

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

PLIANT CORPORATION, et al.,

Debtors.

Chapter 11

Case No. 06-10001 (MFW)

(Jointly Administered)

**SUMMARY SHEET WITH RESPECT TO FINAL APPLICATION OF JEFFERIES  
& COMPANY, INC., AS FINANCIAL ADVISOR TO THE DEBTORS FOR  
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND  
REIMBURSEMENT OF ACTUAL  
AND NECESSARY EXPENSES INCURRED  
FOR THE PERIOD JANUARY 3, 2006 TO JULY 18, 2006**

Name of Applicant:	Jefferies & Company, Inc.
Period for which Compensation and Reimbursement is Sought:	January 3, 2006 through July 18, 2006
Authorized to Provide Professional Services to:	Pliant Corporation
Date of Retention:	January 3, 2006
Amount of Compensation and Expense Reimbursement Sought As Actual, Reasonable and Necessary:	Fees Requested: \$3,977,419.35 Expenses Requested: \$ 62,640.64
Net Amount Requested in Connection with this Final Fee Application:	<u>\$4,040,059.99</u>

This is an    interim   x   final fee application.

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

In re:

**PLIANT CORPORATION, et al.**

**Debtors.**

**Chapter 11**

**Case No. 06-10001 (MFW)**

**(Jointly Administered)**

**FINAL APPLICATION OF JEFFERIES & COMPANY, INC.,  
AS FINANCIAL ADVISOR TO THE DEBTORS, FOR COMPENSATION FOR  
PROFESSIONAL SERVICES RENDERED AND REIMBURSEMENT OF  
ACTUAL AND NECESSARY EXPENSES INCURRED  
FOR THE PERIOD FROM JANUARY 3, 2006 TO JULY 18, 2006**

Jefferies & Company, Inc. (“Jefferies”), as financial advisor to Pliant Corporation and its debtor affiliates (the “Debtors”), hereby submits its final application (the “Application”), pursuant to sections 328(a) and 1103 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2014, 2016 and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), seeking final allowance of compensation for professional services performed by Jefferies for the period from January 3, 2006 through and including July 18, 2006 (the “Final Compensation Period”), and reimbursement of its actual and necessary expenses incurred during the Final Compensation Period. In support of this Application, Jefferies respectfully represents as follows:

**BACKGROUND**

1. On January 3, 2006 the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors have since continued to operate their businesses and manage their properties pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. On February 1, 2006, this Court entered the "Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals Pursuant to 11 U.S.C. §§ 105(a) and 331 (the "Administrative Order," Docket Entry No. 162).

3. On February 2, 2006, the Debtors filed their "Application for an Order Authorizing the Debtors and Debtors-in-Possession to Employ and Retain Jefferies & Company, Inc. as Financial Advisor Pursuant to 11 U.S.C. §§ 327(a) and 328(a), *Nunc Pro Tunc* to the Petition Date, and Granting Waiver of Compliance with Del. Bankr. LR 2016-2(d) in Accordance with Del. Bankr. LR 2016-2(h) (the "Retention Application," Docket Entry No. 185)," seeking authorization to retain Jefferies as their financial advisor to perform certain professional services, including, but not limited to:

- a) Becoming familiar, to the extent Jefferies deems appropriate, with and analyzing the business, operations, assets, financial condition and prospects of the Debtors;
- b) Advising the Debtors on the current state of the "restructuring market";
- c) Assist and advise the Debtors in developing, examining and analyzing any potential or proposed strategy for restructuring or adjusting the Debtors' outstanding indebtedness (including without limitation, the Company's 11 1/8% Senior Secured Discount Notes due 2009 (the "11 1/8% 1<sup>st</sup> Lien Notes"), the 11 5/8% Senior Secured Discount Notes due 2009 (the "11 5/8% 1<sup>st</sup> Lien Notes"), the 11 1/8% Senior Secured Notes due 2009 (the "2<sup>nd</sup> Lien Notes"), and the 13% Senior Subordinated Notes due 2010 (the "Senior Subordinated Notes"), collectively referred to as the "Senior Notes") or overall capital structure, whether pursuant to a plan of reorganization, a sale of assets or equity under Section 363 of the Bankruptcy Code, a liquidation or otherwise (the "Restructuring");
- d) Assisting and advising the Debtors in evaluating and analyzing the proposed implementation of any Restructuring, including the value of the securities, if any, that may be issued under any plan of reorganization; and
- e) Rendering such other financial advisory services as may from time to time be agreed upon by the Debtors and Jefferies, including but not limited to, providing expert testimony and other expert and financial advisory support related to any threatened, expected, or initiated litigation.

4. On March 13, 2006, this Court entered its Order Authorizing the Debtors and Debtors-in-Possession to Employ and Retain Jefferies & Company, Inc. as Financial Advisor Pursuant to 11 U.S.C. §§ 327(a) and 328(a), *Nunc Pro Tunc* to the Petition Date, and Granting Waiver of Compliance with Del. Bankr. LR 2016-2(d) in Accordance with Del. Bankr. LR 2016(h) (the "Retention Order," Docket Entry No. 343).

**SUMMARY OF PROFESSIONAL COMPENSATION  
AND REIMBURSEMENT OF EXPENSES REQUESTED**

5. Jefferies seeks final allowance of fees for professional services rendered to the Debtors during the Final Compensation Period in the amount of \$3,977,419.35 (including Monthly Fees of \$977,419.35 and the Success Fee of \$3,000,000.00 owing to Jefferies pursuant to the Engagement Letter, which is attached hereto as Exhibit "A"), plus reimbursement of expenses incurred in connection with the rendition of such services in the amount of \$62,640.64.

6. Invoices in support of the fees and expenses requested herein are annexed hereto as Exhibit "B." During the Final Compensation Period, Jefferies professionals expended a total of approximately 4,070.8 hours.<sup>1</sup>

7. Pursuant to the Engagement Letter, Jefferies is entitled to Monthly Fees plus a Success Fee in an amount equal to the greater of (i) \$2,500,000.00 or (ii) 1.0% of the aggregate amount of all restructured liabilities, provided, however, that the Success Fee shall in no event exceed \$3,200,000.00. The first \$200,000.00 of the Monthly Fee payments actually paid to Jefferies are to be credited against any Success Fee. Because the aggregate amount of all restructured liabilities in these cases was in excess of \$610,000,000.00, Jefferies is entitled to the maximum Success Fee. Thus,

---

<sup>1</sup> As set forth in the retention application, it is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys and other professionals who are compensated on an hourly basis. Jefferies' restructuring professionals, when formally retained in chapter 11 cases and when required by local rules to keep and in these chapter 11 cases have kept time records describing their general daily activities, the identity of restructuring professionals who performed such activities, and the estimated amount of time expended on such activities on a daily basis. Jefferies' restructuring personnel do not maintain their time records on a "project category" basis. For Jefferies to recreate the time entries for its restructuring personnel and require its non-

Jefferies seeks payment of a \$3,000,000.00 Success Fee (the maximum Success Fee, net of the credit for the first \$200,000.00 of Monthly Fee payments made to Jefferies).

8. The fees charged by Jefferies during the Final Compensation Period have been billed in accordance with the Retention Application, the Engagement Letter, and this Court's Administrative Order, and are comparable to those fees charged by Jefferies for professional services rendered in similar non-bankruptcy related matters. Such fees are reasonable based upon the customary compensation charged by similarly skilled practitioners in comparable non-bankruptcy cases in the competitive national financial advisory market.

9. Annexed hereto as Exhibit "C" is a schedule setting forth the identities of all Jefferies professionals who have performed services in these chapter 11 cases during the Final Compensation Period, the capacities in which each such individual is employed by Jefferies, and the aggregate number of hours expended by each such individual in these cases.

10. Annexed hereto as Exhibit "D" is a schedule specifying categories of expenses for which Jefferies is seeking reimbursement, and the total amount of expenses requested in each such expense category.

11. A summary of Jefferies' time records for the Final Compensation Period is annexed hereto as Exhibit "E." As set forth in the Retention Application, it is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys and other professionals who are compensated on an hourly basis. Jefferies' restructuring professionals, when formally retained in chapter 11 cases and when required by local rules, do, and in these cases have, kept time records describing their general daily activities, the identity of restructuring professionals who performed such activities, and the estimated amount of time expended on such activities on a daily basis. Jefferies' restructuring personnel do not maintain their time records on a

---

restructuring personnel to record their time as prescribed by the Local Rules would be, in each case, unduly burdensome and time-consuming.

“project category” basis. For Jefferies to recreate the time for its restructuring personnel and require its non-restructuring personnel to record their time as prescribed by the Local Rules would be, in each case, unduly burdensome and time consuming.

12. There is no agreement or understanding between Jefferies and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

#### **JEFFERIES’ ACTIVITIES ON BEHALF OF THE DEBTORS TO DATE**

13. Jefferies has provided general investment banking advice to the Debtors with respect to potential transactions, which may have included: (i) a restructuring of a substantial portion of the Debtors’ obligations (including indebtedness), (ii) assistance in preparation and analysis of the Debtors’ Plan of Reorganization and Disclosure Statement, (iii) reviewing financial projections, (iv) valuation analysis, (v) reviewing counter proposals to the Plan of Reorganization, (vi) securing DIP financing, (vii) securing exit financing, and (viii) providing testimony during the confirmation hearing.

#### **JEFFERIES’ FEES ARE REASONABLE AND APPROPRIATE**

14. The foregoing professional services performed by Jefferies were necessary and appropriate to the administration of the Debtors’ chapter 11 cases. The professional services performed by Jefferies were in the best interest of the Debtors and other parties-in-interest. The compensation requested by Jefferies for the foregoing services is commensurate with the complexity, importance and nature of the problems, issues or tasks involved. These professional services were performed with expedition and in an efficient manner.

15. The professional services performed by Jefferies on behalf of the Debtors during the Final Compensation Period required an aggregate expenditure of at least 4,070.8 hours by Jefferies’ professionals.

## ACTUAL AND NECESSARY DISBURSEMENTS OF JEFFERIES

16. As set forth in Exhibit "D" hereto, Jefferies expended \$62,640.64 in out-of-pocket expenses while providing professional services during the Final Compensation Period. These charges include Jefferies' direct operating costs related to this engagement, which costs were not incorporated into Jefferies' aggregate fees. Such charges are compensable pursuant to the terms of Jefferies' Engagement Letter.

17. The time constraints imposed by the circumstances of these cases have required Jefferies' professionals and other employees at times to devote time during the evenings and on weekends to the performance of financial advisory services on behalf of the Debtors. These extraordinary services were essential to meet deadlines, to respond in a timely fashion to daily inquiries from creditors and other parties-in-interest, and to satisfy the demands of the Debtors. While Jefferies has not charged the Debtors for any overtime expenses, professionals and other employees of Jefferies who worked late into the evenings or on weekends were reimbursed for their reasonable meal costs and their cost for transportation from the office to home. Jefferies' regular practice is not to include these types of charges in overhead when establishing fees, and to charge its clients for these and all other out-of-pocket disbursements incurred during the regular course of the rendition of services. Thus, Jefferies hereby seeks reimbursement of these out-of-pocket expenses.

### NOTICE

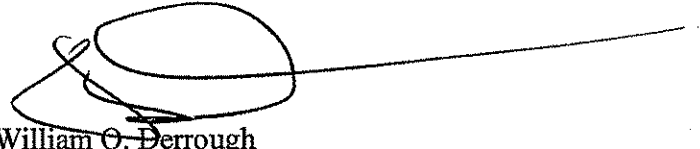
18. Notice of this Application has been provided to: (i) the Debtors; (ii) Counsel to the Debtors; (iii) Counsel to all Official Committees appointed in these cases; (iv) Counsel to the prepetition lenders, (v) Counsel to the agent for postpetition lenders, (vi) the United States Trustee; and (vii) all other parties entitled to notice. Jefferies submits that no other or further notice need be provided.

CONCLUSION

WHEREFORE, Jefferies respectfully requests that this Court enter an order: (i) granting final allowance of all fees (inclusive of holdbacks) and expenses requested in this Application totaling \$4,040,059.99, representing \$3,977,419.35 in fees and \$62,640.64 in actual and necessary expenses incurred by Jefferies on behalf of the Debtors during the Final Compensation Period; (ii) authorizing payment by the Debtors of all unpaid fees and expenses requested in the Application; and (iii) granting such other and further relief as is just and proper.

Dated: New York, New York  
August 16, 2006

JEFFERIES & CO., INC.

A handwritten signature in black ink, appearing to read 'William Q. Derrough', is written over a horizontal line. The signature is stylized with a large loop and a long tail.

By: /s/ William Q. Derrough  
William Q. Derrough

520 Madison Avenue  
New York, NY 20022  
(212) 284-2521

Financial Advisor to the Debtors



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

**In re:**

**PLIANT CORPORATION, *et al.*,**

**Debtors.**

**Chapter 11**

**Case No. 06-10001 (MFW)**

**(Jointly Administered)**

**CERTIFICATION OF WILLIAM Q. DERROUGH IN SUPPORT OF THE FINAL  
APPLICATION OF JEFFERIES & COMPANY, INC.,  
AS FINANCIAL ADVISOR TO THE DEBTORS, FOR COMPENSATION FOR  
PROFESSIONAL SERVICES RENDERED AND REIMBURSEMENT OF  
ACTUAL AND NECESSARY EXPENSES INCURRED  
FOR THE PERIOD FROM JANUARY 3, 2006 TO JULY 18, 2006**

WILLIAM Q. DERROUGH, certifies as follows:

1. I am a managing director at Jefferies & Company, Inc. ("Jefferies"), which maintains its principal office at 520 Madison Ave., New York, New York 10022. I have personal knowledge of the facts set forth herein.

2. I submit this Certification in support of the final application of Jefferies (the "Application"),<sup>1</sup> seeking entry of an order granting final allowance of compensation for services rendered and expenses incurred by Jefferies as financial advisor to the debtors and debtors-in-possession (the "Debtors"), during the period from January 3, 2006 through and including July 18, 2006 (the "Compensation Period"), and directing payment by the Debtors of certain fees and expenses owing to Jefferies which remain unpaid to date.

3. I have read the Application and, except as otherwise set forth in the Derrough Affidavit, the Order Authorizing the Debtors and Debtors-in-Possession to Employ

---

<sup>1</sup> All capitalized terms used but not otherwise defined herein shall have those meanings ascribed to them in the Application.

and Retain Jefferies & Company, Inc. as Financial Advisor, Nunc Pro Tunc to the Petition Date, and Granting Waiver of Compliance with Del. Bankr. LR 2016-2(d) in Accordance with Del. Bankr. LR 2016-2(h) (the "Retention Order"), and this Court's Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals Pursuant to 11 U.S.C. §§ 105(a) and 331 (the "Administrative Order"), and to the best of my knowledge, information and belief after reasonable inquiry: (i) the Application complies with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and the guidelines promulgated by the Office of the United States Trustee with respect to professional fees (collectively, the "Guidelines"), (ii) the fees and disbursements sought in the Application fall within the Guidelines, (iii) in providing a reimbursable expense, Jefferies does not make a profit on that expense, whether the services associated with such expense are performed by Jefferies in-house or through a third party; (iv) in seeking reimbursement for a service which Jefferies justifiably purchased or contracted from a third party, Jefferies has requested reimbursement only for the amount billed to Jefferies by the third-party vendor and paid by Jefferies to such vendor, and (v) the fees sought by Jefferies in the Application are comparable to those fees charged by Jefferies for professional services rendered in comparable non-bankruptcy related matters.

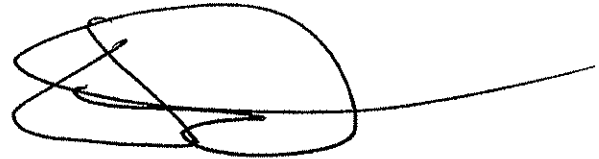
4. There is no agreement or understanding between Jefferies and any other person, other than the members of Jefferies, for the sharing of compensation to be received for services rendered or to be rendered in these chapter 11 cases.

5. The Debtors, Counsel to the Debtors, Counsel to all Official Committees appointed in these cases, Counsel to the prepetition lenders, Counsel to the agent for postpetition lenders, the office of the United States Trustee, and all other parties entitled to notice were

provided with a copy of the Application at least ten (10) days before the date set by this Court for a hearing on the Application.

WHEREFORE, I declare that the above is true and correct to the best of my knowledge.

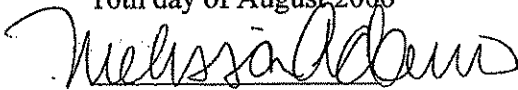
Dated: New York, New York  
August 16, 2006



By: \_\_\_\_\_  
William Q. Derrough  
520 Madison Avenue  
New York, NY 20022  
(212) 284-2521

Financial Advisor to the Debtors

Sworn to before me this  
16th day of August, 2006



Notary Public

MELISSA ADAMO  
NOTARY PUBLIC, STATE OF NEW YORK  
No. 01AD6114342  
QUALIFIED IN QUEENS COUNTY  
MY COMMISSION EXPIRES AUG. 9, 2008