

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

FILED  
AUG 01 2003  
UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
JUL 30 2003  
KENNETH S. GARDNER, CLERK  
PS REN. - DW

In re )  
)  
KMART CORPORATION, et al., ) Chapter 11  
) Case No. 02-B02474  
Debtors. ) Jointly Administered  
) Judge Susan Pierson Sonderby  
)

**APPLICATION OF MILLER BUCKFIRE LEWIS YING & CO., LLC, FOR  
(A) ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES FOR THE  
INTERIM PERIOD FROM JANUARY 1, 2003, THROUGH MAY 6, 2003, AND (B)  
FINAL ALLOWANCE AND PAYMENT OF FEES AND REIMBURSEMENT OF  
EXPENSES FOR THE PERIOD FROM JANUARY 22, 2002, THROUGH MAY 6, 2003**

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|--|---|
| Name of Applicant:   | <u>Miller Buckfire Lewis Ying &amp; Co., LLC<sup>1</sup></u>  |
| Authorized to Provide<br>Professional Services to:                             | <u>The above-captioned debtors and<br/>debtors-in-possession</u>                                    |
| Date of Retention:   | <u>January 22, 2002</u>   |
| Period for Which Compensation<br>and Reimbursement Are Sought:                 | Fourth: January 1, 2003, through May 6, 2003<br><u>Final: January 22, 2002, through May 6, 2003</u> |
| Amount of Compensation Sought<br>as Actual, Reasonable and Necessary:          | Fourth: \$ 10,879,637.10<br><u>Final: \$ 13,354,637.10</u>  |
| Amount of Expense Reimbursement Sought<br>as Actual, Reasonable and Necessary: | Fourth: \$ 260,913.17<br><u>Final: \$ 763,970.16</u>  |

<sup>1</sup> This Court approved the Debtors' retention of Dresdner Kleinwort Wasserstein, Inc. ("DrKW") as financial advisor and investment banker by an Amended Order entered April 23, 2002. In July 2002 the financial restructuring group of DrKW completed a spin-off and became Miller Buckfire Lewis & Co., LLC ("MBL"). On September 25, 2002, the Court approved the assignment of DrKW's responsibilities to MBL. MBL subsequently changed its name to Miller Buckfire Lewis Ying & Co., LLC ("MBLY") in May 2003. This Fee Application seeks final allowance of all fees earned and expenses incurred by MBLY as well as expenses incurred by DrKW. Pursuant to the terms of this Court's September 25, 2002, Order, DrKW is entitled to reimbursement of its expenses.

# EXHIBIT A

January 17, 2002

Kmart Corporation  
3100 West Big Beaver Road  
Troy, Michigan 48084

Attention: Mr. Charles Conaway

Ladies and Gentlemen:

This letter agreement confirms the terms under which Kmart Corporation, a Michigan corporation (the "Company"), has engaged Dresdner Kleinwort Wasserstein, Inc. ("DrKW") as its financial advisor and investment banker with respect to a possible Restructuring (as defined below) and with respect to such other financial matters, including a Financing and/or Sale, as to which the Company and DrKW may agree during the term of this engagement. For purposes hereof, the term "Company" includes affiliates of the Company and any entity that the Company or its affiliates may form or invest in to consummate a Restructuring, Financing and/or Sale, and shall also include any successor to or assignee of all or a portion of the assets and/or businesses of the Company whether pursuant to a Plan (as defined below) or otherwise. If appropriate in connection with performing its services for the Company hereunder, DrKW may utilize the services of one or more of its affiliates, in which case references herein to DrKW shall include such affiliates.

1. DrKW, as financial advisor and investment banker to the Company, will perform the following financial advisory and investment banking services:
  - a. General Financial Advisory and Investment Banking Services. DrKW will:
    - i. to the extent it deems necessary, appropriate and feasible, familiarize itself with the business, operations, properties, financial condition and prospects of the Company; and
    - ii. if the Company determines to undertake a Restructuring, Financing and/or Sale and the Company so requests, advise and assist the Company in structuring and effecting the financial aspects of such a transaction or transactions, subject to the terms and conditions of this agreement.
  - b. Restructuring Services. If the Company pursues a Restructuring, DrKW will:
    - i. provide financial advice and assistance to the Company in developing and seeking approval of a Restructuring plan (as the same may be modified from time to time, a "Plan"), which may be

a plan under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq. (the "Bankruptcy Code");

- ii. if requested by the Company, provide financial advice and assistance in structuring and/or negotiating the terms of any debtor-in-possession financing or "exit" financing to be put in place in connection with the Plan;
- iii. if requested by the Company, provide financial advice and assistance to the Company in structuring any new securities to be issued under the Plan;
- iv. if requested by the Company, assist the Company and/or participate in negotiations with entities or groups affected by the Plan; and
- v. if requested by the Company, participate in hearings before the bankruptcy court with respect to the matters upon which DrKW has provided advice, including, as relevant, coordinating, with the Company's counsel with respect to testimony in connection therewith.

For purposes of this agreement, the term "Restructuring" shall mean any recapitalization or restructuring (including, without limitation, through any exchange, conversion, cancellation, forgiveness, retirement and/or a material modification or amendment to the terms, conditions or covenants thereof) of the Company's or and any of its affiliates' preferred equity and/or debt securities and/or other indebtedness, obligations or liabilities (including preferred stock, partnership interests, lease obligations, guarantees, trade credit facilities and/or contract or tort obligations), including pursuant to a repurchase or an exchange transaction, a Plan or a solicitation of consents, waivers, acceptances or authorizations, resulting in the consummation of a chapter 11 plan. Notwithstanding anything to the contrary herein, the term "Restructuring" shall include the consummation of any Sale pursuant to Section 363 of the Bankruptcy Code.

- c. Financing Services. If the Company pursues a Financing (other than as described above) and the Company so requests, DrKW will:
  - i. provide financial advice and assistance to the Company in structuring and effecting a Financing, identify potential Investors (as defined below) and, at the Company's request, contact such Investors;
  - ii. if DrKW and the Company deem it advisable, assist the Company in developing and preparing a memorandum (with any amendments or supplements thereto, the "Financing Offering Memorandum") to be used in soliciting potential Investors, it being agreed that (A) the Financing Offering Memorandum shall be

based entirely upon information supplied by the Company. (B) the Company shall be solely responsible for the accuracy and completeness of the Financing Offering Memorandum, and (C) other than as contemplated by this subparagraph (c)(ii), the Financing Offering Memorandum shall not be used, reproduced, disseminated, quoted or referred to at any time in any way, except with DrKW's prior written consent (which consent shall not be unreasonably withheld or delayed); and

- iii. if requested by the Company, assist the Company and/or participate in negotiations with potential Investors.

For purposes of this agreement, the term "Financing" shall mean a public or private issuance, sale or placement of the equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors except to the extent issued to existing security holders of the Company in exchange for their existing securities, or any loan or other financing, including any "exit financing" in connection with a case under the Bankruptcy Code or a rights offering (each such lender or investor, an "Investor").

It is understood and agreed that nothing contained herein shall constitute an expressed or implied commitment by DrKW to act in any capacity or to underwrite, place or purchase any financing or securities, which commitment shall only be set forth in a separate underwriting, placement agency or other appropriate agreement relating to the Financing.

- d. Sale Services. If the Company pursues a Sale and the Company so requests, DrKW will:
  - i. provide financial advice and assistance to the Company in connection with a Sale, identify potential acquirors and, at the Company's request, contact such potential acquirors;
  - ii. at the Company's request, assist the Company in preparing a memorandum (with any amendments or supplements thereto, the "Sale Memorandum"), to be used in soliciting potential acquirors, it being agreed that (A) the Sale Memorandum shall be based entirely upon information supplied by the Company, (B) the Company shall be solely responsible for the accuracy and completeness of the Sale Memorandum, and (C) other than as contemplated by this subparagraph (d)(ii), the Sale Memorandum shall not be used, reproduced, disseminated, quoted or referred to at any time in any way, except with DrKW's prior written consent (which consent shall not be unreasonably withheld or delayed); and
  - iii. if requested by the Company, assist the Company and/or participate in negotiations with potential acquirors.

For purposes of this agreement, the term "Sale" shall mean the disposition to one or more third parties in one or a series of related transactions of (x) all or substantially all the equity securities of the Company by the security holders of the Company or (y) all or substantially all the assets of the Company and its subsidiaries, in either case, including through a sale or exchange of capital stock, assets, a merger, consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, or any similar transaction.

In rendering its services to the Company hereunder, DrKW is not assuming any responsibility for the Company's underlying business decision to pursue or not to pursue any business strategy or to effect or not to effect any Restructuring, Financing, and/or Sale or other transaction. The Company agrees that DrKW shall not have any obligation or responsibility to provide accounting, audit, "crisis management," or business consultant services for the Company and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements, or to provide any fairness or valuation opinions or any advice or opinions with respect to solvency in connection with any transaction. The Company confirms that it will rely on its own counsel, accountants and similar expert advisors for legal, accounting, tax and other similar advice.

In order to coordinate effectively the Company's and DrKW's activities hereunder, the Company will promptly inform DrKW of any discussions, negotiations or inquiries regarding a possible Restructuring, Financing or Sale.

The Company shall make available to DrKW all information concerning the business, assets, operations, financial condition and prospects of the Company that DrKW reasonably requests in connection with the services to be performed for the Company hereunder and shall provide DrKW with reasonable access to the Company's officers, directors, employees, independent accountants and other advisors and agents as DrKW shall deem appropriate. The Company represents that all information furnished by it or on its behalf to DrKW (including information contained in any Financing Offering Memorandum and/or Sale Memorandum) will be accurate and complete in all material respects. The Company recognizes and confirms that in advising the Company and completing its engagement hereunder, DrKW will be using and relying on publicly available information and on data, material and other information furnished to DrKW by the Company and other parties. It is understood that in performing under this engagement DrKW may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

2. DrKW's compensation for services rendered under this agreement will consist of the following cash fees:
  - a. A financial advisory fee of \$112,500, which shall be due and paid by the Company upon the execution of this agreement.

- b. A monthly financial advisory fee of \$225,000, which shall be due and paid by the Company beginning February 1, 2002 and thereafter on each monthly anniversary thereof during the term of this engagement.
- c. If at any time any Restructuring is consummated, DrKW shall be entitled to receive a transaction fee, contingent upon the consummation of the Restructuring and payable at the closing thereof, equal to \$12.5 million (less an amount equal to 50% of any fees paid pursuant to subparagraphs (a) and (b) above).
- d. If (i) the Company requests that DrKW assist in connection with a possible Sale and (ii) in connection with, or at any time prior to, consummation of a Plan, (x) any Sale for which DrKW's services are retained by the Company is consummated or (y)(1) an agreement in principle or definitive agreement to effect a Sale for which DrKW's services are retained by the Company is entered into, and (2) concurrently therewith or at any time thereafter any such Sale is consummated, DrKW shall be entitled to receive a transaction fee (a "Sale Transaction Fee"), contingent upon the consummation of the Sale and payable at the closing thereof, which shall be equal to 0.4% of the Aggregate Consideration (as defined below).

For purposes of this agreement, the term "Aggregate Consideration" shall mean the total amount of cash and the fair market value (on the date of payment and as determined by DrKW in good faith) of all securities and other property paid or payable, directly or indirectly, by the acquiring party (the "Acquiror") to the acquired party or the seller of the acquired business (in either case, the "Acquired"), or to the Acquired's contract parties, claim holders, security holders and employees, or by the Acquired to the Acquired's contract parties, claim holders, security holders and employees, in connection with a Sale or a transaction related thereto (including, without limitation, amounts paid by the Acquiror to holders of any warrants, stock purchase rights, convertible securities or similar rights of the Acquired and to holders of any options or stock appreciation rights issued by the Acquired, whether or not vested). Aggregate Consideration shall also include the value of any liabilities (including obligations relating to any capitalized leases and the principal amount of any indebtedness for borrowed money) (x) existing on the Acquired's balance sheet at the time of a Sale or repaid or retired in anticipation of a Sale (if such Sale takes the form of a merger or sale or exchange of stock) or (y) assumed directly or indirectly by the Acquiror in connection with a Sale (if such Sale takes the form of a sale or exchange of assets). Aggregate Consideration shall also include (i) the net value (on the closing date of the Sale and as determined by DrKW and the Company in good faith), if positive, of any current assets not sold to the Acquiror. In the event that any part of the consideration in connection with any Sale will be payable (whether in one payment or a series of two or more payments) at any time following the consummation thereof, the term Aggregate Consideration shall include the present value of such future payment or payments, as determined by DrKW and the Company in good faith. As used in this agreement, the terms "payment," "paid" or "payable" shall be deemed to include, as applicable, the issuance or delivery of securities or other property other than cash.

- e. If in connection with, or at any time prior to, consummation of a Plan, the Company consummates any Financing for which DrKW's services are retained by the Company, the Company will pay to DrKW such underwriting discounts, placement fees or other compensation as shall be customary under the circumstances and mutually agreed by the Company and DrKW; provided, however, that no additional fees shall be paid in connection with "debtor-in-possession," "exit" financing (other than in connection with a high yield offering or any other public or private placement of debt or equity securities in which DrKW acts as underwriter or agent), or a rights offering to the Company's existing shareholders.

It is understood and agreed that if the proceeds of any such Financing are to be funded in more than one stage, the aggregate proceeds to be raised in all stages of such Financing shall be deemed to have been received, and DrKW shall be entitled to the applicable compensation hereunder calculated based on such aggregate proceeds, upon the closing date of the first stage thereof.

In connection with any Financing (other than bank financing) undertaken on or prior to consummation of a Plan, the Company shall consider in good faith the retention of DrKW as an underwriter or placement agent thereof, as the case may be. In the event that DrKW does act for the Company in any of the foregoing or similar capacities, then if requested by DrKW, the Company and DrKW shall enter into a separate agreement or other appropriate documentation for such transaction, containing customary representations, warranties, covenants, conditions and indemnities, and providing for the underwriting discounts or placement fees, as the case may be, set forth above.

The Company acknowledges and agrees that the fees payable to DrKW hereunder are reasonable. The Company and DrKW acknowledge and agree that the hours worked, the results achieved and the ultimate benefit to the Company of the work performed, in each case, in connection with this engagement, may be variable, and that the Company and DrKW have taken this into account in setting the fees hereunder. The Company and DrKW further acknowledge and agree that, notwithstanding any of the provisions of paragraph 2 to the contrary, in no event may the aggregate fees payable to DrKW pursuant to subparagraphs 2(a), 2(b), 2(c) and 2(d) exceed \$17.5 million.

3. In addition to any fees payable by the Company to DrKW hereunder, the Company shall, whether or not any transaction contemplated by this agreement shall be proposed or consummated, reimburse DrKW on a monthly basis for its travel and other reasonable out-of-pocket expenses (including all fees, disbursements and other charges of counsel to be retained by DrKW, and of other consultants and advisors retained by DrKW with the Company's consent) incurred in connection with, or arising out of DrKW's activities under or contemplated by this engagement. The Company shall also reimburse DrKW, at such times as DrKW shall reasonably request, for any sales, use or similar taxes (including additions to such taxes, if any) arising in connection with any matter referred to or

contemplated by, this engagement. Such reimbursements shall be made promptly upon submission by DrKW of statements for such expenses.

4. The Company agrees to indemnify DrKW and certain related persons in accordance with the indemnification provisions ("Indemnification Provisions") attached to this agreement. Such Indemnification Provisions are an integral part of this agreement, and the terms thereof are incorporated by reference herein. Such Indemnification Provisions shall survive any termination or completion of DrKW's engagement hereunder.
5. The Company agrees that none of DrKW, its affiliates or their respective directors, officers, agents, employees and controlling persons, or any of their respective successors or assigns ("Covered Persons") shall have any liability to the Company or any person asserting claims on behalf of the Company or in the Company's right for or in connection with this engagement or any transactions or conduct in connection therewith except for losses, claims, damages, liabilities or expenses incurred by the Company which are finally judicially determined to have resulted primarily from the gross negligence or willful misconduct of such Covered Person.
6. This agreement and DrKW's engagement hereunder may be terminated by either the Company or DrKW at any time, upon prior written notice thereof to the other party; provided, however, that (a) termination of DrKW's engagement hereunder shall not affect the Company's continuing obligation to indemnify DrKW and certain related persons as provided for in this agreement, and its continuing obligations and agreements under paragraphs 5 and 8 hereof, (b) notwithstanding any such termination other than by DrKW without cause or by the Company with cause, DrKW shall be entitled to the full fees in the amounts and at the times provided for in paragraph 2(c) hereof or, with respect to a Sale for which DrKW had been retained, in paragraph 2(d) hereof and (c) any termination of DrKW's engagement hereunder shall not affect the Company's obligation to reimburse expenses accruing prior to such termination to the extent provided in paragraph 3 hereof. For purposes of this paragraph, the term "cause" shall mean with respect to DrKW, (i) a material breach by DrKW of its obligations under this agreement, (ii) gross negligence or willful misconduct by DrKW relating to the Company or DrKW's engagement hereunder; or (iii) if DrKW is convicted of, or pleads guilty or nolo contendere to, a felony relating to the Company or DrKW's engagement hereunder. For purposes of this paragraph, the term "cause" shall mean with respect the Company, a material breach by the Company of its obligations under this agreement.
7. DrKW's engagement hereunder shall be led and supervised by Henry Miller, Ken Tuchman and Jeffrey Cohen. In connection therewith, if the Company believes that Henry Miller, Ken Tuchman and Jeffrey Cohen, collectively and without regard to the hours worked, have not remained actively involved and that their services have not been made reasonably available as and when reasonably required for the performance of DrKW's services hereunder, then the Company

shall provide written notice to DrKW, which notice shall list the specific basis for the Company's dissatisfaction. DrKW shall have thirty (30) days to cure any dissatisfaction as soon as practicable but, in any event, within three (3) business days of such notice). If the Company shall not during the term of this engagement deliver a written notice as described in this paragraph, then it shall be conclusive proof of DrKW's satisfaction of the obligations in this paragraph.

8. DrKW has been retained under this agreement as an independent contractor with no fiduciary or agency relationship to the Company or to any other party. The advice (oral or written) rendered by DrKW pursuant to this agreement is intended solely for the benefit and use of the Board of Directors of the Company in considering the matters to which this agreement relates, and the Company agrees that such advice may not be relied upon by any other person or entity, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner for any purpose, nor shall any public references to DrKW be made by the Company, without the prior written consent of DrKW (which consent shall not be unreasonably withhold or delayed).
9. The Company agrees that DrKW shall have the right to place advertisements in financial and other newspapers and journals at its own expense describing its services to the Company hereunder; provided that DrKW will submit a copy of any such advertisement to the Company for its approval, which approval shall not be unreasonably withheld or delayed.
10. This agreement shall be deemed to be made in New York. This agreement and all controversies arising from or relating to performance of this agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to such state's rules concerning conflicts of laws that might provide for any other choice of law. The Company hereby irrevocably consents to personal jurisdiction in the Supreme Court of the State of New York in New York County, Commercial Part, or any Federal court sitting in the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this agreement or any of the agreements or transactions contemplated hereby, which is brought by or against the Company, hereby waives any objection to venue with respect thereto, and hereby agrees that all claims in respect of any such suit, action or proceeding shall be heard and determined in any such court, and that such courts shall have exclusive jurisdiction over any claims arising out of or relating to such agreements or transactions; provided that in the event that the Company is a debtor under chapter 11 of the Bankruptcy Code, during any such case, any such claims shall be heard and determined in the Bankruptcy Court (as defined below). The Company hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Company at its address set forth above (attention: General Counsel), such service to become effective ten (10) days after such mailing. **ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY**

CLAIM OR ACTION ARISING OUT OF THIS AGREEMENT OR CONDUCT  
IN CONNECTION WITH DRKW'S ENGAGEMENT IS HEREBY WAIVED.

11. This agreement may be executed in counterparts, each of which together shall be considered a single document. This agreement shall be binding upon DrKW and the Company and their respective successors and assigns (including, in the case of the Company, any successor to all or a portion of the assets and/or the businesses of the Company under a Plan). This agreement is not intended to confer any rights upon any shareholder, creditor, owner or partner of the Company, or any other person or entity not a party hereto other than the indemnified persons referenced in the Indemnification Provisions contained herein and the Covered Persons referenced above.
12. It is understood and agreed that DrKW and its affiliates may from time to time make a market in, have a long or short position in, buy and sell or otherwise effect transactions for customer accounts and for their own accounts in the securities, loans or other obligations of, or perform investment banking, commercial lending or other services for, the Company and other entities which are or may be the subject of the engagement contemplated by this agreement; provided that during any case under the Bankruptcy Code in which the Company retains DrKW under this agreement, (a) DrKW shall maintain such procedures as are appropriate to prevent the use of information learned hereunder by persons engaging in any such activities; (b) DrKW and its affiliates shall buy and sell or otherwise effect transactions in the securities and/or liabilities of the Company only on an unsolicited basis and (c) any such investment banking or other services shall not be related to such case.
13. In the event that the Company is a debtor under chapter 11 of the Bankruptcy Code, the Company shall use its best efforts to promptly apply to the bankruptcy court having jurisdiction over the chapter 11 case or cases (the "Bankruptcy Court") for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of this agreement and DrKW's retention by the Company under the terms of this agreement, and subject to the standard of review provided for in Section 328(a) of the Bankruptcy Code, and not subject to any other standard of review under section 330 of the Bankruptcy Code. DrKW shall have no obligation to provide any services under this agreement in the event that the Company becomes a debtor under the Bankruptcy Code unless DrKW's retention under the terms of this agreement is approved under Section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which is acceptable to DrKW in all respects. DrKW acknowledges that in the event that the Bankruptcy Court approves its retention by the Company, DrKW's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under Section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. In the event that the Company becomes a debtor under the Bankruptcy Code and DrKW's engagement hereunder is approved by the Bankruptcy Court,

the Company shall pay all fees and expenses of DrKW hereunder as promptly as practicable in accordance with the terms hereof.

14. In the event that the senior restructuring professionals providing services to the Company hereunder terminate their employment with DrKW, then DrKW shall have the right during the three business day period following such termination of employment to assign its rights under this agreement to any entity with which such senior professionals become employed.

We are pleased to accept this engagement and look forward to working with the Company. Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed duplicate of this letter, which shall thereupon constitute a binding agreement between DrKW and the Company.

Very truly yours,

DRESDNER KLEINWORT WASSERSTEIN, INC.

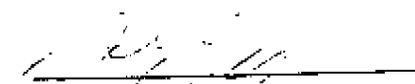
By: 

Name: Henry S. Miller

Title: Vice Chairman and Managing Director

Accepted and Agreed to:

KMART CORPORATION

By: 

Name: James B. Adamson

Title: Chairman

## INDEMNIFICATION PROVISIONS

In connection with the engagement of Dresdner Kleinwort Wasserstein, Inc. ("DrKW") as financial advisor to Kmart Corporation (the "Company"), the Company hereby agrees to indemnify and hold harmless DrKW and its affiliates, their respective directors, officers, agents, employees and controlling persons, and each of their respective successors and assigns (collectively, the "indemnified persons"), to the full extent lawful, from and against all losses, claims, damages, liabilities and expenses incurred by them which (A) are related to or arise out of (i) actions or alleged actions taken or omitted to be taken (including any untrue statements made or any statements omitted to be made) by the Company or (ii) actions or alleged actions taken or omitted to be taken by an indemnified person with the Company's consent or in conformity with the Company's actions or omissions or (B) are otherwise related to or arise out of DrKW's activities under DrKW's engagement. The Company will not be responsible, however, for any losses, claims, damages, liabilities or expenses pursuant to clause (B) of the preceding sentence which are finally judicially determined to have resulted primarily from the gross negligence or willful misconduct of the person seeking indemnification hereunder.

After receipt by an indemnified person of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify the Company in writing of such complaint or of the commencement of such action or proceeding, but failure so to notify the Company will relieve the Company from any liability which the Company may have hereunder only if, and to the extent that such failure results in the forfeiture by the Company of substantial rights and defenses, and will not in any event relieve the Company from any other obligation or liability that the Company may have to any indemnified person otherwise than under these indemnification provisions. If the Company so elects or is requested by such indemnified person, the Company will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to DrKW and the payment of the fees and disbursements of such counsel. In the event, however, such indemnified person reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if the defendants in, or targets of, any such action or proceeding include both an indemnified person and the Company, and such indemnified person reasonably concludes that there may be legal defenses available to it or other indemnified persons that are different from or in addition to those available to the Company, or if the Company fails to assume the defense of the action or proceeding or to employ counsel reasonably satisfactory to such indemnified person, in either case in a timely manner, then such indemnified person may employ separate counsel to represent or defend it in any such action or proceeding and the Company will pay the fees and disbursements of such counsel; provided, however, that the Company will not be required to pay the fees and disbursements of more than one separate counsel (in addition to local counsel) for all indemnified persons in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which the Company assumes, the indemnified person will have the right to participate in such litigation and to retain its own counsel at such indemnified person's own expense. The Company further agrees that it will not, without the prior written consent of DrKW, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not DrKW or any other indemnified person is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes a similar release of DrKW and each other indemnified person hereunder from all liability arising out of such claim, action, suit or proceeding.

The Company agrees that if any indemnification sought by an indemnified person pursuant to these indemnification provisions is held by a court to be unavailable for any reason other than as specified in the second sentence of the first paragraph of these indemnification provisions, then (whether or not DrKW is the indemnified person), the Company and DrKW will contribute to the losses, claims, damages, liabilities and expenses for which such indemnification is held unavailable (i) in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and DrKW, on the other hand, in connection with DrKW's engagement referred to above, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i), but also the relative fault of the Company, on the one hand, and DrKW, on the other hand, as well as any other relevant equitable considerations; provided however, that in any event the aggregate contribution of all indemnified persons, including DrKW, to all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder will not exceed the amount of fees actually received by DrKW from the Company pursuant to DrKW's engagement referred to above. It is hereby agreed that for purposes of this paragraph, the relative benefits to the Company, on the one

hand, and DrKW, on the other hand, with respect to DrKW's engagement shall be deemed to be in the same proportion as (i) the total value paid or proposed to be paid or received by the Company or the Company's stockholders, claims holders or contract parties, as the case may be, pursuant to the transaction, whether or not consummated, for which DrKW is engaged to render financial advisory services, bears to (ii) the fee paid or proposed to be paid to DrKW in connection with such engagement. It is agreed that it would not be just and equitable if contribution pursuant to this paragraph were determined by pro rata allocation or by any other method which does not take into account the considerations referred to in this paragraph.

The Company further agrees that it will promptly reimburse DrKW and any other indemnified person hereunder for all reasonable expenses (including reasonable fees and disbursements of counsel) as they are incurred by DrKW or such other indemnified person in connection with investigating, preparing for or defending, any pending or threatened action, claim, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not DrKW or any other indemnified person is a party) and in enforcing these indemnification provisions.

The Company's indemnity, contribution, reimbursement and other obligations under these indemnification provisions shall be in addition to any liability that the Company may otherwise have, at common law or otherwise, and shall be binding on the Company's successors and assigns.

Solely for purposes of enforcing these indemnification provisions, the Company hereby consents to personal jurisdiction, service and venue in any court in which any claim or proceeding which is subject to, or which may give rise to a claim for indemnification or contribution under, these indemnification provisions is brought against DrKW or any other indemnified person.

These indemnifications provisions shall apply to the above-mentioned engagement, activities relating to the engagement occurring prior to the date hereof, and any subsequent modification of or amendment to such engagement, and shall remain in full force and effect following the completion or termination of DrKW's engagement.

# EXHIBIT B

**Summary of Fees Requested**

|  | <b><u>Fees Earned</u></b>  | <b><u>Fees Paid</u></b>    | <b><u>Outstanding<br/>Holdback<br/>Amount</u></b> |
|--|----------------------------|----------------------------|---|
| First Interim Period<br>January 22, 2002, through April 30, 2002<br>Three Monthly Fees   | \$675,000.00               | \$675,000.47               | (\$0.47)  |
| Second Interim Period<br>May 1, 2002, through August 31, 2002<br>Four Monthly Fees   | 900,000.00                 | 810,000.00                 | 90,000.00   |
| Third Interim Period<br>September 1, 2002, through December 31, 2002<br>Four Monthly Fees  | 900,000.00                 | 810,000.00                 | 90,000.00   |
| Fourth Interim Period<br>January 1, 2003, through May 6, 2003<br>Monthly Fees <sup>1</sup><br>Transaction Fee (net) <sup>2</sup> | 943,548.39<br>9,936,088.71 | 849,193.55<br>8,942,479.84 | 94,354.84<br>993,608.87                           |
| <b>Total</b>   | <b>\$13,354,637.10</b>     | <b>\$12,086,673.86</b>     | <b>\$1,267,963.24</b>                             |
| Less: Expense Credit   |                            |                            | (58,988.86)                                       |
| <b>Net Holdback Amount Due</b>   |                            |                            | <b>\$1,208,974.38</b>                             |

1 Equals four monthly financial advisory fees for January 2003 through April 2003 plus \$43,548.39 representing the pro rata portion of the May 2003 monthly financial advisory fee earned through May 6, 2003.

2 Equals the \$12,500,000.00 Transaction Fee minus \$2,563,911.29 (which represents the 75% credit related to all monthly financial advisory fees).

# EXHIBIT C

**Summary of Time Records By Professional**

**Fourth Interim Period - January 1, 2003, through May 6, 2003**

| <b><u>Professional</u></b>                              | <b><u>Title</u></b>                    | <b><u>Hours<br/>Worked</u></b> |
|---|--|--------------------------------|
| <b><u>Miller Buckfire Lewis Ying &amp; Co., LLC</u></b> |  |                                |
| Henry S. Miller   | Chairman and<br>Managing Director      | 370.20                         |
| Derex Walker  | Principal                              | 753.75                         |
| Morgan Suckow   | Associate                              | 1,052.65                       |
| <b><u>Dresdner Kleinwort Wasserstein, Inc.</u></b>      |  |                                |
| Kenneth Tuchman   | Vice Chairman and<br>Managing Director | 27.30                          |
| Jeff Cohen  | Managing Director                      | 47.00                          |
| David Randell   | Director                               | 91.80                          |
| Robert Miller   | Vice President                         | 530.00                         |
| James Shillito  | Associate                              | 14.00                          |
| Other Professionals <sup>1</sup>                        |  | 187.90                         |
| <b>Total</b>  |  | <b><u>3,074.60</u></b>         |

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<sup>1</sup> Represents time spent by Lee Siegel and Geoffrey Duncombe.

**Summary of Time Records By Professional**

**Final Period - January 22, 2002, through May 6, 2003**

| <b><u>Professional</u></b>                              | <b><u>Title</u></b>                    | <b><u>Hours<br/>Worked</u></b> |
|---|--|--------------------------------|
| <b><u>Miller Buckfire Lewis Ying &amp; Co., LLC</u></b> |  |                                |
| Henry S. Miller   | Chairman and<br>Managing Director      | 976.20                         |
| Derex Walker  | Principal                              | 2,608.50                       |
| Morgan Suckow   | Associate                              | 2,726.40                       |
| <b><u>Dresdner Kleinwort Wasserstein, Inc.</u></b>      |  |                                |
| Kenneth Tuchman   | Vice Chairman and<br>Managing Director | 179.70                         |
| Jeff Cohen  | Managing Director                      | 283.40                         |
| Kathleen Kress  | Managing Director                      | 479.70                         |
| David Randell   | Director                               | 356.70                         |
| Robert Miller   | Vice President                         | 2,898.50                       |
| Roopesh Shah <sup>2</sup>                               | Vice President                         | 179.30                         |
| James Shillito  | Associate                              | 751.00                         |
| Other Professionals <sup>3</sup>                        |  | 2,340.40                       |
| <b>Total</b>  |  | <b><u>13,779.80</u></b>        |

<sup>2</sup> Roopesh Shah has since become an employee of MBLY.

<sup>3</sup> Represents time spent by the following professionals, certain of whom are no longer employed by MBLY or DrKW: Martin Lewis, Alex Greene, Andrew Schupak, Chris Davino, Lee Siegel, Jordan Bernstein, Lloyd Sprung, Geoffrey Duncombe and Jonathan Meltzer.

**Summary of Time Records By Project Code**

**Fourth Interim Period - January 1, 2003, through May 6, 2003**

| <b><u>Project Code</u></b> | <b><u>Description</u></b>                   | <b><u>Hours<br/>Worked</u></b> |
|----------------------------|---|--------------------------------|
| 1                          | Case Administration/General                 | 8.00                           |
| 2                          | Retention Issues                            | 52.00                          |
| 3                          | Travel to, from and on behalf of Debtors    | 197.50                         |
| 5                          | Creditor Contacts                           | 84.60                          |
| 6                          | Business Plan & Strategy/Restructuring Plan | 1,353.00                       |
| 7                          | Officer and Director Issues                 | 90.60                          |
| 10                         | Financing                                   | 847.30                         |
| 12                         | Expert Testimony                            | 441.60                         |
| <b>Total</b>               |   | <b><u>3,074.60</u></b>         |

**Summary of Time Records By Project Code**

**Final Period - January 22, 2002, through May 6, 2003**

| <b><u>Project Code</u></b> | <b><u>Description</u></b>                   | <b><u>Hours Worked</u></b> |
|----------------------------|---|----------------------------|
| 1                          | Case Administration/General                 | 260.80                     |
| 2                          | Retention Issues                            | 189.80                     |
| 3                          | Travel to, from and on behalf of Debtors    | 1,465.80                   |
| 4                          | Sale Process                                | 308.10                     |
| 5                          | Creditor Contacts                           | 850.80                     |
| 6                          | Business Plan & Strategy/Restructuring Plan | 7,884.20                   |
| 7                          | Officer and Director Issues                 | 337.90                     |
| 8                          | Employee Severance and Retention            | 9.00                       |
| 10                         | Financing                                   | 1,550.60                   |
| 11                         | Due Diligence                               | 435.30                     |
| 12                         | Expert Testimony                            | 487.50                     |
| <b>Total</b>               |   | <b><u>13,779.80</u></b>    |

| Date                | Hours        | Proj | Description   |
|---------------------|--------------|------|---|
| <b>Bernstein -</b>  | <b>7.0</b>   |      |   |
| 02/10/2002          | 1.3          | 2    | Conf call with Debevoise & Plimpton, counsel to DrKW, re DrKW response to US Trustee Objection to retention; review of revised documents; comments on Skadden's response to same Objection  |
| 02/11/2002          | 0.3          | 2    | Internal meeting re: order  |
| 02/20/2002          | 0.5          | 2    | Conf call Eric Ivester re Judge's ruling in DrKW retention application, required modifications  |
| 02/20/2002          | 0.5          | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re possible modifications to engagement letter   |
| 02/21/2002          | 0.9          | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re modifications to DrKW engagement letter   |
| 02/21/2002          | 0.7          | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re modifications to DrKW engagement letter   |
| 02/24/2002          | 0.8          | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton, re revisions to DrKW engagement agreement as per Judge Sonderby's order   |
| 02/25/2002          | 0.3          | 2    | Conf call Eric Ivester and Mark McDermott(SASM&F), Mike Wiles(Debevoise) re amended DrKW retention application, final revisions prior to filing   |
| 03/01/2002          | 0.5          | 2    | Conference call w/ Richard Hahn and Mike Wiles: re: trustee's objection   |
| 03/02/2002          | 0.5          | 2    | Conference call w/ Butler, Ivester, Tchen, and McDermott from SASM&F and Hahn and Wiles from Debevoise re: reply to trustee's objection   |
| 03/02/2002          | 0.7          | 2    | Conf call with Messrs Butler, Ivester, McDermott and Ms Tchen(SASM&F), Messrs Wiles and Hahn(Debevoise & Plimpton) re US Trustee's Objection to DrKW retention, preparation of Debtors' response thereto, form of proposed order, affidavit of Ron Hutchison, services provided by DrKW since petition date(hours worked, number of professionals employed, specific projects)  |
| <b>Cohen - Jeff</b> | <b>283.4</b> |      |   |
| 01/17/2002          | 2.0          | 1    | Received briefing on the situation; prepared for trip to the company the next morning   |
| 01/18/2002          | 4.0          | 3    | Travel to the company   |
| 01/18/2002          | 6.0          | 11   | Began getting up to speed on situation; met with management and other advisors  |
| 01/18/2002          | 4.0          | 3    | Flew home in the evening  |
| 01/20/2002          | 1.5          | 6    | Reviewed liquidity analyses prior to Board meeting  |
| 01/21/2002          | 8.0          | 7    | Attended Board meeting; multiple meetings at Skadden  |
| 01/23/2002          | 0.7          | 2    | Internal meeting plus conference call with outside counsel re issues of DrKW retention; discussion re Comdisco Hearing on retention of financial advisors   |
| 01/24/2002          | 8.0          | 3    | Travel to and from the company  |
| 01/24/2002          | 5.5          | 11   | Miscellaneous work / meetings with management getting up to speed on the situation  |
| 01/28/2002          | 2.0          | 1    | Meeting with Ron and Janet to discuss process, key dates, etc.  |
| 01/28/2002          | 3.0          | 11   | Miscellaneous due diligence / meetings with management  |
| 01/28/2002          | 8.0          | 3    | Travel to and from the company  |
| 02/01/2002          | 0.5          | 6    | Internal meeting re due diligence update; cash burn; usage of DIP facility; cost controls   |
| 02/05/2002          | 2.0          | 1    | Internal strategy meeting   |
| 02/11/2002          | 4.0          | 3    | Travel from Detroit to NYC  |
| 02/11/2002          | 4.0          | 3    | Flew home   |
| 02/11/2002          | 5.0          | 6    | Meeting with Ron Hutchinson to discuss store closing methodology; additional meetings; reviewed store closing analysis  |
| 02/21/2002          | 1.5          | 6    | Reviewed Board book pertaining to store closing analysis  |
| 02/25/2002          | 2.5          | 1    | Internal organizational meeting; conference call with Skadden   |
| 02/26/2002          | 3.0          | 7    | Attendance at Kmart Board meeting re store closing analysis and licensing agreement decisions   |
| 02/27/2002          | 1.5          | 5    | Pre-meeting at SASM&F among Debtors(Conaway, MacDonald, Kelly,Hutchison), SASM&F(Butler, Ivester, Durrer), E&Y(Schwab) re materials to be presented to official committees  |
| 02/27/2002          | 3.0          | 5    | Attendance at joint meeting of both official committees   |
| 02/27/2002          | 1.5          | 5    | Follow-up meeting with co-heads and counsel to Official Committee of Unsecured Creditors re process, coordination of efforts with Committee, management roles and responsibilities, KERP plan   |
| 02/28/2002          | 0.6          | 6    | 3 tc's re Cohen meetings at Debtors' offices; follow-ups with CEO re business plan matters and due diligence  |
| 02/28/2002          | 4.0          | 3    | Travel to the company   |
| 02/28/2002          | 2.0          | 11   | Met with management to learn more about the current situation, changes being implemented, etc.  |
| 03/06/2002          | 0.4          | 12   | Conf calls re Kmart Q4 results for testimony re extension of time to assume or reject unexpired real property leases  |
| 03/22/2002          | 2.0          | 1    | Conference call involving Messrs Koch, Hutchison, Kelley and Gluck (Kmart), Ivester, Durrer and Heistand (Skadden), Schwab and Welsz (E&Y), re status of filings for March 25 and April 15, preparation for Board meeting April 9, preparation for Joint Committee meeting on April 10, preparation for Exclusivity Hearing on April 24, timing and preparation for Sec. 341 meeting, timing for assumption or rejection of remaining licensing agreements, update on Penske Auto Centers |
| 03/26/2002          | 3.5          | 6    | Meeting with Julian Day; store tours  |
| 03/28/2002          | 8.0          | 3    | Travel to and from the Company  |
| 04/05/2002          | 1.0          | 1    | Conf call among Debtors(Hutchison, Gluck), Skadden(Ivester, Heistand, Durrer), E&Y(Sweig) re presentation to joint committee meeting 4/10; preparation for Omnibus Hearing 4/24; status of 2002 operating budget; update on store closing sales; discussions with Penske  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 04/08/2002 | 2.5   | 6    | Meeting with Julian Day to discuss the business in general, store closing analysis, and other related topics  |
| 04/09/2002 | 4.5   | 7    | Attendance at Board Meeting   |
| 04/09/2002 | 1.0   | 6    | Meeting with David Sweig to discuss licensing opportunities and general business issues   |
| 04/10/2002 | 9.0   | 5    | Meetings with both official creditors committees at SASM&F; presentation to joint session; meetings with Kmart management(Messrs Adamson, Day, Koch, Hutchison, Stanger), E&Y(Weisz), SASM&F(Butler, Durrer et al); status/issues for Omnibus Hearing April 23 and 24           |
| 04/19/2002 | 1.2   | 1    | Conf call Messrs Koch, Stanger, Hutchison, Ms Kelley and Glock, Messrs Ivester, Durrer re operating plan development, 10- k filing, review of additional licensing agreements, meeting with management and advisors for Business Plan formulation                               |
| 05/02/2002 | 1.3   | 6    | Meeting to discuss proposal   |
| 05/05/2002 | 2.0   | 6    | Reviewed and provided comments on draft strategy session / supercenter analysis   |
| 05/06/2002 | 1.0   | 6    | Reviewed presentation for strategy session  |
| 05/09/2002 | 1.7   | 6    | Internal meetings to discuss supporting analysis pertaining to the 2002 budget  |
| 05/10/2002 | 1.3   | 6    | Weekly conf call among Kmart(Koch, Hutchison, Kelley, Leonard), SASM&F(Ivester, Heistand, Durrer) re preparation for meetings week of May 13(Board, Joint Committees, Vendors, Fee Review), 2002 Operating Budget, 10 K filing update   |
| 05/10/2002 | 1.2   | 6    | Reviewed DrKW's Internal analysis of wholesaler comparison  |
| 06/16/2002 | 2.0   | 6    | Reviewed supercenter analysis; provided comments on store level/lease analysis  |
| 05/21/2002 | 2.0   | 6    | Ongoing review of the 2002 budget   |
| 06/30/2002 | 1.0   | 6    | Reviewed analysis of proposed amendment to Kmart's existing relationship with one of its vendors  |
| 06/03/2002 | 1.0   | 6    | Conference call w/ Kmart (Koch and Hutchison) and Skadden (Butler) re: request for store-level data   |
| 06/05/2002 | 0.8   | 6    | 4 tc re supply agreement, June 17 Strategy session, store P&L information   |
| 06/05/2002 | 0.7   | 5    | Conf call Agnes Levy(JPMChase), Mike Policano and Ed Ordway(P&M), Al Koch and Ron Hutchison(KM) re discussion of detailed store level data to support 2002 Budget/Operating Plan  |
| 06/06/2002 | 1.2   | 5    | Review of presentational materials for Organizational Meeting of Official Committee of Equityholders, plus comments thereon   |
| 06/07/2002 | 1.3   | 6    | Weekly conf call among Kmart (Koch, Hutchison, Kelley, Gluck); SASM&F(Ivester, Durrer) re review of presentations to Equity Committee and Joint Committee; discussion of open real state matters; update on licensing agreements; report on discussions with Penske replacement |
| 06/11/2002 | 2.7   | 6    | Discussed / reviewed analysis of budget and select contracts under review by Kmart management   |
| 06/17/2002 | 1.0   | 6    | Discussion / review of select contracts being reviewed by Kmart management  |
| 06/19/2002 | 0.2   | 5    | Discussion re store level data for Financial Institutions Committee   |
| 08/19/2002 | 0.3   | 5    | Review of information request by Financial Institutions Committee re store level data   |
| 06/23/2002 | 1.0   | 6    | Reviewed / submitted comments on letter to creditor committee re: store level data  |
| 08/25/2002 | 0.4   | 5    | Revisions to response letter to Financial Institutions Committee  |
| 07/02/2002 | 2.0   | 6    | Preparation for (and participation in) conference call with Jack B., Ron H. and Al K.   |
| 07/16/2002 | 1.5   | 6    | Reviewed current store level analysis, analysis on certain contracts, etc.  |
| 07/23/2002 | 1.0   | 6    | Reviewed preliminary store level analysis as summarized in the strategy session book  |
| 07/25/2002 | 1.0   | 6    | Internal meeting re preparation of materials for strategy meeting on 7/29 in Detroit, meeting with Financial Institutions Committee on 7/30 in Detroit  |
| 07/26/2002 | 1.5   | 6    | Reviewed new draft of the strategy session book   |
| 07/27/2002 | 1.3   | 6    | Reviewed and provided comments on food section of strategy session book   |
| 07/28/2002 | 1.0   | 6    | Reviewed draft of strategy session book ahead of internal conference call   |
| 07/28/2002 | 1.5   | 6    | Conference call to discuss strategy session, review presentation  |
| 07/29/2002 | 4.0   | 3    | Flew to Kmart   |
| 07/29/2002 | 4.0   | 3    | Flew back to NYC  |
| 07/29/2002 | 5.0   | 6    | Strategy session in Detroit involving Kmart(Adamson,Day, Koch, Hutchison, Kelley), Skadden Arps(Butler, Heistand) re store base performance, liquidity and trade credit, development of long-term business plan, exit strategy planning, relationship with statutory committees |
| 08/05/2002 | 2.0   | 5    | Meeting at MBLCo. with Edward Lampert and Bill Crowley of ESLInvestments re status, timetable for emergence, key operating and financial issues, next steps   |
| 08/05/2002 | 0.8   | 6    | Update on store level analysis  |
| 08/07/2002 | 1.0   | 10   | Reviewed DIP presentation   |
| 08/09/2002 | 0.5   | 6    | Reviewed store level stratifications, provided comments on real estate summary  |
| 08/16/2002 | 1.0   | 6    | Reviewed template for summarizing store level data (especially as SCs are concerned)  |
| 08/19/2002 | 1.0   | 6    | Reviewed July operating results   |
| 08/30/2002 | 1.0   | 6    | Provided comments on supercenter analysis   |
| 08/31/2002 | 2.0   | 6    | Provided comments on supercenter analysis/presentation  |
| 09/03/2002 | 2.8   | 5    | Meeting at SASM&F with Ron Hutchison(KMart), Jack Butler and Eric Ivester(SASM&F), Edward Lampert and Bill Crowley(ESL Capital)and Scott Charles(Wachtell Lipton) re confidentiality agreement, potential to join Financial Institutions Committee, bondholder issues           |
| 09/13/2002 | 0.8   | 6    | Internal meeting to discuss store rationalization   |
| 09/19/2002 | 1.0   | 6    | Internal call to discuss store level analysis / business plan   |
| 09/19/2002 | 0.7   | 6    | Conf call re business plan development; preparation of timetable/work plan for meeting 9/27   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 09/21/2002 | 1.0   | 6    | Reviewed agenda for Monday morning kick-off meeting with store ops senior management  |
| 09/23/2002 | 0.8   | 6    | Reviewed proposed store level files to be distributed to the creditors' advisors  |
| 09/25/2002 | 1.0   | 6    | Discussed supercenter sale strategy   |
| 09/27/2002 | 2.0   | 6    | Meeting at Skadden with Jim Adamson, Julian Day, Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler and Eric Ivester(SASM&F) re exit strategy; timetable; development of business plan; bondholder issues |
| 09/27/2002 | 1.0   | 6    | Reviewed preliminary supercenter closing presentation/analysis  |
| 09/29/2002 | 0.5   | 6    | Reviewed updated supercenter closing analysis   |
| 10/14/2002 | 1.5   | 6    | Conf call Adamson, Day, Koch, Kelley, Hutchison, Gooch re store base analysis, business plan development  |
| 10/21/2002 | 1.0   | 6    | Internal discussion of store closing analysis/methodology   |
| 10/29/2002 | 1.0   | 6    | Store closing meeting   |
| 11/06/2002 | 1.0   | 6    | Store closing analysis review/discussion  |
| 11/07/2002 | 9.0   | 6    | Travel to and from Kmart; store of the future visit; internal meeting to discuss store closing analysis; lunch with Julian Day  |
| 11/11/2002 | 0.5   | 6    | Discussion of valuation/comparable companies  |
| 11/14/2002 | 1.5   | 6    | Store closing update, review of presentation made to Julian Day   |
| 11/20/2002 | 1.0   | 4    | Conf call with potential investor re preparation for meeting with Messrs Adamson and Day 11/21 re investment in Kmart   |
| 11/20/2002 | 1.0   | 6    | Store closing discussion; review of supercenter analysis/strategy   |
| 11/21/2002 | 2.0   | 4    | Meeting with Jim Adamson and Julian Day(Kmart) with potential investor in reorganized Kmart   |
| 11/23/2002 | 0.5   | 6    | Discussion of potential buyers and strategy for contacting them   |
| 11/25/2002 | 2.5   | 6    | Meeting to discuss current state of case, outstanding items, business plan review, store closing review, etc.   |
| 11/25/2002 | 1.2   | 6    | Internal meeting re Business Plan and Exit Strategy; Liquidity and Exit Financing; POR Term Sheet; Investor Contacts; recent financial results; Board meeting agenda  |
| 11/25/2002 | 0.3   | 6    | Conf call Eric Ivester, SASM&F, re critical issues; Board call 11/26; POR Term Sheet; Exit Financing offering memorandum  |
| 11/28/2002 | 1.0   | 6    | Store level discussion and review of current scenarios  |
| 12/02/2002 | 3.0   | 6    | Conf call Adamson, Day, Koch, Hutchison, Gooch(Kmart), Heistand(SASM&F)re review of 5 year Business Plan(including strategic assumptions as revised), revised store closing analysis, Fleming Agreement         |
| 12/03/2002 | 0.2   | 5    | to re meeting with Unsecured Creditors Committee regarding plan issues  |
| 12/04/2002 | 1.0   | 6    | Work on preparing potential investor list, discussion of store level analysis   |
| 12/05/2002 | 1.0   | 6    | Discussed potential investors list with Internal DrKW bankers to prepare to make calls  |
| 12/08/2002 | 0.7   | 7    | to re preparation of materials for Board meeting  |
| 12/06/2002 | 0.5   | 6    | Reviewed store closing presentation for Board   |
| 12/08/2002 | 0.5   | 6    | Reviewed store closing presentation   |
| 12/08/2002 | 0.4   | 7    | Internal meeting re review of materials to be presented to Board  |
| 12/09/2002 | 6.7   | 7    | Attendance at Board meeting   |
| 12/10/2002 | 1.5   | 6    | Meeting with Julian Day, Kmart, re exit strategies, critical confirmation issues, SuperK resolution   |
| 12/13/2002 | 1.0   | 6    | Reviewed stores being closed in business plan sensitivity scenario  |
| 12/17/2002 | 1.5   | 6    | Discussed valuation and placed calls to potential strategic investors   |
| 12/23/2002 | 1.2   | 6    | Discussed current store closing status, valuation issues  |
| 12/27/2002 | 1.5   | 6    | Store closing update/discussion   |
| 12/31/2002 | 1.0   | 6    | Reviewed current presentations/analyses for the 1/13 Board meeting (e.g., valuation, store closing)   |
| 01/01/2003 | 0.8   | 6    | 2tc re valuation issues; holiday results; Valuation Committee discussion prior to formal disclosure; revised Business Plan  |
| 01/03/2003 | 0.8   | 6    | Reviewed valuation analysis, received update on status of case/analysis   |
| 01/08/2003 | 1.5   | 6    | Reviewed valuation analysis and provided comments on presentation   |
| 01/09/2003 | 1.0   | 6    | Discussed store closing analysis  |
| 01/10/2003 | 1.5   | 6    | Valuation Committee meeting to review draft valuation for POR   |
| 01/10/2003 | 1.3   | 6    | Conf call Butler(SASM&F), Hutchison(Kmart) re discussion of proposed valuation materials for Kmart Board meeting 1/13   |
| 01/11/2003 | 1.5   | 6    | Reviewed store closing analysis, updated valuation book   |
| 01/12/2003 | 2.0   | 6    | Reviewed store closing and valuation analyses   |
| 01/13/2003 | 6.5   | 7    | Attendance at Kmart Board meeting   |
| 01/13/2003 | 1.5   | 6    | Internal meeting before Board meeting to review DrKW/MBL presentations  |
| 01/14/2003 | 0.7   | 6    | Reviewed contacts with potential investors  |
| 01/17/2003 | 1.5   | 6    | Internal meeting to discuss status of case (valuation analysis for cca, store closing, etc.)  |
| 01/20/2003 | 0.8   | 6    | Call to discuss potential interested investors  |
| 01/22/2003 | 1.0   | 6    | Reviewed POR valuation section  |
| 01/23/2003 | 0.8   | 6    | Call to discuss rent concessions/store closings   |
| 02/05/2003 | 0.5   | 6    | Internal call to discuss status of case, store closing update   |
| 02/12/2003 | 0.8   | 6    | Internal call to discuss presentations, POR, store closing  |

| Date              | Hours          | Proj | Description  |
|-------------------|----------------|------|--|
| 02/14/2003        | 0.5            | 6    | Reviewed valuation section in POR  |
| 03/18/2003        | 0.7            | 6    | tc re confirmation hearing issues; valuation discussion; strategic options; Fleming  |
| 04/01/2003        | 1.5            | 6    | Internal call to discuss PBGC issues   |
| 04/03/2003        | 0.7            | 6    | Internal meeting re preparation for Confirmation Hearing   |
| 04/08/2003        | 1.1            | 6    | Internal meeting re development of valuations by individual entity for "Kmart's" subsidiaries for purposes of confirmation hearing   |
| 04/14/2003        | 1.5            | 6    | Call to discuss Kmart ofs, business plan, valuation review, status of case, etc.   |
| 04/15/2003        | 9.5            | 12   | Attendance at Confirmation Hearing, day 2  |
| 04/15/2003        | 7.0            | 3    | Travel to and from Chicago for day 2 of confirmation hearing   |
| <b>Davino -</b>   | <b>54.8</b>    |      |  |
| 01/18/2002        | 14.0           | 10   | Due Diligence at Company   |
| 01/23/2002        | 0.3            | 10   | Internal meeting re status; DIP financing projections  |
| 01/27/2002        | 0.6            | 1    | Internal meeting via telephone   |
| 01/28/2002        | 0.3            | 1    | 3 tcs re meetings at Company; development of interim workplan; set up conf call with Debtors   |
| 01/28/2002        | 1.0            | 10   | Conf call Ron Hutchison and Janet Kelly with DrKW re store closing analysis; completion of analysis for DIP lenders and scheduling of meetings with DIP lenders and possibly ratings agencies; development of exit strategy; liaison with other professionals; attendance at organization meeting for creditors committee            |
| 01/28/2002        | 4.0            | 3    | Travel to Troy, MI from NYC  |
| 01/28/2002        | 3.2            | 10   | Telephone calls with liquidators regarding borrowing base calculations, analysis of borrowing base terms   |
| 01/28/2002        | 0.5            | 6    | Internal meeting/conference call re store closing analysis and timetable; workplan   |
| 01/30/2002        | 0.2            | 6    | tc re status of store closings analysis; revisions to projections  |
| 02/01/2002        | 4.0            | 3    | Travel from company  |
| 02/01/2002        | 0.5            | 6    | Internal meeting re due diligence update; cash burn; usage of DIP facility; cost controls  |
| 02/03/2002        | 0.3            | 1    | Internal meeting via telephone re: status of case  |
| 02/04/2002        | 0.8            | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/04/2002        | 0.8            | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/05/2002        | 0.3            | 5    | T/c w/ Sean Cunningham re: due diligence   |
| 02/05/2002        | 0.5            | 1    | Internal meeting re: status of case  |
| 02/06/2002        | 0.3            | 1    | Internal meeting via telephone re: status of case  |
| 02/07/2002        | 1.5            | 5    | Preparation for joint meeting of creditors   |
| 02/07/2002        | 6.0            | 5    | Joint Meeting of Creditors in NYC  |
| 02/11/2002        | 4.0            | 3    | Travel from Detroit to NYC   |
| 02/11/2002        | 5.0            | 6    | Meeting with Ron Hutchison to discuss store closing methodology; additional meetings; reviewed store closing analysis  |
| 02/11/2002        | 0.2            | 1    | Internal meeting via telephone re: status of case  |
| 02/19/2002        | 0.3            | 1    | Conf call with Eric Ivestor re status; discussions with Creditors Committees re retention and executive compensation; preparation for Creditor and Board meetings week of 2/25; status of DrKW work re store closing analysis, analysis of executory contracts   |
| 02/25/2002        | 2.0            | 7    | Dinner meeting with Messrs Adamson and Hutchison re Board of Directors meeting agenda, issues; store closing analysis; licensing agreements(negotiations with licensors); KERP plan discussions with Creditors Committees; due diligence process for official committees; strategic direction  |
| 02/25/2002        | 0.2            | 1    | Meeting re: Update on Case   |
| 02/26/2002        | 3.0            | 7    | Attendance at Kmart Board meeting re store closing analysis and licensing agreement decisions  |
| 03/04/2002        | 0.7            | 1    | Conf call Ron Hutchison re preparation for Court hearing 3/6; for discussions with Official Committees re store closings and 2002 revised business/operating plan  |
| 04/02/2002        | 0.3            | 5    | tc Ed Ordway, FTI/Policano & Manzo, re status, meeting of principals scheduled 4/4, outstanding issues   |
| <b>Duncombe -</b> | <b>2,115.3</b> |      |  |
| 01/17/2002        | 3.0            | 6    | attended internal meetings regarding workplan, initial store closing analysis; compiled working group list   |
| 01/18/2002        | 11.0           | 6    | conducted same-store sales analysis for post-bankruptcy comparable companies   |
| 01/21/2002        | 12.0           | 11   | Monitored news, researched Company financials  |
| 01/22/2002        | 12.0           | 11   | Produced public information summary about Company, monitored market knowledge about potential Company bankruptcy   |
| 01/23/2002        | 12.0           | 11   | Continued learning about company and compiling relevant documents in preparation for and support of due diligence efforts  |
| 01/24/2002        | 12.0           | 11   | Continued to monitor news events and compile contacts for working group list   |
| 01/25/2002        | 4.0            | 3    | traveled NY-Detroit  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 01/26/2002 | 13.5  | 11   | Compiled historical data for Navigator I store-by-store model   |
| 01/27/2002 | 11.5  | 11   | Continued building navigator I analysis and transferring raw data from Company to our model   |
| 01/28/2002 | 9.5   | 6    | Internal meeting on store closing analysis; continued work on developing / summarizing store closing model / results                                      |
| 01/28/2002 | 2.0   | 1    | Meeting with Ron and Janet to discuss process, key dates, etc.  |
| 01/29/2002 | 11.0  | 11   | due diligence re: DIP projections and borrowing base  |
| 01/30/2002 | 10.0  | 11   | Review and analysis of DIP projections  |
| 01/31/2002 | 12.0  | 11   | Continued work on DIP analysis  |
| 02/01/2002 | 4.0   | 3    | Travel Det-NY   |
| 02/02/2002 | 13.0  | 6    | produced store-by-store summaries for entire store base including summaries by store type, region, division, distribution center and market survey area   |
| 02/04/2002 | 3.0   | 6    | Calculated pro forma analysis re: martha stewart sales figures  |
| 02/06/2002 | 12.0  | 6    | continued store-by-store modeling and produced multiple summaries   |
| 02/08/2002 | 12.0  | 6    | finalized various store-by-store analyses in preparation for meeting with Ron Hutchison   |
| 02/10/2002 | 11.0  | 6    | Prepared book for meeting with Ron Hutchison  |
| 02/11/2002 | 8.0   | 6    | Meeting with Ron to discuss store closing methodology; continued work on store level model / stratification analysis                                      |
| 02/11/2002 | 4.0   | 3    | Travel from NY to Detroit   |
| 02/12/2002 | 12.0  | 6    | met with real estate market strategy team at Company to discuss store closure process, continued store level analysis including stratification            |
| 02/13/2002 | 5.0   | 6    | Worked on store level stratification  |
| 02/14/2002 | 12.0  | 6    | met with REMS team in continued discussion re: store closure, ongoing store closure analysis  |
| 02/15/2002 | 4.0   | 3    | Travel Det-NY   |
| 02/17/2002 | 10.0  | 6    | prepared summary of projected capital expenditures on a store-by-store basis  |
| 02/18/2002 | 11.5  | 6    | Continued reviewing stores with management; worked on Board / creditor book pertaining to the store closing analysis                                      |
| 02/18/2002 | 4.0   | 3    | Travel NY-Det   |
| 02/19/2002 | 14.0  | 11   | prepared various summaries for the board presentation including wal-mart impact and pro forma income information  |
| 02/20/2002 | 15.0  | 6    | store closing analysis, preparation for board presentation  |
| 02/21/2002 | 12.0  | 6    | obtained information regarding CapEx details on a store-by-store basis, continued pro forma analysis on store closures                                    |
| 02/22/2002 | 4.0   | 3    | travel Det-NY   |
| 02/22/2002 | 10.0  | 6    | helped management prepare board book  |
| 02/24/2002 | 6.0   | 6    | Produced CapEx summary by store   |
| 02/25/2002 | 4.0   | 3    | Travel Det-NY   |
| 02/25/2002 | 8.0   | 6    | Created creditor request log and began detailed record-keeping of files and requests provided for creditors' advisors                                     |
| 02/26/2002 | 12.0  | 6    | continued store closing analysis  |
| 02/27/2002 | 12.0  | 6    | prepared for meeting with creditors' advisors including compilation and review of all relevant documents and analyses to date                             |
| 02/28/2002 | 2.0   | 5    | prepared detailed file regarding our communication with the committees advisors including all of their data requests and date we provided any information |
| 02/28/2002 | 4.0   | 3    | Travel NY-Det   |
| 02/28/2002 | 6.0   | 5    | meeting with creditors' advisors to get them up to speed on what we have done up to this point  |
| 03/01/2002 | 4.0   | 3    | Travel Det-NY   |
| 03/01/2002 | 2.0   | 6    | Meeting with McDonald, Hutchison, Ravas, Moreland, and E&Y to discuss reconciliation of DIP projections   |
| 03/01/2002 | 6.0   | 1    | Prepared and provided records, analyses and other documents to committee advisors regarding all work to date  |
| 03/01/2002 | 5.0   | 6    | meeting with REMS group to discuss finalization of initial store closures   |
| 03/02/2002 | 3.0   | 6    | updated creditor log  |
| 03/03/2002 | 6.0   | 5    | Continued to provide documents to committee advisors, stratified data for stores to be closed   |
| 03/04/2002 | 8.0   | 6    | Produced stratification summaries, provided data to creditors, updated board book   |
| 03/04/2002 | 1.2   | 5    | Meeting with KPMG, DKW, and Kelly Ross to discuss clarification on cost allocations   |
| 03/04/2002 | 5.0   | 3    | Travel NY-Det   |
| 03/05/2002 | 12.0  | 5    | continued work on board book and stratifications, provided data to creditors  |
| 03/06/2002 | 1.0   | 5    | liquidation / GOB process meeting with M. Gluck and both committee advisors   |
| 03/08/2002 | 11.0  | 6    | finalized initial store closings, board book and stratifications, updated creditor log  |
| 03/07/2002 | 9.5   | 6    | fielded creditors questions, provided documents, updated creditor log and finalized initial store closures  |
| 03/08/2002 | 8.0   | 5    | Completion of miscellaneous store level work related to the initial 284 stores to be closed   |
| 03/08/2002 | 5.0   | 3    | travel back to NY   |
| 03/11/2002 | 2.0   | 1    | Miscellaneous organizational items  |
| 03/12/2002 | 2.0   | 5    | Continued to provide the creditors' advisors with their data requests   |
| 03/15/2002 | 3.0   | 6    | Edited store-by-store model   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 03/18/2002 | 5.0   | 1    | Miscellaneous organizational items   |
| 03/19/2002 | 2.5   | 1    | updated and circulated working group list  |
| 03/19/2002 | 9.0   | 6    | edited store level model,  |
| 03/20/2002 | 3.0   | 6    | researched retailers with footwear partnerships  |
| 03/20/2002 | 2.0   | 1    | updated working group list   |
| 03/20/2002 | 2.0   | 1    | Edited creditor correspondence log and third party interest log  |
| 03/24/2002 | 8.0   | 6    | Produced summary of the stores which were initially reviewed for closure   |
| 03/25/2002 | 3.0   | 6    | Edited store level model, produced summary for stores to give committee advisors   |
| 03/26/2002 | 2.0   | 5    | updated internal creditor log; updated and published WGL to intralinks, produced updated stratification summary for distribution to creditors advisors   |
| 04/04/2002 | 2.5   | 11   | Completed and sent comp. store sales performance of comparable retailers post filing to Julian   |
| 04/05/2002 | 1.0   | 1    | Conf call among Debtors(Hutchison, Gluck), Skadden(Ivester, Heistand, Durrer), E&Y(Sweig) re presentation to joint committee meeting 4/10; preparation for Omnibus Hearing 4/24; status of 2002 operating budget; update on store closing sales; discussions with Penske   |
| 04/08/2002 | 8.0   | 6    | began construction of updated store-by-store model   |
| 04/09/2002 | 8.0   | 6    | worked on store-by-store model   |
| 04/10/2002 | 8.0   | 6    | store-by-store modeling  |
| 04/11/2002 | 9.0   | 6    | worked on store-by-store model, updated creditor log and working group list  |
| 04/12/2002 | 5.0   | 6    | participated in weekly restructuring call, continued store-level modeling,   |
| 04/15/2002 | 8.0   | 6    | worked in intralinks, built pro-forma store model  |
| 04/17/2002 | 8.0   | 6    | produced dynamic summaries for store base groups by MSA, distribution center and store-by-store  |
| 04/18/2002 | 2.0   | 6    | updated working group list and creditor correspondence log   |
| 04/19/2002 | 6.0   | 6    | continued work on store-level pro forma model, participated in morning conference call   |
| 04/22/2002 | 3.0   | 6    | produced summary financials for store base   |
| 04/25/2002 | 3.0   | 6    | updated working group list and creditor log  |
| 04/25/2002 | 5.0   | 6    | Edited store-level models  |
| 04/27/2002 | 6.0   | 6    | Updated stratifications to include bubble store classification and distribution summaries  |
| 04/27/2002 | 6.5   | 6    | produced store-level summaries and updated model   |
| 05/01/2002 | 4.0   | 3    | Travel to Detroit  |
| 05/01/2002 | 4.0   | 3    | Travel Det-NY  |
| 05/01/2002 | 1.5   | 5    | meet with creditors to discuss bubble stores, curtis-mathes  |
| 05/01/2002 | 4.0   | 6    | meetings to discuss store rationalization, review analysis   |
| 05/03/2002 | 1.2   | 6    | Conf call among Kmart(Hutchison, Kelley, et.al), Skadden(Ivester, Heistand et al) re preparation for May 9 Hearing, status of 2002 Operating Budget, preparation for Board and Committee meetings, update on consignment issues, discussion of rent renegotiation efforts, status report on licensing agreements, discussion of agenda for off-site strategy meeting |
| 05/04/2002 | 6.0   | 6    | Researched bubble store data, worked on strategy session materials   |
| 05/06/2002 | 15.0  | 6    | Worked on pro-forma store-level model, created strategy session book   |
| 05/08/2002 | 11.0  | 6    | Worked on strategy session book, comparable bankruptcies pages, and store-by-store model   |
| 05/09/2002 | 10.0  | 6    | Edited strategy book, researched store base, updated creditor log and working group list   |
| 05/10/2002 | 1.3   | 6    | Weekly conf call among Kmart(Koch, Hutchison, Kelley, Leonard), SASM&F(Ivester, Heistand, Durrer) re preparation for meetings week of May 13(Board, Joint Committees, Vendors, Fee Review), 2002 Operating Budget, 10 K filing update  |
| 05/10/2002 | 10.0  | 6    | Analysis of total advertising spend vs total sales as well as comp store sales, continued summaries of store base  |
| 05/10/2002 | 0.9   | 6    | Internal meeting re 2002 Operating Plan  |
| 05/13/2002 | 12.0  | 6    | Produced store-by-store rollups by metro market and store type   |
| 05/14/2002 | 10.0  | 6    | Prepared supercenter analysis, and summaries by DC and MSA   |
| 05/23/2002 | 0.8   | 1    | Weekly Advisors Conference Call  |
| 05/24/2002 | 0.8   | 6    | conference call to discuss 3 malan properties  |
| 05/24/2002 | 3.0   | 6    | prepared analysis of 10 remaining malan properties   |
| 05/24/2002 | 0.5   | 6    | Conference call w/ Wexler, Gluck, Smith, and Hutchison re: real property leases for stores in Chicago, Rockford, and Springfield   |
| 05/28/2002 | 3.0   | 6    | integrated store-by-store model to include 1st quarter actual results  |
| 05/28/2002 | 3.5   | 6    | prepared analysis of stores with pending lease renewal   |
| 05/31/2002 | 1.3   | 6    | Weekly restructuring call w/ Skadden (Heistand, Durrer, Wexler) abd Kmart (Koch, Kelley, Hutchison, Gluck, Morrow)   |
| 06/03/2002 | 5.0   | 6    | Produced summary of supercenter and ITB information  |
| 06/04/2002 | 6.0   | 6    | Produced stratification and summary of bottom 25% of stores on EBITDAR basis, revamped store-by-store model  |
| 06/17/2002 | 7.0   | 6    | Modified store level model for 1st quarter data  |
| 06/18/2002 | 7.0   | 6    | Reviewed upcoming leases, analyzed store base  |
| 06/23/2002 | 3.0   | 6    | Prepared summary of stores with upcoming lease renewals  |
| 06/23/2002 | 4.0   | 3    | Travel NY-Det  |
| 06/24/2002 | 5.0   | 6    | Prepared list of potential supercenter case study stores   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 06/24/2002 | 4.0   | 6    | Lease renewal meeting with Kmart management; miscellaneous other meetings   |
| 06/25/2002 | 4.0   | 3    | Travel Det-NY   |
| 07/09/2002 | 6.0   | 6    | Updated store base model to include May YTD data  |
| 07/10/2002 | 2.0   | 6    | Analyzed upcoming lease renewal stores  |
| 07/10/2002 | 3.0   | 6    | Modified store level model details  |
| 07/13/2002 | 4.0   | 6    | Evaluation and Review of store base   |
| 07/14/2002 | 9.0   | 6    | Created Store base summaries  |
| 07/15/2002 | 8.0   | 6    | Gathered data and began construction of new store model   |
| 07/16/2002 | 11.0  | 6    | continued evaluation of poor performing locations   |
| 07/17/2002 | 10.5  | 6    | store level model / began preparing ideas for strategy session book   |
| 07/18/2002 | 5.0   | 6    | prepared distribution analysis and edited store model   |
| 07/19/2002 | 5.0   | 6    | prepared rollups by store type and locations  |
| 07/20/2002 | 4.0   | 6    | internal work on strategy session book  |
| 07/21/2002 | 9.0   | 6    | internal work on strategy session book  |
| 07/22/2002 | 4.5   | 3    | Travel to Det   |
| 07/22/2002 | 12.0  | 6    | data gathering for store level summaries, prepared pages for strategy session book  |
| 07/23/2002 | 14.0  | 6    | prepared materials for strategy meeting, prepared additional analyses on distribution and store type  |
| 07/24/2002 | 8.0   | 6    | prepared analysis for store base, edited model and continued processing pages for strategy presentation   |
| 07/25/2002 | 1.0   | 6    | Internal meeting re preparation of materials for strategy meeting on 7/29 In Detroit, meeting with Financial Institutions Committee on 7/30 In Detroit                |
| 07/25/2002 | 0.5   | 6    | Lease renewal meeting with Rockwood and Kmart Real Estate Finance Team  |
| 07/25/2002 | 4.0   | 3    | Travel back to NY   |
| 07/26/2002 | 10.0  | 6    | work on strategy session book   |
| 07/27/2002 | 7.0   | 6    | continued making pages and editing strategy session book  |
| 07/28/2002 | 6.0   | 6    | conference call regarding strategy meeting, edited, print and bound strategy session presentation   |
| 07/29/2002 | 8.0   | 6    | prepared stratification summaries for statutory committees  |
| 08/05/2002 | 1.0   | 6    | Meet with Mark Connard regarding store data   |
| 08/06/2002 | 5.0   | 5    | produced new stratifications based on June LTM data to give to committees   |
| 08/07/2002 | 10.0  | 6    | created new store level model   |
| 08/09/2002 | 7.0   | 6    | store level modeling  |
| 08/11/2002 | 8.0   | 6    | store level modeling  |
| 08/12/2002 | 7.0   | 6    | store level modeling  |
| 08/13/2002 | 2.0   | 6    | meeting with don germano and keith calcagno to discuss food distribution  |
| 08/13/2002 | 4.0   | 6    | meeting with ted stenger and kmart's bluelight staff to prepare for meeting   |
| 08/13/2002 | 4.0   | 6    | worked on pro forma store by store model  |
| 08/13/2002 | 4.0   | 3    | travel ny-det   |
| 08/14/2002 | 2.0   | 6    | reviewed agreement with global sports and kmart   |
| 08/14/2002 | 4.0   | 6    | meeting to discuss e-commerce agreement   |
| 08/14/2002 | 2.0   | 6    | meeting with creditors committees and rockwood to discuss outlets and vacant properties   |
| 08/15/2002 | 12.0  | 6    | Meetings with distribution and transportation team at Kmart to discuss operations, due diligence on logistics operations  |
| 08/16/2002 | 3.0   | 6    | Continued due diligence with distribution personnel   |
| 08/21/2002 | 2.0   | 6    | updated and modified flash report model   |
| 08/22/2002 | 4.0   | 6    | Travel  |
| 08/22/2002 | 5.0   | 6    | Reviewed and analyzed distribution modeling done by company   |
| 08/23/2002 | 5.0   | 6    | continued working through transportation materials  |
| 08/23/2002 | 3.0   | 6    | Created new template for reviewing stores, reviewed stores with upcoming leases   |
| 08/30/2002 | 5.0   | 6    | Updated store model for food/SC discussion on tuesday   |
| 09/02/2002 | 6.0   | 6    | Created store printout template   |
| 09/02/2002 | 5.0   | 6    | Edited Food/SC book for Tuesday's meeting   |
| 09/03/2002 | 7.0   | 6    | Reviewed store level P&Ls and various e-commerce documents  |
| 09/03/2002 | 5.0   | 6    | Created dynamic pro forma supercenter model   |
| 09/04/2002 | 2.5   | 6    | Meeting with Messrs. Koch, Stenger, Day, Gooch to discuss store analysis  |
| 09/04/2002 | 1.5   | 6    | Modified supercenter model for Julian Day   |
| 09/04/2002 | 4.0   | 3    | Travel NY-Det   |
| 09/05/2002 | 4.0   | 3    | Travel Det-NY   |
| 09/05/2002 | 2.0   | 6    | Meeting with Steve Pokorny to discuss access to Essbase   |
| 09/05/2002 | 3.0   | 6    | Reviewed GSI financials   |
| 09/05/2002 | 3.0   | 6    | Phone calls to various parties attempting to track down variable allocation methods   |
| 09/05/2002 | 1.0   | 6    | Created template for store data to be given to committees   |
| 09/08/2002 | 11.0  | 6    | Updated working group list, produced store-by-store model to evaluate performance geographically, produced preliminary template for committee store data distribution |
| 09/10/2002 | 0.8   | 6    | Internal meeting re SuperK store analysis; Fleming status; next steps   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 09/10/2002 | 12.0  | 6    | Studied variable allocations, continued store level modeling, reviewed GSI documents  |
| 09/11/2002 | 6.0   | 6    | Reviewed store base performance in certain regions  |
| 09/12/2002 | 4.0   | 3    | Travel NY-Det   |
| 09/12/2002 | 2.0   | 6    | Lease renewal meeting to discuss stores with options coming due in 2002   |
| 09/12/2002 | 1.5   | 6    | Real Estate strategy meeting to discuss roles of each advisor; workplan going forward   |
| 09/12/2002 | 1.0   | 6    | put together sales and margins list in anticipation of breaking down the elements of gross margin   |
| 09/12/2002 | 2.0   | 6    | Lease Renewal Meeting   |
| 09/13/2002 | 7.0   | 6    | meeting with steve pokorny re: store level detail; reconciliation between real estate and finance data  |
| 09/13/2002 | 0.8   | 6    | Internal meeting to discuss store rationalization   |
| 09/19/2002 | 0.7   | 6    | Conf call re business plan development; preparation of timetable/work plan for meeting 9/27   |
| 09/22/2002 | 10.0  | 6    | prepared store level scenarios for meetings this week at the company  |
| 09/23/2002 | 4.0   | 3    | travel NY-Det   |
| 09/23/2002 | 10.0  | 6    | assessed various aspects of store base, prepared template for store scenarios, did store rollups by advertising market, state and MSA bifurcated by blgK and superK |
| 09/24/2002 | 12.0  | 6    | gathered P&L data for stores, derived universe of stores to review for 2nd round of closings, reviewed various supercenter data                                     |
| 09/25/2002 | 11.0  | 6    | ran supercenter scenarios, updated working group list   |
| 09/25/2002 | 3.0   | 6    | meeting with Roth, Horn, Catlin and Peterson to discuss the review of supercenter scenarios   |
| 09/26/2002 | 9.0   | 6    | store by store review of supercenters, prepared supercenter scenario pages for real estate finance group, update flash report summary                               |
| 09/26/2002 | 4.0   | 3    | travel Det-NY   |
| 09/28/2002 | 9.0   | 6    | store level modeling - scenarios for SCs  |
| 09/29/2002 | 10.0  | 6    | store level modeling  |
| 09/30/2002 | 10.0  | 6    | store closing analysis  |
| 10/01/2002 | 12.0  | 6    | store rationalization and supercenter analysis  |
| 10/01/2002 | 5.0   | 3    | travel NY-Det   |
| 10/02/2002 | 11.0  | 6    | store closing analysis  |
| 10/03/2002 | 3.5   | 3    | travel det-ny   |
| 10/03/2002 | 10.0  | 6    | store rationalization and supercenter scenarios analysis  |
| 10/04/2002 | 10.0  | 6    | scenarios analysis, store by store analysis   |
| 10/07/2002 | 6.0   | 6    | scenarios analysis  |
| 10/08/2002 | 5.0   | 6    | general organizational items, updated scenarios   |
| 10/09/2002 | 4.0   | 3    | travel ny-det   |
| 10/09/2002 | 9.0   | 6    | updated scenario model for supercenter closings   |
| 10/09/2002 | 0.6   | 6    | meeting with Gooch, Roth, Horn, Catlin to finalize supercenter scenarios  |
| 10/09/2002 | 4.0   | 3    | travel det-ny   |
| 10/10/2002 | 1.5   | 6    | misc. organizational items  |
| 10/14/2002 | 4.0   | 3    | Travel to Troy  |
| 10/14/2002 | 7.0   | 6    | Store level review; internal meetings with RE Finance group   |
| 10/15/2002 | 10.0  | 6    | Store level review/analysis   |
| 10/16/2002 | 11.0  | 6    | Store level review  |
| 10/17/2002 | 8.0   | 6    | Store level review  |
| 10/17/2002 | 4.0   | 3    | Flew back to NYC  |
| 10/19/2002 | 6.5   | 6    | Store level review  |
| 10/20/2002 | 9.0   | 6    | Store level review  |
| 10/21/2002 | 9.5   | 6    | Store level review  |
| 10/22/2002 | 11.0  | 6    | Store level review  |
| 10/23/2002 | 4.0   | 3    | Travel to Troy  |
| 10/23/2002 | 10.0  | 6    | Store level review  |
| 10/24/2002 | 13.0  | 6    | Store level review  |
| 10/25/2002 | 10.0  | 6    | Store level review  |
| 10/27/2002 | 10.0  | 6    | compiled data on an advertising market basis, constructed model with summaries  |
| 10/28/2002 | 4.0   | 3    | travel ny-det   |
| 10/29/2002 | 14.0  | 6    | market level modeling and analysis  |
| 10/30/2002 | 12.0  | 6    | preparation of market level review materials  |
| 10/31/2002 | 3.0   | 6    | market level analysis   |
| 10/31/2002 | 4.0   | 3    | travel det-ny   |
| 10/31/2002 | 8.0   | 6    | market level review meetings with store operators   |
| 11/02/2002 | 4.0   | 6    | store closing analysis  |
| 11/03/2002 | 12.0  | 6    | preparation of materials for store closing books  |
| 11/04/2002 | 16.0  | 6    | phase 2 store closing book  |
| 11/05/2002 | 19.0  | 6    | phase 2 store closing book  |
| 11/05/2002 | 4.0   | 3    | travel ny-det   |
| 11/08/2002 | 14.0  | 6    | Phase 2 store closing analysis and summaries  |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 11/07/2002 | 13.0  | 6    | produced summary financial pgs for board book; modeling for store closures   |
| 11/08/2002 | 8.0   | 6    | produced pages for board presentation, finalized store categories for closure analysis   |
| 11/08/2002 | 4.0   | 3    | travel det-ny  |
| 11/09/2002 | 4.5   | 6    | Store level review   |
| 11/10/2002 | 7.0   | 6    | Store level review   |
| 11/11/2002 | 10.0  | 6    | Store level review   |
| 11/12/2002 | 10.0  | 6    | Internal meetings with Kmart finance team; store level review  |
| 11/12/2002 | 4.0   | 3    | Travel to Kmart  |
| 11/13/2002 | 4.0   | 3    | Travel back to NYC   |
| 11/13/2002 | 8.0   | 6    | Store level review; internal meeting with Julian Day, Dave M., Doug M., etc. to discuss store analysis   |
| 11/14/2002 | 12.0  | 6    | store review   |
| 11/15/2002 | 12.0  | 6    | store review   |
| 11/17/2002 | 5.0   | 6    | store modeling   |
| 11/18/2002 | 10.0  | 6    | store level analysis   |
| 11/19/2002 | 11.0  | 6    | store level analysis   |
| 11/20/2002 | 9.0   | 6    | prepared store closing materials for committees  |
| 11/21/2002 | 6.0   | 6    | store level review and modeling  |
| 11/22/2002 | 4.0   | 6    | prepared materials for data room   |
| 11/25/2002 | 11.0  | 6    | store level modeling   |
| 11/26/2002 | 12.0  | 6    | store level review   |
| 11/27/2002 | 3.0   | 6    | began assembling data room   |
| 11/27/2002 | 9.0   | 6    | store modeling; review of business plan  |
| 12/01/2002 | 3.0   | 6    | updated comps  |
| 12/02/2002 | 12.0  | 6    | store level review   |
| 12/03/2002 | 12.0  | 6    | store level review and modeling  |
| 12/03/2002 | 2.0   | 6    | gathered materials for data room   |
| 12/04/2002 | 11.0  | 6    | store review   |
| 12/05/2002 | 13.0  | 6    | updated comparables analysis, reviewed stores  |
| 12/06/2002 | 12.0  | 6    | produced summaries for upcoming presentations  |
| 12/07/2002 | 14.0  | 6    | worked on board and committee presentations  |
| 12/08/2002 | 0.9   | 5    | Conf call Adamson, Koch, Hutchison, Gooch, Kelley(Kmart), Ivester, Hiestand, McDermott(SASM&F) re review of presentation to Unsecured Creditors Committee for meeting 12/11  |
| 12/08/2002 | 7.0   | 6    | revision of board and committee books  |
| 12/10/2002 | 4.7   | 5    | Meeting with Ivester, Hiestand, Kelley, McDermott, Smith(SASM&F), Koch, Gooch, Hutchison, Kelley, Adamson, Day(Kmart) re exit strategies; preparation of presentation materials for meeting with Unsecured Creditors Committee; financial results; exit financing discussions; status report; POR term sheet |
| 12/11/2002 | 2.5   | 6    | miscellaneous items  |
| 12/11/2002 | 10.0  | 6    | store review process; compiled data room items   |
| 12/12/2002 | 4.0   | 3    | travel ny-det  |
| 12/12/2002 | 12.0  | 6    | store by store review process; reconciliation of lists   |
| 12/13/2002 | 7.5   | 6    | store level review and modeling  |
| 12/13/2002 | 4.5   | 3    | travel det-ny  |
| 12/14/2002 | 7.0   | 6    | updated comparables analysis, did store review   |
| 12/16/2002 | 12.0  | 6    | rent concession analysis, store level modeling   |
| 12/17/2002 | 12.0  | 6    | store review; rent concession analysis   |
| 12/18/2002 | 15.0  | 6    | store level review of monitor stores   |
| 12/18/2002 | 4.0   | 3    | travel ny-det  |
| 12/19/2002 | 13.0  | 6    | store level review of select additional lists  |
| 12/20/2002 | 7.0   | 6    | comparables analysis   |
| 12/21/2002 | 10.0  | 6    | comparables analysis   |
| 12/22/2002 | 6.0   | 6    | comp bankruptcies analysis   |
| 12/23/2002 | 7.0   | 6    | comparable retail bankruptcies analysis  |
| 12/29/2002 | 8.0   | 6    | began work on internal committee book as well as board valuation book  |
| 12/30/2002 | 13.0  | 6    | prepared board book and relevant analysis  |
| 12/31/2002 | 10.5  | 6    | valuation analyses and presentations   |
| 01/01/2003 | 10.0  | 6    | internal committee book and board book   |
| 01/02/2003 | 9.0   | 6    | processed board book and internal committee book   |
| 01/03/2003 | 10.0  | 6    | valuation analyses, processing of board and internal committee books   |
| 01/04/2003 | 8.0   | 6    | internal committee meeting presentation, updated comps   |
| 01/05/2003 | 10.0  | 6    | prepared for internal committee meeting  |
| 01/06/2003 | 13.0  | 6    | valuation book   |
| 01/07/2003 | 15.0  | 6    | valuation work and presentations   |
| 01/08/2003 | 12.0  | 6    | valuation  |

| Date                 | Hours        | Proj | Description  |
|----------------------|--------------|------|--|
| 01/09/2003           | 0.9          | 6    | Internal meeting re comments to valuation analysis   |
| 01/09/2003           | 15.0         | 6    | work board books   |
| 01/10/2003           | 1.5          | 6    | Valuation Committee meeting to review draft valuation for POR  |
| 01/10/2003           | 19.0         | 6    | worked on store closing and valuation presentations  |
| 01/11/2003           | 11.0         | 6    | analyzed proposed ESL options  |
| 01/12/2003           | 8.0          | 6    | finalization of board books  |
| 01/13/2003           | 4.0          | 6    | collected data room files  |
| 01/14/2003           | 5.0          | 3    | travel NY-det  |
| 01/14/2003           | 11.0         | 6    | trip to Kmart to discuss distribution options  |
| 01/14/2003           | 4.0          | 3    | travel Det-NY  |
| 01/16/2003           | 2.0          | 6    | miscellaneous organizational items   |
| 01/17/2003           | 4.0          | 6    | collected and organized data room files  |
| 01/20/2003           | 5.0          | 6    | collected data room files  |
| 01/21/2003           | 2.0          | 6    | organized data room info   |
| 01/22/2003           | 5.0          | 6    | collected and organized data room info   |
| 04/30/2003           | 2.0          | 1    | Meeting to discuss closing   |
| <b>Greene - Alex</b> | <b>0.7</b>   |      |  |
| 01/23/2002           | 0.7          | 2    | Internal meeting plus conference call with outside counsel re issues of DrKW retention; discussion re Comdisco Hearing on retention of financial advisors  |
| <b>Kress -</b>       | <b>479.7</b> |      |  |
| 01/17/2002           | 1.5          | 3    | Travel time to Headquarters  |
| 01/17/2002           | 10.0         | 3    | Initial meetings with management team, other advisor (PWC, Kekst, Skaddon. Began diligence on DIP projections  |
| 01/18/2002           | 11.0         | 10   | Continued diligence on DIP projections   |
| 01/19/2002           | 10.0         | 11   | Continued diligence on DIP projections   |
| 01/23/2002           | 8.0          | 10   | DIP projections analysis   |
| 01/24/2002           | 6.0          | 11   | DIP projection meetings with Divisional Vice Presidents and various business unit managers (e.g. J. Foster, I. Scott, K. Calcagno, etc.)   |
| 01/25/2002           | 10.5         | 11   | Martha Stewart licensing agreement analysis; DIP projection meetings; Store-by-Store data gathering and meetings.  |
| 01/26/2002           | 10.0         | 6    | Compiling store-by-store data for initial assesment of proposed store closure program  |
| 01/27/2002           | 8.0          | 6    | Ongoing work on analyzing Navigator I stores   |
| 01/28/2002           | 1.0          | 10   | Conf call Ron Hutchison and Janet Kelly with DrKW re store closing analysis; completion of analysis for DIP lenders and scheduling of meetings with DIP lenders and possibly ratings agencies; development of exit strategy; liaison with other professionals; attendance at organization meeting for creditors committee            |
| 01/28/2002           | 0.5          | 6    | Internal meeting/conference call re store closing analysis and timetable; workplan   |
| 01/28/2002           | 8.0          | 6    | Store-by-Store rationalization meetings  |
| 01/29/2002           | 11.5         | 10   | Meetings and analysis on revised DIP projections, drafting of a detailed list of questions pertaining to management's assumptions - to be discussed with T. Zalecki and M. Moreland tomorrow   |
| 01/29/2002           | 2.0          | 6    | Mtg. with Real Estate Market Strategy Team (J. Foster, K. Ross, J. Catlin, J. Petersen, J. Haake, P. Maise) regarding analysis done for store rationalization program (went over process, maps, financial matrices, competitive situations)  |
| 01/30/2002           | 2.0          | 11   | Mtg. with T. Zalecki, M. Moreland regarding the model of DIP projections and borrowing base  |
| 01/30/2002           | 9.0          | 11   | Continued analysis of DIP projections  |
| 01/31/2002           | 8.5          | 6    | Began sorting and analyzing all store-by-store data with the intention of finding any trends/patterns which would indicate where the company's strengths and weaknesses lie in its store base  |
| 02/01/2002           | 1.5          | 11   | Internal meetings to learn more about the company  |
| 02/01/2002           | 0.4          | 6    | Conference call re: analysis plan for Martha Stewart contract  |
| 02/04/2002           | 0.8          | 10   | Internal meeting re DIP(completion of projections, negotlation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/04/2002           | 0.1          | 6    | Internal meeting re: status of real estate analysis  |
| 02/04/2002           | 0.8          | 10   | Internal meeting re DIP(completion of projections, negotlation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/05/2002           | 2.5          | 6    | Internal meeting on strategy pertaining to the store closing analysis; conference call with banks to discuss 2001 results  |
| 02/06/2002           | 1.5          | 3    | Travel time to Headquarters  |
| 02/08/2002           | 6.5          | 11   | Due diligence meeting with internal consumer research/marketing group  |
| 02/08/2002           | 6.5          | 11   | Due diligence meeting with internal consumer research / marketing group  |
| 02/11/2002           | 8.0          | 11   | Conducted due diligence on store-by-store performance and licensing agreements (Martha Stewart, Disney, Sesame Street)   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 02/12/2002 | 12.0  | 6    | Mtgs. with K. Ross, J. Peterson, J. Haake, P. Malse, G. Roth regarding rationale for each potential store closure (analyzed financial performance, location, competition, etc. for each store individually)   |
| 02/13/2002 | 0.5   | 6    | Mtg. with C. Conaway, J. McDonald, L. McTavish, C. Kears, A. Ravas, M. Gluck regarding process of analyzing licensing agreements with an end towards assuming several agreements  |
| 02/13/2002 | 8.0   | 6    | Conducting financial, legal and marketing analysis of the following license agreements: Sesame Street, Disney, Joe Boxer, Jaclyn Smith, Kathy Ireland & Martha Stewart  |
| 02/13/2002 | 1.0   | 6    | Mtg. with M. Gluck, A. Ravas & K. Rooney regarding process of evaluating licensing agreements   |
| 02/14/2002 | 13.0  | 11   | Analysis of assumption of licensing agreements. Meetings with R. Rosenberg, M. Sablowski, A. Revas, and others  |
| 02/18/2002 | 11.0  | 11   | Due Diligence and meetings at Company re: Licensing Agreements  |
| 02/19/2002 | 6.0   | 11   | Due diligence and meetings at Company re: Licensing Agreements  |
| 02/20/2002 | 12.0  | 11   | Due diligence and meetings at Company re: Licensing Agreements  |
| 02/24/2002 | 0.7   | 6    | Meeting by telephone on Sesame Street License Agreement   |
| 02/24/2002 | 0.5   | 6    | Review Draft Sesame Street Talking Points   |
| 02/25/2002 | 2.0   | 7    | Dinner meeting with Messrs Adamson and Hutchison re Board of Directors meeting agenda, issues; store closing analysis; licensing agreements(negotiations with licensors); KERP plan discussions with Creditors Committees; due diligence process for official committees; strategic direction                           |
| 02/26/2002 | 3.0   | 7    | Attendance at Kmart Board meeting re store closing analysis and licensing agreement decisions   |
| 02/28/2002 | 0.3   | 6    | Update re: Sesame Street  |
| 02/27/2002 | 1.5   | 5    | Pre-meeting at SASM&F among Debtors(Conaway, MacDonald, Kelly,Hutchison), SASM&F(Butler, Ivester, Durrer), E&Y(Schwab) re materials to be presented to official committees  |
| 02/27/2002 | 3.0   | 5    | Attendance at joint meeting of both official committees   |
| 02/27/2002 | 1.5   | 5    | Follow-up meeting with co-heads and counsel to Official Committee of Unsecured Creditors re process, coordination of efforts with Committee, management roles and responsibilities, KERP plan   |
| 03/01/2002 | 8.0   | 5    | Dealing with Creditors-Advisors information requests  |
| 03/01/2002 | 1.5   | 3    | Travel time to Headquarters   |
| 03/01/2002 | 1.0   | 6    | Conf call Ron Hutchison, Peter Schwab(E&Y) re KERP plan for Tiers 1-3, development of requested business plan for performance purposes  |
| 03/01/2002 | 1.0   | 5    | Internal Meeting via Telephone re: Due Diligence Requests from Advisors to the Committees   |
| 03/04/2002 | 0.7   | 1    | Conf call Ron Hutchison re preparation for Court hearing 3/6; for discussions with Official Committees re store closings and 2002 revised business/operating plan   |
| 03/04/2002 | 4.0   | 5    | Working with Creditors- Advisors  |
| 03/11/2002 | 0.5   | 7    | Conf call re materials for Board of Directors meeting 3/12 and Joint meeting of Creditors Committees 3/13   |
| 03/12/2002 | 1.0   | 6    | Meeting at Skadden Arps with Messrs Adamson, Hutchison, Day, Koch and Senger, plus Schwab(E&Y), Butler(Skadden) re Board discussion; issues for Creditors Committee meeting 3/13  |
| 03/12/2002 | 2.5   | 7    | Attendance at Kmart Board meeting   |
| 03/14/2002 | 1.3   | 5    | Conf call among Messrs Hutchison, Stenger(Kmart), Ivester, Heistand and Durrer(SKadden), Schwab(E&Y) re responses to Committee of Financial Institutions positions with respect to confidentiality, rabbi trust, exclusivity, consignment rights,retention of counsel for Board members,appointment of equity committee |
| 03/18/2002 | 1.0   | 3    | Travel to/from Kmart Headquarters   |
| 03/18/2002 | 2.0   | 6    | Continued store closing analysis  |
| 03/26/2002 | 7.0   | 6    | Follow-up on store closing analysis; met with E&Y to discuss responsibilities and items to be provided to the creditors' advisors; went on store tours  |
| 03/29/2002 | 0.8   | 5    | Conf. call with R. Hutchison, M. Moreland, K. Kress, D. Walker, M. Suckow, and both committee advisors to give them an update on the current Penske situation   |
| 04/08/2002 | 2.5   | 6    | Meeting with Julian Day to discuss the business in general, store closing analysis, and other related topics  |
| 04/09/2002 | 4.5   | 7    | Attendance at Board Meeting   |
| 04/09/2002 | 1.0   | 6    | Meeting with David Sweig to discuss licensing opportunities and general business issues   |
| 04/10/2002 | 9.0   | 5    | Meetings with both official creditors committees at SASM&F; presentation to joint session; meetings with Kmart management(Messrs Adamson, Day, Koch, Hutchison, Stanger), E&Y(Weisz), SASM&F(Butler, Durrer et al); status/issues for Omnibus Hearing April 23 and 24   |
| 04/11/2002 | 1.5   | 6    | T/c's internally regarding updates, weekly restructuring call, licensing issues, general case administration  |
| 04/12/2002 | 5.0   | 3    | Roundtrip travel to and from Kmart HQ   |
| 04/12/2002 | 3.0   | 11   | Executive staff meeting to review business results  |
| 04/14/2002 | 1.1   | 1    | Conf call SASM&F(Ivester, Smith, Tchen, Durrer) re agenda for Hearing April 23/24; meeting proposed for 4/15 with Financial Institutions Committee re outstanding issues  |
| 04/17/2002 | 1.1   | 7    | Attendance at telephonic Board of Directors meeting   |
| 04/17/2002 | 0.5   | 1    | Conf call following Board meeting(Messrs Butler, Ivester, Koch, Stanger, Day, Adamson and Ms Kelley, re negotiations with Financial Institutions Committee; next steps  |
| 04/19/2002 | 0.5   | 6    | Conference call w/ Hutchison, Kelley and Curtis Mathes  |
| 04/19/2002 | 1.2   | 1    | Conf call Messrs Koch, Stanger, Hutchison, Ms Kelley and Glock, Messrs Ivester, Durrer re operating plan development, 10- k filing, review of additional licensing agreements, meeting with management and advisors for Business Plan formulation   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 04/19/2002 | 0.3   | 6    | Conference call w/ Kears and Buehler re: Curtis Mathes   |
| 04/22/2002 | 3.0   | 11   | Review operations  |
| 04/23/2002 | 2.0   | 11   | Analysis review  |
| 04/24/2002 | 1.0   | 5    | Breakfast meeting re: status of case   |
| 04/25/2002 | 2.0   | 6    | review licensing analysis  |
| 04/26/2002 | 1.5   | 1    | Weekly conference call among Kmart(Koch, Stenger, Hutchison, Kelley), Skadden(Ivester, Heistand et al.) re preparation for Section 341 meeting, update on 2001 financials and 10-K filing, status of 2002 operating budget, discussion of agenda for offsite meeting   |
| 04/26/2002 | 2.0   | 6    | strategy session prep, review of opportunity   |
| 04/28/2002 | 2.0   | 1    | Review of Section 341 document   |
| 04/26/2002 | 0.2   | 6    | to re agenda for proposed offsite planning meeting   |
| 04/29/2002 | 1.0   | 6    | Review Sesame Street license negotiations, info requests from creditors  |
| 04/29/2002 | 0.3   | 7    | 3 to's re Board meeting scheduled for 4/30 and offsite meeting re Business Plan  |
| 04/29/2002 | 2.0   | 6    | scheduling for strategy session  |
| 04/29/2002 | 1.0   | 6    | Discuss approach with Ron re:business results  |
| 04/30/2002 | 4.0   | 3    | Travel to Detroit  |
| 04/30/2002 | 3.0   | 7    | Board Meeting at Skadden   |
| 05/01/2002 | 1.5   | 5    | meet with creditors to discuss bubble stores, curtis-mathes  |
| 05/01/2002 | 2.0   | 6    | review analysis of proposed supplier contracts   |
| 05/01/2002 | 4.0   | 6    | meetings to discuss store rationalization, review analysis   |
| 05/02/2002 | 5.0   | 3    | roundtrip travel from home to section 341 meeting  |
| 05/02/2002 | 5.0   | 5    | preparation for and attendance at 341 meeting  |
| 05/03/2002 | 1.2   | 6    | Conf call among Kmart(Hutchison, Kelley, et.al), Skadden(Ivester, Heistand et al) re preparation for May 9 Hearing, status of 2002 Operating Budget, preparation for Board and Committee meetings, update on consignment issues, discussion of rent renegotiation efforts, status report on licensing agreements, discussion of agenda for off-site strategy meeting   |
| 05/07/2002 | 7.0   | 6    | Executive management/key advisors off-site meeting and strategy session in Birmingham, MI involving Messrs Adamson, Day, Koch, Stenger, Hutchison and Ms. Kelley(Kmart), Jack Butler, Eric Ivester and Lynn Helstand(SASM&F), re assessment of chapter 11 first 100 days, 2002 operating budget, primary needs to be addressed, strategic partners, discussion of chapter 11 exit strategies, business plan development, coordination of advisors' roles |
| 05/07/2002 | 4.0   | 6    | Reviewed for the first time the 2002 draft operating plan with Ted S., Jim G., Larry L., Tom M., Ron H., Kathy K. and Derex W.   |
| 05/08/2002 | 4.0   | 5    | Review of the DRAFT 2002 Operating Budget with creditors committee advisors; review focused on the process, notable changes since the DIP plan, and directional guidance for a final plan within the next week; Attendees: DrKW, P&M, KPMG, J. Gooch, L. Leonard, T. Stenger   |
| 05/10/2002 | 0.7   | 6    | Conf call with Messrs Stenger and Leonard re 2002 Operating Plan   |
| 05/10/2002 | 1.3   | 6    | Weekly conf call among Kmart(Koch, Hutchison, Kelley, Leonard), SASM&F(Ivester, Heistand, Durrer) re preparation for meetings week of May 13(Board, Joint Committees, Vendors, Fee Review), 2002 Operating Budget, 10 K filing update  |
| 05/10/2002 | 1.5   | 6    | Conf call Ted Stenger, Larry Leonard, Eric Ivester re 2002 Operating Plan  |
| 05/10/2002 | 0.9   | 6    | Internal meeting re 2002 Operating Plan  |
| 05/13/2002 | 2.0   | 6    | Work through analysis of supercenters and store level data for discussion with Julian  |
| 05/14/2002 | 3.5   | 7    | Attendance at Kmart Board of Directors meeting   |
| 05/15/2002 | 3.5   | 5    | Joint Committee Meeting in New York  |
| 05/15/2002 | 3.5   | 5    | Joint Committee Meeting and Follow-Up Meeting with Client  |
| 05/21/2002 | 3.0   | 6    | Review supercenter analysis, store level summaries   |
| 05/21/2002 | 4.0   | 3    | Travel to Detroit  |
| 05/22/2002 | 3.0   | 11   | Executive Staff Meeting to review business results, discuss initiatives  |
| 05/23/2002 | 0.8   | 1    | Weekly Advisors Conference Call  |
| 05/23/2002 | 4.0   | 3    | travel back to NY  |
| 05/24/2002 | 0.8   | 6    | conference call to discuss 3 malan properties  |
| 05/24/2002 | 0.5   | 6    | Conference call w/ Wexler, Gluck, Smith, and Hutchison re: real property leases for stores in Chicago, Rockford, and Springfield   |
| 05/31/2002 | 1.3   | 6    | Weekly restructuring call w/ Skadden (Heistand, Durrer, Wexler) and Kmart (Koch, Kelley, Hutchison, Gluck, Morrow)   |
| 06/03/2002 | 2.0   | 6    | Meeting with Julian to discuss food strategy, prep for strategy session  |
| 06/03/2002 | 1.0   | 6    | Conference call w/ Kmart (Koch and Hutchison) and Skadden (Butler) re: request for store-level data  |
| 06/03/2002 | 2.0   | 6    | Meeting with alternate supplier, discussions with Ron and Jim to discuss current supplier situation  |
| 06/03/2002 | 3.0   | 11   | Executive staff meeting to review business results, discuss initiatives  |
| 06/05/2002 | 0.8   | 6    | 4 to re supply agreement, June 17 Strategy session, store P&L information  |
| 06/05/2002 | 0.7   | 5    | Conf call Agnes Levy(JPMChase), Mike Pollicano and Ed Ordway(P&M), Al Koch and Ron Hutchison(KM) re discussion of detailed store level data to support 2002 Budget/Operating Plan  |
| 06/19/2002 | 0.2   | 5    | Discussion re store level data for Financial Institutions Committee  |
| 06/20/2002 | 0.8   | 5    | Conf call Al Koch, Kmart, re response to information request list from Financial Institutions Committee; next steps  |

| Date                  | Hours        | Proj | Description   |
|-----------------------|--------------|------|---|
| 07/15/2002            | 0.3          | 5    | Conf call with Ron Hutchison re information request by Financial Institutions Committee   |
| 07/15/2002            | 0.5          | 5    | Review work-in progress with Ted  |
| 07/15/2002            | 3.0          | 11   | Executive staff meeting   |
| 07/15/2002            | 4.0          | 3    | travel from Detroit to Board and Creditors' meetings  |
| 07/15/2002            | 0.5          | 5    | Discussion with Ron Hutchison regarding financial performance   |
| 07/16/2002            | 3.0          | 7    | Attendance at Kmart Board of Directors meeting  |
| 07/16/2002            | 2.5          | 5    | Attendance at Equity Committee meeting  |
| 07/17/2002            | 3.0          | 5    | Attendance at Joint meeting of Official Committees  |
| 07/17/2002            | 1.5          | 5    | Meeting with Committee Chair, KPMG and Glenn Rice(Otterbourg firm), Ron Hutchison re store level data, format, timing; information for next creditors meeting   |
| 07/22/2002            | 1.0          | 4    | Discussion with Randy Allen, Rich Blunck regarding Bluelight ISP  |
| 07/22/2002            | 3.0          | 11   | Executive staff meeting   |
| 07/23/2002            | 0.5          | 4    | Discuss process for Bluelight ISP divestiture   |
| 07/24/2002            | 2.0          | 6    | Review materials for strategy session   |
| 07/25/2002            | 1.0          | 6    | Internal meeting re preparation of materials for strategy meeting on 7/29 in Detroit, meeting with Financial Institutions Committee on 7/30 in Detroit  |
| 07/26/2002            | 4.0          | 3    | travel to Detroit for strategy session  |
| 07/27/2002            | 2.0          | 6    | review and edit materials for strategy session  |
| 07/28/2002            | 1.0          | 6    | Conference call to prep for strategy session  |
| 07/29/2002            | 5.0          | 6    | Strategy session in Detroit involving Kmart(Adamson,Day, Koch, Hutchison, Kelley), Skadden Arps(Butler, Heistand) re store base performance, liquidity and trade credit, development of long-term business plan, exit strategy planning, relationship with statutory committees |
| 07/30/2002            | 1.0          | 4    | Call with KM and BL to discuss term sheet   |
| 07/31/2002            | 2.0          | 4    | Discussion with KM, BlueLight and United re: term sheet   |
| 08/05/2002            | 1.0          | 6    | Meet with Ron to discuss store stratification   |
| 08/05/2002            | 1.0          | 6    | Meet with Mark Connard regarding store data   |
| 08/05/2002            | 1.5          | 4    | Calls with KM and BlueLight to discuss process, term sheet, etc.  |
| 08/05/2002            | 3.0          | 11   | Executive staff meeting   |
| 08/06/2002            | 4.0          | 6    | Review project status, meet with Ron & Jim  |
| 08/07/2002            | 4.0          | 3    | Travel from Kmart back to New York  |
| 08/08/2002            | 0.5          | 6    | T/c w/ Randy Allen and Rich Blunck re: Global Sport   |
| 08/08/2002            | 0.9          | 6    | T/c w/ Eric Ivester re: Global Sport; t/c w/ Ron Hutchison re: same   |
| 08/08/2002            | 0.5          | 4    | Discussion w/ potential bidder for Bluelight.com  |
| 08/08/2002            | 2.0          | 4    | Call with United to discuss term sheet  |
| 08/08/2002            | 1.0          | 6    | review store disposal analysis, discuss data access with Rick Noechel   |
| 08/12/2002            | 1.0          | 6    | Review store materials  |
| 08/12/2002            | 4.0          | 3    | Travel to and from Kmart Headquarters   |
| 08/12/2002            | 2.0          | 6    | Staff meeting at Kmart  |
| 08/12/2002            | 1.0          | 6    | Discuss status of supply agreement negotiations with Ron  |
| 08/13/2002            | 2.0          | 6    | Discuss e-commerce site viability, strategy for negotiating with Global Sports (included Ted Stenger, Randy Allen, Rich Blunck, Robert Rathke)  |
| 08/13/2002            | 2.0          | 6    | Review pantry with Don Germano, Keith Calcagno  |
| 08/13/2002            | 4.0          | 3    | Travel from Detroit to NY   |
| 08/13/2002            | 1.5          | 6    | Sit down with Rich Blunck, Randy Allen to discuss e-commerce business issues, Global Sports reply   |
| 08/14/2002            | 4.0          | 3    | Travel back to Detroit  |
| 08/14/2002            | 2.0          | 4    | review revised term sheet from United Online  |
| 08/15/2002            | 0.3          | 10   | Conf call re reconciliation of reported cash balances   |
| 08/04/2002            | 2.5          | 6    | Meeting with Messrs. Koch, Stenger, Day, Gooch to discuss store analysis  |
| 09/06/2002            | 0.4          | 6    | tc re distribution and supply chain management issues   |
| 09/10/2002            | 0.8          | 6    | Internal meeting re SuperK store analysis; Fleming status; next steps   |
| 09/12/2002            | 1.5          | 6    | Real Estate strategy meeting to discuss roles of each advisor; workplan going forward   |
| 09/13/2002            | 0.8          | 6    | Internal meeting to discuss store rationalization   |
| 09/19/2002            | 0.7          | 6    | Conf call re business plan development; preparation of timetable/work plan for meeting 9/27   |
| <b>Lewis - Martin</b> | <b>0.7</b>   |      |   |
| 01/23/2002            | 0.7          | 2    | Internal meeting plus conference call with outside counsel re issues of DrKW retention; discussion re Comdisco Hearing on retention of financial advisors   |
| <b>Meltzer -</b>      | <b>156.5</b> |      |   |
| 01/17/2002            | 2.0          | 1    | Developed internal workplan   |
| 01/18/2002            | 14.0         | 10   | Due Diligence at Company  |
| 01/18/2002            | 1.0          | 2    | Prepared conflict checks memo   |
| 01/19/2002            | 7.0          | 10   | Analysis of historical DIP financing terms  |
| 01/20/2002            | 5.0          | 10   | Continued analysis of historical DIP loan terms   |
| 01/20/2002            | 4.0          | 3    | Travel - Detroit to NYC   |
| 01/22/2002            | 2.6          | 1    | Preparation of pre-filing tasks and responsibilities workplan   |

| Date                  | Hours        | Proj | Description  |
|-----------------------|--------------|------|--|
| 01/22/2002            | 3.4          | 2    | Fee analysis   |
| 01/23/2002            | 3.5          | 10   | Tc with D Kolln (Skadden) regarding DIP financing confidentiality agreement; tc due diligence material   |
| 01/23/2002            | 3.0          | 10   | Analysis of borrowing base calculations of historical retail DIP loans   |
| 01/24/2002            | 5.0          | 10   | Created analysis of DIP and borrowing base terms of comparable retailers in chapter 11   |
| 01/24/2002            | 5.0          | 10   | Centralized list of appraiser contacts; tc with liquidators regarding borrowing base calculation methodologies   |
| 01/25/2002            | 4.0          | 10   | Follow-on calls with liquidator contacts regarding borrowing base calculation methodologies  |
| 01/25/2002            | 3.6          | 2    | Organizational tasks relating to compliance with N. IL timesheet guidelines  |
| 01/26/2002            | 3.0          | 1    | Preparation of revised workplan; tc with Davino regarding same   |
| 01/27/2002            | 1.4          | 1    | Update of workplan   |
| 01/27/2002            | 0.6          | 1    | Internal meeting via telephone   |
| 01/28/2002            | 1.0          | 10   | Conf call Ron Hutchinson and Janet Kelly with DrKW re store closing analysis; completion of analysis for DIP lenders and scheduling of meetings with DIP lenders and possibly ratings agencies; development of exit strategy; liaison with other professionals; attendance at organization meeting for creditors committee           |
| 01/28/2002            | 4.0          | 3    | Travel to Troy, MI from NYC  |
| 01/28/2002            | 3.2          | 10   | Telephone calls with liquidators regarding borrowing base calculations, analysis of borrowing base terms   |
| 01/28/2002            | 0.5          | 6    | Internal meeting/conference call re store closing analysis and timetable; workplan   |
| 01/29/2002            | 3.4          | 2    | Preparation of conflict memo supporting schedules  |
| 01/29/2002            | 4.9          | 10   | Due diligence  |
| 01/30/2002            | 7.0          | 10   | Preparation of analysis regarding business limitations imposed by DIP; met with bank's advisors regarding borrowing base calculations  |
| 02/01/2002            | 4.0          | 3    | Travel from company  |
| 02/01/2002            | 4.0          | 10   | Review and editing of bank presentations   |
| 02/04/2002            | 6.0          | 10   | Participated on several conference calls regarding borrowing base calculations; submitted comments on bank book; reviewed past rating agency presentations   |
| 02/04/2002            | 0.8          | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/04/2002            | 0.8          | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/05/2002            | 3.5          | 2    | Fee analysis   |
| 02/05/2002            | 4.0          | 11   | Due diligence on company's historical operating strategy   |
| 02/06/2002            | 5.0          | 2    | Fee analysis   |
| 02/08/2002            | 0.5          | 2    | Internal meeting via telephone re: fee analysis  |
| 02/10/2002            | 3.1          | 2    | Fee analysis   |
| 02/11/2002            | 4.0          | 3    | Travel from Detroit to NYC   |
| 02/11/2002            | 4.0          | 3    | Travel from NY to Detroit  |
| 02/11/2002            | 5.0          | 6    | Meeting with Ron Hutchinson to discuss store closing methodology; additional meetings; reviewed store closing analysis   |
| 02/12/2002            | 3.0          | 3    | Travel NYC to Detroit  |
| 02/13/2002            | 8.0          | 6    | Conducting financial, legal and marketing analysis of the following license agreements: Sesame Street, Disney, Joe Boxer, Jaclyn Smith, Kathy Ireland & Martha Stewart.  |
| 02/13/2002            | 4.0          | 3    | Travel Detroit - NYC   |
| 02/25/2002            | 3.5          | 1    | Internal meetings; call with Ron Hutchinson and Eric Ivester; miscellaneous organizational tasks   |
| 03/02/2002            | 1.2          | 1    | Miscellaneous organizational items   |
| <b>Miller - Henry</b> | <b>976.2</b> |      |  |
| 01/22/2002            | 6.0          | 1    | Attendance in Court for First Day Hearing  |
| 01/22/2002            | 6.0          | 1    | Preparation for First Day Hearing; testimony re DIP financing  |
| 01/23/2002            | 0.3          | 10   | Internal meeting re status; DIP financing projections  |
| 01/23/2002            | 0.7          | 10   | 3 tcs re: DIP financing  |
| 01/23/2002            | 0.7          | 2    | Internal meeting plus conference call with outside counsel re issues of DrKW retention; discussion re Comdisco Hearing on retention of financial advisors  |
| 01/23/2002            | 4.0          | 3    | Travel to New York from Chicago  |
| 01/24/2002            | 0.5          | 5    | tc re status, first day hearing  |
| 01/24/2002            | 0.5          | 5    | tc Bill Derrough, Jefferies & Co., re formation of Creditors Committee, selection of financial advisors  |
| 01/24/2002            | 0.5          | 6    | tc Alan Cohen, Alco Management, re inventory liquidation process; store analysis   |
| 01/24/2002            | 0.2          | 6    | tc Walter Levy, Kurt Salmon & Assoc., re retail environment, future prospects  |
| 01/25/2002            | 0.2          | 1    | tc Eric Ivester, SASM&F, re status of DIP financing; formation of creditors committee; professionals conference call re next steps   |
| 01/25/2002            | 0.5          | 5    | tc re status; first day orders; trade terms; organization of unsecured creditors committee   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 01/27/2002 | 0.8   | 6    | Review of Martha Stewart royalty agreement and financial projections   |
| 01/28/2002 | 0.3   | 5    | tc Jeff Werbalowsky, Houlihan, Lokey, re creditor committee formation and hiring of financial advisor  |
| 01/28/2002 | 0.3   | 1    | 3 tcs re meetings at Company; development of interim workplan; set up conf call with Debtors   |
| 01/28/2002 | 0.2   | 2    | tc Richard Hahn, Debevoise & Plimpton, re representation of DrKW for 2/13 retention hearing  |
| 01/28/2002 | 1.0   | 10   | Conf call Ron Hutchison and Janet Kelly with DrKW re store closing analysis; completion of analysis for DIP lenders and scheduling of meetings with DIP lenders and possibly ratings agencies; development of exit strategy; liaison with other professionals; attendance at organization meeting for creditors committee            |
| 01/28/2002 | 0.5   | 6    | Internal meeting/conference call re store closing analysis and timetable; workplan   |
| 01/30/2002 | 0.2   | 6    | tc re status of store closings analysis; revisions to projections  |
| 01/30/2002 | 0.3   | 5    | tc Edward Fox, Pryor, Cashman, counsel to Wilmington Trust(successor Indenture Trustee to Bank of NY) re status; organizational meeting in Chicago; intention to sit on Creditors Committee  |
| 01/30/2002 | 0.3   | 11   | Review of various published articles on Kmart regarding business strategy, retail store locations, etc.  |
| 02/01/2002 | 0.3   | 5    | tc re status; timetable; lease rejection claims  |
| 02/01/2002 | 0.2   | 2    | Internal meeting re: affidavit   |
| 02/01/2002 | 0.3   | 6    | Internal meeting re timetable; business strategy, Martha Stewart contract issues   |
| 02/01/2002 | 0.5   | 6    | Internal meeting re due diligence update; cash burn; usage of DIP facility; cost controls  |
| 02/01/2002 | 0.3   | 2    | Review and comments on Supplemental Disclosure   |
| 02/01/2002 | 0.2   | 6    | tc Jim Adamson, Kmart, re status, discussions with banks and rating agencies; set up meeting for 2/11  |
| 02/03/2002 | 0.3   | 2    | tc Mike Wiles, Debevoise, re draft interim order modeled after Rotschild interim order in Comdisco   |
| 02/04/2002 | 0.8   | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/04/2002 | 0.8   | 10   | Internal meeting re DIP(completion of projections, negotiation of borrowing base, covenants, availability, rating agency presentations), inventory issues, vendor negotiations( re shipping and credit terms, out of stock situation, variance between actual and perpetual system), store closing analysis, meetings and next steps |
| 02/05/2002 | 0.2   | 1    | Review of Ramco-Gershenson objection to lease rejection  |
| 02/05/2002 | 0.9   | 10   | Review of DIP financing syndication slide presentation to prospective lenders, plus comments thereon   |
| 02/07/2002 | 3.5   | 5    | Attendance at Creditors Committee meeting  |
| 02/07/2002 | 1.5   | 5    | Preparation for joint meeting of creditors   |
| 02/07/2002 | 2.5   | 8    | Meetings among Debtors, Skadden Arps, Buck Consultants, PricewaterhouseCoopers and representatives of Creditors Committees re KERP plan; request for modification and/or deferral  |
| 02/07/2002 | 6.0   | 5    | Joint Meeting of Creditors in NYC  |
| 02/07/2002 | 2.0   | 5    | Meetings with Debtors(Messrs Conaway, MacDonald, Hutchinson, Ms. Kelly et.al.), Skadden Arps(Messrs Butler, Ivester et. al), PricewaterhouseCoopers(Eisenberg and Haughey) re Committee concerns; timetable; Issues for Hearing 2/13   |
| 02/08/2002 | 0.6   | 5    | Conf call Agnes Levy(JPM Chase) and Ed Ordway(Policano & Manzo) re KERP Plan; discussion of Debtors' position, critical issues, timing   |
| 02/08/2002 | 0.6   | 2    | Conf call with Jack Butler and others at Skadden and Richard Hahn and Mike Wiles at Debevoise & Plimpton re: DrKW retention application; response to Objection from US Trustee   |
| 02/08/2002 | 0.2   | 2    | tc Agnes Levy(JPMChase) and Ed Ordway(Policano & Manzo) re DrKW retention application/engagement agreement; negotiation re proposed concessions  |
| 02/08/2002 | 0.2   | 8    | tc Rick Cieri, JDR&P, re KERP Plan; timetable;request for deferral of Hearing  |
| 02/08/2002 | 0.4   | 8    | Conference call w/ Jack Butler re: KERP  |
| 02/08/2002 | 0.3   | 2    | tc Glen Rice and Lorenzo Marinuzzi(Otterberg law firm) re DrKW retention; economic terms; comparables data; US Trustee objection   |
| 02/09/2002 | 0.4   | 2    | Internal meeting via telephone re: retention hearing   |
| 02/10/2002 | 1.3   | 2    | Conf call with Debevoise & Plimpton, counsel to DrKW, re DrKW response to US Trustee Objection to retention; review of revised documents; comments on Skadden's response to same Objection   |
| 02/11/2002 | 2.0   | 10   | Meeting  |
| 02/11/2002 | 1.4   | 10   | Lunch meeting  |
| 02/11/2002 | 0.3   | 2    | Conference call w/ Richard Hahn re: amendment to engagement letter   |
| 02/13/2002 | 2.0   | 2    | Attendance at Court Hearing and testimony re retention   |
| 02/13/2002 | 2.8   | 2    | Preparation for testimony at Court Hearing re retention  |
| 02/13/2002 | 5.0   | 3    | Travel to/from Chicago re Hearing  |
| 02/14/2002 | 0.3   | 5    | Meeting re status of DIP syndication, status of store closings, corporate structure  |
| 02/14/2002 | 0.3   | 5    | tc re corporate structure, ownership of intellectual property, status of store closings analysis   |
| 02/14/2002 | 0.4   | 5    | tc re intellectual property, bank guarantees/collateral support, store closings  |
| 02/19/2002 | 0.3   | 1    | Conf call with Eric Ivester re status; discussions with Creditors Committees re retention and executive compensation; preparation for Creditor and Board meetings week of 2/25; status of DrKW work re store closing analysis, analysis of executory contracts   |
| 02/20/2002 | 0.5   | 2    | Conf call Eric Ivester re Judge's ruling in DrKW retention application, required modifications   |
| 02/20/2002 | 0.5   | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re possible modifications to engagement letter  |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 02/21/2002 | 0.9   | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re modifications to DrKW engagement letter  |
| 02/21/2002 | 0.7   | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton re modifications to DrKW engagement letter  |
| 02/24/2002 | 0.6   | 6    | to Derex Walker, DrKW, re licensing agreements; summary presentation for Board   |
| 02/24/2002 | 0.8   | 2    | Conf call with Messrs Wiles and Hahn of Debevoise & Plimpton, re revisions to DrKW engagement agreement as per Judge Sonderby's order  |
| 02/24/2002 | 1.4   | 6    | Preparation and review of licensing agreement analysis; materials for Debtors and Board of Directors   |
| 02/25/2002 | 2.0   | 7    | Dinner meeting with Messrs Adamson and Hutchison re Board of Directors meeting agenda, issues; store closing analysis; licensing agreements(negotiations with licensors); KERP plan discussions with Creditors Committees; due diligence process for official committees; strategic direction  |
| 02/25/2002 | 0.3   | 2    | Conf call Eric Ivester and Mark McDermott(SASM&F), Mike Wiles(Debevoise) re amended DrKW retention application, final revisions prior to filing  |
| 02/26/2002 | 0.4   | 11   | Review of terms of extension of surety credit, plus comments thereon   |
| 02/26/2002 | 3.0   | 5    | Meeting at Skadden Arps with Financial Institutions Committee involving Ron Hutchison and Janet Kelly from Kmart, Eric Ivester from Skadden, 3 parties from Buck Consultants, Rick Cieri(Jones Day), Agnes Levy(JPMorgan Chase), Harold Dietz(Bank of NY), Mike Policano, Ed Ordway and Sean Cunningham(Policano & Manzo) re KERP Plan   |
| 02/26/2002 | 3.0   | 7    | Attendance at Kmart Board meeting re store closing analysis and licensing agreement decisions  |
| 02/26/2002 | 2.5   | 5    | Dinner meeting with Official Committee of Unsecured Creditors, plus Chuck Conaway, John MacDonald, Ron Hutchison, Janet Kelly(Kmart), Jack Butler, Eric Ivester, Lynn Hiestand and Van Durrer(SASM&F) re issues to be considered at Joint Creditors Committee meeting on 2/27  |
| 02/27/2002 | 1.5   | 5    | Pre-meeting at SASM&F among Debtors(Conaway, MacDonald, Kelly,Hutchison), SASM&F(Butler, Ivester, Durrer), E&Y(Schwab) re materials to be presented to official committees   |
| 02/27/2002 | 0.4   | 5    | to re status; store closings; intercreditor issues; process;timing   |
| 02/27/2002 | 3.0   | 5    | Attendance at joint meeting of both official committees  |
| 02/27/2002 | 0.4   | 5    | to Jeff Aronson, Angelo, Gordon & Co., re process; timing; status; intercreditor issues; store closings  |
| 02/27/2002 | 1.5   | 5    | Follow-up meeting with co-heads and counsel to Official Committee of Unsecured Creditors re process, coordination of efforts with Committee, management roles and responsibilities, KERP plan  |
| 02/28/2002 | 0.6   | 6    | 3 tc's re Cohen meetings at Debtors' offices; follow-ups with CEO re business plan matters and due diligence   |
| 03/01/2002 | 0.5   | 7    | Conf call with Jim Adamson(Chairman) re process issues; agenda for Board meeting 3/12; response to Creditor Committee views re KERP plan   |
| 03/01/2002 | 0.6   | 2    | Conference call w/ Richard Hahn and Mike Wiles: re: trustee's objection  |
| 03/01/2002 | 0.5   | 7    | to Jack Butler, SASM&F, re Board meeting agenda 3/12; process issues; negotiations with creditor committees re KERP  |
| 03/01/2002 | 1.0   | 8    | Conf call Ron Hutchison, Peter Schwab(E&Y) re KERP plan for Tiers 1-3, development of requested business plan for performance purposes   |
| 03/02/2002 | 0.5   | 2    | Conference call w/ Butler, Ivester, Tchen, and McDermott from SASM&F and Hahn and Wiles from Debevoise re: reply to trustee's objection  |
| 03/02/2002 | 0.7   | 2    | Conf call with Messrs Butler, Ivester, McDermott and Ms Tchen(SASM&F), Messrs Wiles and Hahn(Debevoise & Plimpton) re US Trustee's Objection to DrKW retention, preparation of Debtors' response thereto, form of proposed order, affidavit of Ron Hutchison, services provided by DrKW since petition date(hours worked, number of professionals employed, specific projects) |
| 03/03/2002 | 0.2   | 2    | Internal meeting via telephone re: reply to trustee's objection  |
| 03/03/2002 | 1.4   | 1    | Review of Debtor Motion to Extend Exclusivity, plus preparation for possible Court testimony in support thereof  |
| 03/04/2002 | 0.7   | 1    | Conf call Ron Hutchison re preparation for Court hearing 3/6; for discussions with Official Committees re store closings and 2002 revised business/operating plan  |
| 03/05/2002 | 4.0   | 10   | Meeting at SASM&F in Chicago in preparation for testimony re final DIP order and Request for Extension of Time to Assume or Reject Unexpired Real Property Leases  |
| 03/05/2002 | 0.3   | 2    | Conf call Marc McDermott and Tina Tchen(SASM&F), Mike Wiles(Debevoise & Plimpton) and Katy Gleason(US Trustee) re Interim Order to be agreed pending Court determination re DrKW indemnification   |
| 03/05/2002 | 3.0   | 3    | Travel to Chicago In connection with 3/6 Omnibus Hearing   |
| 03/06/2002 | 0.6   | 10   | Conf call Ron Hutchison(Kmart) and Joseph Saad(JPMorgan Chase) re status of finalization of DIP financing; commitments received and allocated; and other changes of terms and conditions   |
| 03/06/2002 | 3.0   | 3    | Return from Chicago after attendance/testimony at Omnibus Hearing  |
| 03/06/2002 | 0.4   | 12   | Conf calls re Kmart Q4 results for testimony re extension of time to assume or reject unexpired real property leases   |
| 03/06/2002 | 3.0   | 10   | Meeting at SASM&F in Chicago re preparation for testimony in connection with motion for Final DIP Order and Motion to Extend Time to Assume or Reject Unexpired Leases on Real Property  |
| 03/08/2002 | 0.2   | 7    | to Chuck Conaway, CEO, re transition   |
| 03/09/2002 | 0.3   | 7    | to re Board meeting on 3/9; discussion re proposed management changes  |
| 03/09/2002 | 1.5   | 7    | Attendance at telephonic Board of Directors meeting  |
| 03/10/2002 | 0.2   | 7    | to Michael Freitag, Kekst, re press/PR plan for March 11 regarding management changes  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 03/11/2002 | 0.7   | 6    | Review of analysis re Penske Auto Centers, plus comments thereon  |
| 03/11/2002 | 0.5   | 7    | Conf call re materials for Board of Directors meeting 3/12 and Joint meeting of Creditors Committees 3/13   |
| 03/12/2002 | 1.0   | 6    | Meeting at Skadden Arps with Messrs Adamson, Hutchison, Day, Koch and Senger, plus Schwab(E&Y), Butler(Skadden) re Board discussion; issues for Creditors Committee meeting 3/13  |
| 03/12/2002 | 2.5   | 7    | Attendance at Kmart Board meeting   |
| 03/13/2002 | 3.0   | 6    | Meetings at Skadden NY offices with Messrs Adamson, Day, Hutchison, Koch, Stenger, Foster, Ms Kelley; Messrs Butler, Ivester and Durrer; Messrs Schwab and Weitz(E&Y) re operating plan for 2002; delineation of responsibilities among E&Y, Koch/Stenger; bids from liquidators; issues vs creditors   |
| 03/13/2002 | 4.0   | 5    | Meetings at Skadden NY offices with both official committees  |
| 03/14/2002 | 1.3   | 5    | Conf call among Messrs Hutchison, Stenger(Kmart), Ivester, Heistand and Durrer(SKadden), Schwab(E&Y) re responses to Committee of Financial Institutions positions with respect to confidentiality, rabbi trust, exclusivity, consignment rights, retention of counsel for Board members, appointment of equity committee   |
| 03/14/2002 | 0.2   | 6    | Review of Debtors' weekly financial update  |
| 03/15/2002 | 0.2   | 12   | tc Mark McDermott, SASM&F, re preparation of trial testimony re licensing agreements and exclusivity extension  |
| 03/17/2002 | 1.8   | 12   | Review of materials for motion to extend exclusivity as preparation of trial testimony  |
| 03/18/2002 | 0.4   | 12   | tc Ron Hutchison, Kmart, re Hearing Agenda, contacts by bondholders, extension of exclusivity   |
| 03/19/2002 | 3.0   | 3    | Travel to Chicago for court hearings  |
| 03/19/2002 | 4.0   | 12   | Meeting at Skadden Chicago re preparation for testimony re licensing agreements and store closings  |
| 03/19/2002 | 0.2   | 12   | tc Eric Ivester, SASM&F, re possible testimony at hearing March 20, 2002  |
| 03/19/2002 | 0.9   | 12   | Internal meeting re preparation of testimony for March 20, 2002 hearing   |
| 03/20/2002 | 3.0   | 12   | Meetings at Skadden to prepare for testimony re licensing agreements and store closings   |
| 03/20/2002 | 1.5   | 1    | Breakfast meeting with Ron Hutchison, Kmart, re development of revised operating plan, reporting format for monthly report to Trustee, materials for next Creditors Committees meeting  |
| 03/20/2002 | 5.0   | 12   | Attendance at Court for Hearing   |
| 03/21/2002 | 3.0   | 3    | Return to NY from Chicago   |
| 03/21/2002 | 1.5   | 2    | Attendance at Court re DrKW retention application   |
| 03/22/2002 | 2.0   | 1    | Conference call involving Messrs Koch, Hutchison, Kelley and Gluck (Kmart), Ivester, Durrer and Heistand (Skadden), Schwab and Weisz (E&Y), re status of filings for March 25 and April 15, preparation for Board meeting April 9, preparation for Joint Committee meeting on April 10, preparation for Exclusivity Hearing on April 24, timing and preparation for Sec. 341 meeting, timing for assumption or rejection of remaining licensing agreements, update on Penske Auto Centers |
| 03/22/2002 | 0.4   | 6    | Review of weekly borrowing base certificate, weekly financial certificate, draft of proposed monthly operating report for the period 1/22/02-2/27/02, plus comments thereon   |
| 03/26/2002 | 0.2   | 1    | Review of final draft Monthly Operating Report and SEC Form 8-K dated March 29, 2002  |
| 04/02/2002 | 0.3   | 5    | tc Ed Ordway, FTI/Policano & Manzo, re status, meeting of principals scheduled 4/4, outstanding issues  |
| 04/02/2002 | 0.5   | 5    | tc Harold Dietz, Bank of NY, re outstanding issues, management concerns, future directions  |
| 04/02/2002 | 0.8   | 5    | Review of materials regarding Kmart vendor relations improvements in preparation for meeting with trade creditor sub-committee  |
| 04/04/2002 | 0.2   | 6    | tc David Sweig, E&Y, re potential additional licensing opportunities for Kmart  |
| 04/04/2002 | 0.8   | 5    | Review of materials for presentation to joint meeting of creditors committees, plus comments thereon  |
| 04/05/2002 | 1.0   | 1    | Conf call among Debtors(Hutchison, Gluck), Skadden(Ivester, Heistand, Durrer), E&Y(Sweig) re presentation to joint committee meeting 4/10; preparation for Omnibus Hearing 4/24; status of 2002 operating budget; update on store closing sales; discussions with Penske  |
| 04/09/2002 | 3.0   | 5    | Dinner meeting with both Official Committees plus Messrs Koch, Stenger and Day and Ms. Kelley(Kmart), Messrs Butler and Durrer(SASM&F) re outstanding issues, materials to be presented to Committees 4/10; Penske litigation status  |
| 04/10/2002 | 9.0   | 5    | Meetings with both official creditors committees at SASM&F; presentation to joint session; meetings with Kmart management(Messrs Adamson, Day, Koch, Hutchison, Stanger), E&Y(Weisz), SASM&F(Butler, Durrer et al); status/issues for Omnibus Hearing April 23 and 24   |
| 04/11/2002 | 0.3   | 6    | tc Alan Cohen, Abacus, re status of GOB's, real estate disposition issues   |
| 04/12/2002 | 0.7   | 1    | Conf call among Kmart(Hutchison et. al), SASM&F(Ivester, Durrer et.al), E&Y(Weisz and Schwab)re preparation for Omnibus Hearing 4/23-24, update on Penske wind-down, update on store closing sales, update on licensing agreements  |
| 04/14/2002 | 1.1   | 1    | Conf call SASM&F(Ivester, Smith, Tchen, Durrer) re agenda for Hearing April 23/24; meeting proposed for 4/15 with Financial Institutions Committee re outstanding issues  |
| 04/15/2002 | 5.0   | 5    | Meeting with Financial Institutions Committee at offices of Jones, Day re outstanding issues, including extension of exclusivity, J.Alix agreement, KERF, employment contracts for certain key executives   |
| 04/15/2002 | 2.8   | 5    | Meeting at SASM&F with Messrs Adamson, Day, Koch, Ms Kelley, Messrs Butler and Ivester, re formulation of response to Financial Institutions Committee proposals/positions  |
| 04/15/2002 | 1.5   | 5    | Meeting at SASM&F(Butler, Ivester), Koch, Stanger, Hutchison, Kelley, re planning for meeting with Financial Institutions Committee   |
| 04/15/2002 | 0.4   | 5    | tc re: status, outstanding issues   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 04/17/2002 | 0.2   | 5    | tc Ron Hutchison re next steps; outstanding issues   |
| 04/17/2002 | 1.1   | 7    | Attendance at telephonic Board of Directors meeting  |
| 04/17/2002 | 0.5   | 5    | tc Harold Dietz, Bank of NY, re Financial Institutions Committee proposals; critical concerns of Kmart in respect thereof  |
| 04/17/2002 | 0.5   | 1    | Conf call following Board meeting(Messrs Butler, Ivester, Koch, Stanger, Day, Adamson and Ms Kelley, re negotiations with Financial Institutions Committee; next steps   |
| 04/17/2002 | 0.3   | 5    | tc re status; filing of schedules; outstanding issues  |
| 04/17/2002 | 0.4   | 5    | Conf call Messrs Butler, Ivester, Koch re discussion with Harold Dietz   |
| 04/18/2002 | 0.2   | 5    | Conf call Messrs Ivester and McDermott(SASM&F) re status of negotiations with Financial Institutions Committee re management contracts, exclusivity extension, rabbi trust, and preparation for hearings 4/23 and 24   |
| 04/18/2002 | 0.3   | 1    | Review of draft SEC Form 8-K, plus comments thereon  |
| 04/19/2002 | 1.2   | 1    | Conf call Messrs Koch, Stanger, Hutchison, Ms Kelley and Glock, Messrs Ivester, Durrer re operating plan development, 10- k filing, review of additional licensing agreements, meeting with management and advisors for Business Plan formulation  |
| 04/24/2002 | 1.0   | 5    | Breakfast meeting re: status of case   |
| 04/26/2002 | 1.5   | 1    | Weekly conference call among Kmart(Koch, Stanger, Hutchison, Kelley), Skadden(Ivester, Heistand et al.) re preparation for Section 341 meeting, update on 2001 financials and 10-K filing, status of 2002 operating budget, discussion of agenda for offsite meeting   |
| 04/26/2002 | 0.2   | 6    | tc re agenda for proposed offsite planning meeting   |
| 04/29/2002 | 0.3   | 7    | 3 tc's re Board meeting scheduled for 4/30 and offsite meeting re Business Plan  |
| 04/29/2002 | 0.2   | 7    | tc Ron Hutchison re Board meeting scheduled for 4/30; agenda; follow up meetings with Committees   |
| 04/30/2002 | 0.4   | 7    | Review of materials for Board presentation/meeting   |
| 05/01/2002 | 0.2   | 6    | tc Kathy Kress re agenda for off-site planning meeting   |
| 05/01/2002 | 0.9   | 5    | Review of presentation to Creditors at Section 341 meeting, plus comments thereon  |
| 05/01/2002 | 0.2   | 6    | tc Jack Butler, SASM&F, re agenda for meeting in Detroit   |
| 05/02/2002 | 0.5   | 5    | Review of list of possible areas of inquiry at the Section 341 meeting, plus comments thereon  |
| 05/03/2002 | 0.2   | 5    | tc Matt Bottica, Winston & Strawn, re possible investor interest in owned real estate  |
| 05/03/2002 | 1.2   | 6    | Conf call among Kmart(Hutchison, Kelley, et.al), Skadden(Ivester, Heistand et al) re preparation for May 9 Hearing, status of 2002 Operating Budget, preparation for Board and Committee meetings, update on consignment issues, discussion of rent renegotiation efforts, status report on licensing agreements, discussion of agenda for off-site strategy meeting   |
| 05/06/2002 | 0.3   | 6    | Conf call Jim Adamson, Jack Butler re agenda for off-site meeting in Detroit 5/7   |
| 05/07/2002 | 7.0   | 6    | Executive management/key advisors off-site meeting and strategy session in Birmingham, MI involving Messrs Adamson, Day, Koch, Stanger, Hutchison and Ms. Kelley(Kmart), Jack Butler, Eric Ivester and Lynn Helstand(SASM&F), re assessment of chapter 11 first 100 days, 2002 operating budget, primary needs to be addressed, strategic partners, discussion of chapter 11 exit strategies, business plan development, coordination of advisors' roles |
| 05/07/2002 | 0.4   | 6    | Meeting re: current Kmart bondholders  |
| 05/07/2002 | 4.0   | 3    | Travel to/from Birmingham, MI re executive management/key advisors off-site meeting  |
| 05/08/2002 | 1.4   | 6    | Review of draft 2002 Operating Plan, plus comments thereon   |
| 05/09/2002 | 1.2   | 6    | Review of revised 2002 Operating Budget, plus comments thereon; preparation of Summary of Key Issues   |
| 05/09/2002 | 0.3   | 5    | tc Ron Hutchison re bondholder/ preferred shareholder contacts and follow up   |
| 05/10/2002 | 0.7   | 6    | Conf call with Messrs Stanger and Leonard re 2002 Operating Plan   |
| 05/10/2002 | 0.3   | 6    | tc Ron Hutchison re 2002 Operating Plan; comments for Board meeting  |
| 05/10/2002 | 1.3   | 6    | Weekly conf call among Kmart(Koch, Hutchison, Kelley, Leonard), SASM&F(Ivester, Heistand, Durrer) re preparation for meetings week of May 13(Board, Joint Committees, Vendors, Fee Review), 2002 Operating Budget, 10 K filing update  |
| 05/10/2002 | 0.3   | 5    | tc Bill Crowley, ESL Capital, re status; reported statement by Al Koch re Michigan subsidiary; investment interest   |
| 05/10/2002 | 1.5   | 6    | Conf call Ted Stanger, Larry Leonard, Eric Ivester re 2002 Operating Plan  |
| 05/10/2002 | 0.3   | 6    | tc Ted Stanger re 2002 Operating Plan  |
| 05/10/2002 | 0.9   | 6    | Internal meeting re 2002 Operating Plan  |
| 05/12/2002 | 0.9   | 5    | Review of revised draft of 2002 Operating Plan, plus comments thereon  |
| 05/12/2002 | 1.2   | 5    | Review of draft of materials to be presented to Joint Meeting of Creditors May 15, 2002, plus comments thereon   |
| 05/13/2002 | 0.8   | 7    | Review of materials to be presented to Kmart Board 5/14  |
| 05/13/2002 | 0.1   | 5    | Review of due diligence list submitted by Policano & Manzo to Kmart  |
| 05/13/2002 | 0.5   | 7    | Preparation and review of materials to be presented to Board by DrKW on 5/14/02  |
| 05/13/2002 | 0.3   | 5    | tc Ted Stanger re presentation materials for Joint Meeting of Creditors 5/15; revisions to prior draft   |
| 05/14/2002 | 3.5   | 7    | Attendance at Kmart Board of Directors meeting   |
| 05/14/2002 | 3.0   | 5    | Dinner meeting with Kmart(Messrs Day, Koch, Stanger, Hutchison, Ms Kelley, et. al.), members of Creditors and Financial Institutions Committee   |
| 05/15/2002 | 3.5   | 5    | Joint Committee Meeting in New York  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 05/16/2002 | 0.7   | 6    | Review of analysis re additional licensing agreements to be assumed, plus comments thereon  |
| 05/17/2002 | 1.3   | 6    | Weekly all-hands conference call among Kmart(Hutchison, Kelley, Gluck), SASM&F(Ivester, Heistand, McDermott, Durrer) re preparation for May 29 Omnibus Hearing, rent concession negotiations, Universal consignment issues, Joint Fee Review Committee status, claims resolution process, Chiat Day, topics for presentation at future Joint Committee meetings |
| 05/23/2002 | 0.8   | 1    | Weekly Advisors Conference Call   |
| 05/23/2002 | 0.3   | 6    | Review of analysis of supply agreement  |
| 05/28/2002 | 0.4   | 6    | Review of materials/handouts to be distributed to participants at May 7th off-site meeting  |
| 05/29/2002 | 0.2   | 6    | to Lynn Hiestand, SASM&F, re Hearing agenda/status; Equity Committee  |
| 05/31/2002 | 1.3   | 6    | Weekly restructuring call w/ Skadden (Heistand, Durrer, Wexler) and Kmart (Koch, Kelley, Hutchison, Gluck, Morrow)  |
| 06/03/2002 | 1.0   | 6    | Conference call w/ Kmart (Koch and Hutchison) and Skadden (Butler) re: request for store-level data   |
| 06/04/2002 | 0.4   | 11   | Review of April Business review, including Statement of Operations, cash and liquidity, sales by category   |
| 06/05/2002 | 0.8   | 6    | 4 to re supply agreement, June 17 Strategy session, store P&L information   |
| 06/05/2002 | 0.7   | 5    | Conf call Agnes Levy(JPMChase), Mike Policano and Ed Ordway(P&M), Al Koch and Ron Hutchison(KM) re discussion of detailed store level data to support 2002 Budget/Operating Plan  |
| 06/06/2002 | 1.2   | 5    | Review of presentational materials for Organizational Meeting of Official Committee of Equityholders, plus comments thereon   |
| 06/07/2002 | 1.3   | 6    | Weekly conf call among Kmart (Koch, Hutchison, Kelley, Gluck); SASM&F(Ivester, Durrer) re review of presentations to Equity Committee and Joint Committee; discussion of open real state matters; update on licensing agreements; report on discussions with Penske replacement   |
| 06/09/2002 | 0.1   | 6    | Review of 2001 program for evaluating store management  |
| 06/10/2002 | 1.2   | 1    | Conf call among Messrs Butler(SASM&F), Koch and Hutchison re pending matters; presentation to equityholders committee; Board and Creditor Committees meetings agendas; earnings releases; future off-site meetings; Investigation summary presentation to Committees  |
| 06/10/2002 | 1.0   | 1    | Weekly Restructuring Call w/ Skadden (Butler) and Kmart (Koch and Hutchison)  |
| 06/10/2002 | 0.8   | 7    | Review of materials to be presented to Kmart Board of Directors   |
| 06/11/2002 | 5.0   | 7    | Attendance at Kmart Board of Directors meeting  |
| 06/12/2002 | 3.5   | 5    | Attendance at joint committee meeting on June 11; meeting with finance committee re: request for store-level data   |
| 06/13/2002 | 2.0   | 6    | Meeting re: supply agreement  |
| 06/17/2002 | 1.6   | 1    | Weekly restructuring call w/ Kmart (Koch, Hutchison, and Kelley) and Skadden (Butler) r   |
| 06/17/2002 | 0.6   | 6    | Review of proposed supply agreement, plus comments thereon  |
| 06/17/2002 | 0.3   | 6    | Review of issues regarding amendment to pharmacy agreement, plus comments thereon   |
| 06/19/2002 | 0.2   | 5    | Discussion re store level data for Financial Institutions Committee   |
| 06/19/2002 | 0.2   | 6    | Review of suggested language changes in supply contract   |
| 06/19/2002 | 0.3   | 5    | Review of information request by Financial Institutions Committee re store level data   |
| 06/19/2002 | 0.2   | 5    | to Al Koch, Kmart, re information request for store level data by Financial Institutions Committee; set up 6/20 conference call to discuss  |
| 06/20/2002 | 0.4   | 5    | to ESL Capital re status; next steps; current outstanding issues  |
| 06/20/2002 | 0.8   | 5    | Conf call Al Koch, Kmart, re response to information request list from Financial Institutions Committee; next steps   |
| 06/21/2002 | 0.5   | 5    | Review of Financial Institutions Committee motion to modify previous order authorizing payment of wages and employee benefits to certain former management  |
| 06/21/2002 | 0.4   | 1    | Conference call Skadden(Ivester, Durrer, Heistand) re preparation for Omnibus Hearing 7/24; update on Equity Committee; other near term issues  |
| 06/21/2002 | 0.4   | 5    | Review of Financial Institutions Committee's Objection to payment of certain consignment claims   |
| 06/22/2002 | 1.4   | 5    | Preparation of letter to Financial Institutions Committee in response to information request re store level data  |
| 06/24/2002 | 0.2   | 5    | Review of Limited Objection of Official Committee of Unsecured Creditors re pre-petition claims of consignment vendors  |
| 06/25/2002 | 0.8   | 6    | Conf call Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler(SASM&F) re key near term issues; preparation for Hearings 6/26; update on Equity Committee; response to Financial Institutions Committee re store level data   |
| 06/25/2002 | 0.4   | 5    | Revisions to response letter to Financial Institutions Committee  |
| 07/09/2002 | 1.5   | 6    | Conf call Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler(SASM&F) re 7/24 Hearing agenda, exclusivity extension, recent financial performance, store closing analysis discussions with Financial Institutions Committee, planning meeting in Detroit 7/29  |
| 07/10/2002 | 0.7   | 6    | Review of proposal from Melneke re sublease of certain real estate locations formerly occupied by Penske Auto Centers   |
| 07/10/2002 | 0.5   | 5    | to Ron Hutchison re breakfast meeting 7/16 with Chairman of Equity Committee; agenda  |
| 07/12/2002 | 1.4   | 5    | Review of draft presentation to all three official committees for meetings July 16 and 17, 2002, plus comments thereon  |
| 07/15/2002 | 0.3   | 5    | Conf call with Ron Hutchison re information request by Financial Institutions Committee   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 07/15/2002 | 0.2   | 5    | to Jack Butler(SASM&F) re information request of Financial Institutions Committee  |
| 07/15/2002 | 0.2   | 5    | to Ron Hutchison re meeting with Chair of Equity Committee   |
| 07/16/2002 | 3.0   | 7    | Attendance at Kmart Board of Directors meeting   |
| 07/16/2002 | 2.5   | 5    | Attendance at Equity Committee meeting   |
| 07/16/2002 | 2.5   | 5    | Attendance at dinner meeting with Equity Committee and Creditors Committee   |
| 07/17/2002 | 3.0   | 5    | Attendance at Joint meeting of Official Committees   |
| 07/17/2002 | 1.5   | 5    | Meeting with Committee Chair, KPMG and Glenn Rice(Otterbourg firm), Ron Hutchison re store level data, format, timing; Information for next creditors meeting  |
| 07/18/2002 | 1.3   | 11   | Conf call Al Koch, Ted Stenger and Glenn Rice re accounting for inventory adjustments; merchandise allowances  |
| 07/21/2002 | 1.6   | 12   | Review of materials for testimony at 7/24 Hearing re assumption of Route 66 licensing agreement  |
| 07/22/2002 | 1.5   | 12   | Review of materials for testimony at 7/24 Hearing re extension of exclusivity  |
| 07/22/2002 | 0.4   | 12   | Internal to re testimony regarding Route 66 licensing agreement  |
| 07/22/2002 | 0.5   | 6    | Review of agenda for 7/29 strategy meeting, plus comments thereon  |
| 07/22/2002 | 0.3   | 4    | to Hirsch Klaff re possible real estate transactions   |
| 07/23/2002 | 3.0   | 12   | Travel to Chicago for Omnibus Hearing  |
| 07/23/2002 | 2.5   | 12   | Dinner meeting at SASM&F in Chicago with Chuck Smith, Mark McDermott, Van Durrer(SASM&F), Ron Hutchison and Janet Kelley(Kmart) re preparation for Hearing re extension of exclusivity, assumption of Route 66 license   |
| 07/24/2002 | 2.5   | 12   | Attendance at Court Hearing re extension of exclusivity and assumption of Route 66 license   |
| 07/24/2002 | 3.0   | 12   | Return travel from Chicago   |
| 07/25/2002 | 1.0   | 6    | Internal meeting re preparation of materials for strategy meeting on 7/29 in Detroit, meeting with Financial Institutions Committee on 7/30 in Detroit   |
| 07/28/2002 | 0.5   | 6    | Internal meeting re preparation of materials for meeting with Financial Institutions Committee   |
| 07/26/2002 | 1.0   | 5    | to Eddie Lampert, ESL Capital, re status; restructuring options; timetable   |
| 07/29/2002 | 5.0   | 6    | Strategy session in Detroit involving Kmart(Adamson, Day, Koch, Hutchison, Kelley), Skadden Arps(Butler, Heistand) re store base performance, liquidity and trade credit, development of long-term business plan, exit strategy planning, relationship with statutory committees |
| 07/29/2002 | 2.5   | 3    | Travel to Detroit/Birmingham for strategy and creditors meetings   |
| 07/29/2002 | 3.0   | 6    | Dinner meeting with Messrs Day and Hutchison and Ms. Heistand(SASM&F) re preparation for 7/30 meeting with Financial Institutions Committee  |
| 07/30/2002 | 8.0   | 10   | Meetings with Messrs Koch, Stenger, Gooch, Zaleckie, plus dinner meeting with Stenger re preparation of financial analysis for presentation to JPMChase re proposed amendments to DIP loan   |
| 07/31/2002 | 1.0   | 10   | Meeting with Messrs Adamson, Day, Koch, Stenger, Hutchison re preparation for meeting with JPMChase regarding proposed amendment to DIP financing  |
| 07/31/2002 | 3.5   | 10   | Meeting at Kmart among Messrs. Adamson, Day, Koch, Stenger, Hutchison, Gooch et.al.(Kmart), Messrs Repko, Saad and Holmes(JPMChase) re proposed amendment to outstanding DIP financing   |
| 07/31/2002 | 2.5   | 3    | Return from Detroit  |
| 07/31/2002 | 0.3   | 5    | to Jeff Aronson, Angelo Gordon & Co., re status; business performance; asset sales; timetable  |
| 08/01/2002 | 0.4   | 5    | to Paul Traub, Counsel to Equity Committee re status; store level data; role of Ron Burkle in exit strategy  |
| 08/01/2002 | 0.5   | 10   | Conf call with Jim Gooch, Kmart, re preparation of revised projections for 2003/04 re proposed DIP loan amendment  |
| 08/01/2002 | 0.4   | 10   | to Ron Hutchison, Kmart, re preparation of materials and analysis regarding proposed DIP loan amendment  |
| 08/02/2002 | 0.2   | 10   | Review memo from Ron Hutchison re discussion with JPMChase regarding proposed amendment to DIP loan, plus response thereto   |
| 08/02/2002 | 1.6   | 10   | Review of revised DIP projections, plus comments thereon   |
| 08/02/2002 | 0.7   | 10   | Conf call Ted Stenger and Jim Gooch(Kmart) regarding revised DIP loan projections  |
| 08/02/2002 | 0.2   | 10   | to Jim Gooch, Kmart, regarding latest draft of DIP loan projections  |
| 08/02/2002 | 0.5   | 10   | Review of latest draft of revised DIP loan projections, plus comments thereon  |
| 08/05/2002 | 0.6   | 10   | Conf call Al Koch, Ted Stenger, Ron Hutchison(Kmart), Bill Repko, Joe Saad(JPMChase) re DIP loan amendment   |
| 08/05/2002 | 0.3   | 10   | Conf call Al Koch, Ted Stenger, Ron Hutchison re DIP loan amendment, next steps  |
| 08/05/2002 | 0.2   | 6    | Review of flash report for week ended 7/24/02  |
| 08/05/2002 | 2.0   | 5    | Meeting at MBLCo. with Edward Lampert and Bill Crowley of ESLInvestments re status, timetable for emergence, key operating and financial issues, next steps  |
| 08/06/2002 | 0.5   | 10   | Review of materials prepared by JPMChase re DIP loan amendment   |
| 08/06/2002 | 0.4   | 4    | Review of draft "teaser" re proposed sale of Bluelight.com and timetable, plus comments thereon  |
| 08/06/2002 | 0.7   | 10   | Conf call Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler and Eric Ivester(SASM&F) re preparation for August 29th Omnibus Hearing; DIP loan amendment   |
| 08/06/2002 | 1.8   | 10   | Review of draft of presentation to DIP lenders, plus comments thereon  |
| 08/06/2002 | 0.5   | 10   | to re comments to presentation to DIP lenders  |
| 08/07/2002 | 0.4   | 10   | Review of latest draft of presentation to DIP lenders, plus comments thereon   |
| 08/07/2002 | 1.2   | 10   | Conference call w/ Kmart (Stenger, Hutchison, Zielecki and Gluck) and SASM&F (Durrer, Kolin, Frishman, and Wexler) re: DIP amendment   |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 08/08/2002 | 0.3   | 6    | Review of term sheet relating to supply agreement, plus comments thereon   |
| 08/08/2002 | 3.4   | 10   | Review of draft Third Amendment to Revolving Credit and Guaranty Agreement, draft revised Revolving Credit and Guaranty Agreement and draft Third Amendment Fee Letter from JPMChase, plus comments thereon  |
| 08/08/2002 | 1.2   | 10   | Conf call Koch, Hutchison, Stenger, Glock(Kmart), Ivester, Durrer et. al.(SASM&F) re page by page review of draft revised DIP loan agreements  |
| 08/08/2002 | 0.1   | 12   | to Jack Butler, SASM&F, re need for testimony for DIP loan amendment on 8/29   |
| 08/12/2002 | 0.7   | 10   | Conf call RonHutchison(Kmart), David Kolin et.al.(Skadden) re review of latest draft of Third Amendment Commitment Letter, Increase Fee Letter and Summary of Major Terms of Proposed Third Amendment to DIP loan  |
| 08/12/2002 | 0.5   | 10   | Review of latest draft of presentation to DIP lender group, plus comments thereon  |
| 08/13/2002 | 1.0   | 10   | Conf call Koch, Stenger, Hutchison, Kelley(Kmart), Butler and Ivester(SASM&F) re 8/29 Hearing agenda, DIP loan amendment and increase, Board meeting preparation   |
| 08/13/2002 | 0.3   | 10   | Conf call Koch, Hutchison, Kelley(Kmart) and Joe Saad, JPMChase re DIP loan amendment; conference call with Lenders  |
| 08/13/2002 | 1.7   | 10   | Conference call with DIP Lenders re amendment and possible commitment increase   |
| 08/13/2002 | 0.4   | 10   | Conf call Koch, Stenger, Hutchison, Kelley(Kmart), Ivester(SASM&F) re Motion to be filed in connection with DIP amendment for 8/29 Hearing   |
| 08/13/2002 | 0.4   | 10   | Review of final presentation materials for DIP Lenders conference call   |
| 08/13/2002 | 1.2   | 10   | Review and comments on draft Motion to Approve Amendment to DIP loan, plus accompanying press release  |
| 08/14/2002 | 1.5   | 10   | Luncheon meeting with Bill Repko, JPMorganChase, re DIP loan amendment and commitment increase; feedback from Lenders' meeting 8/13/02; status of syndication  |
| 08/15/2002 | 1.5   | 6    | Luncheon meeting with Abacus(Messrs Cohen, Heine, Corrigan) re analysis of store leases; store P&L information; analysis of real estate  |
| 08/15/2002 | 0.3   | 10   | Conf call re reconciliation of reported cash balances  |
| 08/15/2002 | 0.5   | 10   | Conf call Ted Stenger and Ron Hutchison re reconciliation of reported cash balances  |
| 08/20/2002 | 0.4   | 10   | to Eric Ivester, SASM&F, re DIP Amendment  |
| 08/21/2002 | 0.6   | 10   | Conf call Adamson, Day, Koch, Stenger, Gluck(Kmart), Butler, Ivester et.al(SASM&F), Saad and Coreo(JPMChase)re DIP loan amendment  |
| 08/23/2002 | 0.5   | 10   | DIP Amendment  |
| 08/26/2002 | 2.8   | 5    | Review of motion of certain bondholders for 2004 examination of various documents and information, and preliminary papers re Kmart of Michigan   |
| 08/28/2002 | 0.6   | 5    | to Eric Ivester, SASM&F, re meetings with bondholders, substantive consolidation issues  |
| 08/28/2002 | 1.4   | 5    | Conf call Al Koch, Janet Kelley, Ron Hutchison(Kmart), Jack Butler, Eric Ivester(SASM&F), re asset sales, meetings with bondholders re substantive consolidation issues, tax questions, latest forecasts   |
| 09/01/2002 | 0.9   | 4    | Review of term sheet relating to agreement in principle for acquisition of BlueLight.com ISP business, plus comments thereon   |
| 09/03/2002 | 1.5   | 5    | Meeting at offices of Simpson, Thacher & Bartlett involving Al Koch, Ron Hutchison(Kmart), Eric Ivester and Lynn Hiestand(SASM&F), and members of the senior lending group(JPMChase, Bank of New York, Fleet Bank and Comerica) plus counsel re Kmart of Michigan intercompany loan and related issues |
| 09/03/2002 | 2.8   | 5    | Meeting at SASM&F with Ron Hutchison(KMart), Jack Butler and Eric Ivester(SASM&F), Edward Lampert and Bill Crowley(ESL Capital)and Scott Charles(Wachtell Lipton) re confidentiality agreement; potential to join Financial Institutions Committee, bondholder issues                                  |
| 09/04/2002 | 0.9   | 6    | Conf call Al Koch, Ron Hutchison, Janet Kelley(Kmart), Eric Ivester(SASM&F) re results of 8/29 Hearing; discussion about meetings with banks and bondholders 9/3; Thalia license approval process; store profitability analysis  |
| 09/04/2002 | 0.3   | 10   | to re possible alternative trade/vendor financing method; Thalia license analysis  |
| 09/04/2002 | 0.7   | 10   | Conf call Ms Sherril Levine and Sonia Gardner of AMROC, re vendor credit program   |
| 09/05/2002 | 0.4   | 5    | to Eric Ivester, SASM&F, re proposed confidentiality agreement for bondholder  |
| 09/06/2002 | 0.4   | 6    | to Ron Hutchison, Kmart, re status; store profitability analysis   |
| 09/08/2002 | 0.5   | 5    | to Edward Lampert, ESL Capital, re confidentiality agreement; open issues  |
| 09/06/2002 | 0.4   | 5    | Conf call Eric Ivester(SASM&F) and Ron Hutchison(Kmart) re confidentiality agreement discussions with major creditor   |
| 09/06/2002 | 0.4   | 6    | to re distribution and supply chain management issues  |
| 09/10/2002 | 0.9   | 6    | Conf call Kmart Restructuring Committee, including Koch, Hutchison, Kelley, Butler and Ivester(SASM&F) re Board and Committee presentations, discussion of SuperK stores, supply chain management, confidentiality agreement with bondholder   |
| 09/10/2002 | 0.8   | 6    | Internal meeting re SuperK store analysis; Fleming status; next steps  |
| 09/11/2002 | 0.8   | 6    | to Julian Day, Kmart, re SuperK stores, prospects for food business  |
| 09/11/2002 | 0.3   | 5    | to Ron Hutchison, Kmart, re new bondholder members of the Financial Institutions Committee   |
| 09/12/2002 | 0.3   | 5    | Review of latest draft of bondholder confidentiality agreement, plus comments thereon  |
| 09/12/2002 | 0.6   | 6    | Review of Kmart weekly reporting package   |
| 09/12/2002 | 0.4   | 5    | to Tom Kitchler, OneEquity Partners, re status and investment possibilities  |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 09/13/2002 | 0.8   | 6    | Internal meeting to discuss store rationalization  |
| 09/17/2002 | 4.5   | 7    | Attendance at Kmart Board meeting  |
| 09/17/2002 | 3.5   | 5    | Attendance at meeting of Equity Committee  |
| 09/17/2002 | 2.0   | 5    | Dinner meeting with members of the Creditors Committee and Equity Committee, together with Messrs Day, Koch, Stenger, Hutchison and Ms Kelley(Kmart), Messrs Butler and Ivester and Ms Hiestand  |
| 09/18/2002 | 2.5   | 5    | Attendance at joint creditors committee meeting  |
| 09/18/2002 | 1.0   | 5    | Meeting with Financial Institutions Committee, Kmart(Adamson, Day, Koch, Stenger, Hutchison), SASM&F(Butler, Ivester) re outstanding issues, exit strategy, Board matters  |
| 09/18/2002 | 1.5   | 5    | Meeting with Creditors Committee re outstanding issues, exit strategy, investigation process, compensation of executives   |
| 09/18/2002 | 2.8   | 6    | Meetings with Kmart(Adamson, Day, Koch, Stenger, Hutchison, Kelley), SASM&F(Butler, Ivester, Hiestand, Durrer, Smith) re preparation for creditor meetings; business plan development; exit strategy; litigation; meeting with bondholders                           |
| 09/19/2002 | 0.7   | 6    | Conf call re business plan development; preparation of timetable/work plan for meeting 9/27  |
| 09/20/2002 | 0.4   | 5    | to Barbara Scholl, Merrill Lynch, re status; new committee role; process   |
| 09/20/2002 | 0.4   | 6    | Conf call with Jack Butler(SASM&F) re information distribution and follow up to bondholder members of Financial Institutions Committee   |
| 09/20/2002 | 0.7   | 5    | to Brandon Stranzl, Third Avenue Fund, re status, timetable; information flow  |
| 09/20/2002 | 0.4   | 6    | to Al Koch, Kmart, re meeting in NY on 9/27 re business plan development   |
| 09/23/2002 | 0.8   | 6    | Conf call/meeting at Kmart with Julian Day, Lynn Hiestand(SASM&F) re Fleming agreements  |
| 09/24/2002 | 1.4   | 6    | Conf call Koch, Hutchison, Kelley(Kmart), Ivester(SASM&F) re development of business plan and projections; real estate issues; store closing analysis; meetings with bondholders; time and responsibility schedule   |
| 09/24/2002 | 0.4   | 6    | to re business plan development; time and responsibility schedule; bondholder input  |
| 09/25/2002 | 0.4   | 6    | to re development of master T&R schedule; development of business plan   |
| 09/28/2002 | 0.3   | 5    | to Paul Traub re status; equity committee issues   |
| 09/27/2002 | 2.0   | 6    | Meeting at Skadden with Jim Adamson, Julian Day, Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler and Eric Ivester(SASM&F) re exit strategy; timetable; development of business plan; bondholder issues  |
| 09/27/2002 | 2.5   | 5    | Meeting at Skadden with Jim Adamson, Julian Day, Al Koch, Ron Hutchison, Janet Kelley(Kmart), Jack Butler and Eric Ivester(SASM&F), Eddie Lampert and Bill Crowley(ESL Capital) and Scott Charles(WLR&K) re exit strategy, development of business plan, exit timing |
| 09/30/2002 | 0.3   | 5    | to Janice Stanton, Contrarion Fund, re status; business prospects; timing  |
| 10/02/2002 | 0.4   | 5    | to Eric Ivester, SASM&F, re response to FIC letter, information flow, preparation for meeting with Creditors   |
| 10/03/2002 | 0.4   | 5    | to Ron Hutchison, Kmart, re business plan development, meetings with Creditors Committees, bondholder developments   |
| 10/03/2002 | 0.2   | 5    | to Ken Abdallah, Equity Committee, re status; set up meeting   |
| 10/03/2002 | 0.8   | 6    | to Al Koch, Kmart, re development of Business Plan, meetings with bondholders, timetable for emergence   |
| 10/03/2002 | 0.5   | 5    | to Brandon Stranzl, Third Avenue Fund, re status; work in progress; timetable for exit   |
| 10/06/2002 | 0.6   | 6    | Review of Cardinal contract, cost of goods benefit analysis, plus comments thereon   |
| 10/06/2002 | 0.5   | 6    | Review of Fleming outline of proposed revision to distribution agreement   |
| 10/06/2002 | 0.3   | 5    | Review of Debtor's Motion to Approve Settlement Agreement with Universal   |
| 10/07/2002 | 0.7   | 4    | Internal meeting re Bluelight.com sale process, next steps   |
| 10/08/2002 | 0.1   | 5    | Review of Jones Day letter re FTI due diligence process  |
| 10/08/2002 | 0.3   | 5    | to Scott Hazen, Otterberg, re status; press reports; operating results; bondholder expectations  |
| 10/08/2002 | 1.3   | 6    | Conf call Janet Kelley, Ron Hutchison(Kmart), Eric Ivester, Lynn Hiestand(SASM&F) re Board meeting agenda and presentation material; Joint Creditor Committees and Equity Committee meetings and presentation materials; FOR development                             |
| 10/08/2002 | 0.3   | 5    | to Glen Rice, Otterberg, re timetable for exit; vendor issues; exit financing; Creditor Committee meeting 10/16  |
| 10/08/2002 | 0.4   | 4    | to re Bluelight.com sale process   |
| 10/08/2002 | 0.4   | 5    | to Agnes Levy, Financial Institutions Committee, re process, information flow, Bluelight.com sale process, timetable for exit  |
| 10/08/2002 | 0.2   | 5    | to Glen Rice and Scott Hazen, Otterberg, re Bluelight.com sale process, business plan development and timing, creditors meeting in Detroit 10/16   |
| 10/08/2002 | 0.3   | 5    | to Jeff Wertheim, Bay Harbor Management, re status, food and Fleming issues per NY Times article   |
| 10/09/2002 | 0.3   | 5    | to Eric Ivester, SASM&F, re Financial Institutions Committee meeting 10/16; discussions with bondholders; development/timetable for business plan  |
| 10/13/2002 | 1.9   | 6    | Review of store base analysis, plus comments thereon   |
| 10/13/2002 | 1.1   | 7    | Review of draft Board of Directors presentation materials, plus comments thereon   |
| 10/14/2002 | 0.6   | 4    | Review of Motion for Order Approving sale of Bluelight.com   |
| 10/14/2002 | 1.5   | 6    | Conf call Adamson, Day, Koch, Kelley, Hutchison, Gooch re store base analysis, business plan development   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 10/14/2002 | 1.8   | 5    | Review of materials for presentation to Equity Committee and Joint Meeting of Creditors Committees, plus comments thereon   |
| 10/14/2002 | 2.5   | 3    | Travel to Troy, MI re Board and Creditors Committees meetings   |
| 10/15/2002 | 2.5   | 7    | Attendance at Kmart Board of Directors meeting  |
| 10/15/2002 | 2.5   | 5    | Attendance at Equity Committee meeting  |
| 10/15/2002 | 2.5   | 6    | Internal strategy meeting at Kmart involving Adamson, Day, Koch, Stenger, Gooch, Kelley(Kmart), Butler, Ivester(Skadden) re exit strategy and timetable for emergence; store base analysis; alternatives to stand-alone plan; Fleming/food/distribution issues                    |
| 10/15/2002 | 3.0   | 5    | Attendance at dinner meeting with Creditors and Equity Committees and Kmart management  |
| 10/16/2002 | 1.2   | 6    | Meeting at Kmart with Adamson, Day, Koch, Hutchison, Kelley, Stenger(Kmart), Ivester and Hiestand(SASM&F) re preparation for joint meeting with creditors committees  |
| 10/16/2002 | 2.5   | 5    | Attendance at joint meeting of creditors committees   |
| 10/16/2002 | 3.0   | 5    | Visit with creditor committees to Kmart "store of the future"   |
| 10/16/2002 | 2.8   | 5    | Meeting at Kmart involving Koch, Hutchison(Kmart), Ivester(SASM&F), Eddie Lampert and Bill Crowley(ESL Capital), Scott Charles(WLR&K) re exit strategy and timing; cash requirements; business plan development; exit financing   |
| 10/16/2002 | 1.6   | 6    | Dinner meeting re business plan process; store base analysis; exit strategy and timing; alternatives to stand-alone plan  |
| 10/17/2002 | 0.2   | 5    | to Steven Freidheim, Och-Ziff, re status; timing of exit  |
| 10/17/2002 | 2.5   | 3    | Return from Troy, MI  |
| 10/20/2002 | 0.4   | 5    | to Ron Hutchison, Kmart, re proposed conference call with certain bondholders re status; negotiation process; POR development   |
| 10/20/2002 | 0.3   | 6    | Response memo to Eric Ivester re meeting with members of Statutory Committees re resolution of certain legal/structure issues; proposed changes to draft press release re exit timing   |
| 10/20/2002 | 0.2   | 6    | Review of Kmart Weekly Business Summary for the period ended 10/16/02(week 37)  |
| 10/20/2002 | 0.4   | 6    | Review of Term Sheet Relating to Amended and Restated Distribution Agreement with Fleming, plus comments thereon  |
| 10/21/2002 | 0.3   | 5    | to Ron Hutchison, Kmart, re exit strategy, resolution of certain inter-creditor issues, proposed meeting on Thursday, conference call 10/21   |
| 10/21/2002 | 1.3   | 5    | Conf call Ron Hutchison, Kmart, Eddie Lampert, ESL, re exit strategy, valuation, pension obligations, intercompany guarantees   |
| 10/22/2002 | 0.3   | 1    | to Janet Kelley, Kmart, re NYSE listing issues  |
| 10/23/2002 | 0.3   | 5    | to Eric Ivester, SASM&F, re meetings with advisors to creditors re intercreditor issues; guarantees; plan negotiations  |
| 10/25/2002 | 0.4   | 5    | to Ron Hutchison, Kmart, re discussions with ESL, meetings with creditors; store lease analysis; strategy meeting   |
| 10/25/2002 | 0.4   | 5    | to Eddie Lampert, ESL, re meeting with principals on FIC, re possible exit strategy, allocation matrix; exit financing  |
| 10/25/2002 | 0.5   | 5    | Meeting with Ward Mooney, Fleet Retail, re exit strategy, timing, and financing facility  |
| 10/28/2002 | 0.2   | 5    | Review of prepetition banks' Motion opposing sale of Bluelight.com, and/or segregation of sale proceeds   |
| 10/28/2002 | 0.7   | 6    | Conf call Adamson, Koch, Hutchison(Kmart), Butler, Ivester, Hiestand(SASM&F), re exit strategy, completion of store base and store leasing analyses, prepetition banks' opposition to Bluelight.com sale, role of equity committee going forward, continuing discussions with ESL |
| 10/31/2002 | 0.5   | 4    | to re initiation of market testing process with potential strategic and financial buyers  |
| 11/01/2002 | 0.4   | 6    | to re store base analysis; management meeting in Troy, MI on 11/6; finalization of business plan; guarantee issues.   |
| 11/01/2002 | 0.3   | 5    | to Jonathan Rosenthal, Saybrook Capital, re status of store base analysis and Business Plan; capex requirements; next steps   |
| 11/03/2002 | 0.6   | 6    | Review of draft plan recovery analysis and sensitivity based on allowed claims and various seniority hypotheses   |
| 11/04/2002 | 0.3   | 6    | to Eric Ivester, SASM&F, re internal strategy calls, meetings with creditors  |
| 11/04/2002 | 0.5   | 6    | Conf call Adamson, Day, Koch, Kelley, Hutchison(Kmart), Ivester, Hiestand(SASM&F) re meetings between certain bondholders and creditors committee; strategy session 11/6; market soundings re potential investors in Plan   |
| 11/04/2002 | 0.3   | 4    | to re approaches to certain financial/strategic investors   |
| 11/05/2002 | 1.1   | 6    | Conf call Koch, Hutchison, Kelley(Kmart), Ivester(SASM&F) re October "flash" results, store base analysis, agenda for 11/19 Hearing, meetings with creditors  |
| 11/05/2002 | 0.3   | 6    | to re store closing analysis; Fleming agreement   |
| 11/06/2002 | 1.3   | 10   | Breakfast meeting with Bill Repko, JPMChase, re exit financing under POR  |
| 11/06/2002 | 0.8   | 6    | Review of Phase II Preliminary Store Closing Analysis, plus comments thereon  |
| 11/06/2002 | 0.4   | 6    | Conf call re store closing analysis   |
| 11/06/2002 | 2.0   | 6    | Meeting/conf call among Adamson, Day, Koch, Hutchison, Kelley, Jelinek, Gooch(Kmart), Hiestand(SASM&F) re review/discussion of preliminary store closing analysis   |
| 11/07/2002 | 1.3   | 7    | Conf call Koch, Hutchison, Kelley(Kmart), Ivester and Friedman(SASM&F) re preparation of agenda and materials for Nov.12th Board meeting; Nov.13th meeting with statutory committees  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 11/10/2002 | 1.4   | 7    | Review of Board of Directors book in preparation for Board meeting 11/12  |
| 11/10/2002 | 2.3   | 5    | Review of draft presentation to Statutory Committees for Committee meetings 11/12 and 11/13, plus comments thereon  |
| 11/11/2002 | 0.4   | 6    | Internal meeting re store closing analysis and business plan  |
| 11/12/2002 | 6.1   | 7    | Attendance at Board of Directors meeting  |
| 11/12/2002 | 1.5   | 5    | Attendance at Equity Committee meeting  |
| 11/12/2002 | 2.0   | 5    | Attendance at dinner with Statutory Committees  |
| 11/12/2002 | 0.7   | 6    | Meeting at Skadden with Al Koch, Ron Hutchison, Janet Kelley(Kmart), Eric Ivester and David Friedman(SASM&F) re discussion and review of draft term sheet for Plan of Reorganization  |
| 11/13/2002 | 4.5   | 5    | Attendance at Joint Meeting of Creditors Committees, plus break out sessions  |
| 11/13/2002 | 0.5   | 6    | Meeting with Messrs Adamson and Day re opportunities with strategic and financial buyers and investors  |
| 11/14/2002 | 1.7   | 4    | Breakfast meeting with Adamson, Day(Kmart) and potential investor in Kmart as part of POR   |
| 11/14/2002 | 2.4   | 4    | Review of draft Management Presentation to potential investors in Kmart, plus comments thereon  |
| 11/17/2002 | 1.9   | 10   | Review of draft offering memorandum for exit financing, plus comments thereon   |
| 11/18/2002 | 1.0   | 6    | Conf call Al Koch re meeting in Chicago to discuss Business Plan; review of Flash October results; store closing analysis/reaction of certain creditors   |
| 11/18/2002 | 0.3   | 6    | Conf call Ron Hutchison, Kmart, re meeting in Chicago to review Business Plan   |
| 11/19/2002 | 1.8   | 6    | Review of draft 5 year Business Plan, plus comments thereon   |
| 11/19/2002 | 0.9   | 10   | Review of revised draft of Offering Memo for exit financing   |
| 11/19/2002 | 1.3   | 10   | Review of first draft of management presentation to potential investors   |
| 11/19/2002 | 0.3   | 6    | to re 5 year Business Plan  |
| 11/19/2002 | 3.0   | 3    | Travel to Chicago for meeting at SASM&F re Business Plan  |
| 11/19/2002 | 4.5   | 6    | Meeting at SASM&F offices in Chicago involving Koch, Hutchison, Kelley, Gooch, Day(Kmart), Butler, Ivester, Wexler, Friedman(SASM&F)re review of first draft of 5 year Business Plan  |
| 11/19/2002 | 2.0   | 6    | Dinner meeting with Eric Ivester(SASM&F) re Business Plan; next steps; exit financing; Fleming Agreement; store closings  |
| 11/20/2002 | 3.0   | 3    | Return to NYC from Chicago  |
| 11/20/2002 | 1.0   | 4    | Conf call with potential investor re preparation for meeting with Messrs Adamson and Day 11/21 re investment in Kmart   |
| 11/21/2002 | 0.4   | 10   | to Ward Mooney, Fleet Bank, re exit financing opportunity   |
| 11/21/2002 | 0.3   | 5    | to Harold Dletz, Bank of New York, re status; discussions with investors and exit financing sources   |
| 11/21/2002 | 2.0   | 4    | Meeting with Jim Adamson and Julian Day(Kmart) with potential investor in reorganized Kmart   |
| 11/21/2002 | 0.3   | 6    | to Eric Ivester(SASM&F) re exit financing; term sheet for POR   |
| 11/22/2002 | 0.8   | 6    | Conf call Ron Hutchison, Kmart, re potential real estate transaction; cash needs at confirmation and sources of funds; exit financing; Fleming agreement  |
| 11/22/2002 | 1.2   | 10   | Conf call re potential real estate transaction as part of restructuring/POR   |
| 11/22/2002 | 0.4   | 6    | to Marian Wexler, SASM&F, re potential real estate transaction for leased and owned properties as part of POR   |
| 11/24/2002 | 0.5   | 10   | Review of SASM&F materials concerning possible real estate financing transaction  |
| 11/24/2002 | 0.9   | 10   | Review of MBL- prepared draft term sheet for potential Kmart real estate transaction, plus comments thereon   |
| 11/24/2002 | 0.4   | 6    | Review of draft term sheet for POR proposed by certain claimsholders, plus comments thereon   |
| 11/25/2002 | 1.2   | 6    | Internal meeting re Business Plan and Exit Strategy; Liquidity and Exit Financing; POR Term Sheet; Investor Contacts; recent financial results; Board meeting agenda  |
| 11/25/2002 | 0.3   | 6    | Conf call Eric Ivester, SASM&F, re critical issues; Board call 11/26; POR Term Sheet; Exit Financing offering memorandum  |
| 11/25/2002 | 0.4   | 6    | Review of latest draft of POR Term Sheet, plus comments thereon   |
| 11/26/2002 | 1.4   | 6    | Conf call Ron Hutchison(Kmart), Jack Butler and Eric Ivester(SASM&F) re 11/26 Board meeting, POR Term Sheet, critical outstanding issues  |
| 11/27/2002 | 1.7   | 6    | Conf call Day, Hutchison(Kmart), Ivester, Friedman(SASM&F), Bill Crowley(ESL), Scott Charles(WLR&K for ESL) re negotiation of POR Term Sheet  |
| 11/27/2002 | 0.5   | 10   | Review of draft offering memorandum for exit financing facility, plus comments thereon  |
| 12/02/2002 | 3.0   | 6    | Conf call Adamson, Day, Koch, Hutchison, Gooch(Kmart), Helstand(SASM&F)re review of 5 year Business Plan(including strategic assumptions as revised), revised store closing analysis, Fleming Agreement                             |
| 12/02/2002 | 0.3   | 5    | to Ron Hutchison, Kmart, re proposed meeting with Official Committee of Unsecured Creditors 12/03 re POR term sheet   |
| 12/02/2002 | 0.3   | 10   | Review of final draft of exit financing facility Offering Memorandum, plus comments thereon   |
| 12/03/2002 | 0.2   | 5    | to re meeting with Unsecured Creditors Committee regarding plan issues  |
| 12/03/2002 | 0.5   | 6    | to Jim Gooch(Kmart), re 5 year business plan; presentation to Board 12/9; valuation issues  |
| 12/03/2002 | 4.0   | 5    | Meeting at Otterbourg, Steindler re POR issues, involving Ron Hutchison(Kmart), Ivester, Helstand and Friedman(SASM&F), Glen Rice and Scott Hazan(Otterbourg), Scott Charles(WLR&K), Melissa Knoll, Lisa Ashe and Larry Ladig(KPMG) |
| 12/03/2002 | 1.1   | 10   | Meeting with Ward Mooney, Fleet Bank, re exit financing facility  |

| Date       | Hours | Proj | Description  |
|------------|-------|------|--|
| 12/03/2002 | 1.4   | 6    | Conf call Stenger(Kmart), Morrow, Kreatscman(AlixPartners),Ivester, Ory(SASM&F)re "best interests of creditors" test   |
| 12/03/2002 | 0.4   | 6    | tc Ted Stenger, Kmart, re best interest of creditors test; timetable for completion; next steps  |
| 12/03/2002 | 0.4   | 6    | Review of performance report for White Lake, MI "store of the future"  |
| 12/04/2002 | 0.4   | 10   | tc Claudia Slacik, Citibank, re exit financing facility  |
| 12/04/2002 | 0.4   | 10   | tc Stuart Armstrong, GE Capital, re exit financing facility  |
| 12/04/2002 | 0.4   | 10   | tc Rich Levenson, Bank of America, re exit financing facility  |
| 12/04/2002 | 0.3   | 5    | Meeting with Glen Rice, Otterbourg Steindler, re exit strategy and timetable   |
| 12/04/2002 | 0.3   | 5    | Meeting with Harold Dietz, Bank of New York, re exit strategy and timetable  |
| 12/05/2002 | 0.4   | 10   | tc Jeff Ogden, Deutsche Bank, re exit financing facility   |
| 12/05/2002 | 0.4   | 10   | tc re exit financing facility  |
| 12/05/2002 | 0.6   | 6    | tc Eric Ivester, SASM&F, re exit strategy; Board meeting agenda; creditors committee agenda/presentation by Kmart  |
| 12/05/2002 | 0.8   | 5    | tc Bill Crowley, ESL, re status; Business Plan revisions; management issues; 12/11 meeting with Statutory Committees; exit financing facility  |
| 12/05/2002 | 0.9   | 7    | Review of Board meeting materials  |
| 12/06/2002 | 0.3   | 6    | tc re discussions with potential investors; meetings with Kmart management and creditors committee; Board meeting  |
| 12/06/2002 | 0.7   | 7    | tc re preparation of materials for Board meeting   |
| 12/06/2002 | 0.9   | 6    | Conf call Adamson,Day, Kelley(Kmart), Ivester, Hiestand(SASM&F) re materials for Board meeting; preparation for meeting with Unsecured Creditors Committee 12/11; discussion re 5 year Business Plan   |
| 12/08/2002 | 1.2   | 5    | Review of draft presentation to Unsecured Creditors Committee for meeting 12/11, plus comments thereon   |
| 12/08/2002 | 0.9   | 5    | Conf call Adamson,Koch, Hutchison, Gooch, Kelley(Kmart), Ivester, Hiestand, McDermott(SASM&F) re review of presentation to Unsecured Creditors Committee for meeting 12/11   |
| 12/08/2002 | 0.2   | 7    | Conf call re materials for Board meeting 12/09   |
| 12/08/2002 | 0.5   | 7    | Review of materials for presentation to Board  |
| 12/09/2002 | 0.4   | 7    | Internal meeting re review of materials to be presented to Board   |
| 12/09/2002 | 6.7   | 7    | Attendance at Board meeting  |
| 12/09/2002 | 0.3   | 10   | tc Claudia Slacik, Citibank, re exit financing facility  |
| 12/10/2002 | 1.5   | 6    | Meeting with Julian Day, Kmart, re exit strategies, critical confirmation issues, SuperK resolution  |
| 12/10/2002 | 4.7   | 6    | Meeting with Ivester, Hiestand, Kelley, McDermott, Smith(SASM&F), Koch, Gooch, Hutchison,Kelley, Adamson, Day(Kmart) re exit strategies; preparation of presentation materials for meeting with Unsecured Creditors Committee; financial results; exit financing discussions;status report; POR term sheet |
| 12/10/2002 | 1.0   | 10   | Meeting at MBL with Ward Mooney et al, Fleet Bank, re exit financing facility  |
| 12/10/2002 | 1.5   | 10   | Meeting at MBL with John Podkowsky, Cladia Slack et al, Citibank, re exit financing facility   |
| 12/10/2002 | 0.5   | 10   | Meeting with Bill Repko, JPMChase, re exit financing facility  |
| 12/11/2002 | 1.0   | 5    | Meeting at SASM&F offices re "dress rehearsal" for meeting with Unsecured Creditors Committee involving Adamson, Day, Koch, Hutchison, Gooch, Kelley(Kmart), Ivester, Hiestand, Smith, Friedman, McDermott(SASM&F)   |
| 12/11/2002 | 0.7   | 5    | Final review of materials to be presented to Unsecured Creditors Committee, plus comments thereon  |
| 12/11/2002 | 2.5   | 5    | Meeting with Unsecured Creditors Committee   |
| 12/11/2002 | 2.0   | 5    | Meeting at offices of Jones Day, with Financial Institutions Committee; attendees included Koch, Hutchison, Kelley(Kmart), Ivester, Hiestand, McDermott(SASM&F)re POR Term Sheet; exit financing facility status; timing; critical path to emergence   |
| 12/12/2002 | 0.3   | 6    | tc Bill Crowley, ESL, re exit financing facility, covenant package, availability   |
| 12/12/2002 | 1.4   | 6    | Conf call Ron Hutchison, Kmart, Eric Ivester, Marian Wexler, Van Durrer( SASM&F), re structuring 1st lien on real estate for benefit of trade creditors vs alternative real estate transaction   |
| 12/13/2002 | 1.0   | 5    | Meeting with Al Koch and Ted Stenger(Kmart)re preparation for meeting with CIT Corp. regarding future trade credit   |
| 12/13/2002 | 2.3   | 5    | Meeting between Al Koch and Ted Stenger(Kmart) and Larry Marsiello, John Daly and David Bram(CIT)re future vendor financing and factoring of trade payables by CIT   |
| 12/16/2002 | 0.3   | 5    | tc Paul Traub, Traub Bonaquist, re status; trade issues; timing; exit facility status  |
| 12/16/2002 | 0.9   | 10   | Review of Exit Financing Proposal from Fleet Securities, plus comments thereon   |
| 12/16/2002 | 0.3   | 10   | Conf call re meeting in Troy with JPMChase re exit financing; Kodak agreement; Fleming agreement; NYSE delisting/establishing OTC market makers  |
| 12/16/2002 | 0.8   | 10   | Review of exit financing proposal by GE Capital, plus comments thereon   |
| 12/17/2002 | 1.0   | 5    | Conf call Hutchison, Kelley(Kmart), Ivester, Hiestand(SASM&F), Scott Charles(WLR&K), Steering Committee of Unsecured Creditors Committee, Rice(Otterbourg Steindler) re POR negotiations, projected recoveries   |
| 12/17/2002 | 2.0   | 10   | Meeting at MBL with GE Capital re exit financing; discussion of terms and conditions   |
| 12/17/2002 | 2.5   | 10   | Dinner meeting with Ron Hutchison(Kmart), Milton Cooper and Michael Flynn(Kimco)re possible real estate financing as part of exit facility   |
| 12/18/2002 | 2.5   | 8    | Meeting at MBL with Adamson, Day, Hutchison(Kmart) and Jack Butler(SASM&F) re exit strategy; store closing/Business Plan revisions; lock-ups for Committees and ESL; claims reconciliation; exit financing status; real estate lien for trade vendors  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 12/19/2002 | 1.3   | 10   | Breakfast meeting with Bill Repko, JPMChase, re exit financing facility   |
| 12/19/2002 | 0.4   | 6    | Conf call Adamson, Day, Hutchison(Kmart), Butler, Ivester, Hiestand(SASM&F) re Plan issues, timetable, ESL disclosure materials, sale by Fleet of pre-petition claims   |
| 12/19/2002 | 0.4   | 6    | Conf call Butler(SASM&F), Adamson, Day, Hutchison(Kmart) re personnel issues, future management needs, transition issues,   |
| 12/19/2002 | 0.3   | 10   | 2 to Ward Mooney, Fleet, re exit financing facility   |
| 12/19/2002 | 0.9   | 10   | Review of exit financing proposal from Bank of America, plus comments thereon   |
| 12/19/2002 | 1.5   | 10   | Conf call Deutsche Bank re exit financing facility  |
| 12/19/2002 | 0.9   | 10   | Review of proposal from Deutsche Bank re exit financing facility, plus comments thereon   |
| 12/19/2002 | 1.2   | 10   | Review of Citigroup exit financing proposal, plus comments thereon  |
| 12/20/2002 | 0.8   | 10   | Conf call Norma Corio, JPMChase, re exit financing facility   |
| 12/20/2002 | 0.8   | 10   | Preparation and review of spread sheet analysis comparing all exit financing proposals  |
| 12/20/2002 | 1.3   | 6    | Internal meeting re current financial results; exit financing status; business plan revisions; store closings update; negotiations among creditors re POR; review of draft documents  |
| 12/21/2002 | 0.5   | 10   | Review of exit financing proposal of JPMChase, plus comments thereon  |
| 12/21/2002 | 0.8   | 10   | to Bill Crowley, ESL, re exit financing facility; selection of lead bank; key terms and conditions  |
| 12/22/2002 | 0.6   | 10   | to Bill Crowley, ESL, re exit financing facility; discussion of certain terms and conditions of various proposals; covenants; fees  |
| 12/22/2002 | 0.4   | 10   | Review of updated side-by-side comparison of exit financing proposals   |
| 12/23/2002 | 0.5   | 10   | to Julian Day, Kmart, re exit financing proposals; discussion of pro's and con's of each; selection of lead bank(s); status of CFO search   |
| 12/23/2002 | 0.3   | 10   | to re exit financing facility; conversations with LKmart officers re selection of lead and co-lead banks; setting up conference call 12/23 to discuss with Kmart and Skadden  |
| 12/23/2002 | 2.0   | 10   | Conference call re: exit financing and POR  |
| 12/23/2002 | 1.1   | 6    | Review of updated and revised 5 year Business Plan  |
| 12/24/2002 | 4.5   | 10   | Conference calls w/ Chase, Fleet, GECC, and Citibank; Conference call w. Hutchison, Crowley, and Frishman re exit financing facility  |
| 12/28/2002 | 1.1   | 10   | Conf call Day, Koch, Hutchison, Gluck, Morrow(Kmart), Butler, Ivester, Friedman, Frishman, Durrer, Wexler(SASM&F), Crowley(ESL) re selection of lead manager, timing of commitment and costs thereof, key outstanding issues  |
| 12/27/2002 | 2.8   | 6    | Review of first draft of POR and Disclosure Statement, plus comments thereon  |
| 12/27/2002 | 0.9   | 10   | Review of revised proposals from GECC, Citibank, Fleet, plus comments thereon   |
| 12/27/2002 | 1.5   | 10   | Conf call Day, Koch, Hutchison, Gooch(Kmart), Butler, Frishman(SASM&F), Lampert and Crowley(ESL) re exit financing facility, side by side comparison of proposals, selection of lead/co-lead managers, response to all participants re Company term sheet   |
| 12/27/2002 | 0.5   | 10   | to Bill Crowley, ESL, re exit financing facility  |
| 12/27/2002 | 0.3   | 10   | to re updated GECC and Fleet proposals; Saturday conf call scheduled  |
| 12/28/2002 | 2.5   | 10   | Conf call Day, Koch, Hutchison(Kmart), Butler, Kolin, Frishman(Skadden), Eddie Lampert and Bill Crowley(ESL) re proposed terms and conditions of Kmart proposed Term Sheet for exit financing facility  |
| 12/30/2002 | 0.4   | 10   | to Ron Hutchison, Kmart, re status of MBL discussions with potential exit financing sources   |
| 12/30/2002 | 0.4   | 6    | to Jim Gooch, Kmart, re revised 5 year Business Plan  |
| 12/30/2002 | 0.5   | 10   | 2 to Rich Levenson, Bank of America, re status of credit approval; willingness to hold large amount   |
| 12/30/2002 | 0.4   | 10   | to Claudia Slacik, Citibank, re status; due diligence requirements; underwriting timetable; hold position   |
| 12/30/2002 | 0.6   | 10   | Review of latest and revised drafts of financing proposals, plus comments thereon   |
| 12/30/2002 | 1.8   | 10   | Conf call Day, Koch, Hutchison, Gooch(Kmart), Frishman, Kolin, Friedman(SASM&F), Lampert and Crowley(ESL), Scott Charles(WLR&K) re review of updated side by side comparison of exit financing proposals; discussion of lead/co-manager selection; further issues to negotiate; set of Jan.2nd conf call to review status |
| 12/31/2002 | 1.0   | 10   | 2to Norma Corio, JPMChase, re timetable to submit revised proposal; updated business plan and December results; set up conf call for Jan.2 at 3 pm to discuss   |
| 12/31/2002 | 0.9   | 10   | Conf call Eddie Lampert and Bill Crowley(ESL) re exit financing facility; status of discussions with 6 institutions; key issues; timing; alternative fee structuring possibilities; choices for lead managers   |
| 12/31/2002 | 0.2   | 6    | Review of EBITDA reconciliation between Board forecast and latest analysis  |
| 12/31/2002 | 1.5   | 6    | Internal strategy call  |
| 01/01/2003 | 0.8   | 6    | 2to re valuation issues; holiday results; Valuation Committee discussion prior to formal disclosure; revised Business Plan  |
| 01/02/2003 | 0.8   | 6    | Review of revised Kmart term sheet for POR, plus comments thereon   |
| 01/02/2003 | 3.0   | 10   | T/c's with Chase and management re: exit facility   |
| 01/03/2003 | 0.8   | 10   | Review of Goldman, Sachs exit financing proposal, plus comments thereon   |
| 01/04/2003 | 0.6   | 10   | Review of latest side-by-side comparison of exit financing proposals, plus comments thereon   |
| 01/04/2003 | 1.6   | 10   | Conf call Day, Koch, Hutchison(Kmart), Butler, Frishman, Kolin(SASM&F), Crowley(ESL), Charles(WLR&K) re exit financing facility; revised proposals; selection of lead and co-managers   |
| 01/05/2003 | 0.8   | 10   | Review of SASM&F mark-up of latest revised GECC exit financing proposal, plus comments thereon  |
| 01/05/2003 | 1.6   | 10   | Conf call Koch, Hutchison(Kmart), Frishman, Kolin(SASM&F), Crowley, Mnuchin(ESL), Charles(WLR&K) re proposed mark-up of GECC latest exit financing proposal   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 01/06/2003 | 0.7   | 10   | Conf call GECC re latest revised proposal; status of credit approval; negotiations re terms and conditions; set up conf call with counsel for 1/6/03, plus meetings with Kmart 1/9  |
| 01/06/2003 | 1.5   | 6    | Review of Best Interests Analysis, plus comments thereon  |
| 01/06/2003 | 0.8   | 5    | Review of draft presentation to Kmart DIP lenders, plus comments thereon  |
| 01/06/2003 | 0.9   | 10   | Review of SASM&F comments to GECC exit financing proposal   |
| 01/06/2003 | 1.9   | 6    | Review of draft Term Sheet for POR, plus comments thereon   |
| 01/06/2003 | 0.5   | 10   | to Richard Levenson, Bank of America, re exit financing proposal; status of credit approval process   |
| 01/06/2003 | 0.4   | 10   | to Ward Mooney, Fleet Bank, re exit financing proposal; status of credit approval   |
| 01/06/2003 | 1.4   | 6    | Review of Kmart SEC Form 10 Q for the quarter ended October 30, 2002, plus October and November Operating Reports   |
| 01/06/2003 | 1.6   | 6    | Review of Draft Investment Agreement among Kmart, ESL Investments and certain other investors, with respect to funding the POR  |
| 01/06/2003 | 0.5   | 6    | to Jeff Aronson, Angelo, Gordon & Co., re status; timing  |
| 01/06/2003 | 3.5   | 10   | Conf call Koch, Hutchison, Kelley(Kmart), Frishman, Kolin(SASM&F), Mnuchin, Crowley(ESL), Weil, Gotshal, GECapital, re exit financing facility; negotiation of term sheet   |
| 01/06/2003 | 0.8   | 10   | Conf call Koch, Hutchison, Kelley(Kmart), Frishman, Kolin(SASM&F), Crowley(ESL), Charles(WLR&K) re GECapital exit financing proposal; next steps  |
| 01/07/2003 | 0.4   | 10   | to Claudia Slacik, Citibank, re exit financing facility   |
| 01/07/2003 | 0.6   | 10   | to Bill Repko, JPMChase, re exit financing facility   |
| 01/07/2003 | 1.2   | 6    | 2 Conf call Eric Ivester and Mark McDermott(SASM&F) re status of exit financing; Investment Agreement, plus comments thereon, including Termination and Transaction Fees payable to Plan Sponsors; structure of obligations to certain plaintiffs in satisfaction of their claims |
| 01/07/2003 | 0.8   | 10   | Internal meeting re status of exit financing facility; discussions with GECC and Bank of America  |
| 01/07/2003 | 0.3   | 6    | Conf call Mark McDermott, SASM&F, re schedule for status calls over next week   |
| 01/07/2003 | 0.8   | 6    | Internal meeting re creation of mechanism for determination of instrument for certain plaintiffs' claims  |
| 01/08/2003 | 0.2   | 10   | Memo to various team members re GECC and JPMChase positions on exit financing   |
| 01/08/2003 | 0.8   | 6    | Review of revised draft of POR term sheet, plus comments thereon  |
| 01/09/2003 | 1.4   | 10   | Review of 2 revised drafts of GECC commitment letter for exit financing   |
| 01/09/2003 | 4.3   | 6    | Review of first draft of MBL/DrKW valuation analysis for POR  |
| 01/09/2003 | 0.9   | 6    | Internal meeting re comments to valuation analysis  |
| 01/09/2003 | 0.5   | 6    | Internal meeting re valuation presentation for Internal committee and Kmart Board meeting 1/13  |
| 01/09/2003 | 0.9   | 6    | Review of revised draft of POR term sheet, plus comments thereon  |
| 01/09/2003 | 0.9   | 6    | Review of draft of Investment Agreement dated 1/7/03, plus response to SASM&F regarding certain provisions  |
| 01/09/2003 | 0.3   | 6    | Review of draft exit vendor lien program term sheet, plus comments thereon  |
| 01/10/2003 | 0.5   | 6    | Review of proposal by Equity Committee for rights issue, plus response thereto to SASM&F  |
| 01/10/2003 | 0.6   | 5    | Review of draft Motion to Amend DIP Agreement, plus comments thereon  |
| 01/10/2003 | 1.5   | 6    | Valuation Committee meeting to review draft valuation for POR   |
| 01/10/2003 | 1.7   | 10   | Review of 2 latest drafts of GECC exit financing facility commitment letter, plus comments thereon  |
| 01/10/2003 | 1.4   | 6    | Review of valuation materials and analysis for presentation to Kmart Board 1/13   |
| 01/10/2003 | 1.3   | 6    | Conf call Butler(SASM&F), Hutchison(Kmart) re discussion of proposed valuation materials for Kmart Board meeting 1/13   |
| 01/10/2003 | 0.7   | 6    | Conf call Koch, Hutchison, Stenger,Kelley, Gluck,(Kmart), Hiestand, McDermott, Wexler re review of outstanding open issues in POR Term Sheet, Investment Agreement, Vendor Lien Program, Exit Financing; update on store closings   |
| 01/10/2003 | 0.3   | 10   | Review of GECC proposal re \$200 million vendor factoring line of credit, plus comments thereon   |
| 01/11/2003 | 0.7   | 10   | Review of latest revised GECC exit financing commitment, plus comments thereon  |
| 01/11/2003 | 1.5   | 6    | Conf call Hutchison,Stenger,Morrow,Kelley,Gluck(Kmart), Butler,Hiestand, McDermott,Ivester, Wexler(SASM&F)re review/discussion of Best Interests Test, review of MBL/DrKW Valuation for POR and Kmart Board meeting; outstanding issues   |
| 01/11/2003 | 2.5   | 6    | Conf call Butler, Hiestand, Ivester, McDermott, Wexler, Durrer(SASM&F), Hutchison, Kelley, Gluck(Kmart), Scott Charles(WLR&K)re Investment Agreement, POR Term Sheet, Exit Financing Facility, outstanding issues with Unsecured Creditors Committee                              |
| 01/12/2003 | 1.1   | 6    | Review of MBL/DrKW revised preliminary valuation materials for Board meeting 1/13, plus comments thereon  |
| 01/12/2003 | 1.2   | 6    | Review of Summary of Final Store Closing Analysis, presentation to Kmart Board meeting 1/13, plus comments thereon  |
| 01/12/2003 | 0.6   | 10   | Review of latest revised GECC exit financing commitment letter  |
| 01/12/2003 | 0.7   | 7    | Internal meeting re preparation of materials for presentation to Kmart Board at 1/13 meeting  |
| 01/12/2003 | 3.5   | 6    | Conf call Hutchison,Stenger(Kmart), Butler,Ivester,Wexler,McDermott,Ory,Hiestand(SASM&F), Charles(WLR&K), Rice and Hazan(Otterbourg Steindler)re outstanding POR deal points, exit financing status,store closings, DIP Amendment, Equity Committee status                        |
| 01/12/2003 | 1.0   | 10   | Conf call Frishman, Ivester(SASM&F), Hutchison(Kmart) re discussion of latest mark-up of GECC exit financing commitment   |
| 01/13/2003 | 1.2   | 6    | Meeting at SASM&F prior to Board meeting involving Adamson, Day, Koch, Hutchison, Stenger, Kelley(Kmart), Butler, Hiestand, McDermott(SASM&F)re status of Plan negotiations, exit financing, ESL  |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 01/13/2003 | 6.5   | 7    | Attendance at Kmart Board meeting   |
| 01/13/2003 | 0.4   | 6    | tc Ed Ordway, FTI, re status of ESL; exit financing; views of FIC; valuation  |
| 01/13/2003 | 0.7   | 10   | Review of revised draft of GECC exit financing commitment letter, plus comments thereon   |
| 01/13/2003 | 0.6   | 10   | Conf call Ron Hutchison(Kmart), Stuart Armstrong, Penny Friedman et.al.(GECC)re revised terms for exit financing commitment   |
| 01/14/2003 | 0.3   | 6    | tc Paul Traub, Equity Committee counsel, re status; ESL position; alternative financing sources, next steps   |
| 01/14/2003 | 0.3   | 6    | Review of draft press release, plus comments thereon  |
| 01/14/2003 | 0.9   | 5    | Review of draft Motion to Amend DIP facility, plus comments thereon   |
| 01/15/2003 | 6.5   | 5    | Attendance at Joint Committee Meeting in New York; meeting w/ GECC re vendor factoring line of credit   |
| 01/15/2003 | 1.0   | 10   | Review of draft Motion to Enter Into Exit Financing Commitment, plus comments thereon   |
| 01/16/2003 | 0.6   | 10   | 2 tc Bill Crowley, ESL, re possible alternative investment structure  |
| 01/16/2003 | 0.6   | 6    | tc Ron Hutchison, Kmart, re possible ESL alternative transaction structure  |
| 01/16/2003 | 0.6   | 10   | Internal meeting re possible revision to GECC exit financing in event of alternative investment structure   |
| 01/16/2003 | 0.4   | 10   | Conf call Day and Hutchison, Kmart, re alternative sources of financing POR   |
| 01/16/2003 | 0.4   | 6    | Conf call Day and Hutchison, Kmart, re ESL and Yucaipa Interests  |
| 01/16/2003 | 0.2   | 6    | Conf call Ivester and Hiestand, SASM&F, re Yucaipa interest in POR  |
| 01/17/2003 | 0.5   | 10   | Conf call Day, Hutchison(Kmart), Hiestand, Ivester, Friedman, Butler(SASM&F)re Yucaipa offer to fund POR  |
| 01/17/2003 | 0.2   | 10   | Review of GECC letter to co-lenders re Incurrence of debt   |
| 01/17/2003 | 0.6   | 6    | tc re conference calls with financial advisors to statutory committees re alternatives to stand-alone POR, M&A process  |
| 01/18/2003 | 1.9   | 6    | Review of revised draft of POR and Disclosure Statement, plus comments thereon  |
| 01/19/2003 | 1.1   | 6    | Conf call Day, Koch, Hutchison(Kmart), Butler, Ivester, Hiestand, Durrer, Ory, Friedman, Sabrin(SASM&F) re revised investment proposal by ESL for assisted stand-alone plan; negotiations with Statutory Committees; timing of filing POR; Board call; comments on POR/Disclosure Statement |
| 01/19/2003 | 1.0   | 10   | Conference call w/ Butler, Ivester, Hiestand, Hutchison, Day, Koch, Ory and McDermott re: ESL proposal  |
| 01/20/2003 | 0.6   | 6    | Conf call Hiestand(SASM&F) re revised ESL proposal; next steps  |
| 01/20/2003 | 0.3   | 6    | tc Jack Butler, SASM&F, re revised ESL proposal   |
| 01/20/2003 | 0.6   | 6    | 2tc re revised ESL proposal; set up conference calls  |
| 01/20/2003 | 0.5   | 10   | Conference call w/ Hutchison and Hiestand re: ESL Proposal  |
| 01/20/2003 | 1.5   | 6    | Conf call Ivester, Hiestand, Friedman(SASM&F), Hutchison(Kmart), Lampert, Crowley(ESL), Charles(WLR&K) re negotiations for POR sponsorship, investment in Kmart   |
| 01/20/2003 | 1.1   | 6    | Review of revised draft of Investment Agreement, plus comments thereon  |
| 01/20/2003 | 0.5   | 6    | Review of draft of MBL discussion of Valuation methodology for Disclosure Statement, plus comments thereon  |
| 01/21/2003 | 0.4   | 6    | tc Eric Ivester, SASM&F, re revised ESL proposal  |
| 01/21/2003 | 0.4   | 6    | Internal meeting re preparation for conf call with exit facility banks regarding revised ESL proposal   |
| 01/21/2003 | 0.3   | 6    | Conf call Eric Ivester, SASM&F, re status; ESL revised proposal   |
| 01/22/2003 | 4.9   | 6    | Review of revised drafts on Investment Agreement, amendments to exit financing facility, POR Term Sheet, Term Sheet for \$60 million cvt sub notes, MBL Valuation Rider for Disclosure Statement, Vendor Lien Term Sheet, plus comments thereon   |
| 01/22/2003 | 1.6   | 6    | Internal meetings re MBL Valuation Rider, ESL Investment Agreement revisions; discussions with GECC re ESL Investment Agreement   |
| 01/23/2003 | 2.1   | 6    | 5tc's with Bill Crowley, ESL, re revisions to Investment Agreement, impact on GECC exit financing; negotiations with GECC, BofA and Fleet with regard to ESL Investment Agreement revisions   |
| 01/23/2003 | 2.2   | 6    | Review of revised drafts of Investment Agreement, riders to exit financing facility, POR Term Sheet, plus comments thereon  |
| 01/23/2003 | 2.0   | 7    | Attendance at Kmart telephonic Board meeting  |
| 01/24/2003 | 2.1   | 6    | Review and final comments on POR and Disclosure Statement prior to filing   |
| 01/24/2003 | 0.5   | 6    | Conf call Butler(Skadden) re valuation for Disclosure Statement   |
| 01/26/2003 | 1.0   | 10   | Review of oral argument and proffers re exit financing for Court Hearing on 1/28  |
| 01/27/2003 | 3.0   | 3    | Travel to Chicago for Court Hearing   |
| 01/27/2003 | 2.5   | 12   | Preparation for expert testimony re exit financing and store closings   |
| 01/27/2003 | 2.0   | 10   | Dinner meeting with Ron Hutchison and Michelle Gluck(Kmart), Penny Friedman(GE Capital) re exit financing   |
| 01/28/2003 | 6.0   | 12   | Attendance and testimony at Court Hearing   |
| 01/28/2003 | 3.0   | 3    | Return from Chicago re Court Hearing  |
| 01/29/2003 | 0.5   | 6    | Conf call Jack Butler and Lynn Hiestand(Skadden) re status; response to investor inquiry  |
| 02/02/2003 | 3.0   | 3    | Travel to Chicago for meetings at Skadden and Court Hearing re Fleming Agreement  |
| 02/02/2003 | 7.5   | 12   | Meeting at SASM&F re preparation of Affidavit and testimony for Hearing 2/3 re Motion to Reject Fleming Agreement   |

| Date       | Hours | Proj | Description   |
|------------|-------|------|---|
| 02/03/2003 | 2.5   | 12   | Preparation of testimony for Hearing re Rejection of Fleming contract   |
| 02/03/2003 | 5.0   | 12   | Attendance and testimony at Court re Motion to Reject Flemings contract   |
| 02/03/2003 | 3.0   | 3    | Return to NY from Chicago   |
| 02/06/2003 | 1.5   | 10   | Review of rating agency presentation re exit financing, plus comments thereon   |
| 02/06/2003 | 0.5   | 10   | Internal meeting re rating agency presentation  |
| 02/07/2003 | 0.4   | 5    | to Tom Otte, GECC, re rejection of prepetition equipment leases   |
| 02/08/2003 | 1.3   | 10   | Review of revised draft of presentation to ratings agency re exit financing facility, plus comments thereon   |
| 02/10/2003 | 1.7   | 7    | Review of presentation materials for Board meeting 2/11   |
| 02/10/2003 | 1.6   | 5    | Review of draft presentation to joint meeting of creditor committees on 2/12, plus comments thereon   |
| 02/11/2003 | 0.3   | 5    | to re negotiations with GECC regarding equipment leases   |
| 02/11/2003 | 3.5   | 6    | Review of First Amended Disclosure Statement, Exit Vendor Lien Term Sheet and POR, plus comments thereon  |
| 02/11/2003 | 0.6   | 10   | Review of revised draft of Rating Agency Presentation for exit financing  |
| 02/12/2003 | 0.5   | 10   | Review of revised draft of rating agency presentation re exit financing   |
| 02/12/2003 | 2.0   | 5    | Attendance at Joint Meeting of Statutory Committees   |
| 02/12/2003 | 2.0   | 6    | Meetings with Day, Koch, Hutchison, Stenger, Gooch, Gluck(Kmart), Butler, Ivester, Wexler, Durrer(SASM&F) re issues for Disclosure Statement hearing and confirmation   |
| 02/20/2003 | 1.8   | 6    | Review of latest drafts of POR and Disclosure Statement, plus comments thereon  |
| 02/21/2003 | 1.5   | 6    | Review of Motions to Extend Exclusivity and for approval of POR and Disclosure Statement  |
| 02/24/2003 | 0.3   | 12   | Preparation of witness statement for testimony at Disclosure Hearing  |
| 02/24/2003 | 3.0   | 3    | Travel to Chicago for Disclosure and Omnibus Hearings   |
| 02/24/2003 | 2.0   | 12   | Meeting at Skadden re preparation of proffers and testimony for Disclosure and Omnibus Hearings   |
| 02/25/2003 | 8.5   | 12   | Attendance at Court for Disclosure and Omnibus Hearings   |
| 02/26/2003 | 3.0   | 3    | Return from Chicago   |
| 02/26/2003 | 0.1   | 10   | Voicemail message to Crowley from Walker and Miller re: investment agreement  |
| 02/27/2003 | 1.1   | 10   | Review of latest draft of syndication offering memorandum for \$2 billion exit financing facility, plus comments thereon  |
| 03/06/2003 | 0.7   | 10   | Review of latest draft of GE Capital syndication memorandum, plus comments thereon  |
| 03/06/2003 | 0.7   | 6    | Review of Fleming claims re contract rejection, pre and post-petition   |
| 03/10/2003 | 1.0   | 5    | Review of other cases relevant to landlord lease rejection claims in anticipation of 3/25 Hearing   |
| 03/13/2003 | 1.6   | 6    | Review of estimated lease rejection claims for the "Kmart of" entities  |
| 03/14/2003 | 0.3   | 6    | Review of summary of value attributable to subsidiary guarantees  |
| 03/14/2003 | 1.4   | 7    | Review of materials to be presented to Kmart Board meeting dated March 18, 2003   |
| 03/14/2003 | 0.4   | 6    | to re syndication meetings, discussions with rating agencies, PBGC issues, landlord claims  |
| 03/14/2003 | 0.4   | 6    | to Eric Ivester, SASM&F, re objections to confirmation, PBGC issues, landlord/lease rejection claims, Fleming objection   |
| 03/17/2003 | 0.8   | 5    | Review of materials for presentation to joint meeting of Statutory Committees, plus comments thereon  |
| 03/18/2003 | 0.7   | 6    | to re confirmation hearing issues; valuation discussion; strategic options; Fleming   |
| 03/19/2003 | 0.8   | 6    | Review of creditor committee discussion, settlement of Fleming claim for contract rejection, preparation of expert witness summary for Hearing 3/25, discussion of syndication progress for exit financing facility |
| 03/19/2003 | 0.3   | 12   | Preparation of expert witness summary for Hearing 3/25  |
| 03/19/2003 | 0.3   | 6    | to Glen Rice, Otterbourg firm, re settlement of Fleming claim   |
| 03/19/2003 | 0.4   | 10   | Review of Standard & Poors rating statement for exit financing facility   |
| 03/20/2003 | 0.4   | 12   | Conf call Eric Ivester, SASM&F, re deposition and testimony for Hearing 3/25  |
| 03/23/2003 | 4.0   | 3    | Travel to Chicago   |
| 03/23/2003 | 6.0   | 6    | Meetings at Skadden in connection with omnibus hearing  |
| 03/24/2003 | 10.0  | 6    | Attendance at hearing   |
| 03/25/2003 | 10.0  | 6    | Attendance at hearing   |
| 03/25/2003 | 4.0   | 3    | Travel Back to NYC  |
| 03/27/2003 | 1.4   | 5    | Review of presentation materials for PBGC meeting, plus comments thereon  |
| 03/27/2003 | 1.5   | 6    | Conf call Hutchison(Kmart), Butler, Ivester(SASM&F), Ford(Groome Law Firm) re issues raised by PBGC, preparation for meeting with PBGC  |
| 03/27/2003 | 0.5   | 6    | Internal meeting re PBGC issues, preparation for PBGC meeting in Washington   |
| 03/28/2003 | 0.7   | 6    | Review of revised presentation materials for PBGC meeting   |
| 03/31/2003 | 0.5   | 6    | Internal meeting re PBGC concerns with POR  |
| 04/01/2003 | 4.0   | 6    | T/c's interally and with PBGC re: pension plan  |
| 04/03/2003 | 0.5   | 6    | Review of proposal to Footstar re outstanding issues  |
| 04/03/2003 | 0.5   | 6    | Internal meeting re Footstar matters  |
| 04/03/2003 | 0.7   | 6    | Internal meeting re preparation for Confirmation Hearing  |
| 04/03/2003 | 0.2   | 6    | Exchange of correspondence with Skadden re preparation for Confirmation Hearing   |
| 04/07/2003 | 1.1   | 6    | Conf call Butler, Hiestand, Durrer, Ory(SASM&F) re objections to Confirmation, preparation for Hearing  |
| 04/07/2003 | 2.7   | 6    | Review of various Objections to Confirmation  |
| 04/07/2003 | 2.7   | 6    | Review of proposed exhibit to Miller testimony, plus comments thereon   |