

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
) Chapter 11
LERNOUT & HAUSPIE SPEECH)
PRODUCTS N.V., et al.,) Case Nos. 00-4397 (JHW)
) through 00-4399 (JHW)
Debtors.)
) Jointly Administered
)
) **Objections due by: June 17, 2002**
) **at 4:00 p.m. (Eastern Time)**
) **Hearing Date: Negative Notice**

**TENTH APPLICATION OF MORRIS, NICHOLS, ARSHT & TUNNELL,
BANKRUPTCY COUNSEL FOR THE DEBTORS, FOR (I) INTERIM
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES FOR THE PERIOD MARCH 1, 2002
THROUGH MARCH 31, 2002 AND (II) FINAL APPLICATION OF MORRIS,
NICHOLS, ARSHT & TUNNELL, BANKRUPTCY COUNSEL FOR DICTAPHONE
CORPORATION, REORGANIZED DEBTOR AND DEBTOR-IN-POSSESSION IN
THE CAPTIONED CASES, FOR FINAL ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND FOR REIMBURSEMENT OF EXPENSES**

Name of Applicant: MORRIS, NICHOLS, ARSHT &
TUNNELL

Authorized to Provide
Professional Services to: L&H Speech Products, N.V., L&H
Holdings USA, and Dictaphone
Corporation (the "L&H Group")

Date of Retention: January 18, 2001, nunc pro tunc to
November 29, 2000

Period for which
compensation and
reimbursement is sought: Interim Compensation for the period
March 1, 2002 through and including
March 31, 2002 (the "Interim
Compensation Period")

Final Compensation for the period
November 29, 2000 through and
including March 28, 2002 for services
rendered and expenses incurred as

counsel for Dictaphone Corporation (the
“Final Compensation Period”)

Amount of interim
compensation sought as
actual, reasonable and
necessary:

\$33,189.00, plus \$5,000 for the
preparation of the Interim and Final
Application

Amount of interim
reimbursement sought as
actual, reasonable and
necessary:

\$22,832.63

Amount of final compensation
sought as actual,
reasonable and necessary:

\$592,131.75, of which a certain
percentage is allocable to Dictaphone in
accordance with the Interim
Compensation Order (as defined herein)

Amount of final reimbursement
sought as actual,
reasonable and necessary:

\$472,876.13, of which a certain
percentage is allocable to Dictaphone in
accordance with the Interim
Compensation Order (as defined herein)

This is an x interim application
with respect to the L&H Group

 x final application with respect to
Dictaphone Corporation

The total time expended for preparation of this fee application is approximately 25.0 and the corresponding compensation requested is approximately \$5,000.00¹.

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

DATE FILED	PERIOD COVERED	REQUESTED FEES/EXPENSES	APPROVED FEES/EXPENSES	PAID APPROVED FEES/EXPENSES
02/13/01 D. I. #333	11/29/00 – 12/31/01	\$52,497.50/\$15,115.29	\$52,497.50/\$15,115.29	\$67,612.79

¹ Although Morris, Nichols, Arsht & Tunnell's representation of Dictaphone Corporation, one of the debtors and debtors-in-possession in the above-captioned cases, is generally concluded, there may be fees and expenses periodically charged by attorneys, paralegals and other staff pursuant to the completion of Morris, Nichols, Arsht & Tunnell's responsibilities to the Debtors. Morris, Nichols, Arsht & Tunnell reserves the right to seek payment of such items by further application, as appropriate.

03/23/01 D. I. #461	01/01/01 – 01/31/01	\$33,958.50/\$15,110.97	\$33,958.50/\$15,110.97	\$49,069.47
04/10/01 D. I. #542	02/01/01 – 02/28/01	\$33,754.00/\$6,604.72	\$33,754.00/\$6,604.72	\$33,607.92
06/15/01 D. I. #856	03/01/01 – 03/31/01	\$48,055.00/\$17,085.21	\$46,288.75/\$14,209.12	\$7,641.29
10/16/01 D. I. #1427	04/01/01 – 07/31/01	\$142,487.50/\$155,199.64	\$142,487.50/\$153,402.85	\$103,562.37 (Dictaphone Allocation); \$118,356.00 (L&H Speech Allocation)
1/31/02 D. I. #2031	08/01/01 – 08/31/01	\$38,880.50/\$21,752.77	Approved \$52,857.17, 80% fees and 100% expenses. Awaiting court approval for 20% holdback of fees.	\$18,500.01 (Dictaphone Allocation); \$21,142.87 (L&H Speech Allocation)
2/25/02 D. I. #2237	09/01/01 – 11/30/01	\$149,249.50/\$154,919.30	Approved \$274,318.90, 80% fees and 100% expenses. Awaiting court approval for 20% holdback of fees.	\$96,011.02 (Dictaphone Allocation); \$109,727.56 (L&H Speech Allocation)
3/21/02 D. I. #2340	12/1/01 – 1/31/02	\$71,254.50/\$67,821.92	\$124,825.52, 80% fees and 100% expenses. Awaiting court approval for 20% holdback of fees.	\$43,688.93 (Dictaphone Allocation); \$49,930.21 (L&H Speech Allocation)
5/24/02 D. I. #2521	2/1/02 – 2/28/02	\$23,761.00/\$23,939.19	Pending	Pending

**ATTACHMENT TO FEE APPLICATION
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.**

(Case No. 00-4398/JHW)

March 1, 2002 through March 31, 2002

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including changes)	Total Billed Hours	Total Compensation
Robert J. Dehney	Partner/1990/Bankruptcy	\$425	8.40	\$ 3,570.00
Gregory W. Werkheiser	Associate/1996/Bankruptcy	305	26.50	8,082.50
Donna L. Harris	Associate/1998/Bankruptcy	250	9.80	2,450.00
Angela R. Conway	Paralegal	155	62.40	9,672.00
Emma J. Campbell	Paralegal	155	17.70	2,743.50
Elaine J. McFarlane	Paralegal	155	.30	46.50
Jason W. Smith	Paralegal	155	4.70	728.50
Dion P. Wynn	Case clerk	80	8.50	680.00
Trudy A. Apple	Case clerk	80	1.20	96.00
Sonja P. Tate	Case clerk	80	1.50	120.00
			141.00	\$28,189.00
GRAND TOTAL:		\$28,189.00		
BLENDED RATE:		\$ 199.92		

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.

Case Nos. 00-4397 through 00-4399 (JHW)

November 29, 2000 through March 31, 2002

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including changes)	Total Billed Hours
William O. Lamotte, III	Partner/1968/Gen. Business	\$450	1.50
William H. Sudell, Jr.	Partner/1971/Bankruptcy	450	11.40
Robert J. Dehney	Partner/1990/Bankruptcy	\$340 385 425	470.0
Eric D. Schwartz	Partner/1992/Bankruptcy	290	2.40
Derek C. Abbott	Associate/1995/Bankruptcy	260 275	4.80

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including changes)	Total Billed Hours
Michael G. Busenkell	Associate/1995/Bankruptcy	235 250	175.80
Gregory W. Werkheiser	Associate/1996/Bankruptcy	235 250 305	484.60
Wendy L. Walter	Associate/1996/Commercial	250	.20
Donna L. Harris	Associate/1998/Bankruptcy	200 250	172.00
Jason W. Staib	Associate/1998/Bankruptcy	180 200	6.20
Michael G. Wilson	Associate/2000/Bankruptcy	180 200	18.90
Matt Neiderman	Associate/2000/Corp. Litigation	180	2.60
Christopher Winter	Associate/2001/Bankruptcy	160	3.30
Angela R. Conway	Paralegal	110 125 145 155	955.10
Cynthia A. McCollum	Paralegal	125	.60
Rena M. Fusco	Paralegal	155 145	9.20
Robin D. Boyd	Paralegal	145	.30
Nancy J. Skaggs	Paralegal	145 155	73.70
Christine Ingram	Paralegal	110	.90
Barb Pietruczenia	Paralegal	110 145 125	39.80
Tom D. Bielli	Paralegal	145	19.00
Emma J. Campbell	Paralegal	145 155	110.60
Elaine J. McFarlane	Paralegal	110 155	15.30
Jason W. Smith	Paralegal	145	55.80
Dion P. Wynn	Case clerk	50 70 80	88.50

Name of Professional Person	Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice, Area of Expertise	Hourly Billing Rate (including changes)	Total Billed Hours
Trudy A. Apple	Case clerk	50 70 80	68.40
Sonja P. Tate	Case clerk	80	25.00
Al R. Boulogne	Case clerk	80	.20
Eric H. Hahn	Case clerk	70	2.00
Adam D. Peacock	Case clerk	70	3.40
Sara P. Tumey	Case clerk	70	.50
Marisa J. Mead	Case clerk	70	3.40
Adam B. Lavinski	Case clerk	70	3.30
TOTAL HOURS BILLED			2,828.70

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.

Case Nos. 00-4397 through 00-4399 (JHW)

March 1, 2002 through March 31, 2002

Project Category	Total Hours For The Period	Total Fees For The Period
Case Administration	27.00	\$4,577.00
Meetings of & Communications with Creditors	0.30	91.50
Fee/Employment Applications	17.30	3,125.00
Assumption/Rejection of Leases/Contracts	0.30	91.50
Non-Working Travel	1.90	579.50
Business Operations	1.00	155.00
Claims Administration and Objections	0.50	152.50
Employee Benefits/Pensions	0.90	274.50
Plans and Disclosure Statement	10.00	2,934.50
General Bankruptcy	82.00	16,208.00
TOTAL	141.00	\$28,189.00

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
(Case No. 00-4398/JHW)
November 29, 2000 through December 31, 2000

Project Category	Total Hours
Case Administration	84.80
Fee/Employment Applications	7.50
Operations	5.40
Employee Benefits/Pensions	0.10
General Bankruptcy	1.70
Miscellaneous	121.20
TOTAL HOURS	222.20
TOTAL FEES	\$52,497.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
(Case No. 00-4398/JHW)
January 1, 2001 through January 31, 2001

Project Category	Total Hours	Total Fees
Case Administration	69.60	\$13,632.00
Relief from Stay/Adequate Protection	2.20	480.00
Meetings of & Communications with Creditors	4.30	1,075.00
Fee/Employment Applications	10.90	2,039.00
Other Contested Matters	.10	25.00
Claims Administration and Objections	4.20	462.00
General Bankruptcy	53.80	16,245.50
TOTAL	145.10	\$33,958.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
 (Case No. 00-4398/JHW)
 February 1, 2001 through February 28, 2001

Project Category	Total Hours	Total Fees
Case Administration	45.30	\$8,138.00
Asset Disposition	1.20	435.00
Relief from Stay/Adequate Protection	2.70	675.00
Meetings of & Communications with Creditors	.90	225.00
Fee/Employment Applications	9.60	1,756.00
Assumption/Rejection of Leases/Contracts	9.90	3,703.50
Other Contested Matters	4.40	1,100.00
Business Operations	.30	54.00
Employee Benefits/Pensions	1.30	500.50
Financing/Cash Collections	19.80	7,245.00
Plan and Disclosure Statement	4.70	1,175.00
Bankruptcy-Related Advice	1.00	385.00
General Bankruptcy	48.50	8,362.00
TOTAL	149.60	\$33,754.00

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
 (Case No. 00-4398/JHW)
 March 1, 2001 through March 31, 2001

Project Category	Total Hours	Total Fees
Case Administration	31.40	\$5,708.00
Asset Disposition	42.80	15,776.00
Relief From Stay/Adequate Protection	1.60	400.00
Meetings of & Communications with Creditors	.10	25.00
Fee/Employment Applications	11.80	2,026.00
Assumption/Rejection Of Leases/Contracts	.70	175.00
Other Contested Matters	27.90	6,975.00
Non-Working Travel	2.50	625.00
Business Operations	3.40	850.00
Employee Benefits/Pensions	.90	225.00

Financing/Cash Collections	4.10	1,239.50
Claims and Plans	.30	37.50
Claims Administration and Objections	1.80	350.00
General Bankruptcy	79.70	12,188.00
Miscellaneous Administration	6.20	1,455.00
TOTAL	215.40	\$48,055.00

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
(Case No. 00-4398/JHW)

April 1, 2001 through July 31, 2001

Project Category	Total Hours	Total Fees
Case Administration	192.20	\$ 31,817.0
Asset Analysis and Recovery	24.90	9,586.50
Asset Disposition	18.80	4,825.50
Relief From Stay/Adequate Protection	2.00	500.00
Meetings of & Communication w/Creditors	2.70	433.50
Fee/Employment Applications	145.10	21,929.00
Fee/Employment Objections	3.50	1,347.50
Assumption/Rejection Of Leases/Contracts	1.90	623.50
Other Contested Matters	42.50	13,280.00
Operations	1.00	250.00
Non-Working Travel	5.60	1,700.50
Business Operations	2.60	650.00
Employee Benefits/Pensions	.90	225.00
Financing/Cash Collections	7.20	2,395.50
Tax Issues	0.40	100.00
Claims and Plans	2.50	719.50
Claims Administration and Objections	35.80	6,526.50
Plan and Disclosure Statement	2.00	500.00
General Bankruptcy	248.30	45,078.00
TOTAL	725.10	\$142,487.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.

(Case No. 00-4398/JHW)

August 1, 2002 through August 31, 2002

Project Category	Total Hours	Total Fees
Case Administration	43.70	\$7,764.00
Asset Analysis and Recovery	1.40	539.00
Asset Disposition	7.20	2,772.00
Fee/Employment Applications	20.40	3,162.50
Other Contested Matters	22.50	8,622.50
Claims Administration and Objections	0.30	360.00
Non-Working Travel	1.80	43.50
General Bankruptcy	82.00	15,677.00
TOTAL	179.30	\$38,880.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.

(Case No. 00-4398/JHW)

September 1, 2001 Through November 30, 2001 With Certain Accounts From July and August

Project Category	Total Hours	Total Fees
Case Administration	190.20	\$33,548.00
Asset Analysis and Recovery	0.30	115.50
Asset Disposition	32.60	8,487.50
Relief From Stay/Adequate Protection	0.80	240.50
Meetings Of & Communications W Creditors	0.80	205.00
Fee/Employment Applications	101.00	15,460.50
Avoidance Action Analysis	0.40	100.00
Assumption/Rejection Of Leases/Contracts	4.40	1,194.50
Other Contested Matters	50.20	17,459.00
Employee Benefits/Pensions	0.70	175.00
Real Estate	1.40	350.00
Claims Administration and Objections	22.80	5,145.00
Plan and Disclosure Statement	22.90	6,670.00
General Bankruptcy	280.80	60,099.00
TOTAL	709.30	\$149,249.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
(Case No. 00-4398/JHW)

December 1, 2001 through January 31, 2002

Project Category	Total Hours	Total Fees
Case Administration	162.80	\$26,719.00
Asset Disposition	14.50	3,725.50
Meetings Of & Communications W Creditors	0.60	172.00
Fee/Employment Applications	51.60	8,536.00
Assumption/Rejection Of Leases/Contracts	0.60	116.50
Other Contested Matters	10.80	3,115.50
Non-Working Travel	8.00	1,013.00
Business Operations	0.50	77.50
Employee Benefits/Pensions	2.40	688.00
Claims Administration and Objections	3.00	459.00
Plan and Disclosure Statement	2.90	846.00
General Bankruptcy	145.70	25,736.50
TOTAL	403.40	\$71,254.50

COMPENSATION BY PROJECT CATEGORY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
(Case No. 00-4398/JHW)

February 1, 2002 through February 28, 2002

Project Category	Total Hours	Total Fees
Case Administration	53.40	\$9,750.00
Asset Analysis and Recovery	1.80	765.00
Fee/Employment Applications	23.80	4,617.50
Avoidance Action Analysis	0.20	85.00
Other Contested Matters	0.30	91.50
Financing/Cash Collections	0.60	183.00
Employee Benefits/Pensions	0.40	122.00
Claims Administration and Objections	0.20	61.00
Plan and Disclosure Statement	0.70	261.50
General Bankruptcy	46.90	7,824.50
TOTAL	128.30	\$23,761.00

EXPENSE SUMMARY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
Case Nos. 00-4397 through 00-4399 (JHW)

March 1, 2002 through March 31, 2002

Expense Category	Service Provider (if applicable)	Total Expenses
Court Costs		\$6.00
Transcripts	DomanTranscribing/Wilcox & Fetzer	113.00
Photos/Art/Spec'l Dupl.	IKON Office Solutions	10,438.52
Out-Of-Town Travel	Amtrak/Eagle Limousine	.55
Business Meals		7.17
Doc Service/Filing/Delivery	Federal Express/Tri-State/Parcels	42.00
Courier Service		6,843.09
Computer Research – Westlaw		39.17
Computer Research – Other		158.76
Secretarial OT/Expense		45.51
Support Staff OT/Expense		30.23
Paralegal OT/Expense		248.99
In-house Duplicating (\$.15/page)		4,187.85
Telephone		10.43
Telecopy (\$1.00/page)	Xpedite Systems	636.36
Grand Total Expenses		\$22,832.63

EXPENSE SUMMARY

LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., ET AL.
Case Nos. 00-4397 through 00-4398 (JHW)

November 29, 2000 through March 31, 2002

Expense Category	Service Provider (if applicable)	Total Expenses
Court Costs		\$1,474.40
Transcripts	DomanTranscribing/Wilcox & Fetzer	14,299.17
Photos/Art/Spec'l Dupl.	IKON Office Solutions	198,279.61
Out-Of-Town Travel	Amtrak/Eagle Limousine	3,284.64
Business Meals		1,015.82
Doc Service/Filing/Delivery	Federal Express/Tri-State/Parcels	1,203.00
Courier Service		130,000.55
Computer Research – Westlaw		605.52
Computer Research – Lexis		47.54

Computer Research – Other		2,044.07
Secretarial OT/Expense		3,486.61
Support Staff OT/Expense		1,062.65
Paralegal OT/Expense		4,688.40
In-house Duplicating (\$.15/page)		82,955.55
Postage		313.65
Telephone		1,782.10
Telecopy (\$1.00/page)	Xpedite Systems	28,570.74
Miscellaneous		238.00
Special		2,196.99
Grand Total Expenses Requested		\$477,549.01

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
) Chapter 11
LERNOUT & HAUSPIE SPEECH)
PRODUCTS N.V., et al.,) Case Nos. 00-4397 (JHW)
) Through 00-4399 (JHW)
Debtors.)
) Jointly Administered
)
) **Objections due by: June 17, 2002**
) **at 4:00 p.m. (Eastern Time)**
) **Hearing Date: TBD**

**TENTH APPLICATION OF MORRIS, NICHOLS, ARSHT & TUNNELL,
BANKRUPTCY COUNSEL FOR THE DEBTORS, FOR (I) INTERIM
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES FOR THE PERIOD MARCH 1, 2002
THROUGH MARCH 31, 2002 AND (II) FINAL APPLICATION OF MORRIS,
NICHOLS, ARSHT & TUNNELL, BANKRUPTCY COUNSEL FOR DICTAPHONE
CORPORATION, REORGANIZED DEBTOR AND DEBTOR-IN-POSSESSION IN
THE CAPTIONED CASES, FOR FINAL ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND FOR REIMBURSEMENT OF EXPENSES**

Morris, Nichols, Arsht & Tunnell ("Morris Nichols"), bankruptcy counsel for Lernout & Hauspie Speech Products N.V. ("L&H NV") and its affiliated debtors and debtors-in-possession in the above-captioned cases, L&H Holdings USA, Inc. ("L&H Holdings"), and Dictaphone Corporation, formerly an affiliate of L&H NV and a reorganized debtor and debtor-in-possession in the above-captioned cases ("Dictaphone", and, together with L&H NV and L&H Holdings, the "L&H Group"), submits this application (the "Interim and Final Application") seeking allowance of compensation and reimbursement of expenses under 11 U.S.C. §§ 327, 330 and 331, Rule 2016 of the Federal Rules Of Bankruptcy Procedure (the "Bankruptcy Rules"), Rule 2016-2 of the Local Rules Of Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), the United States

Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. § 330 effective January 30, 1996 (the "U.S. Trustee Guidelines") and the Second Amended Administrative Order, Pursuant To Sections 105(a) And 331 Of The Bankruptcy Code, Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals, dated July 17, 2001 (D. I. 987) (as amended, the "Interim Compensation Order"), for (i) interim allowance of reasonable compensation for professional services rendered by Morris Nichols to the L&H Group for the period March 1, 2002 through March 31, 2002, (ii) reimbursement of actual and necessary charges and disbursements incurred by Morris Nichols in the rendition of required professional services on behalf of the L&H Group, (iii) final allowance of reasonable compensation for professional services rendered by Morris Nichols to Dictaphone for the period November 29, 2000 through March 28, 2002, (iv) final reimbursement of actual and necessary charges and disbursements incurred by Morris Nichols in the rendition of required professional services on behalf of Dictaphone, and (v) payment of the foregoing from such sources as are available. In support of this Interim and Final Application, Morris Nichols represents as follows:

BACKGROUND

A. General Background

1. On November 29, 2000, the Debtors filed voluntary petitions for reorganization under chapter 11 of title 11 the United States Code (the "Bankruptcy Code"). Dictaphone Corporation, Case No. 00-4397 emerged from chapter 11 on March 28, 2002.

2. By its Order Approving Retention Of Morris, Nichols, Arsht & Tunnell As Co-Counsel For The Debtors In Possession (D. I. 248) (the "Morris Nichols Retention Order") dated January 18, 2001, the Court authorized the Debtors to retain Morris Nichols as

Delaware bankruptcy counsel to the Debtors in these cases. Morris Nichols has acted as bankruptcy counsel for the Debtors since November 29, 2000.

3. 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 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.

4. 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 March 28, 2002, the effective date of the Dictaphone Plan. No trustee or examiner has been appointed in these chapter 11 cases.

5. 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 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.

6. Dictaphone Plan. On January 31, 2002, Dictaphone filed the Third Amended Plan Of Reorganization Of Dictaphone Corporation Under Chapter 11 Of The Bankruptcy Code (the "Dictaphone Plan") and the Third Amended Disclosure Statement Pursuant To Section 1125 Of Bankruptcy Code With Respect To Third Amended Plan Of Reorganization Of Dictaphone Corporation Under Chapter 11 Of Bankruptcy Code (the "Dictaphone Disclosure Statement"). The Dictaphone Disclosure Statement was approved by the Bankruptcy Court on January 31, 2002. The Bankruptcy Court confirmed the Dictaphone Plan on March 13, 2002, and the Dictaphone Plan became effective on March 28, 2002.

7. 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 L&H Holdings Disclosure Statement has not yet been approved by the Bankruptcy Court, and a hearing to consider the same currently is scheduled for June 25, 2002.

8. Jurisdiction. Pursuant to 28 U.S.C. § 1334, the Court has jurisdiction over this Application, which is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the members of L&H Group's chapter 11 cases and this Application is proper in this district under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein as sections 330 and 331 of the Bankruptcy Code, and Bankruptcy Rule 2016.

B. Billing History

9. Pursuant to the Interim Compensation Order, the Court established procedures for interim compensation and reimbursement of expenses for certain professionals in these cases. Morris Nichols has filed and served on negative notice previous fee applications in these cases as set forth herein in accordance with the terms of the Interim Compensation Order.

10. Pursuant to the Interim Compensation Order, Morris Nichols submits this Interim and Final Application, (i) for interim allowance of reasonable compensation for actual, reasonable and necessary professional services by it as counsel for the L&H Group in these cases for the period from March 1, 2002 through March 31, 2002, (ii) for reimbursement of actual, reasonable and necessary expenses incurred in representing the Debtors during that same period,

(iii) for final allowance of reasonable compensation for actual, reasonable and necessary professional services by it as counsel for Dictaphone for the period November 29, 2000 through and including March 28, 2002, and (iv) for final reimbursement of actual, reasonable and necessary expenses incurred in representing Dictaphone during that same period. This application is made pursuant to the provisions of sections 327, 330 and 331 of the Bankruptcy Code; Rule 2016 of the Bankruptcy Rules; Rule 2016-2 of the Local Rules; the U.S. Trustee Guidelines; the Morris Nichols Retention Order and the Interim Compensation Order.

RELIEF REQUESTED

11. By this Interim and Final Application, Morris Nichols seeks approval and allowance of (a) reasonable interim compensation in the amount of \$28,189.00, plus \$5,000 for preparation of Interim and Final Application for actual and necessary professional services by it as counsel to the L&H Group in these cases for the period March 1, 2002 through March 31, 2002 (the "Interim Application Period"); (b) reimbursement of actual and necessary interim expenses in the amount of \$22,832.63 incurred in representing the L&H Group during the same period; (c) compensation on a final basis for Dictaphone in the amount of \$592,131.75, for services rendered during the period November 29, 2000 through March 28, 2002 (the "Final Application Period"), of which a certain percentage is allocable to Dictaphone in accordance with the Interim Compensation Order; and (d) reimbursement of \$472,876.13 for actual, reasonable and necessary expenses incurred in representing Dictaphone for that same period, of which a certain percentage is allocable to Dictaphone in accordance with the Interim Compensation Order.

12. Morris Nichols also requests that the Court authorize and direct that, to the extent that cash proceeds remain available, Morris Nichols be paid, on a pro rata basis with other

professionals, as appropriate, the currently unpaid balance of any of its allowed fees and expenses from the various available sources referenced herein, with any further unpaid balance to be paid from future proceeds available to chapter 11 administrative claimants, on a pro rata basis, with the allowed claims of such administrative claimants.

BASIS FOR RELIEF

13. Morris Nichols believes that it has capably and effectively served the L&H Group, including Dictaphone throughout the Final Application Period, because of, among other things, the firm's extensive experience, knowledge and resources in the fields of, *inter alia*, debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code, general corporate law, tax law and commercial law. Furthermore, Morris Nichols has been particularly suited to act as co-counsel to the L&H Group because of its expertise, experience, and knowledge in practicing before this Court, its proximity to the Court and its ability to respond quickly to emergency hearings and other matters in this Court.

14. The Interim Compensation Order provides, among other things, that the fees and expenses of professionals in the L&H Group's chapter 11 are to be allocated among the members of the L&H Group in accordance with an allocation schedule attached to the Interim Compensation Order (the "Allocation Schedule"). The Interim 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. Morris Nichols has worked extensively with the Debtors with respect to the proper allocation of fees and expenses. Those fees and expenses not allocated to Dictaphone have been allocated to the L&H Group. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to chapter 11 of the

Bankruptcy Code. Morris Nichols believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

15. For the period covered by the Interim Application Period, Morris Nichols has provided professional services to the L&H Group and incurred fees for such services totaling \$28,189.00. For the same period, Morris Nichols has incurred actual, reasonable and necessary expenses in connection therewith totaling \$22,832.63. With respect to these amounts, as of the date of this application, Morris Nichols has received no payments.

16. For the period covered by the Final Application Period, Morris Nichols has provided professional services to Dictaphone and incurred fees for such services totaling \$620,320.75, a percentage of which is allocable to Dictaphone in accordance with the Interim Compensation Order. For the same period, Morris Nichols has incurred actual, reasonable and necessary expenses in connection therewith totaling \$495,708.76, a percentage of which is allocable to Dictaphone in accordance with the Interim Compensation Order.

17. Set forth on the cover sheet hereof are monthly summaries by subject matter categories of the time expended by timekeepers billing time to these cases.

18. Exhibit A attached hereto contains logs, sorted by date, which show how much time was recorded by each professional and descriptions of the services provided during the Interim Application Period.

19. Exhibit B attached hereto contains logs, sorted by professional, which show the date, how much time was recorded and a description of the services provided during the Interim Application Period.

20. Exhibit C attached hereto contains a breakdown of disbursements incurred by Morris Nichols over the period to which the Interim Application Period relates.

21. Morris Nichols charges \$.15 per page for photocopying.

22. Morris Nichols charges \$1.00 per page for outgoing facsimiles and nothing for incoming facsimiles.

23. In accordance with Bankruptcy R. Del. L.R. 2016-2 Morris Nichols has reduced its request for compensation for non-working travel to 50% of its normal rate.

24. Morris Nichols has endeavored to represent the L&H Group in the most expeditious and economical manner possible. Tasks have been assigned to attorneys, paralegals, and secretaries at Morris Nichols so that work has been performed by those most familiar with the particular matter or task and, where attorney or paralegal involvement was required, by the lowest hourly rate professional appropriate for a particular matter. Moreover, Morris Nichols has sought to coordinate with other professionals involved in these cases so as to minimize any duplication of effort and to minimize attorneys' fees and expenses to the L&H Group. We believe we have been successful in this regard.

25. Morris Nichols is holding \$0.00 as an advance against services and disbursements from the Debtors.

26. No agreement or understanding exists between Morris Nichols and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

27. The undersigned has reviewed the requirements of Local Rule 2016-2 of the United States Bankruptcy Court for the District of Delaware and certifies to the best of her information, knowledge and belief that this application complies with Local Rule 2016-2.

WHEREFORE, Morris, Nichols, Arsht & Tunnell respectfully requests that this Court enter an order,

(a) allowing Morris Nichols (i) interim compensation of \$28,189.00, plus \$5,000 for preparation of Interim and Final Application for actual, reasonable and necessary professional services rendered on behalf of the Debtors during the period March 1, 2002 through March 31, 2002, (ii) interim reimbursement in the amount of \$22,832.63 for actual, reasonable and necessary expenses incurred during the same period, (iii) final compensation of \$592,131.75 (a percentage of which is allocable to Dictaphone) for actual, reasonable and necessary professional services rendered on behalf of Dictaphone during the period November 29, 2000 through March 28, 2002, and (iv) final reimbursement in the amount of \$472,876.13 (a percentage of which is allocable to Dictaphone) for actual, reasonable and necessary expenses incurred during the same period;

(b) authorizing and directing the Debtors to pay to Morris Nichols the amount of \$45,383.83, which is equal to the sum of 80% of Morris Nichols' allowed interim compensation and 100% of Morris Nichols' allowed expense reimbursement for the period March 1, 2002 through March 31, 2002;

(c) authorizing and directing the Debtors to pay Morris Nichols' allowed final compensation and expense reimbursement in the total amount allocable to Dictaphone out of \$1,116,029.51, less the amount previously paid by the L&H Group (and allocable to Dictaphone) for the period November 29, 2000 through March 28, 2002;

(d) approving all prior payments made to Morris Nichols from Dictaphone in accordance with the Interim Compensation Order; and

(e) authorizing the estate to pay Morris Nichols its fair pro rata share from any other source that might in the future become available to satisfy any unpaid portion of its allowed fees and expenses; and

(f) granting such other and further relief as is just and proper.

Dated: May 28, 2002
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT AND TUNNELL

/s/Donna L. Harris

Robert J. Dehney (No. 3578)

Gregory W. Werkheiser (No. 3553)

Donna L. Harris (No. 3740)

1201 North Market Street

P.O. Box 1347

Wilmington, DE 19899-1347

(302) 658-9200

Co-Counsel for Lernout & Hauspie Speech Products
N.V., et al., Debtors and Debtors-in-Possession

291805