

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In Re:	:	Chapter 11
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Refco Inc., <u>et al.</u> ,	:	Case No. 05-60006 (RDD)
	:	
	:	(Jointly Administered)
	:	
Debtors	:	
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ORDER GRANTING IN PART AND DENYING IN PART THE AMENDED FOURTH INTERIM AND FINAL FEE APPLICATION OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC., AS INVESTMENT BANKER TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF REFCO INC. AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION, FOR ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES FOR THE PERIOD OCTOBER 28, 2005 THROUGH DECEMBER 26, 2006

Having considered the Amended Fourth Interim and Final Fee Application of Houlihan Lokey Howard & Zukin Capital, Inc. (“Houlihan Lokey”), as Investment Banker to the Official Committee of Unsecured Creditors of Refco Inc. and its Affiliated Debtors and Debtors in Possession, for Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses for the Period October 28, 2005 through December 26, 2006 (the “Fee Application”) [Docket No. 4748], the Limited Objection of the RCM Plan Administrator to Amended Final Fee Application of Houlihan Lokey Howard & Zuking Capital, Inc. [Docket No. 5038] and the Joinder of the Refco Plan Administrator to the Limited Objection of the RCM Plan Administrator to Amended Final Fee Application of Houlihan Lokey Howard & Zukin Capital, Inc. [Docket No. 5102]; and adequate and proper notice of the Fee Application having been given in accordance with Rules 2002(a)(6) and 2002(c)(2) of the Federal Rules of Bankruptcy Procedure and Orders of this Court, and it appearing that no other or further notice of the Fee Application need be provided; and the Court having

conducted an evidentiary hearing on the Fee Application on October 1 and 2, 2007 (the “Hearing”), and the Court having issued its findings of fact and rulings of law at the conclusion of the Hearing on October 2, 2007; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that for the reasons stated on the record at the Hearing, the Fee Application is granted in part and denied in part, as set forth herein; and it is further

ORDERED that Houlihan Lokey’s fees are approved and allowed on a final basis as compensation for services rendered, in the amount of \$7,796,639.78, which amount includes (i) Monthly Fees of \$2,509,139.78, (ii) BAWAG Role Monthly Fees of \$400,403.23 and (iii) \$5,250,000 in Transaction Fees, reduced by accrued credits of \$362,903.23,¹ as those terms are defined and referenced in the parties’ engagement letter dated October 28, 2005, the operative amendments thereto and the Fee Application; and it is further

ORDERED that Houlihan Lokey’s expenses are approved and allowed on a final basis in the amount of \$332,229.21; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order; and it is further

¹ The Court has reviewed the October 25, 2007 letter by Richard Chesley, Houlihan Lokey’s counsel, stating Houlihan Lokey’s position that the Court did not consider whether the applicable credit should be pursuant to the First Amendment to the Engagement Letter or the Second Amendment, and that the Second Amendment credit formula should govern. This Court’s October 21, 2006 Order [Docket No. 3252] clearly provides that except for the BAWAG Role Monthly Fee, the Court did not approve any element of the Second Amendment, including its proposed credit formula, without prejudice to Houlihan Lokey’s right to seek additional compensation under section 330 of the Bankruptcy Code in a final fee application. Contrary to Mr. Chesley’s October 25, 2007 letter, the Court considered the proper credit against the Transaction Fees and found that the proper credit would be pursuant to the formula stated in the First Amendment to the Engagement Letter. See October 2, 2002 Hearing Transcript at 53, lines 12-15; 56, lines 5-8.

ORDERED that nothing in this Order shall foreclose or impair Houlihan Lokey's rights to seek reimbursement for its attorneys' fees incurred in prosecuting the Fee Application or the RCM Plan Administrator's rights in opposing such a request; and it is further

ORDERED that the requirement of Local Bankr. R. 9013-1(b) that any motion or application filed shall be accompanied by a separate memorandum of law is deemed satisfied by the Fee Application.

/s/ Robert D. Drain
HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

New York, New York
Dated: November 7, 2007