

# Exhibit A

EOD JAN 25 2002

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	Case No. 02-B02474
	)	(Jointly Administered)
KMART CORPORATION, <i>et al.</i> ,	)	Chapter 11
	)	Chief Judge Susan Pierson Sonderby
	)	
Debtors.	)	

**ADMINISTRATIVE ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND 331  
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION AND  
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon the motion dated January 22, 2002 (the "Motion"), wherein Kmart Corporation ("Kmart") and 37 of its domestic subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), moved this Court for entry of an order, pursuant to sections 105(a) and 331 of the Bankruptcy Code, establishing procedures for interim compensation and reimbursement of expenses of professionals specifically retained by order of this Court; it appearing to the Court that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; (iv) proper and adequate notice of the Motion and the hearing thereon has been given and that no other or

further notice is necessary; (v) upon the record herein after due deliberation thereon, that the relief should be granted as set forth below,

1. Except as may otherwise be provided in Court orders authorizing the retention of specific professionals, all professionals in these cases may seek interim compensation in accordance with the following procedure:

a. On or before the last day of each month following the month for which compensation is sought (the "Monthly Statement Date"), each professional will submit a monthly statement to: (i) the Debtors at Kmart Corporation, 3100 West Big Beaver Road, Troy, MI 48084-3163 (Attn: Janet Kelley, Senior Vice President & General Counsel); (ii) counsel to the Debtors, Skadden, Arps, Slate, Meagher & Flom (Illinois), 333 West Wacker Drive, Suite 2100, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr.); (iii) counsel to the administrative agents for Debtors' postpetition lenders, Morgan Lewis & Bockius, 101 Park Avenue, New York, New York 10178 (Attn: Robert H. Scheibe and Jay Teitelbaum) and Katton Muchin Zavis, 525 West Monroe Street, Suite 1600, Chicago, Illinois 60661 (Attn: Joff Marwil and Brian Swott); (iv) counsel to any official committee appointed in these cases (who shall serve a notice of appearance on the Master Service List promptly after its retention); and (v) the United States Trustee, U.S. Trustee, Region 11, Northern District of Illinois, 227 West Monroe Street, Suite 3350, Chicago, IL

60606. Each such person receiving such a statement will have twenty (20) days after the Monthly Statement Date to review the statement.

b. At the expiration of the twenty (20) day period, the Debtors shall promptly pay ninety percent (90%) of the fees and one hundred percent (100%) of the disbursements identified in each monthly statement, except such fees or disbursements as to which an objection has been served as provided in paragraph (c) below. Any professional who fails to submit a monthly statement shall be ineligible to receive further payment of fees and expenses as provided herein until such time as the monthly statement is submitted. The first statements shall be submitted and served by each of the professionals by March 29, 2002 and shall cover the period from the commencement of this case through February 28, 2002;

c. In the event that any of the Debtors, the United States Trustee, the Debtors' postpetition lenders or the Committee has an objection to the compensation or reimbursement sought in a particular statement, such party shall, within twenty (20) days of the Monthly Statement Date, serve upon the respective professional and the other persons designated to receive monthly statements, a written "Notice of Objection to Fee Statement" setting forth the precise nature of the objection and the amount at issue. Thereafter, the objecting party and the Professional whose statement is objected to shall attempt to reach an agreement regarding the correct payment to be made. If the parties are unable to reach an agreement on the

objection within twenty (20) days after receipt of such objection, the objecting party may file its objection with the Court and serve such objection on the respective professional and the other parties designated to receive monthly statements parties listed above and the Court shall consider and dispose of the objection at the next interim fee application hearing. The Debtors will be required to pay promptly those fees and disbursements that are not the subject of a Notice of Objection to Fee Statement.


d. Approximately every four (4) months, each of the Professionals shall file with the Court and serve on the parties designated to receive monthly statements, on or before the 45th day following the last day of the compensation period for which compensation is sought, an application for interim Court approval and allowance, pursuant to section 331 of the Bankruptcy Code, of the compensation and reimbursement of expenses requested for the prior four (4) months. The first such application shall be filed on or before June 17, 2002 and shall cover the period from the commencement of these cases through April 30, 2002. Any professional who fails to file an application when due shall be ineligible to receive further interim payments of fees or expenses as provided herein until such time as the application is submitted.

e. The pendency of an application or a court order for payment of compensation or reimbursement of expenses, and the pendency of any Notice of

Objection to Fee Statement or other objection, shall not disqualify a Professional from the future payment or compensation or reimbursement of expenses as set forth above. Neither the payment of, nor the failure to pay, in whole or in part, monthly interim compensation and reimbursement as provided herein shall bind any party-in-interest or this Court with respect to the allowance of applications for compensation and reimbursement of Professionals.

f. Each member of the Committee in this case shall be permitted to submit statements of expenses and supporting vouchers to counsel for the Committee who shall collect and submit such requests for reimbursement in accordance with the foregoing procedure for monthly and interim compensation and reimbursement of Professionals.

Dated: Chicago, Illinois  
January 25 2002

  
Chief Judge Susan Pierson Sonderby  
UNITED STATES BANKRUPTCY JUDGE

# Exhibit B

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re:	)	Case No. 02-802474
	)	(Jointly Administered)
KMART CORPORATION, <u>et al.</u>	)	Chapter 11
	)	Hon. Susan Pierson Sonderby
	)	Hearing Date: August 29, 2002
Debtors.	)	Hearing Time: 11:00 a.m.
	)	Obj. Date: August 22, 2002

**ORDER PURSUANT TO 11 U.S.C. § 363(b) APPROVING  
POST-PETITION AGREEMENT TO UTILIZE ESTATE FUNDS  
FOR PAYMENT OF FEES AND EXPENSES INCURRED BY SPECIAL  
COUNSEL TO THE INDEPENDENT DIRECTORS GROUP**

Upon the motion dated August 9, 2002 (the "Motion") of Kmart Corporation ("Kmart") and certain of its affiliates, each a debtor and debtor-in-possession in the above-captioned cases (collectively, the "Debtors"), for entry of an order, pursuant to Section 363(b) of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), approving the Debtors' agreement, as described in this Order, to use estate funds outside the ordinary course of business to pay Dewey Ballantine LLP ("Dewey Ballantine") for services rendered to the independent members of Kmart's Board of Directors (the "Independent Directors Group") as their special counsel ("Special Counsel"); and due and adequate notice of the Motion having been given; and it appearing that no other notice need be given; and it appearing that Dewey Ballantine neither holds nor represents any interest adverse to the Debtors' estates



with respect to the matters for which Dewey Ballantine is to be paid as described in this Order; and it appearing that the Official Financial Institutions' Committee (the "FIC"), the Official Unsecured Creditors' Committee (the "UCC"), and the Official Committee of Equity Security Holders (the "Equity Committee" and, together with the FIC and the UCC, the "Committees") consent to entry of this order; and it appearing that the relief requested in the Motion is in the best interest of the estates and their creditors, and after due deliberation thereon, that the relief should be granted as set forth below,

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT**

1. Pursuant to Section 363(b) of the Bankruptcy Code, and subject to the terms contained herein, the Debtors, as debtors-in-possession, are authorized to utilize estate funds to pay Dewey Ballantine from and after the petition date as Special Counsel to represent the Independent Directors Group in connection with these Chapter 11 cases and, more specifically, the performance of only the following legal services.

- (a) review developments in these Chapter 11 cases and advise the Independent Directors Group in connection with these Chapter 11 cases;
- (b) provide legal advice to the Independent Directors Group in support of the Independent Directors Group's ongoing responsibilities with respect to the Debtors' operations, including attendance at meetings of the Kmart Board of Directors, its committees and other third parties;
- (c) represent the individuals comprising the Independent Directors Group in connection with specific matters involving the stewardship investigation, the Securities and Exchange Commission and the Department of Justice

(including through the U.S. Attorney's Office for the Eastern District of Michigan);

(d) appear before the Bankruptcy Court, any district or appellate courts, and the United States Trustee on behalf of the Independent Directors Group with respect to the matters referred to above; and

(e) provide the full range of legal services and advice normally associated with the matters referred to above.

2. All compensation and reimbursement of expenses to be paid to Dewey Ballantine shall be subject to the protocols of the Joint Fee Review Committee, including the rights of the Committees to review budgets proposed by Dewey Ballantine; to object to such budgets; and to object, in accordance with such protocols, to payment of requested amounts to Dewey Ballantine.

3. Dewey Ballantine shall be paid from the estates for post-petition services rendered to the Independent Directors Group; provided, however, that Dewey Ballantine shall not be paid from the estates an amount in excess of \$750,000 (including amounts already incurred) unless the Committees consent in writing or, absent such consent, the Court enters an order permitting such further payment. If such consent is not obtained, Dewey Ballantine may immediately withdraw from its representation of the Independent Directors Group with respect to the matter described in paragraph 1 hereof.

4. Notwithstanding anything in this Order to the contrary, this Order does not authorize the Debtors to pay Dewey Ballantine for any fees or expenses incurred in

connection with providing legal services to any members of the Independent Directors Group to the extent that such legal services are rendered (i) in connection with claims made or actions asserted by or on behalf of the Debtors or the Committees or (ii) in connection with matters in which such members hold an interest adverse to the Debtors. For purposes of this paragraph, the Debtors shall be solely responsible for determining, in the first instance and in their reasonable discretion, whether an adverse interest exists; provided, however, that nothing herein shall be deemed to impair the ability of this Court or the right of the U.S. Trustee to consider at any time whether an adverse interest exists. The existence of the stewardship investigation referenced in paragraph 1(c) of this Order shall not, in and of itself, constitute or be deemed to create an adverse interest. In the event an adverse interest is determined to exist, the Independent Directors Group and Dewey Ballantine shall be promptly notified in writing of such determination. Subject to the limitations set forth in this Order, the Debtors shall be entitled to pay Dewey Ballantine from the Debtors' estates for services rendered to the Independent Directors Group up to the date of their receipt of such notice.

5. This Order does not address and does not affect the ability of any individual member of the Independent Directors Group to retain Dewey Ballantine to represent him or her individually, and is without prejudice to the rights of the Independent

Directors Group or Dewey Ballantine to request payment of administrative expenses  
from the Debtors' estates in accordance with applicable law.

Dated: Chicago, Illinois  
August 7, 2002



Honorable Susan Pierson Sonderby  
United States Bankruptcy Judge

# Exhibit C

	Time Frame Encompassed	Fees	15% Discount	Net Fees	Expenses	Telephone, Fax & Copy Charges	Net Expenses	Total Net Fees and Expenses
Interim Fee Applications								
First Interim Application	3/7 -- 8/31/02	\$372,219.75	\$55,832.96	\$316,386.79	\$17,221.17	\$1,224.26	\$15,996.91	\$332,383.70
Second Interim Application	9/1 -- 12/31/02	\$341,204.75	\$51,180.71	\$290,024.04	\$15,210.50	\$2,360.14	\$12,850.36	\$302,874.40
Monthly Fee Statements								
January	1/1 -- 1/31/03	\$109,169.00	\$16,375.35	\$92,793.65	\$5,448.84	\$0.00	\$5,448.84	\$98,242.49
February	2/1 -- 2/28/03	\$153,160.00	\$22,974.00	\$130,186.00	\$10,183.48	\$0.00	\$10,183.48	\$140,369.48
March	3/1 -- 3/31/03	\$38,457.50	\$5,768.63	\$32,688.87	\$7,611.60	\$0.00	\$7,611.60	\$40,300.47
April	4/1 -- 4/30/03	\$27,937.00	\$4,190.55	\$23,746.45	\$2,183.66	\$0.00	\$2,183.66	\$25,930.11
May and June	5/1 -- 6/3/03	\$13,425.00	\$2,013.75	\$11,411.25	\$1,087.23	\$0.00	\$1,087.23	\$12,888.39
Total Fees		\$1,055,573.00	\$158,335.95	\$897,237.05	\$58,946.48	\$3,584.40	\$55,362.08	\$952,599.13

# Exhibit D

DEWEY BALLANTINE LLP

SUMMARY OF ATTORNEY AND LEGAL ASSISTANT HOURS,  
RATES AND TOTAL CHARGES FOR THE PERIOD FROM  
MARCH 1, 2002 THROUGH JUNE 13, 2003

NAME OF PROFESSIONAL(S)	HOURS	RATES(\$)*	TOTAL(\$)
<b>Partners</b>			
Frederick W. Kanner	370.60	700.00	259,420.00
Stuart Hirshfield	140.40	700.00	98,280.00
Robert C. Myers	23.50	700.00	16,450.00
James A. FitzPatrick	5.30	675.00	3,577.50
Paul J. Bschorr	0.25	675.00	168.75
Seth C. Farber	487.40	495.00/550.00	254,595.00
Paul J. Wessel	5.40	625.00	3,375.00
M. Adel Aslani-Far	17.20	465.00	7,998.00
<b>Counsel</b>			
Joel I. Krasnow	1.40	480.00	672.00
<b>Associates</b>			
Marc Bennett	97.90	405.00/450.00	41,112.00
Carey Schreiber	72.90	450.00	32,805.00
Lisa B. Deutsch	2.00	420.00	840.00
Saville A. Mallach	13.90	380.00	5,282.00
Vanessa L. Abrahams	27.00	355.00	9,585.00
Matthew J. Gilroy	32.80	315.00	10,332.00
Alice M. Kenniff	18.90	315.00	5,953.50

---

\* The blended hourly rate is \$428.18 (excluding law clerks and paraprofessionals), prior to Dewey Ballantine's voluntary 15% discount.



Kelly Librera	34.60	280.00	9688.00
Joseph A. Cosentino	12.90	275.00	3,547.50
Candace D. Banks	352.20	240.00/280.00	96,536.00
Erez Gilad	52.90	275.00	14,547.50
Doug S. Mintz	11.75	275.00	3,231.25
Kerri Lyman	112.90	225.00/240.00	26,112.00
Sabrineh Ardalan	425.70	225.00/240.00	96,292.50
Wendy Erdly	35.80	225.00/240.00	8,220.00
<b>Law Clerk(s)</b>			
Nehemiah Ginsburg	4.50	195.00	877.50
Boris Segalis	11.20	195.00	2,184.00
Gavin Westerman	1.30	195.00	253.50
<b>Case Manager(s) &amp; Legal Assistant(s)</b>			
Jacob Nemetz	9.50	175.00	1,662.50
Kevin Bell	24.70	165.00	4,075.50
Christine Guthrie	170.20	140.00/160.00	26,882.00
Perinaz Bhada	1.50	150.00	225.00
Michael Reisman	18.00	120.00/125.00	2,170.00
Lara Goldberg	12.50	125.00	1,562.50
Laura A. Smith	3.00	125.00	375.00
Ayana Wellington	13.00	125.00	1,625.00
Philip E. Angeli	38.80	125.00	4,850.00
David Irwin	1.00	110.00	110.00

**Library**

Jill Gray	0.50	125.00	62.50
Joel Weisberger	0.30	125.00	37.50
<b>TOTAL</b>	<b>2,665.60</b>		<b>\$1,055,573.00</b>

# Exhibit E

**Fee Detail**

Date	Name	Narrative	Hours	Fee
<i>Detail for Matter #671523 - DB Retention</i>				
03/09/02	Mintz, D S	Research retention issues for S. Hirshfield.	4.00	\$1,100.00
03/13/02	Hirshfield, S	Ph. Kanner re: retention (1.0).	1.00	700.00
03/14/02	Hirshfield, S	Conf. D. Mintz re: retention issues; rev. mtn. and order.	0.50	350.00
03/14/02	Mintz, D S	O/c S. Hirshfield; research matter re representation.	0.75	206.25
03/18/02	Aslani-Far, A M	Conference with Kanner re: retention issues (1.0); attention to letter (.5).	1.50	697.50
03/18/02	Hirshfield, S	Ph. Kanner re: retention; rev. emails (.5); conf. Kay re: application (.3).	0.80	560.00
03/18/02	Bennett, M E	Gathered and reviewed background information necessary for 327(e) retention application and related documents.	1.50	607.50
03/19/02	Hirshfield, S	Rev. emails re: retention application.	0.30	210.00
03/19/02	Bennett, M E	Telephone conference with M. Jones (Skadden) re retention application and proposed timing for same (.3). Gathered background materials for application (.5).	0.80	324.00
03/19/02	Gilad, E	Draft retention application for Dewey Ballantine by K-Mart as special counsel (2.0); conferring with M. Bennett re same (.5); draft and deliver e-mail inquiry to working group re retention and conflict issues; review retention letter(1.0); review interim compensation order(1.0); review docket; review response to conflicts inquiry (1.5).	6.00	1,650.00
03/19/02	Kenniff, A M	Drafting Kmart engagement letter (1.0); conference with Bankruptcy Department, M. A. Aslani-Far (1.3).	1.30	409.50
03/20/02	Gilad, E	Perform/review conflicts check for purposes of retention application	1.00	275.00
03/21/02	Hirshfield, S	Rev. email re: retention application.	0.30	210.00
03/21/02	Gilad, E	Draft e-mail inquiry to working group re miscellaneous retention issues and confer with M. Bennett re same (2.0); revise retention application (2.0)	4.00	1,100.00

Date	Name	Narrative	Hours	Fee
03/21/02	Kenniff, A M	Attention to retention matters (.4); telephone conferences with M. Bennett, E. Gilad (.2); M. A. Aslani-Far (.1).	0.70	220.50
03/22/02	Gilad, E	Revise retention application as per M. Bennett and comments from working group	2.00	550.00
03/25/02	Hirshfield, S	Ph. Kanner re: retention.	0.30	210.00
03/25/02	Bennett, M E	Review and revise retention application.	2.00	810.00
03/25/02	Gilad, E	Review/analyze DB retention letter and revise retention application/affidavit (4.0); confer with M. Bennett and working group re same (2.0).	6.00	1,650.00
03/27/02	Bennett, M E	Review and revise draft retention application and proposed order.	2.80	1,134.00
03/27/02	Gilad, E	Revising draft Hirshfield Affidavit in support of retention application	4.00	1,100.00
03/27/02	Kenniff, A M	Telephone conferences with M. Bennett, E. Gilad, meet with M. A. Aslani-Far re: retention.	0.30	94.50
03/28/02	Bennett, M E	Office conference with Frank Adams re firm's past representations of Credit Suisse First Boston in Kmart-related matters. Telephone conference with Michelle Rutta re same.	0.50	202.50
03/28/02	Kenniff, A M	Review of Kmart retention motion.	2.00	630.00
03/29/02	Hirshfield, S	Rev. mtn. for DB retention (.5).	0.50	350.00
04/01/02	Aslani-Far, A M	Attention to Fee Application (.5); conference with Kenniff (.5).	1.00	465.00
04/01/02	Farber, S	Conferences and teleconferences with P. Bschorr, H. Kurzweil, and F. Kanner regarding retention (.5)	0.50	247.50
04/01/02	Bennett, M E	Finish drafting motion and proposed order for retention of DB as 327(e) counsel.	2.20	891.00
04/01/02	Gilad, E	Draft/revise Hirshfield affidavit in support of retention application	2.00	550.00
04/01/02	Kenniff, A M	Mark up of Motion.	1.30	409.50
04/02/02	Hirshfield, S	Phs. Kanner re: retention & office loans issues.	0.40	280.00
04/02/02	Bennett, M E	Telephone conference with M. Jones (Skadden) re retention application. Office conference with S. Hirshfield re same.	0.70	283.50
04/02/02	Kenniff, A M	Review retention motion.	1.30	409.50
04/11/02	Hirshfield, S	Conf. Bennett re: retention issues (.1); rev. draft affidavit for retention 1.0).	1.10	770.00

Date	Name	Narrative	Hours	Fee
04/17/02	Bennett, M E	Office conference with S. Hirshfield re retention application and re insurance issues (0.3) and review draft affidavit in support of retention (0.3).	0.60	243.00
04/22/02	Gilad, E	Review case management order and consult with Debtors counsel re filing of Dewey Ballantine fee application	0.50	137.50
04/25/02	Hirshfield, S	Ph. Farber re: retention (.5); rev. latest draft of retention application (.5).	1.00	700.00
04/25/02	Gilad, E	Review/revise drafts of retention applications and affidavit as per comments from M. Bennett and S. Hirshfield	0.50	137.50
04/26/02	Hirshfield, S	Conf. Gilad re: retention affidavit.	0.30	210.00
04/26/02	Bennett, M E	Final review of retention application and affidavit (0.4). Telephone conference with E. Gilad re same (0.1).	0.50	202.50
04/29/02	Gilad, E	Revise retention application and affidavit as per comments of Alice Kenniff and forward same to Skadden	1.00	275.00
04/29/02	Kenniff, A M	Motion - mark up and give to Frez.	1.00	315.00
05/02/02	Hirshfield, S	Ph. Kanner re: retention.	0.30	210.00
05/02/02	Bennett, M E	Review final revised versions of retention application and proposed order.	0.50	202.50
05/07/02	Gilad, E	Review comments from Skadden re retention application and affidavit and deliver same to working group	1.00	275.00
05/08/02	Hirshfield, S	Rev. revised Order, Application and Affidavit (.5); conf. Gilad re: same (.1); sign original affidavit (.3); ph. Ivester re: application (.2).	1.10	770.00
05/08/02	Bennett, M E	Telephone conferences with Skadden attorneys re status of Dewey Ballantine retention (0.3). Email correspondence with F. Kanner and S. Hirshfield re same (0.4).	0.70	283.50
05/09/02	Hirshfield, S	Rcv. emails re: retention.	0.30	210.00
05/09/02	Gilad, E	Respond to inquiry from S. Hirshfield related to Skadden's retention application (.5); review docket re same (.5).	1.00	275.00
05/13/02	Farber, S	Attention to retention application (2.3).	2.30	1,138.50
05/13/02	Hirshfield, S	Ph. Farber re: retention issues and discount (.3); rev. revised retention application & affidavit (.4).	0.70	490.00

Date	Name	Narrative	Hours	Fec
05/13/02	Bennett, M E	Telephone conference with S. Farber re status of retention application.	0.20	81.00
05/13/02	Gilad, E	Revise retention applicaiton, affidavit and engagement letter as per comments from Seth Farber and Marc Bennett	2.00	550.00
05/15/02	Hirshfield, S	Vmail and t/conf. Farber re: Flannery; conf. M Bennett re: same; rev. emails re: retention.	0.80	560.00
05/16/02	Bennett, M E	Review revised versions of engagement letter, and application and proposed order to retain Dewey (0.8). Office conference with E. Gilad re same (0.3).	1.10	445.50
05/17/02	Farber, S	Attention to retention application (1.0)	1.00	495.00
05/17/02	Bennett, M E	Telephone confercnecs with Skadden attorneys re retention application for Dewey (0.5). Office conference with S. Hirshfield re same (0.3). Arrange to have engagement letter signed and sent to Kmart in-house counsel (0.4).	1.20	486.00
05/17/02	Kenniff, A M	Attention to retention application.	0.20	63.00
05/20/02	Farber, S	Attention to Dewey retention motion.	1.00	495.00
05/20/02	Hirshfield, S	Retention issues (.6); ph. Kanner, Farber and Shumener (.1); ph. Bennett re: affidavit (.2); rev. revised affidavit (.2).	1.10	770.00
05/20/02	Bennett, M E	Revised affidavit in support of Dewey's retention.	0.50	202.50
05/22/02	Hirshfield, S	Ph. Farber re: retention	0.30	210.00
05/23/02	Hirshfield, S	Ph. Ivester re: retention issues	0.30	210.00
05/24/02	Farber, S	Teleconferences with Skadden, S. Hirshfield and J. Kelley regarding application (.5).	0.50	247.50
05/28/02	Hirshfield, S	Emails re: hrg.; emails re: retention strategy.	0.60	420.00
05/30/02	Hirshfield, S	Rev. retention letters	0.30	210.00
06/04/02	Hirshfield, S	Rev. US Trustee objection to retention (1.0)	1.00	700.00
06/04/02	Gilad, E	Review docket; determinc if UST objected to DB Fee Application	0.50	137.50
06/05/02	Hirshfield, S	Ph. Bennett re: US Trustee obj (.2).	0.20	140.00
06/05/02	Bennett, M E	Review US Trustee's objection to Dewey's retention (0.5).	0.50	202.50
06/07/02	Gilad, E	Obtain precedents -- retention of special counsel under Section 327(e)	1.00	275.00
06/12/02	Hirshfield, S	Rev. memo re: retention issues.	0.30	210.00
06/12/02	Gilad, E	Draft email to S. Hirshfield re Section 327(e) case law	0.20	55.00

Date	Name	Narrative	Hours	Fee
06/13/02	Farber, S	Attention to retention issues, including with F. Kanner (.5).	0.50	247.50
06/15/02	Farber, S	Attention to fee statements.	0.30	148.50
06/18/02	Bennett, M E	Research re response to objections to retention.	0.80	324.00
06/19/02	Hirshfield, S	Ph. Bennett re: retention objection response.	0.30	210.00
06/21/02	Farber, S	Attention to retention motion.	0.30	148.50
06/21/02	Kanner, F W	Numerous telephone conferences and email exchanges regarding retention of DB to represent the independent directors.	1.50	1,050.00
06/24/02	Farber, S	Attention to retention motion, including conferences and teleconferences with R. Myers, F. Kanner, and T. Stalkamp and review draft letter.	1.00	495.00
06/24/02	Hirshfield, S	Rev. emails re: retention.	0.30	210.00
06/25/02	Bennett, M E	Review and revise response to objections to Dewey's retention.	0.80	324.00
06/26/02	Bennett, M E	Telephone conference with Skadden re outcome of hearing on retention. Email correspondence to Dewey personnel re same.	0.50	202.50
06/27/02	Hirshfield, S	Conf. Kanner, Farber and Myers re: retention.	1.00	700.00
07/01/02	Farber, S	Attention to retention motion, including review hearing transcript and conferences and teleconferences with R. Myers, F. Kanner and S. Hirshfield.	1.00	495.00
07/01/02	Hirshfield, S	Ph. Bennett re: review of Application (.7)	0.70	490.00
07/01/02	Bennett, M E	Telephone conference with M. McDermott (Skadden) re status of Dewey's retention and office conference with S. Hirshfield re same (0.5).	0.50	202.50
07/02/02	Bennett, M E	Office conference with F. Kanner re revised language for proposed retention order (0.5). Drafted and revised same (1.1).	1.60	648.00
07/03/02	Farber, S	Teleconference with J. Kelley regarding retention motion; review emails (.8).	0.80	396.00
07/17/02	Hirshfield, S	Conf. Bennett re: retention issues	0.30	210.00
07/22/02	Kanner, F W	Numerous telephone conferences re: retention order and questions from directors.	0.50	350.00
07/23/02	Farber, S	Work on retention application (2.5)	2.50	1,237.50
07/23/02	Hirshfield, S	Rev. proposed order (.6); email Bennett; conf. Farber, Bennett re: revisions to order (.5).	1.10	770.00



Date	Name	Narrative	Hours	Fee
07/23/02	Bennett, M E	Review and revise proposed retention order (1.1). Office conference with S. Hirshfield and S. Farber re same (0.4).	1.50	607.50
07/24/02	Farber, S	Teleconference with M. McDermott regarding retention (.5).	0.50	247.50
07/24/02	Hirshfield, S	Rev. emails re: modification to order (.3); rev. letter from insurer; ph. re: retention order (.5); phs. Farber re: retention (.2); ph. Bennett re: retention (.2).	1.20	840.00
07/25/02	Farber, S	Teleconferences with L. Affinito and J. Kelley and conferences with R. Myers regarding retention (2.0)	2.00	990.00
07/26/02	Farber, S	Review proposed order.	0.30	148.50
07/29/02	Farber, S	Attention to retention motion.	1.50	742.50
07/29/02	Kanner, F W	Work on retention issues; telephone conference with Tom Stallkamp; numerous emails; etc.	0.50	350.00
07/30/02	Kanner, F W	Review retention issues.	0.50	350.00
07/30/02	Bennett, M E	Review and revise proposed order re Dewey (0.5). Telephone conference with F. Kanner re same (0.2).	0.70	283.50
07/31/02	Farber, S	Attention to revised draft order.	0.50	247.50
07/31/02	Hirshfield, S	Rev. comments to retention order.	0.40	280.00
07/31/02	Kanner, F W	Review retention issues.	0.50	350.00
07/31/02	Bennett, M E	Revised order re Dewey's services (0.5). Office conference with F. Kanner re same (0.3).	0.80	324.00
08/01/02	Kanner, F W	T/cnf. Janet Kelley re: retention negotiations.	0.50	350.00
08/06/02	Kanner, F W	Review retention order issues (1.0); numerous t/c's (.5).	1.50	1,050.00
08/07/02	Farber, S	Attention to proposed retention order.	0.30	148.50
08/07/02	Hirshfield, S	Rev. emails; rev. revised order of retention.	0.50	350.00
08/07/02	Kanner, F W	Numerous t/c's with Janet Kelley and Skadden lawyers re retention order.	1.00	700.00
08/08/02	Farber, S	Attention to retention.	0.50	247.50
08/08/02	Hirshfield, S	Rev. emails; rev. side letter re: retention; phs. Kanner.	0.50	350.00
08/14/02	Farber, S	Attention to retention order.	0.30	148.50
08/14/02	Hirshfield, S	Rev. emails and revisions to retention order; respond to emails.	0.40	280.00
08/14/02	Kanner, F W	Work on documents, including Retention Order (.5); telephone conferences with Janet Kelley, Skadden lawyers, etc (.5).	1.00	700.00

Date	Name	Narrative	Hours	Fee
08/14/02	Bennett, M E	Finalize memorandum to directors re claims (0.5) and arrange to send same (0.4).	0.90	364.50
08/19/02	Farber, S	Attention to retention application.	0.30	148.50
08/19/02	Kanner, F W	Telephone conference with Mark McDermott re: retention issues (1.0).	1.00	700.00
<i>Total Fee for Matter #671523</i>			119.35	\$53,055.25

**Fee Detail**

Date	Name	Narrative	Hours	Fee
<i>Detail for Matter #671524 - Board Meeting Attendance</i>				
03/07/02	Mintz, D S	O/c Kay re: board meeting; O/c S. Hirschfield re K-Mart board rep.	0.50	\$137.50
03/11/02	Farber, S	Conference with F. Kanner re: board meeting.	0.50	247.50
03/11/02	Kanner, F W	Work on new assignment, including preparation for meeting.	4.00	2,800.00
03/12/02	Hirshfield, S	Rev. material for Bd. Conf. Kanner & Farber to prepare for mtg. with Bd. (3.0)	3.00	2,100.00
03/12/02	Kanner, F W	Prepare for and attend meeting of the Board of Directors in New York.	7.50	5,250.00
03/27/02	Farber, S	Teleconference w/F. Kanner regarding board meeting and follow-up.	0.30	148.50
03/27/02	Kanner, F W	Numerous telephone calls regarding audit meeting, etc.	1.80	1,260.00
03/28/02	Farber, S	Audit committee meeting, including preparation for same (.4)	0.40	198.00
03/28/02	Kanner, F W	Telephone call with S. Farber regarding audit committee meeting.	0.30	210.00
04/09/02	Farber, S	Attend Kmart board meeting and audit committee meeting.	9.00	4,455.00
04/09/02	Kanner, F W	Prepare for and attend meeting of audit committee and Board of Directors at Skadden.	8.00	5,600.00
04/30/02	Farber, S	Board meeting and preparation for same.	7.00	3,465.00
04/30/02	Kanner, F W	Prepare for and attend Board meetings at Skadden (4.0)	4.00	2,800.00
05/07/02	Farber, S	Attention to minutes.	0.30	148.50
05/07/02	Kanner, F W	Review minutes and related documents.	0.50	350.00
05/09/02	Farber, S	Audit committee meeting (1.0)	1.00	495.00
05/13/02	Farber, S	Prepare for board meeting, include review board package (4.0)	4.00	1,980.00
05/14/02	Farber, S	Kmart Board of Directors and Audit Committee meetings and preparation for same.	10.50	5,197.50

Date	Name	Narrative	Hours	Fee
05/14/02	Kanner, F W	Prepare for and participate in meetings of the Kmart Audit Committee (7.0); separate meeting with independent directors (2.0); participate in meeting of the Board of Directors (1.0)	10.00	7,000.00
05/15/02	Farber, S	Audit committee meeting (2.0)	2.00	990.00
05/29/02	Kanner, F W	Review and comment on minutes of audit committee meetings (2.4).	2.40	1,680.00
05/30/02	Farber, S	Review draft minutes (1.0).	1.00	495.00
06/03/02	Farber, S	Review draft minutes (1.2).	1.20	594.00
06/04/02	Farber, S	Audit committee meeting (1.0)	1.00	495.00
06/10/02	Farber, S	Meeting with outside directors and preparation for same (2.0); preparation for board meetings (4.0)	6.00	2,970.00
06/10/02	Hirshfield, S	Mtg. w/outside directors of Bd. (3.70)	3.70	2,590.00
06/10/02	Kanner, F W	Prepare for and participate in meeting at DB of the outside directors of Kmart.	5.00	3,500.00
06/11/02	Farber, S	Board and audit committee meetings (4.0); conferences with R. Myers regarding same(2.0).	6.00	2,970.00
06/11/02	Kanner, F W	Attend meeting with Joe Flannery (1.0); attend meeting of the Audit Committee (2.0); attend Board meeting (1.0); follow-up calls thereafter (1.5).	5.50	3,850.00
07/15/02	Kanner, F W	Prepare for Audit Committee and BOD meeting (5.0); participate in BOD dinner (3.0).	8.00	5,600.00
07/16/02	Kanner, F W	Participate in Audit Committee and Directors' meeting.	7.00	4,900.00
07/16/02	Bennett, M E	Prepare for (1.6) and attend (0.5) board meeting to discuss proofs of claim and basis of claim. Travel to/from board meeting (0.5).	2.60	1,053.00
08/15/02	Farber, S	Audit cte. meeting.	1.00	495.00
08/19/02	Kanner, F W	Prepare for Audit Committee and BOD meetings (1.0)	1.00	700.00
08/20/02	Farber, S	Kmart Board and audit cte. meetings.	7.50	3,712.50
08/20/02	Kanner, F W	Attend Audit Committee meeting (3.0); attend BOD meeting (3.0)	6.00	4,200.00
<i>Total Fee for Matter #671524</i>			<u>139.50</u>	<u>\$84,637.00</u>

**Fee Detail**

Date	Name	Narrative	Hours	Fee
<i>Detail for Matter #671525 - Advice</i>				
03/08/02	Kanner, F W	Gather factual information and organize staffing.	2.50	\$1,750.00
03/08/02	Mintz, D S	Draft memo on status (4.5); o/c S. Hirshfield (.5).	5.00	1,375.00
03/10/02	Mintz, D S	Research K-Mart issue.	1.00	275.00
03/11/02	Hirshfield, S	Re: K-Mart: phs. Kanner; rev. press releases.	0.80	560.00
03/12/02	Farber, S	Conferences with F. Kanner and S. Hirshfield (1.0); conference with K Mart outside directors (2.5).	3.50	1,732.50
03/12/02	Hirshfield, S	Conf. with outside directors (1.0).	1.00	700.00
03/13/02	Farber, S	Conference with F. Kanner and S. Hirshfield (.8); teleconference with F. Kanner and R. Reinthaler (.5).	1.30	643.50
03/13/02	Hirshfield, S	Conf. Kanner and Farber re: Bd. mtg. issues (1.0)	1.00	700.00
03/13/02	Kanner, F W	Meetings with S. Hirshfield and S. Farber, etc (1.2); telephone call with J. Flannery (.3).	1.50	1,050.00
03/13/02	Gilroy, M J	Research re: new SEC policies regarding disclosure (2.0); research re: bankruptcy timeline (1.5).	3.50	1,102.50
03/13/02	Mintz, D S	O/c S.Hirshfield; research matter re representation.	0.50	137.50
03/14/02	Aslani-Far, A M	Conference with Kanner re: background and DB role (1.0); review materials (.8).	1.80	837.00
03/14/02	Farber, S	Review F. Kanner notes (.1); attention to employee allegations (.2).	0.30	148.50
03/20/02	Kenniff, A M	Revisions to Kmart EL.	0.50	157.50
03/21/02	Kenniff, A M	Attention to Kmart EL (.6)	0.60	189.00
03/22/02	Kenniff, A M	Review Bylaws (1.0); Articles; MJ law for Independent Directors provisions (1.5).	2.50	787.50
03/25/02	Kenniff, A M	Attention to summons/complaint.	0.50	157.50
03/26/02	Gilad, E	Conferring with working group re bylaws	0.50	137.50
03/28/02	Farber, S	Teleconferences with outside directors and F. Kanner regarding same (1.0); teleconference with C. Mahoney regarding investigation (.6).	1.60	792.00
03/28/02	Kanner, F W	Telephone call with D. Cline regarding D&O insurance (.20)	0.20	140.00
03/29/02	Aslani-Far, A M	Conference with Kanner (.3); attention to SEC filing issues (.5).	0.80	372.00

Date	Name	Narrative	Hours	Fee
03/29/02	Hirshfield, S	Rev. letters to Board; rev. D&O memo (.5); ph. Kanner re: D&O issues (.5); review memo re: D&O (.5)	1.50	1,050.00
03/29/02	Kanner, F W	Review papers regarding D&O insurance from D. Cline; telephone call with S. Hirshfield, etc.	0.50	350.00
03/29/02	Kenniff, A M	Meet with M. A. Aslani-Far re: Kmart court application (.5); Research on SEC filing req'ts (2.0); T/c's w/ M. Bennett, C. Banks, F. Kanner (1.0).	3.50	1,102.50
03/31/02	Farber, S	Review anonymous letters.	0.30	148.50
04/01/02	Farber, S	Teleconferences with C. Mahoney and C. Malloy regarding investigation (.3).	0.30	148.50
04/02/02	Kanner, F W	Telephone call with J. Kelley (.2); telephone call with S. Hirshfield (.2); review documents relating to executive loan programs (1.6).	2.00	1,400.00
04/03/02	Farber, S	Conference with PJB and F. Kanner (.5); teleconference with C. Ivanick (.5); review materials regarding ERISA claims (1.0); review Skadden materials regarding SEC investigation (1.0).	3.00	1,485.00
04/03/02	Kenniff, A M	Telephone conference with M. Bennett re: Delay in Kmart Ct. Application until May.	0.10	31.50
04/04/02	Farber, S	Teleconference with C. Malloy and C. Walker regarding investigation (1.5); conference and teleconference with PJB regarding ERISA complaint (1.0); teleconferences with F. Kanner regarding retention and director advice (1.0).	3.50	1,732.50
04/04/02	Hirshfield, S	Ph. Kanner re: Comm. approval and Bd. mtg.	0.30	210.00
04/04/02	Kanner, F W	Work with P. Bschorr and S. Hirshfield (2.0); telephone call with S. Farber (.2); review documents including D&O insurance policy (2.0); leave messages with Messrs. Flannery and Cline (.3).	4.50	3,150.00
04/05/02	Farber, S	Conference with F. Kanner (1.0); teleconference with C. Mahoney (1.0); research regarding ERISA claims (1.5).	3.50	1,732.50
04/05/02	Hirshfield, S	Emails re: D&O insurance issue (.2); rev. item re: fee panel (.8); rev. ERISA lawsuit v. directors (.2).	1.20	840.00
04/05/02	Kanner, F W	Numerous telephone calls re: D&O issues (1.8); conference with S. Farber (.2).	2.00	1,400.00
04/05/02	Gilad, E	Meeting with M. Bennett re D & O insurance (1.0); conferring with Alice Kenniff re same (1.0); review precedent documents (1.5).	3.50	962.50

Date	Name	Narrative	Hours	Fee
04/05/02	Mallach, S	Meeting with J. FitzPatrick re: insurance issues (.5); Research D&O Coverage in context of insolvency (1.0); Call to Yanthis (.2); Review treaties and case law (1.0); Meeting with FitzPatrick (.2); Review policy (1.0); discuss with FitzPatrick copies of articles and cases for FitzPatrick (.1).	4.00	1,520.00
04/06/02	Farber, S	Legal research and review complaint.	1.50	742.50
04/08/02	Farber, S	Conferences and teleconferences with F. Kanner and Skadden Arps regarding investigation and upcoming board meetings.	3.00	1,485.00
04/08/02	Kanner, F W	Prepare for meeting, including review of D&O insurance policy and related documents (5.0); telephone calls with J. Kelley, etc (.5).	5.50	3,850.00
04/10/02	Kanner, F W	Telephone call with D. Cline regarding Board of Directors' issues.	0.50	350.00
04/10/02	Kenniff, A M	Telephone conference with M. Bennett and F. Kanner.	0.30	94.50
04/12/02	Farber, S	Teleconference with D. Coffino regarding D&O policy.	0.30	148.50
04/16/02	Farber, S	Audit committee conference call and attention to AIG memo.	2.00	990.00
04/16/02	Kanner, F W	Review documents and participate with S. Farber in telephonic meeting of audit committee.	1.00	700.00
04/17/02	Farber, S	Conference call with board of directors; attention to memo to AIG.	2.00	990.00
04/17/02	Kanner, F W	Participate with S. Farber in telephonic meeting with Board of Directors.	1.00	700.00
04/18/02	Farber, S	Conferences and teleconferences with Skadden and J. Kelley regarding accounting issues and other issues.	1.00	495.00
04/18/02	Kanner, F W	Review documents and numerous telephonic calls.	1.50	1,050.00
04/19/02	Farber, S	Conference and teleconference with F. Kanner.	0.10	49.50
04/22/02	Farber, S	Audit committee meeting (.5); conferences with F. Kanner and P. Bschorr regarding ERISA litigation and PWC issues (.5); teleconference with C. Walker regarding PWC issues (.5).	1.50	742.50
04/22/02	Kanner, F W	Work on relationship with AIG, including telephonic calls with AIG personnel, etc.	0.50	350.00
04/23/02	Farber, S	Teleconferences with C. Walker and F. Kanner regarding accounting review (.3); conferences with R. Myers regarding ERISA complaint (.1); review anonymous letter (.1).	0.50	247.50

Date	Name	Narrative	Hours	Fee
04/24/02	Farber, S	Audit committee meeting and preparation for same (1.0); teleconference with Skadden regarding SEC investigation (.5); attention to letter to AIG regarding ERISA complaint (.5); attention to staffing and teleconference with L. Deutsch regarding complaint (.5).	2.50	1,237.50
04/24/02	Kanner, F W	Participate in telephonic meeting of the Audit Committee (.5); telephone call with J. Flannery (.3); telephone call with L. Affinito (.2).	1.00	700.00
04/25/02	Kenniff, A M	Review Bankruptcy Court filings.	0.30	94.50
04/26/02	Farber, S	Teleconferences with D. Friedman, F. Kanner and C. Walker regarding PWC; attention to letter.	0.30	148.50
04/26/02	Kanner, F W	Work on issues relating to possible restructure of financial statement and related press releases.	2.50	1,750.00
04/26/02	Kenniff, A M	Review court motion; telephone conference with Erez Gilad.	0.50	157.50
04/27/02	Farber, S	Review and comment on draft press release.	1.00	495.00
04/28/02	Farber, S	Review and comment on draft press release.	1.50	742.50
04/29/02	Farber, S	Review drafts of press release (1.2) Conference calls with Skadden, J. Kelley and management (2.5), and conferences with F. Kanner and R. Myers regarding press release and 10-K (2.5) preparation for board meeting (1.8).	8.00	3,960.00
04/29/02	Kanner, F W	Numerous telephone calls with D. Freedman of Skadden, J. Stilkamp, S. Farber, etc (1.0); review draft of press releases and review related documents in preparation for Board meetings (5.0).	6.00	4,200.00
04/29/02	Myers, R C	Conference SF, FWK re governance issues.	0.50	350.00
04/30/02	Farber, S	Review draft position paper and press release.	1.00	495.00
04/30/02	Kanner, F W	Further work on press releases (3.0).	3.00	2,100.00
05/01/02	Farber, S	Review press release and draft white paper (.5); teleconference with F. Kanner regarding SEC (.5).	1.00	495.00
05/01/02	Kanner, F W	Review documents regarding accounting changes.	1.00	700.00
05/02/02	Hirshfield, S	Rev. press article	0.30	210.00
05/02/02	Kanner, F W	Numerous telephone calls.	2.00	1,400.00
05/02/02	Myers, R C	Telephone conference FWK.	0.50	350.00



Date	Name	Narrative	Hours	Fee
05/06/02	Farber, S	Audit committee meeting and preparation for same (1.0); review draft statements regarding accounting issues and teleconfernces with C. Walker and C. Malloy regarding same (1.5).	2.50	1,237.50
05/06/02	Kanner, F W	Prepare for and participate in telephone meeting of audit committee.	2.00	1,400.00
05/07/02	Hirshfield, S	Ph. Kanner re: investigation.	0.30	210.00
05/08/02	Gilad, E	Call with Skadden re terms of engagement; confer with working group re same	1.00	275.00
05/08/02	Kenniff, A M	T/c Erez Gilad, M. Bennett (.5); T/c with F. Kanner, R. Myers (.5); conference with R. Myers (.5); forward information to group (.5).	2.00	630.00
05/09/02	Farber, S	Review draft 10-K and draft white papers (1.0); conferences and teleconferences with F. Kanner and R. Myers, and Skadden (1.5).	2.50	1,237.50
05/09/02	Kanner, F W	Review documents (1.0); numerous telephone calls (1.0); prepare for and participate in telephonic meeting of the Audit Committee (1.0).	3.00	2,100.00
05/10/02	Kanner, F W	Work on matter.	3.00	2,100.00
05/13/02	Kanner, F W	Work on documents and prepare for meetings of the Audit Committee and Board of Directors (4.0); numerous telephone calls (1.0).	5.00	3,500.00
05/13/02	Guthrie, C	Documents retrievals.	3.50	490.00
05/14/02	Kanner, F W	Further work on the latest anonymous letter, including telephone calls with D. Freedman and L. Affinito (.5).	0.50	350.00
05/14/02	Gilad, E	Conferring with M. Bennett	0.50	137.50
05/15/02	Farber, S	Review 10-K, press release and anonymous letter (4.0); conferences and teleconferences with directors, Kmart, Skadden and F. Kanner (2.0).	6.00	2,970.00
05/15/02	Kanner, F W	Numerous telephone calls (.5); participate in telephonic meeting of the Audit Committee (1.0); work on documents (1.0).	2.50	1,750.00
05/15/02	Bennett, M E	Researched and drafted memorandum re typical treatment of directors under plans of reorganization. Office conference with S. Hirshfield re same.	2.20	891.00
05/16/02	Farber, S	Conference and teleconference with R. Myers and F. Kanner regarding meeting with outside directors (.5); review materials regarding directors' duties in bankruptcy (.5).	1.00	495.00

Date	Name	Narrative	Hours	Fee
05/16/02	Kanner, F W	Telephonic call with B. Kennedy, member of the Board of Directors (.4); conference call with R. Myers and S. Farber (.6).	1.00	700.00
05/16/02	Myers, R C	Conference call FWK, SCF re request for special counsel (.7); conference SCF; telephone conference FWK (.8).	1.50	1,050.00
05/17/02	Farber, S	Conferences and teleconferences with R. Myers and F. Kanner regarding investigation (.5).	0.50	247.50
05/17/02	Hirshfield, S	Conf. Bennett re: memo (.1); rev. emails re: investigation (.2); rev. and revise memo re: resignation from board (.8); conf. M. Bennett re: same (.3).	1.40	980.00
05/17/02	Kanner, F W	Numerous telephone calls with J. Kelley and others including R. Myers, D. Cline, R. Smith and S. Farber.	2.50	1,750.00
05/17/02	Bennett, M E	Revised memorandum re treatment of directors under plan of reorganization (2.9).	2.90	1,174.50
05/18/02	Farber, S	Review memo regarding consequences of director resignation.	0.20	99.00
05/20/02	Kanner, F W	Telephone calls with J. Flannery (1.0); work on final submission to bankruptcy court, etc (2.0).	3.00	2,100.00
05/20/02	Gilad, E	Draft memorandum re conflict issues	2.00	550.00
05/21/02	Hirshfield, S	Rev. e-mails; conf. Rice.	0.30	210.00
05/21/02	Kanner, F W	Review documents (.6) and work on matter; telephone call with J. Flannery (.4).	1.00	700.00
05/21/02	Gilad, E	Revise conflict memo (.5); confer with M. Bennett re same (.5)	1.00	275.00
05/22/02	Farber, S	Review memos regarding conflict issues and director liability.	0.50	247.50
05/22/02	Hirshfield, S	Rev. screening memo (.2); rev. Bennett memo (.3).	0.50	350.00
05/22/02	Gilad, E	Revise conflicts memo as per Seth Farber and Marc Bennett	2.00	550.00
05/23/02	Farber, S	Review conflict memo.	1.00	495.00
05/23/02	Hirshfield, S	Rev. revised memo to Flannery; conf. Bennett re: comments; conf. Rice.	0.60	420.00
05/23/02	Gilad, E	Revise screening procedures memo as per comments from Seth Farber and Richard Reinhaler	2.00	550.00
05/24/02	Farber, S	Conferences with R. Myers and F. Kanner regarding upcoming meeting with directors (1.0)	1.00	495.00

Date	Name	Narrative	Hours	Fee
05/24/02	Hirshfield, S	Phs. Farber re: AIG issue (.7); conf. Kanner re: Briefing Directions (.3); ph. Farber, Kanner and Myers (.3); conf. Farber (.1); ph. Ivester (.4); phs. Farber re: Ivester calls (.2).	2.00	1,400.00
05/24/02	Kanner, F W	Work on Board of Directors' advice issues (2.4); telephone call with S. Hirshfeld (.3); conference with R. Myers and S. Farber (.3).	3.00	2,100.00
05/28/02	Aslani-Far, A M	Telephone conference with Kanner (.2); attention to fid. duties presentation (.8).	1.00	465.00
05/28/02	Farber, S	Conferences and teleconferences with C. Walker, C. Mahoney, J. Butler, M. McDermott, R. Myers, and F. Kanner regarding investigation and retention application.	1.50	742.50
05/28/02	Kanner, F W	Work on matter, including preparation for special meeting with the outside directors.	1.50	1,050.00
05/28/02	Gilad, E	Telephone call with Skadden re hearing	0.50	137.50
05/29/02	Farber, S	Attention to issues regarding ongoing investigation, including conferences and teleconferences with C. Mahoney, F. Kanner and R. Myers.	2.50	1,237.50
05/29/02	Hirshfield, S	Rev. corresp. from reporter to members of Bd.	0.20	140.00
05/29/02	Kanner, F W	Further work on matter (1.0); telephone call with J. Flannery (.3); conference with R. Myers and S. Farber (.3)	1.60	1,120.00
05/29/02	Bennett, M E	Telephone conference with M. Gilroy (Dewey) re impact of bankruptcy on fiduciary duties of directors; sent memo to him re same.	0.40	162.00
05/29/02	Gilroy, M J	Research re: fiduciary duties under bankruptcy.	3.00	945.00
05/30/02	Aslani-Far, A M	Attention to presentation for board of directors.	1.00	465.00
05/30/02	Farber, S	Conferences and teleconferences with F. Kanner, R. Myers, and C. Mahoney regarding upcoming meetings with board (1.0); review memo to clients (1.0); review correspondence to board (1.0); attention to privilege issues (.5)	3.50	1,732.50
05/30/02	Hirshfield, S	Rev. revised memo re: Flannery (.3); ph. Bennett re: revised memo (.3).	0.60	420.00
05/30/02	Kanner, F W	Further work on meeting, including telephone call with J. Kelley (1.0); conference with R. Myers and S. Farber (.5); prepare for meeting of outside directors (1.0).	2.50	1,750.00
05/30/02	Myers, R C	Conference FWK, SCF.	1.50	1,050.00

Date	Name	Narrative	Hours	Fee
05/30/02	Gilroy, M J	Research/drafted presentation re: fiduciary duties under bankruptcy.	6.50	2,047.50
05/30/02	Guthrie, C	Retrived & review docket sheet & documents pull.	2.50	350.00
05/31/02	Aslani-Far, A M	Attention to presentation for board of directors.	1.00	465.00
05/31/02	Farber, S	Review recent anonymous letters; preparation for June 10 meeting.	0.50	247.50
05/31/02	Hirshfield, S	Rev. article re: releasing directors.	0.40	280.00
05/31/02	Kanner, F W	Work on matter, including numerous calls with Board members.	2.50	1,750.00
05/31/02	Bennett, M E	Revised memorandum re treatment of directors and officers under plans of reorganization.	2.20	891.00
06/03/02	Aslani-Far, A M	Attention to presentation for board of directors.	3.50	1,627.50
06/03/02	Farber, S	Prepare for audit committee meeting, including conference with M. Wax, review memo and opinion re: privilege (1.8)	1.80	891.00
06/03/02	Hirshfield, S	Ph. Kanner re: Supplementary retirement benefits issue (.3); ph. Kanner re: POR releases (.2); rev. revised release memo (.6); rev. memo re: Supplementary retirement benefit issues (.3).	1.40	980.00
06/03/02	Kanner, F W	Work on matter, including review documents (1.0); prepare and send out comments on Board minutes (2.5); telephone call with R. Kennedy and J. Kelley (1.0).	4.50	3,150.00
06/03/02	Myers, R C	Telephone conference FWK; conference SCF.	1.00	700.00
06/03/02	Gilroy, M J	Revised Board presentation re: fiducisry duties.	3.80	1,197.00
06/04/02	Aslani-Far, A M	Conference with Kanner (.5); attention to revisions (1.0).	1.50	697.50
06/04/02	Farber, S	Telephone conferences with C. Mahoney (.5); review Skadden materials re: investigation (1.5); prepare for board meeting (1.0).	3.00	1,485.00
06/04/02	Hirshfield, S	Ph. Kanner re: issues for directors (.2); ph. Gilad re: US Trustee objection (.1); ph. Aslani Farr re: presentation (.1); conf. Farber re: ERISA issue (.3).	0.70	490.00
06/04/02	Kanner, F W	Prepare for and participate in telephonic meeting of Audit Committee and Board of Directors.	3.50	2,450.00
06/04/02	Myers, R C	Telephone conference FWK; conference SCF.	1.00	700.00

Date	Name	Narrative	Hours	Fee
06/04/02	Bennett, M E	Draft rider for board presentation regarding statutory duties of creditors' committees and status of committees appointed in Kmart bankruptcy case. Telephone conferences with M. Gilroy re same.	1.20	486.00
06/04/02	Gilroy, M J	Revised Board presentation re: fiduciary duties.	3.50	1,102.50
06/05/02	Aslani-Far, A M	Attention to presentation drafts.	1.00	465.00
06/05/02	Farber, S	Review draft presentation to directors.	1.00	495.00
06/05/02	Hirshfield, S	Ph. Kanner re: release issue (.2); ph. Kanner re: presentation (.2); rev. Power Point presentation (1.0)	1.40	980.00
06/05/02	Kanner, F W	Numerous conf. calls following up on Audit Committee meeting, etc. (1.5); make preparations for meeting w/outside directors on June 10 (2.0).	3.50	2,450.00
06/05/02	Myers, R C	Telephone conference FWK (1.0); conference FWK, SCF re board presentation (1.0); work on board presentation (1.5).	3.50	2,450.00
06/05/02	Bennett, M E	Revisions to board presentation re chapter 11 process (1.1)	1.10	445.50
06/05/02	Gilad, E	Prepare contact info for Skadden	0.20	55.00
06/05/02	Gilroy, M J	Revised Board presentation re: fiduciary duties.	1.00	315.00
06/05/02	Mallach, S	T/C w/ FitzPatrick (.2); Review of D&O Insurance Program and prepare table reflecting program (1.0); Commence review of primary and excess policies (1.0).	2.20	836.00
06/06/02	Aslani-Far, A M	Review presentation (1.0); meeting with team (1.5).	2.50	1,162.50
06/06/02	Farber, S	Prepare for board meetings and meeting with outside directors, including conferences and teleconferences with F. Kanner, C. Mahoney and J. Butler.	6.50	3,217.50
06/06/02	Hirshfield, S	Phs. Kanner re: Board's role (.2); ph. Gilroy (.1); conf. Kanner, Farber, Aslani-Far and Bennett re: Board presentation (2.5).	2.80	1,960.00
06/06/02	Kanner, F W	Review issues relating to the D&O insurance coverage (2.0); further preparation of presentation to outside directors (2.5).	4.50	3,150.00
06/06/02	Myers, R C	Telephone conference FWK (1.0); review draft presentation (1.0).	2.00	1,400.00
06/06/02	Bennett, M E	Office conference with F. Kanner, S. Hirshfield, S. Farber re presentation to board on chapter 11 process and related issues.	1.50	607.50
06/06/02	Gilad, E	Perform case law research re Section 327(c) as per M. Bennett (4.0); confer with M. Bennett re same (1.0)	5.00	1,375.00

Date	Name	Narrative	Hours	Fee
06/06/02	Gilroy, M J	Revised Board presentation re: fiduciary duties (4.5); conf. w/ working group re: same (1.0).	5.50	1,732.50
06/06/02	Mallach, S	T/C w/ FitzPatrick (.2); Email to Kanner (.2); Further review of insurance program (4.8); Prepare memo regarding issues pertaining to D&O program (2.5).	7.70	2,926.00
06/07/02	Aslani-Far, A M	Attention to draft presentation for board of directors.	0.60	279.00
06/07/02	Farber, S	Attention to presentation to outside directors.	0.80	396.00
06/07/02	Hirshfield, S	Rev. revised presentation; email changes; ph. Kanner re: mtg.	0.90	630.00
06/07/02	Kanner, F W	Further review of presentation materials.	2.00	1,400.00
06/07/02	Myers, R C	Review board presentation (2.0); telephone conference FWK, SCF (.5).	2.50	1,750.00
06/07/02	Bennett, M E	Telephone conference with F. Kanner re revisions to memo re board issues. Revisions to same.	0.70	283.50
06/07/02	Gilroy, M J	Revised Board presentation re: fiduciary duties.	2.50	787.50
06/08/02	Hirshfield, S	Rev. presentation draft and memo to Board from Skadden.	1.30	910.00
06/08/02	Bennett, M E	Revised memorandum re advantages/disadvantages of resigning from Board of Directors.	1.10	445.50
06/08/02	Gilroy, M J	Revised Board presentation re: fiduciary duties.	1.50	472.50
06/09/02	Farber, S	Prepare for meeting with outside directors.	0.50	247.50
06/10/02	Farber, S	Review M. Wax memo.	0.30	148.50
06/10/02	Farber, S	Teleconference with C. Walker regarding status of investigation (1.5)	1.50	742.50
06/10/02	Hirshfield, S	Rev. Kelley message (.3); conf. Kanner, Myers and Farber re: investigation (.8); rev. revised memo to Flannery (.4); ph. Kanner re: memo (.4).	1.90	1,330.00
06/10/02	Myers, R C	Conference and telephone conference FWK, SCF (1.0); work on board presentation (3.0).	4.00	2,800.00
06/10/02	Gilroy, M J	Revised Board presentation re: fiduciary duties.	2.00	630.00
06/11/02	Hirshfield, S	Ph. Kanner re: Bd. meeting and Flannery; rev., Gilad memo.	0.50	350.00
06/11/02	Myers, R C	Telephone conference and conference FWK, SCF.	2.00	1,400.00
06/11/02	Cosentino, J A	Review D&O policies (1.5); research insured v. insured exclusions (1.5).	3.00	825.00
06/11/02	Gilad, E	Obtain Section 327(c) precedents	2.00	550.00

Date	Name	Narrative	Hours	Fee
06/12/02	Farber, S	Conferences with R. Myers and teleconferences with F. Kanner regarding board meeting.	0.30	148.50
06/12/02	Kanner, F W	Telephone conference with Bob Kennedy (.5); telephone conference with Joe Flannery (.5); telephone conference with Jack Butler; etc (1.5).	2.50	1,750.00
06/12/02	Myers, R C	Telephone conference FWK (.5); conference SCF (.5).	1.00	700.00
06/13/02	Farber, S	Review letter to company (.5)	0.50	247.50
06/13/02	Kanner, F W	Review documents.	1.00	700.00
06/13/02	Cosentino, J A	Review D&O policy and case law re insured v. insured exclusion (1.0); discuss with R. Reinthalcr, D. Coffino and M. Moss (.5).	1.50	412.50
06/14/02	Farber, S	Attention to emails and follow-up calls; review fee statement.	0.80	396.00
06/14/02	Kanner, F W	Telephone conference w/Affinito (.5); conference call w/Butler and Flannery; etc (1.0).	1.50	1,050.00
06/14/02	Cosentino, J A	Review cases re insured v. insured exclusion to D&O policies.	3.50	962.50
06/17/02	Farber, S	TC's F. Kanner and C. Mahoney.	0.20	99.00
06/19/02	Farber, S	Attention to M. Schwartz issue.	0.30	148.50
06/19/02	Cosentino, J A	Discuss insured v. insured exclusion and severability issue with J. FitzPatrick.	0.70	192.50
06/20/02	Farber, S	Attention to Mark Schwartz issue, including teleconferences with C. Walker and F. Kanner and review materials.	0.50	247.50
06/20/02	Kanner, F W	Review docs. (.5); t/cnf. w/Janet Kelley (.3); numerous telephone conferences (.2).	1.00	700.00
06/20/02	Cosentino, J A	Prepare for and participate in discussion re severability and insured v. insured exclusion issues with F. Kanner.	0.50	137.50
06/21/02	Myers, R C	Telephone conference FWK (.5); conference SCI' (.5).	1.00	700.00
06/24/02	Kanner, F W	Telephone conference with Tom Stallkamp; conference call with Myers and Farber; review draft letter from Stallkamp; etc.	0.50	350.00
06/24/02	Myers, R C	Telephone conference FWK, SCF.	0.50	350.00
06/25/02	Farber, S	Review draft reply (.5); conferences and teleconferences with R. Myers and F. Kanner regarding same (.5).	1.00	495.00
06/25/02	Hirshfield, S	Rev. emails.	0.30	210.00
06/25/02	Kanner, F W	Telephone conference with Janet Kelley, etc.	0.50	350.00

Date	Name	Narrative	Hours	Fee
06/26/02	Farber, S	Review anon. letter; review emails.	0.50	247.50
06/26/02	Hirshfield, S	Rev. obj. of Financial Institutions and Response of Debtors (.8); ph. Kanner re: objection (.2); ph. Bennett re: hearing (.3).	1.30	910.00
06/27/02	Farber, S	Review anonymous letters (.5); attention to emails (.5); conferences with F. Kanner, R. Myers and S. Hirshfield regarding hearing (1.0).	2.00	990.00
06/27/02	Kanner, F W	Telephone conferences with Janet Kelley; conference with Myers, Hirshfield and Farber.	0.50	350.00
06/28/02	Farber, S	Audit client meeting (1.0); teleconference with R. Myers and F. Kanner (.5); review motion regarding confidential agreements (1.0).	2.50	1,237.50
06/28/02	Kanner, F W	Participate in audit committee conference call (1.0); numerous telephone conferences (1.5).	2.50	1,750.00
07/01/02	Hirshfield, S	Ph. Farber re: proposal (.2); ph. msg. Butler; ph. Kanner re: U.S. Trustee proposal (.2).	0.40	280.00
07/01/02	Bennett, M E	Review materials for directors' proofs of claims (0.6).	0.60	243.00
07/01/02	Cosentino, J A	Review D&O policy re pre-litigation defense costs.	2.20	605.00
07/02/02	Farber, S	Teleconference with C. Mahoney; review modification to prepared order.	0.50	247.50
07/02/02	Hirshfield, S	Commence review of transcript (.6); conf. Bennett re: response to email (.2); ph.s Kanner re: retention issues (.3); revise language in proposal (.5).	1.60	1,120.00
07/02/02	Kanner, F W	Numerous telephone conferences.	0.50	350.00
07/02/02	Abrahams, I V	Meeting with Marc Bennett re: file (.5); reviewed materials received from Marc Bennett (1.2).	1.70	603.50
07/02/02	Cosentino, J A	Review D&O policy (1.0); discuss with F. Kanner and J. FitzPatrick (.5).	1.50	412.50
07/03/02	Farber, S	Teleconference with Skadden regarding investigation (.5)	0.50	247.50
07/03/02	Hirshfield, S	Continue review of transcript; rev. emails re: language revision.	1.80	1,260.00
07/03/02	Abrahams, L V	Reviewed transcript (.5), and proof of claim materials (1.5).	2.00	710.00
07/03/02	Bennett, M E	Telephone conference with M. McDermott (Skadden) re directors' pre-petition claims (0.2); review correspondence and claim forms re same (0.4); office conference with V. Abrahams re same (0.5).	1.10	445.50
07/04/02	Hirshfield, S	Review transcript.	1.30	910.00



Date	Name	Narrative	Hours	Fee
07/07/02	Farber, S	Attention to emails.	0.30	148.50
07/08/02	Farber, S	Attention to investigation materials from Skadden.	0.30	148.50
07/08/02	Hirshfield, S	Rev. emails re: languagc.	0.20	140.00
07/08/02	Abrahams, L V	Drafted and revised memo to Directors re: Proof of Claim and Basis of Claim.	3.00	1,065.00
07/08/02	Bennett, M E	Review proof of claim form and bar date notice.	0.70	283.50
07/09/02	Farber, S	Review anonymous letters and Congressional request (.2); confernces and teleconferences with R. Myers and F. Kanner regarding Congressional inquiry (.3); review press reports (.2); review audit committee minutes (.3).	1.00	495.00
07/10/02	Farber, S	Attention to audit committee minutes (1.0); teleconference with C. Walker (.5).	1.50	742.50
07/11/02	Farber, S	Review draft board presentation and teleconference w/Fred Kanner regarding upcoming meeting.	0.40	198.00
07/11/02	Kanner, F W	Review materials from Skadden and send responsive email (.5); telephone conference with Janet Kelley (.3); telephone conference with S. Farber (.2).	1.00	700.00
07/12/02	Farber, S	Review materials for Audit Committee meeting (1.0); teleconferences with F. Kanner regarding meetings and J. Kelley regarding insurance issues (.5).	1.50	742.50
07/12/02	Hirshfield, S	Ph. Kanner, Bennett; rev. memo to Directors re: proofs of claim.	0.50	350.00
07/12/02	Bennett, M E	Finalize memo and related materials re directors' proofs of claim (1.3). Arrange for distribution of same (0.5). Telephonic conferences with F. Kanner re same (0.3).	2.10	850.50
07/15/02	Farber, S	Prep for board meetings (1.0); review anon. letter (1.0); teleconferences and confernces with K. Krakaur, D. Friedman, F. Kanner and R. Myers re: SEC requirements and investigation (1.0).	3.00	1,485.00
07/15/02	Hirshfield, S	Rev. form of proof of claim attachment; rev. emails re: U.S. Trustee proposal.	0.60	420.00
07/15/02	Bennett, M E	Drafted and reviewed claims and related documents for directors.	1.30	526.50
07/15/02	Guthrie, C	Case file management.	1.00	140.00
07/16/02	Hirshfield, S	Rev. Emergency Mtn. and Order; conf. Bennett re: mtg. w/Directors.	0.60	420.00

Date	Name	Narrative	Hours	Fee
07/17/02	Farber, S	Attention to accounting issue, including review of memorandum and teleconferences with Skadden and F. Kanner.	2.50	1,237.50
07/17/02	Hirshfield, S	Commence review of Mtn. re: Stewardship investigation.	0.40	280.00
07/17/02	Bennett, M E	Review and revise claims for directors.	0.80	324.00
07/18/02	Farber, S	Attention to accounting issue, including teleconferences with K. Krakaur and J. Kelley.	0.30	148.50
07/18/02	Abrahams, L V	Communications with various directors (Flannery and Dayis) re: revisions to POC; communications with Mia Bennett at KMart re: Flannery (3.0); distribution of documents (2.0).	5.00	1,775.00
07/18/02	Bennett, M E	Telephone conference with J. Flannery re claim (0.2); analyze issues re same (0.6).	0.80	324.00
07/18/02	Guthrie, C	Docket retrieval re: bar date notice (.5); prepared and organized files of proof of claims (2.5).	3.00	420.00
07/19/02	Farber, S	Attention to congressional investigation (.3); teleconference with C. Mahoney (.2); audit committee meeting (.3); attention to issue regarding letters to J. Flannery (.2).	1.00	495.00
07/19/02	Hirshfield, S	Ph. Bennett re: extension of time of Court's ruling.	0.30	210.00
07/19/02	Abrahams, L V	Various communications with J. Flannery, M. Bennett and KMart personnel re: Proofs of Claims preparation.	5.00	1,775.00
07/19/02	Bennett, M E	Telephone conference with J. Flannery re proof of claim (0.3); email correspondence with J. Butler and Kmart personnel re status of negotiations to resolve objections to retention (0.5).	0.80	324.00
07/22/02	Farber, S	Review J. Flannery letters.	0.50	247.50
07/22/02	Hirshfield, S	Conf. Bennett re: Flannery issue; ph. Kanner re: Flannery.	0.60	420.00
07/22/02	Abrahams, L V	Reviewed Directors' proofs of claims (2.0); various conversations with KMart personnel re: same (1.0).	3.00	1,065.00
07/22/02	Bennett, M E	Review and revise claim forms for directors (0.9). Office conference with S. Hirshfield re same (0.2).	1.10	445.50
07/23/02	Farber, S	Teleconference with K. Krakaur regarding investigation and anon. letters (1.0).	1.00	495.00
07/23/02	Abrahams, L V	Various communications with M. Bennett to finalize Proofs of Claim.	3.50	1,242.50
07/23/02	Guthrie, C	Attention to reviewing & revising proofs of claims.	2.50	350.00

Date	Name	Narrative	Hours	Fee
07/24/02	Farber, S	Attention to bankruptcy court ruling, including conferences and teleconferences with J. Kelley, F. Kanner, S. Hirshfield, and R. Myers (3.5)	3.50	1,732.50
07/24/02	Abrahams, L V	Finalized Proofs of Claims (2.0); filed same with Claims Agent & Skadden (1.0).	3.00	1,065.00
07/24/02	Bennett, M E	Finalize proofs of claim for independent directors (0.7); arrange to send same to claims agent for filing and to debtors' counse (0.4).	1.10	445.50
07/24/02	Guthrie, C	Prepared & sent proof of claims to be filed (2.5); assisted with drafting letter re: same (.5);	3.00	420.00
07/25/02	Farber, S	Draft memo to directors (2.0); teleconference with C. Mahoney regarding investigation (1.0).	3.00	1,485.00
07/25/02	Guthrie, C	Prepared and sent copies of proof of claims to directors.	1.00	140.00
07/26/02	Hirshfield, S	Conf. Bennett re: revised mtn. and claims issues.	0.30	210.00
07/26/02	Bennett, M E	Telephone conference w/Fried Frank associate re claim for J. Adamson. Office conference with S. Hirshfield re directors' claims.	0.50	202.50
07/30/02	Hirshfield, S	Rev. emails re: Audit Comm.; rev. and revise Directors' claims Stip.; conf. Bennett re: same.	0.70	490.00
08/05/02	Bennett, M E	Email correspondence with Mark McDermott, Stu Hirshfield, and Fred Kanner re directors' claims.	0.60	243.00
08/05/02	Guthrie, C	Prepared and copy and distribute copy of proof of claims.	1.00	140.00
08/13/02	Farber, S	Telconferences with T. Stallkamp and F. Kanner, regarding board and committee meetings.	0.30	148.50
08/13/02	Hirshfield, S	Rev. memo re: Directors.	0.20	140.00
08/13/02	Bennett, M E	Drafted memorandum re status of independent directors' pre-petition claims.	0.80	324.00
08/15/02	Hirshfield, S	Rev. memo to Directors re: claim.	0.30	210.00
08/15/02	Kanner, F W	Work on Audit Committee issues (.5); numerous telephone conferences (.5).	1.00	700.00
08/19/02	Kanner, F W	Telephone conference with Tom Stallkamp (.3); telephone conferences with Janet Kelley (.3); review documents (2.4)	3.00	2,100.00
08/20/02	Kanner, F W	Prepare submission for the Fee Review Committee (2.0).	2.00	1,400.00
08/22/02	Farber, S	Follow-up on board issue.	0.50	247.50

Date	Name	Narrative	Hours	Fee
08/23/02	Farber, S	Follow-up on board discussion regarding personnel issuc.	0.50	247.50
08/23/02	Kanner, F W	Numerous telephone conferences (1.0); review documents (1.5).	2.50	1,750.00
08/24/02	Farber, S	Follow-up on board meeting regarding personnel issuc.	0.80	396.00
08/29/02	Farber, S	Teleconferences with A. Sabrin, W. Connolly, F. Kanner, and client regarding congressional investigation.	0.50	247.50
08/29/02	Farber, S	Follow-up regarding personnel issue.	1.00	495.00
08/30/02	Farber, S	Teleconferences with W. Connolly and A. Sabrin regarding investigations.	0.50	247.50
<i>Total Fee for Matter #671525</i>			466.20	\$234,527.50
<b>Total Fee for Bill</b>				<b>\$372,219.75</b>



**Fee Detail**

<u>Date</u>	<u>Name</u>	<u>Narrative</u>	<u>Hours</u>	<u>Fee</u>
<i>Detail for Matter #671523 - DB Retention</i>				
09/20/02	Bennett, M E	Office conference with Fred Kanner re fee application (0.5). Office conference with N. Ginsburg re procedures re same (0.5). Email correspondence with Skadden re same (0.3).	1.30	\$526.50
09/23/02	Bennett, M E	Review fee application procedures.	0.80	324.00
09/23/02	Guthrie, C	Att to reviewing and revising pre-bill re: first interim fee application.	3.00	480.00
09/24/02	Bennett, M E	Further review of fee application procedures (0.5). Begin drafting of same (0.7).	1.20	486.00
09/24/02	Lyman, K	O/c with M. Bennett regarding assignment (.5); Reviewed January 2002 Court Order regarding Interim Compensation (.5); Reviewed March 2002 Order regarding formation of the Fee Review Committee (.5); Reviewed the Proposed Protocol of the Fee Review Committee (2.0); Prepared checklist of requirements for Monthly Fee Reports and Quarterly Interim Compensation Applications (1.0)	4.50	1,080.00
09/24/02	Guthrie, C	Continued to review and revised pre-bill re: fee application.	2.50	400.00
09/25/02	Lyman, K	O/c with Marc Bennet regarding Interim Fee Application (.3); o/c with Christine Guthrie regarding Interim Fee Application (.2)	0.50	120.00
09/25/02	Guthrie, C	Prepared and reviewed detailed cover sheet and other materials re: first interim fee application.	2.50	400.00
09/26/02	Bell, K	Assisted with preparation of fee application.	2.80	462.00
09/27/02	Bennett, M E	Review time entries for monthly fee statement (1.1). Telephone conferences with P. Kanner re same (0.4).	1.50	607.50
09/27/02	Guthrie, C	Review, revised and distributed bill.	2.00	320.00
09/30/02	Bennett, M E	Final review of time entries for monthly fee statement.	1.00	405.00
09/30/02	Guthrie, C	Prepared letter re: fees & expenses.	1.00	160.00
<i>Total Fee for Matter #671523</i>			<u>24.60</u>	<u>\$5,771.00</u>

**Fee Detail**

<u>Date</u>	<u>Name</u>	<u>Narrative</u>	<u>Hours</u>	<u>Fee</u>
<i>Detail for Matter #671524 - Board Meeting Attendance</i>				
09/12/02	Kanner, F W	Prepare for and participate in telephonic meeting of the Audit Committee.	1.50	\$1,050.00
09/15/02	Farber, S	Audit Committee meeting and preparation for same.	1.50	742.50
09/15/02	Kanner, F W	Participate in telephonic meeting of the Audit Committee.	0.50	350.00
09/16/02	Kanner, F W	Prepare for Audit Committee and Board meetings.	1.30	910.00
09/17/02	Farber, S	Board and audit committee meetings	5.00	2,475.00
09/17/02	Kanner, F W	Attend Audit Committee mtg.; attend Board of Directors mtg.	6.00	4,200.00
<i>Total Fee for Matter #671524</i>			<u>15.80</u>	<u>\$9,727.50</u>

**Fee Detail**

<u>Date</u>	<u>Name</u>	<u>Narrative</u>	<u>Hours</u>	<u>Fee</u>
<i>Detail for Matter #671525 - Advice</i>				
09/03/02	Hirshfield, S	Conf. Faber re: AIG issue.	0.50	\$350.00
09/04/02	Hirshfield, S	Conf. Farber re: AIG.	0.30	210.00
09/05/02	Farber, S	Teleconferences with A. Sabrin, C. Mahoney and D. Friedman regarding investigations.	0.50	247.50
09/05/02	Kanner, F W	Work on documents.	1.00	700.00
09/05/02	Bennett, M E	Telephone conference with L. Deutsch re D & O insurance and related issues.	0.30	121.50
09/06/02	Farber, S	Teleconference with House committee staff (0.5); teleconference with A. Sabrin regarding same (0.2); review materials in preparation for audit committee meeting (0.3).	1.00	495.00
09/07/02	Farber, S	Prepare for audit committee meeting.	0.30	148.50
09/08/02	Farber, S	Prepare for meeting with House Committee, including teleconference with R. Kennedy.	0.30	148.50
09/09/02	Farber, S	Kmart Audit Committee meeting and preparation for same, including teleconference with Skadden, A. Koch, and J. Kelley.	3.00	1,485.00
09/09/02	Kanner, F W	Telephone conferences Affinito; conference call w/Koch, Kelley, Friedman and Farber; work on 10-Q.	3.50	2,450.00
09/10/02	Farber, S	Conferences with L. Deutsch regarding discovery issues.	0.50	247.50
09/10/02	Kanner, F W	Review and comment on 10-Q.	1.00	700.00
09/10/02	Banks, C D	Traveled to D.C. for retention loan presentation.	1.80	432.00
09/11/02	Farber, S	Meetings with C. Banks and Skadden Arps in DC regarding status of investigation and regarding Congressional investigation, including return travel.	10.30	5,098.50
09/11/02	Banks, C D	Attended Skadden presentation on retention loans (2.5); Attended meeting with Skadden attorneys re: stewardship investigation and congressional testimony (4.5); traveled from DC to NY (2.0)	9.00	2,160.00
09/11/02	Segalis, B	Met with Marc Bennett re: motion to authorize disbursement of Kmart's D&O policy proceeds to qualifying directors and officers (0.5). Reviewed the Rankin complaint, the D&O insurance policy, and commenced research (3.2).	3.70	721.50



<u>Date</u>	<u>Name</u>	<u>Narrative</u>	<u>Hours</u>	<u>Fee</u>
09/12/02	Farber, S	Prepare for Congressional interviews.	2.00	990.00
09/12/02	Banks, C D	Reviewed conflicting sets of minutes (1.0); Reviewed documents from Skadden CD and consulted with L. Deutsch about same (3.0); compiled sets of documents for S. Farber (2.0); Compiled and transmitted materials to directors (3.5).	9.50	2,280.00
09/12/02	Bennett, M E	Research re treatment of proceeds of Directors and Officers' insurance policies in bankruptcy.	2.00	810.00
09/12/02	Segalis, B	Researched case law re: treatment of Directors and Officers' insurance policies in bankruptcy.	7.50	1,462.50
09/13/02	Farber, S	Preparation for congressional interviews.	1.00	495.00
09/13/02	Banks, C D	Compiled materials for directors and S. Farber from 401K production and Skadden. (4.0); conferred with L. Deutsch and G. Sarnoff and M. Kelly from Skadden re: same (0.8); Reviewed documents and press releases (3.0).	7.80	1,872.00
09/14/02	Farber, S	Prepare for congressional interviews.	2.00	990.00
09/14/02	Banks, C D	Reviewed Kennedy and Affinito materials.	3.00	720.00
09/15/02	Farber, S	Preparation for congressional interviews.	1.50	742.50
09/15/02	Kanner, F W	Review materials from Kmart, including latest draft of 10-Q and additional materials regarding accounting issue raised by the SEC; conference call with management and Skadden.	3.00	2,100.00
09/16/02	Farber, S	Preparation for congressional interviews.	6.00	2,970.00
09/16/02	Farber, S	Teleconferences with Skadden regarding investigation.	0.50	247.50
09/16/02	Kanner, F W	Numerous telephone conferences re: 10-Q filing.	1.20	840.00
09/16/02	Banks, C D	Discussed witness prep with S. Farber (0.2); Compiled materials for witness prep (0.5).	0.70	168.00
09/16/02	Bennett, M E	Revised draft motion re use of D and O insurance proceeds.	1.30	526.50
09/17/02	Farber, S	Preparation for congressional interviews, including conference with R. Kennedy.	4.00	1,980.00
09/17/02	Banks, C D	Compiled materials for witness prep. (4.5); Attended witness prep. of B. Kennedy (3.0); Traveled back and forth to Skadden's offices (0.5).	8.00	1,920.00
09/17/02	Westerman, G	Research re: finance-related Kmart press releases issued between September 2001 and January 2002.	1.30	253.50
09/18/02	Farber, S	Conference with L. Affinito regarding congressional interview and preparation for same.	8.00	3,960.00

<u>Date</u>	<u>Name</u>	<u>Narrative</u>	<u>Hours</u>	<u>Fee</u>
09/18/02	Banks, C D	Compiled materials for witness prep. (1.5); Participated in witness prep. with L. Affinito (6.0).	7.50	1,800.00
09/18/02	Bennett, M E	Drafted motion re proceeds of D and O insurance policy.	2.50	1,012.50
09/18/02	Irwin, D L	M. Bennett: Interlibrary loan.	1.00	110.00
09/19/02	Farber, S	Teleconferences with L. Affinito, R. Kennedy, Cory staff and preparation for Cory interviews.	1.50	742.50
09/20/02	Farber, S	Teleconferences with R. Kennedy, Skadden, F. Kanner, and J. Kelly regarding investigations; review documents regarding same.	1.30	643.50
09/20/02	Banks, C D	Conversation with S. Farber and L. Deutsch re: upcoming assignments (0.5); Reviewed congressional production index for necessary materials (0.8); coordinated paralegal's efforts in working with Skadden CD (0.9).	2.20	528.00
09/20/02	Bennett, M E	Office conference with Seth Farber re D and O proceeds motions (0.4). Revised same and further review of case law re same (0.5).	0.90	364.50
09/20/02	Ginsburg, N E	Conference with Mr. Bennett; research re: Northern District of Illinois local bankruptcy court rules and fee application procedures; drafted memorandum summarizing relevant rules.	4.50	877.50
09/20/02	Guthrie, C	Docket retrievals and documents printed and distributed.	3.00	480.00
09/20/02	Reisman, M	Searched through index and printed Pdf documents off of Data Room storage CD-Roms for attorney C. Banks.	4.00	480.00
09/22/02	Farber, S	Review prior press reports.	0.30	148.50
09/22/02	Reisman, M	Searched through index and printed Pdf documents off of Data Room storage CD-Roms for attorney C. Banks.	1.00	120.00
09/23/02	Farber, S	Teleconferences with J. Kelley, K. Krakaur, F. Kanner and W. Connolly regarding investigation.	1.00	495.00
09/23/02	Hirshfield, S	Ph. Farber re: Court Order.	0.30	210.00
09/23/02	Kanner, F W	Numerous t/c's; work on documents.	1.50	1,050.00
09/23/02	Reisman, M	Searched through index and printed Pdf documents off of Data Room storage CD-Roms for attorney C. Banks.	8.00	960.00
09/24/02	Reisman, M	Searched through index and printed Pdf documents off of Data Room storage CD-Roms for attorney C. Banks.	3.00	360.00
09/26/02	Farber, S	Review correspondence, including anon. letters.	0.30	148.50