

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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

**FEE AUDITOR'S FINAL REPORT REGARDING
INTERIM FEE APPLICATION OF REED SMITH RICHARDS BUTLER LLP
FOR THE EIGHTH INTERIM PERIOD**

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 Fee Application of Reed Smith Richards Butler LLP for the Eighth Interim Period (the "Application").

BACKGROUND

1. Reed Smith Richards Butler LLP ("Reed") was retained as Special Counsel for general foreign legal matters to the debtors. In the Application, Reed seeks approval of fees totaling \$22,531.72¹ and costs totaling \$597.79 for its services from July 1, 2008 through September 30, 2008 (the "Application Period").

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 Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended

¹We note that the Application shows billings in British Pound Sterling. We further note that Reed used the exchange rate of \$1.837 for the compensation and expenses sought in its July, 2008 application; \$1.8432 for the compensation and expenses sought in its August, 2008 application; and \$1.5420 for the compensation and expenses sought in its September, 2008 application.

Effective February 1, 2009, 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 Reed an initial report based on our review, and received a response from Reed, portions of which response are quoted herein.

DISCUSSION

3. We noted that Reed billed a total of 41.90 hours and total fees of \$22,531.72 during the Application Period. We further noted, that Reed billed 19.9 hours and total fees of \$9,697.80 during the Application Period to the "Fee Applications in Chapter 11 cases" category. Thus, it appears that approximately 43% of the fees requested during the Application Period were due to fee application preparation. Lastly, we noted that Reed has billed a total of \$2,088,845.25 in fees since the inception of the case (October, 2006 through September, 2008). During this same time frame, Reed has billed a total of \$119,672.14 in fees for its fee application preparation, which is approximately 6.0% of its total fees. Normally, 5% of the total fee application is considered an acceptable benchmark for preparation of fee applications. We asked Reed to provide further explanation regarding these fees and it responded:

Further to our conversation just now regarding the Eighth Interim Period, we agree to a USD 7,614.95 reduction of fees on our file "Fee Applications in Chapter 11 Cases" for the Application Period.

We appreciate Reed's response and accept its offer of reduction, which will reduce its aggregate fee application preparation fees to 5% of its total fees in the case. Thus, we recommend a reduction of \$7,614.95 in fees.

CONCLUSION

4. Thus we recommend approval of fees totaling \$14,916.77 (\$22,531.72 minus \$7,614.95) and expenses in the amount of \$597.79 for Reed's services from July 1, 2008 through September 30, 2008.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 


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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served via First-Class United States mail to the attached service list on this 25th day of February, 2009.


Warren H. Smith

SERVICE LIST

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