

amount of \$751,405.50 and reimbursement of expenses incurred in the total amount of \$67,153.18 for the period March 25, 2002 through and including December 19, 2003 ("Final Application Period").

I. FACTUAL BACKGROUND

A. General Status of These Cases

1. On March 6, 2002, National Steel Corporation ("NSC") and its subsidiaries and related affiliates (collectively with NSC, 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 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 were formerly 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 Debtors' 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 of Professionals for compensation and reimbursement of expenses must be filed and served on the Reorganized Debtors and their counsel no later than forty-five (45) 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 MWE, 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 for mailing) of the service of the final fee and expense application (or on or before March 4, 2004).

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

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 10.17(a) of the Chapter 11 Plan, the Unsecured Creditors Representative ("Representative") was formed and constituted as a successor to the Committee. MWE has continued to act as local bankruptcy counsel to the Unsecured Creditors Representative subsequent to the Effective Date.

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

15. MWE is informed and believes that the Reorganized Debtors' estates 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 MWE is the proceeds of the US Steel sale.

B. Retention of MW&E

16. 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. Reed Smith continued to act as primary counsel to the Committee through the Effective Date and currently acts as primary counsel to the Representative.

17. On March 22, 2002, the Committee selected Deloitte Consulting ("Deloitte") to act as its financial consultant in these cases. Deloitte continued to act as financial consultant to the Committee through the Effective Date.

18. On March 22, 2002, the Committee selected MWE to act as its employee relations, conflicts and local bankruptcy counsel in these cases. Beginning on March 25, 2002,

MWE represented the Committee while at the same time conducting a review of its conflicts database necessary to support its retention in these cases.

19. On or about April 8, 2002, the Committee filed its Application for Order *Nunc Pro Tunc* Authorizing the Committee to Employ McDermott, Will & Emery as Special Employee Relations and Local Counsel ("MWE Retention Application"). Included with the MWE Retention Application was the Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014 ("2014 Affidavit"), a true and correct copy of which is attached as **Exhibit A** hereto.

20. On April 23, 2002, the Court entered its Order Authorizing Unsecured Creditors' Committee of National Steel Corporation to Employ McDermott, Will & Emery as Employee Relations and Local Counsel, a true and correct copy of which is attached as **Exhibit B** hereto.

21. On or about June 26, 2002, MWE filed and served its First Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014 ("Supplement to 2014 Affidavit"), a true and correct copy of which is attached as **Exhibit C** hereto.

22. On or about November 26, 2002, MWE filed and served its Second Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014 ("Second Supplement to 2014 Affidavit"), a true and correct copy of which is attached as **Exhibit D** hereto.

23. Contemporaneous with the filing of this Application, MWE filed and served its Third Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014 ("Third Supplement to 2014 Affidavit"), a true and correct copy of which is attached as **Exhibit E** hereto.

24. On or about August 27, 2002, MWE filed its First Interim Application for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations and Local Counsel to the Committee ("First Interim Application"). The First Interim Application covered the period March 25, 2002, through July 31, 2002 ("First Interim Application Period") and sought \$150,416.50 in compensation and \$13,129.31 in reimbursement of MWE's actual costs and expenses. The First Interim Application is incorporated by reference herein.

25. On October 21, 2002, this Court entered its Order Granting First Interim Fee and Expense Application of MWE ("First Interim Fee Order"). The First Interim Fee Order allowed MWE \$148,322.50 in compensation and \$12,389.61 in reimbursement of MWE's cost and expenses for the First Interim Application Period. A true and correct copy of the First Interim Fee Order is attached as **Exhibit F** hereto.

26. On or about December 23, 2002, MWE filed its Second Interim Application for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations and Local Counsel to the Committee ("Second Interim Application"). The Second Interim Application covered the period August 1, 2002 through November 30, 2002 ("Second Interim Application Period") and sought \$226,075.75 in compensation and \$16,591.64 in reimbursement of MW&E's actual costs and expenses. The Second Interim Application is incorporated by reference herein.

27. On February 5, 2003, this Court entered its Order Granting Second Interim Fee and Expense Application of MWE ("Second Interim Fee Order"). The Second Interim Fee Order allowed MW&E \$226,075.75 in compensation and \$16,519.28 in reimbursement of

MW&E's cost and expenses for the Second Interim Application Period. A true and correct copy of the Second Interim Fee Order is attached as **Exhibit G** hereto.

28. On or about April 25, 2003, MW&E filed its Third Interim Application for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations and Local Counsel to the Official Committee of Unsecured Creditors ("Third Interim Application"). The Third Interim Application covered the period December 1, 2002 through March 31, 2003 ("Third Interim Application Period") and sought \$255,184.25 in compensation and \$24,717.51 in reimbursement of MW&E's actual costs and expenses. The Third Interim Application is incorporated by reference herein.

29. On May 20, 2003, this Court entered its Order Granting Third Interim Fee and Expense Application of McDermott, Will & Emery ("Third Interim Fee Order"). The Third Interim Fee Order allowed MW&E \$255,184.25 in compensation and \$22,220.55 in reimbursement of MWE's costs and expenses for the Third Interim Application Period. A true and correct copy of the Third Interim Fee Order is attached as **Exhibit H** hereto.

30. On August 22, 2003, MWE filed its Fourth Interim Application for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations, Conflicts and Local Counsel to the Official Committee of Unsecured Creditors ("Fourth Interim Fee Application"). The Fourth Interim Fee Application covered the period April 1, 2003 through July 31, 2003 ("Fourth Interim Application Period"), and sought \$53,686.50 in compensation and \$11,671.81 in reimbursement of MWE's actual costs and expenses.

31. On September 16, 2003, the Court entered its Order Granting Fourth Interim Fee and Expense Application of McDermott, Will & Emery ("Fourth Interim Fee

Order"). The Fourth Interim Fee Order allowed MWE \$53,686.50 in compensation and \$11,638.35 in reimbursement of MWE's cost and expenses for the Fourth Interim Application Period. A true and correct copy of the Fourth Interim Fee Order is attached as **Exhibit I** hereto.

32. On November 25, 2003, MWE and Deloitte filed their Application for Leave to Consolidate Fifth Interim and Final Fee and Expense Applications ("Consolidation Application"). The Consolidation Application requested that the Court permit Deloitte and MWE to consolidate their respective fifth interim and final fee and expense applications and file and serve their respective consolidated applications or before forty-five (45) days after the Effective Date. On December 16, 2003, the Court entered its Order Granting Professionals Leave to Consolidate Fifth Interim and Final Fee and Expense Applications ("Consolidation Order"), a true and correct copy of which is attached as **Exhibit J** hereto. MWE submits its consolidated Fifth and Final Fee and Expense Application in accordance with the Consolidation Order ruling.

C. **Jurisdictional and Statutory Basis for this Fifth Interim and Final Application**

33. 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 Fifth Interim and Final Application is proper in accordance with 28 U.S.C. §§ 1408 and 1409. MWE makes this Fifth Interim and 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")), (e) the Interim Fee Procedures Order and (f) the Consolidation Order

II. FEES AND EXPENSES PREVIOUSLY PAID TO MWE

34. As noted previously, MWE has submitted four prior interim fee and expense applications. The Court has allowed, with certain reductions, all four earlier applications. MWE hereby seeks interim approval and allowance of compensation earned during Fifth Interim Application Period in the amount of \$68,136.50. MWE further seeks interim approval and allowance of expenses incurred during the Fifth Interim Application Period in the amount of \$4,385.39. The following chart shows amounts sought in earlier application periods and the amounts allowed by the Court:

	<u>Fee Requested</u>	<u>Expenses Requested</u>	<u>Fees Allowed</u>	<u>Expenses Allowed</u>
First Interim Application Period (3/25/02 to 7/31/02)	\$ 150,416.50	\$ 13,129.31	\$ 148,322.50	\$ 12,389.61
Second Interim Application Period (8/1/02 to 11/30/02)	226,075.75	16,591.64	226,075.75	16,519.28
Third Interim Application Period (12/1/02 to 3/31/03)	255,184.25	24,717.51	255,184.25	22,220.55
Fourth Interim Application Period (4/01/03 to 7/31/03)	53,686.50	11,671.81	53,686.50	11,638.35

35. Pursuant to the Interim Fee Procedures Order, which allows Professionals to be compensated for ninety percent of their fees and one hundred percent of their expenses on a monthly basis, and the Court's Orders attached as **Exhibits F-I** hereto, the Debtors have paid to

MWE all allowed fees and expenses for the four earlier interim application periods. The total fees and expenses paid for these earlier periods is \$746,036.79

36. The Court has disallowed certain fees and expenses of MWE. By this final application, MWE does not seek allowance of fees and expenses previously disallowed by the Court on an interim basis. However, the charts attached hereto as **Exhibits U-X** reflect amounts of compensation and reimbursement of expenses requested by MWE per MWE's books and records and do not reflect these disallowed amounts. MWE's actual final request for compensation and reimbursement of expenses set forth herein reflects these disallowed amounts and certain voluntary reductions taken by MWE. These disallowed amounts and voluntary reductions total \$3,369.00 in fees and \$4,630.46 in expenses.

37. In addition to the payments set forth in paragraph 34 above, MWE has received payments on its monthly statements for August, September and October 2003. The total amount held back from these August, September and October fees was \$3,438.85 ("Holdback Amount"). MWE requests payment of the Holdback Amount. MWE requests payment of its fees and expenses for November, 2003 in the total amount of \$18,613.35, and its fees and expenses for the period December 1 through December 19, 2003 in total amount of \$15,462.72.

III. NARRATIVE STATEMENT

A. Introduction

38. MWE hereby seeks interim approval and allowance of compensation earned during the Fifth Interim Application Period in the amount of \$68,136.50 and interim approval and allowance of expenses in the amount of \$4,385.39. MWE further seeks final

approval of compensation earned during Final Application Period in the amount of \$751,405.50 and final approval and allowance of expenses in the amount of \$67,153.18.²

39. Throughout these cases, MWE has represented the Committee in several distinct areas. Joseph O'Leary, Scott Faust and Andrew Liazos, partners in MWE's Boston, Massachusetts office, have acted as labor, employee relations and employee benefits counsel to the Committee. As represented in the MWE Retention Application, Mr. O'Leary has more than twenty-years experience in labor and employee relations matters relating to the steel industry. His representations, include the LTV, Wheeling Pittsburgh and Bethlehem Steel chapter 11 cases. MWE partners Paul Hamburger, Ray Jacobsen and their colleagues in the firm's Washington D.C. office participated in specific matters arising in connection with the acquisition of the Debtor's operating assets. MWE partner Dean Gramlich, a member of the Distressed Transactions Group of MWE's Chicago office, has acted as local bankruptcy counsel for the Committee since late March 2002. Copies of the biographies of Messrs. O'Leary, Faust, Liazos, Hamburger, Jacobsen and Gramlich are attached as **Group Exhibit K** hereto.

40. MWE has staffed its representation of the Committee at all times to avoid duplication of effort with the services provided by Reed Smith. The services provided by Messrs. O'Leary, Faust and Liazos did not overlap Reed Smith's services because MWE dealt with labor, employee relations, and employee benefits matters generally not dealt with by Reed Smith. Mr. Jacobsen addressed certain antitrust issues relating to the sale to US Steel because of a disclosed Reed Smith conflict. Mr. Gramlich acted as the primary Committee professional addressing the Court's rulings on the various interim fee and expense applications of all

² As noted above, the summary exhibits attached as Exhibits U, V, W and X hereto reflect total fees of \$754,775.50 and total expenses of \$71,783.64. However, based on fees and expenses disallowed by the Court and voluntary reductions made by MWE, MWE seeks final allowance only of the amounts set forth above.

Committee professionals. Attorney Gramlich generally did not review financial materials prepared by Deloitte for the Committee's review; instead Messrs. O'Leary and Faust reviewed these materials. With respect to Mr. Gramlich's services as local bankruptcy counsel, MWE primarily reviewed pleadings and orders in these cases and arranged for the filing and service of Committee objections and other Committee pleadings initially prepared in most instances by Reed Smith. MWE also assigned one attorney, Mr. Gramlich, to attend all omnibus and other hearings in these cases. MWE charged the same hourly rates as it charged to its other clients for fiscal years 2002, 2003, and 2004, except with respect to Dean Gramlich, whose billing rate was reduced to \$385.00 per hour by agreement with the Committee and was not increased at any time during the Final Application Period.

41. In connection with the compensation and expenses sought herein, neither MWE 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.

42. No agreement or understanding exists between MWE and any third party for the sharing of compensation between and among the partners of MWE.

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

44. MW&E seeks both allowance and payment of the compensation and reimbursement of expenses described herein. The primary source of the payment is the proceeds of the US Steel sale.

B. Narrative Summary For Fifth Interim Application Period

45. To assist the Court, the Debtors, the U.S. Trustee and the various parties in interest in analyzing MWE's fees and expenses during the Fifth Interim Application Period, and

as required, in some instances, by Local Bankruptcy Rule 5082-1 and the Guidelines, MWE has attached the following exhibits:

a. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(e), **Exhibit L** hereto is a timekeeper summary showing all MWE professionals and support staff representing the Committee during the Fifth Interim Application Period (August 1, 2003 through December 19, 2003); information relating to their positions within MWE; their bar admissions and years with MWE; in the case of the attorneys, areas in which their practices are concentrated; their hourly rates during the Fifth Interim Application Period³; the hours worked during the Fifth Interim Application Period; and the total each professional billed at each professional's 2003 and 2004 fiscal year billing rates. All MWE professionals are resident in MWE's Boston or Chicago offices.

b. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(d), **Exhibit M** hereto is a chart entitled "Compensation by Project Category" showing the hours worked during the Fifth Interim Application Period on each of the project categories established by MWE. **Exhibit N** (entitled "Compensation by Project Category by Attorney and Paraprofessional") shows the same information, but also includes a breakout of the time worked by each attorney and paraprofessional in each project category.

c. **Group Exhibits O** (August, 2003), **P** (September, 2003), **Q** (October, 2003), **R** (November, 2003) and **S** (December 1 to December 19, 2003) hereto are the detailed statements of services rendered in tenths of an hour increments required by Local Bankruptcy Rule 5082-1(C). Each of these Group Exhibits consists of a number of monthly

³ MWE modified its rates for all clients on October 1, 2003. Accordingly, Exhibit L reflects two different billing rates for certain Professionals and other staff.

statements (or, in the case of December, the portion of December through the Effective Date) each addressing the particular project category worked on during the time period in question.

d. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(g), **Exhibit T** hereto is a summary of expenses incurred by expense category during the Fifth Interim Application Period.

46. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(a), the principal activities performed by MWE on behalf of the Committee during the Fifth Interim Application Period generally have been categorized according to the subject matter involved. The principal activities are:

a. Case Administration (Matter #16). MWE seeks fees of \$8,626.50 with respect to this project category.

b. Employee Matters (Matter #21). MWE seeks fees of \$750.00 with respect to this project category.

c. Environmental Matters (Matter #22). MWE seeks fees of \$115.50 with respect to this project category.

d. Executory Contracts (Matter #23). MWE seeks fees of \$1,155.00 with respect to this project category.

e. Retention of Committee Professionals (Matter #36). MWE seeks fees of \$77.00 with respect to this project category.

f. Objections to Fee Applications and Statements (Matter #37). MWE seeks fees of \$1,078.00 with respect to this project category.

g. Fee Applications and Statements (Matter #38). MWE seeks fees of \$27,797.50 with respect to this project category.

h. Tax Matters (Matter #41). MWE seeks fees of \$808.50 with respect to this project category.

i. Plan of Reorganization (Matter #50). MWE seeks fees of \$5,813.50 with respect to this project category.

j. Claims Administration and Objections (Matter #55). MWE seeks fees of \$21,915.00 with respect to this project category.

47. The foregoing principal activities undertaken by MWE are, in accordance with Local Bankruptcy Rule 5082-1(B)(1)(b), more particularly described as follows:

a. Case Administration. In preparation for each omnibus hearing, attorney Dean Gramlich reviewed the motions and other pleadings docketed, the Debtors' proposed agenda and the Court's own docket. Attorney Gramlich attended the omnibus hearings on August 19, October 14, November 18, and December 9, 2003. Mohsin Khambati attended the September 16th omnibus because of a medical emergency in Mr. Gramlich's family. Attorney Gramlich reviewed the various court orders entered at the omnibus hearings and prepared memoranda to Reed Smith on important rulings. MWE law clerks Terrance Brown, Byron White and Gene Fleischer filed Committee responses, objections, motions and applications with the Court.

b. Employee Matters. MWE's labor and employee relations work largely ended at the time the Court approved the sale to US Steel in April 2003. During the Fifth Interim Application Period, MWE reviewed the Debtor's settlement with the Bricklayer's Union.

c. Executory Contracts. Attorney Gramlich reviewed various motions and stipulations relating to unexpired leases. He also attended the hearing on the

Debtors' rejection of the Stinson time charter on September 23, 2003 and presented the Committee's position thereon.

d. Retention of Committee Professionals. Dean Gramlich reviewed pleadings relating to the retention of Hatch Consulting as its engineering consultant.

e. Objections to Fee Applications and Statements. During the Fifth Interim Application Period, Dean Gramlich reviewed and analyzed the monthly statements and fee and expense applications of various professionals, including those of Lazard Freres, Millbank, Tweed and Paul, Weiss.

f. Fee Applications and Statements. MWE attorneys prepared, filed and served monthly statements for July, August, September, October and November, 2003. MWE attorneys also reviewed the various monthly statements of Reed Smith and Deloitte and arranged for the filing of the Reed Smith's monthly statements and the service and filing of the Deloitte monthly statements. In August, 2003, attorney Dean Gramlich supervised the preparation of the Fourth Interim Application. On September 16, 2003, Mohsin Khambati presented to the Court the Fourth Interim Application, the fourth interim applications of Deloitte and Reed Smith and the Committee expense application. Attorney Gramlich also participated in hearings regarding the preliminary disallowance of the Hatch first interim fee and expense application and assisted Hatch in preparing a supplement to its application. Attorney Gramlich prepared draft orders on the Fourth Interim Application and the interim applications of Reed Smith, Deloitte and Hatch and conferred with the Court's law clerk, Susan Pistorius, regarding the Court's directions with respect to these draft orders.

In accordance with Local Bankruptcy Rule 5082-1(B)(1)(c), MWE spent 16.4 hours in preparation of the Fifth Interim Application during August, 2003. The total fees in connection with preparation of the Fifth Interim Application were \$6,314.00.

g. Plan of Reorganization. Dean Gramlich worked with Debtors' counsel on changes requested by the Committee to the Chapter 11 Plan and Disclosure Statement and reviewed both. He also reviewed objections to the Chapter 11 Plan and attended the October 23, 2003 confirmation hearing with Claudia Springer. This is the only hearing Ms. Springer attended during the Fifth Interim Application Period.

h. Claims Administration and Objections. Attorney Gramlich spearheaded the Committee's review and analysis of certain substantial administrative claims. He supervised preparation of the Committee's objection to GATX Financial Corporation's \$1.7 million administrative claim and served and filed the objection on December 2, 2003. Miles Hughes of MWE prepared the objection and conducted research relating thereto. Attorneys Gramlich and Hughes also reviewed GATX's reply brief, which raised new issues under section 365(d)(10) of the Bankruptcy Code. Attorney Gramlich reviewed and conducted research on reclamation and mechanics' lien claims and the Hayes Lemmerz administrative claim.

C. Narrative Summary for Final Application Period

48. To assist the Court, the Debtors, the U.S. Trustee and the various parties in interest in analyzing MWE's fees and expenses during the Final Application Period, and as required, in some instances, by Local Bankruptcy Rule 5082-1 and the Guidelines, MWE has attached the following exhibits:

a. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(e), **Exhibit U** hereto is a timekeeper summary showing all MWE professionals and support staff

representing the Committee during the Final Application Period (March 25, 2002 through December 19, 2003); information relating to their positions within MWE; their bar admissions and years with MWE; in the case of the attorneys, areas in which their practices are concentrated; their hourly rates during the Final Application Period; the hours worked during the Final Application Period; and the total each professional billed at each professional's 2002, 2003 and/or 2004 fiscal year billing rates. All MWE Professionals are resident in MWE's Boston, Chicago or Washington, D.C. offices.

b. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(d), **Exhibit V** hereto is a chart entitled "Compensation by Project Category" showing the hours worked during the Final Application Period on each of the project categories established by MWE. **Exhibit W** (entitled "Compensation by Project Category by Attorney and Paraprofessional") shows the same information, but also includes a breakout of the time worked by each attorney and paraprofessional in each project category over the course of the entire case.

c. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(g), **Exhibit X** hereto is a summary of expenses incurred by expense category during the Final Application Period.

d. Based on discussions between general bankruptcy counsel for the Debtors, Piper Rudnick LLP, and the Court's law clerk, MWE understands the Court is not requiring a second submission of the detailed statement of services rendered in tenth of an hour increments for the First, Second, Third and Fourth Interim Application Periods. MWE has previously submitted those statements to the Court as exhibits to its First, Second, Third and Fourth Interim Applications and the statements are incorporated herein by reference.

49. In accordance with Local Bankruptcy Rule 5082-1(B)(1)(a), the principal activities performed by MWE on behalf of the Committee during the Final Application Period generally have been categorized according to the subject matter involved. The principal activities are:

a. Negotiations (Matter #11). MWE seeks fees of \$262,051.50 with respect to this project category.

b. Asset Dispositions (Matter #13). MWE seeks fees of \$46,258.50 with respect to this project category.

c. Automatic Stay (Matter #14). MWE seeks fees of \$6,488.50 with respect to this project category.

d. Business Operations (Matter #15). MWE seeks fees of \$1,076.00 with respect to this project category.

e. Case Administration (Matter #16). MWE seeks fees of \$68,124.00 with respect to this project category.

f. Creditors' Committee Meetings (Matter #19). MWE seeks fees of \$69,818.50 with respect to this project category.

g. Employee Matters (Matter #21). MWE seeks fees of \$35,805.00 with respect to this project category.

h. Environmental Matters (Matter #22). MWE seeks fees of \$13,446.00 with respect to this project category.

i. Executory Contracts (Matter #23). MWE seeks fees of \$3,195.50 with respect to this project category.

- j. Financing (Matter #24). MWE seeks fees of \$9,518.50 with respect to this project category.
- k. Insurance Matter (Matter #25). MWE seeks fees of \$231.00 with respect to this project category.
- l. Non-Working Travel Time (Matter #31). MWE seeks fees of \$27,544.50 with respect to this project category.
- m. Regulatory (Matter #34). MWE seeks fees of \$38.50 with respect to this project category.
- n. Objections to Retention (Matter #35). MWE seeks fees of \$4,774.00 with respect to this project category.
- o. Retention of Committee Professionals (Matter #36). MWE seeks fees of \$19,886.00 with respect to this project category.
- p. Objections to Fee Applications and Statements (Matter #37). MWE seeks fees of \$25,067.00 with respect to this project category.
- q. Fee Applications and Statements (Matter #38). MWE seeks fees of \$111,414.00 with respect to this project category.
- r. Secured Claims (Matter #39). MWE seeks fees of \$4,389.00 with respect to this project category.
- s. Tax Matters (Matter #41). MWE seeks fees of \$5,543.00 with respect to this project category.
- t. U.S. Trustee Matters (Matter #42). MWE seeks fees of \$385.00 with respect to this project category.

u. Plan of Reorganization (Matter #50). MWE seeks fees of \$10,626.00 with respect to this project category.

v. Claims Administration and Objections (Matter #55). MWE seeks fees of \$25,688.00 with respect to this project category.

50. The foregoing principal activities undertaken by MWE are, in accordance with Local Bankruptcy Rule 5082-1(B)(1)(b), more particularly described as follows:

a. Negotiation. Labor and employee benefits matters were two of the most critical issues to be resolved in connection with the sale of the Debtors' operating assets or reorganization of the Debtors as a stand-alone entity. Joe O'Leary and Scott Faust acted as principal counsel in advising the Committee on the variety of labor, collective bargaining, pension, 401(k), OPEB and executive compensation issues confronting the estate. Most particularly, Messrs. O'Leary and Faust consulted with lead committee counsel Paul Singer, the Committee, the Debtors' counsel, the USWA, the PBGC and other constituencies regarding the effect of the Debtors' collective bargaining agreements ("CBA's") on the various offers by AK Steel and US Steel for acquisition of the Debtors' operating assets. In the second half of 2002 and the first quarter, Messrs. O'Leary and Faust conferred frequently with Ron Bloom of the USWA, Larry Zizzo, the Debtors' Vice President of Human Resources, the PBGC and others to discuss and develop a consensus on a wide range of labor and employee benefits issues. O'Leary and Faust also regularly reviewed material prepared by Deloitte on the Debtors' financial condition and prospects. O'Leary and Faust also worked with Hatch Consulting on analyzing manning issues relating to the Debtors' emergence from bankruptcy as a stand-alone entity. The efforts of O'Leary and Faust, along with many others, bore fruit in the USWA's entry into a new CBA with US Steel, the ultimately successful bidder for the Debtors' assets.

This was the single most critical event in the successful marketing of the Debtors as an operating steel manufacturer.

Other MWE attorneys assisted the Committee in labor and employee benefits matters. Joe O'Leary, Paul Hamburger and Chip Kerby of MWE's Washington office and other MWE attorneys conducted research regarding the Trade Adjustment Act ("TAA") and the potential health insurance tax credits made available thereunder to the Debtors' work force. Messrs. O'Leary and Hamburger met with Treasury officials in December, 2002 to discuss implementation of the TAA and related regulations. Scott Faust prepared a memorandum comparing the Debtors' CBA's to those of its steel industry competitors. MWE attorney's researched issues relating to pension plan takeovers by the PBGC, PBGC distress terminations and sections 1113 and 1114 of the Bankruptcy Code.

b. Asset Dispositions. Attorneys Dean Gramlich and Neal White, an M&A specialist, review proposed asset purchase agreements and related registration rights agreements relating to the equity portion of US Steel's initial offer and consulted with Skadden Arps regarding various aspects of the proposals of US Steel and AK Steel. Because of a disclosed Reed Smith conflict, Ray Jacobsen, head of MWE's Regulatory and Government Affairs Department and the Washington, D.C. office's antitrust practice, analyzed antitrust aspects of the US Steel bid, consulted with Skadden Arps and supervised a review of merger activity in the domestic steel activity. Attorney Gramlich assisted in the preparation of the Committee's responses to various objections to the bidding procedures requested by the Debtors and the Committee's April 14, 2003 response addressing the Debtors' pending sale motion. Attorney Gramlich participated in the April 21, 2003 hearing on the proposed sale to US Steel and AK Steel's opposition thereto. Earlier in the case, Mr. Gramlich participated in negotiations

regarding the Debtors' section 363 sale to NKK of the Debtors' equity interests in the DNN joint venture and related agreements.

c. Automatic Stay. Dean Gramlich reviewed the stay relief motions filed by Mr. Madden and other personnel injury claimants and the Debtors' responses thereto. He also reviewed and analyzed the Debtor's motion for setting procedures for the resolution of some 500 personal injury claims and presented the Committee's support for the motion on November 19, 2002. He also participated in negotiations regarding the Ziegler stay relief motion.

d. Business Operations. MWE attorneys reviewed reports prepared by Deloitte on the Debtors' business operations prior to the US Steel sale and other related materials.

e. Case Administration. In preparation for each omnibus hearing, attorney Dean Gramlich reviewed the motions and other pleadings docketed, the Debtors' proposed agenda and the Court's own docket. Attorney Gramlich attended omnibus hearings throughout the case (Reed Smith attorneys normally did not attend). Attorney Gramlich reviewed the various court orders entered at the omnibus hearings and in some instances prepared memoranda to Reed Smith regarding important Court rulings. He responded to creditor inquiries regarding the sale process and the settlement reached with the Official Committee of Retired Employees ("Retiree Committee") in July, 2003. On July 24, 2003, attorney Gramlich participated in negotiations with the Retiree Committee and other parties in interest regarding the settlement between the Debtors and the Retiree Committee and attended the July 24, 2003 hearing at which the Court approved the settlement. MWE project assistants Joe Ambrosion and Katie Sacksteder created pleading indices, organized the multitude of pleadings and orders filed

in these cases, served and assisted in the filing of Committee responses, objections and applications, prepared and updated several different service lists and assisted in the preparation of the monthly fee and expense statements of MWE and other Committee professionals. MWE law clerks Terrance Brown, Byron White and Gene Fleischer filed Committee responses, objections, motions and applications with the Court.

f. Creditors' Committee Meetings. Joe O'Leary regularly participated in frequent telephonic Committee meetings to advise the Committee on the status of various labor, employee benefits and executive compensation matters. He prepared for each meeting and usually consulted with Mr. Singer and Deloitte before and after these meetings. The Committee normally conducted telephonic meetings to reduce travel costs. Messrs. O'Leary, Faust, and Gramlich personally attended certain important Committee meetings regarding the initial presentation of the Debtors' business plan, the initial US Steel offer and other matters.

g. Employee Matters. During the First Interim Application Period, Joe O'Leary participated extensively in negotiations surrounding the Debtors' Key Employee Retention (or "KERP") motion and analyzed other KERP programs in the steel industry. MWE partner Andrew Liazos analyzed lay off, actuarial valuation and other issues relating to the Debtors' various pension and OPEB plans and prepared due diligence requests for submission to the Debtors. He also prepared a memorandum regarding the position of the IRS on shutdown benefits.

h. Environmental Matters. MWE attorney Ellen Tenebaum, resident in the firm's Washington, D.C. office, reviewed and analyzed transaction documents and environmental reports related to certain of the acquisition proposals and participated in related conference calls with Skadden Arps. Dean Gramlich analyzed certain of the Debtors'

settlements relating to alleged environmental liability, including the Debtors' settlements with the City of Buffalo and a related consent decree.

i. Executory Contracts. Attorney Gramlich reviewed and analyzed the Debtors' motions to reject various executory contracts and motions to compel assumption or rejection filed by equipment lessors. Dean Gramlich attended the September 29, 2003 hearing on the Debtors's motion to reject the Stinson time charter and argued in support of that contested motion.

j. Financing. During the First Interim Application Period, Dean Gramlich assisted Reed Smith in preparing a draft response to the Debtors' motion to approve the final proposed DIP financing order and a motion and stipulation with Citicorp, as agent for the DIP Lenders, extending the deadline for the Committee to take legal action regarding the pre-petition liens and security interests of the DIP lenders. MWE had no activity in this area in any later application periods.

k. Non-Working Travel. This category represents time spent Messrs. O'Leary, Faust, Liazos and Gramlich in traveling to various meetings with the Committee, the Debtors, the Ad Hoc Bondholders' Committee, the USWA, the PBGC and interested purchasers. MWE reduced its fees by 50% with respect to the project category.

l. Objections to Retention. During the First Interim Application Period, attorney Gramlich assisted Reed Smith in preparing the Committee's objection to the Debtors' retention of Lazard Freres as their investment banker. He subsequently discussed the agreement reached between the Committee and Lazard Freres with the Office of the United States Trustee ("U.S. Trustee"). He attended the May 9, 2002 evidentiary hearing on the U.S. Trustee's objection to the indemnification provisions in the Lazard engagement letter and

negotiated the terms of a revised retention order. Throughout the case, he reviewed the retention applications and Rule 2014 affidavits of the Debtors' professionals.

m. Retention of Committee Professionals. Dean Gramlich prepared MWE's retention application and his 2014 affidavit at the beginning of the case and has supplemented the 2014 affidavit at various times. He also assisted Reed Smith, Deloitte and Hatch Consulting (the Committee's engineering consultant) in preparing and filing their retention applications and related supplements.

n. Objections to Fee Applications and Statements. Dean Gramlich negotiated various reductions with NKK, the Debtors' controlling shareholder, of the fees charged to the estate in connection with the Dofasco transactions. Attorney Gramlich also prepared draft objections to certain of the monthly statements filed by counsel for Mitsubishi and Marubeni, secured lenders to the Debtors, and participated in negotiations over a reduction in the fees of their respective counsel.

o. Fee Applications and Statements. At the beginning of these cases, MWE reviewed and analyzed the Interim Fee Procedures Order and developed for use by Committee professionals a list of project categories for the purpose of complying with the Local Bankruptcy Rules and the Guidelines. MWE attorneys prepared, filed and served monthly statements throughout the case. MWE attorneys also reviewed the various monthly statements of Reed Smith, Deloitte and Hatch Consulting and arranged for the filing of the Reed Smith's monthly statements and the service and filing of the Deloitte and Hatch Consulting monthly statements. Attorney Dean Gramlich supervised the preparation of the previous four previous interim MWE fee and expense applications and presented the applications as well as the interim applications of Deloitte, Hatch and the Committee's interim expense reimbursement

applications. Attorney Gramlich also participated in discussions regarding the filing of supplements by Reed Smith, Deloitte and Hatch to ensure compliance with the Court's provisional rulings on their respective interim applications. Attorney Gramlich prepared draft order on the interim fee and expense applications for submission to the Court. Attorney Gramlich conferred with Debtors' counsel regarding possible objections to the second monthly statement of Hatch Consulting and arranged for the preparation of additional schedules by Hatch.

p. Secured Claims. Attorney Gramlich reviewed and analyzed the Debtors' motion to grant adequate protection to Mitsubishi and Marubeni and assisted Reed Smith in preparing an objection to the motion. Dean Gramlich also assisted in preparing the Committee's objection to Bank of New York's motion for adequate protection and participated in negotiations over a stipulation resolving the objection.

q. Tax Matters. Dean Gramlich participated in the September 30, 2002 hearing on the City of River Rouge's motion to compel allowance and immediate payment on its property tax claim and reviewed and analyzed the briefs filed by River Rouge and the Debtors. MWE state tax attorney John Biek assisted in the Committee's analysis of Michigan state and municipal tax issues. The court denied River Rouge's motion at the close of the hearing on September 30, 2003.

r. U.S. Trustee Matters. Dean Gramlich discussed various matters, including the initial meeting of creditors with Stephen Wolfe, attorney for the U.S. Trustee.

s. Utilities. During the Second Interim Application Period, Dean Gramlich reviewed the motion to approve the Debtors' settlement with Illinois Power Company and the Ad Hoc Bondholder Committee's objection to the settlement. He also, assisted in

preparing an objection to the settlement and participated in negotiations over language in the order approving the settlement.

t. Plan of Reorganization. Dean Gramlich reviewed the Debtor's various motions to extend exclusivity and attended the special hearing before the Court on November 2, 2002 at which the Court extended exclusivity over the objection of the City of River Rouge. He also attended the April 7, 2003 hearing on exclusivity at which the Court overruled the objections of Mitsubishi and Marubeni to any further exclusivity extension. In the Fifth Interim Application Period, attorney Gramlich worked with Skadden Arps on changes requested by the Committee to the Chapter 11 Plan and Disclosure Statement and reviewed both. He also reviewed objections to the Chapter 11 Plan and attended the October 23, 2003 hearing on confirmation of the Chapter 11 Plan with Claudia Springer.

u. Claims Administration and Objections. Throughout the case, MWE has assisted Reed Smith in reviewing motions to allow late-filed claims and substantial administrative claims. This project category reached its peak in activity after plan confirmation. MWE prepared the Committee's objection to GATX Financial Corporation's \$1.7 million administrative claim. MWE has also recently reviewed and conducted research on substantial reclamation and mechanics' lien claims and the Hayes Lemmerz administrative claim and filed joinders in support of the Debtors' objections.

IV. DESCRIPTION OF EXPENSES INCURRED

51. MWE seeks reimbursement of its actual and necessary expenses incurred in rendering services during the Fifth Interim Application Period. The total amount of expenses for which reimbursement sought is \$4,385.39. **Exhibit T** hereto is a summary by type of all expenses incurred by MWE during the Fifth Interim Application Period.

52. MWE seeks allowance of its actual and necessary expenses for the Final Application Period. The total amount of expenses for which reimbursement is sought is \$67,153.18. **Exhibit X** is a summary by type of all expenses. However, it does not reflect expenses disallowed by the Court and voluntary expense reductions in the total amount of \$4,630.46, which reduce MWE's reimbursement request to \$67,153.18.

53. MWE observed the following policies with respect to its expenses during the Fifth Interim and Final Interim Application Periods:

a. Photocopying by MWE was charged at a rate of 20¢ per page for the first 500 copies on any particular job, with the price per page being reduced to 15¢ per page for each page after the initial 500 pages.

b. Facsimile transmissions were charged at \$1.00 per page plus line costs. MWE does not charge clients for incoming faxes.

c. Computer research services (Lexis only) were used when time pressures rendered it impracticable to conduct such research manually or it was otherwise more cost efficient to employ computer databases. The use of computer services in the cite checking and shepardization of case law substantially decreases professional time which would otherwise be expended on these activities. Likewise, the use of computer searches in many instances reduces the time spent in identifying relevant case law and statutory authority on particular points.

d. MWE had no travel expenses during the Fifth Interim Application Period other than a \$100.00 meal charge relating to Mr. O' Leary's meeting in Pittsburgh with Mr. Singer on July 25, 2003.

e. **Exhibit T** reflects a charge of \$2,628.79 for outside copying services. In June, 2003, MWE began to utilize Lex Business Solutions in connection with the copying and service of Committee applications, objections and other pleadings. The use of Lex Business Solutions has decreased internal copying and project assistant expenses.

f. Certain types of expenses incurred by MWE on behalf of its clients sometimes are not recorded in the firm's books and records for an extended period of time. Examples include third party vendor expenses, certain travel-related expenses and certain communication charges (cell phone, facsimile transmissions). Certain of these "trailing expenses" from earlier application periods are reflected in **Group Exhibit Y**, as referenced below.

54. MWE has included its expense documentation for the Fifth Interim Application in **Group Exhibit Y** hereto. The documentation for prior application periods is attached to the Second, Third and Fourth Interim Applications incorporated by reference herein.

V. **THE COMPENSATION AND EXPENSE REIMBURSEMENT SOUGHT BY MWE ARE REASONABLE**

55. 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.⁴

56. 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, MWE is entitled to the compensation requested for the Fifth Interim and Final Application Period. MWE provided necessary and important services to the Committee in connection with these complex and time-sensitive cases. Joe O'Leary's and Scott Faust's involvement assured the Committee of

⁴ The factors set forth are quite similar to those prevailing at the time of section 330's amendment. The often cited case of *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974), sets forth the following factors to be considered in approving attorneys' fees:

- a) the time and labor required; (b) the novelty and difficulty of the questions presented;
- (c) the skill required to perform the services properly; (d) the preclusion of other employment due to acceptance of the case; (e) the customary fee to non-bankruptcy clients for the services rendered; (f) whether the fee is fixed or contingent; (g) time limitations imposed by the client or other circumstances; (h) the amount involved and the results obtained; (i) the experience, reputation and ability of the attorneys; (j) the undesirability of the case; (k) the nature and length of the professional relationship with the client; and (l) awards in similar cases.

It should be noted that section 330(a)(3) requires consideration of all relevant factors, including those specifically enumerated. Under section 102(3) of the Bankruptcy Code, use of the term "including" is not limiting.

substantial ability and experience in labor and employee benefits issues of critical importance to the sale of the Debtor's assets. To the Debtors' trade creditors and employees, a fire sale liquidation would have been nothing short of disastrous. The Committee, in conjunction with the Debtors and other creditor constituencies, has succeeded in avoiding this disaster and preserving value for the Debtors' unsecured creditors (including the PBGC) and jobs for the Debtors' employees. MWE's efforts in negotiating a consensus over labor and employee benefits issues and its experience in negotiations with the USWA and the PBGC have proven critical in these cases. The rates charged by MWE are reasonable and commensurate with the billing rates of the Debtors' professionals.

57. As demonstrated above, MWE expenses were actual and necessary in light of the work required.

VI. CONCLUSION

58. For the foregoing reasons the fees requested in this Fifth Interim and Final Application are reasonable and reflect the value of the services provided to the Committee. Moreover, MWE has requested reimbursement only of actual and necessary expenses.

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

- (i) allowing on an interim basis compensation of \$68,136.50 for legal services rendered during Fifth Interim Application Period;
- (ii) allowing on an interim basis reimbursement of expenses incurred during the Fifth Interim Application Period in the amount of \$4,385.39;
- (iii) authorizing the Debtors pay to MWE the Holdback Amount and other unpaid amounts accruing during the Fifth Interim Application Period;

(iv) allowing on a final basis compensation of \$751,405.50 for legal services rendered during the Final Application Period;

(v) allowing on a final basis reimbursement of expenses incurred during the Final Application Period in the amount of \$67,153.18; and

(vi) granting such other and further relief as the Court deems appropriate.

Dated: January 30, 2004

Respectfully submitted,

McDERMOTT, WILL & EMERY

By: 

Dean C. Gramlich (#6191587)
McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606-5096
Telephone: (312) 372-2000
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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	CASE NO. 02 B 08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,)	
et. al.,	)	CHAPTER 11
	)	HON. JOHN H. SQUIRES
)	
Debtors	)	Hearing Date and Time:
	)	March 9, 2004 at 8:30 a.m.

**ORDER GRANTING FIFTH INTERIM AND FINAL FEE AND
EXPENSE APPLICATION OF McDERMOTT, WILL & EMERY**

THIS MATTER coming before the Court on the Fifth Interim and Final Application of McDermott, Will & Emery ("MWE") for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations, Conflicts and Local Counsel to the Official Committee of Unsecured Creditors ("Fifth Interim and Final Application"), the Court having considered the Fifth Interim and Final Application and the statements of MWE in support of same at the hearing held thereon, and finding that the Fifth Interim and Final 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 Fifth Interim and Final Application, and that notice of the hearing on the Fifth Interim and Final Application was sufficient.

IT IS HEREBY ORDERED THAT:

1. The Fifth Interim and Final Application is granted.
2. The fees of MWE for the time period covered by the Fifth Interim Application (August 1, 2003 through December 19, 2003) are allowed in the amount of \$_____ and reimbursement of its actual and necessary expenses is allowed in the amount of \$_____.

3. The Debtors are authorized to pay to MWE the amount of \$ _____, 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 Fifth Interim Application.

4. The fees of MWE for the time period covered by the Final Application Period (March 25, 2002 through December 19, 2003) are allowed in the amount of \$ _____ and reimbursement of its actual and necessary expenses is allowed in the amount of \$ _____.

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

6. This Order is final with respect to the Final Application and shall be effective immediately.

ENTER:

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

CERTIFICATE OF SERVICE

I, Dean C. Gramlich, hereby certify that on January 30, 2004, I caused copies of the Fifth Interim and Final Application of McDermott, Will & Emery for Approval and Allowance of Compensation and Reimbursement of Expenses as Employee Relations, Conflicts and Local Counsel to the Official Committee of Unsecured Creditors to be served via first class U.S. mail, postage prepaid, on all persons on the attached Monthly Statement Service List.



Dean C. Gramlich

**NATIONAL STEEL CORPORATION
MONTHLY STATEMENT DISTRIBUTION LIST**

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

In re:	)	CASE NO. 02 B 08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION, et. al.,	)	CHAPTER 11
	)	HON. JOHN H. SQUIRES
Debtors	)	Hearing Date and Time: March 9, 2004 at 8:30 a.m.

**EXHIBITS TO FIFTH INTERIM AND FINAL APPLICATION
OF MCDERMOTT, WILL & EMERY**

- | | |
|----------------|---|
| Exhibit A..... | Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014. |
| Exhibit B..... | Order Authorizing Unsecured Creditors' Committee of National Steel Corporation to Employ McDermott, Will & Emery as Employee Relations and Local Counsel. |
| Exhibit C..... | First Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014. |
| Exhibit D..... | Second Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014. |
| Exhibit E..... | Third Supplement to Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014. |
| Exhibit F..... | Order Granting First Interim Fee and Expense Application of McDermott, Will & Emery. |
| Exhibit G..... | Order Granting Second Interim Fee and Expense Application of McDermott, Will & Emery. |
| Exhibit H..... | Order Granting Third Interim Fee and Expense Application of McDermott, Will & Emery. |
| Exhibit I..... | Order Granting Fourth Interim Fee and Expense Application of McDermott, Will & Emery. |
| Exhibit J..... | Order Granting Professionals Leave to Consolidate Fifth Interim and Final Fee and Expense Applications. |

Group Exhibit K	Biographies of Joseph O'Leary, Scott Faust, Andrew Liazos, Paul Hamburger, Ray Jacobsen and Dean Gramlich.
Exhibit L	Timekeeper Summary, August 1, 2003 – December 19, 2003.
Exhibit M.....	Compensation by Project Category, August 1, 2003 – December 19, 2003.
Exhibit N.....	Compensation by Project Category by Attorney and Paraprofessional, August 1, 2003 – December 19, 2003.
Group Exhibit O	Detailed Statement of Services for August, 2003
Group Exhibit P	Detailed Statement of Services for September, 2003
Group Exhibit Q	Detailed Statement of Services for October, 2003
Group Exhibit R.....	Detailed Statement of Services for November, 2003
Group Exhibit S	Detailed Statement of Services for December 1-19, 2003
Exhibit T	Expense Summary, August 1, 2003 – December 19, 2003
Exhibit U.....	Timekeeper Summary, March 25, 2002 – December 19, 2003
Exhibit V.....	Compensation by Project Category, March 25, 2002 – December 19, 2003
Exhibit W.....	Compensation by Project Category by Attorney and Paraprofessional, March 25, 2002-December 19, 2003
Exhibit X.....	Expense Summary, March 25, 2002 – December 19,2003
Group Exhibit Y	Expense Documentation

CERTIFICATE OF SERVICE

I, Dean Gramlich, hereby certify that on Friday, January 30, 2004, I caused copies of the attached Final Application of Hatch Consulting for Approval and Allowance of Compensation and Reimbursement of Expenses as Independent Engineering Consultant to the Official Committee of Unsecured Creditors to be served via first class U.S. mail, postage prepaid, on all persons on the attached Monthly Statement Service List.

Dean C. Gramlich

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

In re:	)	CASE NO. 02 B 08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,)	
<i>et al.</i>,	)	CHAPTER 11
	)	HON. JOHN H. SQUIRES
Debtors.	)	Hearing Date: April 23, 2002
	)	Time: 8:30 a.m.

**AFFIDAVIT OF DEAN C. GRAMLICH IN
ACCORDANCE WITH BANKRUPTCY RULE 2014**

STATE OF ILLINOIS)	
	)	SS:
COUNTY OF COOK)	

Dean C. Gramlich, being duly sworn, deposes and says:

1. I am a partner in the law firm of McDermott, Will & Emery ("MW&E"), located at 227 West Monroe Street, Chicago, Illinois 60606. I am a member in good standing of the Bar of the Supreme Court of Illinois and am admitted to practice before the United States District Court for the Northern District of Illinois (including the trial bar). I make this affidavit in support of the employment of MW&E as counsel for the Official Unsecured Creditors' Committee of National Steel Corporation in the above-captioned chapter 11 cases in accordance with Section 1103 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

2. The Committee desires to employ MW&E in two areas. First, the Committee seeks to employ Joseph O'Leary of MW&E's Boston office and certain of his colleagues as the Committee's principal employee relations counsel in these cases.

Mr. O'Leary has extensive experience in labor relations matters relating to the steel industry. Mr. O'Leary has acted as labor counsel in a number of significant steel industry chapter 11 cases, including Penn Dixie Steel, Continental Steel, CF&I, both Sharon Steel chapter 11 cases and both Wheeling-Pittsburgh chapter 11 cases. He is currently acting as special labor counsel to the official creditors' committees in the LTV Steel Company chapter 11 case pending in Youngstown, Ohio and in the Bethlehem Steel chapter 11 case pending in the Southern District of New York. Mr. O'Leary's experience and background make him particularly well suited for retention as employee relations counsel in these cases. Second, the Committee seeks to retain MW&E to act as its local bankruptcy counsel in these cases. I will have primary responsibility for that part of the representation.

3. Subject to the Court's approval, and except as otherwise noted below, MW&E will charge the Committee in accordance with its ordinary and customary hourly rates in effect on the date MW&E professionals perform legal services for the Committee. The current hourly rates to be charged in these cases for the professionals the Committee expects to employ are:

<u>Professional</u>	<u>Billing Category</u>	<u>Rate</u>
Joseph E. O'Leary	Partner (Boston)	\$510.00
Scott A. Faust	Partner (Boston)	\$445.00
James A. Paretto, Jr.	Associate (Boston)	\$310.00
Eric J. Conn	Associate (Boston)	\$230.00
Dean C. Gramlich	Partner (Chicago)	\$395.00 ¹
Mohsin N. Khambati	Associate (Chicago)	\$275.00
Joseph A. Ambrosio	Legal Assistant (Chicago)	\$115.00

¹ My hourly rate reflects a reduction in my customary hourly rate requested by the Committee.

4. MW&E will not, while representing the Committee, represent any other entity having an adverse interest in connection with these cases. MW&E has conducted an extensive investigation of its conflicts data base in connection with these cases to identify creditors of the Debtors and other parties in interest with whom MW&E has a connection. Exhibit A to this Affidavit identifies all creditors of the Debtors and other parties in interest MW&E currently represents in matters unrelated to these cases.

5. In addition to the connections set forth in Exhibit A hereto, MW&E currently represents Kvaerner as a defendant in certain asbestos-related litigation in which Great Lakes Steel Corporation is a co-defendant. On information and belief, Great Lakes Steel Corporation is one of the Debtors in these cases. Also, certain partners and employees of MW&E may own stock or debt of National Steel Corporation, either directly or indirectly through mutual funds.

6. I know of no connection between MW&E and the Office of the United States Trustee or any person employed in the Office of the United States Trustee.

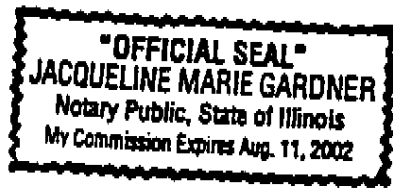
7. MW&E maintains a practice of national scope, with over 900 attorneys practicing law in offices in Chicago, Boston, six other cities in the United States and two European cities. I will regularly monitor MW&E's records and to the extent I identify any further representations of creditors or parties in interest in matters unrelated to these cases, I will file and serve one or more additional supplements to this Affidavit.

8. I believe that the attorneys identified above are well qualified to act as counsel for the Committee and that MW&E's employment is in the best interests of the Committee, the Debtors, the estate and the Debtors' creditors.

Dean C. Gramlich
Dean C. Gramlich

Sworn to and subscribed
before me this 8
day of April, 2002

Jacqueline Marie Gardner
Notary Public



CHI99 3892045-1.059146.D011

**EXHIBIT A
TO GRAMLICH AFFIDAVIT**

**CREDITORS OF THE DEBTORS AND
OTHER PARTIES IN INTEREST CURRENTLY
REPRESENTED BY MW&E IN UNRELATED MATTERS**

Name of Creditor or Other Party in Interest	Relationship to Debtors	Nature of MW&E Connection
Citicorp USA, Inc.	Bank Group Lender; Administrative Agent	Tax representation of Citibank, N.A., a related company; corporate representation of Citicorp USA and Citigroup Investments, a related company
Citibank, N.A.	Bank Group Lender	Tax representation; corporate representation of Citicorp USA and Citigroup Investments, related companies; litigation representation of Travelers Property & Casualty, a former affiliate
Fleet Capital Corporation	Bank Group Lender; Documentation Agent	Corporate representation
Lazard Freres	Investment Banker	Tax representation
JP Morgan Chase	Indenture Trustee, Pollution Control Bonds	Corporate finance representation
HSBC Bank, USA	Indenture Trustee; member of Creditors' Committee	Tax and employee benefits representations
Mitsubishi Corporation	Lender under GCD Caster Loan Agreement and Pickle Line Loan Agreement	Intellectual property representation of Mitsubishi Semiconductor, a company historically related to Mitsubishi Corporation
PCI Enterprises Co.	Creditor	Litigation representation
Heraeus Electron Nitge Co.	Creditor	Intellectual property representation of Heraeus, Inc., a related company; corporate representation of Heraeus Holding GmbH, a related company

Name of Creditor or Other Party in Interest	Relationship to Debtors	Nature of MW&E Connection
Caterpillar World Trading	Creditor	Tax, trade regulation, employee relations and intellectual property representations of Caterpillar, Inc., a related company
Heller Financial, Inc.	Bank Group Lender; Syndication Agent; Equipment Lessor	Former representation in workout, corporate finance and litigation matters
GMAC Business Credit, LLC	Bank Group Lender	Real estate and workout representations of GMAC Commercial Mortgage Corp., a related company; corporate representations of GMAC Commercial Credit, Ltd and GMAC Financial Services, related companies
Salomon Smith Barney, Inc.	Sole Book Manager and Lead Arranger on DIP financing	Regulatory, corporate finance and litigation representations
CALPERS	Bank Group Lender	Corporate finance representation
Orix Financial Services	Bank Group Lender	Real estate and securities representations of Orix Real Estate Equities, a related company
The Wilmington Trust Co.	Lessor under GLD EGL Lease Agreement	Corporate finance
General Electric Capital	Equipment Lessor	Corporate and tax representations; also various representations of General Electric Company and related companies.
LaSalle National Leasing Corporation	Equipment Lessor	Corporate finance, employee benefits and real estate representations of LaSalle National Bank, a related company.
Comerica Leasing	Equipment Lessor	Corporate representation of Comerica Bank, a related company.
Old Kent Financial Services	Equipment Lessor	Trusts and Estates representation of Old Kent Bank, a related company.

Name of Creditor or Other Party in Interest	Relationship to Debtors	Nature of MW&E Connection
MDFC Equipment Leasing Corp., BCC Equipment Leasing Corp. and Boeing Capital Corp	Equipment Lessors	Corporate representation of the Boeing Company, a related company.

CHI99 3892045-1.059146.0011

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

In re:)
) CASE NO. 02 B 08699
) (Jointly Administered)
NATIONAL STEEL CORPORATION,)
)
et al.,) CHAPTER 11
) HON. JOHN H. SQUIRES
Debtors.) Hearing Date: April 23, 2002
) Time: 8:30 a.m.

**ORDER AUTHORIZING UNSECURED CREDITORS' COMMITTEE
OF NATIONAL STEEL CORPORATION TO EMPLOY McDERMOTT,
WILL & EMERY AS EMPLOYEE RELATIONS AND LOCAL COUNSEL**

This matter coming to be heard on the Application of the Official Unsecured Creditors' Committee ("Committee") to employ McDermott, Will & Emery ("MW&E") as employee relations and local counsel *nunc pro tunc* ("Application"), the Court having reviewed the Application and Affidavit of Dean C. Gramlich in Accordance with Bankruptcy Rule 2014 ("Gramlich Affidavit"); the Court having heard the statements of counsel in support of the Application at the hearing before the Court on April 23, 2002; and the Court finding and concluding: (a) that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157; (b) that the relief requested in the Application is in the best interests of the Committee, the Debtors, the estate and the estate's creditors; (c) that , based on the representations in the Gramlich Affidavit, the MW&E attorneys to be employed by the Committee do not represent any other entity having an adverse interest in connection with these cases ; (d) the legal and factual bases set forth in the Application and the Gramlich Affidavit and at the hearing otherwise