

Expenses of Professionals (Docket #34) ("Interim Fee Procedures Order"). The Debtor paid the \$15,000 holdback amount after the Court approved Hatch's first interim fee and expense application on November 18, 2003. Regarding expenses, Hatch originally requested expenses in the amount of \$24,939.88, but the Court disallowed \$1,099.20. By this Final Application, Hatch seeks allowance of only the amount of \$23,840.68 previously allowed on an interim basis.

I. FACTUAL BACKGROUND

A. General Status of Case

1. On March 6, 2002, the Debtors commenced these cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code").
2. Collectively, and prior to the sale of substantially all of their assets on May 20, 2003, the Debtors comprised one of the largest integrated steel producers in the United States. The debtors were 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 steelmaking 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 were represented by the United Steelworkers of America ("USWA") or other labor organizations, and their respective employment terms were governed by various collective bargaining agreements ("CBA's").

3. The Debtors were headquartered in Mishawaka, Indiana near South Bend.

The Debtors formerly had three principal facilities: two integrated steel plants, the Granite City facility in Granite City, Illinois and the Great Lakes facility in Ecorse and River Rouge, Michigan; and a finishing facility, the Midwest Division, in Portage, Indiana near Chicago.

4. As of the Petition Date, the Debtors owed substantial sums to a wide range of secured and unsecured creditors, including trade creditors. Total unsecured trade payables were in the range of \$200,000,000 as of the Petition Date. The Debtor also had substantial unfunded pension liabilities and "legacy costs."

5. On March 18, 2002, Ira Bodenstein, the United States Trustee for the Northern District of Illinois (the "U.S. Trustee"), appointed the Committee pursuant to section 1102 of the Bankruptcy Code. Members of the Committee include, *inter alia*, pre-petition trade creditors, the Pension Benefit Guaranty Corporation ("PBGC") and the USWA

6. On January 30, 2003, the Court issued an Order approving the Debtor's entry into an Asset Purchase Agreement with AK Steel Corporation ("AK Steel") as an alternative to a prior transaction proposed by United States Steel Corporation ("US Steel").

7. On April 17, 2003, the Debtors selected US Steel as having made the highest and best bid for the Debtors' assets. On April 21, 2003, the Court approved the Debtors' entry into an Asset Purchase Agreement with US Steel and a related intercreditor term sheet.

8. On May 20, 2003, the Debtors closed on the sale of substantially all of their operating assets to US Steel.

9. On August 14, 2003, Debtors filed their First Amended Joint Plan of Liquidation ("Chapter 11 Plan") and a Disclosure Statement with Respect to the Chapter 11 Plan ("Disclosure Statement"). The Court held a hearing on the adequacy of the Disclosure Statement

on August 19, 2003 and approved the Disclosure Statement. On October 17, 2003, the Debtors filed their Modification to the Chapter 11 Plan.¹

10. On October 23, 2003, the Court held a hearing on the Chapter 11 Plan and indicated on the record that the Court would confirm the Plan. Also on October 23, 2003, the Court entered its findings of Fact, Conclusions of Law and Order Confirming First Amended Joint Plan of Liquidation of National Steel Corporation and its Affiliated Debtors and Debtors in Possession, as Modified ("Confirmation Order").

11. Both the Chapter 11 Plan (Section 10.1) and the Confirmation Order (Paragraph III.C.2.a) provide that all final requests for compensation and reimbursement of professional fees must be filed and served on the Reorganized Debtors and their counsel no later than forty-five days after the Effective Date.

12. On December 19, 2003, the Reorganized Debtors filed and served their Notice of (I) Entry of Order Confirming the First Amended Joint Plan of Liquidation of National Steel Corporation and its Affiliated Debtors and Debtors in Possession, as Modified, and (II) Occurrence of the Effective Date ("Effective Date Notice"). Pursuant to the Effective Date Notice, all final fee and expense applications of Committee professionals, including those of Hatch, are due to be filed and served on the Reorganized Debtors no later than February 2, 2004, with any objections due within thirty (30) days (plus three days mailing) or on or before March 8, 2004.

13. The Chapter 11 Plan (section 10.17(a)) further provided that the Committee would be dissolved as of the Effective Date. As of the Effective Date, and pursuant to Section

¹ Unless otherwise indicated, all capitalized forms used herein shall have the meanings ascribed to them in the Chapter 11 plan.

10.17(a) of the Chapter 11 Plan, the Unsecured Creditors Representative ("Representative") was formed and constituted as a successor to the Committee.

14. To the best of Hatch's knowledge, all quarterly fees of the U.S. Trustee have been or will be paid.

15. Hatch is informed and believes that the Reorganized Debtors have sufficient cash and cash equivalents to pay all administrative expenses in these Chapter 11 cases and that the principal source of all payments made or to be made to Hatch is the proceeds of the US Steel sale.

B. Retention of Hatch

1. On March 17, 2002, the Committee selected Reed Smith LLP ("Reed Smith") to act as its principal counsel in these cases. Reed Smith maintains offices in Pittsburgh and Philadelphia, Pennsylvania and in other cities in Pennsylvania, New York, New Jersey and Virginia and in Washington, D.C.

2. On March 22, 2002, the Committee selected Deloitte Consulting ("Deloitte") to act as its financial consultant in these cases.

3. On March 22, 2002, the Committee selected McDermott, Will & Emery to act as its employee relations, conflicts and local bankruptcy counsel in these cases.

4. On or about March 14, 2003 the Committee selected Hatch Consulting as its Independent Engineering Consultant in these cases. Beginning on or before March 14, 2003 Hatch began to provide certain engineering and evaluation services at the direction of the Committee.

5. On or about March 28, 2003, the Committee filed its Application for Order *Nunc Pro Tunc* Authorizing the Committee to employ Hatch Consulting as Independent

Engineering Consultant ("Hatch Retention Application"), a copy of which attached as **Exhibit A** hereto. Included with the Hatch Retention Application was the Declaration and Disclosure Statement of Richard D. McLaughlin, a copy of which is attached as **Exhibit B** hereto.

6. On April 7, 2003, the Court entered its Order Authorizing Unsecured Creditors' Committee of National Steel Corporation to Employ Hatch Consulting as its Independent Engineering Consultant, a copy of which is attached as **Exhibit C** hereto.

C. Jurisdictional and Statutory Basis for this Final Application

7. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b)(2) and 1334. The venue of these cases and this Final Application is proper in accordance with 28 U.S.C. §§ 1408 and 1409. Hatch makes this Final Application pursuant to: (a) sections 330(a) and 331 of the Bankruptcy Code, (b) Rule 2016 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), (c) Rule 5082-1 of the Bankruptcy Rules for the United States District Court and the United States Bankruptcy Court for the Northern District of Illinois, effective as of June 1, 2003 ("Local Bankruptcy Rules"), (d) certain applicable provisions of the United States Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement Filed Under 11 U.S.C. § 330 (Appendix A to 28 C.F.R. § 58 ("Guidelines")) and (e) the Interim Fee Procedures Order.

II. INTERIM PAYMENTS TO HATCH

1. Pursuant to the Interim Fee Procedures Order, Hatch has filed and served monthly statements: the first covering the period from March 14 through April 30, 2003 and the second covering May, 2003. The Debtors have paid Hatch 100% of its fees and 100% of its allowable expenses for March 14 through April 30, 2003 and for May 2003. The total amount

paid is \$158,176.89, which includes the \$15,000.00 held back from March 14 through April and May fees ("Holdback Amount"). On November 18, 2003 the Court entered its Order Granting First Interim Fee and Expense Application of Hatch Consulting. A copy of this Order is attached as **Exhibit D** hereto. The sole purpose for this Final Application is to request final allowance of fees and expenses previously allowed on an interim basis.

III. NARRATIVE SUMMARY

A. Fees And Expenses Applied For And Payments Sought By Hatch Consulting

1. Hatch Consulting hereby seeks final approval and allowance of compensation earned during the Final Application Period in the amount of \$150,000.00. Hatch further seeks final approval and allowance of expenses incurred during the Final Application Period in the amount of \$23,840.68.

2. During the Final Application Period, Hatch provided assistance to the Committee by preparing and delivering a report that assessed the quality of the Debtors' major operating plants and related assets located in Mishawaka, Indiana, Ecorse and River Rouge, Michigan, Granite City, Illinois, Portage, Indiana, Canton, Michigan and Keewatin, Minnesota (collectively the "Facilities") in order to determine the operating characteristics of the Facilities and cost structure thereof, including the appropriate amount of capital expenditures that would be to maintain the competitive nature of such Facilities. Hatch also developed a "manpower plan" for the Facilities. The Manpower Plan suggested modifications necessary to ensure that the Facilities could be operated profitably on a stand-alone basis in the event that the auction process proved unsuccessful and the Debtors had to reorganize their business on a stand-alone basis rather than through a sale. The work described herein included on-site reviews of the Debtors' Facilities.

3. To assist the Court, the Debtors, the U.S. Trustee and the various parties in interest in analyzing Hatch's fees and expenses during the Final Application Period, and as required, in some instances, by Local Bankruptcy Rule 5087-1 and the Guidelines, Hatch has attached the following exhibits:

a. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(e), **Exhibit E** hereto is a summary format which sets forth a description of the services rendered by all Hatch professionals and support staff representing the Committee during the Final Application Period. It is identical to Exhibit D in the Hatch Interim Application. Exhibit D contains information relating to positions, hourly rates, and number of hours worked. As set forth in the Hatch Retention Application, Hatch does not keep detailed time records (hours relate to project numbers, but not to specific tasks) in the ordinary course of business. In negotiating the amount and structure of the fees to be paid to Hatch, the Committee focused on Hatch's expertise in evaluating the quality of National Steel's fixed assets and the labor requirements of companies like National Steel, and agreed to a fixed fee of \$150,000.00 for all work as set forth in the Engagement Letter (Exhibit A of the "Hatch Retention Application").

4. Hatch has staffed its representation of the Committee at all times to avoid duplication of services provided by any other professionals employed by the Debtors or the Committee in these Chapter 11 cases.

5. In connection with the compensation and expenses described above, neither Hatch nor any principal, partner or employee thereof has received or been promised any compensation for services rendered or to be rendered in any capacity in connection with these cases other than as set forth herein.

6. All of the services for which Hatch requests compensation were rendered solely at the request of the Committee and not on behalf of any other person or entity.

B. Principal Activities

1. In accordance with Local Bankruptcy rule 5082-1(B)(1)(a), the principal activities performed by Hatch on behalf of the Committee during the First Interim Period have been categorized by subject matter. The principal activities involved are:

- a. Strategic Plan and Documentation Review
- b. National Steel Pellet Plan Review
- c. Granite City Review
- d. Great Lakes Review
- e. Midwest Review
- f. Conclusions and Report Preparation
- g. Project Administration

Strategic Plan and Documentation Review – 162 Hours Total

The Strategic Plan and Documentation Review portion of our assignment includes the man-hours spent by the various team members reviewing documents provided by the Creditors' Committee prior to site visits. Each team member's review focused on documentation related to his or her specific area of expertise as follows:

Richard McLaughlin – Business Plan
Richard Engel – Business Plan and Headcount Reductions
Tony Deane – Maintenance
John Harhai – Steel Making
Simon Mail – Coating Lines
Merve Sue-Chu – Rolling Mills
Iakov Gordon – Iron Making

National Steel Pellet Plant Review – 32 hours

The entire review of the National Steel Pellet operation was completed by Callum Grant of Hatch, whose tasks included asset evaluation, capital plan review, and headcount reduction.

Granite City Review – 251 hours

The man-hours spent by the project team at Granite City were for the site visit and subsequent analysis of information received both verbally and in written form. The specific items that were assessed included asset evaluation, capital plan review, and headcount reduction.

The following is a list of team members along with specific areas they reviewed:

- Richard McLaughlin – Business Plan
- Richard Engel – Business Plan & Headcount Reduction
- Tony Deane – Maintenance
- Tom Berg – Coke Making
- John Harhai – Steel Making
- Iakov Gordon – Iron Making
- Per Munther – Hot Rolling
- Merv Sue-Chu – Cold Rolling
- Simon Malin – Coating Lines

Great Lakes Review – 195 hours

The man-hours spent by the project team at Great Lakes were for the site visit and subsequent analysis of information received both verbally and in written form. The specific items that were assessed included asset evaluation, capital plan review, and headcount reduction.

The following is a list of team members along with specific areas they reviewed:

- Richard McLaughlin – Business Plan
- Richard Engel – Business Plan & Headcount Reduction
- Tony Deane – Maintenance
- Tom Berg – Coke Making
- John Harhai – Steel Making
- Iakov Gordon – Iron Making
- Per Munther – Hot Rolling

- Merv Sue-Chu – Cold Rolling
- Simon Malin – Coating Lines

Midwest Review – 135 hours

The man-hours spent by the project team at Great Lakes were for the site visit and subsequent analysis of information received both verbally and in written form. The specific items that were assessed included asset evaluation, capital plan review, and headcount reduction.

The following is a list of team members along with specific areas they reviewed:

- Richard McLaughlin – Business Plan
- Tony Deane – Maintenance
- Merv Sue-Chu – Cold Rolling
- Simon Malin – Coating Lines

Conclusions and Report Preparation – 212 Hours Total

The purpose of these hours was to develop and complete the final presentation, which was submitted and reviewed by the Creditor's Committee. This category includes man-hours spent reviewing all site reports and analyzing and synthesizing the information contained in the reports for inclusion in a written report submitted to the Creditor's Committee. The primary individuals responsible for this task were Richard McLaughlin, Richard Engel, Brad Osborne and Judy Taylor.

Project Administration – 73 Hours Total

Project administration involved the collection, sorting, logging and filing of documentation received from the Creditors' Committee for our review and disseminating the appropriate document to the various team members prior to site visits. This category also involved the collection, logging and filing of facility reports received from the various team members and for preparation of a data base of facility manning based on the reports received for distribution to various team members for analysis, synthesis and report preparation. The primary

individuals responsible for this task were Brad Osborne, Kurt Fowler and Judy Taylor. The time spent in this category by Richard McLaughlin and Rich Engel was primarily for organizing team members for site visits and coordinating logistics.

C. Description of Expenses Incurred

1. Hatch seeks reimbursement of its actual and necessary expenses incurred in rendering services during the Final Application Period. The total amount of expenses for which reimbursement sought is \$23,840.66. This is the same amount the Court approved on November 18, 2003. **Exhibit F** hereto is a summary by type of all expenses incurred by Hatch during the Final Application Period. It has not been modified to reflect the modifications required by the Court.

2. Hatch has included its expense documentation for the Final Application in **Group Exhibit G** hereto. The documentation is organized into Sub-Exhibit 1 (Travel and Transportation Expenses) and Sub-Exhibit 2 (Other Expenses).

IV. THE COMPENSATION AND EXPENSE REIMBURSEMENT SOUGHT BY HATCH ARE REASONABLE

1. To grant a request for compensation under sections 330 and 331 of the Bankruptcy Code, a bankruptcy court must find that such request is reasonable. As amended in 1994, section 330 states:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;

- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

2. Bankruptcy courts in this District normally engage in the so-called "lodestar approach". The lodestar approach is a two-step process involving the calculation of a lodestar figure (the time expended multiplied by hourly rate) and adjustment of this figure based on the factors referenced above. Based on the lodestar approach, Hatch is entitled to more than the compensation requested for the Final Application Period. However, as set forth in the Engagement Letter, and as approved by the Court under Section 328(a), Hatch has been paid on an interim basis an amount not to exceed \$150,000.00 in the aggregate for services rendered.

3. Hatch agreed to and provided necessary and important services to the Committee in connection with these complex and time-sensitive cases. At the direction of the Committee Hatch visited the major operating plants of the Debtors' and provided an assessment of the assets in all of the Facilities. Hatch also developed a manpower plan for the facilities to ensure that they could be operated profitably on a stand-alone basis in the event that the auction process proved unsuccessful. Hatch also provided an analysis of the value of assets subject to bidding and thereby assisted the Committee in determining its position as to the manner in which the Sale proceeds should be allocated among the principal creditor constituencies. As demonstrated above, Hatch's expenses were actual and necessary in light of the work required.

V. CONCLUSION

1. For the foregoing reasons the fees requested in this Final Application are reasonable and reflect the value of the services provided to the Committee. Moreover, Hatch requested and received reimbursement only of actual and necessary expenses (see **Exhibit G** Order Granting First Interim Fee and Expense Application of Hatch Consulting).

WHEREFORE, Hatch respectfully requests that the Court enter an Order:

- (i) confirming compensation of \$150,000.00 for engineering consultant services rendered during First Interim Application Period which has been paid;
- (ii) confirming reimbursement of expenses incurred during First Interim Application Period and previously paid in the amount of \$23,840.68.

Dated: January 29, 2004

Respectfully submitted,
HATCH CONSULTING

By: _____

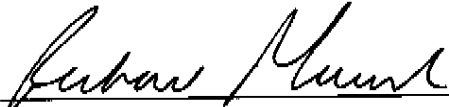

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EXHIBIT A

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

In re:)
)
NATIONAL STEEL CORPORATION,)
et al.,)
)
Debtors.)
)
)
)
)
)

CASE NO. 02 B 08699
(Jointly Administered)
CHAPTER 11
HON. JOHN H. SQUIRES
Hearing Date: April 7, 2003
Hearing Time: 1:00 p.m.
Objection Deadline: April 4, 2003

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS' APPLICATION
FOR ENTRY OF AN ORDER APPROVING THE RETENTION AND EMPLOYMENT
NUNC PRO TUNC OF HATCH CONSULTING AS ITS INDEPENDENT
ENGINEERING CONSULTANT**

Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Rule 2014,¹ the Official Committee of Unsecured Creditors of National Steel Corporation ("National Steel") and certain of its subsidiaries and affiliates (collectively, the "Affiliate Debtors"), debtors and debtors-in-possession (collectively, the "Debtors" or the "Company"), in the above-captioned, jointly-administered cases, respectfully requests that this Court enter an Order in the form attached hereto approving the retention and employment *nunc pro tunc* of Hatch Consulting ("Hatch"), as its independent engineering consultant to advise the Committee as to (i) the current physical condition of the Facilities (hereinafter defined), which analysis will include, without limitation, a review of the Debtor's current and projected expenditures plan, including capital expenditures with regard to the Facilities, and (ii) the labor and manning requirements at the Facilities in order for the Debtors to reorganize and operate profitably as stand alone entities should that become

¹ Unless otherwise noted, references to "Section ____" are to sections of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 and references to "Rule ____" are to the Federal Rules of Bankruptcy Procedure.

necessary, all as more specifically described herein, effective as of March 14, 2003. In support of this Application, the Committee respectfully represents the following:

BACKGROUND

1. On March 6, 2002 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for reorganization 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-in-possession pursuant to Sections 1107 and 1108.
2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
3. On March 18, 2002, the United States Trustee appointed the Committee and soon thereafter Reed Smith LLP was selected by the Committee to be primary Committee counsel in these cases and McDermott Will & Emery was retained as the Committee's local, labor and conflicts counsel. No trustee or examiner has been appointed in these cases. These bankruptcy cases are being jointly administered.
4. The statutory predicates for the relief requested herein are Sections 327(a) and 328(a), and Rule 2014.
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 8,000 people.

POTENTIAL SALE OF ASSETS

6. The Debtors are parties to a certain Asset Purchase Agreement between the Debtors and AK Steel Corporation ("AK Steel") dated January 30, 2003 (the "AK Steel APA")² pursuant to which AK Steel has offered to purchase substantially all of the assets of the Debtors, defined in the AK Steel APA as the "Acquired Assets", and assume certain liabilities for a purchase price of \$1,125,000,000. The obligations of AK Steel under the AK Steel APA are subject to certain conditions precedent including, without limitation, the negotiation and execution by AK Steel and the United Steelworkers of America ("USWA") of a mutually acceptable collective bargaining agreement covering the represented employees of the Business (as such term is defined in the AK Steel APA). To the Committee's knowledge, AK Steel and the USWA have not yet come to terms regarding a collective bargaining agreement and thus a major condition precedent to the aforesaid sale has not yet been fulfilled. The current deadline for fulfilling this condition precedent is April 9, 2003.

7. On February 6, 2002, a hearing was held before this Court pertaining to the Debtors' Motion for Orders Pursuant to 11 U.S.C. § § 105(A), 363, 365, 1145 and 1146(C) and Fed. R. Bankr. P. 2002, 6004, 6006 and 9014(A) Authorizing and Approving (i) Sale of Certain of Debtors' Assets Free and Clear of Liens, Claims, and Encumbrances, (ii) Assumption

² Prior to entering into the AK Steel APA, the Debtors entered into an Asset Purchase Agreement with US Steel Corporation ("USS") with regard to the Acquired Assets (the "US Steel APA"). At the Bid Procedures Hearing, AK Steel's offer for the Acquired Assets was determined to be higher and better than the offer made by USS for essentially the same assets and thus the Debtors sought Court approval to make AK Steel the "stalking horse" with regard to the Acquired Assets. Immediately prior to the Sales Procedures Hearing, the Debtors entered into the AK Steel APA, which in essence was a replacement of the US Steel APA.

and Assignment of Certain Executory Contracts and Unexpired Leases, (iii) Assumption of Certain Liabilities; (iv) Form and Manner of Sale Notices, and (v) Certain Sale Procedures, Including Payment of Break-Up Fee, and (B) Ordering that (i) Securities Received by Debtors Pursuant to Sale are Exempt from Registration under 11 U.S.C. § 1145 and (ii) Sale is Exempt from Certain Taxes Pursuant to 11 U.S.C. §1145 (the "Sale and Sale Procedures Motion"). Following the hearing (the "Sales Procedures Hearing"), an Order was entered by the Court approving various bidding procedures (the "Bid Procedures") pertaining to the sale of the Acquired Assets (the "Sale"). The aforesaid Order scheduled a hearing on the Sale for April 7, 2003 at 1:00 p.m. Central Time. On March 25, 2003, the Court entered an Order continuing the sale hearing until April 21, 2003 at 1:00 p.m.

8. At this time it remains uncertain whether a Sale will occur due to the fact that the conditions precedent contained in the AK Steel APA and in the Bid Procedures have not yet occurred. The Committee believes that USS is also conducting negotiations with the USWA in connection with a potential purchase by USS of the Acquired Assets. The Committee does not believe that USS and the USWA have yet come to terms regarding a collective bargaining agreement.

9. If a Sale occurs, Hatch's expertise will be critical in assisting the Committee in its analysis of the value of the Acquired Assets, which will be a very important variable in the Committee's position as to the manner in which the Sale proceeds should be allocated.

10. In the event that a Sale does not occur, an alternative to a Sale will need to be formulated in order for the Debtors' businesses to remain viable. The Committee is in the process of discussing with the Debtors various strategies to continue the Debtors as independent

going concerns in the event that a Sale does not occur. Hatch's assistance is vital to the Committee's role in developing various strategies with the Debtors. Hatch is a recognized leader in providing consulting services to the steel industry. Hatch has extensive experience in assessing the operating structure of integrated steel mills, including the quality of fixed assets, the amount and nature of necessary capital expenditures and the labor component, each of which needs to be reviewed in the event that these Facilities are to be reorganized on a stand alone basis.

11. In summary, the Committee has determined that it requires the assistance of Hatch to assist it in determining the following: (i) the quality of the Debtors' major operating plants and assets located in Mishawaka, Indiana, Ecorse, River Rouge and Canton, Michigan, Granite City, Illinois, Portage, Indiana, and Keewatin,, Minnesota (collectively, the "Facilities") in order to determine the operating characteristics of the Facilities and cost structure thereof, including, without limitation, the appropriate amount of capital expenditures that may be required to be made within the next few years to maintain the competitive nature of such Facilities; and (ii) the development of a "manpower plan" for the Facilities which will suggest any modifications Hatch deems necessary to ensure that the Facilities can be operated profitably in the event that the Debtors reorganize their businesses on a stand alone basis rather than through a Sale. The work herein described will involve on-site reviews of the Debtors' Facilities and is anticipated to take approximately five to six weeks to complete.

12. Hatch is uniquely qualified to perform the work described in paragraph 11 above. Hatch's advice will be critical in determining whether the Debtors are capable of formulating a stand alone reorganization plan and the costs attendant thereto (including

necessary capital expenditures) as well as the labor force reduction that would be required in order to achieve an effective stand alone plan.

RELIEF REQUESTED

13. By this Application, the Committee respectfully requests that this Court enter an Order in the form of that attached hereto approving the retention and employment of Hatch as its engineering consultant, effective as of March 14, 2003, on the terms and conditions set forth herein, as required and contemplated by Sections 327(a) and 328(a).

14. The Committee has selected Hatch as its independent engineering consultant in these cases because it believes that Hatch is uniquely qualified for the task. Hatch performed similar work for the Official Committee of Unsecured Creditors in, among others, the chapter 11 case of LTV Steel, and has a great deal of knowledge and expertise in evaluating the asset quality and workforce needs of integrated steel companies. Hatch is familiar with the quality and capacity of all of the major steel producing mills located in the United States.

15. The professionals at Hatch with primary responsibility for rendering the appraisal and other services to the Committee include Richard McLaughlin as team leader and approximately twelve other professionals who are experienced in conducting the analysis described herein. Subject to further order of this Court, the majority of the professional services that Hatch will be asked to render to the Committee are set forth in an Engagement Letter with Hatch, a copy of which is attached hereto as Exhibit A.

16. The services rendered by Hatch will neither overlap nor duplicate the services rendered by any other professionals employed by the Debtors or the Committee in these Chapter 11 cases. In this respect, Hatch will coordinate its services, as appropriate, with the

services of other professionals retained in these cases in order to avoid unnecessary duplication of effort.

17. To the best of Committee's knowledge, the officers and employees of Hatch (i) do not have any connection with the Debtors, their creditors or any other party in interest, or their respective attorneys or accountants, (ii) are "disinterested persons" under Section 101(14), as modified by Section 1107(b), and (iii) do not hold or represent an interest adverse to the estates, except as set forth in the McLaughlin Declaration, a true and correct copy of which is attached hereto as Exhibit B.

18. The Committee understands that the McLaughlin Declaration was prepared by accessing pertinent data sources to determine the connections between Hatch and parties-in-interest. Based upon the McLaughlin Declaration, and except as otherwise disclosed therein, the Committee believes that Hatch and those who work for it, to the best of the Committee's knowledge:

- A. are not creditors, equity security holders or insiders of the Debtors;
- B. are not and were not investment bankers for any outstanding securities of the Debtors;
- C. have not been, within three (3) years before the date of the filing of the petition commencing these chapter 11 cases, (i) investment bankers for a security of the Debtors, or (ii) attorneys for any such investment banker in connection with the offer, sale, or issuance of a security of the Debtors;
- D. are not and were not within two (2) years before the date of the filing of the petition commencing these chapter 11 cases, directors, officers, or employees of the Debtors or of any investment bankers specified in subparagraph B or C of this paragraph; and
- E. do not have any interest materially adverse to the interests of the estate or of any class of creditors or interest holders, by reason of any direct or indirect relationship to, connection with, or interest in.

the Debtors or any investment bankers specified in subparagraph B or C of this paragraph or for any other reason.

COMPENSATION AND REIMBURSEMENT

19. As set forth with greater specificity in the Engagement Letter, and subject to this Court's approval and Section 328(a), Hatch will be paid on an hourly rate (not to exceed \$150,000 in the aggregate) for the services rendered as herein described and Hatch will be reimbursed for its reasonable out-of-pocket expenses incurred in connection with providing such services, including, without limitation, travel-related expenses, computer processing, report preparation and miscellaneous costs, including long distance, parking and delivery costs.

20. The Committee believes that the above-described fee and expense structure is both fair and reasonable under the standards set forth in Section 328(a) in light of the types of services being provided.

21. Accordingly, the Committee respectfully requests that the compensation arrangement described and proposed in this Application be approved for the reasons set forth herein.

22. Hatch will file applications for allowance of its fees and expenses in respect of its services. All compensation sought by Hatch, shall be sought in accordance with the procedures set forth in Section 330 and 331, applicable Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules and this Court's Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures For Periodic Compensation And Reimbursement Of Expenses Of Professionals.

23. Hatch will maintain records in a summary format which will set forth a description of the services rendered by each professional in support of the services detailed in the

Engagement Letter. The Committee's request that Hatch be permitted to submit its records in this format.

24. Such relief is justified in this case as appraisers generally do not maintain detailed time records in the ordinary course of business. Furthermore, the Committee does not believe that the ultimate benefit to the Committee of Hatch's services hereunder can be measured merely by reference to the number of hours to be expended by Hatch's professionals in the performance of such services. Rather, the Committee, in negotiating the amount and structure of the fees to be paid pursuant to the Engagement Letter, focused on Hatch's expertise evaluating the quality of fixed assets owned by integrated steel companies and the labor requirements of such companies, which may be used by the Committee during the term of Hatch's engagement hereunder.

25. Hatch has indicated a willingness to act on behalf of the Committee. The Committee believes that Hatch is eminently qualified to serve the Committee in this case, and that the retention of Hatch is in the best interest of the Committee's creditors and shareholders of the Debtors.

NOTICE

26. Notice of this motion has been sent in accordance with this Court's Amended Order Pursuant To 11 U.S.C. §§ 102 And 105(a), Bankruptcy Rules 2002(m) And 9007, And Local Rules 101, 400 And 402 Establishing Omnibus Hearing Dates And Certain Notice, Case Management And Administrative Procedures.

27. No previous application for the relief sought herein has been made to this Court or any other Court.

WHEREFORE, the Committee respectfully requests entry of an Order substantially in the form attached hereto: (A) approving the retention and employment of Hatch Consulting, Inc. *nunc pro tunc* to March 14, 2003, upon the terms and conditions set forth herein, and (B) granting such other further relief as the Court may deem just and appropriate.

Dated: Chicago, Illinois
March 28, 2003

Respectfully submitted,

Official Committee of Unsecured Creditors



Dean C. Gramlich, Esquire

McDERMOTT, WILL & EMERY

227 West Monroe
Chicago, Illinois 60606-5096
312-368-4000

Paul Singer, Esquire

Claudia Z. Springer, Esquire

REED SMITH LLP

2500 One Liberty Place, 1650 Market Street
Philadelphia, PA 19103
215-241-7946

*Attorneys for Official Committee of
Unsecured Creditors*

March 12, 2003

Proposal to the Unsecured Creditors Committee Of National Steel
Manpower Reduction and Facility Assessment Services

Introduction

The Unsecured Creditors Committee of National Steel would like the assistance of Hatch Consulting to:

First, to assess the quality of National Steel's operating assets and its capital expenditure plan.

Second, to establish a reasonable estimate of the level of hourly workforce reduction that would be attainable in light of the technical condition and quality of the National Steel assets, and an optimized program of mill operations.

The task will be accomplished over 4-6 weeks from the time of Bankruptcy Court approval and will involve a team of experienced Consultants with technical and operational expertise. They will conduct on-site reviews of the assets and current manpower levels, assess the quality of the operating assets and the capital expenditure requirements of those assets, and develop a manpower plan that would reflect "best in class" cost and productivity capabilities.

Project Scope

Hatch Consulting will structure teams of technical Consultants with experts in mill operations to conduct on site analyses of each of National Steel's principal assets, to include:

National Steel Pellet Co. (iron ore)
Granite City Division
Great Lakes Division
Midwest Division

The analyses will include an assessment of current asset condition, necessary and discretionary capital expenditures, and a comparison of current and prospective product quality to that of its



Proposal to the Unsecured Creditors Committee On National Steel
March 12, 2003
Page 2

main competitors. In addition, each facility's current and prospective orderbook will be reviewed to better understand the product quality and service requirements that are associated with the particular customer base.

Based upon the experience of the teams, and benchmarks for state of the art operation built by Hatch Consulting, an optimal manpower plan will be developed. For each process unit, and each shift, we will identify what we believe to be an aggressive but achievable hourly workforce level. Maintenance, stores and any other central support activities will also be included. As instructed, this manpower plan will be based upon a "blank slate" regarding typical parameters of mill operation, such as work rules, job classifications etc. In addition, in light of the time frame for this exercise, we will not be able to assess the capabilities of either the hourly workforce or supervisory personnel as to their level of training, knowledge or other capabilities that will have a significant impact on the ability of the Company to actually implement the plan. The results of this manpower plan can then be compared to current staffing levels and costs, with any adjustments necessary for actual versus planned product volumes, to identify the potential savings. The intention of this manpower plan is to provide the Committee with a sense of how much cost improvement is possible.

To the extent that capital expenditures are vital to the implementation of such a manpower plan, these will be identified and the cost estimated.

Resources, Timing and Costs

The assignment will be managed by Richard McLaughlin, a Practice Director in the Pittsburgh office of Hatch Consulting. A team of approximately 12 technical and business Consultants will be assigned to the engagement as well. CVs of the team will be forwarded to the Committee upon request.

We expect to complete the tasks outlined in this proposal in approximately 5-6 weeks. Our plan would be to forward a data request to the Committee upon commencement, so that the site visits can be made after some review of written information about the facilities and their staffing levels. We expect the site visits to take place in weeks 2 and 3, and propose an interim report to the Committee in week 4 to present our findings to that point. Our final report will be in the form of a Powerpoint presentation, with supporting materials and documents as appropriate.

Professional fees for this assignment will be limited to \$150,000. Direct expenses, principally travel to the sites and any committee meetings, will be billed in addition, at cost. All such fees will be subject to Bankruptcy Court approval.

HATCH CONSULTING

Proposal to the Unsecured Creditors Committee On National Steel
March 12, 2003
Page 3

Hatch Consulting is pleased to submit this proposal for assistance to the Unsecured Creditors Committee of National Steel. If you have any questions, please don't hesitate to call - my direct line is (412) 497-2050.

Please indicate your acceptance of this proposal by signing and returning a copy of this letter. We understand that this engagement will be subject to approval by the Bankruptcy Court with jurisdiction over National Steel.

Sincerely,



Richard D. McLaughlin
Practice Director

ACCEPTED:

By: _____

Title: _____

Date: _____

EXHIBIT B

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

In Re:)	Case No. 02 B.08699
)	(Jointly Administered)
NATIONAL STEEL CORPORATION,)	Chapter 11
et al.,)	Hon. John H. Squires
)	Hearing Date: April 7, 2003
Debtors.)	Hearing Time: 1:00 p.m.
)	Objection Deadline: April 4, 2003
)	

**DECLARATION AND DISCLOSURE STATEMENT OF RICHARD MCLAUGHLIN IN
SUPPORT OF COMMITTEE'S APPLICATION FOR ORDER UNDER
11 U.S.C. §§ 327(a) AND 328(a) AND FED. R. BANKR. P. 2014(a)
AUTHORIZING EMPLOYMENT AND RETENTION OF
HATCH CONSULTING AS ENGINEERING CONSULTANTS TO THE COMMITTEE**

1. I am a Practice Director of Hatch Consulting ("Hatch"), a national engineering firm organized in the United States with offices at Gateway View Plaza, 1600 West Carson Street, Pittsburgh, Pennsylvania 15219-1031. I am authorized to execute this declaration (the "Declaration") on behalf of Hatch. I submit this Declaration in support of the Committee's Application for an Order under 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a) Approving the Retention and Employment of Hatch Consulting as Engineering Consultants effective March 14, 2003 (the "Application"), filed on behalf of the Official Committee of Unsecured Creditors (the "Committee") of National Steel Corporation and certain of its subsidiaries and affiliates, debtors and debtors-in-possession, in the above-captioned, jointly administered cases (collectively the "Debtors"). Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto.

2. The facts set forth in this Declaration are based upon either (a) my personal knowledge, (b) information and belief, or (c) in certain cases, upon client-matter

EXHIBIT
B

records, (i.e. records of Hatch kept in ordinary course of business) which were reviewed by me or another employee of Hatch under my supervision and direction.

3. The Committee has retained the services of Hatch to provide the services described in the Application in these Chapter 11 cases. In connection therewith, Hatch prepared this Declaration. As part of Hatch's preparation of this Declaration, Hatch searched certain business records to determine whether Hatch had provided in the recent past or currently is providing services to those persons/entities set forth in paragraph 5 below.

4. The Committee has requested that Hatch serve as the Committee's independent engineering firm in the Debtors' chapter 11 cases. At the direction of the Committee, Hatch began to provide certain engineering and evaluation services to the Committee on or before March 14, 2003 and, therefore, the Committee seeks Hatch's retention effective as of March 14, 2003.

5. To check any connection with parties-in-interest in these cases, Hatch is currently in the process of researching its client database to determine whether it had any connections with the following entities (collectively, the "Interested Parties"):

- (i) Debtors;
- (ii) Attorneys for Debtors (general counsel and special bankruptcy counsel, including Piper Rudnick and Skadden Arps Slate Meagher & Flom LLP);
- (iii) Other professionals of the Debtors retained in connection with these Chapter 11 cases including, but not limited to, Ernst & Young LLP, Deloitte Consulting, Lazard Freres & Co. and Logan & Company;
- (iv) Debtors' affiliates;
- (v) Debtors' officers;
- (vi) Debtors' directors;
- (vii) Debtors' major shareholders (5% or more) including NKK U.S.A. Corporation, Donald Smith & Co., Inc. and Dimensional Fund Advisors, Inc.;
- (viii) Attorneys for Debtors' major shareholders retained in connection with these Chapter 11 cases;

- (ix) Secured lenders and/or debtor-in-possession lenders;
- (x) Attorneys for secured and/or debtor-in-possession lenders retained in connection with these Chapter 11 cases;
- (xi) Substantial secured bondholders or lenders (holdings more than \$1 million) including Citicorp USA, Inc., National City Commercial Finance, Inc., The Fuji Bank, Limited, Heller Financial, Inc., Fleet Capital Corporation, The CIT Group/Business Credit, Inc., GECC, Marubeni Corporation and Mitsubishi Corporation;
- (xii) Bond trustees, including The Chase Manhattan Bank and Frank J. Grippo;
- (xiii) Fifty largest unsecured creditors as of the date of filing;
- (xiv) Unions representing the Debtors' employees;
 - Debtors' major lessors (approximately thirty-five parties);
 - Official statutory committee's members;
- (xv) Official statutory committee's attorneys including Reed Smith LLP and McDermott Will & Emery; and
- (xvi) Official statutory committee's other professionals retained herein including Deloitte Consulting.

6. The identities of the Interested Parties were provided to Hatch by the Committee very recently and Hatch has not had sufficient time to fully review its database so that it may discover any present or prior (within the past three years) relationship with any Interested Party. As soon as it received the list of Interested Parties, Hatch began to review and is still reviewing the list of Interested Parties in order that Hatch may fully disclose to the Court any significant relationships it currently has or previously had with the Interested Parties. Based upon its review thus far, Hatch has provided over the course of the past five years and in some instances is currently providing consulting services to the following entities: GECC, Citigroup, Fleet Capital, CIT Group, HSBC, GE Capital Corporation, Chase Manhattan, Mitsubishi Corporation, J.P. Morgan, DTE Energy Services, Salomon Smith Barney, Boeing Capital and Heller Financial. The work that Hatch is performing or has performed for the aforesaid entities pertains to matters which are unrelated to these chapter 11 cases, the Committee or the Debtors. Furthermore, none of the work performed by Hatch for the aforesaid entities constitutes a significant relationship because none of the relationships has produced revenues to Hatch which

equal or exceed one percent (1%) of Hatch's gross revenues in any one year. Hatch has a relationship with Noranda, Inc. and its subsidiary Falconbridge which are unrelated to the services Hatch will provide to the Debtors, the estate or the Committee. The services provided by Hatch to Noranda and its subsidiary have resulted in fees constituting as much as 2% of Hatch's gross revenues during certain years. In addition, Hatch has done work for one or more of the Debtors in connection with the design of a wastewater treatment plant within the year following the Petition Date which has resulted in fees being paid by the Debtors to Hatch of \$153,000. Hatch is currently owed \$40,000 for postpetition services rendered by it to the Debtors. Hatch's services for the Debtors have ceased.

7. Despite the efforts described herein to identify and disclose Hatch's connections with parties in interest in these cases, because the Debtors are a large enterprise with thousands of creditors and other relationships, Hatch is unable to state with certainty that every client representation or other connection of Hatch has been disclosed. In this regard, if Hatch discovers additional information that requires disclosure, Hatch will file supplemental disclosures with the Court as promptly as possible.

8. Hatch believes that none of its present or prior relationships with the Interested Parties (including the Debtors) will impair Hatch's independence or its ability to objectively perform professional services on behalf of the Committee. Furthermore, as part of our practice, Hatch appears in cases, proceedings, and transactions involving many different parties-in-interest, some of which may represent or be claimants and parties-in-interest in these cases.

9. Hatch does not represent any interest adverse to the Committee and will not represent any entity other than the Committee in connection with these Chapter 11 cases.

The Debtors have many creditors and other parties-in-interest and, accordingly, Hatch may have rendered in the past, may render presently, or may render in the future, appraisal services to certain of these parties-in-interest or may have been involved in matters in which attorneys for these creditors or parties-in-interest have been, are, or were involved. Similarly, our partners and principals may have business associations with certain of these creditors, which have no connection with these cases. Hatch will not accept any engagement, which would require Hatch to represent an interest materially adverse to the Committee in any way relating to the matters in connection with which Hatch is to be engaged in these Chapter 11 cases. In the ordinary course of its business, Hatch may also engage counsel or other professionals in unrelated matters who now represent, or who may in the future represent, creditors or other interested parties in these cases.

10. To the best of my knowledge, information and belief, neither the undersigned nor any of the professionals anticipated to advise the Committee in these matters is a relative of the bankruptcy judge presiding over these bankruptcy cases or of any United States trustee for Region 11.

11. Accordingly, based upon the discussion herein, Hatch is a "disinterested person" as defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code and neither the firm nor any partner thereof is connected (other than as disclosed herein or as will be disclosed upon the conclusion of Hatch's review of its internal database) to the parties set forth in paragraph 5 above.

12. Hatch shall make application to the Bankruptcy Court for compensation for the services rendered to the Committee in these proceedings pursuant to sections 330 and 331

of the Bankruptcy Code and per the anticipated order of this Court approving the retention and employment of Hatch Consultants as Independent Engineering Consultants.

13. Hatch will maintain records in a summary format which will set forth a description of the services rendered by each professional in support of the services detailed in the Engagement Letter and the actual amount of hours worked by each such professional in performing such services.

14. In addition to compensation for professional services rendered by Hatch, Hatch shall seek reimbursement for reasonable out-of-pocket expenses incurred in connection with the above-captioned cases including, but not limited to, travel related expenses, computer proceeding, report preparation and miscellaneous costs including, but not limited to, long distance, parking, and delivery services.

15. It is requested that the retention of Hatch as the Committee's independent engineer be approved effective as of March 14, 2003.

16. In accordance with 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

HATCH CONSULTING

BY: 
RICHARD MCLAUGHLIN

EXHIBIT C

EXHIBIT D

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

In re:)
)
NATIONAL STEEL CORPORATION, et al.)
)
)
)
)
)
Debtors.)
)

CASE NO. 02 B 08699
(Jointly Administered)

CHAPTER 11
HON. JOHN H. SQUIRES

Hearing Date and Time:
November 18, 2003 at 8:30 a.m.

**ORDER GRANTING FIRST INTERIM FEE AND EXPENSE APPLICATION OF
HATCH CONSULTING**

THIS MATTER coming before the Court on the First Interim Application of Hatch Consulting ("Hatch") for Approval and Allowance of Compensation and Reimbursement of Expenses as Independent Engineering Consultant to the Official Committee of Unsecured Creditors ("First Interim Application"), the Court having considered the First Interim Application, the Supplement thereto and the statements of Committee counsel in support of same at the hearing held thereon, and finding that the First Interim Application generally complies with sections 330(a) and 331 of the Bankruptcy Code, Bankruptcy Rule 2016 and Local Bankruptcy Rule 5082-1, that good and sufficient cause has been shown for granting the relief requested in the First Interim Application, and that notice of the hearing on the First Interim Application was sufficient.

IT IS HEREBY ORDERED THAT:

1. The First Interim Application is Granted.
2. The fees of Hatch for the First Interim Application are allowed in the amount of \$150,000 and reimbursement of its actual and necessary expenses is allowed in the amount of \$23,840.64.

3. The Debtors are authorized to pay Hatch the amount of \$15,663.75, that amount representing amounts previously held back pursuant to the Court's Administrative Order under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Periodic Compensation and Reimbursement of Expenses of Professionals (Docket #34) and other amounts accruing during the time period covered by the First Interim Application.
4. This First Interim Application and the entry of this Order are core proceedings within the meaning of 28 U.S.C § 157(b).
5. This Order shall take effect immediately.

ENTERED

ENTER:

NOV 18 2003

John H. Squires Bankruptcy Judge
UNITED STATES BANKRUPTCY COURT

John H. Squires
United States Bankruptcy Judge

ORDER PREPARED BY:
Dean C. Gramlich, Esquire
MCDERMOTT, WILL & EMERY
227 West Monroe Street
Chicago, Illinois 60606-5096
(312) 372-2000
CHI99 4174430-1.064378.0038

EXHIBIT E

National Steel Corporation

Hatch Consulting

Summary of Professional Time by Individual
March 14, 2003 to May 31, 2003

<u>Name</u>	<u>Position</u>	<u>Billing Rate</u>	<u>Hours</u>	<u>Fees</u>
Engel, Richard	Practice Director	275.00	76	\$20,900.00
McLaughlin, Richard	Practice Director	275.00	92	\$25,300.00
Deane, Anthony	Managing Consultant	223.75	78	\$17,452.50
Osborne, Brad	Consultant	157.50	116	\$18,270.00
Fowler, Kurt	Consultant	157.50	65	\$10,237.50
Harhai, John	Engr. Sr. Consultant	125.00	68	\$8,500.00
Berg, Tom	Engr. Sr. Consultant	125.00	40	\$5,000.00
Malin, Simon	Eng. Manager	105.80	77	\$8,168.60
Munther, Per	Eng. Manager	105.80	72	\$7,626.40
Wheeler, John	Eng. Manager	105.80	2	\$211.60
Taylor, Judy	Consulting Analyst	112.50	126	\$14,175.00
Callum, Grant	Eng. Consultant	98.98	40	\$3,967.36
Sue-Chu, Mervin	Spec. & Supervisor	86.01	128	\$11,027.00
Gordon, Iakov	Spec. & Supervisor	86.01	80	\$6,880.80
TOTAL Professional Hours and Fees			1060	\$157,716.76

EXHIBIT F

National Steel Corporation

Hatch Consulting

Summary of Professional Expenses
March 14, 2003 to April 30, 2003

Travel and Transportation	\$24,274 .82
Other Expenses:	
Photocopies @ .13 ea.	\$365.43
\$US	
Telephone @ cost	<u>299.63</u>
TOTAL	<u>\$24,939.88</u>

GROUP EXHIBIT G

SUB-EXHIBIT 1

Travel and Transportation Expenses

Note: . Company policy requires receipts only for items in excess of \$25.00. Due to this policy, some receipts for items under \$25.00 are not available.

1. Site Visit to Granite City Plant on April 7-9, 2003 (T. Berg)

Air Fare	\$1,108.50
Lodging (2 nights)	138.00
Room Tax	15.18
Auto Rental	111.76
Gasoline	5.10
Parking	16.20
Meals	<u>42.48</u>
	\$1,437.22
Non-receipted mileage to airport	<u>9.50</u>
Total	<u>\$1,446.72</u>

2. Site Visit to National Steel Pellet Site April 21-23, 2003 (G. Callum)

Air Fare	\$1,721.10
Lodging (2 nights)	138.00
Airport Improvement Fee	6.70
Room Tax	15.18
Auto Rental	115.68
Gasoline	5.51
Taxi	41.65
Parking	16.20
Meals	<u>27.76</u>
Total	<u>\$2,087.78</u>

Subj: **Ticket Delivery Notification**
Date: 4/4/03 5:35:16 PM Eastern Standard Time
From: notify@aa.globalnotifications.com (American Airlines@aa.com)
To: BERG133@AOL.COM (BERG133@AOL.COM)

To: THOMAS A BERG

RECORD LOCATOR - BVQIKR DATE OF ISSUE - 04APR03

Thank you for choosing American Airlines/American Eagle.

This is the itinerary and receipt for your electronic ticket. At time of check-in, you will be required to present a government-issued photo ID. If a credit card was used to pay for this transaction, you may also be required to present that credit card.

PASSENGER THOMAS BERG
TICKET NUMBER 0012146174080
FARE-USD 1013.96 / TRANS TAX 76.04 / OTHER TAXES 18.50 / TICKET TOTAL 1108.50

TOTAL - ~~\$1,108.50~~

PAYMENT TYPE - Visa XXXXXXXXXXXXXXX5453

07APR - MONDAY

LV PITTSBURGH 1:32 PM 5758 AMERICAN CONNECTI
AR ST LOUIS INTL 2:25 PM COACH
OPERATED BY AMERICAN CONNECTION/CHAUTAUQUA
THOMAS BERG SEAT 10C FREQUENT FLYER:AA S192986

09APR - WEDNESDAY

LV ST LOUIS INTL 7:20 AM 5755 AMERICAN CONNECTI
AR PITTSBURGH 10:04 AM COACH
OPERATED BY AMERICAN CONNECTION/CHAUTAUQUA
THOMAS BERG SEAT 4C FREQUENT FLYER:AA S192986

You may have purchased a "Special Fare" and certain restrictions apply. Some fares are NON-REFUNDABLE. If the fare allows changes, a fee may be assessed for the change.

Please print and retain this document for use throughout your trip. Electronic tickets are NOT TRANSFERABLE. Tickets with non-restrictive fares are valid for one year from date of issue. See the ENDORSEMENT section below for fare rules pertaining to your ticket.

Hampton Inn

Name & Address:

BERG, THOMAS
133 LEE ST
CARNEGIE, PA 15106
US

Room:
Arrival Date:
Depart. Date:
Adult/Child:
Room Rate:

219/SX BL
04/07/03 8:55PM
04/09/03 5:05AM
1/0
\$59.00

RATE PLAN: LVO
HH#:
AL:
BONUS AL: CAR:

The management is not responsible for any valuables not secured in safety deposit boxes provided at the front office. The guest understands and agrees to be personally liable for all charges incurred at the hotel. I authorize you to bill the full balance of my account to my credit card which was presented upon registration.

CONFIRMATION NUMBER : 81510885

SIGNATURE

DATE	REFERENCE	DESCRIPTION	AMOUNT
04/07/03	223908	GUEST ROOM	69.00
04/07/03	223908	STATE TAX	3.45
04/07/03	223908	CITY TAX	4.14
04/08/03	224001	GUEST ROOM	69.00
04/08/03	224001	STATE TAX	3.45
04/08/03	224001	CITY TAX	4.14
04/09/03	224031	VS *****5453 01/05	69.00
** BALANCE **			0.00

Focus Services, Inc. (866) 423-1020 • FAX (866) 851-9942
311167

FORM NO. 09-2034-C

ACCT. NO. VS *****5453 01/05

CARD MEMBER NAME
BERG, THOMAS

ESTABLISHMENT NO. & LOCATION

DATE OF CHARGE 04/07/03 FOLIO NO./CHECK NO. 97521 A

AUTHORIZATION INITIAL

76560 PURCHASES & SERVICES TAXES

RENT 0001 CS# 002 RKA 01 TRAM 15538
 04/09/03 05:06:28 SH 1

COLLINSVILLE AMOCO
 451 N. BLUE RD.
 COLLINSVILLE, IL
 [618] 344-0117

DESCR.	QTY	AMOUNT
BLUE CAR ROL	3.4045	5.10
SELF 0.1499/G		
TOTAL		5.10
CASH		5.10
Change		-4.15
Tax		0.00
Sub Total		5.10

2493716-01
 COLLINSVILLE STANDARD
 451 N BLUE ROAD
 COLLINSVILLE IL

ALAMO RENT A CAR
 PO BOX 22776, FT. LAUDERDALE, FL. 33335
 RESERVATIONS: 800-327-9633
 CUSTOMER RELATIONS: 800-445-5664

ST. LOUIS - RETURN RECEIPT
 RAW/CAR#: 540-908141-3/3Z156962 (IC)
 RENTED: 07APR03 14:58
 RETURNED: 09APR03 05:48
 LENGTH: 1 DAY 15 HOURS
 MLG OUT/IN: 113/217 GAS: F
 CUSTOMER: THOMAS BERG

\$	TIME	57.98 T
	C.D.W.	35.98 T
	CONRCFEE	6.81 T
	FTRSUR	3.36 T
	TAXES	7.63 *
	TOT CHR	111.76
	CR. CARD	111.76
	BALANCE	.00

CR. CARD: TOTAL BILLED TO VISA

THANK YOU FOR USING ALAMO.

SERVED BY: 36074

GLOBE PARKING

FOR PICKUP:
 1. Upon Arrival Call: 1-888-262-9130
 From Any Pay Phone Or Use

Area
 2. Go To The Red Curb At Ground
 Transportation for Pickup.

3. **PAY ON RETURN**
GLOBE



Claim
 No.

5-726

 DATE 04/07/03 TIME 20:06
 MID 070190038 070190038

HOLIDAY INN-COLLINSVILLE
 1000 Eastport Plaza Drive
 Collinsville, IL 62234-6103
 618-345-2800

VISA 4427110004765453 01/05
 AUTH 90330 TABLE 26 CHECK 5219
 PURCHASE PORTERS TOM

AMOUNT 33.90
 TAX 2.58

SUBTOTAL \$ 36.48

TIP \$ 6.00

TOTAL \$ 42.48

Thomas Berg
 CUSTOMER COPY

For: CALLUM MR GRANT

April 14, 2003

To: HATCH
2800 SPEARMAN DR
MISSISSAUGA ON L5K 2R7

Sales Person: 21

Locator: JGMZQY

Customer Number: 3050003181

SEAT SELECTION AT AIRPORT CHECK-IN ONLY.
EARLY CHECK-IN IS HIGHLY RECOMMENDED.



Northwest Airlines Flight Number: 1763 Coach Class B
Depart: Minneapolis, MN 09:26
Arrive: Vancouver, Canada 11:00
Total Flight Time: 3 Hours 34 Minutes Non-Stop
Equipment: Airbus Industrie 320 Meal Service: Breakfast
Reserved Seat: GRANT/CALLUM MR 12D
DEP-LINDBERGH TERMINAL ARR-MAIN TERMINAL

Name	Invoice / Ticket	Base	Tax1	Tax2	Tax3	Total
GRANT CALLUM MR	129549/0121679604868	2386.84CAD	11.22CA	165.76XG	65.40	2,601.35 CAD
	129549/1202107579	60.00	4.2			64.20
Total Amount: <i>CA</i>						2,665.55

FOR ASSISTANCE DURING REGULAR BUSINESS HOURS
PLEASE CALL 604-641-9293 - CONFIRMED BY NELL
OR TOLL FREE 800-667-6989 - FAX 604-460-1302
E-MAIL ADDRESS - NELLEKELUND@CDN.NAVIGANT.COM

FITZGERALD

FARES ARE NOT GUARANTEED UNTIL TICKETED
TOTAL FARE INCLUDING TAXES AND FEE IS 2665.55 CAD
NAVIGANT FEE OF 64.20 IS NON REFUNDABLE
NAVIGANT COST SAVING OPPORTUNITIES
COST SAVINGS OBTAINED BY NAVIGANT...610.05
ADDITIONAL COST SAVINGS DECLINED...709.05
REASON - DECLINED ROUTING
QUOTE YOUR EXECUTIVE MEMBERSHIP CODE **VI40**
AFTER HOURS FEE OF 25.00 PER CALL/RESERVATION APPLIES

QUALITY RELATIONS DEPT. 877-288-8800
VISIT VIRTUALLYTHERE.COM AND INPUT YOUR RES CODE
FOUND AT THE TOP OF THIS ITINERARY

VALID PROOF OF CITIZENSHIP WITH PHOTO ID REQUIRED
PREFERRED DOCUMENT FOR TRAVEL TO/FROM CANADA AND USA
IS A VALID PASSPORT
NAME ON TICKET MUST MATCH NAME ON ID EXACTLY

HIBBING *Park* HOTEL & SUITES

01-01-0277226

Page 1

CALLUM GRANT
 8140 LAKEFIELD DRIVE
 BURNABY BC V5E4G 6

Rm# 119

9127155	4/21/03 Long Distance Call	24.18
	Called 1-604-689-5767	
9127159	4/21/03 Long Distance Call	4.68
	Called 1-604-689-5767	
9127160	4/21/03 Long Distance Call	2.64
	Called 1-716-682-7200	
9127203	4/21/03 Room	56.00
	Rooms Tax 9.500%	5.32
	Room 119 #Pren 01	
9127405	4/22/03 Room	56.00
	Rooms Tax 9.500%	5.32
	Room 119 #Pren 01	
9127504	4/23/03 American Express	154.11
	AX #873269744221003 02/04	

= \$231.05

Current Account Balance..... 1.01

Signature: *Callum Grant* \$159.76 US