

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:)
) Chapter 11
) Case Nos. 00-4397 (JHW)
LERNOUT & HAUSPIE SPEECH)
PRODUCTS N.V., et al.,) through 00-4399 (JHW)
) Jointly Administered
)
Debtors.)
)
)
)
)

FOURTH AND FINAL APPLICATION OF WILLIAM M. MERCER, INCORPORATED,
AN APPROVED ORDINARY COURSE PROFESSIONAL PROVIDING
BENEFIT CONSULTING SERVICES TO THE DEBTORS, FOR APPROVAL OF PAYMENT OF
COMPENSATION IN EXCESS OF \$100,000 IN THE AGGREGATE FOR
DECEMBER 2001 AND JANUARY THROUGH MARCH 27, 2002

Name of Applicant: William M. Mercer, Incorporated

Authorized to Provide
Professional Services to: Dictaphone

Date of Retention: Order dated December 20, 2000

Period for which compensation and
reimbursement sought: December 2001 and January through March 27, 2002

Amount of compensation sought
as actual, reasonable and necessary: \$133,962.14

Amount of expense reimbursement
sought as actual reasonable and necessary: See Attachment B

This is an interim application. No

**FEE APPLICATION
ATTACHMENT B**

Time and Compensation Breakdown

<u>Name of Professional Person</u>	<u>Position/Title</u>	<u>Hourly Billing Rate¹</u>	<u>Total Billed Hours</u>	<u>Total Compensation</u>
Alpert, Steve	Principal	\$ 500.00	2.75	\$ 1,375.00
Alsbaugh, Laura	Associate	\$ 340.00	2.50	\$ 850.00
Blake, Stacey	Actuarial Analyst	\$ 163.78	32.75	\$ 5,363.75
Britt, Seamus	Consultant	\$ 180.00	1.00	\$ 180.00
Butterfield, Keith	Consultant	\$ 310.00	0.50	\$ 155.00
Corporon, John	Actuarial Analyst	\$ 239.41	33.75	\$ 8,080.00
Dalzell, Laura	Actuarial Analyst	\$ 195.00	40.00	\$ 7,800.00
Fairbanks, Brian	Actuarial Analyst	\$ 240.00	0.50	\$ 120.00
Grace, Valerie	Principal	\$ 475.00	0.50	\$ 237.50
Hanrahan, Mark	Principal	\$ 500.00	0.75	\$ 375.00
Labonowski, Amy	Associate	\$ 293.75	4.00	\$ 1,175.00
Larsen, Marie	Associate	\$ 398.26	66.00	\$ 26,285.00
Levin, Rachel	Senior Analyst	\$ 195.00	17.50	\$ 3,412.50
Malafis, Kelly	Associate	\$ 325.00	21.75	\$ 7,068.75
McGale, Yves	Principal	\$ 550.00	29.75	\$ 16,362.50
Mehta, Kunal	Actuarial Analyst	\$ 170.00	47.00	\$ 7,990.00
Menti, Janet	Principal	\$ 456.15	13.00	\$ 5,930.00
Mitchell, Alan	Consultant	\$ 195.00	13.50	\$ 2,632.50
Norville, Lana	Consultant	\$ 185.00	13.50	\$ 2,497.50
Saxton, Peter	Actuarial Analyst	\$ 205.00	74.25	\$ 15,221.25
Shah, Vishul	Principal	\$ 429.62	39.00	\$ 16,755.00
Shapiro, Evan	Associate	\$ 339.67	97.50	\$ 33,117.50
Silverman, Carol	Principal	\$ 575.00	1.00	\$ 575.00
Tauber, Yale	Principal	\$ 625.00	1.75	\$ 1,093.75
Tobin, LeAnn	Principal	\$ 470.07	17.75	\$ 8,343.75
Todor, Monika	Senior Analyst	\$ 195.00	20.00	\$ 3,900.00
Tucker, Scott	Principal	\$ 450.00	0.50	\$ 225.00
TOTAL			592.75	\$177,121.25
BLENDDED RATE²		\$298.81		

Compensation by Project Category

<u>Project Category</u>	<u>Total Hours</u>	<u>Total Fees</u>
B220 - Employee Benefits/Pensions	592.75	\$177,121.25

¹ This is an average rate for the covered four-month period, as rates for several individuals were adjusted during that time.

² Equals "Total Compensation"/"Total Billed Hours".

Expense Summary

<u>Expense Category</u>	<u>Service Provider (if applicable)</u>	<u>Total Expenses</u>
Computer-Assisted Legal Research ³		\$1,122.00
Courier & Express Carriers	Fed Ex, UPS	\$17.30
TOTAL		\$1,139.30

This fourth and final application for compensation and expenses of William M. Mercer, Incorporated ("Mercer", and now known as Mercer Human Resource Consulting, Inc.), employee benefits consultant to the Debtor, is submitted for compensation for services rendered and reimbursement for expenses pursuant to this Court's December 20, 2000 Order, under 11 U.S.C. §§ 105 and 327 and Fed.R.Bankr. P. 2014, Authorizing Retention and Employment of Professionals Utilized in Ordinary Course of Business ("the Order") which requires that "...in order to receive compensation in excess of \$35,000 per quarter or \$100,000 in the aggregate during the pendency of these cases, such Professional must file a fee application as required by the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any order entered by the Court in these cases applying for such compensation or fees and/or reimbursement of expenses" (Order at pg. 2). On or about January 17, 2001, in accordance with the Order, Mercer filed an Affidavit pursuant to 327(e) of the Code. Mercer has now exceeded the \$100,000 threshold.

In accordance with the Order, Mercer states as follows:

1. Mercer helps clients identify the objectives for their retirement programs and develop strategies to achieve those objectives. Corporate reorganization, changing demographics and market volatility, as well as legislative changes, may result in the need for companies to reevaluate the effectiveness of their retirement program periodically. Mercer provides companies with the actuarial analysis needed to fund, report, and measure the liabilities of their retirement program.

2. Mercer helps companies align their funding objectives with their corporate objectives, provide information required by FASB, IRS and DOL and ensure ongoing compliance with complex rules that regulate the funding and accounting for retirement benefits.

³ Identified as "WRG IC Charge" (Washington Research Group) on Exhibit B.

3. Additionally, Mercer provides specialized services to monitor the funding of the retirement program assets to ensure adequacy for meeting plan liabilities. This work may include investment policy development/asset allocation, asset and liability modeling, manager search and evaluation, and performance evaluation.

4. Mercer has been continuously engaged by Dictaphone since 1995 (prior to its acquisition by Debtor), and was actively engaged by Dictaphone at the time of Debtor's voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. During this time, Mercer has been providing the services identified in paragraphs 1 through 3 and other employee benefit consulting services to the Debtor and to various employee benefit plans sponsored by the Debtor. Among the post-petition services Mercer has been providing to the Debtor are actuarial valuation of pension and retiree medical plans (including non-discrimination testing), plan administration, preparation of government and government-related filings (Pension Benefit Guaranty Corporation, Internal Revenue Service, Social Security Administration, Financial Accounting Standards Board, etc.) and related coordination of same, accounting services and investment consulting.⁴

5. Mercer's post-petition engagement has been as an approved ordinary course professional, during which time it has generally continued the billing and invoicing procedures that it had earlier followed. Those billing procedures included, and continue to include, the submission to Debtor of monthly and occasional special invoices which include a summary breakdown of services provided. The invoices for December 2001 and January through March 2002, which contain activity descriptions and which were submitted to the Debtor, are attached hereto as Exhibit A. Also attached hereto, as Exhibit B, are copies of Mercer's "Client Activity Detail by Activity" reports for the four months at issue. These reports indicate by professional and by task the services provided by Mercer in greater detail. They represent the supporting documents from which the invoices are compiled.

6. At Debtor's request, for January 2002 Mercer submitted a special invoice which pre-billed \$42,000.00 for valuation work (the entirety of which was attributable to the Trust, see paragraph 9 below.) This amount was adjusted out of the February and March invoices. In March, Mercer submitted an invoice for \$13,453 for services that, when initially contemplated, were anticipated to be paid by Pitney

⁴ A number of these same services were being provided to the Debtor pre-petition as well.

Bowes, but which were later determined by Debtors to be attributable to them. Also in March, a special invoice was submitted for two discreet projects, total overhang dilution review and CEO compensation review. These invoices are all included in Exhibit A.

7. In addition to the services reflected on the Client Activity Detail reports, Mercer charges a flat fee to Dictaphone of \$26,400.00 per year (\$2,200.00 per month) for asset consulting work, which, among other things, includes preparation of quarterly investment management reports. This fee is reflected on Attachment A to each invoice as the \$2,200.00 "Asset consulting" fee.

8. For the four months covered by this Application, the total pre-tax invoice amount (\$223,971.00) is \$2,482.31 greater than the total amount indicated on the Client Activity Detail reports (\$221,488.69.) This difference is due to the fact that, although Mercer records, on a monthly basis, the time spent on asset consulting work in the Client Activity Detail reports, such work is paid for on an annual flat fee basis in equal monthly installments, as detailed in paragraph 7 above.

9. During the post-petition period, the Debtor has been responsible for determining which of the Mercer charges are payable directly by the employee benefit plans sponsored by the Debtor ("Trust charges") and which charges are payable by the Debtor ("non-Trust charges"). Debtor makes this determination subsequent to its receipt of an invoice, and simply conveys to Mercer the dollar amount that it attributes to the Trust and the dollar amount it attributes to the Debtor.

10. Since the Debtor is only responsible for the payment of non-Trust charges, this Application seeks only the payment of those charges. As such, the amounts sought here are significantly less than those set out in the invoices and the Client Activity Detail reports; with this and previous Applications Mercer has endeavored to detail all services provided to the Debtor, both Trust and non-Trust.

11. For the four months that are the subject of this Application, Mercer invoiced non-Trust related fees and expenses totaling \$133,962.14, as determined by the Debtor. (The total amount invoiced for this period, as indicated in Exhibit A, is \$228,124.14.)

12. As of the filing of this application, Mercer has received payments of \$27,413 on the non-Trust portions of the subject invoices.

13. Mercer has reviewed the requirements of Local Rule 2016-2 and to the best of its knowledge and ability, within the structure of its existing invoicing procedures, believes it has complied with said Rule in this Fourth Application.

14. WHEREFORE, Mercer respectfully requests that this Court enter an order in the form filed herewith (i) awarding it \$133,962.14 for reimbursement of fees and expenses incurred during December 2001 in connection with its retention by Debtor as an approved ordinary course professional, (ii) authorizing and directing Debtors to pay Mercer \$133,962.14 less \$27,413.00 plus any additional portion thereof that may have been paid at the time the order is entered, and (iii) granting such other and further relief as this Court deems just and proper.

Dated: New York, NY
May 24, 2002

WILLIAM M. MERCER, INCORPORATED

/s/

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