

Emergency Application for Entry of an Order Authorizing the Employment and Retention of Lazard Frères & Co. LLC as Investment Banker and Financial Advisor for the Debtors and Debtors in Possession *Nunc Pro Tunc* to the Petition Date (the “Lazard Retention Application”).

By the Lazard Retention Application, the Debtors seek entry of an order authorizing the employment of Lazard Frères & Co. LLC (“Lazard”) as financial advisors and investment bankers to the Debtors.

The Debtors assert that Lazard will provide them with financial advisory and investment banking services including: (i) analyzing the Debtors’ operations and financial condition; (ii) analyzing the Debtors’ debt capacity; (iii) assisting the Debtors in determining their post emergence capital structure; (iv) assisting in valuing the Debtors as a going concern; (vi) assisting in developing and seeking approval of a restructuring plan; (vii) advising the Debtors regarding new securities offered under a restructuring plan; (viii) advising the Debtors regarding a sale of all or substantially all of the Debtors’ assets; (ix) evaluating potential financings, including DIP and Exit Financings; (x) assisting the Debtors in negotiating tactics; (xi) assisting the Debtors in preparing necessary financial documents; and (xii) providing testimony, if necessary, before the Bankruptcy Court. The Debtors assert that Lazard’s services will not duplicate the services provided by the Debtors’ other professionals.

If retained, Lazard will receive the following compensation and may be eligible for compensation under more than one category:

- A monthly advisory fee of \$200,000. One-half of each monthly fee (\$100,000) paid in respect of any month following November 2007 and all Monthly Fees in respect of any month following February 2008 shall be credited (without duplication) against any Completion Fee;
- A completion fee of \$6 million (the “Completion Fee”) to be paid on the consummation of a restructuring or a sale;
- A DIP Financing fee of \$2,350,000, which will be credited towards any Completion Fee;
- A divestiture transaction fee, payable upon a sale or transfer of assets that does not constitute a majority of the Debtors’ assets. The amount of the fee will be calculated by multiplying the aggregate consideration received by an incremental percentage set forth in the engagement letter. The divestiture transaction fee will be credited against any Completion Fee subsequently payable; and
- Reimbursement for reasonable expenses.

Prior to the Petition Date, the Debtors paid Lazard \$3,900,000 for monthly advisory fees, inclusive of the DIP Financing Fee, and reimbursed \$82,200 of Lazard’s expenses. The Debtors state that they currently do not owe Lazard any compensation for services provided or expenses incurred prior to the Petition Date. Lazard will file interim and final fee applications in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Court Rules and any applicable order of the Bankruptcy Court.

An interim order approving the Lazard Retention Application was entered on January 31, 2008. A final order approving the Lazard Retention Application was entered on March 26, 2008.