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Hearing Date: August 19, 2009 at 11:00 a.m.
Objection Deadline: August 14, 2009 at 4:00 p.m.

Counsel for Debtors and Debtors In Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re : Chapter 11
: :
Journal Register Company, et al.,¹ : Case No. 09-10769 (ALG)
: :
Debtors. : Jointly Administered
-----X

**FIRST APPLICATION OF WILLKIE FARR & GALLAGHER LLP
AS COUNSEL FOR DEBTORS FOR INTERIM ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED
FROM FEBRUARY 21, 2009 THROUGH MAY 31, 2009**

TO: THE HONORABLE ALLAN L. GROPPER,
UNITED STATES BANKRUPTCY JUDGE:

Willkie Farr & Gallagher LLP ("**WF&G**"), attorneys for the debtors and debtors
in possession in the above-captioned cases (collectively, the "**Debtors**"), in support of its first

¹ If applicable, the last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Journal Register Company (8615); (ii) 21st Century Newspapers, Inc. (6233); (iii) Acme Newspapers, Inc. (6478); (iv) All Home Distribution Inc. (0624); (v) Chanry Communications, Ltd. (3704); (vi) Greater Detroit Newspaper Network, Inc. (4228); (vii) Great Lakes Media, Inc. (5920); (viii) Great Northern Publishing, Inc. (0800); (ix) The Goodson Holding Company (2437); (x) Heritage Network Incorporated (6777); (xi) Hometown Newspapers, Inc. (8550); (xii) Independent Newspapers, Inc. (2264); (xiii) JiUS, Inc. (3535); (xiv) Journal Company, Inc. (8220); (xv) Journal Register East, Inc. (8039); (xvi) Journal Register Supply, Inc. (6546); (xvii) JRC Media, Inc. (4264); (xviii) Middletown Acquisition Corp. (3035); (xix) Morning Star Publishing Company (2543); (xx) Northeast Publishing Company, Inc. (6544); (xxi) Orange Coast Publishing Co. (7866); (xxii) Pennysaver Home Distribution Corp. (9476); (xxiii) Register Company, Inc. (6548); (xxiv) Saginaw Area Newspapers, Inc. (8444); (xxv) St. Louis Sun Publishing Co. (1989); (xxvi) Up North Publications, Inc. (2784); and (xxvii) Voice Communications Corp. (0455). The Debtors' executive headquarters' address is 790 Township Line Road, Third Floor, Yardley, PA 19067.

application (the “**Application**”) for interim allowance of compensation for professional services rendered and reimbursement of expenses incurred from February 21, 2009 through May 31, 2009 (the “**First Application Period**”), respectfully represents:

PRELIMINARY STATEMENT

1. By this Application and pursuant to sections 330 and 331 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”), WF&G requests that this Court authorize interim allowance of compensation for professional services rendered and reimbursement of expenses incurred during the First Application Period in the amount of \$1,325,207.36 (the “**Application Amount**”). The Application Amount includes: (a) reimbursement of \$60,949.36 in actual and necessary expenses WF&G incurred in connection with its rendition of professional services during the First Application Period; and (b) compensation of \$1,264,258.00 in fees for services rendered to the Debtors during the First Application Period. The Application Amount includes \$252,851.60, which represents 20% of WF&G’s fees that have been “held back” (the “**Holdback**”) by the Debtors in accordance with the Interim Compensation Order (as defined below) pending interim approval of this Application by the Court.²

2. At this time, WF&G requests payment of the Holdback relating to the First Application Period. WF&G submits that release of the Holdback is appropriate at this time. The Debtors’ Plan (as defined below) has been confirmed and the Debtors are moving

² WF&G’s standard practice is to treat certain expenses as having been incurred when such obligations are recorded and reflected as payable in WF&G’s accounting system. Accordingly, WF&G reserves its right to seek at a later date compensation for expenses incurred during the First Application Period that may not have been posted as of yet and thus are not included herein.

expeditiously toward consummation of the Plan. Indeed, it is expected that the Plan will be effective by the date a hearing on this Application is held before this Court.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334 and the “Standing Order of Referral of Cases to Bankruptcy Judges,” dated July 10, 1984, of District Court Judge Robert J. Ward. Venue of these cases and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, and Local Bankruptcy Rule 2016-1.

BACKGROUND

4. On February 21, 2009 (the “**Petition Date**”), Journal Register Company and each of the other Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. By order of this Court dated February 25, 2009, these chapter 11 cases were consolidated for procedural purposes only. On March 3, 2009, the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Creditors’ Committee**”). No trustee or examiner has been appointed in these cases.

6. On May 6, 2009, this Court entered an order (the “**Disclosure Statement Order**”) approving the Debtors’ Disclosure Statement With Respect to Amended Joint Chapter 11 Plan of Reorganization for Journal Register Company and Its Affiliated Debtors (the “**Disclosure Statement**”) as containing “adequate information” in accordance with section 1125

of the Bankruptcy Code. On June 3, 2009, this Court entered an order (the “**Plan Modification Order**”) authorizing certain modifications (the “**Plan Modifications**”) to the Debtors’ proposed Amended Joint Chapter 11 Plan of Reorganization for Journal Register Company and Its Affiliated Debtors (as modified, the “**Plan**”) and approving a supplement to the Disclosure Statement.

7. On July 7, 2009, this Court entered an order confirming the Plan.

WF&G’S FEES AND EXPENSES

8. WF&G’s services in these cases have been substantial, necessary, and beneficial to the Debtors, their estates, creditors and other parties in interest. Throughout the First Application Period, the variety and complexity of the issues involved in these cases and the need to address those issues on an expedited basis has required WF&G, in the discharge of its professional responsibilities, to devote substantial time by professionals from several legal disciplines on a daily basis.

9. Specifically, WF&G’s requests reflect the requisite time, skill and effort WF&G expended towards, inter alia: (a) assisting the Debtors in stabilizing their businesses; (b) moving the Debtors through the chapter 11 process without undue delay; (c) filing the Plan and Disclosure Statement and negotiating the Plan Modifications; (d) negotiating consensual arrangements with the Debtors’ labor unions in an effort to efficiently restructure collective bargaining agreements without the need for a contested process under section 1113 of the Bankruptcy Code; and (e) reconciling, objecting to, and negotiating resolutions in regards to various claims asserted against the Debtors’ estates.

10. In accordance with section (b)(2) of the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated May 30, 1995, WF&G makes the following disclosures:

- (a) Initial versions of the Plan and Disclosure Statement were filed in these cases on February 21, 2009. An amended Disclosure Statement and Plan were filed on April 28, 2009. The Disclosure Statement was approved by this Court on May 5, 2009. The version of the Plan that was confirmed was filed on May 6, 2009. The Plan was confirmed by order of this Court on July 7, 2009.
- (b) To the best of WF&G's knowledge, all quarterly fees have been paid to the U.S. Trustee and all required monthly operating reports have been filed.
- (c) WF&G is advised that as of May 31, 2009, the Debtors had approximately \$11 million in cash and cash equivalents on hand.
- (d) WF&G is advised that the Debtors are paying undisputed administrative expenses in the ordinary course of business from cash generated from operations and the use of cash claimed as collateral by their secured lenders.

MONTHLY FEE STATEMENTS

11. WF&G was retained as counsel to the Debtors, effective as of the Petition Date, pursuant to an order of this Court dated March 17, 2009. Also, on March 17, 2009, the Court entered the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals Pursuant to Sections 105(a) and 331 of the Bankruptcy Code (the "**Interim Compensation Order**"). The Interim Compensation Order provides, among other things, that retained professionals of the Debtors are required to serve monthly itemized billing statements (the "**Monthly Fee Statements**") on the U.S. Trustee, the Debtors, counsel to the Debtors, counsel to the administrative agent under the Debtors' prepetition credit agreement (the "**Administrative Agent**") and counsel to the Creditors' Committee. Upon passage of a thirty-five day objection period, if no objections have been received, the Debtors are authorized to pay to the professionals 80% of the fees, and 100% of the expenses requested.

12. In compliance with the Interim Compensation Order, WF&G has submitted three (3) Monthly Fee Statements relating to the First Application Period. Payment on account of these Monthly Fee Statements has been requested as follows:

- (a) Pursuant to the Monthly Fee Statement for the period February 21, 2009 through March 31, 2009 (the “**March Fee Statement**”), WF&G has requested payment of \$467,729.20 representing 80% of the total fees requested for services rendered (i.e., \$584,661.50) and \$39,816.30 representing 100% of the expenses incurred during the period.
- (b) Pursuant to the Monthly Fee Statement for the period April 1, 2009 through April 30, 2009 (the “**April Fee Statement**”), WF&G has requested payment of \$324,366 representing 80% of the total fees requested for services rendered (i.e., \$405,457.50), and \$10,969.41 representing 100% of the expenses incurred during the period.
- (c) Pursuant to the Monthly Fee Statement for the period May 1, 2009 through May 31, 2009 (the “**May Fee Statement**”), WF&G has requested payment of \$219,311.20 representing 80% of the total fees requested for services rendered (i.e., \$274,139.00), and \$10,163.65, representing 100% of the expenses incurred during the period.

13. No objections to the March Fee Statement or the April Fee Statement were submitted. In accordance with the Interim Compensation Order, WF&G has received payment of \$507,545.50 relating to the March Fee Statement and \$335,335.41 relating to the April Fee Statement. The objection deadline for the May Fee Statement is July 30, 2009. No objections to the May Fee Statement have been submitted as of the filing of this Application. Since the objection deadline has not yet passed, WF&G has not received payment as of the date of this Application for the May Fee Statement.

THE FEE APPLICATION

14. In the ninety (90) days prior to the Petition Date, WF&G received retainers and payments totaling \$1,992,727.12 in the aggregate for services performed for the

Debtors. WF&G has applied these funds to amounts due for services rendered and reimbursement for expenses incurred prior to the Petition Date. In addition, WF&G currently holds a retainer in the amount of \$360,786.56. No agreement or understanding exists between WF&G and any other entity for the sharing of compensation to be received for services rendered in or in connection with these cases. See Affidavit of Marc Abrams, Esq. (the “**Abrams Affidavit**”, annexed hereto as Exhibit A).

15. WF&G maintains written records of the time expended by attorneys and paraprofessionals carrying out professional services to the Debtors. Such time records are made contemporaneously with the rendition of services by the person rendering such services. A copy of the daily time records for the First Application Period, broken down by matter and listing the name of the attorney or paraprofessional, the date on which the services were performed, and the amount of time spent in performing the services, is annexed hereto as Exhibit B. Additionally, annexed hereto as part of Exhibit B is a list of all of the matters for which services were rendered and the aggregate amount of hours and fees expended for each of those matters.

16. For the convenience of the Court and parties in interest, annexed hereto as Exhibit C is a list of the attorneys and paraprofessionals who have worked on these cases during the First Application Period, the aggregate time expended by each individual during the First Application Period, his or her hourly billing rate during the First Application Period, and the amount of WF&G’s fees attributable to each individual.

17. WF&G also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of professional services. A schedule setting forth the categories of expenses and amounts for which reimbursement is requested is annexed hereto as Exhibit D.

18. Pursuant to the Interim Compensation Order, WF&G recorded its services rendered and disbursements incurred on different matters reasonably expected by the Debtors to continue over a period of at least three months and to constitute a substantial portion of the fees sought during an application period.

SUMMARY OF SERVICES RENDERED

19. Recitation of each and every item of professional services that WF&G performed would unduly burden the Court. Hence, the following summary highlights the major areas to which WF&G devoted substantial time and attention during the First Application Period. The full breadth of WF&G's services are reflected in WF&G's annexed time records.

A. General Chapter 11 and Case Administration

20. WF&G has contributed significantly to the efficient and effective administration of these cases. Where possible, WF&G has attempted to resolve disputes consensually, without seeking judicial intervention. WF&G has actively sought to maintain an efficient working relationship with Court personnel, the U.S. Trustee, counsel to the Administrative Agent, counsel to the Creditors' Committee and other parties in interest, and guide the Debtors to the culmination of these chapter 11 cases.

21. The administration of the Debtors' chapter 11 cases necessitated significant communication among the Debtors' management and other professionals employed by the Debtors. As a means of coordinating and assessing the progress made in these cases, and to address the extensive legal issues faced by the Debtors, conference calls and meetings were routinely held throughout the First Application Period among the Debtors' personnel, WF&G and the Debtors' other legal and financial advisors. The purpose of these calls and meetings was to discuss both short-term and long-term strategies of reorganization, identify and address various issues affecting the Debtors and these cases, and provide necessary updates of

information designed to assist all parties in providing their professional services efficiently. Accordingly, such calls and meetings served the important function of, among other things, assigning tasks to specific parties to avoid the duplication of efforts among the professionals and management.

B. Corporate Matters

22. During the First Application Period, WF&G attorneys devoted significant time to drafting and negotiating corporate documents related to the consummation of the Plan and the reorganization of the Debtors, including the Registration Rights Agreement, Amended Certifications of Incorporation and By-laws of the Reorganized Debtors, the post-Effective Date³ term credit agreements with the Secured Lenders and related schedules. In addition, WF&G assisted the Debtors with certain corporate governance activities, including participation in Board meetings, when appropriate.

C. Litigation

23. During the First Application Period, WF&G attorneys and paraprofessionals dedicated a substantial amount of time and resources responding to information requests pursuant to Bankruptcy Rule 2004 by the Creditors' Committee (the "**2004 Request**"). In connection with the 2004 Request, WF&G attorneys and paraprofessionals reviewed numerous documents for responsiveness, privileged and otherwise protected information, and produced relevant materials to the Creditors' Committee.

³ Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Plan.

D. **Cash Collateral**

24. During the First Application Period, WF&G negotiated and drafted a stipulation (the “**Stipulation**”) among the Debtors and their Lenders, authorizing the use of cash claimed as collateral (the “**Cash Collateral**”) by such Lenders, subject to certain terms and conditions, and granting adequate protection. WF&G also prepared and filed a motion seeking approval of the Stipulation. On February 24, 2009, the Bankruptcy Court entered an interim order approving the Stipulation. Additionally, WF&G assisted the Debtors in gaining Court approval of a final stipulation authorizing the use of Cash Collateral, which was approved by the Court on March 17, 2009. Obtaining the use of Cash Collateral was an integral component of the initial phase of these cases, and such effort required WF&G to engage in extensive negotiations with counsel to the Administrative Agent and make multiple appearances before the Court.

E. **Executory Contracts/Leases**

25. During the First Application Period, WF&G advised the Debtors concerning their rights and obligations in connection with various executory contracts, pending the Debtors’ decision to reject, assume and/or assign such contracts and unexpired leases. WF&G also assisted the Debtors in rejecting certain of those executory contracts and unexpired leases that the Debtors determined to be unfavorable, and getting Court approval of a procedure to reject certain contracts in the future in a more efficient and cost-effective manner. Finally, WF&G assisted the Debtors in obtaining an order extending their time to reject or assume nonresidential real property leases until September 21, 2009.

F. **Tax**

26. During the First Application Period, WF&G advised the Debtors with respect to the preservation of net operating loss carryforwards (the “**NOLs**”). In order to

preserve the NOLs, WF&G sought and obtained a temporary restraining order, and then a final order from the Court (the “**NOL Order**”) establishing notice and hearing procedures for trading in the Debtors’ equity securities. WF&G also assisted the Debtors by preparing documents related to the NOL Order and communicated with various parties regarding the requirements of the NOL Order.

G. **Employee/Labor Issues**

27. During the First Application Period, WF&G attorneys worked in association with the Debtors’ special labor counsel, Seyfarth Shaw LLP (“**Seyfarth**”), to assist the Debtors in their attempts to modify certain of the Debtors’ collective bargaining agreements. WF&G and Seyfarth filed a motion seeking to reject certain collective bargaining agreements pursuant to section 1113 of the Bankruptcy Code (the “**1113 Motion**”). However, as a result of the hard work and perseverance of the Debtors and their professionals, consensual agreements were reached with the relevant unions and the 1113 Motion was withdrawn. The Court approved amendments to the Debtors’ collective bargaining agreements on June 9, 2009 and June 25, 2009. This outcome furthered the Debtors’ goal of a successful reorganization by allowing them to withdraw from certain underfunded multiemployer pension plans in a cost-effective manner. It also provided the Debtors with essential labor cost savings and fair and reasonable employment terms for members of such unions.

28. In addition, WF&G attorneys worked closely with the Debtors’ management to address other employee-related matters. On February 25, 2009, this Court entered an order authorizing the Debtors to honor certain prepetition wages, salary and other compensation paid to employees and independent contractors prior to the Petition Date. The Court also authorized the continued payment of health, life and other benefits. This relief was

crucial to maintaining employee morale, maximizing the value of the Debtors and enhancing the likelihood of their successful reorganization.

H. **Creditor/Claims Issues**

29. During the First Application Period, WF&G responded to the regular and numerous communications from creditors usually received in chapter 11 cases of these sizes. On behalf of the Debtors, WF&G sought and eventually obtained authority from this Court to pay the prepetition claims of certain critical vendors. Such endeavor required extensive communication with the Debtors' management, and significant discussion with counsels to the Administrative Agent and the Creditors' Committee. Because such request for relief was contested, WF&G attorneys expended significant time preparing to respond to such objections and made multiple appearances in Court with respect to such motion.

30. WF&G also obtained an order from this Court (the "**Bar Date Order**") establishing April 13, 2009 (the "**General Bar Date**"), as the deadline by which all non-governmental entities must file proofs of prepetition claims against the Debtors' estates. The Bar Date Order also established August 4, 2009 as the deadline for all governmental units to file proofs of claim against the Debtors' estates. Since the General Bar Date has passed, WF&G has assisted the Debtors in the process of claims reconciliation, including the drafting and filing of objections to numerous claims filed against the Debtors.

31. In order to minimize the costs of claims reconciliations, WF&G sought and obtained permission from the Court to object to certain claims in omnibus objections rather than in individual objections. WF&G also assisted the Debtors in expunging or reducing claims filed by equity holders, certain claims relating to litigation against the Debtors, and claims relating to damages for rejection of non-residential real estate leases.

I. **WF&G Retention**

32. During the First Application Period, WF&G obtained Court approval for its retention and took the actions necessary to compile, file and serve Monthly Fee Statements in accordance with the Interim Compensation Order. During the First Application Period, WF&G also filed a supplemental affidavit in connection with its retention as counsel to the Debtors.

J. **Non-WF&G Retention**

33. WF&G has assisted the Debtors in retaining and monitoring the professionals utilized by the Debtors specifically with regard to these cases, and in the ordinary course of the Debtors' business. During the First Application Period, WF&G coordinated the retention of various professionals to assist the Debtors in the restructuring effort and/or discrete legal matters relating to their day to day operations. In this regard, WF&G has assisted the Debtors in retaining, among others, an experienced and well-qualified restructuring advisor and chief restructuring officer, financial advisor, and a claims agent to assist the Debtors in navigating the chapter 11 process. WF&G obtained approval of an order authorizing the Debtors' retention of professionals in the ordinary course of business (the "**OCP Order**"). WF&G coordinated with the Debtors and their professionals to ensure compliance with the terms of the OCP Order.

34. In addition, WF&G has coordinated the information flow to and among the Debtors' professionals and has endeavored to ensure that such professionals comply with orders of this Court regarding compensation, as well as this Court's Local Rules and guidelines.

K. **Schedules, Statements, and Monthly Reports**

35. During the First Application Period, WF&G assisted the Debtors in compiling and filing their schedules of assets and liabilities (the "**Schedules**"), their statements of financial affairs (the "**SoFAs**") and several amendments to the Schedules and SoFAs. The

preparation of the Schedules and SoFAs required WF&G attorneys and paraprofessionals to expend a considerable amount of time in assisting the company with the coordination of its diligence efforts. WF&G also assisted the Debtors in complying with their obligation to timely file all required monthly operating reports.

L. **Asset Sales**

36. During the First Application Period, WF&G assisted the Debtors in selling certain assets in an expeditious manner and acquiring Court approval of such sales. Such assets included several publications. In addition, WF&G assisted the Debtors in obtaining Court approval of a procedure to sell excess assets in a streamlined and more cost-effective manner. As a result of these efforts, the Debtors were able to maximize the value of their estates and obtain the best possible recovery for the benefit of their stakeholders.

M. **Plan/Disclosure Statement**

37. During the First Application Period, WF&G devoted considerable attention to matters related to the negotiation of the Plan and Disclosure Statement. The Debtors filed a plan and associated disclosure statement on the Petition Date, which the Creditors' Committee indicated it would contest. Thereafter, WF&G assisted the Debtors in negotiating the terms of a revised plan of reorganization that would be supported by the major constituencies in these cases. These efforts involved extensive dialogue and negotiation with the Creditors' Committee and the Administrative Agent, the result of which was a consensual plan supported by the Administrative Agent and the Creditors' Committee.

38. WF&G obtained Court approval of the Disclosure Statement on May 5, 2009, and in coordination with the Debtors' claims and balloting agent, assisted in the solicitation of votes with respect to the Plan. Subsequently, WF&G assisted the Debtors in

negotiating the terms of and obtaining Court approval of the Plan Modifications. WF&G's efforts ultimately culminated in the Court's confirmation of the Plan on July 7, 2009.

EVALUATING WF&G'S SERVICES

39. The allowance of interim compensation for services rendered and reimbursement of expenses incurred in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

[A] debtor's attorney, or any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

11 U.S.C. § 331.

40. Concerning the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the court may award to a professional person, including the debtor's attorney

reasonable compensation for actual, necessary services rendered by the . . . professional person, or attorney and by any paraprofessional person employed by any such person

11 U.S.C. § 330. The Congressional intent and policy expressed in section 330 of the Bankruptcy Code is to provide for adequate compensation to continue to attract qualified and competent practitioners to bankruptcy cases.

41. The "lodestar" method of fee calculation developed by the Third Circuit is the method used to determine a "reasonable" attorney fee in all the federal courts, including the bankruptcy courts. See In re Cena's Fine Furniture, Inc., 109 B.R. 575, 581 (E.D.N.Y. 1990) (citing Lindy Bros. Builders Inc. v. American Radiator & Standard Sanitary Corp., 487 F.2d 161, 167 (3d Cir. 1973)). Accord In re Poseidon Pools of America, Inc., 216 B.R. 98, 100 (E.D.N.Y. 1997); In re Drexel Burnham Lambert Group, Inc., 133 B.R. 13, 21-22 (Bankr. S.D.N.Y. 1991).

42. “The lodestar amount is calculated by multiplying the number of hours reasonably expended by the hourly rate, with the ‘strong presumption’ that the lodestar product is reasonable under § 330.” Drexel, 133 B.R. at 22 (citations omitted).

43. In determining the reasonableness of the services for which compensation is sought, the court should note that

the appropriate perspective for determining the necessity of the activity should be prospective: hours for an activity or project should be disallowed only where a Court is convinced it is readily apparent that no reasonable attorney should have undertaken that activity or project or where the time devoted was excessive.

Id. at 23; In re Cenargo Int’l PLC, 294 B.R. 571, 595-96 (Bankr. S.D.N.Y. 2003)

(“The Court’s benefit of ‘20/20 hindsight’ should not penalize professionals.”).

44. Moreover, courts should be mindful that professionals “must make practical judgments, often with severe time constraints, on matters of staffing, assignments, coverage of hearings and meetings, and a wide variety of similar matters.” Drexel, 133 B.R. at 23. These judgments are presumed to be made in good faith. Id.

WF&G’S REQUEST FOR INTERIM COMPENSATION

45. WF&G submits that its request for interim allowance of compensation is reasonable. The services rendered by WF&G, as highlighted above, required substantial time and effort, resulting in the timely resolution of various issues presented in these cases. Furthermore, the Debtors’ Plan was confirmed less than five months after the Petition Date, which resulted in part from the energy and resources expended by WF&G.

46. The services rendered by WF&G during the First Application Period were performed diligently and efficiently. Accordingly, when possible WF&G delegated tasks to lower cost junior attorneys or, for discrete matters, to attorneys with specialized expertise in the

particular task at issue. While that approach may have required intra-office conferences or involved individual attorneys who spent only a few hours on the matter at hand, the net result was enhanced cost efficiency.

47. In many instances, WF&G has been able to successfully resolve disputes without the need to resort to the Court. When necessary, however, WF&G actively represented the Debtors' interests before the Court and substantially furthered the Debtors' reorganization efforts while preserving the value of the Debtors' estates for their creditors.

48. During the First Application Period, WF&G encountered a variety of challenging legal issues, often requiring substantial research and negotiation. WF&G brought to bear legal expertise in many areas, including bankruptcy, litigation, tax and employee benefits. WF&G attorneys have rendered advice in all of these areas with skill and dispatch.

49. The services rendered to the Debtors by WF&G during the First Application Period required an aggregate expenditure of 2,981.40 recorded hours of the time of attorneys and paraprofessionals. Exhibit C sets forth a list of such individuals, the aggregate amount of time expended by each, and the current hourly billing rate for each.

50. WF&G's hourly rates and fees charged are consistent with the market rate for comparable services. As set forth in the Abrams Affidavit, the hourly rates and fees charged by WF&G are the same as those generally charged to, and paid by, WF&G's other clients. Indeed, unlike fees paid by most WF&G clients, due to the "holdback" of fees from prior Monthly Fee Statements and the delays inherent in the fee application process, the present value of the fees paid to WF&G by the Debtors is less than fees paid monthly by other WF&G clients.

DISBURSEMENTS

51. WF&G incurred actual and necessary out-of-pocket expenses during the First Application Period, in connection with the rendition of the professional services described

above in the amounts set forth in Exhibit D. By this Application, WF&G respectfully requests allowance of such reimbursement in full.

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

- a. Duplicating – Charged at \$0.10 per page, based upon the cost of supplies. The charge per page includes a charge for maintaining the duplicating facilities;
- b. Telecommunications – Long distance calls are billed at actual cost. Outgoing domestic facsimile transmittals are billed at \$0.50 per page, while there is no charge for incoming facsimiles. This rate is based upon costs incurred by WF&G for machine maintenance, phone line rental and supplies used in operating the fax machine;
- c. Computer Research Charges – WF&G’s practice is to bill clients for LEXIS and Westlaw research at actual cost, which does not include amortization for maintenance and equipment;
- d. Overtime Expenses – WF&G’s practice is to allow any attorney working later than 8:00 p.m. and any legal assistant working later than 7:30 p.m. to charge a working meal to the appropriate client. The meal charge is limited to \$20 per person;
- e. Local Car Service – WF&G’s practice is to allow attorneys, legal assistants, and secretaries to charge car service to the appropriate client after 9:00 p.m.; and
- f. Delivery Services – WF&G’s practice is to charge postal, overnight delivery and courier services at actual cost.

53. Though WF&G’s practice is to bill clients for secretarial overtime and word processing at actual cost, WF&G, in its billing discretion, does not bill the Debtors for such charges.

PROCEDURE

54. WF&G has provided notice of this Application to: (a) the U.S. Trustee; (b) counsel to the Administrative Agent; (c) counsel to the Creditors’ Committee; and (d) all

parties that have requested notice pursuant to Bankruptcy Rule 2002 prior to the date of service hereof.⁴ WF&G submits that given the circumstances and the notice of the relief requested herein, no other or further notice is required.

55. Because the authority for the relief requested is referenced herein, WF&G respectfully requests the Court waive the requirement of Local Bankruptcy Rule 9013-1(b) that a memorandum of law be submitted herewith.

56. No previous application for the relief sought herein has been made to this or any other court.

⁴ Copies of the time records will be made available to parties in interest upon reasonable request.

CONCLUSION

WHEREFORE, WF&G respectfully requests that this Court enter an order:

(a) allowing WF&G interim compensation in an amount equal to \$1,264,258.00; (b) awarding WF&G reimbursement of actual, necessary expenses incurred in connection with the rendition of services during the First Application Period in the amount of \$60,949.36; (c) authorizing and directing the Debtors to pay to WF&G, to the extent not already paid, \$1,325,207.36, representing 100% of fees for services rendered during the First Application Period and 100% of expenses associated with such services; and (d) such other and further relief as may be just or proper.

Dated: July 14, 2009

WILLKIE FARR & GALLAGHER LLP
Counsel for Debtors and Debtors in Possession

By: /s/ Marc Abrams
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