UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In Re:	**)**	**Chapter 11**
	)	
SEA CONTAINERS LTD. et al.,	**)**	**Case No. 06-11156 (KJC)**
	)	
Debtors.	**)**	**Jointly Administered**

FEE AUDITOR'S FINAL REPORT REGARDING FIRST AND FINAL FEE APPLICATION OF TOWERS, PERRIN, FORSTER & CROSBY, INC., FOR THE FIRST AND FINAL PERIOD FROM OCTOBER 15, 2006 THROUGH APRIL 30, 2007

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the First and Final Fee Application of Towers, Perrin, Forster & Crosby, Inc. for the First and Final Application Periods[1] (the "Application").

BACKGROUND

1. Towers, Perrin, Forster & Crosby, Inc. ("Towers Perrin"), was retained as compensation consultants to the debtors. Towers Perrin was retained pursuant to an hourly rate basis and seeks interim and final approval of fees totaling $458,408.34[2],[3] for its services from October 15, 2006 through April 30, 2007 (the "Final Application Period").

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[1]Although the time frame presently before the Court is the 3rd Interim Period (April 1, 2007 through June 30, 2007), Towers Perrin has concluded its representation in this case. Further, as Towers Perrin has not filed any previous Applications, it has chosen to present its First and Final Fee Application at this time.

[2]The amount of fees requested is in United States Dollars. The amounts set forth in the Application are in British pounds and have been converted at the rate of 2.0275 USD per British pound, the conversion rate as of September 10, 2007.

[3]Towers Perrin is not seeking reimbursement for its expense disbursements.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Towers Perrin an initial report based on our review, and received a response from Towers Perrin, portions of which response are quoted herein.

DISCUSSION

3. We note that the Value Added Tax charged in this Application is £33,673.85 or $68,273.73.

4. We note that Towers Perrin filed its Application on or about September 11, 2007. Upon request, Towers Perrin provided supplemental fee detail information by e-mail on October 24, 2007 (attached hereto as Exhibit A).

5. We noted that the time billed in this application was "block billed," or kept in increments of one-quarter hour rather than in tenths of an hour. Pursuant to the Guidelines, Paragraph, II.D.5., "[t]ime entries should be kept contemporaneously with the services rendered in time periods of tenths of an hour. . ." We asked Towers Perrin to provide further explanation as to why time was kept in this manner and it responded as follows:

> Towers Perrin operates its time recording system to record time on a weekly basis. This protocol is consistent with the practice of compensation consultants. Consultants are required to record time against the appropriate client project on a weekly basis. Consultants book time in increments of 15 minutes against the appropriate project codes and then provide the client with an overview of the hours worked for each week. This is also common practice in the UK among compensation consultants. . . .

We note that there is authority for the proposition that fees should be reduced when they are not billed in tenths of an hour in accordance with the applicable local rule. See In re Sonicblue Incorporated, Nos. 03-51775, 03-51776, 03-51777, 03-51778, 2004 WL 856624, at *6 (Bankr.N.D.Cal. Feb. 25, 2004). See In re Isom, 1998 WL 356887, at *1 (Bankr.D.Minn. June 18, 1998) (court reduced billing time of plaintiff's counsel by 10% for failing to bill in increments of one-tenth of an hour). However, we note that Towers Perrin does not regularly appear in bankruptcy court, and, while we believe this issue is a close call, we do not recommend a reduction for this reason.

6. We noted in the Application, on the page entitled "Detailed breakdown of hours spent by week and activity - Alexis Kyriakou" the following time entries:

22-Nov	1.50	Meeting - review of 2nd draft incentive papers with Bob MacKenzie.
	17.75	Work on and revisions to Incentive Plan paper.
1-Dec	0.50	Conference call. Project update.
	9.75	Gathering data on performance values for Summary Board paper.
	10.00	Summary paper including revisions for Board meeting.
9-Jan	2.00	Meeting with Sea Containers. Discussed updated asset values, performance ranges and Value Creation Sharing Plan.
	19.75	Board meeting preparation including revisions to proposals
15-Jan	15.75	Board meeting preparation including revisions to proposals

We asked Towers Perrin to further explain these time entries and it responded as follows:

> To address your query on Alexis Kyriakou's time, Mr. Kyriakou billed 19.25 hours

to the SeaContainers project for the week of 20 November. It is not the case that Mr. Kyriakou spent 19.25 hours on one day, but rather that the time recording system has recorded that amount of time against the Sea Containers project code for that week. Where the detailed analysis shows time entries of half an hour or an hour, these reflect time that has been booked against particular dates where a review of his diary has shown there is a scheduled meeting on that day for a specified time. The level of hours spent by Mr. Kyriakou was required in the early part of the project to set up the parameters of the study. The project required very detailed work to draw up the scope of the extract of data from industry databases. This data was required to establish the framework for the analysis of the compensation structure and is very labor intensive.

We appreciate Towers Perrin's response and have no objection to these fees.

Prior Interim Applications

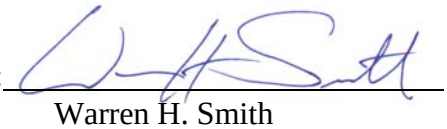
7. We note that there have been no previously filed Applications by Towers Perrin.

CONCLUSION

8. Thus we recommend approval of fees totaling $458,408.34 and expenses in the amount of $0.00 for Towers Perrin's services from October 15, 2006 through April 30, 2007.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 

Warren H. Smith
Texas State Bar No. 18757050

325 N. St. Paul, Suite 1275
Dallas, TX 75201
214-698-3868
214-722-0081 (fax)
whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First-Class United States mail to the attached service list on this 12th day of November, 2007.

Warren H. Smith

SERVICE LIST

The Applicant
Michael Busenkell
Eckert, Seamans, Cherin & Mellott, LLC
300 Delaware Avenue
Suite 1210
Wilmington, DE 19801

Barry D. Kleban
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

also served via e-mail:
mbusenkell@eckertseamans.com

Counsel to the Debtors
Robert S. Brady, Esq.
Edwin J. Harron, Esq.
Edmon L. Morton, Esq.
Sean T. Greecher, Esq.
Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, DE 19801

Counsel to the Debtors
Larry J. Nyhan, Esq.
James F. Conlan, Esq.
Jeffrey E. Bjork, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603

Accounting and Tax Advisor for the Debtors
Brian Lochead, Partner
PriceWaterhouseCoopers LLP
Plumtree Court
London EC4A 4HT
England

Nicole MacKenzie
PriceWaterhouseCoopers LLP
1420 5th Avenue, Suite 1900
Seattle, WA 98101

Special Bermuda Counsel to the Debtors
Jennifer Y. Fraser
Appleby Hunter Bailhache
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Special Counsel to the Debtors
James Gadsden, Esq.
Carter Ledyard & Milburn LLP
2 Wall Street
New York, NY 10005

Human Resources Consultants to the Debtors
David E. Brown
Company Secretary
Collinson Grant Limited
Ryecroft, Aviary Road
Worsley, Manchester M28 2WF
United Kingdom

Special Conflicts and Litigation Counsel for the Debtors
David L. Eaton, Esq.
David A. Agay, Esq.
Adam C. McNeely, Esq.
Kirkland & Ellis LLP
200 East Randolph Dr.
Chicago, IL 60601

Yosef J. Riemer, Esq.
Galia Messika, Esq.
Kirkland & Ellis, LLP
153 East 53rd St.
New York, NY 10022

Special Counsel for General Foreign Legal Matters to the Debtors
Mark J. Douglas
Beaufort House
Tenth Floor
15 St. Botolph Street
London EC3A 7EE
England

Counsel to the Official Committee of Unsecured Creditors
William H. Sudell, Jr., Esq.
Derek C. Abbott, Esq.
Thomas F. Driscoll III, Esq.
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899

Counsel to the Official Committee of Unsecured Creditors
David B. Stratton, Esq.
Evelyn J. Meltzer, Esq.
Pepper Hamilton LLP
Hercules Plaza, Suite 5100
1313 Market Street
Wilmington, DE 19801

Counsel for the Official Committee of Unsecured Creditors
Marc Abrams
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019

Counsel to the Official Committee of Unsecured Creditors
Scott Seamon
Bingham McCutchen LLP
399 Park Avenue
New York, NY 10022

Financial Advisor to the Official Committee of Unsecured Creditors
Christopher R. DiMauro
Houlihan Lokey Howard & Zukin
Capital, Inc.
1930 Century Park West
Los Angeles, CA 90067

Financial Advisor to the Official Committee of Unsecured Creditors
Gary Squires, Esq.
Kroll Limited
10 Fleet Place
London, EC4M 7RB
United Kingdom

Bermuda Counsel to the Official Committee of Unsecured Creditors
David W. Cooke, Esq.
R. J. Mayor, Esq.
Conyers Dill & Pearman
Clarendon House
2 Church Street, P.O. Box HM 666
Hamilton, HM CX,
Bermuda

United States Trustee
David L. Buchbinder, Esq.
Office of the United States Trustee
844 N. King Street, Room 2207
Lock Box 35
Wilmington, DE 19801

Exhibit A

(SUPPLEMENTAL FEE DETAIL)