

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

Hearing Date:  
Time:

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In re:

Chapter 11

GOLDEN BOOKS FAMILY  
ENTERTAINMENT., et al.

Case Nos. 99-10030  
through 99-10032 (TLB)

Debtors.

(Jointly Administered)

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**APPLICATION OF THE INFORMAL SENIOR NOTE  
COMMITTEE FOR ALLOWANCE AND PAYMENT OF  
COMPENSATION AND REIMBURSEMENT  
OF EXPENSES OF HOULIHAN, LOKEY,  
HOWARD & ZUKIN, INC. UNDER  
BANKRUPTCY CODE §503(b)**

**TO: THE HONORABLE TINA L. BROZMAN  
CHIEF UNITED STATES BANKRUPTCY JUDGE**

The Informal Senior Note Committee, by and through its financial advisor, Houlihan, Lokey, Howard & Zukin, Inc. (“Houlihan Lokey”), submits this application (the “Application”) for allowance of payment of compensation and reimbursement of expenses of Houlihan Lokey under section 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), and in support thereof respectfully represents as follows:

**INTRODUCTION**

1. By this Application, the Informal Senior Note Committee requests an order of this Court under Bankruptcy Code §§ 503(b)(3)(D) and (b)(4) and Federal Rule of Bankruptcy Procedures (“Bankruptcy Rule”) 2016 awarding (a) an allowance of reasonable compensation in the amount of \$480,000.00 for professional services rendered by Houlihan Lokey on behalf of the Informal Senior Note Committee during the period from February 26,

1999 through August 31, 1999 (the “Application Period”), and (b) reimbursement of actual, necessary expenses in the total amount of \$6,045.44 incurred by Houlihan Lokey in rendering such services.

2. In addition, Houlihan Lokey is requesting that it be compensated for services rendered in connection with the preparation of this Application, and for services rendered in connection with the final negotiation of the terms of the New Senior Notes Indenture during the period from September 1, 1999 through September 23, 1999. Houlihan Lokey estimates that the total amount of expenses to be incurred with respect to these services will be \$500.00.

3. The amount of professional fees sought in this Application is based on a continuation of the monthly cash advisory fee of \$80,000.00 per month (the “Monthly Fee”), as provided for by the pre-petition Retainer Agreement (attached hereto as Exhibit B) between Golden Books Publishing Company, Inc. (“Publishing”) and Houlihan Lokey dated September 30, 1998. The Monthly Fee is consistent with Houlihan Lokey’s normal and customary billing practices for a case of this size and complexity, which requires the level and scope of services provided in this case.

4. During the time period covered by this Application, Houlihan Lokey has worked extensively with the Informal Senior Note Committee, other professionals retained by the Informal Senior Note Committee, the Debtors, and the *ad hoc* committee formed to represent the interests of the holders of certain 8¾% Convertible Trust Originated Preferred Securities (“TOPrS”) due 2016 (the “Informal TOPrS Committee”), other parties at interest in the Case, and the senior management of the Debtors. This work has covered a broad range of financial and operational issues, negotiations and other services relevant to this Case. Houlihan Lokey will not burden the Court with an overly detailed or lengthy recitation of each matter with respect to

which Houlihan Lokey has rendered services. A summary of the hours spent, the names of each professional rendering services to the Informal Senior Note Committee, and a summary of the scope of Houlihan Lokey's services are reflected in time records, which were maintained by each of Houlihan Lokey's employees involved in this case. Exhibit C to this Application includes summary employee time records for the Application Period. Houlihan Lokey does not bill clients on an hourly basis for financial restructuring services and does not typically track the amount of time spent by professionals on a specific engagement. However, based on comments and statements made by this Court, Houlihan Lokey has had the professionals working on this matter keep summary time records that approximate the time spent on the case by major categories. Although these time records do not include all time spent by professionals of Houlihan Lokey on this matter, they do provide a detailed summary of the critical involvement of Houlihan Lokey in the post-petition negotiations between the various parties of interest.

5. Prior to the Debtors filing for bankruptcy on February 26, 1999, the Informal Senior Note Committee retained Houlihan Lokey on September 30, 1998 to provide financial advisory services in connection with the analysis, consideration, formulation and consummation of a financial restructuring for the Debtors.

6. Both pre- and post-petition, Houlihan Lokey has staffed the engagement consistent with the objectives of the Informal Senior Note Committee and in a manner that provided for thorough and efficient representation of the interests of the Informal Senior Note Committee. Houlihan Lokey's activities in these Cases have been supervised on a day-to-day basis by Michael A. Kramer and Michael D. Stewart. Throughout the engagement, the following professionals have provided services: Michael A. Kramer, Managing Director; Michael D. Stewart, Senior Vice President; Tanja I. Aalto, Associate; and Barry E. Silbert, Financial Analyst.

7. An affidavit of Michael A. Kramer (the “Affidavit”), pursuant to Bankruptcy Rule 2016, section 504 of the Bankruptcy Code and General Order M-151 of the Bankruptcy Court for the Southern District of New York, establishing the “Amended Guidelines for Fees and Expenses for Professionals in Southern District of New York Cases” (the “Southern District Guidelines”), is attached as Exhibit A.<sup>1</sup> A summary of the out-of-pocket expenses incurred by Houlihan Lokey in connection with its services on behalf of the Informal Senior Note Committee during the Application Period, and for which Houlihan Lokey is requesting reimbursement by the Debtors in this Application, is attached hereto as Exhibit D.

8. This court has jurisdiction over this Application under (a) 28 U.S.C. §§ 157(a) and 1334(b), (b) the standing referral order of the United States District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.), and (c) section 11.1 of the “Amended Joint Plan of Reorganization of Golden Books under Chapter 11 of the Bankruptcy Code,” which this Court confirmed by an order dated September \_\_\_\_, 1999 (the “Plan”). This is a core proceeding under 28 U.S.C. § 157(b)(2)(A)-(B). Venue of this Application in this district is proper under 28 U.S.C. §§ 1408 and 1409(a).

9. The relief sought in this Application is authorized under Bankruptcy Code §§ 105(a), 503(b) and 1129(a)(4), as supplemented by Bankruptcy Rule 2016(a), and Plan §§ 2.2(a) and 2.2(b).

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<sup>1</sup> The Southern District Guidelines incorporate by reference guidelines promulgated by the Executive Office for the United States Trustee on January 30, 1996 (the “UST Guidelines”). By their terms, the Southern District Guidelines and the UST Guidelines apply to applications for compensation and reimbursement of expenses under Bankruptcy Code §§ 330 and 331. Although the Application does not seek compensation and reimbursement of expenses under those sections of the Bankruptcy Code, but rather under sections 503(b)(3)(D) and (b)(4), it has been prepared in accordance with the Southern District Guidelines.

## **BACKGROUND**

### **A. Chapter 11 Filing and Overview of Business Operations**

10. On February 26, 1999 (the “Filing Date”), the Debtors filed with this Court their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession. No official committee of unsecured creditors has been appointed herein. On December 26, 1998, the Debtors had assets and liabilities of approximately \$255 million and \$444 million, respectively. On September \_\_, 1999, the Court entered an order confirming the Plan.

11. The Debtors publish, produce, license and market an extensive range of children’s and family-related media and entertainment products. On the Filing Date, the Debtors employed over 1,100 individuals, owned or leased properties in five states, and maintained operations in Canada (through a non-debtor affiliate) and in the United Kingdom. The Debtors’ products and productions are distributed throughout the United States and worldwide in over 60 countries. On the Filing Date, the Debtors operated through four business segments: (i) Children’s Publishing Division, (ii) Adult Publishing Division, (iii) Golden Books Entertainment Group and (iv) Commercial Printing Division. Pursuant to an order of this Court dated March 25, 1999, the Debtors’ Adult Publishing Division was sold to St. Martin’s Press, Incorporated.

### **B. Pre-Petition Liquidity Difficulties: Events Leading to a Pre-Arranged Chapter 11 Plan**

12. At the time of the Debtors’ Chapter 11 proceedings, the Debtors faced significant liquidity constraints brought on by several years of operating losses, the lack of additional borrowing availability and extraordinary restructuring/reorganization costs associated with the implementation of the Debtors’ long-term financial strategic plan. Such liquidity

difficulties hampered the Debtors' ability to both fund day-to-day operations and enhance future business prospects. As a result thereof, the Debtors elected not to make the September 15, 1998 interest payment due on its 7.65% Senior Notes due 2002 ("Senior Notes").

13. The Debtors' failure to make the September 15, 1998 interest payment on the Senior Notes resulted in the formation of an *ad hoc* committee of holders of Senior Notes (the "Informal Senior Note Committee"). The Informal Senior Note Committee retained Houlihan Lokey on September 30, 1998 to provide financial advisory services in connection with the analysis and evaluation of the Debtors' liquidity position and potential financial restructuring options for the Debtors. Thereafter, a second *ad hoc* committee was formed to represent the interests of the holders of certain 8¾% Convertible Trust Originated Preferred Securities ("TOPrS") due 2016 (the "Informal TOPrS Committee").

14. During the months following the Debtors' failure to make the September 15, 1998 interest payment on the Senior Notes, the Debtors, the Informal Senior Note Committee and the Informal TOPrS Committee engaged in extensive negotiations regarding a restructuring of the Debtors' indebtedness and liabilities. These negotiations, which spanned several months, resulted in an agreement in principle on the terms of a consensual restructuring, which the parties determined would be best accomplished through a "pre-arranged" Chapter 11 reorganization. On or about May 13, 1999, the Debtors filed an amended plan of reorganization, which embodies the restructuring agreement (the "Plan") and the proposed amended disclosure statement (the "Disclosure Statement") related thereto. The Disclosure Statement was approved by Order of the Bankruptcy Court dated May 13, 1999.

15. The proposed restructuring pursuant to the Plan accomplishes, among other things, an exchange of Senior Notes for new secured notes and an equity interest in the reorganized Golden Books Family Entertainment, Inc. (the "Parent"), an exchange of the TOPrS

for an equity interest in Parent, and the issuance of warrants to the Debtors' current shareholders. Additionally, the Plan provides for payment in full for the Debtors' general trade creditors.

**C. Post-Petition Financing**

16. Prior to the Petition Date, the Debtors' operations were hampered by, among other things, significant reductions in the Debtors' borrowing availability under their pre-petition working capital facility with NationsCredit. Accordingly, on the Petition Date, one of the most important issues addressed by the Debtors was obtaining access to an adequate post-petition working capital facility to enable the Debtors to operate their businesses on a competitive basis, and thus, to successfully reorganize their operations going forward. After due deliberation and consideration of viable alternatives, the Debtors determined that it was in the best interests of their creditors and estates to seek authorization and approval of a \$55 million post-petition financing facility from The CIT Group/Business Credit, Inc. ("CITBC"). Accordingly, on the Petition Date, the Debtors filed an application to authorize and approve such working capital facility pursuant to a Revolving Credit and Term Loan Agreement with CITBC dated March 1, 1999 (the "Loan Agreement").

17. On March 1, 1999, the Bankruptcy Court entered an interim order (the "Interim Order") providing for preliminary approval of the Loan Agreement and authorizing the Debtors to borrow up to \$30 million thereunder on an interim basis pending a final hearing. On March 29, 1999, the Court entered a final order (the "Final Order" and together with the Interim Order, the "Financing Order") authorizing the Debtors to obtain post-petition financing in the form of a \$45 million revolving credit facility and \$10 million term loan from CITBC pursuant to the Loan Agreement on a permanent basis; *provided, however*, that the Debtors are limited to aggregate borrowings of \$45 million without the approval of the Informal Senior Note Committee to borrow up to the total \$55 million facility (i.e., the \$45 million revolving credit

facility, plus the \$10 million term loan), which permission may not be unreasonably withheld. Pursuant to the Financing Order, as security for the borrowings under the Loan Agreement, CITBC was granted senior and junior liens on specified assets of the Debtors, and a superpriority administrative expense claim (subject to a carve out for fees of the United States Trustee and specified professional fees).

18. In addition, pursuant to the Financing Order, the Debtors were authorized to use collateral (including cash collateral) in which liens and security interests were held by the Old Senior Note Indenture Trustee<sup>2</sup> and Golden Press Holding, L.L.C. (“GPH”). Pursuant to the Financing Order, replacement and additional senior and junior liens on specified assets were provided to the Old Senior Note Indenture Trustee, and replacement liens on its pre-petition collateral and a specified superpriority administrative expense claim were provided to GPH.

19. Houlihan Lokey participated in numerous meetings and conversations with potential exit financing sources to assist the Debtors in securing financing terms and availability consistent with the needs of the Debtors’ operations. In its discussions with potential sources of exit financing, Houlihan Lokey was actively involved in providing background information with respect to the Debtors’ business and assets and discussing potential financing facility structures. Houlihan Lokey also played an important role in the Debtors’ negotiations with potential exit financing sources through numerous discussions with potential lenders with respect to modifications to proposed loan structures, fees and collateral requirements.

20. Houlihan Lokey was actively involved in the preparation of financial materials and other materials necessary for the Informal Senior Note Committee to evaluate financing proposals from sources of potential alternative DIP financing. Such materials included, but were not limited to, an analysis of the Debtors’ financial projections, liquidation

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<sup>2</sup> Terms not defined herein shall have the meaning ascribed to such terms in the Plan.

and collateral valuations, summarized exhibits detailing traditional DIP financing terms, and other information that would educate the Informal Senior Note Committee as to the universe of potential financing sources and the Debtors' near-term financing needs. In addition, Houlihan Lokey analyzed the Debtors' cash flow projections and reviewed weekly borrowing needs to ensure that (1) the cash flow projections and estimated borrowing needs appeared reasonable vis-à-vis historical seasonal levels and (2) the Debtors had enough liquidity to fund their operations going into the peak fourth quarter selling season. Houlihan Lokey discussed the Debtors' actual and expected financial performance and borrowing needs on a regular basis with members of the Debtors' senior management, the Debtors' financial advisors and members of the Informal Senior Note Committee. Houlihan Lokey has continued to monitor the Debtors' liquidity needs and borrowings throughout these proceedings.

**D. Sale of Assets of the Adult Publishing Division**

21. The Debtors have been implementing a long-term strategic business plan centered on their core children's publishing, family entertainment and distribution operations through, among other things, the divestment of non-core assets. In that regard, on or about March 8, 1999, the Debtors filed a motion seeking authorization to sell the assets comprising the Adult Publishing Division, which had been extensively marketed since the Fall of 1998, to St. Martin's Press for approximately \$11 million, subject to higher and better offers. Pursuant to an Order of the Bankruptcy Court, dated March 25, 1999, the Debtors were authorized to sell the Adult Publishing Division to St. Martin's Press, which sale was consummated on or about April 16, 1999.

22. Houlihan Lokey reviewed and analyzed the proposed terms of the sale of the Debtors' Adult Publishing Division. As part of its analysis, Houlihan Lokey prepared financial models and cash flow models to evaluate the reasonableness of the \$11 million bid for

the Debtors' Adult Publishing Division and the impact of the sale of the aforementioned division on the Debtors' operations going forward.

**E. Evaluation of Potential Racine Sale**

23. On or about July 8, 1999, the Parent signed a definitive agreement to sell all or substantially all of the assets relating to its Sturdivant, Wisconsin printing facility in Racine County (the "Racine Facility") to Artech Capital Corporation for a base purchase price of approximately \$9 million. Houlihan Lokey reviewed the Racine Facility sale agreement and held numerous discussions with members of the Debtors' senior management and the Informal Senior Note Committee regarding the structure of the proposed Racine Facility sale. In addition, Houlihan Lokey analyzed and prepared financial analyses to reflect the cash flow impact of the sale of the Racine Facility.

**F. Negotiation and Preparation of Plan and Disclosure Statement**

24. After the initial restructuring agreement was reached, the Informal Senior Note Committee and its professional advisors participated extensively in, and contributed substantially to, the Debtors' efforts to promulgate a consensual plan. The Informal Senior Note Committee, its legal counsel and Houlihan Lokey reviewed and commented on the many drafts of the Plan and Disclosure Statement that the Debtors' attorneys prepared and circulated. In addition, the Informal Senior Note Committee and Houlihan Lokey, together with the Debtors, reviewed and commented on the financial projections included in the Disclosure Statement. Lastly, Houlihan Lokey played a substantial role in the negotiations leading to the Plan amendments and modifications that enabled all creditor constituencies to support the Plan.

**G. Implementation of the Plan**

25. Following approval of the Disclosure Statement, Houlihan Lokey has spent substantial time and effort negotiating the terms and conditions of the documents required

to implement the Plan. These efforts have included (a) reviewing and commenting on drafts of the New Senior Note Indenture, the Security Agreement and the Warrants, (b) playing a significant role in negotiating the terms and conditions of the New Senior Note Indenture, (c) facilitating discussions between the Debtors and the Informal Senior Note Committee with respect to the New Senior Note Indenture, the employee bonus plan, management agreements and other issues important to the implementation of the Plan, (d) conducting extensive conversations with, and providing the Informal Senior Note Committee with relevant information regarding, qualified candidates for the Board of Directors of the Reorganized Debtors and (e) communicating with numerous holders of the Senior Notes who were not members of the Informal Senior Note Committee to ensure that those holders had enough information with respect to the Debtors' operations, the structure of the proposed Plan and other issues relevant to the process of the Cases to participate in the Plan solicitation process. Houlihan Lokey believes that its efforts in fielding calls from the holders of Senior Notes contributed to the overwhelming support of the holders of the Senior Notes for the Plan. Houlihan Lokey also expended significant time and effort in assisting the Debtors' with respect to sources of exit financing, attending exit financing discussions and reviewing the terms and conditions of the Debtors' proposed exit financing.

#### **H. Analysis of Operating Results and Financial Reporting**

26. Houlihan Lokey assisted the Informal Senior Note Committee in the analysis and evaluation of the Debtors' financial performance and liquidity needs on a regular basis by (a) acting as a facilitator in updating members of the Informal Senior Note Committee with respect to the Debtors' operations, (b) developing cash flow analyses and financial models to assess the quality of the Debtors' projections and financial performance trends during the

course of the Debtors' Chapter 11 Cases, and (c) conducting due diligence on the Debtors' financial projections and liquidity needs.

**I. Overall Restructuring and Business Strategy**

27. Houlihan Lokey assisted the Informal Senior Note Committee in evaluating their overall negotiating strategy, reviewing the conceptual underpinnings and continuing financial viability of the Debtors' operations, and assessing potential alternative sources of exit financing and liquidity.

**J. Meetings/Telephone Conference Matters**

28. Houlihan Lokey has attended meetings, in person and via telephone, held by the Informal Senior Note Committee, the Debtors, the Debtors' financial advisors and/or legal counsel, representatives and members of the Informal TOPrS Committee and potential financing sources. Houlihan Lokey has been an active participant at numerous meetings and on numerous telephone conferences with the Informal Senior Note Committee and its legal counsel to (a) report on the Debtors' operations, liquidity position, asset sales and other matters of importance to the Informal Senior Note Committee throughout the Cases and (b) discuss, analyze and negotiate the terms of the New Senior Notes Indenture, employee bonus plans, management contracts and exit financing. At these meetings, both in person and via telephone, Houlihan Lokey has provided extensive information regarding the Debtors' financial results, operating issues, expected recoveries to the holders of the Senior Notes, and general information regarding other matters relevant to the status of the Cases and the Informal Senior Note Committee.

**K. Acknowledgement by the Debtors of the Contribution of the Informal Senior Note Committee**

29. In Section 2.2(a) of the Plan, the Debtors stated that "GPH, the Informal Senior Note Committee, the Old Senior Note Indenture Trustee, the Informal TOPrS Committee, and the TOPrS Trustee (including the respective counsel and financial advisors to the

foregoing)...have rendered a substantial contribution in the Chapter 11 cases within the meaning of Section 503(b) of the Bankruptcy Code...”

**AUTHORITY FOR THE ALLOWANCE AND PAYMENT OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

30. Bankruptcy Code § 503(b) authorizes the Court, after notice and a hearing, to allow as administrative expenses (a) “the actual, necessary expenses...incurred by” an unofficial committee “in making a substantial contribution in a case under” chapter 11 of the Bankruptcy Code, *id.* § 503(b)(3)(D), and (b) “reasonable compensation for professional services rendered by an attorney or accountant of an [unofficial committee] whose expense is allowable under...[section 503(b)(3)(D)], based on the time, the nature, the extent, and the value of such services, and the cost of comparable services other than in a case under [the Bankruptcy Code], and reimbursement for actual, necessary expenses incurred by such attorney or accountant,” *id.* 503(b)(4). A plan may provide for the payment of such amounts if the payment “has been approved by, or is subject to the approval of, the court as reasonable.” *Id.* § 1129(a)(4).

31. Based on the parameters set forth in § 503(b)(3) and the nature of the services that Houlihan Lokey has provided as financial advisor to the Informal Senior Note Committee, Houlihan Lokey believes that the “professional services” provided to the Informal Senior Note Committee in conjunction with these Cases by professionals of Houlihan Lokey fall within the intended meaning of “professional services rendered by an attorney or accountant.” Houlihan Lokey believes that its interpretation of the intended meaning of § 503(b)(3) is consistent with Plan § 2.2(a) , which acknowledges the “substantial contribution” rendered by the financial advisors in the Cases toward the implementation of the Plan.

32. Plan § 2.2(a) provides for the allowance of the amounts sought in this Application as administrative expenses of Golden Books under Bankruptcy Code § 503(b),

subject to the Court's approval of the reasonableness of those amounts. Section 2.2(a), titles "Administrative Expense Claims," provides:

All Administrative Expense Claims shall be paid in full, in Cash, in such amounts as (a) are incurred in the ordinary course of business by the Debtors, (b) are Allowed by the Bankruptcy Court upon the later of the Effective Date, the date upon which there is a Final Order allowing such Administrative Expense Claim or any other date specified in such order, or (c) may be agreed upon between the holder of such Administrative Expense Claim and the Debtors. Such Administrative Expense Claim shall include obligations to the DIP Lender, costs incurred in the operation of the Debtors' businesses after the Petition Date, the fees and expenses of Professionals retained by the Debtors, the Informal Senior Note Committee, the Old Senior Note Indenture Trustee, the Informal TOPrS Committee, the TOPrS Trustee, GPH, any statutory committee appointed to serve in the Chapter 11 Cases, and the fees due to the United States Trustee pursuant to 28 U.S.C. § 1930. GPH, the Informal Senior Note Committee, the Old Senior Note Indenture Trustee, the Informal TOPrS Committee, and the TOPrS Trustee (including the respective counsel and financial advisors to the foregoing (collectively, all such parties are referred to herein as the "Other Professionals")) have rendered a substantial contribution in the Chapter 11 Cases within the meaning of Section 503(b) of the Bankruptcy Code, and, accordingly, the reasonable fees and expenses of the Other Professionals incurred on or before the Effective Date in connection with the Chapter 11 Cases or the Plan shall be paid by the Reorganized Debtors as Administrative Expenses Claims following (i) the submission of a request for payment pursuant to Section 503(b) of the Bankruptcy Code and (ii) entry of an order of the Bankruptcy Court allowing same.

33. Under Section 503(b), an applicant must establish by a preponderance of the evidence that the services it rendered for which it seeks compensation provided a substantial benefit to the estate. In re U.S. Lines, Inc., 103 B.R. 427, 429 (Bankr. S.D.N.Y. 1989, aff'd, 1991 WL 67464 (S.D.N.Y. 1991); see In re McLean Industries, Inc., 88 B.R. 36, 38 Bankr. S.D.N.Y. 1988); In re Jack Winter Apparel, Inc., 119 B.R. 629, 622 (E.D. Wis. 1990); In re

Hanson Industries, Inc., 90 B.R. 405, 409 (Bankr. D.Minn. 1988); In re D.W.G.K. Restaurants, Inc., 89 B.R. 684, 689 (Bankr. S.D.Cal. 1988).

34. Although the Bankruptcy Court does not define the term “substantial contribution,” courts have found that an applicant satisfies the substantial contribution test when it has provided “actual and demonstrable benefit to the debtor’s estate, its creditors, and to the extent relevant, the debtor’s shareholders.” U.S. Lines, 103 B.R. at 429; see In re Richton International Corp., 15 B.R. 854, 856 (Bankr. S.D.N.Y. 1981) (“Services which substantially contribute to a case are those which foster and enhance, rather than retard or interrupt the progress of reorganization”).

35. Factors that courts have considered in determining whether an applicant has made a substantial contribution in a chapter 11 case include whether the services (a) were provided to benefit the estate itself or all the parties in the bankruptcy case, (b) conferred a direct, significant, and demonstrably positive benefit upon the estate, and (c) were duplicative of services performed by others. See In re FRG, Inc., 124 B.R. 653, 658 (Bankr. E.D.Pa. 1991); In re Buttes Gas & Oil Co., 112 B.R. 191, 194 (Bankr. S.D.Tex. 1989).

36. The extensive activities of the Informal Senior Note Committee and Houlihan Lokey that are detailed above, and acknowledged by the Plan, “fostered and enhanced” the orderly, expedited and successful restructuring and confirmation of the Debtors’ Plan. The record before this Court demonstrates that the Informal Senior Note Committee and Houlihan Lokey worked together with the Debtors and with other significant parties-in-interest to help the Debtors overcome numerous and complex obstacles to their emergence from chapter 11. In particular, the involvement of the Informal Senior Note Committee and Houlihan Lokey benefited the unsecured creditors of Golden Books, who generally benefited from the prompt and

successful conclusion of these Cases, and specifically benefited from the efforts of their principal de facto advocates, the Informal Senior Note Committee, its legal counsel and Houlihan Lokey.

37. Other parties in the Cases have also effectively acknowledged the Informal Senior Note Committee's and Houlihan Lokey's substantial contribution to the Cases. As noted above, Plan § 2.2(a) expressly provides for the allowance of the reasonable fees and expenses of the Informal Senior Note Committee as administrative expenses of Golden Books under Bankruptcy Code § 503(b). The Debtors proposed the Plan and urged creditors to vote in favor of it. See Disclosure Statement at pp. 60-61. The other significant parties-in-interest and the Informal Senior Note Committee supported confirmation of the Plan. Finally, the parties most affected by the Plan and by the efforts of the Informal Senior Note Committee and Houlihan Lokey – the Debtors' creditors – voted overwhelmingly in favor of the Plan. Cf. Richton International, 15 B.R. at 856 (noting “not only the absence of objection to [the applicant's] application but rather a warm recommendation by the Debtors and the Creditors' Committee that it be allowed.”)

WHEREFORE, the Informal Senior Note Committee respectfully requests that this Court enter an order allowing the administrative claims, and directing the Reorganized Debtors to make payment to Houlihan Lokey of (a) compensation in the amount of \$480,000.00, (b) reimbursement of expenses in the amount of \$6,045.44 and (c) granting such other and further relief as is just and proper.

Dated: New York, New York  
September 23, 1999

**HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.**  
Financial Advisor to the Informal Senior Note Committee

By: \_\_\_\_\_

Michael A. Kramer  
Managing Director  
685 Third Avenue  
11<sup>th</sup> Floor  
New York, New York 10017-4024  
(212) 497-4100

**EXHIBIT A**



“Application Period”). The facts contained in the foregoing Application are true and correct to the best of my knowledge, information and belief.

3. This Application requests that the Court enter an Order allowing the administrative claims, and directing the Reorganized Debtors to make payment to Houlihan Lokey of (a) compensation in the amount of \$480,000.00, (b) reimbursement of actual and necessary expenses in the amount of \$6,045.44 and (c) granting such other and further relief as is just and proper.

4. No agreement or understanding exists between Houlihan Lokey and any other persons or parties to share in any compensation received in connection with these Cases.

5. The compensation and disbursements requested in the Application are billed at rates in accordance with practices customarily employed by Houlihan Lokey and generally accepted by Houlihan Lokey’s clients.

6. Houlihan Lokey has at all times, to the extent practicable, minimized disbursements incurred in connection with the professional services rendered to, and on behalf of, the Informal Senior Note Committee. In providing a reimbursable service, Houlihan Lokey does not make a profit on that service. In charging for a particular service, Houlihan Lokey does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay. In seeking reimbursement for service that is justifiably purchased or contracted for from a third party, Houlihan Lokey requests reimbursement only for the amount billed to Houlihan Lokey by the third-party vendor and paid by Houlihan Lokey to such vendor.

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Michael A. Kramer  
Managing Director  
Houlihan, Lokey, Howard & Zukin, Inc.

Sworn to before me this  
23<sup>rd</sup> Day of September, 1999

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**EXHIBIT B**

**EXHIBIT C**

<b>GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.</b> <i>Summary of Hours Incurred by Month</i>
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<u>Dates</u>	<u>Michael Kramer</u>	<u>Michael Stewart</u>	<u>Tanja Aalto</u>	<u>Barry Silbert</u>	<u>TOTAL</u>
February 26, 1999 - March 31, 1999	22.1	54.0	47.7	32.0	155.8
April 1, 1999 - April 30, 1999	12.9	49.4	21.3	13.0	96.6
May 1, 1999 - May 31, 1999	13.0	44.1	16.1	8.1	81.3
June 1, 1999 - June 30, 1999	11.0	40.9	19.9	8.8	80.6
July 1, 1999 - July 31, 1999	25.3	10.9	35.5	15.1	86.8
August 1, 1999 - August 31, 1999	26.1	3.4	56.1	12.8	98.4
<b>TOTAL</b>	<b>110.4</b>	<b>202.7</b>	<b>196.6</b>	<b>89.8</b>	<b>599.5</b>

*NOTE: Please note that these time records do not include all time spent by Houlihan Lokey professionals on this matter.*

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Kramer (Managing Director)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
26-Feb-99	3.8	Review Restructuring Agreement and TIA summary of potential Indenture issues (2.0 hours). Conference call with bondholders regarding process (1.1 hours). Discussion with MDS regarding issues (0.7 hours).
28-Feb-99	3.5	Review CIT DIP financing documents (1.0 hours). Read over draft Disclosure Statement documents (1.5 hours). Call with T. Luther to discuss issues (1.0 hours).
1-Mar-99	1.1	Call with Committee regarding process (0.6 hours). Call with noteholder to discuss process (0.5 hours).
3-Mar-99	1.8	Conversations with potential BOD candidates (0.8 hours). Review analyses and industry information (1.0 hours).
9-Mar-99	2.6	Review of revised draft of plan of reorganization (2.0 hours). Discussion with MDS regarding process (0.6 hours).
17-Mar-99	2.4	Look over recent Company financials (0.6 hours). Conference call with Tom Luther and Company to discuss financial YTD results (1.2 hours). Call with T. Luther to discuss BOD issues and process (0.6 hours).
18-Mar-99		Discuss exit financing issues with MDS and TIA (0.5 hours).
24-Mar-99	2.3	Review of draft DIP order (0.8 hours). Participate on telephone call with T. Luther regarding DIP financing (0.4 hours). Call with potential BOD candidate (0.5 hours). Call with potential exit financing source (0.6 hours).
29-Mar-99	2.0	Review of final Joint Plan of Reorganization (1.5 hours). Look over recovery analysis (0.5 hours).
30-Mar-99	2.6	Review of Disclosure Statement (2.0 hours). Call with T. Luther to discuss issues (0.6 hours).
2-Apr-99	1.3	Discussion with MDS regarding progress of case (0.8 hours). Call with T. Luther regarding issues and BOD dynamics (0.5 hours).
9-Apr-99	0.5	Call with Cerberus regarding potential financing (0.5 hours).
13-Apr-99	3.3	Read over news articles and analyst reports (1.0 hours). Calls with noteholders to discuss process (1.2 hours). Call with T. Luther regarding process (0.6 hours). Call with potential financing source regarding interest level (0.5 hours).
16-Apr-99	1.9	Read over Stroock memo (0.5 hours). Review Company's 3-year projections (0.6 hours). Call with T. Luther to discuss projections and other issues (0.8 hours).
19-Apr-99	1.6	Review of Stroock memo regarding Noteholders' collateral (0.5 hours). Review of schedules prepared by Company regarding Noteholders' collateral (0.6 hours). Discussion with MDS regarding indenture issues (0.5 hours).
20-Apr-99	2.5	Review draft Indenture documents (2.0 hours). Discussion with MDS regarding indenture issues (0.5 hours).
23-Apr-99	1.8	Call with T. Luther to discuss indenture concepts (0.7 hours). Call with potential financing source regarding noteholder concerns (0.5 hours). Call with potential BOD candidate (0.6 hours).
3-May-99	2.0	Read over company 10-K and industry information (2.0 hours).
10-May-99	1.5	Discussion with MDS regarding deal structure and warrant pricing (0.7 hours). Discussion with TIA regarding warrant pricing (0.3 hours). Call with T. Luther to discuss strike prices (0.5 hours).
14-May-99	2.3	Conference call with potential exit financing lenders (1.7 hours). Call with T. Luther to update on financing sources (0.6 hours).
18-May-99	3.3	Read over Bank Book (2.5 hours). Call with F. Hodara to discuss issues (0.4 hours). Review management agreements (0.4 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Kramer (Managing Director)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
20-May-99	1.7	Conference call with Noteholders (0.6 hours). Call with T. Luther to review conference call issues (0.5 hours). Call with potential BOD candidate to review Company operations (0.6 hours).
24-May-99	2.2	Discussion with MDS to update (1.0 hours). Read over documents (1.2 hours).
8-Jun-99	1.4	Read over memo and discuss with TIA (0.8 hours). Discussion with MDS regarding process (0.6 hours).
9-Jun-99	2.3	Participate on call with B. Grossman and MDS (1.3 hours). Call with T. Luther to discuss noteholder issues (1.0 hours).
14-Jun-99	1.4	Review of Akin Gump memo regarding potential Board candidates (0.6 hours). Call with potential BOD candidate to gauge interest (0.8 hours).
15-Jun-99	2.1	Read over Indenture mark-up (1.5 hours). Discussion with TIA and MDS regarding indenture issues (0.6 hours).
16-Jun-99	1.6	Review of potential Board candidate resumes (0.5 hours). Call with T. Luther to discuss BOD candidates (0.7 hours). Call with TOPrS holder to discuss BOD selection (0.4 hours).
17-Jun-99	1.6	Look over summary of financing proposals and GB projected borrowing needs (0.6 hours). Review analysis of borrowing base/projected borrowings (0.3 hours). Call with T. Luther regarding process (0.7 hours).
30-Jun-99	0.6	Call with the Committee, Stroock and TIA regarding process (0.6 hours).
6-Jul-99	2.9	Call with Fred Hodara regarding the Indenture and a Floating Note concept (0.1 hours). Call with the Committee, Akin Gump and TIA regarding the Indenture and potential solutions to CIT's collateral encroachment (2.8 hours).
12-Jul-99	1.9	Review term sheet and indenture issues in preparation for meeting (1.5 hours). Discussion with TIA to receive an update on recent conversations (0.4 hours).
13-Jul-99	11.0	Breakfast meeting with Akin Gump in preparation for subsequent all hands meeting (1.0 hours). Meeting with the Committee, Company, TOPrS and all counsel and advisors regarding process and outstanding issues (10.0 hours).
15-Jul-99	0.9	Call with TIA & Akin Gump regarding Indenture issues (0.9 hours).
16-Jul-99	1.0	Review Racine sale documents (1.0 hours).
19-Jul-99	0.9	Discussion with TIA regarding progress (0.1 hours). Call with BOD candidate to discuss process in case (0.8 hours).
21-Jul-99	1.8	Read over exit financing proposals (1.0 hours). Call with financing source to discuss terms (0.8 hours).
25-Jul-99	0.9	Discussions with MDS and TIA regarding issues (0.9 hours).
28-Jul-99	1.5	Call with T. Luther regarding process (0.6 hours). Call with F. Hodara regarding Committee call (0.3 hours). Calls with noteholders regarding progress (0.6 hours).
29-Jul-99	2.5	Call with the Committee and Stroock regarding the Indenture (2.5 hours).
9-Aug-99	2.0	Call with Akin Gump regarding the Indenture (2.0 hours).
10-Aug-99	7.0	Preparation for all hands professionals meeting (1.0 hours). Professionals meeting regarding the Indenture issues (6.0 hours).
16-Aug-99	0.9	Discussion with TIA regarding prior week developments (0.1 hours). Call with Akin Gump regarding GB process (0.1 hours). Call with Akin Gump, TIA and Tom Luther regarding Indenture issues (0.5 hours). Discuss GAAP accounting rules with respect to licensing agreements with TIA (0.2 hours).
24-Aug-99	0.1	Discussion with TIA regarding Indenture process (0.1 hours).
25-Aug-99	1.0	Review Proskauer mark-up of Indenture (1.0 hours).
27-Aug-99	1.2	Call with Akin Gump (A. Laves) regarding Indenture issues (1.0 hours). Call with MAK and Tom Luther to discuss process going forward (0.2 hours).

<b>GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.</b> <i>Summary of Hours Incurred - Michael Kramer (Managing Director)</i>
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<b>Date</b>	<b>Hours</b>	<b>Task</b>
30-Aug-99	0.9	Call with Bennett Management regarding process (0.6 hours). Discussion with TIA regarding process (0.3 hours).
31-Aug-99	13.0	All hands meeting to discuss/resolve issues prior to Confirmation (13.0 hours).
1-Sep-99	3.3	Discussions with Tom Luther, TIA and Akin Gump regarding revisions to term sheet (1.0 hours). Review revised term sheet (0.5 hours). Continued discussions with Akin Gump and Tom Luther regarding remaining issues (1.0 hours). Discussion with Tom Luther and Akin Gump regarding Confirmation hearing and resolution on issues (0.8 hours).
10-Sep-99	0.2	Call with TIA regarding update on GB process (0.2 hours).
<b>TOTAL</b>	<b>113.9</b>	

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Stewart (Senior Vice President)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
25-Feb-99	3.6	Review of Stroock conference call memo (0.1 hours). Review of DIP documentation (3.5
26-Feb-99	5.7	Conference call with Stroock to discuss filing issues (0.2 hours). Telephone call with Cleary to discuss TOPrS meeting (0.2 hours). Review term sheet, lock-up agreements and Snyder's employment contract (1.5 hours). Conference call with bondholders regarding issues (1.1 hours). Telephone call with T. Luther to discuss process (0.8 hours). Review and comment on draft Disclosure Statement (1.2 hours). Discussion with MAK to go over issues (0.7 hours).
28-Feb-99	4.0	Call with Stroock, Company and other professionals regarding process going forward (0.3 hours). Call with R. Snyder and C. Finklestein to discuss issues (0.7 hours). Review CIT financing documents (1.0 hours). Telephone calls with noteholders regarding case (1.4 hours). Discussion with TIA regarding DIP issues (0.6 hours).
1-Mar-99	1.8	Call with T. Luther to discuss issues and Company financial performance (0.6 hours). Call with Committee regarding process (0.6 hours). Review of Stroock memo regarding case activities (0.2 hours). Telephone call with TOPrS holder (0.4 hours).
2-Mar-99	2.7	Review of industry materials (1.7 hours). Telephone call with B. Grossman regarding case status (1.4 hours). Discussion with TIA regarding process (0.6 hours).
3-Mar-99	2.0	Review of potential Board candidate resume (0.3 hours). Telephone call with potential Board candidate (0.8 hours). Telephone call with T. Luther regarding potential Board candidates (0.7 hours). Telephone call with F. Hodara regarding case matters (0.2 hours).
4-Mar-99	2.3	Meeting with potential exit financing lender and F. Hodara (1.8 hours). Telephone call with noteholder (0.5 hours). Telephone call with C. Finklestein regarding operations and efforts to sell adult division (0.9 hours).
5-Mar-99	1.3	Telephone call with B. Grossman regarding case issues (1.3 hours).
9-Mar-99	2.7	Review of revised draft of plan of reorganization (2.1 hours). Discussion with MAK to update (0.6 hours).
10-Mar-99	0.3	Discussion of revised draft plan of reorganization with M. Kramer (0.3 hours).
11-Mar-99	3.1	Review of valuation data (1.6 hours). Telephone call with noteholders (1.1 hours). Discussion with TIA regarding valuation (0.4 hours).
12-Mar-99	0.8	Telephone call with noteholder regarding general case info (0.3 hours). Telephone call with T. Luther regarding case (0.5 hours).
16-Mar-99	2.2	Telephone call with F. Hodara regarding case matters (0.2 hours). Telephone call with B. Grossman regarding case (0.8 hours). Telephone call with C. Finklestein regarding adult sale (0.4 hours). Discussion with TIA regarding process and issues (0.8 hours).
17-Mar-99	3.0	Review of February results (0.6 hours). Conference call with management regarding February results (1.3 hours). Telephone conversation with T. Luther regarding February results (0.4 hours). Telephone call with interested exit financing source (0.7 hours).
18-Mar-99	3.8	Telephone call with B. Grossman regarding February results (0.9 hours). Review of potential exit financing lender materials (0.8 hours). Telephone call with CDG regarding potential exit financing lenders (0.3 hours). Telephone call with F. Hodara regarding final DIP order (0.7 hours). Telephone call with C. Finklestein regarding adult sale (0.6 hours). Discuss exit financing issues with MAK and TIA (0.5 hours).
19-Mar-99	2.8	Review analysis of adult publishing division sale and discuss with TIA (0.8 hours). Telephone calls with B. Grossman and T. Luther regarding potential exit financing lenders (1.2 hours). Telephone call with C. Finklestein regarding DIP financing (0.8 hours).
22-Mar-99	1.1	Telephone calls with F. Hodara regarding DIP terms (0.3 hours). Telephone call with creditor (0.3 hours). Telephone call with C. Finklestein regarding DIP financing (0.5 hours).
23-Mar-99	1.9	Telephone calls with F. Hodara regarding revised DIP order (0.1 hours). Review of news articles relating to the industry (1.2 hours). Telephone call with B. Grossman regarding DIP financing (0.6 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Stewart (Senior Vice President)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
24-Mar-99	2.1	Review of draft DIP order (1.6 hours). Telephone call with F. Hodara regarding open issues (0.1 hours). Telephone call with T. Luther regarding DIP financing (0.4 hours).
25-Mar-99	0.6	Telephone call with noteholder regarding general case status (0.6 hours).
29-Mar-99	2.4	Review of final Joint Plan of Reorganization (2.4 hours).
30-Mar-99	3.3	Review of final Disclosure Statement (2.7 hours). Discussion with TIA regarding the Disclosure Statement and Company projections (0.6 hours).
31-Mar-99	0.5	Review of potential Board candidate resume (0.3 hours). Telephone call with noteholder regarding general case info (0.2 hours).
1-Apr-99	1.8	Telephone call with potential Board member (0.8 hours). Telephone call with B. Grossman regarding Board candidates and management (1.0 hours).
2-Apr-99	1.2	Telephone call with T. Luther regarding case (0.4 hours). Discussion with MAK to update (0.8 hours).
5-Apr-99	1.8	Telephone call with C. Finklestein regarding sale of adult division (0.6 hours). Telephone calls with B. Grossman and T. Luther regarding adult sale (0.8 hours). Discussion with TIA regarding general process issues (0.4 hours).
6-Apr-99	0.4	Conference call with Stroock (0.4 hours).
7-Apr-99	0.9	Conference call with Noteholders (0.2 hours). Review of news article relating to industry (0.7 hours).
9-Apr-99	0.8	Call with Noteholders (0.3 hours). Telephone call with potential Board candidate (0.5 hours).
12-Apr-99	0.3	Review of news article concerning Golden Books (0.3 hours).
13-Apr-99	0.8	Telephone calls with two different creditors (0.8 hours)
16-Apr-99	4.3	Review of Stroock memo regarding case activities (0.3 hours). Review of Company's draft of three year projections (1.5 hours). Telephone call with F. Hodara regarding collateral (0.2 hours). Preparation of sensitivity analysis on projections and recoveries (2.3 hours).
19-Apr-99	4.6	Review of Stroock memo regarding Noteholders' collateral (0.7 hours). Review of existing Noteholders' collateral documents (1.6 hours). Review of schedules prepared by Company regarding Noteholders' collateral (0.9 hours). Telephone call with H. Bennett regarding covenants (0.3 hours). Telephone call with T. Luther regarding projections (0.6 hours). Discussions with MAK regarding issues (0.5 hours).
20-Apr-99	6.5	Review of draft Indenture (2.1 hours). Review of existing Indenture (1.4 hours). Preparation of internal memo concerning differences between existing and proposed indentures (1.7 hours). Discussion with TIA (0.8 hours). Discussion with MAK (0.5 hours).
21-Apr-99	4.7	Development of potential covenants (1.8 hours). Telephone call with B. Grossman regarding covenants (2.2 hours). Telephone call with T. Luther regarding potential covenants (0.3 hours). Discussion with TIA to go over issues (0.4 hours).
22-Apr-99	2.1	Further investigation of potential covenant packages (2.1 hours).
23-Apr-99	6.0	Review of draft Security Agreement and Annex (2.1 hours). Meeting with professionals (2.9 hours). Update TIA on professionals meeting and issues (1.0 hours).
26-Apr-99	0.9	Review Akin Gump comments to Security Agreement and Annex (0.6 hours). Telephone call with T. Luther regarding case status (0.3 hours).
27-Apr-99	3.6	Review of Company's 10-K statement (3.4 hours). Telephone call with creditor regarding 10-K (0.2 hours).
28-Apr-99	1.1	Review draft of Indenture (1.1 hours).
29-Apr-99	6.3	Update HLHZ valuation analysis (6.3 hours).
30-Apr-99	1.3	Further updating of HLHZ valuation analysis (1.3 hours).
3-May-99	3.8	Review of information package prepared by CDG and supplied to potential exit financing lenders (0.7 hours). Review of draft set of Company projections (1.2 hours). Telephone call with B. Grossman regarding projections and valuation (1.9 hours).
4-May-99	5.3	Review of news article concerning objections to plan of reorganization (0.3 hours). Review of CDG liquidation analysis (3.9 hours). Telephone call with F. Hodara (0.5 hours). Discuss issues with TIA (0.6 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Stewart (Senior Vice President)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
5-May-99	7.9	Review of CDG valuation analysis (5.8 hours). Conference call with case financial advisors regarding projections, liquidation analysis and valuation materials (0.8 hours). Telephone calls with B. Grossman and T. Luther regarding valuation discussions (1.3 hours).
6-May-99	5.8	Review of Company's projections (1.7 hours). Review of historical projections (0.8 hours). Preparation of analysis comparing different sets of projections with accompanying sensitivity analysis (2.6 hours). Telephone call with Company (0.7 hours).
7-May-99	4.3	Review of CDG summary of exit financing progress (0.4 hours). Review of supporting liquidation analysis data supplied by CDG (0.6 hours). Review of HLHZ liquidation analysis for comparison purposes (0.8 hours). Telephone call with C. Finklestein regarding assumptions utilized within liquidation analysis (0.6 hours). review employment agreement matters (1.9 hours).
10-May-99	1.7	Conference call with F. Hodara and T. Luther regarding employment agreements (0.1 hours). Telephone call with F. Hodara regarding stock issues (0.2 hours). Telephone call with T. Luther regarding exit financing (0.3 hours). Discussion with TIA regarding GB process and revised equity warrant strike prices (0.4 hours). Discussion with MAK regarding deal structure and warrant pricing (0.7 hours).
11-May-99	2.9	Review of revised draft of Equity Plan (2.3 hours). Telephone call with B. Grossman regarding exit financing status (0.6 hours).
12-May-99	2.2	Meeting with potential exit financing lenders (1.9 hours). Telephone call with Noteholder regarding case status (0.3 hours).
13-May-99	0.4	Review of CDG summary of exit financing progress (0.4 hours). Discussion with TIA regarding exit financing meeting schedules (0.4 hours).
14-May-99	1.7	Conference call with potential exit financing lenders (1.7 hours).
17-May-99	2.0	Conference call with potential exit financing lenders (1.8 hours). Discussion with TIA to update on progress (0.2 hours).
18-May-99	0.2	Discussion with TIA regarding process (0.2 hours).
19-May-99	0.5	Telephone call with F. Hodara regarding case status (0.1 hours). Telephone call with B. Grossman regarding case status (0.4 hours).
20-May-99	0.7	Noteholders' conference call (0.6 hours). Telephone call with F. Hodara regarding case issues (0.1 hours).
21-May-99	1.1	Review of potential Board candidate resume (0.2 hours). Conference call with T. Luther and F. Hodara (0.5 hours). Telephone call with C. Finkelstein regarding operations (0.4 hours).
24-May-99	1.6	Telephone call with F. Hodara regarding class action settlement (0.1 hours). Telephone call with B. Grossman regarding class action contribution (0.5 hours). Discussion with MAK to update on process (1.0 hours).
27-May-99	1.7	Review of initial draft of Registration Rights Agreement (1.7 hours).
28-May-99	0.3	Telephone call with T. Luther regarding provisions of registration agreement (0.3 hours).
2-Jun-99	0.1	Review of Akin Gump memo regarding lien perfection (0.1 hours)
3-Jun-99	0.2	Telephone call with F. Hodara regarding emergence issues (0.2 hours).
7-Jun-99	2.0	Preparation of memo to Noteholders' Committee regarding April results and status of exit financing efforts (1.2 hours). Conference call with F. Hodara (0.8 hours).
8-Jun-99	3.4	Review of April results (0.8 hours). Review of GE exit financing proposal (0.9 hours). Telephone call with GE Capital regarding proposal (1.0 hours). Telephone call with F. Hodara regarding exit financing (0.1 hours). Discussion with MAK to update (0.6 hours).
9-Jun-99	4.5	Telephone call with C. Finkelstein regarding April results (0.7 hours). Telephone call with B. Grossman regarding April results and case matters (1.3 hours). Professionals meeting (2.5 hours).
10-Jun-99	1.9	Telephone call with T. Luther regarding April results (0.6 hours). Telephone call with B. Grossman regarding exit financing (1.3 hours).
11-Jun-99	0.6	Telephone call with T. Luther regarding exit financing alternatives (0.6 hours).
14-Jun-99	0.7	Review of Akin Gump memo regarding potential Board candidates (0.7 hours)
15-Jun-99	0.6	Discussion with TIA and MAK regarding indenture issues (0.6 hours).
16-Jun-99	1.0	Review of potential Board candidate resume (0.5 hours). Review of news article concerning Company (0.4 hours). Telephone call with F. Hodara (0.1 hours).
17-Jun-99	3.9	Review of revised Indenture documents (1.8 hours). Review of CDG analysis of exit financing proposals (2.1 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**

*Summary of Hours Incurred - Michael Stewart (Senior Vice President)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
18-Jun-99	3.9	Review of potential Board candidate resume (0.3 hours). Review of exit financing proposals (0.7 hours). Telephone call with GE capital regarding exit financing proposal (0.7 hours). Telephone call with Cerberus regarding exit financing proposal (0.6 hours). Telephone call with CDG regarding exit financing proposal analysis (0.6 hours). Telephone call with F. Hodara regarding exit financing (0.1 hours). Telephone call with T. Luther regarding exit financing proposals (0.4 hours). Conference call regarding Indenture documentation with Fred Hodara, MAK, TIA and Tom Luther (0.5 hours).
20-Jun-99	0.7	Telephone call with F. Hodara regarding case issues (0.1 hours). Review miscellaneous articles related to the industry (0.6 hours).
21-Jun-99	4.0	Preparation of internal analysis of exit financing proposals with corresponding comparisons to Company's projections (3.1 hours). Telephone call with B. Grossman regarding exit financing (0.9 hours).
22-Jun-99	1.8	Conference call regarding May results (0.7 hours). Meeting with professionals (1.1 hours).
23-Jun-99	0.2	Review of Akin Gump memo regarding conference call (0.2 hours).
24-Jun-99	1.6	Review of Akin Gump memo regarding conference call (0.1 hours). Telephone call with Akin Gump professionals regarding Indenture (0.5 hours). Call with TIA and Dick Snyder regarding outstanding issues (1.0 hours).
25-Jun-99	1.8	Review of additional detail provided on May results (0.5 hours). Telephone call with C. Finkelstein regarding May breakdowns (0.4 hours). Review of Akin Gump memo regarding proposed class action settlement timeline (0.4 hours). Discussions with TIA regarding the GB process (0.5 hours).
28-Jun-99	1.2	Review of May results (1.2 hours).
29-Jun-99	3.0	Noteholders conference call (2.5 hours). Call with TIA and the Company regarding the Indenture and exit financing process (0.5 hours).
30-Jun-99	3.8	Review of Akin Gump memo regarding voting deadline (0.1 hours). Telephone call with F. Hodara regarding case status (0.3 hours). Committee conference call (0.8 hours). Meeting with Company regarding deal (2.0 hours). Discussion with TIA (0.2 hours). Call with TIA Fred Hodara (Stroock) and Bruce Grossman (Avenue Advisors) regarding process and Indenture issues (0.4 hours).
1-Jul-99	2.1	Review of CDG summary of exit financing progress (0.4 hours). Call with TIA and Bruce Grossman regarding exit financing and solicitation voting (0.7 hours).
6-Jul-99	0.2	Review of Akin Gump memo regarding exit financing proposals (0.2 hours).
7-Jul-99	4.5	Review of revised Indenture documents (1.1 hours). Review of Registration Rights Agreement, Security Agreement and form of warrants (3.4 hours).
8-Jul-99	0.5	Review of revised Registration Rights Agreement (0.5 hours).
9-Jul-99	0.8	Review of revised Indenture documents (0.6 hours). Review Akin Gump memo regarding status report (0.2 hours).
13-Jul-99	0.5	Review of Akin Gump memo and term sheet regarding floating note concept (0.5 hours).
16-Jul-99	1.4	Discussion with TIA regarding terms of Racine sale (0.4 hours). Read over Racine sale documents (1.0 hours).
25-Jul-99	0.9	Discussion with TIA and MAK regarding process (0.9 hours).
4-Aug-99	1.5	Review of revised Indenture documents (1.2 hours). Review of Akin Gump memo regarding confirmation hearing (0.3 hours).
17-Aug-99	1.9	Participate on call with Colin F. regarding Indenture issues (1.0 hours). Discussion with TIA regarding case progress and open issues (0.9 hours).
<b>TOTAL</b>	<b>202.7</b>	

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
**Summary of Hours Incurred - Tanja Aalto (Associate)**

<b>Date</b>	<b>Hours</b>	<b>Task</b>
26-Feb-99	2.6	Review Restructuring Agreement and prepare summary of potential Indenture issues (1.3 hours). Conference call with bondholders regarding process (1.1 hours). Review BES question list (0.2 hours).
28-Feb-99	4.6	Review CIT DIP financing documents (1.5 hours). Read over draft Disclosure Statement documents (1.5 hours). Discussion with MDS regarding DIP terms (0.6 hours). Participate with MDS on calls with Company and noteholders (1.0 hours).
1-Mar-99	2.2	Participate on call with T. Luther to discuss issues and Company financial performance (0.6 hours). Call with Committee regarding process (0.6 hours). Read over industry materials (1.0 hours).
2-Mar-99	3.2	Review of Company financial performance and industry materials with BES (1.2 hours). Participate on telephone call with B. Grossman regarding case status (1.4 hours). Discussion with MDS regarding process and Company information (0.6 hours).
4-Mar-99	2.7	Meeting with potential exit financing lender and Stroock (1.8 hours). Participate on telephone call with C. Finkelstein regarding operations and efforts to sell adult division (0.9 hours).
5-Mar-99	2.5	Participate on telephone call with B. Grossman regarding case issues (1.3 hours). Review industry information, news articles and analysis (1.2 hours).
9-Mar-99	1.5	Review of revised draft of plan of reorganization (1.5 hours).
11-Mar-99	3.2	Analysis of valuation package and back-up information (1.2 hours). Participate on telephone call with noteholders (1.1 hours). Discussion with MDS about valuation and industry dynamics (0.4 hours). Discussion with BES regarding valuation model (0.5 hours).
16-Mar-99	2.2	Participate on telephone call with F. Hodara regarding case matters (0.2 hours). Participate on telephone call with B. Grossman regarding case (0.8 hours). Participate on telephone call with C. Finkelstein regarding adult sale (0.4 hours). Discussion with MDS regarding process and issues (0.8 hours).
17-Mar-99	2.7	Review February 1999 P&L detail and analyze (0.8 hours). Update valuation analysis (0.7 hours). Conference call with Tom Luther and Company to discuss financial YTD results (1.2 hours).
18-Mar-99	3.9	Prepare analysis and fax out February results to Committee members (0.4 hours). Participate on call with B. Grossman regarding financial results (0.9 hours). Participate on telephone call with C. Finkelstein regarding adult sale (0.6 hours). Analysis of adult publishing division financial performance and valuation (1.5 hours). Discuss exit financing issues with HLHZ team (0.5 hours).
19-Mar-99	2.8	Discuss analysis of adult publishing division sale with MDS (0.8 hours). Participate on calls with Committee members regarding exit financing (1.2 hours). Call with Colin F. regarding financing needs and options (0.8 hours).
23-Mar-99	2.4	Review of industry information and analyst reports (1.6 hours). Participate on telephone call with B. Grossman regarding DIP financing (0.6 hours).
24-Mar-99	1.4	Review of draft DIP order (1.0 hours). Participate on telephone call with T. Luther regarding DIP financing (0.4 hours).
25-Mar-99	2.3	Work on financial models and analysis of liquidity needs (1.5 hours). Review model with BES (0.8 hours).
29-Mar-99	3.2	Review of final Joint Plan of Reorganization (2.0 hours). Revisions to recovery analyses (1.2 hours).
30-Mar-99	4.3	Review of final Disclosure Statement documents (2.5 hours). Discussion with MDS regarding the Disclosure Statement and Company projections (0.6 hours). Analysis of final Disclosure Statement projections (0.5 hours). Call with Colin F. to discuss projections and other liquidity issues (0.7 hours).
1-Apr-99	1.7	Participate on telephone call with B. Grossman regarding Board candidates and company management (1.0 hours). Call with Colin F. regarding operations and general business issues (0.7 hours).
2-Apr-99	0.4	Participate on telephone call with T. Luther regarding case (0.4 hours).
5-Apr-99	1.8	Participate on telephone call with C. Finkelstein regarding sale of adult division (0.6 hours). Participate on telephone calls with B. Grossman and T. Luther regarding adult sale (0.8 hours). Discussion with MDS regarding general process issues (0.4 hours).
6-Apr-99	0.4	Conference call with Stroock (0.4 hours).
7-Apr-99	0.2	Conference call with Noteholders (0.2 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
**Summary of Hours Incurred - Tanja Aalto (Associate)**

<u>Date</u>	<u>Hours</u>	<u>Task</u>
12-Apr-99	1.4	Call with Colin F. to get an update on financial projections (0.5 hours). Incorporate updated projections into analysis (0.6 hours). Call with Bank of Boston with respect to exit financing (0.3 hours).
16-Apr-99	1.2	Review and analysis of preliminary 3-year projections (0.8 hours). Read memo on first lien collateral distribution (0.4 hours).
20-Apr-99	6.5	Review draft Indenture documents and highlight issues (2.5 hours). Search for and review the existing Indenture and comparable company indentures to look over common terms (3.2 hours). Discussion with MDS to compare issues (0.8 hours).
21-Apr-99	4.1	Analysis of indenture documents (1.0 hours). Prepare summary overview of covenants (0.5 hours). Participate on call with B. Grossman regarding covenant issues and comments on Indenture (2.2 hours). Discussion with MDS to go over issues (0.4 hours).
23-Apr-99	1.0	Discussion with MDS to update on professionals meeting (1.0 hours).
28-Apr-99	2.6	Read over 10-K document (2.0 hours). Discussion with Colin F. regarding 10-K detail (0.6 hours).
3-May-99	0.3	Discussion with MAK to update on warrant analysis (0.3 hours).
4-May-99	1.7	Read over revised projections and valuation analysis (0.5 hours). Discuss issues with MDS (0.6 hours). Update model (0.6 hours).
6-May-99	0.9	Conference call to discuss the liquidation and valuation analyses presented in the Disclosure Statement (0.5 hours). Call with Conway, Del Genio (Ben Jones) regarding their valuation assumptions (0.4 hours).
10-May-99	0.7	Update warrants strike price calculations (0.3 hours). Discussion with MDS regarding GB process and revised equity warrant strike prices (0.4 hours).
11-May-99	2.7	Review draft disclosure statement & related documents (2.3 hours). Prepare analysis of DS projections (0.4 hours).
13-May-99	0.4	Discussion with MDS regarding exit financing meeting schedules (0.4 hours).
14-May-99	1.7	Participate on conference call with potential exit financing lenders (1.7 hours).
17-May-99	3.0	Conversation with MDS regarding exit financing sources (0.2 hours). Review GB 10-Q (0.4 hours). Read through Company Bank Book (2.4 hours).
18-May-99	4.7	Meeting at GB with Company and potential exit financing sources (Davidson Kempner and Cerberus) (4.5 hours). Discuss meetings with MDS (0.2 hours).
8-Jun-99	1.2	Prepare memo on exit financing proposals (1.2 hours).
9-Jun-99	1.3	Participate on call with B. Grossman regarding case issues (1.3 hours).
15-Jun-99	2.1	Read over Indenture mark-up (1.5 hours). Discussion with the Mikes regarding indenture issues (0.6 hours).
17-Jun-99	2.2	Read over summary of financing proposals and GB projected borrowing needs (1.0 hours). Prepare analysis of borrowing base/projected borrowings (1.2 hours).
18-Jun-99	2.4	Conference call regarding Indenture documentation with Fred Hodara, MDS, MAK and Tom Luther (0.5 hours). Participate on telephone call with GE capital regarding exit financing proposal (0.7 hours). Participate on telephone call with Cerberus regarding exit financing proposal (0.6 hours). Participate on telephone call with Conway Del Genio regarding exit financing proposal analysis (0.6 hours).
21-Jun-99	1.4	Review May 1999 actual financials (0.4 hours). Incorporate May results into model (1.0 hours).
23-Jun-99	0.3	Call with Colin F. regarding updated financials (0.3 hours).
24-Jun-99	1.3	Call with Colin F. regarding projected borrowing needs (0.3 hours). Call with MDS and Dick Snyder regarding outstanding issues (1.0 hours).
25-Jun-99	0.5	Discussions with MDS regarding the GB process (0.5 hours).
29-Jun-99	4.0	Call with the Committee and Stroock regarding the Indenture (2.5 hours). Call with Mike Gries at Conway, Del Genio regarding GB exit financing (0.5 hours). Call with MDS and the Company regarding the Indenture and exit financing process (0.5 hours). Call with Colin F. regarding recent financial performance (0.5 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
*Summary of Hours Incurred - Tanja Aalto (Associate)*

<u>Date</u>	<u>Hours</u>	<u>Task</u>
30-Jun-99	3.2	Meeting at the Company with all professionals (TOPrS, Company and Notes) regarding the exit financing and Chapter 11 process (2.0 hours). Call with the Committee, Stroock and MAK regarding process (0.8 hours). Discussion with MDS (0.2 hours). Call with MDS, Fred Hodara (Stroock) and Bruce Grossman (Avenue Advisors) regarding process and Indenture issues (0.4 hours).
1-Jul-99	1.9	Call with MDS and Bruce Grossman regarding exit financing and solicitation voting (0.7 hours). Read over Proskauer mark-up of Registration Rights & Security Agreements (1.2 hours).
6-Jul-99	3.0	Call with Fred Hodara regarding the Indenture and a Floating Note concept (0.1 hours). Call with the Committee, Akin Gump and MAK regarding the Indenture and potential solutions to CIT's collateral encroachment (2.8 hours). Call with Fred Hodara regarding cash vs. PIK pay on Notes (0.1 hours).
7-Jul-99	3.2	Call with Tom Luther regarding process next week, exit financing and Avenue Advisors (0.3 hours). Call with Mike Gries regarding the Indenture, exit financing and compensation for the Senior Notes collateral issue (0.7 hours). Call with Principal Life and Akin Gump regarding Indenture and Bruce Grossman's comments (0.7 hours). Call with Colin F. regarding CAPEX requirements and other Indenture issues (0.5 hours). Read over draft Registration Rights agreement (1.0 hours).
8-Jul-99	2.0	Call with Akin Gump regarding process and Tuesday meeting (0.5 hours). Read over revised Indenture (1.5 hours).
9-Jul-99	3.1	Call with Tom Luther regarding GB issues (0.5 hours). Call with Bruce Grossman regarding GB issues and the Indenture (1.0 hours). Call with Mike Gries regarding an update on the exit financing process and the Tuesday meeting (1.0 hours). Call with Akin Gump regarding Bruce issues and Tuesday meeting (0.6 hours).
12-Jul-99	1.8	Work on process summary sheet for MAK (0.5 hours). Call with Mike Gries regarding the term sheet (0.6 hours). Call with Akin Gump regarding issues (0.3 hours). Discussion with MAK to update (0.4 hours).
13-Jul-99	8.2	Review draft term sheet from Akin Gump (0.4 hours). Breakfast meeting with MAK and Akin Gump in preparation for subsequent all hands meeting (1.0 hours). Meeting with the Committee, Company, TOPrS and all counsel and advisors regarding process and outstanding issues (6.8 hours).
14-Jul-99	2.2	Review A/R detail received from GB (0.4 hours). Analysis of revised financial projections (0.4 hours). Call with Colin F. regarding projections and revisions (0.5 hours). Call with Mike Gries regarding CIT (0.3 hours). Call with Bruce Grossman regarding GB issues (0.5 hours). Call with Akin Gump regarding process (0.1 hours).
15-Jul-99	1.3	Call with Akin Gump regarding the Indenture (0.2 hours). Call with MAK & Akin Gump regarding Indenture issues (0.9 hours). Call with Colin F. regarding projected cashflows (0.2 hours).
16-Jul-99	3.7	Read over proposed Racine sale documents (0.8 hours). Discussion with MDS regarding terms of Racine sale (0.4 hours). Prepare analysis of Racine sale impact (2.5 hours).
19-Jul-99	1.1	Discussion with MAK regarding GB process (0.1 hours). Call with Akin Gump (D. Botter) regarding process and license issues (0.2 hours). Call with Mike Gries regarding exit financing process with GE and CIT (0.4 hours). Call with Akin Gump regarding GE proposal (0.4 hours).
20-Jul-99	0.8	Read over revised GE/CIT proposals (0.8 hours).
21-Jul-99	0.4	Review GB CAPEX forecast detail (0.4 hours).
25-Jul-99	2.1	Discussion with Colin F. regarding CAPEX budget (0.2 hours). Analyze historical and projected CAPEX data (1.0 hours). Discussion with MDS and MAK regarding process and issues (0.9 hours).
29-Jul-99	0.7	Call with Bruce Grossman regarding GB (0.4 hours). Call with Akin Gump (D. Botter) regarding process (0.3 hours).
2-Aug-99	0.2	Call with Akin Gump (D. Botter) regarding GB schedule (0.2 hours).
4-Aug-99	0.2	Call with Akin Gump (D. Botter) regarding the Indenture (0.2 hours).
5-Aug-99	2.0	Read over revised Indenture (1.5 hours). Call with Akin Gump (D. Botter) regarding the revised Indenture (0.5 hours).
6-Aug-99	2.1	Prepare a summary of Indenture issues for MAK (1.0 hours). Review Indenture and related issues for discussion (0.5 hours). Call with Colin F. regarding an update on financial performance and the Company process (0.6 hours).

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
**Summary of Hours Incurred - Tanja Aalto (Associate)**

<u>Date</u>	<u>Hours</u>	<u>Task</u>
7-Aug-99	0.8	Finish work on summary issues sheet (0.8 hours).
9-Aug-99	3.3	Call with Mike Gries for update on exit financing process and Indenture (0.3 hours). Call with Akin Gump and MAK regarding the Indenture (2.0 hours). Revisit GB 1999 Budget and analyze projections (1.0 hours).
10-Aug-99	8.5	Preparation for all hands professionals meeting (1.0 hours). Professionals meeting regarding the Indenture issues (6.0 hours). Call with Colin F. regarding licensing issues (0.5 hours). Update BES on meeting (1.0 hours).
16-Aug-99	1.6	Discussion with MAK regarding prior week developments (0.1 hours). Call with Akin Gump regarding GB process (0.1 hours). Call with Akin Gump, MAK and Tom Luther regarding Indenture issues (0.5 hours). Review GAAP accounting rules with respect to licensing agreements (0.9 hours).
17-Aug-99	4.9	Call with Akin Gump regarding negotiation tactics (0.2 hours). Call with Colin F. regarding Indenture issues (1.0 hours). Search for comparable Indentures (i.e., Marvel) and read (1.8 hours). Call with Akin Gump to discuss Indenture drafting comments (1.0 hours). Discussion with MDS regarding process (0.9 hours).
18-Aug-99	0.3	Call with Akin Gump (D. Botter) regarding Indenture issues (0.3 hours).
19-Aug-99	2.8	Call with Akin Gump regarding Indenture process (0.2 hours). Call with Colin F. to discuss outstanding issues (0.6 hours). Call with Akin Gump to update on call with Colin F. (0.1 hours). Call with Colin F. regarding BOD voting dynamics (0.2 hours). Call with Akin Gump and Tom Luther to discuss issues (1.0 hours). Call with Akin Gump (F. Hodara) to discuss potential resolutions (0.2 hours). Work on situation summary memo for MAK (0.2 hours). Review public news articles related to GB (0.3 hours).
20-Aug-99	0.7	Call with Colin F. regarding process and outstanding issues (0.4 hours). Call with Akin Gump regarding negotiation process (0.2 hours). Call with Colin F. to discuss arranging a meeting (0.1 hours).
22-Aug-99	0.2	Call with Akin Gump (F. Hodara) regarding Indenture (0.2 hours).
23-Aug-99	2.1	Work on analysis of Indenture issues (0.8 hours). Conference call with Akin Gump regarding Senior Note issues (0.8 hours). Call with Colin F. regarding Indenture issues (0.2 hours). Read over revised Indenture notes (0.2 hours). Call with Akin Gump regarding Indenture negotiations (0.1 hours).
24-Aug-99	0.2	Discussion with MAK regarding Indenture process (0.1 hours). Call with Colin F. to discuss arranging a meeting (0.1 hours).
25-Aug-99	0.9	Call with Colin F. to discuss Indenture issue compromises (0.5 hours). Review Proskauer mark-up of Indenture (0.4 hours).
26-Aug-99	0.1	Call with Colin F. regarding the Indenture (0.1 hours).
27-Aug-99	3.6	Call with Akin Gump (A. Laves) regarding Indenture issues (1.0 hours). Call with Colin F. regarding Indenture issues (0.3 hours). Call with Tom Luther to update on recent progress (0.4 hours). Call with MAK and Tom Luther to discuss process going forward (0.2 hours). Call with Colin F. to discuss Indenture issues (0.4 hours). Call with Tom Luther to discuss potential resolutions to issues (0.3 hours). Discussion with BES to update on process and issues (1.0 hours).
30-Aug-99	8.6	Call with Akin Gump & Tom Luther regarding Indenture issues and CIT (0.8 hours). Call with Colin F. regarding outstanding issues with respect to asset sales and licensing (0.4 hours). Call with Akin Gump and Tom Luther regarding Indenture (0.3 hours). Call with Akin Gump regarding Indenture (0.2 hours). Call with Colin F. & Phil G. regarding Indenture issues (1.5 hours). Call with Akin Gump and Tom Luther regarding discussions with Company (0.3 hours). Discussion with Bennett Management regarding progress update (0.5 hours). Follow up call with Colin F. and Phil G. regarding outstanding issues (0.5 hours). Conference call with Company, Proskauer & Akin Gump to discuss potential resolutions on Indenture issues (1.9 hours). Review resolutions and outstanding issues in Indenture (1.0 hours). Review Company employment agreement documents (0.3 hours). Review draft commitment letter from CIT (0.5 hours). Discussion with MAK regarding update of calls (0.3 hours).
31-Aug-99	13.0	All hands meeting to discuss/resolve issues prior to Confirmation (13.0 hours).

<b>GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.</b>
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<i>Summary of Hours Incurred - Tanja Aalto (Associate)</i>
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<u>Date</u>	<u>Hours</u>	<u>Task</u>
1-Sep-99	4.0	Breakfast meeting with Tom Luther & Company to discuss remaining issues prior to Confirmation (2.5 hours). Discussions with Tom Luther, MAK and Akin Gump regarding revisions to term sheet (1.0 hours). Review revised term sheet (0.5 hours).
7-Sep-99	3.5	Call with Tom Luther regarding Indenture (0.5 hours). Read over Indenture revision and mark up issues (2.5 hours). Call with Akin Gump regarding process going forward (0.5 hours).
8-Sep-99	4.2	Read over Indenture on plane (3.0 hours). Call with Akin Gump regarding 9/9 call (0.1 hours). Call with Tom Luther to discuss outstanding issues (0.2 hours). Call with Colin F. (at home) regarding Company's issues (0.4 hours). Review GB Indenture issues in preparation for morning call (0.5 hours).
9-Sep-99	1.4	Call with Colin F. to discuss GB Indenture issues (0.6 hours). Call with Akin Gump (D. Botter) to review call with Colin F. (0.2 hours). Call with Akin Gump (D. Botter) to go over points agreed to with Colin F. (0.6 hours).
10-Sep-99	0.2	Call with MAK to update on GB process (0.2 hours).
13-Sep-99	2.4	Discussion with Akin Gump regarding fee application and indenture progress (0.3 hours). Call with Akin Gump (F. Hodara) regarding indenture issues (0.3 hours). Call with D. Botter regarding indenture mark-up (0.4 hours). Calls with Colin F. regarding indenture issues and covenant calculations (0.6 hours). Call with Akin Gump (A. Laves) regarding the Indenture (0.8 hours).
14-Sep-99	4.0	Calls with Colin F. regarding indenture issues (1.0 hours). Call with B. Grossman regarding Company financials and indenture issues (0.6 hours). Call with Akin Gump regarding indenture issues (0.6 hours). Conference call with Akin Gump, Proskauer, Company and T. Luther to negotiate indenture issues (1.2 hours). Call with Akin Gump to discuss end of conference call and other issues (0.6 hours).
15-Sep-99	2.4	Conference call with Colin F. and T. Luther to negotiate issues (0.8 hours). Conference call with Company, all lawyers, financial advisors and T. Luther (1.0 hours). Call with Akin Gump to continue discussion with respect to indenture issues (0.6 hours).
<b>TOTAL</b>	<b>194.0</b>	

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
**Summary of Hours Incurred - Barry Silbert (Financial Analyst)**

<b>Date</b>	<b>Hours</b>	<b>Task</b>
26-Feb-99	2.2	Reviewed restructuring documentation (.6 hours). Prepared list of questions/issues for TIA regarding documents (.5 hours). Conference call with bondholders to discuss restructuring documentation (1.1 hours).
28-Feb-99	2.6	Spread Company financials (1.6 hours). Gathered recent industry analyst reports (1.0 hours).
2-Mar-99	1.2	Reviewed financial performance and industry information with TIA (1.2 hours).
5-Mar-99	4.5	Revised Company valuation model to reflect most recent financial performance of the Company and comparable companies (4.5 hours).
10-Mar-99	1.5	Finished revising the Company valuation model (1.5 hours).
11-Mar-99	0.5	Discussed revised valuation model with TIA (0.5 hours).
17-Mar-99	2.5	Spread February P&L (0.6 hours) and updated model to reflect new financials (0.7 hours). Conference call with the Company (1.2 hours).
18-Mar-99	0.5	Discussed strategy with MAK, MDS and TIA (0.5 hours).
19-Mar-99	1.2	Conference call with bondholders regarding exit financing (1.2 hours).
20-Mar-99	5.7	Gathered recent industry analyst reports (2.2 hours). Read through analyst reports (3.5 hours).
23-Mar-99	1.8	Reviewed DIP document and prepared list of questions for TIA (1.8 hours).
24-Mar-99	3.5	Created a financial liquidity model (3.5 hours).
25-Mar-99	0.8	Reviewed financial liquidity model with TIA (0.8 hours).
31-Mar-99	3.5	Read and took notes on the Plan of Reorganization (2.2 hours) and Disclosure documents (1.3 hours).
6-Apr-99	0.4	Conference call with Stroock regarding process (0.4 hours).
7-Apr-99	0.2	Conference call with bondholders regarding status (0.2 hours).
15-Apr-99	5.8	Spread the Company's preliminary 3-year projections (3.0 hours). Performed sensity analyses on the projections (2.8 hours).
19-Apr-99	4.0	Pulled together all available indenture documentation on comparable companies (4.0 hours).
30-Apr-99	2.6	Read the Company's 10-K (2.6 hours).
6-May-99	0.9	Conference call regarding analyses in the Disclosure Statement (0.9 hours).
14-May-99	4.0	Conference call with exit financing sources (1.7 hours). Search for news articles on potential BOD candidates (2.3 hours).
31-May-99	3.2	Compiled recent industry reports (2.2 hours). Read through the reports (1.0 hours).
19-Jun-99	1.8	Reviewed recent documents and took notes of issues/questions to discuss with TIA (1.8 hours).
22-Jun-99	3.7	Reviewed May 1999 financials (1.2 hours) and incorporated the numbers into the valuation model (2.5 hours).
23-Jun-99	0.3	Call with Company regarding financials (0.3 hours).
29-Jun-99	3.0	Call with the bondholders regarding documentation (2.5 hours). Call with Conway, Del Genio regarding exit financing (.5 hours).
13-Jul-99	6.8	Meeting with the bondholders and the Company regarding process (6.8 hours).
14-Jul-99	3.2	Reviewed revised financial projections (1.2 hours). Integrated new projections into financial model (2.0 hours).
15-Jul-99	2.3	Read over the Racine sale documentation and took notes on issues/questions for TIA (2.3 hours).
23-Jul-99	2.8	Compiled recent industry reports (1.8 hours). Read through the reports (1.0 hours).
5-Aug-99	3.3	Reviewed the revised Indenture (2.8 hours). Call with Akin Gump regarding the Indenture (.5 hours).
10-Aug-99	5.0	Review Company licenses and other documentation (1.5 hours). Review outcome of meeting with TIA (1.0 hours). Read over comparable indenture covenants and prepare summary (2.5 hours).

<b>GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.</b> <i>Summary of Hours Incurred - Barry Silbert (Financial Analyst)</i>
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<b>Date</b>	<b>Hours</b>	<b>Task</b>
19-Aug-99	3.5	Search for news articles and recent analyst reports (1.5 hours). Review comparable company analysis and stock price movements (2.0 hours).
27-Aug-99	1.0	Update from TIA and review of issues (1.0 hours).
<b>TOTAL</b>	<b>89.8</b>	

## **EXHIBIT D**

<b>GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.</b>
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<i>Houlihan Lokey Schedule of Incurred Expenses</i>
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**February 26, 1999 through March 31, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$21.14	\$0.00	\$263.27	\$0.00	\$0.00	\$284.41
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	-	-	-	-	-	-
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								173.0
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								-
Houlihan Lokey Administrative Overtime Expenses								-
<b>TOTAL INCURRED EXPENSES (February 26, 1999 through March 31, 1999)</b>								<b>\$1,257.36</b>

**April 1, 1999 through April 30, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$0.00	\$0.00	\$110.55	\$0.00	\$0.00	\$110.55
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	-	-	-	-	-	-
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								-
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								-
Houlihan Lokey Administrative Overtime Expenses								-
<b>TOTAL INCURRED EXPENSES (April 1, 1999 through April 30, 1999)</b>								<b>\$910.55</b>

**May 1, 1999 through May 31, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$0.00	\$0.00	\$280.48	\$0.00	\$0.00	\$280.48
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	-	-	-	-	-	-
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								-
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								-
Houlihan Lokey Administrative Overtime Expenses								-
<b>TOTAL INCURRED EXPENSES (May 1, 1999 through May 31, 1999)</b>								<b>\$1,080.48</b>

**GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.**  
**Houlihan Lokey Schedule of Incurred Expenses**

**June 1, 1999 through June 30, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	6.0	-	-	-	-	6.0
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								60.0
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								16.8
Houlihan Lokey Administrative Overtime Expenses								-
<b>TOTAL INCURRED EXPENSES (June 1, 1999 through June 30, 1999)</b>								<b>\$882.75</b>

**July 1, 1999 through July 31, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$73.68	\$0.00	\$0.00	\$0.00	\$0.00	\$73.68
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	6.0	-	-	-	-	6.0
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								30.0
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								15.1
Houlihan Lokey Administrative Overtime Expenses								34.0
<b>TOTAL INCURRED EXPENSES (July 1, 1999 through July 31, 1999)</b>								<b>\$958.78</b>

**August 1, 1999 through August 31, 1999:**

<u>Source</u>	<u>Position</u>	<u>Transportation</u>		<u>Lodging</u>	<u>Client Meals</u>	<u>Overtime Meals</u>	<u>Phone &amp; Other</u>	<u>TOTAL</u>
		<u>Airfare</u>	<u>Other</u>					
Michael A. Kramer	Managing Director	\$0.00	\$0.00	\$0.00	\$26.73	\$0.00	\$0.00	\$26.73
Michael D. Stewart	Senior Vice President	-	-	-	-	-	-	-
Tanja I. Aalto	Associate	-	11.0	-	-	-	-	11.0
Barry E. Silbert	Financial Analyst	-	-	-	-	-	-	-
Telephone, Telecopy and Other Expenses								75.5
Library, Office Supplies and Copying Expenses								-
Research and Information Service Expenses								800.0
Delivery and Messenger Expenses								-
Houlihan Lokey Administrative Overtime Expenses								42.3
<b>TOTAL INCURRED EXPENSES (August 1, 1999 through August 31, 1999)</b>								<b>\$955.52</b>

<b>GRAND TOTAL OF INCURRED EXPENSES FROM FEBRUARY 26, 1999 THROUGH AUGUST 31, 1999</b>	<b>\$6,045.44</b>
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