

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

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

FEB 02 2004  
KENNETH S. GARDNER, CLERK  
PS REP. - KG

In re:

NATIONAL STEEL CORPORATION, et al.,

Reorganized Debtors.

) Hon. John H. Squire  
)  
) Case No. 02-08699  
) (Jointly Administered)  
) Chapter 11  
)  
)  
)

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**FINAL APPLICATION OF ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT  
OF EXPENSES FOR MARCH 6, 2002 THROUGH DECEMBER 19, 2003**

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Pursuant to 11 U.S.C. §§ 330(a), 331, 503(b), and 507(a)(1), Federal Rules of Bankruptcy Procedure 2002(a)(6), (c)(2), and (k), 2016, and 9034(e)<sup>1</sup>, Local Bankruptcy Rule 607 and this Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals as amended by the court on March 7, 2002 (the "Administrative Order"), ERNST & YOUNG LLP ("EY LLP"), human resources, audit and tax advisors to the above-captioned Debtors and Debtors in Possession (collectively, the "Debtors"), hereby makes its Final application (the "Application") for allowance of compensation of

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<sup>1</sup> Unless otherwise noted, all code section references herein are made to title 11 of the United States Code, 11 U.S.C. §§ 101 - 1330 (the "Bankruptcy Code"). Similarly, and unless otherwise noted, all rule-related references herein are made to the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

\$2,043,135.00 and reimbursement of related expenses of \$3,874.00 for the period of March 6, 2002 through December 19, 2003 (the "Final Compensation Period"). In support of this Application, EY LLP respectfully represents as follows:

## **BACKGROUND**

### **General**

1. On March 6, 2002 (the "Petition Date"), the Debtors each filed voluntary petitions in this Court for reorganization relief under chapter 11 of the Bankruptcy Code. On March 18, 2002, the United States Trustee appointed the Official Committee of Unsecured Creditors of the Debtors (the "Committee"). No trustee or examiner was appointed.
2. The Bankruptcy Court confirmed the Debtors' joint plan of liquidation (the "Plan") on October 23, 2003. The Plan became effective on December 19, 2003.
3. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
4. As of the petition date, the Debtors comprised one of the largest integrated steel producers in the United States, and engaged in the manufacture and sale of a wide variety of flat rolled carbon steel products, including hot-rolled, cold-rolled, galvanized, tin and chrome plated steels. The Debtors had an annual steel making capacity of 6.8 million tons, an annual finishing capacity of 7.4 million tons and estimated that they had an 11% market share in the flat rolled steel market. The Debtors' customers were primarily from the automotive, construction, and container industry as well as customers that purchased unfinished steel sheet products. In 2001, the Debtors had total sales revenue of approximately \$2.5 billion, and employed approximately 8000 people. Over 80% of the Debtors' employees are represented by the United

Steelworkers of America or other labor organizations, and their respective employment terms are governed by various collective bargaining agreements.

5. On March 7, 2002, this Court entered that certain Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Periodic Compensation and Reimbursement of Expenses of Professionals (Docket No. 34) (the "Administrative Order").

6. Pursuant to the Administrative Order, EY LLP and other professionals retained in these cases are authorized to file and serve, upon the parties identified in the Administrative Order, fee statements every month (each, a "Monthly Fee Statement"). Upon expiration of the 20-day objection period required under the Administrative Order, the Debtors are authorized to pay EY LLP and other professionals ninety percent (90%) of the fees and one hundred percent (100%) of the expenses requested in the Monthly Statement. If an objection is received, then the Debtors shall be authorized to pay ninety percent (90%) of the fees and one hundred percent (100%) of the expenses that are not the subject of the objection. Thereafter, at four month intervals or at such other intervals as the Court may otherwise direct, each of the Professionals must file with the Court and serve on the Notice Parties a request (an "Interim Fee Application Request") for Court approval and allowance of all fees earned and expenses incurred during that period and for payment of any unpaid amounts.

**EY LLP's Retention**

7. On May 28, 2002, this Court entered that certain Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) Authorizing the Debtors' Retention of Ernst & Young LLP as Human Resources, Audit and Tax Advisors to the Debtors (Docket No. 385) (the "EY LLP Retention Order").

8. Through the EY LLP Retention Order, this Court approved periodic fixed audit fees to EY LLP for the rendering of audit services to Debtors, in accordance with the

terms of the Debtors' Application and the Engagement Letter between EY LLP and the Debtors dated April 10, 2002, which was replaced by the engagement letter between EY LLP and the Debtors dated May 22, 2002, a copy of which was attached to the EY LLP Retention Order (the "EY LLP Engagement Letter"). In addition, the EY LLP Retention Order approved fees to EY LLP based upon EY LLP's hourly rates for rendering tax and human resource consulting services to the Debtors, in accordance with the terms of the Debtors' Application and the EY LLP Engagement Letter. The Engagement Letter further allows EY LLP to provide additional audit services (the "Additional Audit Services") to the Debtors and to receive payment for the Additional Audit Services in addition to the fixed audit fees. In addition, on June 17, 2003, this Court entered an order to expand the scope of engagement of EY LLP to include fixed audit fees to EY LLP for the rendering of audit services to Debtors, in accordance with the terms of the motion dated June 3, 2003.

### **RELIEF REQUESTED AND REASONS THEREFOR**

#### **Summary of Relief Requested**

9. EY LLP hereby seeks final allowance of compensation for services rendered and reimbursement of expenses that were previously filed and approved by the Court on an interim basis for the Final Compensation Period as follows:

- a. Final compensation of \$2,043,135.00 in connection with services rendered during the Final Compensation Period (the "Final Compensation Request").
- b. Final reimbursement of actual and necessary expenses of \$3,874.00, incurred in connection with EY LLP's services rendered during the Final Compensation Period (the "Final Reimbursement Request").

*Payments to EY LLP*

10. On August 30, 2002 EY LLP filed its first application for interim allowance of professional fees of \$673,866.00 and reimbursement of expenses of \$28,088.00 for the period March 6, 2002 through July 31, 2002. On October 9, 2002, the Court entered an order allowing interim compensation in the amount of \$673,866.00 and allowing reimbursement of expenses in the amount of \$27,215.00. On October 15, 2002, the Debtors paid a total of \$77,743.60 representing the difference between the amount allowed in the Court Order and the amount previously paid under the Administrative Order. A copy of the first application for interim allowance of professional fees is attached as Exhibit 1.

11. On December 24, 2002 EY LLP filed its second application for interim allowance of professional fees of \$444,974.00 and reimbursement of expenses of \$1,224.00 for the period August 1, 2002 through November 30, 2002. On January 21, 2003, the Court entered an order allowing interim compensation in the amount of \$444,974.00 and allowing reimbursement of expenses in the amount of \$1,224.00. On January 28, 2003, the Debtors paid a total of \$41,425.90 representing the difference between the amount allowed in the Court Order and the amount previously paid under the Administrative Order. A copy of the second application for interim allowance of professional fees is attached as Exhibit 2.

12. On April 25, 2003 EY LLP filed its third application for interim allowance of professional fees of \$475,103.00 and reimbursement of expenses of \$1,389.00 for the period December 1, 2002 through March 31, 2003. On May 13, 2003, the Court entered an order allowing interim compensation in the amount of \$475,103.00 and allowing reimbursement of expenses in the amount of \$1,389.00. On May 16, 2003, the Debtors paid a total of \$54,080.30

representing the difference between the amount allowed in the Court Order and the amount previously paid under the Administrative Order. A copy of the third application for interim allowance of professional fees is attached as Exhibit 3.

13. On August 27, 2003 EY LLP filed its fourth application for interim allowance of professional fees of \$423,238.00 and reimbursement of expenses of \$0.00 for the period April 1, 2003 through July 31, 2003. On September 16, 2003, the Court entered an order allowing interim compensation in the amount of \$423,238.00. On September 24, 2003, the Debtors paid a total of \$107,123.80 representing the difference between the amount allowed in the Court Order and the amount previously paid under the Administrative Order. A copy of the fourth application for interim allowance of professional fees is attached as Exhibit 4.

14. On September 25, 2003 EY LLP filed its Fifteenth Monthly Fee Statement ("Fifteenth Monthly Fee Statement") for the period from August 1, 2003 through August 31, 2003. The Fifteenth Monthly Fee Statement was simply a disclosure of hours by EY LLP but no fees or expenses were or will be requested in connection with those services. A copy of the Fifteenth Monthly Fee Statement is attached as Exhibit 5.

15. On October 27, 2003 EY LLP filed its Sixteenth Monthly Fee Statement ("Sixteenth Monthly Fee Statement") for the period from September 1, 2003 through September 30, 2003. The Sixteenth Monthly Fee Statement was simply a disclosure of hours by EY LLP but no fees or expenses were or will be requested in connection with those services. A copy of the Sixteenth Monthly Statement is attached as Exhibit 6.

16. On November 25, 2003 EY LLP filed its Seventeenth Monthly Fee Statement ("Seventeenth Monthly Fee Statement") for the period from October 1, 2003 through October 31, 2003. The Seventeenth Monthly Fee Statement was simply a disclosure of hours

by EY LLP but no fees or expenses were or will be requested in connection with those services. A copy of the Seventeenth Monthly Statement is attached as Exhibit 7.

17. On December 24, 2003 EY LLP filed its Eighteenth Monthly Fee Statement ("Eighteenth Monthly Fee Statement") for the period from November 1, 2003 through November 30, 2003. The Eighteenth Monthly Fee Statement was simply a disclosure of hours by EY LLP but no fees or expenses were or will be requested in connection with those services. A copy of the Eighteenth Monthly Statement is attached as Exhibit 8.

18. Other than those payments noted in paragraphs 10-13 above, EY LLP did not receive any payments or promises of payments from any source for services rendered or to be rendered in connection with these Chapter 11 cases during the Final Compensation Period.

#### **SERVICES RENDERED BY EY LLP**

19. As described in the attached applications for interim allowance of professional fees and reimbursement of expenses and Monthly Fee Statements (Exhibits 1 through 8), EY LLP professionals billed their time to fourteen (14) distinct subject matter categories. Below is a summary of the activities performed by EY LLP professionals during the Final Compensation Period, and the hours spent by EY LLP professionals on those matters, organized by project code description ("PCD") and by Human Resources, Audit and Tax services.

##### Human Resources Services:

##### PCD 15 - Preparation for and Attendance at Court Hearings:

(Total Hours: 7.00)

EY LLP incurred time related to preparing for the Court Hearing with respect to Debtor's key employee retention plan.

##### PCD 25 - Preparation/Participation in Meetings/Conference Calls with Debtor:

(Total Hours: 7.90)

EY LLP incurred time related to discussions with Debtors concerning the design and analysis of Debtor's key employee retention plan.

PCD 29 – Meetings with Other Parties:

(Total Hours: 9.70)

EY LLP incurred time related to discussions with other parties, such as Debtors' legal counsel and creditors' advisors concerning Debtors' key employee retention plan.

PCD 30 – Analyze Employee Severance, Pension, Retention and Bonus Programs:

(Total Hours: 102.60)

EY assisted Debtor in the design and analysis of Debtors' key employee retention plan.

PCD 45 – Firm Retention:

(Total Hours: 19.10)

In connection with the retention of EY LLP by the Debtors, EY LLP has been required to devote time in preparing and submitting their Motion for Retention (and related documents).

PCD 48 – Preparation of Monthly Invoice and Support Schedules:

(Total Hours: 13.00)

In connection with the retention of EY LLP by the Debtors, EY LLP has been required to devote time in preparing and submitting their Monthly Fee Statements to the Debtors, as well as in the preparation of fee applications, all in accordance with the Bankruptcy Code and the Administrative Order.

Audit Services:

PCD 46 -- Preparation of Fee/Expense Applications:

(Total Hours: 19.80)

In connection with the retention of EY by the Debtors, EY has been required to devote time in preparing and submitting their Monthly Fee Statements to the Debtors, as well as in the preparation of fee applications, all in accordance with the Bankruptcy Code and the Administrative Order.

PCD 61 – Planning and Risk Assessment for Annual Audit and Related Matters:

(Total Hours: 1,204.90)

In order to conduct our audits and quarterly reviews in accordance with auditing standards generally accepted in the United States, EY LLP incurred time developing a plan and assessing risk for the various audits performed under our engagement letter.

PCD 62 – Observation of Physical Inventories and Related Matters:

(Total Hours: 62.00)

In order to conduct our audit in accordance with auditing standards generally accepted in the United States, EY LLP incurred time developing audit procedures



associated with the observation of physical inventory counts and incurred time performing our testing procedures.

PCD 63 – Internal Control Assessment and Testing and Related Matters:

(Total Hours: 281.40)

As part of our audit in accordance with auditing standards generally accepted in the United States, EY considered, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the internal control and incurred time performing our assessment and testing procedures.

PCD 64 – Audit of Financial Statement Accounts and Related Matters:

(Total Hours: 6,319.10)

EY LLP performed services with respect to completing those audit procedures developed and determined during our planning and assessment of risk and internal controls related to the benefit plans. EY LLP also performed review procedures on quarterly information.

PCD 65 – Reporting on Annual Financial Statements and Related Matters:

(Total Hours: 567.90)

EY LLP incurred time related to the review of unaudited quarterly financial statement information, annual audited financial statements and disclosures, and audited benefit plan financial statements and disclosures.

PCD 66 – Consultation Regarding Accounting Issues and Other Procedures Outside of Audit:

(Total Hours: 709.1)

EY LLP assisted the Debtors in their analysis and interpretation of guidance from accounting principles generally accepted in the United States related to various issues.

Tax Services:

PCD 68 – Consultation Regarding Federal, State and Local Tax Matters:

(Total Hours: 92.90)

EY LLP assisted the Debtors in addressing COBRA responsibilities, including alternatives that may be available in providing COBRA coverage to active and retired employees and their beneficiaries, prior to the completion of the sale of the company; assisted the Debtors in assessing and analyzing the application of the Canada-US tax treaty exemption on the disposition of taxable Canadian property, including preparing the application and proving disclosures and treaty relief position letters in the application; and, assisted the Debtors in changing the IPIC LIFO method as a result of new regulations, including preparation and review of Form 3115, *Application for Change in Accounting Method*, assisted the Debtors in addressing tax related issues associated with the US Steel transaction, and assisted the Debtors with the filing of 2001 Plan 501 Form 5500, including filing of Form 5558, *Application for Extension of Time to File Certain Employee Plan Returns*.

### CERTIFICATION

20. The undersigned has reviewed the requirements of Local Bankruptcy Rule 607, and certifies to the best of his information, knowledge and belief that this application complies with such rule.

### CONCLUSION

21. The nature of EY LLP's fee arrangement is consistent with the current practices of EY LLP for human resources, audit and tax advisory services provided to companies in other bankruptcy and non-bankruptcy matters.

22. No agreement or understanding exists between EY LLP or any third person for the sharing of compensation, except as allowed by § 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016 with respect to sharing of compensation between and among partners of EY LLP.

23. All the services for which compensation is requested, along with all expenses for which reimbursement is requested, hereunder were rendered at the request of and/or solely on behalf of the Debtors, and not on behalf of any other entity.

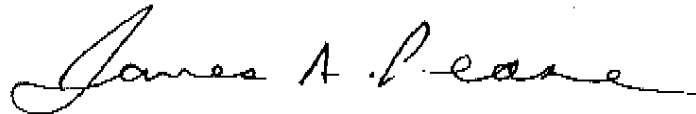
**WHEREFORE**, EY LLP respectfully requests that an Order be entered, pursuant to the terms of the Administrative Order, authorizing and approving:

- A. The final allowance of the Final Compensation Request for actual and necessary services during the Final Compensation Period in the amount of \$2,043,135.00 (the "Final Allowed Fees").

- B. The final allowance of Final Reimbursement Request for actual and necessary expenses for the Final Compensation Period in the amount of \$3,874.00 (the "Final Allowed Expenses").

Dated: January 27, 2004

ERNST & YOUNG LLP



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Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

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

In re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
<u>et al.</u> ,	)	Honorable John H. Squires
	)	
Debtors.	)	
	)	
	)	

**ORDER ALLOWING, AUTHORIZING, AND DIRECTING  
PAYMENT OF FINAL COMPENSATION AND  
REIMBURSEMENT OF EXPENSES TO EY LLP**

This matter having been presented upon the Final Application of ERNST & YOUNG LLP (“EY LLP”) for Compensation of Fees and Reimbursement of Expenses (the “Application”); due and proper notice having been given; the Court having heard from all interested parties and being fully advised in the premises; and the Court having jurisdiction over this core proceeding;

**IT IS HEREBY ORDERED THAT:**

(1) EY LLP is granted reasonable compensation of fees for actual and necessary human resources, audit and tax advisory services to the Debtors in the amount of \$ \_\_\_\_\_ (the “Final Allowed Fees”);

(2) EY LLP is granted reimbursement of actual and necessary expenses in the amount of \$ \_\_\_\_\_ (the “Final Allowed Expenses”).

(3) The Application and the entry of this Order are core proceedings within the meaning of 28 U.S.C. § 157(b).

Dated: March \_\_\_, 2004

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Honorable John H. Squires  
UNITED STATES BANKRUPTCY JUDGE

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

In re:	)	Hon. John H. Squires
	)	
National Steel Corporation and certain of its	)	Case No. 02-08699
Subsidiaries, Affiliates, Debtors and	)	(Jointly Administered)
Debtors-in-Possession	)	Chapter 11
	)	
Debtors.	)	

**FIRST INTERIM FEE APPLICATION OF  
ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
TO THE DEBTORS, FOR THE PERIOD  
FROM MARCH 6, 2002 THROUGH JULY 31, 2002**

Name of applicant:	<u>ERNST &amp; YOUNG LLP</u>
Authorized to provide professional services to:	<u>National Steel Corporation and certain of its Subsidiaries, Affiliates, Debtors and Debtors-in-Possession</u>
Date of retention:	<u>May 28, 2002, effective as of March 6, 2002</u>
Period for which compensation and reimbursement is sought:	<u>March 6, 2002 to July 31, 2002</u>
Amount of compensation sought as actual, reasonable and necessary	<u>\$ 673,866</u>
Amount of expense reimbursement sought as actual, reasonable and necessary:	<u>\$ 28,088</u>
This is an: <input checked="" type="checkbox"/> interim <input type="checkbox"/> final application	

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

In re:	)	Hon. John H. Squires
	)	
National Steel Corporation and certain of its	)	Case No. 02-08699
Subsidiaries, Affiliates, Debtors and	)	(Jointly Administered)
Debtors-in-Possession	)	Chapter 11
	)	
Debtors.	)	

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**FIRST INTERIM FEE APPLICATION OF  
ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT  
OF EXPENSES FOR MARCH 6, 2002 THROUGH JULY 31, 2002**

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Dated: August 26, 2002

Donald G. Kalfen  
Partner  
ERNST & YOUNG LLP  
233 South Wacker Drive  
Chicago, Illinois 60606  
Tel: (312) 879-2119  
Fax: (312) 879-2156  
Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

Pursuant to 11 U.S.C. §§ 330(a), 331, 503(b), and 507(a)(1); Federal Rules of Bankruptcy Procedure 2002(a)(6), (c)(2), and (k), 2016, and 9034(e)<sup>1</sup>; Local Bankruptcy Rule 607; and this Court's Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals as amended by the court on March 7, 2002 (the "Administrative Order"), ERNST & YOUNG ("EY"), human resources, audit and tax advisors to National Steel Corporation and certain of its subsidiaries, affiliates, debtors and debtors-in-possession (collectively referred to hereinafter as the "Debtors"), in the above-captioned, jointly-administered cases, hereby makes its interim monthly application (the "Application") for allowance of compensation of \$673,866 and reimbursement of related expenses of \$28,088 for the period of March 6, 2002 through July 31, 2002 (the "Compensation Period"). In support of this Application, EY respectfully represents as follows:

## **BACKGROUND**

### **General**

1. On March 6, 2002 (the "Petition Date"), the Debtors each filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to manage and operate their businesses as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

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<sup>1</sup> Unless otherwise noted, all code section references herein are made to title 11 of the United States Code, 11 U.S.C. §§ 101 - 1330 (the "Bankruptcy Code"). Similarly, and unless otherwise noted, all rule-related references herein are made to the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").



2. On March 18, 2002, the United States Trustee appointed the Official Committee of Unsecured Creditors of the Debtors (the "Committee"). No trustee or examiner has been appointed.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory predicates for the relief requested herein are sections 363 and 105 of the Bankruptcy Code.

5. The Debtors comprise one of the largest integrated steel producers in the United States, and are engaged in the manufacture and sale of a wide variety of flat rolled carbon steel products, including hot-rolled, cold-rolled, galvanized, tin and chrome plated steels. The Debtors have an annual steelmaking capacity of 6.8 million tons, an annual finishing capacity of 7.4 million tons and estimate that they have an 11% market share in the flat rolled steel market. The Debtors' customers are primarily from the automotive, construction, and container industry as well as customers that purchase unfinished steel sheet products. In 2001, the Debtors had total sales revenue of approximately \$2.5 billion, and employed approximately 8000 people. Over 80% of the Debtors' employees are represented by the United Steelworkers of America or other labor organizations, and their respective employment terms are governed by various collective bargaining agreements.

6. On March 7, 2002, this Court entered that certain Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Periodic Compensation and Reimbursement of Expenses of Professionals (Docket No. 34) (the "Administrative Order").

7. Pursuant to the Administrative Order, EY and other professionals retained in this case are authorized to file and serve, upon the parties identified in the Administrative Order, fee applications every month (the "Monthly Fee Statement"). Upon expiration of the 20-day objection period, the Debtors are authorized to pay EY and other professionals ninety percent (90%) of the fees and one hundred percent (100%) of the expenses requested in the Monthly Fee Application. If an objection is received, then the Debtors shall be authorized to pay ninety percent (90%) of the fees and one hundred percent (100%) of the expenses that are not the subject of the objection. Thereafter, at four month intervals or at such other intervals as the Court may otherwise direct, each of the Professionals must file with the Court and serve on the Notice Parties a request (an "Interim Fee Application Request") for Court approval and allowance for any unpaid amounts.

**EY's Retention**

8. On May 28, 2002, this Court entered that certain Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) Authorizing the Debtors' Retention of Ernst & Young LLP as Human Resources, Audit and Tax Advisors to the Debtors (Docket No. 385).

9. In accordance with the Administrative Order, EY hereby submits this Application. On May 28, 2002, the Court approved periodic fixed audit fees to EY for the rendering of audit services to Debtors, in accordance with the terms of the Debtors' Application and EY's Engagement Letter dated April 10, 2002. In addition, on May 28, 2002, the Court approved fees to EY based upon EY's hourly rates for rendering human resource advisory services to Debtor, in accordance with the terms of the Debtors' Application and EY's Engagement Letter dated April 9, 2002.

10. EY has not shared or agreed to share any of its compensation with any other person, other than as permitted under § 504 of the Bankruptcy Code and Bankruptcy Rule 2016.

### **RELIEF REQUESTED AND REASONS THEREFOR**

#### **Summary of Relief Requested**

11. EY makes this Application pursuant to §§ 330(a), 331, 503(b), and 507(a)(1) of the Bankruptcy Code; Bankruptcy Rules 2002(a)(6), (c)(2), and (k), 2016, and 9034(e); Local Bankruptcy Rule 607; and the Administrative Order. EY hereby seeks allowance of compensation for services rendered and reimbursement of expenses incurred for the Application Period as follows:

- a. Compensation of \$673,866 in connection with services rendered during the Compensation Period (the "Interim Compensation Request"); and
- b. Reimbursement of actual and necessary expenses of \$28,088 incurred in connection with EY's services (the "Interim Reimbursement Request").

#### **Payments to EY**

13. On June 21, 2002, EY filed its First Monthly Interim Application to seek reimbursement for the first periodic fixed audit fee totaling \$302,000, including expenses of \$15,597, and reimbursement of human resource advisory services fee of \$69,866, including expenses of \$1,261, for a total of \$371,866 for the period from March 6, 2002 through May 31, 2002 ("First Monthly Interim Application"). A copy of the First Monthly Interim Application is attached as Exhibit A. On July 31, 2002, the Debtors paid a total of \$351,537 to EY for human resource advisory fees and the first periodic fixed audit fee for the period from March 6, 2002 through May 31, 2002.

14. On August 26, 2002, EY filed its Second Monthly Interim Application to seek reimbursement for the second periodic fixed audit fee totaling \$302,000, including expenses of \$11,230, for the period from June 1, 2002 through July 31, 2002 ("Second Monthly Interim Application"). A copy of the Second Monthly Interim Application is attached as Exhibit B. As of the date of this First Interim Fee Application, the Debtors have paid zero percent (0%) of the second periodic fixed audit fee, and zero percent (0%) of the Allowed Expenses to EY for the services rendered and reimbursement of expenses for the period from June 1, 2002 through July 31, 2002. Assuming there are no objections during the 20-day objection period, the debtors shall be authorized to pay ninety percent (90%) of the fees, or \$261,693, and one hundred percent (100%) of the expenses, or \$11,230, requested in the Second Monthly Fee Application.

15. As set forth above, the Debtor has withheld a total of \$20,329 of the Allowed Fees from the first monthly interim compensation request and \$29,077 from the second monthly interim compensation request, leaving a total withheld of \$49,406 for the compensation period (the "Hold-back Amount"). Accordingly, EY seeks Court approval and allowance for payment of the Hold-back Amount of \$49,406.

16. Other than those payments noted in paragraphs 13-15 above, during the Compensation Period, EY did not receive any payments or promises of payments from any source for services rendered or to be rendered in connection with these Chapter 11 cases.

#### **SERVICES RENDERED BY EY**

17. As described in the attached Monthly Interim Applications (Exhibits A and B), EY professionals billed their time to 12 distinct subject matter categories. Below is a summary of the activities performed by EY professionals during the Compensation Period,

organized by project code description ("PCD") and by Human Resource Advisory and Audit services.

Audit Services:

PCD 46 – Preparation of Fee/Expense Applications:

In connection with the retention of EY by the Debtors, EY has been required to devote time in preparing and submitting their Monthly Fee Statements to the Debtors, as well as in the preparation of fee applications, all in accordance with the Bankruptcy Code and the Administrative Order.

PCD 61 – Planning and Risk Assessment for Annual Audit and Related Matters

In order to conduct our audits and quarterly reviews in accordance with auditing standards generally accepted in the United States, EY incurred time developing a plan and assessing risk for the various audits performed under our engagement letter.

PCD 63 – Internal Control Assessment and Testing and Related Matters

As part of our audit in accordance with auditing standards generally accepted in the United States, EY considered, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the internal control and incurred time performing our assessment and testing procedures.

PCD 64 – Audit of Financial Statement Accounts and Related Matters

EY performed services with respect to completing those audit procedures developed and determined during our planning and assessment of risk and internal controls.

PCD 65 – Reporting on Annual Financial Statements and Related Matters

EY incurred time related to the review of unaudited quarterly financial statement information, annual audited financial statements and disclosures, and audited benefit plan financial statements and disclosures.

PCD 66 – Consultation Regarding Accounting Issues and Other Procedures Outside of Audit

EY assisted the Debtors in their analysis and interpretation of guidance from accounting principles generally accepted in the United States related to various issues.

Human Resource Advisory Services:

PCD 15 – Preparation for and Attendance at Court Hearings

EY incurred time related to preparing for the Court Hearing with respect to Debtor's key employee retention plan.

PCD 25 – Preparation/Participation in Meetings/Conference Calls with Debtor

EY incurred time related to discussions with Debtors concerning the design and analysis of Debtor's key employee retention plan.

PCD 29 – Meetings with Other Parties

EY incurred time related to discussions with other parties, such as Debtor's legal counsel and creditors' advisors concerning Debtors' key employee retention plan.

PCD 30 – Analyze Employee Severance, Pension, Retention and Bonus Programs

EY assisted Debtor in the design and analysis of Debtors' key employee retention plan.

PCD 45 – Firm Retention

In connection with the retention of EY by the Debtors, EY has been required to devote time in preparing and submitting their Motion for Retention (and related documents).

PCD 48 – Preparation of Monthly Invoice and Support Schedules

In connection with the retention of EY by the Debtors, EY has been required to devote time in preparing and submitting their Monthly Fee Statements to the Debtors, as well as in the preparation of fee applications, all in accordance with the Bankruptcy Code and the Administrative Order.

**CERTIFICATION**

18. The undersigned has reviewed the requirements of Local Bankruptcy Rule 607, and certifies to the best of his information, knowledge and belief that this application complies with such rule.

**CONCLUSION**

19. The nature of EY's fee arrangement is consistent with the current practices of EY for human resources, audit and tax advisory services provided to companies in other bankruptcy and non-bankruptcy matters.

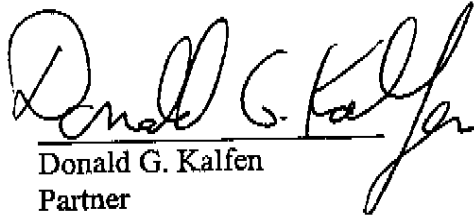
20. No agreement or understanding exists between EY or any third person for the sharing of compensation, except as allowed by § 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016 with respect to sharing of compensation between and among partners of EY.

21. All the services for which compensation is requested, along with all expenses for which reimbursement is requested, hereunder were rendered at the request of and/or solely on behalf of the Debtors, and not on behalf of any other entity.

**WHEREFORE**, EY respectfully requests that an Order be entered, pursuant to the terms of the Administrative Order:

- A. Authorizing and directing the prompt payment from the Debtors of \$49,406, representing the Hold-back Amount for the compensation period;
- B. Granting such other and further relief as the Court deems just.

Dated: August 27, 2002



Donald G. Kalfen  
Partner

ERNST & YOUNG LLP  
233 South Wacker Drive  
Chicago, Illinois 60606  
Tel: (312) 879-2119  
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Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

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

In re:	)	Hon. John H. Squires
	)	
National Steel Corporation and certain of	)	Case Nos. 02-08699
its Subsidiaries, Affiliates, Debtors and	)	(Jointly Administered)
Debtors-in-Possession	)	Chapter 11
	)	
Debtors.	)	

**ORDER ALLOWING, AUTHORIZING, AND DIRECTING  
PAYMENT OF FINAL COMPENSATION AND  
REIMBURSEMENT OF EXPENSES TO EY**

This matter having been presented upon the Application of Ernst & Young ("EY") for Compensation of Fees and Reimbursement of Expenses (the "Application"); due and proper notice having been given; the Court having heard from all interested parties and being fully advised in the premises; and the Court having jurisdiction over this core proceeding;

**IT IS HEREBY ORDERED:**

1. EY is granted reasonable compensation of fees for actual and necessary human resources, audit and tax advisory services to the Debtors in the amount of \$673,866 (the "Allowed Fees");
2. EY is granted reimbursement of actual and necessary expenses in the amount of \$28,088 (the "Allowed Expenses");
3. The Debtors are authorized and directed to promptly pay the Hold-back amount, or \$49,406, to EY.

Dated: August \_\_, 2002

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Honorable John H. Squires



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

In re:	)	Hon. John H. Squires
	)	
National Steel Corporation and certain of its	)	Case No. 02-08699
Subsidiaries, Affiliates, Debtors and	)	(Jointly Administered)
Debtors-in-Possession	)	Chapter 11
	)	
Debtors.	)	

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**FIRST INTERIM FEE APPLICATION OF  
ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT  
OF EXPENSES FOR MARCH 6, 2002 THROUGH JULY 31, 2002**

---

Dated: August 27, 2002

ERNST & YOUNG LLP



Donald G. Kalfen  
Partner

ERNST & YOUNG LLP  
233 South Wacker Drive  
Chicago, Illinois 60606  
Tel: (312) 879-2119  
Fax: (312) 879-2156

Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

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

In re: ) Case No. 02-08699  
) (Jointly Administered)  
NATIONAL STEEL CORPORATION, ) Chapter 11  
et al., ) Hon. John H. Squires  
)  
Debtors. )

FIRST STATEMENT OF  
ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
TO THE DEBTORS, FOR THE PERIOD  
FROM MARCH 6, 2002 THROUGH May 31, 2002

Ernst & Young ("EY"), human resources, audit and tax advisors to National Steel Corporation ("National Steel") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession (collectively, the "Debtors"), hereby files its First Statement (the "Statement") for the Period from March 6, 2002, through May 31, 2002 (the "Statement Period"). In support of this Monthly Statement, EY states as follows:

1. On March 6, 2002 (the "Petition Date"), the Debtors each filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to manage and operate their businesses as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On May 28, 2002, this Court entered that certain Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) Authorizing the Debtors' Retention of Ernst & Young LLP as Human Resources, Audit and Tax Advisors to the Debtors (Docket No. 385).

3. On March 7, 2002, this Court entered that certain Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 34) (the "Administrative Order").

4. In accordance with the Administrative Order, EY hereby submits this Statement, attached hereto as Exhibits A through D. On May 28, 2002, the Court approved periodic fixed audit fees to EY for the rendering of audit services to Debtors, in accordance with

the terms of the Debtors' Application and EY's Engagement Letter dated April 10, 2002. The first periodic fixed audit fee to EY is in the amount of \$302,000. In addition, on May 28, 2002, the Court approved fees to EY based upon EY's hourly rates for rendering human resource advisory services to Debtor, in accordance with the terms of the Debtors' Application and EY's Engagement Letter dated April 9, 2002. Through May 31, 2002, the amount of these fees to EY is \$69,866. EY hereby seeks approval of the periodic fixed audits fees of \$302,000 and the human resource advisory fees of \$69,866 for this Statement Period.

5. Additionally during the Statement Period, EY incurred expenses and other charges in the total amount of \$16,858 for which reimbursement is sought. These expenses and charges are summarized in the attached Statement.

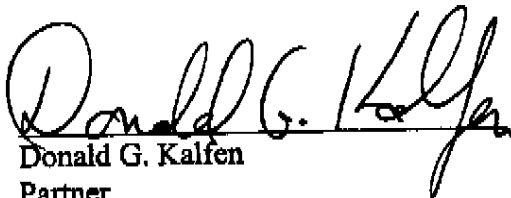
6. Pursuant to the Administrative Order, copies of the Statement have been served upon National Steel Corporation, section 327(a) counsel to the Debtors, counsel to the Post-Petition Lenders and the Committee, the United States Trustee and any other Professional (excluding Ordinary Course Professionals) retained pursuant to Order of this Court in these cases.

7. Unless any such party objects to the Statement, in whole or in part, on or before 20 days from the date of service of this Statement, the Debtors shall be authorized to pay the requested fees and expenses to EY in accordance with the terms of the Administrative Order without further order of Court.

8. EY reserves the right to correct, amend, or supplement the Statement until such time as final compensation and reimbursement is sought from these estates.

Dated: June 21, 2002

ERNST & YOUNG LLP



Donald G. Kalfen

Partner

ERNST & YOUNG LLP

233 South Wacker Drive

Chicago, Illinois 60606

Tel: (312) 879-2119

Fax: (312) 879-2156

Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

**EXHIBIT A**

**National Steel Corporation  
Ernst & Young LLP  
Summary of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

**Human Resource Advisory Services**

<u>Professional</u>	<u>Position</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Fees</u>
Donald Kalfen	Partner	66.5	\$589	\$39,169
Audrey Mostello	Manager	73.9	\$358	\$26,456
Susan Ein	Consultant	11.4	\$215	\$2,451
Christy Shenefield	Consultant	5.0	\$215	\$1,075
Kristin Casperson	Sr. Consultant	2.5	\$286	\$715
	<b>HRS Total</b>	<b>159.3</b>		<b>\$69,866</b>

**Audit Services** (fixed fees)

<u>Professional</u>	<u>Position</u>	<u>Hours</u>
Alan Paulus	Partner	3.0
Andrea Troyer	Staff	100.6
Arthur Belschner	Staff	22.0
Carey Sipe	Senior	233.0
Derek Steinhiser	Senior	86.0
Donald Neebes	Partner	3.0
Jim Pease	Partner	28.5
JJ McCoy	Manager	81.0
Kevin Klimara	Sr. Manager	40.5
Randy Spicer	Staff	90.8
Rebecca Ward	Senior	31.6
	<b>Audit Total</b>	<b>720.0</b>
	<b>EY Total</b>	<b>879.3</b>

**EXHIBIT B**  
**National Steel Corporation**  
**Ernst & Young LLP**  
**Summary of Time by Project Code**  
**For the Period March 6, 2002 through May 31, 2002**

**Human Resource Advisory Services**

<b>Project Code</b>	<b>Description</b>	<b>Hours</b>
15	Preparation for and Attendance at Court Hearings	7.0
25	Preparation/Participation in Meetings/Conference Calls with Debtor	7.9
29	Meetings with Other Parties	9.7
30	Analyze Employee Severance, Pension, Retention and Bonus Programs	102.6
45	Firm Retention	19.1
48	Preparation of Monthly Invoice and Support Schedules	13.0
<b>HRS Total</b>		<b>159.3</b>

**Audit Services**

<b>Project Code</b>	<b>Description</b>	<b>Hours</b>
61	Planning and Risk Assessment for Annual Audit and Related Matters	143.30
64	Audit of Financial Statement Accounts and Related Matters	457.7
65	Reporting on Annual Financial Statements and Related Matters	115.0
66	Consultation Regarding Accounting Issues and Other Procedures Outside of Audit	4.0
<b>Audit Total</b>		<b>720.0</b>
<b>EY Total</b>		<b>879.3</b>

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
<b><u>Human Resource Advisory Services</u></b>				
Shenefield, Christy	04/17/2002	<u>5.00</u>	30	Performed benchmark analysis of select executive positions with respect to base pay.
	<b>Shenefield Total</b>	<b><u>5.00</u></b>		
Casperson, Kristin	04/17/2002	<u>2.50</u>	30	Performed benchmark analysis of select executive positions with respect to base pay.
	<b>Casperson Total</b>	<b><u>2.50</u></b>		
Ein, Susan N	03/12/2002	1.30	30	Peer reviewed Chapter 11 cases' court documents used to develop competitive retention, emergence and severance data set forth in KERP Report.
Ein, Susan N	03/19/2002	1.80	30	Peer reviewed draft of KERP report.
Ein, Susan N	03/21/2002	4.50	30	Conducted market competitive compensation analysis of eleven job positions of Debtor.
Ein, Susan N	04/16/2002	1.80	30	Performed research regarding Ch 11 cases retention, emergence and severance compensation programs.
Ein, Susan N	04/17/2002	<u>2.00</u>	30	Performed analysis of select Chapter 11 cases with respect to retention, emergence and severance compensation practices.
	<b>Ein Total</b>	<b><u>11.40</u></b>		
Kalfen, Donald G	03/09/2002	3.50	30	Drafted report analyzing National Steel Corporation's ("Debtor") proposed key employee retention program ("KERP Report").
Kalfen, Donald G	03/16/2002	7.50	30	Drafted KERP Report.
Kalfen, Donald G	03/11/2002	1.20	30	Teleconference with Audrey Mostello regarding revisions to the KERP Report.
Kalfen, Donald G	03/12/2002	1.70	30	Office conference with Audrey Mostello regarding revisions to KERP Report.
Kalfen, Donald G	03/12/2002	0.50	30	Office conference with Audrey Mostello regarding revisions to KERP Report.
Kalfen, Donald G	03/14/2002	3.00	30	Drafted revisions to KERP Report.
Kalfen, Donald G	03/15/2002	2.70	30	Preparation of KERP committee report.
Kalfen, Donald G	03/16/2002	1.80	30	Reviewed draft motion prepared by Debtor's counsel, Skadden Arps, seeking court order approving Debtor's proposed KERP ("KERP Motion").
Kalfen, Donald G	03/17/2002	5.10	30	Reviewed KERP Motion and prepared memorandum with respect to suggested revisions to the KERP Motion.
Kalfen, Donald G	03/17/2002	0.40	30	Teleconference with Audrey Mostello regarding revisions to KERP Report.
Kalfen, Donald G	03/17/2002	0.60	30	Teleconference with Audrey Mostello regarding revisions to memorandum regarding the KERP Motion.
Kalfen, Donald G	03/18/2002	0.30	29	Teleconference with Audrey Mostello, Keith Simon and Tim Pohl regarding KERP Report.
Kalfen, Donald G	03/18/2002	1.10	29	Teleconference with Audrey Mostello regarding draft Debtor KERP report.
Kalfen, Donald G	03/20/2002	0.80	30	Office conference with Audrey Mostello regarding revisions to KERP Report.
Kalfen, Donald G	03/20/2002	1.20	29	Reviewed revised KERP Motion; Teleconference with Keith Simon of Skadden Arps regarding same.

**EXHIBIT C**

**National Steel Corporation**

**Ernst & Young LLP**

**Detail of Time by Professional**

**For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
Kalfen,Donald G	03/20/2002	0.40	29	Teleconference with Bob Wujtowicz of Ernst & Young Corporate Finance LLC regarding revisions to KERP Report.
Kalfen,Donald G	03/21/2002	1.40	30	Revised exhibit to motion and draft Debtor KERP report.
Kalfen,Donald G	03/21/2002	0.60	29	Teleconference with Skadden Arps with respect to revisions to KERP Report.
Kalfen,Donald G	03/22/2002	0.40	30	Office conference with Audrey Mostello regarding revisions to Debtor KERP Report.
Kalfen,Donald G	04/08/2002	1.80	30	Prepared response to Deloitte's Data Request.
Kalfen,Donald G	04/09/2002	1.20	25	Teleconference with Debtor, Skadden Arps and EYCF regarding response to Deloitte's Data Request.
Kalfen,Donald G	04/10/2002	0.60	25	Teleconference with Debtor, Skadden and EYCF regarding proposed Debtor KERP.
Kalfen,Donald G	04/11/2002	0.40	30	Office conference with Audrey Mostello with respect to responding to Deloitte's Data Request.
Kalfen,Donald G	04/11/2002	1.10	29	Teleconference with Skadden Arps, EYCF and Deloitte & Touche with respect to Debtor's proposed KERP and KERP Report.
Kalfen,Donald G	04/12/2002	1.20	30	Accumulated and prepared data and information in response to Deloitte & Touche's supplemental data request with respect to Debtor's proposed KERP and KERP Report.
Kalfen,Donald G	04/16/2002	1.50	30	Reviewed response to Deloitte's Data Request and supplemental request.
Kalfen,Donald G	05/02/2002	0.40	30	Office conference with Audrey Mostello regarding response to UCC counter.
Kalfen,Donald G	05/02/2002	0.50	25	Teleconference with Larry Zizzo regarding UCC counter to Debtor's KERP.
Kalfen,Donald G	05/02/2002	0.50	29	Teleconference with EYCF regarding Creditors counter.
Kalfen,Donald G	05/02/2002	1.00	25	Teleconference with Skadden Arps and Debtor regarding UCC's counter to Debtor's KERP.
Kalfen,Donald G	05/06/2002	6.50	45	Prepared affidavit and related documents related to Ernst & Young's retention by Debtor during ch. 11 proceedings.
Kalfen,Donald G	05/16/2002	2.80	45	Prepared affidavit and related documents related to Ernst & Young's retention by Debtor during ch. 11 proceedings.
Kalfen,Donald G	05/17/2002	2.90	45	Prepared affidavit and related documents related to Ernst & Young's retention by Debtor during ch. 11 proceedings.
Kalfen,Donald G	05/17/2002	2.40	45	Reviewed motion prepared by Piper Marbury Debtor's counsel related to Ernst & Young's retention.
Kalfen,Donald G	05/17/2002	0.50	45	Teleconference with Piper Marbury regarding filing of motion related to Ernst & Young's retention.
Kalfen,Donald G	05/23/2002	4.50	15	Prepared for May 28, 2002, bankruptcy court hearing regarding Debtor's KERP by reviewing proffer, revised motion related to Debtor's KERP and revised KERP.
Kalfen,Donald G	05/28/2002	2.50	15	Attended May 28, 2002, bankruptcy court hearing with respect to Debtor's KERP.
Kalfen,Donald G	05/30/2002	<u>2.00</u>	48	Reviewed preparation of detailed fee analysis.
	<b>Kalfen Total</b>	<b><u>66.50</u></b>		
Mostello,Audrey L.	03/11/2002	4.00	30	Drafted revisions to KERP Report.

## EXHIBIT C

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
Mostello,Audrey L.	03/11/2002	3.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/12/2002	1.70	30	Office conference with Donald Kalfen regarding revisions KERP Report.
Mostello,Audrey L.	03/12/2002	2.30	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/13/2002	3.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/14/2002	0.50	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/14/2002	1.50	30	Office conference with Donald Kalfen regarding revisions KERP Report.
Mostello,Audrey L.	03/15/2002	2.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/15/2002	1.00	25	Teleconference with Debtor and Debtor's counsel, Skadden Arps, regarding KERP Report.
Mostello,Audrey L.	03/15/2002	1.50	30	Reviewed draft motion prepared by Debtor's counsel, Skadden Arps, regarding Debtor's proposed KERP.
Mostello,Audrey L.	03/15/2002	2.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/17/2002	1.00	30	Teleconference with Donald Kalfen regarding revisions to KERP Report and revisions to memorandum with respect to KERP Motion.
Mostello,Audrey L.	03/17/2002	1.50	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/18/2002	2.40	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/18/2002	0.60	30	Teleconference with Donald Kalfen regarding Debtor's and counsel's comments regarding draft KERP Report.
Mostello,Audrey L.	03/18/2002	1.20	29	Teleconferences with Keith Simon of Skadden Arps regarding KERP Report.
Mostello,Audrey L.	03/18/2002	1.20	29	Teleconference with Larry Zizzo and Ronald Werhnyak of Debtor regarding KERP Report.
Mostello,Audrey L.	03/18/2002	0.20	25	Teleconference with Larry Zizzo of Debtor regarding draft KERP Report.
Mostello,Audrey L.	03/18/2002	0.50	25	Teleconference with Donald Kalfen, Keith Simon and Tim Pohl regarding KERP Report.
Mostello,Audrey L.	03/18/2002	0.30	29	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/19/2002	1.30	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/19/2002	0.30	25	Teleconference with Larry Zizzo to discuss revisions KERP Report.
Mostello,Audrey L.	03/19/2002	0.50	29	Teleconference with Debtor's counsel to discuss revisions to KERP Report.
Mostello,Audrey L.	03/19/2002	1.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/19/2002	2.00	30	Drafted revisions to KERP Report.
Mostello,Audrey L.	03/20/2002	0.40	30	Office conference with Donald Kalfen regarding revisions to KERP Report.
Mostello,Audrey L.	03/20/2002	1.70	30	Revisions to draft Debtor KERP report.
Mostello,Audrey L.	03/21/2002	1.00	29	Teleconference with Donald Kalfen and Keith Simon of Skadden Arps regarding revisions to KERP Report.
Mostello,Audrey L.	03/21/2002	0.20	30	Teleconference with Donald Kalfen regarding KERP Report.
Mostello,Audrey L.	03/21/2002	1.30	30	Final review of presentation, review of motion attachment and recommended changes.
Mostello,Audrey L.	03/21/2002	1.30	30	Office conference with Donald Kalfen regarding revisions to KERP Report.
Mostello,Audrey L.	03/22/2002	0.50	30	Report.



**EXHIBIT C**

**National Steel Corporation**

**Ernst & Young LLP**

**Detail of Time by Professional**

**For the Period March 6, 2002 through May 31, 2002**

<b>Professional</b>	<b>Date</b>	<b>Hours</b>	<b>PCD</b>	<b>Description</b>
Mostello, Audrey L.	03/27/2002	0.30	25	Teleconference with Larry Zizzo regarding employment contracts.
Mostello, Audrey L.	03/27/2002	1.00	30	Distribution of KERP Report to all relevant parties.
				Prepared response to Deloitte & Touche's ("Deloitte") data request regarding Debtor's proposed KERP and KERP Report ("Deloitte's Data Request").
Mostello, Audrey L.	04/05/2002	1.00	30	Teleconference with Donald Kalfen with respect to preparation of response to Deloitte's Data Request.
Mostello, Audrey L.	04/08/2002	0.30	30	Prepared response to Deloitte's Data Request.
Mostello, Audrey L.	04/08/2002	1.30	30	Additional Chapter 11 benchmark research.
Mostello, Audrey L.	04/09/2002	2.00	30	Teleconference with Debtor, Skadden Arps and EYCF regarding response to Deloitte's Data Request.
Mostello, Audrey L.	04/09/2002	1.20	25	Teleconference with Debtor, Skadden and EYCF regarding proposed Debtor KERP.
Mostello, Audrey L.	04/10/2002	0.50	25	Prepared detailed billing analysis.
Mostello, Audrey L.	04/10/2002	3.00	48	
				Teleconference with Skadden Arps, EYCF and Deloitte & Touche with respect to Debtor's proposed KERP and KERP Report.
Mostello, Audrey L.	04/11/2002	1.00	29	Accumulated data and information in response to Deloitte's Data Request.
Mostello, Audrey L.	04/11/2002	2.00	30	Teleconference with Larry Zizzo of Debtor regarding Debtor's vacation and severance policies.
Mostello, Audrey L.	04/12/2002	1.00	25	Accumulated data and information in response to Deloitte's Data Request.
Mostello, Audrey L.	04/12/2002	2.30	30	Office conference with Donald Kalfen with respect to responding to Deloitte's Data Request.
Mostello, Audrey L.	04/12/2002	0.50	30	Accumulated and prepared data and information in response to Deloitte & Touche's supplemental data request with respect to Debtor's proposed KERP and KERP Report.
Mostello, Audrey L.	04/15/2002	3.00	30	Prepared response to Deloitte's Data Request.
Mostello, Audrey L.	04/16/2002	1.00	30	Prepared final changes to response to Deloitte's Data Request and supplemental request.
Mostello, Audrey L.	04/17/2002	1.00	30	Teleconference with Donald Kalfen and EYCF to discuss response to Unsecured Creditor Committees' ("UCC") counter to Debtor's proposed KERP.
Mostello, Audrey L.	05/02/2002	0.50	29	
				Teleconference with Donald Kalfen, Skadden Arps and Debtor to discuss response to UCC counter to Debtor's proposed KERP.
Mostello, Audrey L.	05/02/2002	0.60	25	Reviewed affidavit and additional documents and delivered same to Piper Marbury, Debtor's counsel.
Mostello, Audrey L.	05/17/2002	2.00	45	Preparation of detailed billing analysis.
Mostello, Audrey L.	05/29/2002	4.00	48	Preparation of detailed billing analysis.
Mostello, Audrey L.	05/30/2002	2.00	48	Preparation of detailed billing analysis.
Mostello, Audrey L.	05/31/2002	2.00	48	Preparation of detailed billing analysis.
	<b>Mostello Total</b>	<b>73.90</b>		
	<b>HRS Total</b>	<b>159.30</b>		

**Audit Services**

## EXHIBIT C

National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002

Professional	Date	Hours	PCD	Description
Belschner, Arthur	03/26/2002	1.00	61	Blocked out folders for quarterly review
Belschner, Arthur	04/03/2002	7.00	61	GAM Implementation for #004
Belschner, Arthur	04/04/2002	3.50	61	Block-out of documents for 502 plans and updating of audit programs.
Belschner, Arthur	04/04/2002	4.50	61	GAM Implementation for NSC Plan #002 (Pellet Co.)
Belschner, Arthur	04/05/2002	1.50	61	Block out of documents for NSC Plan #001 (Salaried)
Belschner, Arthur	04/08/2002	2.50	61	Blocked out various AO first quarter documents
Belschner, Arthur	04/08/2002	1.00	64	Fluctuation analysis of GCD Trial balance
Belschner, Arthur	04/12/2002	1.00	64	Fluxed AO TB
	<b>Belschner Total</b>	<b><u>22.00</u></b>		
Klimara, Kevin	04/11/2002	2.00	64	Quarterly review procedures-pellet company
Klimara, Kevin	04/11/2002	2.00	64	Quarterly review procedures-granite city
Klimara, Kevin	04/12/2002	8.00	64	Quarterly review procedures-AO, granite city and pellet
Klimara, Kevin	04/14/2002	1.00	66	Research with respect to the Company's treatment of deferred financing fees on Credit Facility with DIP Facility in place.
Klimara, Kevin	04/15/2002	2.50	61	Other planning
Klimara, Kevin	04/19/2002	1.00	61	Other planning
Klimara, Kevin	04/24/2002	1.00	64	Discussions with various management on EITF 86-30.
Klimara, Kevin	04/25/2002	3.00	64	1st quarter review procedures including review of AO and final review of granite city.
Klimara, Kevin	04/25/2002	2.00	64	1st quarter review procedures including review of AO and final review of granite city.
Klimara, Kevin	04/26/2002	5.00	65	Quarterly review procedures on 1st quarter of National Steel including review of our procedures as well as status meeting with Company's management.
Klimara, Kevin	04/30/2002	1.00	64	Follow-up on open questions with respect to property taxes and other open review questions.
Klimara, Kevin	05/02/2002	2.00	65	Review of 10-Q and discussion with Scott Hunter on comments.
Klimara, Kevin	05/08/2002	2.00	65	Quarterly review wrap-up.
Klimara, Kevin	05/08/2002	6.00	65	Quarterly review wrap-up.
Klimara, Kevin	05/12/2002	0.50	64	Review of AQR engagement profile and checklist.
Klimara, Kevin	05/14/2002	1.50	61	Prep for planning meeting
	<b>Klimara Total</b>	<b><u>40.50</u></b>		
McCoy, JJ	04/02/2002	2.00	61	Administrative work related to 1st Q SAS 71. Divisional coordination, travel arrangements, scope planning.
McCoy, JJ	04/10/2002	2.00	64	SAS 71 Procedures at GLD-account analyses and discussions with client.
McCoy, JJ	04/11/2002	8.00	64	SAS 71 Procedures at GLD-account analyses and discussions with client.
McCoy, JJ	04/12/2002	8.00	64	SAS 71 Procedures at GLD-review of account analyses and discussions with client.
McCoy, JJ	04/15/2002	2.00	64	Documentation of procedures for GLD review including discussions with staff and client.
McCoy, JJ	04/16/2002	8.00	64	MWD SAS 71 Procedures, account analyses
McCoy, JJ	04/17/2002	8.00	64	MWD SAS 71 Procedures, review of account analyses
McCoy, JJ	04/22/2002	3.00	64	SAS 71 Procedures for AO, working with Sipe on flux explanations and unusual adjustments.

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
McCoy, JJ	04/23/2002	2.00	64	SAS 71 procedures for AO, account analyses and discussions with client.
McCoy, JJ	04/25/2002	4.00	64	SAS 71 procedures for AO, review of analyses, comments to team, meeting with team
McCoy, JJ	04/26/2002	5.00	64	SAS 71 Procedures for AO, review of comments, clearing of comments.
McCoy, JJ	04/26/2002	3.00	61	Pre and post petition classification analysis
McCoy, JJ	04/29/2002	8.00	61	Pre and post petition classification analysis
McCoy, JJ	04/30/2002	2.00	64	SAS 71 Procedures for NSPC, discussions with Kilmera and Pease.
McCoy, JJ	05/01/2002	1.50	65	Review of 10Q Draft
McCoy, JJ	05/01/2002	1.50	65	Review of audit committee materials for May 3, 2002 audit committee meeting
McCoy, JJ	05/01/2002	2.00	65	SAS 71 Procedures for NSPC, review of account analyses.
McCoy, JJ	05/03/2002	3.00	65	Preparation for and participation on the audit committee quarterly conference call.
McCoy, JJ	05/13/2002	8.00	65	Q1 SAS 71 Wrapup-All divisions
	<b>McCoy Total</b>	<b>81.00</b>		
Neebes, Don	04/19/2002	1.00	66	Accounting for debt fees
Neebes, Don	05/09/2002	1.00	66	Consultation - debt fees/National City Capital Corporation
Neebes, Don	05/13/2002	1.00	66	Consultation with Laura Phillips regarding National City Capital Corporation.
	<b>Neebes Total</b>	<b>3.00</b>		
Paulus, Alan	05/05/2002	1.00	65	independent partner quarterly review
Paulus, Alan	05/09/2002	2.00	65	independent partner quarterly review
	<b>Paulus Total</b>	<b>3.00</b>		
Pease, Jim	04/22/2002	2.50	61	PLANNING FOR FIRST QUARTER REVIEW, INCLUDING DISCUSSIONS WITH MANAGEMENT
Pease, Jim	04/25/2002	2.00	61	PLANNING/REVIEW OF FIRST QUARTER REVIEW PROCEDURES, INCLUDING DISCUSSIONS WITH MANAGEMENT
Pease, Jim	04/25/2002	2.00	61	PLANNING FOR 1Q REVIEW - ALL
Pease, Jim	04/25/2002	2.00	64	PLANNING, REVIEW
Pease, Jim	04/25/2002	2.00	64	REVIEW OF QUARTERLY PROCEDURES
Pease, Jim	04/26/2002	3.00	64	REVIEW OF 1ST QUARTER PROCEDURES INCLUDING STATUS MEETING WITH CLIENT
Pease, Jim	04/26/2002	1.00	64	REVIEW OF 1ST QUARTER PROCEDURES INCLUDING STATUS MEETING WITH CLIENT
Pease, Jim	05/03/2002	2.00	65	REVIEW AUDIT COMMITTEE PACKAGE AND PARTICIPATE ON AUDIT COMM CALL
Pease, Jim	05/05/2002	1.50	65	REVIEW DRAFT OF 10Q
Pease, Jim	05/07/2002	4.50	65	review quarter ,draft of 10k, final memo,draft review report and acknowledgement letter
Pease, Jim	05/09/2002	2.00	65	REVIEW 10k INCLUDING FOLLOWUP ON QUESTIONS
Pease, Jim	05/13/2002	3.00	65	REVIEW FINAL 10-Q WITH AUDIT COMMITTEE AND SCOTT HUNTER IN MISHIWAKA
Pease, Jim	05/13/2002	1.00	61	Planning documents

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
	<b>Pease Total</b>	<b><u>28.50</u></b>		
				Scheduling (putting time into ARMS - coordination with Yvonne), updating time budget, and discussions with Rebecca & JJ related to all plans.
Sipe, Carey	03/07/2002	1.50	61	
Sipe, Carey	03/12/2002	0.50	61	Scheduling time for executives for all plans.
				Discussion with Pease, Klimara, and McCoy about 2001 EBP timing, fees, preparation of financial statements for all plans.
Sipe, Carey	03/13/2002	0.50	61	
				Discussion with JJ about presentation of financial statements, update of time buget for all plans.
Sipe, Carey	03/15/2002	1.50	61	
Sipe, Carey	04/02/2002	1.00	61	Review of AWS engagements for all plans.
				EBP Planning work for all engagements, including planning meeting agenda, Client Assistance Guides, AWS rollforward, supervision of
Sipe, Carey	04/03/2002	7.50	61	Artie, etc.
Sipe, Carey	04/04/2002	1.00	61	401(k) CAG
				AWS review of EBP engagements for all plans-looking at risk assessment (GAM)
Sipe, Carey	04/04/2002	1.00	61	
				EBP Meeting with Annette Dreibelbis, Sharon McDonald, Linda Rutkowske, Rebecca Ward, Randy Spicer, and myself - time also includes preparation.
Sipe, Carey	04/04/2002	2.00	61	
Sipe, Carey	04/04/2002	1.00	61	LTD CAG
Sipe, Carey	04/04/2002	0.50	61	PM/TE calculation for all plans - updated with executive changes
Sipe, Carey	04/04/2002	1.00	61	Pension CAG
Sipe, Carey	04/04/2002	1.00	61	Reviewing engagements risk assessments/GAM
Sipe, Carey	04/11/2002	1.00	64	Provided assistance to Randy/Supervision of Artie-1Q review
				Coordination with Melanie Wroblewski to get trial balance and supervision of Artie.
Sipe, Carey	04/12/2002	1.00	64	
				Coordination with Scott Hunter concerning reports, Annette Dreibelbis concerning CAGs for all plans.
Sipe, Carey	04/12/2002	1.00	61	
				AO - Reconciliation procedures/general work (time budget/PM&TE calculation/etc.)
Sipe, Carey	04/15/2002	6.00	64	
				Client Assistance Guide updates/coordination with client (mailing of CAGs) for all plans.
Sipe, Carey	04/15/2002	2.00	61	
Sipe, Carey	04/16/2002	6.50	64	AO - account analyses, discussions with client
Sipe, Carey	04/16/2002	1.50	64	NSPC - account analyses, coordination with client
				1Q - AO (Account analyses, discussions with Bob Foley and Melanie Wroblewski, synchronization of GCD, etc.)
Sipe, Carey	04/17/2002	5.00	64	
				1Q - NSPC (Account analyses and coordination with Ron Olson).
Sipe, Carey	04/17/2002	3.00	64	
				1Q - AO (Discussions with client, account analyses, blockouts of transmittal, consent, & opinion).
Sipe, Carey	04/18/2002	8.00	64	
Sipe, Carey	04/19/2002	6.00	64	1Q - AO work, account analyses, recon. Review
				1Q - NSPC - Accrued Production Tax discussion with Ron Olson & Bob Foley.
Sipe, Carey	04/19/2002	1.00	64	
				1Q AO - Account analyses, discussion of EITF 98-14 with Scott Hunter, flux explanations, etc.
Sipe, Carey	04/22/2002	5.00	64	

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
Sipe, Carey	04/22/2002	3.00	61	Planning - Updating PERM files for all benefit plans which include any new amendments, plan documents, IRS determination letters
Sipe, Carey	04/23/2002	0.50	64	1Q AO - Discussed issues with Melanie W./Scott Hunter.
Sipe, Carey	04/23/2002	4.50	61	Updating of Perm Files/AWS for the Salaried Pension Plan. 1Q AO - Review of T/B, DOC, breakout of pre and post-petition liabilities, finishing documentation on flux analyses and account analyses, correspondence with client and testing of unusual adjustments.
Sipe, Carey	04/24/2002	9.00	64	1Q AO - Meeting with engagement team to discuss any open issues and status of quarter.
Sipe, Carey	04/25/2002	2.00	64	1Q AO - Pre and post-petition analysis of T/B accounts.
Sipe, Carey	04/25/2002	3.00	64	1Q AO - Tie out of balances on the individual corporation T/B's to the Details of Consolidation.
Sipe, Carey	04/25/2002	3.50	64	401(k) - Supervision of Randy, ASM, General Plan Background, and other planning matters.
Sipe, Carey	04/26/2002	1.50	61	
Sipe, Carey	04/29/2002	3.50	65	1Q AO - Reviewed GAAP Checklist, tied out financial statements, cleared Kevin's review notes, and held discussions with Melanie regarding account analyses. I also met with Paul Kowalski of NSC I/A to discuss breakout of pre- and post-petition liabilities
Sipe, Carey	04/29/2002	5.00	61	401(k) - ASM and GAM planning work and supervision of Andrea Troyer. 1Q AO -- Pre and post petition work, discussions with I/A and client about breakout of liabilities, DOC tie out, T/B review, management flux analysis review, tie out of 10-Q items, etc.
Sipe, Carey	04/30/2002	7.50	64	401(k) - Supervision/review of Andrea, ICFC planning, and correspondence with client
Sipe, Carey	04/30/2002	2.00	61	
Sipe, Carey	05/01/2002	5.50	65	AO - Tying out of T/B's to DOC and noting adjustments, discussions with Kevin K. and Derek S., synch file to Klimara and Pease, faxes to Klimara, tying out of Q, supervision of Andrea.
Sipe, Carey	05/01/2002	1.00	64	Corporate SRM
Sipe, Carey	05/01/2002	3.00	61	401(k) - ASM/ICFC Planning update, GAM, supervision of Andrea
Sipe, Carey	05/01/2002	0.50	61	SUB 504 - Supervision of Andrea and planning items, CAG/ASM
Sipe, Carey	05/02/2002	3.50	64	AO - Tying out the 10-Q, reviewing Andrea's work, correspondence with client (Melanie W. and Scott H.)
Sipe, Carey	05/02/2002	1.50	64	SRM - putting together my piece along with Derek and Randy's, faxes to Klimara, email of SRM to Klimara/McCoy
Sipe, Carey	05/02/2002	1.00	65	401(k) - Assisting Andrea in tying out the financial statements and correspondence with Barb Dugan and Annette Dreibelbis.
Sipe, Carey	05/03/2002	2.00	64	LTD - Supervision/reviewing of Andrea - made selections for benefits testing
Sipe, Carey	05/06/2002	0.50	64	401(k) - Supervision of Andrea - review of her benefit testing selections.

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 8, 2002 through May 31, 2002**

<b>Professional</b>	<b>Date</b>	<b>Hours</b>	<b>PCD</b>	<b>Description</b>
Sipe, Carey	05/07/2002	8.50	65	1Q AO - Wrap-up procedures.
Sipe, Carey	05/07/2002	0.50	64	401(k) - SAS 70 review and relationship to testing performed during the audit.
Sipe, Carey	05/07/2002	0.50	65	401(k) - Status update with Rebecca and discussion of open items/issues related to preparation of financial statements.
Sipe, Carey	05/07/2002	0.50	64	401(k) - Supervision/review of Andrea's work related to benefit payments.
Sipe, Carey	05/08/2002	2.50	65	1Q AO - wrap up, discussions with Kevin Klimara and Jim Pease
Sipe, Carey	05/08/2002	7.00	64	401(k) - contribution testing, and review/supervision of Andrea's work in the area of contributions.
Sipe, Carey	05/08/2002	1.00	61	Engagement Letter update, printing, and giving to client.
Sipe, Carey	05/09/2002	3.00	61	401(k) - Review of GAM, audit program update with risk assessments.
Sipe, Carey	05/09/2002	4.50	64	401(k) - Review/supervision of Andrea Troyer related to loans to participants.
Sipe, Carey	05/09/2002	3.00	64	401(k) - review of SAS 70 and the form filled out to show relationship to audit program.
Sipe, Carey	05/10/2002	2.00	65	1Q AO - inclusion of Al Paulus' comments on SRM, report, and 10-Q changes. Also updated cash flows with adjustments.
Sipe, Carey	05/10/2002	5.00	61	401(k) - Update of planning matrix, which shows the distinguishment of full scope and limited scope audits.
Sipe, Carey	05/13/2002	7.50	65	1Q AO - Letter of Rep. finalization, consents, opinions, review of final adjustments, and other wrap up procedures, including updating minutes of board and audit committee meetings.
Sipe, Carey	05/14/2002	1.00	65	Quarterly review wrap-up procedures.
Sipe, Carey	05/15/2002	0.50	65	1Q AO - Wrap up procedures.
Sipe, Carey	05/20/2002	1.50	64	401(k) - Discussion with client regarding contribution testing, updating other team members of status of engagement, etc.
Sipe, Carey	05/20/2002	3.50	61	Meeting with Rebecca/Randy to discuss status of benefit plans, scheduling updates.
Sipe, Carey	05/21/2002	1.50	65	Discussions with Rebecca/Andrea regarding status of plans, scheduling meeting with Brad S. and Rebecca to discuss Andrea's schedule related to NSC, correspondence with client (Annette D.), report work, etc.
Sipe, Carey	05/22/2002	8.00	64	401(k) - Review of Andrea's tie out of report, benefit payments, GAM, correspondence with client, etc., contributions recalcs.
Sipe, Carey	05/23/2002	6.50	65	401(k) - Letter of Rep. blockout, report tie out, checking in changes to report, AWS review, contributions recalcs.
Sipe, Carey	05/23/2002	1.00	61	LTD - correspondence with client (Sharon McDonald), GAM
Sipe, Carey	05/24/2002	6.00	64	401(k) - Contributions recalculations (including review of Andrea's work), cleared Rebecca's review notes in AWS related to specific audit areas.
Sipe, Carey	05/24/2002	1.00	61	LTD - Correspondence with Sharon McDonald and planning work, such as ICFC and ASM.
Sipe, Carey	05/24/2002	1.00	64	Pensions - tying out of pension registers to worksheet in AWS

**EXHIBIT C**

**National Steel Corporation  
Ernst & Young LLP  
Detail of Time by Professional  
For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
				Supervision/review of Andrea/Randy, GAM, Planning, OAR, Discussions with Scott Hunter regarding financial statements and overall analytical review.
Sipe, Carey	05/28/2002	6.00	65	Internal Audit meeting and writeup. Items discussed were sent to engagement team members
Sipe, Carey	05/28/2002	2.00	61	Meeting with several individuals, including Ron Freeman, Mark Springfield, and Dick Taylor, regarding the move to our new office and other items.
Sipe, Carey	05/28/2002	1.00	61	401(k) - Supervision/review of Andrea's work related to participant data.
Sipe, Carey	05/29/2002	2.00	64	LTD - updating GAM
Sipe, Carey	05/29/2002	1.00	61	Pensions - Benefit payment work (blocking out confirmations, updating carryforward, updating memos, etc.)
Sipe, Carey	05/29/2002	1.00	64	Pensions - Benefit payment work (blocking out confirmations, updating carryforward, updating memos, etc.)
Sipe, Carey	05/29/2002	1.00	64	Pensions - Benefit payment work (blocking out confirmations, updating carryforward, updating memos, etc.)
Sipe, Carey	05/29/2002	1.00	64	updating carryforward, updating memos, etc.)
Sipe, Carey	05/29/2002	2.00	61	SUBs - updating GAM
Sipe, Carey	05/29/2002	0.50	61	Discussions with Brian Moran of E&Y IT Dept. to discuss procedures for backing up files.
Sipe, Carey	05/30/2002	6.50	64	401(k) - GAAP checklist, OAR, Review of AWS, Correspondence with client regarding financial statements.
Sipe, Carey	05/30/2002	1.50	61	Job administration
	<b>Sipe Total</b>	<b>233.00</b>		
Spicer, Randy	04/01/2002	1.00	64	Group Ins. Plan-hrly-GAM, audit program update
Spicer, Randy	04/01/2002	1.0	61	GCD 1st Quarter Planning
Spicer, Randy	04/04/2002	2.00	64	Group Ins. Plan-hrly-GAM, audit program update
Spicer, Randy	04/04/2002	4.00	64	EBP CAG and Planning meeting
Spicer, Randy	04/05/2002	1.00	64	Sub-GLD-GAM
		1.5	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/08/2002		64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/09/2002	1.0	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/10/2002	8.0	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/11/2002	9.0	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/12/2002	8.0	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/15/2002	3.0	64	GCD 1st Quarter Review-review of client account recs, trial balance review/tie out, flux explanations
Spicer, Randy	04/16/2002	1.5	64	AO-account analyses and reconciliation reviews, unusual adjustments
Spicer, Randy	04/16/2002	1.5	64	AO-account analyses and reconciliation reviews
Spicer, Randy	04/18/2002	1.0	64	AO-account analyses and reconciliation reviews
Spicer, Randy	04/22/2002	0.5	64	Conference Call with JJ to discuss 1st quarter open items
Spicer, Randy	04/23/2002	8.00	64	Sub-GLD-detail testing of maximum financing calculation.

**EXHIBIT C**

**National Steel Corporation**

**Ernst & Young LLP**

**Detail of Time by Professional**

**For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
Spicer, Randy	04/24/2002	3.30	64	NS Pellet Co Sub-Hourly max. financing calculation - updated with new information
Spicer, Randy	04/24/2002	0.50	64	Copy Prior Year Workpapers used in this year's audit also (carryforward documentation)
Spicer, Randy	04/24/2002	3.00	64	Copy prior year workpaper, update carryforwards, blocking out cash confirmations
Spicer, Randy	04/24/2002	0.50	64	Sub Plans Folder Blockouts and financial statement drafts
Spicer, Randy	04/25/2002	2.00	64	sub 509 maximum financing calculation -correspondence with client.
Spicer, Randy	04/25/2002	6.0	65	AO Financial Statement and Cash Flow Tie-out
Spicer, Randy	05/01/2002	0.5	65	AO Financial Statement and Cash Flow Tie-out
Spicer, Randy	05/28/2002	4.00	64	sub 509 maximum financing calculation -correspondence with client.
Spicer, Randy	05/29/2002	3.50	64	515 plan maximum financing calculation -correspondence with client.
Spicer, Randy	05/30/2002	8.00	61	516 Plan -GAM updating risk assessments, ASM
Spicer, Randy	05/31/2002	7.50	64	procedures for 517-Death & Sickness-making risk assessments, ASM
	<b>Spicer Total</b>	<b><u>90.80</u></b>		
Steinhiser, Derek	04/05/2002	1.0	64	Engagement rollforward and TB review for GLD
Steinhiser, Derek	04/08/2002	1.0	64	Engagement rollforward and TB review for other divisions
Steinhiser, Derek	04/10/2002	1.0	64	Engagement rollforward and TB review for other divisions
Steinhiser, Derek	04/11/2002	6.5	64	TB review, reconciliation/analyses procedures - all divisions
Steinhiser, Derek	04/12/2002	8.0	64	Discussions with Melanie, clearing of questions, account analyses
Steinhiser, Derek	04/15/2002	5.0	64	Discussions with other staff regarding reconciliation procedures, coordination with client, analyses
Steinhiser, Derek	04/16/2002	8.0	64	Account analyses - MWD, GLD, AO and MWD
Steinhiser, Derek	04/17/2002	8.0	64	Account analyses - MWD, GLD, AO and MWD
Steinhiser, Derek	04/18/2002	8.0	64	Account analyses - MWD, GLD, AO and MWD
Steinhiser, Derek	04/19/2002	8.0	64	Account analyses - MWD, GLD, AO and MWD, Tax issues and discussions
Steinhiser, Derek	04/22/2002	7.5	64	Follow-up and documentation of MWD SAS 71 Review
Steinhiser, Derek	04/23/2002	5.5	64	Follow-up and documentation of GLD SAS 71 Review
Steinhiser, Derek	04/24/2002	2.5	64	Follow-up and documentation of AO SAS 71 Review
Steinhiser, Derek	04/24/2002	4.0	64	Follow-up and documentation of MWD & GLD SAS 71 Review
Steinhiser, Derek	04/25/2002	4.0	64	Discussions of Pre/Post Accounting
Steinhiser, Derek	04/26/2002	5.0	64	SAS 71 review procedures, follow-up on outstanding items, review notes
Steinhiser, Derek	05/02/2002	3.0	64	SRM and discussions of the quarter
	<b>Steinhiser Total</b>	<b><u>86.00</u></b>		
Troyer, Andrea	04/29/2002	3.50	64	Benefit Plans: Blocking out folders, trust statements, coordinating and receiving draft and AFS - Plan #002
Troyer, Andrea	04/29/2002	2.00	64	Contribution Plans: Participant Data 401(k) Plans 002 & 004.
Troyer, Andrea	04/29/2002	0.5	65	Footing Financial Statements
Troyer, Andrea	04/30/2002	2.50	64	401(k) Plans: Participant Data
Troyer, Andrea	04/30/2002	0.50	65	401(k) Plans: Printing Block-outs of F/S from ARCS.



## EXHIBIT C

## National Steel Corporation

## Ernst &amp; Young LLP

## Detail of Time by Professional

For the Period March 6, 2002 through May 31, 2002

Professional	Date	Hours	PCD	Description
Troyer, Andrea	04/30/2002	1.00	61	Health and Welfare Plans-GAM updating of risk assessments
Troyer, Andrea	04/30/2002	1.0	65	Footing and Tie-Out of F/S.
Troyer, Andrea	05/01/2002	2.00	64	401(k) Plans: Contribution Reconciliation
Troyer, Andrea	05/01/2002	4.50	61	GAM Updating in AWS for Contribution plans #002
Troyer, Andrea	05/01/2002	0.50	61	LTD Plan #530-GAM
Troyer, Andrea	05/01/2002	1.50	64	Pellet Company Sub Plan #504 maximum financing calculation- correspondence with Pellet management.
Troyer, Andrea	05/01/2002	1.0	65	F/S tie-out
Troyer, Andrea	05/02/2002	3.00	64	401(k) F/S tie-out
Troyer, Andrea	05/02/2002	1.00	64	Financial Statement tie out
Troyer, Andrea	05/02/2002	3.00	64	Updating Tax Qualification checklist in AWS for Plan #002
Troyer, Andrea	05/02/2002	2.0	65	Quarter Tie-Out
Troyer, Andrea	05/03/2002	3.50	64	401(k) plans: F/S tie-out, Participant Data updating and sync files of the engagements.
Troyer, Andrea	05/06/2002	5.50	61	401(k): updating information in AWS for ASM, ICFC, Tax qualification checklist, and General Plan Background
Troyer, Andrea	05/07/2002	8.80	64	401(k): Financial Statements tie-out and contribution reconciliation. 401(k) plan: Completing tax qualification checklist. Make selections from tax registers for benefit testing.
Troyer, Andrea	05/08/2002	1.50	64	
Troyer, Andrea	05/08/2002	6.00	64	401(k) plan: Financial Statements tie-out. Benefit payment testing. 401(k) Plans: Updating Tax Qualification Checklist. Completing
Troyer, Andrea	05/09/2002	8.50	64	Benefit Payment testing. Financial Statements Tie-out. 401(k) plans: Financial Statements tie-out. Clean-up and clearing review notes. Updating GAM in AWS.
Troyer, Andrea	05/10/2002	4.80	64	Working on Participant Data Testing, Contributions Testing and Updating Financial Statements
Troyer, Andrea	05/22/2002	7.00	64	
Troyer, Andrea	05/28/2002	8.50	64	401(k) Contributions, discussions with AO payroll and divisions
Troyer, Andrea	05/29/2002	9.00	64	401(k) Contributions Testing. 401(k) Financial statement tie out and followup with client regarding remaining open items.
Troyer, Andrea	05/30/2002	8.00	64	
	<b>Troyer Total</b>	<b>100.60</b>		
Ward, Rebecca	03/22/2002	1.00	61	Scheduling; discussion with JJ about duties of NSC personnel Retirement Savings Plan procedures, financial statement tie out and review.
Ward, Rebecca	04/04/2002	8.00	64	
Ward, Rebecca	04/05/2002	0.50	64	Retirement Savings Plan procedures - review of loan testing
Ward, Rebecca	04/11/2002	0.20	64	Retirement Savings Plan procedures - review of loan testing Plan 001 - review of detail areas, such as benefit payments, contributions.
Ward, Rebecca	05/09/2002	1.00	64	
Ward, Rebecca	05/09/2002	1.00	61	NS Pellet Co. Pension Plan, perm file update.
Ward, Rebecca	05/11/2002	0.30	61	Ret. Svgs Plan perm file update
Ward, Rebecca	05/13/2002	1.60	64	Ret. Svgs Plan review of benefit payments Ret. Svgs Plan review of planning (GAM, ASM, ICFC, audit program)
Ward, Rebecca	05/22/2002	8.00	61	
Ward, Rebecca	05/29/2002	1.00	65	Plan 006 procedures review of financial statement draft
Ward, Rebecca	05/29/2002	1.00	65	Plan 027 review of financial statement draft

**EXHIBIT C**  
**National Steel Corporation**  
**Ernst & Young LLP**  
**Detail of Time by Professional**  
**For the Period March 6, 2002 through May 31, 2002**

<u>Professional</u>	<u>Date</u>	<u>Hours</u>	<u>PCD</u>	<u>Description</u>
Ward, Rebecca	05/30/2002	8.00	65	Repr. Empl'ee Ret. Svgs Plan (004) - review of financial statement draft.
	<b>Ward Total</b>	<b><u>31.60</u></b>		
	<b>Audit Total</b>	<b><u>720.00</u></b>		
	<b>EY Total Hours</b>	<b><u>879.30</u></b>		

**EXHIBIT D**

**National Steel Corporation  
Ernst & Young LLP  
Summary of Expenses  
For the Period March 6, 2002 through May 31, 2002**

Professional	Date	Expense Type				Description	Total
		Transportation	Meals	Lodging	Other		
<b><u>Human Resource Advisory Services</u></b>							
Kalfen, D.	3/10/02 - 4/10/02	-	-	-	1,079	Pacer web service fee for retrieving Chapter 11 court documents.	1,079
	4/02/02	-	-	-	182	Washington Document service fee for retrieving Chapter 11 court documents.	182
<b>HRS Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,261</b>		<b>\$ 1,261</b>
<b><u>Audit Services</u></b>							
Andrea Troyer	05/03/2002	83	35	490			608
Andrea Troyer	05/10/2002	66	110	352			528
Andrea Troyer	05/24/2002	44	25	196			265
Andrea Troyer	05/31/2002	132	37	130			299
Arthur Belschner	04/05/2002	88	13	99			200
Carey Sipe	04/05/2002	90	45	176			311
Carey Sipe	04/12/2002	6	-	-			6
Carey Sipe	04/19/2002	88	83	372			543
Carey Sipe	04/26/2002	88	90	264			442
Carey Sipe	05/03/2002	90	97	352			539
Carey Sipe	05/10/2002	55	90	352			497
Carey Sipe	05/17/2002	92	62	88			242
Carey Sipe	05/17/2002	55	78	264			397
Carey Sipe	05/31/2002	-	86	352			438
Derek Steinhiser	04/12/2002	683	208	132			1,023
Derek Steinhiser	04/19/2002	46	138	176			360
Derek Steinhiser	04/19/2002	-	30	88			118
Derek Steinhiser	04/26/2002	-	65	396			461
Derek Steinhiser	05/31/2002	13	-	-			13
Jim Pease	04/26/2002	100	-	198			298
Jim Pease	05/10/2002	100	-	83			183
Jim Pease	05/17/2002	100	67	110			277
JJ McCoy	04/05/2002	721	-	-			721
JJ McCoy	04/12/2002	136	48	267			451
JJ McCoy	04/19/2002	148	63	109			320
JJ McCoy	04/26/2002	9	143	176			328
JJ McCoy	05/03/2002	88	-	-			88
JJ McCoy	05/17/2002	88	9	88			185
Kevin Klimara	04/12/2002	180	144	138			460
Kevin Klimara	04/19/2002	35	-	-			35
Kevin Klimara	04/26/2002	149	-	-			149
Kevin Klimara	05/03/2002	15	-	209			224
Kevin Klimara	05/10/2002	130	-	-			130
Randy Spicer	04/05/2002	725	-	-			725
Randy Spicer	04/12/2002	211	14	404			629

**EXHIBIT D**

**Ernst & Young LLP  
Summary of Expenses  
For the Period March 6, 2002 through May 31, 2002**

Professional	Date	Expense Type				Description	Total
		Transportation	Meals	Lodging	Other		
Randy Spicer	04/19/2002	-	6	-	-		6
Randy Spicer	04/26/2002	100	109	249	-		458
Randy Spicer	05/31/2002	100	81	166	-		347
Rebecca Ward	04/05/2002	93	66	-	-		159
Rebecca Ward	05/24/2002	48	8	110	-		166
<b>Audit Total</b>		<b>\$ 4,995</b>	<b>\$ 2,050</b>	<b>\$ 6,584</b>	<b>\$ -</b>		<b>\$ 13,629</b>
<b>EY Total</b>							<b>\$ 14,890</b>

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

In re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
<u>et al.</u> ,	)	Hon. John H. Squires
	)	
Debtors.	)	

**SECOND STATEMENT OF  
ERNST & YOUNG LLP,  
HUMAN RESOURCES, AUDIT AND TAX ADVISORS  
TO THE DEBTORS, FOR THE PERIOD  
FROM June 1, 2002 THROUGH July 31, 2002**

Ernst & Young ("EY"), human resources, audit and tax advisors to National Steel Corporation ("National Steel") and certain of its subsidiaries and affiliates, debtors and debtors-in-possession (collectively, the "Debtors"), hereby files its Second Statement (the "Statement") for the Period from June 1, 2002, through July 31, 2002 (the "Statement Period"). In support of this Monthly Statement, EY states as follows:

1. On March 6, 2002 (the "Petition Date"), the Debtors each filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to manage and operate their businesses as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. On May 28, 2002, this Court entered that certain Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) Authorizing the Debtors' Retention of Ernst & Young LLP as Human Resources, Audit and Tax Advisors to the Debtors (Docket No. 385).
3. On March 7, 2002, this Court entered that certain Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 34) (the "Administrative Order").
4. In accordance with the Administrative Order, EY hereby submits this Statement, attached hereto as Exhibits A through D. On May 28, 2002, the Court approved periodic fixed audit fees to EY for the rendering of audit services to Debtors, in accordance with

the terms of the Debtors' Application and EY's Engagement Letter dated April 10, 2002. The second periodic fixed audit fee to EY is in the amount of \$302,000 (\$150,000 – 2<sup>nd</sup> installment of Annual Audit; \$55,000 – 2<sup>nd</sup> quarterly review procedures; \$97,000 – 2<sup>nd</sup> installment of Pension Audit). EY hereby seeks approval of the periodic fixed audits fees of \$302,000 for this Statement Period.

5. During the Statement Period, EY incurred expenses and other charges in the total amount of \$11,230 for which reimbursement is sought. These expenses and charges are summarized in the attached Statement and are included within the above \$302,000.

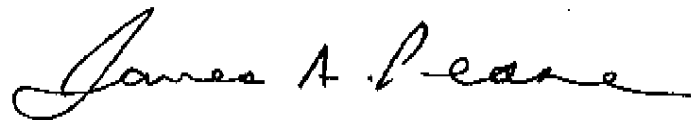
6. Pursuant to the Administrative Order, copies of the Statement have been served upon National Steel Corporation, section 327(a) counsel to the Debtors, counsel to the Post-Petition Lenders and the Committee, the United States Trustee and any other Professional (excluding Ordinary Course Professionals) retained pursuant to Order of this Court in these cases.

7. Unless any such party objects to the Statement, in whole or in part, on or before 20 days from the date of service of this Statement, the Debtors shall be authorized to pay the requested fees and expenses to EY in accordance with the terms of the Administrative Order without further order of Court.

8. EY reserves the right to correct, amend, or supplement the Statement until such time as final compensation and reimbursement is sought from these estates.

Dated: August 26, 2002

ERNST & YOUNG LLP



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James Pease  
Partner  
ERNST & YOUNG LLP  
111 Monument Circle, Suite 2600  
Indianapolis, IN 46204  
Tel: (317) 681-7311  
Fax: (317) 681-7358  
Human Resources, Audit and Tax Advisors to  
Debtors and Debtors-in-Possession

Exhibit A

NATIONAL STEEL CORPORATION  
ERNST & YOUNG  
SUMMARY OF TIME BY PROFESSIONAL-2002 ANNUAL AUDIT  
FOR THE PERIOD JUNE 1, 2002 THROUGH JULY 31, 2002

<u>Professional</u>	<u>Position</u>	<u>Hours</u>
Jim Pease	Partner	15.0
Kevin Klimara	Sr. Manager	8.0
JJ McCoy	Manager	27.0
Marie Powell	Manager	8.0
Chad Kimball	Senior	26.0
Carey Sipe	Senior	30.5
Derek Steinhiser	Senior	22.5
Josh Brumbaugh	Staff	17.0
Seth Keims	Staff	40.5
Allison Lehman	Staff	37.1
Randy Spicer	Staff	25.5
	<b>Total</b>	<u><u>257.1</u></u>

Exhibit B

NATIONAL STEEL CORPORATION  
ERNST & YOUNG  
SUMMARY OF TIME FOR 2002 ANNUAL AUDIT  
FOR THE PERIOD JUNE 1, 2002 THROUGH JULY 31, 2002

<u>Project Code</u>	<u>Description</u>	<u>Hours</u>
46	Preparation of Fee/Expense Applications	9.5
61	Planning and Risk Assessment for Annual Audit and Related Matters	183.5
63	Internal Control Assessment and Testing and Related Matters	64.1
	<b>Total Hours</b>	<b><u>257.1</u></b>



## Exhibit C

**NATIONAL STEEL CORPORATION  
ERNST & YOUNG  
DETAIL OF TIME BY PROFESSIONAL--2002 Annual Audit  
FOR THE PERIOD JUNE 1, 2002 THROUGH JULY 31, 2002**

<u>Name</u>	<u>Date</u>	<u>Time</u>	<u>PCD</u>	<u>Description</u>
Pease, Jim				
	6-Jun	5.0	61	Planning docs, discussion with team, prep for planning meeting
	7-Jun	8.0	61	Planning meeting
	27-Jun	1.0	61	Addressing planning related issues.
	28-Jun	1.0	61	Discussions with team regarding timing and controls.
<b>Pease, Jim Total</b>		<b><u>15.0</u></b>		
Klimara, Kevin				
	7-Jun	8.0	61	Planning meeting
<b>Klimara, Kevin Total</b>		<b><u>8.0</u></b>		
McCoy, JJ				
	4-Jun	4.0	61	Preparation for planning meeting - prep of exhibits for discussion
	6-Jun	4.0	61	Preparation for planning meeting-discussions with various team, document review
	7-Jun	8.0	61	Planning meeting
	10-Jun	1.0	46	46 - Initial data gathering for fee application
	11-Jun	3.0	46	46 - Construction of template for hours and expense submission.
	12-Jun	1.0	46	46 - Input and review of hours and expenses in fee application template.
	8-Jul	1.0	61	61 - Staffing and resource allocation for 2002 audit - specifically time for tests of controls and interim fieldwork.
	12-Jul	5.0	63	63 - Review of selections made for cash disbursement, cash receipt, and payroll control testing purposes
<b>McCoy, JJ Total</b>		<b><u>27.0</u></b>		
Powell, Marie				
	7-Jun	8.0	61	Audit planning meeting
<b>Powell, Marie Total</b>		<b><u>8.0</u></b>		
Kimball, Chad				
	7-Jun	4.0	61	Planning meeting
	29-Jul	8.0	63	63 "Internal Control Assessment and Testing and Related Matters"
	30-Jul	8.0	63	63 "Internal Control Assessment and Testing and Related Matters"
	31-Jul	6.0	63	63 "Internal Control Assessment and Testing and Related Matters"
<b>Kimball, Chad Total</b>		<b><u>26.0</u></b>		
Sipe, Carey				
	3-Jun	2.0	61	Job administration (Perm File work).
	4-Jun	1.0	61	Planning - Correspondence with JJ and Derek regarding planning meeting.

Exhibit C

<u>Name</u>	<u>Date</u>	<u>Time</u>	<u>PCD</u>	<u>Description</u>
	5-Jun	7.0	61	Updating of planning meeting agenda for meeting to be held with engagement team on 6/7/02. In addition, I updated certain exhibits, held conversations with team members regarding meeting, and emailed the agenda to engagement team personnel.
	6-Jun	8.0	61	National Steel Preparation for the Planning Meeting and updating of agenda and exhibits.
	7-Jun	8.0	61	Planning Meeting
	10-Jun	3.0	46	46 - Time analysis (includes time of all engagement members)
	12-Jun	1.5	46	46 - Preparation of fee/expense spreadsheets and communication with engagement executives.
<b>Sipe, Carey Total</b>		<u><b>30.5</b></u>		
<b>Steinhiser, Derek</b>				
	6-Jun	3.0	61	Planning meeting preparation
	7-Jun	8.0	61	Planning meeting
	8-Jul	3.5	61	Scheduling
	9-Jul	4.0	61	Scheduling
	10-Jul	4.0	61	61 - AO Planning, obtaining workpapers and organization of files for the upcoming audit
<b>Steinhiser, Derek Total</b>		<u><b>22.5</b></u>		
<b>Brumbaugh, Josh</b>				
	15-Jul	8.0	61	61 - Planning and Risk Assessment for Annual Audit and Related Matters. Distributed and Updated the planning memo's and other walkthrough related information. Gathered Test of Control Information.
	16-Jul	6.0	61	61 - Planning and Risk Assessment for Annual Audit and Related Matters. Distributed and updated the planning memo's and other walkthrough related information. Gathered Test of Control Information.
	17-Jul	3.0	61	61 - Planning and Risk Assessment for Annual Audit and Related Matters. Distributed and updated the planning memo's and other related walkthrough related information. Gathered Test of Control Information.
<b>Brumbaugh, Josh Total</b>		<u><b>17.0</b></u>		
<b>Keims, Seth</b>				
	10-Jul	6.0	61	61- Read prior year walkthroughs for Great Lakes Division and prepared 2002 documentation for client review.
	11-Jul	2.0	61	61 - Prepared documentation for client review for Great Lakes walkthroughs
	11-Jul	2.0	61	61- Gathered documentation and made selections for test of controls for payroll and PP&E.
	11-Jul	4.0	61	61- Held conversations with clients regarding financial statement close process, inter-company eliminations, accounts payable, freight accounting, PP&E, and payroll (for august walkthroughs).
	12-Jul	6.0	61	61- Gathered information and held conversations with clients regarding the shipping, raw materials, and accounts payable process (for august walkthroughs).