

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

I. INTRODUCTION AND SUMMARY OF REQUEST..... 3

A. *Terms of A&M’s Employment..... 7*

B. *Summary of A&M’s Billing Practices..... 7*

C. *Summary of Matter Codes and Exhibits 8*

II. NARRATIVE CASE SUMMARY 11

III. SUMMARY OF SERVICES RENDERED AND BENEFITS DERIVED..... 13

A. *Cash Flow Analysis – US/Canada..... 13*

B. *Cash Flow Analysis - Europe..... 13*

C. *Analysis of Projections – US/Canada..... 14*

D. *Analysis of Projections - Europe 14*

E. *Meetings/Teleconferences with the Debtors and the Debtors’ Advisors 15*

F. *Meetings / Teleconferences with Committee and Committee’s Advisors 15*

G. *Analysis of Accounting Issues..... 16*

H. *Forensic Accounting Issues 17*

I. *Analysis of Financial Information 17*

J. *Preparation / Attendance at Court Hearings..... 17*

K. *Analysis of Motions Filed by Debtors..... 18*

L. *Retention / Fee Applications, Travel Time, and Other Administrative Matters..... 19*

M. *Part Profitability Analysis 20*

N. *Information Requests 21*

O. *Management Compensation Analysis 21*

P. *Analysis of Strategic Plan..... 21*

Q. *Analysis of Capex and Tooling 22*

R. *Substantive Consolidation 22*

S. *Fabrics Winddown 23*

IV. CONCLUSION..... 23

AFFIDAVIT OF THOMAS E. HILL..... 25

EXHIBITS A THROUGH E..... Attachments

1 The independent financial advisory firm of Alvarez & Marsal, LLC (“A&M” or the
2 “Firm”) hereby applies to this Honorable Court (“Court”) for approval of this Sixth and Final
3 Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of
4 Expenses (the “Sixth and Final Application”). Pursuant to this Sixth and Final Application,
5 A&M hereby requests an award and payment of fees and expenses incurred by A&M during the
6 following periods:

- 7 a. January 1, 2007 through January 31, 2007 (the “Sixth Application Period”); and
- 8 b. June 1, 2005 through January 31, 2007 (the “Final Application Period”).

9 In connection with this Sixth and Final Application, A&M respectfully represents as follows:
10
11

12 **I. INTRODUCTION AND SUMMARY OF REQUEST**

13
14 1. On May 17, 2005, (the “Petition Date”) Collins & Aikman Corporation, et al,
15 debtors and debtors-in-possession (“C&A” or the “Debtors”), filed voluntary petitions for relief
16 under Chapter 11 of Title 11 (“Chapter 11”) of the United States Code (the “Bankruptcy Code”).
17 As of the date hereof, the Debtors have ceased operating their businesses and are liquidating
18 their assets. On the Petition Date, the Court entered an order jointly administering these cases
19 pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. On May 24, 2005, the
20 United States Trustee appointed the Official Committee of Unsecured Creditors (the
21 “Committee”).

22 2. On or about July 21, 2005, A&M submitted to the Office of the United States
23 Trustee (“OUST”) the Application of Official Committee of Unsecured Creditors for Order
24 Authorizing Employment and Retention of Alvarez & Marsal, LLC as its Operational and
25 Strategic Advisor Nunc Pro Tunc to June 1, 2005 (the “Employment Application”) and the
26 Affidavit of Thomas E. Hill, a Managing Director of A&M, in support of the Application (the
27 “Hill Affidavit” and together with the Employment Application, the “Retention Documents”)
28 seeking the support of the OUST to employ A&M as the Committee’s operational and strategic
29

1 advisor as of June 1, 2005. The Employment Application and the Hill Affidavit were
 2 subsequently filed with the Court.

3 3. On or about September 19, 2005, the Court entered the Order Authorizing
 4 Employment and Retention of Alvarez & Marsal, LLC as Operational and Strategic Advisor to
 5 the Official Committee of Unsecured Creditors Nunc Pro Tunc to June 1, 2005 (the
 6 “Employment Order”), thereby granting the Committee’s request to employ A&M to serve as its
 7 operational and strategic advisor. A copy of the Employment Order is attached hereto as Exhibit
 8 “A”.

9 4. Pursuant to the Employment Order, A&M’s retention was effective as of June 1,
 10 2005. In its capacity as operational and strategic advisor to the Committee, A&M has rendered
 11 various advisory services to the Committee. As disclosed in the Retention Documents, A&M
 12 has not received a retainer in this matter.

13 5. The following table details the fee statements and fee applications filed by A&M in
 14 this case:

15	Fee Statement Period	Fixed Fees	Expense s	Total	Date CNO Filed	Amount Paid
16	06/01/05 - 08/31/05	\$ 600,000	\$ 70,569	\$ 670,569	10/11/05	\$ 550,569
17	09/01/05 - 09/30/05	150,000	31,885	181,885	10/31/05	151,885
18	First Fee Application 06/01/05 - 09/30/05				11/22/05	150,000
19	10/01/05 - 10/31/05	150,000	15,824	165,824	11/21/05	135,824
20	11/01/05 - 11/30/05	150,000	12,751	162,751	02/14/06	132,751
21	12/01/05 - 12/31/05	150,000	5,533	155,533	02/14/06	125,533
22	01/01/06 - 01/31/06	150,000	8,546	158,546	03/03/06	128,546
23	Second Fee Application 10/01/05 - 01/31/06				03/20/06	120,000
24	02/01/06 - 02/28/06	150,000	13,457	163,457	04/03/06	133,457
25	03/01/06 - 03/31/06	150,000	12,762	162,762	05/08/06	132,762
26	04/01/06 - 04/30/06	150,000	6,937	156,937	06/13/06	126,937
27	Third Fee Application 02/01/06 – 04/30/06				7/11/06	90,000
28	05/01/06 – 05/31/06	150,000	14,399	164,399	07/25/06	134,399
29	06/01/06 – 06/30/06	150,000	25,307	175,307	08/17/06	145,307
	07/01/06 – 07/31/06	150,000	2,938	152,938	09/14/06	122,938
	08/01/06 – 08/31/06	150,000	2,930	152,930	10/02/06	122,930
	Fourth Fee Application 05/01/06 – 08/31/06				12/22/06	120,000
	09/01/06 – 09/30/06	150,000	3,863	153,863	11/27/06	123,863

1	10/01/06 – 10/31/06	150,000	3,396	153,396	12/15/06	123,396
	11/01/06 – 11/30/06	150,000	2,429	152,429	1/15/07	122,429
2	12/1/06 – 12/31/06	150,000	1,164	151,164	2/1/07	121,164
3	Fifth Fee Application 09/01/06 – 12/31/06				3/12/07	0
4	Sixth Fee Application 01/01/07 – 01/31/07	150,000	6,403	156,403	7/5/07	0
5	Total	\$3,150,000	\$241,093	\$3,391,093		\$3,114,690

[1] The amounts shown have been reduced by <\$100,865> to reflect the fixed fee adjustments contained in the Retention Documents

6. In addition to the Fee Statements, on or about October 14, 2005, A&M filed its First Interim Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of Expenses (the “First Fee Application”). The First Fee Application covered the period from June 1, 2005 through September 30, 2005 (the “First Application Period”). In the First Fee Application, A&M sought approval for payment with respect to net professional fees and expenses incurred in the amounts of \$750,000 and \$102,454, respectively. The \$750,000 in net professional fees contained in the First Fee Application reflects a <\$527,377> adjustment that reduced the fees incurred during the First Application Period to the fixed fee amount contained in the Retention Documents.

7. On or about, November 22, 2005, the Court entered the Order Granting First Interim Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of Expenses authorizing the Debtors to pay A&M all unpaid fees and costs incurred during the First Application Period.

8. On or about February 23, 2006, A&M filed its Second Interim Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of Expenses (the “Second Fee Application”). The Second Fee Application covered the period from October 1, 2005 through January 31, 2006 (the “Second Application Period”). In the Second Fee Application, A&M sought approval for payment with respect to net professional fees and expenses incurred in the amounts of \$600,000 and \$42,655, respectively. The \$600,000 in net professional fees contained in the Second Fee Application reflects a \$74,815 adjustment to the fees incurred during the Second Application Period to the fixed fee amount contained in the Retention Documents.

1 9. On or about, March 28, 2006, the Court entered the Order Granting Second Interim
2 Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of
3 Expenses authorizing the Debtors to pay A&M all unpaid fees and costs incurred during the
4 Second Application Period.

5 10. On or about June 23, 2006, A&M filed its Third Interim Application of Alvarez &
6 Marsal, LLC for Award of Compensation and Reimbursement of Expenses (the “Third Fee
7 Application”). The Third Fee Application covered the period from February 1, 2006 through
8 April 30, 2006 (the “Third Application Period”). In the Third Fee Application, A&M sought
9 approval for payment with respect to net professional fees and expenses incurred in the amounts
10 of \$450,000 and \$33,156, respectively. The \$450,000 in net professional fees contained in the
11 Third Fee Application reflects a \$10,035 adjustment to the fees incurred during the Third
12 Application Period to the fixed fee amount contained in the Retention Documents.

13 11. On or about, July 11, 2006, the Court entered the Order Granting Third Interim
14 Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of
15 Expenses authorizing the Debtors to pay A&M all unpaid fees and costs incurred during the
16 Third Application Period.

17 12. On or about November 13, 2006, A&M filed its Fourth Interim Application of
18 Alvarez & Marsal, LLC for Award of Compensation and Reimbursement of Expenses (the
19 “Fourth Fee Application”). The Fourth Fee Application covered the period from May 1, 2006
20 through August 31, 2006 (the “Fourth Application Period”). In the Fourth Fee Application,
21 A&M sought approval for payment with respect to net professional fees and expenses incurred in
22 the amounts of \$600,000 and \$45,574, respectively.

23 13. On or about December 15, 2006, the Court entered the Order Granting Fourth
24 Interim Application of Alvarez & Marsal, LLC for Award of Compensation and Reimbursement
25 of Expenses authorizing the Debtors to pay A&M all unpaid fees and costs incurred during the
26 Fourth Application Period.

27 14. On or about February 14, 2007, A&M filed its Fifth Interim Application of Alvarez
28 & Marsal, LLC for Award of Compensation and Reimbursement of Expenses (the “Fifth Fee
29 Application”). The Fifth Fee Application covered the period from September 1, 2006 through

1 December 31, 2006 (the “Fifth Application Period”). In the Fifth Fee Application, A&M sought
2 approval for payment with respect to net professional fees and expenses incurred in the amounts
3 of \$600,000 and \$10,853, respectively.

4 15. As of the date of this Sixth and Final Application, the Court has not issued an Order
5 authorizing the Debtors to pay A&M all unpaid fees and costs incurred during the Fifth
6 Application Period.

7
8 **A. Terms of A&M’s Employment**

9 16. As disclosed in the Retention Documents and approved in the Employment Order,
10 A&M has agreed to receive, subject to Court approval, \$200,000 per month for services rendered
11 during the first three (3) months of its retention (beginning June 1, 2005) and \$150,000 per
12 month thereafter until the Committee determines that the services of A&M are no longer
13 necessary. Furthermore, subject to Court approval, A&M may be entitled to an additional fee
14 (the “Success Fee”) to be determined upon the completion of the case.

15
16 **B. Summary of A&M’s Billing Practices**

17 17. Pursuant to the Retention Documents, A&M’s time entries are recorded
18 contemporaneously with the rendition of services and are maintained, at a minimum, in one-half
19 of an hour (0.50 hour) increments.

20 18. A&M has billed for the travel time its professionals incurred in connection with
21 providing services to the Committee at the Debtors’ offices at the rate of fifty percent (50%) of
22 the actual time incurred.

23 19. Given the breadth of A&M’s role in this matter, a reasonable amount of time and
24 effort has been invested in the administration and management of the engagement. Considerable
25 effort has been expended to ensure that each duty and task performed by A&M was performed
26 by a professional who is qualified to render such service and that there was no duplication of
27 efforts among A&M personnel or between A&M personnel and those of the Committee’s other
28 professional advisors. A&M professionals have delegated responsibility (where appropriate) to
29 utilize the services of professionals who bill at lower hourly rates. A&M is of the opinion that

1 there has been no duplication of time or effort amongst its personnel or amongst the Committee's
2 advisors.

3 20. In circumstances where more than one person may have attended a client meeting
4 or participated in a teleconference, such participation was at the request of the Committee
5 counsel and was required as a result of the different projects involved and/or differing expertise
6 of the persons participating. Other meetings or discussions may have been required as a result of
7 a primary engagement person obtaining specialized data or information from someone not
8 otherwise assigned to the engagement or as a result of having a more senior person review the
9 work product of a more junior person. In all cases, such attendance at meetings and/or review of
10 work product was not a duplication of effort, but was necessary to adequately represent the
11 interests of the Committee.

12 21. Fees and expenses for which A&M seeks payment, as outlined in this Sixth and
13 Final Application, are believed to comply with the OUST Billing Guidelines. The compensation
14 A&M seeks is reasonable and is for actual and necessary services rendered. The Court, through
15 its Employment Order, previously approved the types of services performed by A&M. A&M
16 believes that all of the services performed by its professionals have been beneficial to the estate,
17 as well as to the interested parties to these proceedings, and have substantially contributed to the
18 case. All expenses incurred by A&M were necessarily incurred.

19 22. There is no agreement or understanding between A&M and any other person, other
20 than the members, associates and employees of A&M, for the sharing of compensation received,
21 or to be received, for services rendered in connection with these matters.

22 **C. Summary of Matter Codes and Exhibits**

23 23. A&M has provided a variety of services in its capacity as the Committee's
24 operational and strategic advisor. Professional time incurred on the Committee's behalf has been
25 assigned to the specific tasks/matter classifications to which it most closely relates. A&M has
26 used its best efforts to assign its time entries to the various matter classifications in a consistent
27 manner.
28

1 24. During the Final Application Period, A&M utilized nineteen (19) separate and
2 distinct matter classifications or “codes.” These matter classifications are summarized below:
3

4 **MATTER CLASSIFICATIONS:**

- 5 A. CASH FLOW ANALYSIS – US / CANADA
- 6 B. CASH FLOW ANALYSIS – EUROPE
- 7 C. ANALYSIS OF PROJECTIONS – US / CANADA
- 8 D. ANALYSIS OF PROJECTIONS – EUROPE
- 9 E. MEETINGS / TELECONFERENCES WITH THE DEBTORS AND THE DEBTORS'
10 ADVISORS
- 11 F. MEETINGS / TELECONFERENCES WITH COMMITTEE AND COMMITTEE'S
12 ADVISORS
- 13 G. ANALYSIS OF ACCOUNTING ISSUES
- 14 H. FORENSIC ACCOUNTING ISSUES
- 15 I. ANALYSIS OF FINANCIAL INFORMATION
- 16 J. PREPARATION / ATTENDANCE AT COURT HEARINGS
- 17 K. ANALYSIS OF MOTIONS FILED BY DEBTORS
- 18 L. RETENTION / FEE APPLICATIONS, TRAVEL TIME, AND OTHER
19 ADMINISTRATIVE MATTERS
- 20 M. PART PROFITABILITY ANALYSIS
- 21 N. INFORMATION REQUESTS
- 22 O. MANAGEMENT COMPENSATION ANALYSIS
- 23 P. ANALYSIS OF STRATEGIC PLAN
- 24 Q. ANALYSIS OF CAPEX AND TOOLING
- 25 R. SUBSTANTIVE CONSOLIDATION
- 26 S. FABRICS WINDDOWN

27
28 25. A full and detailed description of each of these matter codes is included below in
29 Section III.

1 26. Attached as Exhibit “B” is a summary of the hours rendered by each A&M
2 professional during the Final Application Period and the hourly rate of such professionals.

3 27. Attached as Exhibit “C” in full and complete detail, are the time entries of each
4 A&M professional (sorted by matter code and date) who provided services to the Committee
5 during the Final Application Period.

6 28. The employees of A&M have extensive experience and expertise in a number of
7 disciplines including: business turnarounds, financial restructuring, bankruptcy, and operations.
8 Attached as Exhibit “D” is a brief biographical statement of the professional experience of each
9 A&M professional who rendered time during the Final Application Period.

10 29. Attached as Exhibit “E” is an itemized statement of expenses incurred during the
11 Final Application Period and for which reimbursement is sought.

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24

25

26

27

28

29

II. NARRATIVE CASE SUMMARY

1
2
3 30. Collins & Aikman Corporation (the “Reporting Company”), Collins & Aikman
4 Products Co. and substantially all their direct and indirect wholly-owned subsidiaries
5 incorporated or organized in the United States (collectively, the “Debtors”) were a leading tier
6 one supplier of automotive plastic and trim components, systems and modules to a substantial
7 majority of the largest automotive original equipment manufacturers (“OEMs”), including the
8 entity then known as DaimlerChrysler Corporation (“DaimlerChrysler”), Ford Motor Company
9 (“Ford”), General Motors Corporation (“GM”), Toyota Engineering Motor Manufacturing North
10 America, Inc. (“Toyota”), Honda of America Manufacturing, Inc. (“Honda”) and Nissan North
11 America, Inc. (“Nissan,” and together with DaimlerChrysler, Ford, GM, Toyota and Honda, the
12 “OEM Customers”). The Debtors also provided supply to certain other automotive suppliers
13 (collectively, with the OEM Customers, the “Customers”).

14 31. The Debtors, whose predecessors had been in operation since 1843, conducted their
15 operating activities through the Reporting Company’s wholly-owned subsidiary, Collins &
16 Aikman Products Co. and the direct and indirect subsidiaries of Collins & Aikman Products Co.
17 The Debtors primarily operated in two business segments: a plastics segment (“Plastics”), and a
18 “soft-trim” segment (“Soft Trim”). Through Plastics, the Debtors manufactured and supplied a
19 full range of plastic-based automotive interior products, such as instrument and door panel and
20 console parts, and exterior products, such as bumper parts. Through Soft- Trim, the Debtors
21 manufactured and supplied various automotive carpet and acoustics products and convertible
22 roof products.

23 32. At the time of the Debtors’ bankruptcy filings, the Debtors were market share
24 leaders in their primary product areas in North America. GM, Ford and DaimlerChrysler (the
25 Domestic Customers”) accounted for approximately 80 percent of the Debtors’ revenues in 2005
26 and the remaining 20 percent of the Debtors’ revenues were generated by business from Toyota,
27 Honda and Nissan, as well as several other tier one suppliers. According to some estimates,
28 parts supplied by the Debtors were on 85 percent of U.S. domestic-built vehicles.
29

1 33. On January 12, 2001, Heartland Industrial Partners, L.P. (“Heartland”), the private
2 equity fund that would eventually place several members on the Reporting Company’s board of
3 directors (the “Board”), made a \$260 million preferred and common stock investment in the
4 Reporting Company to acquire approximately 60 percent of the Reporting Company’s stock.
5 Shortly after this investment, the Debtors quickly pursued and closed a series of debt-financed
6 acquisitions. During 2001, the Debtors completed the acquisitions of the Becker Group, L.L.C.,
7 an automotive plastics supplier, Joan Automotive and Western Avenue Dyers, L.P., together an
8 automotive cloth supplier, and Textron Automotive Company’s Trim division, one of the largest
9 suppliers of assembled cockpit modules, instrument panels and exterior trim parts. These
10 acquisitions had a total transaction value of over \$1.6 billion.

11 34. During the years preceding the Debtors’ bankruptcy filing, the Debtors experienced
12 a severe deterioration in their performance. Increased raw material costs, which the Debtors
13 were unable to recover under their long-term fixed price contracts with their Customers,
14 constituted a significant factor contributing to the Debtors’ financial decline. Another factor was
15 the Debtors’ inability to recover engineering, tooling and development costs as timely as the
16 Debtors estimated. The Debtors recovered these costs as an incremental portion of the price paid
17 by Customers for each piece the Debtors produced. Actual volumes from the Debtors’ major
18 Customers often failed to meet projected volumes, lengthening the amortization of these
19 investments. The Debtors’ overlevered capital structure and well-publicized accounting and
20 management issues prior to their bankruptcy filings compounded the Debtors’ other problems.
21 On May 17, 2005 (the “Petition Date”), the Debtors filed voluntary petitions for relief under
22 chapter 11 of the Bankruptcy Code.

23 35. For additional information concerning the background and status of the Debtors’
24 Chapter 11 cases, A&M incorporates herein by reference the narrative case summary contained
25 in the fee application of Akin Gump Strauss Hauer and Feld, reorganization counsel to the
26 Committee.
27
28
29

1 also included in this matter code is time incurred by A&M related to meetings and discussions
2 with the administrator of the Debtors' European assets subsequent to the filing of the Debtors'
3 European insolvency proceeding regarding the administrator's strategy to address the liquidity
4 and operational challenges of the Debtors' European operations.

5 40. In connection with providing the services classified to this matter code, A&M billed
6 177.3 hours of professional time during the Final Application Period representing fees (prior to
7 adjustment) of \$79,185.

8
9 **C. Analysis of Projections – US/Canada**

10 41. A&M professionals in the US assisted the Committee in analyzing revenue
11 projections for the US and Canadian operations. A&M analyzed actual and projected revenues
12 that were materially updated and frequently revised by the Debtors.

13 42. In connection with providing the services classified to this matter code, A&M billed
14 396.1 hours of professional time during the Final Application Period representing fees (prior to
15 adjustment) of \$172,713.

16
17 **D. Analysis of Projections - Europe**

18 43. Incorporated within this matter code is professional time incurred by A&M
19 personnel who analyzed and evaluated the financial projections of the Debtors' European
20 operations at the request of the Committee. Specific services performed by A&M in this regard
21 include, but are not limited to, the following:

- 22 a. Analyzing the various operational drivers contained in the 2005 budget for the
23 Debtors' European operations.
- 24 b. Assessing the Debtors' strategy for restructuring their European operations
25 relative to the Debtors' historical, plant level operating metrics.
- 26 c. Preparing analyses of potential disruption value of plant shutdowns on C&A's
27 European customers.
- 28 d. Analysis of the intercompany claims amongst the Debtors' European and North
29 American entities.

1 44. In connection with providing the services classified to this matter code, A&M billed
2 155.0 hours of professional time during the Final Application Period representing fees (prior to
3 adjustment) of \$76,230.

4
5 **E. Meetings/Teleconferences with the Debtors and the Debtors' Advisors**

6 45. Since the Petition Date, A&M personnel have engaged in numerous meetings,
7 teleconferences and one-on-one telephone conversations with the Debtors and the Debtors'
8 advisors regarding various operational and strategic issues. In certain instances, the Debtors'
9 senior management personnel may have also participated in such meetings/teleconferences. To
10 the extent interactions with the Debtors and the Debtors' advisors were related to one single
11 topic, A&M personnel attempted to assign the time entries related to such interactions to a
12 specific "project based" matter code. Time entries for interactions with the aforementioned
13 parties related to multiple topics, global and/or strategic issues, general bankruptcy issues, or
14 topics that did not warrant a separate matter code, have been assigned to this matter code.

15 46. Members of A&M were in a better position to provide value-added financial
16 advisory services to the Committee as a result of their almost daily interaction with the Debtors'
17 management and advisors at the Debtors' offices.

18 47. In connection with providing the services classified to this matter code, A&M billed
19 561.8 hours of professional time during the Final Application Period representing fees (prior to
20 adjustment) of \$264,281.

21
22 **F. Meetings / Teleconferences with Committee and Committee's Advisors**

23 48. Included within this matter code is professional time incurred by A&M personnel
24 who prepared for and participated in scheduled meetings and teleconferences with the
25 Committee's advisors. Topics addressed during these meetings generally related to global
26 bankruptcy related issues and/or the status of multiple projects being worked on by A&M and,
27 therefore, time related to such meetings could not be accurately assigned to a single "project-
28 oriented" matter code. These meetings/teleconferences provided a forum for the Committee to
29 receive input from A&M with respect to various issues concerning the Chapter 11 cases while

1 also providing a forum for A&M to receive guidance from the Committee with respect to the
2 strategic direction in which the Committee's efforts should be focused. Such interaction also
3 kept the Committee fully informed with respect to the issues, status and results of the current and
4 planned projects in which A&M was or would be involved.

5 49. Over the course of 2006, as the financial condition of the Debtors deteriorated and
6 the financial projections were revised and re-issued on at least two occasions, the Committee
7 charged A&M and the other Committee Advisors with providing significant and extensive
8 information to them in order to comprehend the events and circumstances surrounding the
9 declining performance. The meetings and teleconferences were a critical forum for
10 communicating findings and receiving direction from the Committee as to information required
11 to evaluate the potential for a recovery and/or evaluate recovery proposals.

12 50. As a result of the interactions between A&M and the Committee and the
13 Committee's other advisors, A&M was able to efficiently support the efforts of the Committee,
14 coordinate efforts in order to meet critical court imposed deadlines and avoid any duplication of
15 effort.

16 51. In connection with providing the services classified to this matter code, A&M billed
17 658.2 hours of professional time during the Final Application Period representing fees (prior to
18 adjustment) of \$299,953.

19 20 **G. Analysis of Accounting Issues**

21 52. Incorporated within this matter classification is professional time incurred by A&M
22 personnel who analyzed a variety of accounting issues including, but not limited to, issues
23 surrounding pre and post-petition receivables collected by GECC and the Debtors' accounting
24 with respect to its tooling operations. Also included in this matter classification is time incurred
25 by A&M professionals reviewing intellectual property accounting issues on a plant by plant
26 basis.

27 53. In connection with providing the services classified to this matter code, A&M billed
28 85.8 hours of professional time during the Final Application Period representing fees (prior to
29 adjustment) of \$35,500.

1
2 **H. Forensic Accounting Issues**

3 54. Incorporated within this matter classification is professional time incurred by A&M
4 personnel who analyzed various forensic accounting issues including but not limited to analyzing
5 various piece price accounting issues, rebate accounting issues and inter-company accounting
6 issues.

7 55. In connection with providing the services classified to this matter code, A&M billed
8 24.7 hours of professional time during the Final Application Period representing fees (prior to
9 adjustment) of \$13,605.

10
11 **I. Analysis of Financial Information**

12 56. Incorporated within this matter classification is professional time incurred by A&M
13 personnel who analyzed various financial information prepared by the Debtors.

14 57. A&M rendered services in this matter classification including, but not limited to,
15 the following:

- 16 a. Analyzing various operational drivers related to the Debtors' historical and
17 projected operations.
- 18 b. Analyzing various accounts payable aging schedules prepared by the
19 Debtors and the Debtors' advisors in order to ascertain the magnitude of
20 past due payables at certain operating divisions and assess the Debtors'
21 strategy for managing these issues.
- 22 c. Analyzing inter-company financial data and flow of funds between the
23 Debtors' US / Canada and European operations.
- 24 d. Preparing lost profit analyses for various customers based on potential plant
25 shutdowns.

26 58. In connection with providing the services classified to this matter code, A&M billed
27 546.1 hours of professional time during the Final Application Period representing fees (prior to
28 adjustment) of \$234,737.

1 **J. Preparation / Attendance at Court Hearings**

2 59. Incorporated within this matter code is professional time incurred by A&M
3 personnel who prepared for and attended Court hearings pertaining to a variety of legal matters
4 including the depositions of various OEMs, the Debtors and the Debtors' personnel, multiple
5 court hearings including Customer Financing hearings, and various other contested matters.
6 Such participation was requested by the Committee and was necessary to support the activities of
7 Committee counsel with respect to the myriad of issues related to Debtors' operations.

8 60. In connection with providing the services classified to this matter code, A&M billed
9 293.9 hours of professional time during the Final Application Period representing fees (prior to
10 adjustment) of \$149,250.

11
12 **K. Analysis of Motions Filed by Debtors**

13 61. Included within this matter classification is professional time incurred by A&M
14 personnel who analyzed the various motions filed by the Debtors and other parties-in-interest.
15 Specific activities performed by A&M personnel that are assigned to this matter code include,
16 but are not limited to:

- 17 a. Assisting in the drafting of various operations-related sections to the Objection
18 to the Customer Financing Agreement.
- 19 b. Analyzing the operational issues surrounding the Motion for Contingent Relief
20 from the Automatic Stay to Obtain Possession of Tooling by General Motors.
- 21 c. Analyzing the depositions of John Boken and various OEM representatives with
22 respect to various operational and strategic issues.
- 23 d. Analyzing multiple motions for sale of real estate, machinery and other assets
24 with a focus on maximization of proceeds for the benefit of all creditors.
25 Reviews & analysis of this type increased both in Committee focus and
26 frequency during the second half of 2006 as facilities were closed, real estate
27 was marketed and equipment sales were held via auction or direct negotiation.

1 62. In connection with providing the services classified to this matter code, A&M billed
2 217.0 hours of professional time during the Final Application Period representing fees (prior to
3 adjustment) of \$92,503.

4
5 **L. Retention / Fee Applications, Travel Time, and Other Administrative Matters**

6 63. Incorporated within this matter classification is professional time incurred by A&M
7 personnel during the Sixth Application Period in connection with, but not limited to: i).
8 preparing the Fee Statements; ii). preparing the Fifth Fee Application; and iii). travel time billed
9 at fifty percent (50%) of the time incurred.

10 64. Specific services related to the preparation of the Fee Statements include:

- 11 a. Compiling and organizing time and expense information submitted by, and
12 supporting documentation received from, A&M personnel assigned to this
13 engagement;
- 14 b. Reviewing time entries and expense documentation submitted by A&M
15 personnel working on the engagement in order to ensure compliance with the
16 Bankruptcy Court;
- 17 c. Tracking expenses of A&M personnel and recording such expenses by
18 category; and
- 19 d. Preparing the various exhibits to the Fee Statements.
- 20

21 65. As a result of A&M's efforts relating to the fee statement process, the creditors, the
22 Court, the OUST, and other parties-in-interest are aware of the work performed, fees generated
23 and expenses incurred by A&M.

24 66. Lastly, included within this matter classification is professional time incurred by
25 A&M personnel while performing various administrative tasks directly related to the
26 administration of these cases, such as creating summary schedules of A&M services to be
27 submitted to the Court, preparing work plans for the A&M team, and holding internal meetings
28 to discuss work flow and project timetables.

29

1 67. In connection with providing the services classified to this matter code, A&M billed
2 831.2 hours of professional time during the Final Application Period representing fees (prior to
3 adjustment) of \$397,025.

4
5 **M. Part Profitability Analysis**

6 68. Included within this matter classification is professional time incurred by A&M
7 personnel who analyzed the profitability of various customer contracts in connection with the
8 Debtors' contract renegotiations with the OEMs.

9 69. Specific activities performed by A&M personnel that are assigned to this matter
10 code include, but are not limited to:

- 11 a. Analyzing the multitude of offers and counteroffers of the Debtors and the
12 OEMs regarding price relief for specific vehicle programs and general raw
13 material price increases.
- 14 b. Preparing various analyses and summary schedules thereof that detailed the
15 pricing targets required to achieve various levels of profitability.
- 16 c. Analyzing the profitability of approximately 250 individual vehicle program
17 contracts to assess the financial viability of each OEM offer / counteroffer.
- 18 d. Reviewing and analyzing term sheets from each OEM and noting various
19 potential enhancements thereto.
- 20 e. Conducting regular meetings with the Debtors' advisors involving updates on
21 the status of negotiations with the OEMs.
- 22 f. Preparing various analyses and presentations for the Committee to update the
23 Committee on the status of the pricing negotiations with the OEMs and to
24 educate the Committee and the Committee's Advisors on the terms of the
25 potential agreements with the OEMs.

26 70. In connection with providing the services classified to this matter code, A&M billed
27 675.9 hours of professional time during the Final Application Period representing fees (prior to
28 adjustment) of \$280,035.

1 **N. Information Requests**

2 71. Included within this matter classification is professional time incurred by A&M
3 personnel who prepared information requests to be submitted to the Debtors and the Debtors'
4 advisors for a myriad of supporting detail regarding the Debtors' operations.

5 72. A&M's efforts in this regard were to facilitate the information flow between the
6 Committee and the Debtors and the Debtors' advisors. This was a necessary task to ensure that
7 the Committee and the Committee's advisors had all available and accurate information in a
8 timely manner.

9 73. In connection with providing the services classified to this matter code, A&M billed
10 34.5 hours of professional time during the Final Application Period representing fees (prior to
11 adjustment) of \$12,075.

12
13 **O. Management Compensation Analysis**

14 74. Incorporated within this matter classification is professional time incurred by A&M
15 personnel who worked with the Committee and the Debtors to develop a consensual
16 management compensation package. A&M's efforts in this area were primarily focused on
17 assisting the Committee to determine the appropriate operational benchmarks to include in a
18 potential management incentive plan.

19 75. Also included within this matter classification is professional time incurred by
20 A&M personnel while analyzing the various severance plans proposed by the Debtors.

21 76. In connection In connection with providing the services classified to this matter
22 code, A&M billed 19.4 hours of professional time during the Final Application Period
23 representing fees (prior to adjustment) of \$9,170.

24
25 **P. Analysis of Strategic Plan**

26 77. Included within this matter classification is professional time incurred by A&M
27 personnel in analyzing and reviewing the Debtors' operating plans. Specific activities included
28 as time under this matter code include, but are not limited to, the following:

- 29 a. Analyzing various issues related to the Debtors' projected cost savings.

- b. Preparing presentations and summaries to update the Committee on the key operational components of the Debtors' operating plans.
- c. Analyzing various issues related to the assumed price increases included in the Debtors' operating plans.
- d. Analyzing various potential challenges and opportunities with respect to the implementation of the Debtors' operating plans.
- e. Analyzing the elements, impact and feasibility of the proposed agreements with major customers designed to facilitate a stand-alone plan of reorganization (including multiple draft iterations). The Committee considered these customer negotiations critical to a potential meaningful recovery and requested substantial diligence as a result.
- f. Analyzing the elements, impact and feasibility of the customer/creditor-funded wind-down budget (including multiple draft iterations).

78. In connection with providing the services classified to this matter code, A&M billed 1,247.2 hours of professional time during the Final Application Period representing fees (prior to adjustment) of \$591,845.

Q. Analysis of Capex and Tooling

79. Included within this matter classification is professional time incurred by A&M personnel in analyzing and reviewing various capital expenditure and tooling issues related to both current and new parts programs.

80. In connection with providing the services classified to this matter code, A&M billed 97.5 hours of professional time during the Final Application Period representing fees (prior to adjustment) of \$45,080.

R. Substantive Consolidation

81. Included within this matter classification is professional time incurred by A&M personnel while analyzing and reviewing the substantive consolidation analysis. A&M

1 professionals participated in depositions of various company personnel to discuss substantive
2 consolidation issues.

3 82. In connection with providing the services classified to this matter code, A&M billed
4 41.2 hours of professional time during the Final Application Period representing fees (prior to
5 adjustment) of \$19,750.

6
7 **S. Fabrics Winddown**

8 83. Included within this matter classification is professional time incurred by A&M
9 personnel in analyzing and reviewing issues related to the winddown of the fabrics division.
10 Specific activities included as time under this matter code include, but are not limited to, the
11 following:

- 12 a. Analyzing the framework for the Debtors' Motion for an Order Authorizing the
13 Wind-Down of Their Fabrics Business and Certain Related Actions in
14 Connection Therewith as it related to maximization of the wind-down proceeds
15 for the benefit of all creditors.
- 16 b. Reviewing and analyzing periodic (generally weekly) status reporting regarding
17 progress towards achievement of wind-down objectives.
- 18 c. Providing detailed written status reports to the Committee and the Committee's
19 other advisors as requested.

20 84. In connection with providing the services classified to this matter code, A&M billed
21 213.1 hours of professional time during the Final Application Period representing fees (prior to
22 adjustment) of \$100,833.

23
24 ///

25 ///

26 ///

27 ///

28 ///

29 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

IV. CONCLUSION


85. The fees and expenses requested by A&M in this Sixth and Final Application are an appropriate award for the operational and strategic advisory services provided by A&M to the Committee. As outlined herein, A&M believes its efforts have facilitated the Debtors' efforts to bring about a resolution to these bankruptcy cases in a manner that maximizes the value of the Debtors' estates by providing the Committee with the most current and complete information available to evaluate its options at each stage of the process. Accordingly, A&M believes its services have been beneficial to the Debtors' estates and the various interested parties and that the costs incurred in connection therewith have been necessary and proper, and that the sums requested for the services rendered and the costs incurred are fair and reasonable.

86. WHEREFORE, A&M prays for an Order (1) Awarding Final Compensation in the total amount of \$3,391,093 representing fees incurred during the Final Application Period in the amount of \$3,150,000 and actual and necessary expenses incurred during the same time period totaling \$241,093, (2) authorizing the Debtors to pay A&M any unpaid amounts due with respect to fees and expenses incurred during the Final Application Period, and (3) such other relief as the Court deems necessary and proper.

Executed this 12th day of November 2007 at Chicago, Illinois.

Alvarez & Marsal, LLC
55 West Monroe Street
Suite 4000
Chicago, Illinois 60603

Operational and Strategic Advisor to the Official
Committee of Unsecured Creditors

By: 
Thomas E. Hill

AFFIDAVIT OF THOMAS E. HILL

I, Thomas E. Hill do hereby declare and state as follows:

1. I am a Managing Director in the firm of Alvarez & Marsal, LLC ("A&M" or the "Firm"), operational and strategic advisor to the Official Committee of Unsecured Creditors (the "Committee"). If called, I could testify to the matters set forth herein from my own knowledge and belief.

2. A&M seeks a final award of compensation for services rendered during the Final Application Period (as defined above in the Sixth and Final Application) in the amount of \$3,391,093 representing professional fees (of \$3,150,000 for 7,117.2 hours of services rendered) plus \$241,093 as reimbursement for expenses incurred.

3. To the best of my knowledge, the Sixth and Final Application complies with billing guidelines established by the Office of the United States Trustee.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 12th day of November 2007 in Chicago, Illinois.

Alvarez & Marsal, LLC
55 West Monroe Street
Suite 4000
Chicago, Illinois 60603

Operational and Strategic Advisor to the Official
Committee of Unsecured Creditors

By: 

Thomas E. Hill