

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)
)
IMPERIAL DISTRIBUTING, INC.,) Chapter 11
et al.,)
)
Debtors.) Case Nos. 01-0140 (SLR)
) through 01-0176 (SLR)
) Jointly Administered
)
) Hearing Date: January 17, 2002
) Objection Deadline: January 15, 2002

COVER SHEET

**APPLICATION OF BELL, BOYD & LLOYD LLC,
COUNSEL TO THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS,
FOR FINAL ALLOWANCE AND PAYMENT AS AN ADMINISTRATIVE EXPENSE
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

TO: THE HONORABLE SUE L. ROBINSON
UNITED STATES DISTRICT JUDGE

Name of Applicant: Bell, Boyd & Lloyd LLC ("BBL")

Authorized to Provide Professional Services to: Official Committee of Equity Security Holders of Imperial Distributing, Inc., et al.

Date of Retention: March 16, 2001

Compensation Period: March 16, 2001 through and including December 18, 2001

Amount of Compensation Sought: \$284,636.50

Amount of Expense Reimbursement Sought: \$31,541.74

This is the final application filed by BBL. Less than \$1,000.00 sought in this application is for time expended in the preparation of a previous application for compensation and expenses.

APPLICATION

Bell, Boyd & Lloyd, LLC (“*BBL*”), counsel to the Official Committee of Equity Security Holders of Imperial Distributing, Inc., et al. (collectively, with the captioned debtors, the “*Debtors*”) for its Application, pursuant to section 330 of the Bankruptcy Code, and this Court’s Administrative Order Pursuant to 11 U.S.C. Sections 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “*Administrative Order*”), for Payment of Fees and Reimbursement of Expenses, states as follows:

1. On January 16, 2001, (the “*Petition Date*”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Under sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continue to manage the affairs of their estates as debtors-in-possession. An Official Unsecured Creditors Committee (“*Creditors’ Committee*”) and an Official Committee of Equity Security Holders (“*Equity Committee*”) have been appointed in this case.

2. On or about March 12, 2001, and pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the District of Delaware appointed the Equity Committee.

3. On March 16, 2001, the Equity Committee held a meeting at which a quorum of the Committee unanimously decided, subject to Court approval, to employ BBL as attorneys for the Committee in all matters arising in or related to the captioned bankruptcy cases. This Court entered an order approving the Equity Committee’s retention of BBL, over the objection of the Creditors’ Committee and Imperial, on or about May 16, 2001.

4. Pursuant to the Administrative Order, each professional employed in these cases was permitted to apply to the Court for payment of interim compensation in the amount of 80%

of fees, plus 100% of expenses, subject to the filing of a final fee application, by filing interim fee applications and serving the parties specified in paragraph (a) of the Administrative Order.

5. This is the final fee application filed by BBL, and covers the period from March 12, 2001 through December 18, 2001 (the “*Application Period*”). BBL has filed two prior fee applications for the period March 12, 2001 through August 29, 2001. Pursuant to those applications, BBL received payment of \$62,393 in fees, and \$7,504.99 in expenses.

6. During the Application Period, BBL accrued fees in the amount of \$284,636.50 and expenses in the amount of \$31,541.74. BBL requests payment in this fee application of the sum of \$246,280.25, which equals \$284,636.50 or 100% of fees, plus \$31,541.74 or 100% of expenses for the Application Period, less \$69,897.99, representing payment previously received.

7. During the Application Period, BBL attended and organized meetings of the Equity Committee, drafted status reports to the Equity Committee, advised Equity Committee members, both individually and at meetings, of key developments in the case, and drafted by-laws.

8. Counsel for the Equity Committee spent time preparing retention applications for counsel and for the Equity Committee’s financial advisors, and in seeking approval of those retentions notwithstanding multiple objections by various parties. All the Equity Committee’s professional retention applications were ultimately approved by the Court.

9. Counsel for the Equity Committee conducted due diligence into the status of the case and the financial affairs of Imperial. These activities included review and analysis of the plan (the “*Plan*”) and disclosure statement filed and ultimately confirmed in the case, review of financial materials related to Imperial, conferences with Imperial’s management and its financial

advisors and counsel, discussions with the Equity Committee's financial advisors regarding their due diligence, discussions with Board Members of Imperial, and due diligence regarding certain potential objections to claims ("*Lehman Claim*") asserted by Lehman Brothers, holder of over \$80 million in Imperial's Senior Subordinated Notes.

10. As a result of its investigation, counsel for the Equity Committee filed an objection to the Lehman Claim, conducted discovery, and extensively briefed and argued certain issues at hearing. Pursuant to the Confirmation Order respecting the Plan, the Equity Committee remained in existence for purposes of prosecuting the Lehman Claim objection. The Lehman Claim objection has been settled subject to Court approval. The proposed settlement provides for distribution of 70,000 additional shares of Reorganized Imperial common stock to former equity holders, an increase of 35% over the distribution proposed in Imperial's Plan.

11. During the Application Period, the Equity Committee's counsel developed strategies regarding the Plan; with the assistance of its financial advisors, began and completed financial analysis of the proposed distributions to equity holders under the Plan; drafted objections to the disclosure statement for the Plan and the Plan itself, achieved resolution of those objections, and attended hearings on the Plan and disclosure statement. The Plan was confirmed on or about August 7, 2001, and became effective on August 29, 2001.

12. Significant time was spent by counsel for the Equity Committee during the Application Period was in connection with a contested motion to disband the Equity Committee brought by the Creditors' Committee and supported by the DIP lenders. This contested matter required extensive briefing, and discovery, including depositions of both the Equity Committee's and Creditors' Committee's financial advisors, and extensive preparation for a possible contested

evidentiary hearing. On May 14, 2001, the Court ruled in favor of the Equity Committee and denied the motion to disband based upon the pleadings filed in the matter, thus avoiding the need for an evidentiary hearing.

13. BBL has charged only 50% of non-working travel time. BBL has deducted \$1,375.00 from the face amount of its October 8, 2001 invoice to adjust for non-working travel time inadvertently charged at 100%.

14. BBL's time entries are detailed in Exhibit A hereto. The time entries have been broken down by matter category and breakdowns of fees incurred with respect to each category have been provided, as well as a breakdown within each matter by attorney of hours and fees for work done during the Application Period.

15. The rates of compensation for attorneys and paraprofessionals, and the expenses incurred by BBL, are customary and ordinary rates, fees and expenses charged by BBL in both bankruptcy and non-bankruptcy matters. BBL charges \$.10 per page for duplicating, and \$.10 per page plus the actual telephone charge for faxes. In setting its rates, BBL assumes that its bills will be rendered and paid in full on a regular basis in accordance with its normal professional practices and that all expenses incurred will be promptly reimbursed.

16. BBL respectfully submits that the services described above and in Exhibit A are actual and necessary services required for adequate representation of equity holders, and that reimbursement has been requested only for actual and necessary expenses. Given the complexity of the case, and the potential value available for equity holders, BBL submits that the fees and expenses requested herein are appropriate and should be awarded.

WHEREFORE, for the foregoing reasons, BBL respectfully requests that this Court enter an order in the form attached as Exhibit "B" allowing and directing the Debtors to pay BBL, as administrative expenses of the estate, the sum of \$284,636.50, representing 100% of fees incurred during the Application Period (after deducting \$1375.00, representing an adjustment for non-working travel time charged at 100% during the first interim application period), plus \$31,541.74, representing 100% of expenses incurred during the Application Period, less \$69,897.99 previously paid, for a total of \$246,280.25, all pursuant to the Administrative Order; and further requests that this Court grant such other and further relief as it deems appropriate.

Dated: December 28, 2001

Respectfully submitted,

By: /s/ Ian Connor Bifferato
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