

96. Specifically, on May 9, 2002, the Court conducted its first hearing regarding establishment of procedures for the disposition of the leases affected by the 2002 Closing Stores. The Debtors received and responded to 44 formal objections to the procedures, many involving multiple leases. In addition, the Debtors responded to numerous informal objections and issues raised by the landlords, the Statutory Committees, and other parties-in-interest. Ultimately, the Debtors, with Skadden's assistance, succeeded in negotiating the consensual resolution of all objections, thereby obtaining entry of an order that would facilitate the efficient disposition of these leasehold interests and maximize their value for the Debtors' estates. Skadden assisted the Debtors' real estate personnel and real estate advisors in exploring expressions of interest in various leases tendered by numerous parties, including many of the landlords. This process generated 52 formal bids for both individual leases and lease packages.

97. After the bid deadline, Skadden continued to work closely with the Debtors and their real estate advisors in assessing the quality of the various bids and negotiating deal terms and documents with potential bidders in an effort to maximize the value of the leaseholds to these estates. The Debtors, assisted by Skadden, negotiated the terms and conditions of a purchase agreement (the "Designation Rights Agreement") in connection with a comprehensive package bid submitted by a joint venture comprised of Kimco Realty Corporation, Schottenstein Stores Corporation, and Klaff Realty, LP (collectively, the "Joint Venture"). The bid was for the sale of designation rights to 54 of the leases affected by the 2002 Closing Stores. It provided for a guaranteed minimum payment to the estates of \$44 million, plus significant additional profit-sharing potential to the extent that the Joint Venture successfully developed and sold designated leases at a later time. The bid provided further benefits to the estate through

the Joint Venture's assumption of full responsibility for the Debtors' carrying costs associated with such leases, generating a savings of more than \$2.9 million per month during the disposition period.

98. The Debtors designated the Designation Rights Agreement as the stalking horse bid for the impending auction. The terms and conditions of the Designation Rights Agreement required the Debtors to withdraw from the auction the leases identified in the Designation Rights Agreement except insofar as other bidders bid on the same package of leases as a whole. Developers Diversified Realty Corporation ("DDR"), a competing bidder, filed an emergency motion requesting a temporary restraining order against the Debtors proceeding with the lease auction and use of the Designation Rights Agreement as the stalking horse bid. In response to DDR's emergency motion, Skadden prepared and filed multiple pleadings and prepared for the emergency hearing. The hearing on the emergency motion occurred the very day of the scheduled auction. At the hearing, Skadden successfully defended the Debtors' business judgment and defeated the emergency motion. Later that same day, Skadden assisted the Debtors and their real estate advisors in conducting the lease auction at which the Designation Rights Agreement was selected as the winning bid with respect to 54 leases, and 14 additional leases were the subject of other successful bids.

99. In anticipation of the hearing to approve the Designation Rights Agreement, landlords filed 27 separate objections to the Designation Rights Agreement raising no less than 42 separate legal and factual issues. Two additional objections were filed in connection with 2 other leases to be assumed and assigned by the Debtors pursuant to the auction. Skadden reviewed, analyzed and prepared comprehensive responses to each of these objections. In the

days leading up to the hearing and during the hearing, Skadden assisted the Debtors and the Joint Venture in resolving all but a few landlord objections. Skadden successfully argued against these objections and the Court overruled these objections and entered an order approving the Designation Rights Agreement. Two landlords appealed the Court's order approving the Designation Rights Agreement and Skadden defended the Debtors in such actions.

100. Skadden thereafter closely worked with the Joint Venture and assisting the Debtors in finalizing and consummating the assumption and assignment transactions contemplated by the Designation Rights Agreement. As leases were designated by the Joint Venture, Skadden assisted in preparing pleadings requesting approval of the assignments. Many of these motions drew objections from the landlords whose leases were to be assigned. In certain instances, these objections raised a bevy of legal and factual issues that necessitated extensive discovery on an expedited schedule, including depositions of witnesses for the Debtors, the Joint Venture, the proposed assignees, and the landlords. Skadden attorneys devoted significant amounts of time to these objections. Additionally, the Debtors, with Skadden's assistance, negotiated with the Joint Venture, the assignees and the landlords and prepared and finalized the transfer documents and other closing documents in connection with each of the assumption and assignment transactions.

101. In April 2003, the Debtors, with the assistance of Skadden and other professionals, conducted an auction to determine the highest and best offers for the 316 2003 Closing Stores, which included 13 fee-owned locations. Skadden assisted the Debtors in developing a plan to dispose of their interests in the 2003 Closing Stores in less than a three

week time frame to allow the Debtors to make a decision, prior to confirmation of a plan, to assume or reject each of the 303 leases that were part of the 2003 Closing Stores.

102. Prior to the auction conducted by Skadden on April 7, 2003, Skadden assisted the Debtors' real estate personnel and real estate advisors in exploring expressions of interest in various leases tendered by numerous parties, including many landlords. The Debtors received 36 formal bids involving 66 properties. Skadden worked closely with the Debtors and their real estate advisors in reviewing bids, exploring expressions of interest, and assisting the Debtors in negotiating deal terms and documents with potential bidders. Through the auction process, Skadden assisted the Debtors in successfully negotiating the disposition of 65 properties, including 4 fee-owned properties, for a minimum purchase price of \$96.8 million, plus various cure claim waivers and reimbursements. Of the 65 properties sold through the auction process, 23 leases and 4 fee properties were sold to Home Depot U.S.A., Inc., Wal-Mart Stores, Inc. and Kohl's Department Stores, Inc. which paid a total purchase price of \$83.5 million and agreed to reimburse up to \$725,000 in contributions to cure claims with respect to certain leases.

103. Due to the sensitive time-frame, Skadden filed an emergency motion to authorize the sale of the 2003 Closing Stores with such motion to be heard prior to the commencement of the Plan confirmation hearing on April 14, 2003. Skadden worked with the Debtors in successfully negotiated resolutions of each of the 16 substantive objections that were filed with respect to the sale of the 2003 Closing Stores. Subsequent to the entry of the orders authorizing the various sales and assignments, Skadden worked diligently with the Debtors to negotiate and finalize transfer documents and other closing documents and outstanding cure claim issues related to the 2003 Closing Stores. The disposition of the 65 properties, along with

the swift rejection of the leases that were not sold at auction, resulted in a savings to the Debtors' estates in excess of \$500,000 per day in carrying costs.

104. In addition to the disposition of certain 2002 Closing Stores and 2003 Closing Stores, the Debtors were successful in assigning and terminating certain other non-operating real property leases to eliminate their continuing drain on the estates and, in many cases, to add significant value to the estates with the additional benefit of avoiding potential rejection damage claims. In addition to preparing motions with respect to each assignment or lease termination transaction, Skadden worked with the Debtors and the potential assignee or landlord to negotiate deal terms and the applicable documents. Throughout the course of this case, overall the Debtors, with the assistance of Skadden, accomplished the assumption and assignment of approximately 209 leases, the termination of an additional 36 leases, and the sale of eight fee properties for a total consideration in excess of \$197.6 million plus numerous cure and rejection claim waivers.

105. In connection with the foregoing services, Skadden professionals expended 11,681.1 hours during the Reorganization Cases for which Skadden seeks compensation of \$4,445,806. To put this number into perspective in light of the value obtained by the Debtors during these Reorganization Cases, this amount is equal to nine days of lease carrying costs that were avoided in connection with disposition of the 2003 closing stores and only 2.3% of the total consideration received from the dispositions reflected in this category. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-3. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Marian P. Wexler | \$655 | 453.5 | \$308,380 | 1,237.8 | \$811,019 |
| Paul J. Huff | \$468 | 532.5 | \$252,938 | 1,040.6 | \$486,664 |
| Christine M. DeMott | \$321 | 621.5 | \$208,203 | 1,291.8 | \$414,059 |
| Nancy M. Olson | \$426 | 337.1 | \$146,638 | 815.0 | \$347,001 |
| Van C. Durrer, II | \$482 | 250.8 | \$122,646 | 549.7 | \$264,815 |
| Catherine F. Danz | \$284 | 394.7 | \$116,438 | 794.1 | \$225,670 |
| Hillary A. Hamilton | \$286 | 186.9 | \$55,136 | 756.0 | \$216,083 |
| Carl A. Roth | \$479 | 34.0 | \$16,490 | 447.1 | \$214,272 |
| Charles F. Smith | \$631 | 86.5 | \$56,657 | 219.9 | \$138,864 |
| Rebecca M. Girsch | \$324 | 138.7 | \$46,465 | 314.9 | \$101,960 |
| Victoria A. Birov | \$404 | 75.0 | \$31,126 | 240.1 | \$97,080 |
| Robert F. Lemoine | \$237 | 17.8 | \$4,272 | 396.3 | \$93,743 |
| J. Eric Ivester | \$616 | 18.6 | \$12,183 | 144.9 | \$89,226 |
| Harriet S. Posner | \$639 | 3.5 | \$2,293 | 136.6 | \$87,224 |
| Kurt Ramlo | \$418 | 2.6 | \$1,183 | 194.8 | \$81,456 |
| Joseph N. Wharton | \$321 | 131.5 | \$44,052 | 240.5 | \$77,236 |
| Maren L. Calvert | \$294 | 58.8 | \$17,347 | 202.5 | \$59,467 |
| Mark A. McDermott | \$434 | 48.4 | \$22,022 | 128.2 | \$55,624 |
| Sarah K. Lee | \$274 | 157.4 | \$43,916 | 174.0 | \$47,753 |
| John Storr | \$374 | 0.0 | \$0 | 118.3 | \$44,284 |
| Corinne Rebhun | \$295 | 0.0 | \$0 | 121.0 | \$35,695 |
| John Wm. Butler, Jr. | \$719 | 38.3 | \$27,768 | 48.8 | \$35,100 |
| Eric J. Gorman | \$455 | 50.6 | \$23,023 | 50.6 | \$23,023 |
| Shea D. Welch | \$319 | 37.3 | \$12,496 | 67.2 | \$21,456 |
| Laura Pieper Schroeder | \$279 | 18.9 | \$5,576 | 71.7 | \$20,016 |
| Matthew A. Shebuski | \$365 | 0.0 | \$0 | 40.5 | \$14,783 |
| Christopher P. Connors | \$337 | 5.4 | \$2,026 | 35.4 | \$11,926 |
| William M. Rohner | \$249 | 44.4 | \$11,048 | 44.4 | \$11,048 |
| Ryan J. Rohlfson | \$230 | 0.0 | \$0 | 46.4 | \$10,672 |
| Amarjeet S. Bhachu | \$395 | 0.0 | \$0 | 26.9 | \$10,626 |
| Susan H. Martin | \$395 | 24.1 | \$9,520 | 24.1 | \$9,520 |
| Brian M. Fern | \$335 | 2.9 | \$971 | 27.4 | \$9,179 |
| Janet Byrne Thabit | \$428 | 0.0 | \$0 | 19.2 | \$8,212 |
| Stephen D. Williamson | \$380 | 0.0 | \$0 | 15.0 | \$5,700 |
| Samuel S. Ory | \$386 | 2.4 | \$996 | 14.5 | \$5,594 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Brian J. Thompson | \$327 | 0.0 | \$0 | 16.9 | \$5,526 |
| K. Lucy Atwood | \$240 | 0.0 | \$0 | 20.8 | \$4,992 |
| Thomas R. Fawkes | \$240 | 6.5 | \$1,612 | 19.5 | \$4,689 |
| Seth Goldman | \$240 | 0.0 | \$0 | 18.2 | \$4,368 |
| Kristin E. Rooney | \$375 | 2.9 | \$1,088 | 5.7 | \$2,138 |
| T. Anthony Jaye | \$295 | 5.4 | \$1,593 | 5.4 | \$1,593 |
| Legal Assistants @ \$160 | \$160 | 28.4 | \$4,544 | 597.9 | \$95,664 |
| Legal Assistants @ \$195 | \$195 | 340.8 | \$66,459 | 393.2 | \$76,676 |
| Legal Assistants @ \$130 | \$130 | 188.2 | \$24,466 | 353.3 | \$45,929 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 87.3 | \$13,095 |
| Legal Assistants @ \$80 | \$80 | 9.5 | \$760 | 41.7 | \$3,336 |
| Legal Assistants @\$70 | \$70 | 13.5 | \$945 | 25.0 | \$1,750 |
| Grand Total | | 4,369.3 | \$1,703,276 | 11,681.1 | \$4,445,806 |

D. Case Administration

106. This particular category of time is comprised of matters relating to, among other things, (i) general communications with creditors and other parties-in-interest; (ii) general case administration, including duties pertaining to service of process and pleading and file maintenance; (iii) preparation for, and attendance at, Court hearings; (iv) general advice with respect to the prosecution of the Reorganization Cases; and (v) general advice with respect to the rights and duties of debtors-in-possession in the administration of the Reorganization Cases.

107. Given the unusual size and complexity of these Chapter 11 proceedings, the Debtors were presented with a singularly unique set of challenges in managing the process, tracking motions filed by others, responding to inquiries from parties-in-interest, and maintaining organization and control over a case that could have quickly become a disorganized morass

if attention had not been provided to case administration matters on an almost continual, around-the-clock basis.

108. Thus, for instance, professionals from Skadden worked closely with the Debtors, this Court's Clerk's Office, representatives of this Court's Chambers, the United States Trustee's Office, the Debtors' notice and claims agent, the Debtors' public relations advisors, and the Debtors' other advisors in coordinating the maintenance of website, telephone hotline, and e-mail information sites to assist in responding to the numerous inquiries that this case has generated. Skadden established an "800" telephone number "hotline" that provides basic information to callers that allowed them to leave messages that Skadden professionals could return. During the Reorganization Cases, approximately 13,000 messages were submitted to the hotline. Where necessary, Skadden professionals researched responses to each message and otherwise responded to all inquiries tendered through the hotline. A considerable amount of time was devoted to these efforts.

109. To further assist parties involved in the Reorganization Cases, Skadden also established and maintained an electronic mailbox at kmart_info@skadden.com. During the Reorganization Cases, approximately 2,000 e-mail messages were submitted to this mailbox. As with the hotline, responses to each message were researched (where appropriate) and responded to by Skadden professionals. Skadden paraprofessionals received an estimated 4,200 additional e-mail inquiries, including document requests and other inquiries. Skadden also estimates that its professionals received approximately 7,000 pieces of additional written

correspondence during the Reorganization Cases, all of which was routed to appropriate professionals within Skadden and responded to (when appropriate) either orally or in writing.

110. All together, Skadden estimates that it received at least 34,200 documented hotline, e-mail, and other written inquiries from creditors, employees, and other parties-in-interest during the Reorganization Cases, an average of 56 per day during the Reorganization Cases (including weekends and holidays). Skadden necessarily devoted significant resources to responding to these matters. These efforts assured responsive answers to parties and ensured relatively smooth Chapter 11 proceedings, and also assisted the Debtors and these estates by resolving numerous matters that otherwise may have resulted in pleadings being filed with this Court.

111. In addition to communications matters, Skadden professionals maintained various files critical to enable Skadden and others to promptly address issues that arose during the Reorganization Cases. Skadden docketed all pleadings and orders filed in the Reorganization Cases and worked with the Debtors' claims and noticing agent to ensure that entities entitled to notice were kept informed of significant events in the Reorganization Cases. The efficient management of administrative matters in a paper-intensive case of this size clearly is a significant task. Each week, the Debtors and Skadden were inundated with hundreds of items of correspondence, documents, requests, pleadings and other papers. As of May 6, 2003, the pleadings docket contained 11,361 entries, meaning that, on average, 24 pleadings were filed and docketed each day since the beginning of this case.

112. Given this volume of activity, Skadden professionals implemented various procedures to create efficiencies in the management of the Reorganization Cases and to avoid unnecessary duplication of effort. Despite the streamlined notice procedures authorized by this Court, Skadden professionals were required to devote major resources to service and related matters in these Reorganization Cases. By the end of the cases, there were 325 law firms on the Master Service List and 750 law firms on the 2002 Service List. Skadden paralegals devoted a great deal of time updating and maintaining these lists to ensure proper notice, including: (i) reviewing each pleading filed and updating the entities which firms represented; (ii) reviewing all electronic and written correspondence to ensure all lists were accurate; and (iii) reviewing all notices of appearance – which were not docketed in accordance with the procedures adopted by the Court in this case – to ensure that no party-in-interest was inadvertently excluded from a mailing.

113. Obviously, the great number of parties who appeared in these proceedings and the time-sensitive nature of many of the pleadings and replies that had to be filed required a great deal of coordinated effort among Skadden professionals. There were many matters that required special notices of particular items that significantly expanded these duties. Thus, Skadden maintained and continually updated a notice list of 2,000 landlords; a list of roughly 700 reclamation claimants; a list of approximately 2,100 utilities; a list of 675 cash management banks and lenders; and over 170 state taxing authorities and regulatory agencies.

114. In addition to communications and service matters, Skadden professionals also devoted significant time preparing for and attending the omnibus hearings that this Court

established. The omnibus hearings streamlined the administration of these Reorganization Cases by establishing a schedule known to all parties-in-interest for Court hearings, thus eliminating unnecessary time and expenses spent appearing before the Court on numerous occasions each month. However, the internal coordination of motions, responses, objections, witnesses, and other related matters required close and careful attention by the entire Skadden team. Indeed, the monthly omnibus hearing agendas that Skadden prepared required significant attention by numerous Skadden professionals beginning weeks before each hearing. In most cases, a carefully coordinated team of Skadden attorneys attended the hearings in order to meet with the dozens of parties-in-interest that appeared and to assist the Debtors in resolving as many issues as possible.

115. During the Reorganization Cases, there were a total of 14 omnibus and 14 significant off-omnibus hearings, many of which lasted more than one day. At the omnibus hearings, 1,000 matters were presented for an average of approximately 70 matters per omnibus hearing. The need to be thoroughly prepared at these hearings typically required Skadden to transport to the Courthouse between two and three dozen bankers boxes of pleadings and other documents for each hearing. As this Court is aware, the Debtors, with the assistance of Skadden and the Debtors' other professionals, succeeded in presenting the overwhelming majority of the matters at such hearings as uncontested or resolved. There have been relatively few contested matters in these proceedings, and even fewer that actually required contested evidentiary hearings. But for the coordinated efforts of Skadden professionals in connection with these hearings, this simply would not have been possible.

116. Finally, on almost a daily basis, Skadden professionals advised the Debtors' management of the Debtors' rights and duties as debtors-in-possession, noting proscribed, permitted, and required conduct. Skadden frequently provided legal advice to the Debtors' management with respect to numerous questions posed by management and by events occurring in the Reorganization Cases. Part of Skadden's advice in this regard involved the participation of Skadden in periodic planning and strategy conferences with the Debtors' senior management team.

117. In connection with the foregoing services, Skadden professionals expended 10,759.7 hours during the Reorganization Cases for which Skadden seeks compensation of \$2,862,719. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-4. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Joseph N. Wharton | \$308 | 203.9 | \$68,307 | 1,072.5 | \$330,558 |
| Mark A. McDermott | \$428 | 118.9 | \$54,230 | 659.9 | \$282,276 |
| J. Eric Ivester | \$622 | 43.5 | \$28,493 | 440.0 | \$273,544 |
| Brian J. Thompson | \$304 | 80.8 | \$27,068 | 824.9 | \$250,392 |
| Laura Pieper Schroeder | \$252 | 33.9 | \$10,001 | 679.0 | \$170,951 |
| Van C. Durrer, II | \$459 | 30.2 | \$14,682 | 291.9 | \$134,051 |
| T. Anthony Jaye | \$270 | 82.0 | \$24,190 | 439.6 | \$118,581 |
| Shea D. Welch | \$304 | 54.0 | \$18,090 | 369.0 | \$112,101 |
| John Wm. Butler, Jr. | \$704 | 21.6 | \$15,661 | 132.1 | \$92,952 |
| Brian M. Fern | \$319 | 107.2 | \$35,913 | 272.5 | \$86,997 |
| Thomas R. Fawkes | \$242 | 160.5 | \$39,516 | 310.0 | \$75,146 |
| Charles F. Smith | \$610 | 0.0 | \$0 | 102.8 | \$62,708 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Daniel S. Liberman | \$305 | 25.0 | \$8,376 | 186.5 | \$56,844 |
| Kurt Ramlo | \$430 | 14.8 | \$6,735 | 106.9 | \$45,982 |
| Marian P. Wexler | \$653 | 21.2 | \$14,416 | 66.6 | \$43,493 |
| Kristin E. Rooney | \$349 | 34.9 | \$13,088 | 120.3 | \$41,964 |
| Samuel S. Ory | \$385 | 8.8 | \$3,652 | 102.7 | \$39,495 |
| N. Lynn Hiestand | \$684 | 9.2 | \$6,394 | 51.3 | \$35,079 |
| Christina M. Tchen | \$610 | 0.0 | \$0 | 27.9 | \$17,019 |
| Michael W. Jones | \$295 | 0.0 | \$0 | 30.0 | \$8,851 |
| Janet Byrne Thabit | \$395 | 0.0 | \$0 | 17.5 | \$6,913 |
| Hillary A. Hamilton | \$265 | 0.0 | \$0 | 26.0 | \$6,890 |
| Victoria A. Birov | \$400 | 6.1 | \$2,531 | 16.5 | \$6,592 |
| Stephen Lubben | \$395 | 0.0 | \$0 | 9.3 | \$3,674 |
| Christine M. DeMott | \$324 | 1.6 | \$536 | 7.7 | \$2,492 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 1,124.9 | \$168,735 |
| Legal Assistants @ \$80 | \$80 | 439.0 | \$35,120 | 1,831.2 | \$146,498 |
| Legal Assistants @ \$195 | \$195 | 394.9 | \$77,007 | 681.6 | \$132,912 |
| Legal Assistants @ \$160 | \$160 | 50.7 | \$8,112 | 379.7 | \$60,752 |
| Legal Assistants @ \$130 | \$130 | 66.8 | \$8,684 | 329.9 | \$42,887 |
| Legal Assistants @ \$110 | \$110 | 0.0 | \$0 | 49.0 | \$5,390 |
| Grand Total | | 2,009.5 | \$520,802 | 10,759.7 | \$2,862,719 |

E. Reorganization Plan

118. Skadden provided significant assistance to the Debtors throughout the Reorganization Cases in protecting the Debtors' right to develop and file, and in developing and filing, a plan of reorganization. For instance, on February 28, 2002, the Debtors, with the assistance of Skadden, filed a motion to extend their exclusive periods for filing a plan of reorganization and soliciting acceptances thereof. All parties-in-interest except for the Financial Institutions' Committee consented to and/or did not object to an extension of the Debtors' exclusive period. In order to accommodate concerns raised by the Financial Institutions'

Committee, the Debtors worked with the Committee in obtaining entry of a bridge order extending the plan filing deadline. After a series of discussions, however, an agreed order was entered authorizing the extension with respect to all constituencies.

119. Of greater significance, at the commencement of these Reorganization Cases, the Debtors, with the assistance of Skadden, developed an aggressive timetable for their restructuring and announced their intent to emerge from Chapter 11 by July 2003. In accordance with this directive, in the third quarter of 2002, Skadden began working in earnest on the outlines of a plan of reorganization, including extensive analysis of prepetition liabilities, possible plan classes, and perhaps most importantly, analysis of the various "Kmart of [] Subsidiaries" issues.¹⁵ These issues were very complex, and resulted in protracted, difficult negotiations with numerous parties-in-interest concerning their resolution, and indeed, their resolution was critical to formulation of a consensual plan.

120. As part of the analysis of these issues, Skadden identified Kmart's transfer of certain assets to the so-called "Kmart of [] Subsidiaries" that occurred from 1998 to 2000. Specifically, Kmart transferred to each Kmart of [] Subsidiary the assets constituting the business operations, including real estate and inventory comprising the retail stores and certain distribution centers, located in the respective states of each Kmart of [] Subsidiary. The Debtors, with the assistance of Skadden, determined that the Kmart of [] Subsidiaries did not owe any material debt to any third parties other than the Debtors' prepetition lenders, by virtue

¹⁵ The subsidiaries include Kmart of Indiana, Kmart of Michigan, Inc., Kmart of North Carolina LLC, Kmart of Pennsylvania LP, and Kmart of Texas L.P.

of certain subsidiary guaranties, and to the Pension Benefit Guaranty Corporation, by virtue of their statutory joint and several liability for certain pension-related obligations of Kmart.

121. The prepetition lenders asserted that they believed they were entitled to substantially all value in the Kmart of [] Subsidiaries, and that their claims thus had to be paid in full, before any value attributable to the assets of the Kmart of [] Subsidiaries could be upstreamed to Kmart on account of its ownership interests in these subsidiaries. However, the legal theories relating to the enforceability of these guarantees and possible avoidance of the asset transfers, including the law of fraudulent transfers and the law of substantive consolidation, were particularly complicated as applied to the detailed facts evidencing these transactions. Representatives of Kmart, the prepetition lenders, and the Statutory Committees, with the assistance of their advisors, including Skadden, devoted a significant amount of time researching the facts and the law applicable to these matters, and spent significant time analyzing, discussing, and negotiating with one another regarding possible litigation and settlement of the issues. The parties ultimately resolved their disputes through a global settlement of all issues, a settlement that formed the basis of the Plan.

122. In the summer of 2002, the Debtors became aware that ESL Investments, Inc. ("ESL") and Third Avenue Trust had acquired significant amounts of the Debtors' debt. The Debtors, with significant assistance from Skadden, met with representatives of ESL and Third Avenue during the late summer and fall of 2002 to discuss the interest expressed by ESL and Third Avenue in working with the Debtors in restructuring the Debtors' affairs, including the possibility of investing in the Debtors pursuant to a consensual plan of reorganization.

Pursuant to an agreement entered into between the Debtors and these significant creditors, ESL and Third Avenue were provided access to material business information concerning the Debtors in order to evaluate the possibility of a transaction. As a result of the involvement of ESL and Third Avenue in these proceedings, they were added to the Financial Institutions' Committee in the Fall of 2002.

123. The Debtors, assisted by Skadden, thereafter commenced intense negotiations with ESL and Third Avenue concerning the terms and conditions upon which they would make a substantial investment. As a result of extensive negotiations, the parties agreed upon terms of an investment agreement. Under this investment agreement, ESL and Third Avenue (collectively, the "Plan Investors") agreed to make a substantial investment in Kmart in furtherance of Kmart's financial and operational restructuring. In exchange for this investment, which totaled up to \$353 million, the Plan Investors received shares of stock and notes of Reorganized Kmart.

124. Throughout this time period, Skadden also was working on drafts of a plan of reorganization and working closely with the Debtors' senior management, investment banker, and financial and real estate advisors in analyzing various strategic alternatives and business plan concepts pursuant to a global restructuring plan for the Company. The process accelerated in December 2002 and January 2003 when Skadden circulated a draft of the Plan to various constituents. Throughout January 2003, Skadden professionals received pages and pages of comments – on an almost daily basis – from the Debtors, the Financial Institutions' Committee, the Creditors' Committee, the Equity Committee, Plan Investors, and numerous other interested

constituents as the parties continued their extensive negotiations about Kmart's restructuring. Ultimately, as a result of these efforts, the Debtors filed the Plan and accompanying Disclosure Statement with the Bankruptcy Court on January 24, 2003.

125. During the month of February 2003, negotiations among the primary constituents continued over certain aspects of the Plan and in response to numerous other issues raised by parties in interest. During that entire month, pending the hearing on the Disclosure Statement accompanying the Plan, Skadden professionals continued to receive comments and inquiries on the Plan. Numerous modifications were made to the Plan in response to these and other matters in anticipation of a hearing on the Disclosure Statement on February 24, 2003. On that day, this Court approved the adequacy of the Disclosure Statement and authorized solicitation of votes on the Plan.

126. A total of 188 objections to the Plan ultimately were filed by parties-in-interest (in addition to objections by shareholders whose equity was cancelled under the Plan). In addition, Skadden professionals fielded numerous telephone and electronic inquiries regarding the terms of the Plan. Skadden professionals researched issues raised by the objections to the Plan and prepared a memorandum of law in support of the Plan. The Debtors, with the assistance of Skadden, engaged in extensive negotiations with objecting parties in an effort to resolve such parties' objections and negotiated settlements with many of the objecting parties prior to and during the confirmation hearing which spanned the four day period of April 14, 15, 21 and 22, 2003. The Debtors succeeded in resolving all but six of the objections without litigation. Each of these remaining six objections was overruled. The Plan, confirmed

by the Court on April 23, 2003, eliminated approximately \$8 billion in debt from Kmart's balance sheet.

127. In the days between the April 23, 2003 Plan confirmation date, and the May 6, 2003 Plan effective date, numerous parties, including representatives of the Debtors, the Statutory Committees, the Plan Investors, and their various advisors, met in New York in order to take the actions necessary to proceed to the occurrence of the effective date of the Plan. These actions included: (i) satisfaction of the outstanding obligations under the Debtors' DIP facility; (ii) execution and delivery by all parties of the \$2 billion exit financing facility; and (iii) satisfaction of all conditions precedent to the Investment Agreement and the occurrence of funding under the Investment Agreement.

128. Skadden coordinated all of these aspects of emergence and the occurrence of the Effective Date. As part of the closing, the following transactions, among others, occurred: (i) the payment of the \$2,959,003 DIP Facility claims; (ii) payment of \$243,224,909 in satisfaction of \$1.1 billion in prepetition lender claims; (iii) receipt by the Debtors from the Plan Investors of an investment of \$140,000,000 in cash and the sum of \$187,237,750 that ESL was deemed to have utilized to purchase 32,723,775 shares of Kmart Holding Corporation Common Stock, (iv) receipt by the Debtors from the Plan Investors of \$60,000,000, representing the purchase price of the Kmart Holding Corporation Convertible Notes, (v) payment of various administrative claims required to be paid on the Effective Date, and (vi) release and delivery to the holders of Prepetition Notes of 25,008,573 shares of Kmart Holding Corporation Common Stock in satisfaction of \$2.3 billion in bond/debenture indebtedness.

129. In connection with the foregoing services, Skadden professionals expended 6,040.8 hours during the Reorganization Cases for which Skadden seeks compensation of \$2,711,930. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-5. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Samuel S. Ory | \$415 | 725.5 | \$301,085 | 840.7 | \$348,894 |
| J. Eric Ivester | \$652 | 275.8 | \$180,650 | 394.3 | \$257,156 |
| John Wm. Butler, Jr. | \$724 | 285.2 | \$206,771 | 335.8 | \$243,024 |
| Mark A. McDermott | \$455 | 453.7 | \$206,915 | 533.4 | \$242,895 |
| N. Lynn Hiestand | \$695 | 238.8 | \$165,966 | 280.1 | \$194,632 |
| Charles F. Smith | \$651 | 217.3 | \$142,333 | 242.4 | \$157,707 |
| Marian P. Wexler | \$680 | 147.5 | \$100,300 | 182.7 | \$124,236 |
| Van C. Durrer, II | \$490 | 162.4 | \$79,891 | 218.6 | \$107,046 |
| Shea D. Welch | \$335 | 195.6 | \$65,527 | 234.0 | \$78,391 |
| Nancy M. Olson | \$435 | 167.6 | \$72,906 | 167.6 | \$72,906 |
| Brian M. Fern | \$335 | 195.3 | \$65,425 | 195.3 | \$65,425 |
| David J. Friedman | \$725 | 77.5 | \$56,189 | 88.0 | \$63,802 |
| Roger E. Stuart | \$455 | 108.3 | \$49,277 | 136.1 | \$61,926 |
| Brian J. Thompson | \$335 | 164.2 | \$55,008 | 164.2 | \$55,008 |
| T. Anthony Jaye | \$295 | 171.2 | \$50,504 | 171.2 | \$50,504 |
| Paul J. Huff | \$475 | 93.9 | \$44,604 | 93.9 | \$44,604 |
| Thomas R. Fawkes | \$278 | 156.5 | \$43,444 | 156.5 | \$43,444 |
| Jeffrey J. Steinle | \$395 | 96.7 | \$38,197 | 96.7 | \$38,197 |
| Rebecca M. Girsch | \$335 | 96.0 | \$32,160 | 96.0 | \$32,160 |
| Christopher P. Connors | \$375 | 85.1 | \$31,912 | 85.1 | \$31,912 |
| Laura Pieper Schroeder | \$295 | 93.0 | \$27,436 | 102.5 | \$30,239 |
| Daniel S. Liberman | \$333 | 86.0 | \$28,810 | 89.5 | \$29,843 |
| Christine M. DeMott | \$335 | 84.5 | \$28,307 | 84.5 | \$28,307 |
| Victoria A. Birov | \$415 | 57.0 | \$23,655 | 57.0 | \$23,655 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Kristin E. Rooney | \$375 | 62.6 | \$23,475 | 62.6 | \$23,475 |
| Eric J. Gorman | \$455 | 46.8 | \$21,294 | 46.8 | \$21,294 |
| Susan H. Martin | \$395 | 47.6 | \$18,802 | 47.6 | \$18,802 |
| Joseph N. Wharton | \$332 | 50.0 | \$16,751 | 53.4 | \$17,754 |
| Rena M. Samole | \$335 | 52.9 | \$17,722 | 52.9 | \$17,722 |
| William M. Rohner | \$280 | 60.8 | \$17,024 | 60.8 | \$17,024 |
| Eric F. Colandrea | \$375 | 32.1 | \$12,038 | 37.9 | \$14,213 |
| Dwight S. Yoo | \$335 | 38.5 | \$12,898 | 38.5 | \$12,898 |
| Catherine E. Danz | \$295 | 43.0 | \$12,685 | 43.0 | \$12,685 |
| Alexandra Margolis | \$475 | 22.5 | \$10,688 | 22.5 | \$10,688 |
| Gregory A. Fericola | \$680 | 14.6 | \$9,928 | 14.6 | \$9,928 |
| Kurt Ramlo | \$455 | 9.3 | \$4,232 | 19.5 | \$8,873 |
| David F. Kolin | \$485 | 18.1 | \$8,779 | 18.1 | \$8,779 |
| Samuel C. Dibble | \$395 | 15.4 | \$6,083 | 15.4 | \$6,083 |
| Alesia Ranney-Marinelli | \$695 | 5.1 | \$3,544 | 5.1 | \$3,544 |
| Sarah K. Lee | \$272 | 12.9 | \$3,512 | 12.9 | \$3,512 |
| James S. Harrington | \$295 | 10.4 | \$3,068 | 10.4 | \$3,068 |
| Legal Assistants @ \$195 | \$195 | 283.5 | \$55,284 | 283.5 | \$55,284 |
| Legal Assistants @ \$160 | \$160 | 73.9 | \$11,824 | 88.5 | \$14,160 |
| Legal Assistants @ \$130 | \$130 | 27.5 | \$3,575 | 27.5 | \$3,575 |
| Legal Assistants @ \$80 | \$80 | 33.2 | \$2,656 | 33.2 | \$2,656 |
| Grand Total | | 5,395.3 | \$2,373,134 | 6,040.8 | \$2,711,930 |

MATTERS BETWEEN \$1,000,000 AND \$2,000,000

F. Executory Contracts (General)

130. The Debtors estimate that, as of the Petition Date, they were parties to at least 18,000 executory contracts and leases of personal property. The contracts pertain to almost all aspects of Kmart's merchandising business, including supply contracts with hundreds of vendors for thousands of different products sold in the Debtors' stores; construction contracts with hundreds of contractors performing work at various locations; and contracts with over

1,000 independent contractors that provide a myriad of services to the Debtors. The leases of personal property include leases of several different types of computer equipment, vehicles, hauling equipment, customer check-out equipment, and other items. The Debtors lease hundreds of thousands of pieces of equipment under these leases; indeed, one particular lease covered over 45,000 individual items.

131. During the Reorganization Cases, Skadden professionals worked closely with dozens of different Kmart business contacts in coordinating the review of various executory contracts and in working with the Debtors' senior management and business advisors in evaluating contracts and leases for assumption or rejection. These efforts required close analysis of, among other things, cure amounts, post-petition defaults, and other ramifications of rejection or assumption. This analysis also required numerous meetings with Kmart business personnel regarding appropriate pro-ration of invoices and post-petition payment obligations, and also required numerous meetings and calls with contract counter-parties regarding addenda, termination notices, and other issues.

132. In connection with the Plan, which required the Debtors to list all contracts and leases that they sought to assume, the Debtors, with Skadden's assistance, coordinated a company-wide review of all 18,000 prepetition contracts and leases. This contract review began in early January 2003 and lasted until the middle of April 2003. This process involved not only reviewing each contract and lease, but also negotiating revised contract terms and potential cure amounts with the contract/lease counter-party. Skadden assisted each Kmart business category group in the review by developing a template for highlighting areas that each team should focus

on in making the determination of whether to assume or reject contracts and leases. Beginning in January 2003, the Debtors, through ten group leaders, held weekly meetings with Skadden to monitor the status of the review. These meetings were held daily in mid-March 2003 as the deadline to file exhibits to the Plan approached.

133. In addition to the foregoing, during the Reorganization Cases, over 40 motions were filed by the Debtors and other parties-in-interest concerning various executory contracts. These motions included motions filed by the Debtors requesting authority to reject various contracts and equipment leases, resulting in total estimated savings to these estates of approximately \$40 million. These motions also included motions filed by counter-parties to various contracts seeking to compel the Debtors to assume or reject their contracts. As this Court is aware, absent exceptionally compelling circumstances, such as the Debtors' need to comply with health code and insurance regulatory requirements, the Debtors were required to strongly resist motions to compel. The Debtors, with Skadden's assistance, successfully negotiated resolutions to numerous of these motions, resulting in only one such motion being litigated to a ruling in favor of the Debtors.

134. During the early stages of the Reorganization Cases, Skadden was required to devote significant attention to the unauthorized termination, by Penske and certain of its affiliates ("Penske"), of the operations of automotive centers previously conducted at certain Kmart stores. As this Court is aware, Skadden attorneys were required to appear before this Court on a Saturday morning in order to obtain an emergency temporary restraining order against Penske, and thereafter conducted extensive evidentiary hearings on the propriety of

Penske's conduct. After a series of negotiations, however, the Debtors and Penske agreed, with substantial assistance from Skadden, to resolve the litigation and to wind-up the automotive centers in an orderly fashion with a minimum of disruption to the Debtors' operations and restructuring efforts.

135. In addition, Skadden was required to devote significant resources during the Reorganization Cases to a contested, evidentiary trial in connection with the Debtors' rejection of an advertising agreement with FloorGraphics, Inc. This particular matter involved a series of motions, including discovery motions, filed by FloorGraphics on an expedited basis, certain of which Skadden resisted as contrary to this Court's case management procedures; deposition testimony and document production; and extensive negotiation of confidentiality agreements and entry of protective orders.

136. Another key contract that was the focus of significant attention during the Reorganization Cases was Kmart's core pantry, food and perishable supply contract with Fleming Companies, Inc. ("Fleming"). Prior to the commencement of the 2003 Closing Stores, the Debtors entered into discussions with Fleming, its largest supplier and the distributor of substantially all food and consumables to Kmart, regarding possible modifications to their supply relationship in order to reflect the rationalization of Kmart's store base and distribution centers. The parties' supply relationship was evidenced by a ten year supply agreement that could not have been clearly terminated by Kmart without cause until the first quarter of 2007. After concluding that the supply agreement could not be modified to Kmart's satisfaction, on February 3, 2003, the Debtors, with the assistance of Skadden, filed a motion with this Court on

notice to the United States Trustee and the Statutory Committees, but not on notice to Fleming, requesting immediate rejection of the supply agreement. The Debtors filed the motion on an ex parte basis due to fears of Fleming's ability to continue as a going concern and the potential of Fleming filing for bankruptcy, which Fleming ultimately did following the Debtors rejection of the supply agreement. On the day of the hearing, this Court authorized the rejection of the supply agreement, and the Debtors and Fleming announced that they had terminated the supply relationship by means of the Debtors' rejection of the supply agreement.

137. After the rejection of the supply agreement with Fleming, the Debtors and Fleming discussed possible transition arrangements, and eventually agreed upon an interim arrangement whereby Fleming agreed to continue to supply the Debtors with certain products until early March 2003. Skadden professionals were involved in the negotiations with Fleming and other parties-in-interest regarding these matters and ultimately facilitated the parties in reaching an agreeable resolution with Fleming with respect to transition of the supply relationship that involved minimal disruption to Kmart. Thereafter, Skadden assisted the Debtors with negotiating and drafting twelve separate regional wholesaler agreements for the procurement and distribution of food and pantry items.

138. Finally, in conjunction with the Debtors' Plan, Skadden professionals reviewed approximately 80 objections to the Debtors' Plan filed by parties to executory contracts with the Debtors. The majority of these objections focused on certain modifications to agreements that the Debtors were attempting to institute through the assumption process. In addition, some of these objections expressed concerns about the process for filing cure claims

and the Debtors' ability to pay such cure claims in a timely fashion. Skadden contacted each of the objecting parties and attempted, with the Debtors, to resolve their objections to the Debtors' Plan prior to and during the Plan confirmation hearing.

139. In connection with the foregoing services, Skadden professionals expended 5,371.0 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,947,450. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-6. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Kristin E. Rooney | \$360 | 630.5 | \$236,439 | 1,233.4 | \$443,420 |
| Christopher P. Connors | \$342 | 162.7 | \$61,014 | 619.0 | \$211,949 |
| Daniel S. Liberman | \$325 | 334.4 | \$112,026 | 452.5 | \$146,867 |
| Hillary A. Hamilton | \$290 | 211.5 | \$62,393 | 381.4 | \$110,756 |
| Carl A. Roth | \$482 | 109.3 | \$53,012 | 211.7 | \$102,036 |
| Victoria A. Birov | \$388 | 40.0 | \$16,601 | 257.8 | \$99,925 |
| Charles F. Smith | \$621 | 34.5 | \$22,598 | 138.1 | \$85,794 |
| Mark A. McDermott | \$432 | 76.0 | \$34,611 | 182.4 | \$78,817 |
| Christina M. Tchen | \$610 | 0.0 | \$0 | 117.7 | \$71,797 |
| N. Lynn Hicstand | \$685 | 44.2 | \$30,719 | 95.3 | \$65,281 |
| Van C. Durrer, II | \$475 | 56.2 | \$27,290 | 125.5 | \$59,567 |
| Maren L. Calvert | \$284 | 78.9 | \$23,277 | 180.9 | \$51,412 |
| Joseph N. Wharton | \$299 | 10.6 | \$3,552 | 147.9 | \$44,199 |
| Taura Pieper Schroeder | \$280 | 37.1 | \$10,945 | 147.3 | \$41,199 |
| J. Eric Ivester | \$610 | 0.0 | \$0 | 61.3 | \$37,393 |
| Shea D. Welch | \$322 | 66.3 | \$22,211 | 97.2 | \$31,327 |
| Robert F. Lemoine | \$240 | 66.8 | \$16,032 | 111.0 | \$26,640 |
| John Wm. Butler, Jr. | \$722 | 33.1 | \$23,998 | 36.4 | \$26,292 |
| Samuel S. Ory | \$380 | 0.0 | \$0 | 65.1 | \$24,738 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| John Storr | \$365 | 0.0 | \$0 | 66.7 | \$24,347 |
| Jeffrey J. Steinle | \$365 | 0.0 | \$0 | 55.0 | \$20,076 |
| Michele Walton | \$330 | 0.0 | \$0 | 59.7 | \$19,701 |
| Brian M. Fern | \$298 | 2.8 | \$938 | 63.0 | \$18,793 |
| Michael W. Jones | \$295 | 0.0 | \$0 | 42.7 | \$12,597 |
| Anton E. Mikel | \$265 | 0.0 | \$0 | 31.7 | \$8,401 |
| Rebecca M. Girsch | \$295 | 0.0 | \$0 | 26.1 | \$7,700 |
| Harriet S. Posner | \$634 | 4.8 | \$3,144 | 11.2 | \$7,106 |
| Amarjeet S. Bhachu | \$395 | 0.0 | \$0 | 17.7 | \$6,992 |
| Susan H. Martin | \$365 | 0.0 | \$0 | 14.1 | \$5,147 |
| Kurt Ramlo | \$430 | 3.9 | \$1,775 | 10.7 | \$4,597 |
| Kathryn C. Newman | \$375 | 10.7 | \$4,013 | 10.7 | \$4,013 |
| Lanelle K. Mcidan | \$330 | 0.0 | \$0 | 9.9 | \$3,267 |
| Brian J. Thompson | \$301 | 1.3 | \$436 | 9.6 | \$2,885 |
| Eric F. Colandrea | \$330 | 0.0 | \$0 | 8.1 | \$2,673 |
| Janet Byrne Thabit | \$435 | 6.1 | \$2,654 | 6.1 | \$2,654 |
| Thomas R. Fawkes | \$240 | 5.7 | \$1,368 | 5.7 | \$1,368 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 71.3 | \$10,695 |
| Legal Assistants @ \$130 | \$130 | 0.0 | \$0 | 72.3 | \$9,399 |
| Legal Assistants @ \$195 | \$195 | 28.7 | \$5,598 | 33.1 | \$6,456 |
| Legal Assistants @ \$160 | \$160 | 14.2 | \$2,272 | 32.7 | \$5,232 |
| Legal Assistants @ \$80 | \$80 | 1.2 | \$96 | 37.2 | \$2,976 |
| Legal Assistants @ \$70 | \$70 | 10.8 | \$756 | 13.8 | \$966 |
| Grand Total | | 2,082.3 | \$779,768 | 5,371.0 | \$1,947,450 |

G. Vendor Matters

140. The Debtors have over 4,000 major vendors who supply Kmart stores with tens of thousands of products and services necessary to enable Kmart to compete in the general merchandising retail market. The Debtors acquire hundreds of millions of dollars of inventory each month, and consistently maintain an inventory balance among their 1,513 stores and 17 distribution centers with a total book value of over \$5 billion. Thousands of Kmart employees

work with thousands of employees of the vendors in purchasing and coordinating shipments of merchandise. Millions of invoices are generated annually in connection with this activity.

141. The commencement of these Reorganization Cases, as with the commencement of any large Chapter 11 case, caused significant – yet unavoidable – disruption to the vendor supply network. However, Skadden professionals worked closely with Kmart buyers and other personnel throughout the Reorganization Cases in implementing a series of programs designed to ensure as seamless a transition into Chapter 11 as possible and to ensure that much needed merchandise was available to the Debtors' customers at all Kmart stores. For example, Skadden worked with the Debtors and each of the Statutory Committees in developing and implementing a trade vendor lien program, designed to cement positive relationships with vendors and motivate them to continue supplying the Debtors with merchandise. Approximately 841 key vendors applied to participate in this program. In addition, as part of their exit financing facility, Skadden assisted the Debtors with drafting provisions in the Plan under which the Debtors granted to those vendors who agreed to provide retail merchandise to the reorganized Debtors on credit after the Effective Date, or who provided merchandise to the Debtors after the Petition Date and before the Effective Date on credit that was not paid for as of the Effective Date, a trade vendors' lien.

142. Prior to the Petition Date, Skadden professionals also worked with the Debtors in developing and implementing a series of critical vendor programs under which the Debtors obtained Court authority to pay the prepetition claims of selected classes of key vendors, including their food and music suppliers; foreign vendors; milk, egg, and dairy

suppliers and; advertisers. These programs entailed payments to vendors necessary to maintain an uninterrupted flow of perishables and music and to ensure the continued maintenance of Kmart's weekly, nationwide advertising program. A creditor has appealed these orders, however, requiring Skadden professionals to devote significant resources to preparation of appellate briefs and related materials in order to preserve these critical orders.¹⁶

143. Skadden also assisted the Debtors in negotiating, drafting, and obtaining approval of settlement agreements with Anderson News, LLC, a magazine vendor, with TBWA Worldwide Inc., provider of various advertising broker and related services to Kmart, and Kodak, supplier of certain photofinishing services. During the Reorganization Cases, Skadden also worked with the Debtors in responding to various adversary proceedings, including proceedings relating to preference payments, reclamation claims and turnover claims, instituted against the Debtors by certain vendors, including answering complaints, conducting discovery, and otherwise ensuring compliance with Court orders regarding briefing schedules and in engaging in negotiations toward consensual resolutions where possible.

144. Finally, at the Debtors' request and direction, Skadden professionals maintained an almost continual presence at Kmart's headquarters in order to assist the Debtors with the numerous vendor inquiries and issues that arose on a daily basis. These issues included, among other things, the Debtors' maintenance of the return to vendor program under which the Debtors returned certain merchandise to vendors, where necessary, in accordance

¹⁶ The orders related to these and certain other orders were reversed by the District Court. Kmart is appealing these matters to the Seventh Circuit Court of Appeals

with prepetition practices in the ordinary course of business. Many issues required attention to vendors' continued compliance with the Debtors' contracts and the provisions of the Bankruptcy Code, along with the Debtors' implementation of internal controls designed to prohibit payment of prepetition claims and proration of invoices and purchase orders. Skadden professionals worked closely with vendor relations personnel and other business personnel responsible for responding to vendor concerns.

145. In connection with the foregoing services, Skadden professionals expended 4,212.1 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,817,548. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-7. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| N. Lynn Hiestand | \$687 | 307.7 | \$213,852 | 769.6 | \$528,993 |
| Carl A. Roth | \$483 | 305.5 | \$148,168 | 377.3 | \$182,211 |
| Christopher P. Connors | \$358 | 226.9 | \$85,089 | 414.5 | \$148,333 |
| Maren I. Calvert | \$295 | 276.4 | \$81,540 | 360.6 | \$106,379 |
| Daniel S. Liberman | \$316 | 72.1 | \$24,155 | 320.1 | \$101,176 |
| Kristin E. Rooney | \$350 | 18.8 | \$7,050 | 214.3 | \$75,075 |
| Victoria A. Birov | \$387 | 31.1 | \$12,907 | 159.5 | \$61,699 |
| Arthur W. Bresnahan | \$475 | 116.0 | \$55,101 | 116.0 | \$55,101 |
| Charles F. Smith | \$652 | 59.5 | \$38,973 | 83.7 | \$54,594 |
| Mark A. McDermott | \$425 | 20.1 | \$9,194 | 104.7 | \$44,544 |
| Paul J. Huff | \$475 | 92.5 | \$43,937 | 92.5 | \$43,937 |
| David F. Kolin | \$476 | 20.5 | \$9,943 | 72.9 | \$34,666 |
| John Storr | \$369 | 0.0 | \$0 | 84.3 | \$31,124 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Marian P. Wexler | \$680 | 44.4 | \$30,192 | 44.4 | \$30,192 |
| Hillary A. Hamilton | \$290 | 62.5 | \$18,438 | 94.3 | \$27,312 |
| David S. Prohofskey | \$375 | 57.3 | \$21,488 | 57.3 | \$21,488 |
| Harriet S. Posner | \$641 | 21.2 | \$13,886 | 31.0 | \$19,864 |
| K. Lucy Atwood | \$240 | 26.4 | \$6,336 | 81.6 | \$19,584 |
| Alesia Ranney-Marinelli | \$695 | 27.1 | \$18,835 | 27.1 | \$18,835 |
| J. Eric Ivester | \$615 | 3.4 | \$2,227 | 30.4 | \$18,697 |
| John Wm. Butler, Jr. | \$714 | 13.4 | \$9,715 | 22.7 | \$16,219 |
| Christina M. Tchen | \$645 | 12.6 | \$8,568 | 25.0 | \$16,132 |
| Janet Byrne Thabit | \$435 | 0.0 | \$0 | 36.9 | \$16,052 |
| Joseph N. Wharton | \$295 | 0.0 | \$0 | 47.7 | \$14,072 |
| Brian J. Thompson | \$322 | 16.2 | \$5,428 | 42.1 | \$13,545 |
| Samuel S. Ory | \$415 | 32.1 | \$13,322 | 32.1 | \$13,322 |
| Robert F. Lemoine | \$271 | 26.0 | \$7,280 | 33.3 | \$9,032 |
| Bennett S. Silverberg | \$335 | 25.6 | \$8,576 | 25.6 | \$8,576 |
| Van C. Durrer, II | \$459 | 1.6 | \$776 | 18.2 | \$8,354 |
| David J. Friedman | \$702 | 2.8 | \$2,031 | 11.8 | \$8,286 |
| Laura Pieper Schroeder | \$252 | 0.0 | \$0 | 16.5 | \$4,159 |
| Joseph E. Miller III | \$380 | 0.0 | \$0 | 10.2 | \$3,876 |
| Kurt Ramlo | \$428 | 0.0 | \$0 | 7.8 | \$3,341 |
| Peter A. Atkins | \$725 | 4.3 | \$3,118 | 4.3 | \$3,118 |
| Thomas R. Fawkes | \$240 | 12.8 | \$3,072 | 12.8 | \$3,072 |
| Shea D. Welch | \$308 | 0.0 | \$0 | 9.3 | \$2,861 |
| Eric F. Colandrea | \$330 | 0.0 | \$0 | 7.2 | \$2,376 |
| Michael W. Jones | \$295 | 0.0 | \$0 | 7.1 | \$2,095 |
| Legal Assistants @ \$195 | \$195 | 95.6 | \$18,644 | 102.2 | \$19,931 |
| Legal Assistants @ \$160 | \$160 | 68.0 | \$10,880 | 73.0 | \$11,680 |
| Legal Assistants @ \$130 | \$130 | 3.7 | \$481 | 57.4 | \$7,462 |
| Legal Assistants @ \$70 | \$70 | 50.9 | \$3,563 | 50.9 | \$3,563 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 12.4 | \$1,860 |
| Legal Assistants @ \$80 | \$80 | 2.6 | \$208 | 9.5 | \$760 |
| Grand Total | | 2,157.6 | \$936,973 | 4,212.1 | \$1,817,548 |

H. General Corporate Advice

146. Throughout the Reorganization Cases, Skadden professionals attended monthly and special meetings of the Debtors' board of directors which required, among other things, working with the Debtors' other professionals and the Debtors' senior management to prepare detailed materials for distribution and discussion. In connection with these meetings and in the course of the Debtors' daily operations, Skadden devoted a significant amount of time advising the Debtors' board of directors on other general corporate governance matters in addition to general restructuring advice.

147. Also during the Reorganization Cases, Skadden professionals advised the Debtors in connection with the preparation of the Debtors' regulatory filings, including, among other things, the Debtors' Form 10-K for the fiscal year ended January 29, 2002, filed with the SEC on May 15, 2002, and the Debtors' Form 10-K for the fiscal year ended January 29, 2003, filed with the SEC on March 24, 2003. Skadden also assisted the Debtors in their other regulatory filings with the SEC, including the Debtors' Forms 10-Q and 8-K, which were issued in connection with each of the Debtor's monthly operating reports. The timeliness of these filings was very important, especially with respect to the 2002 Form 10-K, which involved restated earnings from the previously issued Form 10-Qs for fiscal year 2002, included significant disclosures regarding the Investigations, was necessary to obtain trade vendor support for the Debtors' reorganization efforts, and was necessary for the Debtors to remain in compliance with their \$2 billion DIP facility.

148. Finally, Skadden provided advice regarding compliance with the various aspects of the Sarbanes-Oxley Act, including disclosure requirements in periodic filings and independence requirements for the Debtors' audit committee and the Debtors' independent auditors. Skadden professionals reviewed and revised Kmart's 10-Qs and 10-Ks to ensure compliance with these new rules. Skadden professionals also prepared memoranda for the Debtors explaining and discussing these new laws and SEC regulations promulgated thereunder.

149. In connection with the foregoing services, Skadden professionals expended 3,354.3 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,787,470. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-8. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|----------------------|-------|---------------------|----------------------|-------------------|--------------------|
| David J. Friedman | \$710 | 221.6 | \$160,662 | 919.2 | \$652,809 |
| Eric F. Colandrea | \$362 | 408.1 | \$153,038 | 627.8 | \$227,092 |
| N. Lynn Hiestand | \$684 | 85.7 | \$59,563 | 249.8 | \$170,983 |
| John Wm. Butler, Jr. | \$706 | 63.8 | \$46,256 | 226.4 | \$159,881 |
| Roger E. Stuart | \$441 | 35.2 | \$16,016 | 310.7 | \$137,050 |
| Joshua A. Ratner | \$295 | 185.0 | \$54,575 | 185.0 | \$54,575 |
| Peter A. Atkins | \$707 | 22.8 | \$16,530 | 69.1 | \$48,852 |
| Laura A. Heiman | \$467 | 51.5 | \$24,463 | 103.5 | \$48,383 |
| Colleen P. Mahoney | \$630 | 0.0 | \$0 | 66.5 | \$41,895 |
| Stuart N. Alperin | \$710 | 10.8 | \$7,830 | 36.0 | \$25,558 |
| Mark A. McDermott | \$420 | 6.0 | \$2,730 | 49.8 | \$20,907 |
| Kimberly A. deBeers | \$415 | 0.0 | \$0 | 46.9 | \$19,464 |
| J. Eric Ivester | \$636 | 1.5 | \$983 | 30.5 | \$19,411 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------------|----------------------------|-------------------------|--------------------------|
| Charles F. Walker | \$470 | 0.0 | \$0 | 35.2 | \$16,544 |
| Amy R. Sabrin | \$543 | 0.0 | \$0 | 25.9 | \$14,061 |
| Mark R. Hutchinson | \$435 | 31.8 | \$13,833 | 31.8 | \$13,833 |
| Marian P. Wexler | \$672 | 4.1 | \$2,788 | 17.4 | \$11,697 |
| Wei Chen | \$230 | 0.0 | \$0 | 48.5 | \$11,155 |
| Christopher P. Malloy | \$495 | 0.0 | \$0 | 21.5 | \$10,643 |
| Brendan S. McParland | \$280 | 26.1 | \$7,308 | 26.1 | \$7,308 |
| Dietrich A. Loos | \$365 | 0.0 | \$0 | 19.0 | \$6,935 |
| Louis D. Greenstein | \$380 | 0.0 | \$0 | 18.2 | \$6,916 |
| Shea D. Welch | \$335 | 0.0 | \$0 | 20.0 | \$6,700 |
| Jeffrey J. Steinle | \$365 | 0.0 | \$0 | 18.0 | \$6,570 |
| Timothy P. Olson | \$395 | 0.0 | \$0 | 16.6 | \$6,557 |
| Eric M. Burt | \$395 | 14.0 | \$5,530 | 14.0 | \$5,530 |
| Ronald S. Laurie | \$610 | 0.0 | \$0 | 9.0 | \$5,490 |
| Peter Lampasona | \$395 | 0.0 | \$0 | 13.8 | \$5,451 |
| Charles F. Smith | \$630 | 2.7 | \$1,769 | 6.0 | \$3,782 |
| Nancy M. Olson | \$435 | 1.1 | \$479 | 6.8 | \$2,959 |
| Brian P. Kelly | \$295 | 0.0 | \$0 | 9.5 | \$2,804 |
| Samuel S. Ory | \$399 | 3.7 | \$1,536 | 7.0 | \$2,790 |
| Victoria A. Birov | \$380 | 0.0 | \$0 | 6.3 | \$2,394 |
| Kristin E. Rooney | \$330 | 0.0 | \$0 | 6.2 | \$2,046 |
| Legal Assistants @ \$150 | \$150 | 56.3 | \$8,445 | 56.3 | \$8,445 |
| Grand Total | | 1,231.8 | \$584,334 | 3,354.3 | \$1,787,470 |

I. Nonworking Travel Time

150. Given the extensive breadth of services that Skadden provided to the Debtors in these Reorganization Cases, Skadden drew upon the experience and talent of a number of professionals from its offices located in Chicago, Los Angeles, New York, and Washington, D.C. As this Court is aware, the Debtors are headquartered in Troy, Michigan, a suburb of Detroit. Many members of the Creditors' Committee and the Financial Institutions' Committee are based in New York. As a consequence of these disparate locations, Skadden

professionals frequently had to travel among these various locations as necessary to meet with the Debtors' board of directors and senior management, creditor constituencies, and to attend Court hearings. Skadden professionals who spent time traveling, but not otherwise working, allocated their time to this billing category.

151. Skadden professionals expended 8,252.6 hours during the Reorganization Cases devoted to non-working travel time for which Skadden seeks compensation of \$1,553,140. This amount reflects a 56.2% reduction from Skadden's guideline hourly rates based on a 50% reduction in hourly rates and an additional fee accommodation of approximately \$220,000. Time entries of each Skadden professional related to non-working travel time for the Fourth Application Period are attached hereto as Exhibit E-9. A summary of the hours incurred and value of the travel time for each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|-----------------------|-------|---------------------|----------------------|-------------------|--------------------|
| N. Lynn Hiestand | \$343 | 119.7 | \$41,596 | 470.6 | \$161,226 |
| Van C. Durrer, II | \$237 | 118.6 | \$28,913 | 393.9 | \$93,440 |
| Charles F. Smith | \$308 | 62.7 | \$18,356 | 292.3 | \$90,126 |
| Kristin E. Rooney | \$175 | 131.4 | \$24,638 | 485.1 | \$84,930 |
| Christopher P. Malloy | \$254 | 15.0 | \$4,088 | 321.9 | \$81,707 |
| Charles F. Walker | \$238 | 64.4 | \$15,618 | 328.4 | \$78,014 |
| Marian P. Wexler | \$327 | 51.4 | \$17,476 | 189.1 | \$61,838 |
| Edward Ross, Jr. | \$237 | 27.1 | \$6,572 | 231.0 | \$54,757 |
| John Wm. Butler, Jr. | \$354 | 43.0 | \$15,589 | 139.0 | \$49,193 |
| Carl A. Roth | \$242 | 95.0 | \$23,038 | 190.8 | \$46,191 |
| Louis D. Greenstein | \$192 | 20.7 | \$4,296 | 222.6 | \$42,780 |
| Rebecca Min | \$133 | 0.0 | \$0 | 308.2 | \$41,120 |
| J. Eric Ivester | \$312 | 20.1 | \$6,583 | 128.5 | \$40,099 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Daniel S. Liberman | \$154 | 61.2 | \$10,252 | 249.5 | \$38,419 |
| Amy R. Sabrin | \$291 | 24.2 | \$6,585 | 120.5 | \$35,048 |
| Obiamaka P. Okwumabua | \$186 | 29.7 | \$5,866 | 164.1 | \$30,544 |
| Keith D. Krakaur | \$295 | 10.5 | \$3,281 | 91.0 | \$26,861 |
| Kurt Ramlo | \$211 | 9.3 | \$2,116 | 118.9 | \$25,142 |
| Gaston F. deBearn | \$160 | 47.7 | \$7,990 | 147.2 | \$23,488 |
| Laura A. Brill | \$172 | 30.1 | \$5,644 | 124.9 | \$21,499 |
| Eric J. Gorman | \$220 | 28.8 | \$6,553 | 96.3 | \$21,229 |
| Harriet S. Posner | \$325 | 12.2 | \$3,996 | 57.7 | \$18,735 |
| Colleen P. Mahoney | \$322 | 4.6 | \$1,564 | 54.7 | \$17,596 |
| Shea D. Welch | \$154 | 19.3 | \$3,233 | 107.8 | \$16,649 |
| Catherine E. Danz | \$133 | 6.9 | \$1,018 | 116.1 | \$15,403 |
| Mark C. Del Bianco | \$236 | 0.0 | \$0 | 64.1 | \$15,131 |
| Jacob E. Hollinger | \$190 | 0.0 | \$0 | 74.5 | \$14,155 |
| Nancy M. Olson | \$210 | 25.6 | \$5,569 | 63.6 | \$13,328 |
| Mark A. McDermott | \$213 | 3.8 | \$865 | 55.8 | \$11,880 |
| Susan H. Martin | \$195 | 49.5 | \$9,777 | 60.4 | \$11,766 |
| Christine M. DeMott | \$158 | 7.9 | \$1,323 | 71.7 | \$11,335 |
| Victoria A. Birov | \$197 | 7.0 | \$1,453 | 53.8 | \$10,603 |
| Michael P. Kelly | \$165 | 0.0 | \$0 | 57.4 | \$9,472 |
| Robert L. Arrington, Jr. | \$139 | 0.0 | \$0 | 56.3 | \$7,850 |
| Hillary A. Hamilton | \$144 | 0.0 | \$0 | 49.2 | \$7,081 |
| Paul J. Huff | \$235 | 20.5 | \$4,869 | 29.7 | \$6,985 |
| Janet Byrne Thabit | \$212 | 6.7 | \$1,457 | 31.7 | \$6,715 |
| Christopher P. Connors | \$187 | 26.3 | \$4,931 | 31.9 | \$5,981 |
| Jason M. Schall | \$188 | 31.3 | \$5,869 | 31.3 | \$5,869 |
| Arthur W. Bresnahan | \$238 | 24.0 | \$5,700 | 24.0 | \$5,700 |
| Ryan S. Wagley | \$168 | 31.2 | \$5,226 | 31.2 | \$5,226 |
| Sarah K. Lee | \$120 | 0.0 | \$0 | 43.3 | \$5,196 |
| Mitchell S. Ettinger | \$305 | 0.0 | \$0 | 16.7 | \$5,094 |
| David F. Kolin | \$238 | 7.3 | \$1,771 | 20.1 | \$4,779 |
| Brian E. Klein | \$154 | 0.0 | \$0 | 27.7 | \$4,265 |
| Samuel S. Ory | \$208 | 10.8 | \$2,242 | 20.3 | \$4,213 |
| Nicole A. Epstein | \$174 | 8.3 | \$1,556 | 20.7 | \$3,602 |
| Corinne Rebhun | \$148 | 0.0 | \$0 | 22.3 | \$3,290 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|-------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Gershon Sciferas | \$165 | 0.0 | \$0 | 17.9 | \$2,954 |
| Maren L. Calvert | \$138 | 0.0 | \$0 | 18.7 | \$2,586 |
| Laura Pieper Schroeder | \$148 | 10.2 | \$1,505 | 17.1 | \$2,523 |
| Tzivia Masliansky | \$147 | 0.0 | \$0 | 17.0 | \$2,507 |
| Eric C. Otness | \$120 | 20.8 | \$2,496 | 20.8 | \$2,496 |
| Stephen Lubben | \$198 | 0.0 | \$0 | 11.0 | \$2,178 |
| Wendy Pearson | \$147 | 0.0 | \$0 | 13.5 | \$1,991 |
| Edward Flis | \$198 | 0.0 | \$0 | 9.8 | \$1,936 |
| Brian J. Thompson | \$148 | 0.0 | \$0 | 13.0 | \$1,924 |
| Thomas A. Gilson | \$237 | 0.0 | \$0 | 7.5 | \$1,781 |
| Aparna Sule | \$208 | 0.0 | \$0 | 8.5 | \$1,768 |
| Daniel Sobelsohn | \$227 | 0.0 | \$0 | 7.0 | \$1,592 |
| Rebecca M. Girsch | \$147 | 0.0 | \$0 | 10.7 | \$1,578 |
| N. Nathan Dimock | \$120 | 12.7 | \$1,524 | 12.7 | \$1,524 |
| Matthew A. Shebuski | \$198 | 0.0 | \$0 | 7.4 | \$1,462 |
| Michael W. Little | \$120 | 10.0 | \$1,200 | 10.0 | \$1,200 |
| Eric B. Sensenbrenner | \$218 | 5.3 | \$1,153 | 5.3 | \$1,153 |
| Michael Jackowitz | \$115 | 0.0 | \$0 | 9.7 | \$1,116 |
| Brian A. Blitz | \$148 | 0.0 | \$0 | 6.8 | \$1,003 |
| Tymour Okasha | \$132 | 0.0 | \$0 | 6.1 | \$808 |
| Legal Assistants @ \$55 | \$55 | 117.4 | \$6,459 | 842.1 | \$46,325 |
| Legal Assistants @ \$65 | \$65 | 79.4 | \$5,161 | 376.7 | \$24,492 |
| Legal Assistants @ \$80 | \$80 | 33.2 | \$2,656 | 254.2 | \$20,336 |
| Legal Assistants @ \$98 | \$98 | 56.2 | \$5,480 | 176.8 | \$17,241 |
| Legal Assistants @ \$40 | \$40 | 0.0 | \$0 | 184.6 | \$7,384 |
| Legal Assistants @ \$97 | \$97 | 20.1 | \$1,959 | 27.6 | \$2,690 |
| Legal Assistants @ \$75 | \$75 | 0.0 | \$0 | 25.6 | \$1,920 |
| Legal Assistants @ \$35 | \$35 | 0.0 | \$0 | 19.3 | \$676 |
| Legal Assistants @ \$60 | \$60 | 0.0 | \$0 | 7.4 | \$446 |
| Grand Total | | 1,679.1 | \$347,062 | 8,252.6 | \$1,553,140 |

J. Financing/DIP and Emergence

152. The Debtors successfully obtained authority from this Court to enter into a \$2 billion debtor-in-possession financing facility (the "DIP Facility") from a group of lenders.

This is the largest such facility ever approved in a Chapter 11 case. In the days prior to the Petition Date, Skadden devoted substantial time to assisting the Debtors' senior management team and finance personnel and the Debtors' other business advisors in evaluating the size of the DIP Facility and considering their options in obtaining it. The Debtors estimated that they would run out of cash and borrowing availability in less than two weeks. The Debtors and their DIP Facility lenders therefore decided to close the loan based solely on a term sheet. On the Petition Date, the Debtors obtained interim authority to borrow up to \$1.15 billion pursuant to this term sheet for the DIP Facility presented to and approved by this Court.

153. In the weeks following the Petition Date, Skadden devoted a significant amount of resources to working with the Debtors and their lenders in negotiating and documenting the DIP Facility. There were a series of intense negotiations with four principal lenders. The documents evidencing the DIP Facility, including the final order entered by this Court on March 6, 2002, were especially voluminous and complex, including borrowing base and financial covenant provisions. The relatively short time-frame available to Skadden to address the DIP Facility prior to the Petition Date and the complexity of the Debtors' operations also required Skadden to deploy a significant number of professionals to address all of the diligence, schedules, corporate and other approvals and issues that needed to be addressed in connection with the DIP Facility.

154. The DIP Facility documents also contained relatively unique features, including provisions for the grant of junior liens to trade vendors under certain circumstances, plus a junior lien to the Debtors' cash management lenders as adequate protection for the

Debtors' use of roughly \$100 million of cash collateral located in accounts maintained with the lenders as of the Petition Date. These provisions were the focus of significant attention and input by the Creditors' Committee and the Financial Institutions' Committee. Although a handful of objections were filed to entry of the final order, the Debtors, with Skadden's assistance, succeeded in negotiating resolutions to all of these matters and presenting to this Court an uncontested, agreed, final order for entry.

155. After approval of the DIP Facility, Skadden professionals periodically advised the Debtors with respect to whether, and in what manner, various issues arising in the Reorganization Cases might be affected by the terms of the DIP Facility. In addition, the DIP Facility was modified twice to amend certain financial covenants. Professionals at Skadden advised the Debtors in this regard and successfully obtained Court approval of the amendments.

156. In another critical project for the Debtors, Skadden assisted the Debtors in obtaining a global resolution among a number of surety bonding companies to provide them financial accommodations with respect to outstanding surety bonds necessary for the Debtors to continue their business operations in a number of states for the first year of the Chapter 11. As this Court is aware, the Debtors conduct their operations in all 50 United States, Puerto Rico, the U.S. Virgin Islands, and Guam. As a result, the Debtors are subject to a number of regulations in each jurisdiction. One key aspect of the Debtors' operations concerns workers' compensation.

157. In most states, a business must provide workers' compensation insurance as a condition to operating in that state. In certain states, however, a business may be granted

the privilege of self-insuring so long as it demonstrates a financial ability to do so and otherwise obtains surety bonds to ensure its ability to honor workers' compensation claims. As of the Petition Date, the Debtors maintained this privilege in a number of states, thereby allowing the Debtors to save millions of dollars in insurance costs. However, a number of sureties attempted to cancel the bonds in connection with the Debtors' Chapter 11 filing. The Debtors therefore entered into protracted negotiations with various sureties in order to provide financial accommodations to them and continue their surety bond program.

158. Skadden assisted the Debtors in these efforts. These efforts required exceptionally intense negotiations over a six week period with seven major surety companies and their respective counsel. The sureties were reluctant to participate in the Debtors' proposed settlement – to the Debtors' knowledge, a settlement such as that ultimately proposed and approved by this Court had never been entered into. Accordingly, dozens of counter-proposals were considered, each of which had to be negotiated and considered. The final settlement resulted in two separate agreements that provided limited post-petition collateral of only \$38 million to secure bonds with face amounts of approximately \$240 million. Both of these settlements had to be fully negotiated and documented.

159. Additionally, Skadden professionals spent significant time preparing presentations concerning the virtues of the proposed settlements for consideration by the Creditors' Committee and the Financial Institutions' Committee and the lenders under the Debtors' DIP Facility. Although a small handful of objections were filed to the motion prepared by Skadden seeking approval of the settlements, each of the Statutory Committees supported the

motion, and this Court approved the settlements, thereby allowing the estates to save millions that otherwise would have had to be incurred in obtaining private insurance in each state.

160. Finally, Skadden worked with the Debtors to secure an exit financing facility. Specifically, Skadden assisted the Debtors in reviewing and evaluating various proposals and negotiating a term sheet for an exit financing facility. In order to obtain such a facility, the Debtors, with the assistance of Skadden and their other advisors, approached several major financial institutions and solicited commitments for a \$2 billion exit financing facility upon terms acceptable to the Debtors and their creditor constituencies. Skadden professionals assisted the Debtors with obtaining proposals from a number of such institutions and devoted considerable time negotiating with the proponents about the various proposed lending terms. This process spanned several weeks during which the Debtors narrowed the field of acceptable proposals. The process was exceptionally time-consuming and entailed intense discussions.

161. After considering the various alternatives, the Debtors, with the assistance of their advisors, determined to proceed with an exit financing proposal submitted by General Electric Capital Corporation, GECC Capital Markets Group, Inc., Fleet Retail Finance, Inc., Fleet Securities, Inc., Bank of America, N.A., and Banc of America Securities, LLC (collectively, the "Exit Lenders") as containing the highest and best exit financing terms available, consistent with the Debtors' anticipated working capital and other needs as they emerged from Chapter 11. To this end, on January 13, 2003, the Debtors entered into a commitment letter with the Exit Lenders for a senior secured revolving credit facility in the amount of up to \$2 billion. On January 14, 2003, the Debtors filed a motion requesting

authority to accept the Commitment Letter and to pay certain fees, deposits, and other expenses in connection therewith. On January 28, 2003, the Bankruptcy Court entered an order granting the requested relief. In connection with the Debtors' emergence from Chapter 11, Skadden professionals reviewed relevant documentation for the Exit Financing Facility and assisted the Debtors with finalizing and executing documents for the Exit Financing Facility

162. In connection with the foregoing services, Skadden professionals expended 4,165.3 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,501,336. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-10. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|----------------------|-------|---------------------|----------------------|-------------------|--------------------|
| David F. Kolin | \$479 | 392.6 | \$190,412 | 817.9 | \$396,294 |
| Lawrence D. Frishman | \$607 | 218.1 | \$136,314 | 432.5 | \$265,174 |
| Rossie E. Turman III | \$392 | 444.6 | \$175,617 | 493.2 | \$193,448 |
| Trent M. Jones | \$295 | 283.9 | \$83,751 | 283.9 | \$83,751 |
| Aparna Sule | \$415 | 0.0 | \$0 | 121.5 | \$50,423 |
| John Wm. Butler, Jr. | \$713 | 29.2 | \$21,171 | 66.7 | \$47,539 |
| Sean P. O'Brien | \$375 | 116.1 | \$43,538 | 116.1 | \$43,538 |
| Bradley R. Friedman | \$280 | 143.8 | \$40,264 | 143.8 | \$40,264 |
| J. Eric Ivester | \$615 | 0.0 | \$0 | 56.5 | \$34,771 |
| Mark A. McDermott | \$425 | 15.7 | \$7,144 | 72.5 | \$30,809 |
| Terra N. Smith | \$330 | 0.0 | \$0 | 66.1 | \$21,813 |
| Andrew M. Glass | \$295 | 0.0 | \$0 | 64.5 | \$19,028 |
| David J. Friedman | \$713 | 9.5 | \$6,889 | 24.7 | \$17,604 |
| Albab A. Dabela | \$280 | 60.4 | \$16,912 | 60.4 | \$16,912 |
| Stephanie L. Burch | \$455 | 35.4 | \$16,108 | 35.4 | \$16,108 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Laura Pieper Schroeder | \$288 | 32.9 | \$9,706 | 42.5 | \$12,250 |
| T. Anthony Jaye | \$295 | 38.9 | \$11,476 | 38.9 | \$11,476 |
| Charles F. Smith | \$610 | 0.0 | \$0 | 18.5 | \$11,285 |
| Michael W. Jones | \$295 | 0.0 | \$0 | 37.0 | \$10,915 |
| Laura A. Heiman | \$475 | 19.9 | \$9,453 | 19.9 | \$9,453 |
| N. Lynn Hiestand | \$679 | 1.8 | \$1,251 | 8.9 | \$6,044 |
| Samuel S. Ory | \$415 | 2.8 | \$1,162 | 14.5 | \$6,018 |
| Joseph N. Wharton | \$305 | 4.7 | \$1,575 | 18.4 | \$5,617 |
| Kristin E. Rooney | \$330 | 0.0 | \$0 | 13.9 | \$4,587 |
| Kimberly A. deBeers | \$415 | 0.0 | \$0 | 10.5 | \$4,358 |
| Van C. Durrer, II | \$470 | 0.0 | \$0 | 8.8 | \$4,136 |
| Nancy M. Olson | \$435 | 7.6 | \$3,306 | 7.6 | \$3,306 |
| Daniel S. Liberman | \$304 | 2.3 | \$771 | 9.8 | \$2,984 |
| Catherine E. Danz | \$295 | 8.9 | \$2,625 | 8.9 | \$2,625 |
| Legal Assistants @ \$110 | \$110 | 353.0 | \$38,830 | 650.0 | \$71,500 |
| Legal Assistants @ \$130 | \$130 | 0.0 | \$0 | 251.6 | \$32,994 |
| Legal Assistants @ \$195 | \$195 | 91.8 | \$17,901 | 91.8 | \$17,901 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 27.7 | \$4,155 |
| Legal Assistants @ \$80 | \$80 | 1.2 | \$96 | 28.2 | \$2,256 |
| Grand Total | | 2,315.1 | \$836,272 | 4,165.3 | \$1,501,336 |

K. Claims Administration (General)

163. Given the vast number of lenders, bondholders, vendors, employees, litigation claimants, stockholders, and other parties-in-interest in these proceedings, matters pertaining to claims filing, review, and administration consumed considerable resources of the Debtors, Skadden, and a number of other professionals during these Reorganization Cases. These efforts included preparation of papers defending against motions by claimants to allow late-filed proofs of claim and requests for extension of the bar date. In the nine months between the July 31, 2002 bar date for filing proofs of claim in these Reorganization Cases, 92 motions,

or approximately ten per month, were filed by claimants seeking to have their respective proofs of claim deemed timely filed. Of those 92 motions, 38 of those matters were uncontested by the Debtors, either because the movant withdrew the motion or because the Debtors entered into an agreement with the movant.

164. The Debtors contested the remaining 54 matters. This Court granted the contested, late proof of claim motions that were brought before the Court on or before the September 25, 2002 omnibus hearing, primarily because of the speed with which the creditors sought relief from this Court. After that hearing and up to the effective date of the Plan, the Debtors prevailed on 43 of the 47 contested late proof of claim motions that were argued before this Court. Through Skadden's efforts in this regard, the Company succeeded in barring unsecured claims in excess of \$12.8 million and secured, priority claims in excess of \$700,000. Those amounts are significantly higher, but unquantifiable, since 15 additional unliquidated, unsecured claims and the priority tax claims of nine states also were barred. Moreover, the Debtors are aware of numerous creditors who were deterred from seeking equitable relief from this Court because of the Debtors' policy to contest these matters vigorously.

165. Due to the high volume of late proof of claim motions, this Court set two off-omnibus hearings for these matters (February 5, 2003 and April 28, 2003). Throughout these Reorganization Cases, this Court has issued eight Memorandum Opinions on these matters. Finally, three of these claimants (representing four matters) each have appealed this Court's decision to deny them the equitable relief sought in their respective late proof of claim motions. The Debtors continue to respond to these pending appeals.

166. During the Reorganization Cases, Skadden also worked closely with the Debtors to begin the claims reconciliation process. As this Court is aware, Skadden assisted the Debtors in obtaining authority to compromise or settle certain classes of de minimis controversies in an order dated August 29, 2002. On January 31, 2003, this Court also granted the Debtors the authority to reconcile certain prepetition claims without further Court approval.

167. Throughout the claims reconciliation process, Skadden worked with the Debtors and their other advisors in preparing and filing six omnibus objections to claims on behalf of the Debtors. In these six omnibus objections to claims, the Debtors objected to the following categories of claims: amended claims, duplicate claims, claims reclassified as equity, claims reclassified as unsecured claims, unsupported claims, beneficial bondholder claims, multi-debtor claims, reclassified claims against Kmart, and secured claims. In these six omnibus objections to claims, the Debtors objected to over 19,700 claims totaling approximately \$25.8 billion. The Debtors continue to prepare and file omnibus objections to claims given that over 58,020 claims have been filed in these Reorganization Cases totaling \$82 billion.

168. The Debtors and Skadden Arps have also settled some of the largest claims filed in these Reorganization Cases, including the prepetition claim and the rejection damage claim filed by Fleming. Indeed, the Fleming settlement represented a global resolution of the largest series of related claims filed in these Reorganization Cases. The Fleming claims totaled approximately \$1.5 billion and were comprised collectively of Fleming's prepetition payable claims, contract rejection claims, administrative expense claims, and PACA claims.

The Fleming settlement not only reduced the Fleming claims by approximately 74%, but also avoided the significant issues caused by the size of Fleming's claims in connection with voting on the Debtors' Plan and proposed distributions to other unsecured creditors. Under the terms of the Fleming settlement, Fleming's administrative claim was reduced from \$30.3 million to \$15.0 million and the rejection claim in the amount of \$1.47 billion and the \$27.0 million prepetition claim were reduced to the amount of \$385 million.

169. In connection with the foregoing services, Skadden professionals expended 4,291.3 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,487,585. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-11. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Brian M. Fern | \$332 | 411.6 | \$137,886 | 780.5 | \$259,505 |
| Laura Pieper Schroeder | \$293 | 484.9 | \$143,048 | 649.0 | \$189,944 |
| Kristin E. Rooney | \$353 | 185.1 | \$69,414 | 456.9 | \$161,133 |
| Samuel S. Ory | \$404 | 10.3 | \$4,275 | 355.2 | \$143,489 |
| Matthew F. Prewitt | \$435 | 0.0 | \$0 | 182.3 | \$79,301 |
| Mark A. McDermott | \$442 | 61.9 | \$28,319 | 176.7 | \$78,043 |
| Thomas R. Fawkes | \$247 | 274.9 | \$68,264 | 311.3 | \$76,988 |
| Daniel S. Liberman | \$322 | 120.2 | \$40,267 | 198.8 | \$63,987 |
| J. Eric Ivester | \$649 | 22.3 | \$14,607 | 92.9 | \$60,292 |
| N. Lynn Hiestand | \$691 | 39.0 | \$27,106 | 85.1 | \$58,769 |
| David F. Kolin | \$470 | 0.0 | \$0 | 77.0 | \$36,190 |
| Charles F. Smith | \$640 | 24.6 | \$16,114 | 46.8 | \$29,944 |
| Van C. Durrer, II | \$482 | 37.5 | \$18,222 | 60.8 | \$29,330 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|--------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Joseph N. Wharton | \$324 | 11.7 | \$3,920 | 83.8 | \$27,124 |
| Shea D. Welch | \$314 | 33.1 | \$11,089 | 80.8 | \$25,337 |
| John Wm. Butler, Jr. | \$724 | 19.1 | \$13,848 | 25.0 | \$18,090 |
| Victoria A. Birov | \$387 | 8.2 | \$3,403 | 39.5 | \$15,297 |
| Kurt Ramlo | \$455 | 18.2 | \$8,281 | 28.8 | \$13,104 |
| Rebecca M. Girsch | \$329 | 32.4 | \$10,854 | 37.6 | \$12,388 |
| Brian J. Thompson | \$324 | 17.7 | \$5,931 | 24.3 | \$7,878 |
| Susan H. Martin | \$365 | 0.0 | \$0 | 14.7 | \$5,366 |
| Matthew M. Murphy | \$335 | 15.4 | \$5,159 | 15.4 | \$5,159 |
| Marian P. Wexler | \$667 | 5.6 | \$3,808 | 7.6 | \$5,068 |
| Christina M. Tchen | \$610 | 0.0 | \$0 | 6.1 | \$3,721 |
| Stephen Lubben | \$395 | 0.0 | \$0 | 9.3 | \$3,674 |
| Hillary A. Hamilton | \$295 | 10.0 | \$2,950 | 10.0 | \$2,950 |
| Seth Goldman | \$240 | 11.9 | \$2,856 | 11.9 | \$2,856 |
| T. Anthony Jaye | \$265 | 0.0 | \$0 | 9.0 | \$2,385 |
| Amy S. Park | \$435 | 0.0 | \$0 | 5.3 | \$2,306 |
| James S. Harrington | \$295 | 6.9 | \$2,035 | 6.9 | \$2,035 |
| Robert F. Lemoine | \$248 | 7.7 | \$1,912 | 7.7 | \$1,912 |
| Legal Assistants @ \$195 | \$195 | 119.8 | \$23,362 | 155.2 | \$30,265 |
| Legal Assistants @ \$150 | \$150 | 0.0 | \$0 | 142.5 | \$21,375 |
| Legal Assistants @ \$160 | \$160 | 4.2 | \$672 | 48.9 | \$7,824 |
| Legal Assistants @ \$80 | \$80 | 13.6 | \$1,088 | 32.9 | \$2,632 |
| Legal Assistants @ \$130 | \$130 | 7.3 | \$949 | 14.8 | \$1,924 |
| Grand Total | | 2,015.1 | \$669,639 | 4,291.3 | \$1,487,585 |

L. Tax Matters

170. Throughout the Reorganization Cases, Skadden devoted time to assisting the Debtors in analyzing the impact of the Reorganization Cases on the Debtors' federal and state income taxes, net operating losses, tax credits, and other tax attributes, as well as in handling various tax issues that arose as part of the Reorganization Cases, including analysis of the relationship between the Bankruptcy Code and local applicable tax law with respect to

property and other tax liability in several states. Skadden also assisted the Debtors in analyzing tax implications of the Restructuring Transactions, as described in the Plan.

171. In addition, Skadden professionals worked closely with the Debtors to respond to various inquiries by taxing authorities concerning numerous matters, including payment pursuant to first day orders authorizing payment of certain sales, use, and trust-fund taxes. Skadden also assisted the Debtors in addressing issues related to certain state and local authorities' actions in respect of the issuance of business and other similar licenses though pre-petition taxes remained unpaid. Finally, Skadden assisted the Debtors with addressing issues related to certain state and local authorities with respect to provisions of the Debtors' Plan in conjunction with the Plan confirmation hearing. These issues primarily involved the appropriate interest rate to be applied to the postpetition payment of prepetition tax claims and the timing of such payments.

172. In connection with the foregoing services, Skadden professionals expended 3,085.3 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,297,668. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-12. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|-----------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Eric B. Sensenbrenner | \$435 | 513.2 | \$223,244 | 685.5 | \$298,194 |
| Laura P. Regan | \$411 | 0.0 | \$0 | 523.2 | \$214,891 |
| Clifford R. Gross | \$649 | 176.5 | \$115,608 | 286.9 | \$186,125 |

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|---------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Kurt Ramlo | \$449 | 144.2 | \$65,611 | 299.6 | \$134,437 |
| Van C. Durrer, II | \$480 | 60.2 | \$29,392 | 141.2 | \$67,725 |
| Carl R. Erdmann | \$483 | 72.2 | \$35,017 | 113.5 | \$54,847 |
| Hillary A. Hamilton | \$265 | 0.0 | \$0 | 183.9 | \$48,734 |
| Mark Erwin | \$248 | 176.5 | \$43,796 | 176.5 | \$43,796 |
| Richard Castanon | \$375 | 113.2 | \$42,451 | 113.2 | \$42,451 |
| Susan H. Martin | \$395 | 102.9 | \$40,646 | 102.9 | \$40,646 |
| Carl A. Roth | \$471 | 4.2 | \$2,037 | 68.3 | \$32,164 |
| Gretchen T. Sierra | \$375 | 0.0 | \$0 | 77.9 | \$29,213 |
| Emily Nelson | \$295 | 0.0 | \$0 | 79.5 | \$23,453 |
| Emily M. Lam | \$295 | 0.0 | \$0 | 55.9 | \$16,491 |
| Patrick Evans | \$335 | 0.0 | \$0 | 47.4 | \$15,879 |
| Harriet S. Posner | \$610 | 0.0 | \$0 | 16.2 | \$9,882 |
| Daniel P. Phillips | \$395 | 22.7 | \$8,967 | 22.7 | \$8,967 |
| Shea D. Welch | \$335 | 15.5 | \$5,193 | 15.5 | \$5,193 |
| N. Lynn Hiestand | \$675 | 0.0 | \$0 | 7.4 | \$4,995 |
| Kristin R. Keeling | \$240 | 0.0 | \$0 | 18.4 | \$4,416 |
| Corinne Rebhun | \$295 | 0.0 | \$0 | 12.1 | \$3,570 |
| Robert F. Lemoine | \$280 | 10.2 | \$2,856 | 10.2 | \$2,856 |
| Joseph N. Wharton | \$311 | 0.0 | \$0 | 8.7 | \$2,706 |
| Daniel S. Liberman | \$308 | 2.4 | \$804 | 7.3 | \$2,250 |
| Kristin E. Rooney | \$330 | 0.0 | \$0 | 6.4 | \$2,112 |
| Christine M. DeMott | \$335 | 5.0 | \$1,675 | 5.0 | \$1,675 |
| Grand Total | | 1,418.9 | \$617,297 | 3,085.3 | \$1,297,668 |

M. Creditor Meetings/Statutory Committees

173. This category of time relates to meetings with creditor and equity constituencies and each of the Creditors' Committee, Financial Institutions' Committee, and Equity Committee appointed in these Reorganization Cases and their financial and legal advisors. In addition, throughout the Reorganization Cases, Skadden attorneys communicated extensively with each of the Statutory Committees' representatives regarding the progress and

status of the Reorganization Cases. In addition to almost daily communications, Skadden organized and represented the Debtors at periodic meetings with the Statutory Committees and their professionals.

174. These meetings, 15 of which were held monthly throughout the Reorganization Cases, allowed the Debtors to keep the Committee members and their professionals informed as to upcoming issues, such as motions to be heard at the monthly omnibus hearings, and to address any concerns that the Statutory Committees may have had with respect to such issues. Skadden assisted the Debtors in substantial preparation for these meetings, including the coordination of financial information and status reports on implementation of various orders and other matters that the Statutory Committees requested to be advised on. The Debtors believe that these efforts to keep each Committee fully informed created a generally cooperative atmosphere and constructive working relationship. As a result, most issues were addressed and resolved out of Court without the need for unnecessary litigation between the Debtors and their creditor and equity constituencies.

175. In connection with the foregoing services, Skadden professionals expended 2,436.8 hours during the Reorganization Cases for which Skadden seeks compensation of \$1,127,693. Detailed time entries of each Skadden professional related to services performed during the Fourth Application Period are attached hereto as Exhibit E-13. A summary of the hours incurred and value of the services performed by each professional is provided in the following table:

| Name | Rate | Fourth Period Hours | Fourth Period Amount | Case Period Hours | Case Period Amount |
|-------------------------|-------|---------------------|----------------------|-------------------|--------------------|
| Shea D. Welch | \$308 | 194.3 | \$65,091 | 913.2 | \$281,666 |
| John Wm. Butler, Jr. | \$701 | 25.6 | \$18,561 | 234.9 | \$164,692 |
| J. Eric Ivester | \$622 | 18.2 | \$11,922 | 257.1 | \$159,861 |
| Van C. Durrer, II | \$464 | 18.4 | \$8,924 | 280.3 | \$130,102 |
| N. Lynn Hiestand | \$682 | 9.4 | \$6,534 | 174.5 | \$119,060 |
| Marian P. Wexler | \$646 | 26.7 | \$18,156 | 168.7 | \$108,921 |
| Charles F. Smith | \$626 | 10.1 | \$6,616 | 73.8 | \$46,171 |
| Kristin E. Rooney | \$337 | 0.0 | \$0 | 132.4 | \$44,620 |
| Mark A. McDermott | \$423 | 5.8 | \$2,639 | 71.3 | \$30,148 |
| Joseph N. Wharton | \$304 | 0.0 | \$0 | 41.8 | \$12,697 |
| Samuel S. Ory | \$394 | 0.0 | \$0 | 20.4 | \$8,047 |
| Daniel S. Liberman | \$321 | 0.0 | \$0 | 17.1 | \$5,493 |
| Laura Pieper Schroeder | \$265 | 0.0 | \$0 | 19.0 | \$5,035 |
| David J. Friedman | \$725 | 0.0 | \$0 | 5.3 | \$3,843 |
| Jeffrey J. Steinle | \$365 | 0.0 | \$0 | 9.1 | \$3,322 |
| Nancy M. Olson | \$395 | 0.0 | \$0 | 8.2 | \$3,239 |
| Legal Assistants @ \$80 | \$80 | 0.0 | \$0 | 9.7 | \$776 |
| Grand Total | | 308.5 | \$138,443 | 2,436.8 | \$1,127,693 |

N. Employee/Labor Matters

176. As of the Petition Date, the Debtors employed roughly 240,000 employees nationwide, including approximately 4,000 employees who worked at the Debtors' headquarters in Troy, Michigan, plus several thousand store and pharmacy managers at each of the Debtors' stores. A workforce this large generated numerous issues, frequently on a daily basis. To that end, Skadden, with the assistance of the Debtors' human capital advisors, worked closely with the Debtors prior to the Petition Date in developing a comprehensive employee retention plan for the Debtors' employees.