

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re: ) Chapter 11  
 )  
 TWA Inc. Post Confirmation Estate ) Case No. 01-0056 (PJW)  
 ) (Jointly Administered)  
 )  
 Debtor )

**FIFTH INTERIM AND FINAL APPLICATION OF KPMG LLP FOR  
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF  
EXPENSES AS ACCOUNTANTS, AUDITORS AND TAX AND FINANCIAL ADVISORS  
TO THE DEBTORS FOR THE PERIOD FROM  
THE PETITION DATE THROUGH THE EFFECTIVE DATE**

Name of Applicant: KPMG LLP

Authorized to Provide  
Professional Services to: Trans World Airlines, Inc., et al., Debtors and Debtors-in-Possession

Date of Retention: A retention Order was entered on March 13, 2001.

Period for which compensation and  
reimbursement is sought: 5<sup>TH</sup> Interim: January 1, 2002 – the Effective Date  
Final: Petition Date – Effective Date

Amount of Compensation sought as  
actual, reasonable, and necessary: 5<sup>th</sup> Interim: \$32,596.00  
Final: \$2,348,694.25

Amount of Expense Reimbursement sought as  
actual, reasonable, and necessary: 5<sup>th</sup> Interim: \$0.00  
Final: \$222,803.18

This is an: X interim X final application.

The total time expended during this period for fee application preparation is approximately 2.5 hours and the corresponding compensation requested is approximately \$696.00.

Date Filed	Period Covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
March 26, 2001	January 10, 2001 – January 31, 2001	\$72,396.50	\$6,569.61	\$72,396.50	\$6,569.61
March 26, 2001	February 1, 2001 – February 28, 2001	\$718,889.50	\$85,344.46	\$718,889.50	\$85,344.46
May 4, 2001	March 1, 2001 – March 31, 2001	\$581,444.00	\$58,898.47	\$581,444.00	\$58,898.47

June 1, 2001	April 1, 2001 – April 30, 2001	\$391,409.25	\$28,568.80	\$391,409.25	\$28,568.80
August 1, 2001	May 1, 2001 – May 31, 2001	\$97,588.50	\$9,267.12	\$97,588.50	\$9,267.12
August 10, 2001	June 1, 2001 – June 30, 2001	\$132,268.00	\$11,290.00	\$132,268.00	\$11,290.00
September 12, 2001	July 1, 2001 – July 31, 2001	\$129,816.25	\$9,402.82	\$129,816.25	\$9,402.82
September 28, 2001	August 1, 2001 – August 31, 2001	\$117,508.75	\$10,338.90	\$117,508.75	\$10,338.90
December 3, 2001	September 1, 2001 – September 30, 2001	\$53,617.50	\$3,123.00	\$53,617.50	\$3,123.00
December 10, 2001	October 1, 2001 – October 31, 2001	\$11,038.00	\$0.00	\$8,830.40	\$0.00
January 7, 2002	November 1, 2001 – November 30, 2001	\$7,122.00	\$0.00	\$5,697.60	\$0.00
March 12, 2002	December 1, 2001 – December 31, 2001	\$3,000.00	\$0.00	\$0.00	\$0.00
August 26, 2002	January 1, 2002 – June 25, 2002	\$32,596.00	\$0.00	Requested	Requested

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<b>In re:</b>	)	<b>Chapter 11</b>
	)	
<b>TWA Inc. Post Confirmation Estate</b>	)	<b>Case No. 01-0056 (PJW)</b>
	)	<b>(Jointly Administered)</b>
	)	
<b>Debtor.</b>	)	

**FIFTH INTERIM AND FINAL APPLICATION OF KPMG LLP FOR  
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF  
EXPENSES AS ACCOUNTANTS, AUDITORS AND TAX AND FINANCIAL ADVISORS  
TO THE DEBTORS FOR THE PERIOD FROM  
THE PETITION DATE THROUGH THE EFFECTIVE DATE**

Pursuant to sections 327, 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Administrative Order Under 11 U.S.C. § 105(a) and 331 Establishing Procedure for Interim Compensation and Reimbursement of Professionals (the “Interim Compensation Order”), and Local Rule 2016-2, the accounting firm of KPMG LLP (“KPMG”), Accountants, Auditors and Tax and Financial Advisors to the Debtors in the above-captioned chapter 11 cases, hereby respectfully files this Fifth Interim and Final Application for Allowance of Compensation for services rendered and Reimbursement of Expenses for the period, January 1, 2002 through June 25, 2002 (the “Effective Date”) and for the period from the Petition Date through the Effective Date (together, the “Application”).

By this Application, KPMG LLP seeks an interim allowance of compensation in the amount of \$32,596.00 for the period January 1, 2002 through the Effective Date (the “Fifth Interim Period”). KPMG also seeks final allowance of compensation for services rendered in the amount of \$2,348,694.25 and reimbursement of expenses incurred in the amount of \$222,803.18 for services by

KPMG to the Debtors for the period from the Petition Date through the Effective Date. In support of this Application, KPMG respectfully states as follows:

BACKGROUND

1. On January 10, 2001, each of the Debtors (collectively, the “Debtors”) filed a voluntary petition for relief under chapter 11 of title 11, of the United States Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors continued to operate their businesses and manage their properties and assets as debtors in possession. On January 18, 2001, the U.S. Trustee appointed an official creditors’ committee in the Debtors’ cases (the “Committee”). No trustee has been appointed in these Debtors’ chapter 11 cases.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 15 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. On February 9, 2001, the Debtors filed an application (the “Employment Application”) to retain KPMG as their Accountants, Auditors and Tax and Financial Advisors, effective as of the respective petition dates. By this Court’s order dated March 13, 2001, the Debtors were authorized to retain KPMG as their Accountants, Auditors and Tax and Financial Advisors, effective as of the respective petition dates, with regard to their Chapter 11 cases, and all related matters (the “Retention Order”). The Retention Order authorizes the Debtors to compensate KPMG at KPMG’s hourly rates charged for services of this type and to be reimbursed for actual and necessary out-of-pocket expenses that it incurred, subject to application to this Court in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, all applicable local rules and orders of this Court and pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing

Procedures for Interim Compensation and Reimbursement of Professionals, (the “Interim Compensation Order”).

4. As disclosed in the Affidavit of Charles D. Bruce in Support of the Application For Order Pursuant to Section 327(a) of the Bankruptcy Code Authorizing Employment And Retention of KPMG LLP as Accountants, Auditors and Tax and Financial Advisors For The Debtors And Employment Application Pursuant to Federal Rule of Bankruptcy Procedure 2016(b) And Section 329(a) of the Bankruptcy Code, filed on February 9, 2001 (the “Affidavit”), KPMG does not hold or represent any interest adverse to the estates, and is a disinterested person as that term is defined in 11 U.S.C. § 101(14) of the Bankruptcy Code as modified by 11 U.S.C. § 1107(b) of the Bankruptcy Code.

5. On June 19, 2001, KPMG disclosed in the Supplemental Affidavit of Charles D. Bruce In Support of the Application of the Debtors for Order Authorizing the Retention and Employment of KPMG LLP as Accountants, Auditors and Tax and Financial Advisors to the Debtors (the “Supplemental Affidavit”) that for the period of April 9 through July 31, 2001 (the “Primary Transition Period”) and thereafter and until January 31, 2002, (the “Second Transition Period”), TWA LLC may be partially responsible for the payment of KPMG’s compensation and expenses. KPMG’s duty of loyalty remains solely with the Debtors, even though its services and costs may be paid by TWA LLC during the Primary Transition Period and the Second Transition Period.

6. On June 25, 2002, the Court entered an order confirming the Debtors’ Plan of Liquidation.

7. KPMG may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and these cases. KPMG disclosed in the Affidavit its connections to parties-in-interest that it has been able to ascertain using its reasonable efforts. KPMG will update the Affidavit when necessary and when KPMG becomes aware of material new information.

8. Pursuant to the Interim Compensation Order, professionals may request monthly compensation and reimbursement of expenses, and interested parties may object to such requests. If no interested party objects to a professional's request within twenty (20) days, the applicable professional may submit to the Court a certificate of no objection authorizing the payment of eighty percent (80%) of the compensation and one hundred percent (100%) of the reimbursement sought, subject to the filing and approval of a final fee application by the professional.

#### COMPENSATION PAID AND ITS SOURCE

9. KPMG performed the services for which it is seeking compensation on behalf of or for the Debtors and their estates, and not on behalf of any committee, creditor or other person.

10. Except to the extent of the payments paid to KPMG as described in the Affidavit and the Supplemental Affidavit, KPMG has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with these cases.

11. Pursuant to Fed. R. Bank. P. 2016(b), KPMG has not shared, nor has agreed to share (a) any compensation it has received or may receive with another party or person other than

with the members of KPMG, or (b) any compensation another person or party has received or may receive.

#### FEE STATEMENTS

12. Attached as Attachment A is a schedule summarizing the services rendered by KPMG from the Petition Date through the Effective Date.

13. Attached as Attachment B is a detailed itemization and description of the services that KPMG rendered during the Fifth Interim Period; based on these rates and the services performed by each individual, the reasonable value of such services is \$32,596.00. The KPMG accountants expended a total of 127.7 hours for these cases during the Fifth Interim Period. In accordance with the factors enumerated in 11 U.S. C. § 330, the amount of fees requested is fair and reasonable given: (a) the complexity of these cases; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services and (e) the costs of comparable services other than in a case under the Bankruptcy Code. The rates described herein are KPMG's hourly rates for services of this type.

14. Attached as Attachments C, D, E and F hereto are schedules summarizing the services rendered by KPMG during the First, Second, Third and Fourth Interim Periods, respectively, which fee applications are incorporated herein by reference.

#### ACTUAL AND NECESSARY EXPENSES

15. It is KPMG's policy to charge its clients in all areas of practice for identifiable non-overhead expenses incurred in connection with the client's case that would not have been

incurred except for representation of that particular client. It is KPMG's policy to charge its clients only the amount actually incurred by KPMG in connection with such items. Examples of such expenses are postage, overnight mail, courier delivery, transportation, airfare, meals, and lodging. With respect to airfare expenses, all travel, by all individuals, is billed at the coach class rate. Attached as Attachment A is a schedule summarizing the expenses incurred by KPMG from the Petition Date through the Effective Date. During the Fifth Interim Period, no such expenses were incurred. Attached as Attachments C, D, E and F are schedules summarizing the expenses incurred by KPMG during the First, Second, Third and Fourth Interim Periods, respectively.

#### SUMMARY OF SERVICES RENDERED

16. The professional services that KPMG rendered during the Fifth Interim Period are for activities in connection with KPMG's audit of the various benefit plans and preparation of its interim fee applications in accordance with the procedures and standards of the Bankruptcy Code, Rules, Orders of this Court and the U. S. Trustee for the District of Delaware. A more detailed identification of the actual services provided as Attachment B.

#### CERTIFICATION

17. KPMG believes it has complied with the requirements of Rule 2016-2 of the Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware and that this Application complies with Local Rule 2016-2.



## CONCLUSION

18. This Application will be KPMG's fifth interim and final application pursuant to the Interim Compensation Order, covering the period from the Petition Date through the Effective Date. If no obligation to file application is timely filed, served and received, and if the court does not otherwise require a hearing in respect to a fee application, then the applicant shall submit an order and certificate of no objection to the court, providing for the allowance of the compensation and reimbursement of the expenses requested and authorizing the Debtors to pay said allowed amounts. KPMG understands that a hearing has been set for final approval of all fees incurred in these cases for December 4, 2002 at 9:30 am.

19. In summary, by this Application, KPMG requests compensation for fees and expenses in the total amount of \$32,596.00 for reasonable and necessary professional services rendered during the Fifth Interim Period.

20. Also by this Application KPMG seeks final approval of all fees and expenses it has incurred in these cases, from the Petition Date through the Effective Date, totaling \$2,348,694.25 in fees and \$222,803.18 in expenses.

WHEREFORE KPMG respectfully requests that the Court enter an order (i) authorizing compensation in the amount of \$32,596.00 as compensation for services rendered by professionals and \$0.00 for reimbursement of actual and necessary expenses incurred during the Fifth Interim Period, for a total of \$32,596.00 and (ii) that the Court grant final approval of fees and expenses incurred by KPMG in representing the Debtors from the Petition Date through the Effective Date, in

the total amounts of \$2,348,694.25 of fees and \$222,803.18 of expenses and authorizing and directing the Debtor's to pay KPMG all outstanding amounts owing to KPMG; and (iv) that the Court grant the Application such other and further relief as this Court deems just and proper.

Wilmington, Delaware

Respectfully submitted,

Dated: 8/23/02

Thomas D. Bibby

Thomas D. Bibby  
KPMG LLP  
200 Crescent Court, Suite 300  
Dallas, Texas 75201  
(214) 840-2479  
(214) 840-2180 Facsimile

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FOR THE DISTRICT OF DELAWARE**

**In re:** ) **Chapter 11**  
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**TWA Inc. Post Confirmation Estate** ) **Case No. 01-0056 (PJW)**  
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**Debtor.** )

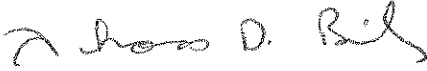
STATE OF TEXAS )  
 ) **SS:**  
COUNTY OF DALLAS )

**VERIFICATION**

Thomas D. Bibby, after being duly sworn according to law, deposes and says:

1. I am a partner in KPMG LLP ("KPMG"), the United States member firm of KPMG LLP International, a Swiss Association, and am duly authorized to make this Verification on behalf of KPMG. I make this verification in support of the Application of KPMG for Allowance of Administrative Claim for Compensation and Reimbursement of Expenses for the Fifth Interim Period January 1, 2002 through the Effective Date and Final Allowance of Compensation and Reimbursement of Expenses for the period from the Petition Date through the Effective Date.

2. The facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Thomas D. Bibby

SWORN TO AND SUBSCRIBED before me this 13<sup>rd</sup> day of August, 2002.

Rebecca Beserra

Notary Public

My Commission Expires: January 22, 2006

