

HEARING DATE AND TIME: AUGUST 5, 2009 AT 10:00 A.M.
OBJECTION DEADLINE: JULY 28, 2009 AT 4:00 P.M.

SONNENSCHN NATH & ROSENTHAL LLP
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*Counsel for the Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
: In re: : Chapter 11
: :
: YOUNG BROADCASTING INC. *et al.*, : Case No. 09-10645 (AJG)
: :
: Debtors.¹ : (Jointly Administered)
: :
-----X

**COVER SHEET TO FIRST INTERIM FEE APPLICATION OF
SONNENSCHN NATH & ROSENTHAL LLP, COUNSEL FOR THE DEBTORS AND DEBTORS IN
POSSESSION FOR ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
INCURRED AND POSTED FROM FEBRUARY 13, 2009, THROUGH MAY 31, 2009**

Name of Applicant:	Sonnenschein Nath & Rosenthal LLP
Authorized to Provide Professional Services To:	Debtors and Debtors in Possession
Date of Retention:	March 12, 2009, effective as of February 13, 2009
Period for which Compensation and Reimbursement is Sought:	February 13, 2009, through May 31, 2009
Total Hours Billed:	2843.60
Amount of Compensation Sought as Actual, Reasonable and Necessary from February 13, 2009, through May 31, 2009:	\$1,563,607.00
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary from February 13, 2009, through May 31, 2009:	\$40,757.88
Fees Previously Requested:	None
Fees Previously Awarded:	None
Expenses Previously Requested:	None

¹ The Debtors in these cases are Young Broadcasting Inc., Young Broadcasting of Lansing, Inc., Young Broadcasting of Louisiana, Inc.; Young Broadcasting of Nashville, LLC; Young Broadcasting of Albany, Inc.; Young Broadcasting of Richmond, Inc.; Young Broadcasting of Knoxville, Inc.; Young Broadcasting of Green Bay, Inc.; Young Broadcasting of Davenport, Inc.; Young Broadcasting of Sioux Falls, Inc.; Young Broadcasting of Rapid City, Inc.; Young Broadcasting of San Francisco, Inc.; Young Broadcasting of Nashville, Inc.; Young Broadcasting of Los Angeles, Inc.; Young Broadcasting Shared Services, Inc.; Adam Young Inc.; WKRN, G.P.; WATE, G.P.; KLFY, L.P.; YBT, Inc.; YBK, Inc.; LAT, Inc.; Winnebago Television Corporation; Fidelity Television, Inc.; and Honey Bucket Films, Inc.

Expenses Previously Awarded:	None
Monthly Fees Requested:	\$1,563,607.00
Monthly Fees Paid:	\$1,250,885.00
Monthly Fees Heldback and Due:	\$312,721.40
Monthly Expenses Requested:	\$40,757.88
Monthly Expenses Paid:	\$40,757.88

This Application is: **X** **Interim** **Final**

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YOUNG BROADCASTING INC. *et al.*, : Case No. 09-10645 (AJG)
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Debtors.¹ : (Jointly Administered)
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**FIRST INTERIM FEE APPLICATION
OF SONNENSCHN NATH & ROSENTHAL LLP,
COUNSEL FOR THE DEBTORS AND DEBTORS IN POSSESSION
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED
AND POSTED FROM FEBRUARY 13, 2009, THROUGH MAY 31, 2009**

¹ The Debtors in these cases are Young Broadcasting Inc., Young Broadcasting of Lansing, Inc., Young Broadcasting of Louisiana, Inc.; Young Broadcasting of Nashville, LLC; Young Broadcasting of Albany, Inc.; Young Broadcasting of Richmond, Inc.; Young Broadcasting of Knoxville, Inc.; Young Broadcasting of Green Bay, Inc.; Young Broadcasting of Davenport, Inc.; Young Broadcasting of Sioux Falls, Inc.; Young Broadcasting of Rapid City, Inc.; Young Broadcasting of San Francisco, Inc.; Young Broadcasting of Nashville, Inc.; Young Broadcasting of Los Angeles, Inc.; Young Broadcasting Shared Services, Inc.; Adam Young Inc.; WKRN, G.P.; WATE, G.P.; KLFY, L.P.; YBT, Inc.; YBK, Inc.; LAT, Inc.; Winnebago Television Corporation; Fidelity Television, Inc.; and Honey Bucket Films, Inc.

Sonnenschein Nath & Rosenthal LLP ("Sonnenschein"), attorneys for the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for its first interim fee application (the "Application"), pursuant to section 330 of the title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Bankruptcy Rule 2016-1, requests allowance of compensation for professional services rendered and reimbursement of expenses incurred and posted during the period from February 13, 2009, through May 31, 2009 (the "Application Period"). Sonnenschein respectfully states as follows:

JURISDICTION

1. This Court has subject matter jurisdiction to consider this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and may be determined by the Bankruptcy Court. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

2. On February 13, 2009 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. Pursuant to an Order dated February 17, 2009, these cases are jointly administered.

4. On February 26, 2009, an official committee of unsecured creditors (the "Creditors' Committee") was appointed in these cases.

5. No request for the appointment of a trustee or examiner has been made.

6. On March 12, 2009 the Court entered an Order Authorizing the Retention of Sonnenschein Effective as of February 13, 2009 (the “Retention Order”). A copy of the Court’s order is annexed hereto as Exhibit A.

7. On March 12, 2009 the Court entered a Order Establishing Procedures for Interim Monthly Compensation for Professionals (the “Interim Compensation Order”). In accordance with the procedures set forth in the Interim Compensation Order, Sonnenschein has previously submitted monthly fee statements to the Debtors seeking compensation of fees and reimbursement of expenses for the months of February, March, April, and May 2009.

Sonnenschein has received payments of monthly fees for the Application Period in the aggregate amount of \$1,250,855.60 and reimbursement of expenses incurred during the Application Period in the aggregate amount of \$40,757.88. The following table summarizes the current status of each monthly statement, including amounts received.

DATE FILED	PERIOD COVERED	FEES REQUESTED	FEES PAID	HOLDBACK	EXPENSES REQUESTED	EXPENSES PAID
3/30/2009 [docket no. 196]	2/13/2009 - 2/28/2009	\$296,109.00	\$236,887.20	\$59,221.80	\$3785.62	\$2935.62
4/8/2009 [docket no. 226]	3/1/2009 - 3/31/2009	\$482,441.00	\$385,952.80	\$96,488.20	\$16,025.42	\$15,175.42
5/11/2009 [docket no. 332]	4/1/2009 - 4/30/2009	\$486,833.00	\$389,466.40	\$97,366.60	\$10,847.04	\$10,847.04
6/10/2009 [docket no. 396]	5/1/2009 - 5/31/2009	\$298,224.00	\$238,579.20	\$59,644.80	\$11,799.80	\$11,799.80
	TOTALS	\$1,563,607.00	\$1,250,885.60	\$312,721.40	\$42,457.88	\$40,757.88

COMPLIANCE WITH GUIDELINES

8. This Application has been prepared in compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, adopted by this Court on April 19, 1995 (the “Local Guidelines”), and the United States

Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines”). Pursuant to Local Guidelines, a certification regarding compliance is attached hereto as Exhibit B.

SUMMARY OF APPLICATION

9. Since February 13, 2009, Sonnenschein has rendered professional services to the Debtors as requested and as necessary and appropriate in furtherance of the Debtors’ reorganization efforts. As the Debtors’ bankruptcy counsel, it has been necessary for Sonnenschein to expend considerable amounts of time, energy and resources to assist the Debtors continue their businesses, address the various and complex issues which arise in Chapter 11 cases and begin the process of reorganization. In so doing, Sonnenschein professionals and paraprofessionals have engaged in all types of tasks commonly required in chapter 11 cases, including filing and responding to pleadings, preparing for and attending court proceedings, conducting research, advising the Debtors on the chapter 11 process and coordinating with the Debtors’ employees, other professionals and other parties in interest through meetings and conference calls. As of May 31, 2009, there were 362 entries on the Debtors’ docket, many of which required attention by Sonnenschein attorneys. Additionally, Sonnenschein successfully addressed scores of additional inquiries and issues, many of which might well otherwise have become contested matters. Through all of this, Sonnenschein has tried to be as efficient as possible to minimize cost to the Debtors’ estates.

10. Attached hereto as Exhibit C are copies of daily time records of services performed during the Application Period of all professionals and paraprofessionals, on a monthly

basis, and segregated by matter category. As more fully set forth below, the professional services rendered by Sonnenschein included, among other matters:

- (i) assisting and advising the Debtors regarding the administration of their chapter 11 cases, including complying with the United States Trustee's guidelines and preparation of the Debtors' schedules and statements of financial affairs;
- (ii) assisting, advising and representing the Debtors in the negotiation of use of cash collateral, including drafting the appropriate motion and orders;
- (iii) assisting, advising and representing the Debtors in the formulation and drafting of a sale motion, bidding procedures and other related documents;
- (iv) assisting, advising and representing the Debtors in the drafting and negotiation of asset purchase agreements with various prospective bidders for substantially all of the Debtors' assets;
- (v) assisting, advising and representing the Debtors in the negotiation of various contract amendments and the preparation of the necessary documents to obtain authorization to assume the modified agreements.

11. In total, the professionals and paraprofessionals of Sonnenschein devoted roughly 2843.60 hours in the rendition of professional services on the Debtors' behalf. Attached hereto as Exhibit D is a summary chart setting forth the name of, admission date (if applicable), the hours worked, the hourly billing rates, and the total charges of each Sonnenschein attorney or paraprofessional that rendered services to the Debtors during the Application Period. Also attached as Exhibit E is a summary of hours spent, and fees incurred by matter category for the Application Period.

12. In addition Sonnenschein is requesting reimbursement of disbursements in the amount of \$40,757.88 for expenses incurred during the Application Period. A schedule setting

forth the categories of expenses for which Sonnenschein is seeking reimbursement and the total amount for each expense category for the Application Period is attached hereto as Exhibit F.

SUMMARY OF SERVICES RENDERED

13. Set forth below is a description of the services rendered during the Application Period.² The professionals and paraprofessionals of Sonnenschein maintained records of their time concurrently with the rendition of the services. These time records are attached hereto as Exhibit C. Those entries describe in complete detail, by matter category, the services rendered.³ Accordingly, the following summary is intended to highlight a number of the services rendered by Sonnenschein in the separate billing categories where Sonnenschein expended a considerable number of hours. It is not meant to be a detailed description of all the work performed by Sonnenschein during the Application Period, as those day-to-day services and time expended in performing such services are fully set forth in Exhibit C.

Matter 0001 -- Restructuring

14. This matter includes legal services provided in connection with filing the Debtors' chapter 11 petitions on the Petition Date and related pleadings and notices in the initial days of these chapter 11 cases, including negotiating with various stakeholders to resolve outstanding issues regarding the Debtors' first-day motions and early assessments of the implications of various restructuring scenarios.

² There may be additional Fees and Expenses for the Application Period which may be included in subsequent fee applications.

³ Although Sonnenschein attorneys did not bill to all matters during the Application Period, Sonnenschein reserves the right to bill to such matters in future fee applications.

Matter 0003 -- Business Operations

15. Following the Petition Date, Sonnenschein worked closely with the Debtors' management to provide advice and assist management implement procedures with respect to its business operations to ensure compliance with provisions of the Bankruptcy Code, United States Trustee guidelines and first and second-day orders entered by the Court. Accordingly, the time recorded in this matter includes time spent strategizing with the Debtors' management team and professional regarding priorities, educating management and key employees on the chapter 11 process and its effect on day-to-day operations and collaborating with senior management and the Debtors' other professionals with respect to various restructuring strategies and initiatives relating to the stabilization of business operations.

Matter 0004 -- Employee Matters

16. This matter includes services performed by Sonnenschein professionals related to employment issues. From the outset of these chapter 11 cases, Sonnenschein attorneys have spent considerable time advising the Debtors with respect to various matters related to their obligations to employees. Accordingly, this matter includes time spent preparing and reviewing forms for submission to the Pension Benefit and Guaranty Corporation, conducting research and drafting memoranda related to the Debtors' pension plans and obligations under applicable nonbankruptcy laws and evaluating the Debtors' collective bargaining agreements.

Matter 0005 -- Intellectual Property and Licenses

17. Time recorded under this matter was primarily devoted to assessing the Debtors programming licenses.

Matter 0006 -- Press/Public Affairs

18. Time recorded in this matter was devoted primarily to drafting press releases regarding the Debtors' bankruptcy filing and attending to questions from the public. Among other things, Sonnenschein professionals responded to various press inquiries regarding these chapter 11 cases and advised the Debtors on responding to press inquiries and other corporate communications issues. Sonnenschein professionals also spent time in this matter assessing and countering the impact on the Debtors and their estates of the various reports in the media regarding the Debtors' restructuring plans.

Matter 0007 -- Automatic Stay Matters/Litigation

19. Time recorded in this matter was devoted to assessing the impact of actual and potential violations of the automatic stay. Specifically, Sonnenschein attorneys assessed pending litigation against the Debtors as of the Petition Date and took measures to stay such litigation. Sonnenschein attorneys reviewed issues and responded to action taken by certain parties in violation of the automatic stay, drafted correspondence to many parties regarding compliance with the automatic stay and advised the Debtors' management and employees of the automatic stay's applicability. Through these efforts, Sonnenschein professionals were able to protect the Debtors' estates from prohibited conduct.

Matter 0012 -- SEC Reporting, Disclosures, and Other Related Matters

20. Time recorded in this category was primarily devoted to complying with SEC reporting requirements. Equity interests in the Debtors were publicly traded, and, as such, the Debtors were required to comply with a host of SEC rules and regulations. Sonnenschein professionals analyzed those regulations, assessed their impact on the Debtors, and ensured that the Debtors did not run afoul of disclosure requirements and other SEC regulations. Through

these efforts, Sonnenschein eased the Debtors' transition into chapter 11 with minimal impact on SEC reporting, disclosure, and other requirements.

Matter 0013 -- Secured Creditor Matters

21. Time recorded in this category was devoted to preparing for and attending meetings with the Debtors' prepetition secured creditors. The Debtors' secured lenders are critical stakeholders in these cases, and Sonnenschein professionals met with them regularly, provided them with updates, and generally consulted with them on various aspects of the Debtors' cases.

Matter 0014 -- Vendor Matters

22. Time recorded in this category was devoted to maintaining an affable relationship with the Debtors' vendors which are crucial to the Debtors' business operations. After the Petition Date, Sonnenschein attorneys were in contact with the Debtors' vendors primarily to discuss amounts owed and the allocation and payment of such outstanding amounts. In addition, Sonnenschein attorneys worked with the Debtors' vendors to ensure that the Debtors received needed products and services in order to ensure the continuation of the Debtors' business operations following the Petition Date. The efforts of Sonnenschein's professionals in this regard were particularly important because the Debtors' did not seek approval of a critical vendors motion; however, by spending the time necessary to assure vendors that payment would be remitted and that the Debtors had the requisite authority to continue operations facilitated the Debtors' smooth transition into chapter 11.

Matter 0015 -- Preparation for and Attendance at Hearings

23. Time spent in this category includes services performed by Sonnenschein in preparing for and attending the omnibus hearings scheduled in these cases.

Matter 0016 -- Contested Matters/Motions

24. Time spent in this category was devoted to drafting and responding to various motions and other pleadings filed in these cases. During the Application Period, Sonnenschein attorneys drafted numerous motions, responded to objections thereto, and formulated responses to the motions and applications of other parties in interest in these cases. Among these were the bidding procedures motion, the Debtors' motion to extend exclusivity, a motion authorizing severance payments to employees other than senior management and a myriad of motions to assume key contracts.

Matter 0018 -- Fee Application Matters/Objections (Self)

25. Time recorded in this category relates to the preparation of Sonnenschein's monthly statements for the Application Period.

Matter 0019 -- Leases (Real Property)

26. Time recorded in this matter was devoted to reviewing certain lease termination clauses in light of the automatic stay and exceptions thereto. This matter also reflects time spent negotiating certain leases with landlords.

Matter 0020 -- Tax Audits/Litigation

27. Time recorded in this category was primarily devoted to reviewing the status state sales tax audits and assessing the impact of state and federal tax laws on the Debtors' restructuring scenarios.

Matter 0021 -- Asset Dispositions, Sales, Uses, and Leases (Section 363)

28. Time recorded in this matter relates to services performed by Sonnenschein professionals in connection with the potential disposition of substantially all the Debtors' assets. These services included drafting a form asset purchase agreement circulated to all prospective

bidders, drafting and negotiating confidentiality agreements with prospective bidders, negotiating the terms of asset purchase agreements with prospective stalking horse bidders, coordinating the bid solicitation and evaluation process with the Debtors' other professionals, educating senior management on the Section 363 process and communicating with prospective bidders and their professionals regarding a potential transaction.

Matter 0022 -- Fee Application Matters/Objections (Others)

29. Time recorded in this category relates to the preparation, review, filing and or service of the monthly statements on behalf of other professionals retained in these cases.

Matter 0024 -- Reports, Statements, and Schedules

30. This matter reflects time spent by Sonnenschein professionals assisting the Debtors in the preparation of their schedules and statements of financial affairs, amending the same and reviewing monthly operating reports.

Matter 0025 -- Retention Matters (Others)

31. This category relates to the preparation of applications for the retention of the Debtors' other professionals and reviewing the applications to employee professionals for the Creditors' Committee. Significant time was spent during the Application Period defending objections filed by the Debtors' prepetition secured lenders and the Creditors' Committee to the retention of the Debtors' financial advisor.

Matter 0026 -- U.S. Trustee Matters and Meetings

32. This category relates to time spent meeting with or responding to inquiries from the United States Trustee's office with respect to various issues in this case and the general state of the Debtors operations and businesses.

Matter 0030 -- Cash Collateral and DIP Financing

33. Time recorded in this matter relates negotiating and obtaining authorization to use cash collateral. The terms of the cash collateral order were heavily negotiated with the Debtors' secured lender group. After receiving Court approval, the Debtors have used cash collateral to support the working capital and general corporate purposes of the Debtors and pay the expenses incurred during the pendency of the chapter 11 cases. The cash collateral order has certain reporting requirements that the Debtors are obligated to fulfill to the secured lender group and others. Time spent in this category was devoted, in part, to fulfilling those weekly reporting requirements.

Matter 0031 -- Claims Analysis, Administration, and Objections

34. Time spent in this matter was devoted, in part, to interacting with the Debtors' claims agent -- Epiq Bankruptcy Solutions, LLC -- to facilitate the claims and noticing process in these cases, including, but not limited to, the establishment of a claims bar date. In addition, Sonnenschein professionals researched and analyzed the status of various creditors' claims in these cases and assessed the impact of the Debtors' restructuring scenarios on various claims and creditors in these cases.

Matter 0035 -- Regulatory Matters (Non-SEC, Non-Environmental)

35. Time recorded in this matter relates to addressing issues related to the Federal Communications Commission (the "FCC") and the Pension Benefit Guaranty Corporation (the "PBGC"). The Debtors' FCC licenses are among their most valuable assets. Throughout the Application Period, Sonnenschein worked with the Debtor's FCC counsel to address the issues raised by the Debtors' proposed sale of assets or other restructuring scenarios. In addition, on account of the KRON-TV pension plan, the Sonnenschein professionals have also been in close

contact with the PBGC to discuss and analyze the Debtors' options with respect to such pension plan.

Matter 0036 -- Reorganization Plan

36. In addition to contemplating a section 363 sale of substantially all the Debtors' assets, the Debtors have also explored the possibility of confirming a stand alone plan of reorganization supported by their creditors. To that end, Sonnenschein drafted a proposed plan term sheet and met with the Debtors' various creditor constituencies to discuss the same. Sonnenschein professionals have also analyzed and evaluated the legal ramifications of exiting bankruptcy by means of a chapter 11 plan -- as opposed to a 363 sale -- and otherwise advised the Debtors on various aspects of the plan and confirmation process.

Matter 0037 -- Tax/General

37. Time recorded in this matter was devoted to the analysis and assessment of the impact of applicable tax laws on the Debtors' various restructuring scenarios. Sonnenschein's work in this category will ensure that any restructuring/exit scenario chosen by the Debtors will be optimal from a tax perspective.

Matter 0038 -- Case Administration

38. This matter is used primarily by paraprofessionals. Time recorded in this category includes time spent by Sonnenschein's paraprofessionals maintaining file documents, reports, and related materials for use by the Debtors and their professionals. Time devoted to this category involves addressing the various service and other noticing requirements imposed on a debtor in bankruptcy as well as calendaring key events to ensure that the Debtors' cases run smoothly. Additionally, Sonnenschein's paraprofessionals bill time under this matter for organizing and maintaining the voluminous files of documents related to these chapter 11 cases,

corresponding with various individuals and the Debtors claims agent and complying with applicable orders or procedures of the Court.

Matter 0039 -- Creditor Inquiries

39. This matter reflects time spent responding to inquiries from creditors (other than the Creditors' Committee or the prepetition secured creditors) regarding these cases.

Matter 0040 -- Executory Contracts

40. Time spent in this category relates to legal services provided to the Debtors in connection with analysis of the Debtors' numerous executory contracts and unexpired leases, including substantial time spent negotiating amendments to executory contracts that were subsequently assumed.

Matter 0043 -- Real Estate (Owned)

41. Sonnenschein professionals recorded time recorded in this matter in connection with analyzing and evaluating various real property leases to which one or more of the Debtors are a party, as well as issues related to the Debtors' joint ventures regarding the ownership of various broadcast towers used in the Debtors' operations and the impact of the Debtors' bankruptcy thereon.

Matter 0044 -- Retention Matters (Self)

42. Time spent in this category primarily related to the filing of Sonnenschein's retention application as counsel for the Debtors in these cases and supplemental disclosures filed in support thereof. This Court ultimately approved Sonnenschein's retention application on March 12, 2009. But on account of an appeal of this Court's order approving Sonnenschein's retention application, Sonnenschein professional spent significant time filing appellate pleadings,

including a motion to dismiss the appeal in the district court. The appeal was ultimately dismissed by the district court.

Matter 0046 -- Utilities/Section 366 Issues

43. Time recorded in this matter was devoted to analyzing the adequate assurance requests of certain providers of utility service to the Debtors and contacting representatives of the Debtors' utilities regarding the same.

Matter 0049 -- Creditors' Committee Communications

44. Time recorded in this category relates to efforts to provide timely information to the Creditors' Committee through meetings and presentations.

Matter 0050 -- Debtor Communications

45. Sonnenschein attorneys constantly communicate or otherwise interact with the Debtors with respect to all aspects of their operations and businesses to advise the Debtors on their restructuring. In connection with this work, Sonnenschein professionals have frequent status calls with management and other professionals regarding these cases.

ACTUAL AND NECESSARY EXPENSES

46. It has been Sonnenschein's policy to charge its clients in all areas of practice for identifiable, non-overhead expenses incurred in connection with client's cases that would not have been incurred except for representation of that particular client. Sonnenschein invoices its clients the amount actually incurred by Sonnenschein in connection with such items. Examples of such expenses are postage, overnight mail, courier delivery, certain computer assisted legal research (including Westlaw and Lexis), photocopying, and -- where necessary -- transportation and lodging.

47. A summary of expenses by type, as well as a detailed itemization and description made by Sonnenschein on the Debtors' behalf during the Application Period is attached hereto as Exhibit F. All of these disbursements comprise the requested sum for Sonnenschein's out-of-pocket expenses, totaling \$40,757.88.

APPLICABLE AUTHORITY

48. With respect to the level of compensation, section 330 of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person:

Reasonable compensation for actual necessary services rendered by such...professional person...based on the time, the nature, the extent, and the value of such services, and the cost of comparable services other than in a case under this title....

11 U.S.C. § 330. The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

49. In determining requests for compensation pursuant to section 330 of the Bankruptcy Code, courts have evaluated the reasonableness of such fees under the "lodestar" analysis. *In re Drexel Burnham Lambert Group Inc.*, 133 B.R. 13, 15 (Bankr. S.D.N.Y. 1991) (finding that attorneys or other professionals whose retentions have been approved by the Bankruptcy Court are to be compensated based on market rates, rather than the principle of "strict economy"). "It is now settled that the 'lodestar' method of fee calculation ... is the method to be used to determine a 'reasonable' attorney fee in ... the bankruptcy courts." *Id.* at 22; *see also In re Sucre*, 226 B.R. 340, 352 (Bankr. S.D.N.Y. 1998) ("A reasonable hourly rate is the prevailing market rate in the relevant legal community for similar services by lawyers of reasonably comparable skills, experience, and reputation").

50. The fees sought herein are based upon Sonnenschein's normal hourly rates for services of this kind. Sonnenschein respectfully submits that its rates are consistent with rates typically charged by other New York law firms, and are not unusual given the magnitude and complexity of the chapter 11 cases, the time expended diligently representing the Debtors' interests, and the speed with which these chapter 11 cases are proceeding.

51. Other factors that may be considered in awarding attorneys fees have been enumerated in *In re First Colonial Corporation of America*, 544 F.2d 1291, 1298-99 (5th Cir. 1977), *superseded by statute on other grounds*, 11 U.S.C. § 330 (1977), and adopted by many courts. See *In re Cuisine Magazine, Inc.*, 61 B.R. 210, (S.D.N.Y. 1986). Among the factors considered by the court in *First Colonial* were (1) the time and labor required; (2) the novelty and difficulty of the questions; (3) the skill requisite to perform the legal service properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or other circumstances; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorneys; (10) the "undesirability" of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. *First Colonial*, 544 F.2d 1298-99.

52. Sonnenschein respectfully submits that consideration of these factors would also result in this Court's allowance of the full compensation and reimbursement sought. First, this case has presented a variety of complex legal issues and other matters that required the time spent thereon. Second, all fees charged by Sonnenschein are its customary hourly fees charged to other clients of the firm. Finally, Sonnenschein has achieved superb results in the Debtors' cases thus

far and will facilitate the Debtors' exit from chapter 11 in a way that maximizes value to the Debtors' estates and creditors.

NO PRIOR REQUEST

53. No prior application has been made in this or in any other court for the relief requested herein for the Application Period.

MOTION PRACTICE

54. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Motion. Accordingly, the Debtors submit that this Motion satisfies Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

WHEREFORE, Sonnenschein respectfully requests that this Court enter an order:

(a) Approving allowance and award of fees for the professional services rendered to the Debtors during the Application Period in the amount of \$1,563,607.00;

(b) Approving the reimbursement of Sonnenschein's actual and necessary out-of-pocket expenses incurred in connection with the rendering of such services during the Application Period in the amount of \$40,757.88;

(c) Authorizing and directing the Debtors to pay the fees and expenses awarded (subject to the hold back); and

(d) Granting such other and further relief as this Court may deem just and proper.

Dated: July 15, 2009
New York, New York

Respectfully Submitted,

SONNENSCHN NATH & ROSENTHAL LLP

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