

IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

In re: ATA Holdings Corp., Debtor.	)	Chapter 11 Case No. 04-19866
	)	
In re: ATA Airlines, Inc., Debtor.	)	Chapter 11 Case No. 04-19868
	)	
In re: Ambassadors Travel Club, Inc., Debtor.	)	Chapter 11 Case No. 04-19869
	)	
In re: ATA Leisure Corp., Debtor.	)	Chapter 11 Case No. 04-19870
	)	
In re: Amber Travel, Inc., Debtor.	)	Chapter 11 Case No. 04-19871
	)	
In re: American Trans Air Execujet, Inc., Debtor.	)	Chapter 11 Case No. 04-19872
	)	
In re: ATA Cargo, Inc., Debtor.	)	Chapter 11 Case No. 04-19873
	)	
In re: Chicago Express Airlines, Inc., Debtor.	)	Chapter 11 Case No. 04-19874

AFFIDAVIT OF JOHN J. GALLAGHER IN  
SUPPORT OF THE APPLICATION OF  
THE DEBTORS TO EMPLOY AND  
RETAIN PAUL, HASTINGS, JANOFSKY  
& WALKER LLP AS SPECIAL LABOR  
COUNSEL

Hearing:	October 29, 2004 11:00 a.m. EST
Location:	U.S. Courthouse 46 E. Ohio Street, Room 310 Indianapolis, IN 46204
Telephonic Participation	
Dial-In:	1-877-213-2541
Passcode:	9070313#

**AFFIDAVIT OF JOHN J. GALLAGHER IN SUPPORT OF THE  
APPLICATION OF THE DEBTORS TO EMPLOY AND RETAIN  
PAUL, HASTINGS, JANOFSKY & WALKER LLP  
AS SPECIAL LABOR COUNSEL**

JOHN J. GALLAGHER, under penalty of perjury, says:

1. I am a partner in the firm of Paul, Hastings, Janofsky & Walker LLP (“**Paul Hastings**” or the “**Firm**”), a law firm with U.S. offices in Atlanta, New York, Stamford, Washington, D.C., Los Angeles, Orange County, San Diego, and San Francisco, and foreign offices in London, Paris, Brussels, Tokyo, Hong Kong, Shanghai, and Beijing. The Firm’s Washington, D.C. offices are located at 1299 Pennsylvania Avenue, N.W., Tenth Floor, Washington, D.C. 20004.
2. I submit this affidavit in connection with the application (the “**Application**”), dated October 26, 2004, of the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) for approval of the Debtors’ retention of Paul Hastings as special labor counsel in the above-captioned chapter 11 cases at the Firm’s normal hourly rates in effect from time to time and in accordance with the Firm’s normal reimbursement policies, in compliance with sections 328(a), 329, and 504 of title 11 of the United States Code (the “**Bankruptcy Code**”), and to provide disclosure required under rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).
3. The facts set forth below are based upon my personal knowledge, discussions with other Paul Hastings attorneys, and the Firm’s client/matter records reviewed by me or other Paul Hastings attorneys acting under my supervision and direction. Paul Hastings currently employs approximately 900 lawyers. To the extent any information disclosed herein requires amendment or modification upon Paul Hastings’ completion of further review or as additional

information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

4. The Debtors have filed the Application to retain Paul Hastings (subject to this Court's approval) as special counsel to provide services, to the extent necessary and as requested by the Debtors, with respect to (a) issues that may arise during the chapter 11 cases related to all aspects of labor relations, including issues related to the Air Line Pilots Association, the Association of Flight Attendants, the International Association of Machinists and Aerospace Workers, and the Aircraft Mechanics Fraternal Association, collective bargaining issues, and issues arising under the Railway Labor Act and under Sections 1113 and 1114 of the Bankruptcy Code, and litigation related to such issues; and (b) such other issues as may be assigned by the Debtors (collectively, the "**Special Counsel Matters**"). The Debtors and Paul Hastings have entered into an engagement letter (the "**Paul Hastings Agreement**") formalizing this retention, a copy of which is annexed as Exhibit B to the Application.

5. Paul Hastings has rendered legal services to the Debtors for many years. Since 1991, Paul Hastings has played a significant role in advising the Debtors from time to time concerning labor law issues arising under the Railway Labor Act, specifically including advice and counsel on collective bargaining issues, union representation disputes, and the interpretation and application of the Debtors' collective bargaining agreements.

#### **Paul Hastings' Disclosure Procedures**

6. Paul Hastings has in the past represented, currently represents, and may in the future represent entities that are claimants or interest holders of the Debtors or otherwise have an interest in these cases. Paul Hastings has a large and diversified legal practice that encompasses the representation of many financial institutions and commercial corporations.

7. In preparing this affidavit, I used a set of procedures developed by Paul Hastings to ensure compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals by a debtor under the Bankruptcy Code (the “**Firm Disclosure Procedures**”). Pursuant to the Firm Disclosure Procedures, I performed, or caused to be performed, the actions described below to identify the parties relevant to this affidavit and to ascertain Paul Hastings’ connection to such parties.

8. Paul Hastings’ conflicts check system is designed to include the identity of related and adverse parties. Paul Hastings regularly updates this system. In preparing this affidavit, I submitted, or caused to be submitted, for review pursuant to our conflicts check system the names of the Debtors and their secured creditors, DIP lender, and fifty largest unsecured creditors (collectively, the “**Parties in Interest**”), which included the following persons and entities:

<u>Debtors and Debtor Affiliates</u>	
ATA Holdings Corp. ATA Airlines, Inc. Ambassadair Travel Club, Inc. ATA Leisure Corp. fka ATA Vacations, Inc. fka Amber Tours, Inc. Amber Travel, Inc. American TransAir Execujet, Inc.	ATA Cargo, Inc. Amber Holdings, Inc. Chicago Express Airlines, Inc. Kodiak Call Centre, Ltd. AATC Holding, Inc. Key Tours, Inc. Travel Charter International, LLC Consultrav, Inc.
<u>Secured Creditors</u>	
Airline Transportation Stabilization Board	

<u>50 Largest Unsecured Creditors</u>	
Acorn Distributors Inc. Aircraft Service International Airport Terminal Services Avborne Accessory Group Avenue Edit Aviation Safeguards Lax Avid Airline Products Corp. Bafs Inc. Banff Park Lodge Betaco Boeing Celeste Industries Corp. Chicago Art Production Se City of Chicago City of Los Angeles Corintha Grand Hotel Roya Cravath, Swaine & Moore Crowne Plaza Mco Airport Danbee Aerospace Dfas-Co/Fps/F Ernst & Young Llp Federal Express Corp. Flying Food Group Fusion Technologies Llc Gate Gourmet Gate Safe Inc. Ge Engine Services, Inc. Globe Airport Security Globeground North America Goodrich Aviation Goodyear Tire & Rubber Co.	Greater Orlando Aviation Hamilton Sundstrand Hexaware Honeywell Indianapolis Airport Authority Infinity Broadcasting Corp. Inflight Newspapers & Mag Kelly Scott And Madison I Kgd Systems Lion Apparel Inc. Menzies Aviation Group Me Metropolitan Washington A Miami Dade Aviation Department Michael Lewis Company Moore Wallace North America NCR Corp. Port Authority of New York & New Jersey Port of Seattle Primeflight Aviation Services Prospect Airport Services Rockwell Collins Inc. Romani Bros., Inc. San Francisco Airports Co. San Jose Advertising Group St. Petersburg-Clearwater Swissport Usa, Inc. Timco-Lake City WGN AM Radio World Fuel Services Worrell Corporation

The list of Parties in Interest was provided to us by the Debtors' counsel. The results of our conflict check were compiled and analyzed by Paul Hastings' attorneys acting under my supervision.

### **Paul Hastings' Connections with Parties in Interest**

9. To the best of my knowledge, based on the review procedures described above, Paul Hastings does not have any “connection” to the Parties in Interest except as described in this affidavit. Neither the term “connection,” as used in Fed. R. Bankr. P. 2014, nor the proper scope of a professional’s search for “connection” has been defined, and I am therefore uncertain what this Court may consider a “connection” requiring disclosure. Out of an abundance of caution, I am disclosing many representations, which are not, to my understanding, disqualifying or problematic under either section 327(e) of the Bankruptcy Code or applicable standards of professional ethics.

10. Neither I, nor any partner, of counsel, or associate of Paul Hastings, as far as I have been able to ascertain, has any connection with the Debtors, the United States Trustee, or any Party in Interest, except as set forth below or otherwise in this affidavit:

- a. Before October 26, 2004 (the “**Petition Date**”), Paul Hastings performed certain legal services for the Debtors, as described in the Application.
- b. Annexed to the Application as Exhibit C is a list of Parties in Interest (or their affiliates) whom Paul Hastings represents, or has represented in the past, in matters unrelated to the Special Counsel Matters. Although Paul Hastings has represented, currently represents, and may continue to represent certain entities and individuals listed on Exhibit C hereto, Paul Hastings will not represent any such entity or individual, other than GE and Rolls-Royce (each as defined below), in the Debtors’ chapter 11 cases.
- c. Annexed to the Application as Exhibit D is a list of Parties in Interest (or their affiliates) whom Paul Hastings represents, or has represented in the past, in matters related to the Special Counsel Matters. To my knowledge, Exhibit D is limited to the Debtors and their affiliates.
- d. In addition to GE and Rolls-Royce (discussed below), Paul Hastings regularly represents a number of participants in the aviation industry that are known to the Firm to have relationships with the Debtors,

including (i) The Boeing Company and/or its affiliates and subsidiaries (“**Boeing**”) on a variety of matters, such as litigation and employment law issues, and (ii) International Lease Finance Corporation (“**ILFC**”) on a variety of finance matters. Paul Hastings will not represent Boeing or ILFC in the Debtors’ chapter 11 cases without the Debtors’ written consent, the United States Trustee’s approval, and the Court’s authorization.

- e. Paul Hastings regularly represents the General Electric Company and/or its affiliates and subsidiaries (collectively, “**GE**”), including without limitation, GE Capital Aviation Services, Inc. (GECAS), in connection with certain relationships between GE, on the one hand, and the Debtors, on the other hand, including matters involving the negotiation, enforcement, restructuring, workout, or other aspects of aviation equipment-related leasing, financing, and services transactions relating to the Debtors.
- f. Paul Hastings regularly represents Rolls-Royce plc and/or its affiliates and subsidiaries (“**Rolls-Royce**”) in connection with certain contractual relationships between Rolls-Royce, on the one hand, and the Debtors, on the other hand, including without limitation, matters involving the negotiation, enforcement, restructuring, workout, or other aspects of fleet hour and spare parts agreements, and intends to represent Rolls-Royce in connection with any contested bankruptcy court matters arising out of or related to any of the foregoing.
- g. The matters involving the Debtors in which Paul Hastings has been asked to represent GE or Rolls-Royce during these chapter 11 proceedings are collectively referred to herein as the “**Transactions**”. The Transactions involve matters unrelated to the Special Counsel Matters. Paul Hastings seeks to continue representing GE and Rolls-Royce in the Transactions only as expressly provided in subparagraphs (k) through (n) below.
- h. It is common practice in airline labor law for counsel to an air carrier to regularly represent more than one air carrier. Indeed, I am well acquainted with the small number of practitioners in this field, and I am not aware of a single law firm that regularly practices airline labor law on behalf of air carriers that limits its practice to the representation of only one air carrier. Paul Hastings regularly represents other commercial air carriers on labor and employment law issues, including, but not limited to, United Airlines, Alaska Airlines, British Airways, Continental Airlines, American Airlines, American Eagle Airlines, Inc., Delta Air Lines, Inc., Executive Airlines, Inc., United Parcel Service, and Northwest Airlines, all of which are competitors of

the Debtors and which may be creditors of the Debtors or otherwise have interests adverse to the Debtors. Paul Hastings has also represented one or more of these carriers on selected litigation or regulatory matters over the years. Paul Hastings' representation of these other air carriers has been limited in scope and unrelated to the Special Counsel Matters. Paul Hastings will not represent any of these other air carriers in the Debtors' chapter 11 cases.

- i. Paul Hastings also represents the Air Transport Association of America (ATA) from time to time on matters designated by the ATA, which is the industry trade association for the major U.S. air carriers. ATA Airlines, Inc. is a member of the ATA. Among other matters, the ATA has retained Paul Hastings from time to time to (i) prepare and file *amicus* briefs on airline labor law issues pending before the United States Supreme Court and/or various Circuit Courts of Appeals; and (ii) represent member carriers collectively in the renegotiation of their leases with selected airports. Paul Hastings' representation of the ATA has been limited in scope and unrelated to the Special Counsel Matters. Paul Hastings will not represent the ATA in the Debtors' chapter 11 cases.
- j. Each of the entities and individuals identified on Exhibit C or in subparagraphs d, e, and f above for whom Paul Hastings has performed services accounted for less than 1% of Paul Hastings' revenues for the Firm's fiscal year ending January 31, 2004, except for (i) Boeing, which accounted for less than 1.5% of such revenues, and (ii) GE, which accounted for approximately 5.63% of such revenues. The services performed for such entities and individuals were unrelated to Paul Hastings' representation of the Debtors on the Special Counsel Matters. Paul Hastings has no knowledge of any facts or information derived from services provided to any of the entities or individuals described above that would adversely affect Paul Hastings' representation of the Debtors in the Special Counsel Matters.
- k. Paul Hastings has been retained to represent GE and/or its subsidiaries, including GECAS, in connection with the Transactions while the Debtors are subject to these chapter 11 proceedings. The Debtors and GE have consented to Paul Hastings' request for a written waiver of any potential conflict of interest in matters relating to the Transactions and the Special Counsel Matters, provided that Paul Hastings maintains complete separation (an ethical wall) between the attorneys, files, and information relating to Paul Hastings' representation of the Debtors and those relating to Paul Hastings' representation of GE in



relation to any of the Debtors. Paul Hastings will not represent GE in any respect in connection with the Special Counsel Matters.<sup>1</sup>

- l. Paul Hastings has been asked to represent Rolls-Royce in connection with the Transactions while the Debtors are subject to these chapter 11 proceedings. The Debtors and Rolls-Royce have consented to Paul Hastings' request for a written waiver of any potential conflict of interest in matters relating to the Transactions and the Special Counsel Matters, provided that Paul Hastings maintains complete separation (an ethical wall) between the attorneys, files and information relating to Paul Hastings' representation of the Debtors and those relating to Paul Hastings' representation of Rolls-Royce in relation to any of the Debtors. Paul Hastings will not represent Rolls-Royce in any respect in connection with the Special Counsel Matters.<sup>2</sup>
- m. Paul Hastings' representation of GE and Rolls-Royce in relation to the Debtors has been and will continue to be conducted by attorneys in Paul Hastings' Corporate Law Department in the Stamford, New York, and Atlanta offices. In contrast, Paul Hastings' airline labor law practice is based in Paul Hastings' Washington, D.C. office. Paul Hastings' representation of the Debtors in the Special Counsel Matters has been and will continue to be conducted by attorneys in Paul Hastings' Employment Law Department in Washington, D.C. and by Robert Span of Paul Hastings' Litigation Department in Los Angeles.
- n. In addition, Paul Hastings has imposed (and will continue to impose) further screening procedures. Out of an abundance of caution, these procedures are intended to assure that there will be no inadvertent disclosure of the Debtors' confidential information that could, arguably, adversely affect the Debtors. These screening procedures are also designed to avoid even the appearance of impropriety. Specifically, the law firm and its employees will adhere to the following "ethical walls":
  - (i) For the duration of the chapter 11 proceedings, Mr. Span and I, as well as the other Paul Hastings attorneys and staff who represent the Debtors, (a) will exclude ourselves from

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<sup>1</sup> The Firm has complied with the applicable Rules of Professional Conduct and Section 6.3 of the Court's General Order No. 03-10. Pursuant to that Order, a copy of the GE and Debtor waivers described above is attached hereto as Exhibit E.

<sup>2</sup> The Firm has complied with the applicable Rules of Professional Conduct and Section 6.3 of the Court's General Order No. 03-10. Pursuant to that Order, a copy of the Rolls -Royce and Debtor waivers described above is attached hereto as Exhibit F.

any current or future representation of GE or Rolls-Royce in matters affecting the Debtors; (b) will not discuss any aspect of our representation of the Debtors with any Paul Hastings' attorneys or staff who are representing GE or Rolls-Royce in these cases; (c) will physically remove ourselves from (and not listen to) any discussion about GE or Rolls-Royce relating to the Debtors that could inadvertently occur in our presence; and (d) will take appropriate steps to secure the Debtors' computerized and hard copy documents, such that attorneys representing GE or Rolls-Royce will not have access to such files.

(ii) The foregoing screening procedures are now and will be reciprocal, i.e., the Paul Hastings attorneys and staff representing GE and Rolls-Royce in matters relating to the Debtors also (a) will exclude themselves from any current and future involvement in the Special Counsel Matters; (b) will not discuss any aspect of their efforts for GE or Rolls-Royce with attorneys and staff representing the Debtors; (c) will physically remove themselves from (and not listen to) any discussion involving the Special Counsel Matters that could inadvertently occur in their presence; and (d) will take appropriate steps to secure the computerized and hard copy documents involving GE and Rolls-Royce, so that counsel for the Debtors (including myself, Mr. Span, and the attorneys and staff under our supervision) will not have access to such files.

(iii) These screening procedures will be in effect for the duration of Paul Hastings' representation of the Debtors in their chapter 11 proceedings and for the duration of the law firm's representation of GE and Rolls-Royce in matters affecting the Debtors. I believe that such procedures are fully adequate to preclude any inadvertent disclosure of the Debtors' confidential information.

- o. Paul Hastings does not represent and does not intend to seek to represent any entity or individual, other than the Debtors, GE, and Rolls-Royce, in these chapter 11 proceedings, without the Debtors' written consent, the United States Trustee's approval, and the Court's authorization.
- p. In matters unrelated to the matters on which Paul Hastings is to be employed, Paul Hastings has worked with certain of the Debtors' other professionals.

- q. Given the number of attorneys in its offices, several attorneys at Paul Hastings have professional, working, or social relationships with firms or professionals at firms that may be adverse to the Debtors. In addition, several attorneys at Paul Hastings have spouses, parents, children, siblings, fiancés or fiancées who are attorneys at other law firms or companies. Also, certain attorneys at Paul Hastings may have spouses, parents, children, siblings, fiancés or fiancées who are employees of one or more of the Debtors. Paul Hastings has strict policies against disclosing confidential information to anyone outside of Paul Hastings, including spouses, parents, children, siblings, fiancés and fiancées.
- r. Paul Hastings has approximately 900 attorneys and 2000 other employees. It is possible that certain Paul Hastings attorneys or employees hold interests in mutual funds or other investment vehicles that may own the Debtors' securities. Despite the efforts described above to identify and disclose Paul Hastings' connections with parties in interest in these cases, because Paul Hastings is an international firm with hundreds of attorneys in fifteen offices, and because the Debtors are a multinational enterprise with thousands of creditors and other relationships, Paul Hastings is unable to state with certainty that every client representation or other connection has been disclosed.

11. I am not related to and, to the best of my knowledge, no other attorney at Paul Hastings is related to: (a) any United States Bankruptcy Judge for the Southern District of Indiana, or any of the District Judges for the Southern District of Indiana who handle bankruptcy cases, or (b) the United States Trustee for the Southern District of Indiana or any person employed by the Office of such United States Trustee.

12. Based on the foregoing and except as provided herein, to the best of my knowledge, information and belief formed after reasonable inquiry, Paul Hastings does not: (a) represent or hold any interest adverse to the Debtors or their estates with respect to the matters on which Paul Hastings seeks to be employed; or (b) have any connection with the Debtors, any creditors or other parties in interest, their respective attorneys and accountants, or the United

States Trustee for the Southern District of Indiana or any person employed by the Office of such United States Trustee.

**Paul Hastings' Rates and Billing Practices**

13. Paul Hastings has not received any promises as to payment or compensation in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules for the Southern District of Indiana (the “**Local Rules**”), and the Guidelines established by the Office of the United States Trustee (the “**U.S. Trustee Guidelines**”), and as disclosed herein.

14. It is Paul Hastings' policy to charge its clients in all areas of practice for expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel and lodging expenses, certain secretarial and other overtime expenses, filing and recording fees, long distance and other telephone charges, postage, vendor charges, express mail and messenger charges, computerized legal research charges and other computer services, expenses for “working meals,” and telecopier charges. Paul Hastings will charge the Debtors for these expenses in a manner and at rates consistent with charges made generally to its other clients, subject to this Court's approval of such expenses pursuant to Sections 330 and 331 of the Bankruptcy Code, such Bankruptcy Rules as may from time to time be applicable, such procedures as may be fixed by Order of this Court, the General Order No. 03-10 (Chapter 11 Procedures), the U.S. Trustee Guidelines, and other Orders of this Court. Paul Hastings believes that failure to charge these expenses would require the Firm to increase its current hourly rates.

15. Pursuant to Bankruptcy Code section 329(a), Paul Hastings provides the following information: during the one-year period before the Petition Date, Paul Hastings

received from the Debtors a total of approximately \$92,500 for services rendered, and costs and expenses incurred, in representing the Debtors.<sup>3</sup> Before the Petition Date, Paul Hastings also received a retainer of approximately \$14,000 (the ‘**Retainer**’) for services to be rendered, and costs and expenses to be incurred, in connection with these cases. Paul Hastings placed the Retainer in a client trust account, from which it intends to draw down funds in accordance with Section 6.4(b) of the Court’s General Order No. 03-10<sup>4</sup> and as otherwise permitted under the Bankruptcy Court’s Orders and the U.S. Trustee Guidelines.

16. Paul Hastings and the Debtors considered many factors in determining the amount of the Retainer, including: (a) the size and nature of the Debtors’ operations; (b) the probable duration for the chapter 11 cases and the time that Paul Hastings will need to devote to the representation of the Debtors; and (c) the fact that Paul Hastings expects to incur significant out-of-pocket expenses in the course of rendering its professional services. Paul Hastings acknowledges that the Retainer is subject to Court review pursuant to Bankruptcy Code section 329(b). In addition, to the extent that the fees for services and expenses allowed pursuant to orders of the Court under Bankruptcy Code section 330 do not exceed the amount of the Retainer, Paul Hastings agrees promptly to return the difference to the Debtors’ estates. Paul Hastings has agreed to accept as compensation for its services in these cases the Retainer and such additional sums as may be allowed by this Court, based upon the time spent and services

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<sup>3</sup> It is possible that the actual amount of Paul Hastings’ prepetition expenses could be somewhat higher than known at this time. Paul Hastings will not know the exact amount of its prepetition expenses for weeks or longer due to (a) the delay between the time when internal expenses are incurred and then posted onto Paul Hastings’ billing system, and (b) the delay between the time when outside expenses are incurred, billed to Paul Hastings, and then posted onto Paul Hastings’ billing system.

<sup>4</sup> Section 6.4(b) of General Order No. 03-10 provides that “the Professional may hold the entire retainer without any application to payment of fees and expenses, until final approval by the Court of such professional’s final application for fees and expenses, with such allowed interim fees and expenses paid periodically from other estate assets.”

rendered, the results achieved, the difficulties encountered, the complexities involved, and other appropriate factors.

17. Paul Hastings intends to seek compensation in accordance with the Paul Hastings Agreement, section 330(a) of the Bankruptcy Code, the U.S. Trustee Guidelines, the Bankruptcy Rules, the Local Rules, and any applicable Orders of the Court.

18. Paul Hastings' hourly rates are set at a level designed to compensate it fairly for the work of its attorneys and paraprofessionals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned. Paul Hastings' current hourly rates, subject to change from time to time, range from \$400 to \$740 for partners, from \$340 to \$650 for counsel, from \$190 to \$470 for associates, and from \$100 to \$260 for paraprofessionals and staff. Paul Hastings may, during the pendency of these cases, change these rates in the ordinary course of business. I believe that these rates are commensurate with the hourly rates of other firms of similar size and expertise.

19. The Paul Hastings attorneys expected to be most active in the Debtors' chapter 11 cases and their current respective hourly rates include:

John J. Gallagher, Partner, Employment, Washington, D.C.	\$545 per hour
Robert S. Span, Partner, Litigation, Los Angeles	\$535 per hour
Jon A. Geier, Partner, Employment, Washington, D.C.	\$520 per hour
Scott M. Flicker, Partner, Litigation, Washington, D.C.	\$475 per hour
Kenneth M. Willner, Partner, Employment, Washington, D.C.	\$510 per hour
Margaret H. Spurlin, Counsel, Employment, Washington, D.C.	\$460 per hour
Katherine A. Traxler, Counsel, Bankruptcy, Los Angeles	\$520 per hour
Brendan M. Branon, Associate, Employment, Washington, D.C.	\$265 per hour
Hannah Breshin, Associate, Employment, Washington, D.C.	\$315 per hour

Additional attorneys and legal assistants will be staffed to work on this representation as necessary.

20. Paul Hastings has not agreed to share any of its compensation from the Debtors with any other person, other than a partner, counsel, associate, or staff person employed by Paul Hastings as permitted by section 504 of the Bankruptcy Code. The proposed retention of Paul Hastings is not prohibited by Federal Rule of Bankruptcy Procedure 5002.

By: /s/John J. Gallagher

John J. Gallagher, Partner  
Paul, Hastings, Janofsky & Walker LLP

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing was served this 26<sup>th</sup> day of October, 2004, by expedited service (facsimile, e-mail, and/or overnight delivery) on the attached list.

/s/Terry E. Hall

**Name and Address of Served Party**

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