

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re)	Chapter 11
)	
MEDICAL RESOURCES INC., <u>et al.</u> ,)	Case No. 00-11446 (PCB)
)	
Debtors.)	(Jointly Administered)
)	
)	

ORDER AUTHORIZING AND APPROVING FINAL ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES

Upon the application, dated April 2, 2001, of Willkie Farr & Gallagher (“WF&G”), for an order, pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) authorizing the final allowance payment of compensation for legal services rendered to the Debtors and reimbursement of expenses incurred from April 7, 2000 through February 8, 2001, inclusive (the “WF&G Final Application”); and upon the application by Ernst and Young (“E&Y”) for an order, pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Bankruptcy Rules authorizing the final allowance payment of compensation for professional tax services rendered to the Debtors and reimbursement of expenses incurred from September 25, 2000 through February 26, 2001, inclusive (the “E&Y Application”); and upon the application, of Lazard Freres & Co., LLC (“Lazard”) for an order, pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Bankruptcy Rules authorizing the final allowance payment of compensation for financial consulting and investment banking services rendered to the Debtors and reimbursement of expenses incurred from April 7, 2000 through February 28, 2001, inclusive (the “Lazard Application”); and upon the upon the application of Montgomery, McCracken,

Walker and Rhoads, LLP (“MMWR”) for an order, pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Bankruptcy Rules authorizing the final allowance payment of compensation for services rendered as special counsel to the Debtors and reimbursement of expenses incurred from November 17, 2000 through February 26, 2001, inclusive, (the “MMWR Application”); and upon the Application By Sullivan & Worcester LLP, (“Sullivan & Worcester”), Counsel to the Senior Noteholders For Payment of Fees and Reimbursement of Expenses Based on Substantial Contribution (the “Senior Notes Application”, and collectively with the MMWR Application, E&Y Application, the Lazard Application and the WF&G Final Applications, the “Final Applications”); and notice having been given to the United States Trustee for the Southern District of New York; counsel to DVI Financial Services, Inc., and counsel to the holders of the Senior Notes (as defined in the Final Application); and otherwise given pursuant to Rules 2002(a)(6) and (c)(2) of the Bankruptcy Rules and no other notice being necessary; and upon the objection of the United States Trustee to the Final Application, dated April 27, 2001 and the Limited Objection of the Senior Noteholders to the Final Application of WF&G and Lazard, dated April 27, 2001 (together, the “Objections”); and upon the response to the Objections dated May 14, 2001, filed by WF&G; and upon the Affidavit of Christopher J. Joyce, Co-Chief Executive Officer of the Debtors in support of the WF&G Final Application; and a settlement having been reached resolving the Objections upon the terms set forth on the record of the hearing; and a hearing having been held on May 17, 2001 (the “Hearing”) at which all parties in support of the Final Application were heard; and upon the full record of the Hearing and all prior proceedings in these cases; and after due deliberation and sufficient cause having been shown therefor, it is hereby;

ORDERED, that the objections are hereby overruled or resolved as set forth on the record of the hearing.

ORDERED, that the Debtors are authorized to pay WF&G the fees and reimburse WF&G for expenses sought in the WF&G Final Application in the amounts set forth on Exhibit A.

ORDERED, that the Debtors are authorized to pay E&Y the fees and reimburse E&Y for the expenses sought in the E&Y Application in the amounts set forth on Exhibit A.

ORDERED, that the Debtors are authorized to pay Lazard the fees and reimburse Lazard for the expenses sought in the Lazard Application in the amounts set forth on Exhibit A.

ORDERED, that the Debtors are authorized to pay MMWR the fees and reimburse MMWR for the expenses sought in the MMWR Application in the amounts set forth on Exhibit A.

ORDERED, that the Debtors are authorized to pay Sullivan and Worcester the fees and reimburse Sullivan and Worcester for the expenses sought in the Senior Notes Application in the amounts set forth on Exhibit A.

Dated: New York, New York
May 17, 2001

/s/ Prudence Carter Beatty
HONORABLE PRUDENCE C. BEATTY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

	<u>Period Covered by Applications</u>	<u>Fees Sought</u>	<u>Expenses Sought</u>	<u>Fees Allowed (Amount Payable by Debtors)</u>	<u>Expenses Allowed and Payable by Debtors</u>	<u>Fees Held Back</u>
Willkie Farr & Gallagher	4/7/00 through 2/8/01	\$1,568,613.50 ¹	\$111,302.20	\$1,368,613.50 ² (\$873,106.95)	\$111,302.20 ³ (\$58,369.70)	\$0
Ernst & Young	9/25/00 through 2/26/01	\$454,522.00	\$1,011.00	\$454,522.00	\$1,011.00	\$0
Lazard Freres	11/22/00 through 2/28/01	\$1, 600,000.00	\$4,008.24	\$1, 200,000.00 ⁴	\$4,008.24	\$0
MMWR	11/17/00 through 2/26/01	\$17,139.50	\$582.82	\$17,139.50	\$582.82	\$0
Sullivan and Worcester	4/7/00 through	\$256,445.00	\$17,711.78	\$256,445.00	\$17,711.78	\$0

¹ \$495,506.55 of this request has already been awarded and paid as interim compensation leaving a net amount of unpaid fees of \$1,073,106.95 including \$212,359.95 of fees previously held back pursuant to an order of this Court allowing payment of interim compensation, dated October 26, 2000 (the "First Fee Order")

² This allowed amount includes the \$212,359.95 held back pursuant to the First Fee Order amount and reflects a settlement of the Objections in which WF&G has agreed to a reduction of its fees in the amount of \$200,000.

³ \$52,662.50 of this request has already been awarded and paid as interim reimbursement of expenses pursuant to the First Fee Order leaving a net amount of unreimbursed expenses of \$58,369.70.

⁴ The allowed amount reflects a settlement of the Objections in which Lazzard has agreed to a reduction of its fees in the amount of \$400,000.

Worcester	2/27/01					
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(PCB) 5/17/01