

UNITED STATES BANKRUPTCY COURT
1997
SOUTHERN DISTRICT OF NEW YORK
NOON

PRESENTMENT DATE: SEPTEMBER 22,
PRESENTMENT TIME: 12:00

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

ORDER AUTHORIZING DEBTORS TO RETAIN AND COMPENSATE
SPECIAL COUNSEL IN THE ORDINARY COURSE OF BUSINESS
AND OTHER ORDINARY COURSE PROFESSIONALS

Upon the motion (the "Motion"), dated September 8, 1997, of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order, pursuant to sections 105, 327 and 331 of title 11, United States Code (the "Bankruptcy Code"), as supplemented by Rule 2014 of the Federal Rules of Bankruptcy Procedure, authorizing the Debtors to retain and compensate special counsel to provide legal services arising in the ordinary course of business and other ordinary course professionals; establishing procedures pursuant to which such special counsel; and no adverse interest being represented; and notice having been given in accordance with the procedures established by the Administrative Order entered by this Court on August 13, 1997; and it appearing that no further or other notice

is necessary; and it being found that that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors and parties in interest; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED, that capitalized terms used herein, and not otherwise defined, shall have the meaning ascribed to such terms in the Motion; and it is further

ORDERED, that within the ordinary course of their business, the Debtors are authorized to retain and employ law firms (collectively, the "Law Firms"), including, but not limited to, those firms listed on Exhibit "A" annexed hereto, to provide legal services arising in the ordinary course of the Debtors' business and other ordinary course professionals, including, but not limited to, those professionals listed on Exhibit "B" annexed hereto (the "Ordinary Course Professionals"), provided, however:

For each Law Firm or Ordinary Course Professional retained by one or more of the Debtors, a Retention Affidavit shall be filed with this Court and served (by first class mail) upon those parties listed on Exhibit "C" (the "Core List") and those parties who have filed notices of appearance, within twenty (20) days from the date such Law Firm or Ordinary Course Professional is directed to commence work (the "Retention Date").

Each Retention Affidavit shall comply with Bankruptcy Rules 2014 and 5002. If, for any reason, compliance is not possible, the Retention Affidavit must explain why the affiant believes departure from the Bankruptcy Rules is justified under the circumstances.

The acceptance of employment by any Law Firm or Ordinary Course Professional shall constitute a representation by the Law Firm or Ordinary Course

Professional, verified by the Retention Affidavit,
that:

The Law Firm or Ordinary Course Professional does not represent or hold any interest adverse to the Debtors or their estates concerning the matter(s) upon which such Law Firm or Ordinary Course Law Firm is to be employed;

The Law Firm or Ordinary Course Professional agrees to be compensated by the Debtors based on the hourly rates not greater than is customarily charged by the Law Firm or Ordinary Course Professional for its professional and paraprofessional services, and a schedule of such hourly rates shall be included with the Retention Affidavit;

The Law Firm or Ordinary Course Professional shall be entitled to reimbursement only for actual and necessary expenses incurred in connection with its representation of or services for the Debtors; and

All fees and expenses billed shall be subject to final review by this Court, upon consideration of final fee applications;

and it is further

ORDERED, that any party in interest shall have the right to file an objection to the retention of a Law Firm or Ordinary Course Professional within ten (10) days of the date of filing and service of that firm's Retention Affidavit; provided however, that if the Court does not approve the retention of the Law Firm or Ordinary Course Professional, such Law Firm or Ordinary Course Professional shall still be entitled to apply for compensation for the period from the date the Debtors directed work to be commenced through the date of the Court's decision, upon appropriate application to the Court; and it is further

ORDERED, that upon submission to the Debtors of an appropriate invoice setting forth in reasonable detail the nature of services rendered, the Debtors are authorized to pay one hundred percent (100%) of the fees and disbursements to each Law Firm and Ordinary Course Professional, up to a monthly total of \$15,000 per Law Firm or Ordinary Course Professional, without the necessity of filing any interim or final fee applications on account of such fees and disbursements; and it is further

ORDERED, that to the extent monthly fees and disbursements for any Law Firm or Ordinary Course Professional exceed \$15,000 for any particular month, such excess, unless otherwise ordered by this Court, shall be paid in accordance with the procedures established by this Court for payment of professionals in these chapter 11 cases and be subject to final approval of the Court upon application therefor in accordance with sections 330 and 331 of the Bankruptcy Code or as otherwise provided in the local rules or Orders of this Court; and it is further

ORDERED, that the Debtors are authorized to retain the law firm of Powell Goldstein Frazer & Murphy nunc pro tunc to July 30, 1997; and it is further

ORDERED, that the Debtors are authorized to retain the accounting firm of Ross, Anglim, Angelini, Valla, Krawitz LLP nunc pro tunc to July 28, 1997; and it is further

ORDERED, that this Order shall be without prejudice to the Debtors' rights to apply to the Court for authority to modify the terms hereof, upon appropriate notice.

Dated: New York, New York

November 25, 1997

No Objection - Subject to
Supplemental Affidavit by

Coopers & Lybrand, as Tax Accountants

to be filed. Office of the U.S. Trustee

/s/ Brian S. Masumoto 11/24/97

/s/ Burton R. Lifland

U.S. Bankruptcy Judge

EXHIBIT A

SCHEDULE OF LAW FIRMS

Name and Address	Description of Services	Projected Average Monthly Billing
Powell, Goldstein, Frazer & Murphy LLP 191 Peachtree Street, N.E. Atlanta, Georgia 30303	Represents the Debtors in defense of an employment discrimination action.	\$8,000
Rubin Bailin Ortoli Mayer Baker & Fry LLP 405 Park Avenue New York, New York 10002	Entertainment law and intellectual property matters.	Varies
Keith Mack 200 S. Biscayne Blvd. 20th Floor Miami, Florida 33131	Miscellaneous Florida-based litigation matters.	\$2,000
Mori Sogo Law Offices NKK Building 1-1-2 Marunouchi Chiyoda-ku Tokyo 100 Japan	Collection matters in Japan related to Woodyland Trading, Co.	Varies

EXHIBIT B

SCHEDULE OF ORDINARY COURSE PROFESSIONALS

Name and Address	Description of Services	Projected Average Monthly Billing
Ross Anglim Angelini Valla & Krawitz 775 Mountain Blvd. Watchung, New Jersey 07060	Preparation of Federal and state tax returns.	\$8,000

EXHIBIT "C"

CORE LIST

The Office of the United States Trustee
80 Broad Street, 3rd Floor
New York, New York, 10004
Attention: Brian Masumoto, Esq.

Schulte, Roth & Zabel
(Counsel to Creditors' Committee)
900 Third Avenue
New York, New York 10022
Attention: James M. Peck, Esq.

Milbank, Tweed, Hadley & McCloy
(Counsel to the Debtors' prepetition bank lenders)
1 Chase Manhattan Plaza
New York, New York 10005
Attention: David C.L. Frauman, Esq.

Zalkin, Rodin & Goodman LLP
(Counsel to the Debtors' DIP lenders)
750 Third Avenue
New York, New York 10017
Attention: Richard Toder, Esq.

Morgan, Lewis & Bockius
(Counsel to Unofficial Committee of Secured Trade Vendors)
2000 One Logan Square
Philadelphia, PA 19103-6993
Attention: Michael A. Bloom, Esq.

Alliance Entertainment Corporation
110 East 59th Street - 18th Floor
New York, New York 10022
Attention: Christopher Joyce, Esq.

Willkie Farr & Gallagher
Attorneys for the Debtors
One Citicorp Center
153 East 53rd Street
New York, New York 10022

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Attention: Marc Abrams, Esq.