

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF RICHARDSON PATRICK WESTBROOK &
BRICKMAN, LLC FOR THE SEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C. ("Smith"), acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Richardson Patrick Westbrook & Brickman, LLC for the Seventh Interim Period (the "Application").

BACKGROUND

1. Richardson Patrick Westbrook & Brickman LLC ("RPWB") was appointed as lead special counsel to ZAI Claimants. In the Application RPWB seeks approval of fees totaling \$383,014.50 and costs totaling \$73,630.02 for its services from October 1, 2002, through December 31, 2002.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications

for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on RPWB an initial report based on our review and received a response from RPWB, portions of which are quoted herein.

DISCUSSION

General Issues

3. In our initial report, we noted that timekeepers Westbrook, Turkewitz, Ward and Wood often did not include sufficient detail in their time entries. Rule 2016-2(d) of the Delaware Local Rules states “activity descriptions . . . shall be sufficiently detailed to allow the Court to determine whether all the time, or any portion thereof, is actual, reasonable, and necessary . . .” This issue was brought out in an earlier report. We asked RPWB to advise these professionals to provide more detailed time entries in the future. RPWB responded as follows:

You pointed out insufficient detail in certain time entries and noted that the issue was brought out in an earlier report. Because we received your earlier report on the previous quarterly bill after we had already submitted some of the monthly statements covered in this quarterly bill, we could not take your earlier comments into account. Please be assured that I have instructed everyone (and am endeavoring myself) to provide greater detail in our time entries without disclosing particular strategic actions in time records that could hurt our ZAI Science Trial preparation.

We appreciate RPWB’s response.

4. We noted that the Application was generally free of lumping.

Specific Time and Expense Entries

5. In our initial report, we noted that on October 16 and 17, 2002, LH (\$75) spent a total of 5.90 hours for \$442.50 performing what appear to be secretarial tasks and therefore not

compensable. The entries are provided below.

10/16/02	LH	6.30	472.50	Edited & finalized multiple correspondences from Rob Turkewitz to Ed Cottingham, Jim Bentz, and Darrell Scott regarding vermiculite issues (.8);.....; made copies of docs to be attached to letter to Darrell Scott (1.1); edited, finalized, and forwarded letter from Rob Turkewitz to Ed Cottingham (.6); edited, finalized, and forwarded letter from Rob Turkewitz to Jim Bentz (.3); edited, finalized, and forwarded letter from Rob Turkewitz to Darrell Scott, including attachments (.6)
10/17/02	LH	2.50	187.50	revised, finalized, and faxed Rob Turkewitz's correspondence to Darrell Scott re: testing of homes in Washington State (1.0); revised, finalized and faxed letter from Rob Turkewitz to Matt Murphy re: production of ledger index (1.0); revised, finalized and faxed documents to Allan McGarvey from Rob Turkewitz re: test results (.50).

Paragraph, II. E. 7. of the Guidelines states, “[f]actors relevant to a determination that the expense is proper include the following: . . . Whether the expenses appear to be in the nature of nonreimbursable overhead . . . Overhead includes word processing, proofreading, secretarial and other clerical services, . . .” We asked RPWB to explain why these activities should be viewed as compensable. Their response is provided below.

While the work that Ms. Hambleton was doing involved substantive aspects of reviewing and revising important correspondence to our co-counsel and Grace counsel, we agree that the description provided does not reflect that substantive, professional contribution. Accordingly, we accept the Fee Auditor’s reduction of \$442.50.

We accept RPWB’s explanation and thus recommend a reduction of \$442.50 in fees.

6. We further noted three instances in which the time listed does not match the totals from the parentheticals. We calculated a total overcharge of \$573.00. The entries are provided

below.

On October 21, 2002, RMT has a time entry listed as 5.10 hours for \$2,040.00. The parentheses only total 4.10 hours for \$1,640.00. The difference is \$400.00.

10/21/02	RMT	5.10	2,040.00	conference w/Ed Westbrook, Jay Ward and Bobby Wood re: discovery and strategy (1.0); survey of Grace Discovery documents (.2); memo to Jay Ward re: Science issues involving ZAI (.8); email to Ian Jones re: research for testing (.3); conference call with potential expert re: status of investigation (.2); memo on issues to be researched (.5); phone conversation with Darrell Scott re: research issues (.3); conversation with Jay Ward regarding scientific and liability issues (.8)
----------	-----	------	----------	--

On October 22, 2002, JLW has a time entry listed as 5.00 hours for \$1,325.00. The parentheses only total 4.80 hours for \$1,272.00. The difference is \$53.00.

10/22/02	JLW	5.00	1,325.00	review and analyze pleadings, discovery responses, legal research, scientific materials and related file documents (1.8); continue drafting outline of case history and status (1.5); conference with ZAI team re: document review and technology issues (1.0); conduct internet research locating ZAI materials (.5)
----------	-----	------	----------	---

On October 23, 2002, RMT has a time entry listed as 7.40 hours for \$2,960.00. The parentheses only total 7.10 hours for \$2,840.00. The difference is \$120.00.

10/23/02	RMT	7.40	2,960.00	review of records and pleadings re: hazard (1.5); memo to Ed Westbrook forwarding documents for review (.5); conference call with Darrell Scott re: ZAI testing (.8); review of discovery correspondence file (.3); phone conversation with Matt Murphy re: ledgers (.3); drafted and finalized letter to Matt Murphy re: ledgers (.5); phone conversation with Darrell Scott re: testing (.3); email to Allan McGarvey re: testing (.3); received and reviewed Armstrong opinion on dust testing (1.3); email to Ed Westbrook re: dust testing (.5); conference with Janet Bakst re: guidelines for review of Grace documents (.3); conference with Ed Westbrook re: status of discovery (.3); phone conversation with investigator re: research re: dust
----------	-----	------	----------	--

testing (.2)

We requested that RPWB review the entries and explain the apparent overcharges. RPWB responded as follows:

Thank you for pointing out three instances where the summary of a day's time for an individual did not match the individual time entries. Although we try to double-check these, we can occasionally make a mistake in totaling each day's entries for an individual. You are correct that these were three mathematical mistakes and we accept your reduction of \$573.00.

We appreciate the response and therefore recommend a reduction of \$573.00 in fees.

7. In our initial report, we noted repeated expense entries throughout October 2002 for "Document Organization". The entries total 99 hours for \$5,355.00. See Exhibit A. Paragraph II.E. of the Guidelines states, "[a]ny expense for which reimbursement is sought must be actual and necessary and supported by documentation as appropriate." We asked RPWB to explain (a) the nature of the document organization project and its direct bearing on this estate; (b) why it was necessary to employ so many contract workers for this project; (c) why the hourly rates for these contract employees varied from \$15.00 to \$105.00 when they were seemingly performing the same tasks; and (d) why each time entry is exactly one hour. RPWB's response is provided as Response Exhibit 1. We appreciate the explanation, and we appreciate that RPWB hired students as contract employees. We have no objection to these expenses.

8. We last noted two other contract labor entries at much higher hourly rates. The total time was two hours for \$915.00. The entries are provided below.

11/18/2002	200106	Zonolite Science Trial	E012	\$300.00
1.00	\$300.00			
kgarcia	0000		Lee Edward Dixon - Contract Labor	

12/02/2002	200106	Zonolite Science Trial	E012	\$615.00
------------	--------	------------------------	------	----------

Paragraph II.E. of the Guidelines states, “[a]ny expense for which reimbursement is sought must be actual and necessary and supported by documentation as appropriate.” We asked RPWB to explain the nature of the work for which these employees were contracted, as well as the reason(s) for the high hourly rates. RPWB’s response is provided below.

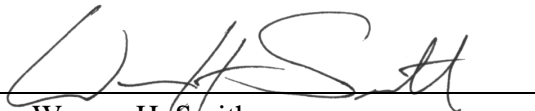
The same computer artifact is the explanation for your comment that two contract laborers appeared to have been paid at much higher hourly rates. Lee Dixon is a law clerk who was actually paid \$20 per hour for 15 hours (See attached sheets), while Shawn Thacker was paid \$20 per hour for 30.75 hours during the week you questioned. (See attached sheet). Mr. Thacker, a former computer company consultant, assisted in reviewing ZAI documents, selecting important segments out of those documents to be imported into a computer database so they would be readily accessible to the attorneys and other professionals preparing for the ZAI Science Trial. His work was very valuable to the attorneys in organizing the documents for use with experts and at the Science Trial.

We accept this explanation and have no objection to these expenses.

9. Thus we recommend approval of fees totaling \$381,999.00 (\$383,014.50 minus \$1,015.50) and expenses totaling \$73,630.02 for RPWB’s services from October 1, 2002, through December 31, 2002.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
Warren H. Smith
Texas State Bar No. 18757050

Republic Center
325 N. St. Paul, Suite 4080
Dallas, Texas 75201
214-698-3868
214-722-0081 (fax)
whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 4th day of April, 2003.



Warren H. Smith

Exhibit A

10/05/2002	200106	Zonolite Science Trial	E012	\$90.00
1.00	\$90.00			
ewestbrook	0000		Kerranna Williamson - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$97.50
1.00	\$97.50			
ewestbrook	0000		Tommy McDonald - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$97.50
1.00	\$97.50			
ewestbrook	0000		Molly Spain - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Craig Miller - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Charlotte Caste - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$75.00
1.00	\$75.00			
ewestbrook	0000		Josey Leho - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Kristin Sigman - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Mollie Shorter - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$75.00
1.00	\$75.00			
ewestbrook	0000		Alex Alcott - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Stephanie Grainger - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$101.25
1.00	\$101.25			
ewestbrook	0000		Sara Lester - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$101.25
1.00	\$101.25			
ewestbrook	0000		Claire Crawford - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Courtney Grainger - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Jordan MacDonnell - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Owen Bayne - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Sarah DeLeon - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Nathan Aranas - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Billy Howard - Document Organization	
10/05/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Ben Lee - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Rob Street - Document Organization	

10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Tommy McDonald - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$33.75
1.00	\$33.75			
ewestbrook	0000		Craig Millar - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Josey Leho - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Sara Lester - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Claire Crawford - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Courtney Grainger - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Jordan MacDonnell- Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Alex Alcott - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Anna Middleton - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Jonathan Sozio - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Sarah DeLeon - Document Organization	
10/10/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Stephanie Grainger - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$33.75
1.00	\$33.75			
ewestbrook	0000		Craig Miller - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Owen Bayne - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$90.00
1.00	\$90.00			
ewestbrook	0000		Nathan Aranas - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$90.00
1.00	\$90.00			
ewestbrook	0000		Matthew Daylami - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Molly Spain - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$105.00
1.00	\$105.00			
ewestbrook	0000		Tommy McDonald - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$75.00
1.00	\$75.00			
ewestbrook	0000		Rob Street - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$75.00
1.00	\$75.00			
ewestbrook	0000		Jonathan Sozio - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$101.25
1.00	\$101.25			
ewestbrook	0000		Billy Howard - Document Organization	

10/12/2002	200106	Zonolite Science Trial	E012	\$101.25
1.00	\$101.25			
ewestbrook	0000		Anna Middleton - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$63.75
1.00	\$63.75			
ewestbrook	0000		Josey Leho - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$71.25
1.00	\$71.25			
ewestbrook	0000		Courtney Grainger - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$71.25
1.00	\$71.25			
ewestbrook	0000		Stephanie Grainger - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$41.25
1.00	\$41.25			
ewestbrook	0000		Claire Crawford - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$41.25
1.00	\$41.25			
ewestbrook	0000		Sara Lester - Document Organization	
10/12/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Alex Alcot - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Rob Street - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Craig Miller - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$15.00
1.00	\$15.00			
ewestbrook	0000		Alex Alcott - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Charlotte Caste - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$30.00
1.00	\$30.00			
ewestbrook	0000		Josey Leho - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Stephanie Grainger - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Courtney Grainger - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Jordan MacDonnell - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Owen Bayne - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$41.25
1.00	\$41.25			
ewestbrook	0000		Nathan Aranas - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Billy Howard - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Kristin Sigman - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Mollie Shorter - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$41.25
1.00	\$41.25			
ewestbrook	0000		Jonathan Sozio - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012	\$37.50

1.00	\$37.50				
ewestbrook	0000			Andrea Bailey - Document Organization	
10/16/2002	200106	Zonolite Science Trial	E012		\$30.00
1.00	\$30.00				
10/16/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Anna Middleton - Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$33.75
1.00	\$33.75				
ewestbrook	0000			Claire Crawford - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$33.75
1.00	\$33.75				
ewestbrook	0000			Sara Lester - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Courtney Grainger - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Stephanie Grainger - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$33.75
1.00	\$33.75				
ewestbrook	0000			Tommy McDonald - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$33.75
1.00	\$33.75				
ewestbrook	0000			Molly Spain - ZAI Document Organization	
10/22/2002	200106	Zonolite Science Trial	E012		\$33.75
1.00	\$33.75				
ewestbrook	0000			Mollie Shorter - ZAI Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$30.00
1.00	\$30.00				
ewestbrook	0000			Mollie Shorter - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Andrea Bailey - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Kristin Sigman - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Tommy McDonald - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$26.25
1.00	\$26.25				
ewestbrook	0000			Stephanie Grainger - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Jonathan Sozio - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Rob Street - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Nathan Aranas - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$26.25
1.00	\$26.25				
ewestbrook	0000			Courtney Grainger - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$37.50
1.00	\$37.50				
ewestbrook	0000			Jordan MacDonnell - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$30.00
1.00	\$30.00				
ewestbrook	0000			Haley Keisler - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012		\$30.00
1.00	\$30.00				

ewestbrook	0000		Alex Alcott - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012	\$15.00
1.00	\$15.00			
ewestbrook	0000		Molly Spain - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Tommy McDonald - Document Organization	
10/23/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Molly Spain - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$60.00
1.00	\$60.00			
ewestbrook	0000		Kristin Sigman - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Courtney Murray - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Elizabeth Aimar - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$22.50
1.00	\$22.50			
ewestbrook	0000		Allyson Murphy - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Jonathan Sozio - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Ashley Bailey - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$60.00
1.00	\$60.00			
ewestbrook	0000		Anna Middleton - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$37.50
1.00	\$37.50			
ewestbrook	0000		Haley Keisler - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$60.00
1.00	\$60.00			
ewestbrook	0000		Owen Bayne - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$60.00
1.00	\$60.00			
ewestbrook	0000		Charlotte Caste - Document Organization	
10/24/2002	200106	Zonolite Science Trial	E012	\$60.00
1.00	\$60.00			
ewestbrook	0000		Jordan MacDonnell - Document Organization	
10/26/2002	200106	Zonolite Science Trial	E012	\$33.75
1.00	\$33.75			
ewestbrook	0000		Kristin Sigman - ZAI Document Organization	

Response Exhibit 1

The expense entries in October, 2002 for ““Document Organization”” reflect the work done by a group of senior high school students we hired to put in chronological order a large number of boxes of documents received from W.R. Grace. These documents were produced to us in no order. Many had documents stapled together that were widely separated in time. Before attorneys and paralegals could begin their substantive review of the documents it was necessary to have them sorted chronologically so that documents which responded to or related to a particular document could be found and we could follow the thread of the story told by the documents. The project turned out to be very cost effective, for it enabled our professional staff to review a set of documents that was logically organized so they would not have to hunt through various boxes for related documents. We employed the number of students listed on the expense sheets because we needed to get the documents organized quickly, as we were working against a December 31, 2002 fact discovery cut off at the time.

These contract workers were paid a uniform hourly rate (\$15 per hour) which is far below the rates we could have gotten from commercial ““temporary labor”” companies. I am attaching my letter to the school explaining the project and the hourly rate. Your confusion about the hourly rate is understandable. Because our computer system does not have the capacity to list the number of hours for expenses (as opposed to fee entries), a default entry of ““1.00”” was entered because each payment was one entry in the expense ledger. The students were actually paid based on hours worked, as supervised by one of our people on site. For instance, on October 5, 2002, Kerrana Williamson worked 6 hours and was paid \$90.00 Her check stub reflecting this payment is attached as an example. The charges of \$15 to \$105 that you believed to reflect different hourly rates were actually a uniform rate (\$15) for one to seven hours of work respectively. The payments for each student per work day varied by how long they worked. We apologize that the computer reporting of these expenses led you to believe that individuals performing the same job had been paid at different hourly rates.

SERVICE LIST

Notice Parties

The Applicant

Edward J. Westbrook, Esq.
Robert M. Turkewitz, Esq.
Robert S. Wood, Esq.
Richardson Patrick Westbrook & Brickman
174 East Bay Street
Charleston, South Carolina 29401

Co-Counsel for ZAI Claimants

William D. Sullivan, Esq.
Charles J. Brown, III, Esq.
Elzufon, Austin, Reardon, Tarlov &
Mondell, PA
300 Delaware Avenue, Suite 1700
P.O. Box 1630
Wilmington, DE 19899-1630

The Debtors

David B. Siegel, Esq.
Sr. V.P. and Gen. Counsel
W.R. Grace & Co.
7500 Grace Drive
Columbia, MD 21044

Counsel for the Debtors

James H.M. Sprayregen, Esq.
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

Laura Davis Jones, Esq.
Pachulski, Stang, Ziehl, Young & Jones,
P.C.
919 North Market Street, Suite 1600
P.O. Box 8705
Wilmington, DE 19899-8705

Counsel for the Official Committee of Unsecured Creditors

Lewis Kruger, Esq
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982

Michael R. Lastowski, Esq.
Duane Morris & Heckscher
1100 N. Market Street, Suite 1200
Wilmington, De 19801-1246

Counsel to the Official Committee of Property Damage Claimants

Scott L. Baena, Esq
Bilzin, Sumberg, Dunn, Baena, Price &
Axelrod
First Union Financial Center
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131

Michael B. Joseph, Esq.
Ferry & Joseph, P.A.
824 Market Street, Suite 904
P.O. Box 1351
Wilmington, DE 19899

**Counsel to the Official Committee of
Personal Injury Claimants**

Marla R. Eskin
Campbell & Levine, LLC
Suite 300
800 N. King Street
Wilmington, DE 19801

Official Committee of Equity Holders

Thomas M. Mayer, Esq.
Kramer Levin Naftalis & Frankel
919 Third Avenue
New York, NY 10022

Teresa K.D. Currier, Esq.
Klett Rooney Lieber & Schorling
1000 West Street, Suite 1410
Wilmington, DE 19801

United States Trustee

Office of the United States Trustee
Frank J. Perch, Esq.
844 King Street, Suite 2311
Wilmington, DE 19801