

LATHAM & WATKINS
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
:
UNITED AUSTRALIA/PACIFIC, INC. : **Case No. 02-11467(REG)**
:
:
Debtor. :
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**FIRST INTERIM FEE AND EXPENSE APPLICATION COVER SHEET OF LATHAM
& WATKINS AS ATTORNEYS TO THE DEBTOR**

Name of Applicant: Latham & Watkins.
Role in Case: Attorney to the Debtor
Date of Retention: March 29, 2002
Period Covered: March 29, 2002 through October 31, 2002.
Current Application
Fees Requested: \$196,144.50
Expenses Requested: \$ 9,991.80
Blended Hourly Rate: \$ 398.56
(excluding paraprofessionals)
Blended Hourly Rate: \$ 374.97
(including paraprofessionals)
Professionals: See Exhibit A
This is a(n): x interim _____ final application.

SECTION I: FEE SUMMARY

	To Date	Current Period
Total Fees Requested:	\$ 196,144.50	\$ 196,144.50
Total Disbursements Requested:	\$ 9,991.80	\$ 9,991.80
Total Fees Previously Allowed:	\$ 0.00	\$ 0.00
Total Disbursements Previously Allowed:	\$ 0.00	\$ 0.00
Total Previously Received by Applicant:	\$ 0.00	\$ 0.00

SECTION II: ATTORNEY/OTHER PROFESSIONAL SUMMARY

<u>Name of Attorney/ Other Professional</u>	<u>Yr. Admitted to Practice</u>	<u>Hours Billed</u>	<u>Hours Rate</u>	<u>Total</u>
<u>PARTNERS/OF COUNSEL</u>				
Martin N. Flics	1980	36.50	\$ 650.00/hr.	\$ 23,725.00
David S. Raab	1988	<u>5.40</u>	\$ 625.00/hr.	<u>\$ 3,375.00</u>
		41.90		\$ 27,100.00
<u>ASSOCIATES</u>				
David S. Allinson	1995	113.30	\$ 450.00/hr.	\$ 50,985.00
Timothy A. Barnes	1996	16.20	\$ 335.00/hr.	\$ 5,427.00
Gregg D. Josephson	1999	184.90	\$ 375.00/hr.	\$ 69,337.50
Lisa G. Watts	1999	3.80	\$ 350.00/hr.	\$ 1,330.00
Bryan C. Goldstein	2001	98.30	\$ 310.00/hr.	\$ 30,473.00
Caroline A. Reckler	2001	8.50	\$ 215.00/hr.	\$ 1,827.50
Timothy A. Solomon	2001	<u>2.20</u>	\$ 225.00/hr.	<u>\$ 495.00</u>
		427.00		\$159,785.00
<u>NONLAWYER PROFESSIONALS</u>				
VA Silva-Minin	Summer Clerk	12.10	\$ 220.00/hr	\$ 2,662.00
Julian C. Pereira	Paralegal	1.00	\$ 198.00/hr	\$ 198.00
Julian C. Pereira	Paralegal	27.30	\$ 165.00/hr	\$ 4,504.50
B.F. Windley	Paralegal	10.10	\$ 155.00/hr	\$ 1,565.00
A.S. Bocchi	Prof Staff	1.50	\$ 95.00/hr	\$ 142.50
S.N. Lim	Prof Staff	<u>2.20</u>	\$ 85.00/hr	<u>\$ 187.00</u>
		54.20		\$ 9,207.00
Total hours and fees		523.10		\$ 196,144.50

SECTION III: COMPENSATION BY PROJECT CATEGORY

	<u>Hours Billed</u>	<u>Hours Rate</u>	<u>Total</u>
General Case Administration	201.00	524.28	\$ 71,210.00
Motions and General Litigation	53.80	306.88	\$ 16,510.00
Representing Debtors in Court	10.60	314.81	\$ 3,337.00
DIP Financing	107.10	438.18	\$ 46,929.50
Plan and Issues	<u>150.60</u>	386.18	<u>\$ 58,158.00</u>
Total hours and fees	523.10		\$196,144.50

SECTION IV: EXPENSE SUMMARY

	<u>Expenses</u>	<u>Amount</u>
a.	Telecopying	\$ 450.46
b.	Photocopying	\$ 869.12
c.	Telephone	\$ 673.42
d.	Filing Fees	\$ 830.00
e.	Federal Express	\$ 122.46
f.	Other Freight	\$ 39.05
g.	Document Support	\$ 1,141.25
h.	Overtime *	\$ 701.25
i.	Postage	\$ 152.64
j.	Lexis	\$ 1,509.08
k.	Legal Research	\$ 94.26
l.	Outside Services (Non-Attorney)	\$ 112.21
m.	Document Preparation	\$ 847.00
n.	Calling Card	\$ 117.46
o.	Meals -Local	\$ 182.04
p.	Ground Transportation - Local	\$ 413.36

* This consists of secretarial charges for preparing various documents to be filed in connection with the DIP financing, as well as revisions to the plan and disclosure statement.

q.	Airline Fare	\$	1,146.50
r.	Trip Expense	\$	203.99
s.	Meals	\$	71.89
t.	Ground Transportation	\$	115.00
u.	West Law	\$	94.01
v.	Mis Services	\$	10.00
w.	Mileage-Local	\$	12.60
x.	Parking	\$	68.00
y.	Trip Expense- Local	\$	1.00
z.	Document Support –Overtime*	\$	<u>13.75</u>
	Total Expenses	\$	9991.80

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**FIRST INTERIM APPLICATION OF LATHAM & WATKINS
FOR ALLOWANCE AND PAYMENT OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES AS COUNSEL FOR THE DEBTOR**

Pursuant to sections 330, 331 and 503(b)(1)(A) of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”) and the United States Trustee Guidelines for Reviewing Applicants for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”), Latham & Watkins (“Latham”), counsel to the above-captioned debtor and debtor-in-possession in the above-captioned chapter 11 case (collectively, the “Debtor”), respectfully submits this first interim application (the “Application”) for allowance of \$196,144.50 for compensation and \$9,991.80 as reimbursement for expenses for the period from March 29, 2002 through October 31, 2002 (the “Compensation Period”).

In support of this Application, Latham respectfully represents as follows:

Background

1. On March 29, 2002 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is continuing in possession of its

properties and managing its business as authorized under sections 1107 and 1108 of the Bankruptcy Code.

2. On May 13, 2002, this Court entered an order approving the retention of Latham as counsel for the Debtor *nunc pro tunc* to the Petition Date. By Order dated May 13, 2002 (the “Administrative Order”), the Court established the procedure for interim compensation and reimbursement of expenses for all professionals in this case. In particular, the Court authorized that, absent objection, upon the expiration of twenty days after the service of a monthly interim fee application, after which the Debtor is authorized to pay each professional an amount equal to 80 percent of the fees and 100 percent of the expenses requested in such monthly interim fee application. Pursuant to the procedures set forth in the Administrative Order, Latham has received \$156,915.60 in fees and \$9,981.80 in expenses for the Compensation Period. Therefore, in this Application, Latham seeks approval of its fees and expenses incurred by the Debtor during the Compensation Period as well as payment of the holdback in the amount of \$39,574.33 (as set forth in the Administrative Order).

3. The supervisory responsibility for Latham’s efforts on behalf of the Debtor has been borne by Martin N. Flics. Mr. Flics is a partner in Latham’s New York office. Mr. Flics is a 1976 graduate of Hampshire College and a 1979 graduate of Fordham University Law School. Mr. Flics concentrates his practice in bankruptcy and restructuring.

Summary of Services Performed During the Current Compensation Period

4. As is reflected in the First Interim Fee and Expense Application Cover Sheet (the “Cover Sheet”), Latham has rendered 523.10 hours of legal services in the representation of the Debtor from March 29, 2002 through October 31, 2002. Based on the nature of the services rendered, the time required, the value of the services to the Debtor and its estate, and the cost of

comparable services other than in a case under the Bankruptcy Code, the compensation for these services should not be less than \$196,144.50. This total represents 523.10 hours of Latham attorney and other professional time, at an average hourly rate of \$ 374.97. The hourly rate for each attorney and other professional who performed services for the Debtor is set forth in the Cover Sheet.

5. In accordance with the Local Guidelines, Exhibit "A," attached hereto and incorporated herein by reference, contains a detailed chronological narrative of the time spent, the dates and descriptions of the services rendered, and the identity of the attorneys and other professionals who provided services on behalf of the Debtor from March 29, 2002 through October 31, 2002 , divided among five (5) uniform categories adopted at the outset of this case. Section III of the Cover Sheet, attached hereto and incorporated herein by this reference, contains a summary of the services provided by project category.

6. Latham respectfully supplements the chronological narrative of the time spent, the dates and descriptions of services rendered by the professionals who worked on this engagement and the related disbursements incurred on behalf of the Debtor with the following narrative summary of the services rendered by Latham, organized by category.

a. **General Case Administration** Latham rendered a total of 201.00 hours and \$71,210.00 in services in the category "General Case Administration," which includes all of the time spent participating in strategic meetings, advising the Debtor regarding the status of the case, addressing issues that arose from the petition filing and transfer of the case from Colorado, ongoing discussions with counsel to the Creditors' Committee, responding to document requests, formulating a plan and disclosure statement and receiving the Debtor's instructions in connection with the administration of this case.

b. **Motions and General Litigation**. Latham rendered a total of 53.80 hours and \$16,510.00 in services in the category “Motions and General Litigation.” This project category contains all of Latham’s services rendered in connection with filing of a motion to extend time to file schedules, motions to extend the exclusive period and a motion establishing a bar date.

c. **Representing Debtor in Court**. Latham rendered a total of 10.60 hours and \$3,337.00 in services in the category “Representing Debtor in Court.” This project category includes Latham’s services in connection with representing the Debtor during the first day hearings.

d. **DIP Financing**. Latham rendered a total of 107.10 hours and \$46,929.50 in services in the category “DIP Financing.” This project category includes Latham’s services in connection with arranging the post-petition financing facility, including negotiation of the relevant documentation and attending DIP hearing.

e. **Plan and Issues**. Latham rendered a total of 150.60 hours and \$58,158.00 in services in the category “Plan and Issues.” This project category includes Latham’s services in connection with negotiating a plan of reorganization and drafting a plan and disclosure statement.

Latham’s Staffing and Internal Procedures.

7 Latham has made a conscious effort in this case to provide the Debtor with high quality legal services at the lowest possible cost. Whenever possible, rather than “recreating the wheel,” Latham has called upon the considerable expertise of its senior partners to obtain quick answers to difficult questions without the need for expensive and time consuming legal research. Where research has been required, Latham has utilized the low billing rates of junior lawyers, resulting in considerable savings for the Debtor. Latham respectfully submits that it has been

extremely efficient in avoiding duplication of effort and keeping fees and costs at the lowest level possible.

8 Latham believes that the attached time detail reflects the actual, fair and reasonable value of the legal expertise provided to the Debtor, and for the benefit of the Debtor's estate, which required skilled and experienced legal counsel with knowledge not only of bankruptcy law, but also securities, tax and other substantive areas of law.

Disbursements

9. Latham also expended a total of \$9,991.80 for reasonable and necessary expenses in connection with its representation of the Debtor from March 29, 2002 through October 31, 2002.¹ In accordance with the Guidelines, Section IV of the Cover Sheet, attached hereto and incorporated herein by reference, also contains a summary of the expenses incurred by type.

10. Latham does not build a profit component into its disbursements and charges the Debtor's estates only Latham's actual out-of-pocket expenses. Photocopy charges are billed at \$0.17 per page and outgoing faxes are billed at \$1.25 per page.

Certification

11. As required by the Guidelines, Exhibit "B" attached hereto and incorporated herein by reference, contains Latham's certification that the Debtor has reviewed and approved Latham's Application, that the facts set forth in this Application are true and correct and that the Application complies with the Guidelines.

Latham is a Disinterested Person and Holds No Adverse Interest

¹ Some charges that were incurred during the Compensation Period are not reflected here due to a delay in receiving bills from third party providers. Latham will request any such fees in the next interim fee application.

12. All professional services for which allowance of compensation is requested were performed by Latham on behalf of the Debtor and not on behalf of any other entity or person. Latham owns neither a claim against, nor an interest in the Debtor, and no beneficial interest in the Debtor, directly or indirectly, has been acquired or transferred by Latham or for Latham's benefit since the commencement of this case. Latham represents no interest adverse to the Debtor with respect to matters upon which it is engaged and Latham is a "disinterested person" under section 101(14) of the Bankruptcy Code.

13. No agreement or understanding exists between Latham and any other person or entity for sharing of compensation received or to be received for services rendered in connection with these proceedings, except that fees will be shared with other partners of Latham as permitted by Bankruptcy Rule 2016 and section 504 of the Bankruptcy Code.

WHEREFORE, Latham respectfully requests that this Court allow (i) interim compensation in the sum of \$ 196,144.50 for actual, reasonable and necessary professional services rendered on behalf of the Debtors during the Compensation Period; and (ii) interim reimbursement in the amount of \$9,991.80 for actual, reasonable and necessary expenses incurred during the same period.

Dated: New York, New York
February 19, 2003

LATHAM & WATKINS

/s/ Martin N. Flics

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Counsel to Debtor
and Debtor-in-Possession