

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: : Chapter 11
WORLD.COM, INC., et al., : Case No. 02-13533 (AJG)
: (Jointly Administered)
Debtors.
-----X

**SECOND INTERIM AND FINAL APPLICATION OF DELOITTE
CONSULTING LLP AS CONSULTANTS TO THE DEBTORS AND
DEBTORS IN POSSESSION FOR ALLOWANCE OF COMPENSATION
FOR PROFESSIONAL FEES AND REIMBURSEMENT OF EXPENSES**

SUMMARY

Name of Applicant: Deloitte Consulting LLP **Role in Case:** Consultants to Debtors & Debtors in Possession
Retention Date: November 18, 2003 **Time Period Covered by Application:** September 1, 2003 to date
Total Earned Compensation¹: Fees: \$31,129,021.18 Expenses: \$3,711,488.45

Period Covered	Total Fees Requested	Total Expenses Requested	Fees at 80%	Expenses (100%)	Total Amounts Earned (Fees, Expenses, Holdback Amounts and/or Amounts Not Previously Requested)
Second Interim Period (4/1/03-9/30/03) Amounts					
9/1-9/30/03	\$7,289,869.91	\$822,671.65	\$5,831,895.93	\$822,671.65	\$8,112,541.56
Add'l Interim Amounts ²	\$45,468.00	\$13,934.00	\$36,374.40	\$13,934.00	\$59,402.00
Third/Final Interim Period (10/1/03-4/19/04) Amounts					
10/1-10/31/03	\$7,473,403.53	\$780,037.01	\$5,978,722.82	\$780,037.01	\$8,253,440.54
11/1- 11/30/03	\$5,183,397.06	\$621,486.72	\$4,146,717.65	\$621,486.72	\$5,804,883.78
12/1- 12/31/03	\$4,296,534.79	\$469,982.85	\$3,437,227.83	\$469,982.85	\$4,766,517.64
1/1- 1/31/04	\$2,330,343.56	\$337,197.37	\$1,864,274.85	\$337,197.37	\$2,667,540.93
2/1- 2/29/04	\$1,604,986.13	\$242,014.58	\$1,283,988.90	\$242,014.58	\$1,847,000.71
3/1- 3/31/04	\$2,479,747.13	\$317,844.67	\$1,983,797.70	\$317,844.67	\$2,797,591.80
Add'l Interim Amounts ²	\$425,271.06	\$106,319.60	\$340,216.85	\$106,319.60	\$531,590.66
Totals:	\$31,129,021.18	\$3,711,488.45	\$24,903,216.93	\$3,711,488.45	\$34,840,509.62
Adjustment to Fees to Conform to Corporate Monitor's Budget: ³					-\$2,429,764.25
ADJUSTED TOTAL:					\$32,410,645.37
Amounts Paid to Date: ⁴					-\$24,900,382.33
AMOUNTS REMAINING TO BE PAID AS OF JULY 19, 2004:					\$7,510,363.04

¹ "Total Earned Compensation" includes fees and expenses incurred by Deloitte Consulting as a professional retained under sections 327 and 328 of the Bankruptcy Code. See paragraph 10 of this Application for a description of fees and expenses earned prior to such retention when Deloitte Consulting was providing services to the Debtors as an ordinary course professional.

² "Additional Interim Amounts" are amounts not applied for in any monthly fee application. Second Interim Period Additional Amounts were set forth in Deloitte Consulting's First Interim Fee Application. Because the Third Interim Period has been rolled into the Final Application period, Third Interim Period Additional Amounts are described in this Application (see paragraph 22 and Exhibits A, D and E) for the first time.

³ As described in paragraph 4 of this Application, Deloitte Consulting agreed with the Corporate Monitor not to seek compensation for fees, which while necessary to facilitate the Debtors' emergence from bankruptcy and to meet various other governmental obligations, were incurred in excess of a pre-determined budget.

⁴ Current as of July 19, 2004. To the extent the Debtors pay the currently outstanding invoice, such amounts will of course be credited.

TABLE OF EXHIBITS

Exhibit	Description
A	List of Deloitte Consulting LLP professionals and other personnel who worked on the Engagement during the Retention Period but were not included in any previous Fee Statement or Interim Application
B1-B7	Descriptions of services performed during Retention Period
C	Cumulative summary of total fees and expenses set forth in this Final Application
D	Detailed time records for Additional Interim Amounts
E	Detailed expense records for Third Interim Period and Additional Interim Amounts
F	August 22, 2003 application for approval of the retention of Deloitte & Touche LLP <u>nunc pro tunc</u> to July 15, 2003
G	September 9, 2003 Order approving retention of Deloitte & Touche LLP <u>nunc pro tunc</u> to July 15, 2003
H	October 17, 2003 application for approval of the retention of Deloitte Consulting L.P. <u>nunc pro tunc</u> to September 7, 2003
I	November 18, 2003 Order approving retention of Deloitte Consulting L.P. <u>nunc pro tunc</u> to September 7, 2003

APPLICATION

Introduction

1. Deloitte Consulting LLP (“Deloitte Consulting”)⁵ files this Final Application for Compensation for Professional Fees and Reimbursement of Expenses (the “Application”) as consultants to debtors and debtors-in-possession WorldCom, Inc., et al. (“Debtors”). This Application is filed pursuant to §§ 105(a), 330 and 331 of Title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), this Court’s Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Professionals dated August 13, 2002 (“Interim Compensation Order”) and Order Approving and Implementing Fee Review Committee and Additional Procedures dated April 18, 2003.

2. By this Application, Deloitte Consulting requests that this Court provide final authorization for the allowance of compensation for professional services rendered to the Debtors during the term of Deloitte Consulting’s engagement in this case. As Deloitte Consulting completed its engagements on behalf of the Debtors on March 31, 2004, and the Debtors emerged from bankruptcy on April 19, 2004, this Application seeks the Court’s final allowance of Deloitte Consulting’s total fees and expenses incurred during the period of its retention, September 1, 2003⁶ to March 31, 2004 (the “Retention Period”) and the release to

⁵ At the time of Deloitte Consulting’s retention, it was known as “Deloitte Consulting L.P.” In January 2004, Deloitte Consulting L.P. underwent a reorganization, changing from a limited partnership to a limited liability partnership. Deloitte Consulting LLP is thus the successor in interest to Deloitte Consulting L.P.

⁶ See paragraph 16 for explanation as to why September 1, 2003 is the proper start date for Deloitte Consulting’s retention for purposes of this Application.

Deloitte Consulting of amounts held back by the Debtors (“Holdback Amounts”) from payments already made to Deloitte Consulting pursuant to the Monthly Statements of Fees and Expenses (“Monthly Statements”) previously filed with the Court and summarized herein or as otherwise invoiced prior to the hearing on this Application.⁷

3. Deloitte Consulting understands that no separate Interim Fee Applications are to be filed and no separate hearing will be held on fees and expenses billed between the end of the interim period in this case comprising March 1, 2003 through September 30, 2003 (the “Second Interim Period”) and the effective date of the Plan (April 19, 2004). Instead, professionals are to present a single, final fee application, and a single, final hearing on fees will be held. We understand that the Court’s review of what would have been the “Third Interim Period” (October 1, 2003 through April 19, 2004) fees will be combined and consolidated with its review of each professional’s total compensation for work performed throughout the duration of their engagements. This Application thus presents Deloitte Consulting’s total fees and expenses for the Court’s review and approval, including those fees and expenses incurred during the Third Interim Period, for which no Interim Fee Application has previously been filed.

4. Both this Application and the Final Application of Deloitte & Touche LLP (“Deloitte & Touche”) as Consultants to the Debtors and Debtors in Possession for Allowance of Compensation and Reimbursement of Expenses (“Deloitte & Touche Application”) present the total fees and expenses actually incurred by Deloitte & Touche and Deloitte Consulting (together, the “Retained Deloitte Entities”) under the terms of their respective retentions. The Retained Deloitte Entities have, however, agreed to abide by a combined budget approved by the

⁷ Deloitte Consulting ceased all substantive work on behalf of the Debtors on March 31, 2004. Certain additional time and expenses incurred between March 31 and the present date associated with fee application related activity are, however, included in the amounts described in this Application.

Court-appointed corporate monitor, Richard Breeden (the “Corporate Monitor”), in this case for their fees, and thus are not seeking fees that were in excess of that budget, but required to facilitate the Debtors’ emergence from bankruptcy and allow it to meet other governmental obligations.⁸ The combined budget approved by the Corporate Monitor (the “Combined Budget”) specifies total fees payable collectively for all services rendered by the Retained Deloitte Entities in this Chapter 11 case plus fees for services that were rendered by certain other foreign member firms (the “Foreign DTT Member Firms”) of Deloitte Touche Tohmatsu, a Swiss Verein, to non-Debtor affiliates of the Debtors (the “Foreign DTT Member Firm Services”).⁹ The Combined Budget comprises actual fees for all such work that was performed in calendar year 2003 (approximately \$160.4 million), plus an allowance of \$26 million for such work that was performed in calendar year 2004. In 2004, the Foreign DTT Member Firms accrued and received approximately \$8.2 million for the Foreign DTT Member Firm Services.

5. Subtracting the amount incurred in respect of the Foreign DTT Member Firm Services from the Combined Budget for 2004 leaves approximately \$17.9 million remaining (the “Remaining Budgeted Amount”) reflecting the amount available for compensation of the services performed by the Retained Deloitte Entities during 2004, who respectively incurred actual fees for services performed for the Debtors of \$17.1 million (Deloitte & Touche) and \$6.8 million (Deloitte Consulting) during 2004, which amounts exceed the Remaining Budgeted

⁸ The budget applies solely to fees. The Retained Deloitte Entities are entitled to receive, and are requesting reimbursement for all actual, reasonable, necessary expenses incurred in this case.

⁹ As was disclosed in the Affidavit and Supplemental Affidavit of Anthony Kern in support of Deloitte & Touche’s Retention Application filed on August 22, 2003 (the “Deloitte & Touche Retention Application”) that was approved by the Court in this case, provision of Foreign DTT Member Firm Services did not require that the Foreign DTT Member Firms be formally retained as professionals in this case and, accordingly, no compensation for the Foreign DTT Member Firm Services is being sought in this Application. The Corporate Monitor, the Debtors and the Retained Deloitte Entities included such fees as were paid to the Foreign DTT Member Firms by non-debtor affiliates in the Combined Budget.

Amount. Thus, the amount Deloitte & Touche is seeking to be paid for its 2004 fees (\$13.5 million) and the amount Deloitte Consulting is seeking to be paid for its 2004 fees (\$4.4 million) (individually, the “2004 Budgeted Fee Amount”) are in the aggregate substantially less than the amount of fees actually incurred by the Retained Deloitte Entities in 2004.

6. Hence, while in total Deloitte Consulting individually requests that the Court approve this Application for total, actual compensation for fees incurred during the Retention Period in the amount of \$31,129,021.17, plus \$3,711,488.45 in reimbursement for Deloitte Consulting’s actual and necessary expenses, in light of the applicable budget process as described above, Deloitte Consulting will, however, only seek payment for fees in the amount of \$28,699,256.92 plus its expenses.

7. Deloitte Consulting also hereby requests that this Court authorize the release of the Holdback Amounts on Deloitte Consulting’s prior Monthly Statements and First Interim Fee Application. As there has been no hearing on the interim fee applications for the Second Interim Period (the first interim period in this case in which Deloitte Consulting filed an Interim Fee Application), Deloitte Consulting has yet to receive any of the Holdback Amounts on any of its fee applications.

8. The amounts requested in this Application reflect the following:
- a. fees and expenses sought in Deloitte Consulting’s First through Seventh Monthly Statements of Fees and Disbursements (the “Fee Statements”); and
 - b. certain additional amounts reflecting fees earned and expenses incurred which were not included in the previously filed Monthly Fee Statements or Interim Fee Application (the “Additional Interim Amounts”) (detailed records of all Additional Interim Amounts are set forth in Exhibits D and E attached hereto).

9. As of the date of this Application, consistent with the procedures established in this case, Deloitte Consulting has received payment of \$24,900,382.33 for fees and expenses.

10. Separate and apart from the amounts referenced above in this Application, Deloitte Consulting also seeks this Court's approval for certain fees and expenses incurred by Deloitte Consulting for services rendered on behalf of the Debtors as an ordinary course professional (the "Ordinary Course Services") pursuant to this Court's order under Sections 105(a), 327, 328 and 330 of the Bankruptcy Code authorizing the Debtors to employ professionals utilized in the ordinary course of business dated September 4, 2002 (the "Ordinary Course Order"). Under the Ordinary Course Order, Deloitte Consulting was required to seek Court approval before payment of any fees beyond a total of \$500,000 for the rendered services. In compliance with the Court's Ordinary Course Order, Deloitte Consulting is hereby submitting as part of this Application its request for Court approval of payments made to the extent they exceeded the \$500,000 aggregate cap under the Ordinary Course Order. As was disclosed in the Affidavit of Jan Woodcock dated September 10, 2003 (the "Woodcock Affidavit") in support of Deloitte Consulting's Retention Application that was approved by the Court in this case, Deloitte Consulting incurred \$1,217,500 in fees and \$180,000 as expenses for Ordinary Course Services rendered on four projects. See Woodcock Affidavit at ¶ 17. Of these amounts, Deloitte Consulting has largely been paid in full, and does not seek any further payments for its Ordinary Course Services. In compliance with the Ordinary Course Order, Deloitte Consulting thus respectfully requests that the Court approve the Debtors' payments to date to Deloitte Consulting of such amounts (the "Ordinary Course Amounts").

11. As described more fully below, and in Exhibits B1-B7 attached hereto, the amounts requested by this Application relate to the now-completed tasks of the Debtors' multi-year

accounting restatement, including massive data extraction, controls remediation and related projects that the Retained Deloitte Entities have together been asked to perform for and on behalf of the Debtors. The fees and expenses sought in the Final Applications of the Retained Deloitte Entities are consistent with the size and complexity of the tasks that have been assigned to them in this, the largest Chapter 11 bankruptcy ever filed, and the unusually rapid time frame required for their completion in order to facilitate the Debtors' emergence from bankruptcy.

Background

12. WorldCom was one of the world's pre-eminent global communications companies, recording revenue in 2001 of more than \$30 billion. As of March 31, 2002, WorldCom's books and records reflected liabilities totaling approximately \$41 billion.

13. The Debtors have completed the process of confirming a plan of reorganization under Chapter 11 of the Bankruptcy Code. To do so, however, required that the Debtors accomplish, in a very short time frame, a restatement of previously issued financial statements and the establishment of appropriate financial and related internal controls. The Debtors and the Corporate Monitor asked the Retained Deloitte Entities to work in concert with WorldCom's employees, and its current auditors, KPMG, to help achieve this goal.

14. Thus, on August 22, 2003, the Debtors filed the Deloitte & Touche Retention Application to retain Deloitte & Touche to assist in performing a variety of tasks. A copy of the Deloitte & Touche Retention Application (without exhibits) is annexed hereto as Exhibit G. Deloitte & Touche's retention was approved by Order of this Court entered on September 9, 2003, nunc pro tunc to July 15, 2003 (the "Deloitte & Touche Retention Order"). A copy of the Deloitte & Touche Retention Order is annexed hereto as Exhibit H.

15. The terms of Deloitte & Touche's retention expressly allowed Deloitte & Touche to utilize the services of its affiliate firm, Deloitte Consulting, in performing the services required

by the Debtors. Deloitte Consulting, however, was only authorized to perform such work under the Deloitte & Touche Retention Order through and including September 6, 2003. Since Deloitte & Touche and Deloitte Consulting are separate legal entities, for services rendered after that date, the U.S. Trustee requested that the Debtors file a separate application for Deloitte Consulting to be retained by the Debtors. Deloitte Consulting thus filed its separate retention application (the “Deloitte Consulting Retention Application”) on October 17, 2003, a copy of which (without exhibits) is attached hereto as Exhibit I. Deloitte Consulting’s retention was approved nunc pro tunc to September 7, 2003 by Order of this Court dated November 18, 2003, a copy of which is attached hereto as Exhibit J.

16. Although Deloitte & Touche was authorized to include Deloitte Consulting fees and expenses in its Monthly Fee Statements through September 6, 2003, for ease of accounting and record-keeping between the two Retained Deloitte Entities, Deloitte & Touche ceased including the fees and expenses of Deloitte Consulting in its own Monthly Fee Statements as of September 1, 2003. All the fees and expenses of Deloitte Consulting incurred on and after September 1, 2003, are, therefore, captured by Deloitte Consulting’s own Monthly Fee Statements and separate Interim Fee Application.

The Projects

17. The nature and extent of the services that Deloitte Consulting was retained to perform are set forth in the Deloitte Consulting Retention Application. Those services (collectively, the “Projects”) are summarized as follows:

- a. Assisting the Debtors with their multi-year accounting restatement;

- b. Assisting the Debtors in gathering documents and information identified by the Debtors in connection with the Debtors' completion of their financial reporting processes (the "Data Extraction Project");
- c. Assisting the Debtors in the Debtors' documentation and remediation (as necessary and mutually agreed to) of the Debtors' financial and related internal control processes (the "Remediation and Controls Project"); and
- d. Providing assistance to the Debtors, as may be requested by the Debtors and as may be agreed to by Deloitte & Touche and/or Deloitte Consulting, regarding issues specific to companies in bankruptcy, including, without limitation, the requirements of SOP 90-7 ("Financial Reporting by Entities in Reorganization Under the Bankruptcy Code.") (the "SOP 90-7 Project").

The Extensive Scope of the Undertaking

18. From the beginning, it was clear to all that completion of the Projects would involve one of the most intensive accounting and consulting efforts in bankruptcy history. WorldCom's financial controls and systems were in such a condition, as is well documented in the record of this case, that the extraction and analysis of data, and mapping of controls, necessary to reconstruct the financial statements was a huge undertaking. The tasks were all the more challenging because they had to be completed prior to WorldCom's emergence from bankruptcy.

19. With these goals in mind, Deloitte & Touche and Deloitte Consulting met on a regular basis with representatives of the Debtors and the Corporate Monitor, had extensive discussions about the dimensions, nature and timing of the Projects, and obtained the Corporate Monitor's approval for projects and fees necessary to facilitate the Debtors' emergence from bankruptcy. Throughout the engagement, the Retained Deloitte Entities have worked in close

cooperation with the Debtors and have reported to the Corporate Monitor's office on a regular basis.

The Nature of the Services Performed

20. To complete the job in the tight time frame required, the Retained Deloitte Entities mobilized unprecedented numbers of accounting and other professional manpower and experience. During the Second Interim Period, the Retained Deloitte Entities assembled a team of over 700 personnel, from partners/principals to the most junior levels, and began working on all aspects of the Projects. This work continued at full strength through both the Second and Third Interim Periods, and was completed (as per Court order) on March 31, 2004. Detailed descriptions of the work undertaken by Deloitte Consulting professionals throughout the Retention Period can be found in the detailed time records attached as exhibits to Deloitte Consulting's previously filed Fee Statements.¹⁰

Fees Sought by This Application

21. Pursuant to the Interim Compensation Order, all professionals retained in these cases were authorized to seek, on a monthly basis, interim compensation for professional services rendered and reimbursement of expenses incurred. In the absence of any objection to the monthly statement of fees and expenses incurred, the Debtors were authorized to pay 80% of the professional fees and 100% of expenses incurred at the time such interim requests are approved by the Court. In accordance with the Interim Compensation Order, Deloitte Consulting has

¹⁰ Only records reflecting fees and expenses not previously included in any previous Monthly Statement or Interim Fee Application are included with this Application. See, infra, ¶ 22, and Exhibits A, D and E. Deloitte Consulting has not attached the records previously included in its Monthly Statements or Interim Fee Application in order to prevent burdening the record with duplicative, voluminous filings. To the extent that the Court, the U.S. Trustee, or any other party charged with reviewing this Application requires additional copies of these materials, such copies will be provided upon request.

maintained detailed records of both its fees and incurred expenses during the Retention Period, and based thereon, prepared the Monthly Fee Statements. Deloitte Consulting provided the Monthly Fee Statements to the Court, the Debtors, the U.S. Trustee, Debtors' counsel, counsel for the pre-petition and post-petition lenders, counsel for the Official Committee of Unsecured Creditors, and the Fee Auditors.

22. In addition to the services described in and amounts sought by Deloitte Consulting's Monthly Fee Statements and in the First Interim Application, by this Application, Deloitte Consulting is also seeking allowance of compensation for Additional Interim Amounts of \$531,590.66, consisting of \$425,271.06 in fees and \$106,319.60 in expenses. While the vast majority of Deloitte Consulting's fees and expenses for the Retention Period were captured by and detailed in the Fee Statements, the sheer scope of the Projects combined with the rapid start-up process and number of people working on the Projects meant that not all such fees and expenses were accounted for by the time of the filing of the Fee Statement for the month in which they were incurred. Consistent with Deloitte Consulting's reservations in the Fee Statements of its right to seek compensation for additional actual fees and expenses incurred during the Retention Period that were not initially included in the Fee Statements, Deloitte Consulting includes those Additional Interim Amounts in this Application. Exhibits D and E attached hereto set forth, respectively, Deloitte Consulting's detailed time and expense records for such Additional Interim Amounts which have not previously been included in any Fee Statement or Interim Application.

23. By this application, Deloitte Consulting is requesting the Court's approval of its total fees and expenses set forth on the attached charts, and the release of the Holdback Amounts.

Deloitte Consulting is also requesting Court approval of the Additional Interim Amounts for which Deloitte Consulting has not yet received any payment.

24. Therefore, by this Application, Deloitte Consulting seeks allowance for a total amount of \$34,840,509.62 in actual fees and expenses incurred during the Retention Period, and it hereby requests an Order directing the Debtors to release the Holdback Amounts.

25. Attached hereto as Exhibit A is a list of the Deloitte Consulting professionals and other personnel who worked on this matters during the Retention period, but who were not included in any previous Fee Statement or Interim Application, along with the number of hours worked during the Retention Period, the billing rate for each such person, and the resulting total fees (after application of the 25% discount) for the Retention Period. A more detailed description of the services performed by Deloitte Consulting personnel during the Retention Period is attached hereto as Exhibits B1 – B7. Exhibit C is a summary of the total amounts of fees and expenses sought in this Application, listed by each category of work performed, each monthly period in which the work was performed, and in total. The detailed time records for such Deloitte Consulting personnel who performed work on this case during the Retention Period but were not included in any previous Fee Statement or Interim Application are attached hereto as Exhibit D.¹¹ Detailed expense records for Third Interim Period and Additional Interim Amounts are attached hereto as Exhibit E.

¹¹ Detailed time records for persons whose time has already been billed for in previously filed Monthly Fee Statements can be found at Exhibit D to each such Monthly Statement.

Deloitte Consulting's Discounted Fees and Other Efforts to Reduce Fees and Expenses

26. To keep costs as low as reasonably practicable, Deloitte Consulting agreed with the Corporate Monitor (as set forth in the engagement letter) to bill its personnel at only 75% of its applicable billable rates. The fees requested in this Application thus reflect that 25% discount.

27. Deloitte Consulting understands that many professionals have charged 50% for non-working travel time for the entire duration of their retentions. Nevertheless, as of November 1, 2003, Deloitte Consulting determined not to charge the Debtors for any non-working travel time, thus absorbing considerable cost that would otherwise be paid by the estate.

28. Unlike many other professionals retained in this case (including most law firms), Deloitte Consulting does not capture – and thus is not reimbursed for – significant amounts of legitimately incurred out-of-pocket expenses. Outside of bankruptcy, Deloitte Consulting has charged an overhead fee that is designed to cover costs for such expenses as copying, faxing, and postage that would be legitimately reimbursable expenses in a bankruptcy retention. Because Deloitte Consulting's business model does not keep such expenses separate from general overhead charges (which are not being sought in these cases), Deloitte Consulting cannot recoup such costs. Thus, Deloitte Consulting is absorbing considerable copying, faxing and postage costs, thereby providing a further benefit to the estate.

29. Deloitte Consulting has taken other steps to keep fees and expenses under control. For example, with two of the other major professional services firms involved in this case, avoiding duplication of effort was important. Deloitte Consulting believes such duplication has been minimal. Deloitte Consulting has had good and regular communications with the other accounting professionals on site – an important factor in reducing the risk of duplication of efforts. Moreover, Deloitte Consulting's tasks were discrete from the audit work being done by KPMG.

30. Deloitte Consulting is also not seeking compensation for time spent by its personnel after March 31, 2004 associated with preparation of this Application. Preparation of this Final Application was a necessary component of the engagement, requiring the expenditure of significant hours by Deloitte Consulting personnel. By not seeking to be compensated for this time, Deloitte Consulting is providing a further discount on its services to the Debtors.

31. Most significantly, given the budgeting of fees in this case, the Retained Deloitte Entities are effectively giving the Debtors an approximate \$6.1 million discount on services rendered (approximately \$32.1 million in actual fees incurred by the Retained Deloitte Entities and Foreign DTT Member Firms in 2004 minus the \$26 million budgeted amount for 2004 fees).

Conclusion

In short, while Deloitte Consulting is seeking Court approval of \$34,840,509.62 in compensable fees and expenses, it is seeking authority for payment of only \$32,410,745.37 in fees and expenses, to conform to the Corporate Monitor's Combined Budget. After application of the amounts that have previously been paid to Deloitte Consulting on an interim basis, Deloitte Consulting seeks to be paid the remaining balance of \$7,510,363.04 in fees and expenses. Additionally, Deloitte Consulting respectfully requests that this Court (1) approve its earned and paid fees in excess of the cap on ordinary course professional fees, and (2) grant all such other and further relief as is just and proper.

Dated: New York, New York
July 19, 2004

By: /s/ Jan Woodcock
Jan Woodcock
Principal