

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

EOD
AUG 01 2003

In re:

KMART CORPORATION, et al.,

Debtors.

Case No. 02-B02474
(Jointly Administered)

Judge Susan Pierson Sonderby

Hearing Date: To Be Determined
Hearing Time: To Be Determined
Objection Deadline: To Be Determined

NOTICE OF MOTION

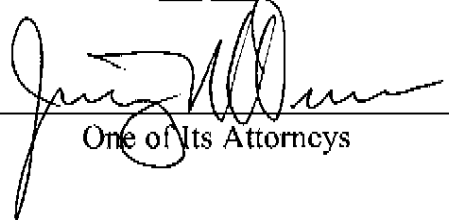
TO THE ATTACHED SERVICE LIST:

PLEASE TAKE NOTICE that, on July 31, 2003, we filed the attached FINAL APPLICATION OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS FOR REIMBURSEMENT OF EXPENSES INCURRED BY MEMBERS OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS with the United States Bankruptcy Court for the Northern District of Illinois in the above-captioned case, a copy of which is hereby served upon you.

Dated: July 31, 2003

**OFFICIAL COMMITTEE OF EQUITY
SECURITY HOLDERS OF KMART
CORPORATION, ET AL.**

By: _____



One of Its Attorneys

Randall L. Klein (ARDC# 6204582)
Jeremy M. Downs (ARDC# 6272155)
GOLDBERG, KOHN, BELL, BLACK,
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FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

JUL 31 2003

KENNETH H. GARDNER, CLERK
PS REP. - SW

**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.)	
)	

**ORDER OF COURT APPROVING THE FINAL
APPLICATION OF THE OFFICIAL COMMITTEE OF
EQUITY SECURITY HOLDERS REIMBURSEMENT OF EXPENSES**

Upon the final application of the Official Committee of Equity Security Holders (the "Equity Committee"), by and through its counsel, Traub, Bonacquist & Fox LLP ("TB&F"), of Kmart Corporation, *et al.*, debtors and debtors-in-possession herein (collectively the "Debtors") for approval of reimbursement of expenses pursuant to 11 U.S.C. §§ 330 and 331 for the period June 2002 through March 2003, inclusive (the "Retention Period"), and adequate notice of such application having been given, **IT IS ORDERED:**

1. The Equity Committee is allowed a final award of reimbursement of its actual, necessary expenses incurred during the Retention Period in the amount of \$75,195.97; and

2. The Debtors are authorized and directed to promptly pay to the Equity Committee the amounts awarded herein.

Susan Pierson Sonderby
United States Bankruptcy Judge

Dated: _____, 2003

EOD AUG 01 2003

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

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

JUL 31 2003

KENNETH S. GARDNER, CLERK
PS REP. - SW

In re:) Case No. 02-B02474
) (Jointly Administrated)
KMART CORPORATION, *et al.*,) Chapter 11
) Chief Judge Susan Pierson Sonderby
Debtors.)
)

**FINAL APPLICATION OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY
HOLDERS FOR REIMBURSEMENT OF EXPENSES INCURRED BY MEMBERS
OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS**

TO THE HONORABLE SUSAN PIERSON SONDERBY,
UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Equity Security Holders (the "Equity Committee") of
of Kmart Corporation, *et al.*, debtors and debtors-in-possession herein (collectively, the
"Debtors"), by its undersigned co-counsel Traub, Bonacquist & Fox LLP ("TB&F") and
Goldberg, Kohn Bell, Black, Rosenbloom & Moritz, Ltd. ("GKBBR&M") submits this final
application for reimbursement of expenses incurred by members of the Equity Committee (the
"Final Application"), pursuant to §503(b)(3)(F) of the Bankruptcy Code, and respectfully
represents as follows:

INTRODUCTION

1. On January 22, 2002 (the "Petition Date"), each of the Debtors filed a
voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the
"Bankruptcy Code"). The Court entered an Order Directing the Joint Administration of the
Chapter 11 cases (the "Cases").

2. The Debtors continue in possession of their businesses and manage their properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Cases.

3. This Court has jurisdiction over this Application pursuant to 28 U.S.C. Sections 157 and 1334. Venue of this proceeding is proper in this district pursuant to 28 U.S.C. Sections 1408 and 1409.

4. On June 14, 2001, the United States Trustee for the Northern District of Illinois (the "U.S. Trustee") appointed a seven (7) member equity shareholder committee pursuant to Section 1102(a)(1) of the Bankruptcy Code. On that same date, the Equity Committee selected Ronald W. Burkle as Chairperson¹, and Softbank Technology Ventures, V, L.P., as Vice-Chairperson of the Equity Committee. Thereafter, the Equity Committee selected the firm of Traub, Bonacquist & Fox LLP ("TB&F") as its lead co-counsel, and Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. ("Goldberg, Kohn"), as co-counsel.

5. This is the final application for reimbursement of expenses filed by the members of the Equity Committee and covers expenses incurred by Ronald W. Burkle (through and including the date of his resignation as a member of the Equity Committee), Frank J. Howrylak, Gerald J. Switzer, Peter Eide, Paul Naz Trust, Noel Dagenette and Softbank Technology Ventures for the period covering June 2002 through March 2003, inclusive (the "Retention Period").

¹ On or about January 16, 2003, Mr. Burkle resigned as a member of the Equity Committee.

6. Section 503(b)(3)(F) of the Bankruptcy Code generally provides that the actual, necessary expenses, incurred by members of a committee appointed under §1102 of the Bankruptcy Code, in the performance of their duties, shall be an allowed administrative expense.

7. On January 25, 2002, this Court entered an Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Administrative Order"). In accordance with Paragraph "F" of the Administrative Order on October 23, 2002 the Equity Committee members filed with Court their first application for reimbursement of expenses covering the period June through August 2002 (the "First Interim Expense Application"), a copy of which is annexed hereto as Exhibit "A", in the aggregate amount of \$21,594.66. On December 31, 2002, the Court signed an order approving the First Interim Expense Application for the Equity Committee members. On March 14, 2003 the Equity Committee members filed with the Court their second application for reimbursement of expenses covering the period August 2002 through January 2003 (the "Second Interim Expense Application"), a copy of which is annexed hereto as Exhibit "B", in the aggregate amount of \$41,986.14; however, no hearing was scheduled or held on this application.

8. Subsequent to the Second Interim Expense Application, certain members of the Equity Committee incurred expenses which were not previously submitted to the Debtors for payment. The aggregate amount of those "unreimbursed" expenses incurred are \$11,615.17, a copy of which is annexed hereto as Exhibit "C".

REIMBURSEMENT REQUESTED

9. During the Final Application, the Equity Committee consisted of the following 7 members:

Ronald W. Burkle
Mr. Kenneth Abdalla
9130 Sunset Blvd.
Los Angeles, CA 90069

SoftBank Technology Ventures, L.P.
Mr. Jason Mendelson
200 West Evelyn Avenue, Suite 200
Mountain View, CA 64061

Paul Naz Tr Paul Naz
Mr. Paul Naz
20502 Harper Ave
Harper Woods, MI 48225

Peter Eide
5421 Rapid Run Road
Cincinnati, OH 45238

Frank J. Howrylak
3035 Newport Court
Troy, MI 48084

Noel Dagenette
945 Lynnwood Court
Bartlesville, OK 74006

Gerald J. Switzer
17866 Beverly Road
Beverly Hills, MI 48025

To discharge its statutory duties in these proceedings, it has been necessary for the Equity Committee members to incur travel and other related expenses in the course of attending and participating in meetings with the Debtors and other professionals at monthly meetings during the Second Expense Reimbursement Period. As set forth in §1103(c) of the Bankruptcy Code, the Equity Committee and its members are charged with, among others, the duties of: (a) consulting with the Debtors concerning the administration of these cases; (b) investigating the acts, conduct, assets, liabilities and financial condition of the Debtors, and other matters relevant to these cases.

10. In connection with, and in furtherance of the performance of their duties as members of the Equity Committee members of the Equity Committee have incurred expenses and seek reimbursement thereof, as follows:

SUMMARY OF EXPENSES LISTED ON EXHIBIT "A"	
Committee Members	Expense
Ronald W. Burkle Representatives: Ken Abdalla and Tran Nguyen	\$15,589.39
Frank J. Howrylak	\$2,073.62
Gerald J. Switzer	\$1,667.44
Paul Naz Trust Paul Naz Rev Liv Trust Representative: Paul Naz	\$569.25
Peter Eide	\$1,694.96
Total	\$21,594.66

SUMMARY OF EXPENSES LISTED ON EXHIBIT "B"	
Equity Committee Members	Expense
Ronald W. Burkle Representative: Ken Abdalla	\$23,116.03
Frank J. Howrylak	\$3,025.92
Gerald J. Switzer	\$3,181.57
Noel E. Dagenette	\$3,157.23
Peter Eide	\$5,805.91
Softbank Technology Ventures V, L.P. n/k/a Mobius Venture Capital Representative: Jason Mendelson	\$3,699.48
Total	\$41,986.14

SUMMARY OF EXPENSES LISTED ON EXHIBIT "C"	
Summary of Expenses Incurred by Equity Committee Members for September, October, November December 2002, January and March 2003 Meetings²	
Equity Committee Members	Expense
Ronald W. Burkle Representative: Ken Abdalla	\$9,317.32
Paul Naz Trust Paul Naz Rev Liv Trust Representative: Paul Naz	\$1,388.06
Softbank Technology Ventures V, L.P. n/k/a Mobius Venture Capital Representative: Jason Mendelson	\$848.24
Noel E. Dagenette	\$61.55
Total	\$11,615.17

11. Copies of the invoices submitted to counsel by the Equity Committee members, setting forth and itemizing, in detail each of the expenses for which reimbursement is requested for the period August through September 2002, are attached as Exhibit "A" to this Application; for the period September through November 2002 (and supplemental requests) are attached as Exhibit "B" to this Application; and attached as Exhibit "C" to this Application are expenses which the Equity Committee members incurred, however were never submitted in a monthly statement to the Debtors. The members of the Equity Committee respectfully reserves its right to submit future reimbursement requests as well as reimbursement requests not otherwise requested herein, at a later date.

12. Except as otherwise noted herein, no payments have been made or promised to the members of the Equity Committee as reimbursement for the expenses incurred in

² The expenses listed for this period were not submitted in a monthly statement to the Debtors for payment.

connection with these cases. None of the amounts of reimbursement requested herein represent or include fees or other compensation in the nature of wages, salaries or otherwise for personal services rendered by the members of the Equity Committee. The reimbursement sought herein is limited solely to the actual, necessary expenses incurred by the members of the Equity Committee in the performance of the duties of the Equity Committee and solely consistent with the Equity Committee's standing expense reimbursement protocol (which has previously been discussed with the U.S. Trustee). Accordingly, it respectfully request that the reimbursement of expenses sought herein be allowed in full.

WHEREFORE, the members of the Equity Committee respectfully requests that the Court enter an order authorizing the reimbursement of the expenses set forth above in the

aggregate amount of \$75,195.97 for the Retention Period, and such other relief as the Court may deem necessary and proper.

Dated: New York, New York
July 30, 2003

Respectfully submitted,

TRAUB, BOMACQUIST & FOX LLP

By: 

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Steven E. Fox, Esq.

Susan F. Balaschak, Esq.

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-and-

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55 East Monroe

Chicago, IL 60603-5802

Tel: 312/201-3900

Co-Counsel for the Official Committee
of Equity Security Holders