

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
NEC Holdings Corp., *et al.*,¹) Case No. 10-11890 (PJW)
)
Debtors.) Jointly Administered
)

Objection Deadline: July 29, 2010 at 4:00 p.m. (prevailing Eastern time)
Hearing Date: August 5, 2010 at 10:00 a.m. (prevailing Eastern time)

**APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR ORDER, PURSUANT TO 11 U.S.C. §§ 327 AND
1103, FED. R. BANKR. P. 2014, AND LOCAL BANKRUPTCY RULE 2014-1,
AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF
PACHULSKI STANG ZIEHL & JONES LLP AS COUNSEL TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS *NUNC PRO TUNC* TO JUNE 22, 2010**

The Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby submits its application (the “Application”) for the entry of an order authorizing and approving the employment of Pachulski Stang Ziehl & Jones LLP (“PSZJ” or the “Firm”) as counsel to the

¹ The debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if any, include: NEC Holdings Corporation, a Delaware corporation (6395); National Envelope Corporation, a New York corporation (5935); National Envelope – WH LLC, a New York limited liability company (9721); National Envelope – AECO LLC, a Delaware limited liability company (9071); National Envelope – Chino LLC, a California limited liability company (9266); National Envelope – City of Industry, LLC, a California limited liability company (9710); National Envelope – Ennis LLC, A Delaware limited liability company (3868); National Envelope – Corsicana LLC, a Texas limited liability corporation (9716); National Envelope – Grand Prairie LLC, a Texas limited liability company (9258); National Envelope – Aurora LLC, a Colorado limited liability company (9712); National Envelope – Lenexa LLC, a Kansas limited liability company (9256); National Envelope – Appleton LLC, a Wisconsin limited liability company (9719); National Envelope – Elk Grove Village LLC, an Illinois limited liability company (9262); National Envelope – Scottsdale LLC, a Pennsylvania limited liability company (9711); National Envelope Corporation – East, a New Jersey Corporation (6888); National Envelope – Specialties Group LLC, a Delaware limited liability company (9156); National Envelope – Houston LLC, a Texas limited liability company (9210); National Envelope – Shelbyville Equity LLC, a Delaware limited liability company (9255); National Envelope – Exton Equity, LLC, a Delaware limited liability company (9354); National Envelope – Nashville Equity LLC, a Delaware limited liability company (9410); National Envelope – Houston Equity LLC, a Delaware limited liability company (9488); National Envelope – Leasing, LLC, a Delaware limited liability company (9542); New York Envelope Corporation, a New York corporation (3186); National Envelope Corporation – North, a Massachusetts corporation (1548); National Envelope Corporation – South, a Georgia corporation (5404); National Envelope Corporation – Central, a Missouri corporation (8259); Old Colony Envelope Corporation, a Massachusetts corporation (4416); and Aristocrat Envelope Corporation, a New York Corporation (9284). The mailing address for National Envelope Corporation is 333 Earle Ovington Boulevard, Suite 1035, Uniondale, NY 11553.

Committee in connection with the Debtors' chapter 11 cases (the "Cases"), *nunc pro tunc* to June 22, 2010, pursuant to sections 327 and 1103(a) of Title 11 of the United States Code (as amended, the "Bankruptcy Code"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Bankruptcy Rules"). In support of the relief sought in the Application, the Committee submits the declaration of Robert J. Feinstein, a partner of the Firm (the "Feinstein Declaration"), attached hereto as Exhibit A and incorporated herein by reference. In further support of the Application, the Committee respectfully states as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue of this proceeding and this Application is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are sections 327 and 1103 of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Bankruptcy Rule 2014-1.

Background

4. On June 10, 2010 (the "Petition Date"), each of the Debtors filed a voluntary petition with this Court under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
5. On June 11, 2010, this Court entered an order jointly administering these Cases pursuant to Bankruptcy Rule 1015(b). No trustee or examiner has been appointed in these cases.

6. On June 23, 2010, the United States Trustee for Region 3 appointed the Committee to represent the interests of all unsecured creditors in these chapter 11 cases pursuant to section 1102 of the Bankruptcy Code. The members appointed to the Committee are: (i) 29-10 Hunters Point Ave. Co. LLC; (ii) Gadge USA, Inc.; (iii) Henkel Corporation; (iv) Multi-Plastics, Inc.; (v) Neenah Paper, Inc.; (vi) Team Ten LLC, d/b/a American Eagle Paper Mills; and (vii) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.

7. On June 22, 2010, the Committee held its initial meeting and, among other things, voted to retain the Firm as its counsel, subject to Court approval. On June 24, 2010, the Committee retained Morgan Joseph & Co. Inc. as its financial advisors.

8. The Firm's retention is requested *nunc pro tunc* to June 22, 2010 as that is the date the Committee first requested PSZJ to render legal services on behalf of the Committee, and the Firm has been actively advising the Committee since that date.

9. The Firm has over 65 attorneys with a practice concentrated on reorganization, bankruptcy, litigation and commercial matters. The Firm's attorneys have extensive experience representing creditors' committees, debtors, creditors, trustees and others in a wide variety of bankruptcy cases. Attorneys of the Firm have extensive experience representing creditors' committees in complex chapter 11 cases in this District and others, including Circuit City Stores, Inc., Chrysler LLC (conflicts counsel), Flying J Inc., Freedom Communications, JHT Holdings, Inc., Jevic Holding Corp., Salander-O'Reilly Galleries, LLC, Movie Galley, Inc., DJK Residential, LLC, Empire Beef Co., Inc., and Agway, Inc., among others. Based on these facts, the Committee believes that the Firm is well-qualified to render the services described below.

Relief Requested

10. By this Application, the Committee respectfully requests that the Court enter an order, substantially in the form annexed hereto as Exhibit B, pursuant to sections 327 and 1103(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Bankruptcy Rule 2014-1, authorizing the Committee to employ and retain the Firm as its counsel in these Cases. The Committee seeks to retain the Firm *nunc pro tunc* to June 22, 2010 because the Firm began providing services to the Committee as of such date. The Committee believes that such *nunc pro tunc* retention is appropriate in these Cases because the Committee required effective representation prior to such time as a retention application could be submitted to the Court due to the exigencies of these Cases, and the Firm has been providing services to the Committee since June 22, 2010.

Services to be Rendered

11. Subject to further order of this Court, the Firm is expected to render, among other services, the following services to the Committee:
- a. Assisting, advising and representing the Committee in its consultations with the Debtors regarding the administration of these Cases;
 - b. Assisting, advising and representing the Committee with respect to the Debtors' retention of professionals and advisors with respect to the Debtors' businesses and these Cases;
 - c. Assisting, advising and representing the Committee in analyzing the Debtors' assets and liabilities, investigating the extent and validity of liens and participating in and reviewing any proposed asset sales, any asset dispositions, financing arrangements and cash collateral stipulations or proceedings;
 - d. Assisting, advising and representing the Committee in any manner relevant to reviewing and determining the Debtors' rights and obligations under leases and other executory contracts;

- e. Assisting, advising and representing the Committee in investigating the acts, conduct, assets, liabilities and financial condition of the Debtors, the Debtors' operations and the desirability of the continuance of any portion of those operations, and any other matters relevant to this case or to the formulation of a plan;
- f. Assisting, advising and representing the Committee in its participation in the negotiation, formulation, or objecting to any plan of liquidation or reorganization;
- g. Advising the Committee on the issues concerning the appointment of a trustee or examiner under Section 1104;
- h. Assisting, advising and representing the Committee in understanding its powers and its duties under the Bankruptcy Code and the Bankruptcy Rules and in performing other services as are in the interests of those represented by the Committee;
- i. Assisting, advising and representing the Committee in the evaluation of claims and on any litigation matters, including avoidance actions; and
- j. Providing such other services to the Committee as may be necessary in these Cases.

No Adverse Interest and Disclosure of Connections

12. The Committee believes that PSZJ does not hold or represent any interest that is adverse to the Committee and the Debtors' estates and does not hold or represent any interest adverse to and has no connection with the Committee, the Debtors, their creditors or any party-in-interest herein in the matters upon which PSZJ is to be retained, except as set forth in the Feinstein Declaration. Therefore, to the best of the Committee's knowledge, PSZJ is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code.

13. The Feinstein Declaration, executed by Robert J. Feinstein, a partner of PSZJ, and filed contemporaneously with this Application, verifies that neither PSZJ nor any of its attorneys have any connection with any party in interest, or their attorneys or accountants, other than as set forth in the Feinstein Declaration.

14. Except as provided in the Feinstein Declaration, to the best of the Committee's knowledge, neither PSZJ, nor any of its attorneys, hold or represent any interest adverse to the Committee or the Debtors' estates in the matters on which they are to be retained. The Committee submits that its proposed employment of PSZJ is in the best interests of the Committee and its members.

15. To the best of the Committee's knowledge, and except as disclosed in the Feinstein Declaration, PSZJ has had no other prior connection with the Debtors, their creditors or any other party in interest. Upon information and belief, PSZJ does not hold or represent any interest adverse to the Debtors' estates, the Committee, or the creditors the Committee represents in the matters upon which it has been and is to be engaged.

16. PSZJ represents many committees in other bankruptcy cases, the members of which (together with other creditors of these cases) may be creditors of the Debtors. However, PSZJ will not represent any members of those committees with respect to any claims that they may have collectively or individually against the Debtors.

17. Similarly, PSZJ may represent, or may have represented, debtors, creditors' committees, or trustees in cases or proceedings against creditors of the Debtors that are unrelated to these Cases.

Professional Compensation

18. Subject to Court approval in accordance with section 330(a) of the Bankruptcy Code and any applicable Orders of this Court, compensation will be payable to PSZJ on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by PSZJ. The current hourly rates charged by PSZJ for professional and paralegals employed by the Firm are:

Partners	\$495 - \$925
Of Counsel	\$450 - \$625
Associates	\$350 - \$450
Paralegals	\$160 - \$235

19. The professionals and paralegals presently designated to represent the Committee and their current standard hourly rates are:

- a. Robert J. Feinstein \$855.00 per hour
- b. Jeffrey N. Pomerantz \$775.00 per hour
- c. Bruce Grohsgal \$675.00 per hour
- d. Bradford J. Sandler \$650.00 per hour
- e. David A. Abadir \$425.00 per hour
- f. Monica A. Molitor \$235.00 per hour

20. The hourly rates set forth above are subject to periodic adjustments to reflect economic and other conditions. Other attorneys and paralegals may from time to time serve the Committee in connection with the matters herein described. The Firm will provide notice to the Court of any adjustments of its hourly rates, and shall serve such notice upon the U.S. Trustee, the Debtors, and members of the Committee.

21. The hourly rates set forth above are PSZJ's standard hourly rates for work of this nature. These rates are set at a level designed to fairly compensate PSZJ for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. It is PSZJ's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document retrieval, photocopying charges, charges for mailing supplies (including, without limitation, envelopes and labels) provided by PSZJ to outside copying services for use in

mass mailings, travel expenses, expenses for “working meals,” computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. PSZJ will charge the Committee for these expenses in a manner and at rates consistent with charges made generally to PSZJ’s other clients and within the guidelines set forth in Local Bankruptcy Rule 2014-1, and all amendments and supplemental standing orders of the Court. PSZJ believes that it is more appropriate to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

Notice

22. Notice of this Application has been given to the following parties: (a) the U.S. Trustee; (b) counsel for the Debtors; (c) counsel to the administrative agent for the lenders under the Debtors’ prepetition credit agreement; and (d) those parties who have requested notice pursuant to Bankruptcy Rule 2002. The Committee submits that, in light of the nature of the relief requested, no other or further notice need be given.

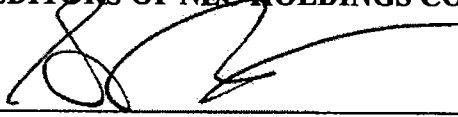
No Prior Request

23. No previous application for the relief requested herein has been made to this or any other court.

WHEREFORE, the Committee respectfully requests entry of an Order substantially in the form attached hereto as Exhibit B, authorizing the Committee to employ and retain PSZJ as counsel, *nunc pro tunc* to June 22, 2010, and granting such other and further relief as is just and proper.

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF NEC HOLDINGS CORP., et al.

Dated: Wilmington, Delaware
July 15, 2010

By: 

Neenah Paper, Inc
by: Steven S. Heinrichs

and

By: _____
29-10 Hunters Point Ave. Co. LLC
by: Robert Zirinsky

Co-Chairs, Official Committee of
Unsecured Creditors of NEC Holdings Corp., et al.

WHEREFORE, the Committee respectfully requests entry of an Order substantially in the form attached hereto as Exhibit B, authorizing the Committee to employ and retain PSZJ as counsel, *nunc pro tunc* to June 22, 2010, and granting such other and further relief as is just and proper.

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF NEC HOLDINGS CORP., et al.

Dated: Wilmington, Delaware
July 16, 2010

By: _____
Neenah Paper, Inc
by: Steven S. Heinrichs

and

By: Robert Zirinsky
29-10 Hunters Point Ave. Co. LLC
by: Robert Zirinsky

Co-Chairs, Official Committee of
Unsecured Creditors of NEC Holdings Corp., et al.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
NEC Holdings Corp., *et al.*,¹) Case No. 10-11890 (PJW)
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Debtors.) Jointly Administered
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Objection Deadline: July 29, 2010 at 4:00 p.m. (prevailing Eastern time)
Hearing Date: August 5, 2010 at 10:00 a.m. (prevailing Eastern time)

**NOTICE OF APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR ORDER, PURSUANT TO 11 U.S.C. §§ 327 AND
1103, FED. R. BANKR. P. 2014, AND LOCAL BANKRUPTCY RULE 2014-1,
AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF
PACHULSKI STANG ZIEHL & JONES LLP AS COUNSEL TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS *NUNC PRO TUNC* TO JUNE 22, 2010**

TO: (a) the U.S. Trustee; (b) counsel for the Debtors; (c) counsel to the administrative agent for the lenders under the Debtors' prepetition credit agreement; and (d) those parties who have requested notice pursuant to Bankruptcy Rule 2002.

¹ The debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, if any, include: NEC Holdings Corporation, a Delaware corporation (6395); National Envelope Corporation, a New York corporation (5935); National Envelope – WH LLC, a New York limited liability company (9721); National Envelope – AECO LLC, a Delaware limited liability company (9071); National Envelope – Chino LLC, a California limited liability company (9266); National Envelope – City of Industry, LLC, a California limited liability company (9710); National Envelope – Ennis LLC, A Delaware limited liability company (3868); National Envelope – Corsicana LLC, a Texas limited liability corporation (9716); National Envelope – Grand Prairie LLC, a Texas limited liability company (9258); National Envelope – Aurora LLC, a Colorado limited liability company (9712); National Envelope – Lenexa LLC, a Kansas limited liability company (9256); National Envelope – Appleton LLC, a Wisconsin limited liability company (9719); National Envelope – Elk Grove Village LLC, an Illinois limited liability company (9262); National Envelope – Scottsdale LLC, a Pennsylvania limited liability company (9711); National Envelope Corporation – East, a New Jersey Corporation (6888); National Envelope – Specialties Group LLC, a Delaware limited liability company (9156); National Envelope – Houston LLC, a Texas limited liability company (9210); National Envelope – Shelbyville Equity LLC, a Delaware limited liability company (9255); National Envelope – Exton Equity, LLC, a Delaware limited liability company (9354); National Envelope – Nashville Equity LLC, a Delaware limited liability company (9410); National Envelope – Houston Equity LLC, a Delaware limited liability company (9488); National Envelope – Leasing, LLC, a Delaware limited liability company (9542); New York Envelope Corporation, a New York corporation (3186); National Envelope Corporation – North, a Massachusetts corporation (1548); National Envelope Corporation – South, a Georgia corporation (5404); National Envelope Corporation – Central, a Missouri corporation (8259); Old Colony Envelope Corporation, a Massachusetts corporation (4416); and Aristocrat Envelope Corporation, a New York Corporation (9284). The mailing address for National Envelope Corporation is 333 Earle Ovington Boulevard, Suite 1035, Uniondale, NY 11553.

PLEASE TAKE NOTICE that on July 15, 2010, the Official Committee of Unsecured Creditors (the “Committee”) in the above-captioned chapter 11 cases, filed the *Application of Official Committee of Unsecured Creditors for Order, Pursuant to 11 U.S.C. §§ 327 and 1103, Fed. R. Bankr. P. 2014, and Local Bankruptcy Rule 2014-1, Authorizing and Approving the Employment and Retention of Pachulski Stang Ziehl & Jones LLP as Counsel to the Official Committee of Unsecured Creditors Nunc Pro Tunc to June 22, 2010* (the “Application”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the “Bankruptcy Court”). A copy of the Application is attached hereto.

PLEASE TAKE FURTHER NOTICE that any response or objection to the relief sought in the Application must be filed with the Bankruptcy Court on or before **July 29, 2010 at 4:00 p.m. prevailing Eastern Time.**

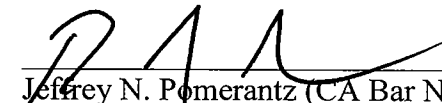
PLEASE TAKE FURTHER NOTICE that at the same time, you must also serve a copy of the response or objection upon: (i) counsel for the Debtors, (a) Latham & Watkins LLP, Suite 5800, 233 South Wacker Drive, Chicago, IL 60606, Attn: Josef S. Athanas, Esquire, and (b) Young Conaway Stargatt & Taylor, LLP, 1000 West Street, 17th Floor, Wilmington, DE 19801, Attn: Michael R. Nestor, Esquire; (ii) (proposed) counsel to the Official Committee of Unsecured Creditors, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801), Attn: Bradford J. Sandler, Esquire, and (iii) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 N. King Street, Suite 2207, Lock Box 35, Wilmington, Delaware 19801, Attn: David Klauder, Esquire.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE RELIEF SOUGHT IN THE APPLICATION WILL BE HELD ON AUGUST 5, 2010 AT 10:00 A.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE PETER J. WALSH, UNITED STATES BANKRUPTCY JUDGE, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, SIXTH FLOOR, COURTROOM NO. 2, WILMINGTON, DELAWARE 19801.

Dated: July 15, 2010

PACHULSKI STANG ZIEHL & JONES LLP



Jeffrey N. Pomerantz (CA Bar No. 143717)
Robert J. Feinstein, Esq. (NY Bar No. RF2836)
Bradford J. Sandler, Esq. (DE Bar No. 4142)
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Wilmington, Delaware 19899
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rfeinstein@pszjlaw.com
bsandler@pszjlaw.com

Proposed Counsel to the Official Committee of
Unsecured Creditors

Exhibit A

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

In re:

NEC HOLDINGS CORP., et al.,¹

Debtors.

Chapter 11

Case No. 10-11890 (PJW)

Jointly Administered

**DECLARATION OF ROBERT J. FEINSTEIN IN SUPPORT
OF APPLICATION OF OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR ORDER PURSUANT TO 11 U.S.C. §§ 327 AND
1103, FED. R. BANKR. P. 2014, AND LOCAL BANKRUPTCY RULE 2014-1,
AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF
PACHULSKI STANG ZIEHL & JONES LLP AS COUNSEL TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS NUNC PRO TUNC TO JUNE 22, 2010**

ROBERT J. FEINSTEIN, declares under penalty of perjury as follows:

1. I am a partner with the firm of Pachulski Stang Ziehl & Jones LLP (“PSZJ” or the “Firm”), and maintain an office at 780 Third Avenue, 36th Floor, New York, New York 10017-2024. The Firm also maintains offices at 919 North Market Street, 17th Floor, Wilmington, Delaware 19899-8705. I am duly admitted to practice law in the State of New York, the United States District Courts for the Southern, Eastern, Northern, and Western Districts of New York, and the United States Court of Appeals for the Second Circuit. I am also authorized to appear *pro hac vice* pursuant to an Order entered by this Court on June 25, 2010

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: NEC Holdings Corp. (6395); National Envelope Corporation (5935); National Envelope – WH LLC (9721); National Envelope – AECO LLC (9071); National Envelope – Chino LLC (9266); National Envelope – City of Industry, LLC (9710); National Envelope – Ennis LLC (3868); National Envelope – Corsicana LLC (9716); National Envelope – Grand Prairie LLC (9258); National Envelope – Aurora LLC (9712); National Envelope – Lenexa LLC (9256); National Envelope – Appleton LLC (9719); National Envelope – Elk Grove Village LLC (9262); National Envelope – Scottsdale LLC (9711); National Envelope Corporation – East (6888); National Envelope – Specialties Group LLC (9156); National Envelope – Houston LLC (9210); National Envelope – Shelbyville Equity LLC (9255); National Envelope – Exton Equity LLC (9354); National Envelope – Nashville Equity LLC (9410); National Envelope – Houston Equity LLC (9488); National Envelope – Leasing LLC (9542); New York Envelope Corporation (3186); National Envelope Corporation – North (1548); National Envelope Corporation – South (5404); National Envelope Corporation – Central (8259); Old Colony Envelope Corporation (4416); and Aristocrat Envelope Corporation (9284).

[Docket No. 86]. I am authorized to submit this declaration (the “Declaration”) in support of the *Application for Entry of an Order, Pursuant to 11 U.S.C §§ 327 and 1103, Fed. R. Bankr. P. 2014, and Local Bankruptcy Rule 2014-1, Authorizing and Approving the Employment and Retention of Pachulski Stang Ziehl & Jones LLP as Counsel to the Official Committee of Unsecured Creditors Nunc Pro Tunc to June 22, 2010* (the “Application”).²

2. Neither I, the Firm, nor any partner, of counsel, or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their creditors or any other parties in interest herein, their respective attorneys and accountants, the U.S. Trustee, or any person employed in the office of the U.S. Trustee, except as set forth herein.

3. Bankruptcy Code § 1103(b) does not incorporate the general “disinterestedness” standard of Code § 327(a). However, Bankruptcy Rule 2014 requires that an application for employment under Section 1103 disclose all connections with the Debtors, the estates, the professionals and the Office of the Trustee. The Firm, therefore, discloses its known connections herein.

4. The Firm has made the following investigation of disinterestedness prior to submitting this Declaration. The Firm has undertaken a full and thorough review of its computer database, which contains the names of clients and other parties interested in particular matters. The Firm requires all of its professionals, before accepting the representation of a new client, or the representation of an existing client in a new matter, to perform a conflicts check through the Firm’s database and to enter conflict information regarding new clients or new matters into that database. Thus, a review of said computerized database should reveal any and all actual or potential conflicts of interest with respect to any given representation. In particular,

² Capitalized terms not otherwise defined herein shall have the meanings and definitions ascribed to such terms in the Application.

an employee of the Firm, under my supervision, entered the names of the Debtors and their non-debtor affiliates, the Debtors' known secured creditors, the Debtors' officers, directors and known shareholders, the Debtors' landlords, the 30 largest unsecured creditors of the Debtors as disclosed by them in filings with the Court, significant litigation claimants, and certain of the Debtors' insurers, vendors, customers, and competitors through the Firm's database.

5. Based on the results of the Firm's search of its database, it appears that PSZJ does not hold or represent any interest adverse to and has no connection, subject to the disclosures set forth below, with the Debtors herein, their creditors, the U.S. Trustee or any party-in-interest herein in the matters upon which PSZJ is to be retained, and is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, subject to the following material disclosures:

- a. PSZJ currently represents Morgan Joseph & Co. Inc. ("Morgan Joseph") in a fee dispute in the bankruptcy cases captioned *In re Tropicana Entertainment, LLC*, Case No. 08-10856 (KJC), pending in the United States Bankruptcy Court for the District of Delaware. PSZJ believes that its representation of Morgan Joseph has not and will not affect its representation of the Committee. In the 12 months prior to the Petition Date, Morgan Joseph accounted for less than one percent of PSZJ's total billings.
- b. United Steel Workers of America (the "United Steelworkers") and certain of their affiliates are listed as creditors of the Debtors. The Firm currently represents the Official Committee of Unsecured Creditors of Flying J Inc., *et al.* (the "Flying J Committee") in the bankruptcy cases pending in the United States Bankruptcy Court for the District of Delaware, captioned *In re Flying J Inc., et al.*, Case No. 08-13384 (MFW) (the "Flying J Cases"). The United Steelworkers are a current member of the Flying J Committee. The Firm previously represented the Official Committee of Unsecured Creditors of Scotia Development, LLC (Palco) *et al.*, (the "Palco Committee") in the bankruptcy cases in the United States Bankruptcy Court for the Southern District of Texas, captioned *In re Scotia Development, LLC (Palco)*, Case No. 07-20027 (RSS) (the "Palco Cases"). The Flying J Cases and Palco Cases are wholly unrelated to the Debtors' Cases. The Firm does

not represent the United Steelworkers or any of their affiliates. PSZJ believes that its representation of the Flying J Committee and Palco Committee has not and will not affect its representation of the Committee in these proceedings.

- c. Toshiba Corp. is listed as a creditor of the Debtors. The Firm currently represents the Official Committee of Unsecured Creditors of Circuit City Stores, Inc. *et al.* (the “Circuit City Committee”) in the chapter 11 cases pending in the United States Bankruptcy Court for the Eastern District of Virginia, captioned *In re Circuit City, Inc., et al.*, Case No. 08-35653 (KRH) (the “Circuit City Cases”). Toshiba America Consumer Products, LLC, an affiliate of Toshiba Corp., is a current member of the Circuit City Committee. The Circuit City Cases are wholly unrelated to the Debtors’ Cases. The Firm does not represent Toshiba Corp., Toshiba America Consumer Products, LLC, or any of their affiliates. PSZJ believes that its representation of the Circuit City Committee has not and will not affect its representation of the Committee in these proceedings.
- d. RR Donnelly is listed as a creditor of the Debtors. The Firm currently represents the Official Committee of Unsecured Creditors of Movie Gallery, Inc., *et al.* (the “Movie Gallery Committee”) in chapter 11 cases pending in the United States Bankruptcy Court for the Eastern District of Virginia, captioned *In re Movie Gallery, Inc., et al.*, Case No. 10-30696 (DOT) (the “Movie Gallery Cases”). RR Donnelly is a current member of the Movie Gallery Committee. The Movie Gallery Cases are wholly unrelated to the Debtors’ Cases. The Firm does not represent RR Donnelly or any of its affiliates. PSZJ believes that its representation of the Movie Gallery Committee has not and will not affect its representation of the Committee in these proceedings.
- e. Pitman Company (“Pitman”) is listed as a creditor of the Debtors. The Firm represented the Official Committee of Unsecured Creditors of Freedom Communications Holdings, Inc., *et al.* (the “Freedom Committee”) in the United States Bankruptcy Court for the District of Delaware, captioned *In re Freedom Communications Holdings, Inc., et al.*, Case No. 09-13046 (BLS) (the “Freedom Cases”). Pitman was a member of the Freedom Committee. The Freedom Cases are wholly unrelated to the Debtors’ Cases. The Firm does not represent Pitman or any of its affiliates. PSZJ believes that its past representation of the Freedom Committee has not and will not affect its representation of the Committee in these proceedings.

- f. The Pension Benefits Guaranty Corporation (the “PBGC”) is listed as a creditor of the Debtors. The Firm currently represents the Circuit City Committee, and the Firm has previously represented the Freedom Committee and Palco Committee. The PBGC is a current member of the Circuit City Committee and was a former member of the Freedom Committee and Palco Committee. The Circuit City Cases, Freedom Cases, and Palco Cases are wholly unrelated to the Debtors’ Cases. The Firm does not represent the PBGC or any of its affiliates. PSZJ believes that its representation of the Circuit City Committee, Freedom Committee, and Palco Committee has not and will not affect its representation of the Committee in these proceedings.
- g. Ryder Transportation Services (“Ryder”) is listed as a contract counterparty of the Debtors. The Firm represented the Official Committee of Unsecured Creditors (the “Tweeter Committee”) of Tweeter Home Entertainment Group, Inc. (“Tweeter”), *et al.*, the Official Committee of Unsecured Creditors (the “Empire Beef Committee”) of Empire Beef Co., Inc. (“Empire Beef”), *et al.*, the Official Committee of Unsecured Creditors (the “Glazed Investments Committee”) of Glazed Investments, LLC (“Glazed Investments”), the Official Committee of Unsecured Creditors (the “COI Committee”) Commissary Operations, Inc., (“COI”), and the Official Committee of Unsecured Creditors (the “Tom’s Food Committee”) of Tom’s Food Inc. (“Tom’s Food”). Tweeter and certain of its affiliates were debtors in chapter 11 cases in the United States Bankruptcy Court for the District of Delaware, captioned *In re Tweeter Home Entertainment Group, Inc., et al.*, Case No. 07-10787 (PJW) (the “Tweeter Cases”). Empire Beef and certain of its affiliates were debtors in chapter 11 cases in the United States Bankruptcy Court for the Western District of New York, captioned *In re Empire Beef, Inc., et al.*, Case No. 07-22226 (JCN) (the “Empire Beef Cases”). Glazed Investments was a debtor in the chapter 11 case in the United States Bankruptcy Court for the Northern District of Illinois, captioned *In re Glazed Investments, LLC*, Case No. 06-00932 (PSH) (the “Glazed Investments Case”). COI was a debtor in the chapter 11 case in the United States Bankruptcy Court for the Middle District of Tennessee, captioned *In re Commissary Operations, Inc.*, Case No. 08-06279 (MFH) (the “COI Case”). Tom’s Food was a debtor in the chapter 11 case in the United States Bankruptcy Court for the Middle District of Georgia, captioned *In re Tom’s Food Inc.*, Case No. 05-40683 (RFH) (the “Tom’s Food Case”). Ryder Truck Rental, an affiliate of Ryder, was a former member of the Tweeter Committee, the Empire Beef Committee, the Glazed Investments Committee, the COI Committee, and the Tom’s Food Committee. The Tweeter Cases, Empire Beef Cases, Glazed Investment Case,

COI Case, and Tom's Food Case are wholly unrelated to the Debtors' Cases. The Firm does not represent Ryder or any of its affiliates. PSZJ believes that its previous representation of the Tweeter Committee, the Empire Beef Committee, the Glazed Investments Committee, the COI Committee, and the Tom's Food Committee has and will not affect its representation of the Committee in these proceedings.

- h. Smurfit-Stone Container Corp. ("Smurfit-Stone") is listed as a major supplier to the Debtors. The Firm currently represents the Official Committee of Unsecured Creditors of Smurfit-Stone Container Corp. *et al.* (the "Smurfit-Stone Committee") in the chapter 11 cases pending in the United States Bankruptcy Court for the District of Delaware, captioned *In re Smurfit-Stone Container Corp., et al.*, Case No. 09-10235 (BLS) (the "Smurfit-Stone Cases"). The Smurfit-Stone Cases are wholly unrelated to the Debtors' Cases. PSZJ believes that its representation of the Smurfit-Stone Committee has not and will not affect its representation of the Committee in these proceedings.
- i. Sprague Energy Corp. ("Sprague") is listed as a major supplier to the Debtors. The Firm currently represents the Oversight Committee of the Felt Manufacturing Company, Inc. Liquidation Trust ("Felt Oversight Committee") and has previously represented the Official Committee of Unsecured Creditors of Felt Manufacturing Company, Inc. f/k/a Foss Manufacturing Company, Inc. (the "Felt Committee") in the bankruptcy cases filed in the United States Bankruptcy Court for the District of New Hampshire, captioned *In re Felt Manufacturing Company, Inc. f/k/a Foss Manufacturing Company*, Case No. 05-13724 (JMD) (the "Felt Case"). Sprague is a current member Felt Oversight Committee and a former member of the Felt Committee. The Felt Case is wholly unrelated to the Debtors' Cases. The Firm does not represent Sprague or any of their affiliates. PSZJ believes that its representation of the Felt Oversight Committee and Felt Committee has not and will not affect its representation of the Committee in these proceedings.
- j. ING Direct is listed as a contract counterparty to the Debtors. The Firm currently represents ING Clarion Capital Loan Services LLC, an affiliate of ING Direct, as its Delaware counsel in connection with the bankruptcy case filed by Rubicon US REIT, Inc. in the United States Bankruptcy Court for the District of Delaware, captioned *In re Rubicon US REIT, Inc.*, Case No. 10-10160 (BLS) (the "Rubicon Case"). The Rubicon Case is wholly unrelated to the Debtors' Cases. The Firm does not represent ING Direct or any of its affiliates in the Debtors' Cases. PSZJ believes that its

representation of the ING Clarion Capital Loan Services LLC has not and will not affect its representation of the Committee in these proceedings.

- k. Washington Mutual Card Services is listed as a contract counterparty to the Debtors. The Firm currently represents certain unaffiliated holders of notes issued by Washington Mutual Bank, Henderson, Nevada (the "WMB Bondholder Group"). Washington Mutual Bank and certain of its affiliates are currently debtors in chapter 11 cases pending in the United States Bankruptcy Court for the District of Delaware, captioned *In re Washington Mutual, Inc., et al.*, Case No. 08-12229 (MFW) (the "Washington Mutual Cases"). The Washington Mutual Cases are wholly unrelated to the Debtors' Cases. The Firm does not represent Washington Mutual Card Services or any of its affiliates in the Debtors' Cases. PSZJ believes that its representation of the WMB Bondholder Group has not and will not affect its representation of the Committee in these proceedings.

6. Based on the foregoing, PSZJ believes that it can be adverse to the Debtors' lenders and can represent the Committee in, among other things, any review and challenge of liens asserted against the Debtors as well as any objection to the plan of reorganization proposed by the Debtors.

7. PSZJ represented, represents, and in the future will likely represent many committees in matters unrelated to the Debtors and these Cases, whose members may be creditors and/or committee members in these Cases. The Firm, however, is not representing any of those entities in these Cases and will not represent any members of these committees in any claims that they may have collectively or individually against the Debtors.

8. PSZJ and certain of its partners, of counsel, and associates represented, represent and in the future will likely represent creditors of the Debtors in connection with matters unrelated to the Debtors and these Cases. At this time, the Firm is not aware of any such representations except as noted herein. If the Firm identifies any further such representations, the Firm shall make further disclosures as may be appropriate at that time.

9. The Firm has represented, represents, and in the future will likely represent debtors and creditors committees in cases unrelated to the Debtors and these Cases wherein one or more of the firms representing the Debtors or other parties-in-interest serve as or will serve professionals.

10. PSZJ is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code in that the Firm, its partners, of counsel and associates:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not, within two (2) years before the Petition Date, a director, officer, or employee of the Debtors;
- c. are not and were not, within three (3) years before the Petition Date, an investment banker for a security of the Debtors, or an attorney for such investment banker in connection with the offer, sale or issuance of any security of the Debtors; and
- d. do not have an interest materially adverse to the interests of the Debtors’ estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason, except as disclosed herein.

11. The Firm has received no retainer from the Debtors or the Committee, nor has the Firm received any payment or promise of payment, during the one-year period prior to the Petition Date. No compensation has been paid or promised to be paid from a source other than the Debtors’ estates in these Cases. No promises have been received by the Firm nor by any partners, of counsel or associate thereof as to compensation in connection with these Cases other than in accordance with the provisions of the Bankruptcy Code. The Firm has no agreement with any other entity to share with such entity any compensation received by the Firm in connection with these Cases, except among the partners, of counsel, and associates of the Firm. Neither the Committee nor its members (or any of their representatives) are or will be liable for fees or costs incurred by the Firm in its representation of the Committee.

12. Subject to Court approval in accordance with section 330(a) of the Bankruptcy Code and any applicable Orders of this Court, compensation will be payable to PSZJ on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by PSZJ. The current hourly rates charged by PSZJ for professional and paralegals employed in its offices are:

Partners	\$495 - \$925
Of Counsel	\$450 - \$625
Associates	\$350 - \$450
Paralegals	\$160 - \$235

13. The professionals and paralegals presently designated to represent the Committee and their current standard hourly rates are:

a.	Robert J. Feinstein	\$855.00 per hour
b.	Jeffrey N. Pomerantz	\$775.00 per hour
c.	Bruce Grohsgal	\$675.00 per hour
d.	Bradford J. Sandler	\$650.00 per hour
e.	David A. Abadir	\$425.00 per hour
f.	Monica A. Molitor	\$235.00 per hour

14. The hourly rates set forth above are the Firm's standard hourly rates for work of this nature, which are subject to adjustment from time to time. These rates are set at a level designed to fairly compensate the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. These rates are subject to periodic adjustments to reflect economic and other conditions. Other attorneys and paralegals may from time to time serve the Committee in connection with the matters described herein, and the Firm will charge its standard hourly rates for their services. It is the Firm's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses

charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document retrieval, photocopying charges, charges for mailing supplies (including, without limitation, envelopes and labels) provided by the Firm to outside copying services for use in mass mailings, travel expenses, expenses for “working meals,” computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. The Firm will charge the Committee for these expenses in a manner and at rates consistent with charges made generally to the Firm’s other clients and in accordance with the guidelines set forth in Local Bankruptcy Rule 2014-1, and all amendments and supplemental standing orders of the Court. The Firm believes that it is more appropriate to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

15. Subject to Court approval, the Committee may seek to retain various professionals during the pendency of these chapter 11 cases. PSZJ intends to work closely with all professionals retained by the Committee, including Morgan Joseph & Co., Inc., to ensure that there is no unnecessary duplication of services performed or charged to the Debtors’ estates.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 14, 2010

/s/ Robert J. Feinstein
Robert J. Feinstein