

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:	:	Chapter 11
	:	
COLLINS & AIKMAN CORPORATION, et al.*	:	Case No. 05-55927 (SWR)
	:	(Jointly Administered)
	:	
Debtors.	:	
	:	
	:	Honorable Steven W. Rhodes
	:	

**SEVENTH AND FINAL APPLICATION OF DAVIS POLK & WARDWELL FOR AN
ORDER (I) GRANTING FINAL APPROVAL OF COMPENSATION FOR
PROFESSIONAL SERVICES RENDERED FROM MAY 1, 2007 THROUGH OCTOBER
12, 2007 AND FOR REIMBURSEMENT OF EXPENSES INCURRED AND (II)
GRANTING FINAL APPROVAL OF ALL FEES AND EXPENSES INCURRED
DURING THE BANKRUPTCY AS SPECIAL COUNSEL TO THE AUDIT
COMMITTEE AND INDEPENDENT DIRECTORS OF COLLINS & AIKMAN**

SUMMARY SHEET

DAVIS POLK & WARDWELL

450 Lexington Avenue
New York, New York 10017
Tel.: (212) 450-4000
Special Counsel to the Audit
Committee and Independent Directors

* The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a/ Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc.), Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05-55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc., Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; Comet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACI, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc. (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.

Party Requesting Approval of Compensation:

DAVIS POLK & WARDWELL

Authorized to Provide
Professional Services to:

Audit Committee and Independent Directors

Period for which Approval of
Compensation and Expense
Reimbursement is
Sought:

Interim Period of May 1, 2007 through
October 12, 2007 and Entire Duration of
Bankruptcy (May 17, 2005 through October
12, 2007)

Amount of Compensation and Expense
Reimbursement Sought to be Approved as
Actual, Reasonable and Necessary:

\$40,318.49 for Interim Period of May 1,
2007 through October 12, 2007 (This
amount reflects the fees and expenses
already paid to DPW by the Debtors and
certain fees and expenses for which DPW
has waived payment, as noted *supra*.
Accordingly, there is no amount due.)

\$9,969,798.07 for Entire Duration of
Bankruptcy, from May 17, 2005 through
October 12, 2007 (This amount reflects the
fees and expenses already paid to DPW by
the Debtors and certain fees and expenses
for which DPW has waived payment, as
noted *supra*. Accordingly, there is no
amount due.)

This is a(n) : _____ Monthly Fee Statement

 X Interim Fee Application

 X Final Fee Application

Amount of Retainer Currently Held:

\$0.00

Summary of certain details of this Seventh and Final Fee Application and prior Monthly Fee and Interim Fee Statements:

Date Filed [†]	Type/Period Covered	Requested Fees [‡]	Approved Fees [§]	Requested Expenses	Approved Expenses [§]	Amount Received
06/30/05	Monthly 05/17/05-05/31/05	\$158,550.80	n/a	\$15,002.08	n/a	\$173,552.88**
07/29/05	Monthly 06/01/05-06/30/05	\$423,351.60	n/a	\$90,174.21	n/a	\$513,525.81
08/30/05	Monthly 07/01/05-07/31/05	\$341,606.00	n/a	\$30,547.05	n/a	\$372,153.05
09/30/05	Monthly 08/01/05-08/31/05	\$354,313.20	n/a	\$23,365.53	n/a	\$377,678.73
10/14/05	Interim ^{††} 05/17/05-08/31/05	\$1,597,277.00	\$1,597,277.00	\$159,088.87	\$159,088.87	\$1,756,366.10
10/28/05	Monthly 09/01/05-09/30/05	\$256,514.80	n/a	\$15,083.63	n/a	\$271,598.43
11/30/05	Monthly 10/01/05-10/31/05	\$184,440.80	n/a	\$31,313.61	n/a	\$215,754.41
12/30/05	Monthly 11/01/05-11/30/05	\$307,451.20	n/a	\$14,065.87	n/a	\$321,517.07
1/30/06	Monthly 12/01/05-12/31/05	\$356,014.80	n/a	\$40,328.37	n/a	\$396,343.17
2/28/06	Monthly 01/01/06-01/31/06	\$515,001.20	n/a	\$20,233.92	n/a	\$535,235.12
3/7/06	Interim ^{††} 09/01/05-01/31/06	\$2,024,278.50	\$2,024,278.50	\$121,025.40	\$121,025.40	\$2,145,303.90
3/30/06	Monthly 02/01/06-02/28/06	\$480,370.00	n/a	\$37,088.26	n/a	\$517,458.26
4/27/06	Monthly 03/01/06-03/31/06	\$550,010.80	n/a	\$143,228.17	n/a	\$693,238.97
5/30/06	Monthly 04/01/06-04/30/06	\$573,247.20	n/a	\$13,606.76	n/a	\$586,853.96
6/15/06	Interim ^{††} 02/01/06-04/30/06	\$2,004,535.00	\$2,004,535.00	\$193,923.19	\$193,923.19	\$2,198,458.19
6/30/06	Monthly 05/01/06-05/31/06	\$525,814.00	n/a	\$164,706.19	n/a	\$690,520.19

[†] Under the Administrative Order, Monthly Fee Statements are not filed with the Court. Therefore, with respect to a Monthly Fee Statement, this date refers to the date it was served pursuant to the Administrative Order.

[‡] With respect to Monthly Fee Statements, this amount represents 80% of actual fees for the period. For Interim Fee Applications, this amount equals 100% of the actual fees for the period.

[§] Under the Administrative Order, unless an objection is received, Court approval is not required for Monthly Fee Statements. Therefore, this amount is not given with respect to Monthly Fee Statements.

** This amount includes the application of a \$16,486.29 retainer that had been held by DPW to the amount due under the Monthly Fee Statement for the period 05/17/05 -- 05/31/05.

†† Note that fees and expenses in an Interim Fee Application are simply the sum of the fees (plus the 20% fee holdback) and expenses in the Monthly Fee Statements for the same period. If the Court allows the fees and expenses in an Interim Fee Application, only those amounts for which payment has not been received in connection with a Monthly Fee Statement are actually due.

Date Filed[†]	Type/Period Covered	Requested Fees[†]	Approved Fees[§]	Requested Expenses	Approved Expenses[§]	Amount Received
7/28/06	Monthly 06/01/06-06/30/06	\$439,010.80	n/a	\$158,738.59	n/a	\$597,749.39
8/30/06	Monthly 07/01/06-07/31/06	\$428,124.40	n/a	\$39,765.95	n/a	\$467,890.35
9/30/06	Monthly 08/01/06-08/31/06	\$544,677.60	n/a	\$32,405.54	n/a	\$577,083.14
10/13/06	Interim ^{††} 05/01/06-08/31/06	\$2,422,033.50	\$2,422,033.50	\$395,616.27	\$395,616.27	\$2,817,649.77
10/31/06	Monthly 09/01/06-09/30/06	\$318,614.00	n/a	\$58,412.32	n/a	\$377,026.32
12/1/06	Monthly 10/01/06-10/31/06	\$134,941.60	n/a	\$38,893.69	n/a	\$173,835.29
12/26/06	Monthly 11/01/06-11/30/06	\$63,058.00	n/a	\$2,259.49	n/a	\$65,317.49
1/30/07	Monthly 12/01/06-12/31/06	\$91,618.00	n/a	\$28,206.13	n/a	\$119,824.13
2/15/07	Interim ^{††} 09/01/06-12/31/06	\$760,289.50	\$760,289.50	\$127,771.63	\$127,771.63	\$736,003.23
2/28/07	Monthly 01/01/07-01/31/07	\$42,777.60	n/a	\$5,676.88	n/a	\$48,454.48
3/30/07	Monthly 02/01/07-02/28/07	\$63,913.60	n/a	\$6,854.11	n/a	\$70,767.71
5/02/07	Monthly 03/01/07-03/31/07	\$66,405.20	n/a	\$2,609.60	n/a	\$69,014.80
5/31/07	Monthly 04/01/07-04/30/07	\$32,838.00	n/a	\$3,139.80	n/a	\$35,977.80
6/15/07	Interim ^{††} 01/01/07-04/30/07	\$257,418.00	\$257,418.00	\$18,280.39	\$18,280.39	\$275,698.39
6/29/07	Monthly 05/01/07-05/31/07	\$11,186.80	n/a	\$929.50	n/a	\$12,111.60
7/30/07	Monthly 06/01/07-06/30/07	\$12,265.20	n/a	\$528.53	n/a	\$12,793.73
8/30/07	Monthly 07/01/07-07/31/07	\$5,810.40	n/a	\$720.54	n/a	\$0.00
10/01/07	Monthly 08/01/07-08/31/07	\$13,992.00	n/a	\$1,421.16	n/a	\$15,413.16
11/12/07	Interim ^{††} 05/01/07-10/12/07	\$54,068.00		\$3,599.73		\$40,318.49
11/12/07	Final ^{§§} 05/17/05-10/12/07	\$9,119,899.50		\$1,019,305.48		\$9,969,798.07

^{§§} Pursuant to a settlement agreement with the fee examiner, and conditioned upon approval of the allowance of this Seventh and Final Fee Application as filed, DPW has agreed to waive \$256,557.76 in fees and expenses, consisting of (i) amounts sought by DPW pursuant to Monthly Fee Applications but not paid by Debtors and (ii) \$87,150.85 in fees and expenses incurred from September 1, 2007 through October 12, 2007 for which Monthly Fee Applications have not been (and assuming allowance of this Seventh and Final Fee Application as filed will not be) filed. In the event that allowance of this Seventh and Final Fee Application is not approved as filed, DPW reserves the right to submit supplementary documentation supporting the \$87,150.50 in fees and expenses incurred from September 1, 2007 through October 12, 2007.

Summary of certain information regarding professionals and paraprofessionals for whom approval of compensation is sought by this Seventh and Final Fee Application:

Names of Professionals/Paraprofessionals	2007 Rate	Hours Billed During Seventh Interim Period	Total Billed During Seventh Interim Period
<u>PARTNERS</u>			
Marshall S. Huebner	\$780	1.1	\$858.00
Martine M. Beamon	\$735	11.0	\$8,085.00
Kimberly D. Harris	\$645	2.8	\$1,806.00
<u>ASSOCIATES</u>			
Edward N. Moss	\$495	1.1	\$544.50
David A. Stier	\$495	19.3	\$9,553.50
Aimee Hector	\$495	0.3	\$148.50
Daniel P. Chung	\$495	13.8	\$6,831.00
<u>PARAPROFESSIONALS</u>			
Laura Healy	\$250	5.1	\$1,275.00
Felicia Williams	\$185	28.0	\$5,180.00
Pablo Ruiz	\$165	1.9	\$313.50
Stephanic Neely	\$165	26.4	\$4,356.00
Audrey Evans	\$155	0.2	\$31.00
David Tawil	\$135	91.5	\$12,352.50
Michael Thaler	\$135	12.7	\$1,714.50
Jason B. Jacobs	\$90	1.1	\$99.00
Julia R. Miller	\$80	1.5	\$120.00
Isaac Wei	\$80	10.0	\$800.00
TOTALS:		227.8	\$54,068.00

Total Blended Hourly Rate for this Seventh and Final Fee Application (excluding paraprofessionals): \$563.29

**IN THE UNITED STATES BANKRUPTCY COURT
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SOUTHERN DIVISION**

In re:	:	Chapter 11
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Debtors.	:	(Jointly Administered)
	:	Honorable Steven W. Rhodes

**SEVENTH AND FINAL APPLICATION OF DAVIS POLK & WARDWELL FOR AN
ORDER (I) GRANTING FINAL APPROVAL OF COMPENSATION FOR
PROFESSIONAL SERVICES RENDERED FROM MAY 1, 2007 THROUGH OCTOBER
12, 2007 AND FOR REIMBURSEMENT OF EXPENSES INCURRED AND (II)
GRANTING FINAL APPROVAL OF ALL FEES AND EXPENSES INCURRED
DURING THE BANKRUPTCY AS SPECIAL COUNSEL TO THE AUDIT
COMMITTEE AND INDEPENDENT DIRECTORS OF COLLINS & AIKMAN**

Davis Polk & Wardwell (“DPW”) respectfully represents as follows:

1. DPW is special counsel to the Audit Committee¹⁰ and the Independent Directors of Collins & Aikman Corporation (“C&A” or the “Company”) with respect to the Rebate

⁹The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a/ Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc.), Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05-55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc., Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; Comet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACI, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc. (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.

¹⁰ Capitalized terms not defined herein have the meaning ascribed to them in the Application of the Debtors for an Order Authorizing the Audit Committee and the Independent Directors of Collins & Aikman Corporation to Employ and Retain Davis Polk & Wardwell *Nunc Pro Tunc* as Special Counsel to the Audit Committee and the Independent Directors in Connection with an Investigation into Rebate Transactions Entered into by Collins & Aikman, Collins & Aikman’s Forecasts for the First Quarter of 2005 and Related Matters, and Other Matters that Have (...continued)

Investigation (as defined below) and certain other matters, and is special counsel to the Audit Committee with respect to the Government Inquiries (as defined below).

2. On May 17, 2005 (the “**Petition Date**”), the above-captioned debtors and debtors in possession (the “**Debtors**”) filed their voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code (the “**Bankruptcy Code**”).

3. By order dated June 9, 2005 (Docket No. 287), this Court authorized the Audit Committee and the Independent Directors to retain DPW as their special counsel with respect to the Rebate Investigation and certain other matters *nunc pro tunc* to the Petition Date.

4. By order dated January 6, 2006 (Docket No. 2027), this Court authorized the Audit Committee to expand the scope of its retention of DPW to include services related to the Government Inquiries.

5. By the Administrative Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses for Professionals and Official Committee Members entered on June 9, 2005 (Docket No. 290) (the “**Administrative Order**”), this Court has ordered each of the Professionals (as defined in the Administrative Order) to serve and file with the Court, approximately every 120 days, but not more than 150 days, an application for interim Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code, of the compensation and reimbursement of expenses requested in the Monthly Fee Statements (as defined in the Administrative Order) of such Professional for the period covered by such interim

(continued...)

Arisen in the Course of the Investigation, which was filed on June 3, 2005 (Docket No. 226) (the “**Retention Application**”) and in the First Supplemental Application for an Order Authorizing the Audit Committee of Collins & Aikman Corporation to Expand the Scope of its Retention of Davis Polk & Wardwell as Special Counsel to the Audit Committee to Include Services Related to a Grand Jury Subpoena Received by Collins & Aikman Corporation from the United States Attorney’s Office for the Southern District of New York, a Related Inquiry from the United States Securities and Exchange Commission, and Other Matters Involving Government Regulators and Law Enforcement Officials as May Arise, which was filed on December 19, 2005 (Docket No. 2027) (the “**First Supplemental Retention Application**”).

application. Prior to the current application, DPW accordingly submitted six such applications for interim Court approval and allowance of compensation and reimbursement of expenses. Those interim applications are hereby incorporated by reference.

6. Pursuant to the Administrative Order, DPW submits this application for final approval of compensation for professional services performed by DPW during the period commencing May 1, 2007 through and including October 12, 2007 (the “**Seventh Interim Period**”) and reimbursement of its actual and necessary expenses incurred during the Seventh Interim Period.

7. In addition, DPW submits this application for final approval of compensation for professional services performed by DPW during the entire period of the Company’s bankruptcy, commencing May 17, 2005 through and including October 12, 2007 (the “**Entire Period**”), and reimbursement of its actual and necessary expenses incurred during the Entire Period. This Court has previously approved the fees and expenses for the period commencing May 17, 2005 through and including April 30, 2007 as set forth in DPW’s six previous interim fee applications.

8. The professional services and expenses for which approval of compensation and reimbursement are sought were rendered and expended on behalf of the Audit Committee and Independent Directors pursuant to chapter 11 of the Bankruptcy Code. DPW believes it is appropriate that it was compensated for the time spent and was reimbursed for the expenses incurred in connection with these matters.

Total Amount of Compensation and Expenses Sought to be Approved

9. For the Seventh Interim Period, DPW provided professional services to the Audit Committee and the Independent Directors and billed fees for such services totaling \$54,068.00 and incurred actual, reasonable and necessary expenses in connection therewith totaling

\$3,599.73. Of these amounts, DPW has been paid \$40,318.49. Pursuant to an agreement with the fee examiner, and conditioned upon approval of the allowance of this Seventh and Final Fee Application as filed, DPW has agreed to waive the unpaid balance of \$17,349.24. Also pursuant to that agreement, DPW has agreed to waive \$87,150.50 in fees and expenses incurred from September 1, 2007 through October 12, 2007 for which Monthly Fee Applications have not been (and assuming allowance of this Seventh and Final Fee Application will not be) filed. In the event that allowance of this Seventh and Final Fee Application is not approved as filed, DPW reserves the right to submit supplementary documentation supporting the \$87,150.50 in fees and expenses incurred from September 1, 2007 through October 12, 2007.

10. For the Entire Period, DPW provided professional services to the Audit Committee and the Independent Directors and billed fees for such services totaling \$9,119,899.50, and incurred actual, reasonable and necessary expenses in connection therewith totaling \$1,019,305.48. Of these amounts, DPW has been paid \$9,969,798.07. Pursuant to an agreement with the fee examiner, and conditioned upon approval of the allowance of this Seventh and Final Fee Application as filed, DPW has agreed to waive the unpaid balance of \$169,406.91.

Services Rendered and Benefit to the Estate

Background

11. On or about March 17, 2005, C&A publicly announced that during the course of finalizing its financial statements for its fiscal year ended December 31, 2004, it had identified certain accounting for supplier rebates that led to premature or inappropriate revenue recognition or that was inconsistent with relevant accounting standards and C&A's policies and practices. C&A further announced that it had initiated an internal review of these matters and that it expected that certain restatements of its financial results would be required.

12. As part of that announcement, C&A also stated that it would not be able to file its Annual Report on Form 10-K containing fiscal 2004 audited financial statements with the United States Securities and Exchange Commission (the “SEC”) on time. C&A stated that it required additional time to complete the review of the accounting issues described above, its financial reporting process, and its controls over financial reporting. On or about March 24, 2005, C&A publicly disclosed that the Audit Committee had determined to conduct an independent investigation into these matters and that the Audit Committee had retained DPW as independent counsel to assist it in the investigation.¹¹

13. On or about May 12, 2005, C&A announced, among other things, that the scope of the investigation would also include C&A’s forecasts for the first quarter of 2005 and related matters, as well as other matters that had arisen in the course of the investigation. In addition, DPW investigated other confidential matters at C&A at the request of the Audit Committee. (For ease of reference, the matters investigated by DPW are referred to herein collectively as the “**Rebate Investigation.**”)

14. On or about August 12, 2005, C&A announced that it had received a grand jury subpoena from the United States Attorney’s Office for the Southern District of New York (the “**Grand Jury Subpoena**”), seeking documents and information relating to C&A’s financial statements for the 2004 and 2005 fiscal years, and documents and information relating to, among other things, accounts receivable, and supplier and customer rebates. At the time of that announcement, C&A stated that it had been complying with similar requests from the SEC.

¹¹ After DPW was originally retained by the Audit Committee to conduct the Rebate Investigation, the scope of DPW’s representation was expanded to include advising the Independent Directors with respect to certain matters related to the Rebate Investigation.

15. In assisting the Audit Committee, DPW, with the aid of forensic accountants from Ernst & Young, sought to determine the facts surrounding, the extent of and the cause of any accounting or other financial irregularities within the scope of the Rebate Investigation. The ultimate goal of DPW in its work on the Rebate Investigation, with the assistance of Ernst & Young, was to provide its findings to the Audit Committee, the Independent Directors, C&A's auditors and certain government regulators to enable C&A both to generate accurate financial information to support business decisions and, if necessary, to obtain financial statements certified by an independent auditor. The findings related to the Rebate Investigation were also intended to serve as the basis for the implementation of remedial measures and preventative practices and procedures. DPW's representation also encompassed advice to the Audit Committee and the Independent Directors in connection with corporate governance and the bankruptcy process.

16. In connection with the Rebate Investigation and the Government Inquiries, DPW conducted extensive work related to the retrieval, archival, review and analysis of information, documents, and data from C&A, in both electronic and paper format. Approximately 3,500,000 pages of documents were reviewed by DPW. In light of its familiarity with and access to information, documents, and data collected from C&A, DPW also, as part of its representation of the Audit Committee, assisted C&A since August 12, 2005, or shortly thereafter, in connection with its response to the Grand Jury Subpoena and to the related SEC inquiry. In order to avoid duplication of collection and review work that DPW already performed, DPW produced documents responsive to the Grand Jury Subpoena and to related requests by the SEC (the **"Government Inquiries"**) that it had already collected on behalf of the Audit Committee in the course of its work on the Rebate Investigation.

17. DPW also assisted the Audit Committee in bringing the Committee's investigation to a conclusion. In particular, DPW assisted in drafting and issuing a report of the Audit Committee's findings and conclusions with respect to the Rebate Investigation ("**Audit Committee Report**"). This report was issued to the Board of Directors on March 23, 2007.

18. DPW's representation also encompassed advice to the Audit Committee and the Independent Directors in connection with corporate governance and the bankruptcy process, as well as advice to the Audit Committee in connection with the Government Inquiries. One of the goals of DPW's work on behalf of the Audit Committee in connection with the Government Inquiries was to facilitate C&A's full cooperation with the SEC and the U.S. Attorney's Office. Ultimately, DPW assisted the Company in reaching a non-prosecution agreement with the U.S. Attorney's Office ("**Non-prosecution Agreement**"), whereby the U.S. Attorney's Office agreed not to bring criminal charges against the Company in connection with the conduct at issue in the Rebate Investigation. DPW also assisted the Company in settling a complaint brought by the SEC that alleged violations of the federal securities laws ("**SEC Settlement**"). Under the SEC Settlement, the Company agreed, without admitting or denying any wrongdoing, to be enjoined from future violations of the federal securities laws. The SEC noted the significant remedial steps and extensive cooperation provided by the Company. Neither the Non-prosecution Agreement nor the SEC Settlement required the Company to pay restitution, a civil fine, or any sort of monetary penalty.

19. During the fourth quarter of 2006, DPW learned that it was unlikely that C&A would emerge from bankruptcy as a reorganized entity, but would instead attempt to sell its assets in whole or in parts. Accordingly, DPW notified the SEC and the U.S. Attorney's Office that DPW would be concluding its work on behalf of the Audit Committee in connection with the

Government Inquiries as soon as possible. As a result, DPW's fees and expenses have been significantly lower during the past seven Monthly Fee Statement Periods: whereas fees and expenses for DPW's services averaged \$637,684.33 per month from March through August of 2006, they dropped to \$207,570.69 for October 2006, \$81,081.99 for November 2006, \$142,728.63 for December 2006, and \$59,148.88 for January 2007, \$86,746.11 for February 2007, \$85,616.10 for March 2007, \$44,187.30 for April 2007, \$12,111.60 for May 2007, \$12,793.73 for June 2007, \$6,530.94 for July 2007, and \$15,413.16 for August 2007, or, a monthly average of \$68,539.01 for that 11-month period.¹²

Services Rendered

20. During the Entire Period, DPW performed numerous services in furtherance of its representation of the Audit Committee and Independent Directors. First, DPW advised the Audit Committee in conducting and concluding the Rebate Investigation. Over 70 witnesses were interviewed during the Rebate Investigation at various locations around the United States. DPW also coordinated and conducted the retrieval, archival, review and analysis of information, documents, and data from C&A, in both electronic and paper format. Approximately 3,500,000 pages of documents were reviewed by DPW. In addition, DPW assisted in drafting and issuing the Audit Committee Report.

¹²December 2006 fees increased from November fees as a result of DPW's transfer of a significant amount of materials to the SEC and the U.S. Attorney's Office in order to continue to assist the Company in continuing its obligations under the Government Inquiries. Moreover, February and March 2007 fees increased from January 2007 fees as a result of DPW's work on behalf of the Audit Committee in connection with the Audit Committee Report, the Non-prosecution Agreement, and the SEC Settlement.

21. Second, DPW participated in meetings of the Audit Committee and the Board of Directors and provided advice with regard to issues of corporate governance and fiduciary duties arising from the Rebate Investigation, the Government Inquiries, and the bankruptcy process.

22. Third, DPW, as part of its representation of the Audit Committee in connection with the Government Inquiries, responded on behalf of C&A to the Grand Jury Subpoena and the related SEC request. Specifically, DPW collected, reviewed, and produced substantial additional documents responsive to the Grand Jury Subpoena and the related SEC request. Moreover, DPW, on behalf of the Audit Committee, responded to additional requests for information in connection with the Government Inquiries.

23. Fourth, DPW assisted the Company in reaching the Non-prosecution Agreement and SEC Settlement, under which the Company was not required to pay any monetary penalties. Under both agreements, however, the Company has a continuing obligation to cooperate with the Government Inquiries. To that end, DPW, among other things, continued to respond to additional government requests for information and other materials in connection with the Government Inquiries. DPW also assisted the Company in responding to press inquiries resulting from the announcement of the Non-prosecution Agreement and SEC Settlement, and criminal indictments and civil charges brought against various former employees of the Company.

24. Fifth, DPW responded to inquiries from the U.S. Attorney's Office regarding the asset purchase agreement between the Company and Cadence Innovation LLC for the sale of a large portion of the Company's North American plastics business. DPW also assisted in drafting language for that agreement to ensure the Company's compliance with its obligations under the Non-prosecution Agreement.

25. Finally, in connection with the Government Inquiries and the Company's continued obligations under the Non-prosecution Agreement and the SEC Settlement, DPW continued to coordinate the transition of electronic and hard-copy documents in its possession to the government and ensured that upon the conclusion of its representation of the Company, the Company itself would be prepared to respond to any further requests or inquiries from the government. DPW similarly coordinated the transfer of documents to the trust established under the Debtors' bankruptcy plan for the purpose of conducting litigation on behalf of the estate.

Benefit to the Estate

26. DPW submits that the services it rendered during the Entire Period benefited the estate in multiple ways. First, DPW believes that its assistance to the Audit Committee with respect to the Rebate Investigation allowed the Company and potential partners to transactions to better understand the quality of the Company's prior reported earnings, which is crucial to the Debtors' ongoing efforts to sell certain of the Company's assets.

27. Second, DPW's assistance to C&A in reaching the Non-prosecution Agreement and SEC Settlement clearly benefited the estate by ensuring that a criminal charge and monetary penalty were not imposed on the Company. A charge or monetary penalty would have posed a significant obstacle to the Debtors' efforts to sell certain of the Company's assets, which are crucial to maximizing recovery to the estate. DPW's efforts at continued cooperation with the Government Inquiries have also benefited the estate by ensuring that the Debtors comply with their obligations under the Non-prosecution Agreement and SEC Settlement.

28. Moreover, in concluding its representation of C&A, DPW has reinforced the Company's continued cooperation with the SEC and U.S. Attorney's Office by ensuring that

both government entities have all necessary documents and information to continue their investigations.

Current Status of Bankruptcy Case

29. The Debtors filed a chapter 11 plan and disclosure statement in these cases on December 22, 2006. On January 26, 2007, the Court entered an order approving the Debtors' motion to approve the Debtors' disclosure statement. On February 9, 2007, the Court entered an order approving the Debtors' disclosure statement. On July 18, 2007, the Court entered an order confirming the Debtors' chapter 11 plan.

Services of Multiple Attorneys and Paralegals

30. Nearly all of the services provided by DPW during the Entire Period have been the result of the joint efforts of many of the attorneys and paraprofessionals working on this matter. DPW submits that, in light of the complex issues encompassed by the Rebate Investigation and the Government Inquiries, it is more than reasonable that multiple attorneys or paralegals would be called upon to assist in this endeavor. DPW has made every reasonable effort to ensure that, despite the size of its team, DPW attorneys and paraprofessionals have not duplicated the work of one another and have carried out such work as efficiently as possible.

Prior Fee Awards During Pendency of Debtors' Cases

31. During the pendency of the Debtors' bankruptcy cases, DPW has not received any compensation from the Debtors other than through the interim fee statement and application process established by the Administrative Order. Pursuant to the Administrative Order, a Professional, such as DPW, may submit Monthly Fee Statements to the Debtors seeking compensation for 80% of the fees billed, and reimbursement of 100% of the expenses incurred, during the month to which the Monthly Fee Statement relates. Further, every four to five

months, a Professional must file an interim fee application with the Court that seeks allowance for the fees and expenses billed and incurred during that period. An interim fee application therefore seeks allowance for (i) the fees and expenses in the Monthly Fee Statements for the months composing that interim fee application period plus (ii) the 20% fee amount that was held back from each of those Monthly Fee Statements. To the extent the Court allows the fees and expenses in an interim fee application, only the amount that has not already been paid by the Debtors in connection with a Monthly Fee Statement is actually due. Pursuant to an agreement with the fee examiner, and conditioned upon approval of the allowance of this Seventh and Final Fee Application as filed, DPW has agreed to waive any such amount not already paid by the Debtors as of October 12, 2007, and accordingly only seeks the Court's approval of amounts paid as of October 12, 2007.

32. DPW has submitted the following Monthly Fee Statements and Interim Fee Applications, and received payments thereon, as of the date of this Seventh and Final Fee Application, as follows:

Date Filed¹³	Type/Period Covered	Requested Fees¹⁴	Approved Fees¹⁵	Requested Expenses	Approved Expenses⁸	Amount Received
06/30/05	Monthly 05/17/05-05/31/05	\$158,550.80	n/a	\$15,002.08	n/a	\$173,552.88 ¹⁶
07/29/05	Monthly 06/01/05-06/30/05	\$423,351.60	n/a	\$90,174.21	n/a	\$513,525.81

¹³ Under the Administrative Order, Monthly Fee Statements are not filed with the Court. Therefore, with respect to a Monthly Fee Statement, this date refers to the date it was served pursuant to the Administrative Order.

¹⁴ With respect to Monthly Fee Statements, this amount represents 80% of actual fees for the period. For Interim Fee Applications, this amount equals 100% of the actual fees for the period.

¹⁵ Under the Administrative Order, unless an objection is received, Court approval is not required for Monthly Fee Statements. Therefore, this amount is not given with respect to Monthly Fee Statements.

¹⁶ This amount includes the application of a \$16,486.29 retainer that had been held by DPW to the amount due under the Monthly Fee Statement for the period 05/17/05 - 05/31/05.

Date Filed ¹³	Type/Period Covered	Requested Fees ¹⁴	Approved Fees ¹⁵	Requested Expenses	Approved Expenses [§]	Amount Received
08/30/05	Monthly 07/01/05-07/31/05	\$341,606.00	n/a	\$30,547.05	n/a	\$372,153.05
09/30/05	Monthly 08/01/05-08/31/05	\$354,313.20	n/a	\$23,365.53	n/a	\$377,678.73
10/14/05	Interim ¹⁷ 05/17/05-08/31/05	\$1,597,277.00	\$1,597,277.00	\$159,088.87	\$159,088.87	\$1,756,366.10
10/28/05	Monthly 09/01/05-09/30/05	\$256,514.80	n/a	\$15,083.63	n/a	\$271,598.43
11/30/05	Monthly 10/01/05-10/31/05	\$184,440.80	n/a	\$31,313.61	n/a	\$215,754.41
12/30/05	Monthly 11/01/05-11/30/05	\$307,451.20	n/a	\$14,065.87	n/a	\$321,517.07
1/30/06	Monthly 12/01/05-12/31/05	\$356,014.80	n/a	\$40,328.37	n/a	\$396,343.17
2/28/06	Monthly 01/01/06-01/31/06	\$515,001.20	n/a	\$20,233.92	n/a	\$535,235.12
3/7/06	Interim ^{††} 09/01/05-01/31/06	\$2,024,278.50	\$2,024,278.50	\$121,025.40	\$121,025.40	\$2,145,303.90
3/30/06	Monthly 02/01/06-02/28/06	\$480,370.00	n/a	\$37,088.26	n/a	\$517,458.26
4/27/06	Monthly 03/01/06-03/31/06	\$550,010.80	n/a	\$143,228.17	n/a	\$693,238.97
5/30/06	Monthly 04/01/06-04/30/06	\$573,247.20	n/a	\$13,606.76	n/a	\$586,853.96
6/15/06	Interim ^{††} 02/01/06-04/30/06	\$2,004,535.00	\$2,004,535.00	\$193,923.19	\$193,923.19	\$2,198,458.19
6/30/06	Monthly 05/01/06-05/31/06	\$525,814.00	n/a	\$164,706.19	n/a	\$690,520.19
7/28/06	Monthly 06/01/06-06/30/06	\$439,010.80	n/a	\$158,738.59	n/a	\$597,749.39
8/30/06	Monthly 07/01/06-07/31/06	\$428,124.40	n/a	\$39,765.95	n/a	\$467,890.35
9/30/06	Monthly 08/01/06-08/31/06	\$544,677.60	n/a	\$32,405.54	n/a	\$577,083.14
10/13/06	Interim ¹⁸ 05/01/06-08/31/06	\$2,422,033.50	\$2,422,033.50	\$395,616.27	\$395,616.27	\$2,817,649.77
10/31/06	Monthly 09/01/06-09/30/06	\$318,614.00	n/a	\$58,412.32	n/a	\$377,026.32
12/1/06	Monthly 10/01/06-10/31/06	\$134,941.60	n/a	\$38,893.69	n/a	\$173,835.29

¹⁷ Note that fees and expenses in an Interim Fee Application are simply the sum of the fees (plus the 20% fee holdback) and expenses in the Monthly Fee Statements for the same period. If the Court allows the fees and expenses in an Interim Fee Application, only those amounts for which payment has not been received in connection with a Monthly Fee Statement are actually due.

Date Filed¹³	Type/Period Covered	Requested Fees¹⁴	Approved Fees¹⁵	Requested Expenses	Approved Expenses[§]	Amount Received
12/26/06	Monthly 11/01/06-11/30/06	\$63,058.00	n/a	\$2,259.49	n/a	\$65,317.49
1/30/07	Monthly 12/01/06-12/31/06	\$91,618.00	n/a	\$28,206.13	n/a	\$119,824.13
2/15/07	Interim 09/01/06-12/31/06	\$760,289.50	\$760,289.50	\$127,771.63	\$127,771.63	\$736,003.23
2/28/07	Monthly 01/01/07-01/31/07	\$42,777.60	n/a	\$5,676.88	n/a	\$48,454.48
3/30/07	Monthly 02/01/07-02/28/07	\$63,913.60	n/a	\$6,854.11	n/a	\$70,767.71
5/02/07	Monthly 03/01/07-03/31/07	\$66,405.20	n/a	\$2,609.60	n/a	\$69,014.80
5/31/07	Monthly 04/01/07-04/30/07	\$32,838.00	n/a	\$3,139.80	n/a	\$35,977.80
6/15/07	Interim 01/01/07-04/30/07	\$257,418.00	\$257,418.00	\$18,280.39	\$18,280.39	\$275,698.39
6/29/07	Monthly 05/01/07-05/31/07	\$11,186.80	n/a	\$929.50	n/a	\$12,111.60
7/30/07	Monthly 06/01/07-06/30/07	\$12,265.20	n/a	\$528.53	n/a	\$12,793.73
8/30/07	Monthly 07/01/07-07/31/07	\$5,810.40	n/a	\$720.54	n/a	\$0.00
10/01/07	Monthly 08/01/07-08/31/07	\$13,992.00	n/a	\$1,421.16	n/a	\$15,413.16
11/12/07	Interim 05/01/07-10/12/07	\$54,068.00		\$3,599.73		\$40,318.49
11/12/07	Final¹⁹ 05/17/05-10/12/07	\$9,119,899.50		\$1,019,305.48		\$9,969,798.07

Exhibits

33. Pursuant to Rule 2016-1 of the Local Bankruptcy Rules for United States Bankruptcy Court in the Eastern District of Michigan, the following exhibits are attached to this Interim Fee Application:

¹⁹ Pursuant to a settlement agreement with the fee examiner, and conditioned upon approval of the allowance of this Seventh and Final Fee Application as filed, DPW has agreed to waive \$256,557.76 in fees and expenses, consisting of (i) amounts sought by DPW pursuant to Monthly Fee Applications but not paid by Debtors and (ii) \$87,150.85 in fees and expenses incurred from September 1, 2007 through October 12, 2007 for which Monthly Fee Applications have not been (and assuming allowance of this Seventh and Final Fee Application as filed will not be) filed. In the event that allowance of this Seventh and Final Fee Application is not approved as filed, DPW reserves the right to supplement it with documentation supporting the \$87,150.50 in fees and expenses incurred from September 1, 2007 through October 12, 2007.

- a. Exhibit A – a copy of the order authorizing the retention of DPW as special counsel to the Audit Committee and the Independent Directors;
- b. Exhibit B – a copy of the order authorizing the Audit Committee to expand the scope of its retention of DPW to include services related to the Government Inquiries;
- c. Exhibit C – a summary statement of the number of hours rendered by each attorney and paraprofessional and the hourly rate of each for the Seventh Interim Period;
- d. Exhibit D – detailed time entries²⁰ (in chronological order) for the time keepers for whom final approval of fees are sought for the Seventh Interim Period;
- e. Exhibit E – brief biographical statements of the professional expertise of each attorney for whom an award of compensation has been sought during the Seventh Interim Period; and
- f. Exhibit F – an itemized statement of the expenses incurred during the Seventh Interim Period for which final approval of reimbursement is sought.

34. DPW has endeavored to represent the Audit Committee and the Independent Directors in the most expeditious and economical manner possible. Tasks have been assigned to attorneys, paraprofessionals, and secretaries at DPW so that work has been performed by those most familiar with the particular matter or tasks and, where attorney or paraprofessional

²⁰ Certain of the time entries and expense reports submitted with this Interim Fee Application have been redacted so as to preserve privileges and the investigative process. If the Court wishes, unredacted copies of the time entries and expense reports can be submitted to the Court *in camera*.

involvement was required, by the lowest hourly rate professional appropriate for a particular matter. Moreover, DPW has sought to coordinate with other professionals involved in these cases so as to minimize any duplication of effort and to minimize attorneys' fees and expenses paid by the Debtors.

35. No agreement or understanding exists between DPW and any other person for the sharing of any compensation received for services rendered in or in connection with this case, other than agreements or understandings relating to the division of compensation among partners and employees of DPW in the normal course of its operations.

36. WHEREFORE, DPW respectfully requests the entry of an order, substantially in the form attached hereto as Exhibit G, (i) granting final approval of compensation and reimbursement of expenses in favor of Davis Polk & Wardwell in the amount of \$40,318.49 for actual, reasonable and necessary professional services rendered and actual, necessary and reasonable expenses incurred on behalf of the Committee and Independent Directors during the Seventh Interim Period; and (ii) granting final approval of compensation and reimbursement of expenses in favor of Davis Polk & Wardwell in the amount of \$9,969,798.07 for actual, reasonable and necessary professional services rendered and actual, necessary and reasonable expenses incurred on behalf of the Committee and Independent Directors during the Entire Period.

Dated: November 12, 2007
New York, New York

Respectfully submitted,

DAVIS POLK & WARDWELL

/s/ Kimberley D. Harris

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Directors