

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

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

In Re:)
)
NATIONAL STEEL CORPORATION,)
)
Debtor.)
)
)
)

Chapter 11
Case No. 02-08699
Jointly Administered
Hon. John H. Squires
JAN 29 2004
KENNETH S. GARDNER, CLERK
TEAM - E
Hearing Date: March 9, 2004 @ 8:30 a.m.
Objection Deadline: March 4, 2004

**FIFTH INTERIM AND FINAL APPLICATION OF
REED SMITH LLP, COUNSEL TO THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS, FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES**

Reed Smith LLP, counsel to the Committee of Unsecured Creditors of National Steel Corporation (the "Committee"), hereby makes its Fifth Application (the "Fifth Interim Application") for interim allowance of compensation in the amount of \$65,243.00 and reimbursement of related expenses in the amount of \$3,401.60 for the period from August 1, 2003 through December 19, 2003 (the "Fifth Interim Period"). Reed Smith LLP further makes its application (the "Final Application," and collectively with the Fifth Interim Application, the "Application") for final allowance of compensation in the amount of \$1,264,276.75 and reimbursement of related expenses in the amount of \$92,777.89 for the period from March 18, 2002 through December 19, 2003 (the "Final Application Period"). In support of its Application, Reed Smith respectfully represents as follows:

I. FACTUAL BACKGROUND

A. General Status of Case and Jurisdictional and Statutory Basis for this Application

1. On March 5, 2002 (the "Petition Date"), the Debtors in the above captioned cases filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code ("the Bankruptcy Code"). Pursuant to an Order dated March 6, 2002, the Debtors' chapter 11 cases are being administered jointly.

2. On March 18, 2002, the Office of the United States Trustee for the Northern District of Illinois appointed the Committee pursuant to Section 1102 of the Bankruptcy Code.

3. On March 18, 2002, the Committee held a meeting at which it elected Gerald S. Endler, Vice President & General Counsel of EES Coke Battery, LLC, as Chairperson of the Committee. Thereafter, on or about April 1, 2002, the Committee determined, subject to approval by the United States Bankruptcy Court for the Northern District of Illinois Eastern Division (the "Bankruptcy Court"), to engage the law firm of Reed Smith to represent it in these proceedings, *nunc pro tunc* as of March 18, 2002.

4. On April 8, 2002, the Committee filed and served an Application to Employ Reed Smith LLP as Counsel Pursuant to Section 1103 of Title 11 of the Bankruptcy Code (the "Application"). The Application sought retention of Reed Smith as counsel *nunc pro tunc* as of March 18, 2002. Attached to and incorporated into the Application was the Verified Statement of Reed Smith LLP Pursuant to Bankruptcy Rule 2014 in Support of Application for Employment of Counsel (the "Reed Smith Verified Statement"). A true and correct copy of the Application, including the Reed Smith Verified Statement, is attached as **Exhibit A** hereto.

5. On April 23, 2002, the Bankruptcy Court approved the Committee's retention of Reed Smith as its Counsel (the "Retention Date"). A true and correct copy of the Order Authorizing the Employment of Reed Smith LLP, *Nunc Pro Tunc*, as Counsel for the Official Committee of Unsecured Creditors (the "Retention Order") is attached hereto as **Exhibit B**.

6. The Committee selected Reed Smith to represent it pursuant to Section 1103 of the Bankruptcy Code because of the firm's extensive general experience and knowledge, and in particular, its expertise in the fields of debtor protection and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. Reed Smith is one of the 50 largest law firms in the United States. In addition to its expertise in bankruptcy and corporate restructuring, Reed Smith has substantial expertise in matters involving banking and finance law, labor and employment law, pension law, environmental law, litigation, and other areas of legal practice.

7. The Bankruptcy Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157(b). The venue of these cases and this Final Application are proper in accordance with 28 U.S.C. §§ 1408 and 1409. Reed Smith 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 (the "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 (the "Local Bankruptcy Rule"); and (d) certain applicable provisions of the United States Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (Appendix A to 28 C.F.R. § 58) (the "Guidelines").

8. Prior to May 20, 2003, the Debtors manufactured and sold a variety of flat rolled carbon steel products and the Debtors' business was one of the largest integrated steel producers in the United States.

9. The Debtors are headquartered in Mishawaka, Indiana, near South Bend. Prior to May 20, 2003, the Debtors had three principal facilities: the Granite City facility in Granite City, Illinois, the Great Lakes facility in River Rouge, Michigan; and a finishing facility, the Midwest Division, in Portage, Indiana. Approximately 70% of the Debtors' customers were located in the central region of the United States where the Debtors operated their businesses.

10. As of the Petition Date, the Debtors owed substantial sums to a wide range of secured and unsecured creditors, including trade creditors. The Debtors were liable for more than \$1,500,000,000 in unfunded pension fund liabilities and more than \$500,000,000 in underfunded "legacy costs" pursuant to its collective bargaining agreement with the USWA. The Committee believes that, as of the Petition Date, total unsecured trade payables were in the range of \$200 million.

11. On May 20, 2003, the Debtors sold substantially all of their assets, including their steel making facilities, to United States Steel Corporation ("USC") for the total purchase price of \$1,050,000,000, pursuant to an Asset Purchase Agreement dated April 21, 2003 (the "Sale").

12. On October 23, 2003 this Bankruptcy Court confirmed the Debtors' Joint Amended Plan of Liquidation ("Plan"). On December 19, 2003, the Debtors' Plan became effective.

II. GENERAL DESCRIPTION OF REED SMITH'S ROLE DURING THE CASE

13. During the course of Debtors' bankruptcy cases, Reed Smith performed the following tasks on behalf of the Committee:

- a) Negotiated with various parties regarding the liquidation and sale of Debtors' assets,
- b) Reviewed and proposed changes to the various pleadings and documents prepared by Debtors' counsel including, but not limited to the various versions of Plan and accompanying disclosure statements,
- c) Negotiated with significant creditor constituencies and representatives of Mitsubishi and Marubeni and the USWA regarding their treatment under the Plan,
- e) Meetings with committee members regarding various issues that arose during the case.

III. REQUEST FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES

14. Reed Smith hereby seeks approval and allowance of compensation for fees incurred during the Fifth Interim Period in the amount of \$65,243.00 (\$23,294.50 for August 2003, \$8,476.50 for September 2003, \$23,521.00 for October 2003, \$7,242.50 for November 2003 and \$2,708.50 for the period from December 1, 2003 through December 19, 2003). Reed Smith further seeks approval and allowance of expenses incurred during the same period in the amount of \$3,401.60 (\$1,321.32 for August 2003, \$127.09 for September 2003, \$519.69 for October 2003, \$1,423.92 for November 2003 and \$9.95 for the period from December 1, 2003 through December 19, 2003).

15. During the Final Application Period, Reed Smith has provided professional services and incurred fees for such services totaling \$1,264,276.75. For the same period, Reed Smith has incurred actual, reasonable, and necessary expenses in connection therewith totaling \$92,777.89.¹

16. Reed Smith received prior payment of its fees and expenses incurred in this case in the amount of \$1,247,322.80, representing payments for fees and expenses incurred during the following periods and in the following amounts: (i) 100% of fees and slightly less than 100% of expenses (the expenses were reduced by the amount of \$936.46 in accordance with the Bankruptcy Court's request) requested in Reed Smith LLP's First Interim Application for Approval and Allowance of Compensation; (ii) 100% of fees and 100% of expenses requested in Reed Smith LLP's Second Interim Application for Approval and Allowance of Compensation; (iii) 100% of fees and slightly less than 100% of expenses (the expenses originally requested by Reed Smith were reduced by the amount of \$1,590.52 in accordance with the Bankruptcy Court's request) requested in Reed Smith LLP's Third Interim Application for Approval and Allowance of Compensation; (iv) 100% of fees and slightly less than 100% of expenses (the expenses originally requested by Reed Smith were reduced by the amount of \$484.81 in accordance with the Bankruptcy Court's request) requested in Reed Smith LLP's Fourth Interim Application for Approval and Allowance of Compensation; (v) 90% of fees and 100% of expenses requested in Reed Smith LLP's Seventeenth Monthly Fee Statement (vi) 90% of fees and 100% of expenses requested in Reed Smith LLP's Eighteenth Monthly Fee Statement; and

¹ The expense figure reflects certain voluntarily reductions taken by Reed Smith as suggested by the Court in the First, Third and Fourth Interim Applications.

(vii) 90% of fees and 100% of expenses requested in Reed Smith LLP's Nineteenth Monthly Fee Statement.

17. Reed Smith maintained daily records of the time it spent rendering professional services on behalf of the Committee during the Fifth Interim Period, which time records are attached to this Application².

18. To assist the Bankruptcy Court, the Trustee, and the various parties in interest in analyzing Reed Smith's fees and expenses incurred during the Fifth Interim Period, and as required, in some instances, by Local Bankruptcy Rule 5082-1 and the Guidelines, Reed Smith has attached the following exhibits:

Exhibit C is a summary showing all Reed Smith professionals representing and performing services for the Committee during the Fifth Interim Application Period (August 1, 2003 through December 19, 2003), information relating to their positions within Reed Smith, their bar admissions and years with Reed Smith, their hourly rates for the period commencing August 1, 2003 through December 19, 2003, and the number of hours worked by each during the Fifth Interim Application Period.

Exhibit D is a summary showing the hours worked during the Fifth Interim Application Period by each Reed Smith professional on each of the project categories established by Reed Smith.

Exhibits E, F, G, H and I cover the months of August, 2003, September, 2003, October, 2003, November, 2003 and December 1, 2003 through December 19, 2003 respectively and are the detailed statements of services rendered (in tenth of an hour increments) as required by Local

² Detailed descriptions, by matter, of the services rendered by Reed Smith for the First through Fourth Application periods were submitted to the Bankruptcy Court as exhibits to the First through Fourth Interim Applications, respectively. Due to the voluminous nature of such exhibits, they have not been submitted as part of this Final Application.

Bankruptcy Rule 5082-1. Each of these Exhibits consists of several sub-exhibits, each addressing a particular project category worked during the month in question.

Exhibit J hereto is a summary of expenses incurred during the Fifth Interim Application Period.

19. Reed Smith has staffed its representation of the Committee in an appropriate manner and has attempted to avoid at all times any duplication of effort by attorneys and paralegal working on this matter.

20. In connection with the compensation and expenses described above, neither Reed Smith 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. No agreement or understanding exists between Reed Smith and any third party for the sharing of compensation between and among the partners of Reed Smith.

IV. FEES AND EXPENSES APPLIED FOR AND PAYMENTS SOUGHT BY REED SMITH

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

A. Principal Activities

22. During the Final Application Period and as set forth in **Exhibit K**, Reed Smith rendered professional services to the Committee in the total amount of \$1,264,276.75. Reed Smith believes it appropriate to be compensated for the time spent in connection with these matters, and sets forth a brief narrative description of the services rendered for and on behalf of the Committee and the time expended, described by project categories, as follows:

60001 - General (Administrative Matters) Reed Smith seeks a total of \$374,776.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith prepared, negotiated and submitted on behalf of the Committee, various pleadings and other documents, prepared notices and certificates of mailing, and obtained, analyzed and summarized pleadings and other materials and information for the Committee. Reed Smith worked with counsel for the Debtors, the Bondholders, the USWA, Mitsubishi, Marubeni and other major constituencies in these cases regarding various issues, including, without limitation, issues pertaining to allocation of funds, resolution of disputed claims, treatment under the Plan, sale of assets and various other important matters. In addition, Reed Smith professionals researched a variety of issues including, without limitation, the secured creditors ability to block a sale, the ability of Debtors to sell assets over objections of various creditors and other parties in interest, the applicability of Rule 2004 to third parties and the applicability of Rule 9006 to Section 547 of the Bankruptcy Code. Furthermore, Reed Smith frequently communicated with the Committee to update it as to the course of activities and events transpiring in the case via electronic and printed media, including written summaries of relevant pleadings. In addition, Reed Smith routinely and promptly reviewed dockets and pleadings filed in the case and organized such pleadings. Reed Smith participated in numerous telephone conferences regarding various matters and performed other miscellaneous tasks.

60002 - Financing/Cash Collateral Issues Reed Smith seeks a total of \$44,868.25 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed loan documents, reviewed and prepared draft responses to the debtor-in-possession ("DIP") financing motion, drafted memoranda of DIP financing issues and proposed resolutions thereto. Reed Smith also reviewed financial materials and adequate protection stipulations, participated in

telephonic conferences regarding same, and conducted internal conferences regarding potential preference claims.

60003 - Nonworking Travel Rccd Smith seeks a total of \$84,129.00 in fees with respect to this matter category. During the Final Application Period, Rccd Smith traveled to and from Chicago, IL and New York in connection with Committee meetings and representation of the Committee at omnibus and other hearings.

60004 - Asset Dispositions Rccd Smith seeks a total of \$301,467.25 in fees with respect to this matter category. During the Final Application Period, Reed Smith participated in meetings regarding the status of sales of assets and negotiated the allocation of proceeds from such sale. Reed Smith also reviewed and analyzed the various proposed purchase agreements, related labor and recovery issues, proposed bid procedures and assisted in sales negotiations. In addition, Reed Smith drafted responses on behalf of the Committee to objections filed in connection with the sale of assets to US Steel, conducted extensive research in support thereof, including research on various bid procedure issues and assumption of lease matters under the Bankruptcy Code and lien priority issues under the Uniform Commercial Code. Reed Smith attended and participated in various negotiation sessions, the sale hearing and an auction.

60005 - Automatic Stay, Relief Actions Reed Smith seeks a total of \$3,316.75 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed various automatic stay relief motions, researched various legal issues in connection therewith and conferred with Debtors' counsel regarding responses.

60006 - Business Operations Reed Smith seeks a total of \$70,641.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith participated in meetings with

Debtors' management and outside business consultants, and reviewed various business operations, reports and financial data. Throughout the chapter 11 case, Reed Smith communicated on a regular basis with Committee consultants and Debtors' counsel and consultants on blast furnace issues, the Great Lakes facility issues, stand alone plan issues, the collective bargaining contracts and various allocation issues. In addition, Reed Smith reviewed and made changes to the draft disclosure statement, participated in conference calls with Committee members and reviewed various documents and discussed issues regarding the Coal Act and NKK/NUF situation.

60007 - Consignment/Reclamation/Trust/Fund Claims Reed Smith seeks a total of \$4,188.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed pleadings regarding reclamation and administrative expense claims; conferred regarding claim objections and reviewed objections and responses and drafted joinders to Debtors' objections to various alleged administrative claims.

60008 - Creditor Meetings/Committee Reed Smith seeks a total of \$97,393.50 in fees with respect to this matter category. During the Final Application Period, Reed Smith met with the Committee as a whole as well as the Executive Committee, participated in numerous meetings and telephonic conferences with the Debtors and members of the Committee, and with representatives of other major constituents and reviewed correspondence from the Committee and its consultants. Reed Smith also reviewed correspondence and pleadings in preparation for these meetings and conferences and prepared for and participated in a Committee meeting regarding objections to Debtors' plan.

60009 - Employee Matters Reed Smith seeks a total of \$67,256.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed the Debtors' financial filings and Key Employee Retention Plan, prepared memoranda regarding same and drafted preliminary objections thereto, as well as participated in telephonic conferences regarding labor and related issues. Reed Smith also researched and drafted memoranda regarding the Trade Act of 2002 as well as other legislation regarding healthcare benefits for steelworkers, union and labor issues, as well as participated in telephonic conferences regarding same. In addition, Reed Smith performed legal research on Bankruptcy Code § 1113/1114 issues pertaining to the prospective sale of the Debtors' assets, drafted memoranda regarding the Seventh Circuit's treatment of 11 U.S.C. §1113, reviewed the USWA agreement and reviewed the liquidation retention plan and motion and settlement.

60010 - Environmental Matters Reed Smith seeks a total of \$332.50 in fees with respect to this matter category. During the Final Application Period, Reed Smith researched various environmental claims and drafted and reviewed an environmental issues memorandum.

60011 - Executory Contracts/Personalty Reed Smith seeks a total of \$4,539.50 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed various pleadings relating to the rejection of certain executory contracts, performed an analysis of same and communicated with the Committee and Debtor's counsel regarding the same. Reed Smith also conferred with Debtors' counsel and other constituencies regarding the proposed Comerica adequate protection stipulation, reviewed and revised the Illinois Power stipulation, reviewed memorandum which analyzed the leveraged lease on the Ecorse facility and the implications of an assumption of the lease by Debtors and drafted a response thereto.

60012 - Insurance Reed Smith expended no legal expenses in this category during the Final Application Period and seeks no compensation in connection thereto.

60013 - Assumption/Rejection of Leases Reed Smith seeks a total of \$1,377.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed stipulations and orders regarding the rejection of real property and equipment leases as well as the underlying contracts and leases. Reed Smith also researched various leases to which one of the Debtors' was a party.

60014 - Miscellaneous Motions and Miscellaneous Litigation Reed Smith seeks a total of \$46,648.75 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed first day pleadings and motions regarding cash management, critical vendors, warehouse, mechanical liens, sales of miscellaneous assets and surety bond issues. Reed Smith also drafted and reviewed reports and memoranda for the Committee regarding same and also reviewed motions not otherwise specified and drafted objections thereto. In addition, Reed Smith reviewed and analyzed proposed setoff motions, an exclusivity extension motion, researched the allowing of late filed claims, prepared a response to a motion for leave to file late claim, reviewed various pleadings in connection with litigation issues, reviewed various materials regarding the disclosure statement hearing, researched issues pertaining to preferences, contemporaneous exchanges, equitable subordination, and reviewed and analyzed various motions and other pleadings. Reed Smith also traveled to New York for a meeting with AK Steel a prospective purchaser of assets and others.

60015 - Regulatory Matters Reed Smith expended no legal expenses in this category during the Final Application Period and seeks no compensation in connection thereto.

60016 - Retention of Professionals/Fee Matters/Objections Reed Smith seeks a total of \$120,410.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith performed conflict searches, interviewed potential local counsel candidates and interviewed financial advisors in preparation for the representation of the Committee. Reed Smith also reviewed retention applications and drafted objections thereto, prepared and filed a 2014 verified statement, filed a monthly expense statement on behalf of the Committee, and prepared and filed its various interim fee applications and monthly fee and expense statements. In addition, Reed Smith reviewed billing statements and fee statements of various professionals whose fees were paid out of the estate, negotiated disputes and filed an objection regarding same, and held meetings with internal accounting staff regarding monthly statements.

60017 - Secured Claims Reed Smith seeks a total of \$31,940.10 in fees with respect to this matter category. During the Final Application Period, Reed Smith performed a perfection analysis regarding the Debtors' purported secured claims against the Debtors', investigated the liens purportedly held by secured creditors, and conducted a lien perfection analysis regarding lien and allocations issues, reviewed objections to proposed sales procedures and drafted memoranda regarding same. Reed Smith also reviewed various pleadings regarding claims and conducted research on attorneys for representation of creditors in the NKK matter.

60018 - Tax Matters Reed Smith seeks a total of \$667.50 in fees with respect to this matter category. During the Final Application Period, Reed Smith prepared for hearings on real estate tax issues and analyzed and conferred on various tax issues related to the Debtors' plan.

60019 - US Trustee Matters Reed Smith expended no legal expenses in this category during the Final Fee Application Period and seeks no compensation in connection thereto.

60020 - Utilities Reed Smith seeks a total of \$1,296.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed pleadings and attended conferences regarding utility issues.

60021 - Vendor Matters Reed Smith seeks a total of \$280.75 in fees with respect to this matter category. During the Final Application Period, Reed Smith reviewed schedules of filed claims and discussed objections with Debtors' counsel and in certain instances, Reed Smith filed objections.

60022 - Attendance at Hearings Reed Smith seeks a total of \$8,749.00 in fees with respect to this matter category. During the Final Application Period, Reed Smith attended numerous omnibus hearings and other hearings held in these cases.

B. Description of expenses incurred

23. Reed Smith 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 \$92,777.89 (this reflects voluntary reductions by Reed Smith in the First, Third and Fourth Interim Applications). **Exhibit L** hereto is a summary by type of all expenses incurred by Reed Smith during the Final Application Period.

24. Reed Smith employed the following practices with respect to expenses during the Final Application Period. The expense sum is broken down into categories of charges, including, *inter alia*, telephone charges, special or hand delivery charges, photocopying charges, and documentation charges. Reed Smith's rate for duplication is \$.15 per page. Reed Smith also uses outside duplication services for large photocopy work. Reed Smith has not

charged or sought reimbursement for incoming or outgoing facsimile transmissions, secretarial overtime or mail or express mail charges.

V. **THE COMPENSATION AND EXPENSE REIMBURSEMENT SOUGHT BY REED SMITH IS REASONABLE**

25. Section 330(a) of the Bankruptcy Code provides, in pertinent part, that bankruptcy courts may award "reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional employed by any such person." 11 U.S.C. § 330(a)(1)(A). The attorneys requesting compensation from the bankruptcy estate bear the burden of demonstrating to the Bankruptcy Court that the services performed and fees incurred were reasonable.

26. In determining the amount of reasonable compensation to be awarded, the Court shall consider, pursuant to 11 U.S.C. §330(a)(3), the nature, 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 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. See 11 U.S.C. §330(A)-(E).

27. Bankruptcy Courts in this district ordinarily 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 an hourly rate) and adjustment of this figure based on the factors referenced above. Based on the lodestar approach, Reed Smith is entitled to

the compensation requested for services rendered by it during the Final Application Period.

Reed Smith provided necessary and important services to the Committee in connection with these complex and time-sensitive bankruptcy cases. Reed Smith's involvement assures the Committee of substantial ability and experience in issues of critical importance to the success of the Debtors' reorganization. The rates charged by Reed Smith are reasonable and commensurate with the billing rates of the Debtors' professionals.

WHEREFORE, Reed Smith respectfully requests that the Bankruptcy Court enter an Order allowing Reed Smith (a) compensation of \$65,243.00 for legal services rendered to the Committee during the Fifth Interim Application Period (August 2003, September 2003, October 2003, November 2003 and December 1, 2003 through December 19, 2003); (b) reimbursement of expenses incurred during the Fifth Interim Application Period in the amount of \$3,441.87; (c) compensation in the sum of \$1,264,276.75 for actual, reasonable, and necessary professional services rendered by it as counsel for the Final Application Period; (d)

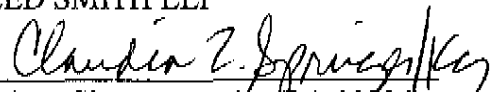
reimbursement of actual, reasonable, and necessary expenses in the amount of \$92,777.89 incurred during the Final Fee Application Period; and (e) for such other and further relief as the Court deems just and proper.

Respectfully Submitted,

REED SMITH LLP

Dated: January 27, 2004

By:


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

In Re:)	
	)	Chapter 11
NATIONAL STEEL CORPORATION,	)	Case No. 02-08699
	)	Jointly Administered
Debtor.	)	Hon. John H. Squires
)	
	)	Hearing Date: March 9, 2004 @ 8:30 a.m.
	)	Objection Deadline: March 4, 2004

**EXHIBITS TO FIFTH INTERIM AND
FINAL FEE APPLICATION OF REED SMITH LLP**

- Exhibit A. Application of the Committee to Employ Reed Smith LLP and Affidavit of Reed Smith LLP pursuant to Rule 2014
- Exhibit B. Retention Order
- Exhibit C. Reed Smith LLP Summary of Professionals August 1, 2003 – December 19, 2003
- Exhibit D. Reed Smith LLP Summary of Project Categories August 1, 2003 – December 19, 2003
- Exhibit E. Reed Smith LLP Statement of Services August, 2003
- Exhibit F. Reed Smith LLP Statement of Services September, 2003
- Exhibit G. Reed Smith LLP Statement of Services October, 2003
- Exhibit H. Reed Smith LLP Statement of Services November, 2003
- Exhibit I. Reed Smith LLP Statement of Services December 1, 2003 through December 19, 2003.
- Exhibit J. Reed Smith LLP Summary of Expenses August 1, 2003 – December 19, 2003
- Exhibit K. Reed Smith LLP Summary of Professionals March 18, 2002 – December 19, 2003
- Exhibit L. Reed Smith LLP Summary of Expenses March 18, 2002 – December 19, 2003

FILED

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

-----x	)	Case No. 02-08697-08738
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,)	
<u>et al.</u>,	)	Chapter 11
)	
Debtors.	)	Honorable John H. Squires
-----x	-x	

**APPLICATION OF THE COMMITTEE OF UNSECURED CREDITORS
OF NATIONAL STEEL CORPORATION TO
EMPLOY REED SMITH LLP AS COUNSEL *NUNC PRO TUNC***

The Committee of Unsecured Creditors of National Steel Corporation (the "Committee") hereby makes application to the Court pursuant to Section 1103 of Title 11 of the United States Code (the "Bankruptcy Code") for an order *nunc pro tunc* authorizing the employment of Reed Smith LLP as counsel, and in support of its Application avers as follows:

BACKGROUND

1. The Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
2. On March 5, 2002 (the "Petition Date"), the Debtors in the above captioned cases filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to an Order dated March 6, 2002, the Debtors' chapter 11 cases are being administered jointly.
3. On March 18, 2002, the Office of the United States Trustee for the Northern District of Illinois appointed the Committee pursuant to Section 1102 of the Bankruptcy Code.

FILED
 UNITED STATES BANKRUPTCY COURT
 NORTHERN DISTRICT OF ILLINOIS
 APR 08 2002
 KENNETH S. GARDNER, CLERK
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4. On March 18, 2002, the Committee held a meeting at which it elected Gerald S. Endler, Vice President & General Counsel, of EES Coke Battery, LLC, as Chairperson of the Committee. Thereafter, the Committee determined, subject to Court approval, to engage the law firm of Reed Smith LLP ("Reed Smith") to represent it in these proceedings, on the terms set forth herein, *nunc pro tunc* as of March 18, 2002. The Committee now requests the Court's approval of its employment of Reed Smith as counsel pursuant to Section 1103 of the Bankruptcy Code.

RELIEF REQUESTED

5. The Committee has selected Reed Smith to represent it pursuant to Section 1103 of the Bankruptcy Code because of the firm's extensive general experience and knowledge, and in particular, its expertise in the fields of debtor protection and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. Reed Smith is one of the 50 largest firms in the United States. In addition to its expertise in bankruptcy and restructuring, Reed Smith has substantial expertise in matters involving banking and finance law, labor and employment law, pension law, environmental law, litigation, and other areas of legal practice.

6. Reed Smith has represented clients in the steel industry for more than 100 years. In that connection it has acted as debtor's counsel to various steel-related chapter 11 debtors, including Levinson Steel Company; Franklin Steel Company; Mesta Machine Company; Wean Incorporated; Songer Corporation; and others. It has also served as committee counsel in steel-related chapter 11 cases, including LTV Steel Company; U.S. Metalsource Corporation and Precision Specialty Metals, Inc.

7. As a result of its experience and its review of pleadings and other filings in this case, Reed Smith has become familiar with the Debtors' business and affairs, as well as the Debtors' capital structure. Accordingly, Reed Smith has the necessary background to deal effectively with many of the potential legal issues and problems that may arise in the context of

these cases. The Committee believes that Reed Smith is well qualified to represent it in these cases.

8. Subject to further order of this Court, it is proposed that Reed Smith be employed to render the following professional services:

- a) Advising the Committee with respect to its duties and powers in these cases;
- b) Consulting with the Debtors concerning the administration of these cases;
- c) Assisting the Committee in its investigation of the acts, conduct, assets, liabilities, and financial condition of the Debtors, the operation of the Debtors' business, and the desirability of the continuation of such business, and any other matters relevant to the case or to the formulation of a Plan;
- d) Preparing all necessary motions, applications, answers, orders, reports, or other papers in connection with the administration of the Debtors' estates;
- e) Reviewing any proposed Plan and Disclosure Statement, participating with the Debtors or others in the formulation or modification of a Plan, or proposing a Committee Plan if appropriate;
- f) Providing services in the area of governmental affairs as requested; and
- g) Performing such other legal services as may be required and in the interest of the Committee.

9. Reed Smith has stated its desire and willingness to act in these cases and render the necessary professional services as attorneys for the Committee. Reed Smith's engagement for the Committee will be under the direction of Paul M. Singer who has had more than 30 years of experience in these types of matters and was lead counsel in the engagements discussed above.

10. The Committee is seeking to employ McDermott, Will & Emery as local counsel and labor counsel and in those situations where Reed Smith may have a conflict. The Committee, through its Chair, intends to manage these counsel so as to avoid duplication of efforts and creation of additional expenses.

11. To the best of the Committee's knowledge, the partners of, counsel to, and associates of Reed Smith do not have any adverse interest in this case, except as set forth in the

verified statement of Paul M. Singer submitted herewith pursuant to Bankruptcy Rule 2014(a) (the "Verified Statement").

12. The Committee, subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules proposes that Reed Smith be paid its customary hourly rates for services rendered that are in effect from time to time, as set forth in the Verified Statement, and to reimburse Reed Smith according to its customary reimbursement policies, and submits that such rates are reasonable.

13. The Committee understands that Reed Smith intends to apply to the Court for allowances of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules"), and the local rules and orders of this Court and guidelines established by the Office of the United States Trustee (collectively, the "Local Rules").

14. The Committee's knowledge, information and belief regarding the matters set forth herein are based, and made in reliance, upon the Verified Statement.

15. Notice of this Application has been given to the Office of the United States Trustee and the Debtors, the members of the Committee and persons requesting notice in these cases.


16. No previous application for the relief requested herein has been made to this or any other court.

17. The Committee submits that its employment of Reed Smith would be in the best interests of the Committee and all of the unsecured creditors of Debtors.

WHEREFORE the Committee respectfully requests entry of an Order in the form attached and granting of such other and further relief as is just and proper.

Dated: APRIL 4, 2002

**THE COMMITTEE OF UNSECURED
CREDITORS OF NATIONAL STEEL
CORPORATION**

By: 

Title: CHAIRPERSON

has represented significant creditors in bankruptcy proceedings in the Northern District of Illinois.

5. To the best of my knowledge after the investigation described in paragraph 14 below, Reed Smith has no connection with the Debtors, their creditors, the Court, the U.S. Trustee or any other party with an actual or potential interest in these chapter 11 cases or their representative attorneys or accountants, as except provided below.

6. Reed Smith currently is representing several of the Debtors' lenders or their affiliates in unrelated matters as described herein. Reed Smith will not represent those entities in connection with these cases:

- (i) Reed Smith currently represents certain affiliates of Citicorp USA, Inc. (collectively, the "Citicorp Affiliates") in matters unrelated to these chapter 11 cases. Citicorp USA, Inc. serves as administrative agent under the Debtor's \$500,000,000 Credit Agreement dated as of September 28, 2001 (the "Pre-Petition Credit Facility") and as Citicorp USA, Inc. under the Debtor's Secured Super Priority Debtor in Possession Credit Agreement, dated as of March 6, 2002 (the "DIP Facility") and may have other relationships to these cases. Substantially all of Reed Smith's work for the Citicorp Affiliates relates to consumer and commercial finance matters all of which are unrelated to the instant case. Fees paid by the Citicorp Affiliates to Reed Smith in 2001 and to date in 2002 represented less than 0.3% of the gross revenues of Reed Smith during each of those periods.
- (ii) Reed Smith also currently represents several of the participants in the Prepetition Credit Facility and the DIP Facility in matters unrelated to these chapter 11 cases as described below.
 - (A) Reed Smith is currently representing Heller Financial, Inc. ("Heller Financial") in connection with one litigation matter unrelated to this case. Reed Smith also represents certain affiliates of Heller in lending matters unrelated to these chapter 11 cases. Fees paid by Heller Financial and its affiliates to Reed Smith in 2001 and to date in 2002 represented less than 0.4% of the gross revenues of Reed Smith for each of those periods.

- (B) Reed Smith is currently representing Fleet Capital Corporation ("Fleet Capital") in connection with several lending transactions unrelated to these chapter 11 cases. Reed Smith also represents Fleet National Bank, an affiliate of Fleet Capital, in connection with several lending transactions. Fees paid by Fleet Capital and its affiliates to Reed Smith represented less than 0.2% of the gross revenues of Reed Smith in 2001 and less than 0.1% of the gross revenues of Reed Smith to date in 2002.
- (C) Reed Smith also currently represents certain affiliates of two of the other participants in the Prepetition Credit Facility and the DIP Facility in matters unrelated to these chapter 11 cases. Reed Smith will continue to represent such clients in certain matters unrelated to these chapter 11 cases. Fees paid by affiliates of National City Commercial Finance, Inc. represented less than 0.2% of the gross revenues of Reed Smith in 2001 and less than 0.1% and of the gross revenues of Reed Smith to date in 2002, and fees paid by affiliates of GMAC Business Credit, LLC represented less than 0.1% of the gross revenues of Reed Smith in 2001 and approximately 1.0% of Reed Smith's gross revenues to date in 2002.
- (D) Reed Smith has represented in the last two years, but does not currently represent, Salomon Smith Barney, Inc. ("Salomon") in its capacity as underwriter's counsel. During the past two years Reed Smith also represented Salomon in a case filed in the Eastern District of Pennsylvania which has been resolved. Reed Smith has also represented certain affiliates of Salomon in matters unrelated to these chapter 11 cases. Fees paid by Salomon and its affiliates to Reed Smith represented less than 0.2% of the gross revenues of Reed Smith in 2001 and less than 0.1% of the gross revenues of Reed Smith to date in 2002.
- (E) Reed Smith has represented in the last two years, but does not currently represent, The CIT Group/Business Credit, Inc. (the "CIT Group") in connection with two matters unrelated to these chapter 11 cases. In one matter, Reed Smith represented the CIT Group in

its capacity as a member of a large group of lenders and as collateral agent in connection with a multi-state restructuring of debt. Reed Smith's role in that case was limited to reviewing and commenting on loan documents from a Pennsylvania perspective and opining on matters of Pennsylvania law. In the other matter, Reed Smith represented the CIT Group in a commercial loan transaction. Both of the transactions for the CIT Group have closed and Reed Smith is not currently representing the CIT Group in connection with either transaction. Reed Smith does currently represent certain affiliates of the CIT Group in matters unrelated to these chapter 11 cases. Fees paid by the CIT Group and its affiliates in 2001 and to date in 2002 represented less than 0.4% of the gross revenues of Reed Smith for each of those periods.

7. Three of the members of the Creditors Committee are also members of the committee of unsecured creditors of LTV Steel Company, Inc., a chapter 11 debtor in an unrelated case filed in the Northern District of Ohio. Reed Smith serves as counsel to the committee of unsecured creditors of LTV Steel Company, Inc. The three Creditors Committee members which are also members of the committee of unsecured creditors of LTV Steel Company, Inc. are the Pension Benefit Guaranty Corporation ("PBGC"), Praxair, Inc. and United Steelworkers of America.

8. Reed Smith has represented or is representing three entities which are members of the Committee in matters unrelated to these cases. The three creditors are: HSBC Bank USA ("HSBC") (such representation was in HSBC's individual capacity and not as an indenture trustee which is the capacity in which it serves on the Committee); the PBGC and Tube City, Inc.

9. Since January 2000, in addition to representing certain the members of the Creditor's Committee as described above, Reed Smith has represented 4 other of the 50 largest unsecured trade creditors and certain lessors of the Debtors in unrelated matters. None of such representations generate revenues which constitute a material portion of Reed Smith's revenues. Reed Smith will not represent such creditors in the instant case.

10. Reed Smith from time to time has represented other entities that have or may have an interest in these cases. Reed Smith will not represent any such entities in connection with this case. The following paragraphs detail Reed Smith's representations of entities with known interests in these cases other than described in paragraphs 6 through 9 above.

- (i) Reed Smith advised United States Steel Corporation ("U.S. Steel") with respect to antitrust matters related to an option agreement between U.S. Steel and NKK Corporation, the Debtors' parent corporation, pursuant to which U.S. Steel had an option to acquire NKK Corporation's stock in the Debtors.
- (ii) In 2000, Reed Smith represented USX Corporation ("USX"), the predecessor to U.S. Steel, in connection with a proposed amendment to an existing contract with the Debtors. Reed Smith's representation of USX in that matter was limited to preparing a draft of the amendment. Subsequent to preparing the draft, Reed Smith was instructed not to proceed with the amendment and Reed Smith has ceased all work on the matter.
- (iii) Reed Smith has discussed its prior representation of U.S. Steel with the Committee and, at the Committee's request, has agreed that it will not represent the Committee in matters related to U.S. Steel. The Committee has advised Reed Smith that it will seek advice on any such matters from other counsel. Reed Smith represents and will continue to represent U.S. Steel and its affiliates in matters unrelated to these chapter 11 cases.

11. From time to time Reed Smith may have represented or may represent other creditors and contingent creditors of the Debtors in unrelated matters. However, Reed Smith will not undertake any such representations in the instant cases.

12. Deloitte Consulting, financial advisors selected to advise the Committee, is an affiliate of Deloitte & Touche LLP, which serves as accountants to Reed Smith.

13. Despite the efforts described above to identify and disclose Reed Smith's connections with parties in interest in these cases, because Reed Smith is a firm with approximately 700 attorneys in 12 offices and more than 1,000 additional employees, and because the Debtors are a multinational enterprise with thousands of creditors and other relationships, Reed Smith is unable to state with certainty that every client representation or other connection has been disclosed. In this regard, if Reed Smith discovers additional information that requires disclosure, Reed Smith will file a supplemental disclosure with the Court as promptly as possible.

14. To check and clear potential conflicts of interest in these cases, Reed Smith researched its client database for the past two years to determine whether it had any relationships with the following entities:

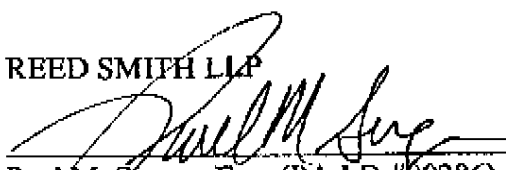
- A. the Debtors and their nondebtor affiliates;
- B. the Debtors' directors;
- C. the Debtors' 50 largest unsecured creditors as identified in the Debtors' chapter 11 petitions;
- D. the Committee members;
- E. the Debtors' known institutional lenders;
- F. persons on a list provided to Reed Smith by Debtors' counsel and attached as Exhibit A to the Declaration of Timothy R. Pohl under Fed.R.Bankr.P. 2014 and 2016 in Support of Debtors' Application for Order Under 11 U.S.C. Sections 327(c), 328(a) and 330 Authorizing Employment and Retention of Skadden, Arps, Slate, Meagher & Flom (Illinois) and Affiliated Law Practice Entities as Special Counsel for Debtors-in-Possession; and
- G. other significant parties in interest, including parties known by Reed Smith to be involved in joint ventures with the Debtors.

15. Reed Smith has not received compensation in these cases, nor has any agreement been made except as set forth in this paragraph. In connection with these cases, the Committee and Reed Smith have agreed that Reed Smith will submit monthly invoices to the Committee. Reed Smith's invoices will be for services rendered at standard hourly rates which range from \$175 to \$600 for lawyers and from \$75 to \$195 for paraprofessionals. Reed Smith reserves the right to adjust such rates from time to time consistent with its customary practices. Each monthly invoice also will include out-of-pocket expenses.

16. Reed Smith intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of this Court and pursuant to any additional procedures that may be established by the Court in these cases.

Dated: April 1, 2002

REED SMITH LLP


Paul M. Singer, Esq. (PA I.D.#00286)
435 Sixth Avenue
Pittsburgh, PA 15219
(412) 288-3114

Sworn to and subscribed before
me this 1st day of April, 2002.

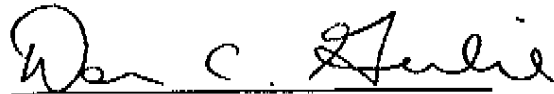

Notary Public



Notarial Seal
Lois Ann Schwarzmiller, Notary Public
City Of Pittsburgh, Allegheny County
My Commission Expires Oct. 25, 2008
Member, Pennsylvania Association Of Notaries

CERTIFICATE OF SERVICE

I, Dean C. Gramlich, an attorney, hereby certify that on Monday, April 8, 2002, I caused copies of the foregoing **Application of the Committee of Unsecured Creditors of National Steel Corporation to Employ Reed Smith LLP as counsel Nunc Pro Tunc, the Verified Statement of Reed Smith LLP Pursuant to Bankruptcy Rule 2014(a) in Support of Application for Employment of Counsel, and draft Order** to be served via first class U.S. mail, postage prepaid, on all persons listed on the attached Service List.



Dean C. Gramlich

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
APR 08 2002
KENNETH S. GARDNER, CLERK
PS REP. - ET

RULE 2002 SERVICE LIST

In re National Steel Corp., et al.
Case Nos. 02-08697 through 02-08738

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Minnesota Pollution Control Agency
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Eli Krovosha, Jr.
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Pittsburg, PA 15222

**REED SMITH'S SUMMARY OF PROFESSIONALS AND PARAPROFESSIONALS
RENDERING SERVICES FROM AUGUST 1, 2003 THROUGH DECEMBER 19, 2003**

<i>Name of Professional Person</i>	<i>Position of the Applicant, Number of Years in that Position, Year of Obtaining License to Practice</i>	<i>Hourly Billing Rate (including changes)</i>	<i>Total Billed Hours</i>	<i>Total Compensation</i>
Paul M. Singer	Joined firm as an Associate in 1973. Partner since 1981. Member PA bar since 1968. Member NY bar since 1972.	\$500	9.90	\$4,950.00
Claudia Z. Springer	Joined firm as Partner in 2002. Member of the D.C. bar since 1980, PA bar since 1981.	\$465	98.60	\$45,849.00
Derek J. Baker	Joined firm as Associate in 2000. Member PA and NJ bars since 1998.	\$295	1.00	\$295.00
Scott M. Esterbrook	Joined firm as associate in 2003. Member PA bar since 2001, member of NJ bar since 2002.	\$265	13.60	\$3,604.00
Barbara Kiely	Joined firm as Associate in 2002. Member PA and NJ bars since 2002.	\$220	11.80	\$2,596.00
Nicholas R. Pagliari	Joined firm as Associate in 2002. Member PA and NJ bars since 2001	\$210	5.10	\$1,071.00
Valerie Frew	Joined firm as paralegal in 2001.	\$150	12.60	\$1,890.00
Alicia S. Brown	Joined firm as paralegal in 2003.	\$130	11.60	\$1,508.00
Claudette Mirigliani	Joined firm as legal assistant in 2000.	\$100	.10	\$10.00
Robert Radcliffe	Joined firm as paralegal in 1985.	\$100	4.50	\$450.00
Kristina Gold	Joined firm as legal assistant in 2003.	\$100	30.20	\$3,020.00
Total			199.00	\$65,243.00
Blended Rate				\$327.85

**SUMMARY OF PROFESSIONAL BY PROJECT CATEGORY
FROM AUGUST 1, 2003 THROUGH DECEMBER 19, 2003**

Project Category (Examples)	Total Hours	Total Fees
60001 -- General (Administrative Matters)		
Claudia Z. Springer	6.50	\$3,022.50
Scott Esterbrook	.70	\$185.00
Barbara Kiely	8.60	\$1,892.00
Valerie A. Frew	.20	\$30.00
Alicia S. Brown	11.60	\$1,508.00
Claudette Mirigliani	.10	\$10.00
Robert Radcliffe	4.50	\$450.00
Kristina R. Gold	.30	\$30.00
Total:	32.50	\$7,127.50

60006 - Business Operations		
Paul Singer	7.90	\$3,950.00
Claudia Z. Springer	67.80	\$31,527.00
Derek J. Baker	1.00	\$295.00
Scott M. Esterbrook	6.60	\$1,749.00
Total:	83.30	\$37,521.00

60007 - Consignment/Reclamation		
Claudia Z. Springer	6.10	\$2,836.50
Scott M. Esterbrook	5.10	\$1,351.50
Total:	11.20	\$4,188.00

60008 - Creditor Meetings/Committees		
Paul M. Singer	1.50	\$750.00
Claudia Z. Springer	1.20	\$558.00
Total:	2.70	\$1,308.00

60014 - Miscellaneous Motions and Miscellaneous Litigation		
Paul Singer	.50	\$250.00
Claudia Z. Springer	9.20	\$4,278.00
Scott M. Esterbrook	1.20	\$318.00
Total:	10.90	\$4,846.00

60016 – Retention of Professionals/Fee Matters/Objections		
Claudia Z. Springer	6.30	\$2,929.50
Barbara Kiely	3.20	\$704.00
Nicholas Pagliari	5.10	\$1,071.00
Valcrie A. Frew	3.70	\$555.00
Kristina Gold	29.90	\$2,990.00
Total:	48.20	\$8,249.50

60017 – Secured Claims		
Claudia Z. Springer	1.50	\$697.50
Valerie Frew	8.70	\$1,305.00
Total:	10.20	\$2,002.50

REED SMITH LLP
PO Box 360074M
Pittsburgh, PA 15251 6074
Tax ID# 25-0749630

c/o Gerald S. Endler
EES Core Battery, LLC, DTE
Energy Services
414 South Main Street, STE 600
Ann Arbor, MI 48104

Summary of Invoice # 1071363
For Period Ending
AUGUST 31, 2003

259836 Creditors Committee of National Steel Corporatio

MATTER	MATTER NAME	SERVICES	EXPENSES	TOTAL
60001	Case Administration	5,561.00	1,321.32	6,882.32
60006	Business Operations	13,080.00	0.00	13,080.00
60014	Miscellaneous Motions and Miscell	250.00	0.00	250.00
60016	Retention of Professionals/Fee Ma	4,403.50	0.00	4,403.50
TOTAL BALANCE DUE				
	UPON RECEIPT	\$23,294.50	\$1,321.32	\$24,615.82

REED SMITH LLP
PO Box 360074M
Pittsburgh, PA 15251-6074
Tax ID# 25-0749630

c/o Gerald S. Endler
EES Core Battery, LLC, DTE
Energy Services
414 South Main Street, STE 600
Ann Arbor, MI 48104

Invoice Number 1071363
Invoice Date 09/23/03
Client Number 259836
Matter Number 60001
Page 1

Re: Case Administration

FOP PROFESSIONAL SERVICES PROVIDED THROUGH AUGUST 31, 2003

Date	Name	Hours
08/01/03	Brown	1.50
	Meeting with B. Kiely and C. Springer regarding request for documents, review of docket for Objections to Disclosure statement; conferred with B. Kiely regarding same; telephone call to court regarding objections filed with court.	
08/01/03	Kiely	2.40
	Conference with C. Springer and A. Brown re: objections to disclosure stmt (.2); reviewed and analyzed grand trunk rr motion, draft summary re same and reviewed and analyzed debtors' motion for interim employee compensation and draft summary re: same (2.2).	
08/01/03	Springer	1.20
	Calls with Smolev and P. Singer on Coal Act issues and retirees.	
08/04/03	Brown	.60
	Reviewed docket for retrieved Objections to Disclosure Statement per attorney request.	
08/04/03	Brown	.80
	Telephone call to bankruptcy court regarding objections filed to Disclosure Statement; review of docket for new objections per attorney request.	

Date	Name		Hours
08/04/03	Kiely	Reviewed and analyzed objections to disclosure statement and plan and draft summary of same (3.6).	3.60
08/05/03	Brown	Review and retrieval of docket for distribution to attorneys.	.30
08/05/03	Springer	Call with Smolev on Coal Act situation and coal miners.	1.00
08/07/03	Brown	Retrieved docket and distributed to attorneys.	.20
08/07/03	Kiely	Reviewed docket.	.10
08/08/03	Springer	Telephone call with T. Pohl, S. Alexander and others regarding allocation issues in plan and Coal Act issues.	1.30
08/11/03	Springer	Confer with T. Pohl and others on Coal miner issues.	1.00
08/12/03	Brown	Retrieved and reviewed docket for distribution to attorneys.	.30
08/12/03	Esterbrook	Research, read and provide Jartran case for C. Springer	.40
08/14/03	Brown	Retrieved docket and distributed to attorneys.	.20
08/19/03	Brown	Reviewed and retrieved docket, distributed to attorney;	.30
08/19/03	Kiely	Reviewed docket.	.10
08/21/03	Brown	Reviewed and retrieved docket, forwarded to attorneys for review.	.30
08/21/03	Kiely	Reviewed docket.	.10
08/26/03	Kiely	Reviewed docket.	.10
08/26/03	Radcliffe	Organize National Steel Bankruptcy Pleadings.	.50
08/27/03	Kiely	Reviewed docket (.1).	.10

Date	Name		Hours
08/27/03	Radcliffe	Organize National Steel Bankruptcy Pleadings.	.70
08/28/03	Brown	Reviewed and retrieved docket, forwarded to attorneys for review.	.20
08/28/03	Radcliffe	Organize National Steel Bankruptcy Pleadings.	1.70
08/29/03	Esterbrook	Review of research regarding third party release; discussion with D. Baker regarding third party releases and research conducted.	.30
08/29/03	Kiely	Reviewed docket.	.10
08/31/03	Springer	Review various pleadings filed during the week of the 25th of August as well as hearing dates.	2.00
TOTAL HOURS			21.40

TIME SUMMARY	Hours	Value
Claudia Z. Springer	6.50	3,022.50
Barbara Kiely	6.60	1,452.00
Scott M. Esterbrook	0.70	185.50
Robert H Radcliffe	2.90	290.00
Alicia S. Brown	4.70	611.00

CURRENT FEES 5,561.00

FOR COSTS ADVANCED AND EXPENSES INCURRED:

Telephone Expense	7.80
Duplicating/Printing	628.10
Rail Travel Expense	205.00
Telephone - Outside	256.63
General Expense	223.79

CURRENT EXPENSES 1,321.32

TOTAL THIS MATTER \$6,882.32

REED SMITH LLP
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Tax ID# 25 0749630

c/o Gerald S. Endler
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Ann Arbor, MI 48104

Invoice Number 1071363
Invoice Date 09/23/03
Client Number 259836
Matter Number 60006
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Re: Business Operations

FOR PROFESSIONAL SERVICES PROVIDED THROUGH AUGUST 31, 2003

Date	Name		Hours
08/01/03	Singer	Discussion with C. Springer re: Coal Act issues (.30).	.30
08/01/03	Springer	Calls with S. Towbin regarding plan and plan issues.	.60
08/02/03	Singer	Review Coal Act materials (1.50).	1.50
08/03/03	Baker	Research concerning applicability of coal act and joint and several liability (1.0).	1.00
08/04/03	Springer	Review Coal Act information; confer with S. Alexander on Coal Act issues and effect on Plan payments.	1.50
08/06/03	Springer	Confer with S. Alexander on allocation issues; confer with S. Alexander and E. Kaup on allocation issues and Coal Act issues.	1.50
08/08/03	Springer	Review of various pleadings and docket; calls with M. Richards regarding case.	1.50
08/11/03	Springer	Confer with P. Singer on status of plan and negotiations regarding Coal Act issues and NKK.	.50

Date	Name		Hours
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08/11/03	Springer	Confer with T. Pohl and E. Kaup on plan issues; review recent plan; draft comments to plan; confer with S. Towbin about plan.	3.50
08/12/03	Singer	Discussion with C. Springer, R. Smolev and T. Pohl re Coal Act (1.30).	1.30
08/12/03	Springer	Conference call with Smolev, T. Pohl, P. Singer and E. Kaup on Coal Act issues.	1.00
08/12/03	Springer	Review August 4, 2003 version of plan and draft memo with suggested language changes; confer with E. Kaup on plan and suggested changes.	2.50
08/13/03	Springer	Calls with E. Kaup and then with E. Kaup, S. Alexander and M. Shncyer on plan; call with S. Towbin on plan.	1.50
08/14/03	Springer	Telephone call with E. Kaup on new version of plan.	1.00
08/15/03	Springer	Review latest draft of plan of liquidation.	2.00
08/18/03	Springer	Confer with E. Kaup and with D. Gramlich on revised plan; draft email on plan; speak with D. SuDock about revised plan.	2.30
08/19/03	Esterbrook	Conference with C. Springer regarding coal act research and third party releases.	1.60
08/19/03	Springer	Confer with D. Gramlich regarding Plan and Disclosure Statement; confer with E. Kaup on plan issues.	1.00
08/20/03	Esterbrook	Research concerning third person releases (NKK) and the coal act; begin to draft memo based upon research.	3.90
08/22/03	Esterbrook	Review seventh circuit caselaw for release of third parties.	1.10

TOTAL HOURS 31.10

TIME SUMMARY	Hours	Value
Paul M. Singer	3.10	1,550.00
Claudia Z. Springer	20.40	9,486.00
Derek J. Baker	1.00	295.00
Scott M. Esterbrook	6.60	1,749.00

CURRENT FEES 13,080.00

TOTAL THIS MATTER \$13,080.00