

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
Refco Inc., et al., : Case No. 05-60006 (RDD)
Debtors. : (Jointly Administered)
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**ORDER APPROVING MOTION FOR ORDER UNDER
11 U.S.C. § 331 APPOINTING FEE COMMITTEE AND
APPROVING FEE PROTOCOL (DOCKET NO. 2193)**

Upon the motion of Refco Inc. ("Refco") and certain of its subsidiaries and affiliates (collectively, the "Debtors"),¹ debtors and debtors-in-possession in the above-captioned cases, for entry of an order under 11 U.S.C. § 331 appointing a fee committee and approving the Debtors' proposed fee protocol (Docket No. 2193) (the "Motion"); and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing

¹ The Debtor entities include the following: Refco Inc.; Bersec International LLC; Kroeck & Associates, LLC; Marshall Metals LLC; New Refco Group Ltd., LLC; Refco Administration LLC; Refco Capital LLC; Refco Capital Holdings LLC; Refco Capital Management LLC; Refco Capital Markets, LTD; Refco Capital Trading LLC; Refco Finance Inc.; Refco Financial LLC; Refco Fixed Assets Management LLC; Refco F/X Associates LLC; Refco Global Capital Management LLC; Refco Global Finance Ltd.; Refco Global Futures LLC; Refco Global Holdings LLC; Refco Group Ltd., LLC; Refco Information Services LLC; Refco Mortgage Securities, LLC; Refco Regulated Companies LLC; Summit Management LLC; Lind-Waldock Securities LLC, Refco Managed Futures LLC, and Westminster-Refco Management LLC.

that good and sufficient notice of the Motion was duly and timely made upon all parties required to be served therewith, it is hereby

ORDERED AND ADJUDGED THAT:

1. The Motion is APPROVED for the reasons stated by the Court in its bench ruling during the June 27, 2006 hearing on the Motion.

2. A fee committee (the "Fee Committee") is hereby appointed, nunc pro tunc to October 18, 2005. The Fee Committee is authorized to review and analyze fee statements and interim and final fee applications submitted by professionals appointed by this Court (whether pursuant to sections 105, 327, 363 or 113 of the Bankruptcy Code) in these chapter 11 cases (the "Retained Professionals") and verify compliance with the other procedures described in the Fee Protocol.

3. The fee protocol (the "Fee Protocol"), annexed hereto as Exhibit A, is approved. The Fee Protocol shall govern the (a) the composition of the Fee Committee, (b) compensation of certain Fee Committee members, (c) budget procedures for Retained Professionals, (d) procedures for identifying and potentially resolving fee disputes with Retained Professionals, (e) limitations on the Fee Committee's authority, and (f) exculpation and indemnification provisions for the Fee Committee members in connection with their performance of duties on behalf of the Fee Committee. The Fee Committee may, upon notice and application to this Court, seek modifications to the Fee Protocol to assist the Fee Committee in discharging its duties.

4. The procedures set forth in this Order and the Fee Protocol are supplementary to the procedures and requirements established in this Court's December 13, 2005 Order Under 11 U.S.C. § 331 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals (Docket No. 798) (the "Interim Compensation Order"). In the event of a conflict between the provisions of the procedures and requirements described in this Order or the Fee Protocol and those in the Interim Compensation Order, this Order shall control.

5. This Order shall not be applicable to professionals (each, an "OCP") retained pursuant to the Order Authorizing Debtors To Retain And Compensate Professionals Used In The Ordinary Course Of Business, dated December 13, 2005 (Docket No. 799) (the "Ordinary Course Professionals Order"). In the event an OCP becomes subject to the provisions of the Interim Compensation Order, (a) the provisions of the Fee Committee Order apply to such OCP from the point such OCP becomes subject to the Interim Compensation Order and (b) any compensation or reimbursement of expenses received by such OCP pursuant to the Ordinary Course Professionals Order shall not be subject to review by the Fee Committee.

6. The professionals retained by the Chapter 7 trustee for services to Refco LLC are not subject to this Order or the Fee Protocol. Additionally, in the event the Chapter 11 case of RCM is converted to a case under Chapter 7 of the Bankruptcy Code, the Chapter 11 Trustee shall resign from the Fee Committee and the Fee Protocol shall no longer apply to RCM's Retained Professionals.

7. The Court shall retain jurisdiction to implement and enforce the provisions of this Order.

Dated: New York, New York
July 21, 2006

/s/ Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Fee Committee And Fee Procedures Protocol

Fee Committee

In an effort to monitor the fees incurred in these chapter 11 cases, a fee committee (the "Fee Committee") is hereby appointed, nunc pro tunc to October 18, 2005. The Fee Committee is authorized to review and analyze fee statements and interim and final fee applications submitted by professionals appointed (whether pursuant to sections 105, 327, 363 or 113 of the Bankruptcy Code) by this Court in these chapter 11 cases (the "Retained Professionals") and verify compliance with the other procedures described herein. Ordinary course professionals will be excepted from this protocol as provided in the order approving this fee protocol.

The procedures described herein are supplementary to the procedures and requirements established in this Court's December 13, 2005 Order Under 11 U.S.C. § 331 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals (Docket No. 798) (the "Fee Order"). In the event of a conflict between the provisions of the procedures and requirements described herein and those in the Fee Order, the Fee Committee Order (as defined below) shall control. The Fee Committee may, upon notice and application to this Court, seek modifications to this protocol to assist the Fee Committee in discharging its duties.

All capitalized terms not defined herein shall have the meanings ascribed to them in the Fee Order.

Purposes

The Fee Committee would have the following purposes:

1. Formulate billing guidelines for each of the professional timekeepers involved in the cases to facilitate comparisons among time keepers.
2. Promote effective case management by requiring Retained Professionals to identify issues and prepare workplans and corresponding budgets for accomplishing these tasks.
3. Reduce inefficiency by seeking to ensure that, to the extent possible, primary responsibility for tasks that can be accomplished on behalf of all Debtor constituencies are performed by a designated Retained Professional with the intention that other Retained Professionals would be able to limit their involvement with respect to such identified matter to due diligence but without prejudice to the right of any party in interest to object to the designation suggested by the Fee Committee.

4. Review all fee statements submitted by Retained Professionals since the inception of the cases for overall reasonableness and fairness and, for fee statements submitted after July 1, 2006, for conformity to the guidelines and budget; provided, however, that nothing contained herein shall restrict the right of any party in interest to object to any Retained Professional's allocation of time charges and expenses among debtors (and, to the extent applicable, between debtors and non-debtors).
5. Review interim and final fee applications.
6. Question discrepancies from budget and guidelines and where appropriate, negotiate with the Retained Professionals regarding their bills.
7. Issue reports to the Court and to all interested parties with respect to its review of the fee statements.
8. The Fee Committee shall not have the purpose or authorization to appear in Court to object to any fee or to direct the activities of any Retained Professional (other than directing Debtors' counsel to disseminate materials as specified herein), which shall remain the prerogative of the Retained Professional's client.

Composition of the Fee Committee

The Fee Committee will consist of Harrison J. Goldin, Marc S. Kirschner, two members appointed by and representative of the Creditors' Committee, and one person appointed by and representative of the U.S. Trustee. At least one of the representatives of the Creditors' Committee on the Fee Committee will not primarily be a creditor of RCM. If Harrison J. Goldin ceases to serve as Chief Executive Officer of Refco Inc., the Board of Directors of Refco Inc. shall designate another person to replace him on the Fee Committee. If Marc S. Kirschner ceases to serve as the chapter 11 trustee for RCM, the person appointed as his successor trustee shall serve in his stead. If the RCM chapter 11 case is converted to a case under chapter 7, Mr. Kirschner shall resign from the Fee Committee and the Retained Professionals shall no longer be subject to the Protocol with respect to services provided to RCM. Each member of the Fee Committee will have one vote on all Fee Committee matters. Except for Harrison J. Goldin, no Retained Professional shall serve on or advise the Fee Committee in any capacity; provided, however, that any member of the Fee Committee shall be free to consult with his or her counsel.

Fee Committee Members will make every effort, absent extraordinary circumstances, to attend meetings in person. In the event a Member cannot attend a meeting (in-person or by teleconference), he or she may designate another person from his or her company to represent them, but a Member cannot be represented by counsel as its representative. A quorum of four Fee Committee members (present either in-person or by teleconference) is necessary to conduct a meeting of the Fee Committee.

Within fourteen (14) calendar days of entry of an Order approving the establishment of the Fee Committee and these procedures (the "Fee Committee Order"), each constituent group identified above shall advise the Debtors' attorneys of the identity of and contact information for its appointee to the Fee Committee and the designated contact person for each of such constituent group's professionals. Not later than twenty-eight (28) calendar days

after entry of the Fee Committee Order, the Debtors' counsel, Skadden, Arps, Slate, Meagher & Flom LLP, will provide each member of the Fee Committee with: (i) a list of all appointees to the Fee Committee, including their contact information; (ii) a list of all designated contact persons for each of the Retained Professionals, including their contact information; (iii) a copy of each Retained Professional's retention application; and (iv) fee statements and interim fee applications filed by each Retained Professional, as applicable, and shall notify all Retained Professionals of the membership of the Fee Committee and the requirement that future fee statements and interim fee applications be served on the Fee Committee (through its Chairperson or designee).

Harrison J. Goldin shall serve as non-executive Chairperson of the Fee Committee and shall be responsible for, among other things, scheduling meetings, and overseeing collection and distribution of fee statements, applications and other information needed by the Fee Committee.

In the event that a member of the Fee Committee resigns, the constituent group represented by that resigning member may designate a successor member. The Chairperson will be responsible for distributing contact information for the successor member. The Court may alter the membership of the Fee Committee at any time upon the request of another member of the Fee Committee after notice and opportunity for a hearing.

Harrison J. Goldin shall abstain from any deliberation or discussion concerning the fees of Goldin Associates.

Compensation of Fee Committee Members

Harrison J. Goldin, Marc S. Kirschner and the representative of the U.S. Trustee will receive no compensation for their service on the Fee Committee or time expended on Fee Committee matters, but Mr. Kirschner may account for his time spent as a member of the Fee Committee and such time may be considered a factor in his compensation as chapter 11 Trustee. All other members of the Fee Committee shall receive such reasonable hourly compensation for their services as shall be mutually agreed upon by the members receiving compensation and the remainder of the Fee Committee, or if there be no such agreement, as determined by the Bankruptcy Court. All compensation of Fee Committee members shall be allocated as general expenses of the estates. All members of the Fee Committee (except the United States Trustee or her representative) are entitled to reimbursement for reasonable, documented out-of-pocket costs and expenses from the estates. Such Fee Committee expenses include travel and lodging expenses for attendance at Fee Committee meetings. Service on the Fee Committee will not entitle any member thereof to compensation under section 503(b) of the Bankruptcy Code, and any right to such claim is expressly waived. Work performed by retained professionals to assist the Fee Committee in the performance of its duties, such as assembling information provided by Retained Professionals and preparing it for review, shall be compensable.

Budgets

At the time set forth below, each Retained Professional shall prepare a budget of the professional fees it expects to incur over the course of each four month fee application period

(a "Budget Period") during the pendency of these chapter 11 cases (a "Budget"). Each Budget shall set forth in reasonable detail the services anticipated to be provided over the Budget Period and the approximate aggregate fees to be incurred in connection with the rendition thereof. Such services shall be allocated by task codes established by the Fee Committee.¹ Such task codes shall only apply to future services. Each Budget shall state whether the Retained Professional's client has approved the Budget.

Within thirty (30) calendar days of entry of the Fee Committee Order, at the request of the Chairperson, Debtor's counsel shall serve on each Retained Professional a (i) timetable for the submission of all Budgets, (ii) a description of how the Fee Committee will assess the reasonableness of each fee application, (iii) and a description of any additional information or particular format that the Fee Committee may desire for Budgets, each of which shall be determined by the Fee Committee. The first of such Budgets (for the period from July 1, 2006 through October 31, 2006) will be due ten (10) days after the Fee Committee has approved the task codes and given notice of the task codes to the Retained Professionals and each subsequent Budget will be due by no later than the 1st of each fourth month thereafter. The first of such Budgets shall include actual fees for each month of the chapter 11 cases during which the professional was retained (except fees for June, 2006 may be estimated).

Nothing herein shall require a Retained Professional to provide any information that would disclose privileged information or anything (including potential strategies) that in the Retained Professional's reasonable discretion could be damaging to its constituency. Notwithstanding the foregoing, a Retained professional shall include in its Budget a general description of intended work the substance of which cannot be revealed. To preserve confidentiality, all Budgets or other information provided by any of the Retained Professionals shall be submitted on a confidential basis, subject only to (i) the Fee Committee's right to use the Budget on prior notice in connection with the publication of a Fee Committee Statement indicating a Fee Dispute and (ii) the Retained Professional's right to seek a protective order or similar protection of information it claims confidential.

Budgets will be submitted and analyzed with the understanding that they are based on assumptions and that it is difficult to predict the volume or course of the multitude of matters or issues that arise in chapter 11 cases and related litigation. Effective with monthly statements for July, 2006, each Retained Professional shall include a variance analysis comparing actual professional fees against the budget. Upon the filing by a Retained Professional of its interim fee application, it shall provide the Fee Committee with a written variance analysis comparing actual fees sought against the Budget for the appropriate time period (if any), and a written explanation of the major reasons for differences identified in such variance where such differences exceed 25% of the total fees requested. Such explanation shall

¹ The Fee Committee shall endeavor to use the task codes provided by the Office of the United States Trustee ("UST Codes"). To the extent the Fee Committee establishes task codes in lieu of one or more UST Codes, such replacement codes may be used in place of the UST Codes. The Fee Committee may also establish additional task codes. To the extent that certain of the Retained Professionals require unique task codes for services that do not apply to other Retained Professionals, such Retained Professionals may continue to allocate fees to separate, customized task codes.

be held in strict confidence by the Fee Committee and each member thereof and shall not be disclosed to any other party including such member's constituency or its advisors. On the submission of a monthly fee statement, interim fee application or final fee application, the Fee Committee shall review and, if determined to be appropriate or desirable, discuss with such Retained Professional any material variance between the fees actually incurred and those projected to be incurred in the Budget.

Fee Disputes

The Fee Committee may contact the designee of any Retained Professional with respect to concerns it may have with respect to any fee statement or fee application to discuss, among other things, variances from such Retained Professional's Budget. The Fee Committee, by majority vote in accordance with the procedures set forth above, may distribute a confidential written statement to that Retained Professional describing any concern the Fee Committee may have with such Retained Professional's monthly statement or interim or final fee application ("Fee Committee Statement"). If the Fee Committee Statement is not unanimously approved by the Fee Committee, any member of the Fee Committee who wishes to do so may prepare a written dissent which shall be transmitted along with the Fee Committee Statement. The Fee Committee and the Retained Professional served with such Fee Committee Statement shall endeavor to reach a mutually acceptable resolution of the issues raised by the Fee Committee. Pending resolution of any dispute, the Debtors shall compensate such Retained Professional for any amount otherwise due and payable that is not the subject of the Fee Committee Statement. In the event that the Fee Committee and the Retained Professional cannot reach a resolution with respect to the issues raised by the Fee Committee Statement within a reasonable period of time which shall not exceed 45 days (a "Fee Dispute"), (i) such disputed portion of the fee statement or fee application, along with a copy of the Fee Committee Statement (after redacting any previously identified confidential information) and any dissent, may be submitted by the Retained Professional to the Court for resolution and (ii) the Fee Committee Statement as modified to reflect any discussions with the Retained Professional and to redact any references to previously identified confidential materials (together with any dissent) shall be served on the Retained Professional and the shortened service list annexed hereto as Annex A.

Upon request of the Court, any member of the Fee Committee duly authorized by the Fee Committee, on behalf of the Fee Committee, may appear as a friend of the Court and be heard only with respect to (a) any Fee Committee Statement issued in relation to the Fee Dispute, (b) any objection to such Fee Committee Statement, and (c) the fee applications or statements implicated thereby. If there is no Fee Dispute, the Chairperson, on behalf of the Fee Committee shall authorize the Retained Professional to so state in its Fee Application.

Nothing contained herein shall affect the right of any party in interest to object or otherwise respond to any monthly statement or interim or final fee application.

Subsequent Retentions

Any professional retained by order of the Court in these Chapter 11 cases subsequent to the date hereof shall be bound by the Fee Committee Order and the Fee Order and shall immediately contact the Fee Committee to establish the submission of Budgets and fee

statements or fee applications. The Fee Committee Order shall not be applicable to Ordinary Course Professionals.

Subject to further order of the Court, the Fee Committee may be authorized, upon appropriate application to be prepared and submitted by the Debtors, to retain a fee examiner to assist the Fee Committee to effectively discharge the duties described herein, but no other professionals shall be retained. Such fee examiner may be charged by the Fee Committee with the following ministerial tasks, but would not be permitted to retain or be reimbursed for the costs of its own dedicated professionals: (a) reconciliation of hours/fees and expenses (to ascertain the arithmetic accuracy of the hours and fees through manual and computerized recomputation using the hourly rates provided by the professionals); (b) analysis of professional fee activities (to ascertain compliance with the rules and guidelines of the Court and the billing guidelines of the United States Trustee); (c) analysis of expenses (to ascertain compliance with the rules and guidelines of the Court and the billing guidelines of the United States Trustee); (d) such other compliance analysis as directed by the Fee Committee. A fee examiner's role shall be limited to providing quantitative analysis of individual fee applications to the Fee Committee for the Fee Committee's review and consideration but any recommendations or determinations regarding reasonableness or whether to initiate a Fee Dispute shall be determined solely by the Fee Committee after providing the Retained Professional with an opportunity for oral and written input to the Fee Committee. The United States Trustee shall abstain from any Fee Committee discussions regarding the appointment or selection of a Fee Examiner.

Committee Exculpation And Indemnification

The Fee Committee and each member thereof are hereby appointed officers of the Court with respect to the performance of their duties on the Fee Committee and provided the maximum immunity permitted by law from civil actions for all acts taken or omitted in the performance of their duties and powers on the Fee Committee. No person or entity shall commence an action against the Fee Committee or any member thereof in connection with Fee Committee matters except in this Court.

The Fee Committee and each member thereof are hereby indemnified by the Debtors' estates for losses or costs of defense incurred as a result of acts taken or omitted, in each case in good faith, in the performance of their duties as a member of the Fee Committee. Nothing herein shall be deemed to limit the application of any immunities to which any party (including the United States Trustee, the Chapter 11 Trustee, and their representatives on the Fee Committee) are entitled to under statute or other law, including but not limited to any sovereign immunity and quasi-judicial immunity such parties may have.

Any and all claims or causes of action not instituted against the Fee Committee or any member thereof (solely in their capacity as a member of the Fee Committee) prior to the tenth calendar day after entry of an order determining the last final fee application in these cases shall be barred forever and discharged and all persons and entities shall be enjoined from prosecuting such claims in any manner thereafter.

Each Retained Professional may seek an Order on appropriate notice seeking relief from any of the provisions of the Fee Committee Order.

Annex A

Shortened Service List For Fee Disputes

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Att'n: J. Gregory Milmoie and Sally McDonald
Henry

Milbank, Tweed, Hadley & McCloy LLP
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Att'n: Luc Despins

United States Trustee
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Att'n: Andrew D. Velez-Rivera

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Att'n: Tina L. Brozman and Helder Pereira

Davis Polk & Wardwell
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Att'n: Karen Wagner