

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

In re:

SATCON TECHNOLOGY CORPORATION,
et al.,¹

Debtors.

Chapter 11

Case No. 12-12869 (KG)

Jointly Administered

**Objection Deadline: February 14, 2013 at 4:00 p.m.
Hearing Date: To be determined if an objection is filed**

**FIRST MONTHLY APPLICATION OF LAZARD FRÈRES AND CO. LLC AND
LAZARD MIDDLE MARKET LLC, AS INVESTMENT BANKER AND FINANCIAL
ADVISOR FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD OCTOBER 17, 2012 THROUGH NOVEMBER 30, 2012**

Name of Applicant:

**Lazard Frères & Co. LLC and
Lazard Middle Market LLC**

Authorized to Provide
Professional Services to:

Debtors and Debtors-in-Possession

Date of Retention:

December 18, 2012 *nunc pro tunc* October 17, 2012

Period for which compensation and/or
reimbursement is sought:

October 17, 2012 through November 30, 2012

Amount of Compensation sought as
actual, reasonable, and necessary:

\$145,161.29 ²
(80% = \$116,129.03)
(20% = \$29,032.26)

Amount of Expenses sought as actual,
reasonable, and necessary

\$17,283.25

Less: Amounts Paid to Date:

(\$45,161.292)

Net Amount of Compensation
Requested:

\$117,283.25

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number or VAT number, as applicable, are: Satcon Technology Corporation (7552), Satcon Power Systems, Inc. (8804), Satcon Electronics, Inc. (4678), Satcon Power Systems (California), LLC (4644), Satcon Power Systems Canada, Ltd. (4511), Satcon International, s.r.o. (7072 - VAT) and Satcon Technology (Shenzhen) Co., Ltd. (1537 - VAT). The Debtors' address is 25 Drydock Avenue, Boston, Massachusetts, 02210.

² Lazard's retention was approved pursuant to the terms set forth in the Engagement Letter dated October 4, 2012 (the "Engagement Letter"). Prior to the commencement of these cases, Lazard received payment for the entire month of October pre-petition. Included in the Amount of Compensation sought is the pro-rated fee from October 17, 2012 through October 31, 2012 of \$45,161.29 (\$100,000 * 14/31).

This is a: X monthly interim final application

The total time expended for fee application preparation was approximately 3.0 hours.

Summary of Monthly Fee and Expense Invoices for the Compensation Period:

Date Filed	Period Covered	Requested		Paid	
		Fees	Expenses	Fees	Expenses
Current	10/17/12-11/30/12	\$145,161.29	\$17,283.25	\$45,161.29 ³	\$0.00

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³ Prior to the commencement of these cases, Lazard received payment for the entire month of October pre-petition. Included in the Amount of Compensation sought is the pro-rated fee from October 17, 2012 through October 31, 2012 of \$45,161.29 (\$100,000 * 14/31). Since the amounts of monthly payments attributable to October have already been paid in full, Lazard did not seek any additional compensation for this period.

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THE PERIOD OCTOBER 17, 2012 THROUGH NOVEMBER 30, 2012**

TO THE HONORABLE KEVIN GROSS,
UNITED STATES BANKRUPTCY JUDGE:

Lazard Frères and Co. LLC (“Lazard Frères”) and Lazard Middle Market LLC, (“Lazard Middle Market” and together with Lazard Frères, “Lazard”), Investment Banker and Financial Advisor to Satcon Technology Corporation (“Satcon”), and certain of its subsidiaries and affiliates (collectively, the “Debtors”) hereby submit its First Monthly Fee Application (the “Application”) pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) for an allowance of compensation for professional services rendered and for reimbursement of actual and necessary expenses incurred in connection with such services from October 17, 2012

⁴ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s tax identification number or VAT number, as applicable, are: Satcon Technology Corporation (7552), Satcon Power Systems, Inc. (8804), Satcon Electronics, Inc. (4678), Satcon Power Systems (California), LLC (4644), Satcon Power Systems Canada, Ltd. (4511), Satcon International, s.r.o. (7072 - VAT) and Satcon Technology (Shenzhen) Co., Ltd. (1537 - VAT). The Debtors’ address is 25 Drydock Avenue, Boston, Massachusetts, 02210.

through and including November 30, 2012 (the “Compensation Period”) as set forth in their engagement letter (the “Engagement Letter”), attached hereto as **Exhibit A**. Pursuant to the *Order Establishing Procedures for Final, Interim, and Monthly Compensation and Reimbursement of Expenses of Professionals Retained In These Chapter 11 Cases and Reimbursement of Expenses of Committee Members Appointed in These Chapter 11 Cases* (the “Compensation Order”) [Docket No. 174], Lazard seeks interim allowance in aggregate amount of \$117,283.25 for financial advisory services provided to the Debtors. In support of this Application, Lazard respectfully represents as follows:

BACKGROUND

1. On October 17, 2012 (the “Petition Date”), each of the Debtors commenced these cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors have continued in possession of their properties and are operating and managing their business as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner. On November 5, 2012, an official committee of unsecured creditors was appointed in these cases (the “Committee”). On November 7, 2012, the Committee was expanded to include two additional members.

4. On December 18, 2012, the United States Bankruptcy Court for the District of Delaware entered the order authorizing the retention and employment of Lazard Frères and Co. LLC and Lazard Middle Market LLC as investment banker and financial advisor to the Debtors *nunc pro tunc* to the petition date (the “Retention Order”), attached hereto as **Exhibit B**.

COMPENSATION REQUEST

5. Lazard seeks allowance of compensation for professional services rendered to the Debtor during the Compensation Period in the aggregate amount of \$145,161.29 and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$17,283.25 for a total award \$162,444.54 (the “Total Compensation Amount”).

6. For the convenience of the Court and all parties in interest, attached hereto as **Exhibit C** is a summary setting forth the name of each professional for whose work on these reorganization cases compensation is sought.

SUMMARY OF SERVICES

7. The Managing Directors, Directors, Vice President, Associates and Analyst of Lazard who rendered professional services during the Application Period in these cases are as follows: Andrew Torgove (Managing Director); Dermott O’Flanagan (Vice President); Aditya Soni (Analyst).

8. During the Compensation Period, the Debtors relied heavily on the experience and expertise of the above-named persons in dealing with matters described in Paragraph 7. As a result, Lazard’s highly skilled restructuring professionals devoted significant time and effort to perform properly and expeditiously the required professional services.

9. A summary of some of the services rendered by Lazard during the Compensation Period are as follows:

- a) *Meetings/Calls with Management and the Board of Directors*- Lazard participated in frequent meetings and calls with Management and the Board of Directors and Debtor's counsel to discuss the Debtors' bankruptcy and various issues related thereto. Lazard served an integral role in providing strategic advice and direction to allow the Company to efficiently manage the bankruptcy process. Lazard participated in

planning sessions and other periodic meetings with the Debtor and its legal counsel. In addition, Lazard participated in numerous meetings with Debtors' management and presented materials regarding bankruptcy process and strategic issues

- b) *M&A Process Preparation* – During the Compensation Period, Lazard prepared marketing materials in preparation for a sale process for the Debtors, including drafting a Management Presentation and preparing an electronic dataroom to support sale due diligence.
- c) *M&A Process Buyer Contact* – During the Compensation Period, in connection with that effort, Lazard contacted potential financial and strategic investors, worked with the Debtors' counsel to finalize confidentiality agreements with potential investors, and had numerous discussions with potential investors.
- d) *Valuation* – During the Compensation Period, Lazard prepared a valuation of the Debtors' business for use in connection with the Debtors' efforts to obtain post-petition financing. Professionals from Lazard provided deposition and court testimony to support the valuation analysis.

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CONCLUSION

11. It is respectfully submitted that the amount requested by Lazard is fair and reasonable given (a) the complexity of the issues presented, (b) the time and labor required, (c) the skill necessary to perform the financial advisory services, (d) the preclusion of other employment, and (e) the customary fees charged to clients in bankruptcy and non-bankruptcy situations.

WHEREFORE Lazard respectfully requests (i) an interim allowance of compensation for professional services rendered during the Compensation Period in the amount of \$162,444.54

Total Amount of Compensation Requested:	\$162,444.54
Less: Amounts Paid to Date:	<u>(\$45,161.29)</u>
Net Amount of Compensation Requested:	<u>\$117,283.25</u>

Dated: January 24, 2013
New York, New York

LAZARD MIDDLE MARKET LLC,
On behalf of itself and its parent
LAZARD FRÈRES & CO. LLC



Andrew Torgove
Managing Director
Lazard Middle Market LLC
600 Fifth Avenue, Suite 800
New York, NY 10020
(212/758-8575)
Investment Banker and Financial Advisor to the
Debtors and Debtors-in-Possession

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CERTIFICATION OF ANDREW TORGOVE

1. I am a Managing Director of Lazard Middle Market LLC and I make this certification in accordance with Local Rule 2016-2 of the United States Bankruptcy Court for the District of Delaware (the “Local Rule”).

2. I have read this First Monthly Application of Lazard Frères & Co. LLC and Lazard Middle Market LLC, as Investment Banker and Financial Advisor to the Debtors and Debtors in Possession for Allowance of Compensation and Reimbursement of Expenses for the period October 17, 2012 through November 30, 2012.

3. I understand the Local Rules, and believe that the Application complies with provisions of the Local Rule, the United State Bankruptcy Code and the orders of this Court.

Dated: January 24, 2013



Andrew Torgove
Managing Director
Lazard Middle Market LLC

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EXHIBIT A

Engagement Letter

EXHIBIT B

Retention Order

EXHIBIT C

Details of Hours Expended

EXHIBIT D

Fee Calculation