

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION**

IN RE:)	
)	Chapter 11
)	
ROCKFORD PRODUCTS CORPORATION, <i>et</i>)	Case No. 07 B 71768
<i>al.</i> ,)	Jointly Administered
)	
Debtors)	Hon. Manuel Barbosa

**NOTICE OF FIRST INTERIM APPLICATION OF DEWEY & LEBOEUF LLP FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES AS
BANKRUPTCY AND CORPORATE COUNSEL FOR THE DEBTORS**

TO: Master Service List

PLEASE TAKE NOTICE that at 1:00 p.m. on December 3, 2007, or as soon thereafter as may be heard, the above-captioned Debtors shall appear before the Honorable Manuel Barbosa, Judge of the above-entitled Court, in Courtroom 115, U.S. Federal Court House, 211 South Court Street, Rockford, Illinois 61101, or before any judge sitting in his stead, and present the First Interim Application of Dewey & LeBoeuf for Allowance of Compensation and Reimbursement of Expenses as Bankruptcy and Corporate Counsel for the Debtors, which is hereby served upon you.

PLEASE TAKE FURTHER NOTICE that a subsequent notice of hearing will be filed with respect to all professionals in these cases seeking allowance of compensation and reimbursement of expenses and hearing on December 3, 2007.

Respectfully submitted,

Dated: November 20, 2007

By: /s/ Thomas J. Augspurger
Lewis S. Rosenbloom (ARDC No. 2386321)
Mohsin N. Khambati (ARDC No. 6272526)
Thomas J. Augspurger (ARDC No. 6284657)
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***Attorneys for the Debtors and Debtors in
possession***

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ROCKFORD PRODUCTS CORPORATION, <i>et al.</i> ,)	Chapter 11
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Debtors.)	Jointly Administered
)	
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)	

COVER SHEET FOR APPLICATION FOR PROFESSIONAL COMPENSATION

Name of Applicant:	<u>Dewey & LeBoeuf, LLP</u>
Authorized to Provide Professional Services to:	<u>Debtors</u>
Date of Order Authorizing Employment:	<u>July 26, 2007</u>
Period for Which Compensation is sought:	<u>July 26, 2007 through October 31, 2007</u>
Amount of Fees sought:	<u>\$496,915.50</u>
Amount of Expense Reimbursement sought:	<u>\$4,596.61</u>
This is an:	Interim Application

This is the Applicant's first interim application.

Pursuant to the Court's Order Pursuant to 11 U.S.C. §§ 105 and 331, Bankruptcy Rule 2016(a) and Local Bankruptcy Rule 5082-1 Establishing Procedures for Interim Compensation of Professionals (Docket No. 68), the aggregate amount of fees and expenses paid to the Applicant to date for services rendered and expenses incurred herein is \$0.

Dated: November 20, 2007

By: /s/ Thomas J. Augspurger
Lewis S. Rosenbloom (ARDC No. 2386321)
Mohsin N. Khambati (ARDC No. 6272526)
Dean C. Gramlich (ARDC No. 6191587)
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Attorneys for the Debtors and Debtors-in-Possession

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IN RE:)	
)	Chapter 11
ROCKFORD PRODUCTS CORPORATION, <i>et al.</i> ,)	
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Dewey & LeBoeuf LLP (“Dewey LeBoeuf”), as general bankruptcy and corporate counsel to debtors Rockford Products Corporation (“Rockford Products”) and Rockford Products Global Services, Inc. (“Rockford Global”) (each a “Debtor” and collectively, the “Debtors”) in the above-captioned cases (the “Cases”), hereby applies for interim approval and allowance of fees in the amount of \$496,915.50 and reimbursement of expenses in the amount of \$4,596.61 for the period July 26, 2007 through and including October 31, 2007 (“First Interim Application Period”). Dewey further requests that the Court authorize Dewey’s application of all approved fees and expenses, including any hold back amounts, against various payments made by the Debtors (“Carveout Payments”) during the First Interim Application Period pursuant to (i) the Order Pursuant to 11 U.S.C. §§ 105(a) and 331 and 331, Bankruptcy Rule 2016(a) and Local Bankruptcy Rule 5082-1, Establishing Procedures for Interim Compensation of Professionals (Docket No. 68) (“Interim Fee Procedures Order”) and (ii) the Order Authorizing Debtors: (A) to Use Cash Collateral; (B) to Incur Postpetition Debt; and (C) to Grant Adequate Protection and

Provide Security and Other Relief to Bridge Opportunity Finance, LLC and Bride Healthcare Finance, LLC, as amended (Docket No. 121) (“Cash Collateral/Financing Order”)

I. FACTUAL BACKGROUND

A. General Case Status

1. On July 25, 2007 (the “Petition Date”), each of the Debtors filed a voluntary petition in this Court for reorganization under chapter 11 of title 11 of United States Code, as amended (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 Cases are being jointly administered.

2. On August 2, 2007, the Office of the United States Trustee (“U.S. Trustee”) appointed a Committee of Unsecured Creditors (“Committee”). The Committee has retained the law firm of Greenberg Traurig LLP to act as its counsel in these Cases and Mesirow Financial Consultants, LLC to act as its financial advisor.

3. Prior to the Petition Date, the Debtors had for some time operated their manufacturing and distribution business in Rockford, Illinois. Debtor Rockford Products consisted of two operating divisions. The smaller division, Rockford International Group (“RIG”) was a distributorship that purchased certain fasteners and related parts from domestic and foreign manufacturers and sourced those parts to the automotive and commercial appliance industries. The larger division, employing over 400 hourly and salaried workers, consisted of the Cold Formed Products Division (“Cold Formed Division”). The Cold Formed Division manufactured ball studs, ball pins, housings, and track and other specially engineered bolts for a variety of applications in the automotive industry. The Cold Formed Division serviced a number of large customers, including Federal Mogul Corporation (“Federal Mogul”), Caterpillar, Inc., Metaldyne Co., ZF Lemforder Corp. and Affina Products Corp.

4. The Debtors have suffered from financial problems which have progressively worsened over the last several years. The problems arise from a variety of sources, including well-documented problems in the domestic automotive industry, rising utility and other costs, the increasing number of bankruptcies both on the customer and supply side of the Debtors' business operations and, beginning in 2006, substantial operating losses of Rockford Products. Prior to the Petition Date, the Debtors attempted to market their assets to strategic and financial buyers, but were unsuccessful.

5. The Debtors commenced these cases in order to effect an expedited sale of their businesses as going concerns as a means of maximizing value and preserving jobs. Prior to the Petition Date, the Debtors, with the assistance of Dewey LeBoeuf and their financial consultants, Silverman Consulting, negotiated a DIP financing agreement with the Debtors' pre-petition secured lenders, Bridge Opportunity Finance, LLC and Bridge Healthcare Finance, LLC (collectively, the "Agents"). This Court preliminarily approved the Cash Collateral/Financing Order on July 26, 2007 (Docket No. 21) and, following extensive negotiations between the Agents and the Committee, approved the Cash Collateral/Financing Order on a final basis on August 27, 2007 (Docket No. 121). The Agents have agreed to four amendments of the Order primarily designed to give the Debtors and their professionals additional time to complete the sale process.

6. These extensions have been successful in providing the Debtors with the time necessary to complete the sale process. On September 5, 2007, this Court entered its Order (Docket No. 142) approving the sale of the consumer portion of RIG to R.B. Distribution for \$3.4 million subject to certain adjustments. Subsequently, the Debtors completed the sale of additional RIG inventory (relating to the OEM portion of RIG) to Derry Manufacturing, Inc. On

November 15, 2007, this Court entered an Order (Docket No. 240) approving the sale of the Cold Formed Division to Rockford Acquisitions, LLC for a purchase price of \$21.7 million subject to various adjustments.

7. As of the filing of this First Interim Application, the Debtors and their professionals have recently closed the Cold Formed sale. They have also commenced discussions with the Committee on how best to proceed in these Cases.

8. To the best of Dewey & LeBoeuf's knowledge, the Debtors have paid or will pay all quarterly fees of the U.S. Trustee.

9. The principal source of payment for the fees and expenses requested herein are the Carveout Payments previously made to Dewey LeBoeuf and certain other estate professionals.

B. Retention of Dewey LeBoeuf

10. Prior to the Petition Date, Shannon Walsh, formerly Counsel in Dewey LeBoeuf's Chicago office, acted as corporate counsel to Rockford Products. In May, 2007, subsequent to the filing of a lien by the Pension Benefit Guaranty Corporation ("PBGC"), the Debtors retained Dewey LeBoeuf (then known as LeBoeuf, Lamb, Greene & MacRae)¹ to act as their counsel in negotiations with the Agents regarding the PBGC lien and other debt restructuring issues.

11. On the Petition Date, as part of the Debtors' group of first day motions, the Debtors filed their application for an Interim and Final Order Pursuant to 11 U.S.C. §§327(a) and 328 and Bankruptcy Rule 2014 Authorizing the Employment and Retention of LeBoeuf, Lamb, Greene & MacRae LLP as Attorneys for the Debtors, *Nunc Pro Tunc* (Docket No. 5)

¹ On October 1, 2007, Dewey Ballantine and LeBoeuf, Lamb, Greene & MacRae merged to form Dewey & LeBoeuf, LLP. For the purpose of convenience, the applicant shall be referred to as Dewey LeBoeuf throughout the time period addressed herein.

("Retention Application"). In support of the Retention Application, the Debtors filed the Affidavit of Lewis S. Rosenbloom in Support of Debtors' Application for Order Authorizing Retention of LeBoeuf, Lamb, Greene & MacRae LLP as Bankruptcy and General Corporate Counsel ("Rosenbloom 2014 Affidavit"), a true and correct copy of which is attached hereto as **Exhibit A** hereto.

12. On July 26, 2007, the Court entered its Interim Order Authorizing the Employment and Retention of LeBoeuf, Lamb, Greene & MacRae LLP under 11 U.S.C. §§327(a) and 328 as Attorneys for the Debtors (Docket No. 20) ("Initial Retention Order"). On August 2, 2007, the Debtors filed their Motion for Amendment of (A) Interim Order Authorizing the Employment and Retention of LeBoeuf, Lamb, Greene & MacRae LLP under §§ 327(a) and 328 as Attorneys for Debtors and (B) Interim Order Authorizing Debtors to Employ and Retain Silverman Consulting as Financial Advisors (Docket No. 50) ("Motion to Amend"). The Motion to Amend sought certain technical amendments in the Court's Initial Retention Order.

13. On or about August 14, 2007, the Court entered its Amended Interim Order Authorizing the Employment and Retention of LeBoeuf, Lamb, Greene & MacRae under 11 U.S.C. §§327(a) and 328 as Attorneys for the Debtors (Docket No. 84) ("Amended Retention Order"), a true and correct copy of which is attached as **Exhibit B** hereto. No party in interest objected to the retention of Dewey LeBoeuf and the Amended Retention Order became final on August 20, 2007.²

14. As a result of the merger referenced in footnote 1 above, Dewey LeBoeuf intends to file and serve the First Supplement to the Affidavit of Lewis S. Rosenbloom in Support of Debtors' Application for Order Authorizing the Employment and Retention of Dewey

² BMC Group, Inc., the court-appointed servicing agent in these cases, served copies of the Retention Application, the Interim Retention Order and the Amended Retention Order on all parties in interest.

& LeBoeuf LLP (formerly LeBoeuf Lamb Greene & MacRae LLP) Pursuant to Section 327(a) of the Bankruptcy Code (“Supplement”). A true and correct copy of the signed Supplement, without Exhibit A thereto, is attached as **Exhibit C** hereto.

C. Jurisdictional and Statutory Basis for this First Interim Application

15. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157(b)(2) and 1334. The venue of these Cases and this First Interim Application is proper in accordance with 28 U.S.C. §§ 1408 and 1409. Dewey LeBoeuf makes this First Interim Application pursuant to: (a) sections 330(a) and 331 of the Bankruptcy Code, (b) Rule 2016 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), (c) Rule 5082-1 of the Bankruptcy Rules of the United States District Court and the United States Bankruptcy Court for the Northern District of Illinois, effective as of June 1, 2003 (“Local Bankruptcy Rules”), (b) certain applicable provisions of the United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement Filed Under 11 U.S.C. § 330 (Appendix A to 28 C.F.R. § 58 (“Guidelines”)) and (e) the Interim Fee Procedures Order.

II. DEWEY LeBOEUF'S MONTHLY FEE STATEMENTS, VOLUNTARY REDUCTIONS AND CARVEOUT PAYMENTS

16. This is Dewey LeBoeuf’s first retention application in these cases. Pursuant to the Interim Fee Procedures Order, Dewey LeBoeuf issued two monthly fee statements to the Notice Parties (as defined in the Interim Fee Procedures Order) during the First Interim Application Period. These monthly statements were:

<u>Title</u>	<u>Period</u>	<u>Fees</u>	<u>Holdback</u>	<u>Expenses</u>
First Monthly Statement	07/26/07 to 08/31/07	\$276,193.00	\$27,619.30	\$2,108.93
Second Monthly Statement	09/01/07 to 09/30/07	\$91,316.50	\$9,131.65	\$206.34

17. The UST has requested reductions in the amount of fees sought in both the first and second Monthly Statements. With respect to the First Monthly Statement, the U.S.

Trustee requested a reduction of \$2,697 with respect to travel time and Dewey LeBoeuf agreed to that reduction. With respect to the second monthly statement, the U.S. Trustee requested a reduction of \$3,712 with respect to various entries and Dewey LeBoeuf agreed to that reduction.³ These voluntary reductions are in addition to voluntary fee write-offs in the amount of \$69,070 taken by Dewey LeBoeuf attorneys.⁴

18. Dewey LeBoeuf has not received payment from the Debtors in connection with its first and second monthly statements. Instead, the Debtors have made the Carveout Payments to Dewey LeBoeuf and other estate professionals in the amounts listed in the Cash Collateral/Financing Order and as further discussed in the Interim Fee Procedures Order. Since the Petition Date, Dewey LeBoeuf has received Carveout Payments in the amount of \$425,000, with such amounts being held by Dewey LeBoeuf pending the Court's determination of this First Interim Application.⁵ In addition to the Carveout Payments, Dewey LeBoeuf held a pre-petition retainer on the Petition Date of \$164,233.32 (the "Retainer") to be applied against post-petition billings.

III. NARRATIVE STATEMENT

D. General Summary

19. Dewey LeBoeuf hereby seeks interim approval and allowance of compensation earned during the First Interim Application Period in the amount of \$496,915.50 and allowance of expenses in the amount of \$4,596.61. Dewey LeBoeuf's request for

³ In order to reduce expenses to the estates, Dewey LeBoeuf will not file and serve a Third Monthly Statement for the period October 1 through October 31, 2007. This First Interim Application includes all necessary information for that time period (particularly **Exhibit I** hereto, which is a detailed time record for each billing professional in tenth of an hour increments).

⁴ The Timekeeper Summary (**Exhibit D** hereto) and related **Exhibits E** and **F** hereto reflect the voluntary reductions taken by Dewey LeBoeuf attorneys during the course of these Cases, but do not reflect the reductions requested by the U.S. Trustee. Thus the total fee figures set forth in these Exhibits are slightly higher than the actual fees requested herein.

⁵ Dewey LeBoeuf expects to receive an additional Carveout Payment of \$110,000.

compensation includes the hold-back amounts set forth in the first and second monthly statements.

20. During the First Interim Application Period, Dewey LeBoeuf represented the Debtors as both their general bankruptcy counsel and corporate counsel in connection with the various Section 363(b) asset sales. Although Dewey LeBoeuf has placed its time in fifteen separate billing categories in compliance with the Guidelines, most of the firm's time falls into one of two separate categories. In accordance with the general strategy of the Cases, the lion's share of Dewey LeBoeuf's time (approximately 39 percent) involved sale of the RIG and Cold Formed Divisions. A team of Dewey LeBoeuf attorneys headed by partner Lewis Rosenbloom assisted in the negotiation and documentation of three separate sales transactions during the First Interim Application Period. Senior Counsel Mohsin Khambati led the way with respect to obtaining this Court approval for the sale procedures used to identify the highest and best offer and approval of the sales themselves. The second major component of Dewey LeBoeuf's work involved the general administration of these Cases. Items in this category include prosecution of first day and other motions necessary to obtain post-petition financing initially and to amend the Cash Collateral/Financing Order, to pay the company's employees their priority claims and to settle various disputes with vendors, service providers and customers who sought relief to protect themselves from the adverse effects of a shutdown of the Cold Formed Division.

21. Dewey LeBoeuf has staffed its representation at all times to avoid duplication of effort with the services provided by the Debtors' other professionals. For example, Rockford Products' pre-petition employee benefits counsel, McDermott Will & Emery, primarily addressed issues relating to the pension and defined contribution plans sponsored by Rockford Products. Silverman Consulting primarily dealt with day-to-day issues relating to due

diligence conducted by potential purchasers. Dewey LeBoeuf charged the same hourly rates it charges to its other clients during the First Interim Application Period.

22. In connection with the compensation and expenses sought herein, neither Dewey LeBoeuf nor any principal, partner or employee thereof has received or been promised any compensation for services rendered or to be rendered in any capacity in connection with these Cases other than as set forth herein.

23. No agreement or understanding exists between Dewey LeBoeuf and any third party for the sharing of compensation between and among the partners of Dewey LeBoeuf.

24. All of the services for which Dewey LeBoeuf requests compensation were rendered solely at the request of the Debtors and not on behalf of any other person or entity.

25. Dewey LeBoeuf seeks both allowance and payment of the compensation and reimbursement of expenses described herein. The primary source of payment will be the Carveout Payments and the Retainer.

E. Detailed Summary

26. To assist the Court, the Debtors, the U.S. Trustee and the various parties in interest in analyzing Dewey LeBoeuf's fees and expenses during the First Interim Application Period and as required, in some instances, by Local Bankruptcy Rule 5082-1 and the Guidelines, Dewey LeBoeuf has attached the following exhibits:

a. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(e), **Exhibit D** hereto is an attorney summary showing all Dewey LeBoeuf professionals and support staff representing the Debtors during the First Interim Application Period (July 26, 2007 through October 31, 2007); information relating to their positions at Dewey LeBoeuf, their bar admissions and years with Dewey LeBoeuf; in the case of attorneys, areas in which their

practices are concentrated; their hourly rates during the First Interim Application Period;⁶ the hours worked during the First Interim Application Period; and the total each professional billed at each professional's applicable billing rates. All Dewey LeBoeuf professionals are resident in Dewey LeBoeuf's Chicago, New York and San Francisco offices.

b. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(d), **Exhibit E** hereto is a chart entitled "Compensation by Project Category" showing the hours worked during the First Interim Application Period on each of the fifteen project categories established by Dewey LeBoeuf. **Exhibit F** (entitled "Compensation by Project Category by Attorney and Paraprofessional") shows the same information, but also includes a breakout of the time worked by each attorney and paraprofessional in each project category.

c. **Group Exhibits G** (July/August, 2007), **H** (September, 2007) and **I** (October, 2007) hereto are the detailed statements of services rendered in tenth of an hour increments required by Local Bankruptcy Rule 5082-1(C). Each of these Group Exhibits consists of a number of monthly statements each addressing the particular project category worked during the time period in question.

d. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(g), **Exhibit J** hereto is a summary of expenses incurred by expense category during the First Interim Application Period.

27. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(a), the principal activities performed by Dewey LeBoeuf on behalf of the Debtors during the First Interim

⁶ Dewey LeBoeuf adjusted its rates on August 1, 2007. Accordingly, Exhibit D shows some attorneys at the two applicable billing rates.

Application Period generally have been characterized according to the subject matter involved.

The principal activities are:

- a. Case Administration (Matter #1). Dewey LeBoeuf seeks fees of \$102,357 with respect to this project category.
- b. Asset Disposition (Matter #2). Dewey LeBoeuf seeks fees of \$193,939.50 with respect to this project category.
- c. Automatic Stay (Matter #3). Dewey LeBoeuf seeks fees of \$954.50 with respect to this project category.
- d. Avoidance (Matter #4). Dewey LeBoeuf seeks fees of \$849.00 with respect to this project category.
- e. Business Operations (Matter #5). Dewey LeBoeuf seeks fees of \$28,029 with respect to this project category.
- f. Claims Administration and Objections (Matter #6). Dewey LeBoeuf seeks fees of \$70,505 with respect to this project category.
- g. Creditors Committee (Matter #7). Dewey LeBoeuf seeks fees of \$5,589.50 with respect to this project category.
- h. Cash Collateral/DIP Financing (Matter #8). Dewey LeBoeuf seeks fees of \$28,475 with respect to this project category.
- i. Employee Matters (Matter #10). Dewey LeBoeuf seeks fees of \$10,073.50 with respect to this project category.

j. Executory Contracts & Leases (Matter #11). Dewey LeBoeuf seeks fees of \$17,019.50 with respect to this project category.

k. Fee Applications (Matter # 12). Dewey LeBoeuf seeks fees of \$15,985.50 with respect to this project category. This project category constitutes approximately three percent of Dewey LeBoeuf's total fees. Dewey LeBoeuf estimates that the fees incurred during November, 2007 in connection with preparation of this First Interim Application will be approximately \$17,000.

l. Plan (Matter #13). Dewey LeBoeuf seeks fees of \$2,054 with respect to this project category.

m. Professional Retentions (Matter #14). Dewey LeBoeuf seeks fees of \$10,073.50 with respect to this project category.

n. Travel Matter #15). Dewey LeBoeuf seeks fees of \$17,130.50 with respect to this project category.

o. U.S. Trustee (Matter # 16). Dewey LeBoeuf seeks fees of \$290 with respect to this project category.

28. The following principal activities undertaken by Dewey LeBoeuf are, in accordance with Local Bankruptcy Rule 5082-1(B)(1)(b), more particularly described as follows:

a. Case Administration. This general project category pertains to the administration of these Cases and also includes single entries involving hearings before the Court and other multiple project categories. At the commencement of the Cases, Dewey & LeBoeuf attorneys Mohsin Khambati and Dean Gramlich attended the first day hearings and

presented a series of first day motions regarding DIP financing, use of bank accounts, the payment of employee wage and other priority claims, adequate assurance of utilities and other matters. On August 8, 2007, Mohsin Khambati presented a second group of motions setting up additional case procedures, including the Interim Fee Procedures Order. These hearings were necessary to insure continued financing by the Agents, structure and schedule hearings as the Cases moved forward and minimize the impact of the filing on the Debtors' business operations.

Throughout the Cases, Mohsin Khambati and other attorneys have responded to creditor and shareholder inquiries (the Rockford Products ESOP holds most of the company's common stock) and conferred with counsel for insurers regarding threatened cancellations and other issues. Attorney Khambati conducted negotiations throughout the Interim Fee Application Period with Federal Mogul, Metaldyne and other customers regarding the shipment of vitally needed parts and the customers' payment of outstanding invoices. In late September, the discussions on payables expanded to include the Agents and on October 8, 2007, Mohsin Khambati attended a meeting in Detroit with representatives of Federal Mogul, TRW and other customers to discuss the issues of continued supply and customer payables. Attorney Khambati also played a major role in discussions with the Agents regarding budgeting issues in October and with the Debtors regarding the closing of their Taiwan office.

The Case Administration project category covers preparation of the Debtor' schedules and statements of financial affairs. Paralegal Sandy Holstrom, resident in the firm's San Francisco office, worked on the schedules with the Silverman firm and also assisted in updating creditor and service lists during the early stages of the Cases. Dewey LeBoeuf also reviewed the monthly reports filed by the Debtors disclosing their disbursements and other important financial matters. Senior Counsel Mohsin Khambati conferred on a regular basis with the office of U.S.

Trustee regarding such topics as submitting portions of the monthly reports under seal and the Debtors' first meeting with creditors on August 24, 2007. Mohsin represented the Debtors at that meeting.

b. Asset Disposition. Because the Debtors filed their Cases primarily to effect an expedited sale subject to the deadlines in the Cash Collateral/Financing Order (initially a sixty-day window), approximately thirty-nine percent of Dewey LeBoeuf's total fees fall into this category. Partner Lew Rosenbloom developed the overall strategy for the sale of the RIG and Cold Formed Divisions with Silverman Consulting. Senior Counsel Mohsin Khambati implemented the process of obtaining court approval of the sales and participated in discussions with the bidders, the Agents, the Committee and other parties on practically a daily basis. Former counsel Shannon Walsh (replaced by partner Maria Dantas in mid-October, 2007) handled the drafting of the asset purchase agreements ("APA") and other documentation. Negotiations and other communications with prospective bidders continued from the Petition Date through the close of the First Interim Application Period. The efforts of Dewey LeBoeuf attorneys and other professionals were successful. The sale of the Cold Formed Division to Rockford Acquisitions, an affiliate of Blackeagle Partners, closed on November 16, 2007. The earlier sale of the consumer portion of the RIG division closed on September 10, 2007.

In connection with the RIG sale, Dewey LeBoeuf engaged in a number of activities, primarily in August. Mohsin Khambati and June Kim developed bidding procedures and amended those procedures on several occasions and also drafted the motion for approval of the sale and the sale order. These same attorneys had numerous conferences with the Agents, the Committee, the U.S. Trustee, landlords and vendors regarding the sale process, reviewed letters of intent and assisted Silverman with due diligence. Shannon Walsh drafted the APA, an escrow

agreement, a transition services agreement and other documents. This Court approved the sale to the high bidder, R.B. Distribution, on August 30, 2007. Mohsin Khambati also worked extensively on the much smaller sale of another portion of RIG (the OEM inventory) to Industrial Energy Applications, including the drafting of a notice to all creditors of the terms of the sale in late September.

The sale of the Cold Formed Division involved significantly more assets. It also proceeded along a more difficult path. Initially, Silverman and Dewey LeBoeuf focused their attentions on McLean Fogg as the stalking horse bidder. However, in mid-September, McLean Fogg withdrew from negotiations. After negotiations with Bridge and the Committee over the various options remaining to the Debtors, the Debtors pursued other bids. In early October, Silverman and Dewey LeBoeuf began discussions with Blackeagle Partners, a private equity fund, regarding the purchase of the Cold Formed assets as an ongoing enterprise, including the continued employment in Rockford of the majority of Rockford Products' rank and file employees. Dewey LeBoeuf partner Maria Dantas drafted an APA and various escrows. Senior Counsel Mohsin Khambati and associate June Kim were called on to draft various sets of sales procedures (some involving a stalking horse bidder; some not) and other pleadings on an expedited basis. Attorney Khambati also participated in continuing negotiations and discussions regarding the transfer of Rockford Products' net operating losses and environmental issues and appeared in Court on several occasions to amend the sale procedures. On October 31, 2007, this Court entered an Order approving Rockford Acquisitions as the stalking horse bidder. The sale activities only intensified in November with the emergence of a second serious bid, which resulted in an increased bid from Rockford Acquisitions. On November 15, 2007, this Court approved the sale to Rockford Acquisition and the sale successfully closed the next day.

c. Automatic Stay. Associate June Kim researched the enforceability of provisions in a relevant contract providing for prospective relief from the automatic stay. Counsel Dean Gramlich conducted negotiations with a party in litigation unrelated to the Debtors seeking to subpoena documents relating to their relationship with Whirlpool.

d. Avoidance. Dewey LeBoeuf attorneys conducted research on the estates' ability to avoid the lien filed by the PBGC. Dewey LeBoeuf wrote off all summer associate research time.

e. Business Operations. This project category covers the host of operational and other business issues that arise from a chapter 11 filing. Dewey LeBoeuf attorneys addressed inquiries from significant vendors like BCS Cuyahoga and Charter Steel regarding the significance of the filing and payments on post-petition deliveries. Senior Counsel Mohsin Khambati had a significant role in ongoing negotiations with customer Federal Mogul over its request that Rockford Products enter into a form of agreement that allowed Federal Mogul access to the Rockford plants in the event of a shutdown and agree to amendments to existing supply and escrow agreements. This eventually led to the filing of a motion to seek approval for the access agreement. Dewey LeBoeuf also, among other things, negotiated a standby services agreement with Industrial Energy Applications, negotiated an arrangement for clearing payroll checks with Chase Bank, assisted with the sale of obsolete inventory and handled various issues arising from the disclosure of information to customer consultants.

f. Claims Administration and Objections. Probably the most significant claimant dispute during the First Interim Application Period involved the objection of

Integrus Energy Services ("TEG") to the Debtors' first day motion for approval of procedures to provide adequate assurance to utilities. Counsel Dean Gramlich and associate Tom Augspurger analyzed the objection, the Debtors' various natural gas contracts with TEG, its demand for an immediate increase in the security deposit and its indication that it would terminate Rockford Product's natural gas supply if Rockford Products failed to meet its requirements. Dean Gramlich conducted extensive negotiations with TEG, the Agents and the Committee over these and other issues and drafted a stipulation and agreed order settling the dispute. The Court approved this stipulation on September 7, 2007. Attorneys Gramlich and Augspurger worked with the company in determining the extent of its gas reserves with NICOR and the final stipulation permitted the company to utilize these deposits to reduce its monthly therm requirements. June Kim and Dean Gramlich also prepared and filed a response to the TEG objection and a revised final adequate assurance order (entered by the Court on September 6, 2007). Dewey LeBoeuf's efforts insured that Rockford Products had access at an acceptable price to natural gas essential to the continued operations of its three plants.

In addition to the litigation with TEG, Dewey LeBoeuf attorneys reviewed and analyzed the reclamation demands made by vendors and advised Rockford Products on how to respond. Dewey LeBoeuf prepared a motion setting procedures for resolving reclamation claims, but after discussion with Committee counsel decided against pursuing the motion. Associate June Kim filed an answer to the reclamation adversary proceeding filed by Cincinnati Tool. Early in the case, Counsel Dean Gramlich negotiated a junior lien stipulation with UPS (and also with the Committee and the Agents) facilitating the release of an alleged shipper's lien and of the physical product itself from a UPS facility at the Atlanta airport. Attorney Gramlich also prepared a motion for approval of this stipulation on shortened notice.

g. Creditors Committee. At the beginning of the case, partner Lewis Rosenbloom had a number of communications with bankruptcy professionals interested in representing the Committee regarding the purpose of the chapter 11 filing and the company's financial position. Dewey LeBoeuf also supplied Mesirow Financial with budgets. After the formation of the Committee in early August, attorney Mohsin Khambati met with Committee counsel and prepared a form of confidentiality agreement to allow the Committee access to proprietary information. Because of the Committee's involvement in these Cases, other project categories also reflect Dewey LeBoeuf's efforts to keep the Committee apprised of important events, particularly with respect to the various section 363 asset sales.

h. Cash Collateral/DIP Financing. On July 26, 2007, the date of the hearing on the Debtors' first day motions, Dewey LeBoeuf attorney Dean Gramlich worked extensively with the Agents' counsel on revisions to the interim Cash Collateral/Financing Order. In August, Dean Gramlich monitored the negotiations between the Committee and the Agents, reviewed the final order drafts as the negotiations progressed and represented the Debtors in responding to the objections of BCS Cuyahoga, landlord Hank Ballard and other parties to entry of the Cash Collateral/Financing Order at the final hearing before this Court on August 22, 2007. Later, Dewey LeBoeuf attorneys participated in negotiations with the Agents regarding four amendments to the Cash Collateral/Financing Order. These amendments adjusted the overadvance amounts under the Order and provided additional time to complete the sale process. Mohsin Khambati worked on the third such amendment (heard and approved by this Court on October 17, 2007), which also included an agreement with major customers on satisfaction of outstanding payables. These amendments were obviously crucial in permitting the sale process to continue forward to a successful resolution.

i. Employee Matters. This project category largely involved discussions with the Debtors' employee benefits counsel (McDermott, Will & Emery) and its PBGC counsel (the Groom law firm) regarding termination of Rockford Products' pension plan and issues related to its ESOP. Dewey LeBoeuf also conducted negotiations with Amcore Investments, the custodian under these plans, regarding more general case issues. Associate June Kim drafted WARN Act notices.

j. Executory Contracts & Leases. Senior Counsel Mohsin Khambati prepared and successfully prosecuted a motion to reject the Peak Shaving Agreement (a form of co-generation venture). Dewey LeBoeuf attorneys also analyzed various lease assumption issues in the context of a section 363 sale which included the three plant sites. This included June Kim's research and memoranda on rejection damages claims and the priority of real estate tax claims. Mohsin Khambati conducted extensive negotiations with landlords regarding their demand that pre-petition tax claims be paid immediately and also with General Electric and other equipment lessors. June Kim prepared and successfully prosecuted a motion to reject a number of vehicle leases no longer necessary to the operations of Rockford Products.

k. Fee Applications. Counsel Dean Gramlich revised the motion to approve the Interim Fee Procedures Order and presented the motion on August 8, 2007, at which time it was approved. Attorney Gramlich also prepared the first and second monthly statements referred to in paragraph 16 above and reviewed the monthly statements of Committee counsel and other professionals. He prepared memoranda to the client regarding the Carveout Payments to assist in the budgeting process. Senior Counsel Mohsin Khambati had several conferences with the U.S. Trustee (represented by attorney Carole Ryczek) regarding its objections to the first and second monthly fee statements.

l. Plan. Partner Lew Rosenbloom had periodic discussions with various parties regarding a form of liquidating plan.

m. Professional Retentions. Counsel Dean Gramlich prepared a motion to amend the Initial Retention Order (most of this time was written off) and successfully pursued the motion. Dewey LeBoeuf also filed a motion for retention of ordinary course professionals (granted by the Court on August 8, 2007) and reviewed the Bankruptcy Rule 2014 affidavits filed by the ordinary course professionals. Senior Counsel Mohsin Khambati conferred with the client and attorneys at Katten, Muchin, McDermott, Will and the Groom law firm regarding ordinary course retention issues.

n. Travel. This project category contains the time of Dewey LeBoeuf attorneys in traveling from Chicago to Rockford and back. By agreement with the U.S. Trustee, all attorneys billed only half the travel time.

o. U.S. Trustee. Senior Counsel Mohsin Khambati conferred with the U.S. Trustee (represented by attorney Tom Zeineman) regarding the section 341 meeting convened on August 22, 2007.

IV. DESCRIPTION OF EXPENSES INCURRED

29. Dewey LeBoeuf seeks reimbursement of its actual and necessary expenses incurred in rendering services during the First Interim Application Period. The total amount of expenses for which reimbursement is sought is \$4,596.61. **Exhibit J** hereto is a summary by type of all expenses incurred by Dewey LeBoeuf during the First Interim Application Period.

30. Dewey LeBoeuf observed the following policies with respect to its expenses during the First Interim Application Period:

a. Photocopying by Dewey LeBoeuf was charged at a rate of 20¢ per page.

b. Facsimile transmissions were charged at \$2.00 per page plus line costs. Dewey LeBoeuf does not charge clients for incoming faxes.

c. Computer research services were used when time pressures rendered it impracticable to conduct such research manually or it was otherwise more cost efficient to employ computer databases. The use of computer services in the cite checking and shepardization of case law substantially decreases professional time which would otherwise be expended on these activities. Likewise, the use of computer searches in many instances reduces the time spent in identifying relevant case law and statutory authority on particular points.

d. Dewey LeBoeuf seeks reimbursement of certain limited travel expenses during the First Interim Application Period. Dewey LeBoeuf incurred \$793.99 in local travel expenses (primarily car rentals) in connection with trips to and from Rockford and certain other minor travel expenses, including business meals. Pursuant to agreement with the U.S. Trustee, Dewey LeBoeuf attorneys Mohsin Khambati, Dean Gramlich and June Kim billed only half of their travel time on trips from the Chicago area to Rockford for Court hearings.

e. Dewey LeBoeuf does not surcharge clients for expenses and extends volume and other discounts obtained by the firm to the Debtors and all other clients.

f. Certain types of expenses incurred by Dewey LeBoeuf on behalf of its clients sometimes are not recorded in the firm's books and records for an extended period of time. Examples include third party vendor expenses, certain travel-related expenses

and certain communications charges (*e.g.*, cell phone, facsimile transmissions). These so-called "trailing expenses" may be reflected in subsequent fee applications.

V. THE COMPENSATION AND EXPENSE REIMBURSEMENT SOUGHT BY DEWEY LEBOEUF ARE REASONABLE

31. To grant a request for compensation under Sections 330 and 331 of the Bankruptcy Code a bankruptcy court must find that such request is reasonable. As amended in 1994, Section 330 states:

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, issues, 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.⁷

⁷ The factors set forth are quite similar to those prevailing at the time of Section 330's amendment. The often cited case of *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974), sets forth the following factors to be considered in approving attorneys' fees:

a) the time and labor required; (b) the novelty and difficulty of the questions presented; (c) the skill required to perform the services properly; (d) the preclusion of other employment due to acceptance of the case; (e) the customary fee to non-bankruptcy clients for the services rendered; (f) whether the fee is fixed or contingent; (g) time limitations imposed by the client or other circumstances; (h) the amount involved and the results obtained; (i) the experience, reputation and ability of the attorneys; (j) the undesirability of the case; (k) the nature and length of the professional relationship with the client; and (l) awards in similar cases.

Bankruptcy courts in this District normally engage in the so-called "lodestar approach". The lodestar approach is a two-step process involving the calculation of a lodestar figure (the time expended multiplied by hourly rate) and adjustment of this figure based on the factors referenced above. Based on the lodestar approach, Dewey LeBoeuf is entitled to the compensation requested for the First Interim Application Period. Dewey LeBoeuf provided necessary and important services to the Debtors in connection with these complex and time-sensitive cases. In particular, Lew Rosenbloom and the other attorneys working on the asset sales provided vitally important direction and experience in facilitating the sale of RIG and the Cold Formed Division within the limited time frame required under the Cash Collateral/Financing Order. The results of his and other's efforts are shown in the competition over those assets and the increase in the stalking horse bid of Rockford Acquisition. Mohsin Khambati, Dean Gramlich and other Dewey LeBoeuf attorneys facilitated the entry of court orders necessary to keep Rockford Products' business up and running and conducted important negotiations with the vendors and customers of Rockford Products. The rates charged by Dewey LeBoeuf are reasonable and commensurate with the billing rates of the Debtors' other professionals. As demonstrated above, Dewey LeBoeuf's expenses were actual and necessary in light of the work required.

VI. CONCLUSION

32. For the foregoing reasons the fees requested in this First Interim Application are reasonable and reflect the value of the services provided to the Debtors. Moreover, Dewey LeBoeuf has requested reimbursement only of actual and necessary expenses.

It should be noted that Section 330(a)(3) requires consideration of all relevant factors, including those specifically enumerated. Under Section 102(3) of the Bankruptcy Code, use of the term "including" is not limiting.

WHEREFORE, Dewey LeBoeuf respectfully requests that the Court

enter an Order:

(i) allowing an interim basis compensation of \$496,915.50 for legal services rendered during First Interim Application Period;

(ii) allowing on an interim basis reimbursement of expenses incurred during the First Interim Application Period in the amount of \$4,596.61;

(iii) authorizing Dewey LeBoeuf to apply its outstanding fees and expenses against the Carveout Payments and the Retainer.

(iv) granting such other and further relief as the Court deems appropriate.

Dated: November 20, 2007

By: /s/ Thomas J. Augspurger

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