

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	)	
	)	Chapter 11
Philadelphia Newspapers, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 09-11204 (JKF)
Debtors.	)	Jointly Administered
	)	

**LOCAL RULE 2016-5 REQUEST FOR PAYMENT ON ACCOUNT FOR  
COMPENSATION AND REIMBURSEMENT OF EXPENSES OF ALVAREZ &  
MARSAL NORTH AMERICA, LLC, CHIEF RESTRUCTURING  
ADVISOR FOR THE DEBTORS, FOR THE PERIOD  
JANUARY 1, 2010 THROUGH JANUARY 31, 2010**

Alvarez & Marsal North America, LLC (“A&M”), chief restructuring advisor to the above-captioned debtors (collectively, the “Debtors”), in accordance with Federal Rule of Bankruptcy Procedure 2016 and Local Bankruptcy Rule 2016-5, requests an award of compensation and reimbursement of actual, necessary expenses and represents:

**Part A – Preliminary Statement**

1. A&M is chief restructuring advisor for the Debtors and, as such, is assisting the Debtors with the administration of their Chapter 11 process and related matters, as is set forth in paragraph 9 herein.
2. All services rendered and incurred for which compensation or reimbursement is requested were performed or incurred for or on behalf of the Debtors.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PMH Acquisition, LLC (1299), Broad Street Video, LLC (4665), Philadelphia Newspapers, LLC (3870), Philadelphia Direct, LLC (4439), Philly Online, LLC (5185), PMH Holdings, LLC (1768), Broad Street Publishing, LLC (4574), Philadelphia Media, LLC (0657), and Philadelphia Media Holdings, LLC (4680).

3. The services described in this request (the "Request") are actual, necessary services and the compensation requested for those services is reasonable.

4. The expenses described in this Request are actual, necessary expenses.

5. A&M makes this Request for compensation and reimbursement of expenses for the period January 1, 2010 through January 31, 2010 (the "Compensation Period").

**Part B – General Information**

6. General Information

- A. Date case filed: February 22, 2009 (June 10, 2009 for Philadelphia Media Holdings, LLC).
- B. Date Application to Approve Employment filed: February 27, 2009 (June 25, 2009 for Philadelphia Media Holdings, LLC).
- C. Date employment approved: March 16, 2009 (June 29, 2009 for Philadelphia Media Holdings, LLC), *nunc pro tunc* to February 22, 2009.
- D. First date services rendered in the case: February 23, 2009.

7. Billing by team member for Compensation Period (January 1, 2010 through January 31, 2010)

Name	Hours	Billing Rate	Total
Joseph Bondi	18.4	\$ 775	\$ 14,260.00
Bruce Meier	124.7	\$ 610	\$ 76,067.00
Avigdor Konig	165.0	\$ 450	\$ 74,250.00
	308.1		\$ 164,577.00

8. Billing Rates

The billing rates set forth in this Request are the normal hourly rates charged by A&M for the services rendered.

**Part C – Billing Summary**

9. Description of Services

Compensation and reimbursement for expenses is now sought for all reasonable and necessary activities performed in the case from January 1, 2010 through January 31, 2010 including, by categorical listing:

**Business Analysis** (Fees: \$30,452.50, Total Hours: 52.9)

This category represents preparation and review of company business plan; development and review of strategies; preparation and review of cash flow forecasts and feasibility studies. During this Compensation Period, A&M's work focused on assisting the Company by participating in a process to reassess potential changes to the most current financial projections for 2010 and beyond. Specifically, A&M performed research related to advertising revenue and newsprint projections for 2010 and beyond. A&M summarized its research findings for discussions with management. A&M also attended several meetings with management to discuss the most current financial forecast and potential changes to forecast assumptions. Lastly, A&M also prepared analyses to reassess liquidity in the first 3 months of 2010 based upon performance in Q4 2009, changes in operating assumptions, changes in working capital, and other factors.

**Business Operations** (Fees: \$37,653.50, Total Hours: 78.7)

This category represents time spent on issues related to the debtor-in-possession operating in Chapter 11 such as employee, vendor, tenant issues and other similar problems. During this Compensation Period, A&M's work consisted of preparing agendas for and attending work sessions and meetings with management and other professionals to resolve issues arising as a result of operating in Chapter 11 such as employee issues, vendor issues (critical and

non-critical), draft motions, hearings, and other issues. Additionally, assisted the Company with the organization of a process as well as the preparation and analysis of contracts by legal entity in order to assess which contracts should be assumed and cured and which contracts should be rejected. Additionally, A&M also attended divisional contract meetings and updated and edited contract schedules based upon input from the Company. A&M also performed quality control procedures and coordinated review procedures with divisional leaders of the Company. A&M also reviewed related contract motions and provided input regarding contract content.

**Claims Administration and Objections** (Fees: \$2,205.00, Total Hours: 4.9)

This category represents specific claim inquiries; bar date motions; analyses; objections and allowances of claims. During this Compensation Period, A&M spent time and effort continuing to assemble, organize, and analyze approximately 600 claims from various claimants in this bankruptcy proceeding. A&M also continued to work with a matrix to track the legal approach to each claim, developed an updated estimate of claims, and summarized the various claims by type of claim. A&M also performed research for specific claims by analyzing various claims and comparing data to the Debtors books and records.

**Fee Employment/Applications** (Fees: \$6,079.50, Total Hours: 11.3)

This category represents work related to preparations of employment and fee applications for self or others; motions to establish interim procedures. During this Compensation Period, A&M prepared and reviewed its 10<sup>th</sup> Fee Application (narrative and fee and expense summaries) for the month of December 2009.

**Financing** (Fees: \$4,856.00, Total Hours: 8.8)

This category represents time relating to matters under Section 361, 363, and 364 including cash collateral and secured claims; loan document analysis. During this Compensation Period, A&M's work consisted of analyzing and distributing weekly, monthly, and quarterly DIP

reporting information for quality control purposes and performing covenant research to monitor compliance.

**Meeting with Creditors** (Fees: \$6,778.00, Total Hours: 13.0)

This category represents time preparing for and attending the conference of creditors, the Section 341(a) meeting and other creditors' committee meetings. During this Compensation Period, A&M prepared documents necessary for and participated in calls with UCC advisors related to various issues such as single copy dealer agreements, claims, and other issues. Additionally, A&M also had various conversations with Blackstone (secured creditor financial advisor), performed research to answer questions, and summarized conclusions for Blackstone.

**Plan and Disclosure Statement** (Fees: \$65,684.50, Total Hours: 118.5)

This category includes time for formulation, presentation and confirmation; compliance with the plan confirmation order, related orders and rules; disbursement and case closing activities, except those related to the allowance and objections to allowance of claims. During this Compensation Period, A&M's work consisted of participating in conference calls regarding Plan strategy and sale process, performing work to execute the Plan, and preparing various analyses to assist with the execution of the plan. Specifically, A&M participated in status update calls with management and all Debtor professionals to discuss such topics as the Stalking Horse APA, bidding procedures, and other Plan issues. A&M also participated in weekly sale status update calls held by Sonenshine with Chanin and the sale monitor. A&M also prepared summary information to help answer questions posed by potential acquirers as part of their due diligence of the Company. A&M also prepared or assisted with preliminary analyses to estimate funds to the estate per the Stalking Horse APA, prepared updated high level liquidation analyses scenarios, and estimated liquidity through March 31, 2010. A&M also spent substantial time compiling hard and soft copies of all working documents pursuant to the Joint Request for

Production of Documents Directed to the Debtors related to Plan Confirmation. In turn, A&M also assisted with the process of preparing a request for information from the secured and unsecured lenders and their financial advisors related to Plan Confirmation. A&M also analyzed and compiled information within plans of reorganization and disclosure statements related to similar newspaper companies in order to have necessary data points for the Plan Confirmation hearing. A&M also analyzed or assisted with other issues related to Rule 2019, ballot information for vendors, and other issues related to Plan Confirmation.

**Travel Time @ 50%** (Fees: 10,868.00, Total Hours: 20.0)

This category includes 50% of travel time between New York City and Philadelphia Newspapers, LLC corporate office located in Philadelphia, PA for all A&M team members.

10. Detail of Hours Expended

Below is a summary listing of categories of services rendered and the hours expended in each category, which was described in detail above.

**Summary of Time Detail by Task**

	<u>Hours</u>	<u>Amount</u>
Business Analysis	52.9	\$ 30,452.50
Business Operations	78.7	37,653.50
Claims Administration and Objections	4.9	2,205.00
Fee/Employment Applications	11.3	6,079.50
Financing	8.8	4,856.00
Meetings of Creditors	13.0	6,778.00
Plan and Disclosure Statement	118.5	65,684.50
Travel Time	20.0	10,868.00
	308.1	\$ 164,577.00

11. Request

Based on the above, A&M seeks payment of interim compensation in the total amount of \$139,693.43. This total is comprised of the following: \$131,661.60 (80% of the fees for services rendered) plus \$8,031.83 (100% of interim expenses incurred).

**Part D – Expense Summary**

12. From January 1, 2010 through January 31, 2010, A&M has expended \$8,031.83 for expenses in connection with the services provided to the Debtors. Set forth below is a list that shows the type of expenses for which reimbursement is sought and the amount of reimbursement sought for each type for the Compensation Period.

**January 1 through January 31, 2010**

Lodging	\$	3,656.91
Meals		1,353.01
Transportation		2,954.33
Other		67.58
	\$	<u>8,031.83</u>

WHEREFORE, A&M requests payment of interim compensation in the total amount of \$139,693.43. This total is comprised as follows: \$131,661.60 (80% of the fees for services rendered) plus \$8,031.83 (100% of interim expenses incurred).

Dated: February 3, 2010

*Bruce Meier*

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*Chief Restructuring Advisor for the Debtors  
and Debtors in Possession*