

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
: :  
LERNOUT & HAUSPIE : Case No. 00-4398 (JHW)  
SPEECH PRODUCTS N.V., : :  
: :  
: :  
Debtor. :  
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FINAL APPLICATION OF MILBANK, TWEED, HADLEY & M<sup>C</sup>CLOY LLP, AS  
GENERAL BANKRUPTCY COUNSEL FOR LERNOUT & HAUSPIE SPEECH  
PRODUCTS N.V., UNDER 11 U.S.C. §§ 330 AND 331, SEEKING  
APPROVAL AND ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND FOR REIMBURSEMENT OF EXPENSES FROM  
NOVEMBER 29, 2000 THROUGH AND INCLUDING APRIL 2, 2004

Name of Applicant: Milbank, Tweed, Hadley & M<sup>C</sup>Cloy LLP

Authorized to Provide  
Professional Services to: Lernout & Hauspie Speech Products N.V.

Date of Retention: January 4, 2001 (effective as of  
November 29, 2000)

Period for which compensation  
and reimbursement is sought: November 29, 2000 - April 2, 2004

Amount of Compensation  
requested: \$6,626,938.85

Amount of Expense  
Reimbursement requested: \$435,730.38

This is an:        interim   X   final application.

The total time expended for the preparation of this application is approximately 45 hours and the corresponding compensation requested is approximately \$20,250.00 (this amount is included in this fee application).

This is the final fee application filed by Milbank, Tweed, Hadley & McCloy LLP in these cases on account of fees and expenses allocated to the Lernout & Hauspie Speech Products N.V. estate.

Prior Applications<sup>1</sup>:

Period Covered	Requested		Awarded	
	Fees	Expenses	Fees	Expenses
November 29, 2000 - December 31, 2000	659,001.00	60,854.97	In Part	In Part
January 1, 2001 - January 31, 2001	746,135.50	73,824.30	In Part	In Part
February 1, 2001 - February 28, 2001	887,496.00	47,119.59	In Part	In Part
March 1, 2001 - March 31, 2001	1,094,649.50	100,357.35	In Part	In Part
<b>First Summary Fee Application*</b>	<b>\$3,387,282.00</b>	<b>\$282,156.21</b>	<b>\$3,146,958.50</b>	<b>\$236,832.01</b>
April 1, 2001 - April 30, 2001	736,569.50	66,922.35	In Part	In Part
May 1, 2001 - May 31, 2001	669,959.00	52,327.98	In Part	In Part
June 1, 2001 - June 30, 2001	792,975.00	67,425.96	In Part	In Part
July 1, 2001 - July 31, 2001	1,002,849.00	95,541.18	In Part	In Part
<b>Second Summary Fee Application*</b>	<b>\$3,202,352.50</b>	<b>\$282,217.47</b>	<b>\$3,022,352.50</b>	<b>\$215,071.36</b>
August 1, 2001 - August 31, 2001	1,138,346.50	107,036.27	In Part	In Part
September 1, 2001 - September 30, 2001	828,180.50	54,713.02	In Part	In Part
October 1, 2001 - October 31, 2001	1,472,976.50	104,096.57	In Part	In Part
November 1, 2001 - November 30, 2001	981,800.50	74,120.92	In Part	In Part
<b>Third Summary Fee Application*</b>	<b>\$4,421,304.00</b>	<b>\$339,966.78</b>	<b>\$4,290,796.00</b>	<b>\$182,584.43</b>

<sup>1</sup> Amounts reflected are for all fees and expenses requested in the prior applications. The amounts of \$6,882,103.97 in fees and \$600,587.10 in expenses have been allocated to the Lernout & Hauspie Speech Products N.V. estate.

\* The fees and expenses awarded in these summary applications have been paid in full.

December 1, 2001 - December 31, 2001	884,865.00	84,510.63	In Part	In Part
January 1, 2002 - January 31, 2002	513,815.00	41,596.09	In Part	In Part
February 1, 2002 - February 28, 2002	438,610.00	43,647.02	In Part	In Part
March 1, 2002 - March 31, 2002	505,492.00	37,859.84	In Part	In Part
<b>Fourth Summary Fee Application*</b>	<b>\$2,342,782.00</b>	<b>\$207,613.58</b>	<b>\$2,300,771.50</b>	<b>\$131,693.92</b>
April 1, 2002 - April 30, 2002	119,340.00	15,924.54	In Part	In Part
May 1, 2002 - May 31, 2002	161,197.00	18,169.00	In Part	In Part
June 1, 2002 - June 30, 2002	125,581.50	16,956.35	In Part	In Part
July 1, 2002 - July 31, 2002	73,488.50	12,121.59	In Part	In Part
<b>Fifth Summary Fee Application*</b>	<b>\$479,607.00</b>	<b>\$63,171.48</b>	<b>\$477,684.00</b>	<b>\$38,225.00</b>
August 1, 2002 - August 31, 2002	211,434.00	21,801.96	In Part	In Part
September 1, 2002 - September 30, 2002	120,036.50	7,444.10	In Part	In Part
October 1, 2002 - October 31, 2002	60,006.00	7,090.66	In Part	In Part
November 1, 2002 - November 30, 2002	66,026.50	5,011.42	In Part	In Part
<b>Sixth Summary Fee Application*</b>	<b>\$457,503.00</b>	<b>\$41,348.14</b>	<b>\$432,503.00</b>	<b>\$20,875.07</b>
December 1, 2002 - December 31, 2002	58,081.50	7,788.19	In Part	In Part
January 1, 2003 - January 31, 2003	60,202.00	4,433.41	In Part	In Part
February 1, 2003 - February 28, 2003	28,076.50	5,553.27	In Part	In Part
March 1, 2003 - March 31, 2003	185,376.00	28,086.33	In Part	In Part
<b>Seventh Summary Fee Application*</b>	<b>\$331,736.00</b>	<b>\$45,861.20</b>	<b>\$326,367.00</b>	<b>\$27,555.29</b>
April 1, 2003 - April 30, 2003	88,163.50	5,812.97	In Part	In Part
May 1, 2003 - May 31, 2003	81,257.00	5,694.84	In Part	In Part
June 1, 2003 - June 30, 2003	42,918.00	1,213.52	In Part	In Part
July 1, 2003 - July 31, 2003	21,304.00	2,948.91	In Part	In Part
<b>Eighth Summary Fee Application*</b>	<b>\$233,642.50</b>	<b>\$15,670.24</b>	<b>\$186,914.00</b>	<b>\$15,670.24</b>

August 1, 2003 - August 31, 2003	68,669.00	2,708.19	Pending	Pending
September 1, 2003 - September 30, 2003	68,514.00	3,790.82	Pending	Pending
October 1, 2003 - October 31, 2003	67,385.50	5,396.09	Pending	Pending
November 1, 2003 - November 30, 2003	37,669.00	2,804.27	Pending	Pending
<b>Ninth Summary Fee Application</b>	<b>\$242,237.50</b>	<b>\$14,699.37</b>	<b>Pending</b>	<b>Pending</b>
December 1, 2003 - December 31, 2003	12,471.50	1,278.74	Pending	Pending
January 1, 2004 - January 31, 2004	6,321.00	212.98	Pending	Pending
February 1, 2004 - February 29, 2004	5,361.00	446.68	Pending	Pending
March 1, 2004 - April 2, 2004	39,596.50	2,141.55	Pending	Pending
Supplement <sup>2</sup>	13,003.50	12,043.74	Pending	Pending
<b>Tenth Summary Fee Application</b>	<b>\$76,753.50</b>	<b>\$16,123.69</b>	<b>Pending</b>	<b>Pending</b>

<sup>2</sup>

The Supplement includes fees and expenses in each period of the Tenth Summary Fee Application.

**FINAL FEE APPLICATION OF  
MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP  
SUMMARY OF PROFESSIONALS PROVIDING SERVICES**

NAME	POSITION AT CURRENT OR PRIOR FIRMS	HOURLY RATE	TOTAL HOURS <sup>3</sup>
Luc Despins	Financial Restructuring Partner for 10 years; admitted in 1986	725	98.60
		695	33.80
		675	1758.50
		625	195.20
Dale Ponikvar	Tax Partner for 14 years; admitted in 1981	695	15.30
		675	76.50
William Mahoney	Global Corporate Finance Partner for 13 years; admitted in 1976	675	9.50
Robert Reder	Global Corporate Partner for 12 years; admitted in 1979	675	3.00
Michael Hirschfeld	Litigation Partner for 8 years; admitted in 1974	625	48.30
		565	14.00
Mark Weissler	Global Corporate Partner for 18 years; admitted in 1975	675	12.50
		625	26.80
Richard Wight	Corporate Finance Partner for 17 years; admitted in 1976	625	125.40
John O'Connor	Global Corporate Partner for 13 years; admitted in 1987	600	7.70
Simon Friedman	Tax Partner for 7 years; admitted in 1981	650	2.00
		600	34.50

<sup>3</sup>

Total hours reflect all time billed during the period of November 29, 2000 through April 2, 2004 to each of the estates of Dictaphone Corporation, Lernout & Hauspie Speech Products NV and L&H Holdings USA, Inc., as applicable. Milbank allocated its monthly fees and expenses in accordance with this Court's Compensation Order and only seeks approval at this time of the fees and expenses allocated to the Lernout & Hauspie Speech Products N.V. estate. On June 19, 2003 and June 2, 2003 the Court approved the final fee application of Milbank Tweed for the estates of Dictaphone and L&H Holdings, respectively.

Fred Kneip	Tax Partner for 26 years; admitted in 1968	575	2.90
Eric Moser	Global Corporate Finance Partner for 6 years; admitted in 1991	575	116.90
		500	30.60
		445	41.10
Wilbur Foster	Financial Restructuring Partner for 11 years; admitted in 1982	550	28.40
		505	19.10
Allan Brilliant	Financial Restructuring Partner for 10 years; admitted in 1986	550	848.60
		525	258.70
Robert Finkel	Global Corporate Partner for 4 years; admitted in 1988	525	5.20
		450	269.50
Parker Bagley	Litigation Partner for 11 years; admitted in 1984	525	6.50
Robert Lawrence	Global Project Finance Partner for 5 years; admitted in 1983	525	8.50
Thomas Arena	Litigation Partner for 4 years; admitted in 1991	600	41.30
		525	20.40
		450	507.60
		410	95.40
Crayton Bell	Global Corporate Partner for 4 years; admitted in 1992	500	58.10
		490	1,258.70
Michael Murray	Litigation Partner for 8 years; admitted in 1988	475	240.00
Douglas Henkin	Litigation Partner for 4 year; admitted in 1993	450	133.20
		410	29.40
Susheel Kirpalani	Financial Restructuring Partner for 3 years; admitted in 1995	420	542.80
		375	25.20
David Zemans	Corporate Finance Partner for 3 years; admitted in 1993	375	17.40
David Cohen	Litigation Partner 2 years; admitted in 1994	550	1.70
		420	216.20

Michael Edelman	Financial Restructuring Of Counsel for 2 years; admitted in 1991	495	280.70
Jane Hanson	Litigation Of Counsel for 7 years; admitted in 1984	450	246.20
Peter Roest	Financial Restructuring Associate for 15 years; admitted in 1986	480 435 405	23.50 766.70 95.40
Dennis O'Donnell	Financial Restructuring Associate for 11 years; admitted in 1992	490 480 465 420	60.80 341.90 493.60 2,131.80
Anthony Rotondi	Litigation Associate for 9 years; admitted in 1995	480	11.60
Jeffrey Nagel	Litigation Associate for 10 years; admitted in 1995	480	58.70
Edward A. Stelzer	Litigation Associate for 10 years; admitted in 1994	465	23.50
Edward Rayner	Tax Associate for 12 years; admitted in 1992	465 420	13.70 34.80
Douglas Cohen	Financial Restructuring Associate for 6 years; admitted in 1997	465 450 405	22.20 207.60 196.50
Miriam Foley	Global Corporate Associate for 8 years; admitted in 1997	450	58.70
Matthew Barr	Financial Restructuring Associate for 7 years; admitted in 1997	490 465 450 405 330	8.90 204.20 762.00 2,023.40 251.50
Paul Malek	Financial Restructuring Associate for 8 years; admitted in 1994	465 450 405	17.20 394.10 638.00

Deirdre Ann Sullivan	Financial Restructuring Associate for 15 years; admitted in 1989	450	14.70
Janet Parkhurst	Global Corporate Associate for 7 years; admitted in 1997	450 405	7.40 113.30
Julie Solomon	Global Corporate Associate for 6 years; admitted in 1998	455 425 385	24.70 369.60 1,167.10
Peter Sloane	Litigation Associate for 5 years; admitted in 1999	425 310	19.80 12.40
Mary M. Langton	Real Estate Associate for 7 years; admitted in 1998	425	58.10
Jeffrey Milton	Financial Restructuring Associate for 3 years; admitted in 1999	425 385	15.40 7.10
Denyse Santoro	Global Corporate Associate for 6 years; admitted in 1995	420	109.90
Hillary De Nigro	Litigation Associate for 7 years; admitted in 1994	420	56.00
Scott Beechert	Global Corporate Associate for 8 years; admitted in 1994	420	192.80
Mitchell Epner	Litigation Associate for 8 years; admitted in 1996	420	136.20
Seth Garland	Litigation Associate for 7 years; admitted in 1995	420	11.90
Tedd Van Buskirk	Litigation Associate for 6 years; admitted in 1995	420	70.80
William Matney	Financial Restructuring Associate for 13 years; admitted in 1986	420	173.40



Lawrence Kass	Litigation Associate for 8 years; admitted in 1995	420	101.10
Robert Strent	Global Corporate Associate for 8 years; admitted in 1995	420	28.50
Stacey Rappaport	Litigation Associate for 7 years; admitted in 1997	405	13.60
Aline Matta	Litigation Associate for 3 years; admitted in 1998	405	20.00
Michael Jacobs	Litigation Associate for 4 years; admitted in 1996	405	9.00
Jennifer Cramer	Global Corporate Associate for 5 years; admitted in 1999	445 400 350	8.60 75.80 937.10
Russell Kestenbaum	Tax Associate for 7 years; admitted in 1997	400 350	62.10 179.90
James Tecce	Financial Restructuring Associate for 9 years; admitted in 1995	460 445 400 350 260	6.50 261.30 921.30 1,790.10 227.30
David Schiff	Global Corporate Associate for 7 years; admitted in 1997	400 350	136.40 1,030.90
Robin Stephan	Global Corporate Associate for 6 years; admitted in 1998	385	24.30
Marc Flusche	Corporate Finance Associate for 6 years; admitted in 1998	385	155.20
Susan Thatch	Global Corporate Associate for 7 years; admitted in 1997	385	116.00
Lara Posner	Litigation Associate for 6 years; admitted in 1998	385	12.00
Chris Holm	Litigation Associate for 6 years; admitted in 1998	385	91.90

Geoffrey Secol	Global Corporate Associate for 5 years; admitted in 1999	385	64.30
Astrid Becker-Celik	Global Corporate Finance Associate for 5 years; admitted in 1999	385	34.50
Morgen Bowers	Global Corporate Finance Associate for 3 years; admitted in 2000	375	57.80
Erika Gottfried	Financial Restructuring Associate for 3 years; admitted in 2000	375	34.40
Jessica Royko	Global Corporate Finance Associate for 3 years; admitted in 2000	375 325	157.90 193.20
Joseph Algor	Litigation Associate for 4 years, admitted in 1999	350	210.90
Nimish Amin	Global corporate Associate for 3 years; admitted in 1998	350	11.20
Stacy Wilson	Global Corporate Associate for 3 years; admitted in 1999	350	16.50
Geoffrey Peck	Corporate Finance Associate for 3 years; admitted in 1999	350	5.20
Timothy Wei	Litigation Associate for 2 years, admitted in 1999	350	263.10
Dimitry Bogdashevsky	Tax Associate for 2 years; admitted in 2001	350	11.10
Michael Mithoff	Global Corporate Associate for 2 years; admitted in 2001	350 295	315.10 1,004.40
Gregory Frantz	Litigation Associate for 3 years; admitted in 2001	350	11.20

David Schwartz	Global Corporate for 3 year; admitted in 2001	350 295	26.90 528.50
Mark Jutsen	Global Corporate Finance Associate for 2 years; admitted in 1999	350	45.40
Janet Woods	Tax Associate for 4 years; admitted in 1998	350	14.10
C. Neil Stephens	Tax Associate for 3 years; admitted 1999	350	12.20
Hung Ta	Litigation Associate for 3 years; admitted in 2001	350	20.00
Henna Khan	Financial Restructuring Associate for 2 years; admitted in 2001	350 295 200	358.20 1581.10 170.70
Matthew Kelly	Global Corporate Finance Associate for 2 years; admitted in 2001	350	34.60
Alexandra Barrage	Financial Restructuring Associate for 2 years; admitted in 2001	385 350 295	18.40 322.40 135.50
Lillian Jowers	Financial Restructuring Associate for 2 years; admitted in 2001	350 295 200	3.50 1,389.40 220.70
Ruby Sekhon	Global Corporate Finance Associate for 1 year; admission in 2003	325	11.50
Micah Liberman	Financial Restructuring Associate for 1 years; admitted in 2003	350 325 225	16.80 269.60 39.80
Edward Pearson	Global Project Finance associate for 2 years; admitted in 1999	330	10.00

Melissa Curtin	Global Corporate Associate for 1 year; admitted in 2002	325	69.20
Frank Langella	Global Corporate Associate for 1 year; admitted in 2000	325	825.10
Neeli Margolis	Global Corporate Associate for 2 years; admitted in 2002	325 200	16.60 45.00
Katharine Griffing	Financial Restructuring Associate for 2 years; admitted in 2002	325 200	33.80 130.70
David Almeida	Global Corporate Finance Associate for 3 years; admitted in 1999	325	53.90
Gene Boxer	Global Corporate Associate for 4 years; admitted in 2000	325	25.40
Zohra Hamirani	Global Corporate Associate for 4 years; admitted in 2000	325	294.70
John Lettera	Global Corporate Associate for 4 years; admitted in 2000	325	32.50
Soo Young Lim	Global Corporate Finance Associate for 4 years; admitted in 2000	325	23.40
Fiona Forsyth	Litigation Associate for 2 years; admitted in 2000	325	31.10
Carrie Bassel	Litigation Associate for 1 year; admitted in 2003	325	18.00
Jordan Edwards	Financial Restructuring Associate for 1 years; admitted in 2003	325	55.20
Renee Sekino	Litigation Associate for 1 year; admitted in 2003	325	22.20

Samina Uddin	Financial Restructuring Associate for 1 year; admitted in 2003	325 225	81.80 13.70
Joshua Lewis	Financial Restructuring Associate for 1 year; admitted in 2003	325 225	13.10 34.50
Christopher Guest	Litigation Associate for 2 years; admitted in 2002	325	31.70
Roy Studness	Financial Restructuring Associate for 2 years; admitted in 2002	350 325 200	33.30 34.60 11.60
Robert Sweeter	Financial Restructuring Associate for 2 years admitted in 2002	325 200	64.20 21.80
Myles Hankin	Global Corporate Finance Associate for 1 year; admitted in 2001	295	13.60
Michele Host	Litigation Associate for 1 year; admitted in 2001	295 200	103.80 22.30
Jonathan Malkin	Global Corporate Finance Associate for 1 year; admitted in 2001	295	49.90
Annie Su	Global Corporate Associate for 1 year; admitted in 2001	295	623.60
David Kinnecome	Litigation Associate for 1 year; admitted in 1999	240	17.50
A. Lee Miller	Global Corporate Associate for 2 years; admitted in 2001	200	90.00
Kelly Li	Global Corporate Associate for 2 years; admitted in 2002	200	268.10
Ryan Katz	Global Corporate Associate for 2 years; admitted in 2002	200	14.40

Jonathan Wolfe	Litigation Associate for 2 years; admitted in 2002	200	18.60
Shazia Parviez	Legal Assistant	205	13.70
Janis Nici	Legal Assistant	210 195	10.00 21.80
Randy Hooks	Legal Assistant	175 195	10.50 1.00
Richard Cosentino	Legal Assistant	195	1.00
Charles Sheehan	Legal Assistant	165	30.30
Kim Strosser	Legal Assistant	165 185	26.10 4.50
Patrice Metz	Legal Assistant	160	32.50
Daniel Cea	Legal Assistant	140	32.10
Jane Conboy	Legal Assistant	140	15.20
Gabriel Preda	Legal Assistant	145 135	13.70 17.40
Paul Fabsik	Legal Assistant	165 155 145 135	48.00 32.90 198.60 210.40
Anne Shaw	Legal Assistant	145	19.50
Rena Strappazon	Legal Assistant	160 150 140 130 120 110	10.40 138.70 56.20 128.70 930.50 109.70
Rebecca Belmar	Legal Assistant	140	12.50
Ryan Rupe	Legal Assistant	135 125	10.00 26.30
Rebecca Van Uitert	Legal Assistant	135	20.40
Robert Gee	Legal Assistant	135 125	43.30 5.00
Orlando Dominguez	Legal Assistant	130	15.00
Michelle Waters	Legal Assistant	130	28.50
Guy Sparks	Legal Assistant	125	38.70
Angela Barry	Legal Assistant	125	28.10
Alessandra Bulow	Legal Assistant	145 135 125	7.20 55.50 20.60
Stacey Mungo	Legal Assistant	135 125	13.40 28.00
Christine Lazatin	Legal Assistant	125	10.40

Elinor Kim	Legal Assistant	125	55.10
		115	356.20
		105	55.90
Siena Angori-Iwe	Legal Assistant	135	13.70
		125	6.70
Winsome Demetrius	Legal Assistant	120	15.00
		115	14.00
Lance Phillips	Legal Assistant	120	41.10
Ken Forman	Legal Assistant	145	2.00
		120	29.80
Mike Lunney	Legal Assistant	120	24.70
Chris Meyer	Legal Assistant	120	23.50
S. Whitehurst	Legal Assistant	120	247.00
Brian T. Henry	Legal Assistant	120	136.40
R. Brown	Legal Assistant	120	37.80
Deborah Stern	Legal Assistant	115	10.50
Hana Makarim	Legal Assistant	115	8.50
Timothy Hon Shing Chow	Legal Assistant	115	7.50
James Harris	Legal Assistant	115	47.70
Stephen Belmonte	Legal Assistant	115	46.20
Nick Robinson	Legal Assistant	95	10.30
Lorna Williams	Legal Assistant	95	16.60
Dane Gibson	Legal Assistant	135	20.90
		125	9.80
		95	9.20
		90	89.40
Dakota Blake	Legal Assistant	90	30.60
A. Tsavalas	Legal Assistant	90	23.60
Eryka Peskin	Legal Assistant	90	37.70
M. Sterling	Legal Assistant	80	38.70
Hildere Jean-Louis	Managing Attorney Clerk	180	8.70
Leslie Body	Litigation Support Specialist	180	4.50
		170	5.50
Anthony Fabic	Litigation Support Specialist	175	77.80
Raquel Miranda	Law Clerk	145	135.60
Kristina Horn	Manager of Legal Assistants	155	9.00
Scott M. McCabe	File Clerk	120	22.70
		110	162.40
		100	167.20
		90	135.40
Bruce Molina	File Clerk	110	8.70
Sabrina Perelman	File Clerk	110	31.90
		100	52.40
		90	237.30

Rachel Feld	File Clerk	110	1.80
Bruce Molina	File Clerk	\$110	1.35
<b>TOTAL</b>		<b>\$367.57</b> (BLENDED RATE) <sup>4</sup>	<b>41,285.35</b> HOURS

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<sup>4</sup> The blended rate excluding paraprofessionals is \$401.94 per hour.



**SUMMARY TABLE OF SERVICES RENDERED BY  
MILBANK, TWEED, HADLEY & McCLOY LLP  
DURING THE FINAL COMPENSATION PERIOD**

<b>ACTIVITY</b>	<b>HOURS</b>	<b>FEES</b>
Eligibility/Abstention and Related Litigation	68.60	22,669.50
Asset Sales	1,894.40	767,627.50
Automatic Stay Enforcement & Litigation	4,052.65	1,606,443.00
Business Plan	7.40	4,258.50
Case Administration	709.60	282,118.00
Change of Control	37.80	23,717.00
Claims Analysis and Estimation	3,478.10	1,306,305.50
Court Hearings	1,807.80	651,882.50
Creditors' Committee Meetings	241.30	116,355.00
DIP Financing	1,229.10	554,214.00
Disclosure Statement	1,806.00	700,025.50
Employee Issues	1,493.80	585,414.00
Equipment/Personal Property Leases	69.20	23,872.50
Exclusivity Issues	243.60	87,585.50
Executory Contracts	1,337.50	507,311.00
Fee Application - Other	223.80	59,061.00
File, Docket and Calendar Maintenance	1,561.90	185,543.00
General Communications with Creditors	121.10	44,647.00
General Vendor Issues	859.80	308,791.00
Preparation of Milbank Fee Application	1,200.90	386,636.00
Real Property Leases	394.90	133,395.00
Reclamation Advice	124.60	41,893.50
Reorganization Plan	2,023.60	888,113.00
Reporting Requirements	267.90	68,218.50
Retention of Professionals	954.30	319,417.50
Return of Goods	10.90	3,248.50
Rule 2004 Examination	1.00	292.00

Tax Advice	378.50	170,283.50
Concordat and Other Belgian Proceedings	387.40	202,690.50
General	14.10	2,404.50
Travel	249.70	109,596.50
Foreign Subsidiaries	111.90	48,704.50
First Day Motions	207.50	52,927.00
Separate Committee and Examiner Issues	901.90	346,706.00
Insurance Issues	231.40	88,448.50
Intellectual Property Issues	1,897.90	702,637.00
Asset Sale Process	4,982.50	1,580,280.00
Sale of HSG	9.00	3,559.50
Sale of LH Technology	4,190.10	1,592,368.50
Fee Auditor Requests	224.20	67,398.50
SEC Disclosure Matters	176.80	53,183.00
Mendez	433.30	180,150.50
Objections to Objections filed by Allvoice, Inc.	188.30	83,640.00
Dictaphone Exit Financing	479.30	207,167.00
<b>TOTAL</b>	<b>41,285.35</b>	<b>\$15,175,200.00</b>

**Summary of Disbursements Billed  
November 29, 2000 through April 2, 2004**

<u>DISBURSEMENTS</u>	<u>AMOUNT<sup>5</sup></u>
Airfreight	29,564.90
Binding	2,036.63
Cab Fares/Local Transportation	91,172.22
Computer Database Research	373,059.23
Court Search	6,741.84
CT Corporation System	35,423.88
Document Processing/Overtime	274,616.11
Document Retrieval	15,111.06
Expenses Relating to Depositions	16,120.44
Fax	24,297.86
Filing Fees	4,546.00
Intercounty Clearance Corp.	4,017.00
Mail	9,415.14
Meals	39,884.98
Messenger	4,887.83
Photocopies/Printing	237,299.86
Telephone	57,610.99
Travel	83,022.19
<b>TOTAL DISBURSEMENTS</b>	<b><u>\$1,304,828.16</u></b>
<b>TOTAL ALLOCATED TO LERNOUT &amp; HAUSPIE SPEECH PRODUCTS N.V. ESTATE</b>	<b><u>\$601,256.32</u></b>

<sup>5</sup>

The following represents disbursements incurred on account of all debtors. The amount of \$601,256.32 has been allocated to the Lernout & Hauspie Speech Products N.V. estate during the course of the chapter 11 cases.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----X  
In re: : Chapter 11  
: :  
LERNOUT & HAUSPIE : Case No. 00-4398 (JHW)  
SPEECH PRODUCTS N.V., : :  
: :  
Debtor. : :  
-----X

FINAL APPLICATION OF MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP,  
AS GENERAL BANKRUPTCY COUNSEL FOR LERNOUT & HAUSPIE  
SPEECH PRODUCTS N.V., UNDER 11 U.S.C. §§ 330 AND 331,  
SEEKING APPROVAL AND ALLOWANCE OF COMPENSATION FOR  
SERVICES RENDERED AND FOR REIMBURSEMENT OF EXPENSES FROM  
NOVEMBER 29, 2000 THROUGH AND INCLUDING APRIL 2, 2004

Milbank, Tweed, Hadley & M<sup>c</sup>Cloy LLP ("Milbank"),  
bankruptcy counsel for Lernout & Hauspie Speech Products N.V.  
 ("L&H NV") and its former affiliated debtors and debtors in  
possession, Dictaphone Corporation ("Dictaphone") and L&H  
Holdings USA, Inc. ("L&H Holdings" and, together with Dictaphone  
and L&H NV, the "L&H Group"), makes this final application (the  
"Final Application") pursuant to (a) sections 330 and 331 of  
title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as  
amended, the "Bankruptcy Code"), (b) rule 2016 of the Federal  
Rules of Bankruptcy Procedure ("Bankruptcy Rules"), (c) rule  
2016-2 of the Local Rules of the United States Bankruptcy Court  
for the District of Delaware ("Local Rule 2016-2"), (d) the  
United States Trustee Guidelines for Reviewing Applications for  
Compensation and Reimbursement of Expenses Filed Under 11 U.S.C.  
§ 330, dated as of January 30, 1996 (the "U.S. Trustee

Guidelines"), and (e) the Second Amended Administrative Order, Pursuant to Sections 105(a) and 331 of Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Compensation Order"), entered on July 17, 2001, for an order (i) allowing compensation from L&H NV in the amount of \$6,626,938.85<sup>1</sup> for actual, reasonable and necessary professional services rendered to or on behalf of the L&H NV estate during the period from November 29, 2000 through and including April 2, 2004 on behalf of the L&H NV estate (the "Total Compensation Period") and reimbursement of \$435,730.38<sup>2</sup> for actual, reasonable and necessary expenses incurred during the Total Compensation Period and (ii) authorizing and directing L&H NV to pay Milbank the amount of \$170,059.26,<sup>3</sup> which is equal to the sum of such allowed compensation and expense reimbursement, less the amount previously paid by the L&H Group (on account of fees and expenses allocated to the L&H NV estate) and including application of the remaining portion of the retainer received in

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<sup>1</sup> Not included in this figure is \$275,415.12 in fees allocated to the L&H NV estate that were disallowed pursuant to the Court's various Orders regarding interim applications, as described on Exhibit A attached hereto.

<sup>2</sup> Not included in this figure is \$164,856.72 in expenses allocated to the L&H NV estate that were disallowed pursuant to the Court's various Orders regarding interim applications, as described on Exhibit A attached hereto.

<sup>3</sup> The amount of fees for which Milbank is seeking allowance pursuant to this Final Application includes approximately \$20,250 for fees associated with the preparation of this Final Application after the end of the Total Compensation Period.

November 2000 to Milbank on account of Milbank's monthly interim fee applications submitted during the Total Compensation Period, and in support hereof, represents as follows:

## I. INTRODUCTION

### A. Background

1. Chapter 11 Cases. On November 29, 2000 (the "Petition Date"), L&H NV, L&H Holdings, and Dictaphone each filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code. L&H NV emerged from chapter 11 on April 2, 2004. Dictaphone emerged from chapter 11 on March 28, 2002, and L&H Holdings emerged from chapter 11 on September 23, 2002.

2. Concordat Proceeding. On December 27, 2000, L&H NV commenced a concordat reorganization proceeding (the "Belgian Case") in the Ieper, Belgium, Commercial Court (the "Belgian Court"). On September 21, 2001, the Belgian Court conditionally approved the second recovery plan filed by L&H NV in the Belgian Case (the "Second Belgian Plan"), having declined to approve the first. On October 5, 2001, L&H NV appealed the imposition of certain conditions contained in the September 21, 2001 order approving the Second Belgian Plan to the Ghent Court of Appeals in Belgium (the "Ghent Court"). The Ghent Court, however, issued a ruling on October 18, 2001 denying conditional approval of the Second Belgian Plan and dismissing the Belgian Case. L&H

NV filed a new concordat proceeding on October 22, 2001, which the Belgian Court denied on October 24, 2001. Instead, the Belgian Court declared L&H NV bankrupt and appointed five (5) curators (the "Curators") to oversee the liquidating Belgian bankruptcy case of L&H NV.

3. Creditors' Committees. On December 13, 2000, the United States Trustee appointed an Official Committee of Unsecured Creditors in these chapter 11 cases with respect to the three members of the L&H Group. On March 31, 2001, however, the United States Trustee appointed (a) a separate committee relating only to the unsecured creditors of Dictaphone (the "Dictaphone Creditors' Committee") and (b) the Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V. and L&H Holdings USA, Inc. (the "L&H Creditors' Committee"). The Dictaphone Creditors' Committee remained in existence until the effective date of the Dictaphone Plan (as defined below), that is until March 28, 2002. The L&H Creditors' Committee remained in existence with respect to the estate of (i) L&H Holdings until the effective date of the L&H Holdings Plan (as defined below), that is until September 23, 2002 and (ii) L&H NV until the effective date of the Committee Plan (as defined below), that is until April 2, 2004. No trustee or examiner was appointed in these cases.

4. Joint Plan. On August 28, 2001, prior to the expiration of the L&H Group's exclusive right to file a plan of reorganization, the members of the L&H Group filed the Joint Plan of Reorganization of Lernout & Hauspie Speech Products N.V., L&H Holdings USA, Inc., and Dictaphone Corporation Under Chapter 11 of Bankruptcy Code (the "Joint Plan") and the Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to Joint Plan of Reorganization of Lernout & Hauspie Speech Products N.V., L&H Holdings USA, Inc., and Dictaphone Corporation Under Chapter 11 of the Bankruptcy Code (the "Joint Disclosure Statement"). Due to events transpiring in the Belgian Case and the pendency of certain asset sales, however, the L&H Group determined that the most prudent course of action would be to adjourn final consideration of the Joint Plan and Disclosure Statement as it related to L&H NV and L&H Holdings and to proceed with a plan relating exclusively to claims against and equity interests in Dictaphone. The Bankruptcy Court confirmed the Dictaphone Plan on March 13, 2002, and the Dictaphone Plan became effective on March 28, 2002.

5. L&H Holdings Plan. Shortly after confirmation of the Dictaphone Plan, L&H NV and L&H Holdings determined that the most efficient course would be to proceed with a plan of liquidation relating solely to claims against and equity



interests in L&H Holdings, believing, among other things, that certain restrictions imposed on L&H NV in the Belgian Case might interfere with its ability to consummate a joint plan. On April 29, 2002, L&H Holdings filed the First Amended Disclosure Statement Pursuant to Section 1125 of Bankruptcy Code with Respect to First Amended Plan of Liquidation of L&H Holdings USA, Inc. Under Chapter 11 of Bankruptcy Code (the "L&H Holdings Disclosure Statement") and the First Amended Plan of Liquidation of L&H Holdings USA, Inc. Under Chapter 11 of Bankruptcy Code (the "L&H Holdings Plan"). The Bankruptcy Court entered an order confirming the L&H Holdings Plan on August 13, 2002 (the "L&H Holdings Confirmation Order"), and the L&H Holdings Plan became effective on September 23, 2002.

6. L&H NV Disclosure Statement. With the Dictaphone and L&H Holdings' chapter 11 cases complete or nearing completion, efforts shifted toward modifying the Joint Plan into an L&H NV "stand-alone" chapter 11 plan. On October 16, 2002, L&H NV filed the First Amended Disclosure Statement Pursuant to Section 1125 of Bankruptcy Code with Respect to First Amended Plan of Liquidation of Lernout & Hauspie Speech Products N.V. Under Chapter 11 of Bankruptcy Code (the "L&H NV Disclosure Statement") and the First Amended Plan of Liquidation of Lernout & Hauspie Speech Products N.V. Under Chapter 11 of Bankruptcy Code (the "L&H NV Plan").

7. Committee Plan. On January 27, 2003, the L&H Creditors' Committee filed the Emergency Motion To Modify Debtor's Exclusive Periods (the "Emergency Motion"), seeking a modification of L&H NV's exclusive right to solicit acceptances of the L&H NV Plan to permit the L&H Creditors' Committee to file its own chapter 11 plan relating to L&H NV. Among other things, the L&H Creditors' Committee argued that the November 2002 decision of the United States Court of Appeals for the Third Circuit in Stonington Partners, Inc. v. Lernout & Hauspie Speech Prods. N.V., 310 F.3d 118 (3d Cir. 2002), impeded L&H NV's ability to confirm the L&H NV Plan. By order dated January 30, 2003, the Court granted the Emergency Motion.

8. On March 11, 2003, the L&H Creditors' Committee filed the Disclosure Statement Pursuant to Section 1125 of Bankruptcy Code with Respect to Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. Under Chapter 11 of Bankruptcy Code (the "Committee Disclosure Statement") and the Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V.'s Plan of Liquidation for Lernout & Hauspie Speech Products N.V. Under Chapter 11 of Bankruptcy Code (the "Committee Plan").

9. On April 10, 2003, the Bankruptcy Court approved the Committee Disclosure Statement. On May 30, 2003, the Bankruptcy Court entered an order confirming the Committee Plan

(the "Confirmation Order"). The effectiveness of the Confirmation Order originally was stayed for thirty (30) days upon a request from Stonington Partners, Inc., Stonington Capital Appreciation 1994 Fund L.P., and Stonington Holdings, L.L.C. (collectively, "Stonington" or the "Stonington Entities") to allow for the perfection of an appeal of the Confirmation Order. The Stonington Entities previously objected to confirmation of the Committee Plan, and on June 10, 2003, Stonington filed a notice of appeal (the "Stonington Appeal") of the Confirmation Order.

10. On July 28, 2003, the Stonington Entities filed the Appellant's Opening Brief on Appeal with the District Court, which, among other things, argued that this Court erred in (a) finding that the Plan satisfied section 1129(a)(3), and (b) confirming the Plan, because the Court failed to (i) follow the Third Circuit's mandate to conduct a choice of law analysis to resolve perceived conflicts between United States and Belgian law regarding the mandatory subordination of the Stonington Entities' claims, (ii) conduct a comity analysis, and (iii) coordinate the United States and Belgian proceedings.

11. The effectiveness of the Confirmation Order was stayed pending the Stonington Appeal by order of the District Court, dated July 8, 2003. Accordingly, consummation of the

Plan could not occur until such stay was lifted.<sup>4</sup> On March 26, 2004, the District Court entered an order affirming the Confirmation Order, and the Committee Plan became effective on April 2, 2004.

12. Jurisdiction. Pursuant to 28 U.S.C. § 1334 and the Confirmation Order, the Court has jurisdiction over this Final Application, which is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of L&H NV's chapter 11 case and this Final Application is proper in this district under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code.

**B. Retention of Milbank and Billing History**

13. Authorization For Milbank's Retention. Milbank's retention as general bankruptcy counsel for the L&H Group in these cases was authorized pursuant to the Order, Under 11 U.S.C. § 327(a) and Fed. R. Bankr. P. 2014, 2016 and 5002, Authorizing Employment and Retention of Milbank, Tweed, Hadley & M<sup>c</sup>Cloy LLP as Attorneys, entered by this Court on January 4, 2001 (the "Retention Order"). The Retention Order authorized Milbank to be compensated pursuant to the procedures set forth in the

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<sup>4</sup> Sections 1.46 and 7.16.1 of the Committee Plan provide that distributions under the Committee Plan could not occur until the first business day on which there is no stay in effect on the Confirmation Order.

Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, Local Rule 2016-2, the U.S. Trustee Guidelines, and orders of this Court, including the Compensation Order, nunc pro tunc to November 29, 2000. During the Total Compensation Period, Milbank has filed forty (40) interim fee applications in the L&H Group's chapter 11 cases, seeking allowance of an aggregate of \$15,175,200 as compensation for services rendered to or on behalf of the L&H Group estates, of which amount \$6,882,103.97 is allocated to L&H NV in accordance with the Compensation Order, and the reimbursement of an aggregate of \$1,308,828.16 for expenses incurred during the Total Compensation Period, of which an aggregate of \$600,587.10 is allocated to L&H NV in accordance with the Compensation Order.<sup>5</sup> Set forth on Exhibit B hereto is a table that shows, for each month in the Total Compensation Period, the aggregate fees for which Milbank sought allowance pursuant to interim fee applications, the aggregate expenses for which Milbank sought reimbursement pursuant to interim fee applications, the L&H NV allocation percentage, the dollar amount of fees and expenses sought by Milbank allocated to L&H NV, and the dollar amount of such fees and expenses

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<sup>5</sup> See paragraph 16 below for a description of the manner in which the allocation of fees and expenses to L&H NV is determined. See footnotes 1 and 2 above regarding the Court's prior reduction of certain fees and expenses.

previously received by Milbank from L&H NV on account of such fees and expenses.<sup>6</sup>

14. This Final Application is Milbank's final application for approval and allowance of compensation and reimbursement of expenses with respect to legal services provided to L&H NV during the pendency of L&H NV's chapter 11 case, from November 29, 2000 through and including April 2, 2004 (i.e., during the Total Compensation Period).<sup>7</sup>

15. Other than on an interim basis, no prior application has been made to this or any other court for the relief requested herein. Milbank 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 Milbank or any member thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

16. Allocation Of Fees And Expenses. The Compensation Order provides, among other things, that the fees

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<sup>6</sup> Pursuant to the Compensation Order, subject to this Court's approval, Milbank was entitled to receive 80% of the fees and 100% of the expenses sought in Milbank's interim fee applications, which were periodically filed.

<sup>7</sup> This Court previously approved Milbank's final fee application for the L&H Holdings estate by order dated June 2, 2003 and the Dictaphone estate by order dated June 19, 2003.

and expenses of professionals in the L&H Group's chapter 11 cases incurred during the period from November 29, 2000 (i.e., the Petition Date) through and including April 30, 2001 are to be allocated among the members of the L&H Group in accordance with the allocation schedule (the "Allocation Schedule") attached to the Compensation Order.<sup>8</sup> The Compensation Order further provides that any professional retained by more than one member of the L&H Group is required, to the extent possible, to allocate its fees and expenses among the members of the L&H Group and to reflect such allocations in such professionals' fee applications. Therefore, Milbank has allocated the fees and expenses attributable to L&H NV for the period from November 29, 2000 through and including April 30, 2001 in accordance with the Allocation Schedule, and thereafter by specifically allocating fees attributable to work performed for L&H NV in each interim application.<sup>9</sup>

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<sup>8</sup> A copy of the Compensation Order applicable to Milbank's fees and expenses is attached to this Final Application as Exhibit C.

<sup>9</sup> Each of the interim fee applications filed by Milbank for periods from May 1, 2001 through and including April 2, 2004 sets forth the specific allocation of fees and expenses to L&H NV and the other members of the L&H Group. Expenses have been allocated based upon the aggregate allocation of fees to L&H NV for each particular month. To date, no party has objected to any of the allocations set forth in the interim fee applications filed by Milbank. A summary of the monthly allocations of aggregate fees and expenses attributable to L&H NV for each month during the Total Compensation Period is set forth on Exhibit B attached hereto.

## II. FINAL APPLICATION

17. By this Final Application, Milbank is seeking (a) allowance of reasonable compensation for actual and necessary professional services rendered by Milbank as attorneys for L&H NV during the Total Compensation Period and (b) reimbursement of actual, reasonable and necessary expenses allocable to L&H NV and incurred by Milbank in connection with the rendition of professional services during the Total Compensation Period. Milbank previously submitted fee applications covering services rendered to all three members of the L&H Group and related expenses. However, now that Dictaphone and L&H Holdings have emerged from chapter 11, Milbank is submitting this Final Application pertaining to fees and expenses allocated to L&H NV only.

18. Milbank seeks the allowance of \$6,626,938.85<sup>10</sup> for actual, reasonable and necessary legal services rendered on behalf of L&H NV by Milbank during the Total Compensation Period and \$435,730.38<sup>11</sup> for reimbursement of actual, reasonable and necessary expenses incurred in connection with the rendition of such services. Milbank is seeking payment of \$170,059.26 which is equal to the sum of such allowed compensation and expense

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<sup>10</sup> Milbank voluntarily did not seek compensation for \$1,330,964.50 of fees generated during the Total Compensation Period with respect to all members of the L&H Group. In addition, see footnote 1 above regarding the Court's prior reduction of certain fees.

<sup>11</sup> See footnote 2 above regarding the Court's prior reduction of certain expenses.



reimbursement, less the amount previously paid by the L&H Group and allocated to L&H NV by Milbank on account of Milbank's monthly interim fee applications submitted during the Total Compensation Period.

19. Milbank rendered all services for which compensation is sought to L&H NV solely in connection with these cases, in furtherance of the duties and functions of L&H NV, and not on behalf of any creditor or other person. Milbank maintains written records of the time expended in the rendition of the professional services required by L&H NV. These records are maintained in the ordinary course of Milbank's practice.

20. For the convenience of the parties, affixed hereto as part of the cover sheet is a comprehensive billing summary for the Total Compensation Period, setting forth the name of each Milbank attorney and paraprofessional for whose work on these cases compensation is sought, each attorney's year of bar admission, an aggregate of the time expended by each such attorney and paraprofessional, the hourly billing rates for each such professional at Milbank's year 2000, 2001, 2002, 2003, and 2004 billing rates and an indication of the individual amounts requested as part of the total amount of compensation requested for the Total Compensation Period.

21. In addition, information indicating whether each attorney is a partner, of counsel or associate, how many years

each attorney has held this position, and each attorney's area of concentration is provided. The compensation requested by Milbank is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under title 11.

### III. OVERVIEW OF L&H NV CASE

22. L&H NV's chapter 11 case essentially proceeded in three different phases. In the first phase, L&H NV's management, with the assistance of Milbank attorneys, initiated the bankruptcy cases, installed new professionals, and stabilized operations so that the company could operate within chapter 11. In the second phase, efforts took a more internal focus and turned toward examining whether certain assets were capable of disposition, beginning the claims reconciliation process, and examining leases and contracts to determine whether assumption or rejection was appropriate. In the final phase, L&H NV's efforts centered around completing the sale of substantially all of its core assets and finalizing negotiations with the L&H Creditors' Committee concerning an acceptable chapter 11 plan, and obtaining confirmation of the plan.

**A. Initial Phase**

23. The initial phase commenced on shortened notice in the days immediately prior to the Petition Date and extended roughly through April 2001. During this time, the efforts of Milbank and the L&H NV management team were focused on stabilizing and preserving the value of L&H NV's business, as well as establishing the framework in which the L&H NV chapter 11 case would proceed.

24. The case was filed under exigent circumstances on very short notice, and Milbank attorneys were left with nothing more than a few days to prepare for filing. Milbank attorneys, L&H NV, and the other members of the L&H Group were thrust abruptly into the chapter 11 process and immediately faced complicated and intricate issues such as cross-border transactions, regulatory proceedings in the United States and Belgium, a related concordat proceeding that was commenced contemporaneously in the Ieper, Belgium Commercial Court, incessant media exposure, and volatile litigation. Prepetition planning did not exist in these cases, and L&H NV and its professionals were therefore required to expend a tremendous amount of effort and time performing tasks under enormous time constraints which, in a typical chapter 11 case, might be performed, or at least initiated, prior to the Petition Date.

25. During this initial phase, Milbank attorneys coordinated and assigned tasks among the various professionals in the case, including financial advisors. Efforts during this period focused on drafting and filing first day pleadings relating to employee wages, critical trade vendors, and customer programs. Certain employee related pleadings also were filed seeking bankruptcy court approval of retention programs, severance programs, and new health benefit plans. Case initiation also required the preparation and filing of various retention applications so that L&H NV's professionals immediately could begin the process of developing an action plan for the chapter 11 case. Milbank attorneys also negotiated on behalf of the L&H Group to secure debtor in possession financing.

**B. Intermediate Phase**

26. Once L&H NV's case was commenced and its financing and retained professionals were in place, the focus of Milbank attorneys and the L&H NV management team turned to internal matters, such as claims analysis, asset evaluation, and stabilizing its business. Milbank attorneys worked together with L&H NV to initiate the claims reconciliation process, which included establishing a bar date for prepetition claims, reviewing and analyzing the panoply of claims that were filed against L&H NV, negotiating settlements of certain of these

claims, where appropriate, and preparing and filing various omnibus objections. An extensive examination of unexpired leases and executory contracts also was undertaken.

27. In the summer months of 2001, Milbank attorneys and L&H NV's retained professionals began negotiations with the Dictaphone Creditors' Committee and the L&H Creditors' Committee concerning the development of a business plan for the entire L&H Group. In August 2001, the Joint Plan was finalized and filed. During this period, L&H NV's retained professionals also worked in connection with Milbank attorneys and L&H NV's management to identify and market particular assets for disposition. During November 2001, L&H NV and certain of its affiliates conducted an auction and sold substantially all of their assets related to their speech and language technologies business.

**C. Final Phase**

28. With the substantial majority of L&H NV's assets having been sold, efforts turned, during the final phase, commencing in approximately March 2002, toward concluding L&H NV's chapter 11 case. With the Dictaphone and L&H Holdings' chapter 11 cases complete or nearing completion, L&H NV directed its efforts toward modifying the Joint Plan into its own "stand-alone" chapter 11 plan. On October 16, 2002, L&H NV filed L&H NV Disclosure Statement and L&H NV Plan.

29. On January 27, 2003, the L&H Creditors' Committee filed the Emergency Motion, seeking a modification of L&H NV's exclusive right to solicit acceptances of the L&H NV Plan to permit the L&H Creditors' Committee to file its own chapter 11 plan relating to L&H NV. Among other things, the L&H Creditors' Committee argued that the Third Circuit's decision in Stonington Partners impeded L&H NV's ability to confirm the L&H NV Plan. By order dated January 30, 2003, the Court granted the Emergency Motion.

30. On March 11, 2003, the L&H Creditors' Committee filed the Committee Disclosure Statement and the Committee Plan. On April 10, 2003, the Bankruptcy Court approved the Committee Disclosure Statement. On May 30, 2003, the Bankruptcy Court entered the Confirmation Order confirming the Committee Plan. The Confirmation Order was stayed pending an appeal filed June 10, 2003 by the Stonington Entities. On March 26, 2004, the District Court entered an order affirming the Confirmation Order, and on April 2, 2004, the Committee Plan went effective.

#### **IV. SUMMARY OF PROFESSIONAL SERVICES RENDERED**

31. To provide an orderly summary of the services rendered on behalf of L&H NV by Milbank, and in accordance with the U.S. Trustee Guidelines, Milbank established the following separate project billing categories in connection with L&H NV's chapter 11 case:

- (a) Eligibility/Abstention and related Litigation
- (b) Asset Sales
- (c) Automatic Stay Enforcement and Litigation
- (d) Business Plan Legal Issues
- (e) Case Administration
- (f) Change of Control Transactions
- (g) Claims Analysis and Estimation
- (h) Court Hearings
- (i) Creditors' Committee Meetings
- (j) DIP Financing
- (k) Disclosure Statement
- (l) Employee Issues
- (m) Equipment/Personal Property Leases
- (n) Exclusivity Issues
- (o) Executory Contracts
- (p) Fee Applications - Other
- (q) File, Docket & Calendar Maintenance
- (r) General Communications with Creditors
- (s) General Vendor Issues
- (t) Preparation of Milbank Fee Applications
- (u) Real Property Leases
- (v) Reclamation Advice
- (w) Reorganization Plan
- (x) Reporting Requirements
- (y) Retention of Professionals
- (z) Return of Goods
- (aa) Rule 2004 Examinations
- (bb) Tax Advice
- (cc) Concordat and other Belgian Proceedings
- (dd) Travel Time<sup>12</sup>
- (ee) Foreign Subsidiaries
- (ff) Trustee, Separate Committee and Examiner Issues
- (gg) Insurance Issues
- (hh) Intellectual Property Issues
- (ii) Asset Sale Process
- (jj) Sale of HSG
- (kk) Sale of CRS
- (ll) Sale of L&H Technology Businesses
- (mm) Fee Auditor Requests
- (nn) SEC Disclosure Matters
- (oo) Mendez
- (pp) Objections to Objections filed by Allvoice, Inc.
- (qq) Dictaphone Exit Financing

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<sup>12</sup> Milbank seeks compensation for 50% of the travel time incurred during the Total Compensation Period.

32. The following summary is intended to highlight a number of the services rendered by Milbank in the separate project billing categories where Milbank has expended a considerable number of hours on behalf of L&H NV during the Total Compensation Period. The summary is not meant to be a detailed description of all of the work performed. Detailed descriptions of the day-to-day services provided by Milbank and the time expended performing such services in each project billing category are fully set forth in the exhibits to each of the interim fee applications previously filed by Milbank.

**A. Asset Sales**

33. Over the course of its chapter 11 case, L&H NV sold substantially all of its assets. Milbank attorneys from various practice groups assisted in the asset sale process, working with L&H NV's retained advisors to identify assets for disposition; to organize documents for inspection by potential bidders; and to negotiate and document the final sales transactions.

34. As of the Petition Date, L&H NV had three primary sets of assets:

- (1) Mendez S.A. ("Mendez"), a stand-alone business focusing on translation services in widely used languages;
- (2) medical transcription assets (the "Medical Transcription Assets"); and



- (3) speech and language technology assets (the "SLT Assets").

35. Mendez. A profitable subsidiary of L&H NV, Mendez was a company that provided document creation and translation services in widely used languages. In addition to coordinating the bid solicitation process with Credit Suisse First Boston, the L&H Group's financial advisor ("CSFB"), Milbank attorneys drafted, revised, and reviewed documents and agreements relating to the sale of Mendez. On August 2, 2001, Bowne & Co., Inc. ("Bowne") submitted the highest or otherwise best bid for Mendez. On August 2, 2001, L&H NV entered into a share purchase agreement (the "Mendez Share Purchase Agreement") with Bowne, pursuant to which Bowne agreed to acquire 100% of the capital stock of Mendez for a purchase price of \$4,501,000. The Bankruptcy Court approved the Mendez Share Purchase Agreement on August 7, 2001 and the closing occurred on or about August 29, 2001.

36. Medical Transcription Assets. The Medical Transcription Assets owned by L&H NV were primarily sold in September 2001.

- Powerscribe<sup>®</sup>. In late August 2001, L&H NV and certain of its affiliates agreed to (a) sell to Dictaphone certain medical transcription technology and related assets (the "Powerscribe<sup>®</sup> Assets") and (b) license to Dictaphone certain rights related to the "M-REC" intellectual property for use with the Powerscribe<sup>®</sup> Assets for approximately \$19.9 million (the "Powerscribe<sup>®</sup> Transaction"). Milbank attorneys from the financial restructuring and global

corporate finance practice groups negotiated the terms of the Powerscribe® Transaction, drafted the necessary agreements to effectuate the Powerscribe® Transaction, and prepared and filed various pleadings with the Bankruptcy Court to obtain approval of the Powerscribe® Transaction. On October 4, 2001, the Bankruptcy Court approved the sale of the Powerscribe® Assets.

- Speech Machines Ltd. Milbank attorneys negotiated, drafted, and reviewed documents relating to a stock purchase agreement between L&H NV and MedQuist Inc. ("MedQuist") whereby L&H NV sold 2,225,000 shares of series B convertible cumulative redeemable preference shares of Speech Machines Ltd. stock to MedQuist Inc for \$3,878,600.
- L&H Medical Solutions Holdings, Inc. Milbank attorneys reviewed and revised documents, including term sheets, asset and stock purchase agreements and license agreements, to effectuate the sale of L&H Medical Solutions Holding, Inc. ("L&H Medical") to MedQuist, the successful bidder after conducting an auction, for \$24,875,000. On or about October 29, 2001, the Bankruptcy Court approved the sale, which closed on November 13, 2001.
- Apptek. Milbank attorneys negotiated, documented, and obtained court approval of the sale of the L&H Group's Apptek business to KESI Acquisition, Inc for \$1,450,000. In connection with the sale, Milbank attorneys negotiated and prepared transaction documents, including a share purchase agreement, an asset purchase agreement, and a technology license agreement. The Bankruptcy Court entered an order approving the Apptek sale on December 19, 2001.

37. SLT Assets. The SLT assets consisted of the following technologies: (1) technology that converted computer text into words spoken by a computer generated "human" voice; (2) technology that allowed users to operate computers with their voices; (3) technology that confirmed a person's identity

by the sound of the person's voice; (4) technology that compressed speech for more efficient transmission and storage; and (5) sophisticated information search and retrieval technology. The SLT Assets were owned by L&H NV, L&H Holdings, and a number of their non-debtor subsidiaries.

38. Milbank attorneys worked with CSFB and the L&H Group to market the SLT Assets throughout the summer of 2001. Milbank attorneys helped establish data rooms to house voluminous documents in connection with due diligence reviews conducted by potential bidders. Milbank attorneys examined numerous contracts to determine their status for valuation purposes. Milbank attorneys responded to due diligence requests by prospective bidders; drafted ancillary agreements to the underlying sales agreement; and organized closings for the different transactions.

39. To assist in the sale process, the SLT assets were divided into eight discrete asset groups (with some interdependencies):

1. Machine Translation
2. ISI Speech Processing
3. Text-to-Speech
4. L&H Speech Processing/Dialog (And Automotive)
5. Dragon Speech Processing/Dialog
6. Intelligent Content Management
7. Knexys
8. AudioMining

40. L&H NV selected SpeechWorks International, Inc. ("SpeechWorks") as the "stalking horse bidder" for two of L&H

NV's eight asset groups. L&H NV, L&H Holdings, and certain of their non-debtor subsidiaries entered into an asset purchase agreement with SpeechWorks on October 22, 2001.

41. Following an auction held on November 26, 2001, five successful bidders for the SLT Assets emerged ahead of SpeechWorks: Bowne, Multimodal Technologies, Inc. ("Multimodal"), ScanSoft, Inc. ("ScanSoft"), Vantage Technology Holdings ("Vantage"), and Dragon Catalyst, LLC ("Dragon Catalyst"), all of which displaced SpeechWorks as the successful bidder for the SLT Assets. Milbank attorneys undertook a comprehensive evaluation of the merits of the bids received for the SLT Assets and negotiated and drafted a host of agreements among the various purchasers.

- **Sale of SLT Assets to Bowne.** With a cash bid of \$501,000, Bowne was the successful bidder for the Machine Translation asset group. The definitive agreement for the sale of the Machine Translation asset group to Bowne was signed on December 11, 2001 and approved by the Bankruptcy Court on December 14, 2001. The sale closed on December 21, 2001.
- **Sale of SLT Assets to Multimodal.** Multimodal submitted the successful bid for L&H NV's ISI Speech Processing/Dialog asset group. Multimodal's successful bid included an aggregate purchase price of \$2 million in cash and the assumption by Multimodal of all earnout obligations (in the aggregate of \$2 million). The definitive agreement for the sale of ISI Speech Processing/Dialog asset group to Multimodal was signed on December 10, 2001 and approved by the Bankruptcy Court on December 11, 2001. The sale closed on December 21, 2001.

- **Sale of SLT Assets to ScanSoft.** ScanSoft submitted the successful bid for three (3) asset groups: the Text-To-Speech group, the L&H Speech Processing/Dialog (And Automotive) asset group, and the Dragon Speech Processing/Dialog asset group. ScanSoft's successful bid included (i) an aggregate cash purchase price of \$10 million, (ii) a promissory note in the amount of \$3.5 million, (iii) 7.4 million shares of ScanSoft common stock, and (iv) the agreement by ScanSoft to hire or retain a sufficient number of employees of L&H Holdings and L&H NV to relieve L&H NV and L&H Holdings of \$2.2 million in severance payments. The definitive agreement for the sale of these SLT Assets to ScanSoft was signed on December 7, 2001, was approved by the Bankruptcy Court on December 11, 2001, and closed on December 12, 2001. In late December 2001, ScanSoft also agreed to acquire the AudioMining asset group, with a bid consisting of (i) \$500,000 in cash, (ii) a promissory note in the amount of \$400,000, (iii) shares of ScanSoft common stock valued at \$500,000 and (iv) an agreement by ScanSoft to hire or retain at least eight employees of the L&H Group. On March 21, 2002, ScanSoft closed the sale of the AudioMining assets.
- **Sale of SLT Assets to Vantage.** Vantage was the successful bidder for the Intelligent Content Management and Knexys asset groups. Vantage's successful bid included an aggregate cash purchase price of \$2 million. The L&H Group entered into a definitive agreement for the sale of these assets to Vantage on December 11, 2001, which the Bankruptcy Court approved on December 19, 2001. This transaction closed on December 27, 2001.

42. **ScanSoft Stock Distribution.** A significant portion of the SLT Assets were purchased by ScanSoft for consideration consisting of, among other things, shares of ScanSoft common stock (the "ScanSoft Stock"). The ScanSoft Stock distributed to L&H NV and L&H Holdings, however, was not registered under the federal securities laws. Milbank attorneys

researched and analyzed various legal issues under the federal securities laws and section 1145 of the Bankruptcy Code relating to the potential distribution of ScanSoft Stock by L&H NV pursuant to a public resale or a chapter 11 plan.

43. ScanSoft Settlement Agreement. Between August 2002 and September 2002, Milbank attorneys from the financial restructuring and corporate practice groups ultimately negotiated a settlement (the "ScanSoft Settlement") with ScanSoft that would allow L&H NV to dispose of its ScanSoft Stock and distribute the proceeds pursuant to a chapter 11 plan. Milbank attorneys negotiated the terms of and drafted documents and ancillary agreements pertaining to the ScanSoft Settlement, including a stock purchase agreement, an underwriting agreement for a public securities offering, and a custodian agreement.

The terms of the ScanSoft Settlement provide principally that:

- ScanSoft purchased, for cash, a number of shares of ScanSoft Stock for the aggregate purchase price of \$7 million (the "Initial Purchase");
- ScanSoft would use all commercially reasonable efforts to offer all of the remaining ScanSoft Stock (other than the ScanSoft Stock re-purchased in the Initial Purchase) in a management led public offering;
- ScanSoft would grant an additional 300,000 shares of ScanSoft common stock to L&H Holdings and L&H NV, subject to certain conditions; and
- In certain instances, L&H Holdings' and L&H NV's rights to distribute the ScanSoft Stock directly to their respective creditors were reserved.

The ScanSoft Settlement closed on or about September 16, 2002.

44. ScanSoft ultimately made a public offering of ScanSoft Stock on February 15, 2003 (which included an additional 300,000 shares delivered to L&H NV and L&H Holdings in compliance with the ScanSoft settlement). The ScanSoft Stock owned by L&H Holdings and L&H NV was sold to an underwriter in connection with the public offering for \$14,685,693.75.

**B. Automatic Stay Enforcement and Litigation**

45. In the period commencing immediately after filing the petition, Milbank attorneys vigorously sought enforcement of the automatic stay. Milbank attorneys also represented L&H NV in extensive litigation over the course of the chapter 11 case involving, among others, the Bakers (as defined below) and the Stonington Entities.

46. Bakers. Milbank attorneys represented L&H NV in extensive litigation involving Drs. Janet and James Baker, the former owners of Dragon Systems, Inc. (the "Bakers"). On February 6, 2001, the Bakers filed a motion contending, among other things, that the Court should appoint a chapter 11 trustee pursuant to section 1104(c) of the Bankruptcy Code (the "Trustee Motion"). In March 2001, Milbank attorneys drafted and filed an objection to the Bakers' Trustee Motion.

47. On February 6, 2001, the Bakers also filed a motion to disqualify Milbank as the L&H Group's counsel (the

"Disqualification Motion"). On March 2, 2001, Milbank attorneys prepared and filed, on behalf of the L&H Group, an objection to the Bakers' Disqualification Motion. The Court held several contested hearings on the Bakers' Trustee Motion and Disqualification Motion and ultimately denied both on April 3, 2001.

48. On February 8, 2001, the Bakers filed a claim in the Belgian Court (the "Belgian Merger Claim") that sought in excess of \$206 million in damages arising out of alleged fraud by L&H NV in connection with L&H NV's acquisition (the "Dragon Merger Agreement") of Dragon Systems, Inc. ("Dragon"). On or about June 11, 2001, the Bakers, together with two affiliated entities, filed four (4) proofs of claim against L&H NV and four (4) proofs of claim against L&H Holdings (collectively, the "Baker U.S. Merger Claims") that sought in excess of \$588 million in damages arising, on a variety of theories, out of alleged fraud by L&H NV in connection with the Dragon Merger Agreement. On the same date, the Bakers also filed two (2) proofs of claim against L&H NV and two (2) proofs of claim against L&H Holdings (collectively, the "Remaining Baker U.S. Claims") that sought in excess of \$312 million in damages arising out of, among other things, L&H NV's and L&H Holdings' alleged prepetition actions in interfering with the Bakers'



proposed sale of their Dragon common stock to Visteon Corporation (the "Visteon Transaction").

49. On April 13, 2001, Milbank attorneys, on behalf of L&H NV and L&H Holdings, initiated an adversary proceeding (the "Baker Adversary Proceeding") against the Bakers (the "Baker Complaint"). The Baker Complaint sought a declaratory judgment that any claims asserted by the Bakers that arose out of the Bakers' "purchase" of L&H NV common stock in connection with the Dragon Merger Agreement were pre-petition claims subject to mandatory subordination under section 510(b) of the Bankruptcy Code. By order dated June 28, 2001 (the "Baker Subordination Order"), the Court dismissed the Baker Complaint but granted certain of the relief sought therein. The Court determined that all of the Baker U.S. Merger Claims were subject to mandatory subordination under section 510(b) of the Bankruptcy Code. The Bankruptcy Court also held that any of the Baker U.S. Merger Claims that were asserted against L&H NV would be subordinated to the level of L&H NV Common Stock, and thus payable only to the extent that other creditors have been paid in full. The Baker Subordination Order also stated that any of the Baker U.S. Merger Claims that were asserted against L&H Holdings should be subordinated to the level of L&H Holdings Common Stock, and not L&H NV Common Stock. Milbank attorneys appealed, on behalf of L&H NV and L&H Holdings, certain portions

of the Baker Subordination Order to the United States District Court for the District of Delaware.

50. In August 2001, L&H NV entered into settlement discussions with the Bakers. When these negotiations broke down in early October 2001, L&H NV and L&H Holdings filed a motion to estimate at zero and temporarily disallow the Remaining Baker U.S. Claims. On October 23, 2001, the Bakers filed a motion seeking court enforcement of an alleged "settlement in principal" (the "Settlement Enforcement Motion"). In opposition to the Settlement Enforcement Motion, Milbank attorneys (a) conducted extensive document review relating to the Baker U.S. Merger Claims, (b) drafted responses to discovery requests, and (c) prepared for a contested hearing held on November 5, 2001, at which the Bankruptcy Court preliminarily determined that the settlement was enforceable against L&H NV and L&H Holdings and directed L&H NV and L&H Holdings to file a motion seeking approval of the settlement under Bankruptcy Rule 9019. On November 16, 2001, Milbank attorneys prepared and filed, on behalf of L&H NV and L&H Holdings, the Motion Pursuant to Section 363(b) of Bankruptcy Code and Bankruptcy Rules 9019(a) Denying Approval of the Baker Settlement Agreement (the "Baker Rule 9019 Motion"). On December 31, 2001, the Bakers responded to the Baker Rule 9019 Motion and filed an Alternative Motion To

Convert Holdings to a Chapter 7 Liquidation and Appoint a Trustee (the "Baker Conversion Motion").

51. Milbank attorneys performed extensive document review and analysis relating to the Baker U.S. Merger Claims, the Baker Rule 9019 Motion, and the Baker Conversion Motion, and responded to discovery requests propounded by the Bakers relating to the same.

52. L&H NV, L&H Holdings, and the Bakers thereafter reopened settlement negotiations in early January 2002 and were able to reach an agreement (the "January Settlement") acceptable to all parties on January 10, 2002. The terms of the January Settlement were put on the record at a hearing before the Bankruptcy Court and later embodied in a stipulation and order approved by the Bankruptcy Court on January 31, 2002.

53. Kemper. On January 18, 2001, Kemper Indemnity Insurance Company ("Kemper") filed a motion for relief from the automatic stay to initiate a declaratory judgment action against L&H NV and several of its current and former officers and directors to determine the rights and obligations of the parties to an excess director and officer insurance policy issued in favor of L&H NV (the "First Kemper Relief Stay Motion"). By Order dated February 16, 2001, the Bankruptcy Court denied the Kemper Relief Stay Motion without prejudice to Kemper to refile after one-hundred twenty days.

54. On December 27, 2001, Kemper filed a subsequent motion seeking relief from the automatic stay (the "Second Kemper Relief Stay Motion"), asserting the same bases for relief as in the First Kemper Relief Stay Motion. The L&H Group and Kemper ultimately entered into a tolling agreement (the "Kemper Tolling Agreement"), which resolved the Second Kemper Relief Stay Motion. By order dated January 31, 2002, the Bankruptcy Court approved the Kemper Tolling Agreement.

55. On December 20, 2002, Kemper filed a third motion seeking relief from the automatic stay (the "Third Kemper Relief Stay Motion"), asserting the same bases for such relief as in the two original Kemper Relief Stay Motions.

56. Milbank attorneys reviewed and analyzed the Third Kemper Relief Stay Motion and conducted independent research to ascertain the impact of the relief requested on L&H NV. On January 17, 2003, the L&H Creditors' Committee filed an objection to the Third Kemper Relief Stay Motion. On January 21, 2003, Milbank attorneys prepared and filed a joinder to the L&H Creditors' Committee's objection. On February 11, 2003, however, the Bankruptcy Court granted the Third Kemper Relief Stay Motion, and entered an order approving the motion on March 13, 2003.

57. Stonington. On or about November 27, 2000 (i.e., prepetition), the Stonington Entities filed an action in the

Delaware Chancery Court seeking to rescind a merger agreement between L&H NV and Dictaphone alleging, among other things, fraudulent inducement (the "Delaware Rescission Action"). On or about November 28, 2000, the Stonington Entities obtained an order from a Belgian court requiring L&H NV to immediately deliver its Dictaphone share certificates to a custodian pending resolution of the Delaware Rescission Action. The Belgian court also imposed a financial penalty of 1 million Euros for each day L&H NV did not deliver the shares.

58. Milbank attorneys responded by filing a complaint in the Bankruptcy Court on or about November 30, 2000, against the Stonington Entities and contemporaneously moving for entry of an order granting preliminary injunctive relief requiring the Stonington Entities to cease and desist their prosecution of the Belgian Rescission Action. The Bankruptcy Court entered an order enjoining the Stonington Entities from taking steps to prosecute the Belgian Rescission Action or to have a custodian take possession of the Dictaphone share certificates.

59. On February 8, 2001, and again on March 19, 2001, however, the Stonington Entities renewed their efforts to use the Belgian Order to their advantage by lodging and prosecuting a claim for thirty-seven million Euros relating to L&H NV's alleged failure to turn over the Dictaphone shares for the 37-day period between November 28, 2000 and January 5, 2001. On

March 28, 2001, L&H NV responded by filing a motion for a preliminary injunction, which the Bankruptcy Court granted on April 10, 2001. The court's order directed the Stonington Entities to, among other things, withdraw their claim in the Belgian Case to the extent it sought "recovery of penalties imposed by the Belgium Order."

60. On or about May 2, 2001, L&H NV filed a motion for partial summary judgment on the pleadings (the "Partial Summary Judgment Motion"), asserting that the Stonington Entities' claims were limited in nature and priority. Specifically, the Stonington Partial Summary Judgment Motion argued that because the Stonington Entities asserted causes of action in the Delaware Rescission Action that arose out of the "purchase" of L&H NV common pursuant to the Dictaphone Merger Agreement's "conversion" of Dictaphone stock into L&H NV Common Stock, the Stonington Entities claims were subject to the mandatory subordination provisions of section 510(b) of the Bankruptcy Code.

61. By order dated May 24, 2001 (the "Stonington Section 510(b) Order"), the Bankruptcy Court granted partial summary judgment to the L&H Group declaring that the Stonington Entities' claims are subject to mandatory subordination under section 510(b) of the Bankruptcy Code.

62. In response to the Stonington Section 510(b) Order, the Stonington Entities claimed that they could avoid the effect of the Section 510(b) Order by seeking allowance of claims solely in Belgium under Belgian Law, which does not provide for section 510(b)-type subordination. On June 28, 2001, L&H NV filed a motion for leave to file an amended complaint. With the consent of the Stonington Entities, L&H NV filed a second amended and supplemental complaint seeking, among other things, a declaratory judgment that the relevant relationship between the Stonington Entities and L&H NV is centered exclusively in the United States, requiring that all matters relating to the Stonington Entities' claims in conjunction with the Dictaphone Merger Agreement be adjudicated exclusively by the Bankruptcy Court in accordance with the Bankruptcy Code.

63. On July 26, 2001, Milbank attorneys filed a summary judgment motion and memorandum of law seeking a further declaratory judgment that the priority, classification, and treatment of the claims arising under the Delaware Rescission Action were matters to be determined exclusively by the Bankruptcy Court in accordance with the Bankruptcy Code. Following oral argument held on August 23, 2001 on the summary judgment motion, the Bankruptcy Court granted the requested declaratory relief and enjoined the Stonington Entities from

further prosecuting the issue of the priority, treatment, or classification of its claims in Belgium.

64. On or about August 30, 2001, the Stonington Entities appealed the Bankruptcy Court's order to the United States District Court for the District of Delaware, which, on September 17, 2001, affirmed the Bankruptcy Court's order in its entirety. On that same date, Stonington filed an appeal from the District Court's decision to the United States Court of Appeals for the Third Circuit (the "Third Circuit Appeal").

65. Milbank attorneys undertook extensive legal research and drafted and filed a brief with respect to the Third Circuit Appeal. The Third Circuit heard oral argument in connection with the Third Circuit Appeal on June 13, 2002. On November 4, 2002, the Third Circuit issued a decision reversing and remanding the two earlier orders of this Court and the Delaware District Court enjoining the Stonington Entities from pursuing their securities fraud claims in the Belgian case. The Third Circuit also remanded the issue to this Court for additional consideration (the "Stonington Decision").

66. Milbank attorneys reviewed and analyzed the Stonington Decision to ascertain its impact on L&H NV and the L&H NV Plan. In February 2003, this Court entered the Order Pursuant to 11 U.S.C. § 105(a) Staying Adversary Proceeding



Among L&H Group and Stonington Entities Until Further Order of the Court.

67. On January 27, 2003, the L&H Creditors' Committee filed the Emergency Motion, seeking a modification of L&H NV's exclusive right to solicit acceptances of the L&H NV Plan to permit the L&H Creditors' Committee to file its own chapter 11 plan relating to L&H NV. By order dated January 30, 2003, the Court granted the Emergency Motion.

68. On March 11, 2003, the L&H Creditors' Committee filed the Committee Disclosure Statement and the Committee Plan. On April 10, 2003, the Bankruptcy Court approved the Committee Disclosure Statement. On May 30, 2003, the Bankruptcy Court entered the Confirmation Order confirming the Committee Plan. The Confirmation Order was stayed pending an appeal filed by the Stonington Entities on June 10, 2003. On March 26, 2004, the District Court entered an order affirming the Confirmation Order, and on April 2, 2004, the Committee Plan went effective.

69. In May 2004, after a substantial expenditure of time, a global settlement (the "Stonington Settlement Agreement")<sup>13</sup> was reached, subject to approval by this Court, between L&H NV, the L&H Committee, the Plan Administrator, and Stonington Entities.

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<sup>13</sup> A stipulation memorializing the Stonington Settlement Agreement is currently being circulated among the parties for comment and execution.

**C. Claims Analysis and Estimation**

70. Various entities asserted claims against L&H NV demanding payment for goods and services provided by L&H NV prepetition. Examples of such claims include vendors asserting liens and trade debt. Examining these claims required Milbank attorneys to conduct extensive research regarding common law rights, statutory rights, the Uniform Commercial Code, passage of title issues, and lien priority issues.

71. Milbank attorneys also established a framework within which L&H NV could reconcile these claims. These efforts included (a) establishing a bar date for both pre- and post-petition claims; (b) negotiating various settlements relating to asserted claims; and (c) preparing and filing, when appropriate, objections to these claims.

**D. Court Hearings**

72. Milbank presented several "first" day pleadings, seeking immediate relief to ensure that L&H NV transitioned into chapter 11 without any interruption of its business. Milbank attorneys also appeared at several contested hearings in 2001, 2002, and 2003 involving, among other things, the joint administration of the cases, postpetition financing, automatic stay issues, motions to approve the sales of L&H NV's assets, and motions relating to claims.

73. Many of the hearings required considerable preparation by Milbank attorneys, including the analysis of documents, correspondence, and pleadings; the preparation of witnesses; the presentation of evidence; and extensive consultation with both L&H NV's officers and other retained professionals. Milbank attorneys also prepared for and participated in all regularly scheduled hearings in this case on behalf of L&H NV.

**E. DIP Financing**

74. Milbank attorneys, together with the L&H Group and its financial advisors, searched extensively for parties to provide the L&H Group with postpetition financing. Due to the unexpected nature of the L&H Group's chapter 11 case, a significant amount of time and effort was expended postpetition in obtaining postpetition financing. Milbank attorneys drafted and delivered proposals to more than twelve lending institutions and assisted the L&H Group in negotiating a \$20 Million of interim postpetition financing with General Electric Capital Corporation.

75. After extensive negotiations, the L&H Group ultimately obtained an agreement for a \$60 million postpetition financing facility from Ableco Finance LLC. Milbank attorneys from the financial restructuring and global corporate finance practice groups negotiated the terms of the facility, drafted

the loan agreements and related documents necessary to consummate the facility, and prepared and filed various pleadings with the Court to obtain approval of the facility, which was obtained on February 20, 2001.

**F. Disclosure Statement and Plan of Liquidation**

76. Originally, in August 2001, the L&H Group filed the Joint Plan and Joint Disclosure Statement. Shortly after filing the Joint Disclosure Statement, and prior to the hearing scheduled to consider the adequacy of the Joint Disclosure Statement, a change in circumstances compelled the L&H Group to decide not to seek approval at that time of the Joint Disclosure Statement insofar as it related to L&H Holdings and L&H NV. Specifically, the Belgian Court had imposed several conditions on L&H NV that (a) might not be consistent with the Joint Plan and (b) might affect L&H NV's ability to consummate the Joint Plan. Moreover, insufficient progress had been made with respect to the sale or other disposition of the SLT Assets.

77. Given the existence of these unresolved matters, the L&H Group determined that the prudent course of action would be to adjourn final consideration of the Joint Disclosure Statement insofar as it related to L&H Holdings and L&H NV, and to proceed with seeking approval of a disclosure statement exclusively with respect to Dictaphone. Dictaphone filed its

plan on January 31, 2002, and the Bankruptcy Court confirmed the Dictaphone Plan on March 13, 2002.

78. Shortly thereafter, L&H Holdings and L&H NV determined that the most efficient course of action would be to proceed with a plan of liquidation relating solely to L&H Holdings. The L&H Holdings Disclosure Statement and L&H Holdings Plan were filed on April 29, 2002. On August 13, 2002, the Bankruptcy Court entered an order confirming the L&H Holdings Plan.

79. Upon the confirmation of the L&H Holdings Plan, L&H NV's efforts turned toward modifying the Joint Plan into a "stand-alone" plan relating exclusively to L&H NV. This effort initially required revision to, and the transformation of the Joint Plan and Joint Disclosure Statement into a plan and disclosure statement dedicated exclusively to L&H NV. Throughout this process, Milbank attorneys continually negotiated with L&H NV's various creditor constituencies, including the L&H Creditors' Committee, with respect to the terms and conditions of an acceptable chapter 11 plan relating to L&H NV.

80. Milbank attorneys ultimately filed the L&H NV Plan and L&H NV Disclosure Statement on October 16, 2002. Shortly thereafter, Milbank attorneys began the process of preparing the L&H NV Disclosure Statement for approval by the

Bankruptcy Court, which efforts, included, among other things, drafting and distributing notice of the L&H NV Disclosure Statement in both the United States and Belgium.

81. Concerned that, among other things, the Third Circuit's decision in Stonington Partners impeded L&H NV's ability to confirm the L&H NV Plan, on January 27, 2003, the L&H Creditors' Committee filed the Emergency Motion, seeking a modification of L&H NV's exclusive right to solicit acceptances of the L&H NV Plan to permit the L&H Creditors' Committee to file its own chapter 11 plan relating to L&H NV. By order dated January 30, 2003, the Court granted the Emergency Motion.

82. On March 11, 2003, the L&H Creditors' Committee filed the Committee Disclosure Statement and the Committee Plan. Milbank attorneys initiated a comprehensive review and analysis of the Committee Disclosure Statement, particularly with respect to the Committee Plan's proposed allocation of the L&H NV's assets among the United States and Belgium.

83. On April 1, 2003, on behalf of L&H NV, Milbank attorneys filed an objection to the Committee Disclosure Statement (the "Disclosure Statement Objection"). Among other things, the Disclosure Statement Objection argued that the Committee Disclosure Statement failed to adequately substantiate the bases for the allocation of L&H NV's assets among the United States and Belgium. In preparing the Disclosure Statement

Objection, Milbank attorneys devoted considerable time to discovery, including preparing and conducting depositions.

84. On May 30, 2003, the Bankruptcy Court entered the Confirmation Order. Milbank attorneys worked in conjunction with counsel to the L&H Creditors' Committee in negotiating and drafting the terms of certain ancillary agreements necessary for the consummation of the Committee Plan, including a plan administration agreement and litigation trust agreement. These documents were ultimately filed in substantially final forms as exhibits to a plan supplement filed on May 27, 2003.

**G. Employee Issues**

85. During the chapter 11 case, Milbank attorneys provided advice regarding various employment issues affecting L&H NV and the entire L&H Group. Over the course of the chapter 11 case, the focus of L&H NV's efforts with respect to employees changed. In the initial phases of the case, Milbank attorneys prepared and filed the necessary pleadings to obtain Court approval of key employee retention programs, new health benefit programs, and severance programs. Once the cases were stabilized, and as L&H NV began the process of selling substantially all of its assets, Milbank attorneys' efforts shifted toward reviewing and analyzing various claims asserted by employees against L&H NV and the other members of the L&H Group. Often, Milbank attorneys negotiated and documented

settlement agreements resolving these disputes and both prepared and filed the necessary pleadings to obtain Court approval of these agreements.

86. Duerden. In June 2001, John H. Duerden, L&H NV's President and Chief Executive Officer from August 24, 2000 to January 16, 2001, filed proofs of claim in the Dictaphone, L&H Holdings, and L&H NV cases.

87. Mr. Duerden asserted several claims, including:

- (a) Belgian claims, Declarations of Recovery of Debt filed on or about November 20, 2001 in the amount of \$5,513,988.22 against L&H NV;
- (b) Claim No. 4385, a proof of claim filed on or about June 12, 2001 against Dictaphone in the amount of \$5,351,081.64;
- (c) Claim No. 4386, a proof of claim filed on or about June 12, 2001 against L&H Holdings in the amount of \$5,351,081.64;
- (d) Claim No. 4387, a proof of claim filed on or about June 12, 2001 against L&H NV in the amount of \$5,351,081.64;
- (e) Claim No. 4908.01, an administrative expense claim filed on or about June 28, 2002 in the amount of \$5,351,081.64 against L&H NV;
- (f) and Claim No. 4908.02, an administrative expense claim filed on or about June 28, 2002 in the amount of \$5,351,081.64 against L&H Holdings (collectively, the "Duerden Claims").

88. On October 5, 2001, the L&H Group filed the First Omnibus Objection of L&H Group to Claims As Duplicative, Amended And Superseded, Or Late-Filed, Pursuant to 11 U.S.C. § 502(b)



And Bankruptcy Rule 3007 (the "First Omnibus Objection").' In that objection, L&H NV objected to Claim No. 4387 as a late-filed claim. On or about December 6, 2001, the Court entered an order disallowing, among others, Claim No. 4387 in its entirety.

89. On or about January 16, 2002, Mr. Duerden filed a Motion for Reconsideration Pursuant to 11 U.S.C. §502(b) And Bankruptcy Rule 3007, Disallowing Certain Claims Against L&H Group as Duplicative, Amended and Superseded, Or Late-Filed, As Objected To In The First Omnibus Objection (the "Reconsideration Motion"). By stipulation, the parties from time to time, extended the time for L&H NV to respond to the Reconsideration Motion.

90. After lengthy negotiations with Mr. Duerden's counsel, Milbank attorneys reached a settlement with Mr. Duerden. On February 24, 2004, the L&H Group filed a Motion for Approval of Stipulation and Consent Order Between L&H Group and Former Employee John H. Duerden Regarding the Duerden Claims.

91. Pursuant to the settlement, Claim No. 4385 against Dictaphone was reduced and allowed in the amount of \$100,000, Claim No. 4386 against L&H Holdings was reinstated and reduced to \$100,000, Claim No. 4387 against L&H NV was reinstated and reduced to \$4,000,000, and Mr. Duerden withdrew with prejudice Claims Nos. 4908.01 and 4908.02. The Belgian

Claim was allowed in the amount of \$137,500. Milbank attorneys conducted the negotiations with Mr. Duerden's counsel and drafted the documents necessary to consummate the settlement.

H. Executory Contracts

92. L&H NV encountered numerous requests by vendors and creditors for information regarding the disposition of their contracts and agreements. L&H NV also faced various motions seeking Court orders compelling assumption or rejection of contracts.

93. ISI. Milbank attorneys reviewed and analyzed a stock purchase agreement among L&H NV, Interactive Systems, Inc. ("ISI") and certain professors associated with Carnegie Mellon University in Pittsburgh, Pennsylvania, who founded ISI (the "ISI Founders"), pursuant to which L&H NV acquired ISI. Milbank attorneys advised L&H NV of the implications associated with assuming the executory agreement so that ISI could continue its relationship with the ISI Founders. Milbank attorneys drafted, filed, and prosecuted, on behalf of L&H NV, a motion to assume the stock purchase agreement, which the Bankruptcy Court granted.

94. BBNT. Milbank attorneys conducted extensive negotiations with BBNT Solutions LLC ("BBNT") to consensually resolve a motion filed by BBNT to compel L&H NV to assume or reject a license agreement under which BBNT was the purported

owner of certain HARK Recognizer technology that L&H NV licensed. Milbank attorneys drafted and filed an objection to the motion and drafted and presented a settlement agreement resolving the matter.

I. General Communications with Creditors

95. After the Petition Date, Milbank attorneys worked closely with L&H NV's retained financial advisors to create a complete listing of all of the creditors of L&H NV and to file the list with the Court. Milbank attorneys caused notice of the commencement of this chapter 11 case to be served on all known creditors and organized, in conjunction with the United States Trustee, a meeting of creditors pursuant to section 341 of the Bankruptcy Code. Over the course of the chapter 11 case, Milbank attorneys continued to respond to various inquiries from L&H NV's creditors regarding case status, the effects of the chapter 11 filing, and L&H NV's operations while in chapter 11.

J. Retention of Professionals

96. As L&H NV entered into chapter 11 it retained various professionals to assist with the reorganization effort. Milbank attorneys aided that effort by drafting and filing retention applications on behalf of L&H NV (and the other members of the L&H Group) seeking orders authorizing L&H NV to retain, among others, investment bankers, restructuring consultants, and intellectual property counsel. These

professionals included PricewaterhouseCoopers LLP as restructuring consultants; CSFB as investment bankers; and the Afscrift Firm as special Belgian counsel.

**K. Intellectual Property Issues**

97. As a technology company, L&H NV owned a considerable amount of intellectual property consisting of, among other things, patents, copyrights, and trademarks. L&H NV therefore relied considerably on the efforts of Milbank's intellectual property attorneys who reviewed a wide range of contracts, agreements, and other documents relating to, among other things, the transfer or license of technology. Moreover, in connection with each of the sales of L&H NV's assets, a number of licensing agreements and similar intellectual property contracts were reviewed, analyzed, negotiated, and drafted by Milbank attorneys. More specifically, Milbank attorneys from the intellectual property practice group were used to provide assistance with the sale and license of a wide range of assets and technology in connection with the Powerscribe<sup>®</sup> Transaction and the sale of the SLT Assets.

**L. Tax Advice**

98. Throughout its chapter 11 case, L&H NV relied on Milbank tax attorneys when conducting its asset sales, stock transfers and licensing transactions. Several of these transactions implicated "cross-border" issues among the United

States, Europe and Asia. Milbank tax attorneys frequently examined the tax implications of these transactions, including the sale of the SLT Assets and the L&H NV Plan.

#### V. EXPENSES

99. During the Total Compensation Period, Milbank expended the sum of \$435,730.38<sup>14</sup> in actual, reasonable and necessary expenses allocated to L&H NV in connection with representing L&H NV. Milbank maintains records of all actual and necessary expenses incurred in connection with the performance of professional services.

100. In connection with the reimbursement of actual, reasonable and necessary expenses, it is Milbank's policy to charge its clients in all areas of practice for expenses, other than fixed and routine overhead expenses, incurred in connection with representing its clients. The expenses charged to Milbank's clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document word-processing charges, photocopying charges, out-of-town travel expenses, local transportation expenses, expenses for working meals, computerized research, transcription costs, as well as non-ordinary overhead expenses particularly attributable to an

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<sup>14</sup> See footnote 2 above regarding the Court's prior reduction of certain expenses.

individual client or cases such as secretarial and other overtime.

101. Milbank charges L&H NV for these expenses at rates consistent with those charged to Milbank's other bankruptcy clients, which rates are equal to or less than the rates charged by Milbank to its non-bankruptcy clients. Milbank seeks reimbursement from L&H NV at the following rates for the following expenses: (a) fifteen cents per page for photocopying; (b) no charge for incoming facsimiles; and (c) one dollar per page for out-going facsimiles. In accordance with section 330 of the Bankruptcy Code and with the U.S. Trustee Guidelines, Milbank will seek reimbursement only for the actual cost of such expenses to Milbank.

102. In providing or obtaining from third parties services that are reimbursable by clients, Milbank does not include in such reimbursable amount any costs of investment, equipment or capital outlay, except that the reimbursable cost of photocopying and faxes includes a factor for the cost of equipment.

103. Milbank regularly charges its non-bankruptcy clients for ordinary business-hour fees and expenses for secretarial, library, word processing, computer-assisted legal

research,<sup>15</sup> and other staff services because such items are not included in the firm's overhead for the purpose of setting the billing rates. Attorneys at Milbank have not incurred expenses for luxury accommodations, deluxe meals or air travel, except in the case of overseas travel, in which case business-class airfare may be incurred. Throughout the Total Compensation Period, Milbank has been keenly aware of cost considerations and has tried to minimize the expenses charged to L&H NV's estate.

## VI. APPLICABLE AUTHORITY

### A. Statutory Basis For Awarding Fees

104. The allowance of interim compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

11 U.S.C. § 331.

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<sup>15</sup> Milbank does not receive a "usage discount" from its computer research vendors and instead pays a monthly fee under long term contracts, together with monthly adjustments reflecting the use of "premium" services. Milbank's vendors "bill through" charges for computerized research directly to client charge numbers, which are required prior to commencing a research session. Each year Milbank compares the charges billed through the vendors against the annualized fees paid to determine if Milbank's costs are being recouped. Milbank includes in its costs the annualized fees together with direct costs incurred for obtaining the services.

105. With respect to the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person "reasonable compensation for actual, necessary services rendered." 11 U.S.C. § 330(a)(1).

106. Section 330(a)(3)(A), in turn, provides that:

[i]n 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).

107. The congressional policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent professionals to bankruptcy cases. See In re Busy Beaver Bldg. Ctrs., Inc., 19 F.3d 833, 850 (3d Cir. 1994) ("Congress rather clearly intended



to provide sufficient economic incentive to lure competent bankruptcy specialists to practice in the bankruptcy courts") (citation and internal quotation marks omitted).

**B. Factors To Be Considered In Awarding Fees**

108. The factors to be considered in awarding attorneys fees have been enumerated in In re First Colonial Corp. of Am., 544 F.2d 1291, 1298-99 (5th Cir. 1977), which standards have been adopted by most courts.<sup>16</sup> Milbank respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

- (A) The Time and Labor Required. The professional services rendered by Milbank on behalf of L&H NV have required the continuous expenditure of substantial time and effort, under time pressures which sometimes required the performance of services late into the evening and, on a number of occasions, over weekends. The services rendered required a high degree of professional competence and expertise in order to be administered with skill and dispatch.
- (B) The Novelty and Difficulty of Questions. Novel and complex issues arose in the course of L&H NV's chapter 11 case. In this case, as in many others in which the firm is involved, Milbank's effective advocacy and creative approach to problem solving have helped clarify and resolve difficult issues.

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<sup>16</sup> The factors embraced by the Fifth Circuit in First Colonial were adopted by the Fifth Circuit's decision in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974), except that First Colonial also included the "spirit of economy" as a factor which was expressly rejected by Congress in enacting section 330 of the Bankruptcy Code. See In re Hillsborough Holdings, Corp., 127 F.3d 1398, 1403 (11th Cir. 1997). The remaining First Colonial factors continue to apply to determine the reasonableness of fees awarded under the Bankruptcy Code. See 3 Collier on Bankruptcy ¶ 330.04[3], at 330-36 (15th ed. 2000). In addition, a majority of the First Colonial factors are now codified in section 330(a)(3). Id.

- (C) The Skill Requisite to Perform the Legal Services Properly. Milbank believes that its recognized expertise in the area of bankruptcy, its ability to draw from highly experienced professionals in other areas of Milbank's practice such as litigation, corporate and securities law, and its practical approach to the resolution of issues, contributed to the successful completion of L&H NV's chapter 11 case.
- (D) The Preclusion of Other Employment by Applicant Due to Acceptance of the Case. Due to the size of Milbank's financial restructuring department, Milbank's representation of L&H NV has not precluded the acceptance of new clients. However, the number of matters needing attention on a continuous basis has required several of Milbank's attorneys to commit significant portions of their time to L&H NV's case.
- (E) The Customary Fee. The compensation sought herein is based upon Milbank's normal hourly rates for services of this kind. Milbank respectfully submits that the compensation sought herein is not unusual given the magnitude and complexity of L&H NV's case and the time dedicated to the representation of L&H NV. Such compensation is commensurate with fees Milbank has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.
- (F) Whether the Fee is Fixed. Milbank charges customary hourly rates for the time expended by its attorneys and paraprofessionals in representing L&H NV and Milbank's fee is not outcome dependent.
- (G) Time Limitation Imposed by Client or Other Circumstances. As stated above, Milbank has been required to attend to various issues as they have arisen in these cases. Occasionally, Milbank has had to perform those services under significant time constraints requiring attorneys and paraprofessionals assigned to these cases to work evenings and on weekends.
- (H) The Amount Involved and Results Obtained. L&H NV's chapter 11 case presented intricate and complicated issues. Milbank's counsel and guidance has greatly contributed to the efficient administration of L&H NV's case and to its successful liquidation.

- (I) The Experience, Reputation, and Ability of the Attorneys. Milbank has a sophisticated and nationally recognized corporate financial restructuring practice, and Milbank attorneys involved in this representation have played a major role in numerous complex bankruptcy cases including, for example, the chapter 11 cases of Enron Corp., et al., Safety-Kleen Corp., et al., ICO Global Communications, Inc., Fruit of the Loom, Inc., HomePlace Stores, Inc., Hvide Marine, Inc., Semi-Tech Corporation, Sun TV and Appliances, Inc., Seven-Up/RC Bottling Company of Southern California, Inc., and Ames Department Stores, Inc. Milbank's experience enables it to perform the services described herein competently and expeditiously.
- (J) The "Undesirability" of the Case. L&H NV's case was not undesirable, but as already indicated, it required a significant commitment of time from a number of Milbank's attorneys.
- (K) Nature and Length of Professional Relationship. Milbank was selected as L&H NV's counsel shortly before the commencement of these cases, on November 29, 2000, and was retained nunc pro tunc to that date pursuant to an order of this Court dated January 4, 2001. Milbank has been rendering services continuously to L&H NV since the commencement of these cases as has been necessary and appropriate.

109. The professional services rendered by Milbank have required a high degree of professional competence and expertise so that the numerous issues requiring evaluation and action by L&H NV could be addressed with skill and dispatch. It is respectfully submitted that the services rendered to L&H NV were performed efficiently, effectively and economically, and the results obtained have benefited L&H NV, its estate, and creditors.

110. The total time spent by Milbank attorneys and paraprofessionals during the Total Compensation Period on matters allocated to L&H NV in accordance with the Compensation Order has a fair market value of \$6,882,103.97.<sup>17</sup> As shown by this Final Application and supporting exhibits, Milbank spent its time economically and without unnecessary duplication of time. In addition, the work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task.

#### VII. NOTICE

111. No trustee or examiner has been appointed in these chapter 11 cases. Pursuant to the Confirmation Order, a copy of this Final Application has been given to (i) Post-Effective Date L&H NV, (ii) counsel for the former L&H Creditors' Committee, and (iii) the office of the United States Trustee. Milbank submits that no further notice need be given.

#### VIII. CONCLUSION

WHEREFORE, Milbank respectfully requests the Court to enter an order, (i) allowing Milbank final compensation in the amount of \$6,626,938.85 for actual, reasonable and necessary professional services rendered, and reimbursement of \$435,730.38 for actual, reasonable and necessary expenses incurred during

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<sup>17</sup> See footnote 1 above regarding the Court's prior reduction of certain fees.

the Total Compensation Period<sup>18</sup> with respect to the L&H NV estate, (ii) authorizing and directing L&H NV to pay Milbank the amount of \$170,059.26, which is equal to the sum of such allowed compensation and expense reimbursement, less the amount previously paid by L&H NV (and allocable to L&H NV) to Milbank on account of Milbank's monthly interim fee applications submitted during the Total Compensation Period, and (iii) granting such further relief as is just and proper.

Dated: New York, New York  
June 1, 2004

**MILBANK, TWEED, HADLEY & M<sup>C</sup>CLOY LLP**

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<sup>18</sup> As noted above, the amount of fees for which Milbank is seeking allowance pursuant to this Final Application includes approximately \$20,250 for fees associated with the preparation of this Final Application after the end of the Total Compensation Period.