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Hearing Date: October 18, 1999
Time: 10:00 a.m.

**UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK**

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 In re: : Chapter 11
 :
 : Case Nos. 99-10030
 GOLDEN BOOKS FAMILY : Through 99-10032 (TLB)
 ENTERTAINMENT, INC., et al., :
 : (Jointly Administered)
 :
 Debtors. :
 :
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**APPLICATION OF PROSKAUER ROSE LLP
 AS BANKRUPTCY AND REORGANIZATION
 COUNSEL TO THE DEBTORS AND DEBTORS-IN-POSSESSION
 FOR A FIRST AND FINAL ALLOWANCE OF COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES**

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

The application (the "Application") of Proskauer Rose LLP ("Proskauer" or "Applicant"), as bankruptcy and reorganization counsel to Golden Books Family Entertainment, Inc. ("Parent"), Golden Books Publishing Company, Inc. ("Publishing") and Golden Books Home Video, Inc. ("Video"), each a debtor and debtor-in-possession (collectively, the "Debtors"), respectfully represents:

I. SUMMARY OF RELIEF REQUESTED

1. Proskauer submits this Application, pursuant to Sections 330 and 331 of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), seeking a first and final allowance of compensation for legal services rendered in connection with the Debtors' Chapter 11 cases during the period from February 26, 1999, the commencement date of these cases (the "Petition Date"), through September 1, 1999 (the "Period"), the date of the hearing confirming the Debtors' plan of reorganization. The final award sought by Proskauer consists of (i) an allowance of compensation for services rendered during the Period in the amount of \$1,603,257.50 as itemized on Exhibit A annexed hereto,¹ and (ii) reimbursement of out-of-pocket expenses in the amount of \$160,812.62 necessarily incurred in connection therewith, as itemized on Exhibit B annexed hereto.² Prior to the Petition Date, Applicant received a retainer for services rendered in connection with these Chapter 11 cases in the amount of \$250,000. Subject to this Court's allowance of the total amount of fees and expenses sought herein, after application of the \$250,000 retainer, the remaining balance to be paid from the Debtors' estates would be \$1,514,070.12.

¹ A breakdown, by matter, of Applicant's time charges during the Period is set forth below in Section V.

² Included in the amount of compensation requested are certain pre-Petition Date charges for services rendered in connection with the filing of these cases which were outstanding as of the commencement of these cases, but which were not previously billed to the Debtors because they were late in being entered into Applicant's computer system. The aggregate amount of such charges is \$144,493.08.

2. During the Period, Proskauer expended an aggregate of 5,037.85 professional and 581.35 paraprofessional hours in connection with these cases and confirmation of the Debtors' plan of reorganization. A detailed description of the services rendered by Proskauer during the Period is set forth in Section VI of this Application. In addition, annexed hereto as Exhibit A is a breakdown, on an individual-by-individual basis, of Proskauer's actual time charges during the Period, itemizing the dates upon which services were rendered, the time spent on each date, the services rendered, and the dollar value of such services.

II. PRELIMINARY STATEMENT

3. On September 1, 1999, this Court closed the record of the confirmation hearing and confirmed the Debtors' amended plan of reorganization dated May 13, 1999 (as modified, the "Plan"), subject to the entry of a final order. Confirmation of the Plan marked the conclusion of several months of extensive effort by the Debtors, Applicant, the Debtors' financial advisors, Golden Press Holding, L.L.C. ("GPH"), the Informal Senior Note Committee (as defined below), the Informal TOPrS Committee (as defined below), and their respective professionals, to achieve a comprehensive, consensual restructuring of the Debtors' finances and operations in a manner which will enable the Debtors to emerge from Chapter 11 as viable and competitive entities.

4. Pursuant to the Plan, (i) approximately \$150 million in principal amount of Old Senior Notes will be exchanged for \$87 million of New Senior Notes (which shall be secured obligations and shall contain the material terms set forth in the Plan) and 42.5% of the common stock of reorganized Parent (the "New Parent Common Stock"); (ii)

approximately \$105 million in principal amount of TOPrS Certificates will be exchanged for 50% of the New Parent Common Stock; (iii) approximately \$10 million of secured claims of GPH will be exchanged for 5% of the New Parent Common Stock; and (iv) the Debtors' General Unsecured Creditors (holding claims aggregating approximately \$15.5 million) will be paid in full plus post-petition interest. In addition, holders of Old Preferred and Common Stock Interests will receive "out of the money" warrants (the "New Warrants") to purchase up to 5%, in the aggregate, of New Parent Common Stock. The New Warrants will be distributed two-thirds (2/3) to the Old Preferred Stock Interests and one-third (1/3) to the Old Common Stock Interests.

5. As bankruptcy and reorganization counsel to the Debtors, Proskauer played a key role in the successful outcome of the Debtors' reorganization proceedings. Indeed, since its initial retention by the Debtors, Proskauer worked closely with the Debtors and its other professional advisors in developing and implementing strategies to resolve the complex legal and financial issues which led to these Chapter 11 filings, and was integrally involved in assisting the Debtors in the negotiation of all major settlements and transactions embodied in the Plan. Proskauer also drafted the Plan and its attendant disclosure statement (the "Disclosure Statement") and the numerous other applications, documents and memoranda submitted to this Court. Overall, with Proskauer's assistance, the Debtors were able to confirm the Plan on a fully consensual basis in approximately 6 months from the Petition Date. In connection therewith, Proskauer assisted the Debtors in obtaining the entry of numerous orders which were necessary to facilitate confirmation of the Plan and the effective administration of the Debtors' estates, all with the support of the major constituencies herein and, in virtually all cases, without opposition.

Accordingly, for these reasons, and the reasons detailed below, Proskauer believes that final allowance of the fees and expenses sought herein is warranted, and respectfully requests that this Court enter an order awarding Proskauer a final allowance of all such fees and expenses.

III. DESCRIPTION OF APPLICANT

6. Proskauer is a full service law firm with approximately 130 partners and counsel, 36 senior counsel and 287 associates. Proskauer's primary office (and the office from which services were rendered in this case) is located in New York City. Proskauer also maintains offices in Newark, New Jersey; Washington, D.C.; Boca Raton, Florida; Los Angeles, California; and Paris, France.

7. Proskauer was founded almost one hundred and twenty-five years ago and represents a broad spectrum of clientele including major public corporations, large and small privately-held corporations, partnerships, private foundations, trusts, estates and individuals. Included in the list are a large variety of enterprises of varied size, form and function, including financial and investment institutions, manufacturing companies, department stores, real estate development companies and professional firms.

8. The partner in charge of the Debtors' Chapter 11 cases is Alan B. Hyman, who has been practicing insolvency law for approximately twenty-five years and has represented or represents major Chapter 11 debtors or Chapter 11 trustees, including Buster Brown Apparel, Inc., Lone Star Industries, Inc., Trism, Inc., Ithaca Industries, Inc., LJ Hooker Corporation, Todd Shipyards Corporation, Al Copeland Enterprises Inc. (Popeye's and Church's Fried Chicken), Rose's Stores, Inc., Berkey, Inc., Saxon Industries, Inc., Packaging

Industries Group, Inc., Russ Togs, Inc., The Valley Fair Corporation, the Chapter 11 trustee of Allegheny Health, Education and Research Foundation, and numerous other Chapter 11 entities. In addition, Mr. Hyman has represented a broad range of clients in bankruptcy and insolvency matters including debtors, trustees, shareholders, debenture holders, banks, secured creditors and unsecured creditors' committees.

9. Mr. Hyman was principally assisted in these case by Scott K. Rutsky, a senior counsel in Applicant's bankruptcy group who has been practicing insolvency law since 1990, and Glenn S. Walter, an associate in Applicant's Bankruptcy Group who has been practicing insolvency law since 1995. In addition, as circumstances have required, certain partners and/or associates of Applicant's general corporate, litigation, intellectual property, labor, and tax departments have also performed discrete services on behalf of the Debtors.

IV. OVERVIEW OF THE DEBTORS AND EVENTS LEADING TO THE COMMENCEMENT OF THEIR CHAPTER 11 CASES

A. Background

10. On the Petition 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 were continued in the operation of their businesses and management of their properties as debtors-in-possession. No official committee of unsecured creditors was appointed herein. On November 30, 1998, the Debtors had assets and liabilities of approximately \$295 million and \$440 million, respectively.

11. The Debtors publish, produce, license and market an extensive range of children's and family-related media and entertainment products. On the Petition Date, the Debtors employed over 1,100 individuals, owned or leased properties in 5 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 Petition Date, the Debtors operated through four business segments: (i) the Children's Publishing Division, (ii) the Adult Publishing Division, (iii) the Golden Books Entertainment Group and (iv) the 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.

12. On the Petition Date, the Debtors' debt structure consisted of the following: (i) a secured working capital facility with NationsCredit Commercial Corp. ("NationsCredit") in the aggregate outstanding amount of approximately \$10 million;³ (ii) secured claims of holders of the Debtors' 7.65% Senior Notes due 2002 (the "Old Senior Notes") in the aggregate face amount of \$150 million (plus accrued and unpaid interest of approximately \$10 million); (iii) secured claims of GPH in the principal amount of \$10 million (plus accrued and unpaid interest of approximately \$200,000); (iv) claims of holders of the Debtors' 8.75% Convertible Trust Originated Preferred Securities due 2016 (the "TOPrS Certificates") in the aggregate principal amount of \$105 million; and (v) approximately \$15.5

³ On March 1, 1999, the Court entered an Order approving a \$55 million debtor-in-possession financing facility with The CIT Group/Business Credit, Inc., and authorizing the Debtors to use a portion of the proceeds thereof to satisfy fully their pre-petition obligations to NationsCredit.

million of indebtedness owed to trade and other creditors. In addition, as of the Petition Date, 13,000 shares of Parent's Series B Preferred Stock (the "Old Preferred Stock Interests"), no par value, were issued and outstanding, and were held by GPH whose aggregate investment for such stock was approximately \$65 million. As of the Petition Date, Parent also had approximately 27,899,047 shares of common stock, \$.01 par value per share, issued and outstanding (the "Old Common Stock Interests"). Prior to the Petition Date, the Old Common Stock Interests had been listed for inclusion on the NASDAQ National Market System ("NASDAQ"); however, in February 1999, trading in the Old Common Stock Interests was suspended by NASDAQ.

B. Pre-Petition Financial Difficulties; Events Precipitating Chapter 11 Filing

13. The Debtors' Chapter 11 proceedings were preceded by liquidity difficulties which they experienced after incurring operating losses for the past several years, including restructuring costs incurred in implementing their long-term strategic financial plan. Such difficulties hampered the Debtors' ability to fund day-to-day operations and enhance future business prospects. As a result, Publishing determined not to make a September 15, 1998 interest payment in respect of the Old Senior Notes, but rather to pursue long-term strategic financial and capital restructuring options. The Debtors retained Proskauer and the financial advisory firm of Conway, Del Genio, Gries & Co., LLC to assist them in their restructuring efforts.

C. Restructuring Negotiations and Development of the “Pre-Negotiated” Plan of Reorganization

14. Publishing's failure to make the September 15 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"). Thereafter, a second *ad hoc* committee was formed to represent the interests of the holders of the TOPrS Certificates (the “Informal TOPrS Committee” and together with the Informal Senior Note Committee, collectively, the "Informal Committees").

15. Beginning in the Fall of 1998, the Debtors, the Informal Committees, GPH and others engaged in extensive negotiations regarding a restructuring of the Debtors' indebtedness and liabilities. These negotiations, which spanned several months, resulted in the parties entering into a Restructuring Agreement in February, 1999, outlining the terms of a consensual restructuring, which the parties determined would be best accomplished through a “pre-negotiated” Chapter 11 reorganization. The Debtors' Plan is the culmination of such efforts.

V. COMPLIANCE WITH BANKRUPTCY RULES AND LOCAL FEE GUIDELINES

16. In accordance with Rule 2016 of the Federal Rules of Bankruptcy Procedure, Applicant hereby states that (i) all services for which compensation is sought herein were rendered to the Debtors solely in connection with their Chapter 11 cases and not on behalf of any committee, individual creditor or other persons, (ii) other than pre-petition retainers and

pre-petition payments previously disclosed to this Court, Applicant has received no payment or promise of payment for services rendered in these Chapter 11 cases, (iii) no agreement or understanding exists between Applicant and any other person for the sharing of compensation to be received for services rendered in or in connection with these cases, and (iv) no division of compensation will be made by Applicant, except as between members of Applicant, and no agreement prohibited by 18 U.S.C. § 155 or Section 504 of the Bankruptcy Code has been made. The foregoing statements are reiterated in the affidavit, submitted pursuant to Section 504 of the Bankruptcy Code, of Alan B. Hyman, a member of Proskauer, which is annexed hereto as Exhibit C.

17. In accordance with the Administrative Orders dated June 20, 1991 and April 19, 1995, respectively, establishing Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases (the "Fee Guidelines"), annexed hereto as Exhibit D is a certification by Alan B. Hyman (the professional designated by Applicant with the responsibility for compliance with the Fee Guidelines) stating that: (i) Mr. Hyman has read the Application, (ii) to the best of Mr. Hyman's knowledge, information and belief formed after reasonable inquiry, and except as otherwise noted, the Application complies with the mandatory guidelines set forth in the Fee Guidelines, (iii) to the best of Mr. Hyman's knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the parameters set forth in the Fee Guidelines and the guidelines promulgated by the Executive Office of the United States Trustee (the "UST Guidelines"); (iv) except to the extent that fees and disbursements sought are prohibited by the Fee Guidelines or the UST Guidelines, the fees and disbursements sought are billed at rates and in accordance with

practices customarily employed by Applicant and generally accepted by Applicant's clients; (v) in providing a reimbursable service, Applicant does not make a profit on that service, whether the service is performed by Applicant in-house or through a third party; and (vi) copies of the Application have been provided to the Debtor and the United States Trustee.

18. Annexed hereto and made a part hereof as Exhibit A are time schedules setting forth the name, association, billing rate and total time spent by each attorney and paraprofessional who has worked on these cases and a computer printout of each individual attorney's time sheets for the Period, itemizing the dates upon which services were rendered, the time spent on each date, the services rendered, and the dollar value of such services. These summaries set forth in concise form, a description of the services performed during the Period, including the nature of such services and the time spent in the performance thereof. In compliance with Section B.4 of the Fee Guidelines, the time schedules included in Exhibit A have been divided into fifteen separate matters as follows: (i) Matter 009: Sale of Adult Division- \$169,459.50; (ii) Matter 011: General Administration- \$123,050.00; (iii) Matter 012: Investigations of Pre-Petition Transactions- \$9,848.00; (iv) Matter 013: First Day and Retention Pleadings- \$28,488.25; (v) Matter 014: Financing and Cash Collateral Issues- \$90,646.50; (vi) Matter 015: Adversary Proceedings- \$66,172.00; (vii) Matter 016: Plan, Disclosure Statement and Confirmation- \$369,714.75; (viii) Matter 017: Claims Administration- \$125,915.00; (ix) Matter 018: Fee Application Preparation- \$2,827.00; (x) Matter 019: Corporate and Tax Matters- \$337,588.25; (xi) Matter 021: Contracts and Leases- \$14,406.50; (xii) Matter 022: Bankruptcy/Labor Issues- \$70,538.50; (xiii) Matter 023: Sale of Wisconsin Printing Facilities-

\$180,459.50; (xiv) Matter 024: Trademark Dispute Respecting Golden Birthday Name- \$6,002.50; and (xv) Matter 025: Trademark Registration Respecting Brainy Board- \$8,141.25.

VI. DESCRIPTION OF SERVICES RENDERED IN CONNECTION WITH THE DEBTORS' CHAPTER 11 CASES

19. Set forth below is an overview of the major areas in which the Applicant rendered services to the Debtors during the Period. Due to the magnitude and complexity of the issues which arose during the Period, and so as not to unnecessarily burden this Court, Applicant has not attempted to describe every detail of such services; rather, Applicant has summarized the major categories in which services were rendered, the principal problems faced and the actions taken towards achieving resolution. An itemized description of the legal services rendered by Applicant to the Debtors during the Period is set forth in Exhibit A.

20. Applicant submits that at all times it has sought to contain the administrative expenses incurred in these cases and has attempted, where appropriate, to negotiate and settle contentious or potentially divisive issues without costly litigation. As a result, virtually all disputes arising in connection with the numerous motions and other issues brought before this Court were resolved before Court intervention was required, saving immeasurable litigation expense and providing substantial intangible benefits to the Debtors' estates.

21. Applicant also has been mindful of the need to provide services efficiently. Accordingly, Applicant has utilized attorneys possessing greater experience and expertise when required by the importance of particular matters to the Debtors' reorganization

efforts, and as requested by the Debtors. Applicant has assigned junior attorneys, where appropriate, to render services required by the Debtors in as economical a manner as possible, consistent with obtaining a professional and expeditious result.⁴ Multiple attorneys of Applicant participated in conferences and internal meetings only where required to ensure that individuals working on matters possessed requisite information to perform particular tasks, or where the expertise and knowledge of more than one individual was required or requested.

A. Filing of Chapter 11 Petitions and First Day Applications

22. Applicant assisted the Debtors in the preparation of their respective Chapter 11 petitions and drafted all of the "first day" orders and applications which were submitted for the Court's consideration. Prior to filing such documents, Applicant provided drafts of same to respective counsel to the Informal Committees and other parties-in-interest for their review and comment. Applicant responded to all questions raised and, where appropriate, revised the documents to address concerns of these parties. As a result, all requests for relief which were presented to this Court on the Petition Date had the support of all of the major constituencies.

23. On the Petition Date, the following first day orders were entered by this Court without objection:

⁴ Where appropriate, Applicant utilized the services of summer associates to perform legal research and other tasks. Overall, summer associates billed an aggregate of 232.6 hours of time. Applicant **is not** seeking compensation for summer associate time charges in this Application.

- (a) Order Authorizing Joint Administration of the Debtors' Chapter 11 Cases;
- (b) Order Authorizing the Retention of Proskauer Rose LLP as Counsel to the Debtors and Debtors-in-Possession;
- (c) Order Authorizing the Retention of Conway, DelGenio, Gries & Co., LLC as Financial Advisors to the Debtors;
- (d) Order Granting Motion to Stay Suits Against the Debtors;
- (e) Order Authorizing The Retention of Bankruptcy Services, LLC as Noticing and Claims Agent to the Debtors;
- (f) Order Granting Motion to Authorize Debtors to (a) Continue and Maintain their Consolidated Cash Management System, (b) Continue and Maintain their Existing Bank Accounts, (c) Use Existing Business Forms;
- (g) Order Enjoining Utilities and Establishing Adequate Assurance of Payment to Utilities;
- (h) Interim Order Authorizing Debtors to Pay Pre-Petition Royalties in the Ordinary Course of Business ("Royalties Order");
- (i) Interim Order Authorizing the Continuation of the Debtors' Return Policy ("Return Policy Order");
- (j) Interim Order authorizing payment of certain pre-petition payroll, business expense and corollary employer obligations (the "Wage Order"); and
- (k) Order to Show Cause (i) Scheduling Interim Hearing to Consider Debtors' Application for Authorization to (a) Obtain Post-Petition Financing, on an Interim and Permanent Basis, with Superpriority Over Administrative Expenses and Secured by Senior and Junior Liens, (b) Pay, in Full, the Pre-Petition Credit Facility and Obtain Simultaneous Release of the Pre-Petition Lenders' Liens, Claims and Encumbrances, and (c) Use Cash Collateral on an Interim and Permanent Basis, (ii) Fixing Notice Requirements Related Thereto and (iii) Granting Related Relief.

24. Subsequently, Applicant prepared the various forms of notices which were required to be served on creditors and other parties-in-interest pursuant to the first day

orders. Applicant also interfaced with the Debtors' noticing agent to ensure proper and timely service of same. In addition, Applicant prepared notices of presentment seeking relief on a permanent basis for the Wage Order, the Royalties Order, and the Return Policy Order, which, as indicated above, were only granted on an interim basis on the Petition Date. Applicant also attended and represented the Debtors at the initial meeting of creditors held pursuant to Section 341 of the Bankruptcy Code.

B. Post-Petition Financing

25. Prior to the Petition Date, the Debtors' operations were hampered by, among other things, significant reductions in their borrowing capacity 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 them to operate their businesses on a competitive basis and, thus, to successfully reorganize. In that regard, 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, Applicant prepared and filed an application seeking approval of the CITBC facility pursuant to a Revolving Credit and Term Loan Agreement (the "Loan Agreement").

26. On March 1, 1999, following a hearing attended by Applicant, this Court entered an interim order (the "Interim Order") approving the Loan Agreement on a preliminary basis and authorizing the Debtors to borrow up to \$30 million thereunder on an interim basis pending a final hearing. On March 29, 1999, Applicant attended a hearing, following which a

final order (the "Final Order" and together with the Interim Order, the "Financing Order") was entered authorizing the Debtors to obtain post-petition financing pursuant to the CITBC Loan Agreement on a permanent basis. 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).

27. 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 and by 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.

28. In connection with the foregoing, Applicant prepared a comprehensive application and memorandum of law in support of the relief granted pursuant to the Financing Order. Applicant reviewed and negotiated the terms of the Loan Agreement and all related financing documents. Additionally, as noted, senior and junior liens on a variety of assets were granted to CITBC, the Old Senior Note Indenture Trustee and GPH in connection with the CITBC facility. As a result, Applicant provided significant assistance in negotiating the terms and conditions of complex security and inter-creditor agreements between the parties which resolved difficult collateral, subordination, adequate protection, intellectual property, and related inter-creditor issues without the need for judicial intervention.

29. Additionally, in connection with the proposed CITBC financing facility, the Debtors received two formal and various informal objections. In each instance, Applicant reviewed the objections with the Debtors, advised as to alternative courses of action, and, ultimately, negotiated a consensual resolution of each objection. As a result, all objections to the Financing Order were withdrawn. Applicant also prepared (and, at the hearing on the matter, proffered) the testimony of Philip Galanes, the Debtors' General Counsel, in support of the entry of the Financing Order.

C. Sale of Assets of the Adult Publishing Division

30. Subsequent to the Petition Date, the Debtors, in continuing to implement their long-term strategic business plan centered on a rehabilitation around their core children's publishing and distribution operations, determined it was in the best interest of their estates to sell the assets comprising their Adult Publishing Division to St. Martin's Press for approximately \$11 million plus additional consideration. Applicant advised the Debtors of their rights and obligations under the Bankruptcy Code and applicable law with respect to post-petition sales of assets. Subsequently, Applicant assisted the Debtors in negotiating the terms of a purchase agreement and certain ancillary documents related thereto.

31. Applicant also assisted the Debtors in developing and negotiating the requisite sale procedures, overbid procedures and notice requirements governing the proposed sale. Thereafter, Applicant prepared and filed an extensive application (including requisite legal authority) seeking authorization to sell the Adult Publishing assets to St. Martin's Press, subject to higher and better offers. Applicant also prepared and presented to the Court an order to

show cause scheduling (i) an interim hearing to approve proposed overbid procedures, a breakup fee and notice requirements respecting the sale, and (ii) a final hearing to approve the sale. Applicant reviewed the terms of the proposed sale with the major constituencies in these cases and addressed all questions or issues raised.

32. On March 15, 1999, Applicant attended an interim hearing following which the Court, without objection, approved the proposed bidding procedures respecting the proposed sale. In connection with this hearing, Applicant prepared (and proffered) the testimony of Philip Galanes, the Debtors' General Counsel, in support thereof. Applicant also coordinated with the Debtors' outside noticing agent to ensure proper and timely notice of the proposed sale.

33. On March 25, 1999, Applicant attended a final hearing, following which the Court entered an order approving the sale of the Adult Publishing assets to St. Martin's Press, without objection. In connection therewith, Applicant again prepared (and proffered) the testimony of Philip Galanes, the Debtors' General Counsel, in support of the proposed sale. The sale was consummated on or about April 16, 1999 and several million dollars of cash was brought into the Debtors' estates.

D. Services in Connection With Class-Action Securities Litigation Settlement

34. As of the Petition Date, Parent and certain current and former officers and directors thereof, were defendants in two consolidated class-action securities litigations pending in the United States District Court for the Southern District of New York captioned Kevin Lemmer v. Golden Books Family Entertainment, Inc., et al., Case No. 98 CIV 5748

(AGS) and Green Fund and Cynthia Green Colin v. Golden Books Family Entertainment, Inc., et al., Case No. 98 CIV 7072 (AGS) (collectively, the "Securities Actions").

35. The Securities Actions were brought as class actions under Rule 23 of the Federal Rules of Civil Procedure, purportedly on behalf of all persons who, during the period between May 13, 1997 and August 4, 1998 inclusive (the "Class Period"), purchased Parent's common stock and/or TOPrS Certificates. The plaintiffs alleged that, during the Class Period, the defendants issued materially false and misleading statements regarding, among other things, the Debtors' restructuring program and the effect thereof on the Debtors' financial condition, operations and liquidity, in a scheme to artificially inflate the price of Parents's securities in violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. In the course of discussions with lead counsel for the plaintiffs, they alleged that the defendants faced substantial liability (potentially tens of millions of dollars) if plaintiffs prevailed on their asserted claims. Counsel to the plaintiffs also informed the Debtors that they intended to object to certain provisions of the Debtors' Plan, including the treatment of their purported claims thereunder. The Debtors vigorously denied the allegations in the Securities Actions, and further disputed that the plaintiffs possessed any valid objections to the Plan.

36. Given the significant potential liability asserted in the Securities Actions, and to prevent any undue delay to confirmation of the Plan arising from litigation surrounding same, Proskauer (with respect to bankruptcy issues), the Cahill Gordon firm (with respect to substantive matters raised in the Securities Actions), the Debtors, lead counsel for the plaintiffs, and representatives of the Debtors' insurance carrier engaged in extensive negotiations in an effort to resolve the Securities Actions on a consensual basis. In connection therewith,

Applicant advised the Debtors with respect to the impact of the Plan (and their rights under the Bankruptcy Code) on the claims asserted in the Securities Actions. Applicant also engaged in legal research respecting issues relating to such claims asserted including, but not limited to, subordination and treatment of such claims under the Bankruptcy Code, the channeling of such claims to insurance proceeds and related issues. Ultimately, following months of extensive negotiations, the parties entered into a settlement agreement resolving the Securities Actions (and any potential objections of the plaintiffs to confirmation of the Plan), subject to both Bankruptcy Court and District Court approval. In particular, the settlement agreement provides that, except with respect to certain limited claims, in full and complete satisfaction of all claims which were or could have been asserted in the Securities Actions, the defendants, upon the effective date of the Plan, shall make a cash payment of \$5,250,000 into an escrow account to be maintained on behalf of the plaintiffs, \$4,000,000 which is to be paid by the Debtors' directors and officers insurance carrier, with the remaining \$1,250,000 to be paid by the Debtors.

37. During the Period, Applicant drafted an extensive application seeking approval of the settlement agreement and authorization for the Debtors to pay their portion of the settlement fund. The application detailed the claims and disputes of the parties, the terms of the proposed settlement and the reasons and benefits supporting this Court's approval thereof. The application also detailed the applicable legal standards respecting approval of settlement agreements under Bankruptcy Rule 9019 and demonstrated the Debtors' satisfaction of such standards.

38. Thereafter, on September 1, 1999, Applicant attended a hearing to approve the proposed settlement. In connection therewith, Applicant prepared (and, at the settlement approval hearing, proffered) the testimony of Philp Galanes, the Debtors' General Counsel, in support thereof. Following the hearing, an order approving the settlement was entered, without objection. Ultimately, as a result of the efforts of Applicant, the Debtors and others, the parties reached a favorable settlement resolving tens of millions dollars of potential claims asserted by the class action plaintiffs. Additionally, in resolving the Securities Actions, a significant potential impediment to confirmation of the Plan was eliminated.

E. Services Rendered In Connection with Confirmation of the Plan

(i) Negotiating and Drafting Plan and Disclosure Statement

39. During the Period, Proskauer drafted the Plan and the voluminous Disclosure Statement that embodied the terms of the pre-petition restructuring agreement reached among the Debtors, the Informal Committees, GPH and others. Applicant also counseled the Debtors regarding the Bankruptcy Code requirements respecting confirmation of a plan and approval of a disclosure statement. Applicant circulated numerous drafts of the Plan and Disclosure Statement (along with the application and proposed orders respecting such documents) to the various parties-in-interest for their review and comment. Applicant also had numerous conferences and discussions with counsel to the major parties-in-interest to ensure that the Plan and Disclosure Statement as filed with this Court were supported by all such parties.

40. Upon finalization of the Plan and Disclosure Statement, Applicant prepared and filed an application proposed and order scheduling a hearing to consider approval of the Disclosure Statement. On April 13, 1999, this Court entered an Order which established (i) May 5, 1999 as the date by which objections to the Disclosure Statement and the Debtors' solicitation procedures were to be filed and received and (ii) May 10, 1999, at 2:00 p.m., as the date for the hearing to consider approval of the Disclosure Statement (the "Disclosure Statement Hearing"). Applicant coordinated with the Debtors' noticing agent to ensure that due and timely notice of the Disclosure Statement Hearing and the objection deadline was given to all parties-in-interest.

41. In response to the hundreds of Disclosure Statement Hearing notices sent by the Debtors only one objection was filed, an objection by the United States Trustee. Applicant reviewed the objection with the Debtors and counsel to the major constituencies herein. Applicant negotiated a consensual resolution of the United States Trustee's objections which was supported by the major constituencies herein, and, thereafter, modified the Plan and Disclosure Statement appropriately.

42. Resolution of the United States Trustee's objection allowed the Debtors to proceed with the Disclosure Statement Hearing on the scheduled hearing date without delay. In connection therewith, Applicant prepared (and, at the Disclosure Statement Hearing, proffered) the testimony of the appropriate members of the Debtors' management. Thereafter, Applicant attended the Disclosure Statement Hearing following which the Disclosure Statement, with certain additional revisions requested by the Court, was approved, without objection in an Order dated May 13, 1999 (the "Disclosure Statement Order").

43. Pursuant to the Disclosure Statement Order, July 6, 1999 was fixed as the deadline for the submission of objections to the confirmation of the Plan. The Disclosure Statement Order also scheduled a confirmation hearing for July 13, 1999 and established the form, manner and time by which the Debtors were required to serve notice of the confirmation hearing and the objection deadline. Thereafter, Applicant coordinated with the Debtors' noticing agent to ensure due and adequate compliance in publishing notice of the confirmation hearing pursuant to the Disclosure Statement Order.

(ii) Services in Respect of Confirmation of the Plan

44. In response to the confirmation hearing notices, the Debtors received four objections to confirmation of the Plan (in addition to informal objections raised by counsel to the class action plaintiffs discussed in Section VI(D) above). Applicant reviewed these objections and, where necessary, performed legal research into the issues raised. Applicant also counseled and advised the Debtors on alternative courses of action with respect to the objections and discussed same with counsel to the major constituencies herein.

45. In addition, upon reviewing the ballots submitted in connection with the voting on the plan, the Debtors believed that one group of plan objectants, the Bernstein Group, had improperly submitted ballots purporting to reject the plan, which, if counted, would have resulted in a rejection of the Plan by the common shareholder class.⁵ Accordingly, Applicant

⁵ The Debtors believed that the Bernstein Group were not authorized to vote on the Plan as a result of irrevocable proxies such group had granted to GPH.

performed legal research, and prepared and filed a motion seeking to disqualify and/or designate the votes submitted by the Bernstein Group.

46. Thereafter, Applicant engaged in extensive negotiations with the Bernstein Group and each of the other plan objectants in an effort to resolve the parties' disputes short of potentially protracted, costly and disruptive litigation. Following weeks of extensive effort, Applicant and the Debtors were successful in favorably resolving each of the plan objections on a consensual basis as set forth either in stipulations presented to and approved by this Court, or as detailed on the record of the confirmation hearing. In addition, the Bernstein Group agreed to withdraw their ballots purporting to reject the Plan, thereby allowing confirmation to proceed on a consensual basis without the need to resort to the cramdown provisions of Section 1129(b) of the Bankruptcy Code. Additionally, as detailed in Section VI (D) above, Applicant also assisted the Debtors in negotiating a favorable settlement of the claims of the class-action plaintiffs which also resolved the informal confirmation objections that had been raised by such parties.

47. In connection with the resolution of the confirmation objections, and to address certain other technical issues arising largely in connection with the settlement of the Securities Actions, it became necessary for the Debtors to make certain non-material modifications to the Plan. Accordingly, during the Period, Applicant prepared and filed with the Court a modification of the Plan which had the support of all major constituencies herein. The plan modification was approved by this Court as non-material, and, as discussed below, the Plan, as modified, was confirmed by this Court.

48. In addition, during the Period, Applicant performed legal research with respect to the standards applicable to confirmation of the Plan, and prepared and filed an extensive memorandum of law in support thereof. The memorandum of law sets forth the applicable statutory and case law requirements respecting confirmation and details the Plan's compliance therewith. Applicant also assisted the Debtors' Chief Financial Officer in the preparation of an affidavit which detailed the factual predicates supporting confirmation of the Plan.

49. Subsequently, as required by the Plan, Applicant prepared and circulated to the United States Trustee and counsel for the major constituencies herein, a proposed form of confirmation order. During the Period, Applicant engaged in extensive negotiations with all such parties and negotiated final revisions such that the form of order presented to the Court at the Confirmation Hearing had the support of all parties-in-interest.

50. Additionally, in the weeks and days immediately prior to the Confirmation Hearing, Applicant expended significant time and effort attending meetings and negotiating with representatives of the Informal Committees, CITBC, GPH and others with respect to the essential terms and conditions of the various documents that are to be entered into on the effective date of the Plan, including, *inter alia*, the indenture that will govern the New Senior Notes to be issued under the Plan, and the terms of the Debtors' post-confirmation financing facility. Applicant was often required to work well into the night and on weekends to assist the Debtors in this regard. Ultimately, as a result of the parties' painstaking efforts, agreements in principle regarding the essential terms and conditions of the plan consummation

documents were reached, paving the way for the Debtors to proceed with the Confirmation Hearing.

51. The Confirmation Hearing was held before this Court on September 1, 1999. Applicant attended and represented the Debtors at this hearing. In connection therewith, Applicant, prepared (and, at the hearing, proffered) the testimony of the Debtors' Chief Financial Officer and summarized for the Court the Debtors' and the Plan's compliance with the provisions of the Bankruptcy Code and the Bankruptcy Rules. At the conclusion of the Confirmation Hearing, the Court closed the record of such hearing and confirmed the Plan, subject to the submission of the confirmation order (with certain changes requested by the Court) upon the parties' agreement on the form of certain post-confirmation documents to be attached thereto. In that regard, Applicant and the Debtors have been working diligently to finalize negotiations with the Informal Committees respecting the forms of such documents and anticipates that the confirmation order will be presented to Court shortly.

**F. Filing of Schedules of Assets and Liabilities;
Statements of Financial Affairs; Obtaining Bar
Date for Filing Proofs of Claim; And Claim Resolutions**

(i) Schedules and SOFAs

52. Immediately after the Petition Date, Applicant expended significant efforts assisting the Debtors in preparation of their respective schedules of assets and liabilities, statements of financial affairs, and lists of executory contracts and unexpired leases required to be filed pursuant to the Bankruptcy Code and Bankruptcy Rules (the "Schedules"). In connection therewith, Applicant advised the Debtors' personnel on all legal issues relating to the

status, priority and allowance of claims. As a result, on April 15, 1999, the Debtors timely filed their Schedules. Applicant's efforts in assisting the Debtors in completing their Schedules expeditiously were critical to ensure that an early claims bar date could be obtained.

(ii) Bar Date Order

53. Upon the filing of the Schedules, Applicant prepared and filed an application requesting that this Court establish May 26, 1999 as the last date for the filing of pre-petition proofs of claim against the Debtors. Thereafter, on April 22, 1999, this Court entered an order (the "Bar Date Order") (i) fixing May 26, 1999 (the "Claims Deadline") as the deadline for all creditors of the Debtors (except those expressly excluded by the Bar Date Order) to file pre-Petition Date proofs of claim against the Debtors, and (ii) approving the form and manner of notice of the Claims Deadline to be provided to creditors and other interested parties. Subsequently, due to circumstances outside the control of Applicant or the Debtors, it became necessary to extend the initial Bar Date as to certain limited parties. Accordingly, Applicant prepared and filed applications seeking to extend the initial bar date as to such parties. Subsequently, orders granting the relief sought by the Debtors were entered by this Court without objection.

(iii) Claims Resolution/Objection Process (Omnibus Claim Objections)

54. In response to the Bar Date, in excess of 1500 proofs of claims asserting aggregate liabilities exceeding \$700 million were filed against the Debtors. Applicant advised the Debtors respecting their rights and obligations with respect to such claims and the claims

objection/resolution process. Applicant also assisted the Debtors in their review and analysis of such proofs of claim in order to understand and evaluate the legality, status and priority thereof.

55. Additionally, during the Period, Applicant drafted and filed the Debtors' First Omnibus Objection to Claims pursuant to which the Debtors sought, *inter alia*, the reduction and disallowance of 59 claims aggregating a filed amount of approximately \$11 million plus unliquidated amounts. Applicant also assisted in the preparation of individual claim objection notices which were mailed to each affected creditor in accordance with Bankruptcy Rule 3007, thereby providing such parties with due and adequate notice of the relief sought by the Debtors. Several responses (both formal and informal) were received by the Debtors. In each instance, Proskauer, reviewed, analyzed and discussed same with the Debtors. Thereafter, Applicant contacted each respondent and attempted to negotiate resolutions of such parties concerns.

56. On August 25, 1999, Applicant attended a hearing on the First Omnibus Claim Objection, following which an order was entered granting the relief requested as to all but three claims. Of these remaining claims, two were subsequently resolved by stipulation, with the objection as to the sole remaining claim presently scheduled to be heard by this Court on October 18, 1999.

57. In addition to the First Omnibus Claim Objection, Applicant has begun drafting additional omnibus claim objections on behalf of the Debtors, and will continue to assist the Debtors in the claims objection/resolution process to ensure that all filed claims are resolved in a timely and efficient manner.

(iv) Miscellaneous Claims-Related Stipulations

58. In addition to the omnibus claims objections, Applicant also assisted the Debtors in obtaining this Court's approval of numerous individual settlements and claims-related stipulations including the following:

- Settlement with the Children's Television Workshop;
- Settlement with Georgetown Company;
- Stipulation and Order Between Debtors, The United States of America and Participants to a Certain Partial Consent Decree Including Resolution of Proofs of Claim (Claim Nos. 720, 798, 819, 820, 821, 898 and 899);
- Stipulation and Order Between Debtors, The United States of America and Participants to a Certain Consent Decree Respecting the Hunt's Disposal Landfill, Including Resolution of Proofs of Claim No. 724;
- Stipulation and Order Between the Debtors and the United States Postal Service Including Resolution of Proof of Claim No. 712;
- Stipulation and Order Resolving Proof of Claim filed by Liberty Mutual Insurance Company; and
- Stipulation and Order Between Debtors and Live America, Inc.

59. In each case, Proskauer drafted and negotiated the settlement application or proposed stipulation, and reviewed the terms of same with the United States Trustee, counsel to the Informal Committees and GPH to address any and all questions or concerns. As a result, each of the foregoing stipulations were entered without objection.

G. Professional Retentions

60. At various points during the pendency of the Debtors' cases, it became apparent to the Debtors that, in addition to the professionals retained on the Petition Date, they required the services of various additional professionals to assist them in discrete matters relating to their operations. These include the following: (i) Ernst & Young LLP, as accountants and tax advisors; (ii) Goldman Sachs & Partners LLP, as special Canadian litigation counsel; (iii) Irell & Manella LLP, as special insurance, intellectual property and entertainment counsel; (iv) Daley-Hodkin Appraisal Corporation, as appraiser; (v) Bedlock Levine & Hoffman LLP, as special entertainment counsel; (vi) Cahill Gordon & Reindel, as special securities litigation counsel; (vii) and Willkie Farr & Gallagher, as special environmental counsel. In each instance Applicant interfaced with such professionals, notified them of the requirements for retention as special counsel under the Bankruptcy Code and the Bankruptcy Rules, and drafted the applications to retain such professionals. Applicant also assisted such professionals, where necessary, in the preparation of their respective retention affidavits. Applicant also responded to and addressed any and all issues raised by United States Trustee with respect to these retentions. Ultimately, orders approving the retention of such professionals were entered without objection.

H. Adversary Proceedings

61. During the Period, Applicant, at the Debtors' request, initiated two adversary proceedings, one against Futech Interactive Products, Inc. ("Futech"), and the other against Troll Communications LLC ("Troll"). In the Futech proceeding, the Debtors are

seeking to collect in excess of \$1 million in past due payments owed pursuant to a promissory note executed by Futech. In the Troll proceeding, the Debtors seek, *inter alia*, the turnover several millions of dollars owed by Troll pursuant to a purchase agreement between the parties.

62. Prior to commencing these proceedings, Applicant reviewed and analyzed the issues and disputes involved (and, where necessary, conducted legal research), and advised the Debtors with respect to alternative courses of action. Prior to commencing these proceedings, Applicant assisted the Debtors in attempting to negotiate consensual resolutions of the parties' disputes. However, after extensive efforts by both the Debtors and Applicant, it became apparent that an acceptable resolution could not be reached absent judicial intervention. Thus, during the Period, Applicant prepared and filed complaints initiating the adversary proceedings. Applicant also reviewed and discussed these matters with the major constituencies herein. Both adversary proceedings are presently in the discovery/pre-trial motion phases, and Applicants' efforts with respect to these matters are ongoing.

I. Communication With Parties-in-Interest and Case General Administration

63. During the Period, Proskauer continued to maintain constant communication with the Debtors, counsel to the TOPrS Committee, counsel to the Informal Senior Note Committee, GPH, the United States Trustee and other parties-in-interest, to provide relevant information respecting the progress of these cases. Proskauer endeavored to maintain a constructive dialogue with each of the major parties-in-interest which enabled it to resolve virtually all issues which arose during the course of these cases on a consensual basis

and outside of an adversarial setting. Proskauer believes that such efforts prevented unnecessary disruption, delay and expense, and thereby preserved value for the Debtors' estates.

64. Proskauer also provided advice to the Debtors concerning their day-to-day business operations, the general administration of their Chapter 11 cases and compliance with their obligations under the Bankruptcy Code and the Bankruptcy Rules. Proskauer had numerous phone conferences with the Debtors and their personnel covering a multitude of subjects arising from the conduct of the Debtors' operations under the aegis of Chapter 11 of the Bankruptcy Code. Additionally, throughout the Period, Proskauer responded promptly to literally hundreds of inquiries by creditors and other interested parties respecting the Plan and the general progress of these Chapter 11 cases.

VII. DISBURSEMENTS AND PARALEGAL SERVICES

A. Disbursements

65. As set forth above and as itemized on Exhibit B, Proskauer has incurred disbursements aggregating \$160,812.62 during the Period. Certain of the more significant items are discussed below. All disbursements set forth in this Application are charged to all of Proskauer's clients on the same basis as charged to the Debtors in these cases (except as otherwise prohibited pursuant to the local fee and/or United States Trustee guidelines).

66. Proskauer's disbursements include \$17,393.25 for word processing time. As set forth in this Application, due to the complex and expedited nature of these proceedings, Proskauer had to respond to and resolve a number of issues in a short time frame. Thus,

Proskauer worked well into the night on many occasions. By necessity, several tasks required the services of word processing staff. Proskauer's word processing staff works three shifts daily and was used by Proskauer to meet the Debtors' urgent needs on a number of occasions, although Proskauer made every effort to avoid unnecessary usage of its word processing department. In addition, use of word processing has reduced attorney and secretarial time through easy computer storage and transfer of information. Proskauer charges all its clients for word processing at the rate of \$35.00 per hour. Furthermore, in accordance with the Fee Guidelines, Applicant did not charge for proofreading services.

67. Proskauer's disbursements also include \$51,830.75 for reproduction charges. In accordance with the local fee guidelines promulgated by this Court, Proskauer charged \$.20 per page for reproduction charges, which is Applicant's cost. A large portion of such amount is attributable to copies of numerous drafts and filed copies of the Debtors' Plan and Disclosure Statement which were provided to the TOPrS Committee, the Senior Note Committee, GPH, the United States Trustee and numerous other parties-in-interest. In addition, Proskauer made copies of the numerous orders, applications, notices, affidavits, exhibits and other memoranda required to be served on the parties-in-interest.

68. Proskauer also incurred long-distance facsimile charges aggregating \$8,827.00. Due to the expedited nature of this case, Proskauer was required to circulate literally hundreds and hundreds of pages of documents by facsimile to the Debtors, and to respective representatives of the TOPrS Committee, the Informal Senior Note Committee, GPH and numerous other parties-in-interest. Proskauer's rate for outgoing long-distance facsimiles is

\$1 per page, plus applicable long distance rates. Proskauer did not charge for local outgoing or for incoming facsimiles.

69. Finally, Proskauer expended \$36,219.26 for computer-aided research. This research was required in connection with the preparation of the Debtors' memorandum of law in support of confirmation of the Plan and researching several issues that arose during the course of these cases. Specifically, Proskauer conducted research in several areas including, without limitation, (i) complex intellectual property and security issues arising in connection with post-petition financing, (ii) intellectual property and contract issues arising in connection with the sale of the Adult Publishing Division, (iii) issues arising in connection with the Debtors' motion to designate and/or disqualify the votes of the Bernstein Group, and (iv) issues respecting the Securities Actions and the settlement thereof. It is respectfully submitted that said amount is relatively modest when compared with the volume of work performed and the result achieved, and therefore should be reimbursed to Proskauer.

B. Paralegals and Support Staff

70. This Application also seeks compensation for 581.35 hours of paralegal and support staff time incurred during the Period in the aggregate amount of \$56,969.25. Paralegal time is charged at the same rate billed by Proskauer to all of its clients and averaged approximately \$97.99 per hour during the Period. Proskauer's paralegal staff performed an essential function in ensuring that appropriate notice of certain matters was given to the service list herein and in organizing a large flow of information and documents. Without the assistance of Proskauer's paralegal staff, substantial additional attorney time would have been expended.

Accordingly, Proskauer requests allowance of \$56,969.25, representing paralegal and support staff time.

VIII. CONCLUSION

71. In summary, Proskauer submits that the instant Application for a first and final allowance of fees and reimbursement of expenses be granted in all respects. As set forth in Exhibit A, Proskauer expended an aggregate of 5,619.20 hours in rendering essential legal services to the Debtors during the Period having an aggregate monetary value of \$1,603,257.50. Proskauer's blended hourly rate in these cases was approximately \$285.31 per hour. Proskauer has conducted an informal survey of other similar cases pending in the area and Proskauer's blended hourly rate is comparable to the rate charged by comparable firms in such cases. The specific hourly rates set forth in this Application are equal to the rates charged by Proskauer for comparable services provided to non-bankruptcy clients. Proskauer has assigned junior people to the case wherever possible, consistent with obtaining a professional and expeditious result. Accordingly, associates and paralegals have billed approximately 3.5 times as many hours as partners. Double staffing has been assiduously avoided.

72. Proskauer also requests reimbursement of the necessary expenses set forth in Exhibit B, in the amount of \$160,812.62 which have been incurred during the Period and constitute the actual and necessary sums advanced or incurred by Proskauer.

73. No previous application for the relief sought herein has been made to this or any other Court.

