

NIGHTINGALE & ASSOCIATES, LLC
Financial Advisor to the Debtors
And Debtors-in-Possession
1233 East Main St.
Stamford, CT
(202) 359-3855
Michael R. D'Appolonia Principal

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

In re:) Chapter 11
Guilford Mill Inc. *et. al.*) Case No.: 02-40667 (BRL)
Debtors.) Jointly Administered
)
)

**FINAL FEE APPLICATION BY NIGHTINGALE & ASSOCIATES, LLC FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Nightingale & Associates, LLC (hereafter either the “Applicant” or “Nightingale”), hereby requests that this Court enter an order, as and for its final application for allowance of compensation for professional services rendered and for reimbursement of expenses incurred in connection with such services. In support, Applicant submits:

I. FEES AND EXPENSES FOR WHICH ALLOWANCE IS SOUGHT

1. This Application is made by Nightingale pursuant to sections 330 of title 11 of the United states Code (the “Bankruptcy Code”), the Final Retention Order (as defined below) and Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for allowance of compensation for services rendered to the Debtors in the amount of

\$1,484,825.00 and for reimbursement of \$125,825.28 for expenses incurred in connection with the services rendered to the Debtors, for the period March 13, 2002 to September 20, 2002, (the "Application Period").

2. On March 13, 2002 Debtors filed a voluntary petition under Chapter 11 of the Bankruptcy Code.

3. On March 13, 2002 the Debtors filed an Application to Employ Nightingale & Associates, LLC (hereafter "Nightingale") as financial advisor and provide such services as the Debtors may require to confirm its plan of reorganization.

4. On April 3, 2002 this Court entered an order approving the retention of Nightingale as financial advisor to the Debtors.

5. In connection with its retention, Nightingale was authorized to receive and received a retainer of \$350,000.

6. On April 3, 2002, this Court entered an Administrative Order Establishing Procedures for the Interim Compensation and Reimbursement of Expenses of Professionals and this is the First and Final Application by Applicant pursuant to Paragraph (j) of said Order.

7. No prior applications have been filed by this Applicant and this Application for payment of fees in this case covers only the period stated above.

8. As set forth in the Certification of Mr. Michael R. D'Appolonia, a principal of Nightingale, attached as Exhibit A, all of the services for which compensation is sought herein were rendered for and on behalf of the Debtors in connection with their Chapter 11 case and no other individual creditor, or any other persons.

9. The amount of fees and expenses are \$1,610,650.28 for the period March 13, 2002 through September 20, 2002 (the Confirmation Date). The Debtors, U.S. Trustee, Counsel for the Secured Lenders, and Counsel for the Unsecured Creditors Committee have received the statements attached to this Application detailing these fees and expenses.

10. During the period March 13, 2002 to September 20, 2002 Applicant has performed necessary, reasonable and valuable financial advisory services for the Debtors with a total of 4,173.9 hours expended, as more fully described below. The specific timekeeper's name, title, hours worked, hourly rate and total fee amounts for the periods March 13, 2002, to September 20, 2002 are shown in Exhibit B, attached hereto and hereby incorporated by reference.

II. BACKGROUND

11. Debtors initially retained Nightingale on September 4, 2001, to assist in the financial restructuring of the Debtors operations, identify under performing operations, and assist management in the implementation of the operational changes necessary to return to profitability. Nightingale was also retained to assist in negotiations with Debtors secured lenders on the restructuring of the secured lenders debt. During the period September 4, 2001, to January 31, 2002, Debtors, with the assistance of Nightingale, identified a number of under performing operations and took such steps as were necessary to either restructure, plan for the closure or close the unprofitable ("non-core") operations.

12. In connection with the retention of Nightingale on September 4, 2001 Nightingale received a retainer of \$200,000. At the commencement of these cases, in accordance with the Nightingale's Retention Order, the prepetition retainer rolled over to the retainer approved by this Court under the terms of Nightingale's Retention Order.

13. On or about February 12, 2002, the Debtors' Chief Financial Officer, Treasurer and the President of the Automotive Group resigned from the Debtors. As a result of these resignations, the financial condition of the Debtors, and the status of negotiations with the secured lenders Nightingale was requested by the Debtors to assume additional consulting services in connection with the day-to-day operations of the Debtors business. Among the responsibilities assumed was oversight of the treasury operations. Nightingale personnel had responsibility for developing financial projections for use by the secured lenders in connection with both the financial restructuring, and securing the Debtor-in-Possession financing.

14. During the period of October, 2001, to February, 2002, the Debtors, along with its counsel, Weil, Gotshal & Manges LLP and Togut, Segal and Segal, LLP, and Nightingale met frequently with the secured lenders, and with their counsel and financial advisors for the purpose of communicating those actions being taken to reduce the secured debt through the sale of certain of Debtors assets. In addition during this time period Rothschild, LLP, investment banker to the Debtors, began negotiations with the secured lenders on a plan to restructure the secured debt. Nightingale provided input to Debtors and Rothschild on the debt restructuring based on operational changes and "non-core" assets available for sale. On or about February 28, 2002, Debtors and the secured lenders reached agreement in principal on the restructuring of the secured lenders debt, necessitating that the Debtors file for protection under Chapter 11 of the federal bankruptcy code.

15. Debtors filed for protection on March 13, 2002, (the "Filing Date").

III. SERVICE RENDERED BY NIGHTINGALE DURING THE APPLICATION PERIOD

16. A complete and accurate accounting of the time summarized by billing code is itemized in Exhibit D, attached hereto and hereby incorporated by reference. Detail time records by associate are also attached as Exhibit E hereto and incorporated by reference.

17. In the interest of economy, a brief overview of the services provided by Nightingale is provided in support of this Application.

18. Nightingale, both prior to and subsequent to the filing of these cases, rendered significant necessary and valuable services to the Debtors. During the period covered by this Application, Nightingale personnel provided valuable assistance to the Chief Financial Officer by overseeing the operations of the Debtors' treasury function; negotiated with prospective buyers of certain assets of the Debtors that Nightingale and Debtors' management identified as being non-core to the reorganized company; acted as an interface between Debtors and financial advisor to the secured lenders, financial advisor to the unsecured creditors committee, and financial advisor to certain of Debtors customers; assisted Debtors' management in expeditiously confirming a plan of reorganization under the terms negotiated with the secured lenders; assisted Debtors in securing Debtor-in-possession financing; assisted counsel in the preparation of the Disclosure Statement and Plan of Reorganization; worked with the management of the Debtors to insure that day-to-day management of the operations were not diverted by the bankruptcy filing or that the impact of the bankruptcy filing was minimized; assist the Debtors in their reporting obligations under the terms of the DIP facility; negotiate with the Debtors trade creditors to secure post petition credit and payment terms; under the supervision of the Chief Financial Officer, manage the weekly cash disbursements so as to minimize the borrowing under the DIP

facility (During the course of the case Debtors did not borrow under the DIP facility except for a one day borrowing of \$2 million.); and consulted with Debtors' management on a number of employee benefit issues to insure that the retention of key employees by the Debtors. (During the pendency of the case Debtors did not lose any key employees.)

19. A summary of hours by individual by matter code is provided in Exhibit D. Detail hours by individual by matter code are provided in Exhibit D. Briefly summarized below are the tasks and responsibilities handled by each Nightingale associate.

20. Michael R. D'Appolonia ("MRD" on the time sheets), a principal of Nightingale, had overall engagement responsibility. Working with the senior management of the Debtors and the board of directors of the Debtors, Mr. D'Appolonia advised on business strategy, operational changes including the identification of money losing operations that were closed and the assets sold, personnel issues as they were impacted by the bankruptcy filing, and negotiations with the secured lenders on the restructuring of their debt in such a manner as to effect a confirmable Plan of Reorganization. As a direct result of Mr. D'Appolonia's efforts, Debtors took those steps necessary to complete an orderly closing of its apparel operations in Mexico. This resulted in significant working capital and cash savings and provided additional assets for the Debtors to liquidate.

21. Donald C. Knezovic ("DCK" on the time sheets), a managing director of Nightingale, was responsible for the oversight of the disposition of those assets deemed to be "non-core" assets of the Debtors. Mr. Knezovic negotiated with prospective buyers, worked on details of sales contracts, provided updates to Debtors management regarding the possible sales and seeking their concurrence on the tack to be used in negotiating with the prospective buyers. These assets sales have been present to this Court for approval. The proceeds

provided to the estate were in excess of \$50 million from these asset sales. Mr. Knezovic also assisted in the winddown and orderly liquidation of the Debtors Home Fashion business that was begun prior to the filing of these Cases. Additionally, Mr. Knezovic acted as the interface between the auctioneers used by the Debtors and Debtors' management to insure that auctions were conducted in such a manor as to maximize the proceeds to the estate.

22. Charles F. Kuoni ("CFK" on the time sheets), a managing director of Nightingale, assisted the Chief Financial Officer ("CFO")¹ in working with the financial advisors to the secured lenders, certain customers and the unsecured creditors committee. Much of Mr. Kuoni, time was devoted to preparing financial models used by the CFO and third parties in evaluating the prospects for the business and reaching agreement with the secured lenders of the components of the liquidating trusts. These financial models were also used by Debtors' management in the preparation of the Disclosure Statement. Mr. Kuoni work initially was used in assisting the Debtors secure its Debtor-in-possession financing. Mr. Kuoni also oversaw the work performed by Nightingale associates related to the preparation of the liquidation analysis that was used in Debtors' Disclosure Statement. Additionally, Mr. Kuoni was the primary contact with the secured lenders financial advisor in the negotiations of financial covenants for the exit facility and the replacement notes. Mr. Kuoni also oversaw the work of John Frishkopf and Christopher Rossi.

23. Michael C. Yeager ("MCY" on the time sheets) assisted the Chief Financial Officer by insuring that the day to day cash management systems were kept in place and operated in accordance with the CFO's instructions. Mr. Yeager in advance of the petition

¹ David Taylor became Acting Chief Financial Officer on or about February 16, 2002, less than a month before these cases were filed.

date developed and instituted the use of a detailed weekly cash flow reporting and forecasting process that enabled the company to identify in advance any potential liquidity problems. The weekly cash flow process was used extensively by senior management in key decision making situations both before and after the bankruptcy filing. Furthermore, the company during the bankruptcy used the cash flow process to report and forecast results to both the secured and unsecured creditor's committee advisors. At the direction of the CFO, Mr. Yeager held numerous discussions with vendors and suppliers of the Debtors, negotiating deposits, post-petition credit and payment terms. Working with the Debtors' accounts payable employees, Mr. Yeager insured that post petition obligations of the Debtors were paid on a timely basis. Additionally, employees of the Debtors were instructed to contact Mr. Yeager when a vendor would not provide credit or would not ship without being paid in advance, and request that Mr. Yeager contact the vendor to resolve. As a result of Mr. Yeager's actions, Debtors did not borrow under the DIP facility. Without Mr. Yeager's efforts in working with the vendors, Debtors' operations would have been significantly and negatively impacted, resulting in the potential loss of customers. Mr. Yeager devoted substantial time to the analysis of unsecured claims and the oversight of Debtors responsible for reconciling the unsecured creditor claims. Mr. Yeager's efforts in this area resulted in rejecting duplicate or unsupported claims, thus saving the Debtors substantial cash. Mr. Yeager insured that the Debtors rejected non-essential leases and returned the related equipment to insure that Debtors post petition obligation were reduced. Debtors received from Mr. Yeager a schedule of substantial all leased equipment, (copiers, fax machines, computers, etc.) so that Debtors can manage its equipment leases.

24. John J. Frishkopf (“JJF” on the time sheets), an associate of Nightingale, was tasked with preparing a financial model of the “non-core”. This information was used by the financial advisors to the secured lenders to monitor the “wind-down” of the operations.

25. Christopher Rossi (“CR” on the sheets), also an associate of Nightingale, was tasked with preparing the detail liquidation analysis that was used by the Debtors in the Disclosure Statement.

IV. THE COMPENSATION REQUESTED

26. There are numerous factors to be considered by the Court in determining allowances of compensation as detailed in section 330(a) of the Bankruptcy Code.

27. The professional services rendered by Nightingale, and for which Nightingale seeks compensation, during the Application Period total 4,173.9 hours.

28. The hourly rate charged by the Applicant are the standard rates charged on routine, non-complicated matters, and is the same rate that Applicant charged the Debtors pre-petition. Based on the hourly rate charged, the value of the professional services rendered during the period of this application totals \$1,484,825. The average hourly rate for the hours worked equals \$355.74. To minimize the expense of the services provided, Applicant has, whenever possible, avoided duplication of effort and utilized the employees of the Debtors.

29. Time and labor devoted, however, is only one of several criteria to be considered by the Court in awarding compensation to professionals. The hours expended should be viewed in the light of the (i) amount involved and the results achieved; (ii) difficulty of the issues raised during the course of the case; (iii) the skill and experience to perform the services; (iv) the customary fee charged to other clients; (v) the nature and length of the relationship with the client.

30. Nightingale respectfully submits that the application of the standards as detailed in section 330(a) of the Bankruptcy Code to the results achieved by Nightingale more than justifies the compensation requested.

31. As the Court is aware, the Debtors business was large and complex. It included multiple domestic and foreign operations (the foreign operations were not part of this case) that operated in different businesses with over 3,000 employees worldwide.

32. The Debtors capital structure was also complex involving multiple secured Noteholders and a revolving credit facility that included four financial institutions. Debtors were a New York Stock Exchange listed company (before it was delisted) with thousands of shareholders.

33. No agreement or understanding prohibited by Section 504 of the Bankruptcy Code exists between Applicant and any other person or entity for the sharing of compensation or reimbursement received or to be received for service rendered in connection with this case.

VI. REIMBURSEABLE EXPENSES

34. Applicant has incurred expenses during the period covered by this Application in the amount of \$125,825.28 that are summarized on Exhibit C.

35. Because the Debtors operations include locations in upstate New York, Pennsylvania, multiple locations in North Carolina, as well as the foreign operations, and the requirement to be at the corporate headquarters of the Debtors on a weekly basis to discharge its duties, substantial travel was required of Nightingale. With respect to travel, Applicant used only “coach class” when traveling by air. Use of one’s personal automobile was billed at the standard mileage allowance set by the Internal Revenue Service. Working at

the Company's locations, attending court hearing in New York, or meeting with the secured lenders required Nightingale to stay overnight. Overnight accommodations were typically mid-level business class hotel, such as the Hampton Inn whenever possible.

36. Nightingale charges for "Office Expenses" relate to charges for photocopying, overnight delivery services when time was of the essence and outside the control of Nightingale, postage and long distance charges on calls made from Nightingale's Stamford, CT. office. Included in Office Expenses are certain office staff charges related to Guilford matters attended to by Nightingale's office staff and totaled \$993.06. Nightingale does not "mark-up" reimbursable expenses; expenses are billed in the amount incurred. Office Expenses totaled \$3,370.72, for the period covered by the Application Period.

VII. REQUEST FOR APPROVAL OF FEES AND EXPENSES

37. The services provided by Nightingale summarized in this Application during the Application Period have been both necessary to the operation of the Debtors and have provided significant value to the Debtors' estate. As noted above, Nightingale is seeking approval for actual and reasonable time expended by Nightingale personnel totaling \$1,484,825, and reimbursable expenses that were actually incurred totaling \$3,370.72. In evaluating Nightingale's request in this Application against the criteria prescribe in the Bankruptcy Code, including the complexity of the Debtors and this case; results achieve; and special expertise required, Nightingale's request for 100 percent of its fees and expenses is reasonable, fair and permitted under the Bankruptcy Code.

38. Applicant received from Debtors, in accordance with the Order on the Compensation of Professionals, 80 percent of the professional fees or \$1,187,960, plus 100 percent of Expenses or \$125,825.28. The unpaid balance due Nightingale is \$296,965.

39. Applicant received and holds a retainer for its post petition services in the amount of \$350,000.

VII. REQUEST FOR PERFORMANCE FEE

40. Under the Order approving the retention of Nightingale in these cases, in accordance with Nightingale's engagement letter dated March 13, 2002, Nightingale in section VII of its engagement letter discuss performance fees. In Exhibit I section II to the engagement letter, Nightingale addressed the contingent performance fees and outlined that "If Nightingale determines that a performance fee is appropriate we will submit a separate engagement letter to the Bankruptcy Court for approval."

41. Nightingale has discussed the value of the services provided to the Debtors with Debtors management. Debtors endorse Nightingale's request for a performance fee.

42. In addition to approval of the fees and expenses detailed above, Nightingale is seeking approval of this Court for a performance fees related to the disposition of "non-core" assets without which, the confirmation of the Debtors Plan of Reorganization would have been significantly more difficult and may have taken significantly longer to obtain the necessary votes to confirm the plan.

43. Prior to the commence of these Cases, Nightingale initiated plans to liquidated certain inventory, equipment and real estate deemed to be non-essential to the Debtors "core" operations. Subsequent to the filing, Nightingale planned the liquidation process, oversaw its implementation, negotiated with various buyers and worked with Debtors' counsel to close the sale of several "non-core" assets. Without Nightingale's

efforts the proceeds received from the liquidation of Debtors “non-core” assets would have been significantly less.

44. During the pendency of the Case, Nightingale was involved in the following transactions:

<u>Asset</u>	<u>Date of Sale</u>	
	<u>Approved</u>	<u>Net Proceeds</u>
Mayer Equipment	Mar-02	\$ 10,390,000
Greenberg Real Estate	Jul-02	\$ 11,000,000
Twin Rivers Real Estate	Jun-02	\$ 1,580,000
Unger, LLC	Jun-02	\$ 1,900,000
Fishman Real Estate	Sep-02	\$ 1,050,000
Herkimer Equipment	Aug-02	\$ 1,077,000
Herkimer Real Estate	Sep-02	\$ 5,150,000
Lumberton Equipment	Sep-02	\$ 202,000
Cobleskill Equipment and IFD, Fishman & Greenberg	Sep-02	\$ <u>2,957,000</u>
Total Net Proceeds		\$ 35,306,000

45. A total of \$ 35,306,000 of net proceeds was generated from the sale and liquidation of certain assets from the commencement of the case through confirmation (except \$ 5,150,000 for the sale of Herkimer real estate which was approved October 31, 2002 and an escrow on the sale of the Greenberg real estate of \$1,800,000). This amount is significantly greater than the low end of the expected recovery range for these assets.

46. The net proceeds from the above referenced sales far exceeded the expectation of the parties in the case. In addition, the timely closing of the assets sales contributed significantly to the Debtors ability to confirm its Plan of Reorganization and emerge from Bankruptcy in 205 days. Exiting bankruptcy in this amount of time is substantially quicker than companies of similar size and complexity.

47. This case is unique in that shareholders retained 10 percent interest in the emerged Company, the unsecured creditors received 100 percent of their prepetition claim, and the secured lenders received equivalent value of their secured claim, a substantial portion of which was in cash. None of which could have occurred if either the asset sales were not completed or completed at lesser amounts.

48. Nightingale has historically received performance fees in those situations where the results have significantly exceeded expectations and contributed significant value to the client.

49. In this case Nightingale is requesting a performance \$350,000 fee based on the calculation of 1 percent of the \$35.3 million rounded down to the nearest \$10,000.

50. Nightingale's contribution to the Debtors quick and successful emergence from Bankruptcy, and the results achieved in the liquidation of Debtors "non-core" assets, justifies Nightingale's request for a performance fee.

WHEREFORE, Applicant respectfully requests that this Court enter an order (a) approving Applicant's request to 1) approve 100 percent of the fees \$1,484,825 and expenses \$125,825.28 sought by Nightingale; 2) approve Nightingale's request for a performance fee of \$350,000 or such lesser amount as this Court may deem appropriate; and (b) directing payment by the estates of the amounts approved by this Court, reduced by payments already received by Nightingale.

Respectively submitted:

By: /s/Michael R. D'Appolonia

Michael R. D'Appolonia
A Principal

NIGHTINGALE & ASSOCIATES, LLC
Financial Advisor to the Debtors
And Debtors-in-Possession
1233 East Main St.
Stamford, CT
(202) 359-3855
Michael R. D'Appolonia Principal

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

**Hearing Date: 11/26/02
Hearing Time: 10:00 a.m.**

In re:) Chapter 11
) Case No.: 02-40667 (BRL)
)
Guilford Mill Inc. *et. al.*) Jointly Administered
)
Debtors.)

CERTIFICATION

TO THE HONORABLE BURTON R. LIFLAND, BANKRUPTCY JUDGE

Michael R. D'Appolonia, on behalf of Nightingale & Associates, LLC ("Nightingale"), financial advisor to the above-captioned debtors-in-possession herein ("Debtors"), hereby certifies, pursuant to this Court's Administrative Orders ("Administrative Orders") setting forth guidelines for fees and disbursements for professionals practicing before this Court ("Guidelines"), that:

1. I am the professional designated by N&A with the responsibility in the Debtors' cases for compliance with these Guidelines.

2. I have read N&A's final fee application for compensation for services rendered to, and for reimbursement of expenses incurred in behalf of, the Debtors for the period March 13, 2002 through and including September 20, 2002 ("Application").

3. To the best of my knowledge, information and belief formed after reasonable inquiry, the Application complies with the mandatory Guidelines set forth in the Administrative Orders.

4. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Administrative Orders' Guidelines.

5. The fees and disbursements sought in the Application are billed at rates and in accordance with practices customarily employed by N&A and generally accepted by N&A's clients.

6. Copies of the Application have been sent to: (i) the Debtors; (ii) the United States Trustee; (iii) counsel to the Secured Lenders; and (iv) counsel for the Creditors' Committee at least twenty (20) days before the hearing at which the Application will be considered by the Court.

7. To the best of my knowledge, information and belief, with respect to the services and disbursements for which reimbursement is sought: (i) N&A does not make a profit on such services or disbursements; (ii) N&A does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay; and (iii) N&A requests reimbursements only for the amount billed to N&A by the third-party vendor and paid by it to such vendor.

8. With respect to photocopying and facsimile transmission expenses, N&A's charges do not exceed the maximum rate set by the Fee Guidelines. These charges are intended to cover N&A's direct operating costs of photocopying and facsimile facilities, which costs are not incorporated into N&A's hourly billing rates. Only clients who actually use photocopying, facsimile and other such office services are separately charged for the same. The effect of including such expenses as part of the hourly billing rates would impose these costs upon clients that do not require photocopying, facsimile, and offices services.

9. The time constraints frequently imposed by the circumstances of this case has required N&A personnel at times to devote substantial amounts of time outside "normal" business hours to the performance of N&A's duties and fulfill its obligations to its client. In addition, N&A personnel in order to provide the services contracted were required to be at the Company and to travel to the Company's operating locations overnight. N&A's personnel that traveled to the Company and its operating locations were reimbursed for their reasonable meal costs and their cost for transportation to and from their home. N&A's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendering of N&A's services to its clients. The reimbursement of these requested disbursements are consistent with the provisions set forth in the Fee Guidelines.

10. In addition, overnight delivery of documents and other materials was often required as a result of deadlines set by others and necessitated the used of such overnight

services. These disbursements are not included in N&A's overhead for the purpose of setting billing rates.

11. N&A has made every effort to minimize its disbursements in this case. The actual expenses incurred in the providing professional services were absolutely necessary, reasonable, and justified under the circumstances to serve the needs of these cases.

DATED: New York, New York
November 5, 2002

NIGHTINGALE & ASSOCIATES, LLC
Financial Advisor to Debtors and
Debtors-in-Possession,
By:

/s/ Michael R. D'Appolonia
A Principal of
Nightingale & Associates, LLC
1266 East Main St.
Stamford, CT 06902
(203) 359-3855

Nightingale & Associates, LLC
Guilford Mills Inc.
Fee application

Exhibit B

Summary of Billing Rate, Hours Billed and Total Fees by Nightingale & Associates,
professional:

<u>Name</u>	<u>Title</u>	<u>Rate</u>	<u>Hours Billed</u>	<u>Total Fees</u>
Michael D'Appolonia	Principal	\$ 525	453.4	\$ 238,035
Charles Kuoni	Managing Director	\$ 400	1,024.4	\$ 409,760
Donald Knezovic	Managing Director	\$ 350	1,274.7	\$ 446,145
Michael Yeager	Senior Associate	\$ 275	1,181.6	\$ 324,940
John Frishkopf	Associate	\$ 275	186.3	\$ 51,233
Christopher Rossi	Associate	\$ 275	53.5	\$ 14,713
Totals			<u>4,173.9</u>	<u>\$ 1,484,825</u>

Nightingale & Associates, LLC
Guilford Mills Inc.
Fee application

Exhibit C

Summary of Nightingale & Associates, LLC Expenses by Category

Transportation	\$	80,416.39
Lodging	\$	25,749.88
Meals	\$	11,934.75
Telephone	\$	5,592.95
Office Staff Time	\$	993.06
Postage	\$	629.21
Photocopies	\$	<u>509.04</u>
	\$	<u>125,825.28</u>

Nightingale & Associates, LLC
 Guilford Mills Inc.
 Fee Application

Summary of Hours by Category

<u>Billing Code</u>	<u>Description</u>	<u>Hours</u>
110 Total	Review of Hist. Fin.Data	25.7
115 Total	Prep. Of Financial Model	402.1
120 Total	Mtg. W. Bus. Unit Mgmt.	140.2
125 Total	Balance Sheet Issues	27.3
130 Total	Cash Flow Issues	31.6
140 Total	DIP Loan Support Sched.	22.7
150 Total	Review of Non-core financial model	2.6
155 Total	Prep.of Materials Out. F.A.	33.5
160 Total	Discont'd Asset Liquida'n.Anal.	46.0
170 Total	Review of June actual results	2.5
190 Total	Business Plan Document	2.0
199 Total	Prepare Business Plan Document	47.8
200 Total	Treasury Management	8.2
210 Total	Vendor Calls Meeting	180.5
220 Total	Wkly. Cash Flow Forecast.	247.9
230 Total	Payables Mgmt.	121.2
240 Total	Employee Issues	86.9
250 Total	Mtg. With Management	12.3
260 Total	DIP Loan Report	0.5
265 Total	DIP Negotiations	1.5
290 Total	Review of emails, correspondences and voice mails	165.2
300 Total	Business Restructuring	15.3
310 Total	Mtg. With Management	39.2
312 Total	Preparation for Board of Directors meeting	1.8
320 Total	Evaluation of Bus. Units	5.8
330 Total	Employee Comp. Issues	21.6
340 Total	Corporate Strategy	10.7
350 Total	Customer Issues/Mtgs.	4.2
360 Total	Historical financial analysis	6.6
365 Total	Work on offering memorandum data	1.5
400 Total	Asset Dispositions	140.5
403 Total	Altamira Shutdown	132.2
404 Total	Altamira Real Estate	57.2
405 Total	Altamira M&E	22.9
410 Total	Greenberg Real Estate	21.5

Nightingale & Associates, LLC
 Guilford Mills Inc.
 Fee Application

<u>Billing Code</u>	<u>Description</u>	<u>Hours</u>
412 Total	Cobleskill M&E	73.8
414 Total	Cobleskill Real Estate	35.6
416 Total	Pine Grove M&E	3.2
420 Total	Fishman Real Estate	21.9
430 Total	Herkimer Bus. & Inventory	200.0
432 Total	Herkimer Real Estate	133.2
433 Total	Apparel Other	0.3
434 Total	IFD Real Estate	5.5
440 Total	Hornsday Real Estate	13.7
442 Total	Lynch Bldg. & Real Estate	28.1
446 Total	Lumberton Real Estate	9.7
447 Total	Lumberton M&E	13.3
448 Total	Twin Rivers Bus.& Inventory	70.3
449 Total	Review of Liquidation status	1.5
450 Total	Liquidating Trust Issues	63.6
460 Total	Prepare materials for buyers	14.4
490 Total	Discussion with Counsel on asset sales	1.5
499 Total	Asset Liquidation Status Review	18.9
500 Total	Debt Restructuring	6.4
510 Total	Negotiations W. Lenders	7.0
520 Total	Negot. W. Unsecured Cred.	2.4
530 Total	DIP Facility Nego.	4.0
540 Total	Exit Revolver	19.6
545 Total	Exit Revolver Covenants	9.6
550 Total	Conf Call Secured Lenders	5.3
560 Total	Revised Note Agreement	1.2
565 Total	Revised Note Covenants	7.5
600 Total	Plan of Reorganization	28.7
610 Total	Prep./Review-Disclosure St.	21.8
620 Total	Prep./Review-Plan of Reorg.	37.2
625 Total	Prep of Liquidation Analysis	83.3
626 Total	Preparation of Financial Details	66.6
627 Total	Discussion with Management Sources & Uses	0.6
630 Total	Mtg. W. Debtor's Counsel	19.0
640 Total	Claims Reconciliation	164.9
650 Total	Claims Administration	36.0
651 Total	Claim Settlement Nego.	1.3
655 Total	Claims Analysis	9.9

Nightingale & Associates, LLC
 Guilford Mills Inc.
 Fee Application

<u>Billing Code</u>	<u>Description</u>	<u>Hours</u>
660 Total	Equipment Lease Review	22.5
665 Total	Claims review	0.5
670 Total	SOFA/Bankruptcy Schedules	6.9
710 Total	Employee Retention	4.5
720 Total	Severance Programs	19.1
730 Total	Employee Benefit Issues	19.5
770 Total	General Operations Issues	42.9
780 Total	Sources and Uses Review	0.5
810 Total	Travel	359.7
820 Total	Job Administration	111.3
830 Total	N&A Office Administration	2.8
910 Total	Crt. Hearings & Testimony	12.8
915 Total	Preparation For Testimony	2.0
920 Total	Mtg. W. Unsec.Cred. Com.	16.0
925 Total	Prep.For Mtg.W.Unsec.Cred.	18.1
930 Total	Mtg. W. Secured Creditors	82.1
935 Total	Prep.-Mtg. W.Secured Cred.	75.2
940 Total	Meetings with outside Financial Advisors	33.0
945 Total	Prep for meeting with BBK	1.6
950 Total	Meeting with BBK	11.4
960 Total	Meeting with Unsecured Creditors financial Advisor	1.7
Grand Total		4,173.9