

**FILED**  
 IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS  
 EASTERN DIVISION  
 DEC 05 2003

In re: ) Case No. **02 B 02474** KENNETH S. GARDNER, CLERK  
 ) (Jointly Administered) **PS REP. \* LA**  
 ) Chapter 11  
**KMART CORPORATION, et al.** )  
 ) Hon. Susan Pierson Sonderby  
 )  
 Debtors. ) HEARING DATE: **December 17, 2003**  
 ) Time: **11:00 a.m.**  
 ) Objection Deadline: **December 12, 2003**

**THE KMART CORPORATION JOINT FEE  
 REVIEW COMMITTEE REPORT REGARDING  
 CERTAIN FINAL FEE APPLICATIONS**

The Kmart Corporation Joint Fee Review Committee (the "Committee") established in the above-captioned cases of Kmart Corporation and certain of its subsidiaries and affiliates (collectively, "Kmart"), hereby submits this report (the "Fee Report") with respect to the Final Fee Applications (the "Applications") filed by those certain professionals (the "Professionals") listed on the Notice of Hearing on Final Fee Applications, which Notice is attached hereto as *Exhibit A*.

1. On March 20, 2002, this Court entered an Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing a Joint Fee Review Committee (the "Joint Fee Review Order"). In accordance with the Joint Fee Review Order, there are five (5) voting members of the Committee: (i) Ira Bodenstein, the United States Trustee for the Northern District of Illinois; (ii) William Crowley, the Representative of the Financial Institutions Committee; (iii) Gary Shapiro, the representative of the Official Unsecured Creditors Committee; (iv) James E. Defebaugh, Kmart's representative; and (v) Tom Zielecki, Kmart's representative. On June 3, 2003, the Court entered an Order Under 11 U.S.C.

§327(a) Authorizing the Employment and Retention of Stuart, Maue, Mitchell & James, Ltd. (“Stuart Maue”) as the Fee Examiner in these cases (the “Stuart Maue Retention Order”).

2. The Committee, in consultation with Stuart Maue, developed the Kmart Billing and Expense Guidelines (hereinafter referred to as the “Expense Guidelines”, and, collectively, the “Guidelines”) to assist the Committee in reviewing the compensation and expense reimbursement requests. A copy of the Guidelines is attached hereto as *Exhibit B*. The Committee believes that these Guidelines are consistent with case law, as well as local rules.

3. The Committee directed Stuart Maue to review the Applications for compliance with these Guidelines. Stuart Maue submitted all reports to the Committee by September 15, 2003.<sup>1/</sup> On September 22, 2003, the Committee met in Chicago to discuss the reports. At this meeting, each Professional’s report was discussed, areas of concern were identified as well as any further information required by the Committee. By letters dated as of October 6, 2003, the Committee advised the Professionals of its concerns regarding their Applications, and, further, requested that each Professional submit an expense affidavit, which affidavit attested to the firm’s compliance with the Expense Guidelines (the “Expense Affidavit”). The Professionals were also given the opportunity to obtain the complete Stuart Maue report, including exhibits, for their Application.

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<sup>1/</sup>

On November 30, 2003, Stuart Maue also submitted these reports to the Court.

4. On November 17, 2003, the Committee met with each Professional to discuss the Stuart Maue report, their responses to the October 6, 2003 letter, as well as the Expense Affidavits. As a result of these meetings, the Committee reached the following settlements:<sup>2</sup>

A. **Skadden, Arps, Slate, Meagher & Flom ("Skadden")**<sup>3</sup>

Skadden is requesting \$53,745,000 in fees and \$4,670,500 in expenses. These amounts are net of voluntary accommodations made by Skadden during the course of these cases, in the amount of \$7,916,066, consisting of the law firm's voluntary reduction of \$7,318,153 in fees and \$597,913 in expenses. Following the Committee's review of Skadden's Application, including its review of the Stuart Maue report, the Committee determined that it was appropriate to recommend approval of the Application subject to Skadden's agreement to an overall fee reduction (inclusive of prior fee accommodations) of 12.5% and compliance with the Expense Guidelines. With respect to fees, Skadden has agreed to a further voluntary reduction of \$314,742 resulting in an award of \$53,430,258 for fees (net of total voluntary professional fee reductions of \$7,632,894). With respect to expenses, Skadden has agreed to a further voluntary reduction of \$87,017 resulting in an award of \$4,583,483 for expenses (net of total voluntary expense reductions of \$684,930).

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<sup>2</sup>

The agreements between the Committee and the Professionals which are recommended to the Court in this Report are in settlement of all issues regarding the Applications, subject to final approval by this Court. The Professionals reserve the right to request payment of all fees and expenses in the event that the Applications, as modified by this Report, are not approved by this Court. In such event, these settlements become null and void.

<sup>3</sup>

This explanation has been taken in substantial part from that given to the Committee by Skadden at the Committee's request.

Skadden has submitted materials to the Committee demonstrating compliance with the Guidelines that are satisfactory to the Committee.

During its consideration of Skadden's Final Fee Application, the Committee was advised by the members of the Committee representing Kmart and certain creditors of Kmart that Skadden had extended similar professional fee accommodations to Kmart following its emergence from chapter 11 reorganization in May, 2003 through August, 2003.<sup>4</sup> The Committee was also advised that, on account of such accommodations by Skadden, Kmart had entered into an agreement with Skadden to support Skadden's Application. In addition, Skadden and Kmart agreed to reduce any post-emergence accommodations given by Skadden to Kmart by an amount equivalent to any reduction in the allowed amount of Skadden's Application from the amounts requested in the Application.<sup>5</sup> However, Skadden advised the Committee that it would not seek any reimbursement from Kmart in connection with the post-emergence arrangements on account of the further voluntary reduction in expenses of \$87,017, since that amount was required to bring Skadden into voluntary compliance with the Expense Guidelines. Based on the foregoing, the Committee respectfully recommends to the Court that Skadden's Application be allowed in the amount of \$53,430,258 for fees and \$4,583,483 for reimbursement of expenses.

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<sup>4</sup>

Pursuant to Article 10.02(d) of the Plan, such post-consummation services and payments are not subject to the jurisdiction of this Court or the Committee.

<sup>5</sup>

The Committee was advised that the intent of this agreement by Kmart was that the post-consummation accommodation that Skadden provided Kmart would result in a full and final resolution of all outstanding fees, charges and disbursements, including those requested in the Application and those post-consummation fees earned by Skadden following Kmart's emergence from chapter 11.

B. **Dewey Ballatine LLP (“Dewey”)**

Dewey is requesting \$897,237.05 in fees and \$59,135.24 in expenses. The Stuart Maue report indicates there is significant time expense incurred for vaguely described conferences, vaguely described tasks, lumped entries, professionals billing 10 hours or less a month and intra-office conferences. However, the 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 clearly caps Dewey’s fees and expenses at \$750,000 unless the Official Financial Institutions Committee, the Official Unsecured Creditors’ Committee and the Official Committee of Equity Security Holders (collectively, the “Official Committees”) consented in writing to an increase, or absent such consent, the Court entered an order increasing the cap. The Committee is informed and believes that the Official Committees did not consent to an increase in the cap. Similarly, this Court has not entered an order permitting an increase. The Committee respectfully recommends to the Court that Dewey receive the \$750,000 cap as an appropriate compromise of all issues regarding its fees and expenses. Dewey has agreed to accept the \$750,000 cap in payment of all fees and expenses.<sup>9</sup>

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<sup>9</sup>

An issue arose during these cases concerning Dewey’s representation of Verizon Capital Corporation in a matter adverse to Kmart. The Committee has reviewed all correspondence from Dewey, including the relevant pleadings, regarding such representation. The Committee believes that there has been no actual conflict in connection with matters in which Dewey represented the Independent Directors.

C. KPMG LLP ("KPMG")

KPMG is requesting \$9,190,391 in fees and \$713,554 in expenses. KPMG submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines, except for certain expenses in the amount of \$1,306. The affidavit also states that KPMG seeks reimbursement for one-way coach airfares in the amount of \$74,355. The Stuart Maue report indicates that there is significant time expense incurred for vaguely described conferences, multiple attendance, intra-office conferences and the stewardship investigation. The Committee recommends that KPMG's fees be reduced by \$525,000 and its expenses be reduced by \$25,000 as an appropriate compromise of all issues regarding KPMG's fees and expenses. KPMG has agreed to these reductions. Accordingly, the Committee respectfully recommends to the Court that KPMG be awarded final compensation in the amount of \$8,665,391 and expenses in the amount of \$688,554.

D. **Otterbourg, Steindler, Houston, & Rosen, PC**  
**("Otterbourg")**

Otterbourg is requesting \$6,665,592.50 in fees and \$297,585.81 in expenses. Otterbourg submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines except for \$6,613.50 for secretarial overtime, and \$7,500 for in-office meals, business meals and limousine/car service. The Stuart Maue report indicates that there is significant time expense incurred for multiple attendance, as well as for the stewardship investigation. The Committee recommends that Otterbourg's fees be reduced by \$199,967.77 and its expenses be reduced by \$13,813.50 as an appropriate compromise of all issues regarding Otterbourg's fees. Otterbourg has agreed to these reductions.<sup>7</sup> Accordingly, the Committee respectfully recommends to the Court that Otterbourg be awarded final compensation in the amount of \$6,465,624.73 and expenses in the amount of \$283,772.31.

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<sup>7</sup>

In addition, Otterbourg has agreed to cap its fees for its representation of the Post-Effective Date Committee at \$20,000 per month beginning August, 2003. Otterbourg has billed Kmart \$73,000 for the months of August and September, resulting in Otterbourg writing off \$33,000 in fees. To the extent any bill for the representation of the Post-Effective Date Committee requests fees of less than \$20,000 per month, Otterbourg is entitled to accrue such amounts. To the extent any future bills for fees exceed \$20,000 by less than the accrued amounts, they shall be payable notwithstanding the \$20,000 cap. The aggregate potential reduction of Otterbourg's fees for representation of the Post-Effective Date Committee shall not exceed 3% of the fees requested in the Application (or an additional \$199,967.77).

E. **FTI Policano & Manzo ("FTI")**

FTI is requesting \$7,785,495.50 in fees and \$416,478.51 in expenses.<sup>8</sup> FTI submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines except for \$20,400.00 in secretarial charges and \$3,465.74 in telephone charges. The Stuart Maue report indicates significant time expense incurred for multiple attendance, fees of professionals in excess of 10 hours per day, which fees typically involved reviewing documents, and the stewardship investigation. The Committee recommends that FTI's fees be reduced by \$476,134.26 and its expenses be reduced by \$23,865.74 as an appropriate compromise of all issues regarding FTI's fees and expenses. FTI has agreed to these reductions. Accordingly, the Committee respectfully recommends to the Court that FTI be awarded final compensation in the amount of \$7,309,361.24 and expenses in the amount of \$392,612.77.

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<sup>8</sup>

These amounts differ slightly from those stated in the Notice. The discrepancy involves amounts not previously submitted but were included in FTI's Final Fee Application.



F. **Jones, Day, Reavis & Pogue ("Jones Day")**

Jones Day is requesting \$3,774,396.20 in fees and \$389,854.29 in expenses. Jones Day submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines except for \$5,000 for certain expenses. The Stuart Maue report indicates significant time expense incurred for multiple attendance, intra-office conferences and the stewardship investigation. The Committee recommends that Jones Day's fees be reduced by \$150,975.84 and its expenses be reduced by \$5,000 as an appropriate compromise of all issues regarding Jones Day's fees and expenses. Jones Day has agreed to these reductions. Accordingly, the Committee respectfully recommends to the Court that Jones Day be awarded final compensation in the amount of \$3,623,420.36 and expenses in the amount of \$384,854.29.

G. **Traub, Bonacquist & Fox, LLP ("Traub")**

Traub is requesting \$1,116,832 in fees and \$59,362.46 in expenses. Traub submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines except for \$115.90 in certain expenses. The Stuart Maue report indicates significant time expense incurred for multiple attendance and intra-office conferences. The Committee recommends that Traub's fees be reduced by \$111,683.20 as an appropriate compromise of all issues regarding its fees. Given the minimal variance in the Expense Guidelines, and the 10% reduction in fees, the Committee recommends no reduction in expenses. Traub disputes the position asserted by the Committee as to its fees. However, in order to avoid the uncertainty, cost and delay of a disputed evidentiary hearing, Traub has agreed to voluntarily reduce its Application by the amount described above in exchange for the allowance and payment of all remaining amounts under the Application. Accordingly, the Committee respectfully recommends to the Court that Traub be allowed final compensation in the amount of \$1,005,148.80 and expenses in the amount of \$59,362.46.

H. **Goldberg, Koh, Bell, Black, Rosenbloom  
& Moritz, Ltd. ("Goldberg")**

Goldberg is requesting \$1,114,662 in fees and \$202,538.49 in expenses. Goldberg submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines except for \$792.09 in expenses which had previously been reduced on request of the Committee for certain out of town expenses. The Stuart Maue report indicates significant time expense incurred for multiple attendance, intra-office conferences, professionals billing 10 hours or less a month, and the stewardship investigation. The Committee recommends that Goldberg's fees be reduced by \$111,466.20 and its expenses be reduced by \$792.09 as an appropriate compromise of all issues regarding Goldberg's fees and expenses. Goldberg disputes the position asserted by the Committee as to its fees. However, in order to avoid the uncertainty, cost and delay of a disputed evidentiary hearing, Goldberg has agreed to voluntarily reduce its Application by the amounts described above in exchange for the allowance and payment of all remaining amounts under the Application. Accordingly, the Committee respectfully recommends to the Court that Goldberg be awarded final compensation in the amount of \$1,003,195.80 and expenses in the amount of \$201,746.40.

I. **Ernst & Young Corporate Finance LLC ("E&Y")**

E&Y is requesting \$1,112,551 in fees and \$110,388 in expenses. E&Y submitted an Expense Affidavit to the Committee attesting to its compliance with the Expense Guidelines, except for \$1,808.08 in certain charges for in-office meals, business meals, miscellaneous expenses, travel to/from office and limousine/car service. The Stuart Maue report indicates significant time expense incurred for multiple attendance, intra-office conferences, administrative/clerical tasks by professionals, retention issues and transition. The Committee recommends that E&Y's fees be reduced by \$55,627 and E&Y's expenses be reduced by \$1,808.08 as an appropriate compromise of all issues regarding its fees and expenses. E&Y has agreed to these reductions. Accordingly, the Committee respectfully recommends to the Court that E&Y be awarded final compensation in the amount of \$1,056,924 and expenses in the amount of \$108,579.92.

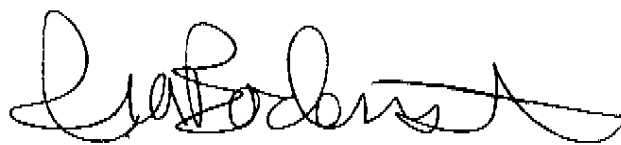
J. **Stuart, Maue, Mitchell & James, Ltd.**  
**("Stuart Maue")**

Stuart Maue is requesting \$528,434.40 in fees and \$4,495.63 in expenses. Stuart Maue's Application indicates that it incurred actual fees in the amount of \$714,169, but reduced its fees by \$185,734.60 as mandated by the 0.5 percentage cap in the Stuart Maue Retention Order. The Committee has reviewed the requested fees and expenses for reasonableness and finds them to be reasonable. Further, the Committee finds the services rendered by Stuart Maue to be a benefit to these estates. Stuart Maue's reports have been a valuable tool to this Committee in reviewing the Applications. Accordingly, the Committee respectfully recommends to the Court that Stuart Maue be allowed final compensation in the amount of \$528,434.40 and expenses in the amount of \$4,495.63.

5. Attached hereto as *Exhibit C* is a chart setting forth the recommendations of the Committee. After considering a draft of this Fee Report, the Committee adopted this Fee Report and the recommendations contained herein.

DATED: Chicago, Illinois  
12/05, 2003

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "Ira Bodenstein", written over a horizontal line.

IRA BODENSTEIN  
UNITED STATES TRUSTEE  
Attorney ID No. 03126857  
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IN THE UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KMART CORPORATION, et al.,	)	Case No. 02 B 02474
	)	(Jointly Administered)
Debtors.	)	
	)	Honorable Susan Pierson Sonderby
	)	
	)	
	)	<b>Hearing Date: December 17, 2003</b>
	)	Hearing Time: 11:00 a.m.
	)	<b>Objection Deadline: December 12, 2003</b>

**NOTICE OF HEARING ON FINAL FEE APPLICATIONS**

PLEASE TAKE NOTICE that on **December 17, 2003 at 11:00 a.m.**, in the courtroom of the Honorable Susan Pierson Sonderby, United States Bankruptcy Judge, Everett McKinley Dirksen Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604, Courtroom 642 ("the Bankruptcy Court"), or as soon thereafter as counsel may be heard, a hearing will be held to consider the Final Fee Applications (the "Applications") for allowance of compensation and reimbursement of expenses for the period January 22, 2002 through May 6, 2003, filed by certain professionals retained in the above-captioned cases, as set forth below:

<u>Application and Nature of Representation</u>	<u>Final Sums Requested</u>
SKADDEN, ARPS, SLATE, MEAGHER & FLOM (ILLINOIS) AND AFFILIATED LAW PRACTICE ENTITIES (Docket No. 15705) Attorneys for Kmart Corporation	Fees: \$53,745,000.00 Expenses: \$4,670,500.00
DEWEY BALLANTINE LLP (Docket No. 15686) Special Counsel to Independent Members of Kmart Corporation's Board of Directors	Fees: \$897,237.05 Expenses: \$59,135.24
KPMG LLP (Docket No. 15710) Financial Advisors to the Official Committee of Unsecured Creditors	Fees: \$9,190,391.00 Expenses: \$713,554.00
OTTERBOURG, STEINDLER, HOUSTON, & ROSEN, P.C. (Docket No. 15708) Attorneys for the Official Committee of Unsecured Trade Creditors	Fees: \$6,665,592.50 Expenses: \$297,585.81



FTI POLICANO & MANZO (Docket No. 15702) Financial Advisors to Financial Institutions Committee	Fees: \$7,783,472.00 Expenses: \$416,162.72
JONES, DAY, REAVIS & POGUE (Docket No. 15699) Attorneys for the Financial Institutions Committee	Fees: \$3,774,396.20 Expenses: \$389,854.29
TRAUB, BONACQUIST & FOX LLP (Docket No. 15691) Co-counsel to the Official Committee of Equity Security Holders	Fees: \$1,116,832.00 Expenses: \$59,362.46
GOLDBERG, KOHN, BELL, BLACK, ROSENBLOOM & MORITZ, LTD. (Docket No. 15689) Co-counsel to the Official Committee of Equity Security Holders	Fees: \$1,114,662.00 Expenses: \$202,538.49
ERNST & YOUNG CORPORATE FINANCE LLC (Docket No. 5605) Financial Advisors for Kmart Corporation	Fees: \$1,112,551.00 Expenses: \$110,388.00
STUART, MAUE, MITCHELL & JAMES, LTD. (Docket No. 18359) Fee Examiner to the Joint Fee Review Committee	Fees: \$528,434.40 Expenses: \$4,495.63

PLEASE TAKE FURTHER NOTICE that copies of the Applications and all pleadings and orders of the Bankruptcy Court are publicly available, along with the docket and other case and court information, at the Bankruptcy Court's general website address: <http://www.ilnb.uscourts.gov>.

PLEASE TAKE FURTHER NOTICE that the Joint Fee Review Committee's report will be filed on or before December 5, 2003. This report is available upon request from the undersigned counsel for Kmart Corporation, or available for review at the following websites: <http://www.ilnb.uscourts.gov> and [www.trumbullgroup.com/kmart/index.htm](http://www.trumbullgroup.com/kmart/index.htm)

PLEASE TAKE FURTHER NOTICE that any party in interest objecting to the Applications shall file objections no later than **December 12, 2003**. Objections must be submitted in writing to the Everett McKinley Dirksen Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. A copy of any objection must be submitted directly to the chambers of the Honorable Susan Pierson Sonderby and served so as to be received by 4:00 p.m. Central Standard time on such date by: (i) the undersigned counsel for Kmart Corporation, Attn.: Andrew N. Goldman; (ii) counsel for the Official Committee of Unsecured Creditors, Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, 29<sup>th</sup> Floor, New York, New York 10169 (Attn: Glenn B. Rice, Esq.) and Winston & Strawn, 35 West Wacker Drive, 40<sup>th</sup> Floor, Chicago, Illinois 60601 (Attn: Matthew Botica, Esq.); (iii) counsel for the Official Committee of Financial Institutions, Jones, Day, Reavis & Pogue, 77 West Wacker Drive, Chicago, Illinois 60601 (Attn: Paul E. Harner, Esq.); (iv) counsel for the Official Committee of Equity Holders, Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd., 55 East Monroe

Street, Suite 3700, Chicago, Illinois 60603 (Attn: Randall L. Klein, Esq.); and (v) the Office of the United States Trustee, 227 West Monroe, Suite 3350, Chicago, Illinois 60606 (Attn: Kathryn Gleason, Esq.). Only those objections made in writing and timely filed and received will be considered by the Bankruptcy Court at the December 17, 2003 Hearing.

November \_\_\_\_, 2003

KMART CORPORATION

By: \_\_\_\_\_  
One of its Attorneys

Andrew N. Goldman  
Jorian Rose  
Jeffrey Gleit  
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Attorneys for Kmart Corporation



**KMART BILLING AND EXPENSE GUIDELINES**

<b>Fees</b>		<b>Guidelines</b>
1.	Long Billing Days	Over 14 hours – Skadden, Arps Over 10 hours – All other professionals
2.	Too Few Hours	Under 10 hrs/month
3.	Travel Time	½ hourly rate
4.	Intra Office Conferences	5% or less of overall fees
5.	Multiple Attendees	
	a. Court Hearings	Will be reviewed for reasonableness
	b. Depositions	
	c. Statutory Committee Meetings	
	d. All Other	
6.	Professionals performing administrative or clerical tasks	Not reimbursed
7.	Stewardship Investigation	Will be reviewed for reasonableness
8.	Lumped Entries	1 hour increments or more of lumped time will be reviewed
9.	Vague Descriptions	Will be reviewed for reasonableness
10.	Technical Billing Discrepancies	Professionals will be requested to correct any mistakes



Expenses		Guidelines
1.	Photocopies	10¢/page
2	Facsimiles	Incoming faxes not reimbursed. Outgoing faxes reimbursed at actual cost.
3	Travel Expenses	
	a. Airfare	Coach fare
	b. Hotel Expenses	
	1. Rates	\$250/night – Chicago \$350/night – New York
	2. Dry Cleaning	Not reimbursed
	3. Mini-Bar	Not reimbursed
	4. In-House Movies	Not reimbursed
c.	Business Meals – while traveling	Actual expenses up to \$100/day
d.	Mileage	IRS rates
e.	Entertainment – including alcoholic beverages	Not reimbursed
f.	Limousines and Car Services	Actual expenses at less costly service available.

Expenses		Guidelines
3	Overhead Expenses	
a	Local meals	Not reimbursed
b	Secretarial, Clerical, and Word Processing -- including overtime	Not reimbursed
c	Local Telephone	Not reimbursed
d	Courier Service/Messenger	Actual Cost
e	Overnight Service	Actual Cost
f	Computer Assisted Research	Actual Cost

Professional		Final Fee Applications	Voluntary Reductions in Response to the Committee's Review	Percentage Reduction in Fees
Skadden, Arps, Slate, Meagher & Flom	Fees*	\$53,745,000.00	\$314,742.00	12.50%
	Expenses**	\$4,670,500.00	\$87,017.00	
Dewey Ballantine LLP	Fees	\$897,000.00	\$206,135.24	22.98%
	Expenses	\$59,135.24	\$0.00	
KPMG, LLP	Fees	\$9,190,391.00	\$525,000.00	5.71%
	Expenses	\$713,554.00	\$25,000.00	
Otterbourg, Steindler, Houston & Rosen, P.C.	Fees***	\$6,665,592.50	\$199,967.77	3.00%
	Expenses	\$297,585.81	\$13,813.50	
FTI Policano & Manzo	Fees	\$7,785,495.50	\$476,134.26	6.12%
	Expenses	\$416,478.51	\$23,865.74	
Jones, Dav, Reavis & Pogue	Fees	\$3,774,396.20	\$150,975.84	4.00%
	Expenses	\$389,854.29	\$5,000.00	
Traub, Bonacquist & Fox LLP	Fees	\$1,116,832.00	\$111,883.20	10.00%
	Expenses	\$59,362.46	\$0.00	
Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd.	Fees	\$1,114,662.00	\$111,466.20	10.00%
	Expenses	\$202,538.49	\$792.09	
Ernst & Young Corporate Finance LLC	Fees	\$1,112,551.00	\$55,627.00	5.00%
	Expenses	\$110,388.00	\$1,808.78	
Stuart, Maue, Mitchell & James, Ltd.	Fees****	\$528,434.40	\$185,734.60	35.15%
	Expenses	\$4,495.63	\$0.00	

\* In addition, Skadden voluntarily reduced its fees \$7,318,153 during these cases. The Committee, through Kmart's representatives, verified these reductions.

\*\* In addition, Skadden voluntarily reduced its expenses \$597,913 during these cases. The Committee, through Kmart's representatives, verified these reductions.

\*\*\* In addition, Otterbourg has agreed to cap its fees for its representation of the Post-Effective Date Committee at \$20,000 per month beginning August, 2003 to an aggregate potential reduction of an additional 3% of the fees requested in the Application or \$199,967.77.

\*\*\*\* Stuart Maue reduced its fees by \$185,734.60 as mandated by the percentage cap in the Stuart Maue Retention Order.

