

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

<b>In re:</b>	:	<b>Jointly Administered</b>
	:	<b>Case No. 99-1244 (PJW)</b>
	:	<b>Hearing Date: May 10, 2002 at</b>
	:	<b>2:00 p.m.</b>
<b>THE LOEWEN GROUP INTERNATIONAL, INC; a Delaware Corporation, <u>et al</u>; Debtors.</b>	:	<b>Chapter 11</b>

**FINAL APPLICATION OF ZOLFO COOPER, LLC AS SPECIAL FINANCIAL  
ADVISORS AND BANKRUPTCY CONSULTANTS FOR THE DEBTORS AND  
DEBTORS IN POSSESSION FOR ALLOWANCE OF INTERIM COMPENSATION  
FOR ACTUAL AND NECESSARY SERVICES RENDERED AND FOR  
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED  
(FOR THE PERIOD SEPTEMBER 8, 1999 THROUGH DECEMBER 31, 2001)**

Name of Applicant:	Zolfo Cooper, LLC
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	September 8, 1999, Nunc Pro Tunc
Period for which compensation and reimbursement is sought:	September 8, 1999 - December 31, 2001
Amount of compensation sought as actual, reasonable and necessary:	\$3,393,205.00
Amount of reimbursement sought as actual, reasonable and necessary:	\$403,478.58
This is an Interim <input type="checkbox"/>	Final Application <input checked="" type="checkbox"/>

The total time expended for the preparation of this application is not reflected in this application.

Prior Interim Monthly Applications Filed:

Date Application Filed	Period Covered	Docket No.	Amount Requested		Method of Approval for Payment	Amount Paid		Balance Due
			Fees	Expenses		Fees	Expenses	
11/29/1999	9/8/99-10/31/99	2750	338,198.50	55,529.78	Order D.I. 3669	338,198.50	55,529.78	0.00
12/28/1999	11/1/99-11/30/99	2928	218,742.50	29,710.37	Order D.I. 3670	218,742.50	29,710.37	0.00
2/7/2000	12/1/99-12/31/99	3148	202,087.00	17,734.31	Order D.I. 3362	202,087.00	17,734.31	0.00
2/25/2000	1/1/00-1/31/00	3278	206,400.00	19,816.24	Order D.I. 4790	206,400.00	19,816.24	0.00
3/22/2000	2/1/00-2/29/00	3419	91,387.00	14,794.55	Order D.I. 4793	91,387.00	14,794.55	0.00
4/25/2000	3/1/00-3/31/00	3633	102,777.00	12,012.75	Order D.I. 4905	102,777.00	12,012.75	0.00
5/22/2000	4/1/00-4/30/00	3772	193,379.00	26,187.42	Order D.I. 4904	193,379.00	26,187.42	0.00
6/29/2000	5/1/00-5/31/00	4723	228,043.00	38,528.20	Order D.I. 5508	228,043.00	38,528.20	0.00
7/31/2000	6/1/00-6/30/00	4841	205,333.50	28,436.12	CNO D.I. 5009	164,266.80	28,436.12	41,066.70
8/28/2000	7/1/00-7/31/00	4993	248,835.00	20,619.82	CNO D.I. 5150	199,068.00	20,619.82	49,767.00
9/27/2000	8/1/00-8/31/00	5272	242,397.50	25,382.81	CNO D.I. 5568	193,918.00	25,382.81	48,479.50
10/25/2000	9/1/00-9/30/00	5541	202,395.00	24,413.50	CNO D.I. 5787	161,916.00	24,413.50	40,479.00
11/27/2000	10/1/00-10/31/00	5771	201,452.50	25,664.07	CNO D.I. 6034	161,162.00	25,664.07	40,290.50
12/20/2000	11/1/00-11/30/00	5915	184,082.50	22,052.99	Order D.I. 8832	184,082.50	22,052.99	0.00
1/31/2001	12/1/00-12/31/00	6347	111,902.50	12,484.10	Order D.I. 8832	111,902.50	12,484.10	0.00
2/28/2001	1/1/01-1/31/01	6522	72,032.50	10,827.70	Order D.I. 8832	72,032.50	10,827.70	0.00
3/21/2001	2/1/01-2/28/01	6713	36,380.00	2,136.98	Order D.I. 8832	36,380.00	2,136.98	0.00
4/23/2001	3/1/01-3/31/01	6843	48,215.00	7,635.40	Order D.I. 8832	48,215.00	7,635.40	0.00
5/25/2001	4/1/01-4/30/01	7074	35,815.00	511.81	Order D.I. 8832	35,815.00	511.81	0.00
6/28/2001	5/1/01-5/31/01	7279	51,240.00	1,002.02	CNO D.I. 9059	40,992.00	1,002.02	10,248.00
7/25/2001	6/1/01-6/30/01	7486	7,075.00	1,480.80	CNO D.I. 7773	5,660.00	1,480.80	1,415.00
8/27/2001	7/1/01-7/31/01	7815	13,740.00	54.84	CNO D.I. 8006	10,992.00	54.84	2,748.00
9/28/2001	8/1/01-8/31/01	8062	72,250.00	1,644.01	CNO D.I. 8582	57,800.00	1,644.01	14,450.00
10/30/2001	9/1/01-9/30/01	8396	16,807.50	630.74	CNO D.I. 8584	13,446.00	630.74	3,361.50
11/28/2001	10/1/01-10/31/01	8589	15,997.50	212.20	CNO D.I. 8786	12,798.00	212.20	3,199.50
12/22/2001	11/1/01-11/30/01	8765	42,932.50	3,793.91	CNO D.I. 8891	0.00	0.00	46,726.41
2/4/2002	12/1/01-12/31/01	8996	3,307.50	181.14		0.00	0.00	3,488.64
Total			\$3,393,205.00	\$403,478.58		\$3,091,460.30	\$399,503.53	\$305,719.75

Total Hours & Fees by Professional for the Application Period  
(September 8, 1999 through December 31, 2001)

Name of Professional	Position with Zolfo Cooper	Years of Experience	Hourly Billing Rate	Hours Billed	Total
S. Cooper	Managing Partner	30	\$425/450 415/425/475/	123.6	\$53,870.00
L. LoBiondo	Partner	21	525/575	676.0	301,292.00
N. Lavin	Partner	28	395 375/385/400/	0.5	197.50
C. Conners	Associate	25	425/450 285/300/350/	2,410.6	942,883.50
B. Bingham	Associate	25	375	2,047.1	645,874.00
K. Littmann	Associate	21	300	676.3	202,890.00
K. Musico	Associate	11	265/285/300	2,666.4	766,499.50
D. Lorenzo	Associate	16	250	316.6	79,150.00
M. Cedar	Associate	11	275	6.0	1,650.00
R. Kourbanov	Associate	5	275	36.0	9,900.00
M. DiRende	Associate	5	275	13.0	3,575.00
G. Wilkins	Associate	3	250	18.0	4,500.00
G. Sniezek	Associate	4	300	14.0	4,200.00
S. Loukas	Associate	2	150	531.2	79,680.00
A. Tutuyan	Associate	1	75	6.0	450.00
J. Sesta	Associate	3	160/175	1,694.9	288,243.50
J. Repko	Associate	2	150	21.4	3,210.00
K. Joyce	Associate	1	200	25.7	5,140.00
				11,283.3	\$3,393,205.00

Total Blended Rate

\$300.73

Total Fees by Project for the Application Period  
(September 8, 1999 through December 31, 2001)

Project Category	Total Hours	Total Fees	Hours % of Total	Fees % of Total
Financing	0.0	\$0.00	0.0%	0.0%
Business Improvements	1,997.0	592,906.00	17.7%	17.5%
Court Reporting	0.0	0.00	0.0%	0.0%
Chapter 11 Process	22.6	8,500.00	0.2%	0.3%
Communications with Interested Parties	386.5	137,917.50	3.4%	4.1%
Business Operations	5,335.9	1,595,829.50	47.3%	47.0%
Cash Management	0.0	0.00	0.0%	0.0%
Claims Analysis	2,657.5	772,842.00	23.6%	22.8%
Plan of Reorganization	648.7	216,186.00	5.7%	6.4%
Unexpired Leases	33.9	7,207.50	0.3%	0.2%
Engagement Administration	126.9	33,954.00	1.1%	1.0%
Testimony	74.3	27,862.50	0.7%	0.8%
Special Projects	0.0	0.00	0.0%	0.0%
Total	11,283.3	\$3,393,205.00	100.0%	100.0%

Total Expenses by Category for the Application Period  
(September 8, 1999 through December 31, 2001)

Expense Category	Service Provider	Total Expenses
Travel, Lodging & Meals		\$351,705.24
Other Direct		34,701.70
Support Charges		23,780.00
Fax		200.00
Copy		1,015.89
Credit for First Class Airfare		<u>(7,924.25)</u>
Total		\$403,478.58

ZOLFO COOPER, LLC  
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Special Financial Advisors and Bankruptcy Consultants  
to the Debtors and Debtors in Possession  
THE LOEWEN GROUP INTERNATIONAL INC.

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

<b>In re:</b>	:	<b>Jointly Administered</b>
	:	<b>Case No. 99-1244 (PJW)</b>
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	:	<b>Hearing Date: May 10, 2002 at</b>
	:	<b>2:00 p.m.</b>
<b>THE LOEWEN GROUP INTERNATIONAL, INC; a Delaware Corporation, <u>et al</u>; Debtors.</b>	:	:
	:	<b>Chapter 11</b>

**FINAL APPLICATION OF ZOLFO COOPER, LLC AS SPECIAL FINANCIAL  
ADVISORS AND BANKRUPTCY CONSULTANTS FOR THE DEBTORS AND  
DEBTORS IN POSSESSION FOR ALLOWANCE OF INTERIM COMPENSATION  
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Zolfo Cooper, LLC (“Zolfo Cooper”) respectfully represents as follows:

1. Zolfo Cooper is special financial advisor and bankruptcy consultant for the Debtors in the captioned case.
2. On June 1, 1999, (the "Petition Date"), The Loewen Group International Inc., et. al. (“the Debtors”), filed a voluntary petition for reorganization under chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code").
3. The Court entered an Order Approving Retention of Zolfo Cooper, LLC as Special Financial Advisors for the Debtors in Possession dated November 11, 1999, [nunc pro tunc to September 8, 1999], to perform the following services:
  - (a) Assist management in developing a long-term Business Plan at the operating entities level incorporating the objectives included in Loewen’s strategic plan currently being developed by Loewen’s investment banker, including challenging managements’ underlying assumptions and rationale and evaluating the reasonableness of such assumptions and resulting projections. Such Business Plan will be used as a basis for the development of a Plan of Reorganization;

- (b) Assist management in developing strategic and tactical plans for the implementation of its long-term Business Plan, including specific actions to be taken, timelines to accomplish and responsibilities and accountabilities throughout the process;
- (c) Assist management in designing, analyzing and implementing specific action programs to streamline operations, reduce overhead and other operating costs including the evaluation of the costs/benefits of such programs;
- (d) Assist management in forecasting, planning, controlling and other aspects of managing cash;
- (e) Provide such other services as may be required by the Debtors.

In addition the Court entered an Order Expanding The Scope of the Engagement of Zolfo Cooper as Special Financial Advisors, authorizing the expansion of the scope of ZC work to include the following additional services:

- (a) Advise and assist management in implementing the initiatives as outlined in the 2000 Business Plan and in identifying other cost reduction opportunities;
- (b) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including assistance in the preparation of financial and operating information required by such parties and/or the Bankruptcy Court;
- (c) Advise and assist management in analyses and development of a Plan of Reorganization along with other information to be included in the Disclosure Statement, including a Liquidation Analysis;
- (d) Advise and assist the Debtors with respect to claims analysis and managing the claims process;
- (e) As requested, render expert testimony concerning the feasibility of a Plan of Reorganization and other matters that may arise in the case; and
- (f) Provide such other services as may be required by the Debtors.

The November 11, 1999 order and the June 28, 2000 order, (collectively, the “Zolfo Cooper Retention Orders”), authorized the Debtors to retain Zolfo Cooper as special financial advisors and bankruptcy consultants to the Debtors in these cases. Zolfo Cooper has acted as special financial advisors for the debtors since September 8, 1999.

4. By its Administrative Order, pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals (“the Interim Compensation Order”)(D.I.569) dated August 24, 1999, the Court established a procedure for interim compensation and reimbursement of expenses for all professionals in these cases. In particular, the Court authorized the submission of negative notice of monthly interim fee applications by professionals employed under sections 327, 328 or 1103 of the Bankruptcy Code (which includes professionals employed by the Debtors) and a

procedure by which, in the absence of any objection to the interim fee application, the Debtors could pay 100% of the fees requested and 100% of the disbursements requested.

5. By its Amended Administrative Order, pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals (“the Amended Interim Compensation Order”) dated December 12, 2000, the Court established revisions to the procedure for interim compensation and reimbursement of expenses for all professionals in these cases. In particular, the Court authorized that, upon the expiration of twenty (20) days after the service of a monthly interim fee application (the “Objection Deadline”), the Professional may file a Certificate Of No Objection with the Court, after which the Debtors are authorized to pay each Professional an amount (the “Actual Interim Payment”) equal to the lesser of (i) 80 percent of the fees and 100 percent of the expenses requested in such monthly interim fee application and (ii) 80 percent of the fees and 100 percent of the expenses not subject to an objection.

6. On December 4, 2001, this Court entered the Findings Of Fact, Conclusions Of Law And Order Confirming Fourth Amended Joint Plan Of Reorganization Of Loewen Group International, Inc., Its Parent Corporation And Certain Of Their Debtor Subsidiaries, As Modified (D.I. 8671) (the “Confirmation Order”) confirming the Fourth Amended Join Plan Of Reorganization of Loewen Group International, Inc., Its Parent Corporation And Certain Of Their Debtor Subsidiaries, As Modified (the “Plan”). Under the Plan and the Confirmation Order, the Court retained jurisdiction to consider final applications by retained professionals. These applications had to be filed within sixty days of January 2, 2002, the Plan’s effective date. Pursuant to the Confirmation Order, Zolfo Cooper submits this fee application for a final order for final allowance of compensation for actual and necessary professional services by it as special financial advisors and bankruptcy consultants for the Debtors in the amount of \$3,393,205.00 together with reimbursement for actual and necessary expenses incurred in the amount of \$403,478.58 for the period of September 8, 1999 through December 31, 2001 (the



“Application Period”). Zolfo Cooper has filed twenty-seven prior applications setting forth in detail actual and necessary professional services rendered on behalf of the Debtors, together with actual and necessary expenses incurred on behalf of the Debtors, for the period from September 1, 1999 through December 31, 2001.<sup>1</sup>

7. Any payment made pursuant to the interim monthly fee applications under either procedure is subject to final approval of all fees and expenses. Upon approval of a professional’s final fee application, the Debtors will be authorized to pay the 20% holdback and any other amounts remaining unpaid that are approved.

#### **Summary of Services Provided and Results Achieved**

8. Summarized below are descriptions of the services provided by Zolfo Cooper to the Debtors during the Application Period in each significant project service area along with a brief description of the results achieved.

**Projects – Financing, Court Reporting, Cash Management and Special Projects (0.0% of fees):** Zolfo Cooper did not provide any services in these project areas during the Application Period.

**Project – Business Improvements (17.5% of fees):** Zolfo Cooper assisted management in the implementation of the 2000 Business Plan and identification of additional opportunities for improvements through visits to the funeral homes and cemeteries throughout the United States and worksessions with local and regional management during such visits.

**Project – Chapter 11 Process (.3% of fees):** Zolfo Cooper’s work in the project area primarily consisted of preparation and attendance at the Disclosure Statement Hearing.

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<sup>1</sup> These applications and the orders approving them are available upon reasonable request.

**Project – Communications with Interested Parties (4.1% of ZC’s fees):** During the Application Period, Zolfo Cooper provided services in this project area, including:

- ❑ Assisted in the preparation of presentations, including the 2000 Business Plan, review and status of operations and analyses of the Debtors’ business agreements, to the Secured and Unsecured Creditors;
- ❑ Participated in meetings with the Secured and Unsecured Creditors;
- ❑ Responded to requests for information or questions regarding information provided from the creditors’ professionals; and
- ❑ Participated in discussions with bondholders and other Secured and Unsecured Creditors and their professionals regarding multiple scenarios of the recovery analyses that were prepared by Zolfo Cooper.

**Project – Business Operations (47.0% of fees)** During the Application Period, Zolfo Cooper provided assistance, including:

- ❑ Assisted management in the development and preparation of the preliminary and final 2000 Business Plan, including discussions and worksessions with corporate and field regional management;
- ❑ Assisted in the development of specific workplans to implement the programs described in the 2000 Business Plan;
- ❑ Gathered information from field operations, treasury and payroll and compiled the Debtors’ existing Covenants Not To Compete and Consulting Agreements in a single data base;
- ❑ Assisted management in the development of a process to analyze the Covenants Not To Compete and Consulting Agreements and identify agreements to be either rejected, renegotiated or converted to salary;
- ❑ Assisted in the development of the process and documentation of the rejection, renegotiation or conversion to salary for the identified Covenants Not To Compete and Consulting Agreements;
- ❑ Worked closely with the Debtors’ legal counsel regarding the coordination and information required to carry out the actions identified or mediation of the Covenants Not To Compete and Consulting Agreements;

- ❑ Prepared information and analyses as requested to summarize savings, in excess of \$10 million, to the Debtors' regarding the Covenants Not To Compete and Consulting Agreements.

**Project – Claims Analysis (22.8% of fees):** During the Application Period, Zolfo Cooper provided services in this project area including:

- ❑ Analysis of the claims and estimated claims and their priority for all of the Debtors (in excess of 850) in preparation of the development of recovery analyses;
- ❑ Analysis of intercompany claims between the Debtors and non-debtors (approximately 26,000 claims) as of the Petition Date;
- ❑ Estimation of claim caps and value of collateral relative to the Debtors as of the dates the Debtors entered into certain pledge agreements;
- ❑ Preparation of estimates of claims for Covenants Not To Compete and Consulting Agreements;
- ❑ Preparation of claim recovery analyses for the Debtors under a multitude (approximately 200) of scenarios to support negotiations with secured and unsecured creditors, including both by Debtor and substantive consolidation analyses;
- ❑ Preparation of analyses comparing treatment of claims recoveries on a by Debtor basis versus recoveries on a substantive consolidation of Debtors basis;
- ❑ Preparation of analyses, utilizing probability assumptions provided to Zolfo Cooper, of various scenarios of claims recoveries in support of discussions held with the mediator assigned to the negotiation process;

**Project - Plan of Reorganization Development (6.4% of fees):** Zolfo Cooper supported efforts to move the process toward confirmation of the plan of reorganization, including:

- ❑ Development of wind down costs and development of underlying assumptions and preparation of the liquidation analysis;
- ❑ Development of a liquidation analysis in support of the Debtors' plan of reorganization and summary assumptions to be included in the Debtors' disclosure statement;
- ❑ Preparation of schedules to be included in the Debtors' disclosure statement including summaries of claims recoveries (33 scenarios).

- ❑ Preparation of detail by Debtor listings of percentage claims recoveries by claim type to be included in the disclosure statement; and
- ❑ Participation in discussions with various creditor official and unofficial committees.

**Project – Unexpired Leases (.2% of fees):** Zolfo Cooper’s activities in this area during the Application Period included analysis of leases and estimates of potential claims against the Debtors.

**Project – Engagement Administration (1.0% of fees):** Zolfo Cooper’s activities in this area during the Application Period included:

- ❑ Preparation of invoice information and schedules; and
- ❑ Preparation of the Monthly Fee Applications and supporting schedules.

**Project – Testimony (.8% of fees):** Zolfo Cooper’s activities in this area included preparation for and testimony provided in support of the Debtors’ confirmation hearings regarding claims recoveries and liquidation analysis.

9. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors. Zolfo Cooper believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

### Fee Statements

10. As indicated above, this is Zolfo Cooper’s final fee application. Zolfo Cooper has filed twenty-seven prior applications<sup>2</sup> setting forth in detail actual and necessary professional services rendered on behalf of the Debtors, together with actual and necessary expenses incurred on behalf of the Debtors, for the period from September 8, 1999 to December 31, 2001. These interim monthly applications are listed in the chart as Exhibit A along with the amounts of fees and expenses requested, the amounts Zolfo Cooper has been paid through the filing of this final fee application, the balance remaining due and docket number of each monthly application and Order or Certificate of No Objection.

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<sup>2</sup> The docket numbers for such monthly fee applications and the order or certificate of no objection are listed on Exhibit A.

11. The partners and associates with Zolfo Cooper who rendered services for the Debtors are listed on a monthly basis in Exhibit B, attached hereto. Zolfo Cooper rendered a total of 11,283.3 hours of services to the Debtors during the Application Period. The blended rate for these services over the Application Period is \$300.73.

12. The summaries of the services rendered by Zolfo by project category by month during the Application Period are attached hereto as Exhibit C.

### **Disbursements**

13. Zolfo Cooper has incurred actual, reasonable and necessary out-of-pocket disbursements during the Application Period in the amount of \$403,478.58. This disbursement sum is broken down into categories of charges and the monthly summaries of the expenses incurred by Zolfo Cooper during the Application Period is included in Exhibit D attached hereto.

14. Zolfo Cooper charges \$.15 per page for photocopying.

15. Zolfo Cooper charges \$1.00 per page for outgoing facsimiles and nothing for incoming facsimiles.

16. Zolfo Cooper has endeavored to represent the Debtors in the most expeditious and economical manner possible. Tasks have been assigned to personnel so that work has been performed by those most familiar with the particular matter or task. Moreover, Zolfo Cooper has sought to coordinate with other professionals involved in these cases so as to minimize any duplication of effort and to minimize fees and expenses to the Debtors.

17. No agreement or understanding exists between Zolfo Cooper and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

18. The undersigned has reviewed the requirements of Local Rule 2016-02 of the United States Bankruptcy Court for the District of Delaware and certifies to the best of his information, knowledge and belief that this application complies with Local Rule 2016-2.

WHREFORE, Zolfo Cooper, LLC respectfully requests that this Court enter an order substantially in the for attached hereto (i) approving final compensation in the sum of \$3,393,205.00 for actual, reasonable and necessary professional services rendered on behalf of the Debtors during the Application Period and actual costs and expenses incurred during the Application Period in the amount of \$403,478.58, and (ii) authorizing and directing the Debtors to pay the outstanding balance of the fees and expenses as set forth in Exhibit A, less any amounts paid after the filing of the Final Application; and granting such other relief as the Court may deem just and proper.

Dated: Fort Lauderdale, Florida

February 26, 2001

ZOLFO COOPER, LLC

          /s/ Leonard LoBiondo

Leonard LoBiondo