

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
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Attorneys for Refco Inc., et al.,  
Reorganized Debtors

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re: : Chapter 11  
: :  
Refco Inc., et al., : Case No. 05-60006 (RDD)  
: :  
Debtors. : (Jointly Administered)  
: :  
-----X

**SUMMARY OF FOURTH APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(OCTOBER 1, 2006 THROUGH DECEMBER 26, 2006)**

Name of Applicant: Skadden, Arps, Slate, Meagher & Flom LLP  
Authorized to Provide Professional Services to: Refco Inc., et al., Debtors  
Date of Retention Order: 12/12/05  
Period for Which Compensation and Reimbursement are Sought: 10/01/06 – 12/26/06  
Amount of Compensation Sought as Actual, Reasonable, and Necessary: \$8,193,606.00  
Amount of Reimbursement Sought as Actual, Reasonable, and Necessary: \$292,691.48  
Amount of Compensation Paid/to be Paid as Actual, Reasonable, and Necessary: \$6,554,884.80  
Amount of Reimbursement Paid/to be Paid as Actual, Reasonable, and Necessary: \$292,691.48  
Total Amount of Holdback Fees Sought: \$1,638,721.20  
This is a:  Interim Application     Final Application

Adjusted Summary of Monthly Statements (includes fees and expenses for both Debtors and Non-Debtors unless otherwise noted):

<u>PERIOD COVERED</u>	<u>TOTAL FEES REQUESTED*</u>	<u>TOTAL EXPENSES REQUESTED*</u>	<u>FEES PAID</u>	<u>EXPENSES PAID</u>	<u>UNPAID FEES AND EXPENSES</u>
First Monthly 10/18/05 – 11/30/05	\$8,754,508.00	\$331,808.96	\$8,754,508.00	\$331,808.96	\$0.00
Second Monthly 12/1/05 – 12/31/05	\$3,443,422.50	\$141,017.58	\$3,443,422.50	\$141,017.58	\$0.00
Third Monthly 1/1/06 – 1/31/06	\$4,337,528.00	\$254,194.93	\$4,337,528.00	\$254,194.93	\$0.00
<b>INTERIM TOTALS</b>	<b>\$16,534,443.50**</b>	<b>\$727,021.47</b>	<b>\$16,534,443.50</b>	<b>\$727,021.47</b>	<b>\$0.00</b>
Fourth Monthly 2/1/06 – 2/28/06	\$4,023,258.50	\$253,401.40	\$4,023,258.50	\$253,401.40	\$0.00
Fifth Monthly 3/1/06 – 3/31/06	\$3,312,672.00	\$240,060.85	\$3,312,672.00	\$240,060.85	\$0.00
Sixth Monthly 4/1/06 – 4/30/06	\$1,697,059.50	\$184,197.16	\$1,697,059.50	\$184,197.16	\$0.00
Seventh Monthly 5/1/06 – 5/31/06	\$1,861,990.00	\$111,117.16	\$1,861,990.00	\$111,117.16	\$0.00
<b>INTERIM TOTALS</b>	<b>\$10,882,615.50***</b>	<b>\$788,776.57</b>	<b>\$10,882,615.50</b>	<b>\$788,776.57</b>	<b>\$0.00</b>
Eighth Monthly 6/1/06 – 6/30/06	\$1,577,740.00	\$57,759.57	\$1,577,740.00	\$57,759.57	\$0.00
Ninth Monthly 7/1/06 – 7/31/06	\$1,586,158.50	\$43,272.92	\$1,586,158.50	\$43,272.92	\$0.00
Tenth Monthly 8/1/06 – 8/31/06	\$2,033,475.50	\$61,049.64	\$2,033,475.50	\$61,049.64	\$0.00
Eleventh Monthly 9/1/06 – 9/30/06	\$2,183,070.50	\$162,872.74	\$2,183,070.50	\$162,872.74	\$0.00
<b>INTERIM TOTALS</b>	<b>\$7,380,444.50</b>	<b>\$324,954.87</b>	<b>\$7,380,444.50</b>	<b>\$324,954.87</b>	<b>\$0.00</b>
Twelfth Monthly 10/1/06 – 10/31/06	\$2,601,873.00	\$86,095.60	\$2,074,493.00	\$86,095.60	\$527,380.00
Thirteenth Monthly 11/1/06 – 11/30/06	\$3,139,994.50	\$108,696.37	\$2,526,644.50	\$108,696.37	\$613,350.00
Fourteenth Monthly 12/1/06 – 12/26/06	\$2,454,183.50	\$97,899.51	\$0.00	\$0.00	\$2,552,083.01
<b>INTERIM TOTALS</b>	<b>\$8,193,606.00****</b>	<b>\$292,691.48</b>	<b>\$4,601,137.50</b>	<b>\$194,791.97</b>	<b>\$3,690,368.01****</b>
<b>GRAND TOTALS</b>	<b>\$42,991,109.50</b>	<b>\$2,133,444.39</b>	<b>\$39,398,641.00</b>	<b>\$2,035,544.88</b>	<b>\$3,690,368.01</b>

\* Includes reductions for Refco, LLC and Rogers Claims Litigation as detailed in the charts at pages iv and v.

\*\* Includes credit of \$1,015.00 reflected in the First Application at page x.

\*\*\* Includes additional voluntary reduction of \$12,000.00 after review of monthly statements for Application Period and credit of \$364.50.

\*\*\*\* Includes credit of \$2,445.00 for O. Nolens for billing rate adjustment.

Adjusted Summary of Interim Fee Applications (includes fees and expenses for both Debtors and Non-Debtors unless otherwise noted):

<u>DATE FILED/ PERIOD COVERED</u>	<u>TOTAL FEES REQUESTED*</u>	<u>TOTAL EXPENSES REQUESTED*</u>	<u>TOTAL FEES ALLOWED</u>	<u>TOTAL EXPENSES ALLOWED</u>	<u>TOTAL FEES/EXPENSES DISALLOWED</u>
March 24, 2006 First Application 10/18/05 – 1/31/06	\$16,534,443.50	\$727,021.47	\$16,534,443.50	\$727,021.47	\$0.00
July 20, 2006 Second Application 2/01/06 – 5/31/06	\$10,882,615.50	\$788,776.57	\$10,882,615.50	\$788,776.57	\$0.00
November 15, 2006 Third Application 6/1/06 – 9/30/06	\$7,380,444.50	\$324,954.87	\$7,380,444.50	\$324,954.87	\$0.00
February 26, 2007 Fourth Application 10/1/06 – 12/26/06	\$8,193,606.00	\$292,691.48	N/A	N/A	N/A
<b>GRAND TOTALS</b>	<b>\$42,991,109.50</b>	<b>\$2,133,444.39</b>	<b>\$34,797,503.50</b>	<b>\$1,840,752.91</b>	<b>\$0.00</b>

\* Includes reductions for Refco, LLC and Rogers Claims Litigation as detailed in the charts at pages iv and v.

## Adjusted Fees Reconciliation

<u>PERIOD COVERED</u>	<u>TOTAL FEES REQUESTED</u>	<u>REFCO, LLC</u>	<u>ROGERS CLAIMS LITIGATION</u>	<u>TOTAL FEES REQUESTED – ADJUSTED*</u>
First Monthly 10/18/05 – 11/30/05	\$8,754,508.00			\$8,754,508.00
Second Monthly 12/1/05 – 12/31/05	\$3,443,422.50			\$3,443,422.50
Third Monthly 1/1/06 – 1/31/06	\$4,337,528.00			\$4,337,528.00
<b>INTERIM TOTALS</b>	<b>\$16,534,443.50**</b>			<b>\$16,534,443.50**</b>
Fourth Monthly 2/1/06 – 2/28/06	\$4,040,037.50	\$16,779.00		\$4,023,258.50
Fifth Monthly 3/1/06 – 3/31/06	\$3,313,536.00	\$864.00		\$3,312,672.00
Sixth Monthly 4/1/06 – 4/30/06	\$1,701,654.50	\$4,595.00		\$1,697,059.50
Seventh Monthly 5/1/06 – 5/31/06	\$1,865,246.50	\$3,256.50		\$1,861,990.00
<b>INTERIM TOTALS</b>	<b>\$10,908,110.00***</b>	<b>\$25,494.50</b>		<b>\$10,882,615.50***</b>
Eighth Monthly 6/1/06 – 6/30/06	\$1,578,586.00	\$846.00		\$1,577,740.00
Ninth Monthly 7/1/06 – 7/31/06	\$1,587,319.00	\$1,160.50		\$1,586,158.50
Tenth Monthly 8/1/06 – 8/31/06	\$2,042,971.00	\$9,495.50		\$2,033,475.50
Eleventh Monthly 9/1/06 – 9/30/06	\$3,131,046.00	\$18,448.50	\$929,527.00	\$2,183,070.50
<b>INTERIM TOTALS</b>	<b>\$8,339,922.00</b>	<b>\$29,950.50</b>	<b>\$929,527.00</b>	<b>\$7,380,444.50</b>
Twelfth Monthly 10/1/06 – 10/31/06	\$2,698,624.50		\$96,751.50	\$2,601,873.00
Thirteenth Monthly 11/1/06 – 11/30/06	\$3,139,994.50			\$3,139,994.50
Fourteenth Monthly 12/1/06 – 12/26/06	\$2,454,183.50			\$2,454,183.50
<b>INTERIM TOTALS</b>	<b>\$8,290,357.50****</b>		<b>\$96,751.50</b>	<b>\$8,193,606.00****</b>
<b>GRAND TOTALS</b>	<b>\$44,072,833.00</b>	<b>\$55,445.00</b>	<b>\$1,026,278.50</b>	<b>\$42,991,109.50</b>

\* Includes reductions for Refco, LLC and Rogers Claims Litigation.

\*\* Includes credit of \$1,015.00 reflected in the First Application at page x.

\*\*\* Includes additional voluntary reduction of \$12,000.00 after review of monthly statements for Application Period and credit of \$364.50.

\*\*\*\* Includes credit of \$2,445.00 for O. Nolens for billing rate adjustment.

## Adjusted Expenses Reconciliation

<u>PERIOD COVERED</u>	<u>TOTAL EXPENSES REQUESTED</u>	<u>REFCO, LLC</u>	<u>ROGERS CLAIMS LITIGATION</u>	<u>TOTAL EXPENSES REQUESTED – ADJUSTED*</u>
First Monthly 10/18/05 – 11/30/05	\$331,808.96			\$331,808.96
Second Monthly 12/1/05 – 12/31/05	\$141,017.58			\$141,017.58
Third Monthly 1/1/06 – 1/31/06	\$254,194.93			\$254,194.93
<b>INTERIM TOTALS</b>	<b>\$727,021.47</b>			<b>\$727,021.47</b>
Fourth Monthly 2/1/06 – 2/28/06	\$253,401.40			\$253,401.40
Fifth Monthly 3/1/06 – 3/31/06	\$240,060.85			\$240,060.85
Sixth Monthly 4/1/06 – 4/30/06	\$184,197.16			\$184,197.16
Seventh Monthly 5/1/06 – 5/31/06	\$111,119.07	\$1.91		\$111,117.16
<b>INTERIM TOTALS</b>	<b>\$788,778.48</b>	<b>\$1.91</b>		<b>\$788,776.57</b>
Eighth Monthly 6/1/06 – 6/30/06	\$57,759.57			\$57,759.57
Ninth Monthly 7/1/06 – 7/31/06	\$43,272.92			\$43,272.92
Tenth Monthly 8/1/06 – 8/31/06	\$61,049.64			\$61,049.64
Eleventh Monthly 9/1/06 – 9/30/06	\$209,187.30	\$548.09	\$45,766.47	\$162,872.74
<b>INTERIM TOTALS</b>	<b>\$371,269.43</b>	<b>\$548.09</b>	<b>\$45,766.47</b>	<b>\$324,954.87</b>
Twelfth Monthly 10/1/06 – 10/31/06	\$96,897.37		\$10,801.77	\$86,095.60
Thirteenth Monthly 11/1/06 – 11/30/06	\$108,696.37			\$108,696.37
Fourteenth Monthly 12/1/06 – 12/26/06	\$97,899.51			\$97,899.51
<b>INTERIM TOTALS</b>	<b>\$303,493.25</b>		<b>\$10,801.77</b>	<b>\$292,691.48</b>
<b>GRAND TOTALS</b>	<b>\$2,190,562.63</b>	<b>\$550.00</b>	<b>\$56,568.24</b>	<b>\$2,133,444.39</b>

\* Includes reductions for Refco, LLC and Rogers Claims Litigation.

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

**FOURTH INTERIM CUMULATIVE TIME SUMMARY  
(OCTOBER 1, 2006 – DECEMBER 26, 2006)**

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
<b><u>PARTNERS</u></b>				
Douglas B. Adler	1978	\$810	12.60	\$ 10,206.00
Katherine M. Bristol	1981	875	48.00	42,000.00
Anthony W. Clark	1979	845	71.70	60,586.50
Heather Cruz	1996	715	2.50	1,787.50
Linda Davies	1994	695	10.50	7,297.50
Eric M. Davis	1992	775	390.50	302,637.50
Randall H. Doud	1982	875	29.40	25,725.00
Sally McDonald Henry	1983	790	293.20	231,628.00
N. Lynn Hiestand	1981	875	398.20	348,425.00
Victor Hollender	1998	695	33.70	23,421.50
Mitsuhiro Kamiya	1995	735	29.30	21,535.50
Frances Kao	1992	775	4.80	3,720.00
Andre LeDuc	1978	810	137.30	111,213.00
Richard B. Levin	1976	810	194.30	157,383.00
J. Gregory Milmo	1976	875	251.90	220,412.50
Peter J. Neckles	1978	875	19.10	16,712.50
Felicia Gerber Perlman	1991	735	109.30	80,335.50
Alesia Ranney-Marinelli	1977	790	183.80	145,202.00
Timothy G. Reynolds	1981	810	16.80	13,608.00
Tim Sanders	1984	830	49.00	40,670.00
Erich T. Schwartz	1983	735	36.70	26,974.50
J. Gregory St. Clair	1990	790	574.60	453,934.00
	<b>TOTAL PARTNERS</b>		<b>2,897.20</b>	<b>\$2,345,415.00</b>
<b><u>OF COUNSEL</u></b>				
Philip McBride Johnson	1962	\$875	19.00	\$16,625.00
Michael W. Mitchell	1962	875	21.30	18,637.50
	<b>TOTAL OF COUNSEL</b>		<b>40.30</b>	<b>\$35,262.50</b>

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
<b><u>SPECIAL COUNSEL</u></b>				
Jeremy A. Berman	1982	\$625	103.20	\$64,500.00
	<b>TOTAL SPECIAL COUNSEL</b>		<b>103.20</b>	<b>\$64,500.00</b>
<b><u>COUNSEL</u></b>				
Stephanie R. Feld	1984	\$625	229.90	\$143,687.50
David C. Ingles	1995	560	8.40	4,704.00
		625	13.80	8,625.00
Bruce Macaulay	1995	595	8.50	5,057.50
Andrew Muscato	1978	625	152.70	95,437.50
William J. O'Brien	1997	595	13.10	7,794.50
Kurt Ramlo	1993	625	11.20	7,000.00
David E. Schwartz	1994	625	15.70	9,812.50
James S. Talbot	1997	595	28.10	16,719.50
Philipp J. Wahl	1999	625	14.00	8,750.00
Stephen D. Williamson	1997	595	307.40	182,903.00
	<b>TOTAL COUNSEL</b>		<b>802.80</b>	<b>\$490,491.00</b>
<b><u>REGIONAL COUNSEL</u></b>				
Christina Erfurth	2005	\$585	7.80	\$ 4,563.00
Andreas Frohner	2001	585	25.00	14,625.00
	<b>TOTAL REGIONAL COUNSEL</b>		<b>32.80</b>	<b>\$19,188.00</b>
<b><u>ASSOCIATES</u></b>				
Andrew P. Alin	2005	\$435	48.60	\$ 21,141.00
Jeremy D. Anderson	2003	470	56.70	26,649.00
Todd A. Atkinson	2004	435	83.20	36,192.00
Ian S. Bolton	2005	315	40.70	12,820.50
Eric J. Cayford	2006	315	6.50	2,047.50
		355	2.50	887.50
Christopher S. Chow	2001	565	591.40	334,141.00
Megan E. Cleghorn	1999	585	260.30	152,275.50
Michelle L. Davis	1994	585	89.10	52,123.50
Neil Devaney	2004	495	401.60	198,792.00
Chris L. Dickerson	1998	585	441.70	258,394.50
Steven Eichel	1988	585	643.80	376,623.00
Jamie B. Eichinger*	N/A	315	306.80	96,642.00

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
Shana A. Elberg	2002	535	218.10	116,683.50
Elizabeth Fiechter	2005	355	305.40	108,417.00
Matthew Gartner	2006	315	30.70	9,670.50
		355	137.10	48,670.50
Credit				(3,804.00)
Heloise Gautier*	N/A	315	13.00	4,095.00
Gary J. Hacker	1998	585	93.20	54,522.00
Jeremy R. Hall	2006	435	116.80	50,808.00
Douglas D. Herrmann	2006	390	302.40	117,936.00
Laverne F. Hill	2005	390	208.90	81,471.00
David R. Hurst	1998	585	792.60	463,671.00
Denise Kaloudis	2003	440	40.80	17,952.00
		495	496.30	245,668.50
Raquelle L. Kaye	2006	390	234.30	91,377.00
Ronald D. Kohut	2004	470	4.10	1,927.00
Peter E. Krebs	2003	470	243.70	114,539.00
Matthew N. Kriegel	2006	315	37.90	11,938.50
Kimberly A. LaMaina	2001	535	319.90	171,146.50
Jane M. Leamy	1995	585	27.40	16,029.00
J.R. Lederer	2007	315	33.80	10,647.00
Eran Lempert	2005	470	46.60	21,902.00
Shoshanna Lewis*	N/A	355	58.10	20,625.50
Jason M. Liberi	2003	470	225.50	105,985.00
Emily C. Ma	2006	315	131.00	41,265.00
		355	49.40	17,537.00
Sven G. Mickisch	2006	390	43.30	16,887.00
Ramon M. Naguiat	2000	495	20.20	9,999.00
Olivier Nolens	2006	315	43.00	13,545.00
		390	32.60	12,714.00
Credit				(2,445.00)
Eamonn O'Hagan	2004	435	417.60	181,656.00
Bertrand Pan	2004	390	38.60	15,054.00
Kristhy M. Peguero	2006	315	17.50	5,512.50
Christian Pilkington	1999	585	444.50	260,032.50
Jorge Pruneda	2006	315	33.10	10,426.50
		355	9.10	3,230.50
Henry Quinlan	2000	585	11.40	6,669.00
Jacques U. Roeder	2002	565	7.40	4,181.00



<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
Rena M. Samole	2000	565	276.20	156,053.00
Erica Schohn	2004	470	8.70	4,089.00
Teddy Schwarzman*	N/A	315	149.30	47,029.50
Jenelle M. Todryk	2001	535	433.80	232,083.00
Daniel M. Trevino	2002	470	87.80	41,266.00
Glenn S. Walter	1995	585	404.00	236,340.00
Robert A. Weber	1991	585	247.80	144,963.00
Amanda S. Williamson	2003	470	25.40	11,938.00
Davis L. Wright	2002	495	17.80	8,811.00
	<b>TOTAL ASSOCIATES/LAW CLERKS</b>		<b>9,909.00</b>	<b>\$4,929,443.00</b>
<b><u>BENGOSHI</u></b>				
Kimitoshi Takemura	2002	\$355	51.20	\$18,176.00
	<b>TOTAL BENGOSHI</b>		<b>51.20</b>	<b>\$18,176.00</b>
<b><u>STAFF ATTORNEY/STAFF LAW CLERK</u></b>				
Sara L. Barfield	2002	\$255	22.10	\$ 5,635.50
Paul W. Brown	2001	255	70.30	17,926.50
Pamela C. Grief	1997	245	71.70	17,566.50
Scott B. Guthrie	2003	255	57.10	14,560.50
Alice E. Kennedy	1996	255	20.00	5,100.00
Joanna L. Swyers	2006	255	24.50	6,247.50
	<b>TOTAL STAFF ATTORNEY/STAFF LAW CLERK</b>		<b>265.70</b>	<b>\$67,036.50</b>
<b><u>RESEARCH ASSISTANT/SOLICITOR TRAINEE</u></b>				
Belinda Mancktelow	N/A	\$240	30.40	\$7,296.00
	<b>TOTAL RESEARCH ASSISTANT/SOLICITOR TRAINEE</b>		<b>30.40</b>	<b>\$7,296.00</b>

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
<b><u>CLIENT SPECIALISTS</u></b>				
Sibel S. Mete	N/A	\$280	58.80	\$16,464.00
	<b>TOTAL CLIENT SPECIALISTS</b>		<b>58.80</b>	<b>\$16,464.00</b>
<b><u>PARAPROFESSIONALS</u></b>				
Mohammed Ansari	N/A	\$160	11.50	\$ 1,840.00
Frank Chang	N/A	190	38.80	7,372.00
Aruna Chavali	N/A	160	7.70	1,232.00
William I. Coremin	N/A	160	6.70	1,072.00
Brian H. Costello	N/A	160	9.90	1,584.00
Damoun Delaviz	N/A	190	10.00	1,900.00
David Guo	N/A	190	100.00	19,000.00
Christopher M. Heaney	N/A	250	27.00	6,750.00
Robert Hochberg	N/A	225	40.50	9,112.50
C. James Jahn	N/A	190	33.30	6,327.00
Irek Janek	N/A	225	41.40	9,315.00
Haruna Kito	N/A	160	33.50	5,360.00
Elyse Kleinberg	N/A	190	61.40	11,666.00
K. Greer Kuras	N/A	190	6.50	1,235.00
Christopher M. Leahy	N/A	225	25.30	5,692.50
Michael Shnitzer	N/A	160	42.50	6,800.00
Jason Sickler	N/A	250	7.90	1,975.00
James G. Stanco	N/A	190	463.60	88,084.00
Matthew J. Twomey	N/A	250	5.90	1,475.00
Rebecca N. White	N/A	160	7.60	1,216.00

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE**</u>	<u>HOURS</u>	<u>AMOUNT</u>
Joseph Woodfield	N/A	160	41.10	6,576.00
Nancy Zeronda	N/A	190	12.20	2,318.00
Andrew F. Zsoldos	N/A	190	12.80	2,432.00
<b>TOTAL PARAPROFESSIONALS</b>			<b>1,047.10</b>	<b>\$200,334.00</b>
		<b>TOTAL***</b>	<b>15,238.50</b>	<b>\$8,193,606.00</b>
<b>BLENDED HOURLY RATE</b>				<b>\$537.69</b>

\* Law clerks are law school graduates who are not presently admitted to practice.

\*\* On September 1, 2006, Skadden, Arps increased its hourly rates firm-wide. For the Debtors' cases, Skadden, Arps voluntarily deferred the rate increase for one month until October 1, 2006.

\*\*\* Includes fees of \$1,379,734.00 for the Non-Debtors. Includes further reduction of 154.00 hours having a value of \$96,751.50. This amount pertains to services on the Rogers Claims Litigation that is billed to Refco, LLC.

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

**FOURTH INTERIM CUMULATIVE PROJECT CATEGORY SUMMARY  
(OCTOBER 1, 2006 – DECEMBER 26, 2006)**

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
General Corporate Advice	83.00	\$ 40,037.00
Asset Analysis and Recovery	62.90	30,227.00
Asset Dispositions (General)	102.10	49,862.50
Automatic Stay (Relief Actions)	26.90	11,399.00
Business Operations/Strategic Planning	19.20	10,349.50
Case Administration	847.70	292,853.50
Claims Admin. (General)	1,523.70	793,788.00
Creditor Meetings/Statutory Committees	22.60	12,140.00
Disclosure Statement/Voting Issues	1,283.20	751,482.50
Employee Matters (General)	37.00	21,891.00
Executory Contracts (Personalty)	1,006.40	545,092.50
Financing (DIP and Emergence)	105.90	65,792.00
Insurance	8.80	7,128.00
Intellectual Property	34.40	19,912.00
Investigations and Reviews	80.50	54,526.00
Leases (Real Property)	891.90	383,948.00
Litigation (General)	61.70	31,511.50
Nonworking Travel Time*	123.30	69,510.00
Regulatory and SEC Matters	312.90	89,469.00
Reorganization Plan/Plan Sponsors	4,040.10	2,229,273.00
Reports and Schedules	29.10	14,865.50
Retention/Fee Matters (SASM&F)	200.20	110,036.50
Retention/Fee Matters/Objections (Others)	122.50	69,803.00
Tax Matters	470.00	291,992.50

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
International**	48.00	29,166.00
RCM – General	40.30	23,111.00
RCM – General Customer Matters	42.20	19,480.50
Refco F/X Associates, LLC	1,035.50	572,707.00
ACM (Advanced Currency Markets)	40.60	19,661.00
Wind Down of Funds**	458.40	282,757.00
Refco Overseas Ltd.**	1,387.80	881,199.00
Refco Singapore**	35.00	20,666.50
Refco France S.A.**	7.40	4,181.00
Refco Securities, LLC**	266.70	144,437.00
Refco Austria**	24.30	17,327.50
RCM – BAWAG Litigation	3.80	1,653.00
RCM – SPhinX Litigation	65.10	34,333.50
Bernstein Litigation	62.40	29,834.00
Kessler Litigation	223.60	121,576.50
Forstmann Leff Litigation	1.40	875.00
Credit for O. Nolens		(2,445.00)
Correction for Misbilled Time (M. Gartner)		(3,804.00)
<b>TOTAL***</b>	<b>15,238.50</b>	<b>\$8,193,606.00</b>

\* Hours billed for non-working travel time represent 50% of time spent traveling.

\*\* Non-Debtor.

\*\*\* Includes fees of \$1,379,734.00 for the Non-Debtors. Includes further reduction of 154.00 hours having a value of \$96,751.50. This amount pertains to services on the Rogers Claims Litigation that is billed to Refco, LLC.

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**  
**FOURTH INTERIM CUMULATIVE EXPENSE SUMMARY**  
**(OCTOBER 1, 2006 – DECEMBER 26, 2006)**

Expense Category	Total Expenses
Computer Legal Research	\$ 91,971.34
Long Distance Telephone	9,522.91
In-House Reproduction (@ \$.10 per page)	39,878.20
Reproduction-color	2,544.50
Outside Reproduction	8,241.19
Outside Research	7,359.31
Filing/Court Fees	3,633.50
Court Reporting	15,655.09
Local Travel	222.36
Out-Of-Town Travel	79,883.64
Business Meals	12,892.30
Courier & Express Carriers (e.g., Federal Express)	4,279.08
Postage	42.58
Professional Fees	1,020.08
Electronic Document Management	22,906.46
Other	3,440.71
Reduction of Expenses on Rogers Claims Litigation	*(10,801.77)
<b>TOTAL</b>	<b>**\$292,691.48</b>

\* Reduction of Expenses for Rogers Funds Claims Litigation. Amount is billed to Refco, LLC.

\*\* Includes expenses of \$18,112.14 for the Non-Debtors.

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

**FOURTH INTERIM CUMULATIVE "ALIX" ALLOCATION  
(OCTOBER 1, 2006 – DECEMBER 26, 2006)**

<b>Allocation Category</b>	<b>Total Fees</b>	<b>Total Expenses</b>
Refco Capital Markets - General	\$ 41,148.17	\$ 2,828.90
Refco Capital Markets - Customers	53,814.00	1,811.18
Wind Down of Refco Securities Ltd**	150,403.80	7,100.61
Sale of Refco, LLC	614,867.00	10,708.20
Refco F/X Associates LLC	575,983.83	11,756.85
Services for Foreign Subsidiaries		
U.K.**	881,199.00	8,717.71
France**	4,181.00	1,084.06
Singapore**	20,666.50	29.58
Japan**		
Canada**		
Hong Kong**		
Austria**	17,327.50	
Korea*		
India*		
Wind Down of Funds (RAI/CMI)**	282,757.00	1,213.55
Partners Capital Sale LLC Chapter 7 Case		
Other Matters		
Other Related only to Ch. 11 Debtors	4,878,163.70	227,323.41
Other Related to all Entities	646,373.50	20,031.37
International**	29,166.00	86.06
Reduction for O. Nolens Billing Rate	(2,445.00)	
<b>TOTAL</b>	<b>\$8,193,606.00</b>	<b>\$292,691.48</b>

\* Included in International.

\*\* Non-Debtor.

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Richard Levin (RL 1651)

Attorneys for Refco Inc., et al.,  
Reorganized Debtors

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x  
In re: : Chapter 11  
: :  
Refco Inc., et al., : Case No. 05-60006 (RDD)  
: :  
Debtors.<sup>1</sup> : (Jointly Administered)  
: :  
-----x

**FOURTH APPLICATION OF SKADDEN, ARPS, SLATE, MEAGHER &  
FLOM LLP FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
(OCTOBER 1, 2006 THROUGH DECEMBER 26, 2006)**

Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden, Arps"), counsel for Refco Inc. ("Refco Inc." or "Refco") and certain of its subsidiaries and affiliates, while debtors and debtors-in-possession (collectively, the "Debtors") and counsel for the RCM Trustee (defined below) in the above-captioned case, submits its fourth application for interim allowance and payment of compensation for services rendered and reimbursement of expenses incurred

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<sup>1</sup> The following entities are Debtors in these chapter 11 cases: Bersec International LLC; Kroeck & Associates, LLC; Lind-Waldock Securities LLC; Marshall Metals, LLC; New Refco Group Ltd., LLC; Refco Administration, LLC; Refco Capital Holdings, LLC; Refco Capital LLC; Refco Capital Management, LLC; Refco Capital Markets, Ltd.; Refco Capital Trading LLC; Refco Commodity Management, Inc.; Refco Finance Inc.; Refco Financial, LLC; Refco Fixed Assets Management, LLC; Refco F/X Associates, LLC; Refco Global Capital



("Application") for the period from October 1, 2006 through December 26, 2006 (the "Application Period"). In support of this Application, Skadden, Arps respectfully represents as follows:

## **I. INTRODUCTION AND PROCEDURAL MATTERS**

### Procedural Background

1. On October 17, 2005 (the "Petition Date"), most of the Debtors filed a voluntary petition in this Court for reorganization relief under chapter 11 of title 11 of the United States Code (as amended, the "Bankruptcy Code").<sup>2</sup> The Debtors' cases are being jointly administered.

2. On October 28, 2005, the United States Trustee appointed an official committee of unsecured creditors in these cases. On August 3, 2006, the United States Trustee filed notices bifurcating the creditors' committee into the Official Committee of Unsecured Creditors of Refco Inc., et al. (the "Creditors' Committee") and the Additional Committee of Unsecured Creditors of Refco Inc., et al. (the "Additional Committee" and, together with the Creditors' Committee, the "Committees").

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*(cont'd.)*

Management LLC; Refco Global Finance Limited; Refco Global Futures, LLC; Refco Global Holdings, LLC; Refco Group Ltd., LLC; Refco Inc.; Refco Information Services, LLC; Refco Managed Futures, LLC; Refco Mortgage Securities, LLC; Refco Regulated Companies, LLC; Summit Management, LLC; and Westminster-Refco Management LLC. Refco Capital Markets, Ltd. is a debtor in these chapter 11 cases, but not a debtor-in-possession.

<sup>2</sup> Debtors Lind-Waldock Securities LLC, Refco Managed Futures, LLC and Westminster-Refco Management LLC filed chapter 11 petitions on June 5, 2006. Debtor Refco Commodity Management, Inc. ("RCMI") filed a chapter 11 petition on October 16, 2006.

3. On March 22, 2006, this Court entered an order approving the appointment of Joshua R. Hochberg as examiner (the "Examiner") for these chapter 11 cases (other than for RCM) under Bankruptcy Code section 1104.

4. On April 13, 2006, this Court entered an order appointing Marc S. Kirschner as the chapter 11 trustee (the "RCM Trustee") for Refco Capital Markets, Ltd. ("RCM").

5. On July 24, 2006, this Court entered an order authorizing the establishment of a fee review committee (the "Fee Committee") and approved a protocol (the "Fee Committee Protocol") regarding the Fee Committee, its composition, mandate and procedures.<sup>3</sup> During the Application Period, the Fee Committee was comprised of (a) a representative of the Office of the United States Trustee, (b) a representative of the Debtors, (c) the RCM Trustee, (d) a representative of the Creditors' Committee and (e) a representative of the Additional Committee.<sup>4</sup>

6. On December 15, 2006, this Court entered an order (the "Confirmation Order") confirming the Modified Joint Chapter 11 Plan of Reorganization of Refco Inc. and Certain of its Direct and Indirect Subsidiaries (the "Plan"). The effective date of the Plan occurred on December 26, 2006 (the "Effective Date").

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<sup>3</sup> On August 31, 2006, a supplemental order regarding the Fee Committee was entered.

<sup>4</sup> On the Effective Date of the Plan (defined below), Harrison J. Goldin (the representative of the Debtors) resigned from the Fee Committee in accordance with the Plan. The Fee Committee continues to operate in accordance with the Plan.

7. The Debtors have been current in filing monthly operating reports for the periods through the Effective Date and are current in paying quarterly fees. Ordinary course administrative obligations were paid in the ordinary course of the Debtors' business. For most of the Application Period, fees and expenses incurred by professionals<sup>5</sup> generally were not paid in accordance with procedures established by this Court, due to cash collateral reasons explained in prior fee applications. However, as of the date of this Application, Skadden, Arps believes that nearly all fees and expenses incurred and allowed by this Court have been paid to the respective professionals. Fees and expenses for the Application Period have been paid through the Effective Date generally in accordance with the Interim Payment Order (defined below).

8. This Court has jurisdiction to consider the Application under 28 U.S.C. §§ 157 and 1334. Consideration of the Application is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested are Bankruptcy Code sections 330 and 331, Rule 2016 of the Federal Rules of Bankruptcy Procedure, and Local Rule 2014-1.

9. Skadden, Arps has endeavored to prepare this Application in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, adopted by the Court on April 19, 1995 (the "Local Guidelines"), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (Appendix A to 28 C.F.R. § 58) (the "UST Guidelines") and the Interim Payment Order (collectively, the Local

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<sup>5</sup> For purposes of the Application, the term "professionals" includes legal assistants and other legal support personnel (para-professionals), not including secretarial services, for whose services Skadden, Arps charges its clients on an hourly basis.

Guidelines, the UST Guidelines and the Interim Payment Order are referred to as the "Guidelines"), and believes that this Application substantially complies in all material respects. A compliance certification is attached at Exhibit A. To the extent this Application does not comply in every respect with the Guidelines, Skadden, Arps respectfully requests a waiver for any such non-compliance.

Retention of Skadden, Arps

10. Shortly after the Petition Date, the Debtors applied to this Court for an order approving the retention of Skadden, Arps (the "Retention Application") as their principal restructuring and bankruptcy counsel to perform legal services in these cases under a general retainer necessary to enable the Debtors to faithfully execute their duties as debtors-in-possession. The Retention Application was supported by the Declaration of J. Gregory Milmoie and Disclosure of Compensation.<sup>6</sup>

11. On November 21, 2005, this Court entered an interim order approving the Retention Application. On December 12, 2005, this Court entered a final order (the "Employment Order") authorizing the Debtors to retain Skadden, Arps effective as of the Petition Date. On July 17, 2006, this Court entered an order authorizing Skadden, Arps to serve as counsel for the RCM Trustee and on September 13, 2006, this Court entered an order authorizing Skadden, Arps to serve as counsel for the chapter 7 trustee for Refco, LLC.

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<sup>6</sup> On March 24, 2006, Skadden, Arps filed its first supplemental declaration. On September 27, 2006 and November 15, 2006, Skadden, Arps filed its second and third supplemental declarations, respectively. Contemporaneously with the filing of this Application, Skadden, Arps is filing its fourth supplemental declaration with this Court.

12. Skadden, Arps continues to hold prepetition retainer funds for application against fees and expenses as permitted by the Employment Order. As of the date of the Application, Skadden, Arps estimates that remaining retainer funds are in the amount of \$718,000.

Compensation Procedures and Allocation of Compensation Among Refco Entities

13. On December 13, 2005, this Court entered the Final Order Under 11 U.S.C. §§ 105 and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "First Interim Payment Order"). This order was subsequently amended on June 9, 2006 (the "First Supplemental Interim Payment Order") and September 20, 2006 (the "Second Supplemental Interim Payment Order") (the First Interim Payment Order, the First Supplemental Interim Payment Order and the Second Supplemental Interim Payment Order, collectively, the "Interim Payment Order").

14. Skadden, Arps has been counsel not only to the Debtors but also to the Debtors' affiliated non-debtor entities (the "Non-Debtors" and, together with the Debtors, the "Company"). Events occurring in these cases necessarily have affected and involved the Non-Debtors. Skadden, Arps opened 66 separate billing matters to keep track of time spent on different matters. Skadden, Arps has worked with the Debtors and their professionals to develop an allocation scheme (the "Allocation") to allocate time and expenses among the Debtors and Non-Debtors to reflect the entity for which time and expenses were expended. A copy of the Allocation is contained in the summary preceding the Application. Skadden, Arps has allocated its time and expenses from its 66 matters to the categories specified in the Allocation. The Fee Committee has adopted a variation of the Allocation for purposes of monitoring professionals' fees and expenses in these cases.

### Non-Debtor Payment Order

15. On June 1, 2006, this Court entered the Order Regarding Non-Debtors' Payments to Professionals Employed by Refco Inc. and Affiliates (the "Non-Debtor Payment Order"). The Non-Debtor Payment Order pertains to payments by the Non-Debtors to professionals employed by Refco and its affiliated entities ("Company Professionals"). Under the Non-Debtor Payment Order, where Company Professionals disclose fees and expenses allocated to the Non-Debtors in their monthly statements, such professionals need not re-disclose their allocations or otherwise seek approval of their fees and expenses for the Non-Debtors in connection with interim fee applications.

16. Skadden, Arps believes it has complied with the Non-Debtor Payment Order and need not further disclose or otherwise seek approval of fees and expenses to the Non-Debtors. Nevertheless, Skadden, Arps has provided the Allocation (which allocates fees and expenses to the Debtors and the Non-Debtors) and has included all fee and expense information for both the Debtors and the Non-Debtors in the cumulative charts in the summary preceding the Application, as well as in the corresponding fee and expense detail for the interim period contained in the exhibits attached hereto. Skadden, Arps seeks approval of all professional fees and expenses pertaining to the Non-Debtors.

17. As more fully discussed in the Third Application, where the owing Non-Debtor entity was unable to pay fees and expenses to counsel, the Debtor equity holder paid the fees and expenses. The Debtors took the position that professional services rendered to a Non-Debtor provided benefits to the Debtor that is the holder of the Non-Debtor's equity interests. Because the paying Debtor is subject to the Interim Payment Order, the paying Debtor paid only 80% of eligible fees (and 100% of eligible expenses), even though the Non-Debtor was

responsible for, and would not have had any bankruptcy-related impediment to paying, 100% of the fees. For the same reason, Skadden, Arps believes that the payments are subject to the Interim Payment Order and therefore subject to this Court's review and approval under the Interim Payment Order, and Skadden, Arps accordingly seeks approval of all professional fees and expenses incurred by the Non-Debtors that were paid or will be paid by the Debtors who are subject to the Interim Payment Order.

#### Final Fee Application

18. Plan section 12.3(b) requires that final fee applications covering fees earned and expenses incurred prior to and on the Effective Date (December 26, 2006) be filed with the Court and served on necessary parties no later than 60 days after the Effective Date. A final fee application is being filed concurrently with this Application.

#### Post Effective Date Fees and Expenses

19. Under Plan section 12.3(b), the Debtors may pay reasonable professional fees and expenses in connection with services rendered to them after the Effective Date without application to or approval by the Court. In reliance on that provision, the Application does not extend to fees earned and expenses incurred after December 26, 2006, the Effective Date.

## **II. APPLICATION**

20. By this Application covering the Application Period of October 1, 2006 through December 26, 2006, Skadden, Arps requests that this Court (a) allow compensation for professional services rendered by Skadden, Arps during the Application Period on behalf of the Debtors and the Non-Debtors in the amount of \$8,193,606.00, representing fees earned, and order payment of such fees to the extent not previously paid in accordance with this Application, (b) allow actual necessary expenses incurred by Skadden, Arps during the Application Period in

connection with the rendition of such professional services in the amount of \$292,691.48, representing expenses incurred by Skadden, Arps during the Application Period, and order payment of such expenses to the extent not previously paid in accordance with this Application and (c) approve, on an interim basis, the allocation of fees and expenses set forth in this Application.<sup>7</sup>

21. Under the Interim Payment Order, for the period October 1, 2006 through October 31, 2006, Skadden, Arps is authorized to receive \$1,745,463.11, representing 80% of fees earned (\$1,664,904.00) plus 100% of expenses incurred (\$80,559.11) during the invoice period for the Debtors. In addition, Skadden, Arps has incurred fees of \$520,743.00 and expenses of \$5,536.49 for the Non-Debtors, which are authorized to be paid by the Debtors at the rate of 80% of fees (\$419,594.40) and 100% of expenses (\$5,536.49), if the respective Non-Debtors do not have sufficient liquidity. Skadden, Arps has received the authorized amounts.

22. Under the Interim Payment Order, for the period November 1, 2006 through November 30, 2006, Skadden, Arps is authorized to receive \$2,178,197.98, representing 80% of fees earned (\$2,075,382.00) plus 100% of expenses incurred (\$102,815.98) during the invoice period for the Debtors. In addition, Skadden, Arps has incurred fees of \$545,767.00 and expenses of \$5,880.39 for the Non-Debtors, which are authorized to be paid by the Debtors at the rate of 80% of fees (\$436,613.60) and 100% of expenses (\$5,880.39), if the respective Non-Debtors do not have sufficient liquidity. Skadden, Arps has received the authorized amounts.

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<sup>7</sup> Skadden, Arps has included in this Application nearly all amounts and disbursements processed by its accounting department for the Application Period, other than reductions made by Skadden, Arps for this Application. Skadden, Arps reserves the right to seek compensation and reimbursement for additional expenses that may have been incurred during the Application Period.



23. Under the Interim Payment Order, for the period December 1, 2006 through December 26, 2006, Skadden, Arps is authorized to receive \$1,803,971.85, representing 80% of fees earned (\$1,712,767.60) plus 100% of expenses incurred (\$91,204.25) during the invoice period for the Debtors. In addition, Skadden, Arps has incurred fees of \$313,224.00 and expenses of \$6,695.26 for the Non-Debtors, which will be authorized to be paid by the Debtors at the rate of 80% of fees (\$250,579.20) and 100% of expenses \$6,695.26, if the respective Non-Debtors do not have sufficient liquidity. The deadline set by the Interim Payment Order for objections to fees and expenses incurred during December 2006 is March 9, 2007.

24. Skadden, Arps expended over 15,238.50 hours of professional time during the Application Period for the Debtors and the Non-Debtors combined, at an average billing rate of \$537.69 per hour. As disclosed in the Retention Application, Skadden, Arps' fees for professional services are based on hourly rates that are adjusted periodically. The rates charged by Skadden, Arps are the normal bundled hourly billing rates that were in effect during the Application Period.<sup>8</sup> The summary preceding this Application contains a list of the attorneys and paraprofessionals who have performed services on behalf of the Company during the Application Period, as well as a breakdown of the hours, hourly rates and fees attributable to those individuals. Also included is a summary of total hours and fees by project category.

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<sup>8</sup> As set forth in the Retention Application, Skadden, Arps adjusts its hourly rates from time to time. Skadden, Arps adjusted its rates for clients in general effective September 1, 2006. It delayed application of the rate adjustment for all matters relating to these chapter 11 cases until the beginning of the next interim compensation period, October 1, 2006. Skadden, Arps gave notice to the adjustments, effective October 1, 2006, to those entitled to notice of monthly invoices for services rendered in these cases.

25. Skadden, Arps maintains written records of the time expended by attorneys and paraprofessionals in the rendition of professional services to the Company. Such time records are made substantially contemporaneously with the rendition of services by the person rendering the services. Skadden, Arps' daily time records for each monthly segment of the Application Period, allocated by matter, listing the name of the attorney or paraprofessional, the date on which the services were performed, the amount of time expended in performing the services, and a brief description of the services, are attached to this Application at Exhibit B-1 for the period from October 1, 2006 through October 31, 2006, Exhibit C-1 for the period from November 1, 2006 through November 30, 2006 and Exhibit D-1 for the period from December 1, 2006 through December 26, 2006.

26. Skadden, Arps also maintains records of all actual and necessary out-of-pocket charges and disbursements incurred in connection with its rendition of services on behalf of the Company. As disclosed in the Retention Application, Skadden, Arps' charges and disbursements are invoiced under Skadden, Arps' Policy Statement Concerning Charges and Disbursements, a copy of which is included with the Retention Application. Certain charges and disbursements are not charged separately under the bundled rate structure as described in the Retention Application.

27. The summary preceding this Application includes a breakdown of charges and disbursements incurred during the Application Period. The detail for such charges and disbursements is attached to this Application at Exhibit B-2 for the period from October 1, 2006 through October 31, 2006, Exhibit C-2 for the period from November 1, 2006 through November 30, 2006 and Exhibit D-2 for the period from December 1, 2006 through December 26, 2006.

28. Total voluntary reductions made with respect to the months covered by the Application Period for fees are \$382,052.78 and for disbursements and expenses are \$24,417.08.

29. No agreement or understanding exists between Skadden, Arps and any other entity for the sharing of compensation to be received for services rendered in connection with these cases.

### **SUMMARY OF SERVICES RENDERED**

30. Skadden, Arps' services during the Application Period were focused primarily on obtaining confirmation and consummation of the Plan. Following a contested confirmation hearing on the Plan on December 15, 2006, this Court entered an order confirming the Plan that day. Thereafter, Skadden, Arps worked diligently to ensure that all conditions for Plan effectiveness would be met. The effective date of the Plan occurred on December 26, 2006, less than fifteen months after the Petition Date. Obtaining confirmation and an effective Plan in this time frame was a formidable accomplishment, given the size and complexity of these chapter 11 cases and the financial accounting misstatements that effectively caused the bankruptcy cases.

31. While work during the Application Period focused chiefly on Plan-related services, Skadden, Arps continued its necessary work on other areas for the Debtors and worked closely with the Debtors, their advisors and the RCM Trustee to administer the Debtors' estates and maximize the return for estate creditors. Skadden, Arps has acted at all times in the best interests of the estates in these cases. These services have been directed toward a myriad of tasks necessary to achieve this result. To meet the Company's needs, Skadden, Arps provided multi-disciplinary services on a daily basis, often working nights and weekends. Throughout this

process, certain of the principal Skadden, Arps professionals working on the cases were required to devote the vast majority of their time to this matter, often to the exclusion of other clients.

32. The daily time records of the professionals devoting time to these cases attached at Exhibits B-1, C-1 and D-1 provide a detailed description of the services rendered by Skadden, Arps during the Application Period. For the convenience of the Court, the summary below identifies the areas to which Skadden, Arps devoted substantial time and attention during the Application Period. The summary follows the order of the Fourth Interim Cumulative Project Category Summary (immediately preceding the Application), and project matters are grouped in the following manner: Matters Over \$400,000, Matters Between \$100,000 and \$400,000 and Matters Less Than \$100,000. The summary necessarily does not include a description or discussion of all Skadden, Arps' services during the Application Period. To the extent the following summary does not encompass a particular Skadden, Arps service, the service is contained in the corresponding time detail at Exhibits B-1, C-1 and D-1. Skadden, Arps seeks compensation for all of its services in these cases as detailed in exhibits submitted with its interim fee applications.

### **Matters Greater Than \$400,000**

#### Claims Administration/General

33. During the Application Period, Skadden, Arps assisted the Debtors with numerous issues relating to chapter 11 claims and the claims-related process and procedures. In particular, Skadden, Arps reviewed, analyzed, filed and prosecuted objections to numerous proofs of claim filed against the Debtors. As part of that process, Skadden, Arps rendered the following services:

- Reviewed and analyzed claims data, reports and presentations prepared by Omni Management Group, LLC ("Omni") and AP Services, LLC;
- Reviewed and analyzed numerous proofs of claim and related claims issues, in preparation for drafting objections to various claims asserted against the Debtors;
- Conducted strategy meetings and conferences with the Debtors and their restructuring advisors regarding the review of, and objection to, claims;
- Drafted and filed omnibus claims objections to duplicate claims, amended and superseded claims, legal claims (two objections), claims asserted against more than one Debtor, and Refco F/X Associates, LLC ("FXA") customer claims (two objections);
- Drafted and filed claim objections to certain claims of Abadi & Co. Securities, Ltd.; Leuthold Industrial Metals Fund, L.P. and Leuthold Funds, Inc.; PlusFunds Group, Inc.; SPhinX Managed Futures Fund SPC and affiliated parties; VR Capital Group Ltd., VR Argentina Recovery Fund, Ltd. and VR Global Partners, L.P.; and West Loop Associates, LLC;
- Drafted and filed an omnibus motion identifying Related Claims (as defined in the Plan) for voting and distribution purposes;
- Reviewed and analyzed responses filed by claimants to the various omnibus and individual claim objections filed by the Debtors;
- Negotiated resolutions of contested claim objections when possible, and drafted and filed pleadings to memorialize such resolutions when appropriate;
- Represented the Debtors at the December 5, December 15, and December 21, 2006 hearings with respect to claim objection matters; and
- Drafted and filed a motion to establish administrative claim bar dates; and reviewed, analyzed and tracked requests for payment of administrative claims.

34. As a result of Skadden, Arps' services, together with AP Services, LLC and Omni, numerous claims were successfully objected to and resolved during the Application Period, reducing millions of dollars in potential liability for the estates.

35. During the Application Period, Skadden, Arps professionals devoted over 1,523.70 hours to work in this category, for which compensation is sought in the aggregate amount of \$793,788.00.

Disclosure Statement/Voting Issues

36. During the Application Period, Skadden, Arps continued the preparation of a detailed disclosure statement (the "Disclosure Statement") containing information about the Debtors' history, past business operations, management structure, debt structure and chapter 11 cases, as well as a summary of the Plan and information concerning the voting and confirmation processes, securities and tax issues, and risk factors.

37. The preparation of the Disclosure Statement involved extraordinary efforts by the Debtors and Skadden, Arps on a limited time frame and in coordination with numerous professionals. Efforts entailed an extensive review of the Debtors' historical financial information, securities filings and other background materials necessary for drafting the Disclosure Statement to comply with the Bankruptcy Code, as well as coordination with many parties in interest responsible for drafting the Plan to display all information and terms accurately. To accurately describe in the Disclosure Statement the numerous important events that had taken place during these cases, Skadden, Arps reviewed and analyzed filed pleadings and drafted and revised corresponding sections of the Disclosure Statement. Skadden, Arps worked directly with the Debtors and their advisors, the RCM Trustee and his advisors, and the Committees and their advisors to describe accurately the Global Settlements (defined below) that were the cornerstone of the Plan.

38. These efforts led to the Disclosure Statement first being filed in mid-September and later re-filed on October 6, 2006. Following the filing of the Disclosure Statement

on October 6, Skadden, Arps addressed numerous questions and issues on the Disclosure Statement from parties in interest in an effort to develop a confirmable plan. In this regard, Skadden, Arps spent time reviewing fifteen objections ("Objections") to the Disclosure Statement and working with many parties in interest, including objecting parties to resolve the Objections.

39. To handle responses to the Objections efficiently, each Objection was addressed by a carefully coordinated team of Skadden, Arps professionals. Skadden, Arps researched issues raised by each Objection, negotiated with objecting and other parties and, depending on the issue involved, revised the Disclosure Statement to resolve the Objection.

40. Approximately three days before the hearing on the Disclosure Statement, Skadden, Arps drafted and filed on behalf of the Debtors an omnibus response addressing the Objections and filed a revised Disclosure Statement. The Response and revised Disclosure Statement were aimed primarily at resolving Objections. Due to the nature of certain Objections to the Disclosure Statement, not all Objections were resolved. Skadden, Arps then spent necessary time preparing for and attending a contested hearing on the Disclosure Statement on October 16, 2006. Following the hearing, an order approving the Disclosure Statement was entered by this Court on October 20, 2006. Skadden, Arps then spent time addressing issues relating to the publication and the mailing of the Disclosure Statement to thousands of creditors and other parties in interest.

41. Contemporaneously with preparing and finalizing the Disclosure Statement, Skadden, Arps continued to assist the Debtors on issues involving Plan solicitation. Skadden, Arps worked closely with the Debtors and their professionals in devising a solicitation process in the best interests of the Debtors, their estates and creditors. Skadden, Arps prepared

proposed procedures and drafted and revised the applicable motion and corresponding papers (collectively, the "Solicitation Motion"), which were filed on October 5, 2006. The Solicitation Motion was approved by this Court following the October 16, 2006 hearing on this matter.

42. Further, contemporaneously with the drafting of the Disclosure Statement and the Solicitation Motion and addressing voting issues, Skadden, Arps continued to work with the Debtors on retaining Financial Balloting Group ("FBG"). The Debtors sought to retain FBG in these cases as special noticing and balloting agent to assist with Plan solicitation issues involving the Debtors' public securities. Skadden, Arps negotiated and prepared the engagement letter, applicable motion, order and other papers necessary for FBG's retention. The retention papers were filed on October 4, 2006. FBG's retention was approved by this Court at a hearing on October 16, 2006.

43. Skadden, Arps further worked with the Debtors on numerous voting issues and ballots for voting classes under the Plan. Skadden, Arps (a) analyzed voting reports, (b) reviewed submitted ballots by voting parties, (c) addressed classification issues and (d) reviewed issues relating to motions under Rule 3018, including drafting responses to such motions.

44. As a result in part of Plan solicitation efforts by the Debtors, Skadden, Arps, the Debtors' other professionals, and the Creditors' Committee and its professionals, the classes of creditors accepted the Plan overwhelmingly.

45. Because numerous Skadden, Arps professionals worked on many aspects of these complex cases and this work was pivotal to formulating the Disclosure Statement and voting issues, it was necessary for Skadden, Arps professionals to conduct intraoffice



conferences and attend non-firm conferences with other parties in interest to develop the Disclosure Statement and solicitation process.

46. During the Application Period, Skadden, Arps professionals devoted over 1,283.20 hours to work in this category, for which compensation is sought in the aggregate amount of \$751,482.50.

#### Executory Contracts (Personalty)

47. As of the Petition Date, the Debtors were parties to numerous executory contracts and unexpired leases. The executory contracts and unexpired leases included employment agreements, vendor agreements and other agreements, as well as real and personal property leases.

48. During the Application Period, Skadden, Arps assisted the Debtors with various issues as to their executory contracts and unexpired leases, including advising the Debtors as to (a) their rights and obligations under the Bankruptcy Code, (b) the ability to assume or reject executory contracts and unexpired leases and the consequences of either course of action and (c) the treatment of prepetition arrearages in the event of assumption or rejection.

49. Skadden, Arps worked closely with the Debtors, their senior management and business advisors to coordinate the review of various executory contracts and leases to determine whether the contracts and leases should be assumed or rejected and to evaluate their value in connection with various asset dispositions. Skadden, Arps also responded to numerous parties regarding the Debtors' contracts and leases.

50. In connection with the Debtors' review and analysis of various executory contracts and leases, the Debtors determined it to be in their best interests to reject over 15 contracts relating to the Debtors' former trading operations business. The Debtors no longer

needed these contracts. The Debtors filed the rejection motion during the prior interim application period and worked on issues pertaining to the motion during the Application Period. Skadden, Arps addressed the one objection to the motion that was filed (and later withdrawn) and also prepared for the October 5, 2006 hearing on the motion. Following the hearing, on October 11, 2006, this Court entered an order approving the motion.

51. Further, during the Application Period, Skadden, Arps reviewed and addressed legal and business issues raised in a motion filed by Meridian IT Solutions ("Meridian"). Meridian sought to compel assumption or rejection of Meridian's services contract or alternative relief. During the Application Period, Skadden, Arps worked with counsel for Meridian to resolve this matter. Negotiations led to a reduced claim amount by Meridian and a corresponding settlement, whereby Meridian would obtain allowed claims in the cases. This agreement was approved at the November 14, 2006 hearing on this matter.

52. Skadden, Arps also continued to review and address issues raised by Reuters America LLC pertaining to its motion for an order compelling assumption of various contracts and licenses relating to proprietary data and information services or for alternative relief. During the Application Period, Skadden, Arps worked with counsel for Reuters and reached an agreement, whereby the Debtors would pay for postpetition services. Skadden, Arps prepared a proposed order that was filed and approved by this Court at the November 14, 2006 hearing.

53. Skadden, Arps further worked with the Debtors to assume two necessary contracts pertaining to storage and to reject a remote processing agreement with Sungard Financial Systems, Inc.

54. Skadden, Arps also worked with the Debtors on issues raised by Interactive Data Corporation ("IDC"). On December 12, 2006, IDC filed a motion to deem certain executory contracts assumed and assigned to Man Financial, Inc. ("Man"). This motion is scheduled to be heard at the March 6, 2007 omnibus hearing.

55. In connection with the Plan, Skadden, Arps worked with the Debtors on numerous executory contract issues and engaged in a review of all outstanding executory contracts and leases. Necessary contracts and leases were assumed in connection with the Plan and filed as an exhibit to the Plan.

56. The largest amount of time spent during the Application Period in this matter was on Skadden, Arps' representation of the Debtors on matters involving Cargill, Inc. ("Cargill"). During the Application Period, Skadden, Arps represented the Debtors in litigating Cargill's appeal of this Court's order, dated February 14, 2006 (the "Assignment Order"). The Assignment Order overruled Cargill's objection (the "Cargill Objection") to Refco Group Ltd., LLC's ("RGL") assignment to Man of all of its rights in and to an exclusivity agreement, dated August 31, 2005 (the "Exclusivity Agreement"), executed by Cargill in conjunction with RGL's purchase of certain stock and assets from Cargill and its affiliates.

57. In the Cargill Objection, Cargill asserted that the Exclusivity Agreement is integrated with two other prepetition agreements – a purchase and sale agreement (the "PSA") and a services agreement (the "Services Agreement") – and, therefore, may not be assumed and assigned without assuming all three agreements, paying cure amounts of at least \$59 million and providing adequate assurance of future performance of at least \$67 million.

58. At the hearing on January 31, 2006, Skadden, Arps argued in opposition to the Cargill Objection, asserting that (a) the Exclusivity Agreement is not integrated with the PSA

or the Services Agreement, (b) the Exclusivity Agreement is not an executory contract and, therefore, was assigned to Man under Bankruptcy Code section 363(b) and (c) no cure costs or other amounts, or adequate assurance of future performance, were due and owing in respect of the Exclusivity Agreement by any of the Debtors or Man. This Court agreed with the Debtors' position, potentially saving RGL's estate tens of millions of dollars. Cargill appealed the Assignment Order to the U.S. District Court for the Southern District of New York (the "District Court").

59. On appeal, the District Court affirmed the Assignment Order (the "District Court Order"). Cargill has appealed the District Court Order to the U.S. Court of Appeals for the Second Circuit.

60. In connection with that appeal, during the Application Period, Skadden, Arps reviewed Cargill's notice of appeal and designation of records and analyzed various issues relating to the appeal. Following the Application Period, the parties entered into a stipulation withdrawing the appeal from active consideration without prejudice, subject to activation by written notice to the Clerk of the Court.

61. Skadden, Arps further represented the Debtors in connection with claims filed by Cargill. Cargill and its affiliates (collectively, the "Cargill Companies") filed six proofs of claim asserting claims against RGL and RCM in excess of \$345 million. During the Application Period, Skadden, Arps drafted a motion to disallow or reduce these claims. In connection with the claims objection, Skadden, Arps spent a significant amount of time reviewing, confirming, analyzing and researching, among other things, (a) the Cargill Companies' proofs of claim and related documents, (b) the third-party claims that affect the Cargill Companies' claims, (c) relevant financial and other data with respect to these claims,

(d) legal issues relating to specific claims of the Cargill Companies, including indemnification, severance, guarantees, damages and breach of contract and (e) applicable case law. The motion objecting to the Cargill Companies' claims has not yet been filed.

62. During the Application Period, Skadden, Arps also investigated potential claims that the Debtors may have against Cargill. In this regard, Skadden, Arps reviewed the Debtors' records, interviewed representatives of the Debtors' overseas affiliates, and prepared and filed a motion under Fed. R. Bankr. P. 2004 seeking authority to take document discovery and depositions of Cargill and various other third parties with knowledge of the transactions and occurrences in question. Because many of the potential witnesses reside overseas, and in particular in the United Kingdom, Skadden, Arps investigated mechanisms for conducting international discovery under the Hague Convention and foreign laws which may bear on the conduct of such discovery, including the European Union's Data Protection Act. Cargill has contested the Rule 2004 motion, the hearing on which has been adjourned several times.

63. While the parties litigated, Skadden, Arps communicated with Man and Cargill's counsel regarding settling the litigation of the appeal and resolving the Cargill Companies' claims against RGL and RCM. In connection therewith, Skadden, Arps reviewed a proposed settlement and analyzed related issues and prepared for and participated in a court ordered mediation.

64. During the Application Period, Skadden, Arps professionals devoted over 1,006.40 hours of work to this category, for which compensation is sought in the aggregate amount of \$545,092.50.

## Reorganization Plan/Plan Sponsors

65. During the Application Period, Skadden, Arps' resources were primarily focused on developing and documenting a global joint chapter 11 plan, obtaining confirmation and consummating the Plan. Round-the-clock negotiations occurred to resolve these cases involving billions of dollars in assets and claims.

66. The complexity of these cases, resulting in necessary and significant professional fees expended on this matter, stems from numerous factors, including the (a) nature of the Company's business, (b) number of Refco entities around the world, (c) departure of certain executive management and employees having vital business operational knowledge, (d) Company's corporate structure and locations, (e) status of the Company's books and records and (f) investigations and litigation, all of which have plagued the Debtors' cases since their filings.

67. As a result of efforts by the Debtors, Skadden, Arps, the Debtors' other professionals, professionals for the Creditors' Committee and other constituencies in these cases, the Plan was confirmed and became effective during the Application Period.

68. During the Application Period, Skadden, Arps (a) researched numerous Plan issues typical of large chapter 11 cases and specific to these complex cases for the formulation of the Plan, (b) reviewed intercompany receivables, cash flows, cash forecasts and other payment issues among the entities, (c) worked with the Debtors on the numerous interdependent settlements and compromises that provided the foundation of the Plan (the

"Global Settlements"),<sup>9</sup> (d) worked with the Debtors in allocating proceeds across entities for the Plan, (e) negotiated, reviewed and prepared plan terms with parties in interest, including with counsel for the Creditors' Committee, the RCM Trustee and his counsel and (f) drafted and revised Plan documents, including the Plan Administrator Agreement.

69. Due to the multiple constituencies represented in these cases, it was necessary for Skadden, Arps to attend numerous drafting and negotiation sessions with various professionals to agree on Plan terms and ensure that Plan terms were representative of the Global Settlements.

70. Skadden, Arps worked with the Debtors in circulating the Plan to parties in interest for comments to promote consensual resolution of these cases. Thereafter, Skadden, Arps reviewed parties' comments and continued to work and advise on Plan issues. As a result of extraordinary efforts by the Debtors, Skadden, Arps and many professionals and parties in interest in these cases, the Debtors filed their first Plan on September 14, 2006 (the end of the third interim period). Skadden, Arps thereafter solicited and received numerous comments as negotiations on the Plan continued. Accordingly, Skadden, Arps, on behalf of the Debtors, addressed and revised the Plan, where appropriate, leading to re-filings of the Plan on October 6, 2006 and October 20, 2006. Following the filing of the Plan on October 20, 2006 and approval of the Disclosure Statement, Skadden, Arps worked with the Debtors on notice and publication issues on the Plan, including the December 1, 2006 objection deadline.

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<sup>9</sup> The Global Settlements are described in detail in the Disclosure Statement and discussed in the Third Application.

71. Despite the litigious nature of the cases, only sixteen objections were filed against the Plan. Skadden, Arps worked with the Debtors to review, negotiate and resolve each objection. Skadden, Arps filed revised Plans on December 4, 2006 and December 14, 2006 aimed to resolve certain of the Plan objections. In large part as a result of Skadden, Arps' efforts, the Debtors were able to resolve most of the objections before the confirmation hearing.

72. In addition to objections received on the Plan, Skadden, Arps engaged in expedited discovery on the Plan. In this regard, Skadden, Arps responded to various inquiries from creditors and other constituency groups on the Plan, resulting in the production of numerous documents and depositions on an expedited schedule.

73. The culmination of the above efforts enabled the Debtors to seek confirmation in compliance with the expedited schedule demanded by many parties in interest in these cases. Preparation for the confirmation hearing required significant work by Skadden, Arps. Skadden, Arps drafted and filed a detailed confirmation brief in support of confirmation and drafted and filed the confirmation order, after input from various professionals in these cases. Skadden, Arps also engaged in extensive witness preparation for the Debtors to ensure that the appropriate representatives of the Debtors would be available and prepared to testify on key confirmation issues.

74. The confirmation hearing took place on December 15, 2006, and concluded that day with this Court entering an order confirming the Plan. Following Plan confirmation, Skadden, Arps worked with the Debtors and other professionals in these cases to ensure that necessary conditions to consummation of the Plan would be achieved. This entailed, among other things, ensuring that certain Plan reserves were funded and that necessary corporate



actions called for in the Plan were undertaken. On December 26, 2006, all necessary conditions to consummation of the Plan were met, and the Plan became effective.

75. In addition, Skadden, Arps extensively advised the Debtors on numerous issues pertaining to the Plan, such as (a) corporate governance, (b) taxes, (c) the Plan's effect on litigation, (d) director and officer insurance, (e) executory contracts and leases and (f) employee retention. These services are more fully set forth in the specific billing matter categories.

76. Finally, due to ongoing Plan negotiations, at the beginning of the Application Period, Skadden, Arps worked with the Debtors on issues related to the exclusivity period. Skadden, Arps, on behalf of the Debtors, sought to extend the exclusive periods through December 5, 2006, for filing a plan, and February 3, 2007, for soliciting acceptances on a plan (the "Exclusivity Motion"). After the Plan was filed, Skadden, Arps worked with the Debtors and counsel for the Creditors' Committee to reach an agreed-upon extension through January 12, 2007, for soliciting acceptances on the Plan. This agreement was approved at the November 14, 2006 hearing on the Exclusivity Motion.

77. Skadden, Arps' Plan services have been necessary not only to bringing a successful resolution to these cases, but also to complying with this Court's ruling following the conclusion of the conversion motion litigation, which required parties in interest to work together to formulate a consensual plan.

78. The work performed in this matter throughout these cases necessarily involved the services of more than one Skadden, Arps professional and required numerous intraoffice conferences and conferences with parties in interest in these cases to coordinate their efforts.

79. During the Application Period, Skadden, Arps professionals devoted over 4,040.10 hours of work to this category, for which compensation is sought in the aggregate amount of \$2,229,273.00.

Refco F/X Associates LLC

80. During the Application Period, Skadden, Arps worked extensively on complicated and contested issues related to the administration of FXA's estate. The work performed by Skadden, Arps can be put roughly into the following five categories: (a) attempts to sell the FXA customer database, (b) litigation and other open issues with Forex Capital Markets, L.L.C. ("FXCM"), (c) litigation regarding RefcoFX Japan KK ("Refco Japan"), (d) constructive trust litigation and (e) analysis and resolution of administrative claims asserted against FXA.

81. FXA operated an online retail foreign exchange trading business, including under the trade name RefcoFX.com. The RefcoFX.com business operated under a Facilities Management Agreement (as amended) between FXCM and RGL and its designated subsidiaries, including FXA, on a web-based trading platform created and maintained by FXCM.

82. As set forth in previous fee applications, shortly after the commencement of these chapter 11 cases, FXCM approached the Debtors to propose an acquisition of the assets related to FXA's online business, including RGL's 35% equity stake in FXCM (the "FXCM Equity Stake"), FXA's on-line customer accounts and related cash balances, and certain executory contracts related thereto. The Debtors ultimately reached an agreement (the "FXCM Purchase Agreement") with FXCM, and the Court entered an order approving notice and bid procedures and scheduling a hearing to approve the proposed transaction. However, based on continuing objections by the Debtors' lenders and the Creditors' Committee to the proposed sale,

on or about March 30, 2006, FXCM purported to terminate the FXCM Purchase Agreement. Despite attempts to negotiate an acceptable resolution of the lenders' and the Creditors' Committee's objection to the sale to FXCM, the parties ultimately reached an impasse with respect to the contemplated FXCM sale.

83. Thereafter, the Debtors contacted parties that had expressed a continuing interest in acquiring FXA's customer lists. The Debtors had been in discussions with GAIN Capital Group ("GAIN") throughout the FXCM auction process as a possible alternative transaction partner. After the negotiations with FXCM concluded, the Debtors and their financial and legal advisors began intense negotiations with GAIN that led to a term sheet for GAIN's acquisition of FXA's customer lists. After extensive negotiations, however, the Debtors and GAIN could not reach agreement on a definitive purchase agreement at that time and decided not to pursue further discussions or efforts with respect to the proposed transaction. The parties eventually reached the terms of a mutual settlement agreement and release.

84. While FXA and GAIN were attempting to negotiate a definitive purchase agreement, Saxo Bank A/S ("Saxo") expressed an interest in acquiring FXA's customer lists. During the Application Period, Skadden, Arps participated in negotiations with Saxo and drafted an asset purchase agreement related to such transaction. Skadden, Arps also prepared the related motion and proposed orders authorizing FXA to sell its customer lists to Saxo. On November 9, 2006, with the assistance of Skadden, Arps, the Debtors conducted an auction. GAIN re-emerged as a qualified bidder and, after the completion of an auction process, the Debtors determined that the offer by GAIN was the highest or otherwise best bid for the assets. Skadden, Arps worked with GAIN's counsel to revise the proposed purchase agreement and sale order to reflect the

terms of the new transaction with GAIN. On November 15, 2006, the Court entered an order approving the sale to GAIN.

85. Because the sale involved the sale of "personally identifiable information," prior to approving the sale, the Court directed the appointment of a "consumer privacy ombudsman." During the Application Period, Skadden, Arps addressed the inquiries of the consumer privacy ombudsman and reviewed, analyzed and responded to the consumer privacy ombudsman's report to the Court.

86. After the Court approved the sale to GAIN, GAIN claimed that FXA had breached the sale agreement by permitting the customer list to be distributed to third parties and resisted closing. Skadden, Arps was actively involved in attempting to resolve the issues, after which GAIN paid the consideration provided under the sale contract, and FXA transmitted the list to GAIN.

87. Skadden, Arps also continued to assist the Debtors in attempts to sell the FXCM Equity Stake. In this regard, Skadden, Arps has continued to assist the Debtors in negotiations with FXCM with respect to potential changes to FXCM's LLC operating agreement that would facilitate a sale of the FXCM Equity Stake.

88. Further, during the Application Period, the Debtors have had to continue to address the fallout from the cancellation of the sale of FXA's assets to FXCM. On July 19, 2006, FXCM commenced an adversary proceeding against RGL and FXA seeking a declaratory judgment that FXCM was entitled to the return of \$1,000,000 in funds it deposited in escrow under the FXCM Purchase Agreement. Skadden, Arps prepared an answer and counterclaims to this complaint. Although never filed, this answer was shared with counsel to FXCM as part of settlement negotiations. Ultimately, the parties agreed to stipulate to the dismissal of this

adversary proceeding. Skadden, Arps drafted a form stipulation that was filed with the Court on October 17, 2006.

89. Moreover, during the Application Period, Skadden, Arps addressed complicated factual and legal issues surrounding FXA's Japan clients. During 2004, principals of FXA and FXCM agreed that FXCM would form a Japanese entity, Refco Japan, on behalf of and for the benefit of FXA to hold title to a Japanese yen-denominated account at the Hong Kong Shanghai Banking Corp. ("HSBC"). While FXA's Japanese clients entered into client agreements with FXA rather than with Refco Japan, the funds of the FXA Japan clients were deposited into the HSBC account.

90. Approximately 48 FXA Japan clients have commenced three separate civil actions in Japan against Refco Japan asserting claims against Refco Japan for the return of funds deposited by such customers and have obtained provisional attachment orders against the funds in the HSBC account. During the Application Period, Skadden, Arps has been involved in monitoring and assisting Japanese counsel in defending these actions and analyzing the complex factual and legal questions they raise. Skadden, Arps has also been involved in monitoring and assisting Japanese counsel in pursuing a challenge to the provisional attachment orders on behalf of FXA.

91. Skadden, Arps drafted and filed a turnover complaint (the "Turnover Complaint") on behalf of FXA against FXCM, Refco Japan, HSBC and certain of FXA's Japanese clients who are plaintiffs in the Japanese litigation. Skadden, Arps analyzed strategic issues regarding this action and coordinated service of the complaint under the Hague Convention. On December 5, 2006, FXCM and HSBC filed answers to the Turnover Complaint, and Refco Japan filed a motion to dismiss for lack of personal jurisdiction. Skadden, Arps

analyzed the answers and conducted necessary research regarding Refco Japan's motion to dismiss.

92. During the Application Period, Skadden, Arps assisted the Debtors in negotiating settlements of the claims of certain of FXA's Japanese clients and defending claims by former clients of FXA who sought to elevate the priority of their claims against FXA. On or about September 26, 2006, Forex Trading, LLC and an ad hoc committee purporting to represent approximately 300 FXA clients with claims of approximately \$10,000,000 filed an adversary proceeding titled Forex Trading, LLC and The Ad Hoc Refco F/X Customer Committee v. Refco F/X Associates, LLC and Refco Capital Markets, Ltd., Adv. Pro. No. 06-01748 (the "Constructive Trust Action"), against FXA and RCM alleging that these customers' deposits do not constitute the property of FXA or RCM or their respective bankruptcy estates, that FXA and RCM have been unjustly enriched by these customer deposits, and that the plaintiffs are entitled to the value of the customer deposits. Substantially similar actions were also brought by Emerging Strategies Fund, L.P., New York Financial, LLC and Hillier Capital Management, LLC. A trial on the Constructive Trust Action was scheduled to be held in December 2006.

93. During the Application Period and prior to the scheduled trial date, Skadden, Arps worked with the Debtors to defend against the constructive trust actions. Skadden, Arps reviewed a substantial volume of documents and drafted responses to plaintiffs' discovery requests and drafted and served document requests, interrogatories, and a notice of depositions upon plaintiffs. Additionally, Skadden, Arps conducted legal analysis and research respecting the claims asserted in the Constructive Trust Action. Based on this research and analysis, Skadden, Arps drafted and filed a motion to dismiss the Constructive Trust Action. After a contested

hearing, on November 28, 2006, this Court entered an order granting the motion to dismiss the Constructive Trust Action and rendering moot the December 2006 trial date.

94. In addition to the Constructive Trust Action, Skadden, Arps analyzed various administrative claims asserted against FXA based on postpetition trading. Numerous clients asserted administrative expense claims based on postpetition trading gains in their customer accounts. Skadden, Arps continued to assist the Debtors in analyzing these claims. In addition to claims based on postpetition trading, Mr. Saeed Abdulrahman Alqahtani asserted that a transfer from Mr. Alqahtani of about \$3,000,000 was received by FXA after the commencement of FXA's chapter 11 case, and, as a result of the timing of this transfer and postpetition gains, Mr. Alqahtani asserted an administrative expense claim against FXA's estate of about \$5,800,000. Skadden, Arps continued to research and analyze the viability of these claims, which raise complex issues.

95. The Debtors, through the assistance of Skadden, Arps, agreed to a settlement of Mr. Alqahtani's claim. Skadden, Arps then negotiated and drafted the settlement agreement, which provided for payment of \$2,300,000, and a motion to approve the settlement, which was filed on November 22, 2006. On December 6, 2006, this Court entered a Stipulation and Order approving the settlement.

96. During the Application Period, Skadden, Arps professionals devoted over 1,035.50 hours of work to this category, for which compensation is sought in the aggregate amount of \$572,707.00.

Refco Overseas Ltd. (Non-Debtor)

97. During the Application Period, Skadden, Arps continued to advise the Debtors on matters arising out of the sale of the Company's United Kingdom futures business to

Marathon Special Opportunity Master Fund Ltd., including in relation to the transfer of certain assets under local law and regulatory requirements, as well as on matters arising out of the transitional services arrangements.

98. Skadden, Arps further advised the Debtors on the wind down of the remaining business and affairs of the Company's United Kingdom ("U.K.") subsidiaries following the sale. Skadden, Arps worked closely with local counsel on litigation and settlement discussions relating to a number of claims by and against the U.K. subsidiaries.

99. Regarding these U.K. matters, Skadden, Arps advised on U.K. management issues, including coordinating and attending regular directors' and subcommittee meetings, advising on numerous corporate issues, analyzing legal issues pertaining to an interim distribution of \$45 million to Refco U.S. entities, and liaising with financial advisors in this regard. Skadden, Arps further advised on the legal aspects of the closing of U.K. accounts and intercompany positions, including advising on U.K. regulatory and setoff issues in connection with funds and securities held by U.K. companies.

100. Skadden, Arps further advised on matters in connection with the liquidation of the Company's U.K. subsidiaries, including (a) drafting and preparing all documentation for the U.K. entities to enter into members' voluntary liquidation, (b) advising on the necessary legal steps and conditions in relation to the appointment of liquidators to the U.K. entities, (c) preparing a protocol for establishing a bar date by which all creditors must prove in the U.K. liquidations, (d) advising on creditors' claims in the U.K. liquidations and the permissibility and value of the same, (e) arranging all necessary statutory filings and (f) advising on all matters necessary to make interim and final distributions by U.K. entities in respect of dissolution.



101. Skadden, Arps also advised on a wide variety of corporate and bankruptcy issues relating to the sale, wind down, and liquidations, including advising on intellectual property license issues and the wind down and dissolution of a U.S.-based subsidiary of the U.K. group. Skadden, Arps further assisted the U.K. entities in the recovery of debts owed by brokers and former traders.

102. During the Application Period, Skadden, Arps professionals devoted over 1,387.80 hours of work to this category, for which compensation is sought in the aggregate amount of \$881,199.00.

### **Matters Between \$100,000 and \$400,000**

#### **Case Administration**

103. During the Application Period, Skadden, Arps handled administrative matters typical of any large chapter 11 case, including matters relating to (a) general communications with creditors and other parties in interest, (b) general case administration, including duties pertaining to staffing, service of process, and pleading and file maintenance, (c) general preparation for, and attendance at, court hearings, (d) general advice with respect to the prosecution of these cases and related matters and (e) general advice with respect to the rights and duties of debtors-in-possession in the administration of these cases.

104. Given the size and complexity of these chapter 11 cases—the Debtors' cases comprised one of the largest broker/dealer bankruptcies ever filed in the United States—the Debtors and Skadden, Arps were presented with a unique set of challenges in administering the cases, tracking motions filed by others, responding to inquiries from parties in interest, and maintaining organization and control over these cases.

105. Skadden, Arps maintained various files to enable Skadden, Arps and others to address promptly issues that arose during the Application Period. Skadden, Arps reviewed and docketed pleadings and kept those primarily responsible for the cases informed of significant events and filed documents. The efficient management of administrative matters in a paper-intensive case of this size is a significant task. Each week, the Debtors and Skadden, Arps received numerous items of correspondence, documents, requests, pleadings and other papers. The main docket contains over 4,400 entries, and there are numerous other docketed entries, due to over 30 adversary proceedings in these cases.

106. To handle this volume of activity, Skadden, Arps continued in its adherence to various procedures implemented to create efficiencies in the management of the cases and to avoid unnecessary duplication of effort between its own professionals and its advisors. For instance, Skadden, Arps maintained detailed calendars of future events in the cases and maintained other planning tools to track and meet critical deadlines. In addition, Skadden, Arps adhered to notice and case management procedures that it prepared and that limit the notice of certain matters to those parties with the greatest interest in the day-to-day activities of the cases and utilize electronic noticing means where appropriate. These notice procedures have saved the estates substantial sums in photocopying and delivery charges by limiting the notice of such matters while still providing appropriate notice to pertinent parties in interest.

107. Despite the streamlined notice procedures that were authorized by this Court, Skadden, Arps is required to devote substantial attention to service and related matters in these cases. As of the end of the Application Period, there were nearly 330 parties on the service lists in these cases. Skadden, Arps reviewed the docket to maintain these lists to permit proper notice, including reviewing (a) each pleading filed and updating the entities that the firms

represent as well as recording relevant addresses, where necessary, (b) all electronic and written correspondence to improve the accuracy of the lists and (c) all notices of appearance to prevent a party in interest from being inadvertently excluded from a mailing. The vast number of parties that have appeared in these proceedings and the time-sensitive nature of many of the pleadings and replies that must be filed require substantial effort. There are many matters that require special notices of particular items which significantly expand these duties.

108. In addition to communications and service matters, Skadden, Arps prepared for and attended the omnibus and other hearings that this Court has established. The omnibus hearings have streamlined the administration of these cases by establishing a schedule known to all parties in interest for Court hearings, thus eliminating unnecessary time and expenses spent appearing before the Court on numerous occasions each month regarding disparate matters. However, the internal coordination of motions, responses, objections, witnesses and other related matters requires close and careful attention by many on the Skadden, Arps team. Indeed, the omnibus hearing agendas that Skadden, Arps prepares require significant attention by Skadden, Arps weeks before each hearing. In most cases, a carefully coordinated team of Skadden, Arps professionals attends the hearings to meet with the numerous parties in interest that appear and to resolve as many issues as possible.<sup>10</sup> Moreover, following the hearings, Skadden, Arps must at times modify proposed orders to comply with the Court's rulings and submit those orders to this Court for signature and docketing.

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<sup>10</sup> Due to the complexity and amount of matters typically scheduled for hearings before this Court, it is necessary that more than one Skadden, Arps professional prepare for and attend hearings, although Skadden, Arps makes every effort to keep the number of professionals involved to the minimum required for the matters being handled at the hearing.

109. Skadden, Arps also continued to advise the Debtors' management of the Debtors' rights and duties as debtors-in-possession, noting proscribed, permitted and required conduct. Skadden, Arps frequently advised the Debtors' management with respect to specific business questions posed by management and by events occurring in the cases. In order to assist the Debtors to perform their fiduciary duties, Skadden, Arps worked with the Debtors in implementing procedures for the Debtors to manage their assets in accordance with the requirements of the Bankruptcy Code. Skadden, Arps reviewed certain of the Debtors' proposed expenditures, contractual relationships, dispositions of property and other transactions to aid the Debtors in evaluating whether the contemplated transactions are within the ordinary course of business or are outside the ordinary course of business and require Court approval.

110. In addition to the above, Skadden, Arps performed necessary services designed to promote efficiency in these cases, including preparing for and attending meetings on significant case events and reviewing recent events outside of filed pleadings to facilitate prompt handling of issues affecting these cases. Skadden, Arps further coordinated appropriate staffing in its offices throughout the world to avoid duplicative or unnecessary services.

111. Skadden, Arps also worked on developing strategies on how to handle significant matters in the best interests of the Debtors, their creditors and other parties in interest.

112. During the Application Period, Skadden, Arps professionals devoted over 847.70 hours of work to this category, for which compensation is sought in the aggregate amount of \$292,853.50.

### Leases (Real Property)

113. During the Application Period, Skadden, Arps worked extensively with the Debtors in connection with various issues raised by West Loop Associates, LLC ("West Loop") and other lessors.

114. West Loop Summary Judgment Motion and Claim Objection. RGL and West Loop's predecessor in interest, 550 Jackson Associated Limited Liability Company, were parties to a lease, dated April 24, 2001, as amended (the "Lease"), for certain office space (the "Premises") located at 550 West Jackson Boulevard in Chicago, Illinois. On October 7, 2005, West Loop acquired title to the Premises, together with an assignment of the Lease. RGL rejected the Lease effective as of August 15, 2006. As a result of that rejection, West Loop filed seven proofs of claim, including a master proof of claim, against substantially all the Debtors. The proofs of claim asserted damages in the amount of \$67,482,808.02, allegedly caused by (a) RGL's breach and rejection of the Lease, (b) certain of RGL's acts or the acts of occupants of the Premises that caused the filing of mechanic's liens against the Building, (c) RGL's fraudulent transfer of approximately \$1.32 billion in connection with a leveraged recapitalization and (d) RGL's fraud (the "West Loop Claims").

115. During the Application Period, Skadden, Arps drafted a motion for partial summary judgment (the "Summary Judgment Motion") on the grounds that West Loop's fraud-related claims were subject to Bankruptcy Code section 502(b)(6). In preparing the motion, Skadden, Arps (a) communicated extensively with the Debtors, their financial advisors, counsel for the chapter 7 trustee and the Creditors' Committee regarding the underlying facts and strategy and (b) researched and analyzed, among other things, whether West Loop's fraud-related claims were subject to the statutory cap on lease rejection damages.

116. West Loop filed a response to the Summary Judgment Motion (the "West Loop Opposition"). Skadden, Arps researched the issues raised in the West Loop Opposition and drafted a reply (the "Reply").

117. In addition, during the Application Period, Skadden, Arps drafted an objection to (a) reduce West Loop's proofs of claims filed against RGL (collectively, the "RGL Claims") so that the maximum amount of the RGL Claims could not exceed the statutory cap on lease rejection damages and (b) disallow and expunge the remaining proofs of claim (the "Claims Objection"). In connection therewith, Skadden, Arps researched the basis for the Claims Objection.

118. Skadden, Arps prepared to argue the Summary Judgment Motion and the Claims Objection. However, at the December 6, 2006 hearing, this Court raised additional issues and adjourned the hearing to give the parties time to address those issues. Subsequently, Skadden, Arps, counsel for Refco LLC and West Loop's counsel negotiated a settlement of the West Loop Claims for \$20 million (over \$47 million less than the original claim amount by West Loop). In connection with the settlement discussions, Skadden, Arps (a) analyzed West Loop's claims, (b) investigated the underlying facts relating to the West Loop Claims and (c) reviewed and revised a proposed confidentiality stipulation with respect to discovery relating to the Subpoenas (defined below).

119. Responding to Subpoenas. On August 10, 2006, the chapter 7 trustee objected to West Loop's claims filed against the Refco, LLC estate. In response, West Loop issued subpoenas to Refco, LLC and RGL (collectively, the "Subpoenas"). During the Application Period, Skadden, Arps devoted significant time and resources coordinating discovery with the chapter 7 trustee and his counsel and the Debtors' financial advisors in

connection with responding to the Subpoenas. As part of that effort, Skadden, Arps (a) collected, reviewed and produced thousands of documents in discovery and (b) drafted an objection to the Subpoena.

120. Motion for Administrative Expense Claim. During the Application Period, Skadden, Arps responded to, and negotiated the resolution of, West Loop's motion for administrative expenses claim (the "Administrative Expense Claim Motion"). In the Administrative Expense Claim Motion, West Loop sought allowance of an administrative expense claim for (a) outstanding rent, (b) attorneys' fees and (c) property taxes purportedly due under the Lease.

121. Skadden, Arps worked closely with the Debtors to coordinate a review of the validity of the claims asserted in the Administrative Expense Claim Motion. Skadden, Arps researched, drafted and filed, on behalf of the Debtors, a limited objection to the Administrative Expense Claim Motion.

122. Immediately prior to the hearing, Skadden, Arps reached a resolution on the Administrative Expense Claim Motion. In connection therewith, Skadden, Arps drafted the proposed stipulated order, including incorporating comments from West Loop's counsel. The court entered the stipulated order on December 28, 2006.

123. Other Lease Work. In connection with assisting the Company with various executory real property issues in these cases, Skadden, Arps advised the Debtors as to (a) their rights and obligations under the Bankruptcy Code with respect to their leases, (b) their ability to assume or reject their leases and the consequences of either course of action, (c) the treatment of prepetition arrearages in the event of assumption or rejection and (d) related matters. To facilitate this process, Skadden, Arps worked closely with the Debtors, their senior management and

business advisors to coordinate a review of various leases to evaluate them for assumption or rejection.

124. During the Application Period, Skadden, Arps professionals devoted over 891.90 hours of work to this category, for which compensation is sought in the aggregate amount of \$383,948.00.

Retention/Fee Matters (SASM&F)

125. Skadden, Arps is one of the largest law firms in the world, with over 1,800 attorneys located in over 20 offices worldwide. Because of the number of the Debtors' business relationships and the number of Skadden, Arps' business clients, Skadden, Arps has been required to spend considerable time with respect to retention and fee issues required under the Bankruptcy Code.

126. In particular, Skadden, Arps conducted an extensive relationship and disclosure search in connection with retention as the Debtors' counsel. Skadden, Arps supplemented its search results through distribution of a questionnaire to the firm's professionals worldwide and as new parties have become involved in aspects of these cases. Skadden, Arps continues to review its records and parties in interest to comply with the Bankruptcy Code and Federal Rules of Bankruptcy Procedure. In these cases, Skadden, Arps prepared and filed a disclosure declaration in connection with its retention in these cases and filed a first supplemental disclosure declaration on March 24, 2006, a second supplemental disclosure declaration on September 27, 2006 and a third supplemental disclosure declaration on November 15, 2006.

127. In compliance with the administrative order governing payment of professionals, Skadden, Arps prepared monthly statements which contain detailed records of



services rendered and expenses incurred. Preparation of monthly statements is time-consuming, as it requires a review of all time and expense entries to determine that they are properly chargeable, recorded in the proper category and do not reveal privileged information. Through the review process, Skadden, Arps refines its bills and voluntarily makes reductions in charges. For example, total voluntary reductions made with respect to the months covered by the Application Period were approximately \$380,000 in fees and \$24,000 in expenses.

128. Preparation of monthly statements also requires considerable time in these cases due to the Allocation, the additional requirement to allocate fees among various categories for the Debtors and the Non-Debtors. Skadden, Arps spends time monthly reviewing bills so that bills and time records are submitted in accordance with the Allocation, in addition to rules and procedures generally governing fees and expenses. Skadden, Arps charged for the time in doing so only to the extent that the particular procedures required in this case by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and this Court's orders required Skadden, Arps to spend time in excess of what would be required in a non-bankruptcy matter.

129. Moreover, in these cases, the Fee Committee, in accordance with the Fee Committee Protocol, required professionals to prepare detailed budgets of estimated fees and expenses for the period September 18, 2006 through December 31, 2006 (the "Budget"). Professionals were required to detail significant information, including the matters on which they anticipated working, the anticipated services within each matter category, the anticipated timekeepers and their budgeted hours. During the third interim application period, Skadden, Arps prepared its Budget, which was approved by the Fee Committee. During the Application Period, Skadden, Arps responded to issues raised by the Fee Committee on the Budget and prepared responsive documentation.

130. During the Application Period, Skadden, Arps also prepared and filed the Third Application. In this regard, Skadden, Arps (a) reviewed the Guidelines for compliance with the Third Application, (b) prepared the required numerous documents and (c) worked with parties in interest to address and resolve issues with respect to the compensation sought.

131. Given the magnitude of the cases, the Guidelines regarding fee applications, and the services performed by Skadden, Arps, the Third Application, which was filed on November 15, 2006, was nearly 1,000 pages long and contained detailed information. Skadden, Arps continues to address and respond to various questions on its fees and expenses from parties in interest in these cases.

132. During the Application Period, Skadden, Arps professionals devoted over 200.20 hours of work to this category, for which compensation is sought in the aggregate amount of \$110,036.50.

#### Tax Matters

133. During the Application Period, Skadden, Arps worked on numerous tax issues, including working on complex tax issues related to preservation of assets and maximization of asset value. In addition to the above, Skadden, Arps worked extensively with the Debtors and their tax advisors on tax planning initiatives and the implications of the bankruptcy filings on certain tax treatment matters.

134. Skadden, Arps also assisted the RCM Trustee with various tax issues related to U.S. federal income tax consequences of (a) the chapter 11 cases, (b) the unwinding of certain sale-repurchase agreements entered into by RCM with the "Street" and (c) over-the-counter foreign currency transactions. To advise on tax issues, Skadden, Arps met with RCM's

employees to understand a variety of transactions that RCM entered into and the relationships between RCM, on the one hand, and its clients and "Street" counterparties, on the other hand.

135. Skadden, Arps further performed substantial research into certain potential priority tax claims and taxes for various Refco subsidiaries, including analyzing various tax treatments for different entities.

136. In connection with the Plan, Skadden, Arps worked with the Debtors and their advisors on compliance with tax rules, favorable tax initiatives and tax issues on Plan structures. Skadden, Arps further analyzed numerous Plan-related documents and researched various Plan issues.

137. Skadden, Arps also worked with the Debtors on liquidation issues and change in ownership issues under the Plan.

138. During the Application Period, Skadden, Arps professionals devoted over 470.00 hours of work to this category, for which compensation is sought in the aggregate amount of \$291,992.50.

#### Wind Down of Funds (Non-Debtor)<sup>11</sup>

139. During the Application Period, Skadden, Arps continued to assist the Debtors and certain Non-Debtors in either selling, transferring or winding down various investment funds, business trusts and other investment structures that were either managed or administered by the Non-Debtors, or in which the Non-Debtors served as managing or general partners (collectively, the "Funds").

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<sup>11</sup> This matter is designated as a Non-Debtor matter. Services for RCMI are included in this category. On October 16, 2006, RCMI filed a voluntary chapter 11 petition and therefore became a Debtor.

140. Skadden, Arps assisted the Non-Debtors in selling their interests in the Funds that could provide value to the Non-Debtors, and ultimately the Debtors, and transferring or winding down the Funds that offer no value to the Non-Debtors or the Debtors.

141. During the Application Period, Skadden, Arps worked closely with RCMI in connection with the commencement of a chapter 11 case and sale of its interest as managing owner of the JWH Global Trust (the "JWH Trust") under Bankruptcy Code section 363.

142. Skadden, Arps assisted RCMI in negotiating with R.J. O'Brien, Inc., the prospective and ultimate purchaser of the JWH Trust, and communicating with unitholders in the JWH Trust, professionals retained by or who provide services to the JWH Trust and the brokers, dealers, clearinghouses and other parties who sell or administer investments in the JWH Trust.

143. Skadden, Arps assisted in negotiating, drafting and reviewing numerous sale-related documents, including the asset purchase agreement, transition services agreement, the limited liability company operating agreement, amendments to governing documents, assignment agreements and consents and various corporate resolutions.

144. Skadden, Arps prepared necessary bankruptcy court pleadings and documents, including a chapter 11 petition for RCMI, administrative motions, a sale motion, schedules and statements and related notices and orders. Skadden, Arps represented RCMI at a hearing before the Court and in a meeting with the U.S. Trustee and creditors. Skadden, Arps also assisted RCMI in consummating the sale (for approximately \$500,000), including resolving numerous pre and post closing issues. As a result of the sale, RCMI should be able to redeem in excess of \$1 million of interests in the JWH Trust.

145. Skadden, Arps also advised RCMI with respect to the winding down of two commodity pools in which RCMI served as co-general partner. Skadden, Arps also assisted

Refco Fund Holding, LLC ("RFH") in planning for and initiating the orderly liquidation of the Refco Public Commodity Pool.

146. In both instances, Skadden, Arps helped RCMI and RFH to negotiate, prepare and review petitions for appointment of liquidators or administrators and to identify and retain prospective liquidators or administrators. Skadden, Arps also assisted in preparing resignation or withdrawal documentation and communicated with various parties involved in the liquidation or winding down processes or proceedings. Skadden, Arps prepared necessary communications to investors regarding the winding down and liquidation proceedings commenced in Delaware Chancery Court and appeared on behalf of RCMI and RFH in such proceedings.

147. In addition to helping maximize the value of the Debtors and the Non-Debtors through the sale, transfer and wind down transactions, Skadden, Arps also advised and assisted the Non-Debtors with ongoing and emerging operational and business issues involving the management or administration of the Funds, including the Funds' liquidity concerns, issues involving the Funds' professionals, fiduciary obligations owed to the Funds and their investors, claims held by the Funds against third parties, requests for production of Fund documents, regulatory requirements upon the Funds and the Non-Debtors and the potential impacts of investigations, litigation and, in certain instances, injunctions or bankruptcies involving certain of the Funds' investments.

148. Skadden, Arps further assisted the Non-Debtors by representing their interests in all facets of litigation commenced against them.

149. During the Application Period, Skadden, Arps professionals devoted over 458.40 hours of work to this category, for which compensation is sought in the aggregate amount of \$282,757.00.

Refco Securities, LLC (Non-Debtor)

150. During the Application Period, Skadden, Arps provided important litigation-related and transactional services to Refco Securities, LLC ("RSL"). RSL was a non-debtor, registered broker-dealer affiliate of the Debtors in the process of completing an orderly out-of-court wind down.

151. Class Action Suit. On January 26, 2006, Global Management Worldwide Limited ("Global") filed a class action lawsuit in the U.S. District Court for the Southern District of New York against RSL and Santo C. Maggio (RSL's former President and CEO), as well as several other individuals and investment banks. Service of process, however, was not effected on RSL until May 24, 2006.

152. The complaint alleged that RSL violated section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereof and purports to be on behalf of all non-party RCM's brokerage customers who, between October 17, 2000 and October 17, 2005, entrusted securities to RCM and/or RSL. The complaint seeks compensatory damages. On September 5, 2006, Global filed an amended class action complaint.

153. During the Application Period, Skadden, Arps continued to undertake significant research and strategic analysis of the issues presented by the Global class action. Specifically, Skadden, Arps professionals dedicated substantial efforts to drafting a motion to dismiss the amended class action complaint and an accompanying memorandum of law. Additionally, Skadden, Arps participated in discussions with counsel for the class action

plaintiffs regarding the potential resolution of claims against RSL. As a result of those discussions, the class action plaintiffs and RSL stipulated to extending the deadline for RSL to file a responsive pleading until March 19, 2007.

154. Intercompany Claims Between RSL and RCM. As affiliates, RSL and RCM entered into numerous intercompany securities trades, currency trades, and repo financings. If all amounts owing between RSL and RCM had been subject to offset under Bankruptcy Code section 553 and applicable nonbankruptcy law, the net amount owing from RCM to RSL as of the Petition Date would have been \$76,232,191.46. RSL and the RCM Trustee, however, disagreed as to the extent that amounts owing between RSL and RCM were subject to offset.

155. During the Application Period, Skadden, Arps and the RCM Trustee negotiated a Stipulation and Agreed Order granting RSL relief from the automatic stay to permit RSL to effect the offset of certain amounts owing between RSL and RCM. Although the Debtors' Plan, once confirmed, resolved all setoff disputes between RSL and RCM, the Stipulation and Agreed Order permitted RSL to effect the offset immediately. The Stipulation and Order, however, provided the RCM Trustee with a full reservation of rights in the event that Plan confirmation did not occur.

156. The Stipulation and Agreed Order was entered by this Court on October 16, 2006. Under the Stipulation and Agreed Order, RSL effected the above-mentioned offsets, thereby making substantial cash available to fund the payment of the Debtors' prepetition secured lenders (the "Secured Lenders") required by the Court's Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 Approving Settlement of Controversies and Disputes Among the Debtors, the RCM Trustee, the Pre-Petition Secured Lenders and Certain Other Parties" (the "Settlement Order"), entered on September 29, 2006. Pre-confirmation

payment of the Secured Lenders under the Settlement Order was necessary to halt the monthly accrual of millions of dollars in interest on the Secured Lenders' claims. Thus, early payment of the Secured Lenders was essential to the feasibility and ultimate confirmation of the Plan.

157. NASD Suspension Proceedings. In September 2006, RSL received notice from the National Association of Securities Dealers ("NASD") of its intent to suspend RSL's membership as a result of RSL's failure to pay annual dues, fees, and other charges totaling \$708,831.06. The suspension was to take effect on October 10, 2006.

158. During the Application Period, the suspension proceedings were temporarily suspended based on RSL's partial payment of the amounts assessed. Skadden, Arps subsequently conducted research related to NASD rules, bylaws and interpretive statements for potential defenses to payment. Additionally, Skadden, Arps researched the decisions of the NASD Office of Hearing Officers regarding similar suspension proceedings. On October 26, 2006, Skadden, Arps requested a hearing on behalf of RSL before NASD's Office of Hearing Officers in order to challenge the proposed suspension. The hearing request set out RSL's defenses to paying the amounts assessed including the fact that RSL had effectively ceased operating as a broker/dealer since the time of the assessment, that requiring full payment would impose a significant financial hardship upon RSL, and that RSL intended to file its Form Broker Dealer Withdrawal ("Form BDW") by the end of 2006.

159. An initial hearing date was set for January 4, 2007. During the Application Period, Skadden, Arps prepared hearing exhibits and conducted negotiations with the NASD's Department of Enforcement regarding a potential settlement of the matter. Such negotiations resulted in a joint request to continue the hearing based on the expected filing of RSL's Form BDW, which was filed and became effective December 31, 2006.



160. Negotiation of Severance Agreements. During the Application Period, Skadden, Arps conducted settlement negotiations with various employees of RSL with severance and wage payment claims. Skadden, Arps drafted various settlement agreements and is in the process of analyzing remaining claims.

161. During the Application Period, Skadden, Arps professionals devoted over 266.70 hours of work to this category, for which compensation is sought in the aggregate amount of \$144,437.00.

Kessler Litigation

162. During the Application Period, Skadden, Arps continued to pursue vigorously the claims of Refco Capital, LLC ("Refco Capital") in the chapter 7 bankruptcy case, pending in the District of Connecticut, of Stephen Kessler ("Kessler"), a former Refco, LLC trader. Kessler owes Refco Capital more than \$12 million as a result of advances made to finance Kessler's trading at Refco, LLC. Additionally, Kessler owes substantial sums to Refco, LLC resulting from deficits in Kessler's Refco, LLC accounts. Refco, LLC's claims are being pursued by counsel for Refco, LLC's chapter 7 trustee.

163. During the Application Period, Skadden, Arps made significant progress in discovery matters related to: (a) whether sufficient grounds exist to object to Kessler's claimed exemptions, (b) whether there are bases for a denial of discharge under Bankruptcy Code section 727 and (c) whether Kessler's specific debt to Refco Capital is non-dischargeable under Bankruptcy Code section 523. Such discovery included extensive document production obtained from Kessler, Kessler's wife (from whom he is separated), Kessler's business associates and AP Services, LLC.

164. Additionally, Skadden, Arps and counsel for Refco, LLC's chapter 7 trustee conducted Rule 2004 examinations of Kessler over the course of two days (with a third day completed on January 5, 2007). Rule 2004 examinations of Kessler's wife and Victor Gallo (a business associate to whom Kessler transferred substantial assets prior to his bankruptcy filing) were also conducted during the Application Period. To prepare for these examinations, Skadden, Arps engaged in substantial strategic planning with counsel for Refco, LLC's chapter 7 trustee. In early January 2007, Rule 2004 examinations were also taken of Scott Adams and Robert Walford, two other business associates of Kessler who, following Kessler's bankruptcy, collectively loaned Kessler's wife close to half a million dollars. Based on the information obtained through discovery, Skadden, Arps and counsel for Refco, LLC's chapter 7 trustee negotiated an extension of the deadlines to object to Kessler's claimed exemptions and to object to discharge and to the dischargeability of certain debts.

165. During the Application Period, Skadden, Arps also conducted research into such matters as whether one of Kessler's major assets – his profit sharing plan – could properly be claimed as exempt under applicable federal tax law and drafted memoranda on the same. Skadden, Arps shared this research with counsel to Refco LLC's chapter 7 trustee who in turn shared his analysis of whether the profit sharing plan could be claimed as exempt under Bankruptcy Code section 522(d)(12). This collective research served as the basis for the joint objection of Refco Capital and Refco, LLC's chapter 7 trustee to Kessler's claimed exemptions, which was filed in January 2007.

166. During the Application Period, Skadden, Arps further researched such issues as whether Kessler was exempt from the newly enacted means test of Bankruptcy Code section 707(b)(1). Further, Skadden, Arps drafted a proof of claim on behalf of Refco Capital

seeking the payment of amounts in excess of \$12.5 million. The proof of claim was filed by Skadden, Arps in January 2007. During the Application Period, Skadden, Arps also drafted Rule 2004 papers seeking the production of documents related to Kessler's credit card accounts and insurance policies and seeking to examine Kessler's insurance agent.

167. During the Application Period, Skadden, Arps professionals devoted over 223.60 hours of work to this category, for which compensation is sought in the aggregate amount of \$121,576.50.

### **Matters Under \$100,000**

#### **General Corporate Advice**

168. During the Application Period, Skadden, Arps advised the Company on numerous corporate governance issues. In this regard, Skadden, Arps (a) prepared and reviewed governance documents, (b) researched applicable laws, (c) reviewed indemnification issues and (d) analyzed issues as to payment of statutory representation fees.

169. Skadden, Arps prepared for and attended board of directors meetings and governance meetings with the Company. During these meetings, Skadden, Arps advised the Company on a wide variety of general corporate and bankruptcy issues, including the fiduciary duties of the Company, its boards and its management, issues implicating the Company's corporate structure and matters of corporate governance. Skadden, Arps further advised the Company on matters pertaining to sale transactions that have been important for creditors in these cases. Sale transactions in these cases have resulted in millions of dollars for the estates and the Non-Debtors, and, correspondingly, for creditors in these cases.

170. In connection with attending and providing advice at governance meetings, Skadden, Arps also worked with the Company's other professionals to develop board materials

for distribution and discussion designed to promote efficiency and orderly operation of the board meetings and to create an understanding of the bankruptcy process on corporate issues affecting the cases. Skadden, Arps further assisted the Company in responding to various inquiries from the U.S. Trustee, the Creditors' Committee, and other constituencies.

171. Skadden, Arps further assisted in the preparation of various corporate resolutions and minutes.

172. Skadden, Arps also advised the Company on the Plan and corporate actions needed to comply with the Plan, as well as post Effective Date governance issues. In connection with the Plan, Skadden, Arps prepared necessary merger agreements and worked on various other Plan-related corporate documents.

173. Finally, Skadden, Arps prepared, reviewed and advised the Debtors on filings with the SEC, including the preparation and filing of the Form 8-Ks that were filed during the Application Period on October 17, 2006, November 15, 2006, December 6, 2006, December 14, 2006 and December 20, 2006, respectively.

174. During the Application Period, Skadden, Arps professionals devoted over 83.00 hours of work to this category, for which compensation is sought in the aggregate amount of \$40,037.00.

#### Asset Analysis and Recovery

175. During the Application Period, Skadden, Arps engaged in the monitoring, analysis and review of, and, when necessary, participation in, the bankruptcy proceedings of PlusFunds Group, Inc. ("PlusFunds"). In March 2005, Refco Capital LLC, through a series of transactions, made loans totaling approximately \$200 million (the "Suffolk Loans") to Suffolk LLC, Suffolk-SUG LLC, Suffolk-KAV LLC, and Suffolk-MKK LLC (collectively, the "Suffolk

Entities") for which stock of PlusFunds was pledged as collateral. On March 6, 2006, PlusFunds filed a voluntary chapter 11 petition in this Court, creating a default under the loan agreements between Refco Capital LLC and the Suffolk Entities. Skadden, Arps closely monitored the bankruptcy proceedings of PlusFunds to protect Refco's interests, and kept the Company apprised of significant developments in the proceedings through teleconferences, meetings, hearing summaries and case updates.

176. During October and early November 2006, Skadden, Arps spent time further reviewing and analyzing the Suffolk Loans to determine, among other things, any potential tax issues arising for Refco given the decreased value of the PlusFunds' stock, which was pledged as collateral for the Suffolk Loans. Skadden, Arps drafted and sent demand letters for the amounts due under the Suffolk Loans to the various Suffolk Entities.

177. Skadden, Arps further worked with the Debtors and the RCM Trustee to resolve PlusFunds' claims filed against the Debtors. PlusFunds filed claims of not less than \$530 million against RCM and 23 other Debtors under various theories of recovery and sought denial of the Debtors' Plan pending resolution of its claims. As a result of efforts by Skadden, Arps and the RCM Trustee, among others, the Debtors reached a favorable settlement with PlusFunds. The settlement not only provided for a withdrawal of PlusFunds' Plan objection, but capped any potential liability (which PlusFunds would need to prove) at \$7 million, a savings of potential liability of more than \$523 million. The settlement was approved by this Court on December 12, 2006.

178. During the Application Period, Skadden, Arps professionals devoted over 62.90 hours of work to this category, for which compensation is sought in the aggregate amount of \$30,227.00.

### Asset Dispositions/General

179. One primary and necessary objective of these chapter 11 cases was the Company's sale of its regulated futures commission merchant business, which involved U.S. operations and affiliated entities and operations in Canada, the U.K. and Singapore on an expedited basis. This Court approved this extremely complex sale in the first interim period to Man. Throughout these cases and during the Application Period, Skadden, Arps assisted the Debtors on working on post closing sale issues with Man, including responding to Man's inquiries on certain assets and assignments under the sale.

180. In addition to Skadden, Arps' work on post closing issues on the Man sale, Skadden, Arps analyzed certain of the Debtors' other assets in connection with procedures in the Order under 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 2002, 6004 and 9006 Approving Procedures for Miscellaneous Asset Sales. In this regard, during the Application Period, Skadden, Arps continued to work with the Debtors on an agreement to sell RGL's shares in Tradeworx, a private company, for \$150,000.00. Skadden, Arps researched issues in connection with the sale and worked on the disposition documents. This sale closed on January 22, 2007.

181. Skadden, Arps further assisted the Debtors in reviewing issues concerning a potential disposition of an ownership interest in Cantor Index Holdings, L.P.

182. During the Application Period, Skadden, Arps professionals devoted over 102.10 hours of work to this category, for which compensation is sought in the aggregate amount of \$49,862.50.

### Automatic Stay (Relief Actions)

183. During the Application Period, Skadden, Arps assisted the Debtors in responding to a motion for relief from the automatic stay filed by Lexington Insurance Company

("Lexington"). Lexington issued an excess coverage policy to the Company for the period from August 11, 2005 through August 11, 2006. Lexington sought relief from the automatic stay to intervene in a coverage litigation that was filed by Arch Insurance Company ("Arch") against directors and officers of Refco.<sup>12</sup>

184. Skadden, Arps reviewed the pleading and worked with counsel for Lexington to resolve the matter consensually. This led to an agreed stipulation that was granted by this Court on December 21, 2006. Through the stipulation, the stay was lifted to enable Lexington to intervene in the pending coverage litigation by Arch on terms acceptable to the Debtors.

185. During the Application Period, Skadden, Arps professionals devoted over 26.90 hours of work to this category, for which compensation is sought in the aggregate amount of \$11,399.00.

#### Business Operations/Strategic Planning

186. During the Application Period, Skadden, Arps advised the Company's management concerning business operational legal issues.

187. Skadden, Arps advised the Debtors on various allocation issues relating to the Debtors' overhead allocation methodology that was approved by this Court on March 31, 2006. Skadden, Arps further advised the Debtors on allocation issues relating to professional fees and expenses required under Court orders.

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<sup>12</sup> As discussed in the Third Application, Arch previously filed a motion for relief that was granted by this Court.

188. Skadden, Arps assisted Goldin Associates, LLC in preparing and filing required monthly staffing reports and quarterly compensation reports.

189. Skadden, Arps also continued to work on issues pertaining to the Company's corporate organizational chart. The chart has operated as a necessary and useful tool for many parties in interest, including the Debtors, to understand better the complex corporate structure of the Company. In this regard, Skadden, Arps engaged in due diligence on the Company's inter-corporate ownership with Company representatives and worked with professionals in its Corporations Department to ascertain necessary entity information.

190. Skadden, Arps also assisted the Company with an issue involving SSARIS Advisors LLC ("Ssaris"). Ssaris asserted approximately \$125,000 in fees under an administrative services agreement against Refco Fund Holdings LLC. Skadden, Arps worked with the Debtors to determine the validity of the claim and corresponded and negotiated with Ssaris's counsel to resolve the matter. As a result, Ssaris's \$125,000 claim was settled for \$55,000.

191. During the Application Period, Skadden, Arps professionals devoted over 19.20 hours of work to this category, for which compensation is sought in the aggregate amount of \$10,349.50.

#### Creditor Meetings/Statutory Committees

192. During the Application Period, Skadden, Arps provided a variety of services relating to the Creditors' Committee and its advisors. Skadden, Arps has assisted the Debtors and their other advisors in working with the Creditors' Committee and its professionals on continuing information and related requests. In addition, Skadden, Arps has communicated frequently with counsel for the Creditors' Committee regarding the progress and status of the cases. Skadden, Arps has provided substantial information to counsel for the Creditors'



Committee on motions before filing in an effort to resolve objections or issues on requested relief to ensure the smooth progress of these cases. Skadden, Arps believes that these efforts to keep the Creditors' Committee informed created a constructive working relationship. As a result, many issues were addressed and resolved out of court without litigation between the Debtors and the Creditors' Committee.

193. Skadden, Arps further worked with the Debtors on issues pertaining to the required Bankruptcy Code section 341 meeting of creditors for RCMI. The meeting was held on November 27, 2006.

194. Moreover, Skadden, Arps, on behalf of the Debtors, reviewed and addressed issues regarding a motion filed by the ad hoc committee of equity holders for payments for its professionals. Skadden, Arps assisted the Debtors in ensuring compliance with terms under the Plan as it related to the filed motion.

195. During the Application Period, Skadden, Arps professionals devoted over 22.60 hours of work to this category, for which compensation is sought in the aggregate amount of \$12,140.00.

### Employee Matters (General)

196. During the Application Period, Skadden, Arps assisted the Company with several issues regarding employee matters. As part of the Debtors' "first day" relief, this Court authorized the Debtors to pay certain prepetition employee obligations and to continue (at the discretion of the Company) related employee benefit programs to protect the Debtors' employees. During the Application Period, Skadden, Arps continued to work with the Debtors to assist them in implementing and addressing issues regarding this relief.

197. Skadden, Arps further assisted the Debtors in addressing issues relating to the Debtors' key employee compensation program (the "KECP"). The KECP was developed in the first and second interim period and was designed to assist the Debtors in averting the attrition of valued employees that often occurs in chapter 11 cases where appropriate incentive programs and policies are not implemented. The Debtors believe the program helped preserve asset values for creditors.

198. In addition, Skadden, Arps also responded to internal and external questions, as well as provided advice in connection with an employee reduction in force as a result of the various sales and wind down of Company business and with issues pertaining to retirement accounts and bonuses.

199. Skadden, Arps also assisted the Debtors with issues concerning the rejection and termination of employment contracts of certain employees and reduction of employee claims in accordance with the Bankruptcy Code. During the Application Period, Skadden, Arps worked with the Debtors to prepare and file a motion to reduce the proof of claim of James Davison by over \$300,000. This motion was filed on December 19, 2006 and was

scheduled to be heard before this Court on February 6, 2007. This matter was, however, adjourned until a date to be determined in July 2007.

200. Skadden, Arps also worked with the Debtors on issues pertaining to requests for allowance and payment of administrative expense claims filed by former employees Gerald M. Sherer and Stephen Grady. Skadden, Arps assisted the Debtors in reviewing issues raised by the pleadings and in preparing responses that were ultimately filed after the Application Period on January 25, 2007. The requests for payment and corresponding responses are scheduled to be heard on or after March 6, 2007.

201. During the Application Period, Skadden, Arps professionals devoted over 37.00 hours of work to this category, for which compensation is sought in the aggregate amount of \$21,891.00.

Financing (DIP and Emergence)

202. During the Application Period, Skadden, Arps analyzed the Debtors' cash needs and devoted substantial resources to obtaining sufficient funding for the Debtors' performance under the Settlement Order.

203. The Settlement Order required the Debtors to pay the Secured Lenders by mid-October 2006. Performance under the Settlement Order was essential to the feasibility of the Plan, because preconfirmation payment of the Secured Lenders halted the monthly accrual of millions of dollars of interest and thereby made substantial funds available for the payment of other creditor constituencies.

204. To secure the necessary funding for the Debtors' timely performance under the Settlement Order, Skadden, Arps negotiated on behalf of the Debtors a cash advance agreement with the RCM Trustee in which the RCM Trustee agreed to advance up to \$115

million to RGL for payment of the Secured Lenders under the Settlement Order. In connection with the cash advance agreement, Skadden, Arps also negotiated separate security and guaranty agreements with the RCM Trustee.

205. To obtain the Court's approval of the cash advance, security and guaranty agreements, Skadden, Arps, in cooperation with the RCM Trustee, prepared a Joint Motion for Order Under 11 U.S.C. §§ 105, 362, 363 and 364 (I) Authorizing Post-Petition Cash Management Advance on a Secured and Superpriority Basis; (II) Authorizing Use of Cash; (III) Approving Agreements Related to the Foregoing; (IV) Modifying the Automatic Stay; and (V) Granting Related Relief (the "DIP Motion") and related papers. Additionally, Skadden, Arps analyzed objections filed to the DIP Motion and prepared responses to be raised at the DIP Motion hearing. In connection with the DIP Motion and related agreements, Skadden, Arps further communicated with counsel for the Creditors' Committee and counsel for the Secured Lenders to avoid potential objections.

206. After argument on the DIP Motion, the motion was approved by this Court on October 16, 2006. Following the Court's entry of the order approving the DIP Motion, Skadden, Arps oversaw the logistics of making timely payment (of over \$700 million) to the Secured Lenders. Payment of the Secured Lenders was successfully completed approximately 24 hours later.

207. During the Application Period, Skadden, Arps professionals devoted over 105.90 hours of work to this category, for which compensation is sought in the aggregate amount of \$65,792.00.

## Insurance

208. During the Application Period, Skadden, Arps worked on issues pertaining to insurance policies and proceeds of such policies, including reviewing pleadings raising insurance issues. Skadden, Arps addressed issues relating to director and officer insurance, including analysis of limits on the insurance as well as insurance renewals and tail coverage issues.

209. During the Application Period, Skadden, Arps professionals devoted over 8.80 hours of work to this category, for which compensation is sought in the aggregate amount of \$7,128.00.

## Intellectual Property

210. During the Application Period, Skadden, Arps' services in this matter category were primarily focused on finalizing a settlement that would resolve a patent infringement suit filed by Trading Technologies International, Inc. ("TT") against various Refco Inc. subsidiaries in the U.S. District Court of Illinois, Eastern Division. The suit related to technology owned and licensed by U.S. and U.K. subsidiaries of the Company. Through the suit, TT sought in excess of \$38 million.

211. On October 10, 2006, Skadden, Arps, on behalf of the Debtors, filed a motion seeking approval of a settlement to resolve the litigation. The settlement required, among other things, payment by RGL of only \$116,666.67 and was on terms favorable for the Debtors.

212. On November 27, 2006, this Court entered an order granting the motion and approving the settlement. Following approval of the settlement, Skadden, Arps worked with the Debtors on necessary post closing issues, including issues relating to the dismissal of the suit in Illinois.

213. Because of the status of various subsidiaries and complex issues raised by the settlement, the settlement process necessitated the involvement and comprehensive coordination of both intellectual property attorneys and corporate restructuring attorneys within Skadden, Arps. This coordination was necessary to ensure that the proposed settlement adequately addressed all relevant issues and would be approved by parties in interest and by this Court.

214. During the Application Period, Skadden, Arps professionals devoted over 34.40 hours of work to this category, for which compensation is sought in the aggregate amount of \$19,912.00.

#### Investigations and Reviews

215. Skadden, Arps continued to respond to numerous requests for information and documents from the Department of Justice ( the "DOJ") and prepared for and represented the Company in interviews conducted by the DOJ.

216. In doing so, Skadden, Arps was faced with and reviewed many complex issues, including privilege and access to documents and information by third parties.

217. The task of locating and collecting responsive information was made more difficult by the fact that many of the individuals with pertinent knowledge no longer work for the Company.

218. Further, Skadden, Arps worked with the Debtors in addressing issues relating to the Examiner's access to documents.

219. During the Application Period, Skadden, Arps professionals devoted over 80.50 hours of work to this category, for which compensation is sought in the aggregate amount of \$54,526.00.

## Litigation (General)

220. During the Application Period, Skadden, Arps continued to assist the Debtors with issues relating to the impact of the chapter 11 filings and pending lawsuits, including the impact of the automatic stay, the filing of notices of removal and the alternatives for liquidating claims, as well as issues relating to the impact of the chapter 11 filings on pending lawsuits in which the Debtors are plaintiffs. In addition, in connection with the Plan, Skadden, Arps reviewed filed litigation to assess the impact on the chapter 11 cases and the Plan and develop strategies to handle the litigation.

221. Skadden, Arps continued reviewing the history of pending lawsuits and developing a strategy for handling them intended to minimize the impact possible on the chapter 11 cases. Because the Debtors' review was ongoing and because the focus in these cases during the Application Period has been developing and obtaining confirmation on the Plan, on December 5, 2006, Skadden, Arps prepared and filed a motion for a fifth extension of time for the Debtors to remove pending actions throughout various federal and state courts in the United States under Rules 9006 and 9027 of the Federal Rules of Bankruptcy Procedure.<sup>13</sup> After a hearing on the motion on January 9, 2007, this Court approved the motion.

222. In addition to the pending actions, adversary proceedings and other litigation initiated by and against the Debtors in this Court and litigation and investigatory actions initiated in other courts and fora, Skadden, Arps assisted the Company in connection with pending and new litigation and investigations, including (a) drafting and responding to pleadings,

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<sup>13</sup> The Debtors' fourth authorized extension was through December 12, 2006.

(b) drafting settlement papers, declarations and executing stipulations, (c) preparing for and attending hearings, (d) conducting extensive discovery and (e) researching issues raised by the litigation.

223. Skadden, Arps tracked certain discrete litigation in specific billing matter categories for the litigation. Time coordinating litigation matters and assembling, reviewing and addressing information requests and document requests pertaining to the numerous litigation involved in these cases was recorded in this general litigation category.

224. During the Application Period, Skadden, Arps professionals devoted over 61.70 hours of work to this category, for which compensation is sought in the aggregate amount of \$31,511.50.

#### Regulatory and SEC Matters

225. This category of time primarily involved Skadden, Arps' work in assisting the Company in responding to regulatory agencies' requests for information stemming from prepetition activities of the Company and certain of its employees.

226. During the Application Period, Skadden, Arps responded to requests for information and documents from various agencies, including the Securities and Exchange Commission (the "SEC"), the Commodity Futures Trading Commission (the "CFTC") and/or the DOJ. The requests throughout the cases have been extensive. So that all requests were fully understood and addressed in an efficient manner, Skadden, Arps conducted meetings and telephone conferences with the agencies regarding their requests for information to try and resolve issues, produce compliant information and streamline requests.

227. In responding to the requests, Skadden, Arps was required to conduct extensive investigations into numerous matters involving the Company, including the nature of



various Company transactions. The investigations required numerous meetings and telephone conferences with the Company's employees in an effort to collect responsive information and/or determine where responsive information could be found. The task of locating and collecting responsive information was made more difficult by the fact that many of the individuals with pertinent knowledge no longer work for the Company.

228. Aside from meeting with the Company's employees to respond to information and document requests, Skadden, Arps met with the Company's employees regarding the ongoing investigations and to keep them apprised of developments.

229. To date, Skadden, Arps has compiled, reviewed and produced to the SEC, CFTC and DOJ more than 7 million pages of documents. To produce the documents, Skadden, Arps was required to create an elaborate electronic database of the Company's original documents for attorney review. Creation of the database has required extraordinary work by Skadden, Arps, including compiling original documents, converting data for electronic review, maintaining files for original documents, and coordinating the review and production operations. Additionally, Skadden, Arps reviewed the process for quality control.

230. During the Application Period, Skadden, Arps professionals devoted over 312.90 hours of work to this category, for which compensation is sought in the aggregate amount of \$89,469.00.

#### Reports and Schedules

231. During the Application Period, Skadden, Arps continued to provide legal assistance to the Debtors in connection with further amendments to certain of the Debtors' Schedules and Statements, which contain nearly 1,000 pages of information. In this regard, Skadden, Arps engaged in telephone conferences and meetings with the Debtors and their

advisors concerning possible amendments of the Schedules and Statements. Skadden, Arps assisted the Debtors with clarifications and reconciliations necessary to an effective and accurate presentation of required information.

232. In addition, during the Application Period, Skadden, Arps continued to assist the Debtors with various issues involving the Debtors' monthly operating report requirements. Skadden, Arps reviewed and provided comments on each monthly report and coordinated the filing and service of each such report.

233. During the Application Period, Skadden, Arps professionals devoted over 29.10 hours of work to this category, for which compensation is sought in the aggregate amount of \$14,865.50.

Retention/Fee Matters/Objections (Others)

234. Bankruptcy cases as large and complex as these cases require the coordinated efforts of a number of restructuring advisors and other professionals. To this end, Skadden, Arps worked with the Company and its other professionals in retaining many necessary professionals to perform certain services in these cases, including:

- AP Services, LLC (crisis manager);
- Christie's, Inc. (auctioneer);
- Conyers Dill & Pearman (special counsel for the Debtors and the RCM Trustee in proceedings in Bermuda);
- DJM Asset Management (real estate advisors);
- Financial Balloting Group, LLC ("FBG") (balloting agent);
- FTI Consulting, Inc. (forensic accountant and electronic evidence consultant);
- Goldin Associates, LLC (crisis manager);
- Greenhill & Co., LLC (financial advisor and investment banker);
- Latham & Watkins LLP (special investigation counsel);

- Lenz & Staehelin ("L&S") (special Swiss counsel);
- Omni (claims agent);
- Sonnenschein Nath & Rosenthal LLP ("SN&R") (special litigation counsel);
- The Pride Capital Group, LLC d/b/a Great American Group (liquidation consultant);
- UHY Advisors, Inc. and Affiliates; and
- Williams, Barristers & Attorneys (special counsel for the Debtors and the RCM Trustee in proceedings in Bermuda).

235. During the Application Period, Skadden, Arps assisted the Debtors with negotiating, preparing and filing retention papers for retaining FBG and SN&R, as well as for two professionals under the Ordinary Course Professional Order (discussed below). Skadden, Arps further assisted in the preparation of a supplemental declaration for Goldin Associates, LLC that was filed with this Court on November 30, 2006.

236. Professionals' retentions require substantial work by Skadden, Arps, including formulating, negotiating and filing necessary retention applications. Skadden, Arps worked with parties in interest to resolve discrete issues, before filing applications, to promote a smooth process before this Court and a process that would result in having professionals retained on the most beneficial terms for the Debtors, their estates and creditors. All professionals' retentions filed by Skadden, Arps have been approved by this Court.

237. Skadden, Arps also worked with the Debtors to comply with the Order Authorizing Debtors to Retain and Compensate Professionals Used in the Ordinary Course, entered by this Court on December 13, 2005 (the "Ordinary Course Professional Order"). Skadden, Arps (a) communicated with many professionals on payment and allocation issues, (b) responded to questions in connection with retention under the Ordinary Course Professional

Order and (c) coordinated the return and filing of necessary papers for ordinary course professionals. Skadden, Arps also prepared and filed two supplements to the ordinary course professional list in accordance with the Ordinary Course Professional Order, which were filed with this Court during the Application Period on October 5, 2006 (seventh supplement) and November 21, 2006 (eighth supplement).

238. In connection with firms retained under the Ordinary Course Professional Order, Skadden, Arps worked with parties in interest, including the U.S. Trustee and counsel for the Creditors' Committee, so that the retentions would be consistent with applicable statutes, rules, orders and guidelines.

239. Skadden, Arps also assisted the Debtors in complying with the quarterly reporting requirements under the Ordinary Course Professional Order. Skadden, Arps prepared and filed the third compensation report on October 9, 2006, listing amounts the Debtors paid to those retained under the Ordinary Course Professional Order.

240. In connection with the employment of all professionals in these cases, Skadden, Arps assisted the Debtors with various other retention issues to enable each entity to perform necessary and beneficial services for the Debtors and their estates in an organized and efficient manner and in a manner to avoid unnecessary duplication of efforts.

241. In addition, Skadden, Arps assisted the Debtors with several issues relating to the Interim Payment Order, which was prepared, negotiated and approved during the first interim period. With entry of the Interim Payment Order, Skadden, Arps assisted many of the chapter 11 professionals with compensation compliance issues. Skadden, Arps has spent time reviewing and responding to inquiries by the Company and the Company's professionals, along with other professionals in these cases, on compliance with the Interim Payment Order as well as

with other rules and procedures governing compensation and payment in these cases. Under the Interim Payment Order, Skadden, Arps worked with professionals and other parties in interest to facilitate productive hearings on fee applications.

242. During the Application Period, Skadden, Arps also worked on issues relating to the Non-Debtors' payments of professional fees. Several professionals in these cases perform services for the Non-Debtors, in addition to the Debtors. Events occurring in these cases necessarily have affected and involved the Non-Debtors.

243. As noted above, a Fee Committee was appointed in these cases. During the Application Period, Skadden, Arps worked with the Debtors and other parties in interest on issues under the Fee Committee Protocol, including preparing necessary Fee Committee materials and corresponding with professionals on compliance with the Fee Committee Protocol.

244. Finally, in furtherance of the Plan, Skadden, Arps worked with the Debtors on reserve issues for professionals and professionals' fee claims.

245. During the Application Period, Skadden, Arps professionals devoted over 122.50 hours of work to this category, for which compensation is sought in the aggregate amount of \$69,803.00.

#### International (Non-Debtor)

246. During the Application Period, Skadden, Arps continued to work on issues involving Bank Frick & Co. Aktiengesellschaft, a Liechtenstein joint stock company ("Bank Frick"), which is a privately held bank.

247. In 2003, Refco Global Finance Ltd. ("Refco Global") purchased shares, representing a 4% minority stake, in Bank Frick, for CHF 800,000. After the commencement of

these cases, Bank Frick sought to repurchase the shares. Refco Global and the Debtors were willing to sell the shares for profit.

248. To facilitate the sale, Skadden, Arps negotiated and worked on a purchase agreement that would be in the best interests of Refco Global, the Debtors, the Debtors' estates and creditors. Skadden, Arps, on behalf of the Debtors, filed a motion seeking approval of the agreement, which motion was granted and the agreement approved by order of this Court dated December 6, 2006. As a result of the sale, the Debtors expect a 50% return on their investment in less than a three-year period.

249. During the Application Period, Skadden, Arps professionals devoted over 48.00 hours of work to this category, for which compensation is sought in the aggregate amount of \$29,166.00.

#### RCM – General

250. Two of the Debtors in these cases are Bermuda entities and are involved in liquidation proceedings in Bermuda: RCM and Refco Global (the "Bermuda Debtors").

251. Skadden, Arps previously assisted the Debtors in retaining counsel to advise the Bermuda Debtors on Bermuda law matters. Skadden, Arps helped address issues raised by counsel and worked with counsel to ensure that representation of the Bermuda Debtors is coordinated with the other chapter 11 Debtors and handled in a cost-effective manner that is in the best interests of the Debtors, their estates, creditors and other parties in interest.

252. With the appointment of the RCM Trustee, Skadden, Arps worked closely with the RCM Trustee to address numerous issues that affected both the Debtors and the Bermuda Debtors. In this regard, Skadden, Arps worked on (a) coordinating matters to be handled where matters involved both the Bermuda Debtors and the Debtors, (b) scheduling

issues pertaining to motions and Court hearings and (c) responding to case administration inquiries from counsel for the RCM Trustee.

253. Shortly after the filing of these cases, winding up petitions for the Bermuda Debtors were filed with the Supreme Court of Bermuda. Joint provisional liquidators ("JPLs") were thereafter appointed in accordance with Bermuda law. The JPLs are interim managers in Bermuda for liquidating RCM and Refco Global pending a formal winding up order. A hearing on the winding up petitions has been adjourned several times and is next scheduled to be heard in Bermuda on April 6, 2007. During the Application Period, Skadden, Arps worked with the Debtors' Bermuda counsel on matters pertaining to the winding up petitions.

254. Skadden, Arps further worked with the Debtors in reviewing requests for compensation by the RCM Trustee and related issues.

255. During the Application Period, Skadden, Arps professionals devoted over 40.30 hours of work to this category, for which compensation is sought in the aggregate amount of \$23,111.00.

#### RCM - General Customer Matters

256. A substantial portion of Skadden, Arps' services during the cases have been devoted to litigation, discovery and administrative matters concerning numerous accounts of RCM.

257. Skadden, Arps has assisted the Company in addressing a number of distinct account issues, including (a) analyzing RCM account documentation and statements, responding to requests for RCM account information from counsel for the RCM customers and advising the Company in connection with various objections by the RCM customers to sales in these cases, (b) representing the Debtors in several fast-paced adversary proceedings filed by the

RCM customers seeking to obtain possession and control over their accounts, (c) representing all Debtors (including RCM) in responding to the heavily litigated Conversion Motion (as defined in the Third Application) and (d) working with parties in interest in respect of RCM's postpetition management of securities and assets.

258. Regarding the extensive litigation involving RCM, Skadden, Arps was able to resolve most litigation before the Application Period. During the Application Period, Skadden, Arps reviewed the status of pending litigation, including preparing for administration of pending litigation matters in the post confirmation and post effective date periods. In completing these tasks, Skadden, Arps professionals reviewed discovery materials relating to several of the pending litigation matters.

259. During the Application Period, Skadden, Arps further assisted in informing customers and other parties in interest of the status of matters involving RCM. In this regard, Skadden, Arps reviewed documents and assisted in making many documents available to the public via use of a discovery website.

260. During the Application Period, Skadden, Arps professionals devoted over 42.20 hours of work to this category, for which compensation is sought in the aggregate amount of \$19,480.50.

#### ACM (Advanced Currency Markets)

261. Skadden, Arps continued negotiations on behalf of RCM and FXA with counsel for ACM Advanced Currency Markets S.A. ("ACM") and its minority shareholders (collectively with ACM, the "ACM Defendants"). This matter concerns the Debtors' prosecution of an adversary proceeding to enjoin and reverse under U.S. bankruptcy law the postpetition actions of the ACM Defendants. RCM and FXA are the 51% majority shareholders in ACM.



Shortly after the Petition Date, the ACM Defendants attempted to dilute the estates' 51% interest, by implementing a capital increase without the Debtors' participation. Skadden, Arps had successfully obtained entry of a preliminary injunction against ACM and related findings of fact and conclusions of law, which ACM has appealed. The Court subsequently announced its ruling that it would grant the motion to dismiss for lack of personal jurisdiction of three of the four minority shareholders. After a Swiss appellate court upheld a preliminary injunction against ACM, the parties then agreed to hold all litigation in abeyance while the parties engaged in settlement discussions.

262. During the Application Period, RCM and FXA resumed prosecution of the Swiss proceedings. Skadden, Arps continued its efforts to reach a settlement and advised the Debtors and its financial advisors on evaluating settlement options, financial information and negotiating strategies, as well as responding to the death of one of the ACM minority shareholders and the corresponding effect on ACM's equity holders.

263. Skadden, Arps further continued to coordinate with the Debtors' Swiss counsel in advising the Debtors on a shareholders meeting noticed and conducted by the ACM Defendants in Switzerland and the interrelationship between Swiss law and U.S. bankruptcy law. Skadden, Arps also continued to provide or coordinate necessary assistance to Swiss counsel on matters of U.S. and Bermuda law arising during the course of the Swiss proceedings.

264. During the Application Period, Skadden, Arps professionals devoted over 40.60 hours of work to this category, for which compensation is sought in the aggregate amount of \$19,661.00.

Refco Singapore (Non-Debtor)

265. During the Application Period, Skadden, Arps assisted the Company and the Board of Directors of Refco Singapore Pte Ltd. regarding options to pursue a liquidation of the company. Skadden, Arps communicated with local Singapore counsel regarding local counsel's advice to the directors regarding their fiduciary duties and the process of liquidation under Singapore law.

266. During the Application Period, Skadden, Arps professionals devoted over 35.00 hours of work to this category, for which compensation is sought in the aggregate amount of \$20,666.50.

Refco France S.A. (Non-Debtor)

267. During the Application Period, Skadden, Arps assisted the Debtors in overseeing litigation matters involving Refco France S.A. and in arranging for the repayment of loans by Refco France to other Refco entities.

268. During the Application Period, Skadden, Arps professionals devoted over 7.40 hours of work to this category, for which compensation is sought in the aggregate amount of \$4,181.00.

RCM / SPhinX Litigation

269. During the Application Period, Skadden, Arps continued to deal with several matters relating to the settlement of an adversary proceeding filed in this Court by the Creditors' Committee against SPhinX Managed Futures Fund SPC, et al. ("SPhinX"). The complaint sought to avoid and recover, in accordance with Bankruptcy Code sections 547 and 550, transfers totaling more than \$312 million. A settlement of the adversary proceeding was

reached whereby SPhinX agreed to a settlement payment of \$263 million (the "SPhinX Settlement"). The SPhinX Settlement was thereafter approved by this Court on June 8, 2006.

270. During the Application Period, Skadden, Arps also continued to monitor, analyze and respond to developments in the chapter 15 cases of the various SPhinX Funds. The various SPhinX Funds entered into voluntary liquidation in the Cayman Islands in late July 2006 and filed chapter 15 cases in the United States in August 2006, which cases are pending before this Court and are being monitored by Skadden, Arps.

271. In late September, the Joint Liquidators moved this Court under Rule 2004 (the "2004 Motion") to authorize extensive discovery from the Debtors relating to the SPhinX Settlement. Skadden, Arps analyzed the 2004 Motion and cooperated with the Creditors' Committee in the filing of a joint objection. On October 10, 2006, this Court denied the 2004 Motion in part, instructing the Joint Liquidators to participate in a meet and confer with the Creditors' Committee and the Debtors before seeking limited discovery which this Court might determine to be appropriate.

272. Throughout October and early November 2006, Skadden, Arps cooperated with the Creditors' Committee and the Joint Liquidators, participating in numerous meet and confers regarding the 2004 Motion and working diligently to address the Joint Liquidators' outstanding inquiries as efficiently and quickly as possible in order to resolve any outstanding disputes related to the 2004 Motion and the SPhinX Settlement.

273. During the Application Period, Skadden, Arps professionals devoted over 65.10 hours of work to this category, for which compensation is sought in the aggregate amount of \$34,333.50.

## Bernstein Litigation

274. During the Application Period, Skadden, Arps continued discovery in the adversary proceeding between Refco Capital and Ronald Bernstein ("Bernstein"). Bernstein is a former Refco, LLC trader who initiated suit against Refco Capital, RSL and Refco, LLC.

Bernstein alleges that these Refco entities are wrongfully in possession of collateral pledged to secure obligations to Refco Capital under a credit agreement and to Refco, LLC under a pledge agreement. Refco Capital has asserted counterclaims seeking the payment of over \$9 million due under a credit agreement and to foreclose upon the collateral pledged by Bernstein.

275. During the Application Period, Skadden, Arps received responses to Refco Capital's first set of interrogatories and first request for production of documents. Skadden, Arps thoroughly reviewed the responses. Based on the review, Skadden, Arps believed the responses were incomplete under the Federal Rules of Civil Procedure. Skadden, Arps prepared an analysis of the production deficiencies and served the analysis upon Bernstein's counsel requesting that deficiencies be cured.

276. Also, during the Application Period, Skadden, Arps was served by Bernstein with interrogatories and document production requests. Skadden, Arps prepared written interrogatory objections and responses. Skadden, Arps also produced relevant non-privileged documents in response to the production requests. The document production required an in-depth review of all potentially relevant documents and analysis of issues related to privilege, relevance and other bases for non-production. Additionally, Skadden, Arps conducted research into the value of the collateral pledged by Bernstein to Refco Capital. The collateral included stock in a private Irish company.

277. During the Application Period, Skadden, Arps professionals devoted over 62.40 hours of work to this category, for which compensation is sought in the aggregate amount of \$29,834.00.

### **SUPPORT FOR ALLOWANCE OF COMPENSATION**

278. Under Bankruptcy Code section 330, a court may award to a professional employed by the estates "reasonable compensation for actual, necessary services" rendered by the professional, plus "reimbursement for actual, necessary expenses." See 11 U.S.C. § 330(a)(1).

279. In determining the amount of "reasonable compensation," the Court must consider the nature, the extent and the value of the services, taking into account all relevant factors. Factors include (a) the time spent on such services, (b) the rates charged for such services, (c) whether the services were necessary and beneficial, (d) whether the services were performed in 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 those under the Bankruptcy Code. See 11 U.S.C. § 330(a)(3).

280. In assessing attorneys' fees, courts use several different approaches. The Second Circuit and bankruptcy courts in this district frequently utilize the "lodestar" method, which is a determination as to the number of hours of service reasonably devoted to the case, multiplied by the attorneys' reasonable rates. See Savoie v. Merchants Bank, 166 F.3d 456, 460 (2d Cir. 1999) (applying this approach to a non-bankruptcy case); In re Masterwear Corp., 233 B.R. 266, 277 (Bankr. S.D.N.Y. 1999).

281. When applying the lodestar approach, courts in this district incorporate the familiar factors set forth in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir.

1974).<sup>14</sup> See, e.g., Betancourt v. Giuliani, 325 F. Supp. 2d 330, 332 (S.D.N.Y. 2004) ("In adjusting the lodestar, courts generally consider the following twelve factors set forth in Johnson v. Georgia Highway Express . . .").

282. In awarding attorneys' fees, courts will also consider whether the services rendered were reasonably likely to benefit the debtor's estate. See, e.g., In re Ames Dep't Stores, Inc., 76 F.3d 66, 71 (2d Cir. 1996), rev'd on other grounds, Lamie v. United States Trustee, 540 U.S. 526 (2004). Thus, this Court should focus on what a reasonable lawyer would have done at the time and not invoke a hindsight analysis:

[I]t is important for a court to maintain a sense of overall proportion and not become enmeshed in meticulous analysis of every detailed facet of the professional representation. It is easy to speculate in retrospect that the work could have been done in less time or with fewer attorneys or with an associate rather than a partner. On the other hand, it is also possible that [the debtor] would not have enjoyed the success it did had its counsel managed matters differently.

In re Boston & Maine Corp., 776 F.2d 2, 10 (1st Cir. 1985) (citations and internal quotations omitted).

283. In accordance with the foregoing, the amount requested by Skadden, Arps in this Application is fair and reasonable, given: (a) the nature of the cases and the novelty and complexity of these cases, (b) the time and labor required to represent the Debtors effectively, (c)

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<sup>14</sup> The twelve Johnson factors are (1) the time and labor required; (2) the novelty and difficulty of the questions; (3) the skill requisite to perform the legal services properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) the time limitations imposed by the client or the circumstances; (8) the amount involved and the results obtained; (9) the experience, reputation and ability of the attorneys; (10) the "undesirability" of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. Johnson, 488 F.2d at 717-19.

the time limitations imposed by the cases, (d) the nature and extent of the services rendered, (e) Skadden, Arps' experience, reputation and ability, (f) the value of Skadden, Arps' services and (g) the cost of comparable services other than in a case under the Bankruptcy Code.

Nature, Complexity and Duration of Cases

284. As should be evident from the above summary of Skadden, Arps' services, the Debtors' chapter 11 cases present a particularly unique set of circumstances and unquestionably are large and complex cases. The nature and complexity of these cases have required Skadden, Arps to develop case management and staffing solutions at every stage of the proceedings. These tasks have been particularly daunting in light of the size and complexity of the Company. Skadden, Arps nevertheless has assisted the Company by employing a streamlined case management structure and has assigned various professionals to discrete tasks, where possible, to avoid the performance of duplicative or unnecessary work.

285. Given the size of this case and the number of matters that continually need to be addressed, there have been occasions when a number of Skadden, Arps professionals must be present and participate in the discussions and negotiations. This is particularly true of the hearings, case management meetings, meetings involving cash collateral, sale of assets, claims, litigation and plan-related issues. Skadden, Arps believes that, as evident by the summaries contained in this Application and the time entries attached hereto, it has demonstrated reasons for attendance by, at times, more than one Skadden, Arps professional.

286. The size and complexity of these cases necessarily raised numerous legal issues that required Skadden, Arps to spend time performing legal research. For example, numerous complex legal issues were raised pertaining to asset, employee, finance, litigation and plan-related matters (among others). Accordingly, Skadden, Arps was required to research and

address all issues, necessarily resulting in utilizing effectively its resources and resources of legal research databases.

#### Experience of Skadden, Arps

287. The experience of Skadden, Arps professionals also has benefited the estates. Skadden, Arps is among the largest firms and has one of the largest restructuring groups in the U.S. As more fully set forth in the Retention Application, Skadden, Arps' restructuring professionals and professionals from other practice areas have extensive knowledge and experience in dealing with the multitude and fast-paced issues that arise in large and complex chapter 11 proceedings. Accordingly, Skadden, Arps' depth of experience in chapter 11 matters has ensured that a number of pressing matters could be addressed promptly.

#### Cost of Comparable Services

288. An award of compensation also must be based on the cost of comparable services other than in a bankruptcy case. Skadden, Arps' rates are consistent with rates charged to other clients in non-bankruptcy matters. Moreover, Skadden, Arps' rate structure was disclosed in the Retention Application, which was unopposed and which this Court approved. The amounts sought by Skadden, Arps are consistent with the fees incurred by other chapter 11 debtors in cases of similar size, complexity and duration. Accordingly, the cost of comparable services supports this Application, and the services performed during the Application Period warrant the allowance of compensation, particularly in view of the results achieved.

### **SUPPORT FOR EXPENSE REIMBURSEMENT**

289. Bankruptcy Code section 330(a)(1)(B) provides for reimbursement to approved professionals for all "actual, necessary expenses." 11 U.S.C. § 330(a)(1)(B). Under the engagement agreement between Skadden, Arps and the Debtors (the "Engagement



Agreement"),<sup>15</sup> Skadden, Arps and the Debtors agreed that Skadden, Arps' bundled rate structure will apply to these cases. Therefore, Skadden, Arps is not seeking to be separately compensated for certain staff, clerical and resource charges. Moreover, under the bundled rate structure applicable to the Debtors, copying costs are charged at \$0.10 per page, computerized research and telephone calls are billed at provider cost without reference to Skadden, Arps' internal capital costs or overhead, and document production (including secretarial and word processing time), facsimile services, proofreading, overtime meals and overtime travel allowances are not charged for separately on an incurrence basis.

290. Consistent with the firm's policy with respect to its other clients, Skadden, Arps seeks reimbursement for other charges and disbursements incurred as out-of-pocket expenses in the rendition of necessary services to the Debtors and their estates. These charges and disbursements include costs for telephone charges, photocopying, travel, business meals, computerized research, messengers, couriers, postage and, when applicable, witness fees and other fees related to sales, trials and hearings.

291. A complete description of each disbursement is included in Exhibits B-2, C-2 and D-2. Skadden, Arps' policy requires all attorneys to retain and submit for review receipts and/or invoices for all disbursements incurred through outside vendors. Skadden, Arps maintains all receipts and/or invoices related to each client's disbursement account in a central storage facility, and such records can be produced upon request.

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<sup>15</sup> The Engagement Agreement is Attachment 1 to the Retention Application.

### III. MEMORANDUM OF LAW

292. Because the legal points and authorities for the Application are incorporated herein, Skadden, Arps respectfully requests that the requirement of the service and filing of a separate memorandum of law under Local Rule 9013-1(b) of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York be deemed satisfied.

WHEREFORE, Skadden, Arps respectfully requests that this Court (a) grant this Application, (b) approve and allow Skadden, Arps' fees in the amount of \$8,193,606.00 and expenses in the amount of \$292,691.48, and order payment of the foregoing amounts in full, to the extent not already paid, (c) approve the Allocation and (d) grant Skadden, Arps such other and further relief as the Court deems just and proper.

DATED: February 26, 2007  
New York, New York

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP

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