

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

In re:)	Chapter 11
)	
PHILADELPHIA NEWSPAPERS, LLC, <i>et al.</i> ,)	Case No. 09-11204-SR
)	
Debtors.)	(Jointly Administered)
)	

**AMENDED REQUEST OF REPUBLIC FIRST BANK FOR
ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM
PURSUANT TO 11 U.S.C. 503(b)**

Republic First Bank (“Republic”), by and through its undersigned counsel, hereby submits this Amended¹ Request for Allowance and Payment of Administrative Expense Claim (the “Amended Request”), and in support thereof, respectfully states as follows:

PRELIMINARY STATEMENT

1. In June 2009, the Debtors² had reached a stalemate with their prepetition senior secured lenders (the “Prepetition Lenders”) over the terms of their requested postpetition financing (the “DIP Facility”). The Prepetition Lenders were effectively demanding veto power over the Debtors’ plan of reorganization, and the Debtors were refusing to so surrender control of their reorganization. The Debtors decided to explore alternative financing, and they approached Republic to solicit a proposal for a \$15 million DIP Facility. Republic (which was not privy to the dealings between the Debtors and the Prepetition Lenders and had little idea of the level of

¹ This Amended Request amends and supplements the Request of Republic First Bank for Allowance and Payment of Administrative Expenses Claim Pursuant to 11 U.S.C. § 503(b) filed on October 29, 2009 (Docket No. 1344).

² The Debtors in these Chapter 11 cases are: Philadelphia Newspapers, LLC; PMH Acquisition, LLC; Broad Street Video, LLC; Philadelphia Direct, LLC; Philly Online, LLC; PMH Holdings, LLC; Broad Street Publishing, LLC, Philadelphia Media, LLC and Philadelphia Media Holdings, LLC.

acrimony between them) proceeded to conduct a good faith, arms' length evaluation of the Debtors, performed due diligence, engaged counsel and an appraiser, negotiated a term sheet and drafted loan documents, and did it all within an accelerated timeframe to enable the Debtors to obtain approval of the DIP Facility by late August 2009. Republic unavoidably incurred fees and expenses in the course of performing all of these activities. In addition, it was subjected to unanticipated fees and expenses when the agent for the Prepetition Lenders (the "Agent") learned of Republic's involvement and decided to launch an aggressive discovery campaign against it.

2. On the eve of the hearing to obtain approval of the Republic DIP Facility, the Prepetition Lenders finally capitulated and agreed to remove the offensive "veto power" provisions from its DIP Facility proposal. Although Republic's proposal was still financially more favorable, the Debtors decided to avoid further litigation, and they agreed to the DIP Facility proposed by their Prepetition Lenders.

3. Republic's role in these proceedings was no different than that of a stalking-horse bidder whose offer is rejected by the Debtors in favor of another bidder. The alternative DIP Facility offered by Republic served as the catalyst that finally broke the stalemate between the Debtors and the Prepetition Lenders. Thanks to the availability of an alternative lender, the Debtors were able to obtain a more palatable DIP Facility from their Prepetition Lenders, which in turn enabled them to remain in operation and live to fight another day. The work performed by Republic thereby resulted in the preservation of the estate for the benefit of all constituencies.

4. As will be shown below, the activities performed by Republic conferred an actual benefit on the Debtors' estates, and its fees and expenses were thus the actual,

necessary costs and expenses of preserving the estate within the meaning of 11 U.S.C. § 503(b)(1)(A).

JURISDICTION AND VENUE

5. This Court has jurisdiction of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory predicate for the relief sought herein is 11 U.S.C. § 503(b)(1)(A).

BACKGROUND

7. On February 22, 2009 (the "Petition Date"), each of the Debtors (except Philadelphia Media Holdings, LLC³), filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

8. On February 23, 2009, the Debtors filed a Motion for Interim and Final Orders (A) Authorizing Debtors to Obtain Postpetition Financing, (B) Granting Liens and Superpriority Claims, (C) Authorizing Use of Cash Collateral, (D) Granting Adequate Protection to Prepetition Secured lenders and (E) Scheduling a Final Hearing (Docket No. 22) (the "Initial DIP Motion").

9. On information and belief, the Prepetition Lenders would not agree to extend postpetition financing to the Debtors without provisions that (a) would make it an event of default if the Debtors sought to extend exclusivity in a manner that was not acceptable to the Prepetition Lenders, and (b) would prohibit the Debtors from proposing or supporting any chapter 11 plan that was not supported by the Prepetition Lenders. The Debtors rejected such

³ Philadelphia Media Holdings, LLC, filed its Chapter 11 petition on June 10, 2009.

proposal on the ground that it would violate their fiduciary duties to the estate to give such control over their reorganization to the Lenders. As the Court characterized it, the Prepetition Lenders' DIP proposal created a "Gordian Knot"⁴ and was a "gun to the head" option.⁵

10. In June 2009, the Debtors contacted Republic to request a proposal for an alternative \$15 million DIP Facility. They agreed, subject to the approval of the Court, that they would compensate Republic for its work in connection with making such proposal by paying it (a) a due diligence fee equal to 1% of the DIP Facility amount, i.e., \$150,000 (the "Bank Due Diligence Fee"), and (b) reimbursement for out-of-pocket expenses incurred by Republic in connection with its due diligence work, including legal expenses and appraisal expenses.

11. When the Agent learned of a possible alternative DIP Facility, it commenced a vigorous course of discovery against both the Debtors and Republic. On July 22, 2009, the Agent subpoenaed Republic for deposition and demanded production of an extensive list of documents, all on less than 48 hours' notice. Among other things, the subpoena purported to compel testimony and documents relating to Republic's analysis and consideration of the DIP Facility and its evaluation or research regarding market terms for financing. Republic was obliged to retain litigation counsel, who arranged for a Republic witness to appear for deposition and coordinated the production of more than 1,000 pages of documents. Republic objected, however, to the production of confidential, internal policies regarding its underwriting standards. The Agent moved to compel the production of those confidential documents, causing Republic to incur further fees and expenses in briefing and argument on the issue. (The Court ultimately

⁴ Transcript of Hearing before the Hon. Stephen Raslavich, August 11, 2009 ("Trans.") at 23.

⁵ Trans. at 29. ([O]ne might ask themselves, how, as a fiduciary, one could ever sign such an agreement. But even if one could get past a hurdle like that, what sort of an option is that? What a gun to the head option that looks like.")

agreed with Republic and denied the Agent's motion to compel.) The total amount of the fees and expenses incurred by Republic in complying with and objecting to the Agent's discovery requests is \$29,051.23.

12. On or about July 30, 2009, Republic submitted a proposal for a \$15 million DIP Facility that the Debtors determined to be less expensive and more favorable than the Prepetition Lenders' proposal. Republic's proposal of course contained no restrictions on the Debtors' ability to propose, support, contest or object to any chapter 11 plan.

13. On July 30, 2009, the Debtors filed a Motion for the Entry of an Order Pursuant to 11 U.S.C. §§ 105 and 363(b) Authorizing Payment of Fees and Expenses for Prospective Debtor-in-Possession Financing (Docket No. 822) (the "363(b) Motion"), seeking the Court's approval to reimburse Republic for its actual bona fide fees and expenses incurred during the due diligence period in connection with the DIP Facility, in an amount not to exceed \$300,000.

14. On August 4, 2009, the Debtors filed an Amended Motion for Entry of an Order (A) Authorizing the Debtors to Obtain Postpetition Financing, (B) Granting Liens and Superpriority Claims, (C) Authorizing Use of Cash Collateral, and (D) Granting Adequate Protection to Prepetition Secured Lenders (Docket No. 849) (the "Amended DIP Motion"), seeking authorization to enter into the proposed DIP Facility with Republic. A hearing on the Amended DIP Motion was scheduled for August 29, 2009.

15. Meanwhile, on August 11, 2009, the Court conducted a hearing on the Debtors' 363(b) Motion, and over the objections of the Prepetition Lenders, granted the Debtors authority pursuant to § 363(b) to reimburse Republic for its fees and expenses, but imposed a cap

of \$100,000.⁶ On August 21, 2009, the Debtors filed a Motion for Reconsideration of the Cap Imposed by this Court's August 11, 2009 Order Authorizing Payment of Fees and Expenses for Prospective Debtor-in-Possession Financing (Docket No. 954) (the "Reconsideration Motion"). The Prepetition Lenders objected to the Reconsideration Motion, and a hearing was scheduled for August 28, 2009.

16. But before the Court could hear the Reconsideration Motion, and before the scheduled August 29 hearing on the Amended DIP Motion, the Prepetition Lenders capitulated and agreed to remove the "veto power" provisions from their DIP Facility proposal. That agreement was memorialized in a Stipulation and Order filed August 28, 2009 (Docket No. 1006). The Stipulation required the Debtors to inform Republic to cease all underwriting, due diligence, drafting of documents and other actions related to its prospective DIP Facility.

Stipulation, ¶ 5(b). However, the Stipulation expressly provided:

[Republic] may file a motion and seek allowance of an administrative expense claim (in addition to the \$100,000 payment . . . already approved by the Bankruptcy Court).

Stipulation, ¶ 5(a).

17. Pursuant to the Stipulation and Order, Republic seeks allowance of an administrative expense claim for the net fees and expenses it incurred in connection with the proposed DIP Facility, in the following amounts:

⁶ At that hearing, the Court was not asked to, and did not decide whether Republic's fees and expenses were entitled to administrative expense priority pursuant to 11 U.S.C. § 503(b).

<u>Type of Fee or Expense</u>	<u>Amount</u> ⁷
Bank Due Diligence Fee	\$ 75,000.00
Legal fees and expenses (including \$29,051.23 in connection with Agent's discovery)	\$ 84,960.79
Total Administrative Claim Amount:	\$159,960.79

18. A copy of Republic's invoice to the Debtors for the Bank Due Diligence Fee is attached as **Exhibit A**. Copies of the invoices for the legal fees and expenses it incurred are attached as **Exhibit B**. A copy of the invoice for the real estate appraisal fees incurred is attached as **Exhibit C**.

RELIEF REQUESTED

19. Republic respectfully requests allowance and payment of its administrative expense claim in the amount of \$159,960.79, on the ground that such fees and expenses were actual, necessary costs and expenses of preserving the estate, because Republic's work as a "stalking-horse" lender provided a direct benefit to the estate.

ARGUMENT

20. Section 503(b) of the Bankruptcy Code provides, in relevant part:

(b) After notice and a hearing, there shall be allowed, administrative expenses, . . . , including—

(1)(A) the actual, necessary costs and expenses of preserving the estate, ...

11 U.S.C. § 503(b).

⁷ The Debtors previously paid \$100,000 of Republic's fees and expenses pursuant to the Court's order of August 11, 2009. Republic applied that payment as follows: \$75,000 toward the Bank Due Diligence Fee of \$150,000; \$20,000 as reimbursement in full for the payment of the real estate appraisal fee of \$20,000; and \$5,000 as partial reimbursement of legal fees.

21. To establish an administrative claim under 11 U.S.C. § 503(b)(1)(A), there must be both—

- a postpetition transaction between the claimant and the estate, and
- a benefit to the estate.

Calpine Corp. v. O'Brien Env'tl. Energy, Inc. (In re O'Brien Env'tl. Energy, Inc.), 181 F.3d 527, 532-33 (3d Cir. 1999).

22. There can be no dispute that Republic's administrative expense claim arises from a postpetition transaction with the Debtors. The only issue is whether Republic's actions in connection with the proposed DIP Facility provided any benefit to the Debtors' estates.

23. In *O'Brien*, the court of appeals held that the requisite benefit to the estate under § 503(b)(1)(A) can be found where a competitive bid serves as a catalyst and induces a bid that otherwise would not have been made. *Id.*, at 537. Republic's competitive DIP Facility proposal clearly served as such a catalyst here, because it induced the Prepetition Lenders to drop their demand for veto power over the plan and offer a DIP Facility that the Debtors were willing to accept. But for the catalytic effect of available alternative financing, either the Debtors would have been left no choice but to surrender, or the impasse between the Debtors and Prepetition Lenders would have persisted past the point of the Debtors' operational breakdown. Except for the prospect of another available DIP Facility, the Prepetition Lenders would not have retreated from their insistence on plan veto power.

24. For purposes of § 503(b)(1)(A), the only relevant inquiry is whether Republic's participation benefited the estate. It is of no consequence that Republic believed it was also acting in its own self-interest. The existence of self-interest does not preclude an

administrative claim, since most activities of an interested party that contribute to the estate also benefit that party to some degree. *See In re Women First Healthcare*, 332 B.R. 115, 122 (Bankr. D. Del. 2005), *citing Lebron v. Nechem Fin., Inc.* 27 F.3d 937, 944 (3d Cir. 1994).

25. Nor does fact that the Court capped the Debtors' 363(b) advance authorization at \$100,000 have any bearing on whether Republic is entitled to an administrative expense claim in excess of that amount. In *Women First Healthcare*, the court entered a bid procedures order approving Sun Pharmaceuticals as a stalking-horse bidder and allowing it a break-up fee of \$50,000 and reimbursement of expenses up to \$32,500. Ultimately another bidder surfaced with a higher bid, and the court approved a sale to the new bidder. Sun Pharmaceuticals then filed an administrative claim for the expenses it incurred in excess of the amounts authorized by the bid procedures order. The court found that the actions taken by Sun in connection with the sale did provide benefit to the estate and that it was entitled to additional expense reimbursement beyond the caps established in the bid procedures order.

26. Republic's role as a *de facto* stalking-horse bidder is nothing like that of the proposed stalking-horse bidder involved in an earlier decision in this case, *In re Philadelphia Newspapers, Inc.*, 2009 Bankr. LEXIS 3167 (Bankr. E.D. Pa., October 8, 2009). In that decision, the Court refused to approve a break-up fee or expense reimbursement to a stalking-horse bidder that was comprised of insiders of the Debtors, on three grounds. First, the insiders needed no financial incentive to bid, since there was no question that the existing equity holders wished to retain control of the Debtors. Second, the insiders' bid did not serve as a catalyst for other bids, because the Prepetition Lenders had been attempting for many months to submit their own bid. Finally, the insiders had preexisting and longstanding knowledge of all pertinent information about the Debtors and had no need to conduct due diligence. *Id.*, at * 34-36.

27. None of those consideration is present here. Republic was not an insider and had no “free and unfettered access” to the Debtors’ information; rather, it had to conduct its due diligence at arms’ length. Certainly Republic would never have become involved in the proposed DIP Facility without a financial incentive. And finally, its participation was the obvious catalyst for the Prepetition Lenders’ “change of heart.”

CONCLUSION

For the foregoing reasons, Republic First Bank respectfully submits that its actions in providing the Debtors with an alternative DIP Facility conferred an actual benefit on the Debtors’ estates, and therefore the fees and expenses it incurred were actual, necessary costs and expenses of preserving the estate within the meaning of 11 U.S.C. § 503(b)(1)(A). Accordingly, Republic First Bank requests that the Court enter an order (i) granting Republic First Bank an administrative expenses claim in the amount of \$159,960.79, and (ii) granting such other and further relief as the Court deems just and proper.

Dated: August 13, 2010

PEPPER HAMILTON LLP

/s/ Bonnie MacDougal Kistler
Bonnie MacDougal Kistler (PA No. 37947)
400 Berwyn Park
899 Cassatt Road
Berwyn, PA 19312-1183
Telephone: (610) 640-7800
E-mail: kistlerb@pepperlw.com

-and-

Lisa R. Jacobs
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
Telephone: (215) 981-4000

Counsel for Republic First Bank

EXHIBIT A



August 28, 2009

Brian P. Tierney, President/CEO
Philadelphia Newspapers, LLC
400 North Broad Street
Philadelphia, PA 19103

RE: PNI Due Diligence Fee

Bank Due Diligence Fee of 1% of Facility Amount
of \$15,000,000.00 (Bank Due Diligence Fee does
not include Bank's out of pocket third party expenses,
including but not limited to legal expenses and
appraisal expenses)

\$150,000.00

Balance Due:

\$150,000.00

Sincerely,

Stephen J. McWilliams
Senior Vice President
Republic First Bank

EXHIBIT B

Pepper Hamilton LLP
Attorneys at Law

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

Invoice Number: 10573450
Client/Matter Number: 135231.00016
August 27, 2009

Steven McWilliams, Senior Vice President
Republic First Bancorp, Inc.
Two Liberty Place
50 S. 16th Street, Suite 2400
Philadelphia, PA 19102

Requesting Attorney: Lisa R. Jacobs

Federal Identification No. 23-1433012

FOR PROFESSIONAL SERVICES RENDERED through July 31, 2009 as follows

RE: Philadelphia Newspapers, Inc.

<u>Date</u>	<u>Name</u>	<u>Services</u>	<u>Time</u>
7/10/09	B. Kistler	Telephone conference with L. Jacobs re DIP lending; review status of PNI financing.	0.40
7/20/09	L. Jacobs	Review term sheet and discuss with S. McWilliams; several additional rounds of revisions to term sheet, draft and distribute fee letter.	4.00
7/21/09	L. Jacobs	Review additional suggested terms (.70); discuss term sheet and issues with S. McWilliams (1.0); additional revisions to term sheet (.80); draft fee letter (.30); follow up with client with additional questions/comments (.50); additional revisions to term sheet (.40).	3.70
7/22/09	L. Jacobs	Calls with client re: deal structure and process issues; review and discuss subpoena with client and debtor's counsel; review and discuss hearing pleadings and process with client and debtor's counsel; review debtor markup to term sheet.	3.75
7/23/09	L. Jacobs	Discussions with debtors' counsel and Citizens' counsel regarding depositions and subpoena (1.3); discussions with client regarding debtors' requested term sheet changes (1.0); revisions to and distribution of term sheet (1.2); review and revise motion to	4.50

Republic First Bancorp, Inc.
Client/Matter Number: 135231.00016
August 27, 2009

Invoice: 10573450
Page 2

Date	Name	Services	Time
7/23/09	B. Kistler	quash and objections to subpoena (.80); coordinate required diligence with debtor's counsel (.20). Review subpoena from Citizens; telephone conference with L. Jacobs re: DIP issues and discovery matters; conference call with L. Jacobs and Debtors' counsel re discovery and DIP issues; conference call with L. Jacobs and clients re discovery issues.	1.40
7/23/09	B. Kistler	Prepare motion to quash subpoena and motion for expedited hearing; telephone conference with attorney for Citizens re subpoena; draft objections to subpoena; conference call with client's re discovery issues; telephone conference with Debtors attorney re: DIP issues.	2.60
7/23/09	S. Henry	Prepare motion to quash and motion for expedited hearing to be filed.	0.60
7/23/09	S. Henry	Prepare notice of appearance and forward to B. Kistler.	0.30
7/23/09	S. Henry	Prepare notice of appearance to be filed and served.	0.30
7/23/09	A. Shields	Created 2002 service list.	2.00
7/23/09	A. Shields	Prepared for service of Motion to Quash Subpoena.	0.40
7/24/09	L. Jacobs	Prepare for and participate in conference call hearing with Judge FitzSimons and all interested parties (0.9); follow up with clients re: results of hearing and anticipated activity (.50); additional discussions with clients and further revisions to term sheet (1.0); review diligence produced (1.7).	4.10
7/24/09	B. Kistler	Telephone conference with courtroom deputy re: scheduling of motion to quash; telephone conference with attorney for Citizens re: motion to quash; appearance at telephonic hearing on scheduling of DIP motion; telephone conference with L. Jacobs re: next steps.	1.50
7/25/09	L. Jacobs	Review docket and select pleadings for case status and historical information (1.3); review orders from 7/24 hearing (.20).	1.50
7/26/09	L. Jacobs	Complete reiew of docket; debtor's schedules and statements and select historical pleadings.	4.00
7/27/09	L. Jacobs	Communications with clients, B. Kistler re: subpoena issues and identification of responsive materials (.60); review new pleadings received (.40); call with	1.50

Republic First Bancorp, Inc.
 Client/Matter Number: 135231.00016
 August 27, 2009

Invoice: 10573450
 Page 3

Date	Name	Services	Time
		S. McWilliams re: additional issues on term sheet and potential new covenants (.40); call with debtor's counsel re: status of termsheet and potential timing issues (.10).	
7/27/09	B. Kistler	Telephone conference with L. Jacobs re: document production; telephone conference with attorney for Citizens re: document production; email clients re: conference call to review document requests.	0.80
7/28/09	L. Jacobs	Review additional pleadings received in case (.30); communications re: RFB positions on document production and timing of rescheduled depositions (.30); communication re: request by press for comments (.20); call with debtor's counsel re: next steps, remaining diligence needed, remaining term sheet issues and timing for commitment and loan documents (.60).	1.40
7/28/09	B. Kistler	Telephone conference with S. McWilliams re: document subpoena; telephone conference with D. Abernathy and S. Baldini re: scope of document request; email clients re discovery hearing; email all counsel re: conference with court; telephone conference with attorney for PNI re: document production.	2.50
7/29/09	L. Jacobs	Call with S. McWilliams; revise and circulate new draft term sheet (1.0); call with debtors' counsel re: filing and hearing schedule and timing for deliverables and follow up with clients re: same (.40).	1.40
7/30/09	L. Jacobs	Call with RFB team to discuss additional issues and changes to term sheet (.60); revise and circulate new draft term sheet (.60); communications with debtors' counsel re: remaining diligence on debtor and proposed participant (.40); review motion and related pleadings re: payment of fees for DIP facility (.40); review other pleadings received (.30); review of existing DIP documentation and commence draft of new facility document (2.0); review updated financial material and comps and discuss with clients (.90).	5.20
7/31/09	L. Jacobs	Review orders received (.20); call with clients re: additional changes to term sheet and status of diligence received and still needed (.70); revisions and circulation of same (.50); call with borrowers counsel re: environmental and appraisal deliveries	6.20

Republic First Bancorp, Inc.
 Client/Matter Number: 135231.00016
 August 27, 2009

Invoice: 10573450
 Page 4

Date	Name	Services	Time
		and follow up items (.30); further discussion with clients re: term sheet changes (.20); revise and distribute final term sheet (.30); drafting DIP Credit Agreement (4.0).	
8/1/09	L. Jacobs	Further revisions to term sheet.	0.25
8/1/09	B. Kistler	Review Citizens motion to compel; research re: trade secret protection; email clients re: motion to compel.	2.80
8/2/09	L. Jacobs	Additional drafting of DIP Loan Agreement.	3.00
8/3/09	L. Jacobs	Review and provide comments to declaration and brief (.40); review additional pleadings received (.30); revisions to DIP Loan Agreement (8.0).	8.70
8/3/09	B. Kistler	Draft declaration for S. McWilliams; draft response to motion to compel; telephone conference with S. McWilliams re: discovery issues; telephone conference with L. Jacobs re: declaration and brief; email clients re: draft brief and declaration.	5.80
8/4/09	L. Jacobs	Review and revise declaration and memorandum (.50); negotiations and revisions to DIP Loan Agreement (8.50).	9.00
8/4/09	B. Kistler	Finalize response to motion to compel; arrange for filing of response; telephone conference with clients re: declaration; telephone conference with L. Jacobs re: response to motion to compel; telephone conference with attorney for Citizens re: motion to compel.	3.10
8/4/09	S. Henry	Prepare response to motion to enforce subpoena duces tecum to be filed and served.	0.60
8/4/09	S. Henry	Prepare e-mail to service list to forward response to motion to enforce subpoena duces tecum.	0.30
8/4/09	S. Henry	Prepare e-mail to B. Kistler re service of response to motion to enforce subpoena duces tecum.	0.10
8/4/09	A. Shields	Prepared for & service of Response to Motion of Citizens Bank of PA to Enforce Subpoena Duces Tecum.	1.00

TOTAL CHARGEABLE HOURS..... 88.70

Republic First Bancorp, Inc.
Client/Matter Number: 135231.00016
August 27, 2009

Invoice: 10573450
Page 5

TOTAL FEES.....\$51,513.00

EXPENSES

Duplicating	61.80
Postage	0.44
Filing Service	30.00
Telephone	0.56

TOTAL EXPENSES \$92.80

TOTAL AMOUNT DUE.....\$51,605.80

Republic First Bancorp, Inc.
Client/Matter Number: 135231.00016
August 27, 2009

Invoice: 10573450
Page 6

The following is a summary of the time dedicated and the fees charged to this matter by the Firm's professional staff:

		HOURS	RATE	FEE
L. Jacobs	Partner	62.20	660.00	41,052.00
B. Kistler	Of Counsel	20.90	470.00	9,823.00
S. Henry	Paralegal	2.20	205.00	451.00
A. Shields	Bankruptcy Asst	3.40	55.00	187.00
Total		<u>88.70</u>		<u>\$51,513.00</u>

Pepper Hamilton LLP
Attorneys at Law

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

REMITTANCE PAGE

Steven McWilliams, Senior Vice President
Republic First Bancorp, Inc.
Two Liberty Place
50 S. 16th Street, Suite 2400
Philadelphia, PA 19102

Invoice Number: 10573450
August 27, 2009
Matter Number: 135231.00016

RE: Philadelphia Newspapers, Inc.

FOR PROFESSIONAL SERVICES RENDERED through July 31, 2009

Total Fees	\$51,513.00
Total Expenses and Services	\$92.80
Total Amount Due	\$51,605.80

PLEASE RETURN WITH REMITTANCE

To Wire Payment Wachovia Bank, Philadelphia, PA ABA# 031201 467; Acct#: 2 0000 492 01 046
Swift# PNBUS33

PLEASE REFERENCE INVOICE NUMBER

Pepper Hamilton LLP
Attorneys at Law

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

Invoice Number: 10635510
Client/Matter Number: 135231.00016
August 3, 2010

Republic First Bancorp, Inc.
Two Liberty Place
50 S. 16th Street, Suite 2400
Philadelphia, PA 19102

Requesting Attorney: Lisa R. Jacobs

Federal Identification No. 23-1433012

FOR PROFESSIONAL SERVICES RENDERED through August 26, 2009 as follows

RE: Philadelphia Newspapers, Inc.

Date	Name	Services	Time
7/23/09	S. Henry	Telephone call to US Bankruptcy Court re motion for expedited hearing.	0.10
7/23/09	S. Henry	Confer with B. Kistler re service of motion to quash.	0.10
8/5/09	L. Jacobs	Calls with Dilworth, Drinker re: hearings, filings and today's activity.	0.50
8/5/09	B. Kistler	Email attorney for Citizens regarding scheduling issues (.4); telephone conference with debtor's counsel regarding hearing schedule (.3); (multiple) telephone conferences with L. Jacobs regarding status (1.0); attend hearing on motion to compel (.6).	2.30
8/20/09	L. Jacobs	Confer with Debtor's counsel following receipt of notice of waiver re: next steps, action timetable and remaining issues.	0.50
8/21/09	L. Jacobs	RFB/PNL - (4.5) - prepare for and attend hearings in bankruptcy court (1.20); discuss scope of discovery and remaining subpoena issues with B. Kistler and S. Abernethy (.40); discuss background of proceedings; litigation issues and deposition/hearing schedule with T. Zemaitis (.60); review open issues and Tennenbaum comments with S. McWilliams (.70);	4.50

Republic First Bancorp, Inc.
Client/Matter Number: 135231.00016
August 3, 2010

Invoice: 10635510
Page 2

<u>Date</u>	<u>Name</u>	<u>Services</u>	<u>Time</u>
		coordinate production of documents for deposition (.40); revisions to term sheet and circulation of same (.70); communications with R. Wood re: status of documentation (.10); office conference with J. Klayman re: ancillary documentation required (.40)	
8/21/09	T. Zemaitis	Conferences with Jacobs & Kistler re: document production and deposition; review subpoena and motions.	1.20
8/21/09	B. Kistler	Review bankruptcy docket re: status of DIP discovery; telephone conference with L. Jacobs re: status; telephone conference with attorney for Citizens re: discovery; email T. Zemaitis re: outstanding discovery; telephone conference with T. Zemaitis re: discovery issues.	2.10
8/21/09	J.A. Klayman	Correspondence with L. Jacobs re: DIP financing matter (.3); meet with L. Jacobs re: same (.8); work on draft closing checklist and analyze related documents in connection with same (1.5).	2.60
8/21/09	S. Henry	Communications with B. Kistler re selected Philadelphia Newspapers pleadings for T. Zemaitis' review.	0.20
8/21/09	S. Henry	Assemble Philadelphia Newspapers pleadings for T. Zemaitis' review.	0.10
8/22/09	L. Jacobs	Concall with B. Kistler and T. Zemaitis re: document production and open issues and communications with RFB re: same (.70); review communications between among clients, debtor, Tennenbaum re: terms (.30); call with S. McWilliams re: remaining term sheet issues with all parties (.50); revise and circulate new draft (.30).	1.80
8/22/09	B. Kistler	Conference call with L. Jacobs and T. Zemaitis re: discovery.	0.40
8/23/09	L. Jacobs	Communications with Akin Gump re: clearance letter (.20); follow up with J. Neilon re: discovery production (.20); review pleadings and filings since last involvement (1.50).	1.90
8/24/09	L. Jacobs	Draft and revise credit documents (2.5); negotiations re: term sheet (.50); coordination of audit, title and other closing requirements (.30); communications re: deposition and document production (.40); compile material for document production (.50).	4.20

Republic First Bancorp, Inc.
 Client/Matter Number: 135231.00016
 August 3, 2010

Invoice: 10635510
 Page 3

Date	Name	Services	Time
8/24/09	T. Zemaitis	Conference with Neilon, Jacobs and Abernethy re: document production; review documents for production.	5.30
8/24/09	J.A. Klayman	Analyze Credit Agreement and term sheet and begin drafting certain exhibits thereto (.9); correspondence re: same (.2)	1.10
8/25/09	L. Jacobs	Prepare for and attend hearings (.70); preparation for J. Neilon deposition (2.20); negotiations with Tennenbaum re: term sheet and Credit Agreement issues (1.30); DIP Credit Documentation and term sheet drafting (5.10).	9.30
8/25/09	T. Zemaitis	Review documents for production; prepare for deposition; meeting with J. Neilon and L. Jacobs.	6.50
8/25/09	J.A. Klayman	Prepare and revise Exhibits to Credit Agreement and Closing Checklist; analyze Credit Agreement in connection with same; correspondence with L. Jacobs re: same.	10.10
8/25/09	S. Henry	Prepare new notice of appearance and forward to B. Kistler.	0.20
8/26/09	L. Jacobs	Review and respond to Tennenbaum comments and discuss with client (.60); further discussions with client (several times) and revisions to term sheet (.90); revisions to DIP documents (3.8).	5.30
8/26/09	T. Zemaitis	Prepare for deposition; meeting with J. Neilon; defend Neilon deposition.	4.80
8/26/09	J.A. Klayman	Prepare and revise draft financing documents and exhibits; correspondence with L. Jacobs re: same.	6.50

TOTAL CHARGEABLE HOURS 71.60

TOTAL FEES \$37,573.00

EXPENSES

Meals	63.85
Duplicating	110.60
Data Base Research	95.13
Messenger Service	23.00
Postage	74.26

Republic First Bancorp, Inc.
Client/Matter Number: 135231.00016
August 3, 2010

Invoice: 10635510
Page 4

EXPENSES

Reference Service	76.40
Filing Service	20.00
Telephone	16.74
Travel Expense	40.10
Local Transportation	261.91

TOTAL EXPENSES \$781.99

TOTAL AMOUNT DUE..... \$38,354.99

Pepper Hamilton LLP
Attorneys at Law

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

REMITTANCE PAGE

Republic First Bancorp, Inc.
Two Liberty Place
50 S. 16th Street, Suite 2400
Philadelphia, PA 19102

Invoice Number: 10635510
August 3, 2010
Matter Number: 135231.00016

RE: Philadelphia Newspapers, Inc.

FOR PROFESSIONAL SERVICES RENDERED through August 26, 2009

Total Fees	\$37,573.00
Total Expenses and Services	\$781.99
Total Amount Due	\$38,354.99

PLEASE RETURN WITH REMITTANCE

To Wire Payment Wachovia Bank, Philadelphia, PA ABA# 031201 467; Acct#: 2 0000 492 01 046
Swift# PNBUS33

PLEASE REFERENCE INVOICE NUMBER

EXHIBIT C

A.R. Hughes & Company

1201 East Hector Street
 Conshohocken, PA 19428
 USA

INVOICE

Invoice Number: 209-08-194
 Invoice Date: Aug 19, 2009
 Page: 1

Duplicate

Voice: 610-238-0238
 Fax: 610-238-9035

Bill To:
 Republic First Bank
 Two Liberty Place
 50 S. 16th Street, Suite 2400
 Philadelphia, PA 19102

Republic First Bank
 Two Liberty Place
 50 S. 16th Street, Suite 2400
 Philadelphia, PA 19102

REP		Net 10 Days
	Courier	8/29/09

		Philadelphia Newspapers Real Estate	20,000.00
Subtotal			20,000.00
Sales Tax			
Total Invoice Amount			20,000.00
Payment/Credit Applied			
TOTAL			20,000.00

Check/Credit Memo No:

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

In re:)	Chapter 11
)	
PHILADELPHIA NEWSPAPERS, LLC, <i>et al.</i> ,)	Case No. 09-11204-(SR)
)	
Debtors.)	(Jointly Administered)
)	

**ORDER GRANTING AMENDED REQUEST OF REPUBLIC FIRST BANK FOR
ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM
PURSUANT TO 11 U.S.C. § 503(b)**

UPON THE AMENDED REQUEST of Republic First Bank For Allowance And Payment Of Administrative Expense Claim Pursuant To 11 U.S.C. § 503(b) (the “Request”), and having considered the Request and all papers related thereto heretofore filed, and this Court possessing jurisdiction to consider the Request, and venue being proper, and notice of the Request having been sufficient, and the relief requested in the Request being warranted,

IT IS HEREBY ORDERED THAT:

1. The Request is GRANTED.
2. Republic First Bank shall have an allowed administrative claim in the amount of \$159,960.79 (the “Claim”).
3. The Claim shall be and is entitled to administrative expense priority pursuant to 11 U.S.C. §§ 503(b) and 507(a).
4. This Court shall retain jurisdiction over all matters related to the interpretation or implementation of this Order.

Dated: _____, 2010

Stephen Raslavich
Chief, United States Bankruptcy Judge