

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re: Chapter 11
DICTAPHONE CORPORATION Case No. 00-4397 (JHW)

Debtor.

Hon. Judith H. Wizmur

TWELFTH AND FINAL APPLICATION OF
PRICewaterhouseCOOPERS LLP FOR UNPAID COMPENSATION AND FINAL
ALLOWANCE OF COMPENSATION SERVICES AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD OF NOVEMBER 29, 2000 THROUGH MARCH 31, 2002

Name of Applicant: PricewaterhouseCoopers LLP

Authorized to Provide
Professional Services to: Dictaphone Corporation

Date of Retention: January 4, 2001

Final Period for which compensation and
reimbursement is sought: November 29, 2000 through March 31, 2002

Amount of Final Compensation Requested: \$3,402,845.29
(after pro-rata Court disallowances)

Amount of Final Expense Reimbursement
Requested (after pro-rata Court disallowances): \$223,757.21

Amount of Compensation Received to Date: \$3,341,681.41

Amount of Expense Received to Date: \$221,531.46

Periods of Compensation Unpaid: December 1, 2001 through March 31, 2002

Amount of Unpaid Compensation: \$61,163.88

Amount of Unpaid Expenses: \$2,225.75

Total Unpaid: \$63,389.63

This is not the first application filed. The following reflects each prior period filing, only for one Debtor, Dictaphone Corporation ("Dictaphone") in conjunction with the Second 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:

Date Filed	Period Covered	Requested (as per Fee Application)		Approved	
		Fees	Expenses	Fees	Expenses
01/25/01	11/29/00 - 12/31/00	\$394,954.19	\$18,814.60	Note 1	Note 1
03/29/01	01/01/01 - 01/31/01	\$518,345.52	\$45,802.95	Note 1	Note 1
05/03/01	02/01/01 - 02/28/01	\$626,232.23	\$36,163.95	Note 1	Note 1
05/15/01	03/01/01 - 03/31/01	\$675,411.39	\$40,390.85	Note 1	Note 1
07/18/01	04/01/01 - 04/30/01	\$502,819.69	\$38,047.99	Note 1	Note 1
08/14/01	05/01/01 - 05/31/01	\$347,903.26	\$17,825.42	Note 1	Note 1
09/14/01	06/01/01 - 06/30/01	\$150,886.72	\$16,170.60	Note 1	Note 1
09/14/01	07/01/01 - 07/31/01	\$159,138.27	\$6,645.00	Note 1	Note 1
11/06/01	08/01/01 - 08/31/01	\$120,290.96	\$3,633.06	Note 1	Note 1
12/15/01	09/01/01 - 11/30/01	\$133,207.43	\$4,300.95	Note 1	Note 1
04/15/02	12/01/01 - 03/31/02	\$61,163.88	\$2,225.75	Pending	Pending
GRAND TOTAL		\$3,690,353.54	\$230,021.12		

Notes:

- (1) The Bankruptcy Court has already ruled on the reimbursement and fees for PricewaterhouseCoopers LLP for the first twelve months (or three Fee Periods) of this engagement. The following table summarizes the amounts that were approved by the Bankruptcy Court for the first twelve months, relating only to Dictaphone:

	First Fee Period	Second Fee Period	Third Fee Period	Total
Fees Requested	\$2,214,943.33	\$1,160,747.94	\$253,498.39	\$3,629,189.66
Less: Pro-rata Court disallowances	(178,745.93)	(73,475.34)	(35,286.98)	(287,508.25)
Net Fees Approved	\$2,036,197.40	\$1,087,272.60	\$218,211.41	\$3,341,681.41
Expense Requested	\$141,172.35	\$78,689.01	\$7,934.01	\$227,795.37
Less: Pro-rata Court disallowances	(3,854.01)	(2,163.95)	(245.95)	(6,263.91)
Net Expenses Approved	\$137,318.34	\$76,525.06	\$7,688.06	\$221,531.46
Total Fees and Expense Approved	\$2,173,515.75	\$1,163,797.66	\$225,899.47	\$3,563,212.88

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

In Re:)	Chapter 11 Cases
)	
)	Case No. 00-4397 (JHW)
DICTAPHONE CORPORATION)	
)	
Debtor.)	(Jointly Administered)
)	
)	Hon. Judith H. Wizmur

APPLICATION OF PRICEWATERHOUSECOOPERS LLP FOR ORDER (I) ALLOWING INTERIM COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED FOR ALL UNPAID PROFESSIONAL FEES AND EXPENSES THROUGH APRIL 30, 2002 AND (II) GRANTING FINAL ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD NOVEMBER 29, 2000 THROUGH MARCH 31, 2002

PricewaterhouseCoopers LLP, (hereinafter referred to as “PwC” or the “Applicant”) moves pursuant to Sections 330 and 331 of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure, and the Court’s 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, for an Order (I) awarding reasonable interim compensation for all unpaid fees and expenses as previously filed on April 15, 2002 (Eleventh Fee Application) relating to professional services rendered as Financial Advisors and Restructuring Accountants for Dictaphone, a wholly-owned subsidiary of Lernout & Hauspie Speech Products, N.V. from December 1, 2001 through March 31, 2002 in the amount of \$61,163.88 relating to professional fees and \$2,225.75 relating to expenses incurred and also respectfully for an Order (II) awarding final allowance of compensation for professional services rendered in the amount of \$3,402,845.29, (including fees from December 1, 2001 through March 31, 2002) together with reimbursement for actual and necessary expenses in the amount of \$223,757.21 (including expenses from December 1, 2001 through March 31, 2002) for the period November 29, 2000

through March 31, 2002.

It should be noted that this Fee Application is simply for one Debtor, Dictaphone. In previous Fee Applications, Dictaphone along with its two other related Debtors, L&H Holdings USA, Inc. (“Holdings”) and Lernout & Hauspie Speech Products N.V. (“L&H NV” and collectively with Dictaphone, the “L&H Group” or the “Debtors”) were jointly administered and filed within one Fee Application. At the commencement of the case, PwC was appointed as financial advisors and restructuring accountants for the entire L&H Group. However, due to Dictaphone emerging from Chapter 11 Bankruptcy on or about March 28, 2002, this Fee Application will serve as the Final Fee Application for the Dictaphone estate. Fee Applications for Holdings and L&H NV will continue to be filed together going forward, as their cases are still ongoing. All amounts stated within this Fee Application relate solely to Dictaphone, unless stated otherwise.

In support of this application, the Applicant represents as follows:

BACKGROUND

1. Chapter 11 Filing. On November 29, 2000 (the “Petition Date”), the members of the L&H Group filed voluntary petitions in this Court for reorganization relief under Chapter 11 of the Bankruptcy Code. The L&H Group, with the exception of one of its wholly owned subsidiaries (also a Debtor), Dictaphone continues to operate its business and manage its property as debtors-in-possession pursuant to Sections 1107 (a) and 1108 of the Bankruptcy Code. Dictaphone emerged from Chapter 11 Bankruptcy on or about March 28, 2002.

2. Creditors’ Committee. 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, the United States Trustee appointed a separate committee relating only to the unsecured creditors of Dictaphone Corporation (the “Dictaphone Creditors’ Committee”). Accordingly, there were two creditors’ committees, the Dictaphone Creditors’ Committee and the Committee of Unsecured Creditors of

Lernout & Hauspie Speech Products N.V. and L&H Holdings USA, Inc. (the “L&H Creditors’ Committee” and together with the Dictaphone Creditors’ Committee, the “Creditors’ Committees”). No trustee or examiner has been appointed.

3. 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 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 are Sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, and Local Order No. 32. This Application is made pursuant to the Second Amended Administrative Order (dated July 17, 2001), pursuant to Sections 105 (a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Second Amended Compensation Order”), entered on July 17, 2001 by this Court. A copy of the Second Amended Compensation Order is attached hereto as Exhibit B.

4. On January 4, 2001 this Court entered an Order (the “Retention Order”) authorizing the employment of PwC as of November 29, 2000, as Financial Advisors and Restructuring Accountants for all three Debtors. These essential services include, but are not limited to the following:

- (a) advise and assist the Debtors in their preparation, analysis and monitoring of historical, current and projected financial affairs, including without limitation, schedules of assets and liabilities, statements of financial affairs, periodic operating reports, analyses of cash receipts and disbursements, analyses of cash flow forecasts, analyses of various asset and liability accounts, analyses of any unusual or significant transactions between themselves and any other entities, and analyses of proposed restructuring transactions;
- (b) assist the Debtors in the valuation of businesses and in the preparation of a liquidation valuation for a reorganization plan and disclosure purposes;
- (c) assist the Debtors in the preparation of a rolling 13-week cash forecast;

- (d) advise and assist the Debtors in their review of existing and proposed systems and controls, including but not limited to cash management;
- (e) advise and assist the Debtors in developing and negotiating any plan of reorganization scenarios including, as necessary, certain information to be included in the disclosure statement;
- (f) advise and assist the Debtors in preparing or reviewing strategic options, business plans and financial projections;
- (g) advise and assist the Debtors in reviewing executory contracts and providing recommendations to assume or reject;
- (h) advise and assist the Debtors in its assessment of the management team, including a review of the bonus, incentive, retention and severance plans;
- (i) advise and assist the Debtors to review and evaluate the claims process;
- (j) advise and assist the Debtors regarding various reorganization tax issues, including calculating net operating loss carryforwards, and the tax consequences of any proposed plans of reorganization;
- (k) attend meetings and court hearings as may be required in their role as financial advisors and restructuring accountants to the Debtors;
- (l) render expert testimony and litigation support services, as requested from time to time by the Debtors and their counsel, regarding the SEC investigation of L&H, the feasibility of a plan of reorganization and other matters;
- (m) assist the Debtors in investigating the activities and operations of their Korean affiliate;
- (n) advise and assist the Debtors in the process of identifying and reviewing debtor- in-possession (“DIP”) financing;
- (o) assist the Debtors in preparing collateral packages in support of DIP financing;
- (p) advise and assist the Debtors in identifying and/or reviewing preference payments, fraudulent conveyances and other causes of action;
- (q) advise and assist the Debtors in reviewing any proposed sales of assets or business units; and
- (r) assist with such other accounting and financial advisory services as may be requested by the Debtors and their Counsel.

APPLICATION

5. This Application is made by PwC in accordance with Local Rule 32 dated December 12, 1996; the Guidelines adopted by the Executive Office for the United States Trustees, and the Administrative Order. Pursuant to this application, PwC has attached the following exhibits:

A. Exhibit A -- A copy of the Retention Order authorizing employment by PwC.

B. Exhibit B -- A copy of the Second Amended Administrative Order (dated July 17, 2001), pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals.

C. Exhibit C -- Affidavit of Joseph L. D'Amico in accordance with Bankruptcy Rule 2016.

COMPENSATION REQUEST

6. The Applicant requests an award of \$61,163.88 for unpaid professional fees and reimbursement of \$2,225.75 for necessary expenses (for the period of December 1, 2001 through March 31, 2002 - relating to the eleventh Fee Application) incurred on behalf of the Debtor. In addition, the Applicant, also requests final allowance of compensation for professional services rendered in the amount of \$3,402,845.29 (including fees from December 1, 2001 through March 31, 2002), together with reimbursement for actual and necessary expenses in the amount of \$223,757.21 (including expenses from December 1, 2001 through March 31, 2002) for the period November 29, 2000 through March 31, 2002. These fees and expenses reflect services provided by PwC in the areas of bankruptcy and reorganization consulting and advisory services.

7. Such services were reasonable and necessary in order for PwC to discharge its duties and obligations to the Debtors and this Court, applying the Applicant's usual and customary billing rates for the types of services performed to the hours incurred.

8. In rendering these services, PwC made every effort to maximize the benefit and add value to the Estate(s) and to work with other professionals employed in the case to avoid duplication of effort. The level of services rendered by PwC to achieve the results obtained for the benefit of the Estate was reasonable in light of the number and complexity of the issues involved in this case. PwC judiciously allocated responsibilities to minimize possible duplication of effort.

9. Other than as provided in Section 504(b) of the Bankruptcy Code, PwC has not shared, or agreed to share, any compensation received as a result of this case with any person, firm or entity. No promises concerning compensation have been made to PwC by any firm, person or entity. The sole and exclusive source of compensation shall be funds of the Estate.

10. PwC asserts that compensation requested above is reasonable compensation for the actual and necessary services rendered based upon the time, nature and value of such services. The Applicant further asserts that the cost of services rendered is comparable to the cost of similar services in matters other than under the Bankruptcy Code.

11. As of the date of this application, the Debtor has made payments equal to one hundred (100%) of PwC's fees and expenses (in conjunction with fees and expenses disallowed by the Court) for the following Interim Fee Applications:

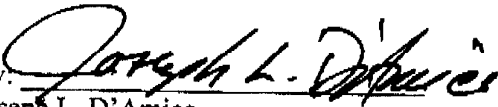
<u>Interim Fee Application #</u>	<u>Period</u>
1	(11/29/00-12/31/00)
2	(01/01/01-01/31/01)
3	(02/01/01-02/28/01)
4	(03/01/01-03/31/01)
5	(04/01/01-04/30/01)
6	(05/01/01-05/31/01)

7	(06/01/01-06/30/01)
8	(07/01/01-07/31/01)
9	(08/01/01-08/31/01)
10	(09/01/01-11/30/01)

No fees or expenses for Interim Fee Application #11 relating to the time period of December 1, 2002 through March 31, 2001 have been paid as of yet.

THEREFORE, PricewaterhouseCoopers LLP respectfully requests an award of \$61,163.88 for unpaid professional fees and reimbursement of \$2,225.75 for necessary expenses (for the period of December 1, 2001 through March 31, 2002 - relating to the eleventh Fee Application) incurred on behalf of the Debtors. In addition, the Applicant, also requests final allowance of compensation for professional services rendered in the amount of \$3,402,845.29 (including fees from December 1, 2001 through March 31, 2002), together with reimbursement for actual and necessary expenses in the amount of \$223,757.21 (including expenses from December 1, 2001 through March 31, 2002) for the period of November 29, 2000 through March 31, 2002 and that the reorganized Debtors are authorized to pay the Applicant the total amount due, and for such other and further relief as is just and necessary in the circumstances.

Respectfully submitted,

By: 
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