

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

In re: :
: **Chapter 11**
: **EXIDE TECHNOLOGIES, et al.,** : **Case No. 02-11125 (JCA)**
: **Debtors.** : **(Jointly Administered)**
:
:

EIGHTH MONTHLY APPLICATION OF THE BLACKSTONE GROUP
L.P. AS FINANCIAL ADVISOR TO THE DEBTORS AND DEBTORS
IN POSSESSION FOR ALLOWANCE OF COMPENSATION FOR
ACTUAL AND NECESSARY SERVICES RENDERED AND FOR
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED
DURING THE PERIOD OF FEBRUARY 1, 2003 THROUGH FEBRUARY 28, 2003

SUMMARY SHEET

Name of Applicant:	The Blackstone Group L.P.
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	August 21, 2002, effective April 15, 2002
Period for which Compensation and reimbursement is sought:	February 1, 2003 – February 28, 2003
Amount of compensation sought as actual, reasonable and necessary:	\$200,000.00
Amount of reimbursement of expenses sought as actual, reasonable and necessary:	\$17,604.82
Amount of Cash Payment Sought:	\$177,604.82
This is a <u> x </u> monthly _____ interim _____ final application	

Summary of monthly applications:

Date Filed	Period Covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
09/25/02 ¹	04/15/02 – 07/31/02	\$705,806.45	36,267.17	\$544,000.00	\$36,267.17
09/26/02 ²	08/01/02 – 08/31/02	200,000.00	7,884.12	160,000.00	7,884.72
10/25/02 ³	09/01/02 – 09/30/02	200,000.00	9,760.79	160,000.00	9,760.79
11/26/02 ⁴	10/01/02 – 10/31/02	200,000.00	1,392.15	160,000.00	1,392.15
01/02/03 ⁵	11/01/02 – 11/30/02	200,000.00	29,148.91	160,000.00	29,148.91
01/28/03 ⁶	12/01/02 – 12/31/02	200,000.00	15,373.44	160,000.00	15,373.44
02/26/03 ⁷	01/01/03 – 01/31/03	200,000.00	17,615.63	160,000.00	17,615.63
N/A	02/01/03 – 02/28/03	200,000.00	17,604.82	--	--

¹ Certificate of No Objection (Docket No. 904) filed on October 16, 2002.

² Certificate of No Objection (Docket No. 908) filed on October 17, 2002.

³ Certificate of No Objection (Docket No. 1037) filed on November 15, 2002.

⁴ Certificate of No Objection (Docket No. 1266) filed on December 17, 2002.

⁵ Certificate of No Objection (Docket No. 1466) filed on January 23, 2003.

⁶ Certificate of No Objection (Docket No. 1523) filed on February 19, 2003.

⁷ Certificate of No Objection (Docket No. 1627) filed on March 19, 2003.

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In re:	:	
	:	Chapter 11
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EXIDE TECHNOLOGIES, et al.,	:	Case No. 02-11125 (JCA)
	:	(Jointly Administered)
Debtors.	:	
	:	

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ACTUAL AND NECESSARY SERVICES RENDERED AND FOR
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The Blackstone Group L.P. (“Blackstone”) respectfully represents as follows:

I. Background

1. Blackstone is financial advisor to the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in the captioned case.

2. On April 15, 2002 (the “Petition Date”), the Debtors each filed voluntary petitions with this Court for reorganization relief under Chapter 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue in possession of their properties and are operating and managing their businesses as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

3. On May 10, 2002, this Court entered an order (the “Administrative Order”) establishing procedures for interim compensation and reimbursement of expenses of professionals and committee members on a monthly basis pursuant to 11 U.S.C. §§ 105(a) and 331.

4. On May 31, 2002, the Debtors applied to this Court for an order authorizing them to employ Blackstone pursuant to an engagement agreement dated April 15, 2002 (the “Post-Petition Engagement Agreement”) as their financial advisor, effective as of the Petition Date.

5. On August 21, 2002, this Court entered an order (the “Retention Order”) authorizing the Debtors to employ Blackstone as their financial advisor effective as of the Petition Date pursuant to the terms of the Post-Petition Engagement Agreement, a copy of which is attached to the Retention Order as Exhibit 1 to that order. A copy of the Retention Order is annexed hereto as Appendix A.

6. Pursuant to the Administrative Order, Blackstone submits this eighth monthly fee application (the “Eighth Application”) for the period February 1, 2003 through February 28, 2003 (the “Eighth Application Period”).

7. Blackstone submits this Eighth Application for allowance of (i) compensation for actual and necessary professional services rendered by it as financial advisor to the Debtors in these cases for the Eighth Application Period, and for (ii) reimbursement of actual and necessary out-of-pocket expenses incurred in providing said services to the Debtors during the Eighth Application Period. This Eighth Application is made pursuant to the provisions of sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Retention Order and Local Rules of the United States Bankruptcy Court for the District of Delaware 2016-2.

8. Professional services and out-of-expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to

Chapter 11 of the Bankruptcy Code. Blackstone believes it is appropriate that it be compensated for the time spent and reimbursed for out-of-expenses incurred in connection with these matters.

9. As was set out in the Debtors' application for an order under 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a), 2016 and 5002 authorizing the employment and retention of the Blackstone as financial advisor to the Debtors, Blackstone provided financial advisory services to the Debtors prior to the Petition Date.

II. The Blackstone Engagement

10. On May 31, 2002, the Debtors applied to this Court for an order authorizing them to retain Blackstone pursuant to the Post-Petition Engagement Agreement as their financial advisor effective as of the Petition Date. Specifically, Blackstone was retained as financial advisor to provide the following restructuring services:

- (a) Assist in the evaluation of the Debtors' businesses and prospects;
- (b) Assist in the development of the Debtors' long-term business plan and related financial projections;
- (c) Assist in the development of financial data and presentations to the Debtors' Board of Directors, various creditors and other third parties;
- (d) Assist in analyzing the Debtors' financial liquidity and evaluate alternatives to improve such liquidity;
- (e) Assist in analyzing various restructuring scenarios and the potential impact of these scenarios on the value of the Debtors and the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Debtors' Obligations;
- (g) Evaluate the Debtors' debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Debtors and its creditors, suppliers, lessors and other interested parties;
- (i) Value securities offered by the Debtors in connection with a restructuring;

- (j) Advise the Debtors and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in arranging debtor-in-possession (“DIP”) financing for the Debtors, as requested;
- (l) Provide testimony in the Chapter 11 case concerning any of the subjects encompassed by the other financial advisory services; and
- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a restructuring, as requested and mutually agreed.

11. In addition to providing the restructuring services described above, Blackstone was also retained to provide investment-banking services to the Debtors in pursuit of a transaction. With regard to said investment banking services, Blackstone was retained to provide, without limitation, the following:

- (a) Provide advisory services, including a general business and financial analysis, transaction feasibility analysis, and pricing analysis of a Transaction;
- (b) Assist the Debtors in formulating the marketing strategy related to a Transaction;
- (c) Prepare marketing materials, including an Offer Memorandum, management presentation or other marketing materials, highlighting the investment considerations of the Debtors, any and all of its subsidiaries, and/or all of its assets, to third parties, as appropriate;
- (d) Identify, classify and contact third parties and facilitate their due diligence by responding to inquiries and providing additional information, as appropriate;
- (e) Evaluate offers, assist in negotiations and develop a general transaction strategy; and
- (f) Provide other financial advisory services that may be customarily rendered in connection with a Transaction.

12. Pursuant to the Post-Petition Engagement Agreement, the Debtors agreed to pay Blackstone the following fees in consideration for the services to be rendered:

- (a) A monthly advisory fee (the “Monthly Fee”) in the amount of \$200,000.00 payable as defined in the Post-Petition Engagement Agreement;
- (b) A Transaction Fee as defined in the Post-Petition Engagement Agreement; and
- (c) A Restructuring Fee as defined in the Post-Petition Engagement Agreement; and

- (d) Reimbursement of all necessary and reasonable out-of-pocket expenses incurred during Blackstone's retention (as further defined in the Post-Petition Engagement Agreement).

III. Summary of Services Provided During the Eighth Application Period

13. The major services provided by Blackstone during the Eighth Application Period have included: (i) assisting in the evaluation of the Debtor's businesses and prospects; (ii) contacting potentially interested investors with respect to possible transactions; (iii) assisting in the development of presentations to the Board of Directors, various creditors and third parties; (iv) providing advisory services, including general business and financial analyses, with respect to possible Transactions; (v) distributing marketing materials, including Offering Memoranda, with respect to the aforementioned Transactions; (vi) preparing presentations to be made by management to potentially interested parties regarding the aforementioned transactions; (vii) advising the Debtor and discussing with creditors potential restructuring alternatives; (viii) analyzing potential recoveries to creditors based on various restructuring alternatives; and (ix) providing general consultation and other bankruptcy-related advice.

IV. The Blackstone Team

14. The financial services set forth above were performed primarily by: Arthur Newman, Senior Managing Director; Craig Powell, Managing Director; Zachary Vidars, Associate, Brett Craig, Analyst; and other Blackstone professionals as needed. Details of the background and experience of the professionals are provided in Appendix B.

V. Blackstone's Request for Compensation

15. During the Eighth Application Period, Blackstone has provided professional services to the Debtors and incurred fees for such services totaling \$200,000.00. In connection with the

advisory services rendered, Blackstone has recorded actual and necessary out-of-pocket-expenses in the amount of \$17,604.82.

16. A summary of all fees and out-of-pocket expenses applied for in this Eighth Application is outlined below:

<u>Monthly Periods</u>	<u>Total Fees</u>	<u>Holdbacks @ 20%</u>	<u>Total Expenses</u>	<u>Amounts Due</u>
February 1 – 28, 2003	\$200,000.00	(\$40,000.00)	\$17,604.82	\$177,604.82

17. Blackstone respectfully submits that the compensation requested for the Eighth Application Period for services rendered by Blackstone to the Debtors is fully justified and reasonable based upon (a) the time and labor required during the proceedings, (b) the complexity of the issues presented, (c) the skill necessary to perform the financial advisory services properly, (d) the preclusion of other employment, (e) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (f) time constraints required by the exigencies of the case, and (g) the experience, reputation and ability of the professionals rendering services.

18. Blackstone respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the estate and have furthered the goals of all parties in interest. Blackstone respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Blackstone is reasonable in light of the work performed by Blackstone to date in these cases.

19. The amount of the fees and expenses sought in this Eighth Application and Blackstone's billing practices are consistent with market practices in a bankruptcy context. Blackstone has never billed its clients based on the number of hours expended by its

professionals. Accordingly, Blackstone does not have hourly rates for its professionals, and Blackstone's professionals generally do not maintain detailed time records of the work performed for clients. In the Debtors' case, however, Blackstone has recorded time records in one-half hour increments. Time records of the approximately 348.5 hours expended by Blackstone professionals in providing financial advisory and investment banking services to the Debtors during the Eighth Application Period are provided in Appendix C by professional.

VI. Blackstone's Request for Reimbursement of Out-Of-Pocket Expenses

20. Blackstone respectfully requests this Court's allowance for the reimbursement of its out-of-pocket expenses incurred during the Eighth Application Period in the amount of \$17,604.82. Due to the lag in receiving invoices from certain third-party service firms, Blackstone is unable, at this time, to account for all expenses incurred during the Eighth Application Period. Ensuing compensation periods will include certain out-of-pocket expenses incurred in the Eighth Application Period but not included in the Eighth Application for relief. Details of the expenses incurred during the Eighth Application Period are provided in Appendix D.

21. Blackstone's charges for out-of-pocket expenses to the Debtors are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Blackstone are charged to a client if out-of-pocket expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Blackstone does not factor general overhead expenses into any disbursements charged to its clients in connection with Chapter 11 cases. Blackstone has followed its general internal policies with respect to out-of-pocket expenses billed to the Debtors as set forth below, with any exceptions specifically explained.

- (a) Blackstone's general policy permits its professionals to charge in-office dinner meals to a client after 8:00 p.m. if the employee is required to provide services to the client during such dinnertime. Further, administrative personnel are permitted to bill in-office lunch meals to a client if the employee is specifically requested to work through lunch or in-office dinner meals to a client if the employee is required to work three hours beyond their regularly scheduled workday.
- (b) Messengers, couriers, or overnight delivery are used by Blackstone to deliver hard copy documents relating to the client matter which require receipt on an expedited basis; otherwise, Blackstone uses the regular postal system. Any charges for, either messengers, couriers, or overnight delivery are billed to a client at cost.
- (c) The outside financial research category consists of charges from outside services which supply, for a fee, financial documents to Blackstone. Financial research services generally consist of the retrieval of financial documents from regulatory agencies.
- (d) Blackstone bills photocopying charges at the rate of \$0.15 per page.
- (e) With respect to local travel, Blackstone's general policy enables employees to travel by taxi or, in certain circumstances private car service, to and from meetings while rendering services to a client on a client related matter, for which the client is charged. Further, and primarily for safety reasons, employees are permitted to charge to a client the cost of transportation home if an employee is required to work past 9:00 p.m. on client specific matters.
- (f) Blackstone bills its clients for time spent by its employees on its word processing system. The word processing system automatically allocates time to a client based upon the operator's "log-in" by a client matter number. Clients are charged at the personnel cost of \$52.00 per hour for the actual amount of time spent by the operator while rendering word processing services to the client; however, when word processing services are being used after normal business hours, the client is not billed for both an overtime charge and a word processing charge. Based on an agreement reached with U.S. Trustee, on a go-forward basis Blackstone will only bill the Debtors for word processing charges related to work performed in connection with a specific proposed transaction.
- (g) Blackstone bills outgoing facsimile charges at a rate of \$1.00 per page. Blackstone does not bill incoming facsimile charges.

22. Blackstone respectfully submits that the out-of-pocket expenses for which it seeks allowance and reimbursement of in this Eighth Application were necessary and reasonable both in scope and amount.

23. No prior application for the relief requested herein has been made.

24. All services for which Blackstone requests compensation were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

25. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these proceedings.

WHEREFORE, Blackstone respectfully requests the Court to:

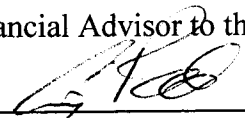
- (a) Approve (i) the allowance of Blackstone's Monthly Fees in the amount of \$200,000.00 and (ii) the reimbursement of expenses in the amount of \$17,604.82 for the Eighth Application Period;
- (b) Authorize and direct the Debtors to pay Blackstone's fees and expenses for the Eighth Application Period as follows:

Total Fees	\$200,000.00
Less: 20% Holdback	(40,000.00)
Subtotal	<u>\$160,000.00</u>
Total Expenses	17,604.82
Amount Due Blackstone	<u>\$177,604.82</u>

- (c) Grant such other and further relief as this Court deems just and proper.

Dated: New York, New York
March 25, 2003

THE BLACKSTONE GROUP L.P.
Financial Advisor to the Debtors

By:  _____

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