

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
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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 WILLKIE FARR & GALLAGHER AS COUNSEL
FOR GOLDEN PRESS HOLDING, LLC FOR FINAL ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED FROM JANUARY 1,
1999, THROUGH SEPTEMBER 1, 1999, INCLUSIVE

Willkie Farr & Gallagher ("WF&G"), attorneys for Golden Press Holding, LLC ("GPH"), as and for its application (the "Application") for final allowance of compensation for professional services rendered and reimbursement of expenses incurred in representing GPH from January 1, 1999 through September 1, 1999, inclusive (the "Application Period") in connection with the chapter 11 cases of the above captioned debtors and debtors in possession (the "Debtors"), respectfully represents:

INTRODUCTION

1. On February 26, 1999 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors maintained possession of their respective properties and

continued the management and operation of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered pursuant to an order of this Court.

2. On March 25, 1999, the Debtors filed a chapter 11 plan of reorganization (as subsequently amended, the "Plan") and accompanying Disclosure Statement.¹ The terms of the Plan were heavily negotiated prior to the Petition Date among the Debtors and their major constituencies, including GPH, the Informal Senior Note Committee, and the Informal TOPrS Committee. Pending the effective date of the Plan, GPH holds, among other things, a substantial equity interest, representing an investment of over \$65 million, made in May, 1996. In addition, GPH holds a secured claim in excess of \$10.2 million. In general, the Plan provides for: (a) payment in full to the Debtors' trade creditors; (b) a combination of new debt and equity to be distributed to holders of prepetition debt instruments; and (c) "out of the money" warrants for prepetition equity holders.

3. On September 1, 1999, this Court approved the Plan, subject to certain changes to be made to the proposed form of order confirming the Plan.

4. Section 2.2(a) of the Plan states that GPH, among others, has "rendered a substantial contribution in the Chapter

¹ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Plan.

11 Cases within the meaning of Section 503(b) of the Bankruptcy Code, and, accordingly, the reasonable fees and expenses of the Other Professionals² incurred on or before the Effective Date shall be paid by the Reorganized Debtors as Administrative Expense Claims...." Thus, the Plan expressly authorizes reimbursement to GPH of its counsel's fees and expenses incurred in connection with the Debtors' chapter 11 cases.

THE APPLICATION

5. By this application, and pursuant to Section 2.2 of the Plan, section 503 of the Bankruptcy Code and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), WF&G, as counsel to GPH, requests that this Court authorize: (a) final allowance of compensation for professional services by WF&G rendered during the Application Period in the amount of \$106,245.50; and (b) reimbursement of actual and necessary expenses WF&G incurred rendering such services in the amount of \$2,983.99.

6. WF&G maintains written records of the time attorneys and paraprofessionals expend in rendering services to its clients. Such services are recorded contemporaneously with their rendition under appropriate matter numbers. A copy of the time records related to WF&G's representation of GPH in the Debtors' cases is annexed as Exhibit "A" hereto.

² "Other Professionals" is defined by the Plan to include GPH's counsel.

7. WF&G also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of services. A schedule of the categories of expenses and amounts for which reimbursement is requested is annexed as Exhibit "B" hereto. All expenses billed in connection with these cases have been billed in compliance with the procedural guidelines adopted by the Executive Office for United States Trustees.

8. GPH has reviewed the Application and has approved the amounts requested herein. To the extent that GPH already has paid to WF&G a portion of the fees and and expenses for which reimbursement is requested, WF&G will refund any overpayments to GPH or apply them toward future services, as may be agreed upon by WF&G and GPH.

GENERAL DESCRIPTION OF SERVICES RENDERED

9. The following summary highlights the areas in which services were rendered by WF&G as counsel for GPH. Details regarding WF&G's services are reflected in WF&G's annexed time records.

- Restructuring Negotiations Shortly prior to the commencement of the Debtors' cases, GPH became involved in the negotiations (which had already commenced among the Debtors and the Informal Committees), pursuant to which the Plan was formulated and developed. GPH's good faith efforts in contributing to the consensus that ultimately was achieved among the parties led to a relatively smooth pre-arranged Plan process that was supported by all the Debtors' major constituencies. Significantly, GPH was the only party that effectively waived the

"best interests of the creditors" test by agreeing to its proposed treatment under the Plan.

- Chapter 11 Plan As part of the negotiated restructuring described above, GPH was integrally involved in the negotiation and preparation of the Plan. In addition to its careful review of, and comments in respect of, the numerous drafts of the Plan and related disclosure statement that was circulated to the Plan proponents, GPH assisted in the drafting of numerous substantive provisions of the Plan and other Plan Documents that related to GPH's treatment under the Plan.
- Plan Confirmation GPH, through WF&G, assisted the Debtors in their response to numerous actual and threatened objections to the approval of the Disclosure Statement and to confirmation of the Plan. Particularly, WF&G rendered substantial assistance to the Debtors in responding to, and ultimately resolving, the confirmation objection (the "Bernstein Objection") submitted by Richard Bernstein and affiliated entities (together with Richard Bernstein, the "Bernstein Entities"). Related to the Bernstein Objection was a motion by the Debtors to designate the votes of the Bernstein Entities as having been improperly cast. WF&G, as counsel to GPH, supplied the Debtors with the necessary background information and documentation to allow the Debtors to appropriately challenge the Bernstein Entities' votes. GPH also filed a pleading with the Court in support of the Debtors' designation motion. Ultimately, these issues, as well as the Bernstein Objection, were resolved in a manner that allowed confirmation of the Plan to go forward with only minimal delay, when GPH agreed to support a Plan amendment that reduced the scope of its own releases so as to not preclude purported claims of the Bernstein Entities against GPH.
- Case Monitoring As counsel to GPH, WF&G reviewed several of the pleadings filed in the Debtors' cases, and attended the hearings relating to matters of greatest concern to GPH. At the same time, WF&G was careful throughout

these cases not to increase the Debtors' administrative expense burden by presuming to second-guess the Debtors' good faith business judgment in dealing with matters not directly related to GPH, or by otherwise engaging in efforts that would have been duplicative of others already being taken by the Debtors or the Informal Committees.

DISBURSEMENTS

10. WF&G incurred actual and necessary out-of-pocket expenses during the Application Period in connection with the rendition of the professional services described above in the amounts set forth in Exhibit "B". By this Application, WF&G respectfully requests reimbursement of such amounts in full.

11. The disbursements for which WF&G seeks reimbursement include the following:

- a. Duplicating - charged at \$.15 per page. The charge per page includes a charge for maintaining the duplicating facilities;
- b. Telecommunications - long distance calls are billed at actual cost. Outgoing facsimile transmittals are billed at \$.75 per page; there is no charge for incoming facsimiles;
- c. Overtime expense - WF&G's practice is to allow any professional working later than 8:00 p.m. to charge a meal to the appropriate client. The meal charge is limited to \$20 per professional; and
- d. Local car service - WF&G's practice is to allow legal assistants, secretaries and attorneys to charge car service to the appropriate client after 8:00 p.m.

CONCLUSION

WHEREFORE, WF&G, as counsel to GPH, respectfully requests that this Court enter an order awarding:

(a) compensation from the Debtors for services rendered by WF&G as counsel to GPH from January 1, 1999 through September 1, 1999, inclusive, in the amount of \$106,245.50;

(b) reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$2,983.99; and

(c) such other and further relief as may be just.

Dated: New York, New York
September 24, 1999

WILLKIE FARR & GALLAGHER
Attorneys for Golden Press
Holdings, LLC

By: /s/ Marc Abrams
Marc Abrams (MA-0735)
(A Member of the Firm)

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