

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

DISTRIBUTION DYNAMICS, INC.,
DISTRIBUTION DYNAMICS HOLDINGS, INC.,
PRO FASTENERS,
NORTHWESTERN COMPANY,
RAINBOW FASTENER COMPANY,

Debtors.

Bky. No. 04-32489

Chapter 11
Jointly Administered

**NOTICE OF HEARING AND FIRST INTERIM FEE APPLICATION FOR
ALLOWANCE OF FEES AND EXPENSES FOR CHAPTER 11 COUNSEL TO THE
DEBTORS FOR THE PERIOD FROM APRIL 28, 2004 THROUGH JULY 31, 2004
(DORSEY & WHITNEY LLP)**

To: The Honorable Dennis D. O'Brien, United States Bankruptcy Judge, the United States Trustee, the Official Committee of Unsecured Creditors and other parties-in-interest specified in Local Rule 9013-3.

1. Dorsey & Whitney LLP ("Dorsey"), counsel to the above-captioned Debtors (the "Debtors"), hereby makes this First Interim Fee Application ("Application") for allowance of legal fees and reimbursement of expenses pursuant to sections 330 and 331 of title 11 of the United States Code ("Bankruptcy Code") and in a form that satisfies the requirements of Rule 2016 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") and Rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Minnesota ("Local Rules") for services performed and expenses incurred during the periods commencing April 28, 2004 through July 31, 2004 ("Application Period"), and gives notice of hearing herewith.

2. The Court will hold a hearing on this Application at 10:30 a.m. on October 25, 2004, or as soon thereafter as counsel may be heard, in Courtroom No. 228A, United States Courthouse, 316 South Robert Street, St. Paul, Minnesota.

3. Any response to this Application must be filed and delivered not later than October 20, 2004, which is three days before the time set for the hearing (excluding Saturdays, Sundays and holidays), or filed and served by mail not later than October 14, 2004, which is seven days before the time set for the hearing (excluding Saturdays, Sundays and holidays). UNLESS A RESPONSE OPPOSING THE APPLICATION IS TIMELY FILED, THE COURT MAY ALLOW THE APPLICATION WITHOUT A HEARING.

4. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334, Rule 5005 of the Federal Rules of Bankruptcy Procedure, and Local Rule 1070-1 . This application is filed under Rule 2016 of the Federal Rules of Bankruptcy Procedure and Local Rule 2016-1. This Application arises under 11 U.S.C. §§ 328(a) and 330. Dorsey requests allowance of compensation for professional services rendered and for reimbursement of expenses. This is a core proceeding.

5. On April 26, 2004 (“Petition Date”), the Debtors filed their respective voluntary petitions for relief under the Bankruptcy Code commencing these chapter 11 cases (“Cases”). These Cases are being jointly administered. The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Dorsey believes that the Debtors are current in payment of ordinary operating expenses and any allowed administrative expenses, that any quarterly fees payable to the United States Trustee (“UST”) have been paid, and that all monthly operating reports required by the UST have been timely filed.

6. On April 27, 2004, the Bankruptcy Court entered an order approving Dorsey’s retention as counsel to the Debtors [Docket No. 25] (“Order”), a copy of which is attached hereto as Exhibit A. Pursuant to the Order, Dorsey is authorized to submit requests for payment of

professional fees and reimbursement of costs and expenses to the Debtors, with copies to the Official Committee of Unsecured Creditors (the “Committee”) or its counsel and to the Office of the UST, at the end of each month (“Monthly Fee Requests”), and the Debtors are authorized to pay eighty percent (80%) of such fees and one hundred percent (100%) of such costs on a monthly basis, subject to later allowance by the Bankruptcy Court.

7. As of the Petition Date, Dorsey held \$44,609.75 in unapplied funds previously received from the Debtors as a retainer for Dorsey’s services.

8. On June 24, 2004, Dorsey served its first request for payment upon the Debtors, the Committee and the UST for payment of professional fees incurred in the amount of \$146,867.00 and reimbursement of costs and expenses in the amount of \$47,447.87 for the period of April 28 through May 31, 2004. On June 28, 2004, Dorsey received payment in the amount of \$117,493.60 for professional fees and \$47,447.87 for costs and expenses, which respectively represent eighty percent (80%) of the requested fees and one hundred percent (100%) of the billed costs and expenses.

9. On August 2, 2004, Dorsey submitted requests for payment upon the Debtors, the Committee and the UST of professional fees incurred in the amount of \$110,035.00 and reimbursement of costs and expenses in the amount of \$7,413.92 for the period of June 1 through June 30, 2004. On August 5, 2004, Dorsey received payment in the amount of \$88,028.00 for professional fees and \$7,413.92 for costs and expenses, which respectively represent eighty percent (80%) of the requested fees and one hundred percent (100%) of the billed costs and expenses.

10. On August 23, 2004, Dorsey submitted requests upon the Debtors and the UST for payment of professional fees incurred in the amount of \$35,299.00 and reimbursement of

costs and expenses in the amount of \$7,599.53 for the period of July 1 through July 31, 2004.

On August 26, 2004, Dorsey received payment in the amount of \$28,239.20 for professional fees and \$7,599.53 for costs and expenses, which respectively represent eighty percent (80%) of the requested fees and one hundred percent (100%) of the billed costs and expenses.

11. All of the services for which compensation is requested by Dorsey were performed for or on behalf of the Debtors, and not on behalf of any committee, creditor or other person. The amount requested constitutes reasonable compensation for actual, necessary services rendered by Dorsey, based on the nature, the extent and the value of such services, the time spent on such services, and the cost of comparable services other than in a case under title. Dorsey has not entered into any agreement, express or implied, with any other party-in-interest or any other person for the purpose of fixing fees or other compensation to be paid by such person for services rendered or expenses incurred in excess of the compensation allowed by law.

DESCRIPTION OF SERVICES RENDERED

12. Detailed time entries (categorized by matter) recorded by the professionals and paraprofessionals that have worked on these Cases and detailed summaries of expenses (categorized by name) are attached to each Monthly Fee Request. Each Monthly Fee Request delivered by Dorsey to the Debtors is attached hereto as Exhibit B. A schedule listing the name of each professional and paraprofessional who worked on these Cases during the Application Period, together with his or her position, the year the professional was admitted to practice (if applicable), the hourly rate and hours worked by each professional, and the resulting fee (hourly rate times hours) is set forth below:

<u>Attorney Name</u>	<u>Year Admitted</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla (Partner, Bankruptcy)	1984	\$410	117.50	\$48,175.00
Matthew J. Knopf (Partner, Corporate)	1986	\$400	263.70	\$105,480.00
Leslie J. Anderson (Partner, E'e Benefits)	1984	\$390	0.40	\$156.00
Monica L. Clark (Associate, Bankruptcy)	1996	\$330	4.40	\$1,452.00
Robert J. Olson (Associate, Real Estate)	1995	\$315	3.60	\$1,134.00
Michael J. Voves (Associate, E'e Benefits)	1997	\$295	1.50	\$442.50
Steven J. Heim (Associate, Bankruptcy)	1996	\$295	7.60	\$2,242.00
Chris Lenhart (Associate, Bankruptcy)	1998	\$285	287.60	\$81,966.00
James L. Tucker III (Associate, Real Estate)	1996	\$275	7.00	\$1,925.00
Timothy D.S. Goodman (Associate, E'e Benefits)	1998	\$275	7.50	\$2,062.50
Christopher J. Bellini (Associate, Corporate)	1998	\$275	57.00	\$15,675.00
Martine Daniel (Associate, Corporate)	2000	\$210	28.80	\$6,048.00
David P. Close (Associate, Bankruptcy)	2003	\$185	43.90	\$8,121.50
Andrew R. Toftey (Associate, Bankruptcy)	2002	\$185	8.70	\$1,609.50
Marie Jensen (Paralegal)	-----	\$170	79.00	\$13,430.00
Tonya LaBrec (Paralegal)	-----	\$165	9.30	\$1,534.50
Sheila Peterson (Filing Clerk)	-----	\$65	11.50	\$747.50

During the Application Period, Dorsey expended a total of 939 professional hours on the Debtors' behalf in connection with these Cases.

13. A summary of all of the costs and expenses incurred by Dorsey during the Application Period is set forth below:

<u>Expense</u>	<u>Amount</u>
Overnight Delivery/Messenger Charges	\$3,537.63
Facsimile Charges	\$611.73
Long Distance/Conference Call Charges	\$218.86
After Hours Secretarial Support	\$903.62
Postage Charges	\$2,019.96
Photocopy and Outside Copying Charges ¹	\$32,555.92
Supplies	\$945.88
Legal Research	\$2,431.49
Business Meals with Buyers/Creditors	\$137.27
Court Reporting/UCC Search Services	\$910.20
Filing Fees	\$4,195.00
Legal Notices - WSJ	\$13,728.00
Parking for Hearings	\$23.00

DESCRIPTION OF SERVICES BY CATEGORY

14. Since its retention, Dorsey has been actively representing the Debtors in all aspects of these Cases. The services rendered by Dorsey have been grouped into eight general categories as more fully described below. Dorsey has attempted to place the services it has provided to the Debtors in the particular category that best relates to such services. However,

¹ Dorsey and its outside contractors charge between \$.07 and \$.10 per copy. This amount includes charges for an outside service to create bates-stamped copies for document production. The Debtors sent a copy of the Motion to Sell Substantially All of Its Assets and, later, the Order Approving Sale Procedures to each of the 2,000+ creditors they listed in their schedules.

because certain services may relate to one or more categories, services pertaining to one category may be included in another category. Details given within each category identifies the attorneys and paraprofessionals who rendered services relating to each category, along with the number of hours for each individual and the total compensation sought for each category.

SECTION 363 SALE

15. Time billed to this category relates to the services provided by Dorsey in connection with the sale of substantially all of the Debtors’ assets through 11 U.S.C. § 363. Included in this category, among other things, is time billed for: (a) communications and correspondence with the Debtors, the Debtors’ investment bank, Anixter International Inc. and its counsel, other potential buyers and their counsel and counsel for the Debtors’ lenders (“Lenders”) and the Committee; (b) the review, analysis, and revision of the Asset Purchase Agreement, the Motion to Approve the Bid Procedures and the Sale; and (c) other related to the closing of the Anixter sale and the Portland Sale. During the Application Period, Dorsey billed 366.40 hours of its time for a total fee of \$119,523.00 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	18.90	\$7,749.00
Matthew J. Knopf	\$400	146.10	\$58,440.00
Monica L. Clark	\$330	2.20	\$726.00
Robert J. Olson	\$315	3.10	\$976.50
Chris Lenhart	\$285	92.90	\$26,476.50
Timothy D.S. Goodman	\$275	4.50	\$1,237.50
Christopher J. Bellini	\$275	57.00	\$15,675.00
Martine Daniel	\$210	28.80	\$6,048.00
David P. Close	\$185	2.00	\$370.00
Andrew R. Toftey	\$185	1.20	\$222.00
Marie Jensen	\$170	.40	\$68.00
Tonya LaBrec	\$165	9.30	\$1,534.50

OTHER ASSET DISPOSITIONS

16. Time billed to this category relates to the services provided by Dorsey in connection with the sale of assets other than the Debtors' primary business operations, e.g. the Debtors' real estate in Houston, Texas. Included in this category, among other things, is time billed for: (a) communications and correspondence with the Debtors, potential buyers and their counsel and counsel for the Debtors' lenders ("Lenders") and the Committee; (b) the review, analysis, and revision of the documentation related to such sales; and (c) post-closing items related to the Debtors' prepetition sale of its Kansas City operations. During the Application Period, Dorsey billed 58.70 hours of its time for a total fee of \$20,970.50 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	4.10	\$1,681.00
Matthew J. Knopf	\$400	32.90	\$13,160.00
Robert J. Olson	\$315	.50	\$157.50
Chris Lenhart	\$285	14.20	\$4,047.00
James L. Tucker III	\$275	7.00	\$1,925.00

BUSINESS OPERATIONS

17. Time billed to this category relates to services provided by Dorsey related to the Debtors' continuing business operations. Included in this category, among other things, is time billed for creating and reviewing communications and correspondence with the Debtors and various third-parties with respect to the effect of the Debtors' chapter 11 filings on continuing operations. During the Application Period, Dorsey billed 6.20 hours of its time for a total fee of \$1,833.00 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Matthew J. Knopf	\$400	2.40	\$960.00
Chris Lenhart	\$285	1.70	\$484.50
David P. Close	\$185	2.10	\$388.50

CASE ADMINISTRATION

18. Time billed to this category relates to the general services provided by Dorsey in connection with the representation of the Debtors in these Cases. Included in this category, among other things, is time billed for: (a) communications and correspondence with counsel for the Committee and counsel for the Lenders, as well as counsel for the Debtors' creditors and other parties-in-interest; (b) preparation for and attendance at hearings on the Debtors' first day motions; (c) compilation of the Debtors' schedules and creditor notice lists; and (d) other matters not specifically related to another billing category. During the Application Period, Dorsey billed 265.20 hours of its time for a total fee of \$67,435.50 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	40.50	\$16,605.00
Matthew J. Knopf	\$400	17.00	\$6,800.00
Monica L. Clark	\$330	2.20	\$726.00
Steven J. Heim	\$295	7.60	\$2,242.00
Chris Lenhart	\$285	70.10	\$19,978.50
David P. Close	\$185	37.00	\$6,845.00
Andrew R. Toftey	\$185	.70	\$129.50
Marie Jensen	\$170	78.60	\$13,362.00
Sheila Peterson	\$65	11.50	\$747.50

EMPLOYEE BENEFITS/PENSIONS

19. Time billed to this category relates to services provided by Dorsey in connection with its consideration of employee benefits issues. Included in this category, among other

things, is time billed for: (a) drafting and negotiating the Debtors' key employee retention plan; (b) consultation with the Debtors regarding the effect of the chapter 11 filing on its existing employee benefit plans; and (c) consideration of the duties of fiduciaries of the Debtors' existing employee benefit plans. During the Application Period, Dorsey billed 73.80 hours of its time for a total fee of \$26,062.00 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	13.30	\$5,453.00
Matthew J. Knopf	\$400	29.30	\$11,720.00
Leslie J. Anderson	\$390	0.40	\$156.00
Michael J. Voves	\$295	1.50	\$442.50
Chris Lenhart	\$285	26.00	\$7,410.00
Timothy D.S. Goodman	\$275	3.00	\$825.00
David P. Close	\$185	.30	\$55.50

FEE/EMPLOYMENT APPLICATIONS

20. Time billed to this category relates to services provided by Dorsey in connection with the preparation, negotiation and prosecution of employment and/or fee applications of professionals hired by the Debtors, including the preparation of any accompanying affidavits, exhibits, and other documents provided to the Committee, the UST, other creditors, and/or otherwise filed with the Bankruptcy Court. During the Application Period, Dorsey billed 19.80 hours of its time for a total fee of \$5,848.00 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	4.20	\$1,722.00
Chris Lenhart	\$285	12.40	\$3,534.00
David P. Close	\$185	2.50	\$462.50
Andrew R. Toftey	\$185	.70	\$129.50

FINANCING

21. Time billed to this category relates to services provided by Dorsey in connection with the negotiation of the terms of cash collateral usage and/or post-petition financing with the Lenders, including review and comment on drafts of proposed cash collateral orders, budgets and other documents required by the Lenders. During the Application Period, Dorsey billed 63.00 hours of its time for a total fee of \$20,716.00 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	16.20	\$6,642.00
Matthew J. Knopf	\$400	6.40	\$2,560.00
Chris Lenhart	\$285	40.40	\$11,514.00

PLAN AND DISCLOSURE STATEMENT

22. Time billed to this category relates to services provided by Dorsey in connection with the Debtors' preparation of a plan and disclosure statement for filing with the Court. During the Application Period, Dorsey billed 12.40 hours of its time for a total fee of \$3,959.50 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Matthew J. Knopf	\$400	3.70	\$1,480.00
Chris Lenhart	\$285	8.70	\$2,479.50

LITIGATION

23. Time billed to this category relates to services provided by Dorsey in connection with the preparation and attendance at hearings related to the Cases. During the Application Period, Dorsey billed 73.50 hours of its time for a total fee of \$25,853.50 for work performed relating to general case administration, as set forth more fully below:

<u>Attorney Name</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Fee</u>
Mark J. Kalla	\$410	20.30	\$8,323.00
Matthew J. Knopf	\$400	25.90	\$10,360.00
Chris Lenhart	\$285	21.20	\$6,042.00
Andrew R. Toftey	\$185	6.10	\$1,128.50

CONCLUSION

WHEREFORE, Dorsey respectfully requests that the Bankruptcy Court enter an order, substantially in the form attached to this Application: (a) granting the Application; (b) allowing the fees in the amount of \$292,201.00 and expenses in the amount of \$62,461.32; (c) authorizing the payment of the Holdback; (d) allowing Dorsey to apply its retainer in payment of the allowed fees and expenses; and (d) granting any such other and further relief as is equitable and just.

Dated: October 4, 2004

DORSEY & WHITNEY LLP

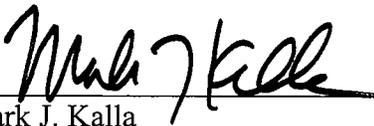
By: /e/ Mark J. Kalla
Mark J. Kalla (MN Bar No. 159487)
Chris Lenhart (MN Bar No. 298396)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498
(612) 340-2600
Fax: (612) 340-2643

ATTORNEYS FOR THE DEBTORS

VERIFICATION

I, Mark J, Kalla, a partner at Dorsey & Whitney LLP, declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Dated: October 4, 2004



Mark J. Kalla

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

DISTRIBUTION DYNAMICS, INC.,
DISTRIBUTION DYNAMICS HOLDINGS, INC.,
PRO FASTENERS,
NORTHWESTERN COMPANY,
RAINBOW FASTENER COMPANY,

Bky. No. 04-32489

Debtors.

Chapter 11
Jointly Administered

ORDER

This matter came on for hearing on October 25, 2004, on the First Interim Fee Application for Allowance of Fees and Expenses for Chapter 11 Counsel to the Debtors for the Period from April 28, 2004 through July 31, 2004 (Dorsey & Whitney LLP) (the "Application"). The Court has jurisdiction over the Application pursuant to 28 U.S.C. §§157 and 1334. Notice of the Application was adequate and either no objections were filed or any objections were resolved or overruled by the Court. Based on the motion, file, record and proceedings herein:

IT IS HEREBY ORDERED THAT:

1. The Application is granted in its entirety;
2. Dorsey & Whitney LLP is allowed compensation for its professional fees for the period from April 26, 2004 through July 31, 2004 in the amount of \$292,201.00;
3. Dorsey & Whitney LLP is allowed compensation for costs and expenses for the same period in the amount of \$62,461.32;
4. Dorsey & Whitney LLP is allowed to apply its retainer against the fees, costs and expenses set forth above; and

5. The Debtors are authorized and directed to pay Dorsey & Whitney LLP \$58,440.20 in fees, representing the twenty (20%) percent holdback of fees required by the Court's April 27, 2004 Order.

Dated: _____, 2004

The Honorable Dennis D. O'Brien
United States Bankruptcy Judge

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

DISTRIBUTION DYNAMICS, INC.,	Bky. 04-32489
DISTRIBUTION DYNAMICS HOLDINGS, INC.,	Bky. 04-32490
PRO FASTENERS	Bky. 04-32492
NORTHWESTERN COMPANY,	Bky. 04-32491
RAINBOW FASTENER COMPANY,	Bky. 04-32493
Debtors	Chapter 11

**ORDER AUTHORIZING EMPLOYMENT OF ATTORNEYS FOR CHAPTER 11
DEBTORS
(DORSEY & WHITNEY LLP)**

Upon the application of the Debtors in possession in the above-entitled cases and it appearing necessary and appropriate that said Debtors be represented by the law firm of Dorsey & Whitney LLP, in the above-entitled case,

IT IS ORDERED:

1. That the employment of the law firm of **Dorsey & Whitney LLP, 50 South Sixth Street, Suite 1500, Minneapolis, MN 55402** ("D&W"), as attorneys for the Debtors in possession is approved upon the basis set forth in its application, subject to the provisions of 11 U.S.C. §§ 328 and 330.
2. D&W is authorized to schedule a hearing for allowance of its professional fees and expenses under 11 U.S.C. §§ 330 and 331 not more than once every ninety (90) days.
3. D&W may submit bills at the end of each month to the Debtors, with copies to the Committee of Unsecured Creditors or its counsel and to the Office of the United States Trustee,

and the Debtors are authorized to pay 80% of such fees and 100% of costs on a monthly basis,
subject to later allowance by the Court as set out above.

Dated: April 27 2004

/e/ Dennis D. O'Brien

Judge _____
United States Bankruptcy Court

NOTICE OF ELECTRONIC ENTRY AND FILING ORDER OR JUDGMENT Filed and Docket Entry made on 04/27/04 Lori A. Vosejпка, Acting Clerk, By SJA

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EXHIBIT B

MATTHEW J. KNOPF
(612) 340-5603
FAX (612) 340-7800
knopf.matthew@dorsey.com

June 24, 2004

Mr. Michael Wise
Chief Financial Officer
Distribution Dynamics, Inc.
6450 Carlson Drive
Eden Prairie, MN 55346-1729

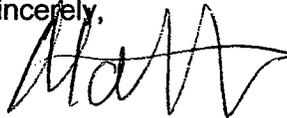
Re: Bill for Services of Dorsey & Whitney LLP as counsel to the Debtors for the
Period From and After April 26, 2004 to and including May 31, 2004

Dear Mike:

Enclosed is a revised invoice No. 1165744 for the fees and expenses of Dorsey & Whitney LLP incurred during the period from and after April 26, 2004 to and including May 31, 2004. At the Debtors' request, we reviewed the line item for photocopying charges which was \$45,049.08 on the original invoice. As you know, this line item was high due to the high volume of copying for debtors' counsel and claims agent services. We have applied our best high-volume discount and this line item has been reduced to \$27,396.19. Pursuant to the Order Authorizing Employment of Attorneys For Chapter 11 Debtors (Dorsey & Whitney LLP) entered by the Court on April 27, 2004, the Debtors are authorized to pay 80% of the fees (\$117,493.60) and 100% of the expenses (\$47,447.87) of Dorsey & Whitney LLP for a total of \$164,941.47. Please remit the \$164,941.47 to Dorsey & Whitney LLP per the wire instructions set forth on the attached bill.

Of course, if you should have any comments or questions regarding this invoice, please do not hesitate to contact me at your convenience.

Sincerely,



Matthew J. Knopf

MJK/tes/skb

Enclosures

cc: Michael B. Fisco
Sarah J. Wencil



MINNEAPOLIS OFFICE
612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Distribution Dynamics, Inc.
Attention: Michael Wise, CFO
6450 Carlson Drive
Eden Prairie MN 55346-1729

Invoice No. 1165744
REVISED INVOICE

Client-Matter No.: 474199-00002
363 Sale

For Legal Services Rendered Through May 31, 2004

INVOICE TOTAL

Total For Current Legal Fees	\$146,867.00
Total For Current Disbursements and Service Charges	\$47,447.87
Total For Current Invoice	\$194,314.87

PREMITS TRANSFER

For your convenience, please remit payment to the address below or we offer the option of remitting payment electronically by wire transfer. If you have any questions regarding this information, please contact the lawyer you are working with on this project or Dorsey's Accounts Receivable Department at 1-800-861-0760. Thank you.

Dorsey & Whitney LLP
P.O. Box 1680
Minneapolis, MN 55480-1680

U.S. Bank National Association
800 Nicollet Mall
Minneapolis, MN 55402

ABA Routing Number: 091000022
Account Number: 1602-3010-8500

Please make reference to the invoice number

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT



MINNEAPOLIS OFFICE
612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Distribution Dynamics, Inc.
Attention: Michael Wise, CFO
6450 Carlson Drive
Eden Prairie MN 55346-1729

Invoice No. 1165744
REVISED INVOICE

Client-Matter No: 474199-00002

363 Sale

For Legal Services Rendered Through May 31, 2004

01	Section 363 Sale		
04/26/04	M. Knopf	Finalize Stalking Horse Purchase Agreement exhibits and schedules (1.0); review first day filings relating to sale/bid process (.5)	1.50 600.00
04/26/04	M. Daniel	Conferences with M. Knopf regarding schedule and with C. Bellini regarding closing (.3)	0.30 63.00
04/27/04	M. Kalla	Review APA and discuss language issues regarding the same and court's willingness to approve (.3)	0.30 123.00
04/27/04	C. Bellini	Telephone conference with M. Knopf and S. Spencer regarding confidentiality agreement (.1); review form of confidentiality agreement sent by S. Spencer and revise same (.8)	0.90 247.50
04/27/04	M. Knopf	Review and comment on correspondence regarding press release and customer letter (1.0); revise confidentiality agreement for bidders (.7)	1.70 680.00
04/28/04	M. Daniel	Review and send data room index to L.	0.40 84.00

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1165744

01		Section 363 Sale		
		Beltinek and S. Spencer for distribution(.4)		
04/29/04	M. Knopf	Review and revise bidding procedures documentation (2.3); review proposed confidentiality agreement changes (1.0); review diligence materials and prepare summaries (1.5)	4.80	1,920.00
04/29/04	C. Lenhart	Telephone conference with Fresno landlord (.2); review Fresno lease and research month-to-month status (.6)	.80	228.00
04/30/04	M. Knopf	Continue work on due diligence review (1.0); summarize customer contract and lease issues (1.8)	2.80	1,120.00
04/30/04	M. Daniel	E-mails to C. Bellini, C. Hallak and M. Wise regarding escrow agent request for information (.2); conference with C. Lenhart regarding Fresno lease (.1)	0.30	63.00
05/03/04	M. Kalla	Review LOI from Hodell-Natco Industries (.4)	0.40	164.00
05/03/04	C. Bellini	Review letter of intent with Portland Division (.3); telephone conference with D. Polimeni regarding same (.2)	0.50	137.50
05/03/04	M. Daniel	Conference with S. Spencer regarding data room visitors (.4); e-mail final documents to S. Spencer (.1)	0.50	105.00
05/04/04	C. Lenhart	Telephone conference with E. Laptook regarding Anixter sale (.4); telephone conference with P. Fishman regarding E. Laptook conversation (.2); e-mails with M. Daniel regarding Anixter sale exhibits (.3)	0.90	256.50
05/04/04	M. Daniel	Send articles and W-9 to T. Caruth for his records (.2)	0.20	42.00
05/05/04	C. Lenhart	Conference with T. Goodman regarding 363 sale vis-a-vis employee benefit programs and termination requirements	1.00	285.00

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01		Section 363 Sale		
		(.8); review benefit plan documents (.2)		
05/06/04	C. Lenhart	Telephone conference with C. Bellini regarding form of asset purchase agreement for Portland sale (.3)	0.30	85.50
05/06/04	M. Daniel	Prepare data room by pulling sensitive information (.7); conferences with S. Spencer, M. Knopf and C. Lang regarding data room contents and procedures (.6)	1.30	273.00
05/10/04	C. Bellini	Review non-disclosure agreement with Park-Ohio (.2); draft letter to Park-Ohio regarding their obligations under same (.3); conference with M. Knopf regarding same (.1); telephone conference with D. Polimeni regarding same (.1)	0.70	192.50
05/10/04	C. Lenhart	Telephone conference with D. Polimeni and M. Knopf regarding Park Ohio issues vis-a-vis sale (.4)	0.40	114.00
05/11/04	M. Daniel	E-mails with T. Caruth regarding information for escrow purposes (.2)	0.20	42.00
05/12/04	C. Lenhart	Telephone conference with D. Polimeni regarding Portland sale and employee issues vis-a-vis sale (.3)	0.30	85.50
05/13/04	C. Bellini	Telephone conference with M. Knopf and C. Lenhart regarding Portland transaction (.2); conference with C. Lenhart to review purchase agreement for same (.3); revise purchase agreement (1.6); telephone conference with M. walker to discuss same (.2)	2.30	632.50
05/13/04	C. Lenhart	Telephone conferences with D. Polimeni and M. Wise regarding contract identification for assumption and assignment (.7); review schedules vis-a-vis executory contracts (.3)	1.00	285.00

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01		Section 363 Sale	
05/13/04	M. Daniel	E-mails with C. Lenhart and team regarding assumed contracts (.2)	0.20 42.00
05/14/04	C. Bellini	Revise Portland asset purchase agreement (.4)	0.40 110.00
05/14/04	C. Lenhart	Review initial draft of Portland asset purchase agreement and comments to C. Bellini (.6); telephone conference with C. Bellini and M. Knopf regarding bankruptcy issues (.4)	1.00 285.00
05/16/04	T. Goodman	Prepare comments outlining terminating and winding up employee benefit plans (2.0)	2.00 550.00
05/17/04	M. Daniel	Conference with S. Spencer regarding customer contracts (.2); send customer contracts to C. Lange (.1)	0.30 63.00
05/18/04	C. Bellini	Telephone conference with D. Polimeni regarding Portland asset purchase agreement (.1); revise same (.3)	0.40 110.00
05/18/04	C. Lenhart	Review revisions to Portland asset purchase agreement (.3)	0.30 85.50
05/19/04	C. Bellini	Telephone conference with M. Walker regarding revisions to Portland asset purchase agreement (.3)	0.30 82.50
05/19/04	C. Lenhart	Revise bid procedures per committee comments (.8); telephone conference with A. Stomata regarding bid procedures changes (.4); telephone conference and e-mails with M. Fisco regarding bid procedure changes (.3); telephone conference and e-mails with T. Lallier and lender group regarding bid procedure changes (.3); telephone conference with Houlihan Lokey and lender group regarding marketing efforts (.4)	2.20 627.00

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01		Section 363 Sale		
05/20/04	C. Bellini	Conference with M. Daniel regarding schedules to Portland asset purchase agreement (.2); revisions to same (.2)	0.40	110.00
05/20/04	C. Lenhart	E-mails and telephone conference with G. Hawley regarding revised bid procedures (.5); conference with T. Lallier regarding revisions to bid procedures (.3); conference with K. Jain regarding revisions to bid procedures (.2); draft notices for sale hearing (.8)	1.80	513.00
05/20/04	M. Daniel	Draft and review schedules (1.25); conferences with C. Polimeni and B. Bellini regarding schedules (.25)	1.50	315.00
05/21/04	M. Knopf	Work on sale transaction (2.5)	2.50	1,000.00
05/21/04	C. Lenhart	Draft notice for Wall Street Journal publication (.5); conference with D. Close regarding WSJ publication (.2); draft sales notice for service (.5); direct service of sales notice (.2); e-mails with L. Betinck regarding timetable for sale (.2); e-mails with A. Stamato regarding timetable for sale (.2); e-mails with K. Jain regarding timetable for sale (.2)	2.00	570.00
05/21/04	M. Daniel	Draft and assemble schedules (.5)	0.50	105.00
05/24/04	C. Bellini	Conference with M. Knopf to review Portland asset purchase agreement (.3); telephone conference with D. Polimeni regarding same (.1); revise same (.2); telephone conference with M. Daniel regarding schedules to same (.1)	0.70	192.50
05/24/04	C. Lenhart	Review and mark up Portland asset purchase agreement vis-a-vis bankruptcy issues (1.0); telephone conference with C. Bellini regarding bankruptcy issues (.5); e-mails with C. Polimeni, D. Polimeni, and	2.10	598.50

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01		Section 363 Sale		
		M. Wise regarding contracts for assumption and assignment (.2); draft Portland sale motion (.4)		
05/24/04	M. Daniel	Conference with M. Knopf and C. Bellini regarding Portland disclosure schedules (.2); email to C. Polimeni regarding trade name issues and disclosure schedules (.1)	0.30	63.00
05/25/04	C. Bellini	Telephone conference with M. Walker regarding asset purchase agreement (.2); conference with M. Daniel regarding schedules (.2)	0.40	110.00
05/25/04	M. Daniel	Conference with C. Bellini regarding Portland schedules (.2); leave message for C. Polimeni regarding same (.1); compile schedules (.8); conference with M. Knopf to review minutes (.3)	1.40	294.00
05/26/04	C. Bellini	Telephone conference with D. Polimeni regarding schedules to Portland asset purchase agreement and letter to Portland customers (.2); telephone conference with M. Walker regarding same (.2); revise same (.2)	0.70	192.50
05/26/04	C. Lenhart	Telephone conference with D. Polimeni regarding Portland customer letter (.3); review draft of Portland customer letter (.2)	0.50	142.50
05/26/04	M. Daniel	Prepare and revise schedules (.3); conference with C. Bellini regarding schedules (.1)	0.40	84.00
05/27/04	C. Bellini	Telephone conference with M. Walker regarding schedules and signing (.4); review lease terminations (.4)	0.80	220.00
05/27/04	C. Lenhart	Draft Portland sale motion (1.2); telephone conference with D. Polimeni regarding sale motion draft (.4); e-mails with M. Wise	1.70	484.50

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01	Section 363 Sale		
	regarding sale motion draft vis-a-vis contracts (.1)		
05/28/04	C. Bellini	Telephone conference with C. Lenhart and G. Hawley regarding Portland asset purchase agreement (.1); revise same (.3)	0.40 110.00
05/28/04	C. Lenhart	Review committee document requests (.3); telephone conference with M. Knopf and D. Polimeni regarding committee discovery (.3)	0.60 171.00
05/28/04	C. Lenhart	Finish draft of Portland sale motion and send to D. Polimeni and lender group (1.5); telephone conference with V. Kaufman regarding sale motion (.3); review comments of V. Kaufman regarding sale order (.5); telephone conference with J. Lodoen and D. Polimeni regarding Portland sale (.3); conference with D. Close regarding assumption/assignment motion (.3); telephone conference with D. Polimeni regarding Portland sale (.3); telephone conference with M. Knopf and C. Bellini regarding Portland sale issues (.3)	3.50 997.50
05/31/04	T. Goodman	Review 401(k) plan document and Form 5500 filing materials (1.0)	1.00 275.00
Subtotal for	Section 363 Sale		16,331.50
03	Asset Dispositions		
04/26/04	M. Knopf	Prepare for and lead closing of DDI/Anixter transaction for sale of Kansas City Division (1.0)	1.00 400.00
05/03/04	M. Knopf	Review and revise Portland letter of intent (.7)	0.70 280.00

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03		Asset Dispositions		
05/05/04	M. Kalla	Telephone conference with D. Polimeni regarding potential violation of confidentiality agreement by bidder (.2)	0.20	82.00
05/06/04	M. Knopf	Prepare draft of Portland agreement (1.5)	1.50	600.00
05/07/04	M. Kalla	E-mail from P. Fishman regarding Fastenal bid (.2)	0.20	82.00
05/07/04	M. Knopf	Review and revise Stalking Horse agreement schedules (1.2); work on Portland transaction agreement draft (1.0)	2.20	880.00
05/10/04	M. Knopf	Review and revise Stalking Horse bid procedures (2.1)	2.10	840.00
05/13/04	M. Knopf	Revise Portland draft agreement (1.5)	1.50	600.00
05/13/04	M. Knopf	Negotiate closing exhibits and documents (3.9)	3.90	1,560.00
05/24/04	M. Knopf	Revise Portland documents (2.5)	2.50	1,000.00
05/24/04	M. Knopf	Draft closing exhibits and documents (3.5)	3.50	1,400.00
05/25/04	M. Knopf	Draft additional closing exhibits and documents (4.2)	4.20	1,680.00
05/26/04	M. Kalla	Review Portland sale letter (.2); analysis of timing and notice issues regarding 363 sale of Portland (.6)	0.80	328.00
05/26/04	M. Knopf	Revise closing exhibits and documents in response to comments (3.2)	3.20	1,280.00
05/27/04	M. Kalla	Review Portland sale motion (1.0)	1.00	410.00
05/27/04	M. Knopf	Revise and finalize closing exhibits and documents (3.5)	3.50	1,400.00
Subtotal for		Asset Dispositions		12,822.00

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04		Business operations		
04/27/04	M. Knopf	Revise vendor/customer communication plan documents (.8)	0.80	320.00
04/28/04	M. Knopf	Revise vendor/customer communication plan documents (1.3)	1.30	520.00
04/30/04	D. Close	Research California property law regarding expired commercial lease (1.5)	1.50	277.50
05/03/04	M. Knopf	Telephone conferences with M. Wise regarding supplier issues regarding outstanding checks (.3)	0.30	120.00
05/10/04	C. Lenhart	Telephone conferences with M. Wise regarding PG&E shutoff in San Jose (.5); telephone conference with PG&E representatives regarding shutoff (.3); review PG&E notices from M. Wise (.2)	1.00	285.00
05/12/04	C. Lenhart	Telephone conference with D. Polimeni and M. Wise regarding ISO certification issues (.2)	0.20	57.00
05/13/04	C. Lenhart	Telephone conference with M. Wise regarding UCC issues vis-a-vis return of goods for rework and other vendor issues (.5)	0.50	142.50
05/25/04	D. Close	Review utility order (.3); draft letter to U.S. Cellular regarding request for security deposit (.3)	0.60	111.00
Subtotal for		Business operations		1,833.00

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05

Case Administration

04/26/04 S. Heim	Telephone conference with M. Knopf and M. Kalla to discuss first day motion filing issues and judge assignments (.05); telephone conference with various clerks to discuss case assignment issues and first day hearing dates (.4); telephone conference with D. Polimeni to discuss case assignment and hearing dates (.3); revise seven (7) first day pleadings to add the proper caption, hearing dates and review final form for filing (2.0); coordinate filing and service of first day pleadings and 363 sale motions including distributions to U.S. Trustee, Judge Kishel and Judge O'Brien (1.0); revise and prepare for filing the 363 sale motion (1.0); conferences with C. Lenhart to discuss hearing issues, service of pleading issues and general coordination issues (.8)	6.00	1,770.00
04/26/04 M. Kalla	Attend hearings on first day motions (3.5); prepare testimony and arguments (2.9); negotiations with committee (.2); meeting with D. Polimeni (1.5); revising pleadings and negotiations concerning cash collateral and DIP financing (2.1)	10.20	4,182.00
04/26/04 M. Knopf	Review and finalize motions for Chapter 11 filing (2.5); attend court hearing (3.3)	5.80	2,320.00

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05	Case Administration		
04/26/04 C. Lenhart	File chapter 11 petitions (.5); telephone conference with L. Vosepka regarding filing procedures (.3); review final revisions to first-day motions (.5); telephone conference with C. Halab, M. Knopf, and D. Polimeni regarding sale motion and press release (.5); review first-day motion service lists and review service packet (.5); telephone conferences with N. Brill regarding hearing dates (.4); revise Polimeni affidavit and review final budget (.5); telephone conference with S. Wencil regarding cash collateral motion and Top 20 list (.3); conference with D. Polimeni and M. Kalla regarding first-day hearing (.5); attend first-day hearings and conference with G. Hall and T. Lallier of GE Capital (1.0); telephone conference with vendor regarding chapter 11 filing (.2); conference with M Jensen regarding service of sale motion and creditor matrix (.5); conference with M. Knopf regarding asset purchase agreement issues vis-a-vis customers (.3); conference with D. Close regarding electronic filing (.2); telephone conference with J. Kishel calendar clerk regarding first-day hearings	6.40	1,824.00
04/26/04 M. Clark	Review 7th Circuit case (.2)	0.20	66.00
04/26/04 D. Close	Prepare file first-day motions (2.5); prepare for first-day hearing (1.1)	3.60	666.00
04/26/04 M. Jensen	Continue drafting voluntary petitions, exhibits and creditor matrix (5.25); continue preparing for mass creditor mailing (1.25); numerous conferences with and e-mail correspondence to C. Lenhart (.5)	7.00	1,190.00

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05		Case Administration	
04/27/04	S. Heim	Review and revise the utilities motion; memorandum and order (.8); draft reclamation motions, memorandum of law and order (.4)	1.20 354.00
04/27/04	M. Kalla	Review remaining first day pleadings and outline arguments for trial (2.1); telephone conference with N. Brill regarding follow-up hearings and telephone conference with C. Lenhart regarding the same (.2)	2.30 943.00
04/27/04	C. Lenhart	Telephone conference and e-mails with M. Wise and C. Polimeni regarding US Trustee operating reports and other reporting requirements (.5); telephone conference with C. Polimeni regarding schedules and statements, and review information (1.0); review and revise draft of utility motion and distribute to bank group (.8); telephone conference with R. Peterson regarding utility vendors (.5); telephone conference with P. Fishman and M. Knopf regarding asset purchase agreement and customer requirements (.8); telephone conference with N. Brill regarding calendar (.2); telephone conference with C. Halab regarding proof of filing documents (.5)	4.60 1,311.00
04/27/04	D. Close	File certificate of service (.3)	0.30 55.50
04/27/04	M. Jensen	Continue updating creditor matrix and exhibits (4.5); conferences regarding preparation of mass mailing creditor address labels (.50); assist with assembling of mass mailing packages (1.5); conferences with staff regarding same (.75); conferences with C. Lenhart regarding mass mailing and exhibits (.75)	8.00 1,360.00
04/27/04	S. Peterson	Work on creditor mailing (4.0)	4.00 260.00

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05	Case Administration		
04/28/04 M. Kalla	Review Joint Administration motion and memorandum to prepare for hearing; review bankruptcy code regarding same(.6) review motion and memorandum in support of motion to pay workers comp and other insurance premiums and claims(.4); review and analysis of customer rebate program in preparation for hearing on same(.3); review and analysis of motion for payment of common carriers to discharge liens(.3); prepare direct examination of D. Polimeni for above motions (2.1); review K-Mart decision on critical vendors and other case law regarding the same(1.6)	5.30	2,173.00
04/28/04 M. Kalla	Review and revise utilities motion(.2); review revised budget from M. Wise(.2)	0.40	164.00
04/28/04 C. Lenhart	Telephone conference with C. Polimeni and conference with M. Jensen regarding schedules and statements, and review statements and schedules (1.5); telephone conference with R. Peterson regarding utilities (.3); telephone conference with D. Polimeni regarding consignment issues (.5); conference with M. Kalla regarding first-day motions, and prepare script (.7)	3.00	855.00
04/28/04 M. Jensen	Finalize and assemble schedules to co-debtors' petitions (1.5); assist with assembling of mass mailing packages (1.0); continue updating creditor matrix and DDI schedules (4.5); prepare additional mailing labels (.5); conferences with C. Lenhart regarding schedules and mailing (.5)	8.00	1,360.00
04/28/04 S. Peterson	Search for and update zip codes for mass creditor mailing for M. Jensen; correct zip	6.00	390.00

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		codes in distribution list (6.0)		
05		Case Administration		
04/29/04	M. Kalla	Prepare for and attend "first day" hearings on Joint Administration, Common Carriers, Rebate program, Cash Collateral, Medical Insurance; meetings with D. Polimeni to prepare for same; negotiations with lenders and proposed Creditors Committee counsel (7.2); review need for claims agent versus doing it in-house at Dorsey (.2); telephone conference with M. Fisco regarding nature of case and potential issues (.2)	7.60	3,116.00
04/29/04	M. Knopf	Prepare for and attend court hearing (2.9)	2.90	1,160.00
04/29/04	C. Lenhart	Attend first-day hearings (1.5); conference with D. Polimeni and M. Kalla regarding preparation for first-day hearings (1.5); conference and e-mails with S. Wencil regarding Morris-Anderson and committee issues (.3); e-mails with Anixter and bank group counsel regarding results of first-day motion hearings (.3); telephone conference with D. Polimeni and Houlihan Lokey regarding sale process update and asset sale issues (1.0); review certificates of service for sale motion (.3); review revised draft of utilities motion and direct service and filing (1.0); telephone conference with D. Polimeni regarding Anixter requests (.5); review final form of schedules for subsidiary debtors and direct filing (1.5)	6.90	1,966.50
04/29/04	D. Close	Prepare motions for filing (.1)	0.10	18.50
04/29/04	D. Close	File motions and petition documents (1.8); prepare additional documents for filing (1.0)	2.80	518.00
04/29/04	M. Jensen	Continue updating creditor matrix and DDI schedules (6.5); prepare additional mailing	7.50	1,275.00

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		labels (.5); conferences with C. Lenhart(.5)		
05		Case Administration		
04/29/04	S. Peterson	Correct distribution list for mass creditor mailing for M. Jensen (1.5)	1.50	97.50
04/30/04	M. Kalla	Telephone conference with R. Mankoff of LSI (.2); telephone conference with M. Knopf regarding KERP issues(.2); review and revise KERP motion (.3)	1.60	656.00
04/30/04	C. Lenhart	Review DDI schedules and statements and direct filing (1.0); telephone conference with J. Durben regarding cash collateral order (.3); telephone conference with C. Polimeni regarding creditor addresses (.3); telephone conference with J. Busch regarding lockbox sweeps (.3); e-mails with W. Liefer regarding Fresno lease (.3)	2.20	627.00
04/30/04	M. Clark	Conduct research and prepare memorandum regarding month-to-month tenancy issue to C. Lenhart regarding same (2.0)	2.00	660.00
04/30/04	D. Close	Prepare court documents for filing (1.0); file documents with the court (.5)	1.50	277.50
04/30/04	D. Close	Draft stipulated order regarding missing exhibit (.3)	0.30	55.50
04/30/04	M. Jensen	Revise and assemble final schedules and current creditor matrix to DDI petition (3.0); finalize list of creditors for attachment to certificate of service (2.25); conferences with C. Lenhart and D. Close regarding schedules and current creditor matrix (.75); continue updating creditor matrix with final documentation received from client (1.0)	7.00	1,190.00

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05		Case Administration		
05/03/04	C. Lenhart	Telephone conference with M. Wise and J. Busch regarding lease of vehicles in Eden Prairie (.5); telephone conference with D. Polimeni and M. Wise regarding reclamation claims (.5); telephone conference with S. Birbauer regarding King & Spalding matters (.5); telephone conference with creditors regarding filing of petition (.3)	1.80	513.00
05/03/04	D. Close	Research requirements of filing "under seal" (2.1); draft motion to file under seal (.4)	2.50	462.50
05/03/04	D. Close	Draft stipulation and order (1.0)	1.00	185.00
05/03/04	A. Tofey	Search with D. Close for procedures for filing documents under seal (.1)	0.10	18.50
05/03/04	M. Jensen	Begin updating creditor matrix based on final schedules received (3.0)	3.00	510.00
05/04/04	M. Kalla	Review correspondence from King and Spaulding (.2); telephone conference with C. Lenhart regarding the same (.1)	0.30	123.00
05/04/04	M. Kalla	Telephone conference with various reclamation creditors (.4); review new makeup of creditors committee (.2)	0.60	246.00
05/04/04	D. Close	File application to employ Eisner LLP (1.2); draft motion to file under seal (1.4)	2.60	481.00

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05		Case Administration		
05/04/04	M. Jensen	Continue updating creditor matrix based on final schedules received (5.9); e-mail correspondence with C. Lenhart regarding document requests from creditors and e-mail correspondence to creditors forwarding requested copies of various exhibits and schedules (.4); research request by creditor Diamond Chain Company and e-mail correspondence to C. Lenhart detailing employees and creditors for which mailing addresses are required (.7)	7.30	1,241.00
05/05/04	M. Kalla	Review demand for pleadings from R. Anderson (.2)	0.20	82.00
05/05/04	C. Lenhart	Telephone conference with M. Wise and J. Busch regarding taxation issues (.5); telephone conference with M. Wise regarding property repossession issues vis-a-vis Eden Prairie (.5); telephone conference with D. Polimeni, M. Wise, and Textron regarding filing and credit terms (.7); e-mails with Textron regarding filed documents (.2); telephone conference with D. Polimeni and M. Kalla regarding creditors committee (.5); telephone conference and e-mails with C. Polimeni regarding schedules and statements of financial affairs (1.0); telephone conference with M. Wise regarding preference payments (.5)	3.90	1,111.50
05/05/04	D. Close	Add creditor to matrix (.3)	0.30	55.50
05/05/04	M. Jensen	Continue updating creditor matrix addresses (2.0)	2.00	340.00
05/06/04	M. Kalla	Telephone conference with Nova Fasteners regarding claim (.2)	0.20	82.00

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05		Case Administration	
05/06/04	C. Lenhart	Telephone conference with creditors regarding filing and proof of claim issues (.5); e-mails and telephone conference with M. Wise regarding utilities motion and cell phone usage (.5)	1.00 285.00
05/06/04	D. Close	File stipulation to attach exhibit to order (.3)	0.30 55.50
05/06/04	M. Jensen	Continue updating creditor matrix to incorporate in numerous address changes (4.5); conference with C. Lenhart and correspondence to creditor requesting additional documentation to purchase agreement (.30)	4.80 816.00
05/07/04	M. Kalla	Review comments regarding court order and revisions to same (.3)	0.30 123.00
05/07/04	C. Lenhart	Return creditor calls regarding bankruptcy filing and proof of claim issues (.5)	0.50 142.50
05/07/04	D. Close	File motions with the bankruptcy court (.2)	0.20 37.00
05/07/04	M. Jensen	Continue updating creditor matrix to incorporate in numerous address changes (6.0)	6.00 1,020.00
05/10/04	C. Lenhart	Return creditors' calls vis-a-vis proofs of claim (.2)	0.20 57.00
05/10/04	D. Close	File certificate of service (.3)	0.30 55.50
05/10/04	M. Jensen	Telephone conference with R. Kozakiewiez, attorney for creditor Magnaworks Technologies (.2); e-mail correspondence to C. Lenhart regarding invoice copies received (.1); continue updating creditor matrix (4.9); telephone conferences with and conferences with C. Lenhart (.3)	5.50 935.00

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05		Case Administration	
05/11/04	M. Kalla	Prepare for and attend meeting with M. Fisco and A. Wilkinson regarding resolution of claims prior to hearing (1.5); telephone conference with P. Fishman regarding the same (.3); meeting with P. Fishman, D. Polimeni regarding approach to upcoming hearings and preparation for same (.8)	2.60 1,066.00
05/11/04	M. Knopf	Meet with creditors committee counsel (1.5)	1.50 600.00
05/11/04	C. Lenhart	Conference with M. Fisco, A. Wilkinson, M. Kalla, and M. Knopf regarding case history and committee issues (1.0); conference with M. Kalla and M. Knopf regarding committee meeting and case administration issues (.5); review correspondence from creditors and return vis-a-vis proofs of claim and case filing (.5); conference with D. Polimeni, C. Polimeni, and M. Wise regarding reporting issues vis-a-vis U.S. Trustee (.8); conference with U.S. Trustee and DDI management (1.0)	3.80 1,083.00
05/11/04	D. Close	File certificates of service (.3)	0.30 55.50
05/11/04	M. Jensen	Continue updating creditor matrix (7.1); telephone conferences and conferences with C. Lenhart (.3); conferences with C. Apuli and K. Godfrey regarding preparation of mailing labels and assembling of notice packages (.4); e-mail correspondence to C. Lenhart (.2)	8.00 1,360.00
05/12/04	M. Kalla	Review notice of 341 meeting	0.20 82.00
05/12/04	M. Kalla	Review response to M. Fisco request for documents (.9)	0.90 369.00

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05		Case Administration	
05/12/04	M. Kalla	Quick research on ISO certification and whether failure to issue violates stay (.9); telephone conference with Creditor and D. Polimeni regarding the same (.3)	1.20 492.00
05/12/04	C. Lenhart	Compile and review documents requested by committee vis-a-vis financing and other case information (.8); transmit requested documents to M. Fisco (.2)	1.00 285.00
05/12/04	C. Lenhart	Telephone conference with D. Polimeni regarding 341 meeting date and specifics (.2)	0.20 57.00
05/12/04	D. Close	File amended application to employ Houlihan (.3)	0.30 55.50
05/13/04	M. Kalla	Additional research potential violation of stay in withdrawal of ISO certification(.5); telephone conference with D. Polimeni regarding the same; (.2)	0.70 287.00
05/13/04	M. Kalla	Review need for list of executory contracts and whether issue will arise in cash collateral hearings (.3); review final stalking horse schedules (.4)	0.70 287.00
05/13/04	C. Lenhart	Telephone conference with J. Loshein regarding utilities motion and revisions to order (.3); revise order and motion to reflect committee requests (.5); telephone conference with J. Lodoen regarding document requests (.2); compile and review materials for J. Lodoen (.4); telephone conference with C. Polimeni regarding address issues (.1)	1.50 427.50
05/14/04	C. Lenhart	Telephone conference and e-mails with M. Fisco regarding committee deadlines for objection (.3)	0.30 85.50

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05		Case Administration	
05/17/04	C. Lenhart	Correspondence with creditors regarding proof of claim issues and case filing issues (.5)	0.50 142.50
05/17/04	M. Jensen	Telephone conference with creditor Stafast Products (.2); conference with and e-mail correspondence to C. Lenhart regarding status (.3)	0.50 85.00
05/18/04	M. Jensen	Telephone conference with document services regarding possible conversion of excel document to word and preparation of comparison version (.2)	0.20 34.00
05/19/04	C. Lenhart	Conference with D. Polimeni and P. Fishman regarding May 20 hearing preparation and final motion revisions (1.0)	1.00 285.00
05/19/04	D. Close	Prepare documents for hearing (1.0)	1.00 185.00
05/19/04	M. Jensen	E-mail to document services regarding conversion and comparison of documents (.2); review comparison version of creditor matrix (.8); conference with C. Lenhart (.1)	1.10 187.00
05/20/04	S. Heim	Review and comment on notice of interested parties regarding the auction and bid procedures (.4)	0.40 118.00
05/20/04	M. Knopf	Prepare for and attend court hearing	6.80 2,720.00

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05		Case Administration		
05/20/04	C. Lenhart	Attend hearings on cash collateral, key employee retention plan, and other motions (2.0); prepare presentation on utilities motion and bid procedures (.5); e-mails with J. Durben and N. Brill regarding forms of order and revise forms of order for execution (.5); conference with G. Hall, D. Sebastio, J. Lodoen, and Stairway Capital regarding remaining issues for hearing (.5); conference with D. Polimeni and M. Wise regarding remaining sale issues and management issues (.5)	4.00	1,140.00
05/20/04	D. Close	Prepare documents for hearing (.3)	0.30	55.50
05/20/04	M. Jensen	Telephone conference with creditor Stafast Products (.1); conference with C. Lenhart (.1)	0.20	34.00
05/21/04	M. Kalla	Review Wall Street notice and telephone conference with C. Lenhart regarding the same (.6)	0.60	246.00
05/21/04	C. Lenhart	E-mails and telephone conference with C. Polimeni regarding amended schedules (.5)	0.50	142.50
05/21/04	D. Close	File certificate of service (.7); telephone conference with Wall Street Journal and place legal notice in Wall Street Journal (1.1)	1.80	333.00
05/21/04	M. Jensen	Telephone conference with D. Matthews regarding request for copy of schedule (.15); review documents in attempt to locate same (.25)	0.40	68.00

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05		Case Administration		
05/24/04	C. Lenhart	E-mails with C. Polimeni regarding address issues (.2); telephone conference with W. Leifer regarding California lease issues (.5); telephone conference with M. Wise regarding utilities and taxes regarding Illinois taxing authority (.3)	1.00	285.00
05/25/04	C. Lenhart	Review letter to US Cellular and send (.3); review address returns from bankruptcy court (.2)	0.50	142.50
05/25/04	D. Close	File certificates of service (.3); prepare notice to mail to creditors with new addresses (1.0)	1.30	240.50
05/26/04	C. Lenhart	Telephone conference with A. Wilkinson regarding confidentiality agreement (.2); e-mails with A. Wilkinson regarding same (.1); telephone conference with M. Fisco regarding committee discovery (.2)	0.50	142.50
05/26/04	D. Close	Prepare documents for filing (.3)	0.30	55.50
05/27/04	C. Lenhart	E-mails with J. Knapp regarding Microsoft issues (.3)	0.30	85.50
05/27/04	D. Close	Mail notice to newly added creditors (.2)	0.20	37.00
05/27/04	M. Jensen	Assemble requested schedule to asset purchase agreement and forward by fax to D. Matthews	0.30	51.00
05/28/04	D. Close	Draft motion regarding assumption and assignment of executory contracts and leases (2.5)	2.50	462.50
05/28/04	D. Close	Locate and review electronic versions of schedules and statement of financial affairs (.4); e-mail same to creditor (.1)	0.50	92.50
05/28/04	D. Close	Prepare certificates of service for filing (.3)	0.30	55.50

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05		Case Administration		
05/28/04	M. Jensen	Assemble copies of various documentation; requested by several creditors and forward same to such parties by e-mail (1.4); conference and telephone conference with D. Close regarding such documentation (.3); e-mail to C. Lenhart (.1)	1.80	306.00
Subtotal for		Case Administration		56,162.00
07		Employee benefits/pensions		
04/27/04	M. Knopf	Revise KERP drafts (1.0)	1.00	400.00
04/28/04	M. Knopf	Revise KERP drafts (2.8)	2.80	1,120.00
04/30/04	M. Knopf	Draft KERP documents (3.5); work on KERP calculation and formula (1.5); discuss KERP issues with D. Polimeni (.5)	5.50	2,200.00
04/30/04	C. Lenhart	Conference with M. Knopf and M. Kalla regarding KERP (.5); telephone conference with D. Polimeni and P. Fishman regarding KERP issues (.5); draft KERP program and motion to approve KERP (1.5)	2.50	712.50
05/03/04	M. Kalla	Review and revise KERP and related motion (.8) telephone conference with D. Polimeni and M. Wise regarding reclamation creditor claims (.2); additional revisions to KERP after discussion with various lender's counsel (.5)	1.50	615.00
05/03/04	M. Knopf	Draft extensive revisions to KERP and KERP motion (3.7); telephone conferences with D. Polimeni to discuss same (.5)	4.20	1,680.00

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07		Employee benefits/pensions	
05/03/04	C. Lenhart	Draft and revise key employee retention motion (1.5); telephone conferences with D. Polimeni and M. Knopf regarding key employee retention motion (.5); telephone conference and e-mails with T. Lallier and lender group regarding key employee retention motion (.5)	2.50 712.50
05/04/04	M. Kalla	Review additional bank revisions to KERP motion (.5); analysis of risks of contesting motion (.9)	1.40 574.00
05/04/04	C. Lenhart	Telephone conferences with D. Polimeni and M. Knopf regarding lender comments to key employee retention motion (.7); telephone conference with T. Lallier and D. Tabor regarding key employee retention motion (.5); revise drafts of key employee retention motion and plan (1.5)	2.70 769.50
05/05/04	M. Kalla	Prepare for and participate in conference calls with bank group and separately with D. Polimeni regarding structure of KERP (1.3) review law regarding approvability of same and distinguish from so-called critical vendors motions (.5)	1.80 738.00
05/05/04	M. Knopf	Work on KERP cash collateral and other motions (4.9)	4.90 1,960.00
05/05/04	T. Goodman	Conference with C. Lenhart regarding COBRA, health continuation requirements, and other issues related to winding up employee benefit plans (.35), conference with L. Anderson regarding COBRA liability in asset sale transaction (.25); review asset purchase agreement and schedules (.35); review COBRA guidance (.5); follow up with C. Lenhart (.15)	1.60 440.00

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07		Employee benefits/pensions	
05/05/04	L. Anderson	Conference with T. Goodman to review COBRA issues in context of asset sale/bankruptcy (.4)	0.40 156.00
05/06/04	M. Kalla	Negotiations with lenders regarding KERP (1.3); discussions with D. Polimeni regarding the same (.4); telephone conference with C. Lenhart regarding structuring of and necessity of KERP (.2)	1.90 779.00
05/06/04	M. Kalla	Analysis of "net sales proceeds" determination of KERP (.6)	0.60 246.00
05/06/04	M. Knopf	Work on KERP and KERP motion (3.5)	3.50 1,400.00
05/06/04	T. Goodman	Research regulations on COBRA applicability in asset sale transactions (.25); prepare comments on regulations and follow up with C. Lenhart regarding same (.4); prepare outline of employee benefit issues related to terminating employee benefit plans (.5)	1.20 330.00
05/06/04	C. Lenhart	Draft and revise key employee retention motion and plan documents (2.6); telephone conferences with V. Kaufman, C. Anderson, and T. Lallier regarding key employee retention motion and plan documents (1.0); telephone conference with D. Polimeni, M. Kalla, and M. Knopf regarding key employee retention motion (.8)	4.40 1,254.00
05/07/04	M. Kalla	Telephone conference with D. Polimeni regarding filing KERP exhibit under seal (.3) review additional changes to KERP order from lender (.6)	0.90 369.00
05/07/04	M. Knopf	Work on KERP and KERP motion (1.5); numerous conference calls with client and secured lender counsel and bank group (1.3)	2.80 1,120.00

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07		Employee benefits/pensions		
05/07/04	C. Lenhart	Draft and revise key employee retention motion and plan documents (2.8); telephone conferences with V. Kaufman, C. Anderson, and T. Lallier regarding key employee retention motion and plan documents (1.2); research precedent in Minnesota and other jurisdictions for key employee retention plans (1.0); telephone conference with D. Polimeni, M. Kalla, and M. Knopf regarding key employee retention motion (.6)	5.60	1,596.00
05/10/04	M. Knopf	Work on KERP and cash collateral motions (2.1)	2.10	840.00
05/10/04	C. Lenhart	E-mails and telephone conference with T. Lallier regarding lender comments to key employee retention plan document (.3); review comments to key employee retention plan document (.2)	0.50	142.50
05/11/04	M. Kalla	Review additional revisions to KERP order from T. Lallier (.3); telephone conference with C. Lenhart regarding the same (.1); review T. Lallier letter regarding the same (.2)	0.60	246.00
05/11/04	M. Knopf	Meet with D. Polimeni regarding KERP (1.0)	1.00	400.00
05/11/04	M. Knopf	Attention to KERP (1.5)	1.50	600.00
05/14/04	C. Lenhart	Telephone conferences with D. Polimeni, M. Knopf, and M. Kalla regarding key employee retention motion (1.0); revise key employee retention motion and telephone conference with T. Lallier regarding same (.5); e-mails with M. Fisco regarding key employee retention motion (.2)	1.70	484.50

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07		Employee benefits/pensions		
05/17/04	M. Kalla	Conference calls with M. Knopf and D. Polimeni regarding failure to approve KERP and consequences of same (.9)	0.90	369.00
05/17/04	M. Kalla	Prepare outlines for potential contest in Utilities motion (.3); outline cash collateral arguments for hearing (1.8)	2.10	861.00
05/17/04	C. Lenhart	Telephone conference and e-mails with A. Wilkinson regarding key employee retention motion and prepetition employment contracts (.5)	0.50	142.50
05/18/04	M. Kalla	Revise outlines for testimony (1.0); analysis of effect of failure to approve KERP (.6)	1.60	656.00
05/18/04	T. Goodman	Follow up with C. Lenhart regarding outline of steps with respect to terminating and winding up employee benefit plans (.2)	0.20	55.00
05/18/04	C. Lenhart	Telephone conference with T. Lallier, D. Tabor, D. Sebastio, and lenders regarding key employee retention motion (.7); telephone conference with D. Polimeni, M. Kalla, and M. Knopf regarding key employee retention motion (.3)	1.00	285.00
05/19/04	C. Lenhart	Telephone conference with T. Lallier and M. Fisco regarding key employee retention motion and potential compromises (.4); telephone conference with D. Polimeni and M. Knopf regarding key employee retention motion (.4)	0.80	228.00
05/20/04	C. Lenhart	Prepare presentation for M. Kalla regarding key employee retention motion (.5)	0.50	142.50
Subtotal for		Employee benefits/pensions		24,623.50

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08	Fee/Employment Applicants		
04/26/04 C. Lenhart	Telephone conference with P. Fishman regarding Houlihan application (.3); review revised Houlihan application (.2)	0.50	142.50
04/27/04 C. Lenhart	Telephone conference with P. Fishman and R. Chesley regarding Houlihan application (.3)	0.30	85.50
04/28/04 C. Lenhart	Telephone conference with R. Chesley regarding Houlihan application (.3); telephone conference with D. Ringer regarding Eisner application (.2)	0.50	142.50
04/29/04 C. Lenhart	Draft retention application for Eisner LLP (.8); telephone conference with D. Ringer regarding Eisner application (.2)	1.00	285.00
04/30/04 C. Lenhart	Telephone conference with P. Fishman and R. Chesley regarding HLHZ application (.5); revise HLHZ application and send drafts to P. Fishman and R. Chesley (1.0)	1.50	427.50
05/03/04 M. Kalla	Review and analyze Houlihan application (.2)	0.20	82.00
05/03/04 C. Lenhart	Telephone conference and e-mails with S. Wencil regarding Houlihan Lokey application (.5); telephone conference with D. Ringer and D. Polimeni regarding Eisner application (.5)	1.00	285.00
05/04/04 C. Lenhart	Telephone conference with P. Fishman regarding Houlihan Lokey application and U.S. Trustee issues (.5); telephone conference with D. Ringer regarding Eisner application (.3)	0.80	228.00

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08		Fee/Employment Applicants	
05/05/04	C. Lenhart	Telephone conference with R. Chesley regarding U.S. Trustee requirements vis-a-vis Houlihan Lokey application (.5); telephone conference with R. Chesley and P. Fishman regarding Houlihan application (.3)	0.80 228.00
05/06/04	C. Lenhart	Telephone conference with R. Chesley and S. Wencil regarding Houlihan Lokey application (.3)	0.30 85.50
05/07/04	M. Kalla	Review T. Lallier changes to definition of net sales proceeds (.4); telephone conference with C. Lenhart regarding the same (.2)	0.60 246.00
05/10/04	M. Kalla	Prepare for and participate in conference call with U.S. Trustee's office regarding remaining objections to Houlihan application (.8)	0.80 328.00
05/10/04	M. Kalla	Additional negotiations with lenders on KERP language (.7)	0.70 287.00
05/10/04	C. Lenhart	Telephone conference with R. Chesley, and M. Kalla regarding U.S. Trustee call to discuss Houlihan Lokey retention (.3)	0.30 85.50
05/11/04	M. Kalla	Review revised order from R. Chesley (.2)	0.20 82.00
05/11/04	M. Kalla	Telephone conference with P. Fishman regarding discussion with R. Chesley prior to filing HLHZ application (.2)	0.20 82.00
05/11/04	C. Lenhart	Telephone conference and e-mails with T. Lallier regarding Houlihan Lokey application (.3); conference with P. Fishman regarding Houlihan Lokey application (.3); e-mails with S. Wencil regarding Houlihan Lokey application (.2)	0.80 228.00

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08		Fee/Employment Applicants		
05/12/04	M. Kalla	Review revised order regarding HLHZ fee applications (.3); review comments of U.S. Trustee's office regarding the same (.3); telephone conference with C. Lenhart regarding the same (.2)	0.80	328.00
05/12/04	C. Lenhart	Draft amended Houlihan Lokey application and direct filing (.6); telephone conference with S. Wencil regarding revised form of Houlihan Lokey order (.3); e-mails with N. Brill regarding amended application (.1)	1.00	285.00
05/14/04	M. Kalla	Review still further comments from lender group on order approving Houlihan (.7)	0.70	287.00
05/28/04	C. Lenhart	E-mails and telephone conference with N. Brill regarding Houlihan Lokey application and order (.3); e-mails with S. Wencil regarding Houlihan Lokey application (.1)	0.40	114.00
Subtotal for		Fee/Employment Applicants		4,344.00
10		Financing		
04/26/04	C. Lenhart	Telephone conferences with T. Lallier, V. Jackson, bank group, and D. Polimeni regarding financing issues, terms of cash collateral order, and revisions to same (1.3); mark up and revise cash collateral order per bank and company comments (1.0); telephone conference with Comerica regarding lockbox account agreements (.5); telephone conference with M. Wise regarding cash sweep issues vis-a-vis Comerica (.5)	3.30	940.50
04/27/04	M. Knopf	Review and comment on cash collateral motion (1.5); review and comment on DIP loan agreement (1.4)	2.90	1,160.00

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10	Financing		
04/27/04 C. Lenhart	Review and mark up draft of DIP loan agreement and DIP order (1.5); telephone conference with D. Polimeni, M. Kalla, M. Knopf, and P. Fishman regarding DIP documents, financing and budget issues (1.0); review prior credit agreement vis-a-vis DIP credit agreement (.5)	3.00	855.00
04/28/04 M. Kalla	Review Heller revisions to cash collateral order (.6); review R. Sebastian comments on cash collateral budget (.9)	1.50	615.00
04/28/04 M. Knopf	Review and comment on cash collateral motion (1.8); review and comment on latest DIP loan agreement draft (1.7)	3.50	1,400.00
04/28/04 C. Lenhart	Review and revise cash collateral budgets, and telephone conferences with D. Polimeni regarding same (1.0); mark up DIP order and e-mails and telephone conferences with bank group counsel regarding same (1.5); telephone conference with T. Lallier regarding second interim cash collateral order, and mark up and distribute redline to bank group (1.0); telephone conference with P. Fishman and D. Polimeni regarding financing structure (.5)	4.00	1,140.00
04/29/04 M. Kalla	Meeting with T. Lallier to discuss financing issues and scope of cash collateral versus dip order (.9)	0.90	369.00
04/29/04 C. Lenhart	Conference with T. Lallier regarding revisions to second interim order and budget (.5); e-mails with T. Lallier regarding revised order and budget for distribution to chambers (.8); e-mails with J. Durben regarding second interim order (.3)	1.60	456.00

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10		Financing		
05/03/04	M. Kalla	Telephone conference with M. Fisco regarding cash collateral order (.2)	0.20	82.00
05/03/04	C. Lenhart	Draft stipulation to add budget to second interim order (.5); telephone conference with T. Lallier regarding stipulation (.2)	0.70	199.50
05/05/04	M. Kalla	Review notes of D. Polimeni discussion with P. Puryear (.3)	0.30	123.00
05/06/04	C. Lenhart	Telephone conference and e-mails with N. Brill regarding stipulation regarding second interim order (.4); review revised budgets vis-a-vis second interim order (.5); telephone conference with T. Lallier regarding stipulation (.1)	1.00	285.00
05/07/04	M. Kalla	Review and analysis of Heller' s changes to cash collateral budget (.4)	0.40	164.00
05/07/04	C. Lenhart	Telephone conference with N. Brill and J. Durben regarding second interim order and stipulation (.4); telephone conference with T. Lallier regarding stipulation (.3); draft stipulation for second interim order and review budget vis-a-vis same (.7)	1.40	399.00
05/10/04	M. Kalla	Study budgets and cashflow information from M. Wise in the event of contested cash collateral hearing (1.2)	1.20	492.00
05/11/04	M. Kalla	Review revised budget from T. Lallier (.6)	0.60	246.00
05/12/04	M. Kalla	Conference with D. Polimeni regarding separate representation of Stairway (.5); telephone conference with T. Lallier regarding dispute among lenders (.2); telephone conference with D. Polimeni regarding effect of same (.2)	0.90	369.00
05/13/04	M. Kalla	Telephone conference with J. Lodoen regarding Stairway position (.2)	0.20	82.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1165744

10	Financing		
05/14/04 M. Kalla	Phone calls to J. Lodoen regarding final cash collateral (.8); phone calls to K. Simeone regarding separate counsel (.2); phone call with T. Lallier regarding stairway negotiations (.8); review final cash collateral order (.3)	2.10	861.00
05/14/04 C. Lenhart	Telephone conferences with T. Lallier, V. Kaufman, and H. Feldstein regarding final cash collateral order and carve-out (1.0); telephone conference and e-mails with M. Fisco regarding carve-out language (.3); telephone conference with D. Polimeni regarding final cash collateral order and budget issues (.7)	2.00	570.00
05/17/04 M. Kalla	Review cash collateral drafts to prepare for meeting by lenders and creditors committee (.5); meeting at Foley and Mansfield to discuss cash collateral issues and other issues on for hearing on May 20, T. Lallier, M. Fisco, H. Feldstein, J. Lodoen and others (1.3)	1.80	738.00
05/17/04 M. Kalla	Review budget tabs from M. Wise (.6)	0.60	246.00
05/17/04 C. Lenhart	Review drafts of budgets from M. Wise and telephone conference with M. Wise regarding budgets (1.0); telephone conference with M. Fisco regarding carve-out (.2); telephone conferences with T. Lallier and C. Anderson regarding carve-out and other financing issues (1.0); telephone conference with D. Polimeni regarding cash collateral order and operational issues vis-a-vis borrowing base (1.0); send budget drafts to M. Fisco (.2); conference with M. Kalla regarding borrowing base and carve-out issues (.5)	3.90	1,111.50

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Distribution Dynamics, Inc.
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10	Financing		
05/18/04 M. Kalla	Outline arguments for cash collateral fight (1.0); draft testimony of D. Polimeni and P. Fishman (.9)	1.90	779.00
05/18/04 M. Kalla	Review M. Wise variance analysis regarding budget (.3)	0.30	123.00
05/18/04 C. Lenhart	E-mails with V. Kaufman regarding revisions to cash collateral order (.5); review revised cash collateral order (1.0); telephone conferences with D. Polimeni regarding revisions to cash collateral order, budgets, and operational issues vis-a-vis cash sweep language and borrowing base (1.0); e-mails with J. Lodoen regarding cash collateral order (.2); telephone conference with T. Lallier regarding revisions to cash collateral order (.5); conference with M. Kalla and M. Knopf regarding cash collateral order and carve-out issues (.5)	3.70	1,054.50
05/19/04 C. Lenhart	Mark up and review revisions to cash collateral orders vis-a-vis carve-out, budget, and borrowing base language (2.5); telephone conferences with V. Kaufman, H. Feldstein, C. Anderson, T. Lallier, and lender group regarding cash collateral order revisions and committee objection (1.5); telephone conferences with M. Fisco, M. Kalla, and T. Lallier regarding cash collateral order issues (.8); telephone conference with D. Polimeni regarding carve-out and budget issues (.5); conference with D. Sebastio and Stairway Capital regarding cash collateral order (.5); telephone conference with D. Polimeni regarding committee objections (.3)	6.10	1,738.50

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Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1165744

10	Financing		
05/20/04 C. Lenhart	Review revisions to cash collateral order sent by G. Hawley (1.0); telephone conference with G. Hawley and T. Lallier regarding cash collateral order revisions (.8); conference with M. Kalla regarding cash collateral order revisions and budget issues (.5); telephone conference with M. Fisco regarding cash collateral order issues (.4); telephone conference with D. Polimeni regarding cash collateral order revisions (.4); draft presentation for M. Kalla on cash collateral order (.5); conference with J. Lodoen regarding remaining Stairway issues (.3)	3.90	1,111.50
05/21/04 M. Kalla	Negotiations regarding last minute changes to order by lender and attempt to reach parties to discuss same; telephone conference with T. Lallier regarding changes	1.40	574.00
05/24/04 M. Kalla	Telephone conference with C. Lenhart regarding lender changes to cash collateral order and consistency with agreement (.8)	0.80	328.00
05/24/04 C. Lenhart	E-mails with M. Fisco regarding final form of budget (.2); e-mails and telephone conference with T. Lallier regarding final cash collateral order (.3); e-mails and telephone conference with K. Jain regarding questions regarding Minnesota procedure vis-a-vis 363 sale (.5)	1.00	285.00

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Distribution Dynamics, Inc.
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10		Financing		
05/25/04	C. Lenhart	Review final form of cash collateral order (.5); telephone conference with T. Lallier and V. Kaufman regarding filing final order (.5); telephone conferences with M. Fisco regarding form of final order (.3); e-mails with N. Brill regarding final order form (.3); review final form and prepare for filing (.2); telephone conference with D. Polimeni regarding final form of cash collateral order (.2)	2.00	570.00
Subtotal for		Financing		19,467.00
14		Litigation		
05/12/04	M. Knopf	Prepare comments on draft motion (1.5)	1.50	600.00
05/14/04	M. Knopf	Prepare comments on cash collateral motion, KERP motion and other motions before conference (2.2)	2.20	880.00
05/17/04	M. Knopf	Continue work on KERP and cash collateral motions (3.1)	3.10	1,240.00
05/18/04	M. Knopf	Prepare for sale procedures hearing (2.0); prepare comments on draft motions (2.5)	4.50	1,800.00
05/19/04	M. Kalla	Meeting with D. Polimeni and C. Lenhart to prepare for contested hearings on use of cash collateral and approval of Key employee retention plan (1.4); prepare for testimony of D. Polimeni regarding the same (3.2); negotiations with M. Fisco regarding resolution of claims (.7); telephone conference with T. Lallier regarding carveout issues (.3)	5.60	2,296.00
05/19/04	M. Knopf	Prepare testimony and arguments for hearing (4.2)	4.20	1,680.00

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Distribution Dynamics, Inc.
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Page 38

14		Litigation		
05/20/04	M. Kalla	Prepare testimony and arguments for Cash Collateral, KERP motion and bid procedures motion (2.7); attend and participate in hearings in St. Paul regarding the same (4.1)	6.80	2,788.00
Subtotal for		Litigation		11,284.00

			Total for Legal Fees	\$146,867.00
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Disbursements and Service Charges

Binding Charges	24.88
Messenger Charges	57.00
Overnight Delivery Charges	367.98
Fax Charges	507.64
Long Distance Telephone Charges	55.14
Overtime Allowance	35.87
After Hours Secretarial Support	731.25
Pacer Service Center Electronic Court Searches	11.76
Postage Charges	1,928.62
Photocopy Charges (after high-volume discount)	27,396.19
Supplies	364.87
Unposted Disbursement and Service charges	-2,628.74
Computerized Legal Research - Westlaw search done on 04/29/04	104.40
Computerized Legal Research - Westlaw search done on 04/30/04	7.47
Computerized Legal Research - Westlaw search done on 04/30/04	9.00
Computerized Legal Research - Westlaw search done on 04/30/04	20.60
Computerized Legal Research - Westlaw search done on 05/06/04	20.88
Computerized Legal Research - Westlaw search done on 05/25/04	41.76
Computerized Legal Research - Lexis search done 05/04/04	45.30

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Distribution Dynamics, Inc.
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Filing Fee - Corporate Payment Systems - Bankruptcy Court filing fees 05/04/04	4,195.00
Legal Notices - The Wall Street Journal - Publication of Legal Notice 05/21/04	13,728.00
Professional Service - CT Corporation System - Termination for California, Illinois, Iowa, Minnesota, Ohio, Oregon, South Dakota and Wisconsin for Distribution Dynamics, Inc 04/29/04	400.00
Travel Expense - Parking for C. Lenhart to attend hearing 04/26/04	5.00
Travel Expense - Parking for M. Kalla for hearing 04/26/04 and 04/29/04	10.00
Travel Expense - Parking for C. Lenhart during hearing 05/20/04	8.00

Total for Disbursements and Service Charges \$47,447.87

Total This Invoice \$194,314.87

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PAYMENT DUE UPON RECEIPT

MATTHEW J. KNOFF
(612) 340-5603
FAX (612) 340-7800
knopf.matthew@dorsey.com

August 2, 2004

Mr. Michael Wise
Chief Financial Officer
Distribution Dynamics, Inc.
6450 Carlson Drive
Eden Prairie, MN 55346-1729

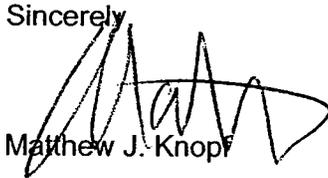
Re: Bill for Services of Dorsey & Whitney LLP as counsel to the Debtors for the
Period From and After June 1, 2004 to and including June 30, 2004

Dear Mike:

Enclosed is invoice No. 1174314 for the fees and expenses of Dorsey & Whitney LLP incurred during the period from and after June 1, 2004 to and including June 30, 2004. Pursuant to the Order Authorizing Employment of Attorneys For Chapter 11 Debtors (Dorsey & Whitney LLP) entered by the Court on April 27, 2004, the Debtors are authorized to pay 80% of the fees (\$88,028.00) and 100% of the expenses (\$7,413.92) of Dorsey & Whitney LLP for a total of \$95,441.92. Please remit the \$95,441.92 to Dorsey & Whitney LLP per the wire instructions set forth on the attached bill.

Of course, if you should have any comments or questions regarding this invoice, please do not hesitate to contact me at your convenience.

Sincerely,


Matthew J. Knopf

MJK/tes/skb

Enclosures

cc: Michael B. Fisco
Sarah J. Wencil

MINNEAPOLIS OFFICE
612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Distribution Dynamics, Inc.
Attention: Michael Wise, CFO
6450 Carlson Drive
Eden Prairie MN 55346-1729

Invoice No. 1174314

Client-Matter No.: 474199-00002
363 Sale

For Legal Services Rendered Through June 30, 2004

INVOICE TOTAL

Total For Current Legal Fees \$110,035.00
Total For Current Disbursements and Service Charges \$7,413.92
Total For Current Invoice \$117,448.92

Summary of Account

*Prior Balance Due \$29,373.40
Total Amount Due \$146,822.32

*If payment has been submitted for prior balance due, please disregard.

For your convenience, please remit payment to the address below or we offer the option of remitting payment electronically by wire transfer. If you have any questions regarding this information, please contact the lawyer you are working with on this project or Dorsey's Accounts Receivable Department at 1-800-861-0760. Thank you.

Mailing Instructions:
Dorsey & Whitney LLP
P.O. Box 1680
Minneapolis, MN 55480-1680

Wire Instructions:
U.S. Bank National Association
800 Nicollet Mall
Minneapolis, MN 55402

ABA Routing Number: 091000022
Account Number: 1602-3010-8500

Please make reference to the invoice number

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PAYMENT DUE UPON RECEIPT

MINNEAPOLIS OFFICE
612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Distribution Dynamics, Inc.
Attention: Michael Wise, CFO
6450 Carlson Drive
Eden Prairie MN 55346-1729

Invoice No. 1174314

Client-Matter No: 474199-00002

363 Sale

For Legal Services Rendered Through June 30, 2004

		Section 363 Sale	
06/01/04	M. Daniel	Conference with and e-mail to C. Bellini regarding deposit schedule (.15); revise schedule 1.1(d) and cover page to schedules (.15)	0.30 63.00
06/01/04	C. Bellini	Coordinate finalizing of Portland asset purchase agreement (2.7); telephone conference with M. Walker regarding same (0.2); telephone conference with D. Polimeni regarding same (0.3); telephone conference with M. Daniel regarding revisions to schedules (0.1)	3.10 852.50
06/01/04	C. Lenhart	Draft motions and orders for assumption/assignment of contracts and Portland sale (2.5); telephone conference with M. Wise regarding contract schedules and cure amounts (.8); review contract schedules in Anixter APA vis-a-vis M. Wise schedules (.5); conference with C. Bellini regarding Portland sale motion and asset purchase agreement (.5); e-mails with V. Kaufman regarding sale issues (.5); conference with M. Kalla regarding sale	5.00 1,425.00

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Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1174314

Section 363 Sale			
issues (.2)			
06/01/04	M. Knopf	Work on finalizing 363 sale documentation (3.0); work on finalizing Portland Division sale documents (1.5)	4.50 1,800.00
06/02/04	C. Lenhart	Continue drafting motions and orders for assumption/assignment of contracts and Portland sale (3.5); telephone conference with M. Wise and D. Polimeni regarding contract schedules and cure amounts (1.0); review contract schedules in Anixter APA vis-a-vis M. Wise schedules (.6); conference with M. Knopf regarding Portland sale motion (.5); review addresses for service vis-a-vis contracts (.6)	6.20 1,767.00
06/03/04	M. Jensen	Telephone conference with O. Reidl of Hodell-Natco Industries; telephone conference with C. Lenhart	0.10 17.00
06/03/04	C. Lenhart	Draft motions for assumption/assignment and Portland sale (2.0); send draft to bank group and D. Polimeni for review (.3); telephone conferences with V. Kaufman regarding comments to sale motion (.4); telephone conference with O. Reidl regarding Portland sale (.3)	3.00 855.00
06/03/04	M. Knopf	Prepare for closing	3.40 1,360.00
06/04/04	C. Bellini	Telephone conference with M. Wise regarding updating schedules to stalking horse purchase agreement (0.2)	0.20 55.00
06/04/04	M. Knopf	Continue work on finalizing 363 sale documentation (1.8); continue work on finalizing Portland Division sale documentation (2.0)	3.80 1,520.00
06/07/04	A. Toftey	Prepare for C. Lenhart filing for motions to assume or reject executory leases and contracts	0.80 148.00

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Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1174314

Section 363 Sale

06/07/04	C. Bellini	Prepare updated schedule 3.1(a) to stalking horse purchase agreement (0.2); telephone conference with M. Wise regarding same (0.2); telephone conference with D. Polimeni regarding same (0.1); conference with M. Knopf regarding same (0.1)	0.60	165.00
06/07/04	C. Lenhart	Revise drafts of motions to assume/assign and Portland sale and orders (1.5); distribute motions and orders to Anixter, bank group, and Portland buyer (.4); telephone conferences and e-mails with K. Jain regarding Anixter comments to assumption motions (.8); revise motion and orders on basis of Anixter comments and redistribute (.7); telephone conference and e-mails with V. Kaufman regarding bank group comments to motions (.7); revise motion and order on basis of Bank Group comments and redistribute (.6); direct filing of motions (.3); direct service of motions (.3); telephone conference and e-mails with M. Wise and D. Polimeni regarding exhibits to motions (.8)	6.20	1,767.00
06/07/04	M. Knopf	Prepare for closing of 363 sale (2.0); prepare for closing of Portland Division sale (1.5); review motion draft in connection with sale (1.2)	4.70	1,880.00
06/08/04	A. Toftey	File affidavit of publication of notice of hearing, auction and bid procedures pertaining to sale of debtors' assets	0.40	74.00
06/08/04	C. Bellini	Conference with M. Knopf to discuss updated schedules to stalking horse purchase agreement (0.3); telephone conference with M. Wise regarding contracts added to schedules (0.1)	0.40	110.00
06/08/04	C. Lenhart	Telephone conference and e-mails with P.	1.50	427.50

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Distribution Dynamics, Inc.
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Section 363 Sale

Bohl regarding Portland purchase agreement (.5); review response of California taxing authority to Anixter sale and research legal argument (1.0)

06/08/04	M. Knopf	Prepare for closing of 363 sale (2.0); prepare for closing of Portland Division (1.5)	3.50	1,400.00
06/09/04	M. Knopf	Continue work to prepare for closing of 363 sale (3.0); work on additional auction procedures (1.9)	4.90	1,960.00
06/10/04	M. Daniel	Conferences with M. Knopf and C. Bellini regarding closing items (.50)	0.50	105.00
06/10/04	C. Bellini	Telephone conference with M. Knopf and M. Daniel regarding preparing for auction and closing (0.2)	0.20	55.00
06/10/04	C. Lenhart	Conference with M. Knopf and C. Bellini regarding pre-closing Anixter sale issues and preparation for closing (.5); telephone conference with D. Polimeni and M. Wise regarding same (.5)	1.00	285.00
06/10/04	M. Knopf	Continue to prepare for closing of 363 (4.5); continue work on additional auction procedures (1.9)	6.40	2,560.00
06/11/04	C. Bellini	Conference with M. Knopf regarding amending purchase agreement with Anixter (0.2); telephone conference with M. Voves regarding same (0.1); draft amendment (1.9)	2.20	605.00
06/11/04	T. Goodman	Prepare COBRA continuation coverage notice to be sent to participants	1.50	412.50
06/11/04	C. Lenhart	Telephone conferences with D. Polimeni regarding Anixter sale issues (.4)	0.40	114.00
06/11/04	M. Knopf	Continue to prepare for closing of 363 sale (4.5); prepare for sale hearing (2.9)	7.40	2,960.00

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Section 363 Sale

06/14/04	D. Close	Research Section 1146 of bankruptcy code regarding payment of taxes in 363 sales	2.00	370.00
06/14/04	M. Daniel	Review purchase agreement (1.0); draft closing checklist (2.0); conference with C. Lenhart regarding escrow agreement (.30); conference with M. Knopf, C. Lenhart and C. Bellini regarding closing auction (1.0)	4.30	903.00
06/14/04	C. Bellini	Conference with M. Knopf, C. Lenhart and M. Daniel regarding status and open items (0.7); revise Fastenal's bid (1.1); telephone conference with D. Polimeni, P. Fishman, M. Knopf, C. Lenhart and M. Daniel regarding Fastenal's bid and procedures (0.7)	2.50	687.50
06/14/04	C. Lenhart	Telephone conference with T. Caruth and K. Gernander regarding escrow issues (.5); review terms of Fastenal competing bid (.5); e-mails with A. Stamato regarding competing bid and Anixter amendment to lease rejection schedules (.6); telephone conference with M. Knopf, M. Kalla, D. Polimeni, and P. Fishman regarding sale process and Fastenal bid (1.2)	2.80	798.00
06/14/04	M. Knopf	Finalize auction procedures for 363 sale (3.0); finalize auction procedures for Portland Division sale (1.8)	4.80	1,920.00
06/14/04	M. Kalla	Participate in call regarding auction procedures	0.70	287.00
06/15/04	M. Daniel	Review bid procedures for closing checklist (.25); draft amendment to escrow agreement and e-mail to C. Bellini (1.25); conferences with M. Knopf, C. Bellini and C. Lenhart regarding closing checklist, escrow amendment and closing items (1.30)	2.80	588.00

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Invoice No.: 1174314

Section 363 Sale

06/15/04 C. Bellini	<p>Conference with M. Knopf, C. Lenhart and M. Daniel regarding escrow issue and Fastenal's bid (0.7); telephone conference with D. Polimeni, P. Fishman, C. Lenhart and bank group for status call (0.5); telephone conference with M. Walker regarding competing bid and other closing issues (0.8); telephone conference with D. Polimeni regarding same (0.1); review amendment to escrow agreement (0.4); telephone conference with R. Olson regarding Houston license (0.2); telephone conference with D. Polimeni, P. Fishman and M. Knopf regarding Fastenal's purchase agreement (0.6); telephone conference with K. Gernander regarding Fastenal's wire of deposit (0.1); attend to open issues (2.7)</p>	5.70	1,567.50
06/15/04 C. Lenhart	<p>Telephone conferences with K. Gernander regarding Fastenal escrow issues (.5); telephone conferences with T. Caruth regarding Fastenal escrow issues (.5); draft revised escrow agreement for Fastenal (1.5); telephone conferences with P. Bohl regarding Portland competing bid (.5); telephone conferences and e-mails with T. Young, M. Wise, and J. Busch regarding tax issues vis-a-vis Anixter sale (.9); telephone conference with J. Knapp and e-mails with Anixter and Fastenal regarding Microsoft objection (.5); review and revise closing checklist for Anixter sale (.5); telephone conference with M. Wise regarding cure objections and reconciliations (1.0); conference with D. Polimeni, M. Knopf, M. Kalla, and C. Bellini regarding sale issues (1.2); review auction and bid procedures vis-a-vis</p>	9.00	2,565.00

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Section 363 Sale

	competing bidder and auction (1.0); review bid procedures order vis-a-vis objections (.3); telephone conference with notice parties regarding objection deadlines (.3); answer information requests vis-a-vis auction and cure amounts (.3)		
06/15/04 R. Olson	Review licence agreement for Houston, Texas property (.20); conference with C. Bellini regarding same (.10)	0.30	94.50
06/15/04 M. Knopf	Finalize preparations for auction (2.5); review marked asset purchase agreement provided by Fastenal (1.0); review and revise Fastenal escrow agreement (.5); attention to Portland transaction (.5); review Portland sale documents (.5); attention to real estate, intellectual property and employee benefit issues (.5); telephone conferences with D. Polimeni, P. Fishman and K. Gernander (.6)	6.10	2,440.00
06/16/04 M. Daniel	Revise closing checklist (3.0); conference with C. Bellini and C. Lenhart regarding checklist and Kansas City agreement (.30)	3.30	693.00
06/16/04 C. Bellini	Telephone conference with K. Gernander and M. Knopf to discuss comments on purchase agreement (0.6); telephone conference with C. Hallab and M. Knopf to discuss process and amendment to purchase agreement (0.5); revise same (0.5); telephone conference with D. Polimeni regarding same (0.2); prepare package of agreements for K. Gernander (0.5); review competing Portland bid (0.6); telephone conference with D. Polimeni regarding same (0.2); conference with M. Daniel regarding closing checklist (0.5); attend to outstanding issues (1.5)	5.10	1,402.50

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Distribution Dynamics, Inc.
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Section 363 Sale

06/16/04	C. Lenhart	Telephone conference with K. Gernander regarding Fastenal escrow issues (.4); telephone conference with T. Caruth regarding Fastenal escrow issues (.3); telephone conference with P. Bohl regarding Portland competing bid (.4); telephone conference and e-mails with T. Young and M. Wise regarding tax issues vis-a-vis Anixter sale, and review correspondence from T. Young regarding same (1.0); telephone conference with J. Knapp regarding Microsoft objection, and review revised language to resolve objection (.6); review and revise closing checklist for Anixter sale (.6); telephone conference with M. Wise regarding cure objections and reconciliations (.5); attend telephone conference with bank group to discuss bidders and qualified bids (.8); e-mails with M. Fisco regarding Fastenal bid (.2); telephone conference with T. Lallier regarding Fastenal bid (.2)	5.00	1,425.00
06/16/04	R. Olson	Review and revise Houston, Texas license agreement	0.80	252.00
06/16/04	M. Knopf	Continue work on sale and auction (3.0); telephone conferences with K. Gernander regarding Fastenal bid (1.5)	4.50	1,800.00
06/16/04	M. Kalla	Review wind down budget (.8); review new bid package for Tiedemann (.7)	1.50	615.00
06/17/04	M. Daniel	Conference with C. Bellini regarding exhibits (0.2); revise exhibits and update closing checklist (0.6); transmit exhibits to C. Hallab (0.2); draft funds flow letter and secretary certificate (1.0)	2.00	420.00
06/17/04	C. Bellini	Conference with D. Polimeni, P. Fishman, M. Knopf and C. Lenhart (1.7);	6.80	1,870.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1174314

Section 363 Sale

conferences with M. Knopf (1.8); revise amendment to Anixter's purchase agreement (2.50); revise Fastenal's purchase agreement (0.8)

06/17/04 C. Lenhart	Telephone conferences with P. Bohl regarding Portland competing bid (.7); e-mails with RBJ Fasteners, C. Bellini, M. Knopf, and D. Polimeni regarding competing Portland bid (.7); e-mails with M. Wise and C. Bellini regarding revisions to cure amounts (.5); review objections to cure amounts and contact objectors (.7); review draft of amendment to Anixter purchase agreement (.5); e-mails with K. Jain regarding Houston license (.3); conference with C. Bellini and M. Knopf regarding sale issues and auction procedures (1.0); telephone conferences with D. Polimeni regarding auction procedures and Anixter sale issues (1.0); telephone conference with K. Jain regarding sale order, cure issues, and bankruptcy court procedures (.7); review competing Portland bid package (.5); draft Portland auction procedures and send to bidding parties (.5)	7.10	2,023.50
06/17/04 R. Olson	Review revisions to temporary license agreement	2.00	630.00
06/17/04 M. Knopf	Prepare for auction and finalize all auction/sale documents (6.5); review revised asset purchase agreement from Fastenal (1.0); review amendment to stalking horse asset purchase agreement with Anixter (1.0); review budget (.8); review KERP calculation (.5)	9.80	3,920.00
06/18/04 M. Jensen	Telephone conference with G. Carlevato of Chicago Hardware and Fixture regarding	0.30	51.00

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Section 363 Sale

inquiry as to results of today's auction; e-mail correspondence to M. Kalla and C. Lenhart regarding same

06/18/04 C. Bellini	Attend sale auction for business and Portland operations (1.5); prepare for same (2.5); revise draft purchase agreements and amendments in connection with same (2.7); conference with working group in connection with same (1.5); telephone conferences with representatives of RBJ Fasteners, Hodell-Natco and Fastenal in connection with same (0.5); telephone conference with C. Hallab regarding closing mechanics (1.5); conference with A. Williams regarding Houston Lease (0.5); conference with K. Jain regarding same (0.5)	9.90	2,722.50
06/18/04 C. Lenhart	Prepare for and attend auction for Anixter sale (4.0); prepare for and attend auction for Portland sale (2.5); telephone conferences with Portland bidders (1.0); conference with D. Polimeni regarding Portland sale issues vis-a-vis employees (.5); telephone conferences with objecting lessors regarding cure claims (.8); revise sale order drafts on basis of bank comments and redistribute (.7); send notification of winning bidder to notice parties (.3)	9.80	2,793.00
06/18/04 M. Clark	Prepare affidavit of P. Fishman in support of sale motion	2.20	726.00
06/18/04 M. Knopf	Prepare for and lead Section 363 auction for substantially all of assets of debtor (6.0); meet with Fastenal counsel (.5); meet with Anixter counsel (.5); meet with bank group and counsel (.5); meet with client (.5); prepare for and lead Section	10.90	4,360.00

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Distribution Dynamics, Inc.
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Section 363 Sale

363 auction for Portland Division (2.0);
 telephone conferences with counsel for R.
 Tiederman and K. Gernander for Fastenal
 (.9)

06/18/04	M. Kalla	Attend auctions (2.0); review drafts of sales orders (1.0)	3.00	1,230.00
06/19/04	M. Kalla	Review T. Lallier memorandum regarding tax issues (.4); independent research regarding same (1.3)	1.70	697.00
06/20/04	M. Kalla	Outline affidavits needed for contested hearing (1.6); draft P. Fishman affidavit (.6); outline D. Polimeni testimony (.9)	3.10	1,271.00
06/21/04	C. Bellini	Conference with D. Polimeni, M. Knopf, M. Kalla and C. Lenhart to discuss pre-hearing issues (0.5); telephone conferences with C. Hallab regarding closing (0.3); telephone conference with working group regarding flow of funds (0.2); correspondence with C. Hallab regarding cure amounts (0.4); prepare for Portland closing (1.6); prepare for Anixter closing (2.1)	5.10	1,402.50
06/21/04	C. Lenhart	Attend sale hearing (1.0); e-mails and telephone conference with T. Caruth regarding Fastenal escrow (.8); conference with D. Polimeni, M. Kalla, and M. Knopf regarding preparation for sale hearing (1.0); prepare script and pleadings for sale hearing (1.0); revise drafts of assumption orders and distribute to objecting lessors (.7); revise sale orders and send to judge's chambers (.5); circulate sale orders for review by notice parties (.3); conference with K. Jain regarding Anixter revisions to sale order (.5); telephone conferences with M. Wise regarding cure objections and reconciliations (.4); telephone conference	6.50	1,852.50

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Distribution Dynamics, Inc.
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Section 363 Sale

with K. Gernander regarding escrow documents (.3)

06/21/04	M. Knopf	Prepare for and participate in sale hearing (3.8); finalize amendment to asset purchase agreement (2.0); prepare for closing (2.0)	7.80	3,120.00
06/21/04	M. Kalla	Review motions to prepare for hearing to approve Anixter and Fastenal sales (.7); review and analyze all pending objections (1.5); prepare outline of responses to same (1.8); attend hearings in Minneapolis (2.6)	6.60	2,706.00
06/22/04	M. Daniel	Prepare for Fastenal and Anixter closings	2.50	525.00
06/22/04	C. Bellini	Prepare for Fastenal and Anixter closings (0.9); attend Fastenal closing (1.1); attend Anixter closing (2.1)	4.10	1,127.50
06/22/04	C. Lenhart	Attend closing of Fastenal sale including conversations with K. Gernander regarding cure issues, wiring instructions, and sale order issues (1.5); attend closing of Anixter sale, including conversations with C. Hallab and R. Shoemaker regarding cure issues, wire instruction, and sale order issues (2.5); telephone conference with DDI lessors regarding cure amounts, and with M. Gordon regarding resolution of cure objection (1.0)	5.00	1,425.00
06/22/04	M. Knopf	Close 363 sale of substantially all assets (5.7); close Portland transaction (3.0)	8.70	3,480.00
06/22/04	M. Kalla	Review proposed orders; telephone conference with C. Lenhart regarding same; telephone conference with M. Knopf regarding closing issues	0.90	369.00
06/23/04	C. Lenhart	Telephone conference and e-mails with J. Rome-Banks and K. Jain regarding Brookwood Montague lease issues (.5)	0.50	142.50

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Section 363 Sale

06/23/04	M. Knopf	Work on sale and funds flow issues (3.5); work on final KERP calculation (.9); work on creditor committee and bank group negotiations (1.0)	5.40	2,160.00
06/24/04	M. Daniel	Review Portland agreements and previous Anixter checklist (.50); create post-closing checklist and e-mail to C. Bellini and C. Lenhart (.50)	1.00	210.00
06/24/04	C. Bellini	Conference with D. Polimeni, M. Knopf and C. Lenhart to review and discuss post-closing actions (1.5)	1.50	412.50
06/24/04	C. Lenhart	E-mails with J. Knapp regarding Microsoft cure (.2); e-mails with K. Jain regarding Microsoft cure (.2)	0.40	114.00
06/24/04	M. Knopf	Work on post-closing issues (2.5); meet with D. Polimeni (2.0)	4.50	1,800.00
06/25/04	M. Daniel	Review data room documents including Wurth confidentiality acknowledgements from their data room visit (30); e-mail information to M. Knopf and C. Lenhart (.10)	0.40	84.00
06/25/04	C. Bellini	Telephone conference with T. Caruth regarding Fastenal's escrow deposit (0.2); correspondence with K. Gernander regarding same (0.2)	0.40	110.00
06/25/04	C. Lenhart	Review correspondence from D. Polimeni regarding Wurth (.3); telephone conference with D. Polimeni regarding Wurth communications (.2); e-mails with A. Stamato regarding confidentiality agreements (.3)	0.80	228.00
06/25/04	M. Knopf	Post-closing tasks (.4); attention to Wurth customer issues (.4); attention to potential confidentiality agreement breaches (.4);	1.80	720.00

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Section 363 Sale			
attention to escrow matter (.6)			
06/25/04	M. Kalla	Review issues surrounding breach of confidentiality agreement; review e-mail from S. Wencil regarding employment of realtor; telephone conference with M. Knopf regarding application issues; review letter concerning recalculation of KERP and holdback amounts	0.70 287.00
06/28/04	C. Lenhart	Telephone conference with C. Hallab regarding rejection of Santa Fe Springs lease (.1); e-mails with W. Liefer regarding Starkenberg rejection (.4); telephone conference with M. Weininger regarding West Allis lease status (.3)	0.80 228.00
06/28/04	M. Knopf	Work on post-closing issues (2.8); revise post-closing checklist (1.0)	3.80 1,520.00
06/29/04	M. Daniel	Conference with M. Knopf regarding cloning books for Distribution Dynamics, Inc.	0.20 42.00
06/29/04	C. Lenhart	Review Houston purchase agreement (.5); review order approving Partners Commercial (.1); e-mails with C. Kugle of Partners Commercial regarding approval and purchase agreement (.4)	1.00 285.00
06/29/04	M. Knopf	Work on post-closing issues (1.6); revise post-closing/wind-dow n checklist (1.1)	2.70 1,080.00
06/30/04	C. Bellini	Conference with M. Knopf and C. Lenhart to review post-closing list to present to creditors' committee	0.30 82.50
06/30/04	C. Lenhart	Telephone conference with R. Nachman regarding Prologis lease issues and send assumption information to R. Nachman (.5)	0.50 142.50
06/30/04	M. Knopf	Prepare for and participate in meeting with	5.50 2,200.00

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Section 363 Sale

creditors' committee (3.5); continue work on post-closing/wind-down issues (2.0)

Section 363 Sale	93,720.00
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Asset Dispositions

06/02/04	M. Knopf	Review and revise employee communications relating to 363 sale and Portland sale	3.10	1,240.00
06/03/04	M. Kalla	Telephone conference with M. Knopf regarding sale hearing (.3); telephone conference with M. Wise regarding same (.2)	0.50	205.00
06/23/04	C. Lenhart	Conference with R. Olson regarding review of existing Houston purchase agreement and draft of new purchase agreement (.5); telephone conferences with C. Kugle regarding purchase agreement terms (.5)	1.00	285.00
06/24/04	R. Olson	Review Texas real property purchase agreement (.40); conference with C. Lenhart regarding same (.10)	0.50	157.50
06/25/04	J. Tucker	Draft purchase agreement (2.80); telephone conference with R. Olson regarding same (.20); e-mails to C. Lenhart regarding same (.20)	3.20	880.00
06/25/04	C. Lenhart	Review draft of Houston purchase agreement (.5); e-mails with S. Wencil regarding realtor retention (.1)	0.60	171.00
06/29/04	C. Lenhart	Review letter from Anixter to Wurth regarding confidentiality agreement issues, and telephone conference with D. Polimeni regarding same (.5); e-mails with A. Stamato regarding rejection of Santa Fe Springs lease (.1); draft correspondence to	1.00	285.00

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Santa Fe Springs landlord (.4)

Asset Dispositions **3,223.50**

Case Administration

06/01/04	D. Close	Revise motion regarding assumption and assignment of executory contracts; file certificates of service; file motion to sell Oregon operations free and clear; draft motion to approve extension of time to assume or reject unexpired leases	3.20	592.00
06/02/04	D. Close	Draft motion to extend time to accept or reject leases; prepare documents for filing	4.70	869.50
06/03/04	D. Close	Prepare documents for filing; file notice of auction and bid procedures	0.70	129.50
06/08/04	C. Lenhart	E-mails with C. Polimeni and D. Close regarding addresses for creditors and notice issues (.5)	0.50	142.50
06/09/04	C. Lenhart	Telephone conference and e-mails with N. Brill regarding June 21 motions (.3)	0.30	85.50
06/09/04	M. Kalla	Telephone conference with L. Levin regarding bankruptcy notices and reduced rate	0.20	82.00
06/10/04	D. Close	Determine why filed motion does not appear on docket	0.20	37.00
06/10/04	D. Close	Mail notice to creditor whose address was incorrect in matrix; add creditor to matrix	0.50	92.50
06/10/04	C. Lenhart	Telephone conferences with M. Wise regarding lessor payment issues (.5); telephone conference with D. Polimeni regarding wind-down issues vis-a-vis Anixter closing (.5)	1.00	285.00
06/11/04	D. Close	Add creditors to matrix	0.20	37.00
06/11/04	D. Close	Review DDI docket for recent filings; telephone conference with M. Knopf	0.40	74.00

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		regarding recent filings		
06/14/04	D. Close	Add a creditor to matrix and mail notice	0.40	74.00
06/14/04	C. Lenhart	E-mails with A. Wilkinson regarding DDI confidentiality agreement with committee (.2)	0.20	57.00
06/16/04	C. Lenhart	Review post-closing budget, and telephone conference with D. Polimeni and M. Wise regarding same (.6); e-mails with S. Wencil and C. Polimeni regarding questions vis-a-vis schedules (.4); e-mails with A. Wilkinson regarding DDI confidentiality agreement with committee (.1)	1.10	313.50
06/17/04	A. Toftey	Conference with P. Colucci to gather, review Bates-stamped documents (.20); conference with C. Lenhart and P. Lenneman to discuss, collect additional documents provided by DDI on cd-rom (.40)	0.60	111.00
06/21/04	D. Close	Locate sample Chapter 11 plans and disclosure statements	0.70	129.50
06/23/04	M. Kalla	Review article in The Deal	0.10	41.00
06/24/04	C. Lenhart	Conference with D. Polimeni and M. Knopf regarding wind-down issues and wind-down budget (1.0)	1.00	285.00
06/25/04	M. Kalla	Review e-mail from S. Wencil regarding employment of realtor; telephone conference with M. Knopf regarding application issues; review letter concerning recalculation of KERP and holdback amounts	0.40	164.00
06/28/04	C. Lenhart	Telephone conference with D. Polimeni regarding post-closing budget items (.5); review post-closing budget (.2)	0.70	199.50
06/28/04	M. Kalla	Review lease rejection issues	0.30	123.00

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06/29/04	C. Lenhart	Telephone conference with M. Fisco regarding June 30 meeting (.1); draft remaining item list for cases (.4); telephone conference with D. Polimeni regarding remaining item list (.2); telephone conference with M. Wise regarding post-closing budget items (.3)	1.00	285.00
06/29/04	M. Kalla	Review closing budgets from D. Polimeni (.2)	0.20	82.00
06/30/04	C. Lenhart	Conference with M. Fisco, A. Wilkinson, and M. Knopf regarding post-closing items and review of bank liens (1.0); review and revise post-closing items list (.5); telephone conference with D. Polimeni regarding committee requests, and review items from D. Polimeni vis-a-vis committee requests (1.0)	2.50	712.50

Case Administration

5,003.50

Employee benefits/pensions

06/08/04	C. Lenhart	Conference with T. Goodman regarding COBRA issues (.5); review statutory authority (.8)	1.30	370.50
06/11/04	M. Voves	Research law regarding requirement of buyer to provide health care continuation coverage in connection with purchase of assets (.5); draft covenant for asset purchase agreement regarding continuation coverage (.70); telephone conference with C. Bellini regarding same (.1)	1.30	383.50
06/16/04	M. Voves	Draft e-mail correspondence to C. Bellini regarding applicability of COBRA covenant to employee who will not be hired by buyer of assets (.2)	0.20	59.00
06/22/04	C. Lenhart	Conference with T. Lallier and D. Polimeni regarding KERP letter agreement	0.50	142.50

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		vis-a-vis holdback and adjustment of KERP payments (.5)		
06/23/04	C. Lenhart	Telephone conference with T. Lallier and J. Lodoen regarding KERP letter agreement issues (.5)	0.50	142.50
06/24/04	D. Close	File motion to employ realtor	0.30	55.50
06/25/04	C. Lenhart	Draft letter agreement regarding KERP holdback and adjustments (.8); telephone conference with T. Lallier regarding letter agreement (.2)	1.00	285.00

Employee benefits/pensions			1,438.50
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Fee/Employment Applicants

06/03/04	C. Lenhart	Telephone conferences with T. Lallier, D. Polimeni, and P. Fishman regarding Houlihan retention order (.4)	0.40	114.00
06/08/04	A. Toftey	Retrieve for C. Lenhart court order in DDI approving hiring of Dorsey & Whitney as debtors' counsel; pull Chapter 11 filing instructions for guidance on filing monthly fee application	0.70	129.50
06/10/04	D. Close	Draft application to employ Partners Commercial Realty	1.40	259.00
06/10/04	D. Close	Draft Dorsey & Whitney fee statement	0.50	92.50
06/10/04	C. Lenhart	Review and revise entries on April/May Dorsey bill (.5)	0.50	142.50
06/11/04	D. Close	Correct addresses of creditors for future notices; draft application to employ realtor	0.60	111.00
06/14/04	C. Lenhart	Review and mark up draft of realtor application (.4); e-mails with D. Polimeni regarding same (.1)	0.50	142.50
06/16/04	C. Lenhart	Review application to employ realtor, and e-mails with C. Kugle regarding same (.4)	0.40	114.00

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06/17/04	C. Lenhart	Telephone conference with J. Loushin regarding committee bills (.2)	0.20	57.00
06/23/04	C. Lenhart	Revise realtor affidavit (.5); telephone conferences with C. Kugle regarding realtor affidavit and purchase agreement (.5)	1.00	285.00
06/24/04	C. Lenhart	Telephone conferences with J. Loushin regarding payment of committee fees (.2)	0.20	57.00

Fee/Employment Applicants			1,504.00
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Financing

06/09/04	C. Lenhart	Telephone conference with D. Polimeni and M. Wise regarding rolling budget items and issues (1.0); e-mails with M. Fisco and T. Lallier regarding revised budget (.4)	1.40	399.00
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Financing			399.00
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Litigation

06/02/04	M. Kalla	Telephone conference with D. Polimeni regarding review of discovery requests by committee counsel and potential responses	0.70	287.00
06/09/04	C. Lenhart	Review discovery requests (.3); conference with M. Kalla regarding same (.3); review files vis-a-vis document requests (1.5)	2.10	598.50
06/10/04	C. Lenhart	Telephone conference with D. Polimeni and M. Wise regarding discovery requests and scope of review (.7); begin drafts of discovery responses (.8)	1.50	427.50
06/14/04	A. Toftey	Review paper documents provided by DDI for disclosure (1.0); print documents from cd-rom provided by DDI for document review (2.5); review documents on cd-rom provided by DDI (1.4)	4.90	906.50

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06/14/04	C. Lenhart	Review documents from DDI vis-a-vis document production requests and interrogatories (2.5)	2.50	712.50
06/15/04	A. Toftey	Coordinate with C. Lenhart and P. Colucci, to prepare DDI documents for Bates stamping	0.20	37.00
06/16/04	A. Toftey	Conference with P. Colucci to gather, review Bates-stamped documents (.20); conference with C. Lenhart to collect additional documents provided by DDI, coordinate with P. Colucci to Bates-stamp additional DDI documents (.50)	0.70	129.50
06/17/04	C. Lenhart	Review documents vis-a-vis committee discovery requests and direct production (1.2); send documents for production to M. Fisco (.3)	1.50	427.50
06/21/04	A. Toftey	Working with C. Lenhart, P. Colucci on final production of documents for due diligence	0.30	55.50
06/24/04	C. Lenhart	Review documents from debtors vis-a-vis document production requests and interrogatory answers (1.3); telephone conference with D. Polimeni regarding documents (.2)	1.50	427.50
06/25/04	C. Lenhart	Finalize interrogatory responses (1.0); review interrogatory documents (.8); telephone conference and e-mails with D. Polimeni regarding interrogatory responses (.5)	2.30	655.50
06/30/04	M. Kalla	Review discovery issues for conference	0.20	82.00

Litigation

4,746.50

Total for Legal Fees

\$110,035.00

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Disbursements and Service Charges

Messenger Charges	62.00
Overnight Delivery Charges	1,958.25
Fax Charges	99.09
Conference Call Charges	106.78
Long Distance Telephone Charges	17.57
After Hours Secretarial Support	97.50
Postage Charges	37.88
Photocopy Charges	3,114.33
Supplies	556.13
Computerized Legal Research - Westlaw search done on 04/26/04	5.30
Computerized Legal Research - Westlaw search done on 04/30/04	4.91
Computerized Legal Research - Westlaw search done on 06/02/04	55.80
Computerized Legal Research - Westlaw search done on 06/07/04	45.60
Computerized Legal Research - Westlaw search done on 06/14/04	597.14
Computerized Legal Research - Westlaw search done on 06/14/04	55.08
Computerized Legal Research - Westlaw search done on 06/15/04	148.84
Computerized Legal Research - Westlaw search done on 06/15/04	30.37
Computerized Legal Research - Westlaw search done on 06/17/04	35.85
Computerized Legal Research - Westlaw search done on 06/17/04	18.00
Computerized Legal Research - Westlaw search done on 06/23/04	20.75
Computerized Legal Research - Lexis searches done 06/14/04	153.12
Business Meals - Chris Apuli - Bagels for meeting 06/18/04	19.87
Business Meals - Brothers Deli - Lunch for client on 06/18/04	9.52
Business Meals - Brothers Deli - Breakfast food for DDI Closing 06/22/04	44.70

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Business Meals - Brothers Deli - Breakfast food for DDI Closing 06/22/04	29.80
Lighthouse Document Services - Bates Labeling 06/11/04	89.74

Total for Disbursements and Service Charges	\$7,413.92
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Total This Invoice	\$117,448.92
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Timekeeper Summary

Timekeeper	Hours	Billed Rate	Amount
M. Kalla	20.80	410.00	8,528.00
C. Bellini	48.10	275.00	13,227.50
M. Knopf	118.00	400.00	47,200.00
J. Tucker	3.20	275.00	880.00
T. Goodman	1.50	275.00	412.50
C. Lenhart	102.70	285.00	29,269.50
M. Voves	1.50	295.00	442.50
M. Clark	2.20	330.00	726.00
R. Olson	3.60	315.00	1,134.00
D. Close	15.80	185.00	2,923.00
A. Toftey	8.60	185.00	1,591.00
M. Daniel	17.30	210.00	3,633.00
M. Jensen	0.40	170.00	68.00
Total all Timekeepers	343.70		110,035.00

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
Client-Matter No.: 474199-00002
Invoice No.: 1174314

Statement of Account

Invoice Date	Invoice Number	Invoice Amount	Payments	Balance Due
06/21/04	1165744	\$194,314.87	-\$164,941.47	\$29,373.40
Prior Balance Due				\$29,373.40

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

MATTHEW J. KNOPF
(612) 340-5603
FAX (612) 340-7800
knopf.matthew@dorsey.com

August 23, 2004

Mr. Michael Wise
Chief Financial Officer
Distribution Dynamics, Inc.
6450 Carlson Drive
Eden Prairie, MN 55346-1729

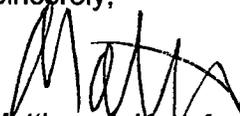
Re: Bill for Services of Dorsey & Whitney LLP as counsel to the Debtors for the
Period From and After July 1, 2004 to and including July 31, 2004

Dear Mike:

Enclosed is invoice No. 1179273 for the fees and expenses of Dorsey & Whitney LLP incurred during the period from and after July 1, 2004 to and including July 31, 2004. Pursuant to the Order Authorizing Employment of Attorneys For Chapter 11 Debtors (Dorsey & Whitney LLP) entered by the Court on April 27, 2004, the Debtors are authorized to pay 80% of the fees (\$28,239.20) and 100% of the expenses (\$7,599.53) of Dorsey & Whitney LLP for a total of \$34,971.84. Please remit the \$34,971.84 to Dorsey & Whitney LLP per the wire instructions set forth on the attached bill.

Of course, if you should have any comments or questions regarding this invoice, please do not hesitate to contact me at your convenience.

Sincerely,


Matthew J. Knopf

MJK/tes/skb

Enclosures

cc: Michael B. Fisco
Sarah J. Wencil

MINNEAPOLIS OFFICE
612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Distribution Dynamics, Inc.
Attention: Michael Wise, CFO
6450 Carlson Drive
Eden Prairie MN 55346-1729

Invoice No. 1179273

Client-Matter No.: 474199-00002
363 Sale

For Legal Services Rendered Through July 31, 2004

INVOICE TOTAL

Total For Current Legal Fees	\$35,299.00
Total For Current Disbursements and Service Charges	\$7,599.53
Total For Current Invoice	\$42,898.53

Summary of Account

*Prior Balance Due	\$51,380.40
Total Amount Due	\$94,278.93

*If payment has been submitted for prior balance due, please disregard.

For your convenience, please remit payment to the address below or we offer the option of remitting payment electronically by wire transfer. If you have any questions regarding this information, please contact the lawyer you are working with on this project or Dorsey's Accounts Receivable Department at 1-800-861-0760. Thank you.

Mailing Instructions:
Dorsey & Whitney LLP
P.O. Box 1680
Minneapolis, MN 55480-1680

Wire Instructions:
U.S. Bank National Association
800 Nicollet Mall
Minneapolis, MN 55402

ABA Routing Number: 091000022
Account Number: 1602-3010-8500

Please make reference to the invoice number

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

MINNEAPOLIS OFFICE
 612-340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

 Distribution Dynamics, Inc.
 Attention: Michael Wise, CFO
 6450 Carlson Drive
 Eden Prairie MN 55346-1729

Invoice No. 1179273

Client-Matter No: 474199-00002

363 Sale

For Legal Services Rendered Through July 31, 2004

Section 363 Sale			
07/01/04	M. Knopf	Work on resolution of post-closing purchase price adjustment and related reconciliation issues	1.50 600.00
07/02/04	M. Daniel	Conferences with M. Knopf and C. Lenhart regarding request for confidential information letter; draft letter and send to C. Lenhart and M. Knopf	2.30 483.00
07/02/04	M. Knopf	Continue work on resolution of post-closing purchase price adjustment and reconciliation issues	1.80 720.00
07/06/04	M. Daniel	Leave message for C. Bellini regarding closing books (.2); conference with T. LaBrec regarding putting books together (.1); conference with C. Bellini regarding closing documents; revise indices (.2)	0.50 105.00
07/06/04	M. Knopf	Prepare for and participate in meeting with counsel for Creditor Committee and Bank Group regarding liquidation plan and allocation of sale proceeds (3.0); review operating budget and unsecured claim analysis (1.5)	4.50 1,800.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

Section 363 Sale

07/08/04	M. Knopf	Continue attention to post-closing purchase price adjustments and reconciliation issues	1.80	720.00
07/09/04	M. Knopf	Further attention to post-closing purchase price adjustments and reconciliation issues	3.50	1,400.00
07/15/04	M. Daniel	Revise indexes for closing books and e-mail to T. LaBrec	0.30	63.00
07/16/04	M. Knopf	Continue work on post-closing purchase price adjustment items	1.80	720.00
07/17/04	M. Daniel	Messages for T. LaBrec regarding closing books; letter to Anixter enclosing executed copy of purchase agreement	0.30	63.00
07/20/04	M. Knopf	Work on post-closing reconciliation issues	1.50	600.00
07/21/04	M. Knopf	Continue work on post-closing and wind-down activities	1.50	600.00
07/28/04	T. LaBrec	Begin working on closing books	5.00	825.00
07/29/04	T. LaBrec	Work on closing books	4.30	709.50
07/29/04	M. Daniel	E-mails with T. LaBrec regarding closing books	0.30	63.00

Section 363 Sale

9,471.50

Asset Dispositions

07/01/04	C. Lenhart	Review comments from Houston buyer regarding purchase agreement and e-mails with J. Tucker regarding same (.7); e-mails with D. Polimeni regarding comments (.3)	1.00	285.00
07/02/04	J. Tucker	E-mail C. Lenhart regarding purchase agreement issues (.1); review C. Lenhart comments (.3); voicemail to C. Kugle regarding purchase agreement issues (.1)	0.50	137.50
07/02/04	C. Lenhart	Review buyers changes to Houston purchase agreement (.8); conference with	1.50	427.50

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		J. Tucker regarding buyer comments (.6); e-mails with D. Polimeni regarding same (.1)		
07/06/04	J. Tucker	Telephone conference with C. Kugle regarding purchase agreement issues (.3); e-mails to and from C. Lenhart regarding same (.2); revise purchase agreement and e-mail same to C. Kugle (.5)	1.00	275.00
07/07/04	J. Tucker	E-mails to and from C. Lenhart regarding Anixter license agreement; review Anixter license agreement	0.10	27.50
07/07/04	C. Lenhart	Telephone conference and e-mails with D. Polimeni and J. Tucker regarding comments to Houston purchase agreement and questions vis-a-vis Houston sale (.5)	0.50	142.50
07/08/04	J. Tucker	Revise purchase agreement based on C. Kugle and D. Polimeni comments; e-mail same to D. Polimeni and C. Lenhart	0.50	137.50
07/13/04	J. Tucker	Telephone conference with R. Wilhelm regarding purchase agreement issues (.2); telephone conference with C. Lenhart regarding same (.2); revise purchase agreement (.3)	0.70	192.50
07/13/04	C. Lenhart	Telephone conference and e-mails with J. Tucker and D. Polimeni regarding title policy payment allocation and broker fees (.5)	0.50	142.50
07/14/04	J. Tucker	E-mails to and from C. Lenhart regarding purchase agreement issues; revise purchase agreement and e-mail same to R. Wilhelm; telephone conference with C. Lenhart regarding purchase agreement issues	0.30	82.50
07/14/04	C. Lenhart	Telephone conference and e-mails with D. Polimeni and J. Tucker regarding buyer's additional Houston sale comments and commercial real estate standards (.8);	1.20	342.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		review buyer's additional comments to Houston purchase agreement (.4)		
07/14/04	M. Kalla	Review revised documents concerning sale of Houston property	0.30	123.00
07/15/04	C. Lenhart	Draft Houston sale motion and send to D. Polimeni, and telephone conference with D. Polimeni regarding same (2.0); telephone conference and e-mails with J. Tucker and D. Polimeni regarding Houston comments (.4); telephone conference and e-mails with D. Polimeni regarding signature pages (.3)	2.70	769.50
07/15/04	M. Kalla	Review draft motion to approve Houston sale	0.30	123.00
07/19/04	J. Tucker	Revise purchase agreement and e-mail to R. Wilhelm regarding same	0.50	137.50
07/19/04	C. Lenhart	Revise draft of motion to sell Houston real estate (.5); e-mails with J. Tucker and D. Polimeni regarding signatures and sale (.4); e-mails with lenders and committee regarding draft motion (.3)	1.20	342.00
07/19/04	M. Kalla	Review new drafts of Houston sale motion	0.80	328.00
07/21/04	C. Lenhart	Telephone conference and e-mails with J. Tucker regarding fees and title issues (.5); e-mails with V. Kaufman and A. Wilkinson regarding comments to motion (.5); revise motion based on lender and committee comments and direct filing (1.0)	2.00	570.00
07/23/04	C. Lenhart	Respond to inquiries from potential bidders on Houston real estate (.2)	0.20	57.00
07/26/04	J. Tucker	E-mails to and from K. Kugle and C. Lenhart regarding execution copy of purchase agreement and timing of Bankruptcy Court's approval of document	0.20	55.00
07/26/04	C. Lenhart	Telephone conference and e-mails with J.	0.50	142.50

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		Tucker regarding C. Kugle requests and notices to offerers; draft correspondence to prior offerers regarding Houston sale motion		
07/27/04	C. Lenhart	Review prior offers on Houston property and send materials to offerees (.3)	0.30	85.50

Asset Dispositions				4925.00
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Case Administration

07/01/04	C. Lenhart	E-mails with R. Nachman regarding rejection of contract and backup information (.5); review drafts of final funds flow and unsecured creditors position from D. Polimeni (.8); e-mails with M. Fisco and A. Wilkinson regarding funds flow and creditors position (.2)	1.50	427.50
07/01/04	M. Kalla	Review Lenhart post-closing list of action items	0.40	164.00
07/01/04	M. Kalla	Review e-mail from M. Schaak (.1); telephone conference with same (.2)	0.30	123.00
07/02/04	C. Lenhart	Review letter to Wurth regarding confidentiality agreement and telephone conference with M. Daniel regarding same (.8); e-mails and telephone conference with D. Elms regarding Wurth letter (1.0); telephone conference with Ashwaubenon treasurer regarding cases (.2)	2.00	570.00
07/02/04	M. Kalla	Review estimates of insurance and tax refunds (.2) review e-mail from C. Lenhart to M. Fisco regarding summary of Lenders' indebtedness (.2)	0.40	164.00
07/06/04	C. Lenhart	Telephone conference and e-mails with R. Nachman regarding lessor issues vis-a-vis APA and review APA in relation to lessor questions (1.0); e-mails with K. Jain and M. Knopf regarding Wurth letter (.4);	3.50	997.50

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Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		telephone conference and e-mails with K. Jain and counsel for Milpitas landlord regarding Milpitas issues (.8); telephone conference and e-mails with M. Wise regarding U.S. Trustee requests (.7)		
07/06/04	M. Kalla	Review budgets for ongoing operations in Chapter 11	0.80	328.00
07/07/04	C. Lenhart	Telephone conference with Ashwaubenon treasurer and M. Wise regarding status of cases (.3); telephone conference and e-mails with M. Fisco, D. Polimeni, and M. Wise regarding payments vis-a-vis preferred stock and review bank statements (1.5); e-mails with M. Fisco, M. Knopf, and M. Kalla regarding extension of lenders' deadline for committee claims (.3)	2.10	598.50
07/09/04	M. Kalla	Review e-mail from T. Lallier office regarding 7/13 conference call	0.20	82.00
07/12/04	M. Kalla	Telephone conference with T. Lallier regarding preparation for call concerning ongoing operations and cash collateral issue(.6); review budgets for cash collateral extension(.5)	1.10	451.00
07/13/04	C. Lenhart	Telephone conference and e-mails with M. Fisco and D. Polimeni regarding unsecured claim estimates (.6); telephone conference with M. Wise regarding ADT services (.3); telephone conference with, and e-mails and correspondence to M. Weiniger and K. Jain regarding rejection of real estate lease (.8); e-mails with D. Close regarding addresses (.2); e-mails with M. Kalla regarding cash collateral stipulation (.3)	2.20	627.00
07/14/04	C. Lenhart	E-mails with D. Polimeni regarding real property leases (.2); e-mails with R. Shoemaker regarding records agreement (.2); review correspondence from V.	1.80	513.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		Kaufman and cash collateral stipulation draft (1.0); review revisions to unsecured creditors position, and telephone conference with D. Polimeni regarding same (.4)		
07/19/04	C. Lenhart	Telephone conference with insurance premium financier regarding status of insurance (.3)	0.30	85.50
07/20/04	D. Close	Add creditors to matrix	0.20	37.00
07/21/04	D. Close	Add creditors to matrix	0.50	92.50
07/21/04	C. Lenhart	E-mails with M. Wise regarding vendor addresses (.3); telephone conference with creditors regarding filing and proofs of claim (.2)	0.50	142.50
07/23/04	D. Close	Add creditors to matrix	0.70	129.50
07/29/04	C. Lenhart	Telephone conference with D. Polimeni regarding preference analysis and actual to budget numbers (.3); review actual to budget and preference analysis (.7)	1.00	285.00
07/30/04	C. Lenhart	E-mails with J. Loushin and M. Fisco regarding plan and stipulation issues (.4); telephone conference with D. Polimeni regarding status of settlement, sale hearings, and other to-do items (.4); direct mailing to new notice parties vis-a-vis claim deadline (.3); telephone conference with creditors vis-a-vis filing and claim deadlines (.2)	1.30	370.50
07/30/04	M. Kalla	Review payment issues	0.20	82.00
Case Administration				6,270.00
Financing				
07/13/04	M. Kalla	Review budgets and forward to M. Fisco regarding cash collateral	0.30	123.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

07/14/04	M. Kalla	Review stipulation for extension of use of cash collateral	0.40	164.00
07/15/04	M. Kalla	Review cash collateral stipulation	0.20	82.00
07/16/04	M. Kalla	E-mail from T. Lallier regarding cash collateral stipulation (.1); telephone conference with C. Lenhart regarding same (.1)	0.20	82.00
07/22/04	C. Lenhart	E-mails with J. Durbin and T. Lallier regarding final cash collateral stipulation (.4)	0.40	114.00
07/28/04	C. Lenhart	Telephone conference and e-mails with D. Polimeni regarding budgets for Heller and budget vs. actual numbers (.5); review budget and actual numbers (.5)	1.00	285.00

Financing
850.00
Plan and disclosure statement

07/08/04	C. Lenhart	Review forms of liquidating plans and disclosure statements vis-a-vis debtors' liquidating plan (1.5); telephone conference with D. Polimeni regarding structure of plan (.5); review local rules vis-a-vis plan and disclosure statement issues (.3); conference with M. Kalla regarding plan issues (.2)	2.50	712.50
07/12/04	M. Knopf	Analysis regarding plan issues	2.70	1,080.00
07/20/04	M. Knopf	Attention to plan issues	1.00	400.00
07/26/04	C. Lenhart	Draft plan and disclosure statement (1.7); review template plans vis-a-vis claim treatment language (.5)	2.20	627.00
07/27/04	C. Lenhart	Continue drafting plan of liquidation (1.0)	1.00	285.00
07/28/04	C. Lenhart	Continue draft of plan and research reclamation rights vis-a-vis plan (3.0)	3.00	855.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

Plan and disclosure statement

3,959.50

Litigation

07/06/04	M. Kalla	Attend informal settlement discussions on outstanding issues with T. Lallier, H. Feldstein, G. Singer, M. Fisco, A. Wilkinson, C. Lenhart and M. Knopf; Analysis of D. Polimeni estimate on payment to unsecured creditors	2.50	1,025.00
07/07/04	M. Knopf	Continue work on post-closing issues and settlement issues	1.50	600.00
07/07/04	M. Kalla	Analysis of whether to support committee request for extension of time to commence litigation; telephone conference with C. Lenhart regarding same	0.60	246.00
07/09/04	M. Kalla	Telephone conference with T. Lallier regarding potential for settling litigation; review issues regarding same	0.40	164.00
07/13/04	M. Kalla	Prepare for and participate in conference call to discuss settlement of creditors committee action and budget	0.80	328.00
07/14/04	C. Lenhart	Conference and e-mails with M. Kalla and M. Knopf regarding committee confidentiality agreement vis-a-vis turnover of discovery to lenders (.4)	0.40	114.00
07/14/04	M. Kalla	Review M. Fisco request to reveal discovered conversations and ramifications of same; telephone conference with M. Fisco regarding same	0.40	164.00
07/16/04	M. Knopf	Attention to creditors committee/bank group settlement	2.00	800.00
07/19/04	C. Lenhart	Review draft of settlement agreement between lenders, committee and debtors (1.0); research and draft motion to approve settlement agreement (2.0); telephone	3.20	912.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

		conference with A. Wilkinson regarding status of plan (.2)		
07/19/04	M. Kalla	Review and analysis of settlement agreement drafts	1.10	451.00
07/20/04	M. Knopf	Work on settlement	1.00	400.00
07/20/04	M. Kalla	Review settlement agreement revisions	0.20	82.00
07/21/04	C. Lenhart	Review revised versions of settlement agreement (.5); telephone conference with G. Singer regarding settlement and attorneys fees (.4); telephone conference with M. Fisco and A. Wilkinson regarding attorneys fees and settlement approval (.5); revise settlement agreement motion and distribute to lenders and committee (.8)	2.20	627.00
07/21/04	M. Kalla	Further comments on settlement agreement	0.40	164.00
07/22/04	C. Lenhart	Review revisions to settlement agreement (.5); telephone conference and e-mails with A. Wilkinson regarding revisions to settlement agreement motion (.3); revise motion on basis of committee comments and distribute to D. Polimeni for review (.9)	1.70	484.50
07/22/04	M. Knopf	Attention to settlement agreement drafts and motion	4.20	1,680.00
07/23/04	C. Lenhart	Review revisions to settlement agreement (.5); telephone conference with A. Wilkinson and M. Fisco regarding approval and remaining issues vis-a-vis attorneys' fees (.5); e-mails with V. Kaufman and T. Lallier regarding attorneys fees (.3); revise motion to approve settlement and direct filing and service (1.0)	2.30	655.50
07/23/04	M. Kalla	Review and analysis of several comments on proposed settlement agreement; telephone conference with C. Lenhart	0.60	246.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

	regarding same		
07/30/04	M. Knopf	Review and comment on settlement agreement and related motion drafts	1.70 680.00

Litigation			9,823.00
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Total for Legal Fees			\$15,299.00
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Disbursements and Service Charges

Messenger Charges	52.00
Overnight Delivery Charges	1,040.40
Fax Charges	5.00
Conference Call Charges	35.92
Long Distance Telephone Charges	3.45
After Hours Secretarial Support	39.00
Pacer Service Center Electronic Court Searches	63.84
Postage Charges	53.46
Oversized Copy Charges	309.96
Photocopy Charges	3,699.25
Computerized Legal Research - Westlaw search done on 07/01/04	255.05
Computerized Legal Research - Westlaw search done on 07/05/04	367.02
Computerized Legal Research - Westlaw search done on 07/19/04	60.26
Computerized Legal Research - Lexis searches done 06/23/04	8.71
Business Meals - Nicol's Deli & Market Cafe - Breakfast for morning meeting 07/06/04	33.38
Court Reporter - Pat Carl & Associates - Court reporting services for Section 341 bankruptcy meeting 06/14/04	135.00
Court Reporter - Pat Carl & Associates - Deposition transcript of Bankruptcy Auction taken on 06/18/04	190.40
Court Reporter - Pat Carl & Associates - Deposition transcript of Bankruptcy Auction taken on 06/18/04	184.80
Lighthouse Document Services - Bates labeling 06/15/04	77.49
Lighthouse Document Services - Bates Labeling 06/24/04	231.70

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
 Client-Matter No.: 474199-00002
 Invoice No.: 1179273

Lighthouse Document Services - Bates Labeling 06/14/04	32.06
Lighthouse Document Services - Bates Labeling 07/07/04	233.94
Aspen Publishers, Inc. – California/Minnesota Corporate Statutory Research 06/07/04	244.68

Total for Disbursements and Service Charges **87,599.53**

Total This Invoice **84,898.53**

Timekeeper Summary

Timekeeper	Hours	Billed Rate	Amount
M. Kalla	12.90	410.00	5,289.00
M. Knopf	32.00	400.00	12,800.00
J. Tucker	3.80	275.00	1,045.00
C. Lenhart	47.70	285.00	13,594.50
T. LaBrec	9.30	165.00	1,534.50
D. Close	1.40	185.00	259.00
M. Daniel	3.70	210.00	777.00
Total all Timekeepers	110.80		35,299.00

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PAYMENT DUE UPON RECEIPT

Distribution Dynamics, Inc.
Client-Matter No.: 474199-00002
Invoice No.: 1179273

Statement of Account

Invoice Date	Invoice Number	Invoice Amount	Payments	Balance Due
07/27/04	1174314	\$117,448.92	-\$66,068.52	\$51,380.40
Prior Balance Due				\$51,380.40

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**DISTRIBUTION DYNAMICS, INC.,
DISTRIBUTION DYNAMICS HOLDINGS, INC.,
PRO FASTENERS
NORTHWESTERN COMPANY,
RAINBOW FASTENER COMPANY,**

Bky. 04-32489

Jointly Administered

Debtors.

Chapter 11

UNSWORN CERTIFICATE OF SERVICE

Kathy Godfrey declares under penalty of perjury that on October 4, 2004, she caused to be served the Notice of Hearing and First Interim Fee Application for Allowance of Fees and Expenses for Chapter 11 Counsel to the Debtors for the Period from April 28, 2004 through July 31, 2004 (Dorsey & Whitney LLP) and proposed Order by having true and correct copies thereof delivered by U.S. Mail, first class postage paid, to the parties on the Service List attached hereto as Exhibit A.

Dated: October 4, 2004

Kathy Godfrey

EXHIBIT A

SERVICE LIST

United States Trustee
1015 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

Richard D. Anderson, Esq.
Briggs and Morgan
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

Geoff Hall
Heller Financial, Inc.
500 West Monroe Street, 12th Floor
Chicago, IL 60661

IRS District Counsel
650 Galtier Plaza
175 East 5th Street
St. Paul, MN 55104

Andrew G. Barnett
Morris Anderson & Associates, Ltd.
51 East 42 Street, Suite 700
New York, NY 10017

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