

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: October 18, 1999

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In re: : Chapter 11
: :
GOLDEN BOOKS FAMILY : :
ENTERTAINMENT, INC., et al. : : Case Nos. 99 B 10030
: : Through 99 B 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 STROOCK & STROOCK & LAVAN LLP AND AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P. UNDER BANKRUPTCY SECTION 503(B)

Name of Applicant: Informal Senior Note Committee

Authorized to Provide
Professional Services to: Not Applicable

Date of Retention: Not Applicable

Period for which compensation
and reimbursement is sought: February 26, 1999 through September 1, 1999

Amount of Compensation sought as
actual, reasonable, and necessary: \$508,936.50

Amount of Expense Reimbursement sought
as actual, reasonable, and necessary: \$31,782.26

This is the first and final application for allowance of reasonable contributions for professional services rendered and reimbursement of expenses incurred in making a substantial contribution to the chapter 11 cases pursuant to 11 U.S.C. § 503(b)(4).

UNITED STATES BANKRUPTCY COURT
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**APPLICATION OF THE INFORMAL SENIOR NOTE
COMMITTEE FOR ALLOWANCE AND PAYMENT OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES OF
STROOCK & STROOCK & LAVAN LLP AND
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
UNDER BANKRUPTCY CODE § 503(b)**

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

The Informal Senior Note Committee (the “Informal Committee”), by and through its counsel, Akin, Gump, Strauss, Hauer & Feld, L.L.P. (“Akin Gump”), and its former counsel, Stroock & Stroock & Lavan LLP (“Stroock,” and collectively with Akin Gump, the “Law Firms”), submits this application (the “Application”) for allowance and payment of compensation and reimbursement of expenses of the Law Firms 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 Committee requests an order of this Court under Sections 503(b)(3)(D) and (b)(4) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure (“Bankruptcy Rule”) 2016 awarding (a) an allowance of reasonable compensation in the amounts of \$300,540.00 for Stroock and \$208,366.50 for Akin Gump for professional services rendered by the Law Firms on behalf of the Informal Committee during the period from February 26, 1999 through August 31, 1999 (the “Application Period”), and (b) reimbursement of actual, necessary expenses in the amounts of \$20,306.21 for Stroock and \$11,476.05 for Akin Gump incurred by the Law Firms in rendering such services.

2. Akin Gump is seeking compensation for 641.2 hours of attorney time and 98.6 hours of paraprofessional time expended on this matter during the Application Period. Stroock is seeking compensation for 755.8 hours of attorney time and 112.2 hours of paraprofessional time expended on this matter during the Application Period.

3. A summary schedule for the 738.1 hours of legal service for which compensation is sought by Akin Gump is attached hereto as Exhibit A. A summary schedule for the 868 hours of legal service for which compensation is sought by Stroock is attached hereto as Exhibit B.

4. Prior to the Debtors filing for bankruptcy on February 26, 1999 (the “Petition Date”), the Informal Committee retained Stroock to represent it in connection with an amendment and waiver (the “Amendment Transaction”) and related matters concerning the 7.65% Senior Notes due 2002 (the “Senior Notes”). Subsequent to effectuation of the Amendment Transaction, Stroock assisted the holders of the Senior Notes (the “Senior Noteholders”) in connection with the Debtors’ failure to make the September 15, 1998 interest

payment due on the Senior Notes. In each of these roles, Stroock worked closely with the Debtors and their professionals, on behalf of the Senior Noteholders, to fashion and implement mutually beneficial solutions to the problems affecting the Debtors and the Senior Noteholders. The Debtors entered into formal retainer agreements with Stroock and kept Stroock current on its fees and disbursements accrued on behalf of the Senior Noteholders up to the Petition Date.

5. Prior to the Petition Date, the Senior Noteholders, through the Informal Committee, the Debtors, and the Debtors' other major creditor constituencies agreed on the terms of a consensual plan of reorganization. It was further agreed among the parties that Stroock would continue in its role as counsel to the Informal Committee and that, subject to Court approval, Stroock would be compensated for all of its fees and disbursements incurred in such role.

6. The Office of the United States Trustee did not appoint an Official Committee of Unsecured Creditors in this case.

7. Both pre-and post-petition, Fred S. Hodara was the partner at Stroock with the primary responsibility for the representation of the Informal Committee. Through his representation of the Informal Committee, Mr. Hodara had extensive knowledge of the issues concerning the Debtors and their estates. On May 14, 1999, Mr. Hodara withdrew as a member of Stroock and became a member of Akin Gump. Upon announcing his affiliation with Akin Gump, the Informal Committee determined that it would be in the best interests of the Informal Committee and the Debtors' estates to have Akin Gump replace Stroock as counsel to the Informal Committee. With the consent of the Debtors and notice to the Court, Akin Gump did then replace Stroock as counsel to the Informal Committee.

8. This Application does not seek any compensation for any overlapping services rendered by Stroock and Akin Gump in connection with the transition of services between the firms.

9. Thereafter, a procedure for compensation of counsel to the Informal Committee and other parties in interest was discussed with the Court and the United States Trustee. It was agreed that, in view of the substantial contributions to the pre-negotiated restructuring of the Debtors' estates of the various parties in interest, including by the Informal Committee, each of the retained representatives of such parties in interest would file an application under Section 503(b) of the Bankruptcy Code so that such representatives could be appropriately compensated.

10. Upon the occurrence of the hearing on confirmation of the Debtors' Amended Plan of Reorganization (the "Plan"), this Court scheduled dates for the filing of fee applications, including applications under Section 503(b). Accordingly, the Law Firms have prepared this Application.

11. The certification of Fred S. Hodara (the "Hodara Affidavit"), a member of Akin Gump, pursuant to 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 C.¹ A summary of expenses incurred and posted by Akin Gump in its representation of the Informal Committee during the Application Period is attached as Exhibit D Full compilations

¹ 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 under Sections 330 and 331 of the Bankruptcy Code. Although the Application does not seek compensation and reimbursement under those sections of the Bankruptcy Code, but rather under Sections 503(b)(3)(D) and (b)(4), the Application has been prepared in accordance with the Southern District Guidelines in order to present information in a convenient and meaningful format typically reviewed by the Court, the Office of the United States Trustee and other parties in interest in a Chapter 11 case.

of contemporaneous time records reflecting the compensation sought by Akin Gump for the Application Period are attached as Exhibit E.

12. The certification of Robert A. Raskin (the “Raskin Affidavit”), a member of Stroock, pursuant to the Southern District Guidelines, is attached as Exhibit F. A summary of expenses incurred and posted by Stroock in its representation of the Informal Committee during the Application Period is attached as Exhibit G. Full compilations of contemporaneous time records reflecting the compensation sought by Stroock for the Application Period are attached as Exhibit H.

13. 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 Plan. This is a core proceeding under 28 U.S.C. § 157(b)(2)(A)-(B), (O). Venue of this Application in this district is proper under 28 U.S.C. §§ 1408 and 1409(a).

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

BACKGROUND

A. Chapter 11 Filing and Overview of Business Operations

15. 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 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 November 30, 1998, the Debtors had assets and liabilities of approximately \$295 million and \$440 million, respectively.

16. 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 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 Petition 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 Pre-Negotiated Chapter 11 Plan

17. 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 related to the implementation of their long-term financial strategic plan. Such difficulties hampered the Debtors' ability to both fund day-to-day operations and enhance future business prospects. As a result thereof, Golden Books Publishing Company, Inc. ("Publishing") did not make the September 15, 1998 interest payment in respect of its Senior Notes.

18. Publishing's failure to make the September 15 interest payment on the Senior Notes resulted in the formation of the Informal Committee. Stroock's role on behalf of the Senior Noteholders continued at this time on behalf of the Informal Committee. 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”).

19. During the Fall of 1998, the Debtors, the Informal 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-negotiated” Chapter 11 reorganization. Toward this end, the parties entered into “lock-up agreements” memorializing the terms of the restructuring and evidencing their commitment to support and consummate the restructuring.

20. On or about May 13, 1999, the Debtors filed the Plan, which embodies such restructuring agreement, and a proposed amended disclosure statement (the “Disclosure Statement”) related thereto. The Disclosure Statement was approved by Order of this Court dated May 13, 1999.

21. 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 Golden Books Family Entertainment, Inc. (“Parent”), an exchange of the TOPrS for an equity interest in Parent, and the issuance of warrants to current shareholders of Parent. Additionally, under the Plan, the Debtors’ general unsecured trade creditors will be paid in full.

C. Post-Petition Financing and Adequate Protection of Senior Noteholders

22. 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. 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 of such facility pursuant to a Revolving Credit and Term Loan Agreement with CITBC dated as of March 1, 1999 (the “Loan Agreement”).

23. On March 1, 1999, the Bankruptcy Court entered an interim order (the “Interim Order”) preliminarily approving 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 be limited to aggregate borrowings of \$45 million without approval of the Informal 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).

24. A great deal of time and effort was expended by Stroock in identifying and resolving the myriad issues relating to the collateral of the Debtors which was to secure the post-petition loans from CITBC and repayment of the Senior Notes. Stroock played a central role in the negotiation of the liens, and the relative priority thereof, to be granted to CITBC, and replacement and additional senior and junior liens on specified assets that were provided to the Old Senior Note Indenture Trustee² for the benefit of the Senior Noteholders. Additionally, replacement liens and a specified superpriority administrative expense claim were negotiated with GPH. Stroock negotiated and assisted in the preparation of the detailed collateral schedules pertaining to the liens of the various secured parties and the UCC filing statements to be filed in connection therewith. As a result of such efforts, Stroock was instrumental in assisting the estate in obtaining adequate post-petition financing and in assuring that the interests of the Senior Noteholders were adequately protected.

25. Stroock's involvement in the negotiation of the Debtors' post-petition financing proposal, the application for Court approval thereof and the negotiations of the terms and conditions of the Loan Agreement, the Security Agreement and the Financing Order led directly to the resolution of a substantial portion of the treatment of the claims of major creditor constituencies under the Plan. The Law Firms have continued to monitor the Debtors' use and compliance with the terms and conditions of the Financing Order throughout these proceedings.

² Terms not defined herein shall have the meanings ascribed to such terms in the Plan.

D. Sale of Assets of the Adult Publishing Division

26. The Debtors have been implementing a long-term strategic business plan centered on their core children's publishing, 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 their 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.

27. Stroock reviewed, analyzed and participated in the negotiations of the Debtors' proposed sale of the Adult Publishing Division and the application for Court approval thereof.

E. Negotiation and Preparation of Plan and Disclosure Statement

28. After the initial restructuring agreement was reached, the Informal Committee and its Law Firms participated extensively in, and contributed substantially to, the Debtors' efforts to promulgate a consensual plan. The Informal Committee and its Law Firms reviewed and commented on the many drafts of the Plan and Disclosure Statement that the Debtors' attorneys prepared and circulated. The Informal Committee and its Law Firms also played a substantial role in the negotiations leading to the Plan amendments and modifications that enabled all creditor constituencies to support the Plan.

F. Drafting of Documents and Implementation of the Plan

29. Following approval of the Disclosure Statement, Akin Gump has spent substantial time and effort negotiating the terms and conditions of the documents required to implement the Plan. These efforts have included the drafting of the New Senior Notes Indenture, the Security Agreement, the Warrants, the Registration Rights Agreement, as well as the other required documents. Akin Gump has also expended time negotiating the terms and conditions of the Debtors' proposed exit financing. Akin Gump has also fielded numerous calls from various creditors regarding these documents and the implementation of the Plan generally.

G. Other Significant Matters

30. The Law Firms also substantially contributed to the expedited resolution of these Chapter 11 cases through their participation in a number of other significant matters in these cases. Specifically, the Law Firms reviewed, analyzed and participated in the settlement of the Securities Litigation filed against the Debtors and certain former and current directors and officers of the Debtors. In connection with the Securities Litigation, the Law Firms were required to analyze the claims of the class action litigants, the applicable D&O insurance coverage and, ultimately, analyze the proposed settlement of this action. The resolution of this matter was a key element in expediting the confirmation of the Debtors' Plan.

31. Additionally, the Law Firms play a significant role in the analysis and renegotiation of the employment contracts of the Debtors' key management employees. The renegotiation of certain of the terms and conditions of these agreements directly benefits all creditors of these estates.

32. Finally, the Law Firms, in consultation with the Debtors, reviewed, analyzed and participated in the resolution of certain disputes between the Debtors and their unsecured creditors.

H. Acknowledgment by the Debtors of the Contribution of the Informal Senior Note Committee

33. In Section 2.2 (a) of the Plan, the Debtors acknowledge 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

34. Section 503(b) of the Bankruptcy Code 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 . . . 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,” *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).

35. Section 2.2(a) of the Plan provides for the allowance of the amounts sought in this Application as administrative expenses of Golden Books under Section 503(b) of

the Bankruptcy Code, subject to the Court's approval of the reasonableness of those amounts.

Section 2.2(a) of the Plan, titled "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 Claims 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 incurred in connection with the Chapter 11 Cases or the Plan shall be paid by the Reorganized Debtors as Administrative Expense 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.

36. 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).

37. Although the Bankruptcy Code 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”).

38. 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).

39. The extensive activities of the Informal Committee and its Law Firms that are detailed above, and acknowledged in 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 Committee and its Law Firms 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 Committee and its Law Firms resulted in a substantial benefit to the Debtors’ entire estate, including the Debtors’ unsecured creditors, due to facilitation of the prompt and

successful conclusion of these Cases and the recovery of 100% of general unsecured trade claims.

40. Other parties in the Cases have also effectively acknowledged the Informal Committee's and its Law Firms' substantial contribution to the Cases. As noted above, Section 2.2(a) of the Plan expressly provides for the allowance of the reasonable fees and expenses of the Informal Committee as administrative expenses of Golden Books under Section 503(b) of the Bankruptcy Code. 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 Committee supported confirmation of the Plan. Finally, the parties most affected by the Plan and by the efforts of the Informal Committee and its Law Firms -- 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 Committee respectfully requests that this Court enter an order (1) allowing the administrative claims, and directing the Reorganized Debtors to make payment to, Stroock of (a) compensation in the amount of \$300,570.00, and (b) reimbursement of expenses in the amount of \$20,306.21; (2) allowing the administrative claims, and directing the Reorganized Debtors to make payment to Akin Gump of (a) compensation in the amount of \$208,366.50, and (b) reimbursement of expenses in the amount of \$11,476.05; and (3) granting such other and further relief as is just and proper.

Dated: New York, New York
September 24, 1999

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.

By: s/Fred S. Hodara
Fred S. Hodara (FH-7947)
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Counsel to the Informal Senior Note Committee

- and -

STROOCK & STROOCK & LAVAN LLP

By: s/Robert A. Raskin
Robert A. Raskin (RR-0327)
A Member of the Firm
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New York, New York 10038-4982
(212) 806-5400

Former Counsel to the Informal Senior Note Committee

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
MAY 17, 1999 THROUGH SEPTEMBER 1, 1999

PARTNERS	YEAR OF BAR ADMISSION	HOURS	RATE	AMOUNT
DAVIS, C.	1969 (TX)	4.50	\$300	\$1,350.00
HODARA, F.	1982 (NY)	160.50	\$470	\$74,431.00
LAVES, A.	1985 (TX)	154.20	\$325	\$50,115.00
OLDER, S.	1969 (NY)	3.25	\$400	\$1,300.00
VENUS, S.	1983 (TX)	6.10	\$325	\$1,982.50
ASSOCIATES				
BARSADE, J.	1989 (NY; CA)	66.95	\$230	\$15,398.50
BOTTER, D.	1990 (NY)	122.20	\$275	\$33,650.00
CRENSHAW, H.	1994 (TX)	64.40	\$160	\$10,304.00
KIM, J.	1994 (NY)	12.80	\$275	\$3,520.00
SETHI, A.	1997 (NV) 1998 (TX)	46.30	\$140	\$6,482.00
PARAPROFESSIONALS				
FORWARD, J.	N/A	2.00	\$110	\$220.00
KAHLOW, H.	N/A	18.00	\$80	\$1,440.00
LUNDELL, S.	N/A	43.40	\$80	\$3,472.00
SPROFERA, P.	N/A	2.30	\$135	\$310.50
TAM, P.	N/A	31.20	\$110	\$3,432.00
TOTALS:		738.10		\$208,366.50

**TO BE FILED AT
A LATER DATE**

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
 In re: : (Chapter 11)
 :
 GOLDEN BOOKS FAMILY : Case Nos. 99 B 10030
 ENTERTAINEMTN, INC., et al. : through 99 B 10032 (TLB)
 :
 : (Jointly Administered)
 Debtors. :
 :
 -----X

**CERTIFICATION PURSUANT TO SECTION 504 OF THE
BANKRUPTCY CODE, BANKRUPTCY RULE 2016(A), AND
BANKRUPTCY COURT FEE AND EXPENSE GUIDELINES**

FRED S. HODARA, under penalty of perjury, hereby certifies as follows:

1. I am an attorney-at-law and a member of the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (“Akin Gump”). I have been designated by Akin Gump with the responsibility for the representation of the Informal Senior Note Committee (the “Informal Committee”) in connection with Golden Books Family Entertainment, Inc., et al. (the “Debtors”) chapter 11 proceeding in respect of compliance by Akin Gump during the period May 17, 1999 through September 1, 1999 with the fee and expense guidelines adopted by the Bankruptcy Judges for the Southern District of New York, dated April 17, 1995 (the “Fee Guidelines”). I submit this certification in support of the Application of the Informal Committee for Allowance and Payment of Compensation and Reimbursement of Expenses of Stroock & Stroock & Lavan LLP and Akin, Gump, Strauss, Hauer & Feld, L.L.P. under Bankruptcy Code § 503(b) dated

September 24, 1999 (the “503(b) Application”), for an allowance of compensation for, and reimbursement of expenses incurred in connection with, professional services rendered on behalf of the Informal Committee during the period May 17, 1999 through September 1, 1999 (the “Compensation Period”).

2. Akin Gump has rendered professional services in these chapter 11 cases as counsel to the Informal Committee during the Compensation Period.

3. No agreement or understanding exists between Akin Gump and any other person providing for sharing of compensation received or to be received for services rendered in or in connection with the Debtors’ chapter 11 cases. Akin Gump shall not share or agree to share the compensation paid or allowed from the Debtors’ estates for such services with any other person.

4. No agreement or understanding prohibited by 18 U.S.C. § 155 has been or will be made by Akin Gump.

5. In accordance with paragraphs B.1. and F.1. of the Fee Guidelines, (i) I have read the 503(b) Application, (ii) to the best of my knowledge, information and belief formed after a reasonable inquiry, the 503(b) Application complies with the mandatory Fee Guidelines except as set forth in paragraph 6 and 7 below, (iii) the fees and disbursements sought in the 503(b) Application are billed at rates and in accordance with practices customarily employed by Akin Gump and generally accepted by Akin Gump’s clients, (iv) Akin Gump requests reimbursement only for the amounts billed to Akin Gump by third party vendors and paid by Akin Gump in respect of services for which Akin Gump justifiably purchased, or contracted for, from a third party, and (v) support services and other expenses for which Akin Gump is seeking reimbursement pursuant to the 503(b) Application do not include any profit or mark-up component and does not seek to amortize the cost of any investment, equipment or capital

outlay, except with respect to photocopying and facsimile transmission charges as explained in paragraph 7 below.

6. Because of the nature of the professional services rendered by Akin Gump during the Compensation Period, certain time entries recorded during the Compensation Period by Akin Gump personnel may not strictly conform to the Fee Guidelines because they do not internally account for the separate time spent on discrete activities in excess of one hour. However, when viewed in comparison to the total time involved for the Compensation Period, the amount involved is relatively insignificant.

7. I have reviewed the disbursements for which Akin Gump seeks reimbursement during the Compensation Period and believe that they substantially comply with the Fee Guidelines. Based on this analysis, the following is true to the best of my knowledge, information and belief with respect to the disbursements for which reimbursement is sought:

- Reimbursement for photocopy charges is sought at the rate of 20¢ per page, which does not exceed the maximum rate set by the Fee Guidelines. The 20¢ per page charge is intended to cover Akin Gump's direct operating costs for photocopying facilities, which costs are not incorporated into Akin Gump's hourly billing rates. Only clients who actually use photocopying office services are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and document production facilities and services. The amount of the standard photocopying charge is intended to allow Akin Gump to cover the related expenses of its photocopying services. A determination of the actual expense per page for photocopying is dependent on both the volume of the copies and the total expenses attributable to photocopying on an annual basis;
- Reimbursement for computer research (Lexis/Westlaw) is sought from the Debtors for the invoiced cost from the vendor;
- Because Akin Gump does not possess the technical means to determine the amount of toll charges associated with each outgoing facsimile transmission, Akin Gump charges its clients \$1.50 per page for all outgoing facsimile transmissions. No reimbursement is sought for incoming facsimiles;

- Reimbursement for postage, overnight delivery and courier services are sought only where such services were reasonable and necessary; the amount of disbursements for which reimbursement is sought reflects the need to communicate with the Debtors and various creditors and other parties-in-interest;
- No reimbursement is sought for disbursements relating to proofreading;
- Reimbursement for ground transportation charges is sought only where such charges were reasonable and necessary due to (i) the need to attend out of the office meetings to render reasonable and necessary services to the Debtors based on exigent circumstances, (ii) inclement weather conditions, (iii) the unavailability of mass transportation, (iv) the physical incapacity of the professional needing to travel, (v) the weight of the documents or other materials being carried by the professional made the use of mass transportation impractical or (vi) travel was undertaken after 8:00 p.m., because the professional or other individual involved was rendering reasonable and necessary services to the Debtors based on exigent circumstances;
- Reimbursement for secretarial overtime charges is sought only where such charges were actually incurred and paid by Akin Gump and represent disbursements for services provided outside of regular business hours due to exigent circumstances relating to the Debtors' case.

8. I hereby certify that Thomas Luther, a member of the Informal Senior Note

Committee has reviewed the fee application and has approved it.

Dated: New York, New York
September 24, 1998

s/Fred S. Hodara
Fred S. Hodara (FH-7947)

**GOLDEN BOOKS FAMILY ENTERTAINMENT, ET AL.
DISBURSEMENT SCHEDULE
MAY 17, 1999 THROUGH SEPTEMBER 1, 1999**

MESSENGER SERVICE/OVERNIGHT COURIER/POSTAGE	\$1,012.40
MEALS	\$438.67
COMPUTERIZED RESEARCH	\$2,749.72
LONG DISTANCE TELEPHONE & CONFERENCE CALLS	\$2,017.59
DUPLICATING COSTS	\$3,380.27
TELEX & FACSIMILE CHARGES	\$1,027.20
TRAVEL EXPENSES	\$457.20
SERVICE OF PROCESS	\$393.00
TOTAL:	\$11,476.05

EXHIBIT D

**THE TIME RECORDS OF
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.**

ARE AVAILABLE UPON REQUEST

**TO REQUEST THE TIME RECORDS
PLEASE CALL**

**PETER J. SPROFERA
(212) 872-8009**

EXHIBIT E

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
 In re: : (Chapter 11)
 :
 GOLDEN BOOKS FAMILY : Case Nos. 99 B 10030
 ENTERTAINMENT, INC., et al. : through 99 B 10032 (TLB)
 :
 : (Jointly Administered)
 Debtors. :
 :
 -----X

**CERTIFICATION PURSUANT TO SECTION 504 OF THE
BANKRUPTCY CODE, BANKRUPTCY RULE 2016(A), AND
BANKRUPTCY COURT FEE AND EXPENSE GUIDELINES**

Pursuant to (i) the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (issued June 20, 1991), (ii) the Administrative Order with respect to Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (issued April 19, 1995), (iii) the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. Section 330 adopted by the Executive Office for the United States Trustees on March 22, 1995 and (iv) the Clarification and Amendment Regarding the Fee Guidelines, adopted by the Executive Office for United States Trustees, as such Apply to Cases filed in the Judicial Districts of New York, Connecticut and Vermont – Region 2 issued by the United States Trustee for Region 2 on May 10, 1995, (collectively, the “Guidelines”), the undersigned, a member of the firm of Stroock & Stroock & Lavan LLP (“Stroock”), hereby certifies with respect to the Application of the Informal Senior Note Committee (the “Informal Committee”)

for Allowance and Payment of Compensation and for Reimbursement of Expenses of Stroock and Akin, Gump, Strauss, Hauer & Feld, L.L.P. under Bankruptcy Code § 503(b) dated September 24, 1999 (the "Application").

A. Certification

1. I am the "Certifying Professional" as defined in the Guidelines. I have read the Application, and certifying that to the best of my knowledge, information and belief, formed after reasonable inquiry, except as specifically indicated to the contrary, (a) the Application complies with the Guidelines, (b) the fees and disbursements sought by Stroock for this compensation period fall within the Guidelines; and (c) the fees and disbursements sought by Stroock, except to the extent prohibited by the Guidelines, are billed at rates, and in accordance with practices, customarily employed by Stroock and generally accepted by Stroock's clients.

2. No agreement or understanding exists between Stroock and any other person for a division of compensation herein, and no agreement prohibited by ' 504 of the Bankruptcy Code (11 U.S.C. ' 504) and Rule 2016 of the Bankruptcy Rules has been made.

B. Compliance with Specific Guidelines Regarding Time Records

3. To the best of my knowledge, information and belief, formed after reasonable inquiry, Stroock complies with all of the Guidelines as to the recording of time by Stroock's professionals and paraprofessionals.

C. Description of Services Rendered

4. I certify that the Application sets forth at the outset, in the accompanying summary schedules, as well as in the text of the Application, (a) the amount of fees and disbursements sought, (b) the time period covered by the Application, (c) the total professional and paraprofessional hours expended; and further that the schedules and the exhibits to the

Application show (d) the name of each professional and paraprofessional, with his or her position at Stroock, (e) the year that each professional was licensed to practice and (f) the hours worked by each professional and paraprofessional.

D. Reimbursement for Expenses and Services

5. In connection with Stroock's request for reimbursement of services and out-of-pocket expenses, I certify to the best of my knowledge, information and belief, formed after reasonable inquiry, (a) Stroock has not included in the amounts billed a profit in providing those services for which reimbursement is sought in the Application; (b) Stroock has not included in the amounts billed for such services any amounts for amortization of the cost of any investment, equipment or capital outlay; and (c) amounts billed for purchases or services from outside third-party vendors are billed in the amounts paid by Stroock to such vendors.

6. I also certify to the best of my knowledge, information and belief, formed after reasonable inquiry, the amounts requested in the Application for reimbursement of expenses fully comply with the Guidelines.

7. I further certify to the best of my knowledge, information and belief, formed after reasonable inquiry, Stroock's ordinary business hour charges for overtime services, library, word processing and other staff services (exclusive of paraprofessional services) for which reimbursement is sought are not included in Stroock's overhead for the purpose of setting billing rates.

Dated: New York, New York
September 24, 1999

S/ Robert Raskin
Robert Raskin (RR-0327)

GOLDEN BOOKS FAMILY ENTERTAINMENT, INC.
DISBURSEMENTS
THROUGH MAY 31, 1999

MEALS	\$	876.83
MESSENGER SERVICE	\$	1,034.83
LOCAL TRANSPORTATION	\$	3,672.76
LONG DISTANCE TELEPHONE	\$	2,229.44
DUPLICATING COSTS	\$	2,231.72
POSTAGE	\$	59.32
LEXIS/NEXIS	\$	224.92
TELEX & FACSIMILE CHARGES	\$	86.94
WESTLAW	\$	1,507.65
OVERTIME CHARGES	\$	5,340.00
PRENTICE HALL, CORP. TRUST.	\$	393.00
O/S INFORMATION SERVICES	\$	638.80
WORD PROCESSING	\$	2,010.00
GRAND TOTAL:	\$	20,306.21

**THE TIME RECORDS OF
STROOCK & STROOCK & LAVAN, LLP
ARE AVAILABLE UPON REQUEST
TO REQUEST THE TIME RECORDS
PLEASE CALL**

**PETER J. SPROFERA
(212) 872-8009**

EXHIBIT H