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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

In re:)	Case No. 04-13819
)	Jointly Administered
US AIRWAYS, INC., <i>et al.</i> , ¹)	Chapter 11
)	Hon. Stephen S. Mitchell
Debtors.)	
_____)	

**THIRD AND FINAL APPLICATION OF ARNOLD & PORTER LLP, COUNSEL TO THE
DEBTORS, SEEKING ALLOWANCE AND PAYMENT OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330 AND 331**

Name of Applicant: Arnold & Porter LLP

Authorized to Provide Professional Services to: US Airways, Inc. and the Affiliate Debtors

Date of Retention Order: September 14, 2004

Period for Which Compensation and Reimbursement are Sought: 9/12/04 – 9/27/05

Amount of Compensation Sought as Actual, Reasonable, and Necessary: \$13,257,587.83

Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary: \$371,915.19

This is an/a: __ Interim X Final Application.

Aggregate Amounts Paid to Date: \$11,719,283.26

¹ The Debtors are the following entities: US Airways, Inc., US Airways Group, Inc., PSA Airlines, Inc., Piedmont Airlines, Inc. and Material Services Company, Inc.

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)	Hon. Stephen S. Mitchell
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THIRD AND FINAL APPLICATION OF ARNOLD & PORTER LLP, COUNSEL TO THE DEBTORS, SEEKING ALLOWANCE AND PAYMENT OF COMPENSATION AND REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330, 331 AND 503(b)

Arnold & Porter LLP (“Arnold & Porter”), counsel for the Debtors and debtors-in-possession in the above-captioned cases (the “Reorganization Cases”), submits this third and final application (the “Final Application”) seeking allowance and payment of compensation and reimbursement of expenses under 11 U.S.C. §§ 330, 331 and 503(b) for the period from May 1, 2005 through September 27, 2005 (the “Application Period”), in the amount of \$5,693,024.03 in fees and in the amount of \$133,718.18 in charges and disbursements, and for the entire period of the Reorganization Cases, September 12, 2004, through September 27, 2005 (the “Case Period”) in the amount of \$13,257,587.83 in fees and in the amount of \$371,915.19 in charges

¹ The Debtors are the following entities: US Airways, Inc., US Airways Group, Inc., PSA Airlines, Inc., Piedmont Airlines, Inc. and Material Services Company, Inc.

and disbursements. Arnold & Porter submits this Final Application for (a) allowance of compensation for professional services rendered by Arnold & Porter to the Debtors, and (b) reimbursement of actual and necessary charges and disbursements incurred by Arnold & Porter in the rendition of required professional services on behalf of the Debtors. In support of this Final Application, Arnold & Porter represents as follows:

I. JURISDICTION

1. On September 12, 2004 (the "Petition Date"), each of the Reorganized Debtors filed with the United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division (the "Court"), its respective voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code") commencing the above-captioned chapter 11 cases. The Reorganized Debtors' chapter 11 cases are being jointly administered for procedural purposes only.

2. On September 21, 2004, the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee"). On October 28, 2004, the Court appointed an Official Committee of Retired Employees of US Airways for limited purposes pursuant to section 1114 of the Bankruptcy Code (Docket No. 612) (the "1114 Committee"). No trustee or examiner has been appointed in these cases. Pursuant to section 14.4 of the Plan (as defined below), the Committee and the 1114 Committee have dissolved and a Post-Effective Date Committee has formed.

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

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

II. BACKGROUND

A. BUSINESS OPERATIONS

5. At the time they filed their chapter 11 petitions, the Reorganized Debtors operated the seventh largest airline in the United States. Through their mainline and commuter operations, they employed approximately 34,000 people in 37 states and the District of Columbia and were the second largest air carrier east of the Mississippi, where more than 60% of the U.S. population resides. They provided regularly scheduled airline service to close to 200 destinations across the United States and in Canada, Mexico, the Caribbean and Europe. The Reorganized Debtors carried approximately 55.6 million passengers during 2004 and, as of the Petition Date, had a fleet that included approximately 282 mainline jets, as well as a growing regional jet fleet.

6. The Reorganized Debtors generated operating revenues of approximately \$7.1 billion for the year ended December 31, 2004. The Reorganized Debtors' chapter 11 petitions listed assets of approximately \$8.8 billion (including \$2.5 billion of goodwill) and liabilities of approximately \$8.7 billion on a consolidated basis, excluding future aircraft purchase obligations of \$2.6 billion and future lease obligations of \$4.9 billion.

7. The Reorganized Debtors' corporate structure consists of US Airways Group, Inc. ("Group"), its wholly owned subsidiary, US Airways, Inc. ("US Airways"), three other wholly owned debtor subsidiaries, Piedmont Airlines, Inc. ("Piedmont"), PSA Airlines, Inc. ("PSA"), and Material Services Company, Inc. ("MSC"), and one non-debtor foreign insurance subsidiary.

8. As of July 1, 2004, three mergers took place among Group's subsidiaries. Allegheny Airlines, Inc. was merged into Piedmont, and US Airways Services Corporation Inc. (f/k/a MidAtlantic Airways, Inc.) and US Airways Leasing and Sales, Inc., were both merged into US Airways.

9. The Reorganized Debtors' flight operations encompass the mainline operations of US Airways, as well as commuter operations under the name US Airways Express. The Reorganized Debtors' North American operations have a traditional "hub-and-spoke" structure in Charlotte and a "rolling hub" in Philadelphia. US Airways also has a significant presence in Boston, New York (LaGuardia) and Washington, D.C. (Reagan National), including US Airways Shuttle, its shuttle operation. While no longer a hub, Pittsburgh continues to have an important presence in the Reorganized Debtors' system.

B. THE PREVIOUS CHAPTER 11 CASES

10. Each of the Reorganized Debtors in these chapter 11 cases had previously filed, on August 11, 2002, a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. During the pendency of the previous chapter 11 cases, the debtors in those cases continued to operate their businesses as debtors-in-possession.

11. On March 18, 2003, this Court entered an order confirming the First Amended Joint Plan of Reorganization of US Airways Group, Inc. and Its Affiliated Debtors and Debtors-in-Possession, As Modified (the "2003 Plan"). The 2003 Plan became effective on March 31, 2003 (the "2003 Plan Effective Date") and has been substantially consummated. On August 20, 2004, this Court entered an order closing all but one of the previous chapter 11 cases.² On October 13, 2005, the Reorganized Debtors filed their final report and motion for final decree seeking to close Case No. 02-83984.

² On February 7, 2005, the Debtors filed a Motion to (I) Authorize the Adjudication and Resolution of US Airways Group, Inc.'s Remaining Bankruptcy Case Related Claims in the US Airways, Inc. Bankruptcy Case and (II) Relieve the Claims Agent of its Responsibilities in the US Airways Group, Inc. Bankruptcy Case (Docket No. 1770) (the "Claims Adjudication Motion"). On February 18, 2005, this Court entered an order granting the Claims Adjudication Motion, thereby providing the Debtors with the ability to adjudicate, resolve, and settle the 66 remaining claims from the Debtors' previous chapter 11 cases in the context of the Debtors' current chapter 11 cases.

12. A key element of the 2003 Plan was that US Airways received a \$900 million loan guarantee under the Air Transportation Safety and System Stabilization Act from the Air Transportation Stabilization Board (“ATSB”) in connection with a \$1 billion term loan financing (the “ATSB Loan”). The ATSB Loan was funded on the 2003 Plan Effective Date, and is guaranteed by Group and its other domestic subsidiaries. The ATSB Loan also is secured by substantially all otherwise unencumbered assets of Group and its subsidiaries. As part of receiving the ATSB Loan, the Reorganized Debtors agreed to a number of financial covenants, the breach of which would constitute a default under the loan agreements evidencing the ATSB Loan.

13. On the 2003 Plan Effective Date, and pursuant to the terms of the 2003 Plan, the Retirement Systems of Alabama Holdings LLC (“RSA”) invested \$240 million in cash in exchange for approximately 36.2%, on a fully-diluted basis, of the equity in Group. As of the 2003 Plan Effective Date, in connection with its investment, RSA obtained a voting interest of approximately 71.6% in Group.

14. Before emerging from chapter 11, the Reorganized Debtors examined every phase of their contracts and operations. They had (i) reduced their costs by more than \$2 billion annually, including more than \$1.2 billion in labor cost reductions, (ii) reduced their mainline capacity, (iii) realigned their network to maximize yield, (iv) initiated a business plan to use more (and larger) regional jets and procured financing to acquire these aircraft, and (v) expanded their alliances with other carriers. Through their 2003 Plan, with the assistance of this Court and their customers and stakeholders, the Reorganized Debtors had effectively implemented all of the steps that then appeared necessary to compete with the other legacy carriers and return to profitability.

C. ADVERSE EVENTS SINCE THE 2003 PLAN EFFECTIVE DATE

15. The Reorganized Debtors substantially achieved all of the objectives identified in the 2003 Plan that were within their control. Nonetheless, after emerging from bankruptcy in March 2003, the Reorganized Debtors continued to incur substantial losses from operations. For the nine-month period ending December 31, 2003, Group had an operating loss of approximately \$44 million and a net loss of approximately \$174 million. For the twelve-month period ending December 31, 2004, Group had a net loss of approximately \$611 million.

16. Primary factors contributing to these losses include an unprecedented reduction in domestic industry unit revenue and unprecedented increases in fuel prices. The downward pressure on domestic industry unit revenue is the result of the rapid growth of low-fare, low-cost airlines, the increasing transparency of fares available through Internet sources, and other changes in fare structures that result in substantially lower fares for many business and leisure travelers. This development, although positive for consumers, has had a persistent and deleterious effect on the revenue side of the Reorganized Debtors' businesses and represents a new paradigm in the airline industry. Passenger levels are increasing, but the legacy carriers, like the Reorganized Debtors, are still losing money.

17. At the same time, fuel prices continued at historically high levels. While fuel prices are not at the core of the Reorganized Debtors' problems, they have clearly exacerbated the financial situation and accelerated the time at which the Reorganized Debtors were forced to address their core problems.

18. Although it was not apparent at the time the Reorganized Debtors emerged from chapter 11 in 2003, it later became apparent that the Reorganized Debtors were required fundamentally to transform in order to survive. During 2004, the Reorganized Debtors'

management developed a plan for transforming the Reorganized Debtors into a fully competitive and profitable airline (the "Transformation Plan").

19. Throughout the Spring and Summer of 2004, the Reorganized Debtors communicated with key stakeholders and the public regarding their plan to seek to implement, by September 2004, the actions needed and the cost reductions necessary to transform the airline into a viable competitor. The Reorganized Debtors aggressively sought to obtain the necessary agreements to allow full implementation of their Transformation Plan without the need for filing new chapter 11 cases. An essential element of the Transformation Plan, however, was significant reductions in labor costs through changes in the Reorganized Debtors' collective bargaining agreements. The Reorganized Debtors were not able to achieve those reductions prior to the filing of these chapter 11 cases.

20. With losses mounting, available cash declining, and defaults or cross defaults looming under the Reorganized Debtors' key agreements with various parties, the Reorganized Debtors had no practical alternative but to file for chapter 11 protection again in order to preserve their assets while attempting to complete their implementation of the Transformation Plan.

D. SUMMARY OF SIGNIFICANT EVENTS DURING THE FINAL APPLICATION PERIOD

21. The significant events during the Reorganized Debtors' chapter 11 cases have been summarized in the Reorganized Debtors' professionals' first and second interim applications for compensation and reimbursement of expenses, and those summaries are incorporated herein by reference (including any terms defined therein). The following is a brief summary of significant events that occurred during the Final Application Period.

22. In order to achieve unrestricted liquidity required to effectuate their successful emergence from bankruptcy, the Reorganized Debtors explored possible market transactions related to their fleet, including sales, sale/leaseback and financing transactions, that could realize substantial additional liquidity and foster the continued rationalization of their fleet. Accordingly, the Reorganized Debtors entered into such transactions with Mountain Capital Partners, LLC,³ Fortress Investment Group LLC,⁴ and RPK Capital V, LLC.⁵

23. In May 2005, the Reorganized Debtors announced a merger agreement (the “America West Transaction”) with America West Holdings Corporation (“America West”).

24. On May 20, 2005, the Reorganized Debtors filed a motion seeking this Court’s approval of a set of procedures governing the process by which any other qualified entity interested in funding and facilitating a plan of reorganization for the Reorganized Debtors may submit a proposal to compete with the proposed America West Transaction (the “Bidding Procedures Motion”).⁶ On June 1, 2005, this Court entered an order approving the Bidding Procedures Motion and established a set of bidding procedures to ensure that the America

³ Order Authorizing the Debtors to Enter Into a Sale and Leaseback Transaction With Mountain Capital Partners, LLC With Respect to Four (4) Boeing 767-200ER Aircraft and One (1) Spare Engine Pursuant to 11 U.S.C. Section 363 and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (Docket No. 2868).

⁴ Order Authorizing the Debtors to Enter into a Sale and Leaseback Transaction with Fortress Investment Group LLC with respect to Five (5) Airbus 330-300 Aircraft, Including Payment of Liquidated Damages (Docket No. 3230).

⁵ Order (I) Authorizing the Debtor to Enter into a Sale and Leaseback Transaction with RPK Capital V, L.L.C. with Respect to (A) Nine (9) Airbus 319-112 Aircraft and (B) upon Exercise of a Certain Put Option and (II) Approving the Liquidated Damages Payment and Expense Reimbursement in Connection Therewith (Docket No. 3229).

⁶ Debtors' Motion for an Order (A) Approving Procedures for the Consideration of Plan Funding Proposals, (B) Approving Form and Manner of Notice of Competing Offer Procedures, and (C) Approving Break-Up Fee and Related Provisions (Docket No. 2160).

West Transaction was the best possible transaction to serve as the primary basis for the Reorganized Debtors' reorganization and their emergence from these Chapter 11 Cases.⁷

25. In an effort to increase the probability of the success of the America West Transaction, the Reorganized Debtors also filed a motion seeking this Court's approval of a transaction retention plan that is designed to retain the Reorganized Debtors' essential officers and salaried employees throughout the negotiations over a strategic transaction and during the approval and implementation process of any such transaction or other change of control (the "TRP Motion").⁸ The TRP Motion was approved in part on June 15, 2005.⁹ Further, the Reorganized Debtors' sought approval of certain officer contracts in connection with confirmation of the Plan, which such contracts were ultimately approved on September 16, 2005.¹⁰

26. On June 13, 2005, the Reorganized Debtors filed a motion to enter into a master merger memorandum of understanding (the "Merger MOU").¹¹ The key aspects of the Merger

⁷ Order (A) Approving Procedures for the Consideration of Plan Funding Proposals, (B) Approving Form and Manner of Notice of Competing Offer Procedures, and (C) Approving Break-Up Fee and Related Provisions (Docket No. 2213).

⁸ Debtors' Motion Pursuant to Sections 105(a), 363(b)(1) and 365(a) of the Bankruptcy Code for an Order Approving and Authorizing a Transaction Retention Program Consisting of (1) Officer Employment Contracts and (2) Severance and Retention Policies for Salaried Employees (Docket No. 2125).

⁹ Order Granting in Part, Denying in Part Motion Authorizing a Transaction Retention Program (Docket No. 2268).

¹⁰ Findings of Fact, Conclusions of Law and Order under 11 U.S.C. §§ 1129(a) and (b) and Fed. R. Bankr. P. 3020 Confirming the Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-In-Possession (Docket No. 3193).

¹¹ Motion for Order Pursuant to 11 U.S.C. §§ 105(a), 362, 363, 364, 365, 503, 1110 and Fed. R. Bankr. P. 9019 Authorizing the Debtors to Enter into a Master Merger Memorandum of Understanding with America West Holdings Corporation, America West Airlines, Inc., and General Electric Capital Corporation, Acting Through its Agent GE Commercial Aviation Services, LLC, GE Engine Services, Inc., GE Engine Services - Dallas, LP, and General Electric Company, GE Transportation Component, and Their Respective Affiliates (Docket No. 2230).

MOU included: (i) the early return to GECC of certain mainline aircraft from the Reorganized Debtors' fleet; (ii) the restructuring of the timing of certain rental payments under leases relative to certain regional jet aircraft, with no reduction in the aggregate rental obligations thereunder; and (iii) the modification of certain agreements relative to the financing of regional jet aircraft. The Merger MOU was approved on June 24, 2005 (Docket No. 2320).

27. On June 30, 2005, the Reorganized Debtors filed the Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-in-Possession (Docket No. 2339) (as amended, the "Plan") and the disclosure statement in connection therewith (Docket No. 2340) (as amended, the "Disclosure Statement").

28. Upon entry of the order approving the Disclosure Statement,¹² the Reorganized Debtors began solicitation on the Plan. At the same time, the Reorganized Debtors were completing the analysis of their executory contracts and unexpired leases,¹³ filing multiple claim objections¹⁴ and motions in connection with the claims resolution process,¹⁵ and preparing for the merger with America West.

¹² Order Approving (I) Disclosure Statement; (II) Record Date, Voting Deadline and Procedures for Temporary Allowance of Certain Claims; (III) Procedures for Filing Objections to Plan; (IV) Solicitation Procedures for Confirmation; and (V) a Hearing Date to Consider Confirmation of the Plan (Docket No. 2794).

¹³ Exhibit U-3 to Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-in-Possession (Docket Nos. 2961, 3124, 3170 and 3182); Exhibit U-5 to Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-in-Possession (Docket Nos. 2959, 3124, 3170 and 3183).

¹⁴ Debtors' First Omnibus Objection to Certain (i) Duplicative Claims; (ii) Amended Claims; and (iii) Equity Claims (Docket No. 2322); Debtors' Second Omnibus Objection to Certain (i) No Liability Claims (Books and Records); (ii) No Liability Claims (Third Party Litigation); (iii) No Liability Claims (Current and Retired Employees); and (iv) No Liability Claims (Individual Bondholders) (Docket No. 2329); Debtors' Third Omnibus Objection (Non-Substantive) to Certain Claims for Reclassification Purposes (Docket No. 2337); Debtors' Fourth Omnibus Objection to Certain (i) Duplicative Claims and Amended Claims; (ii) Equity Claims; (iii) No Liability Claims (Books and Records); (iv) Tax, Governmental, and Environmental Claims; and (v) Modify Debtor and Amount Claims (Docket No. 2659).

¹⁵ Motion for Order Establishing Bar Date for Filing Certain Non-Ordinary Course Administrative Claims, Approving Form and Manner of Notice Thereof and Approving Proof of Administrative Claim Form

Footnote continued on next page

29. All classes entitled to vote on the Plan voted overwhelmingly in favor of the Plan,¹⁶ and the Plan was confirmed on September 16, 2005.¹⁷ On September 27, 2005 (the “Effective Date”), the merger with America West was completed and the Plan became effective.¹⁸

30. As illustrated by the foregoing, the Reorganized Debtors achieved a significant number of substantive accomplishments in a relatively short period of time. In approximately one year, the Reorganized Debtors emerged from bankruptcy, merged with America West and now operate the largest low-fare airline in the world.

III. ARNOLD & PORTER’S RETENTION

31. On the Petition Date, the Debtors applied to the Court for an order approving the retention of Arnold & Porter as their restructuring and bankruptcy counsel (the “Retention Application”) (Docket No. 40) to perform legal services under a general retainer that was necessary to enable the Debtors to faithfully execute their duties as debtors-in-possession. On September 14, 2004, the Court entered an order (the “Retention Order”)¹⁹ authorizing the

Footnote continued from previous page

(Docket No. 2327); Motion to Authorize Claimants to Withdraw Proofs of Claim Consistent with the Debtors' Claims Resolution Authority (Docket No. 3144).

¹⁶ Affidavit of Ronald Howard Certifying the Ballots Accepting or Rejecting the Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-in-Possession Dated August 9, 2005 (Docket No. 3167).

¹⁷ Findings of Fact, Conclusions of Law and Order under 11 U.S.C. §§ 1129(a) and (b) and Fed. R. Bankr. P. 3020 Confirming the Joint Plan of Reorganization of US Airways, Inc. and Its Affiliated Debtors and Debtors-In-Possession (Docket No. 3193).

¹⁸ Notice of (A) Entry of Order Confirming the Joint Plan of Reorganization of US Airways, Inc. and its Affiliated Debtors and Debtors-in-Possession, (B) Occurrence of Effective Date, and (C) Bar Dates for Filing Certain Claims (Docket No. 3262).

¹⁹ A copy of the Retention Application, the supporting Declarations (the Declaration of Brian P. Leitch and supplemental declarations) and the Retention Order are attached hereto as Exhibit A-1 through Exhibit A-6. These materials include factual information regarding the experience and standing of certain of Arnold & Porter’s senior attorneys.

Debtors to employ Arnold & Porter as their counsel under the terms set forth in the Retention Application (Docket No. 82).²⁰

32. In the Retention Application, the Debtors disclosed that Arnold & Porter's fees for professional services would be at a rate that is 10% less than agreed-upon New York based rates.²¹ The Debtors also disclosed that the rate structure used by Arnold & Porter incorporates compensation for certain staff, clerical and resource charges and accordingly Arnold & Porter does not seek separate compensation for such charges.

33. There is no agreement or understanding between Arnold & Porter and any person or entity for the sharing of compensation to be received for services rendered in these Reorganization Cases.

A. FEE PROCEDURES AND MONTHLY FEE STATEMENTS

34. To minimize costs to the Debtors' estates and avoid duplicative efforts in the review of fee applications filed in these Reorganization Cases, the Court appointed a Joint Fee Review Committee (the "Fee Committee") to review, comment on and, if necessary, object to the various fee applications filed in these Reorganization Cases. The Order Granting Motion to Authorize Procedures for Interim Compensation and Reimbursement of Expense of Professional Pursuant to 11 U.S.C. §§ 105(a) and 331 (the "Interim Compensation Order"), which was entered on October 14, 2004 (Docket No. 489) authorizes the establishment of the Fee Committee.

²⁰ The Retention Order incorporates the terms of an engagement agreement dated as of April 21, 2004 (the "Engagement Agreement") between Arnold & Porter and the Debtors, a copy of which is attached as Exhibit 1 to the Declaration of Brian P. Leitch supporting the Retention Application.

²¹ As a result of this fee structure, in most case the rates charged are less than the standard rates for a particular attorney in the Washington DC office, in a few cases it will be the same, and in no case is it higher.

35. Pursuant to paragraph 2(a) of the Interim Compensation Order, Arnold & Porter was required to submit monthly statements providing details of accrued fees and expenses, which allowed the Debtors and the Fee Committee to review and comment on time and funds spent on the Reorganization Cases.²² Arnold & Porter has satisfied this requirement, submitting monthly statements totaling \$5,826,742.21.

36. Arnold & Porter submits this Final Application pursuant to Section 10.1 of the Plan and paragraph 2(d) of the Interim Compensation Order.

IV. REQUESTED FEES AND REIMBURSEMENT OF EXPENSES

37. Arnold & Porter has played a crucial role in advising the Debtors with respect to restructuring their relationships with their unions, vendors, lenders, and creditors; developing strategic partnerships; and ultimately emerging from bankruptcy with a plan of reorganization that will be implemented through the merger with America West. As a result of its efforts during the Case Period, Arnold & Porter now seeks final allowance of \$13,257,587.83 in fees, and \$371,915.19 in charges and disbursements actually and necessarily incurred by Arnold & Porter while providing services to the Debtors during the Case Period. These amounts include \$5,693,024.03 in charges and \$133,718.18 in disbursements incurred during the Application Period.

38. This Final Application reflects the voluntary reduction in rates agreed to by Arnold & Porter and applied to each monthly statement as well as specific reductions in fees and expenses requested by the Debtors and/or the Fee Committee. Additionally, as stated, the rate

²² The Fee Committee has reviewed and commented on Arnold & Porter's monthly statements and Arnold & Porter has agreed to write off certain fees and expenses as a result of such review.

structure incorporates compensation for certain staff, clerical and resource charges and accordingly the Arnold & Porter does not seek separate compensation for such charges.²³

39. In staffing this case, in budgeting and incurring charges and disbursements, and in preparing and submitting this Final Application, Arnold & Porter was aware of the need to be efficient while providing full and effective representation to the Debtors. Arnold & Porter is also cognizant of the standards established by the Fourth Circuit Court of Appeals and courts in this district for compensation of professionals and reimbursement of charges and disbursements. As described in detail below, Arnold & Porter believes that the request made in this Final Application complies with the Court's standards in the context of the unique circumstances surrounding this large and complex case.

40. Additionally, Arnold & Porter carefully coordinated with the Debtors' other professionals, particularly other law firms, to minimize overlap or duplication of efforts. When the Debtors' professionals worked together on the same matter, they did so in a cooperative and efficient matter.

V. SUMMARY OF SERVICES RENDERED BY ARNOLD & PORTER DURING THE APPLICATION PERIOD²⁴

41. Throughout the Application Period, Arnold & Porter worked closely with the Debtors and their advisors to administer the bankruptcy estates and maximize the return for the Debtors' creditors. To meet the Debtors' needs, Arnold & Porter provided multi-disciplinary services on a daily basis, often working nights, weekends and holidays. Throughout this process, certain of

²³ Arnold & Porter believes that the amounts requested in this Final Application are reasonable in relation to the services rendered.

²⁴ Arnold & Porter previously provided this Court and other parties in interest with summaries and computerized time records related to the First Interim Application and Second Interim Application. Because these documents are voluminous and it would be duplicative to include them, they have not been annexed to the Final Application, but are available at the request of the Court.

the principal Arnold & Porter attorneys working on these Reorganization Cases were required to devote the vast majority of their time to this matter, often to the exclusion of other clients. As a result of the efforts of the Debtors and Arnold & Porter, and other of the Debtors' professionals, the Debtors prepared themselves to emerge from Chapter 11 in just over one year from the Petition Date.

42. Arnold & Porter created twenty-four (24) different matter numbers or subject-matter categories ("Matters") to which its professionals assigned the time billed by them,²⁵ all of which are related to the tasks performed by Arnold & Porter on behalf of the Debtors.²⁶ All Arnold & Porter professionals keep a record of the time spent rendering such services and, consistent with the guidelines of the Office of the United States Trustee, separated tasks in billing increments of one-tenth of an hour. All of the services performed by Arnold & Porter have been legal in nature and are necessary for the proper administration of the Debtors' Reorganization Cases.

43. The following is a brief description of the nature of the work performed by Arnold & Porter in each of the Matters to which time was billed during the Application Period, and a summary of the hours spent and values of the services performed by each professional.²⁷

A. CASE ADMINISTRATION

44. This category is comprised of matters relating to, among other things, (a) general communications with the Debtors' other professionals, with creditors and with other parties in

²⁵ It should be noted that several Matters involve overlapping issues and therefore, based on the work professionals perform they may differently categorize time spent on the same underlying issue.

²⁶ Exhibit B contains a table of all Matter numbers used in these Cases.

²⁷ As set forth in the Engagement Letter, billing rates are periodically reviewed and revised. During the Application Period, as of July 1, 2005, Arnold & Porter increased its billing rates for several associate classes. Accordingly, for these certain associates, the tables below list two billing rates and the hours and fees accrued at each rate.

interest; (b) review of potentially relevant filings and dockets; (c) attendance at omnibus hearings; and (d) case management, including, items related to tracking the status of all aspects of the Debtors' Reorganization Cases and issuing assignments.

45. Given the size and complexity of these Chapter 11 proceedings, Arnold & Porter and the Debtors had a large task of managing the Reorganization Cases, tracking filings, responding to inquiries from parties in interest and others, determining how best to delegate duties to be most efficient, and generally maintaining organization and control over a case that demanded constant attention to case administration matters.

46. Due to the volume of activity in these Reorganization Cases, various procedures were implemented to create efficiencies in the management of these Cases and to avoid unnecessary duplication of effort.

47. In connection with the foregoing services, Arnold & Porter spent 54.9 hours during the Application Period for which Arnold & Porter seeks compensation of \$24,893.40. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-1. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	15.7	\$10,362.00
Daniel M. Lewis	\$634.50	0.8	\$507.60
Michael J. Canning	\$634.50	4.5	\$2,855.25
Roberta L. Horton	\$571.50	2.7	\$1,543.05
Rashmi Seth	\$418.50	0.4	\$167.40
Andrew S. Kelley	\$364.50	9.8	\$3,572.10
Andrew S. Kelley	\$337.50	2.5	\$843.75
Charles A. Malloy	\$364.50	1.9	\$692.55
Charles A. Malloy	\$337.50	0.2	\$67.50

Jaimee L. Witten	\$337.50	6.7	\$2,261.25
Jaimee L. Witten	\$319.50	0.9	\$287.55
Dennis M. Delja	\$288.00	0.3	\$86.40
Maureen E. Eldredge	\$288.00	1.5	\$432.00
Jeffrey D. Lewis	\$180.00	2.0	\$360.00
Lisa D. Poutous	\$171.00	5.0	\$855.00
TOTAL		54.9	\$24,893.40

B. RESTRUCTURING AND GENERAL STRATEGY

48. During the Application Period Brian Leitch participated in regular strategy sessions with the Debtors' senior management and financial advisors. At these strategy sessions, Mr. Leitch provided the Debtors with necessary advice with respect to various legal requirements and legal ramifications of proposed courses of action.

49. In connection with the foregoing services, Mr. Leitch spent 68.7 hours during the Application Period for which Arnold & Porter seeks compensation of \$45,342.00. Detailed time entries related to these services are attached hereto as Exhibit E-2. A summary of the hours spent and value of the services performed by Mr. Leitch is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	68.7	\$45,342.00

C. CORPORATE GOVERNANCE

50. During the Application Period, Arnold & Porter attended restructuring meetings to advise the Debtors' management on general corporate governance matters and to provide general restructuring advice. Additionally, among other things, Arnold & Porter worked in connection with Securities and Exchange Commission inquiries and filings.

51. In connection with the foregoing services, Arnold & Porter spent 301.9 hours during the Application Period for which Arnold & Porter seeks compensation of \$122,373.23. Detailed time entries of the Arnold & Porter professional related to these services are attached hereto as

Exhibit E-3. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	21.9	\$14,454.00
Michael J. Canning	\$634.50	7.5	\$4,758.75
Daniel R. Waldman	\$589.50	82.9	\$48,869.55
Rashmi Seth	\$418.50	5.8	\$2,427.30
Robert E. Barrett	\$409.50	0.5	\$204.75
John R. Danos	\$409.50	3.8	\$1,556.10
Joshua R. Martin	\$409.50	3.2	\$1,310.40
Carrie A. O'Brien	\$319.50	128.2	\$40,943.93
Jaimee L. Witten	\$319.50	1.9	\$607.05
Lisa A. Reynolds	\$234.00	11.1	\$2,597.40
Jennifer L. Charney	\$189.00	3.5	\$661.50
Mark G. Odynocki	\$157.50	0.5	\$78.75
Shoshanna Engel	\$126.00	30.0	\$3,780.00
Donna M. Doering	\$112.50	1.1	\$123.75
TOTAL		301.9	\$122,373.23

D. PROFESSIONAL RETENTION/FEE APPLICATIONS

52. Pursuant to paragraph 2(a) of the Interim Compensation Order, Arnold & Porter was required to submit monthly statements providing details of accrued fees and expenses, which allowed the Debtors and the Fee Committee to review and comment on time and funds spent on the Reorganization Cases. During the Application Period, Arnold & Porter professionals prepared five detailed monthly statements for distribution in accordance with the procedures established by the Court and responded to inquiries by the Fee Committee. Additionally, Arnold & Porter devoted time to drafting its Second Interim Fee Application.

53. In connection with the foregoing services, Arnold & Porter spent 129.4 hours during the Application Period for which Arnold & Porter seeks compensation of 26,648.70. Detailed

time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-4. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	2.0	\$1,320.00
Jaimee L. Witten	\$337.50	12.6	\$4,252.50
Jaimee L. Witten	\$319.50	16.4	\$5,239.80
Lisa D. Poutous	\$171.00	76.4	\$13,064.40
Joseph M. Haw	\$126.00	8.5	\$1,071.00
Maxwell M. Nelson	\$126.00	13.5	\$1,701.00
TOTAL		129.4	\$26,648.70

E. CREDITORS' COMMITTEE

54. This Matter includes, among other things, time devoted to meeting with the Official Committee of Unsecured Creditors (the "Creditors' Committee" or "Committee") and its advisors and time spent communicating with the Creditors' Committee and responding to their requests for information and documents.

55. During the Application Period, the Creditors' Committee held monthly meetings at Arnold & Porter's Washington D.C. office. The Debtors and Arnold & Porter used these opportunities to meet with the Creditors' Committee members and its professionals, to inform them about upcoming issues and to address any concerns that the Creditors' Committee may have had with respect to such issues. Arnold & Porter assisted the Debtors in preparing for these meetings, including participating in the creation of detailed presentations to the Committee. Arnold & Porter professionals also devoted time to assisting the Creditors' Committee with their various needs for documents during such meetings.

56. Additionally, throughout the Application Period, Arnold & Porter regularly responded to information requests by the Committee's professionals and communicated extensively with the Committee's representatives regarding the progress and status of the Cases. Arnold & Porter and the Debtors believe that these efforts to keep the Creditors' Committee fully informed have created a cooperative atmosphere and constructive working relationship, allowing issues to be resolved consensually without the need for unnecessary litigation.

57. In connection with the foregoing services, Arnold & Porter spent 46.3 hours during the Application Period for which Arnold & Porter seeks compensation of \$21,544.20. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-5. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	26.7	\$17,622.00
Michael J. Canning	\$634.50	1.3	\$824.85
Jaimee L. Witten	\$319.50	0.6	\$191.70
Jaimee L. Witten	\$337.50	1.3	\$438.75
Lisa D. Poutous	\$171.00	8.9	\$1,521.90
Joseph M. Haw	\$126.00	1.5	\$189.00
Thomas P. Healy	\$126.00	1.5	\$189.00
Sarah R. Wrubel	\$126.00	4.5	\$567.00
TOTAL		46.3	\$21,544.20

F. CASH COLLATERAL

58. For the Debtors to continue operations during the Chapter 11 proceedings it was imperative that they be able to utilize the cash collateral securing the claims of the ATSB lenders. During the Application Period, Arnold & Porter spent time negotiating agreements with the ATSB lenders allowing for the consensual use of such collateral. Arnold & Porter's work for

the Debtors on this Matter also included advising the Debtors' management, preparing for and attending meetings with management and the ATSB, extensive negotiations with the ATSB lenders and drafting relevant pleadings and documents, including an ATSB Term Sheet.

59. In connection with the foregoing services, Arnold & Porter's professionals worked for 113.8 hours during the Application Period, for which Arnold & Porter seeks compensation of \$71,989.20. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-6. A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	18.6	\$12,276.00
Michael J. Canning	\$634.50	92.0	\$58,374.00
Rashmi Seth	\$418.50	3.2	\$1,339.20
TOTAL		113.8	\$71,989.20

G. CREDIT CARDS

60. Most of the Debtors' revenues come through payments made to credit cards. To maintain the Debtors' regular flow of business, it was necessary to resolve certain credit card related issues. Accordingly, during the Application Period, Arnold & Porter spent a limited amount of time working with the Debtors and counsel for credit card processing companies to allow the Debtors to continue to utilize credit card processing services, and related mileage and payment programs.

61. In connection with the foregoing services, Arnold & Porter's professionals worked for 20.9 hours during the Application Period, for which Arnold & Porter seeks compensation of \$12,980.25. Detailed time entries of each Arnold & Porter professional related to these services

are attached hereto as Exhibit E-7. A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Michael B. Mierzewski	\$648.00	16.2	\$10,497.60
Michael J. Canning	\$634.50	0.8	\$507.60
Neil M. Goodman	\$571.50	0.6	342.90
Joel M. Gross	\$526.50	0.7	\$368.55
Beth S. DeSimone	\$486.00	2.6	\$1,263.60
TOTAL		20.9	\$12,980.25

H. EMPLOYMENT, COMPENSATION AND INDEMNIFICATION MATTERS

62. Much of the focus in these Reorganization Cases has been on general labor and employee related matters. During the Application Period, Arnold & Porter researched, reviewed and advised the Debtors on labor matters, drafted necessary documents and pleadings related to these issues and prepared for and conducted a hearing on the Transaction Retention Program.

63. In connection with the foregoing services, Arnold & Porter's professionals worked for 769.6 hours during the Application Period, for which Arnold & Porter seeks compensation of \$367,557.75. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-8. A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	109.8	\$72,468.00
Michael J. Canning	\$634.50	0.3	\$190.35
Daniel M. Lewis	\$634.50	214.1	\$135,846.45
Jeffrey S. Bromme	\$571.50	130.4	\$74,523.60
Andrew S. Kelley	\$337.50	1.2	\$405.00

Jaimee L. Witten	\$319.50	222.6	\$71,120.70
Carlamaria C. Mata	\$189.00	8.5	\$1,606.50
Lisa D. Poutous	\$171.00	13.4	\$2,291.40
Dominic E. Vote	\$135.00	42.0	\$5,670.00
Zachary Y. Phillips	\$126.00	27.00	\$3,402.00
Nancy Baranczyk	\$112.50	0.3	\$33.75
TOTAL		769.6	\$367,557.75

I. LABOR/RETIREE MATTERS

64. As the Court is aware, a significant aspect of the Debtors' restructuring efforts were aimed at reducing costs associated with labor and retiree benefits. During the Application Period, Arnold & Porter continued to advise and work with the Debtors and their labor unions in resolving issues related to their collective bargaining agreements and the Plan.

65. In connection with the foregoing services, Arnold & Porter spent 259.2 hours during the Application Period for which Arnold & Porter seeks compensation of \$144,746.10. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-9. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	127.2	\$83,952.00
Daniel M. Lewis	\$634.50	62.8	\$39,846.60
Jeffrey S. Bromme	\$571.50	0.2	\$114.30
Mary E. Cassidy	\$486.00	3.0	\$1,458.00
Andrew S. Kelley	\$364.50	10.2	\$3,717.90
Charles A. Malloy	\$364.50	5.6	\$2,041.20
Maureen E. Eldredge	\$288.00	44.7	\$12,873.60
Justin P. Hedge	\$171.00	5.5	\$742.50
TOTAL		259.2	\$144,746.10

J. PENSION MATTERS

66. During the Application Period Arnold & Porter devoted time to pension related issues. Work in this area involved, among other things, communicating, negotiating and ultimately formulating a consensual resolution of issues with the Pension Benefit Guaranty Corporation (the "PBGC") as well as legal research and factual analysis, meeting with and advising the Debtors' management and drafting necessary pleadings and forms.

67. In connection with the foregoing services, Arnold & Porter spent 1,034.1 hours during the Application Period for which Arnold & Porter seeks compensation of \$472,515.15. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-10. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	77.2	\$50,952.00
Daniel M. Lewis	\$634.50	2.2	\$1,395.90
Edward E. Bintz	\$571.50	274.9	\$157,105.35
Jeffrey S. Bromme	\$571.50	98.0	\$56,007.00
Neil M. Goodman	\$571.50	9.5	\$5,429.25
Michael J. Rufkahr	\$571.50	0.5	\$285.75
Michael L. Bernstein	\$546.00	1.7	\$933.30
Mary E. Cassidy	\$486.00	6.2	\$3,013.20
Howard L. Hyde	\$486.00	0.5	\$243.00
Douglas S. Pelley	\$432.00	167.0	\$72,144.00
Thomas L. Klein	\$427.50	4.0	\$1,710.00
Robert E. Barrett	\$409.50	33.3	\$13,636.35
Tara A. Antonipillai	\$364.50	5.0	\$1,822.50
Andrew S. Kelley	\$364.50	24.0	\$8,748.00
Andrew S. Kelley	\$337.50	7.6	\$2,565.00
Charles A. Malloy	\$364.50	0.6	\$218.70
Barbara Y. Yuen	\$337.50	216.0	\$72,900.00

Jaimee L. Witten	\$337.50	3.0	\$1,012.50
Jaimee L. Witten	\$319.50	1.5	\$479.25
Maureen E. Eldredge	\$288.00	6.8	\$1,958.40
Maureen E. Eldredge	\$234.00	28.0	\$6,552.00
Bridget M. Weiss	\$288.00	7.6	\$2,188.80
Bridget M. Weiss	\$234.00	35.1	\$8,213.40
Lisa A. Reynolds	\$234.00	0.5	\$117.00
Justin P. Hedge	\$135.00	5.0	\$675.00
Julie A. Laurance	\$135.00	7.2	\$972.00
Donna M. Doering	\$112.50	5.5	\$618.75
Kim R. Fenty	\$112.50	4.7	\$528.75
Michael K. Hartigan	\$112.50	0.5	\$56.25
Angel Cancela	\$67.50	0.5	\$33.75
TOTAL		1,034.1	\$472,515.15

K. EXECUTORY CONTRACTS

68. During the Application Period, Arnold & Porter spent a limited amount of time on issues relating to the Debtors' executory contracts. This work focused on reviewing and advising the Debtors on specific contracts and related research.

69. Arnold & Porter spent 15.2 hours during the Application Period for which Arnold & Porter seeks compensation of \$6,056.55. Detailed time entries of the Arnold & Porter professional related to this service is attached hereto as Exhibit E-11. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Michael J. Canning	\$634.50	2.7	\$1,713.15
Rashmi Seth	\$418.50	4.9	\$2,050.65
Andrew S. Kelley	\$337.50	2.1	\$708.75
Lisa A. Reynolds	\$288.00	5.5	\$1,584.00
TOTAL		15.2	\$6,056.55

L. VENDOR MATTERS

70. During the Application Period, Arnold & Porter attorneys spent a limited amount of time advising the Debtors on their rights vis-à-vis certain vendors.

71. In connection with the foregoing services, Arnold & Porter spent 0.4 hours during the Application Period for which Arnold & Porter seeks compensation of \$253.80. The detailed time entry related to these services is attached hereto as Exhibit E-12. A summary of the hours spent and value of the services performed by Mr. Canning is provided in the following table:

Name	Rate	Hours	Fees
Michael J. Canning	\$634.50	0.4	\$253.80

M. PROPERTY & FACILITIES

72. An important aspect of the Debtors' Reorganization Cases during the Application Period concerned reviewing several of the Debtors' leases. During the Application Period, Arnold & Porter assisted the Debtors with this review and provided the Debtors with advise in connection with certain slot, gate and bond issues and related research.

73. In connection with the foregoing services, Arnold & Porter spent 80.6 hours during the Application Period for which Arnold & Porter seeks compensation of \$33,561.90. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-13. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Michael B. Mierzewski	\$648.00	1.8	\$1,166.40
Michael J. Canning	\$634.50	14.3	\$9,073.35
Richard M. Lucas	\$526.50	9.0	\$4,738.50
Rashmi Seth	\$418.50	2.6	\$1,088.10
D.A. Bullard	\$337.50	4.3	\$1,451.25

Karuna Jain	\$337.50	15.8	\$5,332.50
Barbara Y. Yuen	\$337.50	12.9	\$4,353.75
Damon Y. Smith	\$319.50	14.3	\$4,568.85
Jaimee L. Witten	\$319.50	5.6	\$1,789.20
TOTAL		80.6	\$33,561.90

N. FLEET AND FINANCING

74. One of the Debtors' objectives during the Application Period was to effectuate the transactions contemplated by the agreements reached with various aircraft lessors/lenders/financiers during the first-half of the Chapter 11 Case. In this regard, Arnold & Porter worked closely with the Debtors and their financial advisors in negotiating and documenting the definitive documents relative to several complex transactions, including aircraft lease and credit facility restructurings and sale/leaseback transactions involving aircraft and spare engines and related equipment.

75. In addition, during the Application Period, Arnold & Porter assisted the Debtors with negotiating and documenting the agreements reached with certain aircraft creditors/financiers, regarding the terms and conditions on which such aircraft creditors/financiers would restructure their relationships and enter into new transactions with the Debtors, all in order to facilitate the contemplated merger with America West. Arnold & Porter also worked closely with the Debtors to negotiate and finalize the definitive documents for the various transactions contemplated by such agreements.

76. Finally, throughout the Application Period, Arnold & Porter worked with the Debtors to help them realize additional liquidity, in a manner consistent with the Debtors' fleet rationalization efforts. Specifically, Arnold & Porter worked with the Debtors in connection with their entry into several agreements with third-parties to sell or sell and leaseback certain aircraft and spare engines and related equipment. These efforts required, inter alia, (i) review of the

underlying documents relative to the assets subject to the transaction, which included, in certain cases, complex leveraged lease transactions and (ii) review and negotiation of term sheets and transaction documents relative to the contemplated sale or sale/leaseback, as the case may be. The motions and proposed transaction documents prepared by Arnold & Porter in respect of the foregoing also required significant drafting and negotiation.

77. In connection with the foregoing services, Arnold & Porter's professionals worked for 3,478.6 hours during the Application Period, for which Arnold & Porter seeks compensation of \$1,727,676.60. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-14. A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	9.8	\$6,468
Michael B. Mierzewski	\$648.00	0.8	\$518.40
Michael J. Canning	\$634.50	1,167.7	\$740,905.65
Daniel M. Lewis	\$634.50	10.6	\$6,725.70
Mark H. Stumpf	\$634.50	67.0	\$42,511.50
Jeffrey S. Bromme	\$571.50	24.5	\$14,001.75
Neil M. Goodman	\$571.50	49.0	\$28,003.50
Richard E. Andersen	\$549.00	6.5	\$3,568.50
Richard E. Baltz	\$549.00	0.5	\$274.50
Kathleen A. Behan	\$549.00	62.8	\$34,477.20
Michael L. Bernstein	\$549.00	0.3	\$164.70
Steve R. Englund	\$549.00	1.0	\$549.00
Kent A. Yalowitz	\$549.00	12.0	\$6,588.00
Matthew F. Maccoby	\$508.50	159.7	\$81,207.45
Michael W. Oshima	\$526.50	191.8	\$100,982.70
Carl J. Thomas	\$495.00	105.5	\$52,222.50
Howard L. Hyde	\$486.00	3.1	\$1,506.60
Darren Skinner	\$450.00	44.6	\$20,070.00

Rashmi Seth	\$418.50	871.8	\$364,848.30
Sarah A. Korobkin	\$400.50	15.5	\$6,207.75
Charles A. Malloy	\$364.50	236.1	\$86,058.45
Charles A. Malloy	\$337.50	59.5	\$20,081.25
Michael E. Ginsberg	\$337.50	2.5	\$843.75
Dermond E. Thomas	\$337.50	108.8	\$36,720.00
Barbara Y. Yuen	\$337.50	74.4	\$25,110.00
Jaimee L. Witten	\$337.50	5.0	\$1,687.50
Jaimee L. Witten	\$319.50	19.9	\$6,358.05
Jonathan N. Francis	\$319.50	19.4	\$6,198.30
Aaron R. Kaalberg	\$288.00	58.8	\$16,934.40
Eileen Ferrara	\$252.00	1.2	\$302.40
Joshua Kaplan	\$234.00	3.5	\$819.00
Devon Williams	\$234.00	7.1	\$1,661.40
Mark J. Walko	\$198.00	0.8	\$158.40
Ross Schwarz	\$189.00	38.2	\$7,219.80
Elizabeth F. Vary	\$189.00	7.0	\$1,323.00
Lisa D. Poutous	\$171.00	9.2	\$1,573.20
Tiana M. Butcher	\$144.00	1.0	\$144.00
Jessica L. Doss	\$144.00	1.0	\$144.00
Joseph M. Haw	\$126.00	2.0	\$252.00
Ian Jay	\$126.00	1.5	\$189.00
Zachary Y. Phillips	\$126.00	2.5	\$315.00
Joseph Chang	\$126.00	10.5	\$1,323.00
Vanessa A. Woods	\$126.00	1.0	\$126.00
Donna M. Doering	\$112.50	0.7	\$78.75
Kim R. Fenty	\$112.50	1.5	\$168.75
Michael D. Busby	\$85.50	1.0	\$85.50
TOTAL		3,478.6	\$1,727,676.60

O. ENVIRONMENTAL MATTERS

78. During the Application Period, Arnold & Porter spent a limited amount of time advising Debtors with respect to environmental matters.

79. In connection with such services, Arnold & Porter worked for 0.2 hours during the Application Period, for which Arnold & Porter seeks compensation of \$105.30. The detailed time entry related to these services are attached hereto as Exhibit E-15. A summary of the hours spent and the value of the services performed by Mr. Gross is provided in the following table:

Name	Rate	Hours	Fees
Joel M. Gross	\$526.50	0.2	\$105.30

P. INSURANCE MATTERS

80. During the Application Period, Arnold & Porter spent a limited amount of time advising Debtors with respect to insurance matters, and preparing related pleadings.

81. In connection with such services, Arnold & Porter's professionals worked for 71.4 hours during the Application Period, for which Arnold & Porter seeks compensation of \$32,732.10. Detailed time entries of the Arnold & Porter professional related to these services are attached hereto as Exhibit E-16. A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Michael J. Canning	\$634.50	28.2	\$17,892.90
Rashmi Seth	\$418.50	3.2	\$1,339.20
Charles A. Malloy	\$337.50	40.0	\$13,500.00
TOTAL		71.4	\$32,732.10

Q. TAX MATTERS

82. Throughout the Application Period, Arnold & Porter devoted time to assisting the Debtors in handling the various tax issues that arose as part of the Debtors' Reorganization Cases, including the relationship between the Bankruptcy Code and the applicable local tax

laws with respect to property and other tax liabilities. Additionally, Arnold & Porter researched and advised the Debtors on tax issues related to the Plan and reviewed and drafted language for the documents to be filed with the Securities and Exchange Commission.

83. In connection with the foregoing services, Arnold & Porter spent 303.9 hours during the Application Period for which Arnold & Porter seeks compensation of \$132,733.95. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-17. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	1.4	\$924.00
Joseph G. Howe	\$634.50	0.3	\$190.35
Edward E. Bintz	\$571.50	3.8	\$2,171.70
Michael J. Rufkahr	\$571.50	14.8	\$8,458.20
Carey W. Smith	\$472.50	14.7	\$6,945.75
Joy Taylor	\$432.00	167.5	\$72,360.00
Thomas L. Klein	\$432.00	1.5	\$648.00
Thomas L. Klein	\$427.50	90.3	\$38,603.25
Jaimee L. Witten	\$337.50	1.8	\$607.50
Carolina Musalem	\$234.00	7.8	\$1,825.20
TOTAL		303.9	\$132,733.95

R. CLAIMS ADMINISTRATION

84. During the Application Period, Arnold & Porter devoted a limited amount of time to assisting the Debtors in handling various claims related issues. Such work primarily involved advising the Debtors in relation to claim objections and stipulations.

85. In connection with the foregoing services, Arnold & Porter spent 14.0 hours during the Application Period for which Arnold & Porter seeks compensation of \$8,512.50. Detailed

time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-18. A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	7.6	\$5,016.00
Michael J. Canning	\$634.50	4.5	\$2,855.25
Jaimee L. Witten	\$337.50	1.9	\$641.25
TOTAL		14.0	\$8,512.50

S. EXIT FINANCING

86. During the Application Period, Arnold & Porter spent a considerable amount of time meeting with and advising the Debtors on issues related to the merger and financing. Arnold & Porter participated in meetings and negotiations with multiple potential strategic transaction partners, prepared and reviewed multiple financing proposals, financing term sheets and related agreements and documents, conducted due diligence, researched various related issues and participated in, and effected, the closing of the merger and related financings.

87. During the Application Period, Arnold & Porter also advised the Debtors on issues related to the public offering of its common stock, and a private offering of convertible notes, following emergence from bankruptcy. Arnold & Porter participated in meetings and negotiations with the Debtors and underwriters of the offerings, prepared, reviewed and filed multiple SEC documents in connection with the offerings, conducted due diligence and researched various related issues.

88. In connection with the foregoing services, Arnold & Porter spent 3,082.5 hours during the Application Period for which Arnold & Porter seeks compensation of \$1,302,428.70.

Detailed time entries of each Arnold & Porter professional related to these services are attached

hereto as Exhibit E-19 A summary of the hours spent and value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	289.8	\$191,268.00
Michael B. Mierzewski	\$648.00	1.0	\$648.00
Michael J. Canning	\$634.50	51.6	\$32,740.20
Daniel M. Lewis	\$634.50	22.9	\$14,530.05
Neil M. Goodman	\$571.50	4.8	\$2,743.20
Roberta L. Horton	\$571.50	3.5	\$2,000.25
Kevin J. Lavin ²⁸	\$571.50	561.9	\$321,125.85
Kevin J. Lavin	\$508.50	198.0	\$100,683.00
Richard E. Baltz	\$549.00	1.7	\$933.30
Michael L. Bernstein	\$549.00	0.5	\$274.50
Beth S. DeSimone	\$486.00	0.6	\$291.60
Howard L. Hyde	\$486.00	159.1	\$77,322.60
Rashmi Seth	\$418.50	57.3	\$23,980.05
Chaim D. Adlerstein	\$387.00	19.9	\$7,701.30
Stuart Barkoff	\$364.50	19.3	\$7,034.85
J. Matthew Owens	\$364.50	501.6	\$182,833.20
J. Matthew Owens	\$337.50	471.0	\$158,962.50
Andrew S. Kelley	\$337.50	8.0	\$2,700.00
Charles A. Malloy	\$337.50	53.8	\$18,157.50
Barbara Y. Yuen	\$337.50	0.4	\$135.00
Jaimee L. Witten	\$337.50	4.4	\$1,485.00
Jaimee L. Witten	\$319.50	16.0	\$5,112.00
Tamika N. Miller	\$319.50	2.0	\$639.00
Tamika N. Miller	\$288.00	204.2	\$58,809.60
Christopher L. Allen	\$288.00	8.0	\$2,304.00
Carlos M. Portugal	\$288.00	14.0	\$4,032.00

²⁸ Due to a billing error, Mr. Lavin was initially billed below his standard billing rate and agreed upon rate. Arnold & Porter did not seek to retroactively adjust for this billing error, but as of June 1, 2005, Mr. Lavin's billing rate was changed to reflect his correct billing rate.

Erin L. Petty	\$288.00	96.9	\$27,907.20
Erin L. Petty	\$234.00	17.4	\$4,071.60
Eileen Ferrara	\$252.00	2.7	\$680.40
David L. Goldblatt	\$243.00	14.8	\$3,596.40
James J. Finsten	\$234.00	16.6	\$3,884.40
Danika B. Vittitoe	\$234.00	13.0	\$3,042.00
Frank K. Benson	\$189.00	4.5	\$850.50
Denise M. Blackburn	\$189.00	144.2	\$27,253.80
Elizabeth A. Wickert	\$189.00	3.0	\$567.00
Lisa D. Poutous	\$171.00	4.3	\$735.30
Christopher R. Ward	\$144.00	1.0	\$144.00
Peter V. Roman	\$135.00	18.0	\$2,430.00
Dean L. Chapman	\$126.00	67.8	\$8,542.80
Alexander R. Mantel	\$126.00	0.5	\$63.00
Ann Marie Dooley	\$85.50	2.5	\$213.75
TOTAL		3,082.5	\$1,302,428.70

T. DISCLOSURE STATEMENT AND PLAN

89. During the Application Period, Arnold & Porter also devoted a substantial amount of time to assisting the Debtors and their advisors with formulating, finalizing and ultimately achieving Bankruptcy Court approval of the Disclosure Statement and Plan. In connection with this, Arnold & Porter researched and advised the Debtors with respect to the legal requirements of a disclosure statement and plan of reorganization under the Bankruptcy Code, as well as the legal ramifications of proposed plan terms. Additionally, Arnold & Porter worked with the Debtors and their professionals towards consensually resolving formal and informal objections to the Plan and Disclosure Statement, prepared the Disclosure Statement and the necessary pleadings associated with filing and confirming the Plan, and prepared for and conducted hearings on the Disclosure Statement and confirmation of the Plan.

90. In connection with the foregoing services, Arnold & Porter professional spent 2,411.5 hours during the Application Period for which Arnold & Porter seeks compensation of \$1,138,372.65. Detailed time entries of each Arnold & Porter professional related to these services are attached hereto as Exhibit E-20 A summary of the hours spent and the value of the services performed by each professional is provided in the following table:

Name	Rate	Hours	Fees
Brian P. Leitch	\$660.00	326.4	\$215,424.00
Michael J. Canning	\$634.50	103.6	\$65,734.20
Daniel M. Lewis	\$634.50	329.3	\$208,940.85
Richard E. Baltz	\$571.50	0.6	\$329.40
Jeffrey S. Bromme	\$571.50	128.1	\$73,209.15
Neil M. Goodman	\$571.50	419.9	\$239,972.85
Kevin J. Lavin	\$571.50	66.9	\$38,233.35
Kevin J. Lavin	\$508.50	0.8	\$406.80
Michael L. Bernstein	\$549.00	18.6	\$10,211.40
Douglas S. Pelley	\$432.00	5.1	\$2,203.20
Rashmi Seth	\$418.50	20.9	\$8,746.65
Simon Cragg	\$396.00	31.8	\$12,592.80
Stuart M. Barkoff	\$364.50	0.8	\$291.60
Andrew S. Kelley	\$364.50	43.4	\$15,819.30
Charles A. Malloy	\$364.50	100.8	\$36,741.60
Charles A. Malloy	\$337.50	52.1	\$17,583.75
Jaimee L. Witten	\$337.50	234.9	\$79,278.75
Jaimee L. Witten	\$319.50	91.4	\$29,202.30
Maureen E. Eldredge	\$288.00	106.4	\$30,643.20
Lisa A. Reynolds	\$288.00	7.5	\$2,160.00
Jacek A. Wypych	\$234.00	20.2	\$4,726.80
Frank K. Benson	\$189.00	32.5	\$6,142.50
Solomon P. N'Jie	\$189.00	1.0	\$189.00
Ross Schwarz	\$189.00	6.9	\$1,304.10
Kevin K. Taylor	\$180.00	15.0	\$2,700.00

Lisa D. Poutous	\$171.00	13.4	\$2,291.40
Meghan C. Martin	\$166.50	18.0	\$2,997.00
Jessica L. Doss	\$144.00	54.9	\$7,905.60
Emily A. Ley	\$144.00	53.0	\$7,632.00
Virginia P. Martin	\$144.00	37.8	\$5,443.20
Julie A. Laurance	\$135.00	2.0	\$270.00
Peter V. Roman	\$135.00	61.3	\$8,275.50
Sanjay K. Rajpal	\$126.00	5.4	\$680.40
Donna M. Doering	\$112.50	0.1	\$11.25
Tashia H. Gregory-Alford	\$112.50	0.7	\$78.75
TOTAL		2,411.5	\$1,138,372.65

VI. RELIEF REQUESTED

91. In accordance with the Interim Compensation Order Arnold & Porter submitted monthly fee statements for each month of the Case Period and now, in accordance with Section 10.1 of the Plan, submits this Final Application covering the Case Period. In keeping with Arnold & Porter's various accommodations to the Debtors, as part of its monthly fee statements Arnold & Porter voluntarily reduced its fees and disbursements resulting in bill totals below what the Debtors ordinarily would be billed. Taking these accommodations and the holdback into consideration, the actual amount billed to the Debtors during the Case Period was \$13,257,587.83 for fees and \$371,915.19 for charges and disbursements.

92. The Interim Compensation Order provides that to seek interim compensation, professionals must submit monthly fee statements to the Debtors, counsel for the Debtors, counsel to the Creditors' Committee and the Trustee. If no objection to a monthly fee statement is made within 20 days after service of such statement, the Debtors are to pay 85% of the fees requested, the remaining 15% is held back (the "Holdback"), and 100% of the requested charges and disbursements. In accordance with the Interim Compensation Order, Arnold &

Porter has submitted monthly fee statements for each of the months covered by the Case Period.

A. ALLOWANCE OF PROFESSIONAL FEES

93. During the Application Period, attorneys and paraprofessionals at Arnold & Porter billed an aggregate of 12,257.1 hours working on matters concerning the Debtors' Reorganization Cases. Of such time spent, 6,367.3 hours were spent by partners and counsel, 4,987.1 hours were spent by associates and specialists and 902.7 hours were spent by legal assistants and other paraprofessionals. Summaries showing the name and position of each such partner, counsel, associate, legal assistant and paralegal, together with that person's date of admission to the bar (as applicable), net hours during the Application Period and Case Period and hourly billing rate are provided as Exhibit C and Exhibit D to this Final Application, which are organized by professional and matter number respectively.

94. Arnold & Porter worked closely with McGuireWoods LLP, local counsel, to coordinate on all matters that they have been assigned, and many straight forward issues such as handling certain § 362 motions, assets sales and claims litigation are undertaken by McGuireWoods. This arrangement saves the Debtors money and explains Arnold & Porter's associate to partner ratio – because issues that Arnold & Porter associates might otherwise have handled, are delegated to associates at McGuireWoods.

B. REIMBURSEMENT OF CHARGES AND DISBURSEMENTS

95. Consistent with the Retention Application approved by the Court, Arnold & Porter has invoiced the Debtors for charges and disbursements incurred in the rendition of services. These charges and disbursements include, among other things, costs for telephone calls, photocopying, travel, business meals, computerized research, messengers, couriers, postage,

witness fees and other fees related to trials and hearings. Additionally, as disclosed in the Retention Application, Arnold & Porter sought reimbursement for Mr. Leitch's air travel expenses, but not for expenses associated with his temporarily living in Washington, D.C.

96. Arnold & Porter has attempted to minimize the charges and disbursements associated with the Debtors' Reorganization Cases and has agreed to assume the cost of certain expenses, per the Debtors' requests. During the Application Period and Case Period, Arnold & Porter disbursed the following sums for actual and necessary charges and disbursements in the rendition of professional services in the Reorganization Cases, and requests that it be reimbursed therefore:

Disbursement Category	Application Period	Case Period
Air Delivery Services	\$1,933.94	\$3,753.96
Binding	-	\$64.50
Computerized Legal Research (Westlaw, Lexis, other)	\$22,313.39	\$104,188.28
Courier	\$1,237.02	\$2,362.41
CT Corporation	\$340.80	\$2,705.30
Depositions & Transcripts	-	\$5,100.96
Document Retrieval	\$798.17	\$6,018.59
Duplicating (external)	\$445.21	\$2,407.47
Duplicating (internal)	\$26,403.00	\$67,186.60
Duplicating (internal, color)	\$239.25	\$5,437.50
Filing Fees	\$1,817.00	\$1,867.00
Local Transportation	\$10,992.57	\$26,670.74
Meals for Third-Party Meetings	\$11,076.13	\$23,221.38
Miscellaneous	\$20.00	\$20.00
Office Supplies	-	\$100.63
Outside Counsel Fees	-	\$84.60
Parking Fees	\$32.00	\$128.00
Postage	\$23.66	\$76.56
Publications	\$29.61	\$29.61

Telecopy	\$202.50	\$2,135.25
Telephone	\$4,955.68	\$10,330.15
Transportation Allowance	\$364.18	\$518.67
Travel Meals	\$1,155.11	\$3,526.27
Travel Transportation & Lodging	\$49,338.96	\$103,980.76
TOTAL	\$133,718.18	\$371,915.19

97. The above charges and disbursements are reasonable and are consistent with those incurred by other bankruptcy practitioners in other large, complex, chapter 11 reorganization cases in this and other Districts. Moreover, the size and complexity of these cases warrant reimbursement of the foregoing charges and expenses.

VII. REASONABLENESS OF FEES, CHARGES AND EXPENSES

98. Pursuant to § 330 of the Bankruptcy Code, the Court may award to a professional employed by the estates “reasonable compensation for actual, necessary services rendered by . . . [a] professional person, or attorney and by any paraprofessional person employed by any such person; and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a).

99. Section 330 also sets forth specific factors for a court to consider when determining the reasonableness of compensation:

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 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).

100. The Fourth Circuit and courts in this district utilize the “lodestar” approach when assessing an attorney’s fees. Under the “lodestar” approach, consistent with § 330 of the Bankruptcy Code, the Court should consider the number of hours of services reasonably devoted to the case multiplied by the attorney’s reasonable rates. Courts use twelve factors, enumerated in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974), to determine the reasonableness of an attorney’s fees. These twelve factors are (1) the time and labor required; (2) the novelty and difficulty of the questions; (3) the skill requisite to perform the legal service 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) 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 the length of the professional relationship with the client; and (12) awards in similar cases. Johnson, 488 F.2d at 717-19.

101. The Johnson test was adopted by the Fourth Circuit in Barber v. Kimbrell’s, 577 F.2d 216, 226 (4th Cir. 1978) and the “lodestar” approach, encompassing the Johnson factors was also adopted by the Eastern District of Virginia. See Anderson v. Morris, 658 F.2d 246, 249 (4th Cir. 1981); Equal Employment Opportunity Comm’n v. Serv. News Co., 898 F.2d 958 (4th Cir. 1990) (applying the Johnson approach in a non-bankruptcy case); In re Great Sweats, Inc., 113 B.R. 240, 242 (Bankr. E.D. Va. 1990); In re Junco, Inc., 185 B.R. 215, 218 (Bankr. E.D. Va. 1995).

102. Arnold & Porter respectfully submits that the compensation and reimbursement requested herein is both fair and reasonable in accordance with the factors set forth in Section 330 of the Bankruptcy Code in respect of (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 this title.

A. COMPLEXITY, TIME, NATURE AND EXTENT OF CASES

103. As evidenced by the summary of Arnold & Porter's services described above, the Debtors' Chapter 11 reorganization presented a particularly unique set of circumstances, and unquestionably is a large and complex case. The nature and complexity of the Reorganization Cases was compounded by the speed at which they progressed. Arnold & Porter has, nonetheless, assisted the Debtors by employing a streamlined case management structure that generally consists of small, core teams, and has assigned various attorneys to other discrete tasks to avoid the performance of duplicative or unnecessary work.

104. Arnold & Porter submits that, in the light of the nature, extent, and value of such services to the Debtors, the compensation requested herein is reasonable. The services for which it seeks compensation in this Final Application were, at the time rendered, believed to be necessary for and beneficial to the interests of the Debtors in the context of their rehabilitation and reorganization efforts. The services rendered by Arnold & Porter were actually necessary and beneficial to the Debtors, and were performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved. Accordingly, approval of the compensation sought herein is warranted.

B. EXPERIENCE OF ARNOLD & PORTER

105. The experience of Arnold & Porter's attorneys provides a great benefit to the bankruptcy estates. Arnold & Porter has a premier bankruptcy practice group with extensive expertise in airline bankruptcy cases, representing debtors and creditors in large chapter 11 cases, and negotiating with lenders. As more fully set forth in the Retention Application, Arnold & Porter's bankruptcy attorneys and attorneys from other practice areas have extensive knowledge and experience in dealing with the multitude of fast-paced issues that arise in Chapter 11 proceedings. Accordingly, Arnold & Porter's depth of skill and experience in Chapter 11 matters has insured that a number of pressing matters were addressed promptly.

C. COMPARABLE SERVICES

106. An award of compensation must be based on the cost of comparable services other than in a bankruptcy case. Arnold & Porter's rates are consistent with or below the rates charged to other clients in non-bankruptcy matters. Moreover, its rate structure was disclosed in its Retention Application, which was approved by the Court.

D. COMPLIANCE WITH GUIDELINES

107. Arnold & Porter believes that this Final Application, together with the attachments hereto, substantially complies in all material respects with the Local Rules and the United States Trustee Guidelines. Arnold & Porter also believes that this Final Application complies with the detailed standards established by this Court and the Fourth Circuit. To the extent this Final Application does not comply in every respect with the requirements of such guidelines, Arnold & Porter respectfully requests a waiver for any such technical non-compliance.

108. Pursuant to the United States Trustee Guidelines, Arnold & Porter has provided the Debtors with an opportunity to review this Application, and the Debtors have approved the fees and expenses requested herein.

VIII. NOTICE

109. Arnold & Porter has arranged for the service of the Final Application on the Debtors, counsel for the Post-Effective Date Committee, the members of the Joint Fee Review Committee, the United States Trustee and any other parties required by the Case Management Order. In addition notice of the hearing to approve the Final Application was served on the parties required by the Case Management Order. Arnold & Porter submits that no other or further notices need be given.

IX. CONCLUSION

WHEREFORE, Arnold & Porter respectfully requests that the Court (a) enter an order allowing final compensation of \$13,257,587.83 to Arnold & Porter for professional services rendered as attorneys for the Debtors during the Case Period, plus reimbursement of actual and necessary charges and disbursements incurred in the sum of \$371,915.19; (b) authorize and direct the Debtors to pay to Arnold & Porter the amount of \$853,953.62, net of any outstanding retainer balance held by Arnold & Porter, in full settlement of the Holdback accrued through September 27, 2005; and (c) grant such other and further relief as is just and equitable under the circumstances.

Dated: Denver, CO
October 27, 2005

Respectfully submitted,

/s/ Brian P. Leitch
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