

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

In re:)	
)	Chapter 11
Philadelphia Newspapers, LLC, <i>et al.</i> , ¹)	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
FEBRUARY 1, 2010 THROUGH FEBRUARY 28, 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.

¹ 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 February 1, 2010 through February 28, 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 (February 1, 2010 through February 28, 2010)

Name	Hours	Billing Rate	Total
Joseph Bondi	7.6	\$ 775	\$ 5,890.00
Bruce Meier	127.5	\$ 610	\$ 77,775.00
Avigdor Konig	163.2	\$ 450	\$ 73,440.00
	298.3		\$ 157,105.00

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 February 1, 2010 through February 28, 2010 including, by categorical listing:

Business Analysis (Fees: \$95,701.00, Total Hours: 180.1)

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 management with the research, analyses, and summarization of data related to the cost structure and cost reduction efforts over the past 4 years for comparable newspaper companies. Specifically, A&M performed extensive research (via public financial statements, PORs, the internet, etc.) for 7 comparable newspaper companies and summarized cost reduction activities and cost structures for the period from 2006 through 2010. A&M also prepared summary financials for the period from 2006 through 2010 along with charts and graphs to assess trends. A&M also prepared a draft presentation to summarize conclusions to be drawn from the various cost analyses. Additionally, A&M also performed research of public newspaper companies and private companies in order to compare and assess advertising revenue trends for these companies versus the Debtors. Lastly, A&M also updated a draft monthly financial model to assess liquidity through 2010 and assisted with analyses and estimates related to Chapter 11 exit funding requirements.

Business Operations (Fees: \$14,721.50, Total Hours: 29.2)

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, A&M continued to assist the Company with a process as well as the refinement of an 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 continues to attend meetings and make updates and edits to contract schedules based upon input from the Company. A&M also reviewed related contract motions and provided input regarding contract content.

Claims Administration and Objections (Fees: \$1,980.00, Total Hours: 4.4)

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: \$6,646.00, Total Hours: 12.6)

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 continued to summarize time and expenses and prepared and reviewed its 11th Fee Application (including narrative and fee and expense summaries) for the month of January 2010.

Financing (Fees: \$5,879.00, Total Hours: 9.6)

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 and monthly DIP reporting information for quality control purposes and analyzed a proposed DIP loan extension term sheet and prepared comments for the Company.

Meeting with Creditors (Fees: \$6,192.00, Total Hours: 12.8)

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 had various conversations, performed research to answer questions, summarized conclusions, and sent numerous correspondences to Blackstone (secured creditor financial advisor) and Chanin (unsecured creditor financial advisor) regarding such issues as the retention of SMART to perform audits for 2008 and 2009, contracts to be rejected, EBITDA reconciliations, and expenses data.

Plan and Disclosure Statement (Fees: \$16,445.50, Total Hours: 31.6)

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 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 June 30, 2010. A&M also continued to spend time compiling e-mail documents pursuant to the Joint Request for Production of Documents Directed to the Debtors related to Plan Confirmation. A&M also participated in numerous calls and performed research related to audit issues including work necessary to comply with FAS 142 and FAS 144.

Travel Time @ 50% (Fees: 9,540.00, Total Hours: 18.0)

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	180.1	\$ 95,701.00
Business Operations	29.2	14,721.5
Claims Administration and Objections	4.4	1,980.0
Fee/Employment Applications	12.6	6,646.0
Financing	9.6	5,879.0
Meetings of Creditors	12.8	6,192.0
Plan and Disclosure Statement	31.6	16,445.5
Travel Time	18.0	9,540.0
	<u>298.3</u>	<u>\$ 157,105.00</u>

10. Request

Based on the above, A&M seeks payment of interim compensation in the total amount of \$132,869.82. This total is comprised of the following: \$125,684.00 (80% of the fees for services rendered) plus \$7,185.82 (100% of interim expenses incurred).

Part D – Expense Summary

11. From February 1, 2010 through February 28, 2010, A&M has expended \$7,185.82 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.

February 1 through February 28, 2010

Lodging	\$	2,804.89
Meals		1,018.93
Transportation		2,949.94
Other		412.06
	\$	<u>7,185.82</u>

WHEREFORE, A&M requests payment of interim compensation in the total amount of \$132,869.82. This total is comprised as follows: \$125,684.00 (80% of the fees for services rendered) plus \$7,185.82 (100% of interim expenses incurred).

Dated: March 3, 2010

Bruce Meier

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*Chief Restructuring Advisor for the Debtors
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