

Emergency Application for Entry of an Order Authorizing the Employment and Retention of Kirkland & Ellis LLP as Attorneys for the Debtors and Debtors in Possession Nunc Pro Tunc to the Petition Date (the “K&E Retention Application”).

By the K&E Retention Application, the Debtors seek entry of an order authorizing the employment and retention of Kirkland & Ellis LLP (“K&E”) as their bankruptcy counsel. The Debtors state that in preparation for the reorganization cases, K&E has become familiar with the Debtors’ businesses and many of the potential legal issues that may arise in the cases. Accordingly, the Debtors believe that K&E is well-qualified and uniquely able to represent them in the cases in an efficient and timely manner.

K&E will provide services including the following: (i) advise the Debtors with respect to the management and operation of their business; (ii) advise the Debtors on the conduct of the chapter 11 cases; (iii) attend meetings and negotiate with representatives of creditors and other parties in interest; (iv) take necessary actions to protect the Debtors’ estates; (v) prepare pleadings in the chapter 11 cases; (vi) represent the Debtors in connection with obtaining postpetition financing; (vii) advise the Debtors on any potential sale of assets; (viii) appear before the Bankruptcy Court to represent the Debtors; (ix) provide advice on tax matters; (x) negotiate a disclosure statement and plan; and (xi) provide other legal services in connection with these chapter 11 cases. Furthermore, the Debtors assert that K&E:

- has no connection with the Debtors, their creditors or other parties in interest in the reorganization cases except as disclosed in the declaration of Natasha Labovitz attached to the K&E Retention Application;
- does not hold any interest adverse to the Debtors’ estates; and
- is a “disinterested person” as that term is defined by Bankruptcy Code, and that K&E’s employment is necessary and in the best interest of the Debtors and Debtors’ estates.

Prior to the Petition Date, the Debtors retained K&E under an engagement letter. In connection therewith, K&E received a \$750,000 retainer from the Debtors. On October 1, 2007, the retainer was increased to \$1,000,000. Thereafter, K&E received advances of \$600,000 and \$650,000, respectively. K&E attorneys charge between \$275 per hour and \$975 per hour and its paraprofessionals bill at rates between \$120 per hour and \$260 per hour. The Debtors assert that these rates are consistent with other firms that handle complex chapter 11 proceedings. Prior to the Petition Date, K&E received total compensation from the Debtors in the amount of \$4,540,234.62.

An interim order approving the K&E Retention Application was granted on January 31, 2008. A final order approving the K&E Application was entered on March 6, 2008.