

1 CHANIN CAPITAL PARTNERS LLC
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6 Financial Advisor to the Official
7 Committee of Unsecured Creditors

8 **UNITED STATES BANKRUPTCY COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

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11 In re: : Case Nos. 03-3470-All
12 : through 03-3535-All
13 LEAP WIRELESS INTERNATIONAL, INC., : (Jointly Administered)
14 and CRICKET COMMUNICATIONS, INC., *et al.*, :
15 Debtors. : Chapter 11
16 :
17 : **FIRST INTERIM FEE**
18 : **APPLICATION OF CHANIN**
19 : **CAPITAL PARTNERS LLC**
20 :
21 : Judge: Hon. Louise DeCarl
22 : Adler
23 :
24 : **Hearing**
25 :
Date: December 11, 2003
Time: 10:30 a.m.
Place: Department 2

1 months of the effective date of such termination. Additionally, Chanin shall also be reimbursed
2 for its out-of-pocket expenses incurred in connection with Chanin's engagement by the
3 Committee, which shall include but not be limited to all reasonable travel expenses (coach fare),
4 computer and research charges, attorney fees (provided that such attorney fees shall not exceed
5 \$25,000 in the aggregate without the Committee's prior consent), messenger services and long-
6 distance telephone calls.

7 8 **III. RELIEF REQUESTED**

9 7. Chanin has previously filed monthly fee notices pursuant to the Order
10 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of
11 Professionals dated May 6, 2003 ("Fee Procedures Order").

12 8. Other than as described herein, Applicant has received no payment and no
13 promises for payment from any source for services rendered in connection with these cases.
14 There is no agreement or understanding between the Applicant and any other person for the
15 sharing of compensation to be received for the services rendered in these cases.

16 9. Pursuant to the Fee Procedures Order, Chanin has filed with the Court the
17 following: (i) First Monthly Fee Notice on July 10, 2003, requesting payment of \$128,965.13
18 representing the sum of \$128,000.00 (80% of the fees incurred) and \$965.13 (100% of the
19 expenses) for the period of April 13, 2003 through May 31, 2003 (the "First Fee Notice"), (ii)
20 Second Monthly Fee Notice on July 25, 2003, requesting payment of \$80,944.69 representing
21 the sum of \$80,000.00 (80% of the fees incurred) and \$944.69 (100% of the expenses) for the
22 period of June 1, 2003 through June 30, 2003 (the "Second Fee Notice"), (iii) Third Monthly Fee
23 Notice on August 27, 2003, requesting payment of \$81,928.97 representing the sum of
24 \$80,000.00 (80% of the fees incurred) and \$1,928.97 (100% of the expenses) for the period of
25 July 1, 2003 through July 31, 2003 (the "Third Fee Notice"), (iv) Fourth Monthly Fee Notice on
September 19, 2003, requesting payment of \$81,733.04 representing the sum of \$80,000.00
(80% of the fees incurred) and \$1,733.04 (100% of the expenses) for the period of August 1,

1 2003 through August 31, 2003 (the "Fourth Fee Notice"), and (v) Fifth Monthly Fee Notice on
2 October 12, 2003, requesting payment of \$80,896.00 representing the sum of \$80,000.00 (80%
3 of the fees incurred) and \$896.00 (100% of the expenses) for the period of September 1, 2003
4 through September 30, 2003 (the "Fifth Fee Notice"). Chanin has received payments to-date
5 totaling \$377,581.83 with respect to the First through Fifth Fee Notices. Chanin hereby requests
6 that the Court approve the sum of \$560,000.00 in fees and \$6,467.83 in expenses, for a total of
7 \$566,467.83.

8 10. As stated in the Declaration of Russell A. Belinsky, annexed hereto as Exhibit
9 "C," all of the services for which interim compensation is sought herein were rendered for or on
10 behalf of the Committee solely in connection with these cases.

11 **IV. SUMMARY OF SERVICES RENDERED**

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13 11. Since April 13, 2003, Chanin has rendered professional services to the Committee
14 as requested and as necessary and appropriate in furtherance of the interests of the Debtors'
15 unsecured creditors. The variety and complexity of these cases and the need to act or respond on
16 an expedited basis in furtherance of the Committee's needs have required the expenditure of
17 substantial time by Chanin personnel.

18 12. Chanin does not maintain, in the normal course of providing financial advisory
19 services to its clients, detailed written time records. However, in this case, Chanin maintained
20 written records of the time expended by Chanin professionals in the rendition of their
21 professional services to the Debtors. Such time records were made contemporaneously with the
22 rendition of services by the person rendering such services and in the ordinary course of
23 Chanin's practice, and are presented in a form that is in compliance with the Retention Order. A
24 compilation showing the name of the professional, the date on which the services were
25 performed, a description of the services rendered, and the amount of time spent in performing the
services during the Compensation Period is annexed hereto as Exhibit "D".

1 Chanin also prepared a summary analysis of the Debtor's monthly financial performance on
2 behalf of Committee members.

3
4 (iii) Recovery and Valuation

5 18. During the Compensation Period, Chanin updated its detailed and integrated
6 recovery model (the "Recovery Model") with revised financial and liquidity forecasts prepared
7 by the Debtor during April and May, as well as revised scenarios prepared subsequently. The
8 Recovery Model was utilized to determine recovery scenarios on behalf of the Committee,
9 including valuation of non-cash assets such as licenses, causes of action and equity. The
10 Recovery Model was continuously utilized to enable Chanin to engage in ongoing discussions
11 with Committee members to discuss strategy. Chanin also reviewed the Debtor's liquidation
12 analysis and participated in conference calls with the Debtor's management and its advisors to
13 better understand the key assumptions.

14
15 (iv) Review of Motions / Plans of Reorganization Documents

16 19. During the Compensation Period, Chanin reviewed several motions filed by the
17 Debtors, including contract assumptions and rejections, KERP plans, plan of reorganization,
18 disclosure statement and other business related matters.

19
20 (v) Claims Analysis

21 20. Chanin reviewed and analyzed claims filed against the Debtors and the Debtors'
22 notices of assumption and rejection of claims, and participated on several conference calls with
23 the Debtor's management and its advisors to better understand the rationale and key
24 assumptions. Chanin presented its findings to the Committee.
25

1 (vi) Testimony / Court Hearings

2 21. During the Compensation Period, Chanin provided testimony on issues such as
3 the motion to appoint an equity committee, and participated, in conjunction with Committee
4 counsel, in monitoring the progress of the case during court hearings on expert testimony
5 regarding valuation issues and plan confirmation. Chanin presented its findings to the
6 Committee.

7 (vii) Fee Application Preparation

8 22. Chanin compiled time and expense descriptions of the services it provided, and
9 performed other tasks in order to comply with the Fee Procedures Order. Chanin made every
10 effort to minimize the amount of time and fees incurred for these activities.
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12 (viii) Creditors' Committee Meetings

13 23. Chanin communicated regularly with Committee members during the
14 Compensation Period. Chanin participated in several conference calls with the Committee during
15 the Compensation Period. In preparation for these calls with the Committee, Chanin researched
16 the financial and business issues to be discussed on the calls.

17 24. Through these conference calls and meetings, Chanin has assisted the Committee
18 in fulfilling its statutory duties to make informed decisions regarding the various issues which
19 have arisen in these cases, to monitor closely the Debtors' management of these proceedings, and
20 to reach independent conclusions on the merits of specific matters, as well as regarding the
21 prospects of reorganization.

22 V. ALLOWANCE OF COMPENSATION

23 25. Section 328 of the Bankruptcy Code authorizes the Court to award financial
24 advisors for a chapter 11 Creditor's Committee reasonable compensation for services rendered.
25 That section provides, in pertinent part:

1 (a) The trustee, or a committee appointed under section 1102 of this title,
2 with the court's approval, may employ or authorize the employment of a
3 professional person under section 327 or 1103 of this title, as the case may be, on
4 any reasonable terms and conditions of employment, including on a retainer, on
5 an hourly basis, or on a contingent fee basis. Notwithstanding such terms and
6 conditions, the court may allow compensation different from the compensation
7 provided under such terms and conditions after the conclusion of such
8 employment, if such terms and conditions prove to have been improvident in light
9 of developments not capable of being anticipated at the time of the fixing of such
10 terms and conditions.

11 11 U.S.C. § 328(a).

12 26. The Retention Order establishes that Applicant was employed pursuant to section
13 1103 of the bankruptcy Code. Moreover, as set forth in detail herein, Applicant has established
14 that the requested fees are reasonable and were necessary given the circumstances of the
15 Debtors' cases and the role of the Committee in connection therewith. Applicant's request for
16 compensation for services rendered to, and reimbursement of expenses incurred on behalf of, the
17 Committee during the Application Period, satisfies the requirements of sections 328 and 1103 of
18 the Bankruptcy Code.

19 27. The total time recorded by Chanin professionals during the Compensation Period
20 was 770 hours. The work involved, and thus the time expended, was carefully assigned in light
21 of the experience and expertise required for a particular task.

22 28. As shown by this application and supporting documents, Applicant spent its time
23 economically and without unnecessary duplication of time. Attached hereto as Exhibit "D" is a
24 schedule of the hours expended by the professionals during the Compensation Period. In
25 addition, Chanin incurred actual out-of-pocket expenses in connection with the rendition of the
professional services to the Committee in the sum of \$6,467.83 for which Chanin respectfully
requests reimbursement in full.

1 29. The disbursements and expenses have been incurred in accordance with Chanin's
2 normal practice of charging clients for expenses clearly related to and required by particular
3 matters. Chanin has endeavored to minimize these expenses to the fullest extent possible.

4 30. Chanin's billing rates do not include charges for photocopying, telephone and
5 telecopier toll charges, computerized research, travel expenses, "working meals," secretarial
6 overtime, postage and certain other office services, since the needs of each client for such
7 services differ. Chanin believes that it is fairest to charge each client only for the services
8 actually used in performing services for it. In these proceedings, Chanin charges \$.15 per page
9 for internal duplicating and \$1.00 per page for outgoing facsimile transmissions. Chanin does
10 not charge for incoming facsimile transmissions.

11 31. No agreement or understanding exists between Chanin and any other person for
12 the sharing of any compensation to be received for professional services rendered or to be
13 rendered in connection with these cases.

14 32. No prior application has been made in this or in any other Court for the relief
15 requested herein for the Compensation Period.
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