

EOD AUG 03 2003

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

In re: ) Chapter 11  
)  
KMART CORPORATION, et al., ) Case No. 02-B02474  
) (Jointly Administered)  
)  
Debtors. ) Honorable Susan Picson Sonderby

NOTICE OF FILING

To: Attached Service List

PLEASE TAKE NOTICE that Otterbourg, Steindler, Houston & Rosen, P.C., lead co-counsel to the Official Committee of Unsecured Creditors, on behalf of the Official Committee of Unsecured Creditors, has today filed the attached **Final Application of the Members of the Official Committee of Unsecured Creditors for Reimbursement of Expenses** with the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Chicago, Illinois 60604, Courtroom 642.

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**FILED**  
UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS

JUL 31 2003

KENNETH S. GARDNER, CLERK  
PS REF: 08

Dated: July 31, 2003  
Chicago, Illinois

By: David W. Wirt

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ATTORNEYS FOR THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS

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

FILED AUG 09 2003

In re:

KMART CORPORATION, et al.

Debtors.

Case No. 02-02474

(Jointly Administered)  
Chapter 11

Judge Susan Pierson Sonderby

**FINAL APPLICATION OF THE MEMBERS OF  
THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS FOR REIMBURSEMENT OF EXPENSES**

**FILED**  
UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
JUL 31 2003  
SBS, GARDNER, GLENK  
PS REP. - CS

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

The application (the "Application") of the members of the Official Committee of Unsecured Creditors (the "Committee") of Kmart Corporation ("Kmart") and certain of its domestic subsidiaries and affiliates (collectively, the "Debtors") for reimbursement of expenses, by its Counsel, Otterbourg, Steindler, Houston & Rosen, P.C. ("OSH&R"), respectfully represents and alleges:

1. On January 22, 2002 (the "Petition Date"), Kmart and thirty-seven (37) of its affiliates filed voluntary petitions in this Court for reorganization relief under Chapter 11 of the Bankruptcy Code. The Court, on the Petition Date, entered an order directing the joint administration of these cases. During the pendency of the cases, Kmart and its affiliates continued to operate their businesses and were in possession of their properties as debtors-in-possession

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pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner was appointed in these cases.

2. As of the Petition Date, the Debtors represented that they were the nation's second largest discount retailer and the third largest general merchandise retailer with more than 2,100 stores in all 50 United States, Puerto Rico, the U.S. Virgin Islands and Guam. Kmart reported that it was (and still is) considered one of the top employers in the United States with approximately \$5.2 billion in annual payroll and benefits and had approximately 240,525 associates worldwide. In addition, Kmart reported relationships with more than 4,000 vendors worldwide and was (and still is) one of the country's largest purchasers of products. According to the Debtors' filed 10-K, for the year ending January 30, 2002, Kmart had sales of approximately \$36.1 billion and approximately \$14.2 billion of assets and \$10.8 billion of liabilities. The Debtors' bankruptcy filing was the largest reported "retail" bankruptcy filing in the history of the United States.

3. The Committee was formed by the U.S. Trustee on January 31, 2002. The thirteen (13) member Committee included representatives of a broad spectrum of the Debtors' unsecured creditors, including (i) vendors of hard goods, video and electronics, and food; (ii) a landlord; (iii) a factor of accounts receivable; (iv) an insurer of accounts receivable; and (v) a governmental regulatory agency. On or about October 4, 2002, Newell Rubbermaid resigned from the Committee. As a result, on October 9, 2002, the U.S. Trustee appointed The Gillette Company as a member of the Committee, replacing Newell Rubbermaid. The Committee acted as a fiduciary for holders of unsecured debt believed to be in excess of \$4 billion.

4. Applicants seek final allowance of reimbursement of expenses actually and necessarily incurred in the aggregate amount of \$172,247.00 during these cases. These expenses include \$64,834.12 incurred during the period from January 1, 2003 through and including May 6, 2003 (the "Final Period"), for which expenses the Applicants have not previously sought approval. The Application covers expenses requested from January 31, 2002 through May 6, 2003, both dates inclusive.

5. Pursuant to the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered on January 25, 2002 (the "Administrative Order"), the Debtors were authorized to pay each member of the Committee one-hundred percent (100%) of their incurred expenses on a monthly basis. As of the date of this Application, OSHR believes that Applicants have not been reimbursed for expenses requested in the aggregate amount of \$37,221.22<sup>1</sup>.

6. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

7. During these cases, the Committee was active in all aspects of these cases as more fully set forth in the application for interim compensation of counsel to the Committee. In order to diligently monitor all activities relevant to these cases, Applicants attended numerous in-person meetings of the Committee and participated in telephonic conferences of the Committee.

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<sup>1</sup> These expenses were requested pursuant to OSHR's monthly fee statement for the period of April 1, 2003 through May 6, 2003. Specifically, American Greeting requested reimbursement of expenses in the amount of \$584.82; Fuji Film requested \$21,265.64, and Mattel, Inc. requested \$15,370.76.

Many of the Applicants are located at a significant distance from where the Committee meetings were held and accordingly incurred costs in attending these meetings.

8. Applicants hereby request final approval of their actual out-of-pocket expenses incurred during the duration of these cases as members of the Committee, aggregating \$172,247.00, including \$64,834.12 of expenses necessarily incurred during the Final Period, of which \$37,221.22 remains unpaid. Annexed hereto as Exhibit "A" is a schedule which shows the summary of expenses necessarily incurred by Applicants during the cases. Annexed hereto as Exhibit "B" is a schedule which shows a summary of expenses necessarily incurred by Applicants during the Final Period. Annexed as Exhibits "C" through "K" are Certifications of each of the Applicants together with substantially all documentation supporting the amounts incurred during the Final Period.<sup>2</sup> Applicants submit that the out-of-pocket expenses were incurred solely for the benefit of the Committee, were reasonable in amount and were necessary to the proper performance of the member's duties as representatives of the Committee.

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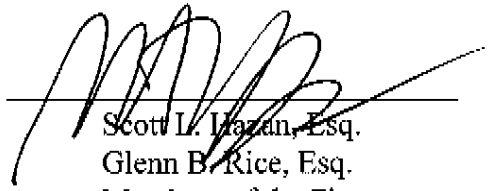
<sup>2</sup> Certifications for expenses incurred in earlier periods were submitted with previous applications, and are not included in this Application.

**WHEREFORE**, Applicants respectfully request the entry of an Order approving reimbursement for Applicants' actual and necessary expenses incurred during the Final Period in the aggregate sum of \$64,834.12 as detailed by the schedule annexed hereto as Exhibit "B" and for the entire period of these cases, including the Final Period in the aggregate sum of \$172,247.00 as detailed by the schedule annexed hereto as Exhibit "A."

Dated: New York, New York  
July 30, 2003

OTTERBOURG, STEINDLER, HOUSTON &  
ROSEN, P.C.,  
Counsel to the Official Committee of  
Unsecured Creditors

By: \_\_\_\_\_

  
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