

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

**COVER SHEET: APPLICATION FOR PROFESSIONAL COMPENSATION**

-----)	)	
In re:	)	Chapter 11
	)	
SUNBEAM CORPORATION	)	Case Nos. 01-40291 (AJG)
et al.,	)	
Debtors.	)	Judge Honorable Arthur J. Gonzalez
	)	United States Bankruptcy Judge
-----)	)	

Type of Application: Interim X Final    

Name of Applicant:	Zolfo Cooper, LLC
Authorized to Provide Professional Services to:	The Debtors
Date of Order Authorizing Employment:	<u>February 27, 2001</u>

Compensation Sought:

Application Date:	August 20, 2001
Application Period:	February 6, 2001 to May 31, 2001

	<b>RECEIVED</b>	
	DEC - 3 2001	
	U.S. BANKRUPTCY COURT, SDNY	
	PCB	
Professional fees	694.5	\$ 197,382.50
Paraprofessional fees	10.1	872.50
Total	<u>704.6</u>	<u>198,255.00</u>
Expense Reimbursement		<u>23,711.41</u>
Total		<u>\$ 221,966.41</u>
Total Fees and Expenses Reimbursed to Date		<u>\$ 51,351.03</u>

**Summary of  
Professional Fees by Professional  
February 6, 2001 to May 31, 2001**

<u>Name of Professional</u>	<u>Years Experience</u>	<u>Rate</u>	<u>Hours Billed</u>	<u>Total</u>
Jonathan Mitchell	25	\$425	2.0	\$ 850.00
Robert Bingham	25	350	49.8	17,430.00
Michael Holtzleiter	25	325	47.2	15,340.00
Glenn Sniezek	6	275	593.5	163,212.50
Michael DiRende	7	275	<u>2.0</u>	<u>550.00</u>
Total			<u>694.5</u>	<u>\$197,382.50</u>
Average blended hourly rate				<u>\$ 284.21</u>

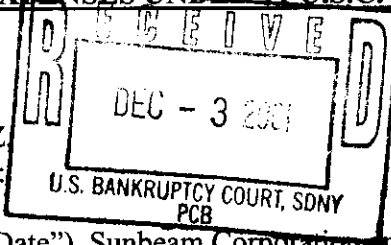
Is this a first application? Yes X No

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

----- )	Case Nos. 01-40291 (AJG)
In re: )	In Proceedings for a
SUNBEAM CORPORATION, )	Reorganization Under Chapter
et al. )	11 of the Bankruptcy Code
Debtors )	Jointly Administered
----- )	

**AMENDED FIRST APPLICATION OF ZOLFO COOPER, LLC  
FOR ALLOWANCE OF INTERIM COMPENSATION FOR SERVICES RENDERED  
AS BANKRUPTCY ACCOUNTANTS AND SPECIAL FINANCIAL ADVISORS  
TO THE DEBTORS  
AND FOR REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. § 330(a)**

TO THE HONORABLE ARTHUR J. GONZALEZ  
UNITED STATES BANKRUPTCY JUDGE:



1. On February 6, 2001 (the "Commencement Date"), Sunbeam Corporation and substantially all of its direct and indirect domestic operating subsidiaries (the "Subsidiaries") commenced cases under chapter 11 of the Bankruptcy Code. The chapter 11 cases of the Subsidiaries are being administered separately from the chapter 11 case of Sunbeam Corporation. Sunbeam Corporation continues to operate its business and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. The Debtors are very large, complex enterprises, principally engaged in the manufacturing and sale of small appliances, camping equipment and outdoor grills and certain related businesses, with operations located throughout the World.

3. The debtors required the services of experienced Bankruptcy Accountants and Special Financial Advisors to assist them in developing a Business Plan, analyzing cash flow projections, and providing temporary accounting and financial planning services. Because of Zolfo Cooper, LLC's ("ZC" or "Applicant") expertise and experience at a national level in providing reorganization, accounting and a broad range of consulting services to debtors and other parties in interest in financially complex troubled situations, the Debtors applied to the Bankruptcy Court to authorize ZC's retention as Accountants and Special Financial Advisors to the Debtors.

4. All the services that the Firm will provide to the Debtors will be (i) at the request of the Debtors, (ii) appropriately directed by the Debtors so as to avoid duplicative efforts among the professionals retained in the case and (iii) performed in accordance with applicable standards of the accounting profession. The Bankruptcy Court entered an order (the "Retention Order") on February 27, 2001 authorizing the retention of ZC to:

- (a) Advise and assist management in organizing the Debtors' resources and activities so as to effectively and efficiently plan, coordinate and manage the Chapter 11 process and interact with customers, lenders, suppliers, employees, shareholders and other parties in interest;
- (b) Assist management in designing and implementing programs to manage or divest assets, improve operations, reduce costs and restructure as necessary with the objective of rehabilitating the business;
- (c) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including the preparation of financial and operating information required by such parties and/or the Bankruptcy Court;
- (d) Advise and assist the Debtors in forecasting, planning, controlling and other aspects of managing cash;
- (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.

A copy of the Order authorizing the retention of ZC as Bankruptcy Accountants and Special Financial Advisors to the Debtors, along with the related application to the Bankruptcy Court for

such retention authority and the supporting Affidavit of Stephen, F. Cooper is attached as Exhibit "A".

5. The Retention Order authorized the Debtor to pay fees for services rendered and ZC's out-of-pocket expenses, as reflected on each monthly invoice. Such payment is to be made by the Debtor in accordance with the Order Pursuant to 11 U.S.C. Sections 105(a) and 331 Establishing Procedures For Monthly Compensation and Reimbursement of Expenses of Professionals (the "Compensation Order"), and is subject to final allowance by the Bankruptcy Court. A copy of the Compensation Order is attached as part of Exhibit "B".

#### **Certification**

6. The affiant, a principal in the firm of ZC, as the professional designated by the Applicant with the responsibility for compliance with the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York (the "Amended Guidelines"), certifies that except as otherwise noted elsewhere herein:

- 1)
  - a) He has read this application,
  - b) To the best of his knowledge, information and belief, formed after reasonable inquiry:
    - i. This application complies with the mandatory provisions of the Amended Guidelines,
    - ii. The fees and out-of-pocket expenses are billed in accordance with the billing practices described below, and except as otherwise indicated therein fall within the Amended Guidelines, and
    - iii. Except to the extent prohibited by the Amended Guidelines, the fees and out-of-pocket expenses sought herein have been billed at rates and in accordance with practices customarily employed by the Applicant and accepted by the Applicant's clients.
- 2) This amended first application for interim allowance of fees and reimbursement of out-of-pocket expenses has been reviewed and approved by the Debtors.

- 3) The Debtors, the Trustee and the Counsel to the Creditors Committee has each been provided, no later than twenty days after the end of each month within the Application Period, a statement of fees for services and out-of-pocket expenses accrued during such month and containing a list of professionals, paraprofessional and support personnel providing services; their respective billing rates; the aggregate hours expended by each such person; a general description of the services rendered, summarized by discrete project; a detailed description of the services performed by each professional, paraprofessional and support person and the time expended, organized by debtor, by discrete project, by day.
- 4) The Debtors, the Trustee and the Chair of each Official Committee has each been provided a copy of this amended first application for interim allowance of fees and reimbursement of out-of-pocket expenses at least ten days prior to the date for filing fee applications set by the Bankruptcy Court.
- 5) With respect to expenses and reimbursable services incurred for which reimbursement is sought, ZC:
  - a) Does not make a profit;
  - b) Does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay; and
  - c) Seeks reimbursement of services purchased from or contracted for with a third-party vendor only in the amount billed to the Applicant by and paid or to be paid by the Applicant to the vendor.

The affiant presently intends to attend the fee hearing; however, if he is unable to do so, he will arrange for a member of the firm, authorized to speak for the firm, to be present.

#### **Relief Requested**

7. During the Application Period, ZC has provided an aggregate of 704.6 hours of services as Bankruptcy Accountants and Special Financial Advisors to the Debtors, 694.5 hours for professional services and 10.1 hours for paraprofessional and support services, thereby incurring fees of \$198,255.00<sup>1</sup> in the aggregate, \$197,382.50 for professional services and \$872.50 for paraprofessional and support services, and out-of-pocket expenses of \$23,711.41. \$182,315.41, representing 80% of the fees and 100% of the out-of-pocket expenses, were invoiced currently, and 20% of the fees, or \$39,651.00, were held back pending application to the Bankruptcy Court.

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<sup>1</sup> Due to the administrative burden of itemizing billing for Sunbeam Corporation and the subsidiary debtors on a separate basis, unless noted otherwise, ZC has allocated fifty percent (50%) of the total time and amounts due for professional services and reimbursement of expenses to each of Sunbeam Corporation and the subsidiary debtors. This allocation is ZC's best approximation of time spent on the case.

A summary of the monthly invoices issued during the Application Period, showing the hours expended and the amounts of fees and out-of-pocket expenses incurred is set forth below:

	<u>Total</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>
<b>Hours expended:</b>					
Professional	694.5	26.9	268.1	195.3	204.2
Paraprofessional and support	<u>10.1</u>	<u>2.6</u>	<u>2.7</u>	<u>2.6</u>	<u>2.2</u>
Total	<u>704.6</u>	<u>29.5</u>	<u>270.8</u>	<u>197.9</u>	<u>206.4</u>
<b>Fees incurred:</b>					
Professional	\$197,382.50	\$8,177.50	\$77,440.00	\$54,867.50	\$56,897.50
Paraprofessional and Support	<u>872.50</u>	<u>310.00</u>	<u>202.50</u>	<u>195.00</u>	<u>165.00</u>
Total	198,255.00	8,487.50	77,642.50	55,062.5	57,062.50
<b>Out-of-Pocket Expenses Incurred</b>					
	<u>23,711.41</u>	<u>1,692.26</u>	<u>9,968.19</u>	<u>6,349.93</u>	<u>5,701.03</u>
Subtotal	221,966.41	10,179.76	87,610.69	61,412.43	62,763.53
<b>Less 20% of fees held back</b>					
	<u>39,651.00</u>	<u>1,697.50</u>	<u>15,528.50</u>	<u>11,012.50</u>	<u>11,412.50</u>
Net amount invoiced	182,315.41	8,482.26	72,082.19	50,399.93	51,351.03
<b>Amount paid through August 20, 2001</b>					
	<u>51,351.03</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>51,351.03</u>
Net amount open as of August 20, 2001	<u>\$ 130,964.38</u>	<u>\$ 8,482.26</u>	<u>\$ 72,082.19</u>	<u>\$ 50,399.93</u>	<u>\$ 0.00</u>

8. Copies of invoices are attached as Exhibit "B" to this amended first application for allowance of interim compensation and reimbursement of out-of-pocket expenses. Accompanying each invoice is a list of professionals, paraprofessionals and support personnel providing services; their respective billing rates; the aggregate hours expended by each professional, paraprofessional and support person; a general description of the services rendered, summarized by discrete project; a detailed description of the services performed by each professional, paraprofessional and support person and the time expended, organized by discrete project, by day and a reasonably detailed breakdown of the

disbursements incurred. A summary of time incurred by professional, by discrete project is attached as Exhibit "C."

9. Detailed analyses of the out-of-pocket expenses incurred, showing the amount incurred in each expense category by month during the Application Period are attached as Exhibits "D" and "D-1" to this amended first application for allowance of interim compensation and reimbursement of out-of-pocket expenses.

10. A recap of professional fees and out-of-pocket expenses invoiced from the Filing Date through the end of the Application Period, showing the amounts incurred, the amounts held back pursuant to the terms of the Retention Order pending future application to the Bankruptcy Court, the amounts paid by the Debtors to the date of this amended first application, and the amounts unpaid is attached as Exhibit "E" to this amended first application for allowance of interim compensation and reimbursement of out-of-pocket expenses.

#### **Billing Practices**

11. It is ZC's customary practice to charge fees based on actual hours expended to perform its services at standard hourly rates established for each principal and employee as adjusted semi-annually. It is the customary practice of the Firm to bill clients for travel time consistent with guidelines of the jurisdiction. Time entries are recorded in six minute increments. Fees reflect economies resulting from the use of paraprofessional and support personnel to develop schedules and analyses, input computer data, perform research, work on fee applications, and other activities necessary to the efficient administration of a case. So as not to burden clients who do not require such services, ZC does not include support services in the firm's overhead for the purpose of establishing billing rates. Billing rates are generally representative of prevailing market rates, as awarded by other Courts in similar circumstances, for practitioners providing such services at a national level who have comparable skill and experience.

ZC charges its clients only for reasonably incurred, out-of-pocket expenses associated with an assignment. Except as necessary to comply with applicable court-mandated guidelines for allowance



of professional fees and expenses or an applicable Administrative Order, all such expense billings are in accordance with the Firm's customary practices. ZC personnel stay at convenient, quality hotels and eat at quality restaurants; ZC does not incur costs for luxury accommodations or deluxe meals and when prohibited by applicable administrative order does not bill clients for first class airfare. Except as follows, all expenses are billed at actual cost, exclusive of amortization of the cost of any investment, equipment or capital outlay: (i) internal charges for outgoing out-of-town facsimile transmissions are \$1.25 for domestic transmissions and \$2.50 for foreign transmissions and (ii) internal photocopy charges are \$.20 per page.

ZC maintains contemporaneous records of the time expended and out-of-pocket expenses incurred in support of its billings for services. All such records are located in the Firm's offices and are available for inspection, subject to certain matters contained therein that may be privileged.

### **Staffing and Approach**

12. ZC is a nationally recognized independent financial advisory and consulting firm specializing in advising debtors, creditors' committees, investors and court-appointed officials in formal Bankruptcy proceedings and out-of-court workouts. A substantial portion of ZC's work is advisory and involves ZC's professionals counseling senior client personnel regarding high-level strategic and tactical issues. Consistent with its relatively unique practice, ZC's partner group and professional staff consists of accomplished professionals primarily former "Big 5" partners or managers and senior industry and banking executives. Indeed, more than 50% of ZC's professionals have in excess of ten years of relevant business experience. The firm's internal structure and work approach are designed around its unusual staff composition of senior professionals. The title principal at ZC is a legal distinction, not a distinction of professional proficiency. Individual staff members are assigned project roles, to bring to bear their particular talents and experience in view of the specific requirements of the engagement. ZC provides high value for its fees, efficiently leveraging its experienced professionals by directing client personnel to perform routine tasks.

Stephen F. Cooper, CPA, CMA, CMC, CIRA, the principal in charge of this engagement, has over 30 years of experience, primarily in working with troubled companies. He has gained

significant experience in production, marketing and sales as well as finance across a broad industry base. A graduate of Occidental College and a Wharton MBA, Mr. Cooper enjoys a national reputation as an effective problem solver capable of forging consensual coalitions among parties with disparate economic interests. He was responsible for the overall design of the Firm's services and direction of the engagement team. Mr. Cooper is assisted by Mr. Jonathan Mitchell, who, as the project manager, is responsible for all aspects of engagement administration and coordination of the efforts of the assigned staff. Mr. Mitchell has 25 years of experience, including 8 years advising troubled companies.

Integral to any team approach, and essential to minimize misunderstandings and assure continuity of service in a large, multifaceted case such as this one, are conferences, meetings and worksessions among the members of the engagement team. Ongoing communications and review of work product facilitate the sharing of information and assure continued alignment with established priorities and objectives, thereby reducing the time expended and avoiding duplicative efforts. ZC communicates continually with its clients on the status and results of its work efforts and interfaces with other professionals to improve coordination and ensure that it does not duplicate services rendered by other professionals retained in the case.

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

13. During this First Interim Fee Application Period, ZC's primary focus was to assist management in the extraction of data from the Company's financial data bases and the preparation of various reports and analyses to assist in (i) updating the business plan, (ii) preparation of the Plan of Reorganization and Disclosure Statement and (iii) reporting to various constituencies. In addition, ZC provided limited services in reviewing periodic cash reporting and understanding and evaluating the Company's inventory monitoring and control procedures.

14. Summarized below is a description of the services provided by ZC to the Debtors during the Application Period in each significant service area along with a brief description of the obstacles encountered and results achieved.

**Project #2 – Business Operations (\$16,312.50, 8.3% of ZC fees):** ZC performed site visits to the Outdoor Cooking and Camping divisions to review inventory planning and control and provided an oral report to corporate management concerning inventory control procedures and recommendations to further minimize the Company's investment in inventory.

**Project #3 – Case Administration (\$850.00, 0.4% of ZC fees):** Fees for time spent to coordinate work and staffing.

**Project #4 – Business Plan Development (\$51,535.00, 26.1% of ZC fees):** ZC provided assistance in preparing and updating projected financial statements for the Business Plan that included the development of files to load the data into the Company's newly implemented financial reporting system. ZC assisted in the development of the forecast model utilized by the Company to prepare the Business Plan and provided recommendations for enhancements to the model. ZC analyzed the updates performed to the Business Plan through the monthly forecasting process and provided comments and recommendations to Company management on the changes which had occurred from previous forecasts. ZC also performed financial analysis of the Business Plan line items to provide the Company with additional detail for asset/liability accounts which were incorporated into the Business Plan and forecast models.

**Project #5 – Plan of Reorganization Development (\$1,855.00, 0.9% of ZC fees):** ZC performed research with Weil, Gotshal & Manges LLP concerning potential alternative treatments of intercompany accounts within the Plan of Reorganization.

**Project #6 – Cash Management (\$12,285.00, 6.2% of ZC fees):** ZC provided assistance by reviewing weekly reports of actual cash flow and weekly updates of projected cash flow.

**Project #11 – Financing (\$1,337.50, 0.7% of ZC fees):** ZC reviewed and commented on proposed changes to Debtor in Possession financing agreement.

**Project #12 – Accounting and Auditing (\$112,107.50, 56.8% of ZC fees):** ZC assisted with the preparation and review of the monthly internal and external reporting packages, including preparing summary financial data, supplemental cash flow schedules and other supplementary data schedules as requested by Sunbeam management or other parties in interest. Our assistance was necessary for the Company to meet its reporting deadlines and in their development of operating procedures for the monthly reporting process. ZC made recommendations to the Company regarding improvements to the Company's reporting and forecasting processes based on our involvement in the preparation of the Company's monthly reporting packages. ZC reconciled the Company's cash flow projections to the Company's financial projections providing explanations for reconciling items as part of the monthly reporting process. ZC also developed the schedules utilized for Corporate cost center reporting from the Company's new financial reporting system and reconciled prior year data from the old financial reporting system to the new financial reporting system to enable the data to be comparable.

**Project #18 – Engagement Administration (\$1,100.00, 0.6% of ZC Fees):** Fees for planning and coordinating the professionals' engagement team activities, participating in engagement team meetings, preparation of fee applications, invoices and time summaries and time spent responding to inquiries by the U.S. Trustee and other Parties in Interest.

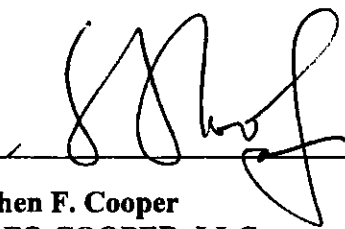
**Compensation Sought**

15. In view of the assistance provided which precluded other employment, the results achieved, and the value added, ZC requests that it be awarded, at this time, an allowance of interim compensation for professional services rendered in the sum of \$198,255.00 and for actual and necessary out-of-pocket expenses incurred in the sum of \$23,711.41. ZC requests that the unpaid service fees and expenses of \$170,615.38 be offset against the retainer of \$500,000 obtained as part of ZC's approval as Bankruptcy Accountants and Special Financial Advisors to the Debtors in accordance with the wishes of the Debtor. This application is made without prejudice to further or final applications based upon all relevant criteria, including the results achieved in the case as a whole.

WHEREFORE, ZC respectfully requests that it be granted an allowance of interim compensation for professional services rendered as Bankruptcy Accountants and Special Financial Advisors to the Debtors during the period February 6, 2001 through and including May 31, 2001 in the sum of \$198,255.00, without prejudice to a final allowance of compensation, plus reimbursement of actual and necessary out-of-pocket expenses incurred in the sum of \$23,711.41, that the unpaid service fees and expenses of \$170,615.38 be offset against the retainer of \$500,000 obtained as part of ZC's approval as Bankruptcy Accountants and Special Financial Advisors to the Debtors, and that the Court grant ZC such other and further relief as is just and proper.

Dated: November 2, 2001

New York, New York



**Stephen F. Cooper**  
**ZOLFO COOPER, LLC**  
**Bankruptcy Accountants and Special Financial Advisors**  
292 Madison Avenue,  
New York, NY 10017  
(212) 213-5555

  
Notary Public

**MARIA E. PARKER**  
**Notary Public, State of New York**  
**No. 01PA6061899**  
**Qualified in Queens County**  
**Commission Expires July 23, 2003**