

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

*In re*

HAYES LEMMERZ INTERNATIONAL, INC.,  
*et al.*,

Debtors,

Chapter 11 Cases

Jointly Administered under  
Case No. 01-11490 (MFW)

Hon. Mary F. Walrath

**FINAL FEE APPLICATION OF SONNENSCHN NATH & ROSENTHAL LLP AS SPECIAL COUNSEL  
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ALLOWANCE  
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR SERVICES RENDERED**

Name of Applicant:	<u>Sonnenschein Nath &amp; Rosenthal LLP</u>
Authorized to Provide Professional Services to:	<u>Official Committee of Unsecured Creditors</u>
Date of Retention:	<u>December 4, 2003</u>
Retention Period for which compensation and reimbursement is sought:	<u>December 4, 2002 - June 3, 2003</u>
Retention Period - Amount of compensation sought as actual, reasonable and necessary:	<u>\$ 322,423.25<sup>1</sup></u>
Retention Period - Amount of expense reimbursement sought as actual, reasonable and necessary:	<u>\$ 8,757.85</u>
Pre-Retention Period for which compensation and reimbursement is sought:	<u>December 2 - December 3, 2002</u>
Pre-Retention Period - Amount of compensation sought as actual, reasonable and necessary:	<u>\$ 2,536.00<sup>2</sup></u>
Post-Effective Date Period - Amount of compensation sought as actual, reasonable and necessary:	<u>\$ 9,958.00</u>

This is an: \_\_\_ interim \_\_\_  final application

The total time expended during the Retention Period and Post-Effective Date Period for the preparation of the Final Fee Application and its exhibits as well as the First Interim Payment submission authorized by the Plan is estimated to be approximately 57.60 hours and corresponding compensation is estimated to be approximately \$15,318.00.

<sup>1</sup> The fee total for the Retention Period is inclusive of the additional 25% (totaling \$64,484.75) to which Sonnenschein is entitled pursuant to Sonnenschein's retention agreement as approved by the Court (described in greater detail within the Application).

<sup>2</sup> Sonnenschein has voluntarily written-off Pre-Retention Period fees totaling \$4,281.50 and expenses totaling \$8.29, which fees were accrued during October 2002 and November 2002.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

*In re*

HAYES LEMMERZ INTERNATIONAL INC., *et al.*,  
Debtors.

Chapter 11

Case No. 01-11490 (MFW)

Jointly Administered

**Objection Deadline: August 25, 2003 at  
4:00 p.m.**

**Hearing Date: To be determined.**

**FINAL FEE APPLICATION OF SONNENSCHN NATH & ROSENTHAL LLP AS  
SPECIAL COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT  
OF EXPENSES FOR SERVICES RENDERED**

Sonnenschein Nath & Rosenthal LLP (“Sonnenschein”), special counsel to the Official Committee of Unsecured Creditors (the “Committee”) of Hayes Lemmerz International, Inc. (“Hayes”) and its affiliated debtors and debtors-in-possession (collectively, with Hayes, the “Debtors”), for its final fee application (the “Application”) pursuant to 11 U.S.C. §§ 330 and 331 for an allowance of compensation for services rendered and for reimbursement of expenses incurred in connection therewith, respectfully represents:

## Introduction

1. By this Application, Sonnenschein seeks (i) final allowance and award of compensation for the professional services rendered by Sonnenschein as special counsel for the Committee for the period of December 4, 2002 through June 3, 2003 (the "Retention Period") in the amount of \$322,423.25<sup>1</sup>, representing 753.80 hours in professional services; and (ii) reimbursement of actual and necessary expenses incurred by Sonnenschein during the Retention Period in connection with the rendition of such professional services in the amount of \$8,757.85.

2. In addition, Sonnenschein seeks allowance of compensation and reimbursement of expenses for services rendered during the pre-court approved retention period of December 2, 2002 and December 3, 2002 (the "Pre-Retention Period")<sup>2</sup> in the amount of \$2,536.00, representing 6.40 hours in professional services.

3. Sonnenschein also seeks allowance of compensation and reimbursement of expenses for services rendered after June 3, 2003 (the "Post-Effective Date Period), in the amount of \$9,958.00 representing 37.80 hours in professional services.

4. Pursuant to section 9.2(b) of the Plan (defined within the Application) Sonnenschein was paid \$89,681.85 representing \$85,057.60, 80% of the fees, and \$4,624.25, 100% of the expenses, incurred by Sonnenschein in connection with their representation of the Committee during the period of December 2, 2002 through December 22, 2002. Sonnenschein

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<sup>1</sup> The fee total for the Retention Period is inclusive of the additional 25% (totaling \$64,484.75) to which Sonnenschein is entitled pursuant to Sonnenschein's retention agreement as approved by the Court (described in greater detail within the Application). Sonnenschein is not seeking an additional 25% of its fees for the fees accrued during the Pre-Retention Period and fees accrued after the post-effective date as set forth herein.

<sup>2</sup> As discussed in the Application, Sonnenschein has voluntarily written-off Pre-Retention Period fees totaling \$4,281.50 and expenses totaling \$8.29, which were accrued during October 2002 and November 2002.

however was not paid the 20% holdback of fees totaling \$21,264.40 for the aforementioned period and thus seeks payment of such holdback.

5. Accordingly, the total amount of fees and expenses for which Sonnenschein is seeking allowance is \$334,917.25 as reimbursement for professional services rendered and \$8,757.85 as reimbursement for expenses. After applying the aforementioned \$89,681.85 payment, Sonnenschein requests payment of the balance of all fees and expenses for which it is seeking allowance in the total amount of \$253,993.25.

### **Jurisdiction and Venue**

6. This Court has jurisdiction over this Application pursuant to 28 U.S.C. § 1334. This is a “core” proceeding within the meaning of 28 U.S.C. §§ 157(b)(2)(A) and (O). The statutory predicates for the relief sought herein are 11 U.S.C. §§ 330 and 331 and Federal Rules of Bankruptcy Procedure 2002(a) and 2016. Venue of this case and this Application is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Background**

7. On December 5, 2001 (the “Petition Date”), the Debtors filed with this Court their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an Order of this Court dated December 6, 2001, the Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered.

8. The Debtors continue in possession of their property and in the operation and management of their businesses as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

9. The Debtors collectively operate as a leading supplier of wheels and other suspension components to the global automotive and commercial highway markets with a presence in seventeen (17) countries. The Debtors’ operations consist of their world

headquarters located in Northville, Michigan, as well as approximately twenty-five (25) facilities in North America, twenty (20) manufacturing facilities in Europe and five (5) manufacturing facilities in South America, Asia and South Africa.

10. On December 17, 2001 (the “Committee Formation Date”), pursuant to Bankruptcy Code Section 1102, the United States Trustee appointed the Committee. On the Committee Formation Date, the Committee selected Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”) to serve as its co-counsel pursuant to Bankruptcy Code Section 1103(a). On February 26, 2002, this Court entered an order approving the retention of Akin Gump nunc pro tunc to December 17, 2001.

11. Pursuant to the Debtor-in-Possession Financing Order dated January 28, 2002 (the “DIP Financing Order”) as extended by various letter agreements between the Committee and the Agent of the Pre-Petition Lenders (as defined herein) the Committee was afforded a certain time period to seek to (A) challenge the validity, enforceability, allowability, priority or extent of the Pre-Petition Collateral (as defined in the DIP Financing Order), or (B) otherwise assert any claims or causes of action against the Pre-Petition Lenders on behalf of the Debtors’ estates.

#### **Appointment of Special Counsel to the Committee**

12. As a result of the Committee’s preliminary investigation of certain pre-petition transactions between the Debtors and the Debtors’ pre-petition lenders (the “Pre-Petition Lenders”), the Committee uncovered evidence establishing that the Pre-Petition Lenders bear considerable risk in the allowance of their claims and liens asserted in connection with those transactions. The Committee believed that these claims against the Pre-Petition Lenders could have resulted in the avoidance of valuable transfers by the Debtors before their Chapter 11 filings under theories of fraudulent conveyance and preference. Accordingly, the Committee

desired further examination and pursuit of an action based on those transactions (the “Avoidance Litigation”).

13. As disclosed in the Committee’s application to retain Akin Gump and the supporting affidavit, Akin Gump currently represents one or more of the Pre-Petition Lenders that received such alleged pre-petition transfers from the Debtors and who were potential defendants in the Avoidance Litigation. Accordingly, Akin Gump was unable to pursue any claims against the defendants in the Avoidance Litigation and the Committee sought to retain special litigation counsel in connection with the prosecution of such matters.

14. After interviewing law firm candidates to represent the Committee in the Avoidance Litigation, the Committee selected Sonnenschein to serve as special counsel to the Committee to further analyze, investigate and prosecute (including the representation of the Committee in any ensuing appeals) the Avoidance Litigation and for such other services as the Committee may have requested from time to time.

#### **Order Authorizing Sonnenschein’s Retention**

15. On December 4, 2002, at the hearing to approve Sonnenschein’s retention, this Court ordered and authorized the Committee’s retention of Sonnenschein as special counsel to the Committee, in accordance with Section 1103(a) of the Bankruptcy Code (the “Sonnenschein Retention Order”). The Sonnenschein Retention Order, dated December 10, 2002, is attached hereto as Exhibit “A.”

16. As set forth in the Application of the Official Committee of Unsecured Creditors for an Order Authorizing the Retention of Sonnenschein Nath & Rosenthal as Special Counsel dated November 22, 2002 (the “Retention Application”) and the letter dated December 2, 2002 by David Botter addressed to counsel to Canadian Imperial Bank of Commerce, New York Agency (“CIBC”), agent of the Pre-Petition Lenders, and the Debtors (the “Fee Arrangement

Letter”), the Committee negotiated a special fee arrangement with Sonnenschein. A special fee was required because the DIP Order precluded payment of counsel to prosecute the Avoidance Litigation under normal procedures, and required what, in essence, was a contingency or deferred fee arrangement. The terms of the Fee Arrangement Letter are incorporated in full in the Sonnenschein Retention Order and such letter is attached to the Sonnenschein Retention Order as Exhibit A (the “Court Approved Fee Arrangement”). The Court Approved Fee Arrangement is as follows:

(A) For the earlier of (i) the first three (3) weeks of the Sonnenschein retention, or (ii) the period from the date of retention until the commencement of a lawsuit against the Pre-Petition Banks, Sonnenschein will be entitled to be paid 100% of its fees and disbursements for its investigation of the causes of action against the Pre-Petition Banks;

(B) If a lawsuit is commenced against the Pre-Petition Banks and Sonnenschein obtains a judgment against the Pre-Petition Banks or a settlement is approved by the Bankruptcy Court, which settlement is supported by the Committee, Sonnenschein will be paid 125% of its fees and 100% of its disbursements; or

(C) If a lawsuit is commenced against the Pre-Petition Banks and judgment is entered for the Pre-Petition Banks or a settlement of such lawsuit is approved by the Bankruptcy Court, which settlement does not have the support of the Committee, Sonnenschein will be paid 80% of its fees and 100% of its disbursements.

17. The Retention Application, the Affidavit of Peter D. Wolfson in Support of the Retention Application, and the portion of the transcript from the December 4, 2002 hearing pertaining to Sonnenschein’s retention have also been included as part of Exhibit “A.”

18. Sonnenschein has not entered into any agreement or understanding with any other person for the sharing of compensation to be received for the services rendered in these cases.

19. All of the services for which compensation is sought herein were rendered for or on behalf of the Committee solely in connection with these cases.

**Administrative Procedures Order and Confirmation of Plan**

20. This Application is submitted pursuant to the Court's Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered on March 13, 2002 (the "Administrative Procedures Order").

21. Pursuant to the Administrative Procedures Order, section 9.2(b) of the Plan and ¶ 23 of the Confirmation Order, upon the submission of invoices and absent an objection by certain parties, after notice, professionals were to be paid 80% of their fees and 100% of their costs, subject to interim and final approval by this Court. A copy of the Administrative Procedures Order is attached hereto as Exhibit "B." In addition, pursuant to section 9.2(a) of the Plan and ¶ 23 of the Confirmation Order all final requests for payment of professional claims must be filed no later than sixty (60) days after the Effective Date.

22. On May 12, 2003 (the "Confirmation Date"), the Court entered an order (the "Initial Confirmation Order") confirming the Modified First Amended Joint Plan of Reorganization of Hayes, dated April 9, 2003, as further modified (the "Plan"). On May 14, 2003, the Court entered a revised order confirming the Plan (the "Confirmation Order"), which amends and supercedes the Initial Confirmation Order and is deemed to have been entered on May 12, 2003. The effective date of the Plan occurred on June 3, 2003 (the "Effective Date"). The Plan incorporates a settlement of the Avoidance Litigation.

**Summary of Services Rendered during the Retention Period**

23. Sonnenschein has rendered professional services to the Committee as requested and as necessary and appropriate in furtherance of the Avoidance Litigation and in the interests



of the Debtors' unsecured creditors. The complexity of the Avoidance Litigation and the need to act or respond on an expedited basis in furtherance of the Committee's needs have required the expenditure of substantial time by personnel from several legal disciplines, on an as-needed basis.

24. Sonnenschein maintains written records of the time expended by attorneys and paraprofessionals in the rendition of their professional services to the Committee. Such time records were made contemporaneously with the rendition of services by the person rendering such services and in the ordinary course of Sonnenschein's practice, and are presented in a form which is in compliance with the Local Rules for the District of Delaware (the "Local Rules").

25. The chart annexed hereto as Exhibit "C" sets forth a schedule showing the name and position of each partner, associate and paraprofessional working on the case during the Retention Period, together with that person's year of admission to the bar (if applicable), hours worked, and hourly billing rate. Exhibit "D" hereto contains a summary of fees incurred during the Retention Period by billing matter. Exhibit "E" hereto includes all professionals' and paraprofessionals' daily time records of services performed during the Retention Period on a monthly basis by billing matter number.<sup>3</sup>

26. Sonnenschein also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of its professional services, all of which are also available for inspection. A schedule of the categories of expenses incurred during the Retention Period and amounts for which reimbursement is requested is annexed hereto as Exhibit "F."

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<sup>3</sup> The time records included in Exhibit "E" also include time accrued for the services performed during the Pre-Retention and Post-Effective Periods.

27. Sonnenschein respectfully submits that the professional services that it rendered on behalf of the Committee at all times were necessary and have directly contributed to the effective administration of these cases.

28. The following summary of services rendered during the Retention Period is not intended to be a detailed description of the work performed, rather, it is merely an attempt to highlight certain of those areas in which services were rendered to the Committee, as well as to identify some of the problems and issues that Sonnenschein was required to address.

*(a) Matter 6 - Due Diligence*

29. To properly investigate the claims that may be asserted against the Pre-Petition Lenders, Sonnenschein was required to perform a comprehensive analysis of the voluminous underlying documents in support of the transactions involving the Debtors and the Pre-Petition Lenders. This review included an analysis of the terms of the documents, and whether such terms comport with the standards in the market, as well as an analysis of how the documents altered over the course of the relationship between the Pre-Petition Lenders and the Debtors and the impact on the Pre-Petition Lenders' collateral as a result thereof.

30. In conducting due diligence, Sonnenschein reviewed thousands of pages of documents produced by the Debtors and CIBC in response to due diligence requests previously propounded by the Committee. Among the documents analyzed were: (i) various credit, guarantee, security, stock pledge and intellectual property agreements executed by the Debtors and, in some instances, the Pre-Petition Lenders along with their extensive exhibits; (ii) mortgages and notes; (iii) indentures relating to the issuance of the Debtors' notes; (iv) insolvency analyses; and (v) UCC financing statements and lien searches.

31. In addition, as part of the investigation, Sonnenschein conducted extensive research on the financial condition and public disclosures of the Debtors (including public

statements and filings with the Securities Exchange Commission and the Bankruptcy Court). Sonnenschein also reviewed the collateral package granted to the Pre-Petition Lenders to determine whether the security interests provided to the Pre-Petition Lenders were properly perfected. This analysis encompassed a review of the validity and extent of the Pre-Petition Lenders' purported security interests in the Debtors' trademarks, patents and copyrights.

32. As mentioned above, a significant amount of time was spent by Sonnenschein attorneys researching and gathering information on the factual and legal aspects of potential claims against the Pre-Petition Lenders. These claims involved issues dealing with, *inter alia*, (i) preferential and fraudulent transfers; (ii) the Debtors' insolvency, (iii) the validity, extent and perfection of liens and security interests; (iv) equitable subordination; (v) recharacterization; (vi) disgorgement of payments; and (vii) intellectual property rights.

33. Throughout this process, Sonnenschein attorneys participated in meetings and/or telephonic conferences with the Committee and their professionals regarding various aspects of the due diligence process and the potential claims, defenses and legal theories that were developed through Sonnenschein's and the Committee's other professionals' initial research and investigation.

34. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 361.30 hours for a total of \$126,798.00.

<b>MATTER 0006</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Fifer, Samuel	565.00	3.80	\$2,147.00
Partner	Wolfson, Peter D.	<sup>4</sup> 565.00	13.80	\$7,797.00
		605.00	1.50	\$907.50
Partner	Falkowitz, Holly S.	365.00	67.10	\$24,491.50
		400.00	12.30	\$4,920.00

<sup>4</sup> Two rates are shown due to a rate increase in 2003.

<b>MATTER 0006</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Meyerhoff, Gary	375.00	28.90	\$10,837.50
Partner	Richards, Robert E.	470.00	0.80	\$376.00
Partner	Ruegger, Arthur H.	475.00	0.80	\$380.00
Of Counsel	Besdin, Daniel A.	370.00	0.80	\$296.00
Of Counsel	Harrington, Helise	405.00	33.00	\$13,365.00
		435.00	19.00	\$8,265.00
Of Counsel	Schmitt, Joseph H.	405.00	1.10	\$445.50
Associate	Blanchard, Wenyu T.	290.00	13.10	\$3,799.00
		335.00	15.60	\$5,226.00
Associate	Burton, Thomas J.	255.00	2.50	\$637.50
Associate	Hughes, Hillary H.	290.00	23.50	\$6,815.00
		315.00	0.50	\$157.50
		335.00	1.90	\$636.50
Associate	Lederman, Andrew P.	365.00	49.50	\$18,067.50
		390.00	2.80	\$1,092.00
Associate	Lubezny, Steven M.	220.00	9.50	\$2,090.00
		270.00	7.30	\$1,971.00
Associate	Sachs, Michael B.	315.00	14.40	\$4,536.00
		365.00	2.30	\$839.50
Associate	Surpris, Daphnee	315.00	7.30	\$2,299.50
Associate	Vinokur, Gary I.	220.00	1.50	\$330.00
Paralegal	Hogan, JoEllen	180.00	3.80	\$684.00
Paralegal	Medina, George L.	180.00	8.70	\$1,566.00
Paralegal	Reid, Sharon R.	165.00	7.70	\$1,270.50
Other	Kropf, Valerie K.	85.00	6.50	\$552.50
	<b>TOTALS</b>		<b>361.30</b>	<b>\$126,798.00</b>

*(b) Matter 1 - Adversary Proceeding*

35. As a result of Sonnenschein's investigatory efforts, Sonnenschein determined that various claims existed against the Pre-Petition Lenders. Accordingly, Sonnenschein spent a significant amount of time drafting a complex and detailed complaint encompassing a multitude of claims (i.e. 26 counts) against the Pre-Petition Lenders generally sounding in (i) equitable subordination or recharacterization of the Pre-Petition Lenders claims; (ii) avoidance of preferential and fraudulent transfers to, and improperly perfected liens of, the Pre-Petition

Lenders; and (iii) disgorgement of payments made to the Pre-Petition Lenders and their professionals in connection with such avoided transfers (the “Avoidance Complaint”).

36. Sonnenschein attorneys spent considerable time drafting and refining the factual and legal claims set forth in the Avoidance Complaint as well as researching the necessary elements of, and legal bases for, each claim and potential claim as set forth in greater detail in section (f) below. When drafting the Avoidance Complaint, Sonnenschein reviewed, and alleged in great detail in the Avoidance Complaint, much of the information obtained through Sonnenschein’s due diligence. Throughout the drafting process, Sonnenschein spent time revising the Avoidance Complaint to incorporate the comments from the Committee and its other professionals.

37. Sonnenschein also participated in conference calls with the Committee and/or its other professionals regarding (i) the results of Sonnenschein’s and its other professionals’ investigatory efforts; (ii) the scope and extent of the potential factual and legal claims that may be asserted against, and the legal defenses that may be asserted by, the Pre-Petition Lenders; (iii) the filing of the Avoidance Complaint; and (iv) issues arising under the Debtors’ financing arrangement.

38. Although the Avoidance Complaint was never filed, the Pre-Petition Lenders were well aware of its existence and of the Committee’s intent to file the Avoidance Complaint should a consensual settlement not be reached. Indeed, on numerous occasions when it appeared that negotiations were at a stand still, Sonnenschein was instructed by the Committee to prepare to file the Avoidance Complaint. Although Sonnenschein made such preparations, each time Sonnenschein was directed to hold off as negotiations had resumed. After extensive negotiations, a resolution of the claims of the Pre-Petition Lenders, which is embodied in the

Plan, was reached. Sonnenschein and the Committee believe that without the Avoidance Complaint, such settlement would not have been achieved.

39. Pursuant to sections 4.2 and 4.9 of the Plan, the settlement of the Avoidance Litigation is encompassed within the distributions allocated to both the Pre-Petition Credit Facility Secured Claims (as defined in the Plan) and the General Unsecured Claims (as defined in the Plan).

40. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 193.50 hours for a total of \$79,262.50.

<b>MATTER 0001</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Fifer, Samuel	595.00	1.50	\$892.50
Partner	Wolfson, Peter D.	605.00	10.90	\$6,594.50
Partner	Falkowitz, Holly S.	365.00	1.90	\$693.50
		400.00	75.70	\$30,280.00
		430.00	0.20	\$86.00
Partner	Meyerhoff, Gary	375.00	5.50	\$2,062.50
		395.00	68.50	\$27,057.50
Of Counsel	Harrington, Helise	435.00	12.00	\$5,220.00
Associate	Blanchard, Wenyu T.	335.00	2.30	\$770.50
Associate	Hughes, Hillary H.	335.00	2.40	\$804.00
Associate	Lederman, Andrew P.	365.00	2.90	\$1,058.50
		390.00	8.10	\$3,159.00
Associate	Sachs, Michael B.	365.00	1.60	\$584.00
	<b>TOTALS</b>		<b>193.50</b>	<b>\$79,262.50</b>

*(c) Matter 3 - Case Management*

41. Sonnenschein was required to devote a certain amount of time to matters of case management. All the time charges in this category relate to general administrative matters concerning the role of Sonnenschein as special counsel to the Committee.

42. As a result of Sonnenschein's scope of retention, Sonnenschein devoted time and effort to reviewing, maintaining and organizing various pleadings, schedules, due diligence materials, and tending to issues involving certain conflicts of interest. Additionally, Sonnenschein communicated regularly with attorneys and paralegals, and managed the documents associated with its task.

43. Sonnenschein also spent time reviewing and analyzing the Debtors' intellectual property schedules, the retention order for Sonnenschein's local counsel, The Bayard Firm, certain claims filed by the Pre-Petition Lenders, and the Local Rules regarding fee guidelines.

44. Due to Sonnenschein's experience in counseling creditors' committees, Sonnenschein believes it was able to efficiently address all issues relating to case administration that arose during the pendency of Sonnenschein's retention.

45. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 71.40 hours for a total of \$12,164.00.

<b>MATTER 0003</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Falkowitz, Holly S.	365.00	0.30	\$109.50
		400.00	1.10	\$440.00
Associate	Lederman, Andrew P.	390.00	0.70	\$273.00
Paralegal	Medina, George L.	170.00	6.50	\$1,105.00
		180.00	5.70	\$1,026.00
Paralegal	O'Neill, Randall	115.00	3.10	\$356.50
		155.00	1.60	\$248.00
Paralegal	Reid, Sharon R.	165.00	51.90	\$8,563.50
Other	Kropf, Valerie K.	85.00	0.50	\$42.50
	<b>TOTALS</b>		<b>71.40</b>	<b>\$12,164.00</b>

*(d) Matter 4 - Communications with Committee and Creditors*

46. Sonnenschein regularly communicated with the Committee and its professionals in meetings or by telephonic conference, particularly with respect to the results of Sonnenschein's due diligence and formulating strategy for resolving issues surrounding the Avoidance Litigation. Sonnenschein also participated in a telephonic meeting with the Court, the Debtors and the Committee regarding the procedure for a disclosure hearing, confirmation, lien determination issues and other matters as they related to the Avoidance Complaint.

47. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 5.00 hours for a total of \$1,897.00.

<b>MATTER 0004</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Wolfson, Peter D.	605.00	0.30	\$181.50
Partner	Falkowitz, Holly S.	365.00	0.50	\$182.50
Associate	Lederman, Andrew P.	365.00	4.20	\$1533.00
	<b>TOTALS</b>		<b>5.00</b>	<b>\$1,897.00</b>

*(e) Matter 7 - Fee Application*

48. This category consists of services provided by Sonnenschein relating to (i) the preparation of its fee statements; (ii) participation in telephonic conferences with Committee's and the Debtors' counsel regarding fees; (iii) reviewing the Local Rules, the Plan, the Confirmation Order and the Administrative Procedures Order; (iv) reviewing emails and letters regarding fees; and (v) drafting letters to the Debtors' and the Pre-Petition Lenders' counsel regarding fee expense submission.

49. In addition, this category includes \$9,958.00 of fees representing all of the fees generated during the Post-Effective Date Period for which Sonnenschein is seeking authorization



pursuant to this Application. These fees are solely attributable to the preparation of the Application and its exhibits.

50. The aggregate time spent by Sonnenschein on this matter during the Retention Period and the Post-Effective Date Period was 62.40 hours for a total of \$16,924.50.

<b>MATTER 0007</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Falkowitz, Holly S.	430.00	17.50	\$7,525.00
Associate	Lederman, Andrew P.	390.00	0.30	\$117.00
Associate	Bergman, Mathew T.	\$335.00	17.50	\$5,862.50
Paralegal	Pina, Daniel	\$180.00	0.60	\$108.00
Paralegal	Zeiser, Donna M.	125.00	26.50	\$3,312.00
	<b>TOTALS</b>		<b>62.40</b>	<b>\$16,924.50</b>

*(f) Matter 8 - Research*

51. Sonnenschein's attorneys spent a significant amount of time performing legal research to support the drafting of the Avoidance Complaint. The central issues researched included the following:

- (i) Section 548 of the Bankruptcy Code;
- (ii) Section 544 of the Bankruptcy Code;
- (iii) Constructive versus actual fraudulent transfers;
- (iv) Preference claims;
- (v) Issues surrounding security interests given for antecedent debt;
- (vi) Insolvency standards;
- (vii) Lien and perfection issues;
- (viii) Ability to name agent instead of all participants to loan agreement;
- (ix) Equitable subordination and recharacterization;
- (x) Substantive consolidation elements;
- (xi) Intellectual property perfection and security issues;
- (xii) Agency issues and insider status of principal and agent;
- (xiii) Collateral security regarding debtors and non-debtors; and
- (xiv) Priority issues.

In many cases, Sonnenschein attorneys drafted memoranda on certain of the aforementioned issues.

52. As previously discussed, Sonnenschein also focused a portion of its time researching and identifying possible defenses that the Pre-Petition Lenders might assert in connection with the Avoidance Complaint. In addition, Sonnenschein attorneys spent time discussing and analyzing the information gathered from all of their research in order to better direct Sonnenschein's due diligence efforts as well as to accurately draft the legal theories encompassed in the Avoidance Complaint.

53. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 91.70 hours for a total of \$28,540.50.

<b>MATTER 0008</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Fifer, Samuel	565.00	2.50	\$1,412.50
		595.00	0.60	\$357.00
Partner	Falkowitz, Holly S.	365.00	11.60	\$4,234.00
Partner	Ruegger, Arthur H.	475.00	0.40	\$190.00
Associate	Blanchard, Wenyu T.	290.00	4.30	\$1,247.00
		335.00	0.80	\$268.00
Associate	Burton, Thomas J.	255.00	1.10	\$280.50
Associate	Gunja, Kathleen A.	270.00	7.30	\$1,971.00
Associate	Lederman, Andrew P.	365.00	27.00	\$9,855.00
Associate	Sachs, Michael B.	315.00	5.50	\$1,732.50
Associate	Siegel, Lynnette L.	195.00	14.30	\$2,788.50
Associate	Surpris, Daphnee	315.00	7.30	\$2,299.50
Associate	Vinokur, Gary I.	220.00	7.50	\$1,650.00
Paralegal	Pina, Daniel	170.00	1.50	\$255.00
	<b>TOTALS</b>		<b>91.70</b>	<b>\$28,540.50</b>

*(g) Matter 9 - Retention*

54. Sonnenschein's attorneys spent a small amount of time on telephonic conferences with the Committee regarding the application to retain Sonnenschein as special counsel to the Committee. Sonnenschein also drafted letters to attorneys for various constituencies regarding

Sonnenschein's retention, reviewed the proposed order retaining Sonnenschein and tended to issues regarding the retention of The Bayard Firm as local counsel.

55. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 2.90 hours for a total of \$1,069.00.

<b>MATTER 0009</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Falkowitz, Holly S.	400.00	0.30	\$120.00
		365.00	1.20	\$438.00
Associate	Lederman, Andrew P.	365.00	1.40	\$511.00
	<b>TOTALS</b>		<b>2.90</b>	<b>\$1,069.00</b>

*(h) Matter 2 - Attendance at Hearings & Preparations*

56. Sonnenschein attended a hearing regarding the retention of Sonnenschein as special counsel to the Committee.

57. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 2.00 hours for a total of \$730.00.

<b>MATTER 0002</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Associate	Lederman, Andrew P.	365.00	2.00	\$730.00
	<b>TOTALS</b>		<b>2.00</b>	<b>\$730.00</b>

*(i) Matter 10 - Travel*

58. Sonnenschein's attorneys traveled to and from court in connection with the hearing to retain Sonnenschein as special counsel to Committee. Please note that the time indicated reflects a fifty percent (50%) reduction in the hours billed in conformance with the

requirements set forth in the Local Rules whereby non-working travel time must be billed at no more than fifty percent (50%) of regular hourly rates.

59. The aggregate time spent by Sonnenschein on this matter during the Retention Period was 1.40 hours for a total of \$511.00.

<b>MATTER 0010</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Associate	Lederman, Andrew P.	365.00	1.40	\$511.00
	<b>TOTALS</b>		<b>1.40</b>	<b>\$511.00</b>

**Expenses Incurred during the Retention Period**

60. Sonnenschein incurred actual out-of-pocket expenses in connection with the rendition of the professional services to the Committee in the sum of \$8,757.85 for which Sonnenschein respectfully requests reimbursement in full. In addition to the expense items for which Sonnenschein seeks reimbursement, the firm has also invariably incurred expenses for which it may not seek reimbursement, which expenses are absorbed by the firm.

61. The disbursements and expenses have been incurred in accordance with Sonnenschein's normal practice of charging clients for expenses clearly related to and required by particular matters. Sonnenschein has endeavored to minimize these expenses to the fullest extent possible.

62. All expenses billed in this matter pertain to costs incurred specifically during the Retention Period. No time was billed to general overhead charges. Secretarial overhead not pertaining to a specific client emergency was redacted from the bill. All meals included were working meals billed due to late hours spent in the office by Sonnenschein attorneys while attending to one of the Committee's issues described elsewhere in this Application.

63. Sonnenschein's billing rates do not include charges for photocopying, telephone and telecopier toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage and certain other office services, since the needs of each client for such services differ. Sonnenschein believes that it is fairest to charge each client only for the services actually used in performing services for it. In these proceedings, Sonnenschein charges \$.15 per page for internal duplicating and a maximum of \$1.00 per page for outgoing facsimile transmissions. Sonnenschein does not charge for incoming facsimile transmissions.

64. A summary of all disbursements, organized by category, for which reimbursement is sought is attached hereto as Exhibit "F." The aggregate expenses incurred by Sonnenschein on this matter during the Retention Period was \$8,757.85.

#### **First Interim Payment**

65. Sonnenschein has not filed any previous Monthly Fee Applications or Interim Fee Applications (as defined in the Administrative Procedures Order). However, in accordance with section 9.2(b) of the Plan, which authorized professionals to receive interim distributions pursuant to certain procedures set forth therein, on June 6, 2003, Sonnenschein received payment totaling \$89,681.85 for the First Interim Payment Period (December 2, 2002 through December 22, 2002)(the payment defined as the "First Interim Payment"). The First Interim Payment represented 80% of the total fees for the First Interim Period of \$106,322.00 and 100% of the total expenses of \$4,624.25. The 20% holdback totals \$21,264.40 (the "Holdback").

66. This First Interim Payment reflects fees and expenses incurred for approximately two (2) days (December 2, 2002 and December 3, 2002) during the Pre-Retention Period as well as approximately three (3) weeks during the Retention Period. Sonnenschein's request for payment of fees and expenses incurred during the Pre-Retention is discussed below. Moreover,

the additional 25% to which Sonnenschein is entitled in accordance with the Court Approved Fee Arrangement described below, was not included in the First Interim Payment.<sup>5</sup>

### **Court Approved Fee Arrangement**

67. Sonnenschein requests payment of the Court Approved Fee Arrangement as set forth in the Sonnenschein Retention Order and paragraph B of the Fee Arrangement Letter. A settlement of the Avoidance Litigation was approved by this Court, which is embodied in the Plan, and was authorized and supported by the Committee. As the Court is aware, in accordance with the Court Approved Fee Arrangement, Sonnenschein only was entitled to an interim payment for the first three weeks of its due diligence of potential claims against, and defenses of, the Pre-Petition Lenders. All other fees and expenses were to be paid after the submission and approval of a final fee application. Accordingly, Sonnenschein was required to fund the vast majority of its investigation, research and complaint preparations. Indeed, if a litigation had been commenced Sonnenschein would also have been required to fund that litigation.

68. In addition, under the Court Approved Fee Arrangement, Sonnenschein took on the risk of possibly collecting less than their hourly rates (i.e., 80% of its fees if a lawsuit was commenced against the Pre-Petition Lenders and a judgment was entered in favor of the Pre-Petition Lenders or a settlement was reached without Committee support). Due to the Court's prior approval of the terms of Sonnenschein's retention as well as the risks incurred by Sonnenschein under its fee arrangement and the delay in payment of Sonnenschein's fees and expenses, Sonnenschein is entitled to 125% of its fees for the Retention Period. The total amount of the Court Approved Fee Arrangement is an additional \$64,484.75 over and above the \$257,938.50 accrued in actual fees at normal hourly rates for the Retention Period.

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<sup>5</sup> Sonnenschein is not seeking an additional 25% of its fees, as provided in the Court Approved Fee Arrangement, for the fees accrued during the Pre-Retention and Post-Effective Date Periods.

**Summary of Services Rendered during the Pre-Retention Period**

69. Although Sonnenschein's retention was approved by this Court at the December 4, 2002 hearing, Sonnenschein's work as special counsel for the Committee dates back to October 22, 2002 through December 3, 2002. During the later portion of this period, Sonnenschein was investigating potential claims that may be asserted against the Pre-Petition Lenders. Sonnenschein was required to commence its investigation immediately due to the deadline, set forth in the Debtor-In-Possession Financing Order as amended by certain letter agreements, to challenge the Pre-Petition Lenders' liens on the Pre-Petition Collateral or to assert any claims against the Pre-Petition Lenders on behalf of the Debtors' estates. On or about December 4, 2002, the Pre-Petition Lenders agreed to a limited extension of this deadline.

70. Sonnenschein, however, has voluntarily agreed to write off all of its fees and expenses incurred during the months of October and November 2002 (the "Write-Off") and merely requests allowance of its fees and expenses for the Pre-Retention Period, a period of two days - December 2, 2002 and December 3, 2002. Exhibits regarding the Pre-Retention Period, attached hereto, specify by footnote the fees and expenses voluntarily written-off by Sonnenschein. The total amount of fees and expenses voluntarily written-off by Sonnenschein are \$4,281.50 and \$8.29, respectively. Therefore, the aggregate time spent by Sonnenschein during the Pre-Retention Period, for which payment and approval is requested, was 6.40 hours totaling \$2,536.00.

<b>Pre-Retention Period Total Fees</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Wolfson, Peter D.	\$565.00	1.00	\$565.00
Partner	Yates, D. Farrington <sup>6</sup>	\$445.00	0.00	\$0.00
Of Counsel	Nelson, J. Robert <sup>7</sup>	\$555.00	0.00	\$0.00
Associate	Lederman, Andrew P. <sup>8</sup>	\$365.00	5.40	\$1,971.00
	<b>TOTALS</b>		<b>6.40</b>	<b>\$2,536.00</b>

71. The chart annexed hereto as Exhibit "G" sets forth a schedule showing the name and position of each partner, associate and paraprofessional working on the case during the Pre-Retention Period, together with that person's year of admission to the bar (if applicable), hours worked, and hourly billing rate. Exhibit "H" hereto contains a summary of fees incurred during the Pre-Retention Period by billing matter.

72. The following summary of services rendered during the Pre-Retention Period is not intended to be a detailed description of the work performed, as those day-to-day services and the time expended in performing such services are combined with the Retention Period time sheets set forth in Exhibit "E." Rather, it is merely an attempt to highlight certain of those areas in which services were rendered to the Committee, as well as to identify some of the problems and issues that Sonnenschein was required to address. Furthermore, some of the descriptions below, overlap or have been included in the subject matter categories described above for the Retention Period.

<sup>6</sup> Reflects an exclusion of 2.50 hours of time worked prior to December 1, 2002, which is being voluntarily written off. The total dollar amount of the voluntary write-off is \$1,112.50.

<sup>7</sup> Reflects an exclusion of 4.00 hours of time worked prior to December 1, 2002, which is being voluntarily written off. The total dollar amount of the voluntary write-off is \$2,220.00.

<sup>8</sup> Reflects an exclusion of 2.60 hours of time worked prior to December 1, 2002, which is being voluntarily written off. The total dollar amount of the voluntary write-off is \$949.00.



*(j) Matter 4 - Pre-Retention Communications with Committee and Creditors*

73. During the Pre-Retention Period, Sonnenschein spent a small amount of time in a telephonic conference with the Committee and/or its professionals regarding the review of documents for the Avoidance Litigation.

74. The aggregate time spent by Sonnenschein on this matter during the Pre-Retention Period was 0.20 hours for a total of \$73.00.

<b>MATTER 0004</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Associate	Lederman, Andrew P.	365.00	0.20	\$73.00
	<b>TOTALS</b>		<b>0.20</b>	<b>\$73.00</b>

*(k) Matter 6 - Pre-Retention Due Diligence*

75. The description of the due diligence performed by Sonnenschein during the Pre-Retention Period is encompassed in the description as set forth in the Retention Period Due Diligence category described above in section (a).

76. The aggregate time spent by Sonnenschein on this matter during the Pre-Retention Period was 4.0 hours for a total of \$1,660.00.

<b>MATTER 0006</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Partner	Wolfson, Peter D.	565.00	1.00	\$565.00
Associate	Lederman, Andrew P.	365.00	3.00	\$1,095.00
	<b>TOTALS</b>		<b>4.00</b>	<b>\$1,660.00</b>

(l) *Matter 9 - Retention*

77. During the Pre-Retention Period, Sonnenschein attorneys spent time revising the affidavit supporting Sonnenschein's retention and reviewing the proposed order authorizing Sonnenschein's retention. Sonnenschein also spent a small amount of time on telephonic conferences with the Committee and/or its professional regarding the status of the application to retain Sonnenschein as special counsel to Committee.

78. In addition, Sonnenschein reviewed the objection filed by CIBC to Sonnenschein's retention and prepared a response thereto.

79. The aggregate time spent by Sonnenschein on this matter during the Pre-Retention Period was 2.2 hours for a total of \$803.00.

<b>MATTER 0009</b>				
<b>Title</b>	<b>Professional</b>	<b>Rates</b>	<b>Hours</b>	<b>Total</b>
Associate	Lederman, Andrew P.	365.00	2.20	\$803.00
	<b>TOTALS</b>		<b>2.20</b>	<b>\$803.00</b>

80. During the Pre-Retention Period, Sonnenschein incurred actual out-of-pocket expenses in connection with the rendition of the professional services to the Committee in the sum of \$8.29, which Sonnenschein has agreed to voluntarily write-off. A description of the expenses for the Pre-Retention Period is annexed hereto as Exhibit "I."

81. Sonnenschein respectfully submits that the professional services that it rendered on behalf of the Committee during the Pre-Retention Period were necessary and have directly contributed to the effective administration of these cases.

82. The following chart sets forth the total hours, fees and expenses accrued by Sonnenschein in connection with its retention as special counsel to the Committee.

**Total Hours, Fees and Expenses for Application Showing Write-offs and Payment Received**

<b>HOURS</b>	
Total Amt Hours (Pre-Retention, Retention and Post-Effective Date Periods):	798.00
Total Amt Hours (Pre-Retention Period):	6.40
Total Amt Hours (Retention Period):	753.80
Total Amt Hours (Post-Effective Date Period)	37.80
Total Amt Hours Written-Off (October and November 2002):	9.10
<u>Total Revised Hours:</u>	<u>788.90</u>
<b>FEES</b>	
Total Amt Fees (Pre-Retention, Retention and Post-Effective Date Periods <i>including</i> Write-Offs):	\$ 274,714.00
Total Amt Fees (Pre-Retention Period):	2,536.00
Total Amt Fees (Retention Period):	257,938.50
Total Amt Fees (Post-Effective Date Period)	9,958.00
25% Fee of Total Amt Fees (Retention Period Only):	64,484.75
Total Amt - Fees Written-Off (October and November 2002):	(4,281.50)
<u>Total Fees (Pre-Retention, Retention, Post-Effective Date, 25% Fee minus Write-offs):</u>	<u>\$ 334,917.25</u>
<b>EXPENSES</b>	
Total Amt Expenses (Pre-Retention, Retention and Post-Effective Date Periods <i>including</i> Write-offs):	8,766.14
Total Amt Expenses (Pre-Retention Period):	0.00
Total Amt Expenses (Retention Period):	8,757.85
Total Amt Expenses (Post-Effective Date Period)	0.00
Total Amt - Expenses Written-Off (October and November 2002):	(8.29)
<u>Total Expenses (Pre-Retention, Retention, Post-Effective Date <i>minus</i> Write-Offs):</u>	<u>\$ 8,757.85</u>
<b>TOTALS</b>	
Total Fees (Pre-Retention, Retention, Post-Effective Date, 25% Fee <i>minus</i> Write-Offs):	334,917.25
Total Expenses (Pre-Retention, Retention, Post-Effective Date <i>minus</i> Write-Offs):	8,757.85
First Interim Payment:	(89,681.85)
<u>Total Amount Due and Owning:</u>	<u>\$ 253,993.25</u>

### **Factors to be Considered in Awarding Attorneys' Fees**

83. The factors to be considered in awarding attorneys fees have been enumerated in In re First Colonial Corporation of America, 544 F.2d 1291, 1298-99 (5<sup>th</sup> Cir. 1977), reh'g denied, 547 F.2d 573, cert. denied, 431 U.S. 904, which standards have been adopted by most courts. Sonnenschein respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

(A) The Time and Labor Required. The professional services rendered by Sonnenschein on behalf of the Committee have required the continuous expenditure of substantial time and effort, under significant time pressures. The services rendered required a high degree of professional competence and expertise in order to be administered with skill and dispatch.

(B) The Novelty and Difficulty of Questions. In this case, as in all others in which the firm is involved, Sonnenschein's effective advocacy and creative approach have helped clarify and resolve such issues.

(C) The Skill Requisite to Perform the Legal Services Properly. Sonnenschein believes that its recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals in other areas of Sonnenschein's practice, and its creative approach to the resolution of issues contributed to the maximization of distributions to the Debtors' unsecured creditors.

(D) The Preclusion of Other Employment by Sonnenschein Due to Acceptance of the Case. Due to the size of Sonnenschein's insolvency department, Sonnenschein's representation of the Committee has not precluded its acceptance of new clients.

(E) The Customary Fee. The fee sought herein is based upon Sonnenschein's normal hourly rates for services of this kind. Sonnenschein respectfully submits that the fee sought herein is not unusual given the magnitude and complexity of these cases, the risks incurred by Sonnenschein in taking on the representation and the time expended in attending to the representation of the Committee, and is commensurate with fees Sonnenschein has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.

(F) Whether the Fee is Fixed or Contingent. Pursuant to sections 330 and 331 of the Bankruptcy Code, all fees sought by professionals employed under Section 327 of the Code are contingent pending final approval by this Court, and are subject to adjustment dependent upon the services rendered and the results obtained.

(G) Time Limitations Imposed by Client or Other Circumstances. As already indicated, Sonnenschein has been required to attend to certain issues arising in these cases in a compressed and urgent time-frame.

(H) The Amount Involved and Results Obtained. Through the efforts of Sonnenschein, the Committee has been an active participant in these Chapter 11 cases, and its constructive assistance, as well as criticism, has greatly contributed to enhancement of the recoveries available to the Debtors' creditors and to the efficient administration of these cases.

(I) The Experience, Reputation and Ability of the Attorneys. Sonnenschein has a large and sophisticated financial restructuring practice and is playing and has played a major role in numerous cases of national import including, for example, the reorganization proceedings of United Airlines (UAL Corp.), Federal Mogul Global, Inc., At Home Corp., Kellstrom Industries, Inc., and Uniroyal Technology Corp. Sonnenschein's experience enables it to perform the services described herein competently and expeditiously. In addition to its expertise in the area of corporate reorganization, Sonnenschein has called upon the expertise of its partners and associates in other practice areas to perform the wide ranging scope of the legal work necessitated by these cases.

(J) The "Undesirability" of the Case. These cases are not undesirable.

(K) Nature and Length of Professional Relationship. The Court authorized the employment and retention of Sonnenschein at the December 4, 2002 hearing which was later embodied in an Order dated December 10, 2002. Sonnenschein has been rendering services to the Committee since October 22, 2002 and continuing through the Retention Period, as necessary and appropriate.

#### **Allowance of Compensation**

84. The professional services rendered by Sonnenschein required a high degree of professional competence and expertise so that the numerous issues requiring evaluation and determination by the Committee could be addressed with skill and dispatch and have, therefore, required the expenditure of substantial time and effort. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained to date have benefited not only the members of the Committee, but also the unsecured creditor body as a whole and the Debtors' estates.

85. The allowance of compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person ... may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered ... as is provided under Section 330 of this title.

11 U.S.C. § 331. Moreover, this Court has authorized the filing of this Application in the Administrative Fee Order and the Plan.

86. With respect to the level of compensation, 11 U.S.C. § 330(a)(1) provides, in pertinent part, that the Court may award to a professional person:

reasonable compensation for actual, necessary services rendered ...

Section 330(a)(3)(A), in turn, provides that

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including -

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. §330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

87. The total time spent by Sonnenschein professionals during the Retention Period was 753.80 hours, the Pre-Retention Period was 6.40 hours, and the Post-Effective Date Period was 37.80 hours. The work involved was carefully assigned in light of the experience and expertise required for a particular task.

88. As shown by this Application and supporting documents, Sonnenschein spent its time economically and without unnecessary duplication of time. Attached hereto as Exhibits “C” and “G” are a schedule of the hours expended by the attorneys and paraprofessionals during the Retention Period and Pre-Retention Period, their normal hourly rates, and the value of their services.

89. Sonnenschein has reviewed the requirements of Local Rule 2016-2 and this Application complies with Local Rule 2016-2.

90. No agreement or understanding exists between Sonnenschein and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

91. No prior application has been made in this or in any other Court for the relief requested herein.

### **Conclusion**

**WHEREFORE**, Sonnenschein respectfully requests that this Court enter an order:

(a) approving the allowance of \$332,381.25 for compensation for professional services rendered to the Committee during the Retention Period and the Post-Effective Date Period;

(b) approving the reimbursement of Sonnenschein’s out-of-pocket expenses of \$8,757.85 incurred in connection with the rendering of such services during the Retention Period;

(c) approving the allowance of \$2,536.00 for compensation for professional services rendered by Sonnenschein during the Pre-Retention Period;

(d) approving the First Interim Payment totaling \$89,681.85 and the payment of the Holdback of fees totaling \$21,264.40, both of which are already encompassed in the fees for the Pre-Retention and Retention Period;

(e) directing the Debtor to pay Sonnenschein \$253,993.25, representing the total fees and expenses sought less the payment previously received by Sonnenschein; and

(f) granting such other and further relief as this Court may deem just and proper.

Dated: New York, New York  
August 1, 2003

**SONNENSCHN NATH & ROSENTHAL LLP**

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

Peter D. Wolfson (PW 5956)

Holly S. Falkowitz (HF 0362)

Mathew T. Bergman (MB 0743)

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(212) 768-6700

Special Counsel to the Official Committee of  
Unsecured Creditors



# **EXHIBIT “A”**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

Hayes Final Fee  
App

Exh. A

In re:	Chapter 11
HAYES LEMMERZ INTERNATIONAL, INC., <u>et al.</u> ,	Case No. 01-11490 (MFW)
Debtors.	Jointly Administered <i>Ref. D.I. # 1555 &amp; 1652</i>

**REVISED ORDER APPROVING APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR AN ORDER AUTHORIZING THE RETENTION OF SONNENSCHN NATH & ROSENTHAL AS SPECIAL COUNSEL [Re DI#1555]**

Upon the Application (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") of Hayes Lemmerz International, Inc. and certain of its subsidiaries and affiliates (collectively, the "Debtors") for an Order authorizing the Committee to retain Sonnenschein Nath & Rosenthal ("Sonnenschein") as special counsel in the Debtors' Chapter 11 cases; and upon the Affidavit of Peter D. Wolfson, Esquire (the "Wolfson Affidavit") in support of the Application; and due notice of the Application having been given; and the Court having considered the objection of Canadian Imperial Bank of Commerce, As Administrative Agent for Pre-Petition Secured Lenders and Post-Petition Secured Lenders, to the Application of the Official Committee of Unsecured Creditors for an Order Authorizing the Retention of Sonnenschein Nath & Rosenthal as Special Litigation Counsel (the "CIBC Objection"); and the Court being satisfied, based upon the representations made in the Application and the Affidavit that said attorneys represent no adverse interest to the Debtors' estates with respect to matters for which they are to be retained and that they are disinterested persons as such term is defined in section 101(14) of the Bankruptcy Code; and it appearing that the relief requested in the

Application is in the best interests of the Committee, the Debtors, the Debtors' estates, creditors, and shareholders; and sufficient cause appearing therefore, it is hereby so

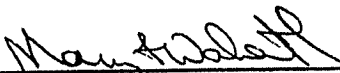
ORDERED that the Application is granted; and it is further

ORDERED that the Official Committee of Unsecured Creditors is authorized to retain the firm of Sonnenschein, as special counsel to the Official Committee of Unsecured Creditors, in accordance with section 1103(a) of the Bankruptcy Code and on the terms set forth in the Application, the record of the hearing, this Order and the December 2, 2002 letter from David H. Botter to counsel to CIBC, the Debtors and the United States Trustee, which letter is annexed hereto; and it is further

ORDERED that payments to Sonnenschein must not be in violation of the terms of the Final DIP Order (as such term is defined in the CIBC Objection); and it is further

ORDERED that the terms of Sonnenschein's compensation have not been approved under section 328(a) of the Bankruptcy Code.

SO ORDERED this 10<sup>th</sup> day of December, 2002

  
\_\_\_\_\_  
The Honorable Mary F. Walrath  
United States Bankruptcy Judge

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December 2, 2002

VIA FACSIMILE

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Re: Hayes Lemmerz International, Inc., et al., -- Case No. 01-11490 (MFV)/Application of the Official Committee of Unsecured Creditors for an Order Authorizing the Retention of Sonnenschein Nath & Rosenthal as Special Counsel (the "Application")

Dear Sirs and Madam:

As you are aware, the Official Committee of Unsecured Creditors of Hayes Lemmerz International, Inc. (the "Committee") filed the Application on November 22, 2002 seeking to retain the law firm of Sonnenschein Nath & Rosenthal ("Sonnenschein") as Special Counsel to the Committee. Pursuant to paragraph 8 of the Application, the Committee describes the fee arrangement that the Committee has negotiated with Sonnenschein for its services as Special Counsel. The special fee arrangement described in the Application, as further clarified herein, is driven by the current prohibition contained in the DIP/Adequate Protection Order entered in these cases regarding the payment of professional fees in connection with the commencement of a lawsuit against the Pre-Petition Banks.

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After receiving a number of questions regarding such fee arrangement, we thought it was appropriate to clarify the Application prior to the hearing, which is currently scheduled for December 4, 2002 at 10:30 a.m. Thus, it is the Committee's intent to inform Judge Walrath on Wednesday that the fee arrangement with Sonnenschein will be as follows:

- A. For the earlier of (i) the first three (3) weeks of the Sonnenschein retention, or (ii) the period from the date of retention until the commencement of a lawsuit against the Pre-Petition Banks, Sonnenschein will be entitled to be paid 100% of its fees and disbursements for its investigation of the causes of action against the Pre-Petition Banks;
- B. If a lawsuit is commenced against the Pre-Petition Banks and Sonnenschein obtains a judgment against the Pre-Petition Banks or a settlement is approved by the Bankruptcy Court, which settlement is supported by the Committee, Sonnenschein will be paid 125% of its fees and 100% of its disbursements; or
- C. If a lawsuit is commenced against the Pre-Petition Banks and judgment is entered for the Pre-Petition Banks or a settlement of such lawsuit is approved by the Bankruptcy Court, which settlement does not have the support of the Committee, Sonnenschein will be paid 80% of its fees and 100% of its disbursements.

With respect to A. above, the fees and disbursements can be paid, if approved by the Bankruptcy Court following the filing of an Interim Fee Application, on an interim basis. With respect to B and C above, all fees and disbursements will be payable, upon Bankruptcy Court approval, at the time set by the Bankruptcy Court for consideration of Final Fee Applications in these cases.

We hope that the above clarifies the Application and the fee arrangement described therein. If any party has any questions with respect thereto, please do not hesitate to contact either myself at (212) 872-1055 or Daniel Golden at (212) 872-8010.

Sincerely,



David H. Botter

DHB/km

cc: Peter D. Wolfson, Esq.

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

In re:	:	Chapter 11
	:	
HAYES LEMMERZ INTERNATIONAL, INC., <u>et al.</u> ,	:	Case No. 01-11490 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	

**APPLICATION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS FOR AN ORDER  
AUTHORIZING THE RETENTION OF  
SONNENSCHN NATH & ROSENTHAL AS SPECIAL COUNSEL**

The Official Committee of Unsecured Creditors (the "Committee") of Hayes Lemmerz International, Inc. and certain of its subsidiaries and affiliates (collectively, the "Debtors"), respectfully submits this application (the "Application"), pursuant to Section 1103(a) of Title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for an Order authorizing the Committee to retain Sonnenschein Nath & Rosenthal ("Sonnenschein") as special counsel in the Debtors' Chapter 11 cases, and in support of its Application, respectfully represents as follows:

**BACKGROUND**

1. On December 5, 2001 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an Order of this Court dated December 6, 2001, the Debtors' Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered.

2. The Debtors remain in possession of their respective properties and are operating and managing their businesses as debtors-in-possession pursuant to Bankruptcy Code Sections 1107 and 1108.

3. The Debtors collectively operate as a leading supplier of wheels and other suspension components to the global automotive and commercial highway markets with a presence in seventeen countries. The Debtors' operations consist of their world headquarters located in Northville, Michigan, as well as approximately twenty-five facilities in North America, twenty manufacturing facilities in Europe and five manufacturing facilities in South America, Asia and South Africa. As of November 12, 2001, the Debtors employed approximately 14,000 full-time employees worldwide.<sup>1</sup>

4. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. § 1409.

#### **THE COMMITTEE'S FORMATION**

5. On December 17, 2001 (the "Committee Formation Date"), pursuant to Bankruptcy Code Section 1102, the United States Trustee appointed the Committee consisting of seven members.<sup>2</sup> On the Committee Formation Date, the Committee selected Akin Gump Strauss Hauer & Feld LLP ("Akin Gump") to serve as its primary counsel pursuant to Bankruptcy Code Section 1103(a). The Committee also selected Klett Rooney Lieber & Schorling to serve as co-counsel. Akin Gump continues to represent the Committee in its role as

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<sup>1</sup> With the exception of Industrias Fronterizas HLI, S.A. de C.V., none of the Debtors' foreign affiliates or subsidiaries filed for Chapter 11 relief.

<sup>2</sup> The Official Creditors' Committee is presently comprised of ALCOA, Industrial Systems Associates, Inc., National Steel Corporation, Triton Partners, HSBC Bank USA, and US Bank. A seventh appointed

primary counsel and continues to render the types of services to the Committee more specifically set forth in the Committee's application to retain Akin Gump.

6. As a result of the Committee's exhaustive investigation of certain pre-petition transactions between the Debtors and the Debtors' pre-petition lenders ("Pre-Petition Lenders"), the Committee has uncovered compelling evidence establishing that the Pre-Petition Lenders bear considerable risk in the allowance of their claims and liens supporting the same. Estate claims against the Pre-Petition Lenders sound in preference and fraudulent conveyance and will result in the avoidance of very valuable transfers by the Debtors before their Chapter 11 filings. The Committee is desirous of further examining and pursuing actions based on those transactions (the "Avoidance Litigation"). As disclosed in the Committee's application to retain Akin Gump and the supporting affidavit, Akin Gump currently represents one or more of the Pre-Petition Lenders that received transfers from the Debtors pre-petition who will be defendants in the Avoidance Litigation. Accordingly, after interviewing law firm candidates to represent the Committee in the Avoidance Litigation, the Committee selected Sonnenschein to serve as special counsel to the Committee to further analyze, investigate and prosecute (including representation of the Committee in any ensuing appeals) the Avoidance Litigation and for such other services as the Committee may request from time to time.

7. The Committee believes that Sonnenschein possesses extensive knowledge and expertise in the areas of law relevant to the Avoidance Litigation, and that Sonnenschein is well qualified to represent the Committee. In selecting attorneys to pursue the Avoidance Litigation, the Committee sought counsel with considerable experience in

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member resigned its position and, as of the date hereof, the United States Trustee has not appointed another creditor to fill the vacated seat.



representing unsecured creditors' committees in complex Chapter 11 reorganization cases and bankruptcy litigation.

8. The Committee requests that all legal fees and related costs and expenses incurred by the Committee on account of services rendered by Sonnenschein in connection with the Avoidance Litigation be paid as administrative expenses of the estates. Subject to the Court's approval, Sonnenschein and the Committee have agreed upon the following fee arrangement with respect to the services to be rendered by Sonnenschein:

- (a) Sonnenschein will bill the estates for its legal services on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date such services are rendered and for out of pocket expenses<sup>3</sup> that it regularly charges to its other clients (the "Actual Fees and Costs"), plus a five percent interest rate on expenses if expenses are carried over time;
- (b) if a successful result is achieved, Sonnenschein shall be entitled to be paid 125% of its normal hourly rates;<sup>4</sup> and
- (c) if a successful result is not achieved, Sonnenschein shall be entitled to be paid 80% of its normal hourly rates.

9. The current hourly rates charged by Sonnenschein for professionals and paraprofessionals employed by it are provided below:

<sup>3</sup> It is Sonnenschein's policy to charge its clients in all areas of practice for all expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telecopier, toll and other charges, mail and express mail charges, special or hand delivery charges, document processing, photocopying charges, travel expenses, expenses for "working meals," computerized research, messengers, couriers, postage, witness fees and other fees related to trials and hearings, transcription costs, and non-ordinary overhead expenses. Sonnenschein has agreed to charge the estates for these expenses in a manner and at rates consistent with the charges generally made to other clients.

<sup>4</sup> Subject to Court approval, the meaning of the term "successful result" will be negotiated by the Committee and Sonnenschein.

<u>Billing Category</u>	<u>Range</u>
Partners	\$225-\$775
Associates	\$125-\$400
Paraprofessionals	\$70-\$230

These hourly rates are subject to annual adjustments to reflect economic and other conditions.<sup>5</sup> Sonnenschein will maintain detailed records of actual and necessary costs and expenses incurred in connection with the aforementioned legal services.

11. Upon information and belief, Sonnenschein does not represent and does not hold any interest adverse to the Debtors' estates or their creditors in the matters upon which Sonnenschein is to be engaged, except to the extent set forth in the annexed affidavit of Peter D. Wolfson, Esquire (the "Wolfson Affidavit"). However, Sonnenschein is a large firm with a national practice and may represent or may have represented certain of the Debtors' creditors or equity holders in matters unrelated to these Cases.

12. Because of the extensive legal services that may be necessary, the Committee believes that the employment of Sonnenschein for purposes set forth herein would be appropriate and in the best interests of the estates and the unsecured creditor constituency that the Committee represents.

13. No previous application for the relief herein has been made to this or to any other court.

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<sup>5</sup> The rates charged by each Sonnenschein professional differ based on, among other things, his or her level of experience.

**WHEREFORE**, the Committee requests that an Order be entered authorizing it to retain Sonnenschein to represent it in these proceedings, and providing the Committee such other and further relief as the Court may deem just and proper.

Date: November 22, 2002

**KLETT ROONEY LIEBER & SCHORLING**  
A Professional Corporation

By: 

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

In re:  
  
**HAYES LEMMERZ INTERNATIONAL,  
INC., ET AL.**  
  
Debtors.

**Chapter 11**  
**Case No. 01-11490 (MFW)**  
**Jointly Administered**

**AFFIDAVIT OF PETER D. WOLFSON IN SUPPORT OF  
APPLICATION FOR ORDER AUTHORIZING  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO  
EMPLOY AND RETAIN SONNENSCHN NATH & ROSENTHAL AS  
SPECIAL LITIGATION COUNSEL PURSUANT TO 11 U.S.C. §§ 1103 and 327(e)**

STATE OF NEW YORK            )  
  ) ss.:  
COUNTY OF NEW YORK        )

PETER D. WOLFSON being duly sworn, deposes and says as follows:

1. I am a member of the law firm of Sonnenschein Nath & Rosenthal ("Sonnenschein"), which maintains an office for the practice of law at 1221 Avenue of the Americas, 24th Floor, New York, NY 10020. I am a member in good standing of the bar of, and am admitted to practice in, the State of New York, the United States District Courts for the Southern District of New York and the Eastern District of New York, the United States Court of Appeals for the Second, Third, and Fifth Circuits. This affidavit is submitted in support of the

application (“Application”) of the Official Committee of Unsecured Creditors (the “Committee”) in the above-captioned chapter 11 cases of Hayes Lemmerz International, Inc. and certain of its wholly-owned subsidiaries, each of which is a debtor and debtor-in-possession herein (the “Debtors”) to employ and retain Sonnenschein as special litigation counsel to the Committee pursuant to §§ 1103 and 327(e) of the United States Code (the “Bankruptcy Code”), as well as to provide disclosure required under Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”). Unless otherwise stated in this Affidavit, I have personal knowledge of the facts as set forth herein<sup>1</sup>.

2. In connection with the representation of the Committee as its special litigation counsel, it is anticipated that Sonnenschein will serve as special counsel to analyze, investigate, and prosecute (including, without limitation, to pursue any appeals), the claims and causes of action sounding in preference or fraudulent conveyance (the “Avoidance Litigation”) with respect to the Debtors’ Pre-Petition Lenders, including, without limitation, advising and representing the Committee with respect to the following:

- a. Analyzing the claims of the Debtors’ Pre-Petition Lenders, including the bases underlying each;
- b. Investigating any Pre-Petition transactions involving the Debtors and the Pre-Petition Lenders; and
- c. Pursuing the Avoidance Litigation and other potential claims and causes of action against the Pre-Petition Lenders.

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<sup>1</sup> Certain of the disclosures herein relate to matters within the knowledge of other attorneys at Sonnenschein and are based on information provided by them.

3. To the best of my knowledge and information, neither I, Sonnenschein, nor any partner, counsel or associate of Sonnenschein holds or represents any interests adverse to the Debtors regarding the matters upon which Sonnenschein is to be employed.

4. Sonnenschein in the past has represented, currently represents and may, in the future, represent certain parties-in-interest to the Debtors, or their respective attorneys, accountants and investment bankers in matters wholly-unrelated to the Debtors.

5. Sonnenschein has conducted a series of searches of its records to identify representations and relationships with creditors and other parties-in-interest (or potential parties-in-interest) in respect of the Debtors. In addition, Sonnenschein has searched its records to identify representations and potential relationships with the following entities, the names of which have been provided to Sonnenschein by the Committee: (a) the Debtors, their subsidiaries and affiliates; (b) institutional lenders to the Debtors including specifically, the Agent and Pre-Petition Lenders; and (c) potential adverse parties to the Avoidance Litigation.

6. Exhibit A lists all of the entities that were reviewed for potential connections with Sonnenschein.

7. Sonnenschein, which has more than six hundred (600) attorneys in nine (9) U.S. locations, has a large and diversified legal practice which encompasses the representation of many financial institutions and commercial corporations, some of which may be or become claimants or equity security holders in these pending chapter 11 cases or otherwise have an interest in such pending cases. Notwithstanding its size, Sonnenschein will make every effort to disclose each involvement that it has ever had with the Debtors. Sonnenschein maintains a database of the clients it represents or has in the past represented. The professionals who will be working in this matter within Sonnenschein have conducted a search of this database, commonly

referred to as a "conflicts search," to determine its relationships, if any, with the Debtors. Neither I, Sonnenschein, nor any member or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors herein, other than as described below. Based upon a review of the Firm's conflict search, Sonnenschein has no other relationship to the Debtors or non-Debtor affiliates.

8. With respect to the Agent, Pre-Petition Lenders, and other potential adverse parties to the Avoidance Litigation, Sonnenschein has represented Canadian Imperial Bank of Commerce, the Agent for the Pre-petition Lenders, in matters unrelated to the Debtors. Those matters are closed. Sonnenschein currently represents CIBC Oppenheimer Corp. (an affiliate of CIBC) in two (2) real estate matters unrelated to the Debtors involving the restructuring of loans where Sonnenschein was counsel for the closing. One engagement is essentially concluded and the other will be concluded in the near future. To the extent needed, CIBC Oppenheimer Corp. has provided a waiver. Sonnenschein also represents the institutions identified on Exhibit B, which are reflected as members of the bank syndicate on Exhibit A, in matters unrelated to the Debtors.

9. Our conflicts search facility can most readily identify on-going instructions from specified clients. In other words, when we are presented with a list of named parties, our searches will identify any ongoing matters where those parties are our instructing client. Our searches ought also to identify closed matters in which we acted for those parties. However, our searches do not enable us to identify wider interests. Specifically, our searches do not enable us to identify ongoing matters which relate to a named party, or in which a named party is involved in some capacity other than instructing client. Accordingly, Sonnenschein's records will not identify, even during the last five years, circumstances in which Sonnenschein had relationships

with clients other than the Debtor entities on matters involving the Debtor entities. The only way to identify them is to circulate a complete list of parties (i.e. all the parties in interest) to all partners and former partners in Sonnenschein and in our associated offices, asking them to consult their teams or former colleagues where necessary. Accuracy would also depend on the individual input of each partner being complete. I have not undertaken this task but all those on whom enquiry has been made have been asked to provide information as to whether any of the matters upon which they or their staff have been engaged have involved with the Debtors in any capacity or in any way been adverse to the Debtors' interests.

10. As part of its practice, Sonnenschein is involved in numerous cases, proceedings and transactions involving many different professionals, including Akin Gump Strauss Hauer & Feld LLP and other attorneys, accountants and financial consultants, some of which may represent claimants and parties in interest in the Debtors' chapter 11 cases. Sonnenschein has in the past and will likely be working with or against other professionals involved in these cases unrelated to these cases. Based on my current knowledge of the professionals involved, and to the best of my knowledge and information none of these business relationships represent interests adverse to the Debtors in matters upon which Sonnenschein is to be engaged.

11. I am not related to, connected to, and to the best of my knowledge, no other professional of Sonnenschein who will work on this engagement is related to, connected to, any United States Bankruptcy Judge for the District of Delaware, any of the District Judges for the District of Delaware who handle bankruptcy cases, the United States Trustee for Region 3 or any employee in the Office of the United States Trustee for Region 3.

12. In light of the extensive number of other creditors and other parties in interest, and the limitation on our search facilities outlined above and because definitive lists of all such