

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

In Re:	:	Chapter: 11
	:	
PLIANT CORPORATION, et al.,	:	Case No. 06-10001 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Objections Due: October 13, 2006 at 4:00 p.m.
	:	Hearing Date: October 20, 2006 at 10:30 a.m.
	:	

**JOINT MOTION OF KRAMER CAPITAL PARTNERS, LLC
AND FORMER OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR PAYMENT OF TRANSACTION FEE**

Pursuant to the Order Confirming the Debtors' Fourth Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code (the "Confirmation Order") (Doc. No. 892), Kramer Capital Partners, LLC ("KCP"), and the former Official Committee of Unsecured Creditors (the "Committee") hereby move (the "Motion") for the payment of a transaction fee in the amount of \$650,000 (the "Transaction Fee") to KCP. In support of this Motion, KCP and the Committee represent as follows:

Background

1. On January 3, 2006 (the "Petition Date"), the Debtors commenced their bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
2. On January 13, 2006, the Office of the United States Trustee appointed the Committee pursuant to § 1102 of the Bankruptcy Code. The Committee then selected KCP to serve as its financial advisor, Lowenstein Sandler PC to serve as its counsel and Ashby & Geddes, P.A. to serve as its Delaware counsel.
3. On February 22, 2006, KCP filed its Application to be retained as financial advisor to the Committee (the "Retention Application") (Doc. No. 257). On March 28, 2006,

this Court entered an Order (the “KCP Retention Order”) (Doc. No. 429) authorizing the Committee to retain KCP as its financial advisor, effective January 13, 2006.

4. As described in the KCP Retention Order, KCP is to be compensated pursuant to the term of its Engagement Letter with the Committee dated January 18, 2006 (the “Engagement Letter”). The Engagement Letter specifies that KCP is entitled to receive a flat monthly fee for its services of \$125,000 per month (the “Monthly Fee”). In addition, pursuant to the KCP Retention Order and the Engagement Letter, KCP is entitled to seek a Transaction Fee in an amount equal to 1% of the consideration received by all classes of unsecured creditors under a confirmed Chapter 11 plan (the “Unsecured Creditor Recoveries”). Based upon the equity value provided in the Disclosure Statement, as adjusted by the modified terms agreed to as part of the mediation in these cases, the Transaction Fee based on the terms of the Engagement Letter is calculated to be approximately \$2,385,000 (i.e., 1% of Unsecured Creditor Recoveries). After consultation with the Chairperson of the Committee, KCP agreed to seek a reduced Transaction Fee in the amount of \$650,000 (the “Reduced Transaction Fee”).

5. On August 17, 2006, KCP filed its Final Fee Application for Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisor to the Committee for the Period from January 13, 2006 through July 18, 2006 (the “Final Fee Application”) (Doc. No. 1078). In the Final Fee Application, KCP sought final allowance of Monthly Fees totaling \$761,412.43 (of which \$586,312.43 has been paid) and expenses in the amount of \$11,412.43. In the Final Fee Application, KCP also requested approval of its Reduced Transaction Fee.

6. On July 18, 2006, the Bankruptcy Court entered the Confirmation Order. Specifically as to KCP, the Confirmation Order provides:

. . . the Representative Committee and Kramer Capital Partners LLC (“KCP”), reserves their rights to seek payment from the

Reorganized Debtors of a success fee or transaction fee for KCP; provided, that any such request must be made by motion to the Court no later than sixty (60) days after the Effective Date; and provided, further, that all parties in interest in these Chapter 11 Cases reserve all rights to object to such a request, if any, on any grounds, including, without limitation, the reasonableness standard provided in section 330 of the Bankruptcy Code, and the Court shall retain jurisdiction to determine any dispute concerning such request, and provided, further, that only those parties retaining such objection rights pursuant to the Order authorizing the retention of KCP by the Representative Committee may raise such an objection. Objections to any application for a success fee or transaction fee as set forth above must be filed within thirty (30) days after the filing thereof, as may be extended by the Court upon request of the Reorganized Debtors.

(Confirmation Order, ¶ 40)

Argument

7. As the Third Circuit has made clear, “[g]enerally, a Bankruptcy Court reviewing a professional’s fee application under Section 330(a)(1) must award that professional a fee that is ‘reasonable’ in light of certain factors set out in that provision.” In re Federal Mogul – Global, Inc., 348 F.3d 390, 396-97 (3d Cir. 2003). As the Court made clear in Federal Mogul, “[t]hese factors include the nature, the extent and the value of such service, the time spent on such services and the cost of comparable services other than in a case under this title.” Id. at 397 n. 3.

8. Based upon these well-established standards, there can be little doubt but that the Motion should be granted, and KCP awarded the Transaction Fee.

9. First and foremost, KCP provided comprehensive and extensive complex financial advisory services that were integral to the successful completion of these cases. Following the resignation of the financial advisor to the Ad Hoc Committee of unsecured noteholders, KCP was the only financial advisor working on behalf of all unsecured creditors. In

that capacity, KCP served as an intermediary between the unsecured creditors and the Debtors, the secured noteholders and the equity shareholders.

10. Specifically, following its retention, KCP analyzed the terms of the pre-petition support agreement and term sheet and provided its analysis to the Committee. In consultation with the Committee, KCP prepared a proposed alternative distributive scheme (the “Committee Proposal”) that was similar in structure to the one outlined in the pre-petition term sheet (the “Proposed Plan”), but which eliminated many of the portions of the Proposed Plan that were likely to give rise to objections by the various parties to the case.

11. Recognizing that costly and time-consuming litigation regarding a contentious plan process could seriously erode the value of the Debtors’ estate, and jeopardize the recovery to all unsecured creditors, the Committee and its advisors, including KCP recognized that the interest of all constituencies would be best served through a consensual resolution of the various parties’ disputes. To further that goal, after developing the Committee Proposal, KCP engaged in extensive discussions with representatives of the Debtors, the first and second lien noteholders, the equity sponsor and the Ad Hoc Committee of unsecured noteholders. In the end, these efforts proved instrumental in moving these cases toward a successful conclusion.

12. In regard to the specific types of services provided by KCP, as described in the Final Fee Application, KCP provided the following services to the Committee:

Analysis of Plan and Disclosure Statement – These tasks included, among other things, analyzing the Debtors’ Plan and Disclosure Statement, developing the Committee’s restructuring strategy, preparing proposals, including alternatives to the pre-petition support agreement, and negotiating terms of employee compensation programs.

Financial Analysis and Report Preparation – These efforts included, among other things, analyzing the Debtors’ historical and projected financial statements, evaluating the assets and liabilities of the Debtors, evaluating the Debtors’ liquidity, evaluating the Debtors’ debt capacity and value, preparing recovery analyses and preparing reports and memos for distribution to the Committee and counsel to the Committee.

Development and Review of Business Model – This work included, among other things, developing a financial model to assess the impact on liquidity and value of changes to the Debtors’ operating assumptions, evaluating the reasonableness of the Debtors’ operating assumptions, calculating potential future value distributions to all constituents under a variety of operating and capital market scenarios.

Preparation and Meetings with the Debtors, the Committee and Professionals – Included in this category were, among other things, the preparation for and participation in numerous meetings, and communications with the Committee, the Debtors and other parties in interest and their professionals (in-person meetings, conference calls, email conversations, etc.).

Review of Documentation and Public Information – This involved, among other things, review of court filings, review of information in the data room, review of public information concerning the Debtors, review of public information concerning the industry in which the Debtors operate, and review of information concerning comparable companies and comparable transactions.

Case Administration – This included, among other things, all actions necessary to appropriately administer these cases on behalf of the Committee.

13. In regard to the time spent in providing these services, as further noted in the Final Fee Application, KCP dedicated tremendous resources to this engagement. Specifically, over the course of six months, KCP's professionals dedicated 1,627 hours of financial advisory services. These services were provided by professionals who were well experienced in complex financial restructurings, and they included:

Michael A. Kramer

Mr. Kramer is a Managing Director of Kramer Capital Partners. Prior to forming Kramer Capital Partners, Mr. Kramer was the head of Financial Restructuring and a member of the Management Committee at Greenhill & Co. Prior to Greenhill, Mr. Kramer was the co-head of the eastern region of Houlihan Lokey Howard & Zukin and ran the Mergers and Acquisitions and Financial Restructuring businesses. Additionally, Mr. Kramer was actively involved in the founding and development of Houlihan Lokey's merchant banking business. Mr. Kramer has advised companies or investors in a number of transactions, including: Adelphia, American Airlines, AT&T Latin America, Bethlehem Steel, Consec, Delta Airlines, Marconi, Maxxim Medical, Regal Cinemas, Solutia, Sterling Chemicals, Tower Automotive, United Airlines, and UPC. Mr. Kramer serves as an independent director on several boards of directors, including: Boston Gen, PAC Crossing, Portland Arena Management, Trump Entertainment Resorts, and Unity Media SCA.

Derron S. Slonecker

Mr. Slonecker is a Managing Director of Kramer Capital Partners. Prior to joining Kramer Capital Partners, Mr. Slonecker was a Managing Director at Houlihan Lokey Howard & Zukin, where he served as a member of the Operating Committee and the Technical Standards Committee and was the Chief Administrative Officer of the Financial Restructuring Group. Mr. Slonecker has advised companies or investors in a number of transactions, including: Anchor Glass, ATC Group Services, Atkins Nutritionals, El Dorado Communications, EMSI Services, Encompass Services, Lomas Financial Corporation, Mattress Discounters, Neenah Foundry, Nextel International, Norwood Promotional Products, Raytech, Solutia, Sterling Chemicals, Trianon Industries, Uniforet, and Worldtex.

David T. Young

Mr. Young is an Analyst of Kramer Capital Partners. Prior to joining Kramer Capital Partners, Mr. Young co-founded Riverbend Capital Group, a quantitative market neutral hedge fund. Prior to Riverbend, Mr. Young worked as an analyst at Houlihan Lokey Howard & Zukir, where he was involved in a variety of merger and acquisition and financial restructuring transactions. Some of the matters in which Mr. Young has been involved include: Daymon Worldwide, Neenah Foundry Company, Tony Roma's, and UAL Corporation.

13. Finally, as to the comparable "cost" of similar services, there are three critical points that must be noted. First, in selecting its financial advisor, the Committee interviewed a

number of qualified financial advisors and negotiated the economics of the KCP's agreement in light of the other proposals. Accordingly, the terms and economics of KCP's Engagement Letter (including the Transaction Fee) reflect the results of a competitive, arms-length process and are consistent with market terms for financial advisors in similar size restructuring engagements given the circumstances. Second, the amount of the Transaction Fee agreed to between KCP and the Committee -- 1% of Unsecured Creditor Recoveries -- is comparable to the fees charged in similar engagements, where comparable professionals are generally paid a flat monthly fee and a transaction fee upon the successful completion of the engagement. Perhaps most significant, as a concession to the Committee, KCP agreed to reduce the Transaction Fee to 0.27% of Unsecured Creditor Recoveries; an amount far below the "market" rate for such services. See In re United Artists Theater Co., 315 F.3d 217, 229-30 (3d. Cir. 2003). As such, the amount of the Reduced Transaction Fee is "reasonable" under the standards set forth in Section 330 of the Bankruptcy Code.

-The remainder of this page left intentionally blank-

WHEREFORE, based upon the foregoing, Kramer Capital Partners, LLC and the former Official Committee of Unsecured Creditors respectfully request that the Court enter an Order, substantially in the form attached hereto, allowing the award of the Reduced Transaction Fee in the amount of \$650,000.

Dated: September 18, 2006

/s/ Richard A. Chesley

Richard A. Chesley (ILL. 006240877)
JONES DAY
77 West Wacker
Chicago, IL 60601-1692
(312) 782-3939

Counsel for Kramer Capital Partners, LLC

/s/ Thomas A. Pitta

Kenneth A. Rosen
Sharon L. Levine
Thomas A. Pitta
LOWENSTEIN SANDLER, PC
65 Livingston Ave.
Roseland, N.J. 07068-1701
(973) 597-2500

and



Don A. Beskrone (#4380)
Gregory A. Taylor (#4008)
ASHBY & GEDDES
222 Delaware Avenue, 17th Floor
Wilmington, DE 19801
(302) 654-1888

*Counsel for the Former Official Committee of
Unsecured Creditors*

173285.1