

Hearing Date: November 1, 2002
Hearing Time: 9:30 a.m.
Objection Deadline: September 13, 4:00 p.m.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
) Chapter 11
)
TRANS WORLD AIRLINES, INC., et al^{1/}) Case No. 01-0056
)
Debtor.)
_____)

**FINAL APPLICATION FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF
EXPENSES OF KATTEN MUCHIN ZAVIS AS SPECIAL ANTITRUST
COUNSEL FOR THE DEBTORS AND DEBTORS-IN-POSSESSION**

The law firm of Katten Muchin Zavis Rosenman ("KMZR")^{2/} submits this Final Application for Allowance of Compensation and Reimbursement of Expenses (the "*Application*") for professional services rendered and costs incurred by KMZR, as special antitrust counsel for Trans World Airlines, Inc., and the affiliated debtors, debtors and debtors-in-possession herein

^{1/} The Debtors are the following entities: Trans World Airlines, Inc., Ambassador Fuel Corporation, LAX Holding Company, Inc., Mega Advertising Inc., Northwest 112th Street Corporation, The TWA Ambassador Club, Inc., Trans World Computer Services, Inc., Transcontinental & Western Air, Inc., TWA Aviation, Inc., TWA Group, Inc., TWA Standards & Controls, Inc., TWA Stock Holding Company, TWA-D.C. Gate Company, Inc., TWA-LAX Gate Company, Inc., TWA Logan Gate Co., Inc., TWA-NY/NJ Gate Company, Inc., TWA-Omnibus Gate Company, Inc., TWA-San Francisco Gate Company, Inc., TWA-Hangar 12 Holding Company, Inc., Ozark Group, Inc., TWA Nippon, Inc., TWA Employee Services, Inc., TWA Getaway Vacations, Inc., Trans World Express, Inc., International Aviation Security, Inc., Getaway Management Services, Inc., The Getaway Group (U.K.) Inc.

^{2/} In March of 2002, Katten Muchin Zavis merged with the law firm of Rosenman and Collin. The new firm is now known as Katten Muchin Zavis Rosenman. All of the fees requested in the Application relate to the period prior to the merger.

(collectively, "TWA," the "Company" or the "Debtors"), for the period from January 10, 2001 through and including June 24 (the "Final Application Period")^{3/}.

Introduction

1. On January 10, 2001 (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. On June 14, this Court entered the Order Confirming Joint Liquidating Plan of Reorganization of the Debtors and the Official Committee of Unsecured Creditors Pursuant to Chapter 11 of the United States Bankruptcy Code. The Joint Liquidating Plan of Reorganization of the Debtors and the Official Committee of Unsecured Creditors Pursuant to Chapter 11 of the United States Bankruptcy Code became effective on June 25, 2002.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This Motion is a core proceeding pursuant to 28 U.S.C. §157(b)(2).

4. The statutory predicates for the relief requested herein are sections 330, 331 and 503(b)(1)(A) of the Bankruptcy Code and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

^{3/} On August 30, 2001, KMZR submitted its Fifth Interim and Final Application for Allowance of Compensation and Reimbursement of Expenses of Katten Muchin Zavis as Special Antitrust Counsel (the "Fifth Interim Application"). Pursuant to that certain Omnibus Order Approving First and Second Interim Fee Applications of Professionals for the Periods January 10 2001 - March 31, 2001 and April 1, 2001- June 30, 2001, dated September 28, 2000, (the "Interim Fee Award"), this Court approved, on an interim basis, the fees requested by KMZR in its Fifth Interim Application. Out of an abundance of caution, to comply with the Order Confirming Joint Liquidating Plan of Reorganization of the Debtors and the Official Committee of Unsecured Creditors Pursuant to Chapter 11 of the United States Bankruptcy Code, and in order to recover certain minimal fees incurred by KMZR since the date of the Fifth Interim Application, KMZR is submitting the Application.

Retention of KMZR

5. On January 10, 2001, the Debtors filed their Application Pursuant to Fed R. Bankr. P. 2014(a) for Order Pursuant to Section 327(e) of the Bankruptcy Code Authorizing the Employment and Retention of Katten Muchin Zavis as Special Antitrust Counsel for the Debtors (the "*KMZ Retention Application*"). A true and correct copy of the KMZ Retention Application is attached hereto and incorporated herein as Exhibit A. Objections to the KMZ Retention Application were due by January 23, 2001, and if objections were received by that date, a hearing on the KMZ Retention Application was set to be held on January 23, 2001. No objections were filed on or before January 23, 2001.

6. KMZR was initially retained by the Debtors in the fall of 2000 as special antitrust counsel. Among the many legal services provided prepetition, KMZR responded to a civil investigative demand by the United States Department of Justice on the Debtors' behalf. The KMZ Retention Application generally sought to employ KMZR to render professional services relating to antitrust issues and all related matters arising during these chapter 11 cases. Specifically, KMZR was retained to provide the Debtors legal services including, but not limited to:

- (a) advising the Debtors with respect to antitrust issues;
- (b) attending meetings and negotiating with creditors, competitors and other parties in interest regarding antitrust issues;
- (c) preparing certain motions, applications, answers, orders reports, and papers necessary to address antitrust issues;
- (d) appearing before this Court, any appellate courts, any antitrust regulators or antitrust enforcers, and the United States Trustee and protecting the interests of the

Debtors' estates before such Courts and the United States Trustee regarding antitrust issues; and

- (e) performing all other necessary legal services and providing all other necessary legal advice to the Debtors in connection with these Chapter 11 cases regarding antitrust issues.

Interim Compensation

7. On March 13, 2001, KMZR filed the First Interim Application for Allowance of Compensation and Reimbursement of Katten Muchin Zavis as Special Antitrust Counsel for the Debtors and Debtors-In-Possession (the "*First Interim Fee Application*", Docket No. 969) for the period January 10, 2001 through and including January 31, 2001. KMZR received no objections to the First Interim Fee Application and on May 3, 2001, submitted to this Court a Certificate of No Objection (Docket No. 1542).

8. On May 3, 2001, KMZR filed the Second Interim Application for Allowance of Compensation and Reimbursement of Katten Muchin Zavis as Special Antitrust Counsel for the Debtors and Debtors-In-Possession (the "*Second Interim Fee Application*", Docket No. 1541) for the period February 1, 2001 through and including February 28, 2001. After discussions with the United States Trustee, KMZR filed with this Court an Amended Certificate of No Objection (the "*Second Certificate*", Docket No. 1647) on or about June 11, 2001. Pursuant to the Second Certificate, KMZR reduced its requested expense reimbursement by \$660.44.

9. On May 14, 2001, KMZR filed the Third Interim Application for Allowance of Compensation and Reimbursement of Katten Muchin Zavis as Special Antitrust Counsel for the Debtors and Debtors-In-Possession (the "*Third Interim Fee Application*") for the period March 1, 2001 through and including March 31, 2001. After discussions with the United States Trustee,

KMZR filed with this Court an Amended Certificate of No Objection (the "*Third Certificate*", Docket No. 1700) on or about June 22, 2001. Pursuant to the Third Certificate, KMZR reduced its requested expense reimbursement by \$472.60.

10. On May 15, 2001, KMZR filed the Interim Fee Application Request pursuant to which ZKMR sought to receive the hold back amounts incurred from the period January 10, 2001 through March 31, 2001.

11. On June 11, 2001, KMZR filed the Fourth Interim Application for Allowance of Compensation and Reimbursement of Katten Muchin Zavis as Special Antitrust Counsel for the Debtors and Debtors-In-Possession (the "*Fourth Interim Fee Application*", Docket No. 1724) for the period April 1, 2001 through and including April 30, 2001. KMZR received no objections to the Fourth Interim Fee Application and on July 3, 2001, submitted to this Court a Certificate of No Objection.

12. On August 30, 2001 KMZR filed the Fifth Interim Application (Docket No.2167) seeking interim allowance of compensation for the period May 1, 2001 through July 31, 2001 and final allowance of compensation for the period January 31, 2001 through July 31, 2002. Pursuant to the Interim Fee Award, dated September 28, 2001 (Docket No.2255), this court granted KMZR interim allowance of \$599,860.50 in fees and \$62,794.24 in expenses. A copy of the Interim Fee Award is attached hereto as Exhibit B.

Relief Requested

13. By this Application, KMZR requests, pursuant to sections 330, 331 and 503(b)(1)(A) of the Bankruptcy Code, and Bankruptcy Rule 2016, final allowance of \$604,286.50 in compensation for the actual, reasonable, necessary legal services rendered for or on behalf of

the Debtors during the Final Application period, including \$4,426.00 in fees incurred by KMZR since it filed the Fifth Interim Application but not yet approved by the Court. In addition, KMZR seeks final allowance of \$62,794.24 for the actual, reasonable, and necessary expenses incurred by KMZR during the Final Application Period.

Value of Services Rendered

14. Section 330(a) of the Bankruptcy Code provides, in pertinent part, that:

the court may award... reasonable compensation for actual, necessary services rendered by the... attorney and by any paraprofessional person... and... reimbursement for actual, necessary expenses.... In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the 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 [the Bankruptcy Code]; (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.

15. In evaluating the services rendered by KMZR, the Court should ascertain whether or not such services were rendered and billed in accordance with the established market for legal services in matters similar to those encountered by KMZR. *Mann v. McCombs (In re McCombs)*, 751 F.2d 286, 288 (8th Cir. 1984) (Section 330 "is meant to encourage high standards of professional legal practice in the bankruptcy courts.... Bankruptcy courts must consider whether

the fee awards are commensurate with fees for professional services in non-bankruptcy cases, thus providing sufficient economic incentive to practice in bankruptcy courts."). KMZR staffed these cases, and charged hourly rates, no differently than KMZR would in representing any other client. Moreover, KMZR consistently and consciously made every reasonable effort to represent the Debtors in the most economical, efficient, and practical manner.

16. KMZR has conscientiously attempted to avoid duplicative representation of the Debtors, both internally and with the attorneys of Kirkland & Ellis and Pulchaski, Stang, Ziehl, Young, & Jones, the Debtors' general bankruptcy co-counsel.

17. KMZR's hourly rates of compensation for attorneys and paraprofessionals during the Final Application Period ranged from \$65 to \$495.00. KMZR staffed these cases and charged hourly rates no differently than KMZR would have in representing any other client. Those rates are comparable to rates charged by other practitioners having the same amount of experience, expertise, and standing for similar services in comparable chapter 11 cases.

18. In these chapter 11 cases, KMZR performed services at the highest skill level while serving the Debtors in an efficient and professional manner. KMZR attorneys charged fees that are customary in similar cases, worked under severe time constraints on numerous occasions, obtained excellent results, utilized attorneys having the utmost of experience and ability, and certain key KMZR attorneys devoted time to these cases to the exclusion of other matters. Whenever possible, KMZR attorneys utilized the assistance of junior attorneys and paraprofessionals.

19. Given the nature and quality of the services rendered, the time constraints imposed on KMZR, the interests at stake, the amounts involved, the responsibility assumed by KMZR, the

delay in payment of KMZR's fees and expenses and the experience, ability, and standing of the attorneys involved, the compensation requested for legal services rendered during the Final Application Period is a reasonable amount that should be allowed in full. Likewise, the out-of-pocket expenses incurred during the Final Application Period are reasonable and should be allowed in full. KMZR submits that its services were actually rendered and necessary to the Debtor and to its estate. Through the efforts of KMZR attorneys and professionals, the Debtors were able to obtain the approval of U.S. Government and international antitrust regulators for the sale of their assets to American Airlines. This sale not only generated great returns for the Debtors' creditors, it enabled thousands of people to remain employed and kept vital airline services available to the public.

Amounts Requested

20. KMZR has reviewed its time entries and endeavored to place all such entries into discrete billing categories, according to the task performed. During the Final Application Period, KMZR rendered a total of approximately 1,985.40 hours of legal and paraprofessional services to the Debtor having an aggregate value of \$604,286.50.

21. The following is a separate description of KMZR's two billing categories for this case. A detailed summary of time is attached hereto and incorporated herein as Exhibit C, which detailed summary contains for the Final Application Period: (a) detailed descriptions of all services rendered in the above category; (b) the timekeeper, date, and amount of time expended in the category; (c) the total time and value of services rendered in the category; and (d) a summary chart setting forth each attorney who rendered services, their total time, and the total dollar value. For the sake of convenience, expenses have been classified separately, and are discussed in detail below.

TWA Bankruptcy-Antitrust

22. KMZR expended 1850.20 hours having a value of \$570,634.00 in connection with its antitrust representation of the Debtors during the Final Application Period. Specifically, KMZR has researched and advised the Debtors with respect to antitrust and airline industry issues, prepared regulatory filings on behalf of the Debtors, responded to inquiries from and prepared and presented information to the United States Senate, the Department of Justice, and the Israel Antitrust Authority on behalf of the Debtors. The following is a summary of the time devoted, and charges incurred, by each KMZR attorney and paraprofessional in this category for the Final Application Period:

Name	Final Application Period Hours	Final Application Period Fees Incurred
Appel, Brendan R.	129.6	\$22,680.00
Ashe, Ed	5.5	\$357.50
Butman, Megan	0.2	\$28.00
Carpenter, John A.	3.4	\$442.00
Chefitz, Joel G.	528.6	\$261,657.00
Collard, Margaret J.	0.5	\$72.50
Costello, Kelly L.	91.2	\$19,608.00
Dahlin, Bryna J.	1.8	\$315.00
Guizzetti, Brett T.	1.3	\$149.50
Karsh-Fogel, Tamar T.	9.4	\$1,645.00
Kemnitz, Christian T.	174.6	\$48,015.00
Konrath, Adriane	0.5	\$37.50

Name	Final Application Period Hours	Final Application Period Fees Incurred
Kramer, Kristine L.	0.6	\$129.00
Larkin, Ann	3.6	\$702.00
Libowsky, Stephen D.	2.5	\$1,062.50
Martin, Laura K.	277.7	\$97,195.00
Marwil, Jeff J.	1	\$495.00
Medina, Dominic	13.5	\$1,215.00
Olson, Marisa R.	129	\$17,415.00
Rossing, Carl	21.9	\$1,642.50
Roth, Bryna J.	113	\$19,775.00
Schechter, Benay	0.2	\$43.00
Streicher, Susan	2.8	\$364.00
Sullivan, Lisa	251.3	\$61,568.50
Valek, Kimberly A.	22.2	\$3,108.00
Warren, Patricia	45.1	\$7,441.50
Weissman, Andrew E.	18.6	\$3,255.00
Wight, Linda J.	0.6	\$216.00
Total	1850.2	\$570,634.00

TWA Bankruptcy–Fee Application

23. KMZR expended 135.2 hours having a value of \$33,652.50 in connection with this category during the Final Application Period. This category includes winding-up of KMZR’s antitrust representation of TWA, reviewing billing procedures, administrative orders and the local rules with respect to billing, communications with the United States Trustee with respect to fees

and expenses charged by KMZR, the preparation of fee applications and other fees related to the fee collection and billing during the pendency of these cases. The following is a summary of the time devoted, and charges incurred, by each KMZR attorney and paraprofessional in this category during the Interim Application Period:

Name	Final Application Period Hours	Final Application Period Fees Incurred
Chefitz, Joel G.	31.6	\$15,642.00
Gomez, Teresa	1.5	\$120.00
Hines, Justin	0.5	\$120.00
Kemnitz, Christian T.	2.4	\$660.00
Jawor, Michelle	10.1	\$1,363.50
Weissman, Andrew E.	89.1	\$15,748.50
Total:	135.2	\$33,652.50

Expenses Incurred

24. The actual and necessary expenses expended by KMZR during the Final Application Period for which reimbursement is requested amount to \$62,794.24. Detailed itemizations of all of the expenses incurred during the Final Application Period may be found as part of Exhibit D. Below is a chart detailing each category of expenses incurred by KMZR during these cases:

CATEGORY	AMOUNT
Outside Copy Costs	\$29,211.32
Airfare	\$9,255.00
Travel/Meals/Lodging	\$7,747.41

CATEGORY	AMOUNT
Overnight Courier	\$1,430.69
In-house Photocopy Costs	\$8,434.20
Telecopier	\$1,059.00
Telephone	\$468.51
Data Base Research Costs	\$2,579.80
Local Trans - Cab, Limo & Parking	\$927.79
Business Meals	\$781.59
Miscellaneous Costs	\$300.49
Employee Overtime	\$566.00
Postage Costs	\$32.44
TOTAL	\$62,794.24

25. Below is a description of the categories of expenses incurred during the Final Application Periods:

(1) Outside Copying Costs: Where a large copy job may be more efficiently conducted by an outside copying service, such a service is used. Copy services are able to complete large copy jobs in a more timely fashion and are more cost effective for the clients. KMZR seeks allowance of expenses incurred for outside photocopy costs in the amount of \$29,211.32.

(2) Airfare: KMZR seeks allowance for expenses incurred for airfare in the amount of \$9,255.00.

(3) Travel, Meals & Lodging: KMZR seeks allowance for expenses related to travel, meals and lodging in the amount of \$7,747.41.

(4) Overnight Courier: KMZR seeks allowance for expenses incurred for air express, shipping, etc. in the amount of \$1,430.96. The exigency of certain situations require the occasional use of overnight delivery services to parties located outside of the Chicago metropolitan area. These charges were necessary to the proper representation of the Debtor, and were only used when ordinary mail would not suffice. KMZR makes no profit on these expenses.

(5) In-house Photocopy Costs: KMZR seeks allowance for expenses incurred for in-house photocopy costs in the amount of \$8,434.20. In order to properly attribute in-house photocopies to each client, KMZR maintains a record of copy charges made through a computerized system. This procedure requires the operator to key in a client's code number on a keypad attached to the copier. In this fashion, the copies are not considered "overhead," the cost of these copies is not factored into KMZR's hourly rates, and clients are therefore not expected to pay for copies made on behalf of other clients. KMZR charges the Debtors fifteen cents per page for in-house photocopy charges.

(6) Long Distance Telephone Calls: KMZR seeks allowance for expenses for long distance telephone calls in the amount of \$468.51. KMZR does not charge its clients for local telephone usage, as these charges are considered "overhead" costs. However, in order to properly attribute long distance telephone calls to each client, KMZR maintains a record of long distance telephone call charges made through a computerized system. This procedure requires the caller to key in a client's code number when initiating the call. In this fashion, the long distance calls are not considered "overhead," the costs of these calls is not factored into KMZR's hourly rates, and clients are therefore not expected to pay for long distance calls made on behalf of other clients. KMZR makes no profit on long distance telephone expenses.

(7) Westlaw & Related Research: KMZR seeks reimbursement in the amount of \$2,579.80 for expenses related to research conducted on Westlaw and other computerized databses. KMZR uses computerized research services such as Westlaw or Lexis to research legal issues and uses services such as CourtLink to obtain documents filed with courts. Both types of services are necessary and allow KMZR to reduce costs. CourtLink allows court documents to be obtained without the necessity of a trip to the appropriate courthouse; Westlaw allows KMZR to reduce the time expended in researching complex areas of the law, thus saving attorneys' billable hours. Even the most experienced attorney must conduct research to evaluate changes in the law, to address new issues, or to refresh the attorney's recollection.

(8) Local Travel: KMZR seeks allowance for expenses incurred in this category in the amount of \$927.79. During the Interim and Final Application Periods, KMZR attorneys or paraprofessionals were required to work late hours or on weekends to meet deadlines. Because of KMZR's location in the Chicago business district, to ensure the individual's safety and for efficiency, taxi, parking costs or meal expenses are incurred. Allowing for this procedure in exigent circumstances permits KMZR to limit the number of professionals and paraprofessionals working on each case, thus reducing the duplication of services and the requirement for individuals to "get up to speed" on each matter.

(9) Business Meals: KMZR seeks allowance for expenses incurred in this category in the amount of \$781.59.

(10) Miscellaneous Costs: KMZR seeks allowance in the amount of 300.49 for miscellaneous costs and expense.

(11) Postage Costs: KMZR seeks allowance of expenses incurred for postage costs in the amount of \$32.44.

(12) Telecopier Charges: During the Final Application Period, KMZR incurred charges for outgoing facsimile transmissions in the amount of \$1,059.00. Similarly, facsimile transmission was necessitated in certain instances to immediately transmit documents to parties located outside of the Chicago area. Facsimile transmission is frequently required in order to obtain immediate approval and/or review of documents and correspondence. Facsimile transmissions are an ordinary and customary means of communication. KMZR presently charges all of its clients \$1.00 per page for long distance facsimile transmissions. No charge is made for incoming facsimiles.

(13) Employee Overtime: During the Final Application Period, KMZR incurred expenses for employee overtime in the amount of \$566.00.

Summary and Conclusion

26. KMZR seeks final allowance in the amount of \$604,286.50 for the actual, reasonable, and necessary legal services rendered during the Final Application Period which amount includes compensation for legal services rendered from the Petition Date through the date hereof. In addition, KMZR seeks final allowance in the amount of \$62,794.24 for actual, reasonable, and necessary costs and expenses incurred by KMZR for the Debtors during the Final Application Period.

27. The rates of compensation for attorneys and supporting paraprofessionals, and the expenses incurred by KMZR, are customary and ordinary rates, fees, and expenses charged by KMZR in matters of this type. All services and expenses for which KMZR requests compensation and reimbursement were performed and incurred for and on behalf of the Debtors. All services


and expenses for which KMZR requests compensation and reimbursement benefitted the Debtors' bankruptcy estates.

28. No agreement or understanding exists between KMZR and any other person for sharing of compensation which has been or will be received, except such sharing as is customary and generally accepted among attorneys within a law firm. No agreement or understanding, express or implied, has been or will be entered into for purposes of fixing the fees or other compensation to be paid to any other attorney for any party-in-interest, to any other party-in-interest, or to any person for services rendered in connection herewith in the assets of the estate contrary to the provisions of the Bankruptcy Code. KMZR at all times acted pursuant to the instructions of its client and KMZR consistently and conscientiously attempted to handle all matters in the most efficient and economic manner possible.

WHEREFORE, KMZR respectfully requests that this Court enter an order in the form attached hereto as Exhibit E: (a) granting final allowance for services rendered during the Final Application Period in the amount of \$604,286.50; (b) granting final allowance in the amount of \$62,794.24 for all expenses incurred by KMZR on behalf of the Debtors; (c) directing the Debtors to pay KMZR 4,426.00 in fees not yet paid to KMZR; and (d) granting such further and other relief as the Court deems just and proper.

Dated: August 23, 2002

KATTEN MUCHIN ZAVIS ROSENMAN

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*Special antitrust counsel to the Debtors
and Debtors in Possession*

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
TRANS WORLD AIRLINES, INC., et al.,¹) Case No. 01-0__ ()
) (Jointly Administered)
)
Debtors.)

APPLICATION PURSUANT TO FED. R. BANKR.
P. 2014(a) FOR ORDER PURSUANT TO SECTION 327(e)
OF THE BANKRUPTCY CODE AUTHORIZING THE
EMPLOYMENT AND RETENTION OF KATTEN MUCHIN ZAVIS
AS SPECIAL ANTITRUST COUNSEL FOR THE DEBTORS

The above-captioned debtors and debtors in possession (collectively, the "Debtors") hereby submit this application (the "Application") for an Order Pursuant to 327(e) of the Bankruptcy Code Authorizing the Employment and Retention of Katten Muchin Zavis ("KMZ" or the "Firm") for the Debtors. In support of this Application, the Debtors respectfully state as follows.²

Introduction

1. On the petition date (the "Petition Date"), the Debtors filed with this Court their voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. Pursuant to 11 U.S.C. §§ 1107 and 1108, the Debtors are continuing to operate their businesses and manage their properties and assets as debtors in possession. No trustee, examiner or committee has been appointed in the Debtors' Chapter 11 cases.

¹The Debtors are the following entities: Trans World Airlines, Inc., Ambassador Fuel Corporation, LAX Holding Company, Inc., Mega Advertising Inc., Northwest 112th Street Corporation, The TWA Ambassador Club, Inc., Trans World Computer Services, Inc., Transcontinental & Western Air, Inc., TWA Aviation, Inc., TWA Group, Inc., TWA Standards & Controls, Inc., TWA Stock Holding Company, TWA-D.C. Gate Company, Inc., TWA-LAX Gate Company, Inc., TWA Logan Gate Co., Inc., TWA-NY/NJ Gate Company, Inc., TWA-Omnibus Gate Company, Inc., TWA-San Francisco Gate Company, Inc., TWA-Hangar 12 Holding Company, Inc., Ozark Group, Inc., TWA Nippon, Inc., TWA Employee Services, Inc, TWA Getaway Vacations, Inc., Trans World Express, Inc., International Aviation Security Inc., Getaway Management Services, Inc., The Getaway Group (U.K.) Inc.

²The facts and circumstances supporting this Motion are set forth in the Affidavit of Michael J. Palumbo in Support of First Day Motions, filed contemporaneously herewith.

2. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is 11 U.S.C. § 327(e).

Relief Requested

3. As stated in the application authorizing the employment and retention of Katten Muchin Zavis ("KMZ"), Kirkland & Ellis represents another airline client on antitrust matters. Although this does not prevent Kirkland & Ellis from representing the Debtors on all other matters relating to this Petition, the Debtors decided, in an abundance of caution, to retain special antitrust counsel to represent the Debtors for certain antitrust issues.

4. The Debtors retained KMZ in the Fall of 2000 as special antitrust counsel. Among the many legal services provided prepetition, KMZ responded to a civil investigative demand by the United States Department of Justice on the Debtors behalf.

5. KMZ has continued to advise the Debtors as different strategic alliances are investigated and pursued. KMZ's services are particularly important because the potential sale of all or substantially all of the assets of the Debtors may implicate the antitrust laws for which the Debtors will need experienced legal advice.

6. By this Application, the Debtors seek to employ and retain the firm of KMZ of Chicago, Illinois as their counsel with regard to antitrust issues, and all related matters, effective as of the Petition Date. Accordingly, the Debtors respectfully request entry of an order pursuant to 11 U.S.C. § 327(e) authorizing them to employ and retain the firm of KMZ as their special antitrust counsel under a general renewing retainer to perform the legal services that will be necessary during these Chapter 11 cases.

7. The Debtors seek to retain KMZ as their special antitrust counsel because of KMZ's extensive experience and knowledge in the antitrust field, its expertise, experience and knowledge in antitrust trials and appeals and in premerger antitrust investigations, its experience in representing the Debtors before the Petition Date, and its ability to quickly respond to all issues that may arise in this case. In representing the Debtor regarding antitrust issues, KMZ has become familiar with the Debtors' business and affairs and many of the potential antitrust issues that may arise in the context of these Chapter 11 cases. Accordingly, the Debtors believe that KMZ is both well qualified and uniquely able to represent them in these Chapter 11 cases in an efficient and timely manner.

8. Subject to court approval under 11 U.S.C. § 330(a), compensation will be payable to KMZ on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by KMZ. The hourly rates charged by KMZ are consistent with the rates charged in non-bankruptcy matters of this type and are subject to periodic adjustments to reflect economic and other conditions.

9. KMZ's hourly rates are set at a level designed to fairly compensate it for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned and may be adjusted by KMZ from time to time. It is KMZ's policy to charge its clients in all areas of practice for all other expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel expenses, including airline upgrade certificates, certain secretarial and other overtime expenses, filing and recording fees, long distance telephone calls, postage, express mail and messenger charges, computerized legal research charges and other computer services, expenses for "working meals" and telecopier charges. KMZ will charge the

Debtors for these expenses in a manner and at rates consistent with charges made generally to its other clients. KMZ believes that it is fairer to charge these expenses to the particular client rather than increasing the hourly rates and spreading the expenses among all clients.

10. The professional services that KMZ will render to the Debtors may include, but shall not be limited to, the following:

- (a) advise the Debtors with respect to certain antitrust issues;
- (b) attend meetings and negotiate with representatives of creditors, competitors, and other parties in interest regarding antitrust issues;
- (c) prepare on behalf of the Debtors certain motions, applications, answers, orders, reports, and papers necessary to address antitrust issues;
- (d) appear before this Court, any appellate courts, any antitrust regulators or antitrust enforcers, and the United States Trustee and protect the interests of the Debtors' estates before such Courts and the United States Trustee regarding antitrust issues; and
- (e) perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these Chapter 11 cases regarding antitrust issues.

11. To the best of the Debtors' knowledge, and except as disclosed in the attached affidavit of Joel G. Chefitz (the "Chefitz Affidavit"), KMZ has not represented the Debtors, their creditors, equity security holders, or any other parties in interest, or their respective attorneys and accountants, the United States Trustee or any person employed in the office of the United States Trustee, in any antitrust matter relating to the Debtors or their estates.

12. The Debtors desire to retain KMZ under the retainer arrangement set forth in the Chefitz Affidavit because of the extensive legal services that may be required and the fact that the nature and extent of such services are not known at this time. To the best of Debtors' knowledge, KMZ does not hold or represent any interest adverse to the Debtors' estates, KMZ is a "disinterested

person" as that phrase is defined 11 U.S.C. § 101(14), and KMZ's employment is necessary and in the best interests of the Debtors and the Debtors' estates.

13. To date, Katten Muchin Zavis has received approximately \$85,000 for its prepetition services. Katten Muchin Zavis received an advance payment retainer of approximately \$15,000 for its prepetition and postpetition services and expenses to be rendered or incurred for or on behalf of the Debtors. The Debtors have agreed that any portion of the advance payment retainer not used to compensate KMZ for its prepetition services and expenses ultimately will be used by KMZ to apply against other KMZ bills, and will not be placed in a segregated account.

Notice

14. Notice of this Motion has been given to (i) the United States Trustee; (ii) and counsel to the proposed debtor in possession lender. In light of the nature of the relief requested, the Debtors submit that no further notice is required.


No Prior Request

15. No prior Motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an Order, substantially in the form attached hereto, authorizing the employment and retention of Katten Muchin Zavis as special antitrust counsel for the Debtors; and grant such further relief as is just and proper.

Dated: January 10, 2001.

By:



Michael J. Palumbo, Executive Vice President and
Chief Financial Officer and General Counsel