

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
	:	
AMERICAN BANKNOTE	:	Case No.: 05-10174 (PJW)
CORPORATION,	:	
	:	
	:	
Debtor.	:	

**FIRST AND FINAL APPLICATION OF ANDREWS KURTH LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS COUNSEL TO THE DEBTOR
FOR THE PERIOD JANUARY 19, 2005 THROUGH APRIL 15, 2005**

Name of Applicant:	Andrews Kurth LLP
Authorized to Provide Professional Services to:	American Banknote Corporation
Date of Retention:	January 19, 2005
Period for which compensation and reimbursement is sought:	January 19, 2005 through and including April 15, 2005
Amount of Compensation sought as actual, reasonable and necessary:	\$272,433.50
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	\$9,420.03

This is a final application.¹

The total time expended for fee application preparation is approximately 10 hours and the corresponding compensation requested is approximately \$5,000.00.

¹ Andrews Kurth has not made any interim fee applications in this Chapter 11 case.

**ATTACHMENT B
TO FEE APPLICATION**

Name of Professional	Position/Year of Obtaining License	Hourly Rate (including changes)	Total billed Hours	Total Compensation
Baumfield, R.	Partner, Licensed 1998	\$510.00	216.3	110,313.00
Brice, R. M.	Associate, Licensed 2002	\$220.00	23.4	5,148.00
Buchbinder, D. G.	Paralegal	\$175.00	15.9	2,782.50
Chancey, K.	Associate, Licensed 2004	\$205.00	102.2	20,951.00
Feiner, A.	Partner, Licensed 1982	\$595.00	22.5	13,387.50
Freeman, W. B.	Associate, Licensed 2000	\$280.00	81.7	22,876.00
Levine, J. I.	Associate, Licensed 2001	\$310.00	1.3	403.00
McMurtry, L L.	Partner, Licensed 1978	\$430.00	2.2	946.00
Nguyen, T.	Associate, Licensed 2001	\$250.00	23.5	5,875.00
Ouchley, J. K.	Associate, Licensed 2003	\$245.00	6	1,470.00
Patton, S.	Associate, Licensed 2002	\$245.00	11	2,695.00
Peacock, P.	Associate, Licensed 2003	\$215.00	0.9	193.50
Silverstein, P. N.	Partner, Licensed 1982	\$695.00	56.2	39,059.00
Tao, A. Y.	Associate, Licensed 2004	\$180.00	33.6	6,048.00
Yancy-Hunter, C.	Associate, Licensed 2001	\$260.00	139.2	36,192.00
Young, W. M.	Partner, Licensed 1988	\$460.00	8.9	4,094.00
Total:			744.8	\$272,433.50
Blended Rate:	\$365.78			

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Asset Analysis/Recovery		
Asset Disposition		
Business Operations	68.8	\$20,758.00
Case Administration	253.2	\$97,021.00
Claims Admin. and Objections	93.7	\$31,243.50
Employee Benefits/Pensions	10.5	\$3,382.00
Fee/Employment Applications	13.7	\$4,529.50
Financing	20.5	\$10,624.00
Litigation		
Plan and Disclosure Statement	221.7	\$88,167.00
Relief from Stay Proceedings		
Tax Issues	62.7	\$16,708.50
Valuation		
Other		

EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Total Expenses
Computer Assisted Legal Research	Lexis/Nexis, Westlaw, PACER	\$2,307.42
Facsimile	28 pages -- \$1.00 per page	\$28.00
Long Distance Telephone		\$185.87
In-House Reproduction	23,185 copies -- \$.15 per page	\$3,477.75
Outside Reproduction		
Outside Research		
Filing/Court Fees		
Court Reporting		
Local Meals		\$370.52
Local Travel		\$1,173.51
Out-of-Town Travel		\$1,092.50
Courier & Express Carriers (e.g. Federal Express)		\$435.20
Postage		\$43.90
Other (Explain)	External Corporate Services	\$305.36
	TOTAL:	\$9,420.03

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
	:	
AMERICAN BANKNOTE	:	Case No.: 05-10174 (PJW)
CORPORATION,	:	
	:	
Debtor.	:	

FINAL APPLICATION OF ANDREWS KURTH LLP FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTOR FOR THE PERIOD JANUARY 19, 2005 THROUGH APRIL 15, 2005

Andrews Kurth LLP (“Andrews Kurth”), counsel to the debtor and debtor-in-possession, American Banknote Corporation (the “Debtor” or “ABN”), for its final application for compensation and reimbursement of expenses pursuant to Section 330 of the Bankruptcy Code, respectfully represents:

INTRODUCTION

1. By this application, Andrews Kurth as counsel to the Debtor, seeks allowance of compensation for legal services rendered in the amount of \$272,433.50 together with expense reimbursement in the amount of \$9,420.03 for an aggregate award under Section 330 of the Bankruptcy Code of \$281,853.53 for the period from January 19, 2005 to April 15, 2005 (the “Fee Period”). For the reasons set forth herein and in the accompanying exhibits, the compensation requested by Andrews Kurth should be approved in all respects.

JURISDICTION

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

BACKGROUND

3. On January 19, 2005, the Debtor filed with this Court its petition for relief under Chapter 11 of Title 11, United State Code (the “Bankruptcy Code”). After the Petition Date, the Debtor continued to operate its business and manage its properties as a debtor-in-possession.

4. The Debtor is a holding company which, through its subsidiaries in the United States, Brazil, France, and Argentina, is a provider of secure printed documents, printed and personalized secure and non-secure transaction and identification cards and systems, and a wide array of document management and transaction services and solutions.

5. Only the Debtor is the subject of this Chapter 11 case. None of the Debtor’s subsidiaries is a debtor under the Bankruptcy Code.

Andrews Kurth’s Retention

6. Prior to the Petition Date, Andrews Kurth represented the Debtor in connection with a restructuring strategy and assisted in negotiating the terms of a plan of reorganization with the largest holders of the Debtor’s 10% Senior Notes due 2005 (the “Notes”) and Common Stock.

7. On January 19, 2005, the Debtor filed a Motion for an Order Pursuant to 11 U.S.C. §§ 327, 328, 329 and 330 and Fed. R. Bankr. P. 2014(a) and 2016(b) Authorizing the Employment and Retention of Andrews Kurth LLP as Counsel for the Debtor and Debtor in Possession (the “Retention Application”).

8. Pursuant to an order dated, February 24, 2005, this Court approved the Retention Application.

The Plan and Disclosure Statement

9. On the Petition Date, the Debtor filed its Disclosure Statement with Respect to Debtor’s Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the “Disclosure

Statement”) and its Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the “Plan”). The Plan was negotiated with, and agreed to by, holders of approximately 80% of the Debtor’s Notes (these holders also held a majority of the Debtor’s common stock).

10. The Plan provided, among other things, that (i) entities holding in excess of \$45,000 of the Notes would receive approximately 80% of the equity of the Reorganized Debtor; (ii) entities holding less than \$45,000 of the Notes could elect to receive a cash recovery equal to 60% of their claim or a new note (the “New Note”) equal to 100% of their claim; (iii) holders of common stock would receive approximately \$0.63 per share either in cash or a combination of cash and equity in the Reorganized Debtor, and (iv) on the Effective Date the Exit Financing Parties (as defined in the Plan) would provide the Debtor with \$16 million in return for approximately 18% of the equity in the Reorganized Debtor.

11. After the Plan and Disclosure Statement were filed with the Court, HSBC Bank USA National Association (the Indenture Trustee for the Notes) , the Debtor, the United States Trustee and the Exit Financing Parties requested a number of changes to the Plan and Disclosure Statement. On February 22, 2005, Andrews Kurth filed an amended Plan and Disclosure Statement with the Court.

12. Pursuant to an order dated, February 24, 2005, this Court approved the Disclosure Statement.

13. All impaired classes of claims and interests under the Plan overwhelmingly voted in favor of the Plan and pursuant to an order dated, April 8, 2005, this Court confirmed the Plan.

14. The Effective Date under the Plan was April 15, 2005 and the Debtor, with the assistance of Andrews Kurth, is currently issuing the new securities pursuant to the terms of the Plan.

The Chapter 11 Case

15. As counsel to the Debtor in this Chapter 11 case, Andrews Kurth was involved in every aspect of the case including:

- (a) Giving advice to the Debtor with respect to the Debtor's powers and duties as debtor in possession in the continued operation of the Debtor's business and the management of its properties;
- (b) Working with the Debtor's creditors (including HSBC) and equity security holders to address all of their issues and questions;
- (c) As noted above, amending the Plan and Disclosure Statement and taking all steps necessary to confirm the Plan;
- (d) Preparing and filing on behalf of the Debtor, all necessary applications, motions, orders, reports, adversary proceedings and other pleadings and documents, including the First Day motions filed by the Debtor;
- (e) Analyzing claims and negotiating with creditors on behalf of the Debtor and filing objections to claims;
- (f) Working with the Exit Financing Parties to ensure the Exit Financing proceeds would be available on the Effective Date;
- (g) Ensuring that all distributions will be made under the Plan in a timely manner.

PROJECT CATEGORIES OF SERVICE PERFORMED

16. Andrews Kurth's representation of the Debtor was handled primarily by Paul N. Silverstein and Richard Baumfield. In accordance with the Local Rules of Bankruptcy Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), Andrews Kurth's activities for which compensation is sought fall into the categories set forth below.

Business Operations (Fees \$20,758.00)

17. Throughout the case, Andrews Kurth advised the Debtor with respect to the Debtor's powers and duties as debtor in possession in the continued operation of the Debtor's business and the management of its properties. In addition, Andrews Kurth undertook routine tasks associated with the Debtor's business operations such as reviewing monthly operating

reports, having discussions with management concerning operational issues, and drafting and reviewing documents which were required to be filed with the Securities and Exchange Commission (the "SEC").

18. Andrews Kurth requests \$20,758.00 for Business Operations matters based on 68.8 hours during the Fee Period.

Case Administration (Fees \$97,021.00)

19. As primary counsel to the Debtor, Andrews Kurth has undertaken all legal matters on behalf of the Debtor throughout its chapter 11 case. In particular, Andrews Kurth has (i) advised the Debtor on all matters in connection with the Chapter 11 case; (ii) drafted all pleadings filed by the Debtor; (iii) reviewed all motions, schedules, statements, petitions, and other documents filed by the Debtor and other parties; (iv) ensured that the Debtor complied with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules; (v) attended court hearings on behalf of the Debtor; and (vi) attended numerous meetings, the Initial Debtor Interview, the 341 meeting etc. Andrews Kurth has constantly communicated with the Debtor's management to relay information, and generally keep the Debtor's management updated as to the status of this Chapter 11 case.

20. Andrews Kurth requests \$97,021.00 for Case Administration matters based on 253.2 hours during the Fee Period.

Claims Administration and Objections (Fees \$31,243.50)

21. Andrews Kurth has undertaken a thorough review and analysis of every proof of claim that was filed in this case. Andrews Kurth has worked closely with the Debtor's employees in identifying disputed claims, which have been included in two omnibus claim objections which were prepared by Andrews Kurth and filed with the Court.

22. Andrews Kurth requests \$31,243.50 for Claims Administration and Objections matters based on 93.7 hours during the Fee Period.

Employee Benefits/Pensions (Fees \$3,382.00)

23. Andrews Kurth reviewed the employment contracts which were being assumed under the Plan (and which were attached thereto) and drafted a consulting agreement for Mr. Sheldon Cantor (which is also attached to the Plan). In addition, Andrews Kurth addressed issues concerning the Debtor's supplemental retirement plan and the treatment of SERP participants in Class 6 under the Plan.

24. In addition, Andrews Kurth was contacted by the SEC concerning certain consulting and settlement agreements which the Debtor entered into with its former CEO. Andrews Kurth undertook a review of the issues raised by the SEC and forwarded certain information to the SEC for its investigation.

25. Andrews Kurth requests \$3,382.00 for Employee Benefits/Pension matters based on 10.5 hours during the Fee Period.

Fee/Employment Applications (Fees \$4,529.50)

26. Time billed in this category includes the preparation of Andrews Kurth's retention application, which was necessary for the administration of this case. In addition, pursuant to the requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules, Andrews Kurth was required to prepare this fee application in order to receive compensation for its services and reimbursement of its expenses.

27. Andrews Kurth requests \$4,529.50 for Fee/Employment Applications matters based on 13.7 hours during the Fee Period.

Financing (Fees \$10,624.00)

28. As noted above, under the Plan, the Exit Financing Parties were required to provide the Debtor with \$16 million on the Effective Date and in return would receive approximately 18% of the equity in the Reorganized Debtor. Throughout this case, Andrews Kurth worked closely with the Exit Financing Parties keeping them updated as to the status of

the case, amending the Stockholder Agreement, Plan and other documents as they requested and addressing any other issues they raised. As the Effective Date neared, Andrews Kurth worked with the Exit Financing Parties to ensure that each of them provided the Debtor with their portion of the Exit Financing prior to the Effective Date.

29. Andrews Kurth requests \$10,624.00 for Financing matters based on 20.5 hours during the Fee Period.

Plan and Disclosure Statement (Fees \$88,167.00)

30. Andrews Kurth drafted the Disclosure Statement and the Plan in addition to numerous Plan documents relating to the exit financing and other matters, which were attached as exhibits to the Disclosure Statement and the Plan. Andrews Kurth significantly revised the Plan and Disclosure Statement based on comments from the Debtor, HSBC, the United States Trustee and the Exit Financing Parties.

31. Andrews Kurth also worked with the Debtor's Balloting Agent in distributing the solicitation packages for the Disclosure Statement and interfacing with creditors addressing issues relating thereto.

32. Andrews Kurth requests \$88,167.00 for Plan and Disclosure Statement matters based on 221.7 hours during the Fee Period.

Tax Issues (Fees \$16,708.50)

33. Andrews Kurth reviewed the federal income tax aspects of the Plan. This review was undertaken in order to understand the tax consequences of the Plan to the Debtor and its claimholders and interestholders. In conjunction with this review, Andrews Kurth modified portions of Article XII of the Disclosure Statement, "Certain Federal Income Tax Consequences of the Plan."

34. In order to review the Plan and Disclosure Statement, Andrews Kurth researched certain complex tax rules that arose as a result of implementation of the Plan, including rules associated with Section 382 of the Internal Revenue Code, the treatment of paid-in-kind debt instruments, recapitalizations and other exchanges involving debt instruments, original issue discount, and the treatment of disputed claims reserves, among other things. This research included reviewing the Internal Revenue Code and the corresponding Income Tax Regulations, government releases, treatises, and publications by leading commentators. A summary memorandum was written in support of the application of certain areas of this research to the Plan and the Disclosure Statement.

35. Andrews Kurth requests \$16,708.50 for Tax Issues matters based on 62.7 hours during the Fee Period.

Summary

36. The total amount of professional fees sought by Andrews Kurth for the Fee Period equals \$272,433.50.

37. In accordance with the Local Rules, attached hereto as Exhibit A are Andrews Kurth's complete time records for the Fee Period, in chronological order, organized by project category. The requested fees are itemized to the tenth of an hour.

DISBURSEMENTS

38. Andrews Kurth has incurred out-of-pocket disbursements during the Fee Period in the amount of \$9,420.03. This disbursement sum is broken down into categories of charges itemized in Exhibit B hereto. Each charge incurred by Andrews Kurth was necessary and incurred as a direct result of Andrews Kurth's representation of the Debtor.

ESTIMATED FEES AND EXPENSES TO EFFECTIVE DATE

39. Pursuant to section 8.3 of the Plan, professionals seeking compensation or reimbursement under Section 330 or 503(b) of the Bankruptcy Code were required to provide the Debtor with a written estimate of the maximum amount of their requested compensation and reimbursement through the Effective Date on or prior to the date of the confirmation hearing. On the Effective Date of the Plan, the Debtor was required to establish a Professional Claims Reserve in an amount equal to the aggregate of such estimated compensation and reimbursements.

40. In accordance with section 8.3, on April 7, 2005, Andrews Kurth notified the Debtor that its estimate of fees and expenses through the Effective Date of the Plan would be \$500,000. As set forth herein, Andrews Kurth's actually requested fees and expenses are \$281,853.53.

STATUTORY BASIS FOR COMPENSATION AND REIMBURSEMENT

41. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code, as supplemented by Federal Rule of Bankruptcy Procedure 2016. Andrews Kurth seeks compensation for actual, necessary professional services rendered and reimbursement of reasonable expenses incurred on behalf of the Debtor during the Fee Period.

42. Section 330(a)(1) of the Bankruptcy Code allows the following:

- (A) reasonable compensation for actual, necessary services rendered by ... [an] attorney and by any paraprofessional person employed by such person; and
- (B) reimbursement for actual, necessary expenses.

43. Section 330(a)(3)(A) of the Bankruptcy Code provides that,

[i]n 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 [Title 11];
- (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].

44. Congress intended that attorneys be compensated at the market rate for comparable services in non-bankruptcy cases. *See In re Ames Dep't Stores, Inc.*, 76 F.3d 66, 71 (2d Cir. 1996) (citing *In re UNR Indus., Inc.*, 986 F.2d 207, 208-09 (7th Cir. 1993)). *See also In re Drexel Burnham Lambert Group, Inc.*, 133 B.R. 13, 21-22 (Bankr. S.D.N.Y. 1991). The policy of Section 330 is to ensure that qualified attorneys will “not be deterred from taking bankruptcy cases due to a failure to pay adequate compensation.” *Ames Dep't Stores, Inc.*, 76 F.3d at 72 (citing *In re UNR Indus., Inc.*, 986 F.2d at 210).

45. The Court’s examination of the reasonableness of services rendered must be conducted in an “objective manner, based upon what services a reasonable lawyer or legal firm would have performed....” *Ames Dep't Stores, Inc.*, 76 F.3d at 72 (citing *In re Taxman Clothing Co.*, 49 F.3d 310, 315 (7th Cir. 1995)).

NOTICE

46. Notice of this Motion has been given to (i) the United States Trustee, (ii) the members of the *Ad Hoc* Committee and (iii) all parties requesting notice in this case. In light of the nature of the relief requested, Andrews Kurth submits that such notice is good and sufficient, and no other or further notice is necessary or required.

CONCLUSION

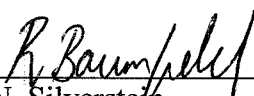
47. In accordance with the factors enumerated in Section 330 of the Bankruptcy Code, the amount requested herein is fair and reasonable given (a) the complexity of this case, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under the Bankruptcy Code.

48. Annexed hereto as Exhibit C is a certification of the undersigned in support of this Application.

WHEREFORE, Applicant respectfully requests (i) that the Court enter the Order attached hereto as Exhibit D, which provides for an allowance to be made to Andrews Kurth in the sum of \$272,433.50 as compensation for necessary professional services rendered to the Debtor during the Fee Period, and the sum of \$9,420.03 for reimbursement of actual necessary costs and expenses incurred during the Fee Period, and (ii) that the Court grant such other and further relief as this Court may deem just and proper.

Dated: New York, New York
April 25, 2005

ANDREWS KURTH LLP

By: 
Paul N. Silverstein
Richard Baumfield
450 Lexington Avenue
15th Floor
New York, NY 10017
(212) 850-2800

Counsel to American Banknote Corporation