

UNITED STATES BANKRUPTCY COURT FOR  
SOUTHERN DISTRICT OF NEW YORK

----- X  
:  
:  
In re: : Chapter 11  
:  
:  
Bradlees Stores, Inc., et al. : Case Nos. 95 B 42777  
:  
:  
:  
:  
Debtors : Through 95 B 42784 (BRL)  
:  
:  
:  
:  
----- X

THIRTEENTH AND FINAL APPLICATION OF ERNST & YOUNG LLP FOR INTERIM  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

TO: THE HONORABLE BURTON R. LIFLAND,  
UNITED STATES BANKRUPTCY JUDGE:

The Thirteenth and Final application of Ernst & Young LLP (hereinafter referred to as Ernst & Young) for interim allowance of compensation for professional services rendered as Accountants and Financial Advisors for the Official Committee of Unsecured Creditors of Bradlees Stores Inc., et al. respectfully represents:

1. Ernst & Young is a firm of accountants, tax professionals and consultants employed by the Official Committee of Unsecured Creditors (the "Committee") and makes this Thirteenth and Final application for interim allowance of compensation for professional services rendered and for expenses incurred in performance of services on behalf of the Committee.

2. Upon the application of the Committee, this Court entered an order on August 15, 1995 appointing Ernst & Young accountants for the Committee effective as of July 17, 1995. This order is annexed as Exhibit A.
3. The order of this Court provides that all payments of compensation and reimbursement of expenses to Ernst & Young shall be subject to approval of the Court.
4. This is the Thirteenth and Final Fee Application of Ernst & Young for allowance of compensation and reimbursement of expenses, under Section 331 of the Bankruptcy Code. Ernst & Young is seeking an order to award reasonable compensation in the amount of \$4,186,379 representing \$4,112,920 in fees and \$73,459 in expenses for the period July 17, 1995 through February 2, 1999. Ernst & Young seeks the Court's authorization for the Debtor to pay the following:
  - fees and expenses incurred during the period January 1, 1999 through February 2, 1999 (the "Final Compensation Period") in the amount of \$22,392;
  - fees incurred during the period September 21, 1995 through September 30, 1995 (the "Stub Period") in the amount of \$67,944;
  - fees in the amount of \$166,542 representing holdbacks during the First, Second, Third and Fourth Interim periods;
  - fees in the amount of \$26,897 representing a holdback of fees during the Twelfth Interim Period, and;
  - fees in the amount of \$5,794 representing additional estimated fees for the preparation of this fee application and future attendance at the fee hearing on April 22, 1999.
5. During the Final Compensation Period, Ernst & Young incurred (a) fees of \$21,836 representing 76.1 hours of professional services rendered on behalf of the Committee and (b) out-of-pocket expenses of \$556 incurred in service to the Committee.

6. Pursuant to the Order Modifying Interim Compensation Procedures for Certain Professionals dated February 18, 1997 (“Amended Administrative Order”), the Debtors shall pay the professional 80% of its professional fees and 100% of its expenses on a monthly basis. Ernst & Young has received no payments relating to the Final Compensation Period for professional services rendered and expenses incurred.
7. By application dated October 20, 1995, Ernst & Young requested a first interim award of compensation for professional services rendered in the amount of \$359,040 representing 1,403.2 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$3,776 for the period July 17, 1995, the date Ernst & Young was retained, through September 30, 1995 (“First Interim Period”). Pursuant to Order dated December 21, 1995, Ernst & Young was awarded \$291,095 in professional fees (representing fees incurred during the period July 17 through September 20, 1995) and \$2,326 for reimbursement of expenses (representing disbursements incurred during this period). 85% of the fees and 100% of the expenses were paid pursuant to this order. The Court denied, without prejudice to renewal, an award for services rendered and disbursements recorded by Ernst & Young for the Stub Period.
8. By application dated January 22, 1996, Ernst & Young requested a second interim award of compensation for professional services rendered in the amount of \$444,611 representing 1,820.7 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$11,263 for the period October 1, 1995, through December 30, 1995 (“Second Interim Period”) which included the Stub Period in the amount of fees of \$67,944 and disbursements of \$1,450. Pursuant to Order dated February 15, 1996, Ernst & Young was awarded \$376,667 in professional fees (representing Ernst & Young’s fees for the Second Interim Period) and \$11,263 for reimbursement of expenses (representing disbursements incurred during the Stub Period and the Second Interim Period). 90% of the fees and 100% of expenses were paid pursuant to this order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period.

9. By application dated April 22, 1996, Ernst & Young requested a third interim award of compensation for professional services rendered in the amount of \$503,197 representing 2,034.5 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$10,039 for the period January 1, 1996, through March 31, 1996 (“Third Interim Period”) which included the Stub Period in the amount of fees of \$67,944. Pursuant to Order dated May 28, 1996, Ernst & Young was awarded \$217,626 in professional fees (representing 50% of Ernst & Young’s fees for the Third Interim Period) and \$10,039 for reimbursement of expenses (representing disbursements incurred during the Third Interim Period). 100% of the awarded fees and expenses were paid pursuant to this order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period. Pursuant to Order dated July 1, 1996, Ernst & Young was awarded \$435,193 in professional fees representing 100% of Ernst & Young’s fees for the Third Interim Period). 90% of the fees and 100% of expenses were paid pursuant to the July 1<sup>st</sup> order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period.
  
10. By application dated July 19, 1996, Ernst & Young requested a fourth interim award of compensation for professional services rendered in the amount of \$476,066 representing 1,656.3 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$6,173 for the period April 1, 1996, through June 30, 1996 (“Fourth Interim Period”) which included the Stub Period in the amount of fees of \$67,944. Pursuant to Order dated August 26, 1996, Ernst & Young was awarded \$408,122 in professional fees (representing Ernst & Young’s fees for the Fourth Interim Period) and \$6,173 for reimbursement of expenses (representing disbursements incurred during the Fourth Interim Period). 90% of the fees and 100% of expenses were paid pursuant to this order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period.

11. By application dated October 21, 1996, Ernst & Young requested a fifth interim award of compensation for professional services rendered in the amount of \$615,961 representing 2,318.9 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$14,964 for the period July 1, 1996, through September 30, 1996 (“Fifth Interim Period”) which included the Stub Period in the amount of fees of \$67,944. Pursuant to Order dated November 21, 1996, Ernst & Young was awarded \$548,016 in professional fees (representing Ernst & Young’s fees for the Fifth Interim Period) and \$14,964 for reimbursement of expenses (representing disbursements incurred during the Fifth Interim Period). 100% of the fees and 100% of expenses were paid pursuant to this order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period.
12. By application dated January 21, 1997, Ernst & Young requested a sixth interim award of compensation for professional services rendered in the amount of \$517,978 representing 1,971.9 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$5,369 for the period October 1, 1996, through December 31, 1996 (“Sixth Interim Period”) which included the Stub Period in the amount of fees of \$67,944. Pursuant to Order dated February 21, 1997, Ernst & Young was awarded \$450,034 in professional fees (representing Ernst & Young’s fees for the Sixth Interim Period) and \$5,369 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order. The Court again denied, without prejudice to renewal, an award for services rendered by Ernst & Young for the Stub Period.
13. By application dated May 30, 1997, Ernst & Young requested a seventh interim award of compensation for professional services rendered in the amount of \$434,044 representing 1507.7 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$3,764 for the period January 1, 1997 through April 30, 1997 (“Seventh Interim Period”). Pursuant to the Order dated July 9, 1997, Ernst & Young was awarded \$430,280 in professional fees (representing Ernst & Young’s fees for the Seventh Interim Period) and \$3,764 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order.
14. By application dated September 30, 1997, Ernst & Young requested an eighth interim award of compensation for professional services rendered in the amount of \$276,137 representing 1,110.0 hours of professional services rendered on behalf of the Committee

and disbursements incurred in the amount of \$6,517 for the period May 1, 1997 through August 31, 1997 (“Eighth Interim Period”). Pursuant to the Order dated November 13, 1997, Ernst & Young was awarded \$269,620 in professional fees (representing Ernst & Young’s fees for the Eighth Interim Period) and \$6,517 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order.

15. By application dated January 30, 1998, Ernst & Young requested a ninth interim award of compensation for professional services rendered in the amount of \$255,582 representing 902.6 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$3,878 for the period September 1, 1997 through December 31, 1997 (“Ninth Interim Period”). Pursuant to the Order dated March 12, 1998, Ernst & Young was awarded \$251,704 in professional fees (representing Ernst & Young’s fees for the Ninth Interim Period) and \$3,878 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order.
16. By application dated June 30, 1998, Ernst & Young requested a tenth interim award of compensation for professional services rendered in the amount of \$246,809 representing 886.3 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$3,591 for the period January 1, 1998 through April 30, 1998 (“Tenth Interim Period”). Pursuant to the Order dated July 22, 1998, Ernst & Young was awarded \$243,218 in professional fees (representing Ernst & Young’s fees for the Tenth Interim Period) and \$3,591 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order.
17. By application dated September 30, 1998, Ernst & Young requested an eleventh interim award of compensation for professional services rendered in the amount of \$193,945 representing 693.6 hours of professional services rendered on behalf of the Committee and disbursements incurred in the amount of \$2,782 for the period May 1, 1998 through August 31, 1998 (“Eleventh Interim Period”). Pursuant to the Order dated November 18, 1998, Ernst & Young was awarded \$191,163 in professional fees (representing Ernst & Young’s fees for the Eleventh Interim Period) and \$2,782 for reimbursement of expenses. 100% of the fees and 100% of expenses were paid pursuant to this order.
18. By application dated February 1, 1999, Ernst & Young requested a twelfth interim award of compensation for professional services rendered in the amount of \$136,603 representing 436.8 hours of professional services rendered on behalf of the Committee and

disbursements incurred in the amount of \$2,119 for the period September 1, 1998 through December 31, 1998 (“Twelfth Interim Period”). Pursuant to the fee hearing on March 11, 1999, Ernst & Young was awarded \$134,484 (representing 100% of professional fees incurred during the Twelfth Interim Period) and \$2,119 (representing 100% of disbursements incurred). To date, no fees or expenses have been paid.

19. Pursuant to the Court’s Order Awarding Interim Allowance of Compensation and Reimbursement of Expenses, Ernst & Young has been awarded by the court and received payment from the Debtor in connection with professional fees and out-of-pocket expenses as outlined below:

	HOURS SOUGHT	FEES SOUGHT	EXPENSES SOUGHT	FEES AWARDED	EXPENSES AWARDED	FEES PAID	EXPENSES PAID	AMOUNT DUE
FIRST (a)	1,403.2	\$359,039	\$3,776	\$291,095	\$3,776	\$247,431	\$3,776	\$111,608
SECOND	1,820.7	376,667	9,813	376,667	9,813	339,000	9,813	37,667
THIRD	2,034.5	435,253	10,039	435,253	10,039	391,727	10,039	43,526
FOURTH	1,656.3	476,066	6,173	476,066	6,173	375,162	6,173	41,685
FIFTH	2,034.1	548,017	14,964	548,017	14,964	548,017	14,964	0
SIXTH	1,687.1	450,034	5,369	450,034	5,369	450,034	5,369	0
SEVENTH	1,507.7	430,280	3,764	430,280	3,764	430,280	3,764	0
EIGHTH	1,110.0	269,620	6,517	263,103	6,517	269,620	6,517	0
NINTH	902.6	251,704	3,996	251,704	3,996	251,704	3,996	0
TENTH	886.3	243,218	3,591	243,218	3,591	243,218	3,591	0
ELEVENTH	693.6	191,163	2,782	191,163	2,782	191,163	2,782	0
TWELFTH	436.8	134,484	2,119	134,484	2,119	107,587	2,119	26,897
THIRTEENTH	76.1	21,836	556					22,392
Subtotal through Effective Date								\$283,775
Final Fee Application Preparation								4,894 (b)
Attendance at Fee Hearing on April 22, 1999								900 (b)
<b>TOTAL AMOUNT DUE:</b>	<u>16,249.0</u>	<u>\$4,187,381</u>	<u>\$73,459</u>	<u>\$4,091,084</u>	<u>\$72,903</u>	<u>\$3,844,943</u>	<u>\$72,903</u>	<u>\$289,569</u>

(a) This interim fee period includes the Stub Period fees incurred in the amount of \$67,944 and disbursements incurred in the amount of \$1,450

(b) Represents estimated fees incurred post-effective date in connection with final fee application

20. In conformity with the June 20, 1991, April 19, 1995 and February 18, 1997 administrative orders, and to assist the Court, the Debtors, the United States Trustee, and

other parties in interest in evaluating this applicant for compensation, Exhibit B annexed hereto contains, in full and complete detail, a description of the services rendered by each partner and staff member on a daily basis, in tenths of hours during the Thirteenth and Final Interim Period. Exhibit C annexed hereto contains, in full and complete detail, a description of the services rendered by specific project on a daily basis, in tenths of hours during the Thirteenth and Final Interim Period. Summarized below are the significant tasks performed during the Thirteenth and Final Interim Period along with the fees incurred.

<u>Project Code</u>	<u>Description of Significant Tasks Performed</u>	<u>Fees</u>
<b>4</b>	<b>Coordination of information requests</b>  Includes documentation and coordination of information requests from the Debtor.	<b>\$377</b>
<b>5</b>	<b>Preparation for and participation in meetings and/or conference calls with the Debtors, the Committee and/or counsel (a)</b>	<b>\$2,804</b>
<b>8</b>	<b>Monitoring of Current Operations</b>  To assist the Committee in monitoring current operating performance and the effectiveness of the Debtors' business strategies, we performed the following:	<b>\$5,273</b>

<u>Project Code</u>	<u>Description of Significant Tasks Performed</u>	<u>Fees</u>
<b>(Monitoring of Current Operations continued)</b>	Analysis of weekly sales trends involving comparisons to prior years on a comparable store, chainwide, and regional basis.	
	Analysis of sales, gross margin and expense levels compared to the Debtors' Business Plan.	
	Analysis of liquidity (i.e., cash on hand plus revolver availability under DIP facility).	
	Analysis of inventory levels by category and comparison to prior year and Plan.	
	Review and analysis of the Company's monthly internal reporting package and trustee report.	
	Discussions and meetings with members of management and their representatives with respect to merchandising plans, strategic initiatives, capital expenditure programs, current trends and future outlook.	
	In addition to the above, we also provided periodic flash reports covering weekly sales, inventory and availability levels.	
<b>12</b>	<b>Review of Real Estate Issues</b>	<b>\$1,139</b>
	Review, analysis and discussion of motions related to the assumption of leases.	

<u>Project Code</u>	<u>Description of Significant Tasks Performed</u>	<u>Fees</u>
<b>18</b>	<b>Planning, supervision and review</b>  Includes development of project work plan, supervision and review of staff work product, and review of case status.	<b>\$148</b>
<b>21</b>	<b>Preparation of Ernst &amp; Young reports</b>  During the Thirteenth and Final Compensation Period we prepared the following written reports to the Committee:  1/8/99      Analysis of current operating results, exit financing agreement, EBITDA covenant analysis and analysis of availability required to exit.	<b>\$1,413</b>
<b>24</b>	<b>Other</b>  Communications with creditors not on the Committee, and case administration (including case documentation).	<b>\$667</b>
<b>25</b>	<b>Preparation of fee applications and monthly invoices</b>	<b>\$4,586</b>

<u>Project Code</u>	<u>Description of Significant Tasks Performed</u>	<u>Fees</u>
<b>38</b>	<b>Plan of reorganization issues (a)</b>	<b>\$5,432</b>
	Reviewed and analyzed the Debtors' amended Plan of Reorganization and Disclosure Statement to assess the impact on recoveries to unsecured creditors. Reviewed and analyzed the Debtors' proposed exit financing agreement. Participated in meetings and discussions with the Creditors' Committee, Committee counsel, Debtors and their financial advisors regarding exit financing and proposed changes to the Plan of Reorganization.	
	<b>Total Professional Fees</b>	<b><u>\$21,836</u></b>

(a) In certain instances, meetings/conference calls with the Committee included two restructuring professionals. The person who is responsible for the day to day field work will participate in such meetings with the senior executive so that responses to detailed questions or follow up procedures can be handled in a cost effective and efficient manner. Furthermore, when presenting our observations and findings to the Committee, different executives will lead the discussion depending on the topic (e.g., current operating results or alternative exit strategies) since different professionals will focus on the details of different issues to avoid duplication of effort.

21. All of the services performed by Ernst & Young have been at the direction of the Committee or its counsel.
22. There is no agreement or understanding between Ernst & Young and any other person, other than the members, associates and employees of Ernst & Young, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.
23. Ernst & Young has not entered into any agreement, express or implied, with any party in interest, including the Debtors, any creditors, or any representative of any of them, or with any attorney for such party in interest, for the purpose of fixing the fees or other compensation to be paid to Ernst & Young for services rendered in connection herewith.

24. Further, as required by the Executive Office of the United States Trustee's Fee Guidelines dated March 22, 1995 and as amended January 30, 1996:
- a) this interim application is submitted in compliance with the Order Establishing Notice and Administrative Procedures in these cases which was entered by this Court on August 16, 1995 and the amended administrative order dated February 18, 1997; and
  - b) the Debtors' Seconded Amended Joint Plan of Reorganization was confirmed due unto an order dated January 27, 1999.
25. Exhibit D sets forth detail of out-of-pocket expenses incurred during the Thirteenth and Final Compensation Period and is annexed hereto.

WHEREFORE, Ernst & Young respectfully requests this Court to enter an Order:

- (a) awarding reasonable compensation for professional advisory services to the Committee in the amount of \$22,392 representing (a) fees in the amount \$21, 836 and (b) expenses in the amount of \$556 for the period January 1, 1999 through February 2, 1999 ("Thirteenth Compensation Period")
- (b) awarding reasonable compensation in the amount of \$67,944 for the period September 21, 1995 through September 30, 1995 ("Stub Period")
- (c) authorizing payment of \$193,439 representing fees heldback in prior interim periods
- (d) awarding compensation of \$5,794 representing fees incurred for the preparation of the final fee application and attendance at the final hearing
- (e) granting such other and further relief as the Court deems appropriate.

**CERTIFICATION IN COMPLIANCE WITH  
GUIDELINES FOR FEES AND DISBURSEMENTS FOR  
PROFESSIONALS IN SOUTHERN DISTRICT OF NEW YORK  
BANKRUPTCY CASES**

Samuel E. Star certifies that:

1. I am a principal in Ernst & Young LLP ("Applicant" or "Ernst & Young"), accountants and financial advisors to the Official Committee of Unsecured Creditors of Bradlees Stores, Inc., et al., (the "Committee"). This certification is made pursuant to the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases issued June 20, 1991 (the "Guidelines") in support of Ernst & Young's application for fees and disbursements for the period January 1, 1999 through February 2, 1999 (the "Application"). I am Applicant's Certifying Professional as defined in the Guidelines. I have read the Application and certify that, to the best of my knowledge, information and belief formed after reasonable inquiry, except as specifically indicated to the contrary, (a) the Application complies with the Guidelines; (b) the fees and disbursements sought by Applicant fall within the Guidelines; and (c) the fees and disbursements sought by Applicant, except to the extent prohibited by the Guidelines, are billed at rates and in accordance with practices customarily employed by Applicant and generally accepted by Applicant's clients.
2. The Application has been provided to the Co-Chairpersons of the Committee for their review and approval.
3. The U.S. Trustee, Co-Chairpersons of the Committee and the Debtor have been provided with a statement of fees and disbursements no later than 20 days after the end of each month, commencing with August 1995.
4. To the best of my knowledge, information and belief, formed after reasonable inquiry, Applicant complies with all Guidelines as to the recording of time by Applicant's professionals and paraprofessionals.

5. In connection with Applicant's request for reimbursement of services and out-of-pocket expenses, I certify that, to the best of my knowledge, information and belief, formed after reasonable inquiry, (a) Applicant has not included in the amounts billed a profit in providing those services for which reimbursement is sought in the Application; (b) Applicant has not included in the amounts billed for such services any amounts for amortization of the cost of any investment, equipment or capital outlay; and (c) amounts billed for purchases or services from outside third-party vendors are billed in the amount paid by Applicant to such vendors.

/s/ 3/18/99

Date

/s/ Samuel E. Star

Samuel E. Star

Principal

Ernst & Young LLP