

HEARING DATE: MAY 21, 1998
HEARING TIME: 10:00 A.M.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
ALLIANCE ENTERTAINMENT CORP., : Chapter 11
et al., : Case No. 97 B 44673 (BRL)
: (Jointly Administered)
Debtors. :
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**NOTICE OF APPLICATION OF JONES LANG WOOTTON USA, INC., AS
REAL ESTATE BROKERS FOR DEBTORS AND DEBTORS IN POSSESSION,
FOR FINAL ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED**

PLEASE TAKE NOTICE THAT, upon the attached Application of Jones Lang Wootton USA, Inc., as Real Estate Brokers for Debtors and Debtors in Possession, for Final Allowance of Compensation for Services Rendered, dated April 28, 1998 (the "Application"), and the exhibits thereto, and the affidavit of Richard J. Michaels, sworn to on April 23, 1998, and the Certification Pursuant to Administrative Order Re: Guidelines For Fees and Disbursements For Professionals in Southern District of New York Bankruptcy Cases, dated April 23, 1998, on May 21, 1998 at 10:00 a.m., or as soon thereafter as counsel may be heard, the undersigned will move before the Honorable Burton R. Lifland, United States Bankruptcy Judge, at the United Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, for an order pursuant to 11 U.S.C. § 330 and Fed. R. Bankr. P. 2016 authorizing and affirming the payment by Alliance

Entertainment Corp. (the "Debtor") to Jones Lang Wootton USA, Inc. of final compensation for services rendered.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application shall be in writing, state with particularity the grounds therefor, be filed with the Bankruptcy Court, with a copy to Chambers, and served so as to be received by (a) the undersigned and (b) Willkie Farr & Gallagher, attorneys for the Debtor, One Citicorp Center, 153 East 53rd Street, New York, New York 10022, Attention: Matthew A. Feldman, Esq., no later than three days prior to the return date of the Application. If you did not receive a copy of the Application and wish to receive one, please contact Daniel J. Klotz, Esq. at Richards & O'Neil, LLP, 885 Third Avenue, New York, New York 10022-4873, (212) 207-1200.

Dated: New York, New York
April 28, 1998

RICHARDS & O'NEIL, LLP

By: 

Edward M. Fox (EF1619)

A Member of the Firm

Attorneys for Jones Lang Wootton
USA, Inc.

885 Third Avenue

New York, New York 10022-4873

(212) 207-1200

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**AFFIDAVIT PURSUANT TO SECTION 504 OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 2016**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

RICHARD J. MICHAELS, being duly sworn, deposes and
says:

1. I am a Vice President of Jones Lang Wootton USA, Inc. ("JLW"), which maintains offices at 101 East 52nd Street, New York, New York.
2. By Order dated January 16, 1998, JLW was retained to represent the above-captioned debtors and debtors in possession (collectively, the "Debtors").
3. This affidavit is submitted pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure in connection with JLW's application for a final allowance of commissions for services rendered as real estate broker for the Debtors in connection with the assignment and sale of a certain lease of

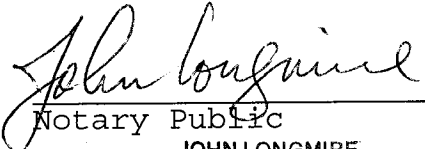
nonresidential real property located at 110 East 59th Street,
18th Floor, New York, New York.

4. Except as provided in the application to which the affidavit is annexed, no agreement or understanding exists between JLW and any person for a division of commissions received or to be received herein or in connection with these cases.

5. Other than the commission payment for which approval is sought by the Application, JLW has heretofore received no commission payments or other compensation in connection with these cases. JLW has made no prior applications for compensation in these cases.


Richard J. Michaels

Sworn to before me this
23rd day of April, 1998.


Notary Public

JOHN LONGMIRE
Notary Public, State of New York
No. 02LO6001194
Qualified in Nassau County
Certificate filed in New York County
Commission Expires Jan. 5, 2000

HEARING DATE: MAY 21, 1998
HEARING TIME: 10:00 A.M.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
ALLIANCE ENTERTAINMENT CORP., : Chapter 11
et al., : Case No. 97 B 44673 (BRL)
Debtors. : (Jointly Administered)

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**CERTIFICATION PURSUANT TO ADMINISTRATIVE
ORDER RE: GUIDELINES FOR FEES AND
DISBURSEMENTS FOR PROFESSIONALS IN
SOUTHERN DISTRICT OF NEW YORK BANKRUPTCY CASES**

Richard J. Michaels, a Vice President of Jones Lang
Wootton USA, Inc. ("JLW" or "Applicant"), certifies as follows:

1. In these Chapter 11 cases, JLW has acted as real estate broker for Alliance Entertainment Corp. ("Alliance"), one of the above-captioned debtors and debtors in possession. JLW submits this certification in conjunction with its application for allowance of commissions, dated April 28, 1998 (the "Application").

2. I have read the Application and to the best of my knowledge, information and belief formed after reasonable inquiry (except as stated herein or in the Application), the commissions sought are billed at the rates and in accordance with practices customarily employed by JLW and generally accepted by its clients

and in accordance with the commission schedule approved by this Court by order dated January 16, 1998.

3. JLW will inform the Court and the United States Trustee for the Southern District of New York of any unresolved disputes with respect to the Application prior to the hearing to consider such application.

Dated: New York, New York
April 23, 1998


Richard J. Michaels

HEARING DATE: MAY 21, 1998
HEARING TIME: 10:00 A.M.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
ALLIANCE ENTERTAINMENT CORP., : Chapter 11
et al., : Case No. 97 B 44673 (BRL)
: (Jointly Administered)
Debtors.

-----X

**ORDER AUTHORIZING PAYMENT OF FINAL COMPENSATION
TO JONES LANG WOOTTON USA, INC., AS REAL ESTATE
BROKERS FOR DEBTORS AND DEBTORS IN POSSESSION**

Upon the Application of Jones Lang Wootton USA, Inc., as Real Estate Brokers for Debtors and Debtors in Possession, for Final Allowance of Compensation for Services Rendered, dated April 28, 1998 (the "Application"), for an order pursuant to 11 U.S.C. § 330 and Fed. R. Bankr. P., 2016 authorizing and affirming the payment of final compensation to Jones Lang Wootton USA, Inc. ("JLW"), and the exhibits annexed thereto, the affidavit of Richard J. Michaels, sworn to on April 23, 1998 and the Certification Pursuant to Administrative Order Re: Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases dated April 23, 1998; and the Court being satisfied that (i) the compensation sought is reasonable and in accordance with the compensation schedule previously approved by this Court, (ii) that there is no agreement or understanding between JLW and any person for a division of such compensation and (iii) the payment of the requested compensation

is in the best interest of the estate of Alliance Entertainment Corp. ("Debtor"), its creditors and other parties in interest; and notice having been given in accordance with this Court's Order dated August 13, 1997, establishing administrative procedures in these cases; and it appearing that no other or further notice is required; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is granted; and it is further

ORDERED that the Debtors' payment to JLW on April 17, 1998 of final compensation in the amount of \$154,768.32 is affirmed; and it is further

ORDERED that the release executed by Staubach Company annexed as Exhibit C to the Application is affirmed; and it is further

ORDERED that the Court shall retain exclusive jurisdiction over the Debtors, JLW and all other affected parties with respect to any dispute arising out of or relating to this Order or the implementation hereof.

Dated: New York, New York
May __, 1998

UNITED STATES BANKRUPTCY JUDGE

HEARING DATE: May 21, 1998
HEARING TIME: 10:00 A.M.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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ALLIANCE ENTERTAINMENT CORP., : Chapter 11
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**APPLICATION OF JONES LANG WOOTTON USA, INC.,
AS REAL ESTATE BROKERS FOR DEBTORS AND
DEBTORS IN POSSESSION, FOR FINAL
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED**

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

Jones Lang Wootton USA, Inc. ("JLW"), real estate brokers for the above-captioned debtors and debtors in possession (collectively, the "Debtors"), as and for its application (the "Application") for final allowance of compensation for professional services rendered with regard to the lease (the "Lease") of property located at 110 East 59th Street, New York, New York (the "Leased Premises"), respectfully represents:

PRELIMINARY STATEMENT

1. By this Application and pursuant to Section 330 of Title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), JLW requests that this Court authorize a final allowance of compensation in the amount of \$154,768.32 for

professional services rendered by JLW to Alliance Entertainment Corp. ("Alliance"), one of the above-captioned debtors and debtors in possession, in connection with the disposition of Alliance's Lease of the Leased Premises. Of this amount, \$51,589.44 will be retained by JLW, and \$103,178.88 would be paid to a third-party real estate broker pursuant to agreements between the parties and the terms of JLW's retention as previously approved by this Court.

2. JLW's requested allowance of compensation for services rendered reflects the requisite time, skill and effort expended towards the goal of disposition of Alliance's Lease of the Leased Premises.

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 T. Ward. Venue of these cases and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

4. On July 14, 1997 (the "Petition Date"), Alliance and fourteen of its direct and indirect subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of Bankruptcy Code. The Debtors thereafter have continued in the possession of their respective properties and in the management and operation of their

respective businesses as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. The Debtors' Chapter 11 cases have been consolidated for procedural purposes only.

5. On July 23, 1997, the United States Trustee for the Southern District of New York appointed an official committee of unsecured creditors in these cases. The Chase Manhattan Bank, as Agent Bank for the Debtors' prepetition secured bank lenders and as Agent Bank for the lenders under the Debtors' debtor in possession financing facility, thus far has assumed an active role in these cases. No trustee or examiner has been appointed in these cases.

6. By Order dated January 16, 1998 (the "Retention Order"), a true and correct copy of which is annexed hereto as Exhibit A, this Court authorized the Debtors to retain JLW, pursuant to Sections 327 and 328 of the Bankruptcy Code, as real estate brokers in connection with the Lease. By the Retention Order, the Court approved an agreement between Alliance and JLW, and an annexed commission schedule, pursuant to which JLW was entitled to be reimbursed upon assignment of the Lease, subject to disgorgement if the Court did not approve such compensation upon application of the Debtors or JLW filed within thirty days after payment of such commission.

7. By order dated March 19, 1998, the Court approved the assignment of the Lease to Geometry Group, Inc. ("Geometry").

As of March 26, 1998, Alliance and Geometry executed an Assumption and Assignment Agreement pursuant to which the Lease was assigned to Geometry. On April 17, 1998 Alliance paid JLW's commission in the amount of \$154,768.32.

RELIEF REQUESTED

8. By this Application, and pursuant to Section 330 of the Bankruptcy Code and Bankruptcy Rule 2016, JLW requests that this Court authorize an allowance of compensation for professional services with regard to the Lease in the amount of \$154,768.32.

9. Pursuant to JLW's commission schedule, which has previously been approved by this Court with regard to the assignment of the Lease, JLW was to be paid: five percent (5%) of the rent under the applicable lease, as assigned, for the first year of such lease or any fraction thereof; four percent (4%) of the rent under the applicable lease, as assigned for the second year of such lease or any fraction thereof; three and one-half (3.5%) of the rent under the applicable lease, as assigned, for the third through fifth years of such lease or any fraction thereof; two percent (2%) of the rent under the applicable lease, as assigned, for the sixth through twentieth years of such lease or any fraction thereof; and one percent (1%) of the rent under the applicable lease, as assigned, for any additional term of the applicable lease. As the assignment of the Lease to Geometry was based on a single lump sum payment (as well as the execution of

certain promissory notes) by Geometry, the Debtors and JLW have agreed, for purposes of determining JLW's commission, on a calculation of rent amounts for the remaining term of the Lease which are equivalent to the sum of (a) the consideration paid by Geometry for the Lease, discounted for present value; and (b) the rent required under the Lease.

10. Specifically, the consideration paid by Geometry for the assignment of the Lease included a lump sum payment of \$483,030, the execution of a promissory note in favor of Alliance in the amount of \$65,000 and an agreement to pay the landlord under the Lease an additional \$65,000 over the term of the Lease. The initial lump sum payment was allocated as follows: \$460,000 for the assignment and sale of the Lease, less \$56,970 for two months' "free rent," as required by the parties' agreement; and \$80,000 for the purchase of the related furniture, fixtures and equipment. Thus, the consideration paid by Geometry to Alliance for the Lease itself was \$533,030 (\$403,030 in cash plus \$65,000 in the form of a promissory note, plus \$65,000 to be paid directly to landlord under the Lease). This amount was then amortized over the remaining term of the Lease and added to the rent due thereunder for purposes of calculating JLW's commission. A chart showing the calculation of the relevant amounts is annexed hereto as Exhibit B.

11. Pursuant to such calculations, the applicable commission amount would be \$103,178.88. However, pursuant to the

parties' retention agreement which was previously approved by the Retention Order, if as a result of JLW's efforts to enlist the cooperation of other brokers a third-party broker had a customer who accepted an assignment of the Lease, JLW would be entitled to one and one-half times the applicable commission, and would make its best efforts to procure the agreement of such other broker to accept one full commission under the applicable formula, with JLW to retain the remaining one-half commission. In this case, the Staubach Company ("Staubach") had a customer, Geometry, which accepted an assignment of the Lease and Staubach has agreed to accept the applicable commission of \$103,178.88. Thus, JLW seeks approval for the Debtors' payment of \$154,768.32, which represents one and one-half times the amount of \$103,178.88. Staubach has executed a release, which is annexed hereto as Exhibit C, regarding the amount of commissions it is entitled to receive.

12. The professional services for which JLW requests compensation were rendered and incurred in connection with these cases and in discharge of JLW's professional responsibilities as real estate brokers for the Debtors in their Chapter 11 cases. JLW's services have been substantial, necessary, and beneficial to the Debtors and their estates, creditors, and other parties in interest and fully in accordance with their commission agreement which has been previously approved by this Court.

13. Section 330(a)(1) 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 the . . . professional 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.

14. JLW submits that its request for allowance of compensation is reasonable. The services rendered by JLW were performed diligently and efficiently and required substantial time and effort, much of which occurred under extreme pressure. Furthermore, in the Retention Order, the Court previously approved the schedule of commissions pursuant to which the compensation sought hereunder were calculated.

PROCEDURE


15. JLW will provide notice of this Application in accordance with the Court's Order, dated August 13, 1997, which, among other things, established procedures for filing applications for allowance of compensation and reimbursement of expenses in these cases.

CONCLUSION

WHEREFORE, JLW respectfully requests that this Court enter an order awarding JLW final compensation for services rendered in connection with the assignment of the Lease in the amount of \$154,768.32, as well as such other or further relief as may be just.

Dated: New York, New York
April 28, 1998

RICHARDS & O'NEIL, LLP

By: 
Edward M. Fox (EF1619)
A Member of the Firm
Attorneys for Jones Lang Wootton
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