

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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<b>IN RE:</b>	)	
<b>FRUIT OF THE LOOM, INC., et al.</b>	)	<b>CHAPTER 11</b>
	)	
<b>Debtors.</b>	)	<b>Case No. 99-4497 (PJW)</b>
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**TWENTY-FIRST INTERIM AND FINAL FEE APPLICATION OF JAY ALIX &  
ASSOCIATES AS FINANCIAL AND BANKRUPTCY CONSULTANTS TO THE  
DEBTORS FOR COMPENSATION & REIMBURSEMENT OF EXPENSES**

Name of Applicant:	<u>Jay Alix &amp; Associates ("JA&amp;A")</u>
Authorized to Provide Professional Services to:	<u>Fruit of the Loom, Inc., et al.</u>
Date of Retention:	<u>March 3, 2000</u>
Period for which Compensation and Reimbursement is Sought:	<u>January 1, 2002 – March 31, 2002 Final Allowance (April 1, 2001 to December 31, 2001 – Holdbacks)</u>
Amount of Compensation Sought as Actual, Reasonable, and Necessary:	<u>\$ 8,710.50 (Twenty-First Interim Period) \$64,450.55 (Final Allowance)</u>
Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary:	<u>\$2,093.86 (Twenty-First Interim Period)</u>
Amount of Compensation Sought for Final Fee Application Preparation:	<u>\$4,650.00</u>
Amount of Incentive Payments Entitled To:	<u>\$2,500,000.00 (Twenty-First interim Period and Final Allowance)</u>

This is JA&A's twenty-first interim and final fee application.

Total time expended for the preparation of this application is approximately 9 hours and the corresponding compensation is approximately \$4,650.00.

The fees set forth herein are 100% of the fees actually billed to the Debtors for which JA&A seeks Court approval. JA&A's monthly fee statements seek payment pursuant to the Administrative Order entered in this case.

**Fruit of the Loom, Inc., et al.**  
**Summary of Previously Filed Fee Applications**  
**Twenty-First Interim and Final Fee Application – January 1, 2002 through March 31, 2002**

Date Filed	Period Covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
February 29, 2000	December 30, 1999 – January 31, 2000	\$264,539.50	\$18,625.35	\$264,539.50	\$18,625.35
March 28, 2000	February 1, 2000 – February 29, 2000	\$283,042.25	\$21,606.02	\$283,042.25	\$21,606.02
May 8, 2000	March 1, 2000 – March 31, 2000	\$330,254.50	\$26,897.86	\$330,254.50	\$26,897.86
May 25, 2000	April 1, 2000 – April 30, 2000	\$223,582.50	\$29,150.62	\$223,582.50	\$29,150.62
July 3, 2000	May 1, 2000 – May 31, 2000	\$248,663.00	\$16,637.79	\$248,663.00	\$16,637.79
July 28, 2000	June 1, 2000 – June 30, 2000	\$275,566.75	\$19,742.88	\$275,566.75	\$19,742.88
September 11, 2000	July 1, 2000 – July 31, 2000	\$270,931.50	\$27,566.15	\$270,931.50	\$27,566.15
October 12, 2000	August 1, 2000 – August 31, 2000	\$287,268.00	\$27,017.95	\$287,268.00	\$27,017.95
November 8, 2000	September 1, 2000 – September 30, 2000	\$212,568.50	\$24,932.88	\$212,568.50	\$24,932.88
December 4, 2000	October 1, 2000 – October 31, 2000	\$266,518.50	\$23,362.85	\$266,518.50	\$23,362.85
January 9, 2001	November 1, 2000 – November 30, 2000	\$211,860.50	\$17,523.74	\$211,860.50	\$17,523.74
February 1, 2001	December 1, 2000 – December 31, 2000	\$138,108.75	\$20,668.76	\$138,108.75	\$20,668.76
February 22, 2001	January 1, 2001 – January 31, 2001	\$197,419.75	\$12,882.50	\$197,419.75	\$12,882.50
April 6, 2001	February 1, 2001 – February 28, 2001	\$300,169.12	\$12,235.41	\$300,169.12	\$12,235.41
April 26, 2001	March 1, 2001 – March 31, 2001	\$70,519.50	\$5,851.48	\$70,519.50	\$5,851.48
May 25, 2001	April 1, 2001 – April 30, 2001	\$69,940.50	\$3,937.18	\$55,952.40	\$3,937.18
June 19, 2001	May 1, 2001 – May 31, 2001	\$65,250.00	\$3,437.33	\$52,200.00	\$3,437.33
August 3, 2001	June 1, 2001 – June 30, 2001	\$60,105.50	\$7,671.90	\$48,084.40	\$7,671.90
October 1, 2001	July 1, 2001 – August 31, 2001	\$61,595.00	\$6,193.29	\$49,276.00	\$6,193.29
January 25, 2002	September 1 through December 31, 2001	\$65,361.75	\$5,312.88	\$52,289.40	\$5,312.88

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~~31911,975.87~~  
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+ 2,500,000  
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61411,975.87

**Fruit of the Loom, Inc., et al.**  
**Summary of Jay Alix & Associates Professional Fees**  
**Twenty-First Interim and Final Fee Application – January 1, 2002 through March 31, 2002**

<b>Name of Professional</b>	<b>Position</b>	<b>Billing Rate</b>	<b>Hours Billed</b>	<b>Total Compensation</b>
Ted Stenger	Principal, since 1990	595	2.70	\$ 1,606.50
Doug Werking	Principal, since 1997	500	6.20	3,100.00
Cliff Campbell	Associate, since 2001	250	9.20	2,300.00
Adam Sanderson	Associate, since 2001	205	2.30	471.50
Peter Colvin	Analyst, since 2001	145	8.50	1,232.50

Subtotal:                    28.90            \$ 8,710.50

Less 50% Travel              0                    \$0.00

Grand Total:                28.90                \$ 8,710.50

Blended Hourly Rate:     \$301.40

**Fruit of the Loom, Inc., et al.**  
**Summary of Jay Alix & Associates Professional Fees**  
**Twenty-First Interim and Final Fee Application – January 1, 2002 through March 31, 2002**

<b>Fee Categories</b>	<b>Total Hours</b>	<b>Total Fees</b>
Time Sheets and Fee Application Preparation	9.30	4,323.50
Bankruptcy Administration	19.60	4,387.00
Total	<u>28.90</u>	<u>\$ 8,710.50</u>

**IN THE UNITED STATES BANKRUPTCY COURT  
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<b>IN RE:</b>	)	
<b>FRUIT OF THE LOOM, INC., et al.</b>	)	<b>CHAPTER 11</b>
<b>Debtors.</b>	)	<b>Case No. 99-4497 (PJW)</b>
	)	<b>Jointly Administered</b>

**TWENTY-FIRST INTERIM AND FINAL FEE APPLICATION OF JAY ALIX & ASSOCIATES AS FINANCIAL AND BANKRUPTCY CONSULTANTS TO THE DEBTORS FOR COMPENSATION & REIMBURSEMENT OF EXPENSES**

Pursuant to 11 U.S.C. §§ 330 and 331 and Rule 2016 of the Rules of Bankruptcy Procedure, the firm of Jay Alix & Associates (“JA&A” or “Applicant”) hereby moves this Honorable Court for an order awarding it (a) final allowance for reasonable compensation from the Estate of Fruit of the Loom, Inc., et al. (“FTL” or the “Debtors”) for professional services rendered to FTL in the amount of \$8,710.50 for the period commencing January 1, 2002 through and including March 31, 2002 (the “Application Period”), together with reimbursement for actual and necessary expenses in the amount of \$2,093.86 incurred during the Application Period; (b) final allowance of compensation for professional services rendered to FTL in the amount of \$64,450.55 related to the 20% holdback of professional fees for the period beginning April 1, 2001 to December 31, 2001; (c) final allowance of compensation for time spent in preparation of this Twenty-First Interim and Final Fee Application in the amount of \$ 4,650.00; and (d) final allowance for incentive payments (“Success Fee”) earned in the amount of \$2,500,000. In support of its application (“Application”), JA&A respectfully represents as follows:

### **Background**

1. JA&A has served as financial and bankruptcy consultants to the Debtors in connection with their Chapter 11 case pursuant to an Order entered by this Court on March 3, 2000 *nunc pro tunc* to December 31, 1999 (the "Retention Order") and attached hereto as Exhibit A. The Retention Order authorized JA&A to be compensated on an hourly basis and to be reimbursed for actual and necessary expenses incurred. This Twenty-First Interim and Final Fee Application contains descriptions of the tasks undertaken by JA&A. Detailed billing schedules for the Twenty-First Interim period are attached hereto as Exhibit C. All services for which compensation is requested by JA&A were performed for, or on behalf of, FTL, the Debtors, and not on behalf of any committee, creditor or other person.

2. At the time of its filing, Fruit of the Loom, Inc., et al., a public company, was among the world's largest apparel manufacturers. FTL averaged approximately \$2.0 billion in annual sales during the two years preceding the December 29, 1999 bankruptcy petition.

### **Services Rendered During the Application Period**

3. Attached hereto as Exhibit B is a summary of the time spent and the fees charged by each professional for FTL during the period covered by this Application. Daily time logs describing the time expended by each professional for the periods commencing January 1, 2002 through and including March 31, 2002 are included as Exhibit C.

We segregated our detailed time billings for consulting services into 19 categories, as follows:

#### **Category**

#### **General Description of Services**

**General Matters**

Various tasks associated with providing general financial and business advisory support.

<b><u>Category</u></b>	<b><u>General Description of Services</u></b>
<b>Board of Directors</b>	Work associated with advising the Board of Directors of various aspects of this case.
<b>Business Plan / Cash Flow Forecasting</b>	Work associated with the development of the business plan for the Debtor companies.
<b>Cash Management / Treasury Function</b>	Work associated with advising the Debtors on cash management and treasury-related activities.
<b>Bankruptcy Resolution</b>	Work associated with advising the Debtors regarding bankruptcy-specific matters.
<b>Court Hearings</b>	Work associated with planning for and attending various Court hearings.
<b>Chapter 11 Reporting</b>	Work associated with advising the Debtors on preparation of the Statement of Financial Affairs and the Monthly Operating Reports.
<b>Development of Plan of Reorganization</b>	Work associated with development of the Plan of Reorganization.
<b>Secured Creditors</b>	Work associated with planning for and meeting with the Debtors' Secured Creditors including interfacing with their financial advisors.
<b>DIP Lender</b>	Work associated with planning for and meeting with the Debtors' DIP lenders including interfacing with their financial advisors.
<b>Creditors Committee</b>	Work associated with planning for and meeting with the Debtors' Unsecured Creditors Committee including interfacing with their financial advisors.
<b>Vendor Resolutions</b>	Various activities associated with advising the Debtors on resolving issues related to suppliers.
<b>Asset Sales / Wind Down</b>	Work associated with advising the Debtors related to sale of non-core assets.
<b>Fee Application</b>	Time spent preparing and reviewing the fee application and its related billing information.
<b>Logistics/Freight</b>	Various activities associated with advising the Debtors on issues related to the logistics and freight functions.
<b>Weekly/Monthly Reporting</b>	Work associated with assisting the Debtors in the development of internal and external reporting.

<u>Category</u>	<u>General Description of Services</u>
<b>Europe and Foreign</b>	Work associated with advising the Debtors on issues related to their European and foreign operations.
<b>Communications</b>	Work associated with advising the Debtors on internal and external communications issues.
<b>Bankruptcy Administration</b>	Work associated with advising the Debtors regarding preference and claims analysis.

4. At the outset of the engagement, JA&A provided a dedicated team of senior-level executives to assist FTL with the Debtors' bankruptcy and turnaround. At the beginning of the case, the JA&A team supported FTL in an effort to stabilize the business, develop a comprehensive turnaround plan including the sales, marketing, operational, logistics and financial functions and determine the disposition status of non-core businesses/assets. The JA&A professional's contribution allowed FTL to balance the competing aspects for management attention including the bankruptcy itself, the requirements of the operational turnaround and the liquidation of FTL's non-core assets.

5. By providing senior-level executives to assist FTL in managing the business aspects of FTL's Chapter 11, FTL management was able to concentrate on the implementation of the operational turnaround. JA&A's role in managing the wind down of non-core assets including the Pro Player and Gitano businesses, development of a vendor management program, and managing the other business elements of FTL's Chapter 11, enabled the management team to implement the turnaround plan. The turnaround plan resulted in a tremendous improvement of over \$400 million in EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) from the results for FY1999 to the results for FY2000, the first full year after the Chapter 11 filing.

6. The combination of senior-level executives during the first nine months of the case and other resources of the firm during the remainder of the engagement resulted in a

cost-effective and highly value-added solution to support the requirements of FTL management. The value created by the JA&A team, in conjunction with senior management of FTL, can be summarized in the following categories:

- a) The first relates to the proceeds from the wind down of non-core assets of FTL including the incremental proceeds from identification of higher bids or improved negotiations. The direct benefit to the FTL estate from these services was over \$72 million in direct cash proceeds and value created with an estimated incremental value of over \$21.9 million, which resulted directly from JA&A's efforts.
- b) The next category of primary services provided by JA&A, in conjunction with FTL management, was directing several business aspects of the bankruptcy including vendor management and executory contract review process. The benefit to FTL's estate through JA&A's direct involvement in vendor management was approximately \$3.1 million and in executory contracts was approximately \$9.0 million.

7. The following provides further detail regarding the type of services performed by JA&A to FTL during the Chapter 11 process and quantifies in additional detail the extent and dollar amount of the value added by JA&A in total and incremental direct benefit:

- a) Worked closely with Debtors to execute the wind down of certain aspects of the Debtors' Pro Player business division and maximize the recovery of the liquidation proceeds. The total cash proceeds and value from the liquidation resulted in a net recovery of approximately \$37.5 million in asset sales for the estate.
  - 1) Activities included working with executive management of the Debtors to accomplish the following:
    - i. Provided advisory services related to certain activities associated with the wind down. Examples include complying with WARN notices, resolving disputes, implementing planned headcount reductions and maintaining shipments to certain large customers.
    - ii. Conducted negotiations for the assumption and assignment of the Hudson facility lease as well as the sale of certain personal property.

- iii. Actively participated in negotiations with parties subject to key contracts, licenses and royalty agreements to reduce the costs and to maximize the return to the estate. Prominent examples include negotiation of a royalty reduction with the NHL and the negotiation of a resolution to the Stadium Naming Rights Agreement litigation which resulted in the release of a substantial administrative claim of the estate.
  - iv. Managed the bid process for the bulk sale of certain inventory, intellectual property and machinery and equipment and facilitated approval of all transactions by the Court.
- 2) The benefit to the Debtors from JA&A's active involvement in these activities was to obtain the liquidation proceeds and value created of approximately \$37.5 million, including approximately \$3.4 million in incremental proceeds generated through our direct involvement:
- i. Through the active negotiations of a JA&A consultant, the realization on the Hudson lease assignment resulted in incremental proceeds to the estate of \$200,000.
  - ii. Through the active negotiations of a JA&A consultant in the royalty reduction with the NHL, the Debtors saved \$100,000. Additionally, the resolution of the Stadium Naming Rights Agreement litigation resulted in an estimated savings of \$300,000 and the release of \$1,200,000 in Huizenga's administrative claims.
  - iii. JA&A managed the bid process for the bulk sale of inventory to Schottenstein, which resulted in incremental value to the Debtors through the negotiation and payment in full on Value City's accounts receivable of \$578,000.
  - iv. JA&A managed the bid process for the sale of intellectual property to Supreme International. The final negotiated price exceeded the original offer by \$300,000.
  - v. JA&A managed the sale of Canadian inventory to GenX at a higher value to standard cost more than the Schottenstein offer resulting in an incremental value to the Debtors of \$280,000.
  - vi. JA&A managed the sale of additional Canadian inventory to the Edmonton Oilers, which resulted in incremental value to the Debtors through the negotiation and payment in full on the Oiler's accounts receivable of \$279,000.
  - vii. JA&A managed the transaction process for the bulk sale of machinery and equipment located in the Frankfort, Kentucky facility that resulted in total proceeds of \$740,000, which was \$120,000 higher than the

original bid submitted. JA&A also facilitated the closing of the transaction and Court approval.

b) Worked closely with the Debtors to divest of the assets held in the Gitano jeans division to maximize the recovery to the estate. The wind down was substantially complete by July 2000 and the last assets were sold in December 2000. The total estimated proceeds to the estate from the sale of the assets were approximately \$22.2 million.

1) Activities included working with management of the Debtors to accomplish the following:

- i. Worked with other professional advisors to structure and close the sale of substantially all of the Gitano denim inventory and intellectual property to VF Corporation for total proceeds of \$17.8 million.
- ii. Negotiated the sale of the Debtors' interests in its Mezclilla operation in Saltillo, Mexico to a strategic buyer for total proceeds of \$2.6 million.
- iii. Negotiated the bulk sale of certain Gitano-branded activewear knit top inventory to VF Corporation for total proceeds of \$1.2 million.
- iv. Worked with the Debtors to maximize proceeds to the estate relating to the disposition of the remaining Gitano assets, including equipment, raw materials/findings, facilities, personnel and accounts receivable and assisted management in assembling and executing a wind-down plan to effect such dispositions.

2) The benefit to the Debtors from JA&A's active involvement in these activities was to ultimately recover approximately \$22.2 million from these assets in a timely and efficient manner. The direct result of JA&A's active involvement was incremental proceeds totaling \$5.6 million:

- i. Worked with management and the Debtors' professionals to create an active auction environment, which resulted in incremental value to the estate of \$3.8 million over the transaction originally noticed to the creditors. While Lazard Freres was instrumental in completing the sale of these assets, JA&A's day-to-day involvement in the business and participation in the negotiations greatly improved the results of the auction.
- ii. Worked with management of the Debtors to negotiate a contract distribution agreement, which allowed the Debtors to recoup its costs associated with transitioning the Gitano inventory to the purchaser, including obtaining a limitation on deductions of \$200,000 which further reduced the Debtors' execution risk and potential exposure to claims.

- iii. JA&A's participation in the negotiation for the sale of the Mezclilla operation to a strategic buyer resulted in the avoidance of an estimated \$1.0 million in associated wind-down expenses.
  - iv. JA&A's negotiation for the bulk sale of Gitano-branded activewear knit top inventory to VF Corporation was a \$480,000 improvement over the Debtors' internal closeout pricing.
  - v. JA&A's active involvement in the negotiation for the sale of the laundry equipment resulted in an additional \$125,000 over the initial bid.
- c) Assisted management of the Debtors with the wind down and transition of certain operations in Mexico to other Central American locations. As a direct result of these efforts, the Debtors secured a sublease of a real estate loan from a third party and reduced severance obligations associated with these facilities.
- 1) Activities included working with executive management of the Debtors to accomplish the following:
    - i. JA&A assisted management with developing a timetable and action plan for the transition.
    - ii. Advised management on certain aspects of its negotiation to terminate its relationship with its third-party maquiladora operations.
    - iii. Assisted with the evaluation of the Debtors' options for repayment of certain real estate loans from its third-party operator including capitalizing on opportunities to collateralize the loans outstanding.
    - iv. Advised management with regard to its options for transferring ownership of certain of its ongoing assets in Mexico from its third-party maquiladora operator to the Debtors.
  - 2.) At the conclusion of JA&A's involvement in the cases, the Debtors were pursuing a collateralization of certain of its real estate loans to its third-party maquiladora operator as part of its negotiation to terminate the arrangement. This collateral had an estimated value of \$4.2 million to the estate. Per the Debtor, this issue remains in negotiations. As a direct result of JA&A's involvement in the negotiations, the Debtors secured a sublease securing \$0.5 million of real estate loans from a third-party lessor and avoided an estimated \$5.9 million in legal severance obligations.
- d) Assisted management of the Debtors with evaluating its options related to the disposition of non-operating real estate and equipment. The proceeds from the sale of non-operating real estate and equipment resulted in proceeds to the Debtors of approximately \$6.5 million.

- 1) Activities included working with management of the Debtors to accomplish the following:
  - i. The sale of certain manufacturing equipment located in several non-operational facilities (York, SC; Winfield, AL; Harlingen, TX; Aliceville, AL; Jacksonville, AL; Bowling Green, KY (Church Street); Campbellsville, KY; Osceola, AK; Greenville, MS; Rabun Gap, Georgia; and Frankfort, KY).
  - ii. The evaluation of strategic options for marketing non-operating real estate both through traditional marketing methods and auction methods including the development of an analysis which compared holding costs associated with these non-operating plants with sale proceeds under various scenarios to evaluate net proceeds to the estate under alternative scenarios.
  - iii. Worked with management of the Debtors to negotiate the sale of certain non-operating real estate to direct acquirers.
  - iv. Worked with the Debtors to organize and manage the public auction of certain of its non-operating real estate and equipment.
  - v. Worked with management of the Debtors to develop analyses to support the economic and strategic rationale behind each transaction and communicated the analyses to the constituencies critical to the approval process.
- 2) The benefit to the Debtors from JA&A's active involvement in these activities was to generate proceeds from asset sales of approximately \$6.5 million and to obtain bids on certain additional non-operating assets (which were ultimately not sold). The proceeds from these asset sales were the result of the following activities:
  - i. Negotiated the sale of equipment at 11 locations resulting in proceeds of \$2.4 million to the Debtors.
  - ii. Worked with management of the Debtors to negotiate and close the sale of the Church Street warehouse resulting in proceeds of \$1.7 million to the Debtors.
  - iii. Managed and coordinated an auction process which ultimately resulted in the sale of four facilities for \$2.4 million, and bids for two additional properties which were ultimately not sold.
- e) Developed and led an organized approach with the Debtors to evaluate and negotiate executory contracts and unexpired leases. JA&A's active involvement in this process principally occurred from the period of June 2000 through January 31, 2001. The result of this comprehensive review of over 1,300 executory contracts was to generate over \$1.4 million in proceeds from the assumption and assignment of certain

contracts, the generation of over \$3.2 million in costs savings and the avoidance of over \$18.8 million in contract cure payments.

- 1) Activities included working with management of the Debtors to accomplish the following:
  - i. Developed an internal review process (including multiple review levels) to improve the thoroughness of both the identification of contracts/leases for review, and the analyses/decisions related to the assumption/rejection decision.
  - ii. Using this process, JA&A's professionals led the Debtors' efforts to evaluate over 1,300 executory contracts and unexpired leases and coordinated the Debtors' efforts with legal counsel to prepare appropriate motions filed with the Court in connection with the decisions reached in this evaluation process.
  - iii. As of January 31, 2001, the Debtors had completed their internal review and recommendations on 1,204 contracts, representing 96% of the total. At this point in the case, over 65% of all contracts had been rejected with the remaining 35% subject to negotiations regarding contract cure payments.
  - iv. JA&A worked closely with the Debtors to develop a streamlined approach to communicate the assumption/rejection decisions to the various Creditors' Committees, legal counsel and financial advisors.
  - v. JA&A participated actively with management of the Debtors in numerous negotiations related to specific contracts, including those involving freight carriers, plant-related suppliers, utilities, licensors and technology-related capital. Prominent examples include the BVD hosting license with Adams Millis, Oracle/BankBoston agreements, the IBM Master Lease Agreement and subsidiary schedules, the Zellweger-Uster contracts, and the Alabama Power Company service agreements.
  - vi. Subsequent to January 31, 2001, JA&A continued to work closely with management to evaluate remaining contracts, including primarily real estate-related contracts.
- 2) The benefit to the Debtors from JA&A's active involvement in these activities related to executory contracts was:
  - i. Actively negotiated the assumption and assignment of two real estate property leases in New York for a benefit to the estate of \$1.4 million.
  - ii. Negotiated directly with utility suppliers and raw material suppliers to reduce the contract assumption cure costs. The direct benefit to the Debtors of the reduced cure costs were \$1.2 million.

- iii. Assisted the Debtors in developing a negotiations strategy with its freight suppliers, resulting in rejection of the existing contracts, continued business with those existing suppliers with no interruption and avoidance over \$4.9 million in contract cure payments.
  - iv. Assisted the Debtors in negotiating various critical supplier, information technology, utility and licensing contracts resulting in avoiding contract cure payments of approximately \$5.1 million. Additionally, the rejection of the Adams Millis license agreement potentially represented an additional \$1.5 million in value to the Debtors through the re-license of the brand to a third party.
  - v. The review resulted in the rejection of approximately 65% of all contracts, representing the avoidance of significant cure payments (including those mentioned in (e)(i) to (e)(iv) above). In addition, with regard to the 35% of executory contracts assumed, significant savings have been generated by directly negotiating settlements of outstanding pre-petition debt with vendors and suppliers. The net savings from contract cure avoidance and costs savings was \$23.4 million inclusive of those items mentioned above.
- f) JA&A actively led the Debtors' efforts to develop a comprehensive vendor management program, which resulted in the avoidance of significant critical vendor payments and little or no supply interruption.
- 1) Activities included working with management of the Debtors to accomplish the following:
    - i. Identification of issues and development and administration of an internal process to identify and pay critical vendors under the Critical Supplier authority.
    - ii. Developed a process requiring senior-level approval regarding critical vendor payments, non-normal trade terms and other supplier disputes. This specific program resulted in a controlled disbursement of critical vendor funds significantly less than authorized by the Court.
  - 2) The benefit to the Debtors from JA&A's active involvement in these activities related to vendor management was:
    - i. Directly involved in negotiations with Craftsman Fabrics resulting in avoiding \$100,000 in critical vendor payments.
    - ii. Directly involved in limiting payments under critical vendor authority (approved by the Court of \$29 million) to instances of "stranded" product and those directly impacting employees. Once procedures were established, only \$1.5 million of critical vendor payments were authorized and disbursed. Without the establishment of this controlled

process, we believe the amount of payments made by the Debtors would have exceeded actual payments by at least \$3.0 million.

- g) Worked with the Debtors and other professionals to manage the communication process with the secured lenders and members of the Committee of Unsecured Creditors and its respective advisors regarding the Debtors' financial results, operations and progress of the bankruptcy case. Specific tasks included a) communicating key metrics associated with the progress of improvements to the Debtors' operations, b) communicating periodic revisions to certain of the Debtors' financial forecasts (and coordinating associated due diligence activities for the financial advisors related to such changes), c) responding to numerous information requests from the financial advisors and d) communicating monthly financial performance against plan.
- h) Worked closely with management to assist in the review of the Debtors' 2000 business plan including a) challenging key assumptions, b) identifying assumptions and sensitivities to reflect the impact of the Chapter 11 filing, c) developing presentations to communicate assumptions and results to the various creditor constituencies and d) coordinating due diligence activities related to the business plan for the financial advisors to the creditor constituencies.
- i) Assisted the Debtors with management of certain Court reporting activities including a) Monthly Operating Reports, b) SOFA/schedules preparation, c) ordinary course professional retentions and d) Weekly Flash Reports.
- j) Worked closely with management to communicate issues associated with the Debtors' financial results, performance, operations and bankruptcy progress to the Board of Directors.

8. The JA&A engagement team provided the majority of their services from the filing date through June 2001. The bankruptcy case for FTL continued until April 30, 2002. In early 2001, it became clear that the JA&A engagement team had accomplished the majority of the work identified in their January 2000 engagement letter and for tasks that the client had requested that JA&A perform, (the exception was for efforts related to sale of non-operating assets which continued through August, 2001). Additionally, the basic underlying operations of the Debtors had been restructured and the Debtors were ready for emergence. The remaining elements of the bankruptcy cases involved the marketing and eventual sale of the Debtor to Berkshire Hathaway and the final negotiation of the Plan of Reorganization. The last two elements of the case were assigned as the primary tasks of the certain other of the Debtors'

professionals in the case, Lazard Freres and Milbank Tweed. Based upon the completion of the bulk of its project, JA&A, with the support of the Debtors, elected to discontinue its day-to-day presence on the case as its presence was no longer cost effective to the Debtors or necessary to accomplish the restructuring at hand. JA&A agreed to provide services on an on-call basis and to support the Debtors where deemed necessary and prudent. As an example of this support, JA&A provided some additional services during November 2001 through March 31, 2002 related to the research and resolution of certain preference claims issues.

9. The total time spent by JA&A from January 1, 2002 through and including March 31, 2002, in its representation of the Debtors, was 28.9 hours. The hours spent by JA&A charged at the firm's standard hourly billing rates total a fee due for services rendered in the amount of \$8,710.50. As shown by this Application and the supporting documents, JA&A spent its time efficiently on essential tasks that could not or would not be performed by employees of the Debtors without unnecessary duplication of efforts by JA&A. During the months of January through March, these tasks primarily included:

- a) Continued work performed late in 2001 regarding analysis of and evaluation of potential preference payment claims against the vendors of Fruit of the Loom. Specific tasks included:
  - 1) Identified and quantified all payments that were made to vendors during the 90-day preference period (October 1, 1999 – December 29, 1999).
  - 2) Calculated new value amounts by vendor and offset these amounts to the preference period payments.
  - 3) Performed ordinary course of business analyses by vendor and excluded certain payments as ordinary course of business payments.
  - 4) Assigned percentage ranges of net preference recoveries based on the results of ordinary course of business analyses for each vendor. These percentage ranges were used to calculate an estimated dollar recovery for each vendor.
  - 5) Created reports that summarized FTL's potential preference payment claims including the supporting detail by vendor.

- b) Worked with management and legal counsel of the Debtors to send each additional non-critical vendors with equitable preference recovery estimates a letter requesting a six-month extension of time of the statute of limitations for preference claim rights and an attached tolling agreement that solidified such request once signed by the vendor. JA&A's role was to create a system that would produce all the letters and tolling agreements, do the actual mailings, and manage the tolling agreement return and follow up for each vendor. Additionally, worked with management and legal counsel of the Debtors to create a system that would produce the required documents to electronically file responses regarding those vendors that refused to sign and return the tolling agreement.

10. The services performed by JA&A have all been necessary for the proper operation of the Debtors' business. This Application includes time during which consultation was required within and among the professionals of JA&A in this case. This consultation time is critical to the efficient management of an estate of this size to prevent duplication of effort, to heighten the general level of sophistication and knowledge of all of the firm professionals involved, and to develop an effective and efficient team of professionals. Such consultation permits the sharing of knowledge and factual information at considerable cost savings to the Debtors. Moreover, given the scope of the Debtors' operations, the case simply could not be handled without a great deal of teamwork.

11. It is the policy of JA&A to charge its clients for travel time and to work on client matters while traveling. However, that portion of travel during which we did not work on client matters would be included at 50% of standard rates in this Application. However during this interim period, JA&A has incurred no travel time.

12. In addition, JA&A has incurred out-of-pocket expenses in the amount of \$2,093.86 for the period January 1, 2002 through and including March 31, 2002 and requests reimbursement thereof. A summary of disbursements is attached hereto as Exhibit E. It is JA&A's standard policy to charge its clients for certain expenses incurred in connection with that client's case. The expenses charged to clients include, among other things, telephone

charges, facsimile charges at 50¢ per page, photocopying charges at 10¢ per page, travel expenses, and expenses for “working meals.”

### **Compensation**

13. The Court was informed that FTL did pay a retainer of \$500,000 to JA&A in conjunction with its engagement as documented in a letter agreement dated January 25, 2000. The balance of the retainer as of the petition date was \$491,576.82. As agreed in our retention order, fees and expenses approved by the Court were deducted from the retainer until exhausted. The retainer has been exhausted prior to this Application.

14. JA&A’s engagement letter referenced in the Retention Order provides for a payment of a Success Fee based upon confirmation of a Plan of Reorganization. The Success Fee earned by JA&A based on the confirmation of the Debtors’ Plan of Reorganization is \$2,500,000.

15. JA&A submits that its fees and expenses are reasonable in light of the magnitude, complexity, duration of this proceeding and the benefits provided to the Debtors.

16. In accordance with the factors promulgated in 11 U.S.C. § 330, the amounts requested in the Application Period are fair and reasonable given (a) the complexity of this case, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the cost of comparable services other than in a case under this title.

17. All services for which compensation is requested by JA&A were performed for, or on behalf of FTL, and not on behalf of any committee, creditor or other person.

18. There is no agreement or understanding between FTL and any other person, other than principals of JA&A, for the sharing of compensation to be received for services rendered in this case.

WHEREFORE, JA&A respectfully requests (a) interim and final allowance for reasonable compensation for professional services rendered and actual and necessary costs and expenses incurred for the period January 1, 2002 through and including March 31, 2002 in the sum of \$8,710.50 and \$2,093.86 respectively; (b) final allowance for compensation for professional services rendered to FTL in the amount of \$64,450.55 related to holdbacks for the period beginning April 1, 2001 to December 31, 2001; (c) final allowance of compensation for time spent in preparation of this Twenty-First and Final Fee application in the amount of \$ 4,650.00; (d) final allowance for the Success Fee earned in the amount of \$2,500,000 and (e) that such sums be authorized for payment.

JAY ALIX & ASSOCIATES

Dated: \_\_\_\_\_

By: \_\_\_\_\_

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