

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

FILED/RECEIVED

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In re: : Chapter 11
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APS HOLDING CORPORATION, et al. :
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Debtors. : Case No. 98-197 (PJW)
: Jointly Administered
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FIFTH AND FINAL APPLICATION OF ERNST & YOUNG LLP AS
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS, FOR ALLOWANCE OF COMPENSATION FOR
SERVICES RENDERED AND FOR REIMBURSEMENT OF
DISBURSEMENTS INCURRED FROM
JUNE 1, 1999 THROUGH SEPTEMBER 10, 1999

Name of Applicant: Ernst & Young LLP
Authorized to Provide
Professional Services to: Official Committee of Unsecured Creditors of APS Holding Corporation, et al.
Date of Retention: Nunc-pro-tunc to February 18, 1998

Period for Which Compensation and Reimbursement is Sought:

This applicant seeks a final award of fees and reimbursement of expenses incurred during the period February 18, 1998 through September 10, 1999. Ernst & Young has filed interim applications with this Court covering the period February 18, 1998 through May 31, 1999.

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

Fifth Compensation Period: \$8,313
Total Compensation: \$967,647

Amount of Expense Reimbursement sought as actual, reasonable, and necessary:

Fifth Compensation Period: \$0
Total Compensation: \$39,695

This is: an interim; Final application for an allowance of compensation and reimbursement of expenses incurred pursuant to 11 U.S.C. § 330.

1349

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: : Jointly administered
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JUNE 1, 1999 THROUGH SEPTEMBER 10, 1999

TO THE HONORABLE PETER J. WALSH, UNITED STATES BANKRUPTCY JUDGE:

Ernst & Young LLP ("Ernst & Young" or the "Applicant"), Financial Advisors to the Official Committee of Unsecured Creditors of APS Holding Corporation, et al., (the "Debtors"), as and for its Fifth and Final allowance of compensation for services rendered by Ernst & Young during the period from June 1, 1999 through September 10, 1999 ("the Fifth Application Period" or the "Application Period") and reimbursement of actual and necessary expenses incurred during such period, respectfully represents:

I. Relief Requested

By this Fifth and Final application, Ernst & Young moves the Honorable Court for an order :

- a) awarding \$1,007,342 representing (a) fees in the amount of \$967,647, and (b) expenses in the amount of \$39,695 for the period February 18, 1998 through September 10, 1999. This amount includes \$8,313 in fees incurred during the Fifth Application Period; and,
- b) authorizing payment of \$191,867 representing amounts due in respect of holdbacks required under the Administrative Order.

Following is a table outlining the hours, fees, and expenses incurred, as well as the holdback pursuant to the Administrative Order, amounts paid, and amounts owed:

	Hours	Fees	Expenses	Holdback	Amount Paid	Amount Owed (1)
First Interim Application	1,801.7	\$471,673	\$26,089	\$94,335	\$403,427	\$94,335
Second Interim Application	1,259.4	340,066	11,605	68,013	283,658	68,013
Third Interim Application	481.8	121,318	1,988	24,264	99,042	24,264
Fourth Interim Application	121.1	26,277	13	5,255	21,035	5,255
Fifth and Final Application	34.1	8,313	0	0	2,477	5,836
	<u>3,698.1</u>	<u>\$967,847</u>	<u>\$39,695</u>	<u>\$191,867</u>	<u>\$809,639</u>	<u>\$197,703</u>

(1) Reflects the Debtors' payment of 80% of the Applicant's monthly fees and 100% of disbursements invoiced. Applicant awaits payment of its August 1999 monthly statement of fees served to the Debtor on October 27, 1999.

II. SUMMARY OF SERVICES PROVIDED BY APPLICANT

Ernst & Young's services during the Fifth Application Period focused on the following major projects (Exhibit B contains a summary by professional and project code category of the services provided during the period 6/1/99 - 9/10/99).

1. Review and analysis of the Debtors' "Wind Down Plans";
2. Review of Debtors' revised Chapter 11 Plan and Disclosure Statement;
3. Preparation for and Participation in various conference calls with the Debtors, the Debtors' financial advisors, the Debtors' counsel, the Committee's Counsel, and the Committee with respect to Disclosure Statement;
4. Review and analysis of lender's plan proposal to the Committee;
5. Review and analysis of Vendor Recovery issues;
6. Review and analysis of Plan of Reorganization related financial information.

The Applicant believes that the services provided to the Committee throughout the length of the case have provided significant benefit to the Debtors' estates, as follows:

- By providing the Committee members with timely and accurate information with respect to the Debtors' results of operations, financial condition, and future strategic plans;
- By assisting the Committee counsel and the Committee members in analyzing the Chapter 11 Plan alternatives potentially available to the Debtors;
- By analyzing the potential enterprise value of the Debtor based upon the Debtors' May 1998 Business Plan;
- By providing the Committee with a Comprehensive Liquidation Analysis indicating the potential range of recoveries to both the secured and unsecured creditors;
- By assisting Committee's Counsel in conducting Rule 2004 examinations of the Bank Group (the Pre-Petition Lenders and DIP financing providers) in conjunction with Committee's review of the liens and collateral of the Bank Group;
- By assisting the Committee and Committee counsel in analyzing the DIP financing agreement and DIP financing agreement amendments and the underlying terms and conditions specifically in regard to how they impact unsecured creditors;
- By analyzing the severance and retention proposals which the Company proposed and comparing the proposal to those proposed by other Chapter 11 companies;
- By providing the Committee with analyses of proposed Asset Sales and the resulting impact on the estate;
- By providing an analysis of hypothetical claims, including (but not limited to) estimation of administrative claims by month and estimation of unsecured claims;
- By analyzing the reclamation claim program and tracking payments made by the Debtors;
- By providing the Committee members with analyses regarding the risks and opportunities inherent in the Debtors' Wind-Down Plans;
- By providing the Committee members with specific analysis and insight regarding the various motions filed by the Debtors to obtain approval of certain programs or transactions including:

- ◆ Post Petition DIP financing facility including all revisions;
 - ◆ Severance and Bonus programs;
 - ◆ Asset Sales including the Ocala, FL DC to Parts Source, Inc., the Monro, LA DC sale to Rankin Automotive, Inc., and the substantial asset sales to BWP Distributors, Inc., General Parts, Inc., Midwest Auto Parts and Auto Parts Express;
 - ◆ 546(g)* program;
 - ◆ Reclamation claim program;
 - ◆ Lease Rejection notices;
 - ◆ Accounts and Notes Receivable settlements;
 - ◆ Chapter 11 Plan Disclosure Statement; and,
 - ◆ Chapter 11 Plan
- By analyzing the Company's Purchase of Parts Inc., in 1995 to assess the reasonableness of the purchase price, the financial impact of the transaction on the Debtors, and the underlying liquidity of the business;
 - By reviewing the 1st Fee Applications filed by the professionals retained in the case to determine reasonableness of the compensation and expense requests;
 - By analyzing various inventory liquidation scenarios, including the development of a vendor buy-back program designed to purchase a significant portion of the remaining inventory; and,
 - By working with the Committee and the Committee's counsel to negotiate a Chapter 11 Plan and recoveries for the Debtors' Unsecured Creditors.

In addition, Ernst & Young participated in numerous conference calls with the Committee and the Committee Counsel to provide input and consultation with respect to the aforementioned and other issues.

The Applicant submits this Application pursuant to sections 328, 330, 331 and 503(b) of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Guidelines adopted by the Executive Office for the United States Trustees, the Administrative Order, Order No. 32.

No understanding exists between the Applicant and any other person for a sharing of the compensation sought by this Fifth Application.

The following exhibits are annexed to this Application:

- Exhibit A: Verification of John O. Streck
- Exhibit B: Summary by Project Code Category of the Services Rendered by Professionals and Paraprofessionals for the period 6/1/99 through 9/10/99
- Exhibit C: Summary of Professional and Paraprofessional Time and Fees for the period 6/1/99 through 9/10/99
- Exhibit D: Detailed Description by Project Code Category of the Services Rendered by Professionals and Paraprofessionals for the period 6/1/99 through 9/10/99

The Applicant expended a total of 34.1 hours during the period covered by this Fifth Application Period in rendering necessary and beneficial restructuring and financial advisory services to the Committee, and has prepared Exhibit D above based on contemporaneous daily time records maintained by the Applicant's professionals and paraprofessionals who rendered services in this case.

Ernst & Young has at all times sought to minimize fees to the estate so as to protect the interests of all creditors. Applicant has used, where possible, analysis and information prepared by the Debtors in the preparation of reports to the Committee, and has only addressed material issues which have arisen in the case at the request of the Committee and/or the Committee's Counsel. Applicant has avoided duplication of services provided and sought, where possible, to use lower rate professionals to perform the services required for the Debtors. All of the Applicant's services have been performed at the direction of the Committee and/or the Committee's Counsel.

III. RETENTION OF APPLICANT

APS Holding Corporation, et al. commenced its case on February 2, 1998 (the "Petition Date") by filing petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Since the Petition Date, the Debtors have been authorized to continue to operate their business and to manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 cases.

By Order signed June 29, 1998 (the "Retention Order"), the Court authorized the Official Committee of Unsecured Creditors to retain the Applicant as their Financial Advisors *nunc pro tunc* to February 18, 1998 on an hourly rate basis. The Retention Order conditioned the Applicant's compensation on the approval of this Court. The Committee sought to retain the Applicant in this case primarily on account of the Applicant's specific knowledge about the Chapter 11 reorganization process and Applicant's familiarity with the types of issues the Committee and the Debtors would face during this Chapter 11 case.

IV. DESCRIPTION OF SERVICES PROVIDED BY SERVICE AREA

Ernst & Young does not wish to burden this Court with an overly detailed or lengthy recitation of each and every matter with respect to which it has rendered services to the Committee, which is detailed at greater length in Exhibit D. A summary description of the principal services, provided by the Applicant at the request of the Committee during this Fifth Application Period, were set forth in Section II. The Service Area (Service Area refers to the various professional groups within Ernst & Young that provided services to the Committee during the Application Period) providing the services during the Fifth Application Period was the Restructuring and Reorganization Group.

Restructuring and Reorganization Services:

The following table summarizes the hours and fees incurred by Restructuring and Reorganization professionals during the Application period:

**APS HOLDING CORPORATION
SUMMARY OF HOURLY FEES BY PROFESSIONAL
FOR THE PERIOD OF JUNE 1, 1999 THROUGH SEPTEMBER 10, 1999**

<u>PROFESSIONAL</u>	<u>POSITION</u>	<u>AREA</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Simon, K	Partner	R	\$525	1.7	\$893
Miller D	Partner	R	495	3.8	1,881
Miller, D	Partner	R	425	0.3	128
Filler, D	Senior Consultant	R	260	14.4	3,744
Filler, D	Senior Consultant	R	220	2.7	594
O'Malley, M	Senior Consultant	R	245	0.3	74
Lauterbach, R	Para-Professional		105	1.2	126
Lauterbach, R	Para-Professional		90	9.7	873
Total Fees				34.1	\$8,313

Areas of Specialization

R = Restructuring &
Reorganization

Chapter 11 Case Administration:

The Applicant incurred \$416 in fees, including \$306 of fees for para-professionals, representing 3.7 hours spent during the Application Period in preparing monthly billing detail and invoices.

The Applicant usually charges its normal hourly rates for non-bankruptcy clients for time spent in preparing the bills. However, the Applicant, in preparing billing statements or fee applications in a bankruptcy case, compiles all the available information and drafts detail summaries of the work it has performed by individual. These tasks are not performed for non-bankruptcy clients, where either a short one paragraph description is provided, together with a broad summary of time and expenses incurred, or fees are agreed upon prior to the commencement of work.

The blended hourly rate in preparing monthly billing detail and invoices during the Application Period was \$112. Based on the foregoing, the Applicant respectfully submits that it should be entitled to the full amount charged for preparation of the billing statements, billing detail and the related fcc applications.

V. DESCRIPTION OF OUT-OF-POCKET EXPENSES

As with all major professional services firms, the Applicant's overhead expenses are substantial. A significant portion of the fees which the Court awards the Applicant will merely defray such significant overhead expenses already incurred and paid during the pendency of this case. The limited costs which the Applicant seeks reimbursement of are not in the nature of Applicant's overhead and were necessarily incurred as a result of this engagement. Such costs are not, therefore, implicit in the Applicant's hourly rates. Applicant incurred no expenses during the Application Period.

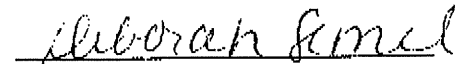
- a) **WHEREFORE**, the Applicant respectfully requests the Court to enter an order (i) awarding \$1,007,342 representing (a) fees in the amount of \$967,647, and (b) expenses in the amount of \$39,695 for the period February 18, 1998 through September 10, 1999. This amount includes \$8,313 in fees incurred during the Fifth Application Period; and, (ii) authorizing payment of \$191,867 representing amounts due in respect of holdbacks required under the Administrative Order.

Dated: New York, NY
December 10, 1999

Ernst & Young LLP
Financial Advisors to the Official
Committee of Unsecured Creditors of
APS Holding Corp, et. al.
1133 Avenue of the Americas
New York, N.Y. 10036
(212) 773-3000

By: 
John Streck
Partner

Subscribed and sworn to before me
this 10th day of December 1999.


Notary Public

DEBORAH SEMEL
Notary Public, State of New York
No. 01SE601147
Qualified in New York County
Commission Expires Aug. 3, 2000