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

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

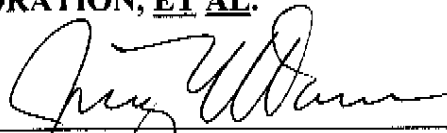
TO THE ATTACHED SERVICE LIST:

PLEASE TAKE NOTICE that, on July 31, 2003, we filed the attached FINAL APPLICATION OF GOLDBERG, KOHN, BELL, BLACK, ROSENBLOOM & MORITZ, LTD., CO-COUNSEL TO OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS, FOR ALLOWANCE AND PAYMENT OF COMPENSATION AND REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330 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)
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GOLDBERG, KOHN, BELL, BLACK,
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K I L E D
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

JUL 31 2003

KENNETH S. GARDNER, CLERK
RS REP. - SW

EOD AUG 01 2003

UNITED STATES BANKRUPTCY COURT
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KENNETH S. GARDNER, CLERK
PS REP. - BW

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	Case No. 02 B 02474
)	(Jointly Administered)
K MART CORPORATION, <u>et al.</u> ,)	
)	Judge Susan Pierson Sonderby
)	
Debtors.)	Hearing Date: To Be Determined
)	Hearing Time: To Be Determined
)	Objection Deadline: To Be Determined

**FINAL APPLICATION OF GOLDBERG, KOHN, BELL,
BLACK, ROSENBLUM & MORITZ, LTD., CO-COUNSEL TO
OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS, FOR
ALLOWANCE AND PAYMENT OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. §§ 330**

Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. ("Goldberg, Kohn"), co-counsel for the Official Committee of Equity Security Holders ("Equity Committee"), pursuant to 11 U.S.C. § 330, Federal Rule of Bankruptcy Procedure 2016 and Local Rule 5082-1, hereby submits its final application for allowance and payment of compensation for services rendered and expenses incurred on behalf of the Equity Committee ("Application") for the period commencing on June 14, 2002, and ending on May 6, 2003 ("Application Period"). In support of its Application, Goldberg, Kohn states as follows:

Introduction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A) and (B).

2. On January 22, 2002 ("Petition Date"), Debtors each filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (as amended, "Bankruptcy Code").

3. On January 25, 2002, this Court entered that certain Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals ("Administrative Order"), which has governed the interim fee and expense applications of and payments to retained professionals in these cases.

4. On March 20, 2002, this Court entered that certain Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing a Joint Fee Review Committee, pursuant to which a Joint Fee Review Committee has been formed by representatives and professionals of Debtors, the United States Trustee and the statutory committees ("JFRC").

5. On June 14, 2002 ("Appointment Date"), the United States Trustee appointed seven members to form the Equity Committee pursuant to Bankruptcy Code § 1102(a). On the Appointment Date, the Equity Committee retained Goldberg, Kohn as co-counsel, subject to this Court's approval.¹

6. On June 28, 2002, this Court entered that certain Interim Order Authorizing the Employment and Retention of Goldberg, Kohn, Bell, Black, Roscnbloom & Moritz, Ltd. as Co-Counsel to the Official Committee of Equity Security Holders, Retroactive to June 14, 2002 ("Interim Retention Order"). On July 24, 2002, this Court entered that certain Final Order Authorizing the Employment and Retention of Goldberg,

¹ Traub, Bonacquist & Fox LLP was retained as co-counsel to the Equity Committee. Effective in January, 2003, TB&F withdrew from further representation.

Kohn, Bell, Black, Roscnbloom & Moritz, Ltd. as Co-Counsel to the Official Committee of Equity Security Holders, Retroactive to June 14, 2002 (together with the Interim Retention Order, "Retention Orders"). True and correct copies of the Retention Orders are attached as Exhibit A.

7. On April 22, 2003, the Court confirmed Debtors' First Amended Joint Plan of Reorganization ("Plan"). The Plan became effective on May 6, 2003.

8. Pursuant to the Administrative Order and protocols established by the JFRC, Goldberg, Kohn has timely submitted fee and expense statements and applications for all fees and expenses that accrued during the Application Period. All payments Goldberg, Kohn has received with respect to such fees and expenses are more fully described below.

9. Goldberg, Kohn submits this Application for final allowance and payment of its fees and expenses arising in the course of its representation of the Equity Committee during the Application Period in accordance with Section 10.2 of the Plan.

10. Pursuant to Federal Rule of Bankruptcy Procedure 2016(a), attached as Exhibit B is the affidavit of Randall L. Klein, a principal of Goldberg, Kohn, in support of this Application.

Services Provided

11. In the aggregate, professionals and paraprofessionals at Goldberg, Kohn rendered \$1,114,671.50 in services, over 4,500.2 hours, on behalf of the Equity Committee during the Application Period. A schedule showing all of the professionals and paraprofessionals at Goldberg, Kohn who performed such services for the Equity Committee, the total number of hours worked by each such person and the total amount of fees due with respect to each such person is attached as Exhibit C.

12. Since Goldberg, Kohn's retention by the Equity Committee, Goldberg, Kohn's professionals and paraprofessionals have kept contemporaneous records of their services performed for the Equity Committee. Such records are separated by project in twenty-seven (27) categories within Goldberg, Kohn's time-keeping system, are separated by task in one-tenth increments and are otherwise consistent with the guidelines promulgated by the United States Trustee and the JFRC. Copies of Goldberg, Kohn's time records for the Application Period are attached as Exhibit D.

13. The blended rate for attorneys at Goldberg, Kohn that billed time to this matter during the Application Period was \$288.79 per hour. The blended rate for all time billed by Goldberg, Kohn to this matter during the Application Period was \$247.69 per hour. The hourly rates charged by Goldberg, Kohn for the time of its professionals and paraprofessionals were the usual and customary rates charged by Goldberg, Kohn to its clients for the types of services rendered during the Application Period.² The hourly rates charged by Goldberg, Kohn during the Application Period were at or below applicable market rates for similar services.

14. Below are descriptions of the project categories to which Goldberg, Kohn billed more than five hours during the Application Period, along with a summary of the hours worked and fees incurred under each such category.³ The categories to which Goldberg, Kohn billed less than five hours during the Application Period contained 10.3 hours in the aggregate.

² As of January 1, 2003, Goldberg, Kohn's rates for all of its professionals and paraprofessionals increased in the ordinary course of Goldberg, Kohn's business.

³ Paraprofessionals listed in the fee summaries are denoted with a "+". Associates listed in the fee summaries are in italics.

General Administration – 001

15. During the Application Period, Goldberg, Kohn performed 749.60 hours of services in general administration of the Equity Committee's participation in these cases. Such work was comprised of several tasks, including, without limitation: (a) preparing, reviewing and revising the Equity Committee's by-laws and governance materials and minutes; (b) reviewing the large volume of pleadings pertaining to the Equity Committee and its interests; (c) maintaining a case calendar and docket, including a variety of computer-based systems to efficiently catalogue and access relevant pleadings and other documents; (d) filing and serving various pleadings on behalf of the Equity Committee; (e) coordinating various meetings and other activities involving other parties in interest; and (f) performing other services that do not fall squarely within any of Goldberg, Kohn's other project categories. Paralegals billed the majority of time in this category.

GENERAL ADMINISTRATION		
Name	Time	Value
Lauren M. Rosman+	198.00	\$18,810.00
Cassandra Boyd+	190.90	\$18,135.50
Huy J. Chau+	119.90	\$13,967.50
<i>Kathryn A. Pamenter</i>	61.80	\$17,044.50
Kim M. Grice+	49.10	\$4,910.00
Randall L. Klein	41.20	\$16,056.50
Amy Kule+	29.80	\$2,086.00
<i>Erin M. Samolis</i>	16.00	\$2,640.00
Mike Evans+	12.60	\$637.50
<i>Jeremy M. Downs</i>	8.00	\$1,580.50
Alan P. Solow	5.00	\$2,250.00
Gerald F. Munitz	3.40	\$1,530.00
Terry F. Moritz	3.30	\$1,485.00
<i>Catherine S. Carrigan</i>	3.00	\$495.00
Dennis B. Black	2.90	\$1,305.00
Diane M. Ende+	2.20	\$209.00
Michael L. Whitchurch+	1.20	\$132.00

GENERAL ADMINISTRATION		
Name	Time	Value
William C. Meyers	.50	\$175.00
<i>C. Davin Boldissar</i>	.50	\$95.00
Anna R. Marks+	.30	\$42.00
TOTAL	749.60	\$103,586.00

Claims Administration and Objections -- 008

16. Goldberg, Kohn performed 15.00 hours of services for the Equity Committee during the Application Period in connection with various claims filed against these estates. Such services included, without limitation, reviewing claims for validity and timeliness, researching and analyzing the impact of such claims on Debtors' reorganization value and drafting and filing pleadings in support of and against certain of such claims. Associates and paralegals billed the majority of time in this category.

CLAIMS ADMINISTRATION AND OBJECTIONS		
Name	Time	Value
<i>Kathryn A. Pamenter</i>	5.90	\$1,622.50
<i>Dimitri G. Karcazes</i>	4.30	\$903.00
Huy J. Chau+	2.10	\$241.50
Randall L. Klein	1.40	\$532.00
Gerald F. Munitz	.80	\$360.00
Alan P. Solow	.30	\$141.50
Cassandra Boyd+	.20	\$19.00
TOTAL	15.00	\$3,819.50

Communications with Debtors and Statutory Committees -- 009

17. Goldberg, Kohn performed 38.70 hours of services for the Equity Committee during the Application Period primarily involving communications with Debtors and/or other statutory committees in the cases and their respective professionals. Such services included several meetings, conferences and correspondence regarding the status of

and strategies for handling various issues critical to the success of Debtors' reorganization and negotiations regarding numerous agreements, pleadings or positions affecting the Equity Committee's interests.

COMMUNICATIONS WITH DEBTORS, STATUTORY COMMITTEES		
Name	Time	Value
Randall L. Klein	23.3	\$8,863.00
Terry F. Moritz	7.70	\$3,465.00
William C. Meyers	3.50	\$1,225.00
Anna R. Marks+	2.60	\$364.00
Alan P. Solow	.80	\$360.00
<i>Jeremy M. Downs</i>	.40	\$76.00
<i>Erin M. Samolis</i>	.40	\$66.00
TOTAL	38.70	\$14,419.00

Court Hearing Attendance -- 010

18. Goldberg, Kohn performed 152.10 hours of services for the Equity Committee during the Application Period during which its professionals attended several court hearings. Goldberg, Kohn staffed attendance at such hearings based upon the significance of the issues presented and the volume of the matters reviewed prior to the hearings. Associates billed the majority of time in this category.

COURT HEARING ATTENDANCE		
Name	Time	Value
<i>Kathryn A. Pamenter</i>	66.00	\$19,005.00
Randall L. Klein	60.40	\$24,428.00
<i>Erin M. Samolis</i>	11.70	\$1,930.50
<i>Jeremy M. Downs</i>	10.80	\$2,338.00
Alan P. Solow	2.40	\$1,080.00
<i>Andrew E. Weissman</i>	.80	\$152.00
TOTAL	152.10	\$48,933.50

Equity Committee Communications -- 011

19. Goldberg, Kohn performed 195.20 hours of services for the Equity Committee during the Application Period primarily involving communications with the Equity Committee and its members. Such communications included in-person and telephonic meetings and conferences and other correspondence with the Equity Committee about virtually every aspect of its involvement in these cases. These communications with the Equity Committee enabled its members to understand past and new developments and to receive advice about the role of the Equity Committee and its options with respect thereto. Goldberg, Kohn maintained communications with the Equity Committee as to effectively serve the interests of equity security holders. For efficiency and continuity, the principal with primary responsibility for this engagement billed the majority of time for this category.

EQUITY COMMITTEE COMMUNICATIONS		
Name	Time	Value
Randall L. Klein	153.90	\$59,449.50
<i>Jeremy M. Downs</i>	12.50	\$2,996.50
<i>Kathryn A. Pamenter</i>	5.0	\$1,375.00
William C. Meyers	4.20	\$1,470.00
Terry F. Moritz	3.90	\$1,755.00
Amy Kule+	3.50	\$245.00
Dennis B. Black	3.40	\$1,535.00
Gerald F. Munitz	2.80	\$1,260.00
Alan P. Solow	2.00	\$900.00
Anna R. Marks+	1.40	\$196.00
<i>Michael N. Levy</i>	.50	\$107.50
<i>Dimitri G. Karcazes</i>	.50	\$105.00
Ronald Barliant	.40	\$206.00
<i>C. Davin Boldissar</i>	.40	\$84.00
Huy J. Chau+	.40	\$50.00
Frederic R. Klein	.20	\$82.00
<i>Erin M. Samolis</i>	.20	\$33.00
TOTAL	195.20	\$71,849.50

Equity Holder Inquiry -- 012

20. Goldberg, Kohn performed 12.40 hours of services for the Equity Committee during the Application Period dealing with equity holder inquiries. The services included in this category consisted primarily of receiving and responding to telephone calls and letters from numerous Kmart Corporation shareholders regarding the status of Debtors' reorganization and the potential for distributions to shareholders through litigation and otherwise.

EQUITY HOLDER INQUIRIES		
Name	Time	Value
Randall L. Klein	8.90	\$3,746.50
William C. Meyers	3.50	\$1,225.00
TOTAL	12.40	\$4,971.50

Insurance -- 019

21. Goldberg, Kohn performed 117.90 hours of services for the Equity Committee during the Application Period regarding insurance matters. Such services included, without limitation, reviewing and analyzing potential issues involving Debtors' directors' and officers' insurance policies, preservation of claims under such policies, extensions of such policies, premium issues and litigation related thereto.

INSURANCE		
Name	Time	Value
Kenneth S. Ulrich	41.20	\$14,832.00
<i>A. Colin Wexler</i>	29.60	\$5,920.00
Randall L. Klein	15.60	\$5,928.00
<i>Susan H. Kane</i>	14.00	\$2,800.00
Terry F. Moritz	8.20	\$3,690.00
<i>James P. Madigan</i>	6.20	\$1,178.00
<i>C. Davin Boldissar</i>	1.00	\$190.00

INSURANCE		
Name	Time	Value
Daniel P. Shapiro	.80	\$336.00
Gerald F. Munitz	.70	\$315.00
<i>Kathryn A. Pamenter</i>	.30	\$82.50
Cassandra Boyd+	.30	\$28.50
TOTAL	117.90	\$35,300.00

Litigation (General) -- 021

22. Goldberg, Kohn performed 53.30 hours of services for the Equity Committee during the Application Period on various litigation matters, other than those directly relating to the Joint Interest Investigation or insurance matters. Such services included, without limitation, considering and promoting the interests of the Equity Committee affected by adversary proceedings and contested motions involving Debtors and their estates.

LITIGATION (GENERAL)		
Name	Time	Value
<i>Catherine S. Carrigan</i>	16.70	\$2,755.50
Randall L. Klein	11.30	\$4,325.50
<i>Jeremy M. Downs</i>	6.20	\$1,178.00
William C. Meyers	3.90	\$1,365.00
<i>Kathryn A. Pamenter</i>	3.10	\$992.00
Gerald F. Munitz	2.80	\$1,260.00
<i>C. Davin Boldissar</i>	1.80	\$342.00
Linda K. McClain+	1.50	\$150.00
<i>James P. Madigan</i>	1.30	\$247.00
Alan P. Solow	1.20	\$540.00
Mike Evans+	1.00	\$55.00
Daniel P. Shapiro	.80	\$336.00
Terry F. Moritz	.60	\$270.00
Huy J. Chau+	.60	\$69.00
Michael L. Whitchurch+	.30	\$33.00
Anna R. Marks+	.20	\$28.00
TOTAL	53.30	\$13,946.00

Litigation (Joint Interest Investigation) -- 022

23. Goldberg, Kohn performed 1,936.80 hours of services for the Equity Committee during the Application Period, in its capacity as primary counsel for the Equity Committee, in connection with the Joint Interest Investigation. By agreement with the other statutory committees, Goldberg, Kohn took primary responsibility for certain aspects of the Joint Interest Investigation, secondary responsibility for other aspects, and otherwise monitored the conduct of the other participants in an efficient allocation of responsibilities among constituents. Such services included, without limitation: (a) participating in regular conference calls and meetings with other parties in interest regarding the investigation; (b) drafting and revising orders and agreements governing the investigation; (c) investigating and researching numerous stewardship issues regarding Debtors' former and current directors, officers and management; (d) deposing several witnesses in the investigation; (e) receiving, organizing, and maintaining the tremendous volume of documents produced in the course of the investigation, for the benefit of the Equity Committee and all parties in interest; and (f) otherwise investigating and analyzing potential claims arising in connection with the subject matter of the stewardship investigation. A team headed by William Meyers, a principal, and Davin Boldissar, an associate, performed the majority of the work for this category.

LITIGATION (JOINT INTEREST INVESTIGATION)		
Name	Time	Value
William C. Meyers	623.50	\$218,707.00
<i>C. Davin Boldissar</i>	515.70	\$98,879.00
Lauren M. Rosman+	285.60	\$27,406.00

LITIGATION (JOINT INTEREST INVESTIGATION)		
Name	Time	Value
Randall L. Klein	116.30	\$44,257.00
David J. Chizewer	82.40	\$28,882.00
Terry F. Moritz	70.30	\$31,635.00
<i>Catherine S. Carrigan</i>	53.90	\$8,893.50
Amy Kule+	38.20	\$2,674.00
<i>Dimitri G. Karcazes</i>	32.20	\$6,762.00
<i>Robert M. Oberlies</i>	29.40	\$4,851.00
Kathleen M. O'Connell+	23.90	\$2,270.50
Anna R. Marks+	18.80	\$2,632.00
Gerald F. Munitz	9.90	\$4,455.00
<i>Kathryn A. Pamenter</i>	6.90	\$1,911.00
<i>Erin M. Samolis</i>	5.20	\$858.00
Dennis B. Black	5.00	\$2,250.00
Ronald Barliant	4.60	\$2,070.00
Alan P. Solow	4.60	\$2,083.00
Huy J. Chau+	4.20	\$496.00
Daniel P. Shapiro	3.80	\$1,623.50
<i>Andrew E. Weissman</i>	1.30	\$247.00
<i>Salvador K. Karotki</i>	.60	\$108.00
Cassandra Boyd+	.30	\$28.50
<i>Jeremy M. Downs</i>	.20	\$38.00
TOTAL	1936.8	\$494,017.00

Reorganization Plan -- 027

24. Goldberg, Kohn performed 272.60 hours of services for the Equity Committee during the Application Period in connection with Debtors' plan of reorganization. Such services included, without limitation: (a) consideration of various plan proposals, financial models and reports regarding the same; (b) researching possible plan structures to provide dividends to equity interest holders; (c) negotiations with counsel for other parties in interest regarding proposed plan provisions and procedures; and (d) otherwise pursuing all

reasonable options for securing a meaningful dividend for equity interest holders under the circumstances.

REORGANIZATION PLAN		
Name	Time	Value
Randall L. Klein	148.40	\$59,983.00
Huy J. Chau+	26.40	\$3,094.00
<i>Andrew E. Weissman</i>	14.00	\$2,660.00
Richard M. Kohn	10.70	\$4,815.00
<i>Erin M. Samolis</i>	10.00	\$1,650.00
Gerald F. Munitz	13.50	\$6,452.00
<i>Jeremy M. Downs</i>	11.40	\$2,375.00
Barbara M. Flom	13.10	\$5,015.00
Dennis B. Black	8.10	\$3,767.50
Ronald Barliant	8.00	\$3,918.50
<i>Dimitri G. Karcazes</i>	1.80	\$378.00
<i>Kathryn A. Pamenter</i>	1.40	\$448.00
Alan P. Solow	5.80	\$2,883.00
TOTAL	272.60	\$97,439.00

Retention/Fee Matters (Goldberg, Kohn) -- 029

25. Goldberg, Kohn performed 390.20 hours of services for the Equity Committee during the Application Period in connection with its monthly fee statements, interim fee applications, the electronic fee submission requirements of the United States Trustee and participating in and responding to the protocols established by the JFRC. Such services included, without limitation: (a) preparing Goldberg, Kohn's retention applications, monthly fee statements and interim fee applications (all with illustrative exhibits); and (b) otherwise complying with the reimbursement and retention guidelines of the JFRC, United States Trustee and this Court. An associate and a paralegal performed the majority of the work in this category. Time spent preparing this Application is not included in this category.

RETENTION/FEE MATTERS (GOLDBERG, KOHN)		
Name	Time	Value
<i>Jeremy M. Downs</i>	187.70	\$37,621.00
Huy J. Chau+	136.70	\$16,573.50
Randall L. Klein	26.60	\$10,409.50
Cassandra Boyd+	19.90	\$1,890.50
<i>Kathryn A. Pamenter</i>	12.00	\$3,300.00
Kim M. Grice+	3.60	\$360.00
<i>Andrew E. Weissman</i>	.50	\$95.00
Alan P. Solow	2.50	\$1,125.00
Mike Evans+	.70	\$35.00
TOTAL	390.20	\$71,409.50

Retention/Fee Matters/Objections (Others) -- 030

26. Goldberg, Kohn performed 64.70 hours of services for the Equity Committee during the Application Period assisting the Equity Committee's other professionals with their retention pleadings, monthly fee statements and interim fee applications, as well as reviewing the monthly fee statements and applications of other retained professionals. Primarily, Goldberg, Kohn's time under this category was spent assisting Saybrook Capital, LLC, the Equity Committee's financial advisor, with its monthly fee statements and interim fee applications. Time spent assisting the Equity Committee's financial advisor with its final fee application is not included in this category.

RETENTION/FEE MATTERS/OBJECTIONS (OTHERS)		
Name	Time	Value
<i>Jeremy M. Downs</i>	32.00	\$6,454.00
Randall L. Klein	23.10	\$8,859.00
Huy J. Chau+	1.30	\$149.50
Cassandra Boyd+	2.70	\$256.50
Alan P. Solow	2.60	\$1,170.00
<i>Kathryn A. Pamenter</i>	1.50	\$426.00
Mike Evans+	1.50	\$75.00
TOTAL	64.70	\$17,390.00

Securities Fraud Claim Issues -- 031

27. Goldberg, Kohn performed 140.00 hours of services for the Equity Committee during the Application Period involving securities fraud claims. Such services included, without limitation: (a) the investigation of commenced and potential securities fraud actions affecting Debtors' estates; (b) analysis of Bankruptcy Code § 510(b) issues and the impact of the same upon the holders of equity interests; (c) analysis of the preservation of the value of insurance policies affected by pending and potential third party securities litigation; and (d) the impact of such claims on issues affecting plan of reorganization structures and distribution alternatives.

SECURITIES FRAUD CLAIM ISSUES		
Name	Time	Value
Daniel P. Shapiro	50.00	\$21,000.00
Randall L. Klein	31.50	\$12,451.50
Gerald F. Munitz	20.50	\$9,225.00
<i>James P. Madigan</i>	15.20	\$2,888.00
Cassandra Boyd+	8.60	\$1,075.00
<i>Dimitri G. Karcazes</i>	4.50	\$945.00
<i>C. David Boldissar</i>	2.50	\$475.00
<i>Michael N. Levy</i>	1.50	\$322.50
Terry F. Moritz	1.30	\$585.00
William C. Meyers	1.30	\$455.00
Natalia Y. Delgado	1.20	\$468.00
Michael L. Whitchurch+	1.00	\$110.00
<i>Catherine S. Carrigan</i>	.50	\$82.50
Dennis B. Black	.20	\$90.00
Alan P. Solow	.10	\$45.00
<i>Jeremy M. Downs</i>	.10	\$19.00
TOTAL	140.0	\$50,236.50

Securities Trading Issues -- 033

28. Goldberg, Kohn performed 65.60 hours of services for the Equity Committee during the Application Period in connection with securities trading issues. Such services included, without limitation: (a) advising committee members generally as to restrictions affecting securities trading by Equity Committee members; (b) researching the impact of actions threatened or taken by the New York Stock Exchange and the Securities and Exchange Commission with respect to the de-listing of Debtors' shares of stock; and (c) consulting with such entities, Debtors and other parties in interest concerning the liquidity of equity interests during the reorganization process.

SECURITIES TRADING ISSUES		
Name	Time	Value
<i>Keith A. Sigale</i>	30.20	\$6,946.00
Randall L. Klein	13.00	\$4,940.00
Natalia Delgado	12.30	\$4,557.00
<i>Jeremy M. Downs</i>	3.90	\$741.00
Gerald F. Munitz	3.80	\$1,710
Michael L. Whitchurch+	1.50	\$165.00
Dennis B. Black	.70	\$315.00
Alan P. Solow	.20	\$90.00
TOTAL	65.60	\$19,464.00

Valuation Issues -- 034

29. Goldberg, Kohn performed 98.40 hours of services for the Equity Committee during the Application Period attending to valuation issues. Such services included, without limitation: (a) analyzing various methodologies by which enterprise value is determined in connection with corporate reorganizations and similar transactions; (b) reviewing financial information generated by Debtors and the Equity Committee's financial advisors; and (c) considering the impact of Debtors' projections and business plans

upon valuation issues and Debtors' reorganization efforts. Goldberg, Kohn's services regarding valuation were central to the Equity Committee's ability to assess and adopt positions with respect to Debtors' plan of reorganization.

VALUATION ISSUES		
Name	Time	Value
Barbara M. Flom	77.20	\$28,564.00
Randall L. Klein	18.60	\$7,068.00
Gerald F. Munitz	1.80	\$810.00
Dennis B. Black	.60	\$270.00
Alan P. Solow	.20	\$90.00
TOTAL	98.40	\$36,802.00

Travel Time -- 035

30. Goldberg, Kohn spent 187.45 hours in the Application Period traveling to and from meetings, presentations and document productions while not simultaneously working on matters pertaining to Debtors' cases. Per the applicable rules for compensation in these cases, non-working travel time of Goldberg, Kohn's professionals was billed at half of its customary rates. Goldberg, Kohn professionals maximized the opportunity to work during travel time in order to mitigate the expense of this category.

NON-WORKING TRAVEL TIME		
Name	Time	Value
<i>C. David Boldissar</i>	63.20	\$6,004.00
William C. Meyers	36.00	\$6,360.00
Randall L. Klein	44.05	\$8,369.50
<i>Catherine S. Carrigan</i>	20.00	\$1,650.00
David J. Chizewer	13.70	\$2,397.50
Terry F. Moritz	10.50	\$2,362.50
TOTAL	187.45	\$27,143.50

Expenses Incurred

31. As set forth in its Retention Application, Goldberg, Kohn only seeks reimbursement for actual, reasonable and necessary out-of-pocket expenses incurred in connection with its representation of the Equity Committee in these cases. In the aggregate, Goldberg, Kohn incurred \$201,716.86 of such expenses during the Application Period.⁴

32. Goldberg, Kohn has instituted several controls to comply with the applicable standards of Bankruptcy Code § 330, the guidelines of the United States Trustee and other rules for expense reimbursement applicable in and established by this Court. Such policies include, among others:

- A. Photocopying is charged at \$0.10 per page;
- B. All airfares are charged at coach class travel fares;
- C. All out-of-town lodging charges are at the prevailing business travel rate or such lower rate actually incurred;
- D. Telephone charges only include out-going long-distance calls, direct charges incurred for cellular phone usage and teleconferencing service charges;
- E. Facsimile charges only include out-going items at \$0.50 per page, plus the approximate cost of related phone calls, when immediate transmission is required and/or when using comparable means of delivery would increase costs; *however*, all such charges were waived beginning in November 2002 and the \$821.63 of facsimile expenses that accrued through October 2002 have been deducted from the total expenses sought to be allowed and paid pursuant to this Application;
- E. Meal charges only include expenses associated with out-of-town travel, late night or weekend work or meetings with other parties in interest, and do not include any charges for alcohol;
- F. No amortization of the cost of any investment, equipment or capital outlay is included in reimbursable expenses;

⁴ Such amount of expenses includes a credit of \$792.09 in favor of Debtors that was requested by the United States Trustee with respect to certain out-of-town travel expenses.

- G. Computer-based legal research is used only when cost-effective under the fixed fee contracts Goldberg, Kohn has with its computerized research vendors, and Goldberg, Kohn allocates discounts to its clients from the vendors' standard pricing;
- H. Items are sent via overnight or local couriers when required by case management procedures and/or the urgent nature of the particular matter involved, all charges for local couriers requested herein are for outside, hired courier services, but in-house messengers were used whenever possible;
- I. Litigation data management services were used as necessary due to the large volume of relevant materials and/or the ongoing need of parties to access such document library at various times and in various amounts;
- J. Document and pleading retrieval and maintenance expenses include charges incurred by Goldberg, Kohn using PACER, Lexis Courtlink and other similar electronic database management services available in these cases, when hard copies of required materials were not available;
- K. Local travel expenses include only cab fares or car service charges incurred (when cab service was more expensive) while traveling to and from local meetings with other parties in interest or while traveling from Goldberg, Kohn's offices to the respective residences of Goldberg, Kohn professionals when services rendered in these cases caused such persons to be in Goldberg, Kohn's offices after 7:00 PM and/or on weekends and public transportation was either unavailable or not considered safe;
- L. Overtime travel, meals and staffing expenses only include such additional costs incurred by Goldberg, Kohn when staff members were needed to remain working on matters on this case beyond normal working hours, during meals and/or on weekends;
- M. Goldberg, Kohn does not make a profit on any expenses.

33. Below is a summary by category of all expenses incurred by Goldberg,

Kohn in connection with its representation of the Equity Committee during the Application Period.

EXPENSE SCHEDULE	
Expense	Amount
Postage	\$1,513.61
Photocopy Charges	\$33,350.12
LD/Cell/Conf. Telephone Charges ⁵	\$1,802.21
Telcopy Charges	\$821.63
Overnight Couriers	\$21,667.85
Local Couriers	\$624.00
Out-of-Town Travel Expenses	\$59,573.13
Local Travel Expenses	\$1,738.60
Staff: Overtime Travel	\$1,765.39
Staff: Overtime Meals	\$100.44
Staff: Overtime Staffing	\$235.00
Legal Research	\$13,580.67
Docket/Pleading Maintenance & Retrieval	\$1,492.02
Litigation Data Management	\$63,744.10
Meals/Meeting Expenses	\$1321.81
Credit Per Request of U.S. Trustee	(792.09)
Credit for Waiver of Remaining Fax Charges	(821.63)
TOTAL	\$201,716.86

34. Monthly summary detail of the foregoing expenses is attached as Exhibit E. Further detail, including copies of receipts and invoices related to the following expense categories, are also attached as follows:

- A. As Exhibit F, Telephone Charges;
- B. As Exhibit G, Out-of-Town Travel Expenses;
- C. As Exhibit H, Local Travel Expenses;
- D. As Exhibit I, Legal Research;
- D. As Exhibit J, Litigation Data Management; and
- E. As Exhibit K, Meals/Meeting Expenses.

⁵ The Monthly Fee Statements erroneously included \$37.81 of cellular calls members of the Equity Committee that accrued prior to the Application Period. Such expenses are not included in the total expenses sought to be allowed and paid hereby.

35. Goldberg, Kohn reserves the right to supplement this Application with additional information or detail. In any event, further information and detail shall be made available upon request by the Court, JFRC or the Fee Examiner appointed in this case.

Final Application Preparation

36. Goldberg, Kohn rendered not less than \$40,000.00 in services over not less than 130 hours, and incurred approximately \$6,000.00 in expenses, subsequent to the Application Period (a) preparing, serving and filing this Application, (b) responding to inquiries regarding this Application from other parties in interest, (c) reviewing and addressing reports from the JFRC regarding its fees and expenses for the Application Period and (c) assisting the Equity Committee's financial advisor with the preparation, filing and service of its final fee application. Nearly all of the time billed performing the foregoing services was by an associate and two paralegals. In addition to the fees and expenses incurred during the Application Period, Goldberg, Kohn seeks allowance and payment of \$46,000.00 for the foregoing fees and expenses. The actual fees and expenses accrued in this category are likely to exceed such amount when final invoices and other records are received. If appropriate, Goldberg, Kohn will supplement this Application to address any discrepancies.

Legal Predicates and Support

37. Section 330(a) of the Bankruptcy Code provides that the Court may award to a professional person employed under Bankruptcy Code § 1103 "reasonable compensation for actual, necessary services rendered by [such] . . . attorney . . ." after notice and a hearing.

38. Section 330(a) of the Bankruptcy Code, as amended by the Bankruptcy Reform Act of 1994, provides guidelines for compensation awards to professional persons employed under Section 1103 of the Bankruptcy Code, and it states in pertinent part as follows:

(3)(A) In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including -

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

(4)(A) Except as provided in subparagraph (B), the court shall not allow compensation for-

- (i) unnecessary duplication of services; or
- (ii) services that were not -
 - (I) reasonably likely to benefit the debtor's estate; or
 - (II) necessary to the administration of the case.

39. Local Rule 9029-4 incorporates by reference Rule of Professional Conduct 1.5, which is based in large part on the multi-factor "Johnson" test. See Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974). Such test includes the following factors among those to be considered when determining the appropriateness of a compensation request under Bankruptcy Code § 330: (1) the time and labor required; (2) the novelty and difficulty of the questions presented; (3) the skill required to perform the legal

services properly; (4) the preclusion of employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount involved and the result obtained; (9) the experience, reputation and ability of the attorneys; (10) the understandability of the case; (11) the nature and length of the professional relationship; and (12) awards in similar cases. Johnson, 488 F.2d at 717-19; See also In re Spanjer Brothers, Inc., 191 B.R. 738, 748 (Bankr. N.D. Ill. 1996) (applying the "Johnson" test).

40. Under Section 330(a)(1)(B) of the Bankruptcy Code, a Bankruptcy Court may also award professionals "reimbursement for actual, necessary expenses." See In re Geraci, 138 F.3d 314 (7th Cir. 1998); Matter of Taxman Clothing Company, 49 F.3d 310 (7th Cir. 1995). Reimbursable out-of-pocket expenses are those expenses reasonably necessary to accomplish the proper representation of the client. See In re Wildman, 72 B.R. 700, 731 (Bankr. N.D. Ill. 1987).

41. With this Application Goldberg, Kohn has provided the Court with the information necessary to determine that the compensation award requested is reasonable and that the expenses sought to be reimbursed were actually, necessarily and appropriately incurred in the course of Goldberg, Kohn's representation of the Equity Committee.

42. The nature and complexity of these cases, combined with the fact that Goldberg, Kohn's professionals were significantly involved in the Joint Interest Investigation that reached its apex during the Application Period, required Goldberg, Kohn and the Equity Committee to allocate substantial resources towards these cases during the Application Period. Had Goldberg, Kohn not accepted this engagement, the time spent by it on these

cases could have been devoted to other employment. Goldberg, Kohn performed its services in an appropriate and reasonable amount of time, commensurate with the tasks at hand.

43. Throughout the Application Period, Goldberg, Kohn has effectively and efficiently reviewed a vast amount of information and pleadings and advised the Equity Committee concerning the same. Goldberg, Kohn has also successfully addressed a variety of matters central to protecting and preserving the legal rights of, and value for, holders of equity interests and the value of such interests in Debtors' reorganization. Goldberg, Kohn has only undertaken projects that are directly or indirectly related to the particular interests and rights of the Equity Committee and the holders of equity interests, such as the Joint Interest Investigation.

44. Goldberg, Kohn remained consistently below its JFRC fee budget for the Application Period, without sacrificing its effectiveness or the aims of the Equity Committee.

45. Many of the tasks that Goldberg, Kohn was required to perform required attention on an expedited basis. This was particularly the case with respect to matters involving Debtor's plan of reorganization and the Joint Interest Litigation, where the negotiations, investigations and related discovery and drafting had to occur rapidly to achieve the best possible results for the Equity Committee and Debtors' estates.

46. The compensation award requested in this Application is based on Goldberg, Kohn's standard hourly rates, which are at or below market for the quality and type of services rendered during the Application Period. See In re Continental Illinois Sec. Litig., 962 F.2d 566, 572 (7th Cir. 1992) (applying the market approach to determining the

reasonableness of attorneys' rates). Moreover, the compensation sought herein is comparable to or less than that awarded to similarly situated professionals in other cases.

47. Goldberg, Kohn developed close working relationships with the Equity Committee, its members, other parties in interest and their professionals. Such relationships were critical to the responsible pursuit of the Equity Committee's interests in these cases and Debtors' reorganization.

48. Goldberg, Kohn submits its work for the Equity Committee during the Application generated positive opportunities for the Equity Committee and holders of equity interests. Due to the late appointment of the Equity Committee, Goldberg, Kohn had to review, understand and advise the Equity Committee with respect to five months of events and pleadings in an extraordinarily short time-frame, while effectively responding to new developments. Goldberg, Kohn was primarily responsible for critical aspects of the Joint Interest investigation and litigation, which was and remains an important component of Debtors' reorganization and distributions to be made pursuant to the Plan. Goldberg, Kohn conducted its large share of such collaborative project with the requisite speed, organization and diligence. When Goldberg, Kohn's role in the Joint Interest matter was transitioned to other parties in interest upon commencement of the plan process, the quality of Goldberg, Kohn's work helped make such transition relatively seamless. Goldberg, Kohn also participate in structuring a contingent dividend for holder of equity interests based upon such recoveries, while also preserving under the plan certain claims and causes of action that holders of such interests may have against third parties.

49. The expenses incurred by Goldberg, Kohn during the Application Period were necessary and reasonable, in their incurrence and amount, because of the extent

and nature of the Equity Committee's role and interest in these cases and because Debtors' reorganization and operations occurred a national scale -- with thousands of parties in interest and an almost an equal number of issues for the Equity Committee to consider and address. The tremendous volume of pleadings filed, documents produced and agreements prepared regarding the matters on which Goldberg, Kohn worked required significant investment in document related services (including, without limitation, couriers, copiers, court reporters and pleading and document database management services). Debtors' national presence and the physical location of the members of the Equity Committee often required Goldberg, Kohn's professionals to travel to meetings, conferences, depositions and other events related to these cases in several cities beyond Chicago. The long list of parties that had to be served with the Equity Committee's pleadings by overnight courier pursuant to the case management orders resulted in significant expense. In sum, the foregoing expenses and all others incurred by Goldberg, Kohn during the Application period were incurred because they were required to accomplish the proper representation of the Equity Committee.

Division of Labor with Co-Counsel

50. As set forth in the Retention Application, Goldberg, Kohn coordinated all aspects of its representation of the Equity Committee through January 2003 with its co-counsel, Traub, Bonacquist & Fox, LLP ("TB&F"), to avoid any unnecessary duplication of services.

51. To that end, lead attorneys at Goldberg, Kohn and TB&F allocated assignments between the firms based upon subject matter, conflicts and geographic efficiency.

52. As a result of the project allocation systems implemented by Goldberg, Kohn and TB&F, the number of attorneys involved and time billed in these cases have been no greater than had a single firm been retained to perform the same services. To the extent the services of Goldberg, Kohn and TB&F have overlapped on individual matters in these cases, the number of total number of attorneys working and hours billed to such matters have been no greater than had a single firm provided such services.

53. The Equity Committee and these estates have benefited from the division of services by Goldberg, Kohn and TB&F because the firms have been able to allocate certain categories of work to the firm with a particular expertise in such area, thus enhancing the overall quality of the services provided.

Experience and Qualification of Goldberg, Kohn

54. As more fully set forth in that certain Application for Order Authorizing Retention and Employment of Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. as Co-Counsel for Official Committee of Equity Security Holders filed on June 19, 2002 ("Retention Application"), Goldberg, Kohn is a full-service law firm experienced with, *inter alia*, corporate reorganizations, bankruptcy, litigation, securities issues and corporate governance issues.

55. A brief biography of each Goldberg, Kohn attorney, including, without limitation, all of such professionals that rendered services for the Equity Committee during the Application Period is attached hereto as Exhibit L.

56. As set forth in the attached biographies and the Retention Application, Goldberg, Kohn's professionals have the experience, ability and reputation to be considered among the best in the nation for the types of services rendered to the Equity Committee in

these cases. The strong skills of Goldberg, Kohn's professionals enabled them to effectively, efficiently and creatively address the multitude of difficult issues and challenges that faced the Equity Committee and the interests of equity holders. The compensation requested herein is appropriate for the quality of services rendered by Goldberg, Kohn.

57. Goldberg, Kohn is not seeking compensation prohibited by Bankruptcy Code § 330(a)(4)(A). There was no unnecessary duplication of services either by Goldberg, Kohn personnel or between Goldberg, Kohn personnel and other professionals working on behalf of the Equity Committee or the Debtors and their estates. Goldberg, Kohn only performed services which were (i) reasonably likely to benefit the Debtors' estate or (ii) necessary to the administration of the cases. At the time Goldberg, Kohn rendered its services, such a reasonable likelihood existed as to each matter in question.

Payments Previously Received

58. Pursuant to the Administrative Order and the protocols established by the JFRC, Goldberg, Kohn has timely submitted and circulated monthly fee statements for June of 2002, and each month thereafter through March of 2003 (collectively, the "Monthly Fee Statements"). No objections were received with respect to any of the Monthly Fee Statements submitted during the Application Period.

59. On May 2, 2003, Goldberg, Kohn submitted to Debtors an estimate of all fees and expenses accrued through May 5, 2003 and not included among the Monthly Fee Statements, in accordance with Section 10.2 of the Plan (the "Estimated Statement"). On June 20, 2003, also pursuant to Section 10.2 of the Plan, Goldberg, Kohn submitted a statement to Debtors of the actual fees and expenses that accrued through May 5, 2003, but were not previously billed (the "Reconciliation Statement").

60. To date, Debtors have paid Goldberg, Kohn \$1,195,669.33 on account of the fees and expenses submitted to them pursuant to the Monthly Fee Statements and Estimated Statement. Such amount represents approximately 90% of all fees for services rendered and 100% of all disbursements made by Goldberg, Kohn during the Application Period, excluding the \$22,629.28 of fees and expenses due with respect to the Monthly Fee Statement submitted to Debtors in April, 2003 ("April Fee Statement"), but including \$6,355.91 that was paid to Goldberg, Kohn pursuant to the Estimated Statement and exceeded the actual amounts included in the Reconciliation Statement.

61. As of the filing of this Application, Goldberg, Kohn has not received payment of \$134,090.43 for fees and expenses that accrued during the Application Period. Such amount represents the approximate 10% aggregate fee holdback instituted pursuant to the Administrative Order ("Holdback") and the \$22,629.28 that was due to Goldberg, Kohn on account of the April Fee Statement pursuant to the Administrative Order. Debtors' remain obligated to make payment for the April Fee Statement pursuant to the Administrative Order.

62. Goldberg, Kohn was paid \$6,355.91 in excess of the actual fees and expenses that accrued prior to May 5, 2003 and were unbilled as of such date. Such amount shall be credited toward the Holdback subject to this Court's approval, in accordance with the Plan.

Relief Requested

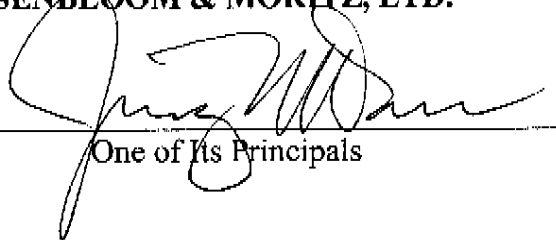
WHEREFORE, Goldberg, Kohn respectfully requests this Court to enter the attached form of order attached hereto as Exhibit M, or another order acceptable to the Court, (i) allowing the \$1,114,671.50 of fees and \$201,716.86 of expenses of Goldberg, Kohn for the Application Period on a final basis, plus not less than \$46,000.00 in fees and expenses

that accrued in connection with this Application and related matters, (ii) authorizing and directing Debtors to promptly remit payment to Goldberg, Kohn on account of all such accrued fees and expenses of Goldberg, Kohn that remain unpaid, and (iii) granting such other relief as the Court deems just and appropriate under the circumstances.

Respectfully submitted,

**GOLDBERG, KOHN, BELL, BLACK,
ROSENBLUM & MORITZ, LTD.**

By



One of Its Principals

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