

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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In re: : Chapter 11
: :
MIDWAY GAMES INC., et al., : 09-10465 (KG)
: :
Debtors. : (Jointly Administered)
: :
: **Objection Deadline: May 4, 2009 at 4:00 p.m. (ET)**
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**FIRST MONTHLY FEE APPLICATION OF
MILBANK, TWEED, HADLEY & M^cCLOY LLP FOR COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD FROM FEBRUARY 23, 2009 THROUGH FEBRUARY 28, 2009**

Name of Applicant: Milbank, Tweed, Hadley & M^cCloy LLP

Authorized to Provide
Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: March 27, 2009, *nunc pro tunc* February 23, 2009

Period for Which Compensation
and Reimbursement is Sought: February 23, 2009 through February 28, 2009

Amount of Compensation Sought
As Actual, Reasonable and Necessary: \$103,698.75 (80% of Fees = \$82,959.00)

Amount of Expense Reimbursement
Sought as Actual, Reasonable and
Necessary: \$1,409.22

This is a/an: X monthly _____ interim _____ final application.

The total time expended for preparation of this application is approximately 13.2 hours.¹

This is the first monthly application filed by Milbank, Tweed, Hadley & M^cCloy LLP in these cases.

¹ Allowance for compensation for such time is not requested in this Application but may be sought in a subsequent monthly fee application.

**FIRST MONTHLY APPLICATION OF
MILBANK, TWEED, HADLEY & M^CCLOY LLP: COUNSEL TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
(FEBRUARY 23, 2009 THROUGH FEBRUARY 28, 2009)**

Name	Position; Experience	Hourly Rate	Total Hours	Total Compensation
Gregory A. Bray	Milbank Financial Restructuring Partner for 8 years; admitted to CA Bar in 1984.	\$995	26.00	\$25,870.00
Linda Dakin-Grimm	Milbank Litigation Partner for 10 years; admitted to CA Bar in 1985, DC Bar in 2006 and NY Bar in 2007.	\$995 \$497.50*	2.00 3.00	\$11,940.00 \$1,492.50
Neil J. Wertlieb	Milbank Global Corporate Partner for 12 years; admitted to CA Bar in 1984.	\$925	3.20	\$2,960.00
Brett D. Goldblatt	Milbank Global Corporate Partner for 4 years; admitted to CA Bar in 1998.	\$825	0.50	\$412.50
David B. Zolkin	Milbank Financial Restructuring Associate for 10 years; admitted to CA Bar in 1991.	\$685 \$342.50*	5.10 11.30	\$17,193.50 \$3870.25
Alisa Schlesinger	Milbank Litigation Associate for 4 years; admitted to CA Bar in 2003.	\$600	18.80	\$11,280.00
Aluyah I. Imoisili	Milbank Litigation Associate for 3 years; admitted to CA Bar in 2006.	\$550	24.10	\$13,255.00
Elena Kilberg	Milbank Litigation Associate for 2 years; admitted to CA Bar in 2007.	\$515	11.40	\$5,871.00
Roger Lee	Milbank Financial Restructuring Associate since 2008 (not yet admitted).	\$440	21.10	\$9,284.00
Richard Cosentino	Legal Assistant	\$270	1.00	\$270.00
Total		\$658.40 (blended rate)²	157.50 Hours	\$103,698.75

² The blended rate excluding paraprofessionals is \$660.89 per hour.

* Per rule 2016-2(d)(viii) of the Local Rules of the Bankruptcy Court for the District of Delaware, Milbank bills travel time at 50% of normal rates.

**SUMMARY OF SERVICES RENDERED DURING
MILBANK, TWEED, HADLEY & M^CCLOY LLP'S
FIRST MONTHLY PERIOD AS COUNSEL TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
(FEBRUARY 23, 2009 THROUGH FEBRUARY 28, 2009)**

ACTIVITY	HOURS	FEES
Asset Sales	3.40	\$3,097.00
Case Administration/U.S. Trustee Compliance	7.20	\$3,266.00
Committee Administration	20.20	\$14,986.00
Committee Meetings	16.10	\$12,361.50
Debtor-in-Possession Meetings and Communications	8.60	\$8,061.00
Financing (Cash Collateral)	6.20	\$5,840.00
Employee Bonus Issues	0.40	\$274.00
Insider Analysis	6.50	\$3,347.50
Insider Discovery	59.40	\$38,950.00
Retention of Professionals	15.20	\$8,153.00
Travel Time ³	14.30	\$5,362.75
Total⁴	157.50	\$103,698.75

³ Per rule 2016-2(d)(viii) of the Local Rules of the Bankruptcy Court for the District of Delaware, Milbank bills travel time at 50% of normal rates.

⁴ Milbank actually incurred an additional 18.7 hours of attorney time during the relevant time period, representing an additional \$11,597.50 in attorneys fees. Milbank has voluntarily excluded this time, and the fees attributable thereto, from this Application.

**SUMMARY OF SERVICES RENDERED DURING
MILBANK, TWEED, HADLEY & McCLOY LLP'S
FIRST MONTHLY PERIOD AS COUNSEL TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS
(FEBRUARY 23, 2009 THROUGH FEBRUARY 28, 2009)**

DISBURSEMENTS	AMOUNT
Cab Fares/Local Travel	\$150.67
Computer Database Research	\$893.25
Photocopies/Printing	\$343.80
Telephone	\$21.50
TOTAL DISBURSEMENTS	<u>\$1,409.22</u>

**UNITED STATES BANKRUPTCY COURT
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 MIDWAY GAMES INC., et al., : 09-10465 (KG)
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MILBANK, TWEED, HADLEY & M^cCLOY LLP FOR COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD FROM FEBRUARY 23, 2009 THROUGH FEBRUARY 28, 2009**

Pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (as amended, the “Bankruptcy Rules”), Rule 2016-2 of the Local Bankruptcy Rules for the District of Delaware (the “Local Rules”), the Court’s Order Pursuant To 11 U.S.C. §§ 105(a) and 331 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses Of Professionals, dated March 9, 2009 (D.I. 139, the “Compensation Procedures Order”), and the Court’s Order Under 11 U.S.C. § 1103 and Fed. R. Bankr. P 2014 And 5002, Authorizing Retention And Employment Of Milbank, Tweed, Hadley and M^cCloy LLP As Counsel To Official Committee Of Unsecured Creditors Of Midway Games Inc., et al., Effective As Of February 23, 2009, dated March 26, 2008 (D.I. 194, the “Milbank Retention Order”), Milbank, Tweed, Hadley & M^cCloy LLP (“Milbank”), counsel to the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) of Midway Games Inc., et al. (together, the “Debtors”), debtors and debtors in possession in the above-captioned chapter 11 cases, hereby files this monthly application (the “Application”) for allowance of

compensation and reimbursement of expenses for the period of February 23, 2009 through and including February 28, 2009 (the "First Monthly Period"). By this Application, Milbank seeks (i) payment of \$82,959.00, which is equal to eighty percent (80%) of the total amount of compensation sought for professional services rendered during the First Monthly Period, and (ii) reimbursement of one-hundred percent (100%) of its actual and necessary expenses incurred during the First Monthly Period in the amount of \$1,409.22. In support of this Application, Milbank respectfully represents as follows:

Background

1. On February 12, 2009 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.
2. On February 23, 2009, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed the Creditors' Committee.
3. On February 23, 2009, the Creditors' Committee duly selected Milbank as counsel to represent its interests during the pendency of the Debtors' chapter 11 cases. On March 27, 2009, this Court entered the Milbank Retention Order pursuant to section 1103 of the Bankruptcy Code and Bankruptcy Rules 2014 and 5002, authorizing the Creditors' Committee to retain and employ Milbank as counsel as of February 23, 2009.
4. On March 10, 2009, this Court entered the Compensation Procedures Order. In accordance with the Compensation Procedures Order, professionals retained in these cases are permitted to file monthly fee applications for interim approval of compensation no earlier than the twentieth (20th) day of the month following the month for which the professional is seeking payment. The Compensation Procedures Order also authorizes a professional to file a certificate of no objection with the Court, upon the expiration of twenty (20) days after service of

a monthly fee application, after which the Debtors are authorized and directed to pay the professional an amount equal to eighty percent (80%) of the fees and one-hundred percent (100%) of the expenses requested in the applicable monthly fee application. Accordingly, in this Application, Milbank seeks payment of eighty percent (80%) of its requested fees, *i.e.*, \$82,959.00, and one-hundred percent (100%) of its requested expenses, *i.e.*, \$1,409.22, for a total of \$84,368.22.

5. The Compensation Procedures Order also provides that professionals are to file and serve upon the notice parties at three month intervals a request (an "Interim Fee Application") for interim Court approval and allowance of the fees and reimbursement of expenses sought in the monthly fee applications during such interim fee periods. Upon entry of an order approving the relief requested in an Interim Fee Application (the "Interim Fee Order"), the Debtors are authorized and directed to pay the professional one-hundred percent (100%) of the fees and expenses requested by that Interim Fee Application (less any amounts previously paid in connection with the monthly fee applications). Any payment made pursuant to the monthly fee applications or the Interim Fee Orders is subject to final approval of all fees and expenses at a hearing on the professional's final fee application.

Fee Application

6. By this Application, Milbank seeks interim payment of \$82,959.00, equal to eighty percent (80%) of the total amount of compensation sought for professional services rendered on behalf of the Creditors' Committee during the First Monthly Period, and \$1,409.22 for reimbursement of its actual, reasonable and necessary expenses incurred in connection with rendering such services. The fees sought in this Application reflect an aggregate of 157.50 hours of attorney and paraprofessional time spent and recorded in performing services for the

Creditors' Committee during the First Monthly Period, at a blended hourly rate of \$658.40 for both professionals and paraprofessionals. The blended hourly rate excluding paraprofessionals is \$660.89.

7. Milbank rendered services for which compensation is sought solely in connection with these cases, in furtherance of the duties and functions of the Creditors' Committee. Milbank maintains written records of the time expended in the rendition of the professional services required by the Creditors' Committee. These records are maintained in the ordinary course of Milbank's practice.

8. For the convenience of the Court and parties in interest, attached hereto as part of the cover sheet is a billing summary for the First Monthly Period, setting forth the name of each attorney and paraprofessional for whose work on these cases compensation is sought, each attorney's year of bar admission, the aggregate time expended by each such attorney or paraprofessional, the hourly billing rate for each such attorney or paraprofessional at Milbank's current billing rates and an indication of the individual amounts requested as part of the total amount of compensation requested. Additionally, set forth in the billing summary is further information indicating whether each attorney is a partner, associate, senior attorney or counsel, how many years each attorney has held such position with Milbank and each attorney's primary area of concentration. The compensation requested by Milbank is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

9. Set forth as Exhibit A hereto are time entry records recorded in tenths of an hour and by project category with a detailed description of services performed by each attorney and paraprofessional on behalf of the Creditors' Committee.

10. Milbank also maintains contemporaneous records of all actual and necessary expenses incurred in connection with performing professional services. A summary of the expenses incurred is set forth on the cover sheet. The summary lists the amounts and categories of expenses for which reimbursement is sought and a breakdown of expenses by project category. Attached hereto as Exhibit B is a breakdown of the expenses, including the date the expense was incurred, the charge and the individual incurring the expense. The summary lists the amounts and categories of expenses for which reimbursement is sought and a breakdown of expenses by project category. Milbank has incurred actual and necessary out-of-pocket expenses during the First Monthly Period in the amount of \$1,409.22.

Summary of Services Rendered

11. To provide an orderly and meaningful summary of the services rendered on behalf of the Creditors' Committee, Milbank established separate project billing categories for these cases. Milbank's professionals billed time to the following categories during the First Monthly Period:

- Asset Sales
- Case Administration/US Trustee Compliance
- Committee Administration
- Committee Meetings
- Debtor-in-Possession Meetings and Communications
- Employee Bonus Issues
- Financing (Cash Collateral)
- Insider Analysis
- Insider Discovery
- Retention of Professionals
- Travel Time

12. The following summary of services rendered is intended only to highlight matters where Milbank expended a considerable number of hours on behalf of the Creditors' Committee during the First Monthly Period, and it is not meant to be a detailed description of all

of the work performed. This Application does not detail each and every correspondence, meeting, discussion, court appearance and all research conducted by Milbank during the First Monthly Period. Rather, such detail is set forth in Exhibit A attached hereto.

13. General Overview of Services Rendered. Due to the unique nature of the Debtors' recent history and the issues raised by the Cash Collateral Motion (defined below) and by certain other motions and applications of the Debtors, Milbank was required to take an exceptionally proactive role immediately from the outset of its selection as counsel to the Creditors' Committee. Milbank rendered a variety of services on behalf of the Creditors' Committee (which services are described in detail in Exhibit A attached hereto). Among other things, Milbank rendered general services related to the administration of the Creditors' Committee and performed such other legal services as were required and deemed to be in the interests of the Creditors' Committee. In connection therewith, Milbank conducted Creditors' Committee meetings; reviewed and analyzed motions, applications and objections; apprised the Creditors' Committee of events in the Debtors' bankruptcy cases and conducted numerous meetings and telephone conferences with the Debtors' advisors, the Creditors' Committee's co-counsel, the Creditors' Committee's financial advisor, attorneys for individual Committee members and Committee members themselves. In addition to the more traditional creditors' committee services provided by Milbank's financial restructuring attorneys, at the instruction of the Creditors' Committee, Milbank's litigators immediately commenced discovery and legal analysis regarding various claims belonging to the Debtors' estates against certain insiders and former insiders of the Debtors.

14. Case Administration/U.S. Trustee Compliance. During the First Monthly Period, Milbank, among other activities within this category, reviewed and prepared for the

benefit of the Creditors' Committee summaries of all of the Debtors' initial motions that were still pending at the time the Creditors' Committee was appointed.

Fees: \$3,266.00 – Hours: 7.2

15. Committee Administration. During the First Monthly Period, Milbank attorneys, among other administrative matters that they addressed, commenced preparation of bylaws for the Creditors' Committee and negotiated and commenced drafting a form of confidentiality agreement, initially insisted upon by the Debtors as a condition to their sharing of highly sensitive, confidential information with the Creditors' Committee. Milbank also researched and considered specific issues raised by the Debtors' counsel in connection with the confidentiality provisions being negotiated.

Fees: \$14,986.00 – Hours: 20.2

16. Committee Meetings. Milbank prepared for and attended meetings of the Creditors' Committee immediately upon its formation and thereafter.

Fees: \$12,361.50 – Hours: 16.1

17. Debtor-in-Possession Meetings and Communications. In addition to telephone calls and correspondence with counsel for the Debtors, Milbank participated in a face-to-face meeting that took place between the Committee and the Debtors' management and professionals on February 27, 2009 at Milbank's New York offices.

Fees: \$8,061.00 – Hours: 8.6

18. Financing (Cash Collateral) and Insider Analysis. Due to the nature of the issues implicitly raised in the Debtors' motion for authorization to use cash collateral (the "Cash Collateral Motion") (D.I. 14), including, without limitation, issues relating to the conduct and activities of the Debtors' former controlling shareholder and purported senior secured lender

Sumner Redstone (“Redstone”), and his majority-owned and controlled National Amusements, Inc. (“NAI”), and Mark Thomas, who purchased Redstone’s and NAI’s equity and purported secured debt positions in the Debtors only two-and-a-half months prior to the Petition Date (the “Redstone–Thomas Transaction”), services set forth in these two separate categories are tied closely to one another. These categories include services performed by Milbank, other than in connection with discovery, relating to the Creditors’ Committee’s opposition to the Cash Collateral Motion.

Fees: \$9,187.50 – Hours: 12.7

19. Insider Discovery. Immediately upon Milbank’s retention by the Creditors’ Committee, Milbank commenced preparation of discovery that would prove essential to preventing the relief sought in the Cash Collateral Motion that would benefit Mark Thomas. Among other activities performed under this category, Milbank commenced its preparation of document requests, deposition notices and subpoenas of various parties in connection with the contested Cash Collateral Motion. Milbank also addressed discovery requests made by Mark Thomas and others in connection with the contested Cash Collateral Motion.

Fees: \$38,950.00 – Hours: 59.4

20. Retention of Professionals. This category includes all matters related to the retention of professionals by the Debtors and Creditors’ Committee in these cases. During the First Monthly Period, Milbank reviewed and considered issues in connection with retention applications filed by each of the professionals that the Debtors sought to retain. In particular, it focused on the application filed by Dewey & LeBoeuf LLP, as proposed counsel to the Debtors’ board of directors, and the application of Lazard Frères & Co. LLC, as proposed financial advisor to the Debtors. Ultimately, the application of each of these firms was materially

modified to address concerns properly raised by the Creditors' Committee. Milbank also commenced preparation of its own retention application.

Fees: \$8,153.00 – Hours: 15.2

**Requested Compensation and Expense
Reimbursement Should Be Approved**

21. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 of the Bankruptcy Code to govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional employed under section 1103 of the Bankruptcy Code "reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses." Section 330 of the Bankruptcy Code also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded...

the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including --

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and expertise in the bankruptcy field; and

- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. § 330(a)(3).

22. The professional services rendered by Milbank during the First Monthly Period have required a high degree of professional competence and expertise so that the numerous issues requiring the Creditors' Committee's evaluation and action could be addressed with skill and dispatch. Milbank respectfully submits that it has rendered these services to the Creditors' Committee efficiently, effectively, economically and without duplication of services performed by any other professional in these cases. In addition, the work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task. Milbank further submits the requested compensation is reasonable in light of the nature, extent and value of such services to the Creditors' Committee and all other parties in interest.

23. In connection with the reimbursement of actual, reasonable and necessary expenses, it is Milbank's policy to charge clients in all areas of practice for its expenses incurred, other than fixed and routine overhead expenses. The expenses charged to Milbank's clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document word-processing charges, photocopying charges, out-of-town travel expenses, local transportation expenses, expenses for working meals, computerized research, transcription costs and non-ordinary overhead expenses particularly attributable to an individual client or case, such as secretarial and other overtime. A detailed list of expenses is set forth in Exhibit B.

24. Milbank has charged the Creditors' Committee for these expenses at rates consistent with those charged to Milbank's other bankruptcy clients, which rates are equal to or

less than the rates charged by Milbank to its non-bankruptcy clients. Milbank seeks reimbursement from the Debtors at the following rates for the following expenses: (a) ten cents (\$0.10) per page for photocopying, (b) no charge for incoming facsimiles and (c) one dollar (\$1) per page for out-going facsimiles.

25. Attorneys at Milbank have not incurred and will not incur expenses for luxury accommodations or air travel in excess of coach fares. Throughout the First Monthly Period, Milbank has been keenly aware of cost considerations and has tried to minimize the expenses charged to the Debtors' estates.

26. To the best of Milbank's knowledge, this Application complies with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, any guidelines promulgated by the United States Trustee for this district, the Local Rules and orders of this Court and the Compensation Procedures Order.

Reservation

27. To the extent time charges for services rendered or disbursements incurred relating to the First Monthly Period were not processed prior to the preparation of this Application, or Milbank has for any other reason not sought compensation or reimbursement of expenses herein with respect to any services rendered or expenses incurred during the First Monthly Period, Milbank reserves the right to request additional compensation for such services and reimbursement of such expenses in a future application. The undersigned has reviewed the requirements of Local Rule 2016-2 and certifies to the best of his information, knowledge and belief that this Application complies with Local Rule 2016-2.

Notice

28. No trustee or examiner has been sought or appointed in these cases. In accordance with the Compensation Procedures Order, this Application has been served on (i) Midway Games Inc., 2704 West Roscoe Street, Chicago, IL 60618, Attn: Deborah K. Fulton; (ii) Counsel for the Debtors, Blank Rome LLP, 1201 North Market Street, Suite 800, Wilmington, DE 19801, Attn: Michael D. DeBaecke; (iii) Counsel for the Lender, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, NY 10036, Attn: Gordon Novod; (iv) the Office of the United States Trustee, 844 King Street, Suite 2313, Wilmington, Delaware 19801, Attn: David Buchbinder. Notice of this Application was also served upon all parties requesting notice pursuant to Bankruptcy Rule 2002.

No Prior Request

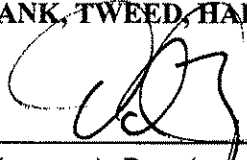
29. No previous request for the relief sought herein has been made to this or any other court.

WHEREFORE, Milbank respectfully requests (i) payment of \$82,959.00, which is equal to eighty percent (80%) of the total amount of compensation sought for professional services rendered during the First Monthly Period, and (ii) reimbursement of one-hundred percent (100%) of its actual and necessary expenses incurred during the First Monthly Period in the amount of \$1,409.22, for a grand total of \$84,368.22.

Dated: Los Angeles, California
April 14, 2009

MILBANK, TWEED, HADLEY & McCLOY LLP

By: _____


Gregory A. Bray (*pro hac vice*)
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Midway Games Inc., et al.