

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11 Cases Nos.
: :
AI REALTY MARKETING OF NEW YORK, : 01-40252 (AJG) through
INC., LASER ACQUISITION CORP., DDG I, : 01-40290 (AJG)
INC., SUNBEAM AMERICAS HOLDINGS, LTD. :
et al. :
: (Jointly Administered)
Debtors. :
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SECOND APPLICATION OF MORRISON & HECKER L.L.P.,
ATTORNEYS FOR DEBTORS, FOR ALLOWANCE OF INTERIM
COMPENSATION FOR SERVICES RENDERED FROM NOVEMBER 1, 2001 THROUGH
FEBRUARY 28, 2002 AND FOR REIMBURSEMENT OF EXPENSES

TO THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE:

Morrison & Hecker L.L.P. (M&H), attorneys for the Debtors submits this second application (the "Application"), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for the allowance of interim compensation for professional services rendered from November 1, 2001 through February 28, 2002 (the "Compensation Period"), and for reimbursement of expenses incurred in connection with such services, and, in support thereof, respectfully represents:

Summary of Application

1. M&H seeks allowance of interim compensation for professional services rendered to the Debtors during the period from November 1, 2001 through February 28, 2002 (the Compensation Period), in the aggregate amount of \$153,219.50, and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$20,634.50.

2. M&H has represented Debtors in litigation matters related to products manufactured by Debtors. Specifically, M&H serves as National Trial Counsel for some of Debtors' domestic operating subsidiaries and defends product liability actions brought against those entities. The services represented by the fees sought by this application have been preformed by Litigation Section attorneys at M&H. The majority of fees to which this application pertains have been generated due to litigation and appellate activities in cases for which this Court has lifted the Section 362 stays and permitted these cases to proceed.

3. M&H has previously submitted monthly fee statements (each a "Fee Statement," and, collectively, the "Fee Statements") to the Debtors, The United States Trustee for the Southern District of New York, counsel for the Debtors Weil, Gotshal & Manges, LLP, Sunbeam Corporation, and counsel for the pre-petition and post-petition lenders Wachtell, Lipton, Rosen & Katz and Simpson, Thacher & Bartlett in accordance with the Administrative Order. On December 18, 2001, M&H submitted a Fee Statement for the period from and including November 1, 2001 through November 30, 2001. For the period of November 1, 2001 through November 30, 2001, M&H provided services in the amount of \$39,972.00 for attorneys' fees, less a 20% hold back of \$7,994.40 for a total of \$31,977.60 and disbursements in the amount of \$1,587.68. On January 16, 2002, M&H submitted a Fee Statement for the period from and including December 1, 2001 through December 31, 2001. For the period of December 1, 2001 through December 31, 2001, M&H provided services in the amount of \$43,051.76 for attorneys' fees, less a 20% hold back of \$8,610.35 for a total of \$34,441.41 and disbursements in the amount of \$5,065.76. On February 19, 2002, M&H submitted a Fee Statement for the period from and including January 1, 2002 through January 31, 2002. For the period of January 1, 2002 through January 31, 2002, M&H provided services in the amount of \$43,896.17 for attorneys'

fees, less a 20% hold back of \$8,779.23 for a total of \$35,116.94 and disbursements in the amount of \$6,807.67. On March 21, 2002, M&H submitted a Fee Statement for the period from and including February 1, 2002 through February 28, 2002. For the period of February 1, 2002 through February 28, 2002, M&H provided services in the amount of \$45,351.32 for attorneys' fees, less a 20% hold back of \$9,070.26 for a total of \$36,281.06 and disbursements in the amount of \$7,178.32. The amount payable pursuant to the Court Order dated February 27, 2001 is \$158,456.44. Pursuant to the Administrative Order, unless an objection is served, the Debtors will pay 80% of the fees for services performed and 100% of the disbursements to M&H.

4. This Application has been prepared 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, 1985 (the "Local Guidelines), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the "UST Guidelines" and, collectively with the Local Guidelines, the "Guidelines"), and this Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated November 12, 1999 (the "Administrative Order). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

5. By this Application, M&H seeks the court's confirmation of all prior amounts paid to M&H pursuant to the Administrative Order, as well as the allowance of the remainder of the fees and disbursement requested.

6. During the compensation Period, M&H attorneys and paraprofessionals expended a total of 1,269.97 hours for which compensation is requested. A schedule setting forth the number of hours expended by each of the partners, associates and paraprofessionals of M&H

who rendered services to the Debtors and their respective hourly rates and the year of bar admission for each M&H attorney is attached hereto as Exhibit B. A schedule specifying the categories of expenses for which M&H is seeking reimbursement and the total amount for each such expense category is attached hereto as Exhibit C.

7. M&H maintains computerized records of the time spent by all M&H attorneys and paraprofessionals in connection with its representation of the Debtors during the pendency of the Debtors' Chapter 11 cases. Subject to redaction for the attorney-client privilege where necessary to protect the Debtors and the Debtors' estates, copies of these computerized records were previously furnished in the form of the monthly fee statement to the Court, The United States Trustee for the Southern District of New York, counsel for the Debtors Weil, Gotshal & Manges, LLP, Sunbeam Corporation, and counsel for the pre-petition and post-petition lenders Wachtell, Lipton, Rosen & Katz and Simpson, Thacher & Bartlett, in the format specified by the UST Guidelines.

8. While it believes that all applicable time and disbursement charges have been included herein, to the extent that time or disbursement charges for services rendered or disbursements incurred relate to the Compensation Period, but were not processed prior to the preparation of this Application, M&H reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application.

Background

9. On February 5, 2001 (the "Filing Date"), the Debtors filed a Chapter 11 voluntary bankruptcy petition.

10. On or about February 6, 2001 this Court entered the Order Pursuant to Sections 327 and 328 of the Bankruptcy Code Authorizing Employment of Professionals Utilized in the Ordinary Course of Business.

11. On or about March 12, 2001, Kenneth R. Lang, a partner of M&H, filed his affidavit under 11 U.S.C. § 327(e) consenting on behalf of M&H to provide legal services to Debtors.

Jurisdiction and Venue

12. The Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334, and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.). Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Retention and Compensation of M&H

13. Pursuant to order of the Court dated February 6, 2001, the Court approved M&H's retention as counsel for Debtors to render legal services. A true and complete copy of the Retention Order is attached hereto as Exhibit D. As set forth more fully in the Debtor's application to employ M&H at the outset of these cases, M&H, possesses expertise in various specialized areas of the law including product liability defense and litigation.

14. This is M&H's second application for allowance of interim compensation for services rendered and for reimbursement of expenses. As noted above pursuant to the Fee Statements and the Administrative Order, M&H has received an aggregate of \$25,000.00 per monthly billing period in respect of services rendered during these Chapter 11 cases, and will be receiving further payment shortly after the filing of this Application.

Services Rendered by M&H During the Compensation Period

15. M&H does not wish to burden this Court with an overly detailed or lengthy recitation of each and every matter with respect to which it has rendered services to the Debtors. Further, some of the services performed were in connection with matters that are confidential, privileged or otherwise protected in nature and not a matter of public record. Accordingly, the following is intended to serve only as a summary description of the primary services rendered by M&H during the Compensation Period on behalf of the Debtors:

DEFENSE OF PRODUCT LIABILITY CASES

16. M&H expended considerable time and effort in discovery, briefings, and hearings in pursuit of the defense of Debtors in two wrongful death actions where the Section 362 stay was lifted. In addition to the above, a portion of the services rendered in the time period from November 1, 2001 through February 28, 2002, involved preparation for oral arguments for an appeal in a case in which the Section 362 stay had been lifted. Another portion of the services rendered involved preparation for and participation in mediation and settlements of cases where wrongful death was attributed to Debtors products.

Disbursements

17. As set forth in Exhibit C hereto, M&H has disbursed \$20,634.50 as expenses incurred in providing professional services during the Compensation Period. With respect to photocopying expenses, M&H charges all of its clients \$0.20 per page. With respect to facsimile expenses, in compliance with the Guidelines, M&H does not charge for facsimile transmissions, other than the cost of long distance facsimiles at applicable toll charge rates. Each of these categories of expenses does not exceed the maximum rate set by the Guidelines. These charges are intended to cover M&H's direct operating costs, which costs are not incorporated into the

M&H hourly billing rates. Only clients who actually use services of the types set forth in Exhibit C are separately charged for such service. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and other facilities and services. The amount of the standard photocopying charge is intended to allow M&H to cover the related expenses of its photocopying service. A determination of the actual expense per page for photocopying, however, is dependent on both the volume of copies and the total expenses attributable to photocopying on an annual basis.

18. In addition, due to the national nature of the Debtors' business, frequent long distance telephone calls have been required. On several occasions, overnight delivery of documents and other materials was required as a result of urgent needs necessitating the use of such express services. These disbursements were not included in M&H's overhead for the purpose of setting billing rates. M&H has made every effort to minimize its disbursements in this case. The actual expenses incurred in providing professional services were necessary, reasonable, and justified under the circumstances to service the needs of the Debtors in fulfilling their statutory obligations.

The Requested Compensation Should Be Allowed

19. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed by the Debtors under section 1103 of the Bankruptcy Code "reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses." 11 U.S.C. § 339(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, extent, and the value of such services, taking into account all relevant factors, including ---

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of a case under this title;
- (D) whether the services were performed within 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 cases under this title.

11 U.S.C. § 330(a)(3).

20. In the instant case, M&H respectfully submits that the services for which it seeks compensation in this Application were necessary for and beneficial to the Debtors at the time at which such services were rendered. These services were performed without duplication of effort or expense incurred by professionals and paraprofessionals employed by M&H. M&H submits that its request for compensation for the foregoing services is reflective of a reasonable and appropriate amount of time expended in performing such services commensurate with the complexity, importance and nature of the problem, issue, or task involved.

21. In sum, the services rendered by M&H were necessary and beneficial to the Debtors and were consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved, and approval of the compensation sought herein is warranted.

Statements of M&H

22. As set forth in the certification of Kenneth R. Lang annexed hereto as Exhibit A, the compensation requested by M&H is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

23. No agreement or understanding exists between M&H and any other person for a sharing of compensation received or to be received for services rendered in or in connection with these Chapter 11 cases, nor shall M&H share or agree to share the compensation paid or allowed from the Debtors' estates for such services with any other person. The foregoing constitutes the statement of M&H pursuant to section 504 of the Bankruptcy Code and Bankruptcy Rule 2016(a).

24. No agreement or understanding prohibited by 18 U.S.C. § 155 has been or will be made by M&H.

25. A copy of this Application has previously been provided to Marc P. Clements of the Sunbeam Corporation, the Debtor in Possession. He has reviewed this Application and approved it.

Waiver of Memorandum of Law

26. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b) because there are no novel issues of law presented by this Application, M&H respectfully requests that the Court waive the requirement that M&H file a memorandum of law in support of this Application.

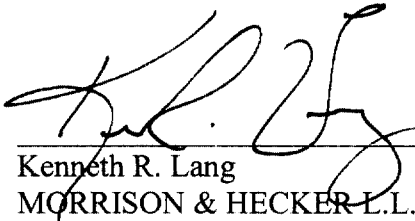
Notice

27. Pursuant to the Administrative Order, copies of this Application have been given to the Debtors, The United States Trustee for the Southern District of New York, counsel for the

Debtors Weil, Gotshal & Manges, LLP, Sunbeam Corporation, and counsel for the pre-petition and post-petition lenders Wachtell, Lipton, Rosen & Katz and Simpson, Thacher & Bartlett. Pursuant to paragraph 4 of the Administrative Order, a notice of the hearing, when set by the Court, to consider this and other professionals', if any, second applications for interim compensation will be served on the United States Trustee, counsel to the Debtors, counsel to the Agent, and all parties who have filed a notice of appearance with the Clerk of the Court and requested such notice. M&H submits that this is good and sufficient notice and no other or further notice is necessary.

WHEREFORE, M&H respectfully requests (i) an interim allowance of compensation for professional services rendered as attorneys for the Debtors in the amount of \$153,219.50 in fees for the period of November 1, 2001 through February 28, 2002, (ii) reimbursement of actual and necessary disbursements incurred by M&H in the amount of \$20,634.50, and (iii) such other and further relief as is just.

Dated: Wichita, Kansas
April 10, 2002



Kenneth R. Lang
MORRISON & HECKER L.L.P.
600 Commerce Center
150 N. Main
Wichita, Kansas 67202-1320
(316) 265-8800

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

EXHIBIT A

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In re: : Chapter 11 Cases Nos.
: :
AI REALTY MARKETING OF NEW YORK, : 01-40252 (AJG) through
INC., LASER ACQUISITION CORP., DDG I, : 01-40290 (AJG)
INC., SUNBEAM AMERICAS HOLDINGS, LTD.: :
et al. : :
: (Jointly Administered)
Debtors. :
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CERTIFICATION UNDER GUIDELINES FOR FEES
AND DISBURSEMENTS FOR PROFESSIONALS
IN RESPECT OF FIRST APPLICATION OF
MORRISON & HECKER L.L.P. FOR INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES

I, Kenneth R. Lang, hereby certify that:

1. I am an attorney at law and the professional designated by the applicant, Morrison & Hecker L.L.P. ("M&H") with responsibility for the Debtors in respect of compliance 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, adopted on January 30, 1996 (the "UST Guidelines").

2. This certification is made in respect of M&H's second application dated April 10, 2002 (the "Application"), for interim compensation and reimbursement of expenses for the period commencing November 1, 2001 through February 28, 2002 (the "Compensation Period") in accordance with the Local Guidelines.

3. In respect of section B.1 of the Local Guidelines, I certify that:

(a) I have read the Application;

- (b) to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines;
- (c) the fees and disbursements sought are billed at rates in accordance with practices customarily employed by M&H and generally accepted by M&H's clients; and
- (d) in providing a reimbursable service, M&H does not make a profit on that service, whether the service is performed by M&H in-house or through a third party.

4. In respect of section B.2 of the Local Guidelines, I certify that:

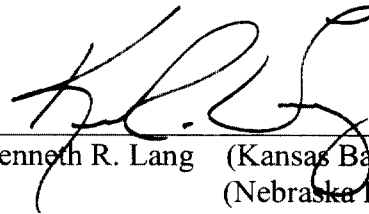
- (a) The United States Trustee, the Debtors, counsel for the Debtors Weil, Gotshal & Manges, LLP, Sunbeam Corporation, and counsel for the pre-petition and post-petition lenders Wachtell, Lipton, Rosen & Katz and Simpson, Thacher & Bartlett have each been provided on a monthly basis with a statement of M&H's fees and disbursements accrued during the previous month; and
- (b) the statement contained lists of professionals and paraprofessionals providing services, their respective billing rates, the aggregate hours spent by each professional and paraprofessional, a general description of the services rendered, a reasonably detailed breakdown of the disbursements incurred, and an explanation of billing practices.

5. In respect of section B.3 of the Local Guidelines, I certify that the United States Trustee, the Debtors, counsel for the Debtors Weil, Gotshal & Manges, LLP, Sunbeam

Corporation, and counsel for the pre-petition and post-petition lenders Wachtell, Lipton, Rosen & Katz and Simpson, Thacher & Bartlett are each being provided with a copy of the Application in accordance with the Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated November 12, 1999.

6. By this certification, M&H does not waive or release any rights or entitlements it has under the order of this Court, dated February 6, 2001, approving, under sections 327 and 328 of the Bankruptcy Code, M&H's retention as counsel to the Debtors pursuant to M&H's normal billing rates and customary reimbursement and disbursement practices.

Dated: Wichita, Kansas
April 10, 2002



Kenneth R. Lang (Kansas Bar #13060)
(Nebraska Bar #15280)
(Texas Bar #11895980)

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EXHIBIT B

November 1, 2001 through February 28, 2002

Partners

Timekeeper	Admitted	Department	Hourly Rate	Total Hours	Total Amount
Lang, Ken	1977	Litigation	\$115.00	31.5	\$3,622.50
			\$160.00	128.8	\$20,608.00
			\$175.00	256.0	\$44,800.00
			\$205.00	55.7	\$11,418.50
Bengtson, David	1984	Litigation	\$115.00	9.9	\$1,138.50
			\$150.00	14.1	\$2,115.00
			\$165.00	26.3	\$4,339.50
Preheim, Lynn	1987	Litigation	\$145.00	2.0	\$290.00
			\$150.00	67.5	\$10,125.00
			\$165.00	3.3	\$544.50
Kent Sullivan	1971	Litigation	\$200.00	0.2	\$40.00
Total Partner Hours				595.3	\$99,041.50

EXHIBIT B

November 1, 2001 through February 28, 2002

Associates

Timekeeper	Admitted	Department	Hourly Rate	Total Hours	Total Amount
Decker, Amy	1998	Litigation	\$90.00	79.3	\$7,137.00
			\$100.00	73.4	\$7,340.00
			\$130.00	0.7	\$91.00
Bird, Geron	2001	Litigation	\$90.00	9.5	\$855.00
			\$110.00	30.2	\$3,322.00
			\$115.00	16.9	\$1,943.50
Langhofer, Tyson	1999	Litigation	\$120.00	3.2	\$384.00
McPheeters, Mary	1999	Litigation	\$90.00	90.9	\$8,181.00
			\$115.00	0.3	\$34.50
Robb, Sandy	1995	Litigation	\$135.00	5.4	\$729.00
Wengart, Shannon		Litigation	\$115.27	25.7	\$2,962.50
Total Associate Hours				335.5	\$32,979.50

EXHIBIT B

November 1, 2001 through February 28, 2002

Legal Assistants and Others

<u>Timekeeper</u>	<u>Admitted</u>	<u>Department</u>	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total Amount</u>
Fortner, Karen		Litigation	\$55.00	79.3	\$4,361.50
			\$65.00	207.5	\$13,487.50
			\$70.00	43.6	\$3,052.00
Baldwin, Amy		Litigation	\$35.00	8.5	\$297.50
Total Other Hours				338.9	\$21,198.50

EXHIBIT B

November 1, 2001 through February 28, 2002

Total for All Timekeepers

Timekeepers	Total Hours	Total Amount
Total Partner Charges	595.3	\$99,041.50
Total Associate Charges	335.5	32,979.50
Total Legal Assistant and Others Charges	338.9	21,198.50
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TOTAL DUE	1269.7	\$153,219.50

EXHIBIT C

November 1, 2001 through February 28, 2002

Disbursements

	TOTAL
Travel	\$10,031.42
Outside Copy Service	\$601.14
Copying	\$1,776.88
Long Distance	\$466.88
Mileage	\$107.98
Federal Express	\$623.36
Postage	\$45.43
Medical Records	\$0.00
Phone Charges	\$132.28
Facsimile	\$372.50
On-Line Research	\$2,877.47
Conference Call Charges	\$50.97
Storage fee for evidence	\$200.00
Meeting Expense	\$566.11
Witness Fees	\$2,240.50
Miscellaneous	\$169.68
Video Depositions	\$208.67
Deposition Transcripts	\$163.23
TOTAL	\$20,634.50