

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

In re:)	Chapter 11
)	
)	
OAKWOOD HOMES CORPORATION, et al.)	Case No. 02-13396 (JPW)
)	
)	Jointly Administered
)	
Debtors)	Objection Date: 7/6/04 @4:00pm
)	Hearing Date: 10/8/04 @ 1:30 pm

**THIRD INTERIM (FOR THE PERIOD DECEMBER 1, 2003 THROUGH APRIL 15,
2004) AND FINAL APPLICATION OF ALVAREZ AND MARSAL, INC.
AS FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR THE ALLOWANCE OF COMPENSATION FOR ACTUAL,
REASONABLE AND NECESSARY SERVICES RENDERED AND FOR
REIMBURSEMENT OF ALL ACTUAL, REASONABLE AND NECESSARY
EXPENSES INCURRED**

Name of Applicant:	<u>Alvarez & Marsal, Inc.</u>
Authorized to Provide Professional Services to:	<u>The Official Committee of Unsecured Creditors of Oakwood Homes Corporation, et al.</u>
Date of Retention:	<u>Order entered on December 15, 2003 nunc pro tunc to October 20, 2003</u>
Period for which Interim Compensation and Reimbursement is sought:	<u>December 1, 2003 – April 15, 2004</u>
Period for which Final Compensation and Reimbursement is sought:	<u>October 20, 2003 – April 15, 2004</u>
Amount of Interim Compensation sought as actual, reasonable and necessary:	\$235,242.50
Amount of Interim Reimbursement sought as actual, reasonable and necessary:	\$22,299.04

Amount of Final Compensation sought as actual, reasonable, and necessary \$312,902.50

Amount of Final Expense Reimbursement sought as actual, reasonable and necessary: \$24,010.58

This is an: interim final application

If this is not the first application filed, disclose the following for each prior application:

DATE FILED	PERIOD COVERED	REQUESTED FEES/EXPENSES	APPROVED FEES/EXPENSES
01/05/04	10/20/03-10/31/03	\$12,540.00/\$0.00	\$12,540.00/\$0.00
01/27/04	11/01/03-11/30/03	\$65,120.00/\$1,711.54	\$65,120.00/\$1,711.54

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The independent consulting and advisory firm of Alvarez & Marsal, Inc. (“A&M”, the “Firm” or the “Applicant”) hereby applies to this Honorable Court (“Court”) for approval of this “Third Interim and Final Application” of A&M for interim and final award of compensation and reimbursement of expenses. Pursuant to this Third Interim and Final Application, A&M is seeking allowance of compensation and reimbursement of expenses for the period from December 1, 2003 through April 15, 2004 (the “Third Application Period”) and the final period of October 20, 2003 through April 15, 2004 (the “Case Period”). In connection with this Third Interim and Final Application, A&M respectfully represents as follows:

1. On November 15, 2002, the Debtors (as defined below) filed a voluntary petition for reorganization under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

2. Oakwood Homes Corporation, et al. (the “Debtors”) are manufacturers of mobile housing.

3. On December 2, 2002, the Office of the United States Trustee appointed an Official Committee of the Unsecured Creditors (“the Committee”). Soon thereafter, Committee selected Akin, Gump, Strauss, Hauer & Feld LLP as its counsel, and in October 2003 A&M was retained as its Financial Advisor.

4. By Order dated December 15, 2003 (the “A&M Retention Order”), in accordance with section 1103(a) of the Bankruptcy Code, the Court authorized the employment of Alvarez & Marsal, Inc. as Financial Advisors to the Committee nunc pro tunc to October 20, 2003 in the above-styled Chapter 11 case. A&M has acted as Financial Advisors to the Committee since October 20, 2003.

5. By Order dated December 18, 2002 (the “Interim Compensation Order”) (D.I. 60), the Court established a procedure for interim compensation and reimbursement of expenses for professionals in this case. Each Notice Party will have twenty (20) days after service (the “Objection Deadline”) of a Monthly Fee Application to object thereto. Upon expiration of the Objection Deadline, the Applicant shall certify in writing to the Debtors and Counsel to the Debtors that no objection, or an objection, has been filed with the Court relative to this Notice, whichever is applicable, after which the Debtors shall pay to the Applicant an amount equal or lesser of (i) eighty (80) percent of the fees and one-hundred (100) percent of the expenses requested in the Monthly Interim Fee Application and (ii) 80 percent of the fees and 100 percent of the expenses not subject to objection, pursuant to subparagraph (c) of the Interim Compensation Order.

6. PLEASE TAKE NOTICE that the Objection Deadline for responses or objections to the Third Interim and Final Application, if any, must be filed twenty days from the date of filing of the Third Interim and Final Application with the United States Bankruptcy Court for the District of Delaware, 5th Floor, 824 Market Street, Wilmington, Delaware, 19801.

7. This Third Interim and Final Application is made pursuant to the provisions of Section 1103, 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, the Interim Compensation Order and the A&M Retention Order.

COMPENSATION PREVIOUSLY PAID

8. During the Case Period, A&M has received the following payments for services rendered and expenses incurred:

Fee Application	Professional Fees	Expenses	Total	Fees and expenses paid	Unpaid fees and expenses
First Interim	\$12,540.00	\$0.00	\$12,540.00	\$10,032.00	\$2,508.00
Second Interim	\$65,120.00	\$1,711.54	\$66,831.54	\$53,807.54	\$13,024.00
Third and Final	\$235,242.50	\$22,299.04	\$257,541.54	\$0.00	\$257,541.54
Total	\$312,902.50	\$24,010.58	\$336,913.08	\$63,839.54	\$273,073.54

9. There is no agreement or understanding between A&M and any other person, other than the members of the Firm, for sharing of compensation to be received for services rendered in these cases.

SUMMARY OF SERVICES RENDERED

1. A&M maintains daily records of time spent in rendering professional services during the period covered by this Third Interim and Final Application. Attached hereto as Exhibit "A" is a detailed summary of A&M professionals who provided services during the Third Application Period, including their hourly billing rates, the time and fees incurred by each on account of services rendered during the Third Application Period.

2. Attached hereto as Exhibit "B" is a detailed summary of A&M professionals who provided services during the Case Period, including their hourly billing rates and the time and fees incurred by each on account of services rendered during the Case Period.

3. Attached as Exhibit "C" are monthly summaries by individual that illustrate the hourly billing rates and the respective time and fees incurred by each A&M professional who provided services during the Case Period including detailed descriptions of the services rendered during the Case Period.

4. Attached as Exhibit "D" is a summary of the total hours and the amount of fees incurred, by matter code, during the Third Application Period.

5. Attached as Exhibit "E" is a summary of the total hours and the amount of fees incurred, by matter code, during the Case Period.

6. Attached as Exhibit "F" is a summary, by expense type, of the total reimbursable expenses incurred during the Third Application Period.

7. Attached as Exhibit "G" is a summary, by expense type, of the total reimbursable expenses incurred during the Case Period.

8. During the Case Period, the Applicant provided a focused range of professional services as requested by the Committee. The Applicant respectfully submits that these services: (i) were necessary and beneficial to the understanding and effective performance of the duties of the Committee; (ii) have been provided in a cost effective manner; (iii) have been subject to ongoing monitoring and review by the Committee; (iv) were tasks performed at the request of the Committee and (v) assisted in the ultimate sale of the majority of the assets of the Debtors to Clayton Homes, Inc..

9. A&M has assisted the Committee in the preparation of various financial analyses in addition to performing all necessary professional services that are described and narrated in detail hereinafter.

10. The professional services rendered by A&M during the period covered by this Third and Final Application have been grouped into project categories, and are summarized below:

- 110: Retention Matters
- 120: Billing/Fee Applications
- 130: Case Strategy
- 200: Cash Flow Monitoring and Liquidity
- 210: Business Plan
- 220: Financing
- 230: Creditors Claims
- 300: M&A
- 310: Valuation
- 320: Plan/Disclosure Statement Matters

The following summary explains the above major areas in which services were rendered by A&M during the period covered by this Third and Final Application:

- **110: Retention Matters** – A&M prepared and filed its Employment Application and Varner Affidavit to be retained as a Financial Advisor to the Committee in the Oakwood Homes Corporation chapter 11 bankruptcy matters.
- **120: Billing/Fee Applications** - Incorporated within this matter classification is professional time incurred by A&M personnel in connection with completing the First Interim Application and Second Interim Application.

- **130: Case Strategy** – A&M participated in status and conference calls with the Committee and Committee counsel.
- **200: Cash Flow Monitoring and Liquidity** – A&M monitored cash flow issues affecting the Debtors as a result of filing of Chapter 11. A&M worked with the Debtors and its financial advisors to gather financial information to enable the Committee to understand the cash flow and liquidity challenges facing the Debtors. A&M prepared and reviewed weekly and monthly reports enabling the Committee to monitor the Debtors’ activities regarding cash flow and liquidity, comparing the actual weekly and monthly results against the initial liquidity projections presented by the Debtors and its advisors. A&M prepared for and participated in meetings and conference calls with the Committee and the Debtors and its advisors relating to cash flow and liquidity issues.
- **210: Business Plan** - A&M worked with the Debtors and its financial advisors to gather financial and operational information to enable the Committee to understand the trading and business challenges facing the Debtors and prepared weekly and monthly reports for the Committee’s operating performance monitoring role of the Debtors, comparing the actual weekly and monthly results against the initial business plan presented by the Debtors and its advisors. In addition, A&M analyzed the Debtors’ monthly financial results for the month of September.
- **220: Financing** – A&M continued reviewing and monitoring and reporting to the Committee regarding the proposed financing agreements. A&M also attended various conference calls with the Debtors’ financial advisors to discuss the proposed financing.


- **230: Creditors Claims** – A&M prepared analyses of the various classes of unsecured claims likely to be filed against the Debtors, including the guarantee claims under the REMICs. A&M proposed various strategies to the Committee in resolution of these issues.
- **300: M&A** – A&M prepared and reviewed analysis regarding offers to acquire substantially all of Oakwood’s assets. In addition, A&M participated in conference calls with the Debtor’s investment banker regarding various M&A issues.
- **310: Valuation** – A&M prepared and reviewed analyses regarding the range of estimated values under various scenarios.
- **320: Plan/Disclosure Statement** – A&M participated in meetings, conference calls and Bankruptcy Court hearings to related to finalizing/amending the plan, disclosure statement and confirmation order. Additionally, A&M incurred significant time during the Third Application Period related to developing and implementing a structured and efficient strategy towards maximizing the creditors’ recovery once the sale to Clayton Homes, Inc. was completed and A&M assumed the role of liquidation trustee of the OHC Liquidation Trust.

10. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of the services, and (e) the costs of comparable services other than in a case under this title.

WHEREFORE, A&M respectfully requests that this Court enter an order: (i) allowing interim compensation in the amount of \$235,242.50 for professional services rendered on behalf of the Committee during the Third Application Period; (ii) approving and authorizing reimbursement to A&M by the Debtors or the Liquidation Trust of expenses incurred during the Third Application Period in the amount of \$22,299.04; (iii) allowing A&M the sum of \$312,902.50 for professional services rendered on behalf of the Committee during the Case Period; (iv) approving and authorizing reimbursement to A&M by the Debtors or the Liquidation Trust of expenses incurred during the Case Period in the amount of \$24,010.58; and (v) directing the Debtors or the Liquidation Trust to pay A&M the amount of \$336,913.08 which is equal to the sum of 100% of A&M's allowed compensation and reimbursement for the Case Period.

Dated: June 14, 2004

ALVAREZ & MARSAL, INC.


By: _____

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Financial Advisors to the Official Committee of the Unsecured
Creditors