rule 2016, Local Order No. 32, and the Second Amended Order Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated July 27, 2001 ("Interim Fee Order"), and the Notice of (A) Effective Date of the Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. Under Chapter 11 of the Bankruptcy Code, and (B) Appointment of Plan Administrator dated April 5, 2004 ("Effective Date Notice").

for approval and allowance of compensation for services rendered and for reimbursement of expenses incurred in connection therewith, and respectfully represents as follows:



## **I. Introduction**

1. Applicant, as special counsel to L&H NV, seeks (i) interim approval and allowance, pursuant to Section 331 of the Bankruptcy Code of compensation for the professional services rendered by Applicant as special counsel for L&H NV from March 1, 2004 through April 1, 2004 (the " Interim Compensation Period"), in the aggregate amount of \$107,204.00 representing 430.9 hours of professional services; (ii) reimbursement of actual and necessary expenses incurred by the Applicant during the Interim Compensation Period in connection with the rendition of such professional services in the aggregate amount of \$2,063.42; (iii) seeks final approval and allowance rendered by Applicant as special counsel for L&H NV from October 21, 2003 through April 1, 2004 (the " Final Compensation Period"), in the aggregate amount of \$291,939.50 representing 1,191.45 hours of professional services; and (iv) reimbursement of actual and necessary expenses incurred by the Applicant during the Final Compensation Period in connection with the rendition of such professional services in the aggregate amount of \$10,237.28.

2. This Court has jurisdiction over this 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.

## **II. Background**

3. November 29, 2000, L&H NV and its affiliated debtors and debtors-in-possession, L&H Holdings USA, Inc. ("L&H Holdings") and Dictaphone Corporation ("Dictaphone" and, together with L&H NV and L&H Holdings, the "L&H Group"), filed voluntary petitions in this Court under chapter 11 of the Bankruptcy Code. Dictaphone emerged from chapter 11 on March 28, 2002, and L&H Holdings emerged on September 23, 2002. L&H NV continues to operate its business and manage its property as a debtor in possession pursuant to sections 1107(a) and 1108

of the Bankruptcy Code.

4. March 11, 2003, the Official Committee of Unsecured Creditors for L&H NV filed the Official Committee Of Unsecured Creditors' Plan Of Liquidation For Lernout & Hauspie Speech Products N.V. under Chapter 11 Of Bankruptcy Code (the "Plan"). On April 10, 2003, the Bankruptcy Court approved the disclosure statement relating to the Plan, and on May 30, 2003, the Bankruptcy Court entered the Findings Of Fact And Conclusions Of Law Relating To Order Under 11 U.S.C. § 1129 Of Bankruptcy Code Confirming Official Committee Of Unsecured Creditors' Plan Of Liquidation For Lernout & Hauspie Speech Products N.V. under Chapter 11 Of Bankruptcy Code (the "Confirmation Order").

5. Effectiveness of the Confirmation Order had been stayed pending an appeal of the same by Stonington Partners, Inc., Stonington Capital Appreciation 1994 Fund L.P., And Stonington Holdings, L.L.C. (the "Stonington Entities"). The Stonington Entities previously objected to confirmation of the Plan, and the Bankruptcy Court did not sustain the objection. Following the confirmation hearing, on June 10, 2003, the Stonington Entities filed a Notice Of Appeal from the Confirmation Order (the "Stonington Appeal"), which appeal remains pending.

6. The Plan provides for the appointment of a Litigation Trustee and a Plan Administrator. Under the Plan, the responsibilities of the (a) Litigation Trustee and (b) Plan Administrator include, respectively (x) the prosecution and defense of certain causes of action assigned to a litigation trust established pursuant to the Plan, including, but not limited to the Avoidance Actions, and (y) claims reconciliation. (See Plan §§ 7.3, 7.4.14). The Applicant is counsel for the Litigation Trustee and the Plan Administrator.

7. Kemper Indemnity Insurance Company ("Kemper"), after obtaining stay relief in this case on or about February 11, 2003, filed a Complaint against L&H NV in the United States

District Court for the Southern District of New York, on or about March 31, 2003. The Complaint seeks, among other things, declaratory and equitable relief with respect to an insurance policy covering L&H NV as an insured and against which certain claims have been asserted (the "Kemper Litigation"). Upon information and belief, Kemper is in the process of undertaking service of the Complaint on L&H NV.

8. On November 7, 2003, L&H NV filed an application, pursuant to section 327(a) of the Bankruptcy Code, to retain the Applicant as special counsel for the purposes of defending the Kemper Litigation and handling claims administration on behalf of L&H NV. L&H NV considered it more efficient and cost effective to retain the Applicant immediately rather than waiting to transition these matters to the Applicant after the effective date of the Plan (upon the effective appointment of the Litigation Trustee and Plan Administrator). At a hearing held on November 25, 2003, the Court approved the Applicant's retention<sup>1</sup> and suggested that, under the same rationale, L&H NV should consider retaining the Applicant to prosecute pending avoidance actions commenced on behalf of L&H NV (the "Avoidance Actions"). The Litigation Trustee is responsible for prosecuting the Avoidance Actions under the Plan and anticipates using the Applicant in connection with the same.

9. On January 16, 2004, the Supplemental Application of Lernout & Hauspie Speech Products N.V. for Order, Under 11 U.S.C. § 328(a) and Fed. R. Bank. P. 2014, Expanding Employment and Retention of Bilzin Sumberg Baena Price & Axelrod LLP as Special Counsel, *Nunc Pro Tunc* to November 25, 2003,<sup>2</sup> was filed seeking entry of an order expanding the

---

<sup>1</sup> The Court's Order approving L&H NV's application to retain the Applicant was entered on November 25, 2003 *nunc pro tunc* to October 21, 2003.

<sup>2</sup> The Court's Order approving L&H NV's supplemental application to retain the Applicant was entered on February 18, 2004, *nunc pro tunc* to November 25, 2003.

existing scope of the Applicant's employment to include the prosecution of the Avoidance Actions.

10. This is the second interim and final fee application request that the Applicant has filed with the Court for an allowance of compensation and reimbursement of expenses for services rendered to L&H NV.

11. No prior application has been made to this or any other court for the relief requested herein, nor has payment been received for legal services provided to and on behalf of L&H NV, or for expenses incurred in connection therewith, during the Interim Compensation Period. The Applicant has not entered into any agreement, express or implied, with any other party for the purpose of fixing or sharing fees or other compensation to be paid for professional services rendered in these cases. Furthermore, no promises have been received by the Applicant or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

12. As stated in the Certification of David W. Trench, attached hereto as **Exhibit A**, all of the services for which compensation is sought herein were rendered for and on behalf of the L&H NV solely in connection with these cases.

### **III. Summary of Services Rendered**

13. In accordance with Local Rule 2016-2, and the Interim Fee Order, and to assist the Court, the Debtor, the Trustee and other parties in interest in evaluating this Request, the primary services performed by the Applicant during the Interim Compensation Period are summarized in the Summary attached hereto as **Exhibit B**. The summary reflects certain services of major importance, which required the special attention, efforts and skill of the

Applicant. The Applicant's services throughout the Interim Compensation Period have been valuable to L&H NV in providing advice and counsel.

14. In accordance with the Interim Fee Order and the Local Rules, a summary sheet of the attorneys and their corresponding positions, years of experience, hourly rates and the number of hours incurred by each is set forth on **Attachment B**. The hourly rates reflect what Applicant generally charges its other clients for similar services. An itemization including identification of services performed by the attorneys sorted by date and time keeper is attached hereto as **Exhibit C**, which also contains a statement of Applicant's disbursements, necessarily incurred in the performance of Applicant's duties as special counsel to L&H NV.

#### **IV. Conclusion**

15. Applicant has necessarily and properly expended 1,191.45 hours of services in the performance of its duties as special counsel to L&N NV during the Final Compensation Period. Such services have a fair market value of \$291,939.50. The work involved and thus the time expended, was carefully assigned in light of the expertise required for each particular task.

16. In addition, Applicant incurred actual out-of-pocket expenses in connection with the rendition of services to L&H NV in the sum of \$10,237.28 during the Final Compensation Period..

17. Applicant charges \$.15 per page for in-house photocopying services. Applicant charges the actual cost from the vendor for out-sourced photocopying and document retrieval, and computerized legal research. Applicant charges \$.50 per page for out-going facsimile transmissions, and does not charge for in-coming facsimiles.

18. Applicant has reviewed the requirements set forth in Local Rule 2016-2 and believes that this application for interim and final compensation complies therewith.

19. Applicant has made no prior application in this or any other Court for the relief sought herein.

WHEREFORE, Applicant respectfully requests that this Court enter a final order: (1) awarding Applicant the sum of \$291,939.50 for professional services rendered to L&H NV during the Final Compensation Period, which includes the Interim Compensation Period; (2) approving and authorizing reimbursement to Applicant of \$10,237.28 for actual and necessary expenses incurred during the Final Compensation Period, which includes the Interim Compensation Period; (3) directing L&H NV to pay the Applicant the sum of \$302,176.78, minus any amounts previously paid to the Applicant; and (4) granting such other and further relief as the Court deems just and proper.

Dated: May 28, 2004

BILZIN SUMBERG BAENA PRICE  
& AXELROD LLP  
Special Counsel to Lernout & Hauspie Speech  
Products N.V.  
2500 Wachovia Financial Center  
200 South Biscayne Boulevard  
Miami, Florida 33131-2336  
Telephone: (305) 374-7580  
Facsimile: (305) 374-7593

By:       /s/ David W. Trench        
David W. Trench, Esq. (admitted *pro hac vice*)  
Nathan G. Mancuso, Esq. (admitted *pro hac vice*)  
Scott G. Klein, Esq. (admitted *pro hac vice*)