

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | |
|---------------------------|---------------------------|
| ----- | X |
| | : |
| <i>In re</i> | : Chapter 11 |
| | : |
| EXIDE TECHNOLOGIES | : Case No. 13-11482 (KJC) |
| | : |
| Debtor. | : Hearing Date: TBD |
| | : |
| | : |
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SUMMARY OF SEVENTH INTERIM AND FINAL FEE APPLICATION OF SHEPPARD MULLIN RICHTER AND HAMPTON LLP FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS SPECIAL COUNSEL TO THE DEBTOR FOR THE PERIOD FROM DECEMBER 1, 2014 THROUGH AND INCLUDING MARCH 27, 2015

GENERAL INFORMATION

- | | |
|---|---|
| 1. Name of Applicant: | Sheppard Mullin Richter & Hampton LLP |
| 2. Role of Applicant: | Special Counsel to the Debtor and Debtor in Possession |
| 3. Name of Certifying Professional: | Carren B. Shulman, Esq. |
| 4. Petition Date: | June 10, 2013 |
| 5. Date of application for employment as Special Counsel: | June 19, 2013 [Docket No. 148] |
| 6. Date of final order approving employment: | July 9, 2013 [Docket No. 280] (<i>Nunc Pro Tunc</i> to June 10, 2013) |
| 7. Date of this Application: | June 29, 2015 |
| 8. Dates of services covered: | December 1, 2014 through March 31, 2015 |
| 9. Amount of compensation sought as actual, reasonable and necessary: | \$3,093,705.30¹ |
| 10. Amount of expense reimbursement sought as actual, reasonable and necessary: | \$71,584.25 |

¹ This total amount includes the \$28,207.25 discount that was applied to the invoices in this interim fee period.

11. Total amount of compensation and expense reimbursement sought as actual, reasonable and necessary: **\$3,165,289.55**

This is a: ___ monthly ___interim ___x final application

PRIOR MONTHLY APPLICATIONS:

| Date Filed | Doc k. No. | Period Covered | Fees Requested | Expenses Requested | Fees Paid | Expenses Paid |
|-------------------|-------------------|-------------------------------|--|---------------------------|------------------|----------------------|
| 7/26/2013 | 441 | 06/10/2013 - 06/30/2013 | \$246,148.00 (80% of \$307,685.00) | \$8,718.68 | \$246,148.00 | \$8,718.68 |
| 08/26/2013 | 590 | 07/01/2013 - 07/31/2013 | \$191,170.80 (80% of \$238,963.50) | \$2,146.27 | \$191,170.80 | \$2,146.27 |
| 09/27/2013 | 781 | 08/01/2013 - 08/31/2013 | \$185,166.00 (80% of \$231,457.50) | \$218.23 | \$185,166.00 | \$218.23 |
| 10/25/2013 | 969 | 09/01/2013 - 09/30/2013 | \$187,690.40 (80% of \$234,613.00) | \$1,423.27 | \$187,690.40 | \$1,423.27 |
| 12/02/2013 | 1138 | 10/01/2013 - 10/31/2013 | \$321,758.40 (80% of \$402,198.00) | \$4,206.93 | \$321,758.40 | \$4,206.93 |
| 01/03/2014 | 1210 | 11/01/2013 - 11/30/2013 | \$320,034.00 (80% of \$400,042.50) | \$14,096.69 | \$320,034.00 | \$14,096.69 |
| 01/31/2014 | 1315 | 12/01/2013 - 12/31/2013 | \$353,995.60 (80% of \$442,494.50) | \$4,675.57 | \$353,995.60 | \$4,675.57 |
| 03/10/2014 | 1521 | 01/01/2014 - 01/31/2014 | \$487,735.60 (80% of \$609,669.50) | \$13,891.49 | \$487,735.60 | \$13,891.49 |
| 04/09/2014 | 1659 | 02/01/2014 - 02/28/2014 | \$380,348.40 (80% of 475,435.50) | \$31,529.80 | \$380,348.40 | \$31,529.80 |
| 05/29/2014 | 1846 | 03/01/2014 - 03/31/2014 | \$546,673.20 (80% of \$683,341.50) | \$15,172.42 | \$546,673.20 | \$15,172.42 |
| 06/13/2014 | 1899 | 04/01/2014 - 04/30/2014 | \$301,796.00 (80% of \$377,245.00) | \$20,560.44 | \$301,796.00 | \$20,560.44 |

| | | | | | | |
|----------------------------------|------|-------------------------------|---|-------------|--------------|-------------|
| 07/07/2014 | 1985 | 05/01/2014 - 05/31/2014 | \$328,381.20 (80% of \$410,476.50) | \$2,798.92 | AMENDED | AMENDED |
| 07/28/2014 Amended DN 1985 | 2077 | 05/01/2014 - 05/31/2014 | \$328,165.20 (80% of \$410,206.50) | \$2,798.92 | \$328,165.20 | \$2,798.92 |
| 08/15/2014 | 2146 | 06/01/2014 - 06/30/2014 | \$346,175.60 (80% of \$432,719.50) | \$2,284.28 | \$346,175.60 | \$2,284.28 |
| 09/24/2014 | 2331 | 07/01/2014 - 07/31/2014 | \$426,969.44 ² (80% of \$533,711.80) | \$17,017.34 | \$365,232.62 | \$17,017.34 |
| 10/27/2014 | 2475 | 08/01/2014 - 08/30/2014 | \$529,687.88 (80% of \$662,109.85) | \$16,921.31 | \$529,687.88 | \$16,921.31 |
| 12/01/2014 | 2685 | 09/01/2014 - 09/30/2014 | \$513,164.40 (80% of \$641,455.50) | \$44,944.51 | \$513,164.40 | \$44,944.51 |
| 01/14/2015 | 2926 | 10/01/2014 - 10/31/2014 | \$552,258.40 (80% of \$690,323.00) | \$8,896.26 | 552,258.40 | \$8,896.26 |
| 01/30/2015 | 3058 | 11/01/2014 - 11/30/2014 | \$418,038.68 (80% of \$522,548.35) | \$4,086.93 | \$418,038.68 | \$4,086.93 |
| 2/24/15 | 3163 | 12/01/2014 - 12/31/2014 | \$365,808.96 (80% of 457,261.20) | \$4,188.08 | \$365,808.96 | \$4,188.08 |
| 3/9/2015 | 3226 | 1/01/2015 - 1/31/2015 | \$709,275.60 (80% of \$886,594.50) | \$4,627.52 | \$709,275.60 | \$4,627.52 |
| 4/9/2015 | 3477 | 2/01/2015 - | \$737,785.68 (80% of | \$44,437.65 | \$737,785.68 | \$44,437.65 |

² There was a typo on Applicant's monthly fee application for the period of July 1, 2014 to July 31, 2014. Applicant requested \$427,576.24 in fees instead of \$426,969.44, which has been corrected in this chart.

| | | | | | | |
|-----------|------|-----------|---------------------------|-------------|--------------|-------------|
| | | 2/28/2015 | \$922,232.10) | | | |
| 4/30/2015 | 3570 | 3/01/2015 | \$639,528.20 ³ | \$18,330.99 | \$602,577.80 | \$18,330.99 |
| | | - | (80% of | | | |
| | | 3/31/2015 | \$799,410.25) | | | |

PRIOR INTERIM APPLICATIONS:

| | | Requested | | Approved | |
|------------|---------------------------|----------------|-------------|--------------------------|-------------|
| Date Filed | Period Covered | Fees | Expenses | Fees | Expenses |
| 10/23/13 | 06/10/13 – 08/31/13 | \$778,106.00 | \$11,083.18 | \$750,677.65 | \$9,374.41 |
| 02/14/14 | 09/01/13 – 11/30/13 | \$1,036,853.50 | \$19,726.89 | \$1,004,807.75 | \$16,952.27 |
| 05/05/14 | 12/01/13 – 02/28/14 | \$1,527,599.50 | \$50,096.86 | \$1,505,758 ⁴ | \$44,343.84 |
| 07/30/14 | 03/01/14 – 05/31/14 | \$1,470,793.00 | \$38,531.78 | \$1,446,194.45 | \$36,117.31 |
| 10/30/14 | 06/1/14 – 08/31/14 | \$1,628,541.15 | \$36,222.93 | \$1,584,653.13 | \$31,335.11 |

³ To the Court's edification, the client has been billed for services through 3/27/15 in the amount of \$754,189.52 for fees and \$11,640.73 for expenses; the client has paid \$569,918.86 in fees and \$11,640.73 in expenses. The client has been billed for services from 3/28/15 - 3/31/15 in the amount of \$45,220.73 for fees and \$6,690.26 for expenses; the client has paid \$32,658.94 in fees and \$6,690.26 in expenses.

⁴ The *Second Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 2311] approved of \$1,457,619.75 in fees, leaving \$48,138 in fees subject to subsequent approval by the Court upon its consideration of Applicant's Fee Rates Motion (as defined herein). The Court granted Applicant's Fee Rates Motion on October 14, 2014 [Docket No. 2396], effectively reinstating the \$48,138 in fees that was in dispute.

| | | | | | |
|---------|---------------------------|----------------|-------------|----------------|-------------|
| 1/30/15 | 09/1/14 - 011/30/14 | \$1,854,326.85 | \$57,927.70 | \$1,833,554.55 | \$52,985.46 |
|---------|---------------------------|----------------|-------------|----------------|-------------|

PROFESSIONALS AND PARAPROFESSIONALS PROVIDING SERVICES

| Name | Year of Admission | Rate | Hours | Amount |
|------------------------------|-------------------|-------------------|---------------|-----------------------|
| PARTNERS | | | | |
| Gregory P. Barbee | 1996 | \$710.00 | 79.5 | \$56,445.00 |
| Richard W. Brunette | 1978 | \$650.00 | 10.3 | \$6,695.00 |
| Bryan D. Daly | 1985 | \$850.00/\$875.00 | 252.3 | \$219,582.50 |
| Steven O. Kramer | 1978 | \$625.00/\$650.00 | 193.5 | \$125,007.50 |
| Charles L. Kreindler | 1985 | \$800.00/\$825 | 278.6 | \$228,707.50 |
| Stephen J. O'Neil | 1986 | \$600.00/\$625.00 | 808.2 | \$501,027.50 |
| Jeffrey J. Parker | 1991 | \$600.00/\$625.00 | 415.3 | \$258,490.00 |
| Jack H. Rubens | 1982 | \$615.00 | 12.1 | \$7,441.50 |
| Carren B. Shulman | 1992 | \$665.00/\$690.00 | 41.7 | \$28,618.00 |
| Oliver F. Theard | 2001 | \$490.00/\$525.00 | 670.1 | \$347,109.00 |
| Randolph C. Visser | 1975 | \$600.00/\$625.00 | 743.3 | \$461,762.50 |
| TOTAL PARTNERS | | | 3504.9 | \$2,240,886.00 |
| SPECIAL COUNSEL | | | | |
| Melissa K. Eaves | 1986 | \$590.00/\$615.00 | 387.1 | \$237,274.00 |
| Barbara E. Taylor | 1988 | \$585.00 | 126.9 | \$74,236.50 |
| TOTAL SPECIAL COUNSEL | | | 514 | \$311,510.50 |
| OF COUNSEL | | | | |
| Robert H. Philiposian | 1968 | \$725.00/\$750.00 | 90.2 | \$67,317.50 |
| TOTAL OF COUNSEL | | | 90.2 | \$67,317.50 |
| ASSOCIATES | | | | |
| Mercedes A. Cook | 2012 | \$290.00/\$315.00 | 116.5 | \$36,462.50 |
| Andrea Feathers | 2012 | \$395.00/\$420.00 | 132.7 | \$55,476.50 |
| Alison N. Kleaver | 2007 | \$480.00/\$515.00 | 204.6 | \$103,727.50 |
| Victoria J. Lee | 2014 | \$295.00/\$325.00 | 92.8 | \$30,070.00 |
| Anthony Moshirnia | 2007 | \$499.50/525.50 | 24 | \$12,265.95 |
| Enrique Rodriguez, III | 2013 | \$387.00 | 22.8 | \$8,823.60 |
| Shantel D. Watters | 2015 | \$325.00 | 49.5 | \$16,087.50 |
| TOTAL ASSOCIATES | | | 642.9 | \$254,089.95 |
| LAW CLERK | | | | |
| Shantel D. Watters | N/A | \$292.50 | 12.1 | \$3,539.25 |
| TOTAL LAW CLERKS | | | 12.1 | \$3,539.25 |
| PARAPROFESSIONALS | | | | |
| Samuel A. Brockman | Litigation | \$255.00 | 1.1 | \$280.50 |

| | | | | |
|---------------------------------|-------------------------------|-------------------|----------------|-----------------------------------|
| | Support Specialist | | | |
| Stacey Crocker | Litigation Support Specialist | \$245.00 | 51 | \$12,495.00 |
| Tiffany J. Johnson | Legal Assistant | \$100.00/\$110.00 | 343.3 | \$37,144.00 |
| Claudia M. Luna | Paralegal | \$200.00/\$215.00 | 418 | \$87,957.50 |
| Donna McCurdy | Secretary | \$50.00 | 5.8 | \$290.00 |
| Rick O. Thomas | Legal Assistant | \$115.00 | 376 | \$43,240.00 |
| Sonia Trujillo | Legal Assistant | \$100.00/\$110.00 | 231.9 | \$26,131.50 |
| TOTAL PARA-PROFESSIONALS | | | 1427.1 | \$207,538.50 |
| TOTAL ALL PROFESSIONALS | | | 6,191.2 | \$3,093,705.30⁵ |
| Blended Rate | | | | \$499.69⁶ |

COMPENSATION BY CATEGORY

| Matters | Hours | Net Amount |
|--------------------------------------|---------------|-----------------------|
| California Environmental Litigation | 693.6 | \$343,587.75 |
| Regulatory Compliance and Permitting | 1660.6 | \$969,669.60 |
| SCAQMD Civil Penalty | 427.8 | \$204,578.50 |
| DOJ Investigation | 3364.5 | \$1,553,304.45 |
| EPA Civil Penalty | 44.7 | \$22,565.00 |
| Total | 6191.2 | \$3,093,705.30 |

⁵ This total amount does not include the \$28,207.25 discount applied during this interim fee application period.

⁶ The blended rate was calculated using the total amount of fees actually billed to the Debtor during this application period.

SUMMARY OF EXPENSES

| Expense | Amount |
|---------------------------|--------------------|
| Airfare | \$6,871.94 |
| Black and White Copies | \$1,922.68 |
| Color Copies | \$967.50 |
| Court Fees | \$1,000.00 |
| Delivery Charges | \$1,741.71 |
| Document Support Services | \$24,740.23 |
| E-Discovery | \$15,728.28 |
| Legal Research | \$1,079.90 |
| Hotel | \$2,667.58 |
| Internet | \$49.90 |
| Meals | \$1,906.85 |
| Mileage | \$223.39 |
| Outside Printing | \$10,524.81 |
| Parking | \$512.08 |
| Phone Charges | \$665.39 |
| Postage | \$15.44 |
| Taxis | \$966.56 |
| Total | \$71,584.24 |

HOLDBACK AMOUNTS

| | December | January | February | March |
|---|-----------------|----------------|-----------------|---------------------------|
| Total Fees Due | \$457,261.20 | \$886,594.50 | \$922,232.10 | \$799,410.25 ⁷ |
| Total Expenses | \$4,188.08 | \$4,627.52 | \$44,437.65 | \$18,330.99 |
| Fees Paid | \$365,808.96 | \$709,401.64 | \$737,785.68 | \$602,577.80 |
| Expenses Paid | \$4,188.08 | \$4,627.52 | \$44,437.65 | \$18,330.99 |
| Holdback Amount | \$91,452.24 | \$177,192.86 | \$184,446.42 | \$196,832.45 |
| Total Current Holdback Amount and Unpaid Fees and Expenses | | | | \$649,923.97 |

⁷ To the Court's edification, the client has been billed for services through 3/27/15 in the amount of \$754,189.52 for fees and \$11,640.73 for expenses; the client has paid \$569,918.86 in fees and \$11,640.73 in expenses. The client has been billed for services from 3/28/15-3/31/15 in the amount of \$45,220.73 for fees and \$6,690.26 in expenses; the client has paid \$32,658.94 in fees and \$6,690.26 in expenses.

**SUMMARY OF FINAL APPLICATION FOR ALLOWANCE AND PAYMENT OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Dates of services covered: June 10, 2013 through March 31, 2015

FEES:

Total fees requested for the Entire Application Period \$11,217,438.22

Fees Paid for the Entire Application Period **\$10,567,514.25**

Amount of fees outstanding for the Entire Application Period **\$649,923.97**

EXPENSES:

Total expense reimbursement requested for the entire Application Period \$285,047.54

Expenses paid for the Entire Application Period **\$285,047.54**

Amount of expense reimbursements outstanding for the Entire Application Period **\$0.00**

TOTAL FEE AND EXPENSE AWARD REQUESTED FOR THE ENTIRE APPLICATION PERIOD \$11,502,485.76

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : **Chapter 11**
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EXIDE TECHNOLOGIES : **Case No. 13-11482 (KJC)**
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Debtor. : **Obj. Due: July 20, 2015 at 4:00 p.m.**
 : **(Eastern)**
 :
 : **Hearing Date: TBD**
 :
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**SEVENTH INTERIM AND FINAL FEE APPLICATION OF
SHEPPARD MULLIN RICHTER AND HAMPTON LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES AS SPECIAL COUNSEL TO THE DEBTOR FOR THE PERIOD
FROM DECEMBER 1, 2014 THROUGH AND INCLUDING MARCH 31, 2015**

TO THE HONORABLE KEVIN J. CAREY,
UNITED STATES BANKRUPTCY JUDGE:

Sheppard Mullin Richter & Hampton LLP (the "Applicant"), special counsel to Exide Technologies, as debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), hereby submits this *Seventh Interim and Final Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period From December 1, 2014 Through and Including March 31, 2015* (the "Application") pursuant to sections 328, 330, 331 and 503(b) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware ("Delaware Bankruptcy Local Rules") Rule 2016-2 and the terms of the *Order Establishing*

Interim Compensation Procedures [Docket No. 330] (the “Interim Compensation Order”). In support of this Application, the Applicant states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The legal predicates for the relief requested herein are Bankruptcy Code Sections 330 and 331, Bankruptcy Rule 2016 and Delaware Bankruptcy Local Rule 2016-2.

3. The Debtor consents to this Court’s authority to enter final orders on this matter.

RELIEF REQUESTED AND BASIS FOR RELIEF

4. By this Application, Applicant seeks final approval for and payment of unpaid portions of fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses incurred by the Applicant in connection with the performance of such services for the period of December 1, 2014 through March 31, 2015 inclusive (the “Application Period”), in the amount of \$3,165,289.55 comprised of \$3,093,705.30 in fees for 6,191.2 hours of professional and paraprofessional services and \$71,584.24 in expenses, and (ii) approval of all prior interim fee applications on a final basis.

5. This Application has been prepared pursuant to and in accordance with sections 328, 330, 331 and 503(b) of the Bankruptcy Code, Rule 2016 of the Bankruptcy Rules, Delaware Bankruptcy Local Rule 2016-2 and the terms of the Interim Compensation Order.

BACKGROUND

The Debtor's Bankruptcy Case

6. On June 10, 2013 (the "Petition Date"), the Debtor filed a petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court"). The Debtor has continued to operate its business and manage its properties as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

7. On June 18, 2013, the United States Trustee for the District of Delaware appointed the Official Committee of Unsecured Creditors (the "Committee").

8. On January 28, 2014, the Court entered the *Order Appointing Fee Examiner and Establishing Related Procedures for the Review of Professional Claims* [Docket No. 1283] appointing Robert J. Keach as the fee examiner for the Debtor's bankruptcy case (the "Fee Examiner").

The Retention of the Applicant

9. On June 19, 2013, the Debtor applied to the Court for an order authorizing it to retain the Applicant pursuant to the engagement agreement dated May 19, 2008 (the "Engagement Agreement") as special counsel, effective *nunc pro tunc* to the Petition Date. No objection was made to the retention of Applicant as Special Counsel to the Debtor. On July 9, 2013, the Court entered an order (the "Retention Order") [Docket No. 280] authorizing the Debtor to employ the Applicant as its special counsel, effective as of the Petition Date, in accordance with the provisions of the Retention Order and the Engagement Agreement. The Retention Order authorized the Applicant to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses.

10. On February 04, 2014, Applicant filed the *First Supplemental Declaration of Randolph C. Visser, Esq. in Support of Debtor's Application Pursuant to 11 U.S.C. §§ 327(e) and 328(a), Fed. R. Bankr. P. 2014(a), and Del. Bankr. L.R. 2014-1 for Entry of an Order Authorizing Employment and Retention Of Sheppard Mullin Richter & Hampton LLP as Special Counsel to the Debtor Nunc Pro Tunc to The Petition Date* [Docket No. 1334], which related to Applicant's hire of a fourth year lateral associate (the "Lateral Hire"). The Lateral Hire participated in representing the Unofficial Committee of Prepetition Senior Secured Noteholders in this chapter 11 case prior to joining Applicant's firm. As explained in the declaration, Applicant has established an ethical wall between the lawyers and staff representing the Debtor and the Lateral Hire.

11. On February 26, 2014, Applicant filed the *Second Supplemental Declaration of Randolph C. Visser, Esq. in Connection with the Retention of Sheppard Mullin Richter & Hampton LLP as Special Counsel for the Debtors* [Docket No. 1469] (the "Visser Declaration"), which describes the first modest adjustment of Applicant's hourly rates since the Debtor's original retention of Applicant in 2008. Notwithstanding the modest rate adjustment, as described in the Visser Declaration, Applicant is continuing to be compensated at a rate below the hourly rate of Applicant's peer firms as an accommodation to the Debtor.

12. On September 17, 2014, out of an abundance of caution and in response to the Fee Examiner's remaining concern with respect to the Third Interim Fee Application, Applicant filed the *Motion of Sheppard Mullin Richter & Hampton LLP for Entry of an Order, Pursuant to 11 U.S.C. §§ 327(a) and 330, Authorizing a Change to Its Fee Rates for 2014 Forward, on Consent of the Debtor, and in Accordance with the Terms of its Engagement Letter* [Docket No. 2286] (the "Fee Rates Motion"), requesting the Court's approval of its 2014 fee rates increases. On October 14, 2014, the Court granted the relief requested in the Fee

Rates Motion through the entry of the *Order Pursuant to 11 U.S.C. §§ 327(a) and 330 Authorizing a Change in Fee Rates for Sheppard Mullin* [Docket No. 2396].

13. Applicant does not currently hold a retainer for payment of services rendered and compensation of expenses incurred on behalf of the Debtor.

14. Since June 10, 2013, Applicant has acted as special counsel to the Debtor with respect to environmental litigation, regulatory law and governmental investigation matters as further described below.

Applicant's Prior Compensation

First Interim Fee Application Period

15. On each of July 26, 2013, August 26, 2013, and September 27, 2013, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from June 10, 2013 through June 30, 2013 in the amounts of \$307,685.00 for fees and \$8,718.68 for expenses (the "June 2013 Statement"), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from July 1, 2013 through July 31, 2013 in the amounts of \$238,963.50 for fees and \$2,146.27 for expenses (the "July 2013 Statement"), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from August 1, 2013 through August 31, 2013 in the amounts of \$231,457.50 for fees and \$1,423.27 for expenses (the "August 2013 Statement," and collectively with the June 2013 Statement and the July 2013 Statement, the "First Interim Period Statements").

16. No objections were made to any of the First Interim Period Statements. Accordingly upon review and approval of the invoices, the Debtor made payments to the Applicant on account of the First Interim Period Statements as follows: (i) \$254,866.68, with

respect to the June 2013 Statement - \$246,148.00 for fees and \$8,718.68 for expenses, (ii) \$193,317.07, with respect to the July 2013 Statement - \$191,170.80 for fees and \$2,146.27 for expenses, and (iii) \$186,589.27, with respect to the August 2013 Statement - \$185,166.00 for fees and \$1,423.27 for expenses. The total amount held back on account of the First Interim Period Statements was \$155,621.00.

17. On October 23, 2013, Applicant filed its *First Interim Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from June 10, 2013 Through and Including August 31, 2013* [Docket No. 950] (the “First Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses incurred by Applicant in connection with the performance of such services for the period of June 10, 2013 through August 31, 2013 inclusive (the “First Interim Period”), in the amount of \$789,189.18, comprised of \$778,106.00 in fees for 1,529.30 hours of professional and paraprofessional services and \$11,083.18 in expenses.

18. On April 17, 2014, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in Applicant’s First Interim Fee Application. Following discussions with the Fee Examiner and Applicant’s provision of additional information to the Fee Examiner, Applicant agreed to voluntarily reduce its fees by \$27,428.35 and its expenses by \$1,708.77 for the First Interim Period. Thus, at the hearing on the First Interim Fee Application, Applicant requested interim approval for fees and expenses in the amount of \$760,052.06, comprised of \$750,677.65 in fees and \$9,374.41 in expenses.

19. On September 22, 2014, the Court entered the *Second Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 2311], granting Applicant fees and expenses in the amount of \$760,052.06, comprised of \$750,677.65 in fees and \$9,374.41 in expenses.

Consequently, Applicant received payment on account of the First Interim Period Invoices of \$126,484.08 and no further amounts are due on account thereof.

Second Interim Fee Application Period

20. On each of October 25, 2013, December 2, 2013, and January 3, 2014, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from September 1, 2013 through September 30, 2013 in the amounts of \$234,613.00 for fees and \$1,423.27 for expenses (the “September 2013 Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from October 1, 2013 through October 31, 2013 in the amounts of \$402,198.00 for fees and \$4,206.93 for expenses (the “October 2013 Statement”), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from November 1, 2013 through November 30, 2013 in the amounts of \$400,042.50 for fees and \$14,096.69 for expenses (the “November 2013 Statement,” and collectively with the September 2013 Statement and the October 2013 Statement, the “Second Interim Period Statements”).

21. No objections were made to any of the Second Interim Period Statements. Accordingly upon review and approval of the invoices, the Debtor made payments to the Applicant on the account of the Second Interim Period Statements as follows: (i) \$189,113.67,

with respect to the September Statement - \$187,690.40 for fees and \$1,423.27 for expenses, (ii) \$325,965.33, with respect to the October Statement - \$321,758.40 for fees and \$4,206.93 for expenses, and (iii) \$334,130.69, with respect to the November Statement - \$320,034.00 for fees and \$14,096.69 for expenses. The total amount held back on account of the Second Interim Period Statements was \$207,370.70.

22. On February 14, 2014, Applicant filed its *Second Interim Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from September 1, 2013 Through and Including November 30, 2013* [Docket No. 1396] (the “Second Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses incurred by Applicant in connection with the performance of such services for the period of September 1, 2013 through November 30, 2013 inclusive (the “Second Interim Period”), in the amount of \$1,056,580.39, comprised of \$1,036,853.50 in fees for 2061.2 hours of professional and paraprofessional services and \$19,726.89 in expenses.

23. On April 17, 2014, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in the Applicant’s Second Interim Fee Application. Following discussions with the Fee Examiner and Applicant’s provision of additional information to the Fee Examiner, the Applicant agreed to voluntarily reduce its fees by \$32,045.75 and its expenses by \$2,773.62 for the Second Interim Period. Thus, at the hearing on the Second Interim Fee Application, Applicant requested interim approval for fees and expenses in the amount of \$1,021,760.02, comprised of \$1,004,807.75 in fees and \$16,952.27 in expenses.

24. On September 22, 2014, the Court entered the *Second Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 2311], granting Applicant fees and expenses in the amount \$1,021,760.02, comprised of \$1,004,807.75 in fees and \$16,952.27 in expenses.

25. Consequently, Applicant received payment on account of the Second Interim Period Invoices of \$172,551.33 and no further amounts are due on account thereof.

Third Interim Fee Application Period

26. On each of January 31, 2014, March 10, 2014, and April 9, 2014, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from December 1, 2013 through December 31, 2013 in the amounts of \$353,995.60 for fees and \$4,675.57 for expenses (the “December 2013 Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from January 1, 2014 through January 31, 2014 in the amounts of \$609,669.50 for fees and \$13,891.49 for expenses (the “January Statement”), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from February 1, 2014 through February 28, 2014 in the amounts of \$475,435.50 for fees and \$31,529.80 for expenses (the “February Statement,” and collectively with the December 2013 Statement and the January Statement, the “Third Interim Period Statements”).

27. No objections were made to any of the Third Interim Period Statements. Accordingly, upon review and approval of the invoices, the Debtor made payments to the Applicant on the account of the Third Interim Period Statements as follows: (i) \$358,671.17,

with respect to the December Statement - \$353,995.60 for fees and \$4,675.57 for expenses and (ii) \$501,627.09, with respect to the January Statement - \$487,735.60 for fees and \$13,891.49 for expenses, and (iii) \$411,878.20, with respect to the February Statement - \$380,348.40 for fees and \$31,529.80 for expenses. The amount held back on account of the Third Interim Period Statements as of the date of this Application, in accordance with the Interim Compensation Order, was \$305,519.90.

28. On May 5, 2014, Applicant filed its *Third Interim Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from December 1, 2013 Through and Including February 28, 2014* [Docket No. 1758] (the “Third Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses incurred by Applicant in connection with the performance of such services for the period of December 1, 2013 through February 28, 2014 inclusive (the “Third Interim Period”), in the amount of \$1,577,696.36, comprised of \$1,527,599.50 in fees for 3,085.5 hours of professional and paraprofessional services and \$50,096.86 in expenses.

29. On August 28, 2014, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in the Applicant’s Third Interim Fee Application. Following discussions with the Fee Examiner and Applicant’s provision of additional information to the Fee Examiner, the Applicant agreed to voluntarily reduce its fees by \$69,979.75⁸ for the Third Interim Period. Thus, at the hearing on the Third Interim Fee

⁸ Sheppard Mullin reserved the right to seek reinstatement of \$48,138.00 of its fees, which amount was challenged by the Fee Examiner on the grounds that the amount resulted from (footnote continued)

Application, Applicant requested interim approval for fees and expenses in the amount of \$1,501,963.59, comprised of \$1,457,619.75⁹ in fees and \$16,952.27 in expenses.

30. On October 14, 2014, the Court entered the *Order Pursuant to 11 U.S.C. §§ 327(a) and 330 Authorizing a Change in Fee Rates for Sheppard Mullin* [Docket No. 2396] (the “Order Approving Fee Rates”), approving Applicant’s 2014 fee rate increases.

31. On December 11, 2014, the Court entered the *Third Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 2745], granting the additional \$48,138.00 in fees, which were in dispute, from this period.

32. Consequently, Applicant received payment on account of the Third Interim Period Invoices of \$277,925.13 and no further amounts are due on account thereof.

Fourth Interim Fee Application Period

33. On each of May 29, 2014, June 13, 2014, and July 7, 2014, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from March 1, 2014 through March 31, 2014 in the amounts of \$683,341.50 for fees and \$15,172.44 for expenses (the “March Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from April 1, 2014 through April 30, 2014 in the amounts of \$377,245.00 for

Applicant’s fee rates increase in January 2014, pending the Court’s approval of Applicant’s Fee Rates Motion. The Court granted Applicant’s Fee Rates Motion on October 14, 2014 [Docket No. 2396], approving Applicant’s fee rates increase and effectively reinstating the \$48,138 in fees that was in dispute.

⁹ This amount did not include the challenged \$48,138.00 in fees from this period.

fees and \$20,560.44 for expenses (the “April Statement”), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from May 1, 2014 through May 31, 2014 in the amounts of \$410,206.50¹⁰ for fees and \$2,798.92 for expenses (as amended the “May Statement,” and collectively with the March Statement and the April Statement, the “Fourth Interim Period Statements”).

34. No objections were made to any of the Fourth Interim Period Statements. Accordingly, upon review and approval of the invoices, the Debtor made payments to the Applicant on account of the Fourth Interim Period Statements as follows: (i) \$561,845.62, with respect to the March Statement - \$546,673.20 for fees and \$15,172.42 for expenses, (ii) \$322,356.44, with respect to the April Statement - \$301,796.00 for fees and \$20,560.44 for expenses, (iii) \$330,964.12, with respect to the May Statement - \$328,165.20 for fees and \$2,798.92 for expenses. The May Statement, submitted initially on July 7, 2014 was amended on July 28, 2014 to correct a \$270 mathematical error as noted above and the Applicant was paid the amount requested on the amended fee statement. The total amount held back on account of the Fourth Interim Period Statements is \$294,158.60.

35. On July 30, 2014, Applicant filed its *Fourth Interim Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from March 1, 2014 Through and Including May 31, 2014* [Docket No. 2090] (the “Fourth Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses

¹⁰ The May Statement originally filed on July 7, 2014 [Docket Number 1758] contained a mathematical error of \$270 in Applicant’s favor with respect to legal fees only, that was corrected in the amended version, which was filed on July 28, 2014.

incurred by Applicant in connection with the performance of such services for the period of June 1, 2014 through August 30, 2014 inclusive (the "Fourth Interim Period") in the amount of \$1,509,324.78, comprised of \$1,470,793.00 in fees for 2,842 hours of professional and paraprofessional services and \$38,531.78 in expenses.

36. On November 5, 2014, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in the Applicant's Fourth Interim Fee Application. Following discussions with the Fee Examiner and Applicant's provision of additional information to the Fee Examiner, the Applicant agreed to voluntarily reduce its fees by \$24,598.55 and its expenses by \$2,414.47 for the Fourth Interim Period. Thus, at the hearing on the Fourth Interim Fee Application, Applicant requested interim approval for fees and expenses in the amount of \$1,482,311.76, comprised of \$1,446,194.45 in fees and \$36,117.31 in expenses.

37. On December 11, 2014, the Court entered the *Third Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 2745], granting Applicant fees and expenses in the amount of \$1,482,311.76, comprised of \$1,446,194.45 in fees and \$36,117.31 in expenses.

38. Consequently, Applicant received payment on account of the Fourth Interim Period Invoices of \$287,145.58 and no further amounts are due on account thereof.

Fifth Interim Fee Application Period

39. On each of August 15, 2014, September 24, 2014, and October 27, 2014, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from June 1, 2014 through

June 30, 2014 in the amounts of \$432,719.50 for fees and \$2,284.28 for expenses (the “June 2014 Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from July 1, 2014 through July 31, 2014 in the amounts of \$533,711.80 for fees and \$17,017.34 for expenses (the “July 2014 Statement”), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from August 1, 2014 through August 31, 2014 in the amounts of \$662,109.85 for fees and \$16,921.31 for expenses (the “August 2014 Statement,” and collectively with the June 2014 Statement and the July 2014 Statement, the “Fifth Interim Period Statements”).

40. No objections were made to any of the Fifth Interim Period Statements. Accordingly upon review and approval of the invoices, the Debtor made payments to the Applicant on the account of the Fifth Interim Period Statements as follows: (i) \$348,459.88, with respect to the June 2014 Statement - \$346,175.60 for fees and \$2,284.28 for expenses, (ii) \$443,986.78, with respect to the July 2014 Statement - \$426,969.44 for fees and \$17,017.34 for expenses, and (iii) \$546,609.19, with respect to the August 2014 Statement - \$529,687.88 for fees and \$16,921.31 for expenses. The total amount held back on account of the Fifth Interim Period Statements was \$260,566.58.

41. On October 30, 2014, Applicant filed its *Fifth Interim Fee Application of Sheppard Mullin Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from June 1, 2014 Through and Including August 31, 2014* [Docket No. 2538] (the “Fifth Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses

incurred by Applicant in connection with the performance of such services for the period of June 1, 2014 through August 31, 2014 inclusive (the "Fifth Interim Period"), in the amount of \$1,664,764.08, comprised of \$1,628,541.15 in fees for 3,132.7 hours of professional and paraprofessional services and \$36,222.93 in expenses.

42. On February 3, 2015, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in the Applicant's Fifth Interim Fee Application. Following discussions with the Fee Examiner and Applicant's provision of additional information to the Fee Examiner, the Applicant agreed to voluntarily reduce its fees by \$45,769.02 and its expenses by \$4,887.82 for the Fifth Interim Period. Thus, at the hearing on the Fifth Interim Fee Application, Applicant requested interim approval for fees and expenses in the amount of \$1,615,988.24, comprised of \$1,584,653.13 in fees and \$31,335.11 in expenses.

43. On March 18, 2015, the Court entered the *Fourth Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 3318], granting Applicant fees and expenses in the amount of \$1,615,988.24, comprised of \$1,584,653.13 in fees and \$31,335.11 in expenses.

44. Consequently, Applicant received payment on account of the Fifth Interim Period Invoices of \$275,051.39 and no further amounts are due on account thereof.

Sixth Interim Fee Application Period

45. On each of December 01, 2014, January 14, 2015, and January 30, 2015, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from September 1, 2014 through September 30, 2014 in the amounts of \$641,455.50 for fees and \$44,944.51 for

expenses (the “September 2014 Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from October 1, 2014 through October 31, 2014 in the amounts of \$690,323.00 for fees and \$8,896.26 for expenses (the “October 2014 Statement”), and (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from November 1, 2014 through November 30, 2014 in the amounts of \$522,548.35 for fees and \$4,086.93 for expenses (the “November 2014 Statement,” and collectively with the September 2014 Statement and the October 2014 Statement, the “Sixth Interim Period Statements”).

46. No objections were made to any of the Sixth Interim Period Statements. Accordingly upon review and approval of the invoices, the Debtor made payments to the Applicant on the account of the Sixth Interim Period Statements as follows: (i) \$689,760.01, with respect to the September 2014 Statement - \$644,815.50 for fees and \$44,944.51 for expenses, (ii) \$699,219.26, with respect to the October 2014 Statement - \$690,323.00 for fees and \$8,896.26 for expenses, and (iii) \$526,635.28, with respect to the November 2014 Statement - \$522,548.35 for fees and \$4,086.93 for expenses. The total amount held back on account of the Sixth Interim Period Statements was \$371,537.37.

47. On January 30, 2015, Applicant filed its *Sixth Interim Fee Application of Sheppard Mullin Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from September 1, 2014 Through and Including November 30, 2014* [Docket No. 3059] (the “Sixth Interim Fee Application”), seeking interim approval for fees for professional services rendered by Applicant as special counsel to the Debtor and reimbursement of actual and necessary expenses incurred by Applicant in connection with the performance of such services for the period of

September 1, 2014 through November 30, 2014 inclusive (the “Sixth Interim Period”), in the amount of \$1,912,254.55, comprised of \$1,854,326.85 in fees for 3,995 hours of professional and paraprofessional services and \$57,927.70 in expenses.

48. On April 17, 2015, the Fee Examiner generated a Preliminary Report that inquired about certain fees and expenses included in the Applicant’s Sixth Interim Fee Application. Following discussions with the Fee Examiner and Applicant’s provision of additional information to the Fee Examiner, the Applicant agreed to voluntarily reduce its fees by \$20,772.30 and its expenses by \$4,942.24 for the Sixth Interim Period. Thus, at the hearing on the Fifth Interim Fee Application, Applicant requested interim approval for fees and expenses in the amount of \$1,886,540.01, comprised of \$1,833,554.55 in fees and \$52,985.46 in expenses.

49. On May 19, 2015, the Court entered the *Fifth Omnibus Order Allowing Interim Compensation for Services Rendered and Reimbursement of Expenses of Professionals* [Docket No. 3678, granting Applicant fees and expenses in the amount of \$1,886,540.01, comprised of \$1,833,554.55 in fees and \$52,985.46 in expenses.

50. Consequently, Applicant received payment on account of the Sixth Interim Period Invoices of \$345,822.83 and no further amounts are due on account thereof.

Seventh Interim Fee Application Period

51. On each of February 24, 2015, March 9, 2015, April 9, 2014, and April 30, 2015, Applicant filed with the Court and provided the Debtor and the appropriate notice parties under the Interim Compensation Order with its: (i) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from December 1, 2014 through December 31, 2014 in the amounts of \$457,261.20 for fees and \$4,188.08 for expenses

(the “December 2014 Statement”), (ii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from January 1, 2014 through January 31, 2015 in the amounts of \$890,105.50 for fees and \$4,627.52 for expenses (the “January 2015 Statement”), (iii) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from February 1, 2015 through February 28, 2015 in the amounts of \$922,232.10 for fees and \$44,437.65 for expenses (the “February 2015 Statement”) and (iv) Monthly Statement for compensation and reimbursement of expenses for services rendered during the period from March 1, 2015 through March 30, 2015¹¹ in the amounts of \$799,410.25 for fees and \$18,330.99 for expenses (the “March 2015 Statement,” and collectively with the December 2014 Statement, January 2015, and the February 2015 Statement, the “Seventh Interim Period Statements”).

52. As of the date of this Application, no objections have been made to any of the Seventh Interim Period Statements. The Debtor has been given time to review the statements, which were served upon the Debtor on February 13, 2015, March 9, 2015, March 30, 2015, and April 29, 2015, and has approved of the amounts requested in the Seventh Interim and Final Period Statements.

53. As of the date of this Application, Applicant has received payment on account of the Seventh Interim Period Statements as follows: (i) \$369,997.04 with respect to the December 2014 Statement - \$365,808.96 for fees and \$4,188.08 for expenses and (ii) \$713,903.12 with respect to the January 2015 Statement - \$709,275.60 for fees and \$4,627.52

¹¹ The Debtor’s plan of reorganization was confirmed on March 27, 2015 (the “Confirmation Date”) and Debtor was not required to file a fee application for the period after March 27 since Debtor continues to work for the post-effective date Debtor, however, for administrative convenience Debtor submitted its invoices through March 30, 2015. The fee request has been adjusted in this Application to seek fees only through the Confirmation Date.

for expenses. The total amount held back on account of the Seventh Interim and Final Period Statements as of the date of this application, in accordance with the Interim Compensation Order is \$616,610.61.

54. Except for such payments, which were made pursuant to the Interim Compensation Order, Applicant has received no payment and no promises for payment from any source for services rendered in connection with this chapter 11 case. No understanding exists between the Applicant and any other person for the sharing of compensation sought by this Applicant, except among the partners and associates of the Applicant.

GENERAL DESCRIPTION OF SERVICES RENDERED – ALL FEE PERIODS

55. Since 2008, Applicant has served as sole counsel for the Debtor with respect to significant environmental litigation, regulatory matters and governmental investigations pertaining to the Debtor's major lead-recycling facility, (the "Vernon Facility"), including, inter alia, assisting and representing the Debtor (i) against multiple governmental agency actions to shut down the operations at the Vernon Facility in administrative and civil litigation, (ii) with daily compliance under federal, state and local environmental agency regulations, (iii) with permit compliance and permit modifications, (iv) with emissions reduction project planning, (v) with review and challenges to major rule and regulatory modifications, (vi) against alleged violations of environmental regulations, (vii) against threatened environmental litigations, (viii) with compliance under complex air quality and hazardous waste regulations, (ix) with writing and reviewing complex reports and correspondence with regulatory agencies, and (x) defending civil lawsuits for tens of millions of dollars, and (xi) against government investigations, including an United States Environmental Protection Agency (the "EPA") civil investigation and a Department of Justice (the "DOJ") criminal investigation relating to emissions and hazardous waste.

56. In general, these matters have required Applicant to devote substantial time to the Debtor, then under intense time pressures and high stakes with government agencies seeking to (i) shut the Vernon Facility down, (ii) investigate the Debtor for criminal and civil liability, and (iii) obtain millions of dollars in penalties for alleged environmental violations. Applicant provides various services to Debtor on a constant and daily basis as to all types of matters set forth below. These services demand the skills of multiple and seasoned lawyers working together or concurrently to resolve overlapping legal issues.

57. Applicant has organized its time records by activity codes in accordance with the UST Guidelines and the Local Guidelines. Accordingly, each of the time entries of the attorneys and paraprofessionals of the Applicant have been indexed into the categories listed below.

SPECIFIC DESCRIPTION OF SERVICES RENDERED – SEVENTH INTERIM FEE PERIOD

58. The December 1, 2014 through March 31, 2015 Application Period was a critical period of time for Debtor as it sought to emerge from bankruptcy. During this time, Applicant had to expend every available resource in order to accomplish numerous complex legal tasks further described herein, including:

- A. Negotiating a Non-Prosecution Agreement with the United States Department of Justice to resolve a wide-ranging, national criminal investigation against Debtor for alleged air and hazardous waste issues. The agreement was negotiated after intense time pressure and review by numerous stakeholders, and after substantial fact gathering and multiple meetings with the United States' Attorney's Office ("USAO"). The importance of this Non-Prosecution Agreement cannot be overstated in terms of Debtor's survival as a business -- in general, the agreement required the Vernon facility to permanently cease operations in exchange for the

United States agreeing not to pursue criminal charges against the Debtor or individuals, thereby allowing the Debtor as a whole to continue its business operations and successfully emerge from bankruptcy.

- B. Reviewing and producing hundreds of thousands of pages of documents to the USAO under strict time limits, and traveling across the Country to interview witnesses and collect evidence. It took a team of dozens of Applicant's employees working every day to perform these tasks.
- C. Applicant prepared and provided to the USAO a fact intensive, scientific, high-level presentation addressing alleged air issues in order to satisfy the USAO's request for information on the subject. This required marshaling years of data from the Vernon facility and interviewing witnesses.
- D. At the same time Applicant was negotiating a Non-Prosecution Agreement with United States, Debtor was negotiating a comprehensive agreement with the Department of Toxic Substances Control (DTSC) that covered various items, including (i) establishing the manner by which the Vernon facility would cease operating, (ii) establishing detailed protocols for conducting on-site and off-site environmental investigation and remediation (which in itself required full knowledge of the science, facts and law involved), (iii) establishing financial mechanisms to fund the various investigatory and clean up actions, including setting up trust funds and negotiating the terms of those trust funds, and (iv) resolving multiple alleged violations of hazardous waste laws, which required negotiating a monetary settlement and negotiating in detail the manner by which such allegations would be resolved. Finalizing this agreement in conjunction with

the Non-Prosecution Agreement required numerous calls, off-site meetings, redline drafts, legal research and close coordination with debtor and multiple stakeholders.

- E. For the Non-Prosecution Agreement and the DTSC agreement, Applicant worked to obtain bankruptcy court approval of the agreements, which included assisting with motions to approve the closure of the Vernon facility, and the Debtor's reorganization plan.
- F. In a \$60 million dollar civil penalty suit brought by the SCAQMD (recently amended to seek \$80 million), Applicant worked to gather, review and produce in discovery hundreds of thousands of pages of documents, as well as to prepare analysis of the facts and potential legal defenses to suit.
- G. All of the work described in A-F was necessary to resolve serious issues that might detrimentally effect Debtor's ability to emerge from bankruptcy. This required daily calls and personal meetings (including East Coast meetings) with Debtor and various stakeholders to assess the pending matters and determine their impact on Debtor's emergence along with regular briefings of all stakeholders.
- H. Applicant worked to modify two existing orders for abatement against Debtor, which required filing a petition and related documents, and preparing witnesses for a hearing.
- I. Applicant prepared defenses to a threatened lawsuit by the County of Los Angeles, assessing potential claims and defenses and numerous meetings with the County in an effort to resolve outstanding issues.

- J. In addition to all the above, Applicant continued to provide daily regulatory work for Debtor, including advising on reports, drafting letters to various agencies, meeting with client on compliance, negotiating contracts and other work as further described below.

59. In sum, the seventh interim fee period was a particularly hectic and volatile time period, with Debtor facing extreme pressure from various agencies, including the prospect of criminal charges. Applicant was engaged at all times with Debtor, with Applicant's most experienced lawyers devoting substantially all of their professional time to Debtor's complex matters to assist the Company in successfully emerging from bankruptcy.

California Environmental Litigation Matters

(Matter No. 179651)

60. During the Application Period of December 1, 2014, through March 31, 2015, Applicant represented Debtor in a petition to modify two South Coast Air Quality Management District ("SCAQMD") orders of abatement, prepared monthly status reports regarding the progress made by the Vernon Facility in accord with the orders, and performed similar tasks for the purpose of assuring Debtor's compliance with the orders ("Order for Abatement Issues"). Applicant also conducted significant work to defend Debtor against a threatened action by the Los Angeles County Board of Supervisors ("County of LA Issues").

61. **Order for Abatement Issues:** Work included,

- A. Assessing the facts and writing a petition to modify the two orders for abatement requiring Debtor to take action to reduce emissions. Applicant analyzed the scientific and legal basis for the proposed modifications, drafted the petition to modify, worked with and prepared the client to

testify at the modification hearing, and represented the Debtor at the hearing, successfully obtaining the result sought by Debtor;

- B. Applicant worked with SCAQMD to craft mutually acceptable findings and conclusions regarding the order modifications;
- C. Each month, Applicant reviewed the technical progress reports related to the orders for abatement and gathered all necessary facts to prepare a status update to the SCAQMD Hearing Board regarding the orders for abatement.

62. **County of LA Issues:** Work included,

- A. Applicant researched/analyzed legal issues and options relating to zoning and injunction issues regarding Vernon Facility. Applicant prepared substantial legal memoranda regarding potential defenses to the threatened County lawsuit, working with Debtor to seek avenues to forestall or potentially resolve the matter;
- B. Applicant counseled and negotiated on behalf of the Debtor with the County in to an attempt to settle the threatened lawsuit. This included reviewing the County's Board of Supervisors' motions on the subject to prepare for ongoing discussions as well as attending technical and legal conferences with the County to attempt to negotiate an alternative resolution to the threatened lawsuit, and drafting multiple technical proposals to respond to County's demands;
- C. Applicant reviewed and analyzed prior agreements to determine the impact of such agreements on current regulatory and litigation matters;

D. Applicant prepared for and had numerous technical and legal meetings with the County and the District Attorney in an effort to address the County's threatened litigation

63. Applicant assessed the viability and impact of various toxic tort lawsuits on the Debtor, providing advice regarding handling the lawsuits;

64. During this period, Applicant regularly updated the Debtor through calls or meetings with respect to the status of the various litigations and threatened litigations; and

65. Finally, Applicant drafted or reviewed and commented on all communications between the Debtor, the DTSC and the public relating to the above litigation issues. This included press releases, fact sheets and similar materials, all of which were vetted through Applicant.

66. Applicant expended a total of 693.6 hours in this category and is requesting the total sum of \$354,390.41 for services rendered in this category.

Regulatory Compliance and Permitting

(Matter No. 179728)

67. Applicant's Regulatory Compliance and Permitting Work was myriad and substantial.

68. Applicant continued to provide daily advice on regulatory matters. Specifically, Applicant assisted in drafting permit applications and comments, reviewed permits to provide operational compliance advice, advised with respect to maintaining compliance with air quality rules and various hazardous waste regulations, worked with technical consultants and responded to threatened enforcement actions, reviewed technical and scientific reports and correspondence, and worked on submitting proper compliance paperwork to various regulatory agencies.

Consultations generally required detailed analysis of current operations and specific, quick and precise advice regarding regulatory implications. Often, Applicant would need to “drop everything” to handle an urgent situation regarding compliance. This daily activity required a substantial amount of time and attention by Applicant’s most experienced professionals.

69. In addition to the daily work with respect to the matters explained in the above paragraph, Applicant successfully negotiated, on behalf of the Debtor, with the District and the DTSC to settle disputes over permit and clean-up obligations, including negotiating a solution to permanently close down the Vernon facility. This was a massive undertaking that required numerous professionals devoting extensive resources to accomplish. Achieving this outcome entailed:

- A. Reviewing an extensive amount of technical documents and data relating to clean-up obligations;
- B. Analyzing arcane provisions of law and developing legal theories and positions to support the proposed settlement;
- C. Researching and analyzing corrective actions, facility closures and financial regulations that govern such operations, working closely with consultants in this regard;
- D. Working with client and advisors to develop the complex financial mechanisms required to fund various commitments, including establishing trusts to pay for agreed-to work;
- E. Traveling to and attending dozens of meetings and conference calls with the DTSC to negotiate the settlement agreements through a line by line agreement review;

- F. Negotiating the settlement of various outstanding alleged violations by the Debtor. Namely, as part of the resolution, Applicant had to gather facts and scientific background underlying various violations alleged by DTSC, and negotiate resolution of those alleged violations;
 - G. Preparing for and engaging in highly technical discussions with respect to the scope of required sampling and remediation activities;
 - H. Preparing, commenting on and revising multiple drafts of the settlement agreement;
 - I. Preparing, commenting on and revising multiple drafts of the closure trust fund agreements; and
 - J. Assisting with obtaining the Bankruptcy Court's approval of the settlement agreement and Vernon Facility closure which included assisting with preparing motion(s) to the court and gathering facts in support thereof.
70. During this Period, Applicant provided assistance with the following:
- A. Assessing how proposed statutes and regulatory rules would impact the Debtor's future environmental compliance;
 - B. Negotiating a consent order with the City of Vernon for alleged regulatory violations;
 - C. Preparing interim measures work-plans and work plans for on-site investigation offsite cleanup. This included disputing DTSC requirements where necessary by way of preparing detailed technical letters;

- D. Complying with the Health and Ecological Risk Assessment issues and requesting an extension for such compliance where appropriate;
- E. Complying with sampling and remedial obligations under the negotiated settlements;
- F. Responding to the Unsecured Creditors' Committee's proposed observer protocol;
- G. Transferring permit ownership where required; and
- H. Preparing and revising permit applications and permit conditions. Before making the decision to close the facility, during this time period Applicant expended substantial resources in assisting the Debtor with respect to the lengthy and complex permit applications that were submitted to the DTSC. This included careful analysis of various financial and corrective actions provisions to ensure compliance.

71. In addition, Applicant engaged in significant work related to the SCAQMD's decision to amend Rule 1420.1, which governed Debtor's operations in Vernon. Specifically, Applicant did the following:

- A. Analyzed rule requirements and their impact on Debtor;
- B. Drafted numerous items of correspondence to the SCAQMD regarding the proposed rule, commenting on complex issues regarding compliance standards;
- C. Attended several working group meetings regarding the rule;
- D. Prepared Debtor for, and attended, final hearing to adopt the rule modifications.
- E. Advising the client on post-rule modification compliance.

72. Applicant assisted the Debtor in preparing responses to the Unsecured Creditors' Committee's civil requests for information regarding permitting issues. Moreover, Applicant regularly responded to the creditors' requests for information regarding the Vernon Facility.

73. Applicant continuously educated the creditors' committee and the Debtor's Board of Directors regarding the ongoing litigation and regulatory matters through periodic presentations. This required numerous conference calls and preparation of written materials as well as presentations to educate these groups effectively.

74. Finally, Applicant drafted or reviewed and commented on all communications between the Debtor, the DTSC and the public relating to the above regulatory issues. This included press releases, fact sheets and similar materials, all of which were vetted through Applicant.

75. Applicant expended a total of 1660.6 hours in this category and is requesting the total sum of \$975,630.41 for services rendered in this category.

SCAQMD Civil Penalty

(Matter No. 197163)

76. In January 2014, SCAQMD filed a complaint in court against the Debtor for civil penalties and sought over \$40 million as a result of alleged regulatory violations ("SCAQMD's Civil Penalty Suit"). During this period, Applicant continued to defend the Debtor in response to SCAQMD's Civil Penalty Suit. In defending the Debtor against SCAQMD in this particular litigation, Applicant did the following:

- A. Prepared the Debtor's answer to SCAQMD's second amended complaint, which was significant and required a detailed, line-by-line verified response;

- B. Analyzed all of the potential penalty assessments and defenses against new claims;
- C. Responded to interrogatories and discovery requests. The interrogatories were numerous, requiring substantial assessment of facts and science to prepare responses ; and
- D. Engaged in a large document production directed to the Debtor and third parties. In this period, Applicant coordinated, identified, collected and preserved significant numbers of documents from the records of the Debtor and its consultants. Subsequently, Applicant reviewed all such documents for relevance and privilege. These were significant document requests for which Applicant gathered and ultimately produced hundreds of thousands of pages of documents. Applicant had to engage a team of dedicated professionals to conduct this task. In the process, Applicant also prepared privilege logs and responded to SCAQMD's meet and confer letter.
- E. Prepared for and participated in settlement negotiations with SCAQMD. This required careful strategic preparation and working with Debtor regarding financial considerations and bankruptcy impacts. Applicant prepared presentation for and attended several meetings with the top-level management (including Executive Officer) and lawyers (in house and outside counsel) at SCAQMD in an effort to resolve the litigation.

77. As this case is also highly political and controversial, Applicant drafted or reviewed and advised on all communications between the Debtor, SCAQMD, and the public regarding the SCAQMD's Civil Penalty Suit.

78. Applicant expended a total of 427.8 hours in this category and is requesting the total sum of \$222,197.54 for services rendered in this category.

EPA Civil Penalty

(Matter No. 200809)

79. On May 27, 2014, the EPA issued a Notice of Violation under section 113(a)(1) of the Clean Air Act (the “May NOV”) for emissions violations. Thereafter, on June 20, 2014, the EPA issued a request for information under Section 114(a) of the Clean Air Act (the “114 Request”), which requested an extensive amount of detailed information from the Debtor to determine its compliance with federal and local emissions rules.

80. During this period, Applicant continued to represent the Debtor by following up with EPA to confirm the completeness of the Debtor’s response. Additionally, Applicant advised the Debtor with respect to complying with EPA regulations going forward. These tasks required: (i) meeting with Debtor and consultants to assess the spectrum of EPA compliance, and (ii) developing protocols with the Debtor.

81. Applicant prepared a letter to EPA requesting an extension of time to comply with a particular testing requirement, which was granted.

82. EPA issued Debtor a formal Finding of Violation regarding the 114 Request. Applicant assessed the Finding of Violation, and worked with debtor to prepare a response thereto. Applicant prepared for a meeting with EPA to discuss and potentially resolve the Findings.

83. Applicant expended a total of 44.7 hours in this category and is requesting the total sum of \$22,742.94 for services rendered in this category.

DOJ Investigation¹²

(Matter No. 202670)

84. During the Application Period, Applicant continued to defend the Debtor against a federal criminal investigation from the DOJ relating to hazardous waste issues and air emissions issues at the Vernon Facility. This was a complex, time-consuming task that involved serious criminal allegations against Debtor on a nationwide basis (not just Vernon) and required full time, around the clock support by the best professionals. Applicant's most experienced lawyers worked extensively for several months to assess the claims, review and produce hundreds of thousands of documents, meet with witnesses, tour various facilities, write briefs, negotiate with the DOJ, prepare substantive presentations, and negotiate a non-prosecution agreement. Certain of the tasks completed in defending the Debtor against the DOJ investigation were the following:

- A. Preparing a defense strategy and engaging in discovery efforts. This included preparing for interviews of key witness, interviewing such witnesses, as well as reviewing and assessing all of the Debtor's documents and reports related to the subjects of the investigation. Due to the complicated and fact-specific issues, many of the interviews were full day or multi-day affairs with attendance by multiple attorneys, who were responsible for different aspects of the defense;
- B. Reviewing and analyzing the Notices of Violations regarding the alleged issues;

¹² Due to the highly sensitive nature of this matter, Applicant has intentionally kept the description of the services provided for this matter herein vague. Applicant will provide additional explanation with respect to the services provided in this category if the Fee Examiner so requests.

- C. Preparing for discussions with the DOJ, including preparing a presentation in assessment of the Debtor's defense. This required reviewing thousands of materials, collecting interviews from numerous witnesses, and analyzing complex, fact intensive, highly scientific and issues regarding the air emissions at Vernon with the goal of avoiding criminal liability for Debtor;
- D. Representing the Debtor in multiple meetings with the United States Attorney regarding the investigation, which required substantial legal and factual preparation, including input from stakeholders such as creditor committees;
- E. Engaging in an intensive document production. Applicant had to identify, collect and preserve documents from dozens of potential witnesses, which included third parties. This entailed coordinating with the attorneys, who represent such third parties as well as the client. Applicant also coordinated a document review process for all such documents to evaluate privilege and relevance to prepare the responsive documents for production. In the end, Applicant gathered, reviewed and produced hundreds of thousands of pages of documents on topics ranging from emissions to storage and treatment of hazardous wastes for all of Debtor's nationwide business, using a large team of experienced document reviewers, which was necessary to finish the work under strict time pressures. All discovery had to be coordinated with other pending litigation including the SCAQMD civil penalty and class action securities litigation; and
- F. Updating the client. Applicant coordinated and responded to multiple calls each day that relate to the detailed status of the investigation and/or specific legal questions from various members of the Debtor;

- G. Working to secure counsel for individual potential targets of the investigation, and working with that counsel to collect documents and secure interviews;
- H. Working on negotiating and consummating a non-prosecution agreement with DOJ, which required the highest level of lawyering and full knowledge of all the facts and circumstances of the case. The agreement went through several drafts, requiring collection of extensive records and intense negotiations under high stakes, and extreme political and time pressures.

85. As this case is also highly political and controversial, Applicant monitored media coverage of the issue, drafted or reviewed and advised on all communications between the Debtor, the United States Attorney and the public regarding the DOJ's investigation.

86. Additionally, the Applicant continuously educated the creditors' committee and the Debtor's Board of Directors regarding the ongoing investigation through periodic presentations. This required numerous conference calls and preparation of written materials and presentations to educate these groups effectively.

87. Applicant expended a total of 3364.5 hours in this category and is requesting the total sum of \$1,590,328.24 for services rendered in this category.

Fee Applications
(Matter No. 179651-B160)

88. During the Current Application Period, Applicant prepared the September 2014 Statement, the October 2014 Statement, the November 2014 Statement, the December 2014 Statement, the January 2015 Statement, the February 2015 Statement, and the March 2015 Statement, and reviewed the Interim Compensation Order, the Local Guidelines and the UST Guidelines to ensure compliance therewith.

89. In addition, the Applicant prepared and filed the Sixth Interim Fee Application. The Applicant also reviewed and responded to the Fee Examiner's Preliminary Reports for the Applicant's Fifth Interim Fee Application and Sixth Interim Fee Application, and attended the hearings thereon.

90. Finally, during the Current Application Period, Applicant addressed various billing matters arising from its retention as special counsel in the Debtors' bankruptcy cases.

91. The Applicant expended a total of 188.5 hours in this category during the Current Application Period, and is requesting the total sum of \$75,421.25 for services rendered in this category during the Current Application Period.

EVALUATION OF SERVICES RENDERED

92. Section 331 of the Bankruptcy Code provides for the allowance of compensation for services rendered and reimbursement of expenses in bankruptcy cases. 11 U.S.C. § 331. Additionally, this Court has authorized the filing of this Application under the Interim Compensation Order.

93. 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 . . . and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1).

94. In determining the reasonableness of compensation, "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 11 of the United States Code];

(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;

(E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and

(F) 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).

95. Based on the standards set forth in section 330 of the Bankruptcy Code, the Applicant believes that the fair and reasonable value of its services rendered during the Application Period is in the total amount of \$3,093,705.30 in fees plus expenses of \$71,584.25.

(A) **Time Spent.**

96. Members, associates and paraprofessionals of the Applicant expended a total of 6,191.2 hours for the benefit of the Debtor's estate during the Application Period. The foregoing summary, together with the prior interim fee applications, detail the time, nature and extent of the professional and paraprofessional services of the Applicant rendered during the Application Period. Applicant was under pressure from Debtor to place the most experienced lawyers on the matters in order to avoid criminal liability. This required extensive meetings and calls with the client and stakeholders taking place concurrently with conducting multiple document reviews for the civil penalty and DOJ matters, providing daily regulatory advice and drafting letters and report reviews. The time and labor expended was necessary, reasonable and appropriate in light of the complexity of and the inherent significant risk involved with the

administrative and civil environmental regulation litigations, regulatory compliance, complex air quality and hazardous waste regulations as well as governmental investigation matters on which the Applicant has been retained.

(B) Rates Charged.

97. The hourly rates charged by the Applicant for the services performed in this case are highly competitive and below customary rates for the degree of skill and expertise required in the performance of similar services rendered by other experienced environmental litigation, regulatory, government investigation and bankruptcy law professionals. The hourly rates in this case are the same as, or less than, those the Applicant bills to its clients in other bankruptcy and non-bankruptcy commercial cases in which client payment is made on a frequent, periodic basis. Specifically, notwithstanding the modest adjustment of the Applicant's hourly rates that occurred on January 1, 2014, which was approved by the Court pursuant to the *Order Pursuant to 11 U.S.C. §§327(a) and 330 Authorizing a Change in Fee Rates for Sheppard Mullin* [Docket No. 2396] that was entered on October 14, 2014, the hourly rates charged by the Applicant in this case are still less than those that the Applicant bills to its clients in other bankruptcy and non-bankruptcy commercial cases in which payment is made on a frequent, periodic basis.

98. The hourly rates charged by the Applicant during the Current Application Period ranges from \$315.00 to \$875.00 per hour for Applicant's professionals and \$50.00 to \$255.00 per hour for Applicant's paraprofessionals as follows:

| PROFESSIONALS | BILLING RATE |
|-----------------------|---------------------|
| Bryan D. Daly | \$875.00 |
| Charles L. Kreindler | \$825.00 |
| Robert H. Philibosian | \$750.00 |
| Gregory P. Barbee | \$710.00 |
| Carren B. Shulman | \$690.00 |

| | |
|--------------------------|----------|
| Richard W. Brunette | \$650.00 |
| Steven O. Kramer | \$650.00 |
| Jeffrey J. Parker | \$625.00 |
| Randolph C. Visser | \$625.00 |
| Stephen J. O'Neil | \$625.00 |
| Jack H. Rubens | \$615.00 |
| Melissa K. Eaves | \$615.00 |
| Barbara E. Taylor | \$585.00 |
| Anthony Moshirnia | \$525.50 |
| Oliver F. Theard | \$525.00 |
| Alison N. Kleaver | \$515.00 |
| Andrea Feathers | \$420.00 |
| Enrique Rodriguez, III | \$387.00 |
| Victoria J. Lee | \$325.00 |
| Shantel D. Watters | \$325.00 |
| Mercedes A. Cook | \$315.00 |
| PARAPROFESSIONALS | |
| Samuel A. Brockman | \$255.00 |
| Stacey Crocker | \$245.00 |
| Claudia M. Luna | \$215.00 |
| Rick O. Thomas | \$115.00 |
| Sonia Trujillo | \$110.00 |
| Tiffany J. Johnson | \$110.00 |
| Donna McCurdy | \$50.00 |

(C) **Necessity or Beneficial Nature of Services Rendered.**

99. The services provided by Applicant to the Debtor during the bankruptcy case have been necessary and beneficial to the Debtor. The Applicant has significant expertise and experience with administrative and civil environmental litigation, complex regulatory law issues and governmental investigations. Under pressure from Debtor Applicant placed the most experienced lawyers on the matters in order to avoid criminal liability, attended extensive meetings and calls with the client and stakeholders, conducted multiple document reviews for the civil penalty and DOJ matters, provided daily regulatory advice and drafted letters and report reviews. As a result of Applicant's services during the Application Period, the Debtor was competently represented in the California environmental litigation matters, the complex air

quality and hazardous regulatory compliance matters, permitting matters, the SCAQMD civil penalty matter, the EPA civil penalty matter and the DOJ investigation.

100. As further detailed above, during this period, Applicant assessed the DTCS's allegations against the Vernon Facility and negotiated on behalf of the Debtor with the County to prevent another threatened lawsuit.

101. In connection with the regulatory compliance and permitting matters, in addition to the various daily regulatory and compliance matters, Applicant successfully negotiated on behalf of the Debtor to settle the lawsuit regarding disputes over permit and clean up obligations and allowed the Debtor's final permit to move forward. Furthermore, Applicant continually assisted the Debtor in responding to creditors' requests for information.

102. In connection with the SCAQMD civil penalty matter, Applicant continued to defend the Debtor against SCAQMD's claim for \$40 million as a result of regulatory violations. During this period, Applicant engaged in a large production process, in which Applicant coordinated, identified, collected, preserved and reviewed countless documents for responsiveness and privilege.

103. In connection with the EPA civil penalty matter, the Debtor continued to represent and advise the Debtor on the EPA's request for information under Section 114(a) of the Clean Air Act by following up with the EPA and counseling the Debtor with respect to complying with EPA regulations going forward.

104. Finally, in connection with the DOJ investigation, Applicant represented the Debtor in the ongoing investigation of the Vernon Facility. During this period, Applicant engaged in discovery by interviewing witnesses assessing all of the Debtor's documents.

Applicant also engaged in an intensive document production as part of the investigation process and prepared multiple materials in assessment of the Debtor's defense.

105. Almost all of these matters were highly political and controversial. As a result, Applicant monitored media coverage of the matters described above, drafted or reviewed and advised on all communications between the Debtor, third parties, and the public regarding these matters.

106. All of these matters affected the Debtor's ability to continue its business as a going concern and maximize the recovery for its creditors. As such, the Applicant submits that the services rendered were necessary for the estate.

(D) Services were Performed in a Reasonable Amount of Time.

107. Applicant carefully assigned each task as appropriate for the level of experience and expertise required to successfully represent the Debtor in highly complex matters. Substantial time constraints were imposed on the Applicant during the bankruptcy case due to the necessity for quick and precise advice on various regulatory issues, which included numerous productions, several threatened lawsuits, as well as focused representation in the litigation and government investigation matters on which the Applicant has been retained. These matters included issues, which risked the possible consequences of exposing the Debtor to millions of dollars in liability as well as criminal liability. Applicant submits that the services described herein and in the prior interim fee applications were performed in a reasonable amount of time in light of the complexity, importance and nature of the problems, issues or tasks involved.

(E) Experience, Reputation, and Ability of the Attorneys.

108. The Applicant's professionals who provided services to the Debtor in this case are thoroughly experienced in all matters of environmental and regulation law in connection

with the matters for which the Applicant has been retained. Applicant provided the expertise of experienced environmental litigation and regulatory law partners and white collar defense partners that was necessary to successfully prevent Applicant from sustaining the significant losses and address other pressing issues, including the possibility of Debtor's criminal liability.

109. The members and associates who were primarily responsible for providing services to the Debtor are listed above and in the Prior Interim Fee Applications, including certain members with more than 30 years of experience in the environmental litigation and regulatory law-related matters and others with more than 25 years of experience with government investigations. This experience was critical to representing the Debtor in the above described high stakes matters.

(F) **Reasonableness of Compensation.**

110. Applicant's representation of the Debtor in this case has involved representation requiring a high degree of specialized legal expertise and experience. Given the complexity, size and number of regulatory and litigation matters as well as the government investigations that are involved, the compensation sought in connection with the services rendered in these cases is commensurate with the compensation sought or awarded in similar cases under the Bankruptcy Code. This Application is based on discounted hourly rates, which are lower than the rates that the Applicant charges other private clients of the firm. Moreover, Applicant routinely scrutinizes all of its billing invoices and voluntarily writes off certain fees to insure the appropriateness of its fee requests.

111. No other law firm is providing the Debtor with the same environmental litigation and regulatory law services with respect to the California Environmental Litigation Matters, the Regulatory Compliance and Permitting Matter, the SCAQMD Civil Penalty Matter, the EPA Civil Penalty Matter and the DOJ Investigation Matter. Applicant is aware

that Skadden, Arps, Slate, Meagher & Flom LLP is providing advice to the Debtor on the bankruptcy-specific issues and how the environmental issues and the governmental investigations fit into the company's overall chapter 11 case strategy. However, Applicant handles the day-to-day regulatory and compliance matters, directly represents the Debtor in administrative and court litigations, handles the various environmental agency regulatory compliance issues and defends the Debtor against government investigations regarding the Vernon Facility. Applicant has not and will not perform services to the Debtors that are duplicative of the services provided by these firms. As such, Applicant submits that the fees sought herein are reasonable based on the customary compensation charged by comparably skilled practitioners.

ACTUAL AND NECESSARY EXPENSES

112. Applicant incurred actual and necessary out-of-pocket expenses in the amount of \$71,584.24 in providing professional services to the Debtor during the Application Period.

113. Specifically, during the Current Application Period, Applicant incurred expenses the expenses that are identified in the chart below. Pursuant to the Delaware Local Bankruptcy Guidelines and the UST Guidelines, these expenses are billed to the Debtor at the actual cost to the Applicant. The expenses for which Applicant seeks reimbursement are actual and necessary, and of the kind the Applicant customarily charges its non-bankruptcy clients.

| Expense | Amount |
|---------------------------|---------------|
| Airfare | \$6,871.94 |
| Black and White Copies | \$1,922.68 |
| Color Copies | \$967.50 |
| Court Fees | \$1,000.00 |
| Delivery Charges | \$1,741.71 |
| Document Support Services | \$24,740.23 |
| E-Discovery | \$15,728.28 |
| Legal Research | \$1,079.90 |
| Hotel | \$2,667.58 |
| Internet | \$49.90 |

| | |
|------------------|--------------------|
| Meals | \$1,906.85 |
| Mileage | \$223.39 |
| Outside Printing | \$10,524.81 |
| Parking | \$512.08 |
| Phone Charges | \$665.39 |
| Postage | \$15.44 |
| Taxis | \$966.56 |
| Total | \$71,584.24 |

NOTICE

114. Notice of this Application has been provided to: (i) the Debtor, Exide Technologies, 13000 Deerfield Parkway, Building 200, Milton, Georgia 30004, Attn: Phillip A. Damaska; (ii) counsel to the Debtor, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036, Attn: Kenneth S. Ziman, Esq. and J. Eric Ivester, Esq.; One Rodney Square, P.O. Box 636, Wilmington, Delaware 19899-0636, Attn: Anthony W. Clark, Esq.; and 155 N. Wacker Drive, Chicago, Illinois 60606-1720, Attn: James J. Mazza, Jr. (iii) counsel to the agent under the debtor in possession financing, Davis, Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Damian S. Schaible, Esq.; Richards Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801, Attn: Mark D. Collins, Esq.; (iv) counsel to the agent for the Debtor's prepetition secured lenders, Greenberg Traurig, LLP, 3333 Piedmont Road NE, Suite 2500, Atlanta, Georgia 30305, Attn: David B. Kurzweil, Esq.; 1007 N. Orange St., Suite 1200, Wilmington, Delaware 19801, Attn: Dennis A. Meloro, Esq.; (v) the indenture trustee for the Debtor's secured bond issuances, Wells Fargo Bank, N.A., 150 East 42nd Street, 40th Floor, New York, New York 10017, Attn: James R. Lewis; Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654, Attn: Mark F. Hebbeln, Esq.; (vi) the indenture trustee for the Debtor's unsecured bond issuances, U.S. Bank Corporate Trust Services, Global Corporate Trust Services, 60 Livingston Ave., EP-MN-WSID, St. Paul, Minnesota 55107,

Attn: Cindy Woodward; (vii) counsel to the unofficial committee of senior secured noteholders, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Alice Belisle Eaton, Esq.; Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 King Street, Wilmington, Delaware 19801, Attn: Pauline K. Morgan, Esq.; (viii) the Office of the United States Trustee for the District of Delaware, Office of the United States Trustee, Room 2207, Lockbox 35, 844 North King Street, Wilmington, Delaware 19801, Attn: Mark Kenney, Esq.; (ix) counsel to the Creditors' Committee, Lowenstein Sandler LLP, 65 Livingston Avenue, Roseland, New Jersey 07068, Attn: Sharon L. Levine, Esq. and Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market Street, Suite 1600, Wilmington, Delaware 19801, Attn: Robert J. Dehney, Esq.; and (x) the fee examiner, Robert J. Keach, Esq., Bernstein, Shur, Sawyer & Nelson, P.A., 100 Middle Street, P.O. Box 9729, Portland, Maine 04104-5029.

NO PRIOR REQUEST

115. This request is the Applicant's seventh and final application to the Court for compensation and reimbursement of expenses for services rendered as special counsel to the Debtors during this chapter 11 case. No prior application has been made in this Court or in any other court for the relief requested herein for the Current Application Period or the Entire Application Period.

CONCLUSION

116. WHEREFORE, the Applicant respectfully requests the Court to enter an order (i) awarding the Applicant \$3,165,289.55 comprised of \$3,093,705.30 in fees and \$71,584.24 in costs, as reasonable compensation during the Application Period; (ii) authorizing payment of \$1,784,410.99 comprised of \$1,721,642.35 in fees and \$62,768.64 in costs, representing

outstanding amount for the Application Period; and (iii) granting such other and further relief as the Court deems appropriate.

Dated: New York, New York
June 29, 2015

SHEPPARD MULLIN RICHTER &
HAMPTON LLP

/s/ Carren B. Shulman

By: Carren Shulman, *Admitted Pro Hac Vice*

30 Rockefeller Plaza

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Telephone: (212) 653-8700

Facsimile: (212) 653-8701

- and-

Randolph C. Visser, Esq.

Richard W. Brunette, Esq.

333 S. Hope Street, 43rd Floor

Los Angeles, CA 90071

Telephone: (213) 620-1780

Facsimile: (213) 443-2839

EXHIBIT A - Certification

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | |
|---------------------------|---------------------------|
| ----- | X |
| | : |
| <i>In re</i> | : Chapter 11 |
| | : |
| EXIDE TECHNOLOGIES | : Case No. 13-11482 (KJC) |
| | : |
| Debtor. | : |
| | : |
| | : Hearing Date: TBD |
| | : |
| ----- | X |

CERTIFICATION IN CONNECTION WITH THE SEVENTH INTERIM AND FINAL APPLICATION FOR ALLOWANCE AND PAYMENT OF COMPENSATION AND REIMBURSEMENT OF EXPENSES TO SHEPPARD MULLIN RICHTER AND HAMPTON LLP AS SPECIAL COUNSEL TO THE DEBTORS

I, Carren B. Shulman, hereby certify that:

1. I am a partner with Sheppard Mullin Richter & Hampton LLP (the "Applicant") designated with the responsibility for compliance with Sections 328, 330, 331 and 503(b) of the Bankruptcy Code, Rule 2016 of the Bankruptcy Rules, Delaware Bankruptcy Local Rule 2016-2, the United States Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (the "UST Guidelines"), and the terms of the *Order Establishing Interim Compensation Procedures* [Docket No. 330] (the "Interim Compensation Order") for the chapter 11 case of Exide Technologies, as debtor and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtor").

2. This certification is made in connection with the *Seventh Interim and Final Fee Application of Sheppard, Mullin, Richter and Hampton LLP for Compensation for Services Rendered and Reimbursement of Expenses as Special Counsel to the Debtor for the Period from December 1, 2014 Through and Including March 31, 2015, dated June 29, 2015* (the

“Application”), which seeks interim compensation and reimbursement of expenses for the period December 1, 2014 through March 31, 2015 (the “Application Period”).

3. I certify that:

(i) I have read the Application;

(ii) to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the local guidelines and the UST Guidelines;

(iii) as set forth in the Application, the fees and disbursements sought are billed at rates and in accordance with practices customarily employed by Applicant and generally accepted by Applicant's clients; and in incurring a reimbursable expense, Applicant does not make a profit on that expense, whether the expense is incurred by Applicant in-house or through a third party.

4. Except as provided herein, I certify that the Applicant has provided the Debtor, the Official Committee of Unsecured Creditors, and the Office of the United States Trustee for the District of Delaware with a statement of Applicant's fees and disbursements accrued during each month within 30 days after the end of each subsequent month, as calculated pursuant to Rule 9006 of the Federal Rules of Bankruptcy Procedure, in accordance with the Interim Compensation Order.

5. I certify that the Debtors, the Official Committee of Unsecured Creditors, and the Office of the United States Trustee for the District of Delaware are each being provided with a copy of the Application.

Dated: New York, New York
June 29, 2015

SHEPPARD MULLIN RICHTER & HAMPTON LLP

/s/ Carren B. Shulman

By: Carren Shulman, *Admitted Pro Hac Vice*

30 Rockefeller Plaza

New York, New York 10112

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- and-

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Richard W. Brunette, Esq.

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EXHIBIT B – PROPOSED ORDER

3. The above-captioned debtor and debtor-in-possession is authorized and directed to disburse to Sheppard Mullin payments set forth in the Application less any interim payments received by Sheppard Mullin for fees and expenses under the Interim Compensation Order, as set forth in the Application, subject, however, to the prevailing holdback procedures applicable to Retained Professionals in this case.

4. This Order shall be effective immediately upon entry.

Dated: _____, 2015

Honorable Kevin J. Carey
United States Bankruptcy Judge