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*Special Counsel to the Debtors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : **Chapter 11**  
EXTENDED STAY INC., et al., : **Case No. 09-13764 (JMP)**  
Debtors. : **(Jointly Administered)**  
-----X

**SUMMARY SHEET FOR SECOND INTERIM APPLICATION OF COVINGTON &  
BURLING LLP, SPECIAL COUNSEL TO THE DEBTORS AND DEBTORS-IN-  
POSSESSION, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
FOR THE PERIOD FROM NOVEMBER 1, 2009, THROUGH FEBRUARY 28, 2010**

<b>Name of applicant:</b>	Covington & Burling LLP
<b>Authorized to provide professional services to:</b>	Debtors
<b>Role in Case:</b>	Insurance Recovery Litigation Counsel
<b>Date of retention:</b>	August 13, 2009 <i>nunc pro tunc</i> to June 15, 2009
<b>Total compensation and expenses previously requested and paid:</b>	\$1,234,270.47 awarded and paid, less 10% hold back totaling \$120,361.18

**Period Summary:**

<b>Period for which compensation and reimbursement is sought:</b>	November 1, 2009 through February 28, 2010
<b>Amount of compensation requested:</b>	\$29,751.26
<b>Amount of expense reimbursement requested:</b>	\$13,410.44
<b>Total compensation and expense reimbursement requested:</b>	<u>\$43,161.70</u>

**Period Fee/Expense Breakdown:**

<b>Undiscounted, usual and customary fees:</b>	\$39,685.72
<b>Discretionary fee write-offs:</b>	\$4,877.26
<b>12.5% discount:</b>	\$4,351.06
<b>Reduction for non-working travel:</b>	\$140.00
<b>One-time reduction for fee applications (applied on January 2010 invoice):</b>	\$566.14
<b>Total fees requested:</b>	<u>\$29,751.26</u>

<b>Actual and necessary expenses:</b>	\$14,799.28
<b>Discretionary expense write-offs:</b>	\$1,388.84
<b>Total expenses requested:</b>	<u>\$13,410.44</u>

Timekeeper Summary

<b>Timekeeper</b>	<b>Title</b>	<b>First Bar Pass Year</b>	<b>Hours</b>	<b>Full Rate</b>	<b>Full Fees</b>	<b>Discounted Rate</b>	<b>Discounted Fees</b>
William Greaney	Partner	1981	0.6	\$890	\$534.17	\$779	\$467.40
Michael Baxter	Partner	1985	3.0	\$775	\$2,324.57	\$678	\$2,034.00
Georgia Kazakis	Partner	1993	5.4	\$675	\$3,647.31	\$591	\$3,191.40
Susan Power Johnston	Of Counsel	1980	3.5	\$800	\$2,800.00	\$700	\$2,450.00
Suzan F. Charlton	Special Counsel	1991	5.1	\$640	\$3,264.00	\$560	\$2,856.00
Stephen W. Rodger	Associate	2002	7.3	\$515	\$3,762.63	\$451	\$3,292.30
Amanda Raboy	Associate	2006	1.3	\$461	\$598.74	\$403	\$523.90
Michael E. Lechliter	Associate	2007	3.4	\$430	\$1,461.03	\$376	\$1,278.40
Joshua D. McKarcher	Associate	2008	48.8	\$320	\$15,616.00	\$280	\$13,664.00
Maggie Poertner	Paralegal		4.0	\$200	\$800.00	\$175	\$700.00
	<b>TOTALS</b>		<b>82.4</b>		<b>\$34,808.45</b>		<b>\$30,457.40</b>

The blended hourly rate for persons who billed time to the Debtors during the Compensation Period, excluding paralegal or other paraprofessional time, is approximately \$379.56, calculated by dividing the total amount of discounted fees billed by attorneys for services rendered by the total number of hours billed by attorneys.

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*Special Counsel to the Debtors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
EXTENDED STAY INC., et al., : Case No. 09-13764 (JMP)  
Debtors. : (Jointly Administered)  
: :  
-----X

**SECOND INTERIM APPLICATION OF COVINGTON & BURLING LLP,  
SPECIAL COUNSEL TO THE DEBTORS AND DEBTORS-IN-POSSESSION,  
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND  
REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD  
FROM NOVEMBER 1, 2009, THROUGH FEBRUARY 28, 2010**

TO: THE HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE

Covington & Burling, LLP (“Covington”), special counsel to the above-captioned debtors and debtors-in-possession (collectively, “Extended Stay,” the “Company” or the “Debtors”), submits this second interim application (the “Second Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred from

November 1, 2009, through February 28, 2010 (the “Compensation Period”). By this Second Application, Covington requests that the Court authorize: (a) interim allowance of compensation for professional services Covington rendered during the Compensation Period in the amount of \$29,751.26; and (b) the reimbursement of actual and necessary expenses and other charges incurred by Covington in connection with the rendition of such professional services in the amount of \$13,410.44.<sup>1</sup> The compensation requested reflects the agreed 12.5% discount from Covington’s customary hourly rates.

This Second Application is made pursuant to sections 330 and 331 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”); Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); Local Bankruptcy Rule 2016-1; this Court’s Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted on November 25, 2009 by Administrative Order M-389 (the “Local Guidelines”); the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “U.S. Trustee Guidelines”); and the Court’s Second Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals entered on October 6, 2009 (the “Second Amended Interim Compensation Order” and, collectively with the Local Guidelines and the U.S. Trustee Guidelines, the “Guidelines”).

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<sup>1</sup> Covington reserves the right to seek at a later date reimbursement for expenses and other charges incurred during the Compensation Period that may not have posted to Covington’s billing system as of February 28, 2010, or that may have been inadvertently excluded from a monthly fee statement preceding this Application.

### **Jurisdiction and Venue**

1. This Court has jurisdiction over this Second Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases and this Second Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. § 157(b)(2).

2. On August 13, 2009, the Court entered an order approving Covington's retention by the Debtors as special counsel *nunc pro tunc* to the Commencement Date (the "Retention Order").

### **Summary of Services Rendered**

3. The Court approved Covington's retention to enable Covington to continue to represent the Debtors in certain litigation pending in the Circuit Court of Osage County, Missouri (the "State Court") against various commercial liability insurers, in which the Debtors seek to recover approximately \$30 million from three commercial general liability insurers that issued insurance policies to Quaker Windows, a former vendor of Extended Stay, Inc.

4. Closing arguments in the State Court proceeding concluded in October 2009, and the parties now await a verdict from the State Court. Covington's legal services during the Compensation Period were therefore limited to (i) assisting the Debtors' efforts to develop a plan of reorganization by responding to requests for information from the Debtors, their auditors, and their bankruptcy counsel, and (ii) preparing, filing, and serving fee statements and the first interim fee application.

5. A copy of the daily time records for the Compensation Period, broken down by task code and listing the name of the attorney or paraprofessional, the date on which the

services were performed, and the amount of time spent in performing the services, is attached as Exhibit A. The lines between certain billing categories are not always precise, and certain aspects of the billing categories may overlap. Accordingly, in some instances, different professionals may charge their time to different categories, although their work involved the same underlying matters.

### **Covington's Fees and Expenses**

6. Covington requests that the Court authorize: (i) interim allowance of compensation for professional services Covington rendered during the Compensation Period in the amount of \$29,751.26; and (ii) the reimbursement of actual and necessary expenses and other charges incurred by Covington in connection with the rendition of such professional services in the amount of \$13,410.44.

7. The services that Covington rendered to the Debtors during the Compensation Period required 82 hours of the time of attorneys and paraprofessionals. During the Compensation Period, Covington incurred fees of \$39,685.72 at its usual and customary hourly rates. In the exercise of billing judgment, Covington has reduced its fees by the amount of \$4,877.26. In addition to this discretionary reduction, Covington applied a 12.5% discount to the standard hourly fee for each timekeeper, a discount totaling \$4,351.06. Covington then applied a \$140.00 reduction for one-half of fees related to non-working travel, and a one-time reduction of \$566.14 (on the January 2010 invoice) for fees related to preparation of the first interim fee application. Accordingly, the total compensation requested is \$29,751.26.

8. Included in the summary sheet preceding this Second Application is a table showing each timekeeper's name, position, bar admission date, the aggregate time expended by each timekeeper during the Compensation Period (after discretionary reductions),

each timekeeper's discounted and undiscounted hourly billing rate, and the amount of Covington's fees attributable to each timekeeper. The blended hourly rate charged for all attorneys (excluding paraprofessionals) rendering services to the Debtors during the Compensation Period is approximately \$379.56, which is well within (or below) the range of fees normally charged for similar services rendered by major law firms in Washington, DC and New York City. Although permitted by the Retention Order, Covington chose not to increase certain timekeepers' billing rates on this matter as of October 1, 2009, the beginning of Covington's fiscal year.

9. During the Compensation Period, Covington incurred actual and necessary expenses and other charges, and received invoices for expenses incurred during the prior compensation period, totaling \$14,799.28. In the exercise of billing judgment, Covington reduced the expenses by the amount of \$1,388.84. Accordingly, the total amount requested for reimbursement of expenses and other charges is \$13,410.44. A schedule setting forth the categories of expenses and amounts for which reimbursement is requested is attached as Exhibit B.

10. The disbursements for which Covington seeks reimbursement include the following:

- a. Duplicating – Charged at \$0.10 per page;
- b. Telecommunications – Long-distance calls charged at \$0.18/minute, outgoing facsimile transmissions charged at \$1.50/page, and teleconferencing services charged at actual cost (there is no charge for incoming facsimiles);
- c. Computer Research Charges – Covington's practice is to bill clients for LEXIS and Westlaw research at actual cost;
- d. Delivery Services – Covington's practice is to charge postal, overnight delivery and courier services at actual cost. Courier charges aggregating \$1,646.59 were incurred during the prior



compensation period in connection with closing arguments in Missouri. Covington did not receive the invoices for these charges until the current Compensation Period;

- e. Travel Expenses – Covington’s practice is to bill clients for necessary travel expenses at actual cost. Covington did not bill first-class airfare to the Debtors.<sup>2</sup> Travel expenses aggregating \$8,011.31 were incurred towards the end of the prior compensation period in connection with closing arguments in Missouri. Covington did not receive the invoices for these charges until the current Compensation Period; and
- f. Trial Exhibits and Equipment – Covington’s practice is to bill clients for these trial-related expenses at actual cost. Duplicating and equipment charges aggregating \$2,395.90 were incurred during the prior compensation period in connection with closing arguments in Missouri. Covington did not receive the invoices for these charges until the current Compensation Period.

11. For each month during the Compensation Period, Covington served detailed monthly statements of the fees and expenses summarized above by Federal Express Overnight service upon the parties listed in the Second Amended Interim Compensation Order: (i) Extended Stay, Inc.; (ii) The Lightstone Group; (iii) Weil, Gotshal & Manges LLP, attorneys for the Debtors; (iv) the Office of the U.S. Trustee; (v) Hahn & Hessen LLP, attorneys for the Creditors’ Committee; and (vi) Latham & Watkins LLP and McKenna Long & Aldridge LLP, attorneys for the Trustee and the Special Servicer (collectively, the “Notice Parties”). As of the date of this Second Application, Covington has received no objection to any specific fee or expense item.<sup>3</sup>

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<sup>2</sup> In one case, while traveling home from closing arguments on October 20, 2009, two Covington paraprofessionals stayed one night at The Ritz-Carlton hotel in St. Louis at a nightly room rate of \$179, which the paraprofessionals advise was comparable to rates obtainable at business-class hotels such as the Marriott.

<sup>3</sup> In response to the U.S. Trustee’s objection to Covington’s first interim fee application, Covington agreed to reduce its photocopying charge from \$0.15/page to \$0.10/page, and to reduce any fees for non-working travel by 50%.

12. The certification required by the Local Guidelines is attached as Exhibit C.

**Basis for Relief**

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

[A] debtor’s attorney, or any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

11 U.S.C. § 331.

14. Section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that a court may award to a professional person, including a debtor’s attorney, “reasonable compensation for actual, necessary services rendered by the . . . professional person, or attorney . . . .” 11 U.S.C. § 330(a)(1). The Congressional intent and policy expressed in section 330 of the Bankruptcy Code is to provide for adequate compensation to attract qualified and competent practitioners to bankruptcy cases.

15. Covington submits that its request for interim allowance of compensation is reasonable. The services rendered, as highlighted above, were necessary to comply with this Court’s orders and assist the Debtors’ estate in its development of a plan of reorganization. Covington performed its services during the Compensation Period diligently and efficiently, has provided a significant 12.5% fee discount, and has written off a significant amount of fees and expenses.

16. No previous motion for the relief sought herein has been made to this or any other court.

**Notice**

17. This Second Application and accompanying Exhibits will be served upon the Notice Parties. Covington is advised that counsel for the Debtors will set a hearing, prepare an omnibus order, and provide notice and required service upon the parties requesting service and appearing on the Master Service List.

**Conclusion**

For the reasons set forth above, Covington respectfully requests that this Court enter an order awarding Covington (i) interim compensation from the Debtors for services rendered for the period from November 1, 2009 through February 28, 2010, in the amount of \$29,751.26; (ii) reimbursement of actual and necessary expenses and other charges incurred in connection with the rendition of such services, in the amount of \$13,410.44; and (iii) such other and further relief as may be just and proper.

Dated: April 13, 2010

Respectfully submitted,

**COVINGTON & BURLING, LLP**

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*Special Counsel to the Debtors and  
Debtors-in-Possession*

**Exhibit A**

**Fees for Period November 1, 2009 to February 28, 2010**

<b>Task Code</b>	<b>Description</b>	<b>Hours</b>	<b>Fee Total</b>
B160	Fee/Employment Applications	56.2	\$18,391.90
B195	Non-Working Travel (pre-discount)	0.4	\$280.00
L140	Document/File Management	15.0	\$5,438.70
L150	Budgeting	0.4	\$311.60
L160	Settlement/Non-Binding ADR	0.2	\$155.80
L190	Other Case Assessment, Development and Administration	10.2	\$5,879.40
		<b>82.4</b>	<b>\$30,457.40</b>

<b>Timekeeper</b>	<b>Title</b>	<b>Rate</b>	<b>Hours</b>	<b>Amount</b>
William Greaney	Partner	\$779	0.6	\$467.40
Michael Baxter	Partner	\$678	3.0	\$2,034.00
Georgia Kazakis	Partner	\$591	5.4	\$3,191.40
Susan Power Johnston	Of Counsel	\$700	3.5	\$2,450.00
Suzan F. Charlton	Special Counsel	\$560	5.1	\$2,856.00
Stephen W. Rodger	Associate	\$451	7.3	\$3,292.30
Amanda Raboy	Associate	\$403	1.3	\$523.90
Michael E. Lechliter	Associate	\$376	3.4	\$1,278.40
Joshua D. McKarcher	Associate	\$280	48.8	\$13,664.00
Maggie Poertner	Paralegal	\$175	4.0	\$700.00
<b>Total</b>			<b>82.4</b>	<b>\$30,457.40</b>

<b>Date</b>	<b>Task</b>	<b>Description</b>	<b>Hours</b>	<b>Timekeeper</b>
11/02/09	B160	Review and reply to McKarcher email.	0.50	Michael Baxter
11/02/09	B160	Review, edit and send e-mail to Georgia K. re. court reporter invoice.	0.30	Joshua D. McKarcher
11/03/09	B160	Call with Georgia Kazakis re. postpetition invoice, and review e-mails from Georgia Kazakis and Michael Baxter re. same.	0.20	Joshua D. McKarcher
11/09/09	B160	E-mail to accounting and Yani Portillo re Oct. invoice.	0.10	Joshua D. McKarcher
11/15/09	B160	First review October prebill, including e-mail to Georgia Kazakis.	1.10	Joshua D. McKarcher
11/16/09	B160	Additional work on Oct. fee statement.	0.20	Joshua D. McKarcher
11/17/09	B160	Confer with Georgia Kazakis re Oct. time entries for fee statement.	0.10	Joshua D. McKarcher
11/18/09	B160	E-mails and calls with Georgia Kazakis and Yani Portillo re Oct. fee statement.	0.20	Joshua D. McKarcher
11/20/09	B160	Additional work on Oct. fee statement (1.2.); e-mail to Bill Greaney and draft e-mail to client re unpaid fee statements to-date (.4).	1.60	Joshua D. McKarcher
11/23/09	B160	Additional preparation on Oct. fee statement, including calls and e-mails to/from Yani Portillo and Kim Murray.	1.00	Joshua D. McKarcher

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
11/24/09	B160	Final edits and preparation to Oct. fee statement, including sending to all notice parties.	3.40	Joshua D. McKarcher
11/30/09	B160	E-mails from/to Weil re requests of special servicer re litigation status (.2); calls with J. Kim at Weil re monthly fee statements and first interim fee application (.2); preparation of first interim fee application, certification, and summary sheet (5.3).	5.70	Joshua D. McKarcher
12/01/09	B160	Continued drafting of first interim fee application and accompanying certification and exhibits, including several e-mails to colleagues.	5.20	Joshua D. McKarcher
12/02/09	B160	Further preparation of First Interim Fee Application.	1.00	Joshua D. McKarcher
12/07/09	B160	Continue work on First Interim Fee Application and send to Michael Baxter for review, including several e-mails with Accounting, and e-mails with NY colleagues re filing and service arrangements (4.2); begin work on November fee statement (1.3).	5.50	Joshua D. McKarcher
12/08/09	B160	Additional work on First Interim Fee Application, including e-mails with Michael Baxter and Susan Johnston (.4); additional work on Nov. fee statement (.6).	1.00	Joshua D. McKarcher
12/09/09	B160	Additional work on Nov. fee statement (.6); review and finalize First Interim Fee Application for Bill Greaney's review (2.6).	3.20	Joshua D. McKarcher
12/10/09	B160	Additional work on Nov. fee statement, esp. reviewing and conferring with colleagues re expenses for compliance.	2.40	Joshua D. McKarcher
12/11/09	B160	Finalize and arrange with NY colleagues for filing of First Interim Fee Application, including arranging for service of same (2.4); additional work on November Fee Statement (.6).	3.00	Joshua D. McKarcher
12/11/09	B160	Review and file fee application and certificate of service (0.9); e-mails regarding same (0.4)	1.30	Amanda Raboy
12/14/09	B160	Follow up with Susan Johnston re fee application filing.	0.10	Joshua D. McKarcher
12/15/09	B160	Review delivery status of fee application service on notice parties.	0.20	Joshua D. McKarcher
12/16/09	B160	Review docket papers re First Interim Fee Applications and hearing notice on same and e-mail colleagues re coordinating appearance for same.	0.60	Joshua D. McKarcher
12/17/09	B160	Additional edits to Nov. bill, including calls with accounting.	0.80	Joshua D. McKarcher
12/18/09	B160	Finalize Nov. fee statement letter, obtain signatures, and preparation for FedEx service on notice parties.	1.60	Joshua D. McKarcher
12/28/09	B160	Review US Trustee objection and compose e-mail to Michael Baxter and Susan Johnston with proposed next steps.	1.20	Joshua D. McKarcher
12/29/09	B160	Phone call with Bill Greaney re Trustee's objection.	0.10	Joshua D. McKarcher
12/30/09	B160	Communication with Jae Kim re US Trustee objections.	0.10	Joshua D. McKarcher
11/30/09	B160	Review and reply to correspondence.	0.40	Michael Baxter
12/03/09	B160	Review and reply to correspondence.	0.20	Michael Baxter
12/08/09	B160	Review and revise interim application (.5); discuss with McKarcher (.2).	0.70	Michael Baxter
12/09/09	B160	Review and reply to correspondence.	0.20	Michael Baxter
01/06/10	B160	Confer with Susan Johnston re US Trustee objections (.6); prepare December fee statement (.2).	0.80	Joshua D. McKarcher

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
01/06/10	B160	Review of US Trustee objection to fee application (.4); e-mail conferences J. McKarcher regarding objection (.6); telephone conference P. Schwartzberg regarding resolution of settlement (.2).	1.20	Susan Power Johnston
01/07/10	B160	E-mail communications with P. Schwartzberg and J. McKarcher regarding settlement of objection to fee application.	0.60	Susan Power Johnston
01/07/10	B160	Review and reply to correspondence re fee application.	0.30	Michael Baxter
01/07/10	B160	Confer with Susan Johnston and Michael Baxter re US Trustee's objection.	0.50	Joshua D. McKarcher
01/07/10	B160	Confer with debtor's counsel, Susan Johnston and Michael Baxter re US Trustee's objection.	0.60	Joshua D. McKarcher
01/08/10	B160	Review US Bank reservation of rights re fee application objections and e-mail to Michael Baxter and Susan Johnston re same.	0.20	Joshua D. McKarcher
01/11/10	B160	Review proposed fee order and e-mail with Weil re same (.2); confer with Michael Baxter and Susan Johnston re appearance at fee app hearing (.3); confer with Weil re telephonic appearance at fee app hearing as certifying professional (.3).	0.80	Joshua D. McKarcher
01/11/10	B160	Review and reply to correspondence (.3); telephone conversation with McKarcher (.2).	0.50	Michael Baxter
01/11/10	B160	Attention to fee application.	0.30	Susan Power Johnston
01/14/10	B160	Fee Application Hearing via telephonic appearance, including preparation time and follow-up e-mail to debtor's counsel (.6); prepare Dec. fee statement (.2).	0.80	Joshua D. McKarcher
01/14/10	B160	Attendance at hearing on fee application.	1.00	Susan Power Johnston
01/15/10	B160	Prepare Dec. Fee Statement.	0.50	Joshua D. McKarcher
01/20/10	B160	Prepare Dec. Fee Statement.	0.50	Joshua D. McKarcher
01/21/10	B160	Prepare Dec. Fee Statement and cover letter.	0.50	Joshua D. McKarcher
01/22/10	B160	Final edits and approvals on Dec. Fee Statement, including review for FedEx service on notice parties.	1.20	Joshua D. McKarcher
02/19/10	B160	Prepare January fee statement.	0.30	Joshua D. McKarcher
02/22/10	B160	Prepare Jan. fee statement (.3); meet with Michael Baxter re same (.2).	0.50	Joshua D. McKarcher
02/22/10	B160	Meeting with McKarcher to discuss fee apps.	0.20	Michael Baxter
02/23/10	B160	Prepare January fee statement.	1.40	Joshua D. McKarcher
02/24/10	B160	Final review and FedExing of fee statement.	0.30	Joshua D. McKarcher

**TOTALS FOR TASK CODE: B160 Fee/Employment Applications 56.20**

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
01/14/10	B195	Travel to office from hearing on fee application.	0.40	Susan Power Johnston

**TOTALS FOR TASK CODE: B195 Non-Working Travel 0.40**

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
11/11/09	L140	Organization and maintenance of trial preparation materials for future storage.	1.20	Michael E. Lechlitter

11/12/09	L140	Internal communications with G. Kazakis, M. Lechlitter, and paralegal support re: short and long-term storage of ESA trial and case materials.	0.30	Stephen W. Rodger
11/13/09	L140	Internal communications with G. Kazakis and M. Lechlitter re: short and long-term storage of ESA trial and case materials, and review same in file storage room.	0.70	Stephen W. Rodger
11/16/09	L140	Organize trial materials for long and short-term storage with M. Lechlitter (1.9); prepare index of ESA materials for long and short-term storage (1.8); internal communications with facilities management re: long and short-term storage of ESA trial and case materials (.6).	4.30	Stephen W. Rodger
11/16/09	L140	Organization and management of ESA trial files in preparation for storage.	1.90	Michael E. Lechlitter
11/16/09	L140	Review files and internal communications with Mr. Rodger and Mr. Lechlitter re preservation of records for appeal and/or Phase II litigation.	0.30	Suzan F. Charlton
11/17/09	L140	Organization and management of ESA trial files in preparation for storage.	0.30	Michael E. Lechlitter
11/17/09	L140	Organize trial materials for long and short-term storage and revise index for G. Kazakis re: same.	2.00	Stephen W. Rodger
12/07/09	L140	Preparing paralegal files for storage.	4.00	Maggie Poertner

**TOTALS FOR TASK CODE: L140 Document/File Management 15.00**

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
11/24/09	L150	Discussions with Kazakis re response to various creditor inquiries.	0.40	William Greaney

**TOTALS FOR TASK CODE: L150 Budgeting 0.40**

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
11/03/09	L160	Teleconference with Mr. McDougall.	0.20	William Greaney

**TOTALS FOR TASK CODE: L160 Settlement/Non-Binding ADR 0.20**

<u>Date</u>	<u>Task</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
11/25/09	L190	Internal email communications with Ms. Kazakis re follow-up items for bankruptcy servicer and debtor's counsel.	0.20	Suzan F. Charlton
11/30/09	L190	Attention to responding to creditor requests.	1.20	Georgia Kazakis
11/30/09	L190	Prepare letters and requested materials re insurance coverage litigation for Weil Gotshal and special servicer (2.2); communications with Ms. Kazakis, Mr. McKarcher and Mr. Lowry re same (.9).	3.10	Suzan F. Charlton
12/01/09	L190	Email communications with Weil Gotshal re requested case information, and prepare and revise same.	0.30	Suzan F. Charlton
12/03/09	L190	Review email correspondence and gather information requested by bankruptcy servicer, and internal communications re same.	0.30	Suzan F. Charlton
12/07/09	L190	Respond to creditor requests.	0.50	Georgia Kazakis
12/08/09	L190	Respond to creditor requests.	0.20	Georgia Kazakis



12/13/09	L190	Prepare draft email to all counsel re Phase II trial scheduling; prepare letter to Judge Conley re same; internal communications re same.	0.90	Suzan F. Charlton
12/22/09	L190	Respond to requests from Mr. Orbach (creditors) concerning copies of various briefs (.5); respond to Mr. Orbach follow up request for "window contracts" and response to same (.5); respond to Mr. Orbach request for copy of ESA/Quaker settlement agreement and call to same re: "window contracts" (.5)	1.50	Georgia Kazakis
02/16/10	L190	Attention to audit request letter.	1.50	Georgia Kazakis
02/17/10	L190	Secure outstanding billable information as requested by audit request letter and finalize same.	0.50	Georgia Kazakis
<b>TOTALS FOR TASK CODE: L190 Other Case Assessment, Development</b>			<b>10.20</b>	

**Exhibit B**

**Expenses for Period November 1, 2009 to February 28, 2010**

Duplicating	\$185.20
Other Duplicating	\$1,854.27
Computer Research	\$0.56
Equipment	\$541.63
Industry Publications	\$153.70
Long Distance Calls	\$3.96
Travel	\$918.00
Travel - Meals	\$375.30
Travel - Lodging	\$1,450.21
Travel - Air/Rail	\$5,267.80
Couriers and Messengers	\$1,646.59
Metered Mail	\$1.32
Federal Express	\$1,011.90
<b>Total Expenses</b>	<b>\$13,410.44</b>

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/30/09	Duplicating (290 copies @ \$0.10 cents)	29.00
12/31/09	Duplicating (1,454 copies @ \$0.10/page)	145.40
01/22/10	Duplicating (72 pages @ \$0.10/page)	7.20
02/24/10	Duplicating (36 pages @ \$0.10/page)	3.60

**TOTAL FOR COST CODE: 021** **185.20**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/20/09	Other Duplicating - TRANSPERFECT DOCUMENT MANAGEMENT - Contract No.: DM0014454 - One (1) 40x60 B&W blow-up, mount & laminate and one (1) shipping box - Requested by J. Giglio & Approved by W. Greaney (TLP)	370.13
07/31/09	Other Duplicating - TRANSPERFECT DOCUMENT MANAGEMENT - 4466 Imaging, 2.50 Technical labor hours and 330 Color Images - Requested by J. Giglio & Approved by W. Greaney (TLP)	1,114.01
12/29/09	Other Duplicating TRANSPERFECT TRANSLATIONS - Creation of demonstrative exhibit for closing argument approved by Georgia Kazakis MEO	370.13

**TOTAL FOR COST CODE: 026** **1,854.27**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/31/09	Computer Research Date Range: 12/01/2009-12/31/2009 Client/Matter: 029874.00104	0.56

**TOTAL FOR COST CODE: 058** **0.56**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/16/09	Equipment CDW DIRECT, LLC - 7 Sandisk Cruzer Micro Skin-Co USB 2 GB memory keys for permanent storage of trial documents.	91.98

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/04/09	Equipment HARTFORD TECHNOLOGY RENTAL COMPANY, LLC - Printer, LJ P4515X 6299PM 1200DP for closing arguments.	346.22
12/04/09	Equipment HARTFORD TECHNOLOGY RENTAL COMPANY, LLC - T43 PM-1.7ghz,2gb,60g, DVD-RW, 1 for closing arguments.	103.43

**TOTAL FOR COST CODE: 092** **541.63**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/27/09	Books & Serials - Library - Mealey's Document Services (Approved by J. Harbison) (MBN)	42.40
10/27/09	Books & Serials - Library - Mealey's Document Services (Approved by J. Harbison) (MBN)	111.30

**TOTAL FOR COST CODE: 125** **153.70**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/03/09	Long Distance Calls Extension: 15486	0.72
11/06/09	Long Distance Calls Extension: 15423	1.98
11/06/09	Long Distance Calls Extension: 15423	0.54
11/30/09	Long Distance Calls Extension: 15898	0.18
12/14/09	Long Distance Calls Extension: 15223	0.36
12/02/09	Long Distance Calls Extension: 15223	0.18

**TOTAL FOR COST CODE: 143** **3.96**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/01/09	Travel - Cabs Empire CLS Worldwide Ringwood NJ To LGA On 10/19/09 (mv)	161.10
11/01/09	Travel - Telephone Stoney Creek Inn - J. Giglio Telephone 10/19 - 10/20/09 (mv)	1.00
11/01/09	Travel - Michael Bastardo - Parking 10/20 - 10/21/09 (mv)	20.00
11/05/09	Travel - Cabs MICHAEL E. LECHLITER - Travel to Columbia, Missouri on 10/19 - 10/20/09 - Closing Argument. Approved by W. Greaney	20.00
10/22/09	Travel - Cabs STEPHEN W. RODGER - Travel to St. Louis, MO - Attend Closing Arguments 10/19-20/0	33.00
10/22/09	Travel - Auto Rental STEPHEN W. RODGER - Travel to St. Louis, MO - Attend Closing Arguments ( large vehicle required for several boxes of trial materials) 10/19-20/09	622.90
11/06/09	Travel - Cabs GEORGIA KAZAKIS - Travel to Columbia, MO - To attend/participate in Closing Argument 10/19-20/09 (MBN)	60.00

**TOTAL FOR COST CODE: 152** **918.00**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/01/09	Travel - Meals Bastardo and Giglio St. Louis 10/20/09.	40.00
11/01/09	Travel - Meals Stoney Creek Inn - Team Meals 10/19 - 10/20/09 (mv)	247.02
11/01/09	Travel - Meals Michael Bastardo 10/21/09 (mv)	24.42

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/03/09	Travel - Meals GEORGIA KAZAKIS - Travel to Columbia, MD - To attend/participate in Closing Agreement 10/19-20/09 (MBN)	63.86

**TOTAL FOR COST CODE: 154** **375.30**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/01/09	Travel - Lodging Jessica Giglio St Louis 10/20 - 10/21/09 (mv)	205.54
11/01/09	Travel - Lodging Michael Bastardo St Louis - Room Charge 10/20 - 10/21/09 (mv)	205.54
11/05/09	Travel - Lodging MICHAEL E. LECHLITER - Travel to Columbia, Missouri on 10/19 - 10/20/09 - Closing Argument. Approved by W. Greaney	115.80
11/01/09	Travel - Lodging Stoney Creek Inn - Room Charges for Michael Bastardo, Jessica Giglio & Meeting Room Rental 10/19 - 10/20/09 (mv)	575.93
10/22/09	Travel - Lodging STEPHEN W. RODGER - Travel to St. Louis, MO - Attend Closing Arguments 10/19-20/09	115.80
12/03/09	Travel - Lodging GEORGIA KAZAKIS - Travel to Columbia, MD - To attend/participate in Closing Agreement 10/19-20/09 (MBN)	231.60

**TOTAL FOR COST CODE: 155** **1,450.21**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/22/09	Travel - Air/Rail STEPHEN W. RODGER - Travel to St. Louis, MO - Attend Closing Arguments 10/19-20/09	1,242.20
11/01/09	Travel - Air/Rail J. Giglio Travel to St. Louis for closing arguments 10/19-21/09.	1,491.20
11/06/09	Travel - Air/Rail GEORGIA KAZAKIS - Travel to Columbia, MO - To attend/participate in Closing Argument 10/19-20/09 (MBN)	1,162.20
11/05/09	Travel - Air/Rail MICHAEL E. LECHLITER - Travel to Columbia, Missouri on 10/19 - 10/20/09 - Closing Argument. Approved by W. Greaney	1,282.20
12/03/09	Travel - Air/Rail GEORGIA KAZAKIS - Travel to Columbia, MD - To attend/participate in Closing Agreement 10/19-20/09 (MBN)	90.00

**TOTAL FOR COST CODE: 156** **5,267.80**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/23/09	Couriers and Messengers QUICK INTERNATIONAL COURIER - Shipping of exhibits and boards to Missouri for use during closing arguments - INV 15107717. Approved by W. Greaney. (klc)	808.45
10/16/09	Couriers and Messengers QUICK INTERNATIONAL COURIER - Shipping of exhibits and boards to Missouri for use during closing arguments - INV 15107670. Approved by W. Greaney. (klc)	838.14

**TOTAL FOR COST CODE: 700** **1,646.59**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/30/09	Metered Mail	0.88
12/01/09	Metered Mail	0.44

**TOTAL FOR COST CODE: 714** **1.32**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146801 Extended Stay, Inc. SPARTANBURG SC US	13.37
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146812 Latham & Watkins, LL NEW YORK CITY NY US	10.84
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146823 McKenna Long & Aldri ATLANTA GA US	13.37
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146834 Hahn & Hessen, LLP NEW YORK CITY NY US	10.84
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146845 Weil, Gotshal & Mang NEW YORK CITY NY US	10.84
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146856 Southern District of NEW YORK CITY NY US	10.84
10/23/09	FEDEX Ralph Fritz Shipped: 10/23/2009 Inv:11/02/2009 # 93853875 Trk: 986621146867 The Lightstone Group NEW YORK CITY NY US	10.84
10/16/09	FEDEX Stephen W. Rodger Shipped: 10/16/2009 Inv:10/26/2009 # 93777678 Trk: 986621143169 c/o Brown Palace Hot DENVER CO US	35.92
06/26/09	FEDEX Reta E. Bezak Shipped: 06/26/2009 Inv:07/06/2009 # 92519843 Trk: 986621095932 Judge Frank Conley COLUMBIA MO US	49.80
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 827487068832 - RINGWOOD NJ US	37.56
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 827487068854 COVINGTON WASHINGTON DC US	33.70
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 827487068865 COVINGTON WASHINGTON DC US	39.11
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 827487068876 ARLINGTON VA US	13.88
06/17/09	FEDEX Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519599 NEAL GERBER CHICAGO IL US	24.13
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519603 COVINGTON WASHINGTON DC US	19.19
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519625 COVINGTON NEW YORK CITY NY US	31.97
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519636 RINGWOOD NJ US	41.21
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519658 COVINGTON NEW YORK CITY NY US	29.23
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519669 COVINGTON WASHINGTON DC US	28.98
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519670 COVINGTON WASHINGTON DC US	39.61
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519680 COVINGTON WASHINGTON DC US	11.45
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519691 COVINGTON WASHINGTON DC US	72.88
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519706 - RINGWOOD NJ US	34.39

<u>Date</u>	<u>Description</u>	<u>Amount</u>
06/17/09	FEDEX Jessica A. Giglio Shipped: 06/17/2009 Inv:06/22/2009 # 92364532 Trk: 861761519728 COVINGTON WASHINGTON DC US	33.70
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159591 The Lightstone Group NEW YORK CITY NY US	10.73
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159606 McKenna Long & Aldri ATLANTA GA US	13.22
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159617 Latham & Watkins, LL NEW YORK CITY NY US	10.73
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159628 Hahn & Hessen, LLP NEW YORK CITY NY US	10.73
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159639 Southern District of NEW YORK CITY NY US	10.73
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159558 Extended Stay, Inc. SPARTANBURG SC US	13.22
11/24/09	FEDEX Ralph Fritz Shipped: 11/24/2009 Inv:11/30/2009 # 94171202 Trk: 986621159570 Weil, Gotshal & Mang NEW YORK CITY NY US	10.73
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165531 Extended Stay, Inc. SPARTANBURG SC US	13.47
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165542 McKenna Long & Aldri ATLANTA GA US	13.47
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165553 U.S. Bankruptcy Cour NEW YORK CITY NY US	10.92
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165586 Latham & Watkins, LL NEW YORK CITY NY US	10.92
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165597 Hahn & Hessen, LLP NEW YORK CITY NY US	10.92
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165601 Southern District of NEW YORK CITY NY US	10.92
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165612 Weil, Gotshal & Mang NEW YORK CITY NY US	10.92
12/11/09	FEDEX Ralph Fritz Shipped: 12/11/2009 Inv:12/21/2009 # 94403770 Trk: 986621165623 The Lightstone Group NEW YORK CITY NY US	10.92
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741653 US Trustee, So.Dist. NEW YORK CITY NY US	11.92
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741664 McKenna Long & Aldri ATLANTA GA US	14.47
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741675 Latham & Watkins, LL NEW YORK CITY NY US	11.92
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741686 Weil, Gotshal & Mang NEW YORK CITY NY US	11.92
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741697 The Lighthouse Group NEW YORK CITY NY US	11.92
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741701 Extended Stay, Inc. SPARTANBURG SC US	14.47
12/18/09	FEDEX Ralph Fritz Shipped: 12/18/2009 Inv:12/28/2009 # 94486354 Trk: 428294741712 Hahn & Hessen LLP NEW YORK CITY NY US	11.92

<u>Date</u>	<u>Description</u>	<u>Amount</u>
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754046 Hahn & Hessen LLP NEW YORK CITY NY US	12.52
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754057 Attn: Paul Schwartz NEW YORK CITY NY US	12.52
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754068 Weil, Gotshal & Mang NEW YORK CITY NY US	12.52
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754079 The Lighthouse Group NEW YORK CITY NY US	12.52
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754090 Latham & Watkins, LL NEW YORK CITY NY US	12.52
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754116 Extended Stay, Inc. SPARTANBURG SC US	15.28
01/22/10	FEDEX Ralph Fritz Shipped: 01/22/2010 Inv:02/01/2010 # 94855076 Trk: 428294754127 McKenna Long & Aldri ATLANTA GA US	15.28
<b>TOTAL FOR COST CODE: 720</b>		<b>1,011.90</b>



**Exhibit C**

COVINGTON & BURLING LLP  
1201 Pennsylvania Avenue, NW  
Washington, DC 20004-2401  
Telephone: (202) 662-5223  
Facsimile: (202) 778-5223  
William F. Greaney, Esq.  
Joshua D. McKarcher, Esq.

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620 Eighth Avenue  
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Telephone: (212) 841-1000  
Facsimile: (212) 841-1010  
Susan Power Johnston, Esq. (SJ 9386)

*Special Counsel to the Debtors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
EXTENDED STAY INC., et al., : Case No. 09-13764 (JMP)  
Debtors. : (Jointly Administered)  
: :  
-----X

**CERTIFICATION FOR SECOND INTERIM APPLICATION OF COVINGTON &  
BURLING LLP, SPECIAL COUNSEL TO THE DEBTORS AND DEBTORS-IN-  
POSSESSION, FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED  
FOR THE PERIOD FROM NOVEMBER 1, 2009, THROUGH FEBRUARY 28, 2010**

Pursuant to 28 U.S.C. § 1746, Joshua D. McKarcher certifies as follows:

1. I am an associate in the law firm of Covington & Burling LLP (“Covington”), which has offices at 1201 Pennsylvania Avenue, NW, Washington, DC, 20004-2401, and which has been retained as special counsel to the above-captioned debtors and debtors-in-possession (the “Debtors”).

2. I am the professional designated by Covington to provide this certification in compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on November 25, 2009 as Administrative Order M-389 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “U.S. Trustee Guidelines”), and the Court’s Second Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, dated October 6, 2009 (the “Second Amended Interim Compensation Order” and, collectively with the Local Guidelines and the U.S. Trustee Guidelines, the “Guidelines”).

3. I submit this Certificate pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure in connection with the Second Interim Application of Covington & Burling LLP, Special Counsel to the Debtors and Debtors-In-Possession, for Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred for the Period from November 1, 2009, Through February 28, 2010 (the “Second Application”).

4. As required by section A.1 of the Local Guidelines, I certify that:
- a) I have read the Second Application;
  - b) To the best of my knowledge, information and belief formed after reasonable inquiry, unless noted otherwise, the fees and disbursements sought in the Second Application fall within the Guidelines;
  - c) Except as prohibited by the Guidelines, the fees and disbursements sought are billed in accordance with practices customarily employed by Covington and generally accepted by Covington’s clients; and

- d) In providing a reimbursable service, Covington does not make a profit on that service, whether the service is performed by Covington in-house or through a third party.

5. I certify that, pursuant to the Second Amended Interim Compensation Order, Covington has provided, on a monthly basis by the 25th of each month (with one exception),<sup>1</sup> statements of Covington's fees and disbursements for each month to the seven Notice Parties stipulated in the Second Amended Interim Compensation Order. Each such fee statement contained all the information required by the Second Amended Interim Compensation Order, plus a breakdown of the value of discretionary reductions and the 12.5% discount on fees provided by Covington. Because this information has been provided each month as required and is largely duplicative of the information contained in the Second Application, Covington has not provided the U.S. Trustee, Debtors, or any official committee chairs with a copy of the Second Application 14 days in advance of the filing deadline for the Second Application. Covington will, however, serve a copy of the Second Application upon all of the Notice Parties listed in the Second Amended Interim Compensation Order upon filing the Second Application with the Court.

6. In connection with preparing each monthly fee statement and the Second Application, Covington carefully scrutinized its time and expense records to verify that, except where specifically noted otherwise in the Second Application, all fees and expense

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<sup>1</sup> Given the small amount due for February services, and to save the Debtors' estates time and Federal Express expenses, Covington is submitting the fee statement for the period covering February 1, 2010 through February 28, 2010, via Federal Express Overnight service together with Covington's Second Interim Fee Application. Because the hearing on the second interim fee applications will not be held until June, all parties will have nearly two months to lodge any objections.

reimbursements requested in each fee statement and the Second Application comply with the Guidelines.

7. No agreement or understanding exists between Covington and any person for a division of compensation or reimbursement received or to be received herein or in connection with the Debtors' chapter 11 cases.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 12, 2010.

/s/ Joshua D. McKarcher  
Joshua D. McKarcher, Esq.  
COVINGTON & BURLING LLP  
1201 Pennsylvania Avenue, NW  
Washington, DC 20004-2401  
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Facsimile: (202) 778-5223