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

In re:	)	Chapter 11
	)	
COLLINS & AIKMAN CORPORATION, et al.[1]	)	Case No. 05-55927 (SWR)
	)	(Jointly Administered)
Debtors.	)	
	)	(Tax Identification #13-3489233)
	)	
	)	Honorable Steven W. Rhodes

FINAL FEE APPLICATION OF KZC SERVICES, LLC AND JOHN R. BOKEN FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR RESTRUCTURING SERVICES PROVIDED TO THE DEBTORS FOR THE PERIOD FROM MAY 17, 2005 THROUGH OCTOBER 12, 2007, INCLUSIVE OF THE SEVENTH INTERIM FEE PERIOD FROM MAY 1, 2007 THROUGH OCTOBER 12, 2007

Name of Applicant:	KZC Services, LLC and John R. Boken
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	May 17, 2005
Date of Entry of Order Authorizing Retention:	June 9, 2005
Final Fee Period for Which Compensation and Reimbursement Is Sought:	May 17, 2005 through October 12, 2007

[1] 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 PACJ, 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.

Seventh Interim Fee Period (May 1, 2007 through October 12, 2007)

Amount of Compensation Requested:	$6,153,860.00
Amount of Expense Reimbursement Requested:	$718,665.23
Total Compensation and Expense Reimbursement Requested:	$6,872,525.23
Blended Rate of Professionals (Including Para-professionals)	$457.15
Blended Rate of Professionals (Excluding Para-professionals)	$464.65

Final Fee Period (May 17, 2005 through October 12, 2007)

Amount of Compensation Requested:	$44,440,563.00
Amount of Expense Reimbursement Requested:	$4,668,143.71
Total Compensation and Expense Reimbursement Requested:	$49,108,706.71
Blended Rate of Professionals (Including Para-professionals)	$458.08
Blended Rate of Professionals (Excluding Para-professionals)	$471.82

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

In re:	)	Chapter 11
	)	
COLLINS & AIKMAN CORPORATION, et al.[1]	)	Case No. 05-55927 (SWR)
	)	(Jointly Administered)
Debtors.	)	
	)	(Tax Identification #13-3489233)
	)	
	)	Honorable Steven W. Rhodes

FINAL FEE APPLICATION OF KZC SERVICES, LLC AND JOHN R. BOKEN FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR RESTRUCTURING SERVICES PROVIDED TO THE DEBTORS FOR THE PERIOD FROM MAY 17, 2005 THROUGH OCTOBER 12, 2007, INCLUSIVE OF THE SEVENTH INTERIM FEE PERIOD FROM MAY 1, 2007 THROUGH OCTOBER 12, 2007

KZC Services, LLC and John R. Boken ("Boken") (collectively, "KZCS"), in accordance with the terms of the Services Agreement between the debtors in the above-captioned chapter 11 cases (collectively, the "Debtors") and KZCS (the "Services Agreement"), hereby apply (the "Final Fee Application") for the entry of a final order allowing KZCS total compensation and reimbursement of expenses totaling $49,108,706.71, representing: (a) fees in the amount of $44,440,563.00 for the reasonable and necessary restructuring services KZCS rendered to the

[1] 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 PACJ, 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.

Debtors for the period from May 17, 2005 through October 12, 2007 (the "Final Fee Period"), inclusive of fees totaling $6,153,860.00 for services rendered by KZCS for the period from May 1, 2007 through October 12, 2007 (the "Seventh Interim Fee Period"); and (b) actual and necessary expenses incurred by KZCS in the amount of $4,668,143.71 during the Final Fee Period, inclusive of expenses incurred by KZCS totaling $718,665.23 during the Seventh Interim Fee Period, pursuant to sections 330 and 331 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), Rules 2016-1 and 9014-1 of the Local Rules for the United States Bankruptcy Court for the Eastern District of Michigan (the "Local Rules"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Retention Orders (as defined below), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 and the Order Granting Motion to Establish Procedures for Monthly Compensation and Reimbursement of Expenses for Professionals and Official Committee Members [Docket No. 290] (the "Interim Compensation Order"). In support of this Final Fee Application, KZCS respectfully states as follows:

Background

1. On May 17, 2005 (the "Petition Date"), the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code and commenced the above-captioned chapter 11 cases. On the Petition Date, the Court entered an order jointly administering these cases pursuant to Bankruptcy Rule 1015(b). During the pendency of these cases, the Debtors operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On May 24, 2005, the United States trustee appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the "Creditors' Committee").

3. The Debtors and their non-debtor affiliates were suppliers of automotive components, systems and modules to many of the world's largest vehicle manufacturers, including DaimlerChrysler, Ford Motor Company, General Motors Corporation, Honda Motor Company, Nissan Motor Company and Toyota.

4. On July 18, 2007, the Court confirmed the Debtors' chapter 11 plan, which outlined how proceeds from the controlled sale and wind down of the Debtors' operations were to be distributed to creditors. The Debtors' chapter 11 plan became effective on October 12, 2007, after the Debtors had met all of the conditions to effectiveness of the plan.

Retention of and Continuing Disinterestedness of KZCS

5. By this Court's orders dated June 9, 2005 and July 18, 2005 (collectively, the "Retention Orders"), the Debtors were authorized to retain KZCS under the terms of the Services Agreement, as amended by the Retention Orders, to provide restructuring services, with Boken serving in the capacity of Chief Restructuring Officer, effective as of the Petition Date. The Retention Orders authorize the Debtors to compensate KZCS at KZCS's hourly rates charged for services of the type contemplated in the chapter 11 cases and to reimburse KZCS for actual and necessary out-of-pocket expenses and direct costs incurred, subject to application to this Court in accordance with applicable law. A copy of the Retention Orders is attached as **Exhibit A** to this Final Fee Application.

6. As disclosed in the Affidavit of John R. Boken in Support of Debtors' Application for Approval of the Services Agreement with KZCS filed on May 25, 2005 (as amended by supplemental affidavits, the "Affidavits"), KZCS does not hold or represent any interest adverse to the Debtors' estates, and is a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code as modified by section 1107(b) of the Bankruptcy Code.

7. KZCS may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and the chapter 11 cases. KZCS disclosed in the Affidavits its connections to parties-in-interest that it has been able to ascertain using its reasonable efforts. KZCS will update the Affidavits when necessary and as appropriate.

8. KZCS performed the services for which it is seeking compensation on behalf of or for the Debtors and their estates, and not on behalf of any committee, creditor or other entity.

9. Except to the extent of the advance payments paid to KZCS that KZCS previously disclosed to this Court in the Affidavits, KZCS has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the chapter 11 cases.

10. Pursuant to Bankruptcy Rule 2016(b), KZCS has not shared, nor has KZCS agreed to share: (a) any compensation it has received or may receive with another party or person other than with the members and associates of KZCS; or (b) any compensation another person or party has received or may receive.

First Interim Fee Application

11. On November 9, 2005, KZCS filed the First Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from May 17, 2005 through August 31, 2005 [Docket No. 1652] (the "First Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $6,324,742.00 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $670,095.28, for the period from May 17, 2005 through August 31, 2005, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1,

Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order. No objections were filed to the First Interim Fee Application.

12. On December 9, 2005, the Court entered the Order Granting First Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from May 17, 2005 through August 31, 2005 [Docket No. 1883]. As of December 15, 2005, KZCS had been paid in full by the Debtors for the compensation and reimbursement of expenses requested in the First Interim Fee Application in accordance with the order.

13. The First Interim Fee Application is incorporated by reference into this Final Fee Application.

Second Interim Fee Application

14. On March 15, 2006, KZCS filed the Second Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from September 1, 2005 through December 31, 2005 [Docket No. 2392] (the "Second Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $5,587,232.00 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $548,632.58, for the period from September 1, 2005 through December 31, 2005, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1, Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order. No objections were filed to the Second Interim Fee Application.

15. On April 14, 2006, the Court entered the Order Granting Second Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from September 1, 2005

through December 31, 2005 [Docket No. 2611]. As of April 24, 2006, KZCS had been paid in full by the Debtors for the compensation and reimbursement of expenses requested in the Second Interim Fee Application in accordance with the order.

16. The Second Interim Fee Application is incorporated by reference into this Final Fee Application.

Third Interim Fee Application

17. On July 26, 2006, KZCS filed the Third Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from January 1, 2006 through April 30, 2006 [Docket No. 3051] (the "Third Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $6,287,567.00 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $583,831.23, for the period from January 1, 2006 through April 30, 2006, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1, Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order. No objections were filed to the Third Interim Fee Application.

18. On August 23, 2006, the Court entered the Order Granting Third Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from January 1, 2006 through April 30, 2006 [Docket No. 3190]. As of August 28, 2006, KZCS had been paid in full by the Debtors for the compensation and reimbursement of expenses requested in the Third Interim Fee Application in accordance with the order.

19. The Third Interim Fee Application is incorporated by reference into this Final Fee Application.

Fourth Interim Fee Application

20. On November 13, 2006, KZCS filed the Fourth Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from May 1, 2006 through August 31, 2006 [Docket No. 3051] (the "Fourth Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $7,630,948.00 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $768,059.07, for the period from May 1, 2006 through August 31, 2006, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1, Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order. One objection was filed to the Fourth Interim Fee Application. The Court held a hearing on December 15, 2006 to address the objection to the Fourth Interim Fee Application along with similar objections filed in relation to other professional fee applications in the C&A cases. After hearing oral arguments, the Court awarded KZCS and Boken the full amount of compensation requested in the Fourth Interim Fee Application.

21. On December 15, 2006, the Court entered the Order Granting Fourth Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from May 1, 2006 through August 31, 2006 [Docket No. 3761]. As of December 22, 2006, KZCS had been paid in full by the Debtors for the compensation and reimbursement of expenses requested in the Fourth Interim Fee Application in accordance with the order.

22. The Fourth Interim Fee Application is incorporated by reference into this Final Fee Application.

Fifth Interim Fee Application

23. On February 23, 2007, KZCS filed the Fifth Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from September 1, 2006 through December 31, 2006 [Docket No. 4186] (the "Fifth Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $6,172,366.50 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $699,189.05, for the period from September 1, 2006 through December 31, 2006, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1, Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order.

24. On March 27, 2007, the Court entered the Order Regarding Pending Interim Fee Applications [Docket No. 4285]. The Order Regarding Pending Interim Fee Applications stated that, in light of the Court's pending consideration at that time of the appointment of a fee examiner, KZCS was awarded 80 percent of the fees and 100 percent of the expense reimbursement sought in the Fifth Interim Fee Application. The aggregate amount awarded to KZCS per the Order Regarding Pending Interim Fee Applications ($5,637,082.25) was equivalent to the amount previously paid to KZCS for services rendered and expenses incurred during the Fifth Interim Fee Period in connection with monthly fee statements submitted by KZCS and in accordance with the Interim Compensation Order. As a result of the Order Regarding Pending Interim Fee Applications, the aggregate outstanding holdback relating to fees and expenses incurred and applied for by KZCS through and including the Fifth Interim Fee Application was $1,234,473.30 as of the filing of the Sixth Interim Fee Application.

25. The Fifth Interim Fee Application is incorporated by reference into this Final Fee Application.

Sixth Interim Fee Application

26. On July 23, 2007, KZCS filed the Sixth Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided on Behalf of the Debtors for the Period from January 1, 2007 through April 30, 2007 [Docket No. 7873] (the "Sixth Interim Fee Application") requesting the entry of an order allowing it: (a) fees in the amount of $6,283,847.50 for the reasonable and necessary restructuring services KZCS rendered to the Debtors; and (b) actual and necessary expenses incurred by KZCS in the amount of $679,671.27, for the period from January 1, 2007 through April 30, 2007, pursuant to sections 330 and 331 of the Bankruptcy Code, Local Rules 2016-1 and 9014-1, Bankruptcy Rule 2016, the Retention Orders and the Interim Compensation Order.

27. On November 7, 2007, the Court entered the Order Granting Sixth Interim Fee Application of KZC Services, LLC and John R. Boken for Compensation and Reimbursement of Expenses for Restructuring Services Provided to the Debtors for the Period January 1, 2007 through April 30, 2007 [Docket No. 8425] (the "Order Granting Sixth Interim Fee Application"). The Order Granting Sixth Interim Fee Application stated that, in light of the Court's appointment of a fee examiner, KZCS was awarded 80 percent of the fees and 100 percent of the expense reimbursement sought in the Sixth Interim Fee Application, without prejudice. The aggregate amount awarded to KZCS per the Order Granting Sixth Interim Fee Application ($5,706,749.27) was equivalent to the amount previously paid to KZCS for services rendered and expenses incurred during the Sixth Interim Fee Period in connection with monthly fee statements submitted by KZCS and in accordance with the Interim Compensation Order. As a result of the Order Regarding Pending Interim Fee Applications and the Order Granting Sixth Interim Fee Application, the aggregate outstanding holdback relating to fees and expenses incurred and applied for by KZCS through and including the Sixth Interim Fee Application is $2,491,242.80 as of the filing of this Final Fee Application.

28. The Sixth Interim Fee Application is incorporated by reference into this Final Fee Application.

Final Fee Application

29. This is the seventh fee application that KZCS has submitted in these chapter 11 cases. In accordance with the terms of the Interim Compensation Order, KZCS has served monthly fee statements (collectively, the "Monthly Fee Statements") on the Debtors, the United States trustee, counsel to the Creditors' Committee, counsel to the pre-petition secured lenders and counsel to the post-petition secured lenders (the "DIP Lenders") for the following periods encompassing, in the aggregate, the entirety of the Seventh Interim Fee Period: (a) May 1, 2007 through May 31, 2007; (b) June 1, 2007 through June 30, 2007; (c) July 1, 2007 through July 31, 2007;(d) August 1, 2007 through August 31, 2007; (e) September 1, 2007 through September 30, 2007; and (f) October 1, 2007 through October 12, 2007.[2]

30. In accordance with the Retention Orders, the Monthly Fee Statements include daily time logs by professionals and para-professionals that provide information regarding the principal daily activities of each KZCS individual providing services to the Debtors during the billing period. Pursuant to the Retention Orders, KZCS was not required to either: (a) keep time entries in increments of tenths of an hour; or (b) prepare separate time entries for each service performed each day (i.e., daily time descriptions could be compiled together in a single summary). The attached **Exhibits B-1** and **B-2** provide: (a) a summary of the number of hours of service rendered by each professional and paraprofessional and their hourly rate during the Seventh Interim Fee Period; and, (b) a summary of the expenses and other fees incurred during the Seventh Interim Fee Period.

[2] KZCS's Monthly Fee Statement for October 2007 includes certain hours, fees and expenses incurred by KZCS subsequent to October 12, 2007 in connection with the preparation of KZCS's Final Fee Application and various transition and miscellaneous wrap-up activities relating to KZCS's chapter 11 engagement on behalf of the Debtors. All fees and expenses incurred by KZCS after October 12, 2007 relating to its ongoing post-Effective Date engagement on behalf of the former Debtors is being billed directly to the former Debtors and is not included in this Final Fee Application.

31. The attached **Exhibits C-1**, **C-2**, **C-3**, **C-4, C-5** and **C-6** include a summary and the full and complete copy of each Monthly Fee Statement for the Seventh Interim Fee Period.

32. With respect to the Monthly Fee Statements relating to the Seventh Interim Fee Period, as of the date hereof, KZCS has received $4,582,404.38 from the Debtors for the fees earned and expenses incurred by KZCS, representing 80 percent of the fees and 100 percent of the expenses incurred and submitted by KZCS in the May 2007 through August 2007 Monthly Fee Statements. Payment from the Debtors for the September 2007 and October 2007 Monthly Fee Statements were not yet due as of the filing of this Final Fee Application.

33. On July 7, 2005, Stephen Cooper ("Cooper") and Leonard LoBiondo ("LoBiondo") were appointed to the Debtors' Board of Directors (the "Board"). Cooper is an Executive Managing Director and LoBiondo is a Senior Managing Director of Kroll Zolfo Cooper LLC, an affiliate of KZCS, and Cooper and LoBiondo are two of the three members of KZCS. Since the appointment of Cooper and LoBiondo to the Board, KZCS has been invoicing the Debtors separately, on an hourly basis plus applicable expenses, for the time Cooper and LoBiondo have incurred undertaking their responsibilities as members of the Board. With respect to the time and expenses incurred during the Seventh Interim Fee Period by Cooper and LoBiondo in their capacities as members of the Board, KZCS has invoiced and collected from the Debtors a total of $66,794.88, representing $66,488.00 in fees and $306.88 in expenses for May 2007 through August 2007. In addition, KZCS has invoiced the Debtors a total of $8,694.74, representing $8,690.00 in fees and $4.74 in expenses for September 2007 and October 2007 relating to fees and expenses incurred by Cooper and LoBiondo in the execution of their duties, payment for which had not yet been received as of the filing of this Final Fee Application. Pursuant to the Court approved agreement reached by and among KZCS, the Debtors and the United States trustee, the fees and expenses incurred by Cooper and LoBiondo in

their capacity as members of the Board are not required to be included for review and approval in connection with this or any other fee application in the Debtors' chapter 11 cases.

Fee Examiner

34. On May 24, 2007, the Court entered the Order Appointing Fee Examiner, appointing Judy A. O'Neill of Foley & Lardner as the Fee Examiner and outlining the limited scope of the process and the specific duties of the Fee Examiner. KZCS has fully cooperated with the Fee Examiner throughout the conduct of her examination, including providing the Fee Examiner with a significant volume of materials, facilitating the due diligence of the Fee Examiner's team and participating in several interviews and in-person meetings with the Fee Examiner.

35. On October 22, 2007, the Fee Examiner filed the Report of Judy A. O'Neill, Fee Examiner (the "Report"). In accordance with the Order Appointing Fee Examiner, all parties have 30 days from the issuance of the Report to submit a response to the Court. KZCS intends to file its response to the Report on or before the response deadline of November 21, 2007. Because KZCS intends to separately address the substance of the Report in detail in its response, KZCS hereby incorporates by reference, when filed, its response to the Report in this Final Fee Application. Accordingly, this Final Fee Application will focus on the reasonable and necessary services provided by KZCS to the Debtors and the value of those services and the results and benefits achieved.

Form of Final Fee Application

36. This Final Fee Application is structured to present first the detailed explanation of the reasonable and necessary services rendered by KZCS during the Seventh Interim Fee Period, along with quantification of the accomplishments achieved by and the benefits derived from KZCS's efforts, in support of the fees and expenses incurred in the delivery of those services, in a form consistent with how such information was presented and supported from the First Interim Fee Application through the Sixth Interim Fee Application. After providing support for the services

rendered and fees incurred during the Seventh Interim Fee Period, KZCS summarizes its aggregate compensation and expense reimbursement request for the complete duration of the Debtors' chapter 11 cases and outlines certain key considerations that KZCS believes should be taken into account when evaluating KZCS' compensation and expense reimbursement request.

Reasonable and Necessary Services Rendered by KZCS - General

37. In the Sixth Circuit, the standard methodology to evaluate the reasonableness of compensation of professionals is the "lodestar" approach (Boddy v. United States Bankruptcy Court, Western District of Kentucky (In re: Boddy), 950 F.2d 334, 337-38 (6th Cir. 1991); In re: Delmar Sharp, 367 B.R. 582, 584 (Bankr. E.D. Mich. 2007)). The lodestar amount is calculated by multiplying the professional's reasonable hourly rate by the number of hours reasonably expended in performing the services for which compensation is sought (Boddy, 950 F.2d at 337). The bankruptcy court also may, in its discretion, consider other factors such as the novelty and difficulty of the issues, special skills of the professional, and the cost of comparable services, "as long as it expressly discusses these factors in light of the reasonable hours actually worked and a reasonable hourly rate," Id. at 338, which is the touchstone of the lodestar analysis.

38. Courts in this district and elsewhere have held that the reasonableness of a professional's fees and attendant services is not to be determined with hindsight, but rather should be evaluated in light of the facts that existed at the time the services were rendered (see, e.g., In re: New Boston Coke Corp., 299 B.R. 432, 439 (Bankr. E.D. Mich 2003); In re: James Contracting Group, Inc., 120 B.R. 868, 872-73 (Bankr. N.D. Ohio 1990); In re: Gadzooks, Inc., 352 B.R. 796, 810 (Bankr. N.D. Tex. 2006)). The test is whether the professional "exercised their best judgment" in performing the services at the time they were rendered (New Boston Coke, 299 B.R. at 439).

39. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount of fees requested should be allowed given: (a) that the applicant seeks payment only for the

actual and necessary time expended, at the customary hourly rates in effect when charged by the applicant for services of this nature both in non-bankruptcy cases and in other reorganization cases of national significance; (b) these cases were extraordinarily complex and difficult; and (c) all of the applicant's services were (i) necessary to the administration of the Debtors' cases, or (ii) reasonably likely to benefit the Debtors' estates at the time the services were rendered.

SEVENTH INTERIM FEE PERIOD

Summary of Hours and Fees

40. KZCS provided a broad range of management and restructuring services to the Debtors during the Seventh Interim Fee Period. The activities of and services performed by KZCS during the Seventh Interim Fee Period, as described in this Final Fee Application, were consistent with KZCS's duties and responsibilities as outlined in the Services Agreement. Attached as **Exhibit D** to this Final Fee Application are brief biographical profiles of the KZCS professionals who provided services to the Debtors during the Seventh Interim Fee Period.

41. During the Seventh Interim Fee Period, KZCS professionals and para-professionals expended a total of 13,461.3 hours in performing the services outlined herein. Based on the KZCS hourly rates for services of the type provided during the Seventh Interim Fee Period, and the services performed by each individual, the total reasonable value of such services is $6,153,860.00. KZCS's blended hourly rate for the Seventh Interim Fee Period was $457.15.

Reasonable and Necessary Services Rendered by KZCS

42. As has been articulated in numerous pleadings and Court hearings, the Debtors' chapter 11 cases have been exceedingly complex and challenging from a financial, operational and legal perspective. At the outset of the chapter 11 cases and throughout the proceedings, there has been an extraordinary degree of concern and uncertainty as to both the Debtors' future and potential creditor recoveries. The fact that the Debtors retained their professionals only a few days before

having to file what, at that time, was the largest chapter 11 filing of 2005 in terms of book value of assets, was indicative of, among other things, the severe liquidity crisis, operational dysfunction and management deficiencies faced by the Debtors. Further complicating the Debtors' circumstances were the fact that: (a) the Debtors' books and records were in disarray; (b) allegations of financial irregularities had been leveled and separate Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC") investigations into those irregularities had been initiated (which investigations ultimately resulted in indictments in March 2007 by the United States Attorney for the Southern District of New York against four former members of the Debtors' prior management team for securities fraud, including the former Chief Executive Officer who had resigned just days prior to the Debtors' chapter 11 filings, guilty pleas to similar charges by four additional former members of the Debtors' prior management team and the concurrent filing by the SEC of civil fraud charges against nine former members of the Debtors' management, including the eight individuals who were either included in the DOJ indictments or reached plea agreements with the DOJ); (c) the quality of the Debtors' personnel in all departments was suspect; and (d) the industry within which the Debtors operated was experiencing severe distress. On the Petition Date, the Debtors were essentially out of cash, their historical financial information was unreliable, they were being led by an interim Chief Executive Officer and they were losing enormous amounts of money (although the magnitude of those losses were not immediately evident).

43. KZCS assumed its role and responsibilities in the midst of this emerging crisis. The severity of the situation required KZCS to perform a broad range of restructuring and management support services designed, in the initial phases of these cases, to: (a) reasonably stabilize the existing environment; (b) prevent immediate and permanent loss of enterprise value; and (c) create an opportunity to develop restructuring alternatives that had the potential to maximize creditor

recoveries. Because of the extraordinary uncertainty of the Debtors' situation from the outset and the apparent discrepancy between external perceptions of the Debtors' circumstances and what KZCS was uncovering in reality, KZCS made great efforts to ensure that there was transparency to all of the key stakeholders (particularly, the pre-petition and DIP lenders, Creditors' Committee and the Debtors' principal customers), into the mountain of problems, challenges and risks facing the continuation of the Debtors' businesses. It is clear beyond doubt that all of the key stakeholders and their representatives were made aware very early in the Debtors' chapter 11 case that the value of the Debtors' enterprise was severely impaired as compared to existing external and marketplace assumptions and that potential recoveries, including the recoveries of the pre-petition secured lenders, were going to be wholly dependent on the Debtors' pursuing an aggressive turnaround plan. Furthermore, KZCS made it clear to all parties that, among other things, the turnaround effort was going to require the Debtors to lean heavily on its customers for support. As was made clear in a number of Court hearings in the early to mid stages of the Debtors' chapter 11 cases, given the condition of the Debtors' operations at the outset, there was no guarantee that the Debtors' efforts would be successful and that value and creditor recoveries would improve significantly during the case. In order to facilitate access to the Debtors' key personnel and the flow of information, KZC arranged for all of the key stakeholders to have their financial and operational advisors on site at the Debtors' headquarters throughout the Debtors' chapter 11 cases. A primary purpose of this arrangement was to ensure that information was received by the key stakeholders as and when it was received or developed by the Debtors so that each of the key stakeholders could evaluate and react to problems and developments in the Debtors' chapter 11 case on a "real time" basis.

44. From the outset of the Debtors' chapter 11 cases, KZCS was instrumental in, among other things, securing the financial resources necessary to allow the Debtors to continue functioning

as a going-concern and to preserve a range of creditor recovery alternatives, including the pursuit of both a stand-alone restructuring and a sale process. In connection with its initial assessment of the situation and identification of potential impediments to a successful reorganization, KZCS communicated to all of the key constituencies and parties-in-interest its opinion that one essential element in the effort to re-establish the Debtors as a viable, long-term supplier in the industry, preserve jobs and maximize the value of the enterprise was to immediately reconstitute the Debtors' operating management team, particularly in the Plastics operation, which was the most troubled of the Debtors' businesses. The primary purpose of bringing in new management was to ensure that the Debtors had capable, experienced industry professionals leading the operational turnaround effort, the results of which, if successful, would then establish a basis for the Debtors' advisors to design and negotiate various restructuring alternatives with the Debtors' principal creditor constituencies. The new management team would have primary responsibility for delivering operational improvements and stability while KZCS, along with the Debtors' other restructuring advisors, would be principally responsible for supporting those efforts, investigating restructuring alternatives and then designing and delivering a plan that maximized creditor recoveries. The challenge of effecting a turnaround of the Debtors was complicated by the fact that all of the key constituents agreed that time was not an ally in the process and that the operational turnaround needed to be substantially achieved within 12 to 18 months. At that critical juncture of the Debtors' chapter 11 cases, all of the key stakeholders agreed that it was a worthwhile endeavor to attempt to rehabilitate the Debtors, even in light of the internal and external challenges and risks.

45. In connection with that rehabilitation effort, shortly after the filing of these chapter 11 cases, the Debtors embarked on their effort to identify appropriate skilled individuals for senior management roles. In early July 2005, approximately 45 days after the Chapter 11 filings, the

Debtors announced that Frank E. Macher had agreed to serve as Chief Executive Officer. Mr. Macher joined the Debtors with approximately 40 years of experience in the automotive industry, having worked previously as a senior executive for one of the Debtors' principal customers as well as for other Tier 1 suppliers. Mr. Macher was well regarded and respected within the automotive community and was the first step in the Debtors' effort to reconstitute their operating management team.

46. With Mr. Macher in place and working to recruit other industry veterans to the Debtors' senior management team, KZCS was able to devote its immediate attention to, among other things, securing financing and other forms of financial support so that the Debtors had access to a reasonable base of financial resources to work towards rehabilitating the Debtors' operations and pursuing a variety of restructuring alternatives.

47. From the outset of these cases, the Debtors, as a result of efforts by KZCS and the Debtors' other restructuring advisors, made measurable progress in a number of areas, most notably in securing emergency liquidity enhancements through the negotiation of significant price increases, incremental funding support and other critical accommodations from their six primary customers. KZCS was hired in part because of its perceived status as an industry outsider who would not be afraid to confront the automakers concerning business practices which made it very difficult for companies like the Debtors to operate profitably. Based on its knowledge of other automotive industry restructurings, KZCS is aware that the financial and other accommodations that the Debtors were able to secure from its customers in the early stages of the Debtors' chapter 11 cases, and throughout the proceedings, were unprecedented in scope and breadth. Consistent with KZCS's view of its fiduciary obligations to the estate, KZCS was willing to take the aggressive positions necessary in the customer accommodation negotiations so as to provide the Debtors with an

opportunity to restructure. Notwithstanding the fact that KZCS managed those negotiations in a constructive, respectful and non-confrontational manner, the mere scope and breadth of the accommodations that were necessary to maintain full operations and provide the Debtors with the opportunity to restructure focused the customers' irritation not on the cause of the Debtors' problems, but on KZCS as the messenger. Apparently, KZCS so offended the Debtors' primary customers that certain of those customers have actively interfered with KZCS's ability to secure significant assignments in connection with other distressed automotive suppliers, costing KZCS million of dollars in fees. However, had KZCS not been willing to take the aggressive positions necessary in those customer negotiations, the Debtors would have been without sufficient funding to continue operations and would have had to initiate a fire sale liquidation of its assets in the early stages of a free fall bankruptcy. The outcome of that process would have been disastrous for creditor recoveries, including the recoveries of the pre-petition secured lenders.

48. However, the customer accommodations alone, although substantial, did not guarantee that the Debtors would be able to successfully emerge from chapter 11 as a stand-alone enterprise or, in the alternative, achieve significant creditor recoveries through a sale or sales of their businesses. From the beginning of these cases, it was clear to all creditor constituencies and other parties-in-interest, including the Debtors' principal customers, that both the long-term viability of the Debtors' businesses and creditor recoveries were largely dependent on whether the Debtors' operations would respond to the turnaround measures expected to be put in place by the new operating management team[3]. It was evident to all parties that, for the Debtors to demonstrate that they could be a viable and sustainable stand-alone enterprise, severe operational problems in the Debtors' Plastics operations, significant personnel deficiencies (in terms of quality and depth of personnel throughout

[3] The Fee Examiner concurs with this point, as she stated in the Report that it was the failure to increase value as a result of operational improvement, rather than the loss of existing value, which led to the Debtors' inability to complete an income based, or stand-alone, plan of reorganization.

the organization) and a host of other extraordinary challenges needed to be addressed and resolved in a satisfactory manner, relatively quickly, by the Debtors' new operating management team. Furthermore, the Debtors' needed to successfully persuade its principal customers to assist the Debtors in finding ways to "fill" revenue holes in upcoming years that had been created by pre-petition customer resourcing of various programs to alternative suppliers and the customers' refusals to award new business of any significance to the Debtors for almost a year prior to the Petition Date. As mentioned previously, while creditor recoveries in the Debtors' chapter 11 cases were premised on whether the Debtors could successfully accomplish a relatively long list of objectives, one of the most critical factors was that the Debtors' needed to generate those substantial operational improvements within the first 12 to 18 months of the process, with very limited resources.

49. Given the state of the Debtors' businesses and internal resources at the outset of the effort, this was an ambitious undertaking with a significant degree of execution risk. However, the Debtors pursued this strategy with the support of their principal creditor constituencies after full disclosure to those parties of the potential risks if the operational restructuring and other initiatives were to prove unsuccessful. Those principal creditor constituencies, including the pre-petition secured lenders, elected to support the effort in large part because a wholesale liquidation of the operations at that stage would in all probability have generated net proceeds that, at best, would have been only a fraction of the approximately $750 million in claims of the pre-petition secured lenders.[4] Furthermore, the Debtors, primarily through KZCS, endeavored throughout these proceedings to keep the financial advisors to their principal creditor constituencies and their primary customers fully informed of all developments in the turnaround effort, including extraordinary, daily on-site access

[4] According to the Fee Examiner, the Debtors' total enterprise value as of the end of 2005 was only approximately $455 million. After subtracting amounts needed to pay the DIP lenders and other estimated priming claims, that would have likely left the pre-petition lenders with a recovery, had the Debtors been liquidated at the end of 2005, of much less than $200 million (or less than 26 percent of the face amount of their claims), a far smaller amount than what the pre-petition secured lenders are likely to recover under the Debtors' confirmed chapter 11 plan.

to the Debtors' personnel and records, in recognition that the Debtors' operations and restructuring initiatives needed to be monitored closely by the primary parties-in-interest to these cases.

50. The scope and depth of the services provided by KZCS from the inception of the cases through and including the Seventh Interim Fee Period were necessitated by, among other factors: (a) the Debtors' initial and continuing liquidity challenges; (b) the limitations of the Debtors' management team and support resources (particularly in, but not limited to, the Debtors' accounting and finance functions); (c) the abysmal state of the Debtors' records and the limitations of its management information systems; (c) the ongoing problems in the Debtors' Plastics operations (which did not respond as anticipated to the turnaround measures implemented by the Debtors' new operating management team, thereby putting more stress on liquidity, limiting the Debtors' ability to pursue certain restructuring alternatives and requiring numerous revisions to the Debtors' restructuring strategy during the cases); (d) the adversarial environment that was created by the exigent circumstances of the Debtors' situation; (e) the urgent need to thoroughly investigate all reasonable and viable restructuring alternatives that could align the Debtors' situation with realistic expectations for creditor recoveries; and (f) the ultimate conclusion by the Debtors and the Debtors' principal creditor constituencies, during the Fifth Interim Fee Period (September 1, 2006 through December 31, 2006), that the restructuring alternative that provided the creditors with the best prospects for recovery, taking into account the risks under each potential option, was a controlled sale and wind-down of the entirety of the Debtors' operations.

51. The activities performed by and the results achieved by KZCS during the Seventh Interim Fee Period, and throughout the course of these chapter 11 cases, have been instrumental in the Debtors' efforts to consider and pursue a range of restructuring alternatives (including, for a significant period of time, the stand-alone option) and to maximize creditor

recoveries. For instance, from the inception of these cases through the end of the Fifth Interim Fee Period (December 31, 2006), at which point the decision had been made to pursue the controlled sale and wind down of the Debtors' operations, KZCS was principally responsible for securing the infusion of approximately $763 million of incremental funds for use in operations, including "rebuilding" of the Debtors' working capital position, representing the aggregate of the following: (a) first lien, super priority DIP financing of $150 million; (b) customer administrative claim financing of $30 million; (c) subordinated customer DIP financing of $82.5 million; (d) initial customer pricing surcharges of $82.5 million; (e) supplemental customer pricing surcharges of $67 million; (f) customer capital expenditure, launch and tooling funding of $75 million; (g) contract price increases for the fourth quarter of 2005 of $35 million; (h) contract price increases for January through December 2006 of approximately $120 million; and (i) miscellaneous settlements and recoveries of approximately $121 million. These funds were critical to affording the Debtors and its principal creditor constituencies the opportunity to continue to operate and pursue a variety of restructuring alternatives, including the stand-alone option, for as long as possible. These funds were also necessary to ensure that Debtors could meet some of the extraordinary costs of the Debtors' cases, which included meeting the demands of the pre-petition secured lenders for adequate protection payments and payment of the fees of the professionals for the pre-petition secured lenders, which aggregate payments exceeded $100 million during the Debtors' chapter 11 cases.

52. The financings and accommodations that KZCS and the Debtors' other restructuring advisors were able to secure in these cases are without precedent when compared to other automotive supplier chapter 11 cases. These resources were critical to preventing a fire sale liquidation of the Debtors' assets and served to provide the Debtors' new management team with a reasonable opportunity to implement operational improvements, during the period when the Debtors

where pursuing the stand-alone alternative, while providing the Debtors and the Debtors' principal creditor constituencies with time to investigate a range of restructuring and creditor recovery strategies.

53. As of the start of the Fifth Interim Fee Period (September 1, 2006), the Debtors' financial results and operating cash flow under the Debtors' new management team were continuing to be substantially below the business plan projections for 2006. This was a result of the fact that the turnaround measures implemented by the Debtors' new management team were not generating improvements near the performance levels forecasted at the pace originally anticipated. This underperformance put increasing pressure on the Debtors' restructuring advisors, particularly KZCS, to create opportunities and identify alternative operating scenarios that could preserve the possibility that the Debtors could emerge from chapter 11 as a stand-alone entity. This underperformance also increased the burden on KZCS to identify and pursue opportunities to sustain the Debtors' liquidity position. The lack of success of the Debtor's new management team in achieving the forecasted operational improvements and generating stable, predictable cash flow results meant that the value of the enterprise was not improving to the level that had been hoped for and that was necessary for the Debtors' principal creditor constituencies, including the pre-petition secured lenders, to significantly improve their prospects for recovery.

54. Ultimately, the Debtors' operating performance problems in comparison to forecast were severe enough that the feasibility of emerging from chapter 11 as a stand-alone enterprise was at risk.[5] The Debtors' situation was further complicated by the fact that the Debtors' three most significant customers continued to experience decreases in market share with little optimism for a

[5] It is important to note that the Debtors' financial performance had substantially improved in 2006 as compared to 2005, largely due to the price increases agreed to by the Debtors' principal customers but also as a result of the achievement of certain cost savings by the Debtors' new operating management team. However, the pace of improvement was not as rapid as had been forecasted and hoped for by the Debtors, thus putting pressure on the viability of a stand-alone restructuring.

stabilization or turnaround in the foreseeable future. All of these developments, along with a host of other internal and industry factors, led to increased operating risks for the Debtors and escalating tensions in the cases.

55. During the Fifth Interim Fee Period, after thoroughly evaluating all restructuring alternatives, analyzing recovery opportunities, prospects and risks under every feasible scenario with their principal creditor constituencies, and exhausting all alternatives for preserving a stand-alone enterprise with their six principal customers, including unsuccessful efforts to negotiate long-term supply arrangements with those customers, the Debtors concluded that the restructuring alternative that provided the creditors with the best prospects for recovery, taking into account the risks under each potential option, was a controlled sale and wind down of the entirety of the Debtors' operations. In early October 2006, KZCS recommended that the pre-petition secured lenders agree to pursue the controlled sale and wind down alternative given the substantial risks to their recovery if they elected to continue to pursue the stand-alone alternative. The pre-petition secured lenders considered this recommendation for some time before ultimately agreeing that the alternative that provided them with the greatest certainty of recovery was the controlled sale and wind down[6].

56. As articulated in KZCS's Fifth Interim Fee Application, the latter portion of the Fifth Interim Fee Period was devoted to the negotiation of an agreement between the Debtors, the pre-petition secured lenders and the Debtors' principal customers (the "Customer Agreement") and other related arrangements necessary to ensure that the Debtors could, among other things: (a) implement the sale and wind-down of their operations in a controlled manner; (b) maintain

[6] By October 2006, the Debtors and KZCS, with the full encouragement and support of the pre-petition secured lenders, had exhausted every possible alternative for the Debtors emerging from chapter 11 as a stand-alone enterprise with a reasonable level of operating risk. At that point, KZCS had essentially run out of ways to maintain an adequate base of operating liquidity for the Debtors. The pre-petition secured lenders finally concluded that the controlled sale and wind down alternative would provide them with the greatest possible risk-adjusted recovery, but only after it was clear that all possible financial resources and efforts had been expended in pursuit of a stand alone restructuring. The pre-petition secured lenders continue to push and support this strategy even many months after they were aware that the Debtors' operating performance was going to fall substantially short of its forecast.

production on an uninterrupted basis for all customers through the transition; (c) fund ongoing operations along with management of the sale and wind down process; and (d) complete the steps necessary to move as expeditiously as possible towards confirmation of the Debtors' chapter 11 plan filed in late December 2006. The Debtors' course of action was determined and agreed upon between and amongst the key parties-in-interest (including the Debtors' principal customers) during the Fifth Interim Fee Period, and the primary activities of KZCS during the Sixth Interim Fee Period and the Seventh Interim Fee Period were associated with implementation of that course of action.

57. In addition to the funds that KZCS was able to secure to ensure the ongoing operations of the Debtors and prevent further degradation in potential creditor recoveries, KZCS was also principally responsible for a number of asset sales, settlements and other recoveries that, as of the end of the Fifth Interim Fee Period, had generated additional net proceeds of approximately $81 million that had either been applied to the Debtors' DIP financing obligations or set aside in restricted accounts for use in implementing the Debtors' chapter 11 plan and for distribution to creditors. Subsequent to the Fifth Interim Fee Period, in connection with the controlled sale and wind down process, KZCS was principally responsible for leading, negotiating, supporting and/or implementing asset sales, settlements and other recoveries that generated additional proceeds of approximately $307 million. These funds were first used to extinguish all remaining obligations under the Debtors' DIP financing obligations, with the remainder segregated for use in funding allowed secured, administrative and priority claims under the Debtors' chapter 11 plan and for distribution to creditors. Approximately $274 million of those asset sales, settlements and other recoveries were consummated or completed during the Seventh Interim Fee Period.

58. During the course of the Seventh Interim Fee Period, the services rendered by KZCS were necessary in connection with: (a) maximizing the results of the controlled sale and wind down

process; and (b) the administration of the Debtors' chapter 11 cases, and were reasonably likely to result in significant measurable benefits to the Debtors estates. The new operating management personnel who had been recruited to run the Debtors in 2005 had largely departed by the beginning of the Seventh Interim Fee Period, leaving KZCS and the remnants of the management team to finalize asset sale transactions and implement the remainder of the wind down plan.

59. In addition to the various sales transactions, settlements and asset recovery activities that KZCS coordinated, or for which KZCS was otherwise principally responsible, KZCS was also the lead party in ensuring that the Debtors were realizing the benefits of, and fully complying with, the terms of the Customer Agreement and its successor, the Post-June 30, 2007 Agreement, which was negotiated once it had become clear to all of the key stakeholders that the controlled sale and wind down process was going to extend beyond the time frame originally anticipated. The Customer Agreement and the Post-June 30, 2007 Agreement were both complex, uniquely-structured arrangements under which a significant portion of the Debtors' Plastics and Convertibles plant production and wind down costs were to borne by the Debtors' principal customers. Under the terms of these arrangements, in large part due to KZCS's careful management of the funding protocol and other key provisions of the agreements, the Debtors received fundings and recoveries from customers aggregating nearly $266 million from November 2006 through the end of the Seventh Interim Fee Period, representing approximately $107 million in premium surcharges, $30 million in engineering, design and development payments, approximately $35 million in capital expenditure and tooling advances, $54 million for the sale and utilization of inventories and $40 million in realization on the Debtors' net working capital. With KZCS's assistance, the Debtors are likely to receive additional amounts from the customers subsequent to the Effective Date in connection with final true-ups relating to the Post-June 30, 2007 Agreement. These customer funds

represent tangible evidence of KZCS's efforts and extraordinary success in mitigating the burden and cost to the Debtors' estates of the sale and wind down effort and to maximize the net result of the process for creditors. Furthermore, these funds were critical to the Debtors' ability to comply with the Customer Agreement and the Post-June 20, 2007 Agreement, maintain adequate liquidity and avoid interruption in customer production throughout the sale and wind down process.

60. The fact that the Debtors will not emerge from chapter 11 as a stand-alone entity does not in any way diminish the contributions of KZCS and the value of its services to the Debtors' estates throughout the cases, including during the Seventh Interim Fee Period. As outlined herein and in its previous fee applications in this case, KZCS, along with the Debtors' other restructuring advisors, has been instrumental in creating and preserving opportunities to maximize recoveries for creditors and, importantly, preventing the diminution of value and creditor recoveries. In short, KZCS's services have been critical to the Debtors' efforts to maximize recoveries for creditors and, as is documented herein and as has been well documented in KZCS's previous fee applications in these cases, the economics of those benefits are at least several, if not many times in excess of the fees and expenses incurred by KZCS in delivering the services that generated those benefits.

61. KZCS's specific activities and accomplishments in all areas are detailed in this Final Fee Application as well as in KZCS's previous fee applications that are incorporated herein by reference. KZCS has chronicled its activities and the tangible benefits of those services in excruciating detail in all of its fee applications in the Debtors' chapter 11 cases, meeting the burden of demonstrating the significant value that KZCS provided to these chapter 11 estates.[7]

[7] The value of KZCS's accumulated knowledge of the Debtors and KZCS's abilities in maximizing creditor recoveries is further evidenced by the fact that the pre-petition secured lenders, who now effectively control the post-Effective Date estates through their designated representatives, engaged KZCS for purposes of continuing certain creditor recovery-related services on behalf of the post-Effective Date estates.

62. For purposes of summarizing the services provided and the activities performed by KZCS during the Seventh Interim Fee Period, KZCS identified the following categories (each, a "Service Category") as representing the primary areas of KZCS's responsibilities and involvement:

(a) Financial Forecasting;

(b) Cash and Liquidity Management;

(c) Inventory and Operating Cash True-Ups;

(d) DIP Financing;

(e) Vendor Management;

(f) Receivables Management;

(g) Strategic and Business Planning;

(h) Plastics Operations;

(i) Fabrics Wind-Down;

(j) Convertibles Business;

(k) Contract Pricing;

(l) Customer Negotiations;

(m) Implementation of Customer Agreement;

(n) Sale of Plastics Plants;

(o) Sale of Carpet and Acoustics Operations;

(p) Canadian Operations;

(q) Capital Expenditure, Launch and Tooling Costs;

(r) Leases and Executory Contracts;

(s) Pensions and Retiree Benefits;

(t) Financial Reporting and Chapter 11 Compliance;

(u) European Administration and Recovery;

(v) Claims Analysis and Administration;

(w) Restructuring and Plan of Reorganization;

(x) General Management;

(y) Corporate Governance;

(z) Creditor Communications;

(aa) Bankruptcy Court Hearings; and

(bb) Case Administration and Management.

63. In Paragraphs 64 through 91 herein are descriptions of the principal activities performed by KZCS, the importance of those services to both the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' cases and the direct tangible benefits achieved by KZCS (or the benefits anticipated to be achieved at the time those services were performed). Supplemental information regarding the specific activities of individual KZCS professionals and para-professionals during the Seventh Interim Fee Period is located in the daily time log detail that supports and is a part of the Monthly Fee Statements at **Exhibits C-1**, **C-2**, **C-3**, **C-4**, **C-5** and **C-6** of this Final Fee Application.

64. Financial Forecasting

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) led process for the ongoing production and refinement of separate short-term (13 week) cash flow forecasts and supporting assumptions for the Debtors' Carpet and Acoustics business and Hermosillo operation to facilitate management decision making and to satisfy reporting requirements under the Customer Agreement and the Post-June 30, 2007 Agreement;

(b) led process for the ongoing production and refinement of short-term cash flow forecasts for the Debtors' Plastics operations to facilitate management decision making and to support requests for customer funding per the terms of the Customer Agreement and the Post-June 30, 2007 Agreement;

(c) developed and maintained separate cash flow and operating forecasts for the Debtors' Carpet and Acoustics business and Plastics operations in Canada;

(d) developed detailed post-June 30, 2007 operating budget and cash flow forecast for the Debtors' ongoing Plastics operations to facilitate negotiations with lender representatives and the financial advisors to the Debtors' principal customers regarding cost sharing and cost allocation parameters for operations expected to continue beyond the June 30, 2007 expiration date of the Customer Agreement, which negotiation resulted in the Post-June 30, 2007 Agreement;

(e) developed detailed post-August 31, 2007 operating budget and cash flow forecast for the Debtors' ongoing Plastics operations to facilitate negotiations with lender representatives and the financial advisors to the Debtors' principal customers for cost sharing and cost allocation parameters for operations expected to continue beyond the August 31, 2007 expiration date of the Post-June 30, 2007 Agreement; and

(f) developed and refined detailed post-Effective Date operating budget and cash flow forecast to facilitate negotiations with various parties regarding charges for desired post-Effective Date transition services and to assist in developing an understanding of the remaining costs of completing the orderly wind down the Debtors' estates.

65. Cash and Liquidity Management

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) prepared daily and weekly liquidity reports to facilitate assessment of current and forecasted liquidity position and identified strategies to maintain liquidity sufficient to avoid potential interruptions in operations during the wind down;

(b) implemented and refined procedures for gathering and validating data relating to daily cash activities;

(c) maintained responsibility for developing and managing database of detailed daily cash receipts and disbursements information;

(d) produced required weekly actual-to-forecast cash flow reports and prepared documentation to support financial officer representations and certifications to the lenders and customers in compliance with the reporting requirements outlined in the Customer Agreement and the Post-June 30, 2007 Agreement;

(e) investigated significant variances from forecasted cash flow performance and implemented strategies for corrective action;

(f) maintained lead responsibility for cash management, liquidity and customer funding per the terms of the Customer Agreement and the Post-June 30, 2007 Agreement, which in the aggregate resulted in customer funding of approximately $107 million ($21 million of which was received during the Seventh Interim Fee Period);

(g) maintained responsibility for implementing processes for requesting and tracking payment of customer premium surcharges required per the terms of the Customer Agreement and Post-June 30, 2007 Agreement funding protocols;

(h) designed, developed and produced various weekly and monthly cash disbursement reports to facilitate tracking, allocation, and analysis of expenditures on a plant-by-plant basis;

(i) established systems to track and report cash flows by plant and allocate cash receipts and disbursements between customers and the Debtors consistent with the terms of the Customer Agreement and the Post-June 30, 2007 Agreement;

(j) designed and developed processes to track corporate expenses to facilitate segregation and allocation of costs to be shared per the terms of the Customer Agreement and the Post-June 30, 2007 Agreement and costs to be borne solely by the Debtors;

(k) designed and maintained detailed reports to track expenditures for closed plants to facilitate subsequent post-production plant true-up analyses;

(l) implemented and refined enhanced controls over expenditure authorizations;

(m) managed post-petition receivables portfolio on a daily basis to ensure that all customers were remitting funds within standard or modified terms and led process of initiating action in instances where post-petition customer receivables were outside of agreed-upon terms;

(n) developed plant-by-plant accounts receivable rollforward to facilitate allocation and tracking of production receipts by plant in connection with managing cash per the terms of the Customer Agreement and Post-June 30, 2007 Agreement funding protocols; and

(o) assisted in the refinement of customer payment application processes to minimize the magnitude of, and the risks associated with, unapplied cash receipts.

66. Inventory and Operating Cash True-Ups

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) organized and led periodic meetings between the Debtors, lender representatives and the financial advisors to the Debtors' principal customers regarding disputes over inventory valuation methodologies related to the sale to the customers of certain portions of the Debtors' Plastics and Convertibles inventories as of November 25, 2006 and facilitated the resolution of those disputes, resulting in incremental recoveries to the Debtors of approximately $2.4 million and bringing total recoveries from the inventory sale to approximately $44.3 million;

(b) assisted the Debtors' Plastics and Convertibles operating and accounting personnel in identifying, tracking, quantifying and valuing all non-sale inventories for purposes of supporting claims for incremental recoveries from the customers for any Debtor-owned inventories consumed in the wind down production process for the benefit of the customers;

(c) assisted the Debtors in negotiations with lender representatives and the financial advisors to the Debtors' principal customers relating to the quantification and valuation of the Debtors' inventories that were consumed in the wind down production process for the benefit of the customers, which negotiations resulted in incremental recoveries of at least $10.3 million from the customers;

(d) designed, developed and refined processes for data accumulation to facilitate ongoing detailed true-up analyses and reconciliations relating to the customer funding, cost sharing and cost allocation parameters outlined in the Customer Agreement and the Post-June 30, 2007 Agreement; and

(e) organized and led frequent meetings, working sessions and negotiations with representatives of the lenders and the customers regarding data, analyses and reconciliations associated with the true-up customer funding, cost sharing and cost allocation parameters outlined in the Customer Agreement and the Post-June 30, 2007 Agreement for purposes of attempting to reach consensual agreement amongst the parties as to the amount and timing of any true-up payment requirements, which process, when complete, will ensure that the customers have fulfilled their wind down funding obligations per the terms of the Customer Agreement and the Post-June 30, 2007 Agreement and that the Debtors recoveries from this process will have been maximized.

67. DIP Financing

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) completed various administrative tasks associated with the termination of all remaining obligations and requirements under the $150 million DIP financing agreement, including the reconciliation and funding of letter of credit commitments (which, as a result of the application of cash from several segregated accounts and otherwise generated from a series of transactions, had been paid down in full during the Sixth Interim Fee Period).

68. Vendor Management

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the

Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) provided guidance to the Debtors' purchasing personnel in regards to vendor questions and issues relating to claims and payments for shipments during the production wind down process;

(b) assisted the Debtors' purchasing personnel in addressing periodic issues critical to maintaining vendor relationships and supply during the production wind down process; and

(c) assisted the Debtors' restructuring counsel in responding to motions of vendors for relief from the automatic stay and in negotiating agreements with vendors to resolve various other issues.

69. <u>Receivables Management</u>

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) managed collection activities on remaining pre-petition production receivables, including negotiations with customers relating to potential settlements, with all recoveries during the Seventh Interim Period resulting in a direct benefit to the Debtors' estates given that by the end of the Fifth Interim Fee Period all obligations under the pre-petition financing arrangement with General Electric Capital Corporation ($127 million outstanding at May 17, 2005) had been fully extinguished;

(b) led extensive negotiation processes with three separate customers relating to remaining pre-petition production receivables, which resulted in settlement agreements that generated incremental recoveries of approximately $21 million during the Seventh Interim Fee Period;

(c) organized and managed extensive discussions with customer representatives and customer financial advisors regarding the process and action plan for the resolution of unapplied cash relating to post-petition customer remittances;

(d) managed and monitored ongoing communications with customer representatives to minimize the time period between customer remittances and delivery of supporting documentation, resulting in an overall reduction in average unapplied cash on a daily basis from approximately $11 million at the end of the Sixth Interim Fee Period to approximately $2.3 million, down from a peak in excess of $200 million in the early stages of these cases; and

(e) maintained responsibility for managing a weekly reporting process to monitor post-petition receivable balances, identify invoices outside of agreed-upon terms and facilitate the process for appropriate follow-up and resolution.

70. Strategic and Business Planning

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) organized, structured and led regular, weekly senior management meetings and frequent smaller group meetings to discuss and resolve operational challenges and issues associated with maintaining orderly, uninterrupted operations during the sale and wind down process.

71. Plastics Operations

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) assisted the Debtors' Plastics management team in the ongoing implementation of a comprehensive plan for the transition or resourcing of components manufactured at plants where no viable purchaser emerged during the Debtors' sale efforts, including planning for and executing tool transfers, identifying and segregating supplier owned assets, coordinating the activities of the designated alternative suppliers and assisting in satisfying the requirements of the affected customers and the designated alternative suppliers;

(b) assisted the Debtors' Plastics management team and operating personnel in implementing the wind down of the past model service business at plants where no viable purchaser emerged during the Debtors' sale efforts, including collecting and analyzing data relating to service parts and tools, coordinating activities and scheduling of disposition of tools with customer representatives and financial advisors and mitigating or resolving any customer transition issues;

(c) managed a comprehensive reporting process to monitor weekly premium surcharge and receivable payments from the nine "non-participating" customers per the production agreements reached with those customers;

(d) assisted the Debtors' Plastics management team in managing a comprehensive process and checklist for the orderly wind down and closing of non-sale facilities and maintained a leadership role in implementation of the post-production plant closing process;

(e) assumed responsibility for developing and implementing a process for tracking and analyzing the nature and substance of all plant-level disbursements once production was completed at 11 of the Debtors' facilities (specifically, Adrian, Americus, Farmington, Gananoque, Havre de Grace, Morristown, Port Huron, Rantoul, Scarborough, Sterling Heights and TEG) for purposes of supporting reimbursement requests to the customers consistent with the customer funding, cost sharing and cost allocation parameters defined in the Customer Agreement and the Post-June 30, 2007 Agreement, which process resulted in incremental recoveries for post-production expenditures of approximately $10.6 million; and

(f) assisted the Debtors' Plastics management team in a myriad of daily ad hoc activities and resolution of issues associated with implementation of the Customer Agreement and the Post-June 30, 2007 Agreement, particularly in the areas of ensuring uninterrupted production on all customer programs, program and tool transfers, bank builds, production wrap-up and plant closures.

72. Fabrics Wind-Down

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) maintained responsibility for executing all trailing issues relating to the wind down of the Fabrics business unit, which process achieved net proceeds of approximately $39 million, exceeding the original forecasted results by more than $10 million.

73. Convertibles Business

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) led weekly update calls with the Convertibles management team, customer financial advisors and lender representatives regarding status of production, personnel, service requirements and a myriad of other issues associated with the sale of Convertibles assets and transition of customer production;

(b) assisted in the negotiation and closing of the sale of substantially all of the Convertibles assets to Magna Car Top Systems ("MCTS") for total cash proceeds of $1.8 million, savings of approximately $1.3 million in future rent obligations resulting from the negotiated assignment of the facility lease in Toluca, Mexico and savings of over $1.0 million of employee severance costs resulting from the transition of approximately 300 Convertibles employees in Mexico to MCTS;

(c) assisted the Convertibles management team in resolving various wind down and transition issues prior to the closing of the MCTS transaction, including receivables collections, raw material forecasting, bank builds and supplier management; and

(d) assumed responsibility for implementation of the orderly wind down and disposition plan for Convertibles assets not included in the MCTS transaction.

74. Contract Pricing

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) monitored all customer payments to ensure that the Debtors were being paid in accordance with the terms of various pricing agreements reached during the course of these cases.

75. Customer Negotiations

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) led daily interaction with the customers' financial advisors and representatives regarding a wide variety of financial, operating wind down and transition issues;

(b) assisted the Debtors' in frequent and extensive negotiations with customers regarding outstanding commercial issues, resulting in aggregate recoveries from customers on commercial issues since the inception of the Debtors' chapter 11 cases of approximately \$64 million (\$16.6 million of which related to settlement agreements completed during the Seventh Interim Fee Period);

(c) facilitated negotiations between the Debtors' principal customers and the leadership of several national unions regarding plant closing agreements, and specifically the funding and allocation of severance and health benefits for the Debtors' union employees who were scheduled to be laid off in connection with the sale, wind down and plant closing process, with such negotiations resulting in incremental customer severance funding in excess of

$25 million, saving the Debtors' estates and creditors from that economic obligation; and

(d) led extensive discussions and negotiations with the Debtors' principal customers in Canada regarding restructuring process and funding alternatives for the orderly wind down and transition of production of a significant portion of the Debtors' Canadian Plastics operations.

76. Implementation of Customer Agreement

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) maintained responsibility for managing implementation and compliance with all financial and reporting aspects of the Customer Agreement and the Post-June 30, 2007 Agreement and for coordinating and directing all sale and wind down activities; and

(b) led extensive daily interaction and numerous working sessions with the Debtors' management and operating personnel to address, plan for and, as necessary, support negotiations with the financial advisors to the Debtors' principal customers and lender representatives regarding a wide range of sale and wind down issues, including staffing requirements, retention and severance issues, scheduling of program transition and a myriad of other production-related issues with the primary objectives of minimizing the impact of the sale and wind down process on day-to-day production and production support activities, mitigating the cost of the process and maximizing creditor recoveries

(c) led extensive daily interaction, numerous working sessions and frequent negotiation meetings with lender representatives and the financial advisors to the Debtors' principal customers regarding a wide range of implementation, execution and interpretation issues relating to the Customer Agreement and the Post-June 30, 2007 Agreement;

(d) designed, developed and assumed responsibility for the implementation of detailed procedures for data accumulation and reconciliation to facilitate and support customer funding true-up analyses, to ensure the Debtors' compliance with the true-up provisions of the Customer Agreement and the Post-June 30, 2007 Agreement and to maximize the Debtors' recoveries in relation to those negotiated provisions;

(e) assumed responsibility for the preparation of formal plant-by-plant true-up reports as of June 30, 2007 for all Plastics and Convertibles facilities, review of the reports with lender representatives, submission of the information to the financial advisors to the Debtors' principal customers and facilitating resolution of all disputed items, which process supported the Debtors' request to the Debtor's principal customers for a net payment of $40.5 million to the Debtors in satisfaction of June 30, 2007 Customer Agreement true-up obligations, representing realization of the Debtors' net working capital as of the start date of the Customer Agreement (which amount has been received by the Debtors);

(f) facilitated the consensual transition of responsibility for finalizing the post-June 30, 2007 true-up reconciliations and analyses to lender representatives and to selected personnel from the Debtors for final resolution after the Effective Date.

77. Sale of Plastics Plants

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) participated in daily meetings with the Debtors' Plastics management team and investment bankers regarding the status of sale efforts, sale strategy issues, timelines, objectives and a variety of ad hoc issues;

(b) assisted the investment bankers for the Debtors' Plastics plants and the Debtors' Plastics management team in supporting extensive and elongated supplemental due diligence requirements of Cadence Innovation LLC ("Cadence") and in negotiating an asset purchase agreement in connection with the effort to pursue that proposed transaction, which, in its original form, would have allowed for the continued operation of nine plants and the preservation of approximately 2,300 jobs, until such time as the Debtors and representatives of the lenders concluded that

Cadence was incapable and unwilling to close the transaction on terms consistent with those originally negotiated;

(c) assisted the investment bankers for the Debtors' Plastics plants in connection with negotiations with various parties relating to the proposed sale of the Debtors' manufacturing facility in Saltillo, Mexico and in finalizing and closing an asset transaction with International Automotive Components Group North America, Inc. ("IAC NA") for the plant, which resulted in net sale proceeds of $6.5 million and the preservation of approximately 230 jobs;

(d) assisted the investment bankers for the Debtors' Plastics plants in connection with negotiations with various parties relating to the proposed sale of the Debtors' dedicated single customer manufacturing facility in Hermosillo, Mexico and in finalizing an asset transaction with IAC NA for the plant, which deal was scheduled to close after the Effective Date of the Debtors' chapter 11 plan and which will result in net sales proceeds of $17 million, the assumption by IAC NA of a construction financing / lease obligation in excess of $63 million and the preservation of approximately 1,350 jobs;

(e) maintained lead responsibility for supporting the due diligence requirements of a wide range of parties expressing interest in the Debtors' excess real property and equipment idled in connection with the Debtors' wind down process; and

(f) organized, structured and led the process, with the support of the Debtors' Plastics management team and, where necessary, utilizing real estate brokers and outside liquidation firms, of negotiating and executing sales of various idled manufacturing facilities and equipment, which efforts, constituting 14 separate locations and sale processes, generated sale proceeds of approximately $17.5 million and allowed for the timely rejection of various lease agreements, reducing aggregate costs and claims against the Debtors' estates by an amount in excess of $25 million.

78. <u>Sale of Carpet and Acoustics Operations</u>

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) assisted the Debtors' primary investment bankers and the Debtors' Carpet and Acoustics management team in satisfying the supplemental due diligence requirements of IAC NA and negotiating a satisfactory resolution to any issues and concerns raised by IAC NA as a result of those due diligence efforts;

(b) assisted the Debtors' primary investment bankers, the Debtors' Carpet and Acoustics management team and the Debtors' other advisors in finalizing and amending the terms and conditions of the Carpet and Acoustics asset purchase agreement between IAC NA and the Debtors, resulting in: (i) a going-concern transaction value of approximately $130 million (plus certain contingent consideration and the assumption of certain liabilities); and (ii) the preservation of approximately 4,300 jobs and continuation of operations at 16 Carpet and Acoustics facilities in the U.S. and Canada;

(c) assisted the Debtors' primary investment bankers, Carpet and Acoustics management team and the Debtors' General Counsel in ensuring the Debtors' compliance with all terms and conditions of the Carpet and Acoustics asset purchase agreement with IAC NA, as amended, throughout the closing process;

(d) assisted and supported the Debtors' Carpet and Acoustics management team, primary investment bankers and restructuring counsel in working with principals and representatives of IAC NA and lender advisors to gain regulatory approvals of the Carpet and Acoustics asset sale to IAC NA and complete all of the other activities necessary to allow that transaction to close on October 11, 2007;

(e) assisted the Debtors' Carpet and Acoustics management team and the Debtors' finance personnel in negotiating and reaching agreement with IAC NA on the scope and cost of post-closing transition services necessary to ensure a smooth, uninterrupted transfer of leadership, systems and support functions for Carpet and Acoustics to IAC NA.

79. Canadian Operations

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) conducted extensive internal analyses and facilitated discussions with lender representatives and the financial advisors to the Debtors' principal customers regarding restructuring process and funding alternatives to: (i) complete the Canadian portion of the going-concern sale of the Debtors' Carpet and Acoustics operations; and (ii) implement an orderly wind down of a significant portion of the Debtors' Canadian Plastics operations;

(b) led negotiations with IAC NA regarding restructuring process alternatives for completing the Canadian portion of the going-concern sale of the Debtors' Carpet and Acoustics operations;

(c) developed and refined cash flow forecasts for the Canadian portion of the Debtors' Carpet and Acoustics operations to facilitate the structuring of a $6 million (Canadian) DIP funding commitment in connection with the contemplation of a filing of those operations for protection under the Companies' Creditors Arrangement Act ("CCAA") in Canada;

(d) developed procedures and reporting mechanisms to allow for tracking of the Canadian portion of the Debtors' Carpet and Acoustics cash flows and operating performance separate from the Debtors' other Carpet and Acoustics units and all of the Debtors' other operations;

(e) assisted Canadian legal counsel in the drafting and refinement of various documents and affidavits necessary to effect the filing on May 15, 2007 of the Canadian portion of the Debtors' Carpet and Acoustics operations for CCAA protection for purposes of facilitating the closing of the Carpet and Acoustics asset sale to IAC NA;

(f) developed and refined extensive internal and external communication materials for employees, suppliers and other potential creditors to explain the Debtors' Carpet and Acoustics CCAA filing, associated restrictions and anticipated next steps;

(g) assumed responsibility for daily coordination with the Monitor approved by the Canadian Court to oversee the Debtors' Carpet and Acoustics CCAA proceeding and for ensuring that the Debtors were meeting the Monitor's daily information needs and reporting requirements and otherwise complying with orders from the Canadian Court;

(h) assisted Canadian legal counsel in the drafting of various affidavits, and prepared supporting analyses and materials, in relation to a variety of motions in connection with the process of obtaining Canadian Court approvals and facilitating an orderly CCAA case;

(i) led the process of obtaining the recommendation of the Monitor and, subsequently, the approval of the Canadian Court for the allocation of value from the proposed IAC NA Carpet and Acoustics sale transaction to the Canadian operations, including supporting the due diligence requirements of a third-party firm retained to provide an independent valuation;

(j) reviewed vendor payment requests to determine amounts subject to the stay in the Debtors' Carpet and Acoustics CCAA case;

(k) negotiated deposits with various vendors and, where necessary, assisted the Debtors' Carpet and Acoustics purchasing personnel in identifying alternative suppliers in order to ensure continuity of supply and production;

(l) assisted in developing various claims analyses and recovery scenarios relating to creditors of the Canadian portion of the Debtors' Carpet and Acoustics operations;

(m) led extensive discussions and negotiations with the Debtors' principal customers in Canada regarding restructuring process and funding alternatives for the orderly wind down and transition of production of a significant portion of the Debtors' Canadian Plastics operations;

(n) prepared operating budgets, funding/financing forecasts and related schedules, analyses and planning materials in coordination with Canadian legal counsel, and reviewed those materials with customer and lender representatives, in connection with preparing for implementation of a restructuring process for the Debtors' Canadian Plastics operations;

(o) established internal processes, procedures and controls to facilitate the orderly implementation of the contemplated restructuring processes for the Debtors' Canadian Plastics operations;

(p) refined cash flow forecasts for the Debtors' Canadian Plastics operations to facilitate the structuring of an initial $13.6 million (Canadian) DIP funding commitment and agreement in connection with the contemplation of a filing of those operations for protection under the CCAA in Canada;

(q) assisted Canadian legal counsel in the drafting and refinement of various documents and affidavits necessary to effect the filing on

July 19, 2007 of the Debtors' Canadian Plastics operations for CCAA protection;

(r) developed and refined extensive internal and external communication materials for employees, suppliers and other potential creditors to explain the Debtors' Canadian Plastics CCAA filing, associated restrictions and anticipated next steps;

(s) assumed responsibility for daily coordination with the Monitor approved by the Canadian Court to oversee the Debtors' Canadian Plastics CCAA proceeding and for ensuring that the Debtors were meeting the Monitor's daily information needs and reporting requirements and otherwise complying with orders from the Canadian Court;

(t) developed analyses to support the allocation of corporate overhead and support costs to the Canadian Plastics operation and obtained the Monitor's support for those allocations, resulting in approximately $4.0 million of payments from the Canadian Plastics entities to the Debtors' estates;

(u) assisted Canadian legal counsel in the drafting of various affidavits, and prepared supporting analyses and materials, in relation to a variety of motions, including motions relating to the Customer Agreement and the proposed sales of certain of the Debtors' Canadian Plastics plants and equipment, in connection with the process of obtaining Canadian Court approvals and facilitating an orderly CCAA case;

(v) prepared and submitted DIP funding requests as needed to ensure adequate liquidity for the Debtors' Canadian Plastics operations;

(w) negotiated an amendment to the initial DIP financing agreement that included an upward revision in the funding commitment from $13.6 million (Canadian) to $29.3 million (Canadian);

(x) reviewed vendor payment requests to determine amounts subject to the stay in the Debtors' Canadian Plastics CCAA case;

(y) negotiated deposits with various vendors and, where necessary, assisted the Debtors' Canadian Plastics purchasing personnel in identifying alternative suppliers in order to ensure continuity of supply and production;

(z) assisted the Debtors' Plastics management team, Canadian operating personnel, Canadian legal counsel and customer representatives in resolving post-CCAA filing issues with Canadian labor unions to address threatened labor actions and other activities that had the potential of resulting in disruptions to customer production;

(aa) assisted in developing various claims analyses and recovery scenarios relating to creditors of the Debtors' Canadian Plastics operations;

(bb) supported and facilitated the appointment of a Chief Restructuring Officer proposed by the primary customer of the Debtors' Canadian Plastics operations to assume long-term responsibility for overseeing the wind down of the Debtors' Canadian Plastics operations under the CCAA and transitioned all related activities to that individual and his support team once the appointment was approved by the Canadian Court.

80. Capital Expenditure, Launch and Tooling Costs

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) coordinated and negotiated with third-party tooling vendors regarding maintaining existing payment terms and tool release requirements in response to vendor demands to accelerate such terms due to concerns related to the sale and wind down process;

(b) assisted in controlling and winding down tooling activities relating to approximately $100 million of open customer tooling purchase orders and outstanding third-party vendor obligations and commitments aggregating in excess of $44 million;

(c) assisted with maintenance of a database for tracking internal and third-party vendor tooling commitments and billings;

(d) aggregated, analyzed and reconciled data, including supporting customer tool audit requirements, in connection with the negotiations with certain customers on tooling related settlements, which negotiations have resulted in settlement payments to the Debtors in excess of $99 million ($44 million of which was the result of settlement agreements finalized in the Seventh Interim Fee Period);

(e) maintained lead role in the ongoing negotiations with various customers relating to remaining tooling receivables and unreimbursed costs, resolving certain disputed items and facilitating tentative settlements that, in the aggregate, are expected to result in recoveries of between \$5 and \$6 million subsequent to the Effective Date;

(f) maintained responsibility for the implementation and management of procedures for the ongoing requests for reimbursement of capital expenditure and tooling costs in connection with the terms of the Customer Agreement and the Post-June 30, 2007 Agreement;

(g) participated in frequent funding protocol meetings with the financial advisors to the Debtors' principal customers in connection with various requests for capital expenditure and tooling fundings/advances, consistent with the terms of the Customer Agreement and the Post-June 30, 2007 Agreement, with such fundings/advances, representing 383 separate requests, aggregating to approximately \$40 million since the inception of the Customer Agreement (\$18 million of which was advanced to the Debtors during the Seventh Interim Fee Period in connection with 90 separate funding requests);

(h) assisted the Debtors' Plastics management team and operations personnel in planning for tool movements by supplying necessary data and addressing a variety of questions from designated alternative suppliers;

(i) participated in and facilitated settlement negotiations with various tooling vendors in the effort to reach settlements on various lien issues and other tooling disputes;

(j) led detailed reconciliation process relating to open tooling receivables in connection with requesting final payment on completed customer purchase orders; and

(k) served as principal information resource for the Debtors' restructuring counsel regarding customer tooling matters, including vendor lien issues and various motions of tooling vendors for relief from the automatic stay.

81. <u>Leases and Executory Contracts</u>

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the

Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) maintained the lead role in lease settlement, buyout and claim negotiations with GECC, Textron, GMAC and ORIX and various real property landlords for approximately 15 facilities;

(b) assisted in maintaining detailed databases of executory contracts and leased and owned facilities and equipment;

(c) served as key contact, information source and fiduciary in relation to dealings with equipment lessors, assuming responsibility for satisfying all information requests, maintaining all accounting related to sales of leased assets and ensuring proper segregation or remittance of cash from sales of leased assets in accordance with arrangements reached with various lessors;

(d) organized, structured and led the process of reviewing and analyzing nearly 12,500 pre-petition and post-petition contracts and agreements for purposes of determining the most cost effective strategy for exiting each arrangement, including recommending the rejection of over 400 pre-petition contracts and the assignment or transfer of a significant volume of other contracts in connection with various asset sale transactions; and

(e) assisted in calculating or estimating cure costs relating to contracts and agreements that needed to be assumed by the Debtors for various reasons.

82. Pensions and Retiree Benefits

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period , all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) identified and analyzed alternatives for addressing under-funded Canadian pension and retiree health obligations, including an objective assessment of the benefits, risks and costs of potential scenarios;

(b) assisted in negotiating, facilitating or implementing transactions that resulted in approximately $30 million of under-funded

Canadian pension and related obligations being either segregated as non-recourse claims against the Canadian Plastics entities under CCAA or assumed by IAC NA in connection with the Soft Trim sale; and

(c) supported the PBGC's administrative process for assuming responsibility for the Debtors' U.S. defined benefit pension plans in connection with the involuntary termination of those plans that resulted in the transfer of the Debtors' assets and obligations under those arrangements to the PBGC effective March 31, 2007 (including the transfer of responsibility for an aggregate net pension deficit of approximately $90 million).

83. Financial Reporting and Chapter 11 Compliance

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) managed reporting and compliance process to ensure ongoing segregation of pre-petition and post-petition activity and balances within the Debtors' books and records;

(b) managed procedures and resources to gather, analyze and summarize asset, liability and other financial information necessary to ensure timely ongoing compliance with the United States trustee and Bankruptcy Court filing requirements;

(c) organized and coordinated preparation of detailed Monthly Operating Reports ("MORs") for the Debtors for each monthly period during the Seventh Interim Fee Period and addressed questions of the United States trustee relating to filed MORs;

(d) examined and analyzed balance sheet accounts to identify potential liquidity enhancement opportunities and resolve various general ledger reconciliation issues;

(e) assisted in the ongoing refinement and restructuring of procedures for the month-end closing of books and records;

(f) assisted management in monitoring and measuring financial performance by operating division and plant;

(g) assisted in preparing internal monthly financial statements, analyzing operating performance and presenting results to senior management and the Board;

(h) assisted in drafting and preparation of various filings with the Securities and Exchange Commission ("SEC");

(i) supported the efforts of various parties-in-interest and their advisors in developing a detailed understanding of monthly financial performance; and

(j) developed and implemented procedures required to report operating performance and other cost or asset valuation information in accordance with the Customer Agreement and the Post-June 30, 2007 Agreement.

84. European Administration and Recovery

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:[8]

(a) participated in conference calls with the Administrator and his representatives to address various claims issues and understand the procedures necessary to complete the UK Administration process and receive distributions relating to the Debtors' filed and approved claims;

(b) monitored the status of the UK Administration and the 47 individual claims filed by the Debtors against 19 of the Debtors' former European subsidiaries in UK Administration, which filings represented aggregate claims of approximately $350 million with an original estimated recovery range of $58 to $70 million, resulting in the receipt of $53 million of recoveries during the Seventh Interim Fee Period, bringing total distributions to date to approximately $69 million (an amount very close to the upper end of the original estimated recovery range); and

8 Prior to the initiation of a group-wide Administration proceeding by the Debtors' European subsidiaries on July 15, 2005 (the "UK Administration"), KZCS provided direct management and advisory services to the Debtors for the Debtors' European operations. Once the Debtors' European entities were in UK Administration, the Debtors no longer had authority to manage or control those assets. The services that KZCS provided to the Debtors relating to the European entities after the initiation of the UK Administration, including all services provided in this area during the Seventh Interim Fee Period, related only to managing the Debtors' position as a significant creditor in the UK Administration process.

(c) reached agreement with the Administrator for the hold back of recoveries on certain claims until July 2008 in exchange for the accelerated claims distributions of $53 million received during the Seventh Interim Fee Period, with such hold backs representing the potential for $10 million to $13 million in incremental recovery to the Debtors after resolution of all remaining issues in the UK Administration.

85. Claims Analysis and Administration

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) assisted in preparing periodic claims reports and support schedules as required by the Debtors' restructuring counsel;

(b) assisted in addressing and resolving the information needs of the Debtors' restructuring counsel, and the requirements of counsel for various creditors, relating to individual claim issues and questions arising from the Debtors' chapter 11 plan;

(c) assisted the Debtors' restructuring counsel in pursuing claims objections and in addressing and resolving a variety of disputes with creditors relating to the classification and amount of claims;

(d) assisted in summarizing and refining estimates of secured, administrative and priority claims in connection with preparing for the confirmation hearing on the Debtors' chapter 11 plan; and

(e) refined and finalized the claims affidavit and supporting documentation in connection with preparation for the confirmation hearing on the Debtors' chapter 11.

86. Restructuring and Plan of Reorganization

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) served as the primary management, business and decision-making resource for the Debtors' restructuring counsel in connection with strategizing, proposing, negotiating and implementing resolutions to various restructuring issues and objections relating to the Debtors' chapter 11 plan, which efforts resulted in the confirmation of the Debtors' chapter 11 plan by the Court on July 18, 2007;

(b) prepared and refined hypothetical liquidation and creditor recovery analyses, including detailed supporting materials, for purposes of measuring the Debtors' ability to meet the best interest of creditors standard in connection with preparing for the confirmation hearing on the Debtors' chapter 11 plan;

(c) assisted the trustee of the Litigation Trust, and the trustee's counsel, in their due diligence efforts relating to understanding the population of potential preference and fraudulent conveyance actions, including supporting the trustee with various detailed analyses relating to those potential avoidance actions, which assistance ultimately supported the Debtors' filing of over 1,100 actions to pursue in excess of $500 million of potential preference and fraudulent conveyance recoveries;

(d) developed a comprehensive checklist, with the assistance of the Debtors' restructuring counsel, of the operational issues, legal matters, settlements, transactions and other activities that needed to be finalized in order for the Debtors' confirmed chapter 11 plan to go effective;

(e) organized, structured and led periodic and, starting in September 2007, daily meetings with the Debtors' key personnel, lender representatives and the financial advisors to the Debtors' principal customers to ensure that the appropriate actions and steps were being led and executed so that (i) the Debtors' confirmed chapter 11 plan could go effective on a timely basis; and (ii) all remaining activities to be taken over by the Post Consummation Trust were seamlessly transitioned to the individuals to be responsible for those activities; and

(f) assisted the Debtors' finance personnel in preparing remittance information and staging for the execution of various settlement wires, cure payments and other disbursements which, per the terms of the Debtors' confirmed chapter 11 plan, were to be transaction upon the closing of the Carpet and Acoustics sale in order for the plan to become effective.

87. General Management

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) assisted the Debtors' personnel in all corporate departments in day-to-day support processes;

(b) assisted the Debtors' management in addressing issues relating to various corporate insurance policy and renewal issues;

(c) negotiated settlements, resolutions and extensions of various management contracts;

(d) assisted in the ongoing support of the SEC and DOJ investigations regarding the Debtors' overall financial circumstances and prior acts, assisted in the process of reaching settlement agreements with both entities and ensuring compliance with those agreements, which settlements resulted in no fines, penalties or other financial obligations or sanctions against the Debtors, in spite of the fact that the investigations to date have resulted in Federal indictments of four former members of the Debtors' management team for securities fraud, guilty pleas to various related charges by four other former members of the Debtors' management team and the filing of a civil action by the SEC against nine former members of the Debtors' management;

(e) monitored status and progress of Canadian tax court proceedings with regards to an outstanding $12 million tax assessment from the Canada Revenue Agency;

(f) assisted in finalizing a resolution with the Internal Revenue Service in regards to its examination of the Debtors' tax returns for the tax years 2001 through 2004, which process resulted in a settlement with the IRS requiring no cash payout and no claims while closing out the 2001 through 2004 audit years;

(g) facilitated analyses, communications and negotiations with financial advisors to the Debtors' principal creditor constituencies and customers in relation to various employee severance and retention proposals;

(h) participated in periodic status update meetings and conference calls with U.S. and Canadian national union representatives;

(i) led an ongoing internal process for evaluating corporate staffing requirements in engineering, commercial, finance, accounting, human resources, Plastics administration and general management, assisting the Debtors' management team in developing a forecast for planned layoffs through September 30, 2007 consistent with the anticipated timing of various wind down and transition activities, transaction closings and the Effective Date;

(j) led an ongoing internal process with the Debtors' Plastics, Convertibles and Carpet and Acoustics management teams in evaluating plant staffing requirements with the objective of adjusting staffing levels to be consistent with changes in production associated with the sale and wind down process;

(k) assisted the Debtors' management with the preparation and dissemination and, where appropriate, updating, of employee notices under the Worker Adjustment and Retraining Notification Act in the U.S. and similar Canadian notice requirements in connection with the controlled sale and wind down of the Debtors' Plastics and Convertibles operations;

(l) participated in meetings with and presentations to employees regarding bankruptcy issues, restructuring strategies and status updates; and

(m) assisted in drafting and reviewing press releases and internal communications materials.

88. Corporate Governance

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) consulted with the Debtors' management on a daily basis and provided related support with respect to ordinary course finance, operations, personnel and other management decisions;

(b) prepared analyses and related materials for distribution to the Board of Directors for informational purposes, to facilitate an understanding of critical issues, to provide updates on the status of various key initiatives and to support Board of Directors oversight and decision-making processes;

(c) developed agendas for and participated in Board of Directors conference calls; and

(d) apprised and updated the Board of Directors on a regular basis regarding the scope and depth of ongoing activities of KZCS and other outside advisors.

89. <u>Creditor Communications</u>

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) managed processes to satisfy extensive ongoing due diligence and information requirements of legal and financial advisors to the lenders and, to a much lesser extent during the Seventh Interim Fee Period, the Creditors' Committee;

(b) managed various protocols with advisors to the Debtors' principal creditor constituencies and various individual creditors to ensure efficient and timely response to information and meeting requests;

(c) organized, structured and developed materials and analyses for periodic conference calls with representatives of and advisors to the lenders and, to a much lesser extent during the Seventh Interim Fee Period, the Creditors' Committee;

(d) organized, structured and facilitated numerous meetings between selected personnel of the Debtors and financial advisors to the lenders; and

(e) maintained daily ad hoc communications with financial advisors to various constituencies regarding liquidity, customer funding, asset and plant sales and a broad range of issues relating to the Debtors' wind down and asset realization processes.

90. Bankruptcy Court Hearings

KZCS's principal activities under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) served as the primary testimony resource for contested and uncontested matters, providing affidavit and Court testimony on numerous occasions on a broad range of issues explaining and supporting the Debtors' business judgment and justification for various proposed settlements and actions;

(b) prepared for and attended, as necessary, Court hearings relating to the Debtors' cases, assisting the Debtors' restructuring counsel in resolving questions raised by the Honorable Judge Rhodes and other parties; and

(c) assisted the Debtors' restructuring counsel in assessing case developments and upcoming issues.

91. Case Administration and Management

KZCS's principal activities and accomplishments under this Service Category during the Seventh Interim Fee Period, all of which were necessary in connection with the controlled sale and wind down of the Debtors' operations and the administration of the Debtors' estates, and the direct tangible benefits resulting from those activities, were as follows:

(a) served as principal liaison and resource for the Debtors' restructuring counsel relating to operations, financing, personnel and other business and management issues;

(b) reviewed and provided input to the Debtors' restructuring counsel regarding the Debtors' Court filings;

(c) drafted and revised affidavits of personnel from the Debtors and KZCS in support of various Court filings;

(d) structured and led daily conference calls with the Debtors' advisors to facilitate coordination and communication, monitor critical issues, develop strategies, assign responsibilities, establish priorities and ensure efficient management of resources and professional costs;

(e) maintained responsibility for review and analysis of monthly fee statements of the advisors for the Debtors, the DIP and pre-petition secured lenders and the Creditors' Committee, maintained a segregated professional fee trust account, managed the professional fee payment process and periodically reported to the Board of Directors regarding professional fees and strategies to manage the activities of all advisors and related costs to the Debtors' estate;

(f) assisted and supported the Fee Examiner with her due diligence and investigative process in connection with her limited scope responsibilities, and

(g) established and implemented procedures to ensure ongoing compliance by the Debtors with this Court's orders.

Actual and Necessary Expenses

92. Attached as **Exhibit B-2** to this Final Fee Application is a summary of the out-of-pocket expenses and direct costs incurred by KZCS during the Seventh Interim Fee Period for which reimbursement is sought. KZCS's request for reimbursement of out-of-pocket expenses and direct costs incurred during the Seventh Interim Fee Period totals $718,665.23.

93. It is KZCS's policy to charge its clients in all areas of practice for identifiable, non-overhead expenses incurred in connection with the representation of the client that would not have been incurred except for representation of that particular client. It is KZCS's policy to generally charge its clients the amount incurred by KZCS in connection with such items. Examples of such expenses are postage, overnight mail, courier delivery, computer assisted legal research, photocopying, out-going facsimile transmissions, airfare and lodging. With respect to airfare expenses, all travel, by all individuals, is billed at the coach class rate with the allowance of class upgrades.

FINAL FEE PERIOD

Summary of Hours, Fees and Expenses

94. KZCS provided a broad range of management and restructuring services to the Debtors throughout the Final Fee Period. The activities of and services performed by KZCS during the Final Fee Period, as described in this Final Fee Application and in KZCS's previous fee applications, were consistent with KZCS's duties and responsibilities as outlined in the Services Agreement.

95. During the Final Fee Period, KZCS professionals and para-professionals expended a total of 97,014.1 hours in performing the services outlined in this Final Fee Application and in KZCS's previous fee applications. Based on the KZCS hourly rates for services of the type provided during the Final Fee Period, and the services performed by each individual, the total reasonable value of such services is $44,440,563.00. KZCS's blended hourly rate for the Final Fee Period was $458.08. A summary of the hours, fees and expenses incurred by KZCS by fee application period is attached as **Exhibit E-1** to this Final Fee Application. KZCS's request for reimbursement of out-of-pocket expenses and direct costs incurred during the Final Fee Period totals $4,668,143.71. Attached as **Exhibit E-2** to this Final Fee Application is a summary of the out-of-pocket expenses and direct costs incurred by KZCS during the Final Fee Period.

96. In connection with this assignment, KZCS personnel incurred significant travel time in order to perform the services required by this engagement and generate the benefits outlined in this Final Fee Application and in KZCS's previous fee applications. All travel time that was not spent on work relating to a specific Service Category, and the fees associated with that time, have not been included in KZCS's prior fee applications in the Debtors' chapter 11 cases. Per the terms of the Services Agreement, KZCS believes that it has the right to charge the Debtors for all time incurred in connection with rendering services on behalf of the Debtors, including travel time. It is customary on KZCS's engagements in both chapter 11 cases and in non-bankruptcy situations for KZCS to invoice clients for at least a portion of any travel time incurred in connection with the assignment. In

the Debtors' chapter 11 cases, KZCS has accrued the travel time of all professionals providing services to the Debtors but has not included that time to date in any of its Monthly Fee Statements or interim fee applications. Given that travel was a necessary requirement of providing the services requested by the Debtors, KZCS believes that it is appropriate and reasonable to charge the Debtors for a portion of those accrued charges. Nevertheless, under the circumstances, KZCS has voluntarily elected to absorb 100 percent of its accrued but unbilled travel time and fees in connection with seeking approval of its final fee request. Per KZCS's records, the total travel hours incurred by KZCS professionals in connection with providing services on behalf of the Debtors during the Debtors chapter 11 proceeding and not spent on work relating to a specific Service Category was 10,196 hours. Based on KZCS's hourly rates, the total value of that accrued and unbilled travel time is $4,932,708.00. . By way of example, John R. Boken estimates that he spent approximately 600 hours of the time he spent traveling in connection with this engagement in performing work related to the Debtors for which he has not billed the estates, which services had they been billed would have had a value of approximately $400,000. KZCS believes that other personnel besides Mr. Boken have also worked on this matter while traveling, which services likewise have not been billed.

97. Per the Retention Orders, KZCS has the right to file an application with the Court for consideration of a consummation fee, which was a specific component of KZCS's original compensation structure in the Services Agreement. That provision was amended by the Retention Orders, requiring KZCS to apply for consideration of consummation fee through the fee application process. KZCS hereby confirms that it is not intending to seek consideration or approval of a consummation fee in the Debtors' chapter 11 cases.

KZCS has the right under the Services Agreement to seek recovery for its legal costs incurred in connection with this engagement and hereby reserves the right to file a supplement to this Final Fee

Application when the full extent of the legal fees incurred by KZCS in connection with its engagement, including those incurred in response to the Fee Examiner's Report, are fully quantified.

Reasonable and Necessary Services Rendered by KZCS

98. In paragraphs 42 through 61 herein, KZCS has provided a summary of the key issues, facts and developments in the Debtors' chapter 11 cases from the severe crisis period at the outset, through the operational improvement effort and the associated pursuit of a variety of restructuring alternatives, and ultimately culminating in the decision to pursue the controlled sale and wind down of the Debtors' operations and in the implementation of that process. The facts outlined in that section of this Final Fee Application form much of the background for KZCS's request for final approval of its compensation request. Within that section, there are a number of key points and considerations that KZCS believes should be re-emphasized and taken into account when evaluating KZCS's compensation request and reaching a balanced and fair conclusion as to the reasonableness of KZCS's fees and expenses given the particular circumstances as well as the outcome of the Debtors' cases. Specifically, those key points and considerations are: (a) KZCS ran an open, transparent, participatory process with all of the key stakeholders and provided full and timely disclosure to all parties of the risks of each restructuring alternative; (b) the Debtors' operations and financial performance substantially improved during the Debtors' chapter 11 proceedings up through the decision to pursue the controlled sale and wind down alternative; (c) the recoveries of the pre-petition secured lenders likely increased significantly from what could have been achieved at the outset of the Debtors' chapter 11 cases; and (d) throughout the Debtors chapter 11 cases, KZCS has consistently provided extraordinary, painstaking detail regarding the scope and need for its services, and has specifically measured, quantified and documented the benefits of its services to all of the key stakeholders in support of its compensation requests.

97. Transparency, Disclosure and Creditor Participation

KZCS was required to step into the management and leadership void that prevailed at the beginning of these cases and made every reasonable and necessary effort to both stabilize the Debtors' businesses and pursue opportunities to enhance creditor recoveries. Given the severity of the Debtors' problems, coupled with the overall sustained distress in the automotive industry, the effort to achieve improvements in creditor recoveries and maintain uninterrupted operations turned out to be a very challenging and, consequently, expensive process. As a result of the Debtors' extraordinary internal issues, that process included the Debtors having to make decisions and pursue alternatives with imperfect information and, as a result, without the ability to guarantee any particular outcome or certainty for creditors, customers or other parties-in-interest. KZCS counter-balanced that risk by running an extremely open and transparent restructuring process, wherein all of the key stakeholders had open and timely access to the Debtors' information and, in the case of the Debtors' key creditor constituencies, input into any and all restructuring strategy and process decisions that might have had an impact on their overall recoveries. Furthermore, all of the key stakeholders were apprised and aware of the risks associated with every aspect of the Debtors' reorganization efforts on a timely basis. As a result, the Debtors' key creditor constituencies, particularly the pre-petition secured lenders, were partners and active participants in the key decision making processes throughout the Debtors' chapter 11 cases.

98. Substantial Improvement in the Debtors' Performance

The Debtors ultimately were unsuccessful, within the relatively short time frame available, in achieving the level of stability and sustainable improvements in their businesses sufficient to support an income based, or stand-alone, plan of reorganization that carried a reasonable level of operating and performance risk. However, it is important to note that the Debtors showed substantial improvement in operating performance from the outset of these chapter 11 cases in May 2005 through to the initiation of the controlled sale and wind down process in late 2006 and were operating profitably in 2006, net of restructuring charges. At the outset of the case, the Debtors' annual run rate of adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) for its combined North American Plastics and Carpet and Acoustics operations was between $25 million and, at best, $50 million.[9] The final adjusted EBITDA performance for 2006 was approximately $119.4 million, a significant improvement in annualized performance of at least $69 million to $94 million and quite possibly much higher. Much of this benefit was attributable to price increases agreed to with the Debtors' principal customers after protracted negotiations led by KZCS, with those benefits and the benefits from the achievement of certain cost savings offset by continuing decreases in customer volumes, particularly in the fourth quarter of 2006. This tangible improvement in operating performance was a key element in maximizing creditor recoveries.

99. Significant Improvement in Recoveries of Pre-Petition Secured Lenders

In late 2006, in order to generate some certainty of recovery on their approximately $750 million in secured claims, the pre-petition secured lenders concluded that their best course of action was to support the controlled sale and wind down of the Debtors' operations. While for most of the proceeding the development of a stand-alone restructuring was the preferred vehicle for creditor recoveries for both the Creditors' Committee and the pre-petition secured lenders, it appears that the outcome from the controlled sale and wind down will yield recoveries for the pre-petition secured creditors in excess of what likely would have been accomplished through a sale and wind down in

[9] The Debtors' historical financial information is suspect as a result of the financial irregularities alleged to have taken place prior to the Petition Date. For a variety of reasons, the Debtors' elected not to attempt to re-audit information from any prior periods during the pendency of the Debtors' chapter 11 cases. As a result, there is no reasonably objective evidence of the Debtors' financial results for the period immediately preceding the Petition Date. KZCS believes that the range of TTM (trailing twelve months) adjusted EBITDA performance presented herein is a best case scenario. Many parties, including the pre-petition secured lenders and the Fee Examiner, have suggested that TTM adjusted EBITDA performance at the outset of the Debtors' chapter 11 cases was probably less than $25 to $50 million used herein and quite possibly negative. It is highly unlikely that the Debtors' TTM adjusted EBITDA performance at the outset was greater than $50 million.

the early stages of the Debtors' chapter 11 cases. Using an annualized EBITDA of between $25 million and $50 million (see footnote 9), the theoretical enterprise value of the Debtors' operations at the outset of the case, using a multiple of 5 times EBITDA, was between $125 million and $250 million, an amount either below just slightly in excess of the $150 million in DIP financing funding approved in the early stages of the Debtors' cases (and that would have been necessary to facilitate operations even under an expedited sale scenario). At a value within that range, the pre-petition secured lenders would have had a negligible to, at best, an approximately 13 percent recovery on their pre-petition secured claims, before taking into account any other priming administrative claims beyond the DIP financing that would have had to have been satisfied. Based on the most recent estimates of the result of the controlled sale and wind down process, anticipated recoveries for those now holding the claims of the pre-petition secured lenders will range between 37 and 46 percent, before taking into account recoveries from the Litigation Trust and the contingent value that was an important component of the consideration from IAC NA in connection with the Carpet and Acoustics sale transaction. Based on the Debtors' historical performance leading up to the chapter 11 filings, the value attributable to the pre-petition secured debt claims more than tripled as a result of the Debtors' restructuring efforts. So, while the outcome of the Debtors' cases did not result in the drastic increase in value needed to sustain an income based, or stand alone, plan of reorganization, the Debtors and KZCS were nonetheless successful in avoiding a much worse scenario, where creditor recoveries were fixed at the low point of value that would have obtained at the early stages of these chapter 11 cases.

100. Disclosure, Measurement and Quantification of the Benefits of KZCS's Services

KZCS believes that, throughout these cases, it has met the burden of demonstrating the need for and the value of the services that KZCS rendered on behalf of the Debtors. In each of its fee applications during this case, in painstaking detail, KZCS has chronicled the specific services and accomplishments of its professionals and measured the benefit of those efforts, creating a verifiable record of KZCS's achievements in the Debtors' chapter 11 cases. By all such measures, as detailed herein and in KZCS's previous fee applications, the value of the accomplishments of KZCS and the benefit of those accomplishments for the creditors, are a multiple of the costs of KZCS's services for delivering those benefits. The value and measurable benefits of KZCS's accomplishments easily aggregates into the several hundreds of millions of dollars (the principal beneficiaries of which, in the end, were the pre-petition secured lenders from a recovery standpoint and the Debtors' principal customers from a continuity of production standpoint). Furthermore, it is important to note that, while various parties have at time questioned the overall cost of the Debtors' chapter 11 cases, at no time has any party suggested or demonstrated that any portion of the services or activities of KZCS did not need to be performed or should be curtailed. This is in large part due to the fact that the entirety of the services provided by KZCS professionals were directly associated with the requirements for administration of the Debtors' very complex chapter 11 cases, and were driven by a single-minded focus on the enhancement of creditor recoveries.

101. The outcome of the Debtors' chapter 11 cases was disappointing to a number of parties. KZCS certainly would have preferred that the operational turnaround efforts had achieved more success earlier in the cases, providing a greater opportunity for the Debtors to further enhance recoveries for creditors either through a stand-alone plan or reorganization of a sale process. KZCS did everything possible to support the consensual, worthwhile endeavor of attempting to improve creditor recoveries by rehabilitating a very sick patient. However, the overall frustration with the results needs to be tempered by the fact that the ultimate outcome of this situation was in large part due to the condition of the Debtors at the outset, the limited time and resources available to the

Debtors' new operating management team to achieve substantial improvements in the Debtors' cost structure (and the inability to achieve the desired performance level) and the continuing distress in the automotive industry on the whole, particularly with respect to the Debtors three most significant customers: DaimlerChysler (now Chrysler), General Motors Corporation and Ford Motor Company.

102. KZCS believes that any assessment of its services, contributions to creditor recoveries and overall compensation request needs to take the entirety of the case and circumstances into account. KZCS made decisions and recommendations in its role on behalf of the Debtors based on the best information available to it at the time and with the reasonable expectation that the proposed action or recommendation would be beneficial to the estate at the time such services were rendered.

Representations

103. This Final Fee Application is KZCS's seventh summary fee application pursuant to the Interim Compensation Order, covering the Final Fee Period from May 17, 2005 through October 12, 2007, inclusive of the Seventh Interim Fee Period from May 1, 2007 through October 12, 2007. Although every effort has been made to include all fees and expenses in this Final Fee Application, some fees and expenses relating to the preparation of this Final Fee Application and related wrap-up activities might not be included due to delays caused by accounting and processing procedures. KZCS reserves the right to supplement this Final Fee Application or otherwise seek allowance of any additional fees and expenses incurred and not included herein in connection with the preparation and prosecution of this Final Fee Application.

104. In summary, by this Final Fee Application, KZCS requests final allowance and payment of fees and expenses in the total amount of $49,108,706.71, consisting of: (a) $44,440,563.00 for the actual, reasonable and necessary professional services rendered by KZCS on behalf of the Debtors (representing 100 percent of fees for services rendered, including all

amounts previously held back); and (b) $4,668,143.71 for actual and necessary costs and expenses (representing 100 percent of the expenses incurred).

WHEREFORE, KZCS respectfully requests the entry of a final order, (a) allowing an administrative expense claim for KZCS's compensation and reimbursement for its fees and expenses incurred during the Final Fee Period (including all amounts held back previously in connection with interim compensation orders), (b) authorizing and directing payment of such amounts and (c) granting such other and further relief as is just and proper.

Dated: November 12, 2007

KZC SERVICES, LLC AND JOHN R. BOKEN

/s/ John. R. Boken

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