

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

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**In re** : **Chapter 11**  
: :  
**RathGibson, Inc., et al.,<sup>1</sup>** : **Case No. 09-12452 (CSS)**  
: **Jointly Administered**  
**Debtors.** : :  
: **Objection Deadline: March 11, 2010 at 4:00 p.m.**  
: **Hearing Date: March 23, 2010 at 1:00 p.m.**  
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**DEBTORS' APPLICATION FOR ORDER PURSUANT TO SECTIONS 327(a)  
AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING THE RETENTION  
AND EMPLOYMENT OF GRANT THORNTON LLP TO PROVIDE  
AUDIT SERVICES, AND TO CONTINUE TO PROVIDE TAX ADVISORY  
SERVICES, TO THE DEBTORS, NUNC PRO TUNC TO DECEMBER 17, 2009**

The above-captioned debtors and debtors in possession (the “Debtors”), by this application (the “Application”), seek entry of an order, pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1(a) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), authorizing and approving the retention and employment of Grant Thornton LLP (“Grant Thornton”) to provide audit services, and to continue to provide tax advisory services, to the Debtors, *nunc pro tunc* to the December 17, 2009. In support of the Application, the Debtors rely upon and incorporate by reference the Declaration of Deron M. Curliss (the “Deron Declaration”), a copy of which is attached hereto as Exhibit A. In further support of the Application, the Debtors respectfully represent as follows:

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<sup>1</sup> The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Greenville Tube Company (2689); (ii) RathGibson, Inc. (3283); (iii) RG Tube Holdings LLC (4080); and (iv) RGCH Holdings Corp. (9683). The Debtors’ executive headquarters’ address is 475 Half Day Road, Suite 210, Lincolnshire, Illinois 60069.

## **JURISDICTION**

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b) and venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief sought herein are sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Rule 2014-1(a).

## **BACKGROUND**

2. On July 13, 2009 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to section 1107 and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b).

3. On July 23, 2009, the Office of the United States Trustee (the "U.S. Trustee") appointed a statutory committee of unsecured creditors (the "Committee"). No trustee or examiner has been appointed in these cases.

4. The events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the *Declaration of Jon M. Smith in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 3] (the "Smith Declaration").

## **RELIEF REQUESTED**

5. By this Application, the Debtors seek entry of an order authorizing the retention and employment of Grant Thornton, *nunc pro tunc* to December 17, 2009, to provide audit services to the Debtors, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code. In

addition, the Debtors seek to modify Grant Thornton's retention as an ordinary course professional with respect to its provision of tax advisory services to the Debtors.

6. More specifically, on August 11, 2009, the Court entered an *Order Authorizing the Debtors to Employ Professionals Utilized in the Ordinary Course of Business Pursuant to Bankruptcy Code Sections 105(a), 327, 328(a), and 330* [Docket No. 147] (the "OCP Order"). The Debtors retained Grant Thornton as an ordinary course professional through the OCP Order to perform post-petition tax and Sarbanes-Oxley compliance services to the Debtors (the "Tax Services"), pursuant to that certain engagement letter entered into by and between Grant Thornton and the Debtors, dated September 9, 2009 (the "Tax Engagement Letter," a copy of which is attached hereto as Exhibit B and incorporated herein by reference).

7. Recently, the Debtors have asked Grant Thornton to perform audit services (the "Audit Services, and together with the Tax Services, the "Services") on their behalf, pursuant to that certain engagement letter entered into by and between Grant Thornton and the Debtors, dated December 15, 2009 (the "Audit Engagement Letter," a copy of which is attached hereto as Exhibit C and incorporated herein by reference, and together with the Tax Engagement Letter, the "Engagement Letters").<sup>2</sup>

8. Because Grant Thornton anticipates that this new engagement will cause its fees to exceed the monthly cap set forth in the OCP Order, the Debtors are seeking to retain Grant Thornton pursuant to sections 327(a) and 328 of the Bankruptcy Code.

9. Accordingly, in connection with any Audit Services that it performs on behalf of the Debtors, and in connection with any Tax Services that it performs on behalf of the Debtors after December 17, 2009, Grant Thornton will apply to the Court for allowance of

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Tax Engagement Letter or the Audit Engagement Letter, as applicable.

compensation for professional services rendered in connection with these chapter 11 cases based on its customary hourly rates then in effect, and to request reimbursement of expenses, in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the guidelines established by the Office of the U.S. Trustee for the District of Delaware (the “Guidelines”), and any administrative orders entered by the Court, including the Court’s *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket No. 148] and the Court’s *Order Directing Appointment of Fee Examiner* [Docket No. 464].

**BASIS FOR RELIEF REQUESTED**

10. Bankruptcy Code section 327(a) provides, in relevant part, as follows:

Except as otherwise provided in this section, the trustee, with the court’s approval, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professionals persons, that do not hold or represent an interest adverse to the estates, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee’s duties under this title.

11 U.S.C. § 327(a).

11. Bankruptcy Code section 328(a) provides, in relevant part, as follows:

The trustee . . . with the court’s approval, may employ or authorize the employment of a professional person under section 327 . . . of this title . . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, or on a contingent fee basis. Notwithstanding such terms and conditions, the court may allow compensation different from the compensation provide under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

11 U.S.C. § 328(a).

12. Bankruptcy Rule 2014 provides, in relevant part, as follows:

An order approving the employment of attorneys . . . or other professionals pursuant to § 327 . . . of the Code shall be made only on application of the trustee or committee.

Fed. R. Bankr. P. 2014.

13. Local Rule 2014-1 provides, in relevant part, as follows:

Any entity seeking approval of employment of a professional person pursuant to 11 U.S.C. § 327 . . . shall file with the Court a motion, a supporting affidavit or verified statement of the professional person, and a proposed order for approval.

Del. Bankr. L.R. 2014-1(a).

#### **Grant Thornton's Qualifications**

14. Grant Thornton has rendered tax and audit consulting services to the Debtors for several years, and as a result, has considerable knowledge concerning the Debtors and their operations. In particular, prior to the Petition Date, Grant Thornton has provided audit consulting services, including SOX 404 compliance and tax preparation and consulting services and as such is already familiar with the Debtors' business affairs to the extent necessary for the scope of the proposed and anticipated services. Thus, the Debtors respectfully submit that the employment and retention of Grant Thornton would be in the best interests of the Debtors, their estates and their creditors.

15. Further, Grant Thornton has extensive experience and knowledge in performing the scope of the work described below. The firm's experience in tax and auditing matters is widely recognized, and it regularly provides such services to large and complex business entities. Thus, the Debtors believe that Grant Thornton is well suited and qualified to serve as the Debtors' auditors in a cost-effective, efficient, and timely manner.

**B. Services to be Provided**<sup>3</sup>

16. Grant Thornton will continue to provide Tax Services to the Debtors, pursuant to the terms of Tax Engagement Letter, including tax consulting services and tax return preparation services, which it was performing under its ordinary course professional retention. *See Notice of Filing of Affidavit of Disinterestedness of Professionals in Connection with the Order Authorizing the Debtors to Employ Professionals Utilized in the Ordinary Course of Business Pursuant to Bankruptcy Code Sections 105(a), 327, 328(a) and 330 [Docket No. 292].*

17. In addition, pursuant to and as set forth more fully in the Audit Engagement Letter, Grant Thornton is prepared to perform certain post-petition auditing services related to the Plans, including, without limitation,

- a. Auditing the consolidated balance sheet of RathGibson, Inc. and its subsidiaries as of January 31, 2010 and the related consolidated statements of earnings, stockholders' equity and cash flows for the year then ended;<sup>4</sup>
- b. Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant judgments and estimates made by management, as well as evaluating the overall financial statement presentation;
- c. Obtaining an understanding of the internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed;
- d. Communicating to the audit committee significant deficiencies and material weaknesses in internal control over financial reporting discovered in the course of the engagement;
- e. Prepare a report of the audit, and, if appropriate, express an opinion with regard to the audit; and

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<sup>3</sup> This summary is for convenience purposes only. To the extent that the summary conflicts with the Engagement Letters, the Engagement Letters shall govern.

<sup>4</sup> Audits of the financial statements and required supplemental schedules, as applicable, will be conducted in accordance with auditing standards generally accepted in the United States of America ("US GAAS") established by the Auditing Standards Board of the American Institute of Certified Public Accountants ("AICPA").

- f. Perform certain bookkeeping services for the purposes of proposing standard journal entries to record the company's tax accruals and draft the related disclosures based on information in the trial balance and other information that is provided to Grant Thornton in the course of the engagement.

### Compensation

18. Subject to the provisions of sections 327(a) and 328(a), as incorporated in section 330 of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, the Debtors may retain Grant Thornton on reasonable terms and conditions. The Debtors submit that the terms and conditions under the Engagement Letters, which are similar to the terms and conditions Grant Thornton offers to similar clients for similar services, are reasonable.

19. Subject to this Court's approval, and pursuant to the terms and conditions of the Engagement Letters, the Debtors understand that Grant Thornton intends to apply to the Court for allowance of compensation and reimbursement of expenses for the Services performed for the Debtors in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, corresponding Local Rules, the Guidelines, and the Orders of this Court. Attached hereto as Exhibit D is a schedule of the standard rates that Grant Thornton charges for its Services in engagements of this nature and size.

20. In addition to compensation for professional auditing services, Grant Thornton will seek reimbursement for reasonable and necessary expenses incurred in connection with the auditing services performed for the Debtors, including the costs of transportation, lodging, working meals, telephone, photocopying and messenger services.

21. The Debtors believe the compensation arrangements provided for in the Engagement Letters are consistent with, and typical of arrangements entered into by Grant Thornton and other accounting firms with respect to rendering similar services for clients such as the Debtors.

#### **D. Indemnification**

22. As set forth in the Engagement Letters, the Debtors have agreed to indemnify Grant Thornton. Notwithstanding the indemnification provisions contained in the Engagement Letters (collectively, the “Indemnification Provisions”), the Debtors’ obligations to indemnify and hold Grant Thornton harmless shall be subject to the following terms and conditions:

- (a) Subject to the provisions of subparagraphs (c) and (d) below, the Debtor shall indemnify Grant Thornton for any claim arising from, related to or in connection with their performance of the services described in the Engagement Letters;
- (b) Grant Thornton shall not be entitled to indemnification, contribution or reimbursement for services other than the services to be provided under the Engagement Letters, unless such services and the indemnification, contribution or reimbursement therefore are approved by the Court;
- (c) Notwithstanding anything to the contrary in the Engagement Letters, the Debtors shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from that person’s gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege breach of the Grant Thornton’s contractual obligations under the Engagement Letters unless the Court determines that indemnification, contribution or reimbursement would be permissible pursuant to In re United Artists Theatre Co., 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to that person’s gross negligence or willful misconduct, but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution, or reimbursement under the terms of the Indemnification Provisions as modified by this Application and proposed Order; and
- (d) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing this chapter 11 case, Grant Thornton believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors’ indemnification, contribution and/or reimbursement

obligations under the Indemnification Provisions (as modified by this Application and proposed Order), including without limitation the advancement of defense costs, Grant Thornton must file an application before this Court, and the Debtors may not pay any such amounts before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time under which the court shall have jurisdiction over any request for fees and expenses for indemnification, contribution or reimbursement, and not a provision limited the duration of the Debtors' obligation to indemnify Grant Thornton.

23. Notwithstanding any provision to the contrary in the Engagement Letters, the liability of Grant Thornton shall not be limited.

24. The Debtors believe that the Indemnification Provisions, as modified by this Application and proposed Order, are customary and reasonable for tax and auditing engagements, both out-of-court and in chapter 11 proceedings. See, e.g., In re United Artists Theatre Co., (order authorizing the indemnification of Houlihan Lokey by the debtors); In re Joan & David Halpern, Inc., 248 B.R. 43 (Bankr. S.D.N.Y. 2000). The terms on which Grant Thornton will be indemnified are also similar to other indemnification provisions that have been approved by bankruptcy courts in this district. See, e.g., In re Goody's, LLC, Ch. 11 Case No. 09-10124 (CSS) (Bankr. D. Del. Feb. 20, 2009) (authorizing retention of advisor on similar terms); In re Eclipse Aviation Corp., Ch. 11 Case No. 08-13031 (MFW) (Bankr. D. Del. Jan. 15, 2009) (same); In re Oakwood Homes Corp., Ch. 11 Case No. 02-13396 (PJW) (Bankr. D. Del. July 21, 2003) (same).

25. The terms and conditions of the Engagement Letters, including the Indemnification Provisions (as modified herein), were negotiated by the Debtors and Grant Thornton at arm's length and in good faith. The Debtors respectfully submit that the Indemnification Provisions contained in the Engagement Letters, as modified herein, are reasonable and in the best interests of the Debtors, their estates and creditors.

**E. Disclosures and Disinterestedness**

26. In reliance on the Curliss Declaration, the Debtors believe Grant Thornton is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, in that Grant Thornton:

- (a) is not a creditor, an equity security holder, or an insider of the Debtors;
- (a) is not and was not, within two years before the date of the filing of the petition, a director, an officer, or an employee of the Debtors; and
- (b) does not have an interest materially adverse to the interest of the 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.

Accordingly, the Debtors believe that Grant Thornton is eligible for retention by the Debtors under the Bankruptcy Code.

27. To the best of the Debtors’ knowledge, except as otherwise set forth in the Curliss Declaration, neither Grant Thornton nor any principal, partner or director thereof: (i) has any connection with the Debtors, their creditors, equity holders, attorneys or other professionals or any other parties-in-interest (based upon a list provided to Grant Thornton), or the United States Trustee or the Assistant United States Trustee for the District of Delaware or their attorney assigned to these chapter 11 cases; or (ii) holds or represents an interest adverse to the Debtors’ estates. Accordingly, the Debtors believe that Grant Thornton is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code.

28. In the event that additional disclosure is necessary, Grant Thornton will promptly file a supplemental affidavit with this Court setting forth any facts and circumstances relevant thereto.

29. Based on the foregoing, the Debtors submit that the employment of Grant Thornton on the terms and conditions set forth herein and the Engagement Letters is in the best interest of the Debtors, their estates, their creditors and all parties in interest.

**NOTICE**

30. No trustee, examiner, or statutory committee has been appointed in these chapter 11 cases. The Debtors will serve notice of this Application on: (i) the U.S. Trustee; (ii) counsel for the indenture trustee under the Senior Notes; (iii) counsel to the agent for RGCH Holdings Corp.'s prepetition unsecured lenders; (iv) counsel to the agent for the Debtors' postpetition secured lenders and the ad hoc committee of holders of the Senior Notes; (v) counsel to the Committee; and (vi) those parties requesting notice pursuant to Bankruptcy Rule 2002.

31. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order under sections 327(a) and 328(a) of the Bankruptcy Code and Rule 2014 of the Bankruptcy Rules, substantially in the form attached hereto as Exhibit E: (i) authorizing the Debtors to employ and retain Grant Thornton as auditors, *nunc pro tunc* to the Petition Date, pursuant to the terms of the Audit Engagement Letter, as modified herein and in the proposed order, (ii) authorizing the Debtors to modify the terms of Grant Thornton's ordinary course retention to allow the Debtors to continue to employ Grant Thornton as tax advisory service providers, pursuant to sections 327(a) and 328 of the Bankruptcy Code, and (iii) granting such other and further relief as this Court finds just and proper.

Dated: February 25, 2010

RathGibson, Inc., on behalf of itself and its affiliated  
debtors and debtors in possession

By: 

Jon M. Smith

Director and Chief Financial Officer

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

-----X  
In re : Chapter 11  
: :  
RathGibson, Inc., et al.,<sup>1</sup> : Case No. 09-12452 (CSS)  
: Jointly Administered  
Debtors. : :  
: Objection Deadline: March 11, 2010 at 4:00 p.m.  
: Hearing Date: March 23, 2010 at 1:00 p.m.  
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**NOTICE OF APPLICATION**

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) COUNSEL TO THE INDENTURE TRUSTEE UNDER THE SENIOR NOTES; (III) COUNSEL TO THE AGENT FOR RGCH HOLDINGS CORP.'S PREPETITION UNSECURED LENDERS; (IV) COUNSEL TO THE AGENT FOR THE DEBTORS' POSTPETITION SECURED LENDERS AND THE AD HOC COMMITTEE OF HOLDERS OF THE SENIOR NOTES; (V) COUNSEL TO THE COMMITTEE; AND (VI) ANY PARTIES REQUESTING NOTICE PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the "Debtors") have filed the attached **Debtors' Application for Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Grant Thornton LLP to Provide Audit Services, and to Continue to Provide Tax Advisory Services, to the Debtors, *Nunc Pro Tunc* to December 17, 2009** (the "Application").

PLEASE TAKE FURTHER NOTICE that responses or objections, if any, to the Application must be filed with the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3<sup>rd</sup> Floor, Wilmington, Delaware 19801 on or before **March 11, 2010 at 4:00 p.m. (prevailing Eastern Time)** (the "Objection Deadline"). At the same time, you must serve a copy of your response upon the undersigned counsel.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE APPLICATION WILL BE HELD ON **MARCH 23, 2010 AT 1:00 P.M. (PREVAILING EASTERN TIME)** BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N.

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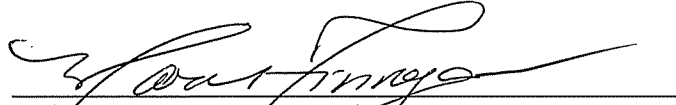
<sup>1</sup> The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Greenville Tube Company (2689); (ii) RathGibson, Inc. (3283); (iii) RG Tube Holdings LLC (4080); and (iv) RGCH Holdings Corp. (9683). The Debtors' executive headquarters' address is 475 Half Day Road, Suite 210, Lincolnshire, Illinois 60069.

MARKET STREET, 5TH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE  
19801.

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

Dated: February 25, 2010  
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP



Robert S. Brady (No. 2847)  
Matthew B. Lunn (No. 4119)  
Maris J. Finnegan (No. 5294)  
The Brandywine Building  
1000 West Street, 17<sup>th</sup> Floor  
Wilmington, Delaware 19801  
(302) 571-6600

-and-

WILLKIE FARR & GALLAGHER LLP  
Paul V. Shalhoub  
Robin Spigel  
787 Seventh Avenue  
New York, New York 10019-6099  
Telephone: (212) 728-8000  
Facsimile: (212) 728-8111

*Counsel to the Debtors  
and Debtors in Possession*

**EXHIBIT A**

**Curliss Declaration**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----X  
In re : Chapter 11  
: :  
RathGibson, Inc., et al.,<sup>1</sup> : Case No. 09-12452 (CSS)  
: Jointly Administered  
Debtors. :  
: Objection Deadline: February 15, 2010 at 4:00 p.m.  
: Hearing Date: February 22, 2010 at 3:00 p.m.  
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**DECLARATION OF DERON M. CURLISS IN SUPPORT OF DEBTORS'  
APPLICATION FOR ORDER PURSUANT TO SECTIONS 327(a)  
AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING THE RETENTION  
AND EMPLOYMENT OF GRANT THORNTON LLP TO PROVIDE  
AUDIT SERVICES, AND TO CONTINUE TO PROVIDE TAX ADVISORY  
SERVICES, TO THE DEBTORS, NUNC PRO TUNC TO DECEMBER 17, 2009**

Deron M. Curliss, deposes and says:

I am partner at Grant Thornton LLP ("Grant Thornton"), which has an office located at 2 E. Gilman Street Suite 501, Madison, WI 53703. I make this declaration on behalf of Grant Thornton (the "Declaration"). I am authorized to execute this declaration on behalf of Grant Thornton. Grant Thornton was approved as an Ordinary Course Professional in August 2009. In connection with this retention, Grant Thornton has provided tax consulting services. Because Grant Thornton anticipates that the fees will exceed the limits for Ordinary Course Professionals and the scope of Grant Thornton's services has been expanded to include audit services, I submit this Declaration in support of the application (the "Application") of RathGibson, Inc. ("RathGibson") and certain of its affiliates, debtors and debtors-in-possession (collectively with RathGibson, the "Debtors") for an order authorizing them to retain and employ Grant Thornton

<sup>1</sup> The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Greenville Tube Company (2689); (ii) RathGibson, Inc. (3283); (iii) RG Tube Holdings LLC (4080); and (iv) RGCH Holdings Corp. (9683). The Debtors' executive headquarters' address is 475 Half Day Road, Suite 210, Lincolnshire, Illinois 60069.

to provide certain accounting and tax services to the Debtors nunc pro tunc to December 17, 2009. The Debtors seek to retain Grant Thornton pursuant to the terms and conditions set forth in the engagement letters effective as of December 15, 2009 and September 9, 2009 (together, the "Engagement Letters") and certain statements of work under the Engagement Letters, between the Debtors and Grant Thornton. The Engagement Letters are attached to the Application as Exhibit A. Except as otherwise noted, I have personal knowledge of the matters set forth herein.<sup>2</sup>

### **DISINTERESTEDNESS AND ELIGIBILITY**

1. Except as set forth herein or on schedules attached hereto, to the best of my knowledge, based on reasonable inquiry, (i) Grant Thornton and the partners/principals and directors of Grant Thornton that are anticipated to provide the services for which Grant Thornton is to be retained in these chapter 11 cases (collectively, the "Grant Thornton Professionals") do not hold or represent any interest adverse to the Debtors and their estate and (ii) Grant Thornton and the Grant Thornton Professionals have no connections to the Debtors, the Debtors' significant creditors known or identified, other known significant parties-in-interest in these chapter 11 cases, or to the attorneys and accountants that are known to us to be assisting the Debtors or various committees except as described below or on the disclosure schedule attached hereto as Exhibit B. As such, I believe Grant Thornton and the Grant Thornton Professionals are disinterested as such term is defined pursuant to section 101(14) of the Bankruptcy Code.

2. Grant Thornton was paid approximately \$14,200 for its services in the ninety-day period prior to the commencement of these chapter 11 cases. Grant Thornton is owed a prepetition claim by the Debtors in the approximate amount of \$0.

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Application.

3. As described below, Grant Thornton has undertaken a search to determine, and to disclose, whether it is or has been employed by or has other relationships with any of the Debtors or their affiliates, current or recent former directors or officers, or any of the Debtors' significant creditors, equity security holders, professionals or other entities with significant relationships with the Debtors identified on a schedule provided by the Debtors to Grant Thornton. Grant Thornton or its affiliates have or may have provided professional services to, currently provide or may currently provide professional services to, and may in the future provide professional services in matters unrelated to these chapter 11 cases to certain of the Debtors' equity security holders or creditors, other parties-in-interest, or to attorneys and accountants that are known to us to be assisting the Debtors or various committees. Additionally, certain of these creditors, parties-in-interest, attorneys or accountants have or may have provided goods or services to, currently provide or may currently provide goods or services to, and may in the future provide goods or services to Grant Thornton or its affiliates and the Grant Thornton Professionals in matters unrelated to these chapter 11 cases.

4. To check upon and disclose possible relationships with parties-in-interest in these chapter 11 cases, Grant Thornton researched its client databases and performed reasonable due diligence to determine whether it or its affiliates had any relationships with any of the Debtors or their affiliates, the Debtors' directors or officers, or the Debtors' significant creditors, equity holders, certain professionals or other such entities with significant relationships with the Debtors. The identities of these parties in interest were provided by counsel to the Debtors.

5. From the internal research, Grant Thornton has determined that certain relationships should be disclosed, as attached hereto as Exhibit C.

6. Except as may be disclosed herein, to the best of my knowledge, Grant Thornton and the Grant Thornton Professionals do not hold or represent any interest adverse to the Debtors, and I believe that Grant Thornton and the Grant Thornton Professionals are "disinterested persons" as that term is defined in Section 101(14) of the Bankruptcy Code, as modified by Section 1107(b) of the Bankruptcy Code.

7. Furthermore, through reasonable inquiry, I do not believe there is any connection between the personnel of Grant Thornton who are anticipated to provide services to the Debtors and the United States Bankruptcy Judge presiding in these chapter 11 cases or the United States Trustee for the District of Delaware assigned to these chapter 11 cases.

8. Despite the efforts described above to identify and disclose Grant Thornton's connections with the parties-in-interest, because Grant Thornton is a nationwide firm with thousands of personnel, Grant Thornton is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if Grant Thornton discovers additional information that it determines requires disclosure, it will file a supplemental disclosure with the Court promptly.

### **SERVICES TO BE RENDERED**

9. The nature and extent of the services Grant Thornton proposes to render pursuant to the Engagement Letters, as may be requested by the Debtors and as may be agreed to by Grant Thornton, include, but are not limited to, the following:<sup>3</sup> consulting services to the Debtors, including tax consulting services, tax return preparation services and financial statement audit services.

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<sup>3</sup> The summaries of the Engagement Letters contained herein are solely for the convenience of the Court and parties in interest. To the extent that such summaries and the terms of the Engagement Letters are inconsistent, the terms of the Engagement Letters shall control. Capitalized terms not otherwise defined in such summaries shall have the meanings ascribed to them in the Engagement Letters.

10. Grant Thornton has significant qualifications and experience in performing the scope of work described above. Grant Thornton is a national professional services firm with thousands of personnel. The firm's experience in consulting matters is widely recognized, and it regularly provides such services to large and complex business entities. Moreover, Grant Thornton has extensive experience in providing services in chapter 11 cases.

### COMPENSATION

11. Except as otherwise set forth in the Engagement Letters, the professional fees charged for Grant Thornton's services are calculated from the actual hours expended in providing the services multiplied by the applicable hourly billing rate. Grant Thornton will bill its actual expenses such as financial database access, computer usage, telephone charges, delivery charges, faxes, copying, postage and miscellaneous supplies. In addition, Grant Thornton will also seek reimbursement for reasonable and necessary expenses, including, but not limited to, reasonable travel, meals, mileage expenses, report production, legal expenses for counsel, time and expenses associated with administering the engagement and bankruptcy court appearances, and other expenses incurred in providing the professional services. Set forth in Exhibit D are the hourly billing rates, subject to periodic adjustments, charged by Grant Thornton for those services rendered by its professionals or paraprofessionals anticipated to provide services to the Debtors pursuant to this Application (consistent with the Engagement Letters).<sup>3</sup>

12. Grant Thornton requests that it be permitted to submit monthly invoices for services rendered and expenses incurred. Such invoices will contain reasonable detail consistent with the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), United States Trustee Guidelines for Reviewing Applications for

Compensation and Reimbursement of Expenses Filed under § 330 (“Guidelines”), Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Chapter 11 Professionals (Docket No. 217) (the “Interim Compensation Order”), and any orders promulgated by the Court that apply to these chapter 11 cases. Grant Thornton requests that the invoices, after appropriate review, be paid in a manner consistent with the payment of other retained professionals in this matter, consistent with the Interim Compensation Order.

13. All payments rendered to Grant Thornton by the Debtors must be approved by an order of this Court and based upon the filing by Grant Thornton of appropriate interim and final applications for allowance of compensation and reimbursement of expenses.

14. Grant Thornton will seek to have payment of such compensation and reimbursement of expenses approved consistent with the terms of the Engagement Letters in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Guidelines, and any applicable orders of this Court.

Grant Thornton has received no promises regarding compensation in these chapter 11 cases other than in accordance with the Bankruptcy Code and as set forth in this declaration. Grant Thornton has no agreement with any non-affiliated entity to share any revenue earned in these chapter 11 cases.

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

Dated: Madison, Wisconsin  
February 5, 2010

GRANT THORNTON LLP

A handwritten signature in cursive script that reads "Deron M. Curliss".

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Deron M. Curliss  
Partner

**Exhibit B**

**RathGibson, Inc.**

**Schedule of Parties-in-Interest**

<b>Debtors, Affiliates, and Predecessors</b>	
Greenville Tube Co.	RathGibson Pte, Ltd.
Mid-South Control Line, Inc.	RathGibson Tubes Pvt, Ltd.
RathGibson Australia Pty, Ltd.	RGCH Holdings Corp.
RathGibson, Inc.	RG Tube Holdings LLC

<b>Officers &amp; Directors (Including Certain Former Officers)</b>	
William Anacker	Barry C. Nuss
John Farr	Dominick J. Schiano
Truman Greene	Michael Schwartz
John A. Janitz	Jon M. Smith
Edward Johnson	Allen Yurko
Harley Kaplan	Brian Zaumeyer

<b>Former Prepetition Secured Lenders</b>	
General Electric Capital Corporation	Natixis

<b>Pre &amp; Postpetition Secured Lenders</b>	
Wayzata Opportunities Fund LLC	Wayzata Opportunities Fund II, L.P.

<b>PIK Lenders</b>	
AEA Investors	DLJ Investment Partners III LP
AEA Mezzanine Funding B LLC	ECO Master Fund LTD
AEA Mezzanine Funding LLC	ECR Master Fund LTD
AEA Mezzanine Unleveraged FND	EOS Partners
CanPartners Investments IV LLC	Goldman Sachs Asset Mgmt
Canyon Partners	Goldman Sachs Credit Pts LP
Credit Suisse, as Indenture Trustee	IP III Plan Investors, LP
Credit Suisse Loan Funding LLC	Plainfield Asset Management LLC
DLJ Conversion Customer	Plainfield Direct Inc.
DLJ Investment Partners, L.P.	

<b>Bondholders</b>	
ADAR Investment Management LLC	HSBC Trinkaus & Burkhard KGaA
Artio Global Management, LLC	MacKay Shields LLC
BlackRock Financial Management Inc	Nicholas-Applegate Capital Management
CI Investments	Pax World Management Corp
CIBC Global Asset Management Inc	Pyramis Global Advisors LLC
Crédit Suisse Asset Management Americas (CSAM)	Signature Global Advisors
Credit Suisse Securities (USA), LLC	Stone Harbor Investment Partners LP
Eaton Vance Management Inc	Strategic Value Partners
Euroclear Bank	TD Asset Management Inc
Fidelity Management & Research Co	Wayzata Investment Partners LLC
Guggenheim Partners LLC	Wellington Management Co LLP

<b>Insurers</b>	
AXIS Insurance Company	National Union Fire Insurance Company of Pittsburgh, Pennsylvania
Blue Cross Blue Shield of Louisiana	Sparta Insurance
Delta Dental of Wisconsin	Starr Marine
Federal Insurance Policy	The Standard
Great Northern Insurance Co.	TransAmerica Corporation
Highmark Blue Cross Blue Shield	Twin City Fire Insurance Company
Horizon Blue Cross Blue Shield	United Healthcare
Illinois National Insurance Company	United Medical Resources, Inc.
Kansas City Life Insurance Company	WellNet Healthcare
Lincoln Financial	National Union Fire Insurance Company of Pittsburgh, Pennsylvania
Metropolitan Life Insurance Company	

<b>Landlords/Lessors</b>	
AGNL RathGibson, L.L.C.	Karham Eng Corp
China-Lansheng Real Estate Co., Ltd	Lobo Holdings, Inc. LLC
Chart Industries	Millbrook II LLC
Foster Avenue, LLC	Texas-Skyline Executive Suites, Ltd
Gibson Industrial Park LLC	

<b>Top Unsecured Creditors (for all 4 Entities)</b>	
A & L Tubular Specialties	Handy & Harman Tube Co. Inc.
ABF Freight System, Inc	Harley Kaplan
Adeq	Hayes Industries Inc

Air Products And Chemicals	Huntington Alloys Corporation
Air Tool Service Co.	Janesville Water & Wastewater Utilities
Allegheny Ludlum Steel Co.	Krupp VDM Technologies
Alliant Energy	Magnetic Analysis Corp.
AMP Electric Inc	Mark Jeffe
AT&T	Matt Bernstein
Baddley Chemicals, Inc.	Middleton Heat & Air
Bank of New York	MSC Industrial Supply Co., Inc
Barry Nuss	Rock County Treasurer
Clarksville Light And Water Co.	Sonoco Products Co. Baker
Credit Suisse	Sumitomo Corp. Of America
Dave Pudelsky	Timber Creek Resource LLC
Davidson Metals	Unifirst Holdings, L.P.
Eagle Metal Sales, Inc.	United Hoist & Crane, Inc
England Logistics	Western Metal Sales
Felker Brothers Corp.	YRC

<b>Professionals</b>	
The Garden City Group, Inc.	Mesirow Financial Consulting, LLC
Grant Thornton LLP	Pricewaterhouse Coopers LLP
Jefferies & Co.	RnB Design
KPMG LLP	Sard Verbinnen & Co
Kelley Drye & Warren LLP	Willkie Farr & Gallagher LLP
Laner Muchin Dombrow Becker Levin and Tominberg, Ltd.	Young Conaway Stargatt & Taylor LLP
MacDonald, Illig, Jones & Britton LLP	

<b>Parties to Significant Litigation</b>	
Dawn Fuller-Varano	Salem Tube, Inc.

<b>U.S. Trustee Employees</b>	
Bonnie Anemone	James R. O'Malley
David Buchbinder	Lauren O'Neal
Diane Giordano	Michael Panacio
Christine Green	Richard Schepacarter
William K. Harrington	Ramona Vinson
Jeffrey Heck	Michael West
Mark Kenney	Shakima L. Williams
Jane Leamy	Dion Wynn
Joseph McMahan	

<b>Utilities</b>	
Alliant Energy	Jersey Central Power & Light
AR Western Gas	New Jersey American Water
Clarksville Light & Water	Public Service Electric & Gas
Entergy - 5208 Taravella	Reliant Energy
Janesville Water & Wastewater Utilities	Seminole
Jefferson Parish Dept. of Water	ComEd
Hess Corporation	Waste Management
Philip Service Corporation	Loeffel's Waste Oil Service
Verizon Wireless	AT&T
Norlight	Entergy - 5216 Taravella
Sprint/Nextel	Nuvox Communications
Cavalier Telephone	Consolidated Communications
Comcast	Jefferson Parish Dept. of Water - 5216
Jefferson Parish Dept. of Water - 5208	Pelican Commercial Waste Services
AR Western Gas	Seminole Energy Services, LLC
Century Tel	Greensource Recycling

<b>Significant Customers</b>	
Allegheny Technologies	Nanjing Special Metal Equipment Co.
Allegheny Technologies International	Nature Engineering
Alloy-Tech	Neumo
Ameya Food-Chem-Plast Systems	Nishotech Systems Pvt., Ltd.
Aquatech International Corp.	Oceaneering Rahul Metal & Tubes /Multiflex
Aritex	Ormat Systems
Asiafin Cooler Condenser Co.	Petrogulf
Aztech Heat Exchangers PTE	PFP Taiwan Co.
Bhatia Brothers	Philip Cornes & Co.
Chicago Tube & Iron	Process Group / Euro Mechanical
China Jinshan Associated Trading Corp.	Pure Flow India Pvt Ltd.
CML Alloys	Quality Tube Supply Ltd.
Coek Engineering	Rahul Metal & Tubes
Con-Tubo	Robert James Sales Inc.
Corrosion Materials	S&T Corp.
CTI Industries	Salem Tube International Ltd.
Daido - Special Metals Ltd.	Sedae Enertech Co.
Doowan Technology	Sewon Cellontech
Easter High Purity Connection Co.	Shanghai Dong Song International
Egmo	Shanghai Morimatsu Chemical Equip.
EMJ	Shanghai Supex Industrial Supply
Enys Corp.	Shenyang Orient Titanium Industry
FAE	Stainless Fittings
Formosa Heavy Industries	Stainless Marco Trade
Foster Wheeler Energia	Stainless Tubular Products

Harald Pihl	Startek
Heilongjiang CMEC International	Steam Equipment Pvt. Ltd.
High Performance Tube Inc.	Stirlings Australia
HPD LLC	Super Technical Fzco
Icarus	Swagelok
Igawara Industrial Service & Trading	Taneema Int'l Trading Co.
Ilsung Corp.	Tax Metal FZE
IMI Cornelius	Teamco Hitech Engineering Ltd.
Industrial Fittings & Valves	Top Line Process Equipment Co.
Industrial Rubber & Mechanics	Tube Supply International
JJ Advanced Products	Tubes, Inc.
King Lai International Co.	Turbomex Refacciones
Kirtanlal	TW Metals
Lancer	VNE Corporation
Marmon Keystone Corp.	WCB de Mexico SA
Melter	Yuba Heat Transfer,LLC/Ecolaire Division
Nanjin Baose Titanium Industry Co.	

#### Equity Holders

Bill Anacker	Barry Jackimer
Jim Bauman	John Janitz
Mathew Bernstein	Greg Jones
Canpartners Investments IV LLC	Harley B. Kaplan
Nick Cray	Richard Lore
Credit Suisse	Tony Massini
CS Capital LLC	John McManus
DE Shaw	Natexis/AEA Mezzanine Funding LLC
DLJ Offshore Partners IV	Jeff Nelb
DLJ Merchant Banking Partners IV	Barry Nuss
DLJ Merchant Banking Partners IV (Pacific) L.P.	Dave O'Donnell
DLJ Investment Partners III, L.P.	Plainfield Direct INC
ECO Master Fund LTD	Dave Pudelsky
ECR Master Fund LTD	Dom Schiano
John Farr	Paul Sedevy
John Fortin	Mike Schwartz
Goldman Sachs Credit Partners LP	John Sinks
Grand Central Asset Trust DES	Kirk Thomas
Truman Greene	Tim Thomsen
Barry Herbert	Total MBP IV Plan Investors
Reggie Hostead	Andrew Yeghnazar

#### Significant Vendors

Air Liquide	Outokumpu Stainless Steel
Air Products	PEXCO (sse SCOA)
AirGas	Platt Brothers
AK Steel	Praxair
ATI Allegheny Ludlum	Samsung America, Inc.
Enchro Plating LTD	Special Metals Corporation
Handy & Harmon	Sumitomo Corporation of America
Hayes	ThyssenKrupp VDM
Huntington Alloys Corporation (Special Metals)	Uniti
Main Steel	

