

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

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 In re: : Case No. 06-51848
 : (Jointly Administered)
 CEP HOLDINGS, LLC, et al.,¹ :
 : Chapter 11
 Debtors. :
 : Honorable Marilyn Shea-Stonum
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**SUMMARY OF THIRD FEE APPLICATION FOR INTERIM ALLOWANCE OF
 COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
 JUNE 1, 2007 THROUGH AND INCLUDING AUGUST 17, 2007 AND FINAL ALLOWANCE OF
 COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD SEPTEMBER
 20, 2006 THROUGH AND INCLUDING AUGUST 17, 2007.**

Name of Applicant: Baker & Hostetler LLP

Authorized to provide Professional Services to:	Debtors
Date of Retention:	October 13, 2006 (effective as of September 20, 2006)
Period for Which Interim Compensation and Reimbursement is Sought:	June 1, 2007 – August 17, 2007
Period for Which Final Compensation and Reimbursement is Sought:	September 20, 2006 – August 17, 2007
Amount of Interim Compensation for Services Sought as Actual, Reasonable and Necessary	\$ 262,225.50
Amount of Interim Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary	\$ 2,749.40
Total Amount of Interim Fees and Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary:	\$ 264,974.90
Amount of Final Compensation for Services Sought as Actual, Reasonable and Necessary:	\$1,432,786.00
Amount of Final Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary:	\$ 21,090.35
Total Amount of Final Fees and Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary:	\$1,453,876.35

This is the third and final application for an allowance of compensation and reimbursement of expenses incurred pursuant to 11 U.S.C. §§ 330 and 331.

¹ The Debtors are: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.

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THIRD FEE APPLICATION FOR INTERIM ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD JUNE 1, 2007 THROUGH AND INCLUDING AUGUST 17, 2007 AND FINAL ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD SEPTEMBER 20, 2006 THROUGH AND INCLUDING AUGUST 17, 2007.

Baker & Hostetler LLP (“Baker”) as counsel to Debtors submits its Third and Final Application (the “Application”) for Interim Allowance of Compensation and Reimbursement of Expenses for the period June 1, 2007 through and including August 17, 2007 (the “Final Interim Period”) and Final Allowance of Compensation and Reimbursement of Expenses for the period September 20, 2006 through and including August 17, 2007 (the “Application Period”) under 11 U.S.C. §§ 330 and 331. In support of this Application, Baker states as follows:

I. INTRODUCTION

1. The Debtors’ financial difficulties and business operations presented its professionals with unique challenges. Faced with a secured lender and major customers that would not support a reorganization, the Debtors, led by Baker and Huron Consulting, the Debtors’ financial advisor, moved swiftly to shore up sufficient financing to undergo an orderly liquidation. The orderly liquidation allowed the Debtors to maximize value by providing the opportunity to (i) seek going concern sales for certain of its facilities and (ii) orderly liquidate its

other facilities in a manor which would maximize value and minimize claims arising from the liquidation.

2. At the same time, the Debtors, on the advice of Baker, refused to undergo an orderly liquidation if there was any chance that their estates could become administratively insolvent. To that end, the Debtors had leverage over their key customers in that such customers needed the Debtors to continue to produce parts for them in order to avoid shut down of their plants. The Debtors, on the advice of Baker, required their key customers to fund the Debtors' liquidation through cash infusions, not debt. Thus, the Debtors were able to orderly liquidate and maximize value for their creditors without incurring substantial post-petition debt in the process. Despite early projections in these cases which showed little to no value for unsecured creditors, there will be a substantial distribution to unsecured creditors in these cases.

3. That is not to say that the results were obtained easily. In the face of hostile vendors and difficult customers, the Debtors, together with their professionals, worked to ensure that the Debtors' creditors will receive maximum value for the Debtors' assets. This included expediting sales, negotiating cash infusions to fund the Debtors' liquidation, negotiating a favorable fee arrangement with the Debtors' equipment liquidator, litigating over cash infusions to ensure that the customers pay what they agreed to pay and refusing to ship parts, inventory and tooling until the customer paid its account with the Debtors in full.

4. The Debtors worked closely with the Committee resulting in few disputes, cooperative resolution of issues facing the Debtors, efficient division of labor by counsel and ultimately maximization of value for the Debtors' creditors.

5. While the liquidation of an American manufacturing company is never an event to celebrate, Baker is pleased with the favorable results achieved for creditors in these cases.

II. BACKGROUND

6. On September 20, 2006 (the "Petition Date"), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an order entered by the Court on September 26, 2006, the Cases are being jointly administered for procedural purposes only.

7. Postpetition, the Debtors continued to operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On September 28, 2006, the United States Trustee appointed an official committee of unsecured creditors. No trustee or examiner has been appointed.

8. On September 20, 2006, Debtors filed an Application for Entry of an Order, Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), Authorizing Debtors to Employ and Retain Baker, LLP as General Bankruptcy Counsel Effective as of the Petition Date. Baker's retention was approved by Court order entered on October 13, 2006.

9. From the Petition Date to January 2007, the Debtors liquidated their business operations and assets. The Debtors ceased manufacturing operations at all facilities on December 20, 2006. Certain of the Debtors' facilities were sold as going concerns and the assets at the remaining facilities were liquidated by an auctioneer.

10. The Debtors liquidation was highly successful and resulted in sufficient proceeds to pay off the Debtors' secured lender, Wachovia Capital Finance Corporation

(“Wachovia”), in full. In addition to the payment of all secured claims, the Debtors’ liquidation has generated approximately \$10 million for distribution to unsecured creditors.

11. On July 25, 2007, this Court entered its Order Confirming First Amended Joint Plan of Liquidation under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and The Official Committee of Unsecured Creditors (the “Confirmation Order”). The Confirmation Order establishes the CEP Liquidating Trust (the “Trust”) and effectuates a transfer of the claims and liabilities of the Debtors to the Trust. On August 17, 2007, the Effective Date (as defined in the Confirmation Order) occurred and the Debtors’ assets and liabilities were transferred to the Trust.

12. Pursuant to the Confirmation Order, Baker hereby submits this Final Application.

III. SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

13. Baker files this third and final fee application seeking allowance for services performed and expenses incurred during the Final Interim Period from June 1, 2007 through and including August 17, 2007 and final Court approval for the Application Period from September 20, 2006 through and including August 17, 2007. The Application is subject to, *inter alia*, this Court’s Order dated October 13, 2006 (the “Administrative Order”) [D.I. 51]. Baker received a retainer of \$150,000 in connection with its engagement as general counsel for the Debtors. Baker has applied the retainer to its approved fees and expenses as required by Section 6(a)(4) of this Court’s October 27, 2006 Final Order Authorizing Debtors to: (A) Use Cash Collateral; (B) Incur Postpetition Debt; (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central); and (D) Grant Certain Related

Relief (the “Final Financing Order”). Baker has also received interim compensation pursuant to the Administrative Order.

14. A summary of the compensation and expense reimbursement requested and paid during the Final Interim Period is as follows:

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
July 20, 2007	June 1, 2007 – June 30, 2007	Fees: \$136,837.00 Expenses: \$837.95	Fees: \$109,469.60 Expenses: \$837.95
August 20, 2007	July 1, 2007 – July 31, 2007	Fees: \$97,669.50 Expenses: \$1,802.92	Fees: \$0.00 Expenses: \$0.00
August 24, 2007	August 1, 2007 – August 17, 2007	Fees: \$27,719.00 Expenses: \$108.53	Fees: \$0.00 Expenses: \$0.00

15. Baker has received no promise of payment for professional services rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

16. Baker additionally requested interim compensation for the period September 20, 2006 through January 31, 2007 in its *First Application for Interim Allowance of Compensation and Reimbursement of Expenses for the Period September 20, 2006 through and including January 31, 2007* filed by Baker & Hostetler LLP, as General Counsel to Debtors (the “First Interim Fee Application”) [D.I. 392], as set forth below.

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
October 19, 2006	September 20, 2006 – September 30, 2006	Fees: \$83,653.50 Expenses: \$3,448.38	Fees: \$66,922.80 Expenses: \$3,448.38
November 20, 2006	October 1, 2006 – October 31, 2006	Fees: \$175,204.50 Expenses: \$3,353.52	Fees: \$140,163.60 Expenses: \$3,353.52
December 7, 2006	November 1, 2006 – November 30, 2006	Fees: \$162,199.00 Expenses: \$1,103.66	Fees: \$129,759.50 Expenses: \$1,103.66
January 19, 2007	December 1, 2006 – December 31, 2006	Fees: \$127,966.00 Expenses: \$2,520.87	Fees: \$102,372.80 Expenses: \$2,520.87
February 20, 2007	January 1, 2007 – January 31, 2007	Fees: \$150,806.50 Expenses: \$2,810.81	Fees: \$120,645.20 Expenses: \$2,810.81

17. On April 27, 2007, this Court entered an order (the “Interim Order”) [D.I. 554] approving all fees and all expenses. Pursuant to the Interim Order, the Court authorized the Debtors to distribute 50% of the holdbacks (representing 10% of the total amount requested) to Baker .

18. Baker additionally requested interim compensation for the period February 1, 2007 through May 31, 2007 in its *Second Application for Interim Allowance of Compensation and Reimbursement of Expenses for the Period February 1, 2007 through and including May 31, 2007 filed by Baker & Hostetler LLP, as General Counsel to Debtors* (the “Second Interim Fee Application”) [D.I. 614], as set forth below.

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
March 21, 2007	February 1, 2007 – February 28, 2007	Fees: \$119,200.00 Expenses: \$1,080.33	Fees: \$95,360.00 Expenses: \$1,080.33
April 20, 2007	March 1, 2007 – March 31, 2007	Fees: \$152,195.00 Expenses: \$954.37	Fees: \$121,756.00 Expenses: \$954.37
May 18, 2007	April 1, 2007 – April 30, 2007	Fees: \$83,386.00 Expenses: \$1,415.15	Fees: \$66,708.80 Expenses: \$1,415.15
June 20, 2007	May 1, 2007 – May 31, 2007	Fees: \$115,950.00 Expenses: \$1,653.86	Fees: \$92,760.00 Expenses: \$1,653.86

19. The Court has yet to enter an Order regarding the Second Interim Fee Application.

20. Each of the persons who performed services kept daily time records detailing the services performed and the time expended in connection therewith by category of service (the “Categories”) reflected in the Guidelines for Reviewing Applications For Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 dated March 22, 1995, issued by the Office of the United States Trustee (the “Guidelines”).

21. Set forth in **Exhibit A-1** is a listing of the name and position of each Baker professional, together with that person’s hourly billing rate, and the amount billed for each

professional who rendered services during the Final Interim Period. Set forth in **Exhibit A-2** is a listing of the name and position of each Baker professional, together with that person's hourly billing rate, and the amount billed for each professional who rendered services during the Application Period. Set forth in **Exhibit B** is a chronological listing of services provided for each category for the Final Interim Period. Set forth in **Exhibit C-1** is a chart showing the actual and necessary expenses incurred in the rendition of actual and necessary services by Baker during the Final Interim Period. Set forth in **Exhibit C-2** is a chart showing the actual and necessary expenses incurred in the rendition of actual and necessary services by Baker during the Application Period.

22. To the best of Baker's knowledge, it has complied with the monthly reporting requirements.

IV. SUMMARIES OF SERVICES RENDERED

23. Baker seeks the sum of \$262,225.50 for actual, reasonable and necessary legal services rendered on behalf the Debtors during the Final Interim Period and \$2,749.40 for reimbursement of actual, reasonable and necessary expenses incurred in connection with the rendition of such services. The fees sought reflect an aggregate of 874.5 hours of attorney and paraprofessional time spent and recorded in performing services for the Debtors during the Final Interim Period, at a blended hourly rate of \$299.86 for both professionals and paraprofessionals.

24. A narrative summary of the Categories under which material and substantial services were performed by Baker during the Final Interim Period and Application Period is set forth below. A more detailed description of the services provided by Baker appears on Exhibit B. As the narrative summary and prior interim application demonstrates, Baker focused its efforts during the cases on the following primary categories of service: Case Administration; Claims Administration and Objections; Employee Benefits/Pensions; Executory

Contracts and Leases; Fee/Employment Applications; Financing/Cash Collateral; Plan and Disclosure Statement and Sale/Auction of Business. Each of these Categories is summarized as follows:

25. **Case Administration.** The category of Case Administration includes the general legal support for the administration of the cases, strategic planning, and the monitoring of the events and progress of the cases necessary to assure that the estate and the creditors were protected. Time in this category also includes general coordination of the regularly scheduled status conferences/hearings pursuant to this Court's General Order No. 1. Time in this category also includes fees related to general service and notice as required under this Court's General Order No. 1. Since the entry of the Confirmation Order, Baker has also worked efficiently to transition the Debtors' assets and liabilities to the Trust so as to ensure a smooth transition and continued administration of the Debtors cases.

26. During the Final Interim Period, we have classified 18.1 hours with a time value of \$4,142.00 as being devoted to Case Administration. The composite rate for this category is \$228.84 based on the hours for which we are requesting compensation.

27. During the Application Period, we have classified 253.5 hours with a time value of \$71,385.50 as being devoted to Case Administration. The composite rate for this category is \$281.60 based on the hours for which we are requesting compensation..

28. **Claims Administration and Objections.** During the cases, Baker has expended substantial efforts related to claims administration and objections. This category includes time spent responding to requests for administrative priority under Section 503(b)(9) and various other claims responses and reconciliations. Baker worked to establish a claims bar date which was instrumental to the plan confirmation process. Baker also has successfully

prosecuted the First Omnibus Claims Objection which objected to certain duplicative claims and was a necessary step toward the solicitation and confirmation of the Debtors' plan. Baker also has worked to resolve issues with several of the Debtors' customers that overpaid the Debtors and were entitled to repayment.

29. During the Final Interim Period, Baker investigated, researched and drafted an objection to a large unsecured claim filed by one of the Debtors' customers which will have a significant effect on distributions in these cases. The Trust has engaged Baker to continue the prosecution of this objection on behalf of the Trust.

30. During the Final Interim Period, we have classified 224.0 hours with a time value of \$60,569.50 as being devoted to Claims Administration and Objection. The composite rate for this category is \$270.40 based on the hours for which we are requesting compensation.

31. During the Application Period, we have classified 587.8 hours with a time value of \$171,209.00 as being devoted to Claims Administration and Objections. The composite rate for this category is \$291.27 based on the hours for which we are requesting compensation.

32. **Employee Benefits/Pensions.** Given the importance of employee related issues to the Debtors' estates, Baker has expended substantial time and effort regarding this category which included resolution of issues related to, among other things, the Debtors' pension plan, union contracts, healthcare plan and workers compensation. Prior to the Final Interim Period, Baker negotiated and successfully obtained the termination of the Debtors' healthcare plan which was a necessary step in concluding these cases. In addition, Baker has, together with the Committee, negotiated with the Pension Benefit Guaranty Corporation ("PBGC"), Steelworkers' Union and The Reserve Group regarding assumption of the Debtors' pension plans

by a Reserve Group affiliate. This settlement which was approved by the Court during the Final Interim Period, effected the removal of the PBGC's claim from the Debtors' estates. This negotiation and settlement, which was filed with the Court in June 2007, was necessary to conclude these cases and was a condition precedent to approval of the Confirmation Order. During the Final Interim Period, Baker also negotiated a settlement with the United Steelworkers regarding the effects of the shutdown of the Canton and Crestline facilities. Completion of effects bargaining was also necessary in order to pursue confirmation of the plan. Baker has also investigated and negotiated with the Ohio Bureau of Workers' Compensation regarding the claims the Bureau has asserted against the Debtors' estates and has worked toward a resolution of the same.

33. During the Final Interim Period, we have classified 360.6 hours with a time value of \$116,667.00 as being devoted to Employee Benefits/Pensions. The composite rate for this category is \$323.54 based on the hours for which we are requesting compensation.

34. During the Application Period, we have classified 1,389.0 hours with a time value of \$463,590.50 as being devoted to Employee Benefits/Pensions. The composite rate for this category is \$333.76 based on the hours for which we are requesting compensation.

35. **Executory Contracts and Leases.** This category includes fees related to analysis and rejection of the Debtor's various executory contracts and leases. During the cases, Baker prosecuted the First and Second Omnibus Rejection Motions which rejected all executory contracts in the Debtors' estates which were not previously assumed. The orders resulting from the omnibus rejection motions were a necessary step in the conclusion of these cases. Baker worked during the cases to assess and minimize the Debtors' exposure under their executory

contracts. Baker's advice helped to reduce claims against the Debtors' estates resulting from these contracts.

36. In conjunction with the rejection of the Debtors' real property leases, Baker worked with the Debtors' landlord to smoothly transition properties to such landlords. This transition should ultimately reduce claims against the Debtors' estates.

37. During the Application Period, we have classified 178.5 hours with a time value of \$47,510.00 as being devoted to Executory Contracts and Leases. The composite rate for this category is \$266.16 based on the hours for which we are requesting compensation.

38. **Fee/Employment Applications.** During the Application Period, Baker drafted and filed employment applications on behalf of Baker and Huron Consulting. Baker also negotiated, drafted and filed an engagement agreement and employment application for the Debtors' auctioneer, Bidityp Worldwide.

39. During the Application Period, Baker has prosecuted for itself and Huron Consulting, First, Second and this Third Fee Application.

40. During the Final Interim Period, we have classified 34.9 hours with a time value of \$8,669.00 as being devoted to Fee/Employment Applications. The composite rate for this category is \$248.39 based on the hours for which we are requesting compensation.

41. During the Application Period, we have classified 132.1 hours with a time value of \$33,323.00 as being devoted to Fee/Employment Applications. The composite rate for this category is \$252.26 based on the hours for which we are requesting compensation.

42. **Financing/Cash Collateral.** The fees in this category relate to the final negotiation of financing for the Debtors' estates through the Wachovia debtor-in-possession financing facility (the "DIP Facility"). The Debtors negotiated an interim DIP Facility prior to

the Petition Date and filed it with the Court on the Petition Date. Based on lengthy negotiations with the Committee, Wachovia and certain customers (the “Participating Customers”) and based on comments from the Court, the parties ultimately agreed to a final version of the DIP Facility. The DIP Facility enable the Debtors to liquidate their assets in an efficient manner while remaining administratively solvent.

43. After entry of the DIP Facility, Baker and the Committee were forced to file an emergency motion to force the Participating Customers to fulfill their funding obligations under the DIP Facility. Baker and the Committee successfully negotiated an agreed order which resulted in the Participating Customers fully funding the Debtors’ employee incentive plan.

44. Subsequently, disputes arose with the Participating Customers regarding accounts receivable owed by the Participating Customers, payment of the Participating Customers’ loan participation and termination of the DIP facility. Baker and the Committee spearheaded successful negotiations which resulted in resolution of the accounts receivable issues, payment of the Participating Customers loan participations and termination of the DIP Facility. This successful negotiation enabled the Debtors to avoid costly litigation with the Participating Customers. An agreed order to this effect was approved by the Court on July 25, 2007.

45. During the Final Interim Period, we have classified 16.8 hours with a time value of \$4,255.00 as being devoted to Financing/Cash Collateral. The composite rate for this category is \$253.27 based on the hours for which we are requesting compensation.

46. During the Application Period, we have classified 385.2 hours with a time value of \$129,166.50 as being devoted to Financing/Cash Collateral. The composite rate for this category is \$335.32 based on the hours for which we are requesting compensation.

47. **Plan and Disclosure Statement.** Prior to the Final Interim Period, the Debtors negotiated with the Committee and jointly filed a plan of liquidation and disclosure statement. Baker believes that it saved the Debtors' estates substantial fees and expenses by working with the Committee on a mutual plan of liquidation rather than file competing plans.

48. Baker was substantially active in the negotiation and resolution of issues related to confirmation of the plan, including resolution of objections by the State of Michigan, the PBGC and NL Ventures, one of the Debtors' landlords. Baker also took the laboring oar on the motion for approval of the amended disclosure statement and the motion regarding voting and solicitation procedures.

49. During the Final Interim Period, Baker worked efficiently with counsel for the Committee to prosecute confirmation of the plan, including resolution of conditions precedent to confirmation such as pension assumption and resolution of union employee issues.

50. During the Final Interim Period, we have classified 188.5 hours with a time value of \$58,933.00 as being devoted to Plan and Disclosure Statement. The composite rate for this category is \$312.64 based on the hours for which we are requesting compensation.

51. During the Application Period, we have classified 368.4 hours with a time value of \$116,356.50 as being devoted to Plan and Disclosure Statement. The composite rate for this category is \$315.84 based on the hours for which we are requesting compensation.

52. **Sale/Auction of Business.** The focus of the Debtors' cases have been the swift liquidation of their assets. Baker contributed successfully to these efforts. Baker believes that the swift and efficient liquidation of the Debtors' assets combined with the Cash Infusions required by the DIP Facility ultimately resulted in the substantial distributions that will be made by the Trust to unsecured creditors. With the advice of Baker, the Debtors successfully

liquidated the US and Mexican operations of a \$200 million dollar revenue entity over the course of 90 days.

53. Although the sales were substantially completed during the prior fee periods, Baker has incurred fees related to tying up trailing issues on such sales. Baker attorneys have also coordinated the successful wind down of the Debtors' Mexican subsidiary which was a necessary step in providing funding for distributions to the Debtors' creditors.

54. During the Final Interim Period, we have classified 3.0 hours with a time value of \$750.00 as being devoted to Sale/Auction of Business. The composite rate for this category is \$250.00 based on the hours for which we are requesting compensation.

55. During the Application Period, we have classified 966.8 hours with a time value of \$313,795.50 as being devoted to Sale/Auction of Business. The composite rate for this category is \$324.57 based on the hours for which we are requesting compensation.

56. Set forth below is a chart summarizing the time spent by Baker on each of these Categories during the Final Interim Period and the Application Period:

Category	Final Interim Period Fees	Application Period Fees
Accounts Receivable Collections	\$	5,700.00
Asset Analysis & Recovery	\$	6,509.50
Business Operations	\$	630.00
Case Administration	\$ 4,142.00	71,385.50
Claims Administration and Objections	\$ 60,569.50	171,209.00
Creditors' Committee Communication	\$	2,149.50
Employee Benefits/Pension	\$ 116,667.00	463,590.50
Environmental Matters	\$	1,487.50
Executory Contracts and Leases	\$ 3,398.00	47,510.00
Fee/Employment Applications	\$ 8,669.00	33,323.00
Fee/Employment Objections	\$	3,487.00
Financing/Cash Collateral	\$ 4,255.00	129,166.50
Meetings and Communications with Creditors	\$ 1,617.00	7,087.00
Non-Working Travel	\$ 612.50	4,428.00
Other Contested Matters	\$ 2,612.50	6,911.00

Plan and Disclosure Statement	\$	58,933.00	116,356.50
Real Estate	\$		7,020.00
Reclamation	\$		7,711.00
Relief from Stay/Adequate Protection Proceedings	\$		5,723.00
Research	\$		16,431.00
Sale/Auction of Business	\$	750.00	313,795.50
Tax Issues	\$		50.00
Trustee/ Examiner Matters	\$		11,125.00
Total Fees For the Application Period	\$	262,225.50	1,432,786.00

V. FACTORS TO BE CONSIDERED IN AWARDING ATTORNEYS' FEES

57. The factors to be considered in awarding attorneys' fees are enumerated in In re First Colonial Corporation of America, 544 F.2d 1291, 1298-99 (5th Cir. 1977), reh'g denied, 547 F.2d 573, cert. denied, 431 U.S. 904. These standards have been adopted by most courts. Baker respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

58. **The Time and Labor Required.** The professional services rendered by Baker on behalf of the Debtors have required continuous expenditure of substantial time and effort, under time pressures that on a regular basis required the performance of services late into the evening and during weekends, often to the exclusion of other clients. The services rendered required a high degree of professional competence and expertise to be administered with skill and dispatch.

59. **The Novelty and Difficulty of Questions.** Effective advocacy and a creative approach have been and will continue to be crucial to clarify and resolve new and often challenging issues raised in these cases.

60. **The Skill Requisite to Perform the Legal Services Properly.** The firm's recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals in other areas of its practice, and its creative approach to the resolution of issues have and will contribute to the maximization of distributions to creditors.

61. **The Customary Fee.** The fees sought herein are based upon the firm's normal hourly rates for services of this kind. Baker respectfully submits that the fees sought are not unusual given the magnitude and complexity of these cases and the time expended in attending to the representation of the Debtors. The fees requested are commensurate with fees Baker has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.

62. **Whether the Fee is Fixed or Contingent.** Pursuant to Sections 330 and 331 of the Bankruptcy Code, all fees sought by professionals employed under Section 327 of the Code are contingent pending final approval by this Court, and are subject to adjustment dependent upon the services rendered and the results obtained.

63. **Time Limitations Imposed by Client or Other Circumstances.** The firm has been required to address certain issues arising in these cases in a compressed and urgent time-frame. As a result, Baker attorneys have had to perform services under significant time constraints requiring attorneys assigned to these cases to work evenings and weekends.

64. **The Amount Involved and Results Obtained.** The firm has been an active participant in these chapter 11 cases, and has provided constructive assistance to resolving major obstacles. The firm believes its efforts will enhance recoveries available to the Debtors' creditors, and assist the efficient administration of these cases.

VI. ALLOWANCE OF COMPENSATION

65. The allowance of interim and final compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person...may apply to the court not more than once every 120 days after an order for relief in a case under this

title, or more often if the court permits, for such compensation for services rendered...as is provided under section 330 of this title.

11 U.S.C. § 331. Moreover, this Court has authorized the filing of this Application in the Administrative Order.

66. With respect to the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person “reasonable compensation for actual, necessary services rendered....” Section 330(a)(3)(A), in turn, provides:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

67. Throughout these cases, Baker has carefully coordinated its efforts with other professionals. The work involved, and thus the time expended, was carefully assigned in

light of the experience and expertise required for a particular task. As shown by this Application and supporting documents, the firm spent its time economically and without unnecessary duplication.

68. Baker incurred actual and necessary out-of-pocket expenses in connection with rendering professional services to the Debtors in the sums indicated on **Exhibits C-1 and C-2**, for which Baker respectfully requests full reimbursement. The disbursements and expenses have been incurred in accordance with the firm's normal practice of charging clients for expenses clearly related to and required by particular matters. Baker has endeavored to minimize these expenses to the fullest extent possible.

69. Baker's billing rates do not include charges for photocopying, telephone and telecopier toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage, and certain other office services, since the needs of each client for such services differ. Instead, Baker charges each client only for the services actually used in performing services for that client. In these proceedings, Baker charges \$.20 per page for internal duplicating and actual phone charge for outgoing facsimile transfers. The firm does not charge for incoming facsimile transfers. The expenses incurred by Baker are in compliance with the Administrative Order and Guidelines.

70. No agreement or understanding exists between Baker and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

71. Baker has complied with the United States Trustee Guidelines and all orders of this Court related to payment of compensation and reimbursement of expenses.

72. No prior application has been made in this or in any other Court for the relief requested herein for the Final Interim Period.

WHEREFORE, Baker respectfully requests that this Court enter an Order:

1. approving the allowance for interim compensation of professional services rendered to the Debtors from June 1, 2007 through and including August 17, 2007, in the sum of \$262,225.50;

2. approving the reimbursement for interim out-of-pocket expenses incurred in connection with the rendering of such professional services from June 1, 2007 through and including August 17, 2007, in the sum of \$2,749.40;

3. approving the allowance for final compensation of professional services rendered to the Debtors from September 20, 2006 through and including August 17, 2007, in the sum of \$1,432,786.00;

4. approving the allowance for final out-of-pocket expenses incurred in connection with the rendering of such professional services from September 20, 2006 through and including August 17, 2007, in the sum of \$21,090.35;

5. authorizing and directing the Debtors to pay compensation to Baker on a final basis in the amount of **\$318,796.50**, representing the total amounts for professional services rendered and disbursements incurred by Baker during the period September 20, 2006 through and including August 17, 2007, *less* amounts that have been paid by the Debtors as of the date of this Application; and

6. granting such other and further relief as this Court may deem just and proper.

Dated: August 24, 2007

CEP HOLDINGS, LLC, et al.,
Debtors and Debtors-in-Possession

By: /s/ Joseph F. Hutchinson, Jr.
One of Their Attorneys

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