

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: : **Chapter 11**
: :
SEA CONTAINERS LTD, et al.,¹ : **Case No. 06-11156 (JKC)**
: :
: **Jointly Administered**
: :
Debtors. : **Objection Deadline: November 18, 2008 at 4 p.m.**

**ELEVENTH MONTHLY APPLICATION OF
HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC.
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND FOR REIMBURSEMENT OF EXPENSES AS FINANCIAL ADVISOR
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
SEA CONTAINERS LTD ET AL. FOR THE PERIOD OF
AUGUST 1, 2008 THROUGH AUGUST 31, 2008**

Name of Applicant: Houlihan Lokey Howard & Zukin Capital, Inc.

Authorized to Provide Professional Services to: Official Committee of Unsecured Creditors of Sea Containers Ltd. et al. (the "Official Committee of Unsecured Creditors")

Date of Retention: February 13, 2007, *nunc pro tunc* to October 26, 2006

Period for which compensation and reimbursement are sought: August 1, 2008 through August 31, 2008

Amount of Compensation sought as actual, reasonable, and necessary: \$120,000 (80% of \$150,000)

Amount of Expense Reimbursement sought as actual, reasonable, and necessary: \$131.80

This is a(n): interim final application

No time was expended in preparation of this Application during the period covered by this Application.

¹ The Debtors are Sea Containers Caribbean Inc., Sea Containers Ltd. and Sea Containers Services Ltd.

If this is not the first Monthly Fee Statement filed, disclose the following for each prior application:

<u>Date Application Filed</u>	<u>Period Covered</u>	<u>Requested Fees (80%) /Expenses (100%)</u>	<u>Approved Fees (80%) /Expenses (100%)</u>
4/3/07 [487] 8/30/07 [974]* <i>Revised</i>	October 26, 2006 through February 25, 2007	\$437,032.26/ 0.00	\$437,032.26/ 0.00
8/30/07 [975]	February 26, 2007 through July 25, 2007	\$600,000.00/ \$132,182.16	\$600,000.00/ \$110,201.54*
4/1/08 [1615]	July 26, 2007 through December 31, 2007	\$623,823.75/ \$70,597.94	\$623,823.75/ \$48,203.99*
4/1/08 [1616]	January 1, 2008 through January 31, 2008	\$120,000.00/ \$26,377.26	\$120,000.00/ \$22,071.75*
4/1/08 [1617]	February 1, 2008 through February 28, 2008	\$120,000.00/ \$4,262.01	\$120,000.00/ \$4,262.01
5/19/08 [1798]	March 1, 2008 through March 31, 2008	\$120,000.00/ \$22,166.40	\$120,000.00/ \$22,166.40
6/3/08 [1881]	April 1, 2008 through April 30, 2008	\$120,000.00/ \$ 771.77	Court Order Pending
10/28/08 [2280]	May 1, 2008 through May 31, 2008	\$120,000.00/ \$8,591.63	Court Order Pending
10/29/08 [2283]	June 1, 2008 through June 30, 2008	\$120,000.00/ \$10,792.87	Court Order Pending
10/28/08 [2284]	July 1, 2008 through July 31, 2008	\$120,000.00/ \$432.39	Court Order Pending

* Denotes expense reduction

EXPENSE SUMMARY

SEA CONTAINERS LTD., et al.

August 1, 2008 through August 31, 2008

Ground Transportation	\$	57.48
Research	\$	5.90
Telephone Charges	\$	68.42
		<hr/>
Total	\$	131.80

Houlihan Lokey Howard & Zukin Capital (“Houlihan Lokey”), as financial advisor to the Official Committee of Unsecured Creditors (the “Committee”), hereby submits its application for compensation and reimbursement of expenses (the “Application”) pursuant to sections 328(a), 330(a), 504 and 1103(a) of title 11 of the United States Code (as amended, the “Bankruptcy Code”) and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Federal Bankruptcy Rules”), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Bankruptcy Rules” and, together with the Federal Bankruptcy Rules, the “Bankruptcy Rules”) and the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals Pursuant to 11 U.S.C. §§ 105(a) AND 331 [Docket No. 46] (the “Motion”). Houlihan Lokey’s Application seeks compensation for financial advisory services performed and expenses incurred during the period commencing August 1, 2008 through August 31, 2008 (the “Application Period”).

By this Application, Houlihan Lokey moves this Court for an Order approving interim compensation in the amount of \$150,000 and reimbursement of actual reasonable and necessary out-of-pocket expenses of \$131.80. Total compensation and expense reimbursement being requested for this Application Period is \$120,131.80, of which \$120,131.80 remains unpaid.

Pursuant to Local Rule 2016-2(f), this Application is supported by the Certification of Christopher R. DiMauro, which is annexed hereto as Exhibit A. In support of this Application, Houlihan Lokey states as follows.

Background

1. On October 15, 2006 (the "Petition Date"), Sea Containers Ltd, Sea Containers Caribbean Inc. and Sea Containers Services Ltd. (collectively the "Debtors") filed voluntary petitions for relief under the Bankruptcy Code. The Bankruptcy Cases have been procedurally consolidated for administrative purposes.

2. One Debtor, Sea Containers Ltd., also filed a parallel "light-touch" petition in Bermuda, pursuant to which joint provisional liquidators were appointed for the purpose of monitoring the Bankruptcy Cases.

3. The Debtors are continuing in possession of their property and are operating and managing their businesses as debtors in possession, pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

4. On October 26, 2006, the United States Trustee for Region 3 (the "U.S. Trustee"), pursuant to section 1102(a) of the Bankruptcy Code, appointed that certain committee of unsecured creditors (the "Official Committee") to represent the interests of the Debtors' unsecured creditors in the Sea Containers Bankruptcy Cases².

5. On December 19, 2006, Warren H. Smith & Associates was appointed as the Fee Examiner in the Sea Containers Bankruptcy Cases.

Jurisdiction and Venue

²The committee members appointed were: The Bank of New York, Dune Capital Management LP, HSH Nordbank AG, Mariner Investment Group, Inc., the Sea Containers 1983 Pension Scheme, the Sea Containers 1990 Pension Scheme and Trilogy Capital LLC.

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

Terms And Conditions Of Compensation Of Houlihan Lokey

7. On January 12, 2007, The Committee sought an order approving the Committee's employment and retention of Houlihan Lokey Howard & Zukin Capital, Inc. [Docket No. 253] (the "Retention Application").

8. On February 13, 2007, the Court entered a Final Order Approving the Employment of Houlihan Lokey Howard & Zukin Capital, Inc., By Counsel for the Official Committee of Unsecured Creditors Nunc Pro Tunc From October 26, 2007 [Docket No. 332] (attached hereto as Exhibit B and referred to as the "Retention Order").

9. The terms and conditions of Houlihan Lokey's engagement in these cases, which are embodied in the Retention Application and approved by the Court, are based upon Houlihan Lokey's retainer agreement with the Committee of October 26, 2006 (the "Retainer Agreement"), a copy of which is annexed hereto as Exhibit C. Pursuant to the Retainer Agreement, the Committee agreed to compensate Houlihan Lokey monthly fees of \$150,000 per month, plus a deferred fee (as defined in paragraph 4 of the Retainer Agreement, as modified by the Court's Retention Order).

10. In addition, the Retainer Agreement entitled Houlihan Lokey to receive reimbursement of all actual, reasonable and necessary out-of-pocket expenses.

11. As detailed in the Retention Application, the terms of the Retainer Agreement were comparable to the terms of Houlihan Lokey and other financial advisors and investment

bankers agreed-upon in similar engagements, both in, and outside of bankruptcy. Moreover, these terms, including the payment of monthly retainer fees, were not only similar to those routinely approved by the courts within this District, but were expressly contemplated by the Bankruptcy Code.

12. Subject to Bankruptcy Court approval, Houlihan Lokey seeks payment for compensation, plus reimbursement of actual, reasonable and necessary out-of-pocket expenses incurred by Houlihan Lokey during this Application Period.

13. By this Application, Houlihan Lokey requests that this Court authorize: (a) interim allowance of compensation for professional services Houlihan Lokey rendered during the Application Period for the Committee in the amount of \$150,000 and (b) the reimbursement of actual and necessary expenses Houlihan Lokey incurred in connection with the rendition of such professional services for the Committee in the amount of \$131.80.

Summary Of Services Provided By Houlihan Lokey

14. Since October 26, 2006, Houlihan Lokey has worked diligently on the matters for which it was engaged, and, as a result, has become uniquely situated to increase the likelihood of a successful Restructuring. The Official Committee has chosen Houlihan Lokey to act as the Official Committee's Financial Advisor post-petition because Houlihan Lokey has substantial expertise in financial restructuring, and is well qualified to perform these services.

15. Houlihan Lokey has specific experience with the Debtors. In fact, prior to the filing of the Debtors' Chapter 11 cases, Houlihan Lokey was retained as special financial advisor to the ad hoc committee (the "Ad Hoc Committee") of holders of public debt securities (the "Public Debt") issued by Sea Containers, Ltd. (the "Company"), to wit, the Company's 10¼%

Senior Notes due 2006, 7⅞% Senior Notes due 2008, 12½% Senior Notes due 2009 and 10½% Senior Notes due 2012. During the course of its activities on behalf of the Ad Hoc Committee, Houlihan Lokey worked with the Official Committee's proposed counsel, Bingham, to among other things, review and analyze the Debtors' financial condition, business operations, financial projections and business plan in order to negotiate with the Debtors on behalf of the Ad Hoc Committee regarding a proposed restructuring of the Public Debt and the Company's other indebtedness. As such, Houlihan Lokey is already very familiar with the Debtors' financial and operational situation, material constituencies, and issues requiring resolution in order to reorganize.

16. Houlihan Lokey is an international investment banking/financial advisory firm, with thirteen offices worldwide and more than 800 employees. Houlihan Lokey provides corporate finance and financial advisory services, as well as execution capabilities, in a variety of areas, including financial restructuring. Houlihan Lokey is one of the leading advisors and investment bankers to troubled companies, both inside and outside of bankruptcy, as well as to their bondholders, banks, other secured and unsecured creditors, Official Creditor Committees, acquirers, equity sponsors and other parties-in-interest involved with financially challenged companies. Houlihan Lokey's Financial Restructuring Group has over 110 professionals worldwide dedicated to providing restructuring and other financial advisory services. Houlihan Lokey's Financial Restructuring Group has advised on over 400 transactions, valued in excess of \$200 billion, over the past thirteen years.

17. During the Application Period, although a number of professionals have worked on this engagement, the following professionals in Houlihan Lokey's Los Angeles and London

offices have performed substantial services to the Committee in these cases (bios of the following professionals are annexed hereto as Exhibit D):

Christopher R. DiMauro - Managing Director (LA)
Peter Marshall – Managing Director (LO)
Manuel Martinez-Fidalgo – Vice President (LO)
Todd Hanson – Associate (LA)
Joshua LeBrun – Financial Analyst (LA)

18. **The vast majority of Houlihan Lokey’s work on behalf of the Official Committee of Unsecured Creditors of Sea Containers Ltd. (the “Committee”) during the Application Period involved seven significant categories of work, which included:**

- (a) Evaluating the assets and liabilities of the Debtors;
- (b) Analyzing the financial and operating statements of the Debtors;
- (c) Evaluating the Debtors’ near term liquidity, including all available financing alternatives;
- (d) Evaluating debtor-in-possession financing, and exit financing options in connection with any plan of reorganization and any budgets relating thereto;
- (e) Assessing the financial issues and options concerning the numerous asset sales of the Debtors;
- (f) Evaluate quantum impact of potential pension claims at various Debtor and non-Debtor entities; and
- (g) Providing such specific valuation or other financial analyses as the Committee has required in connection with the cases.

(a) **Evaluating the assets and liabilities of the Debtors.** Houlihan Lokey expended significant effort performing ongoing due diligence on the Debtors’ portfolio of assets and corresponding liabilities. Houlihan Lokey reviewed the Debtors’ prior financing practices

and liabilities associated with the Debtors' major assets. Such reviews included a detailed analysis of available financial information. In addition, Houlihan Lokey conducted extensive diligence on the Debtors' intercompany transactions and liabilities. Telephonic diligence was performed, reviewing various relationships among the Debtors' estates, and their implications for creditor recoveries.

(b) Analyzing the financial and operating statements of the Debtors.

Throughout the Application Period, Houlihan Lokey performed periodic reviews of the Debtors' financial and operating statements, both public and non-public. In connection with monitoring the Debtors' various assets and liabilities, Houlihan Lokey spent considerable time reviewing entity level balance sheets. Houlihan Lokey also reviewed extensive documentation, including monthly operating reports and cash flow forecasts. In addition, operating statements for the Debtors various subsidiaries were also reviewed to facilitate an understanding of cash needs. Finally, documentation of the Debtors' intercompany transactions was reviewed, along with historical entity-level financial statements. Such reviews were part of a comprehensive review of intercompany issues among the Debtors.

(c) Evaluating the Debtors' near term liquidity, including all available

financing alternatives. Prior to, and throughout the Application Period, Houlihan Lokey met with the Debtors' advisors and senior management to evaluate the Debtors' strategic alternatives. Houlihan Lokey conducted comprehensive reviews of the Debtors' near-term and longer-term funding needs, and had discussions with potential sources of new capital. Throughout the Application Period, Houlihan Lokey evaluated the Debtors' historical and projected cash flows, including both operating cash flows and planned asset sales. Houlihan Lokey regularly monitored and performed due diligence on the Debtors' cash flow projections. Houlihan Lokey

also constructed liquidation and recovery models for the Debtors and analyzed post petition capital structures and analyzed the Debtors' cash flow forecasts, potential pension claims, projected proceeds from various asset sales, among over items.

(d) Evaluating debtor-in-possession financing and exit financing options in connection with any plan of reorganization and various analyses relating thereto. Houlihan Lokey continually monitored the Debtors' liquidity needs and explored various exit financing alternatives with the Debtors and third parties.

(e) Assessing the financial issues and options concerning the numerous asset sales of the Debtors. Throughout the Application Period, Houlihan Lokey conducted due diligence on certain of the Debtors' subsidiaries determined by the Debtors to be held for sale, including the review and analysis of such entities' organizational structure, debt obligations, financial condition, general operations, competitive environment, and historical and projected financial results. Houlihan Lokey participated in regular calls with the Debtors' advisors and management to review expected timing and economics of asset sales. Considerable time and effort was expended reviewing and negotiating the terms of significant asset sales. In connection with each asset sale, Houlihan Lokey evaluated the marketing process and evaluated the adequacy of proposed consideration and other key deal terms. In addition, Houlihan Lokey evaluated potential strategic alternatives that could be pursued to maximize value for the Debtors' estate.

(f) Evaluate quantum impact of potential pension claims at various Debtor and non-Debtor entities. Due diligence on the potential pension claims at certain of the Debtors and certain of the Debtors' subsidiaries, including the review of actuarial valuation reports summarizing the 1983 and 1990 Pension Schemes created by Mercer Human Resources

Consulting, implications of intercompany balances at operating subsidiaries, presentations provided to the Pensions Regulator, correspondence with the pension scheme trustees and the Pension Regulator, etc and development of various presentations provided to the Official Committee of Unsecured Creditors summarizing the aforementioned due diligence activities.

(g) **Providing such specific valuation or other financial analyses as the Committee has required in connection with the cases.** Houlihan Lokey expended significant time and effort (both in-person and via conference calls) meeting the due diligence requirements of the Committee. Houlihan Lokey provided the Committee with ongoing reviews of the Debtors' assets and liabilities and an assessment of consideration received via asset sales. Houlihan Lokey regularly evaluated strategic alternatives available to the Committee. Finally, Houlihan Lokey conducted meetings via conference call with parties-in-interest to provide periodic situational updates.

19. Houlihan Lokey has also coordinated any such services performed at the Committee's request with services of any other advisors and counsel, as appropriate, in an effort to avoid duplication of effort.

20. Pursuant to the Retention Order, Houlihan Lokey is required to maintain time detail in half-hour increments in connection with the services to be rendered pursuant to the Engagement Agreement.

Houlihan Lokey's Application

21. The professional services and related expenses that are the subject of Houlihan Lokey's Application were rendered and incurred in connection with these cases, and in discharge of Houlihan Lokey's professional responsibilities as financial advisor for the Committee in this

chapter 11 case. Houlihan Lokey's services have been substantial, necessary, and beneficial to the Committee and other parties in interest. Houlihan Lokey believes that the fees and expenses requested by this Application are reasonable and necessary given the variety and complexity of the issues involved in this case and the need to act or respond on an expedited basis to those issues - and are contemplated by the Bankruptcy Code and this Court's Retention Order.

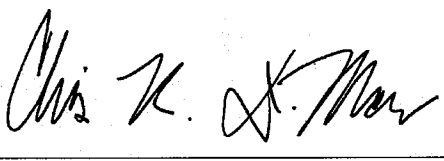
22. All requested expenses are in compliance with Local Rule Number 2016-2. Houlihan Lokey has maintained detailed records of actual and necessary expenses incurred during the Application Period.

23. Houlihan Lokey requests allowance of compensation in the amount of \$150,000 for financial advisory services rendered during the Application Period and seeks reimbursement of actual, reasonable and necessary out-of-pocket expenses during the same period in the amount of \$131.80. Fee and expense detail is outlined in Exhibit E attached hereto. Total compensation and expense reimbursement being requested for this Application Period is \$120,131.80, of which, \$120,131.80 remains unpaid.

WHEREFORE, Houlihan Lokey requests that the Court enter an order providing that, for the period of August 1, 2008 through August 31, 2008, an interim allowance be made to Houlihan Lokey for: (a) compensation for financial advisory services rendered to the Committee during the Application Period in the amount of \$150,000 for professional services rendered, (b) reimbursement of actual, reasonable and necessary expenses of \$131.80, and (c) authorizing and directing the Debtors to pay (i) to Houlihan Lokey the amount of \$120,000 which is equal to the sum of 80% of Houlihan Lokey's allowed interim compensation and 100%, of Houlihan Lokey's allowed expense reimbursement of \$131.80, and (d) granting any such and further relief as the Court may deem proper.

Dated: October 27, 2008
Los Angeles, California

HOULIHAN LOKEY HOWARD & ZUKIN
CAPITAL

By: 

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Financial Advisor to the Official Committee
of Unsecured Creditors of Sea Containers
Ltd.