

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

In re:

LTV Steel Company, Inc., et al.,

Debtors.

Chapter 11

Case No. 00-43866
Jointly Administered

**SUMMARY OF FIFTH FEE APPLICATION FOR INTERIM ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
JANUARY 23, 2004 THROUGH AND INCLUDING APRIL 30, 2004, FILED BY BAKER &
HOSTETLER LLP AS GENERAL COUNSEL TO THE OFFICIAL COMMITTEE OF
ADMINISTRATIVE CLAIMANTS FOR LTV STEEL COMPANY, INC.**

Name of Applicant: Baker & Hostetler LLP

Authorized to provide Professional Services to:

Official Committee of Administrative
Claimants of LTV Steel Company, Inc.

Date of Retention:

April 8, 2003
(effective as of March 5, 2003)

Period for Which Compensation and Reimbursement
is Sought:

January 23, 2004 through April 30, 2004

Amount of Compensation for Services Sought as
Actual, Reasonable and Necessary

\$ 439,742.00

Amount of Expenses Sought to be Reimbursed as
Actual, Reasonable and Necessary

\$ 38,975.69

Total Amount of Fees and Expenses Sought to be
Reimbursed as Actual, Reasonable and Necessary

\$ 478,717.69

This is the fifth application for an allowance of compensation and reimbursement of expenses incurred pursuant to 11 U.S.C. §§ 330 and 331.

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**FIFTH FEE APPLICATION FOR INTERIM ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD JANUARY 23, 2004 THROUGH
AND INCLUDING APRIL 30, 2004, ON BEHALF OF BAKER & HOSTETLER LLP, AS
GENERAL COUNSEL TO THE OFFICIAL COMMITTEE OF ADMINISTRATIVE
CLAIMANTS FOR LTV STEEL COMPANY, INC.**

Baker & Hostetler LLP (“Baker & Hostetler”) as counsel to the Official Committee of Administrative Claimants of LTV Steel Company, Inc. (the “Administrative Committee”) submits its Fifth Fee Application for Interim Allowance of Compensation and Reimbursement of Expenses for the period January 23, 2004, through and including April 30, 2004 (the “Application”) under 11 U.S.C. §§ 330 and 331. In support of this Application, Baker & Hostetler states as follows:

I. INTRODUCTION

1. On December 29, 2000 (the “Petition Date”), LTV Steel Company, Inc. and certain of its affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On February 8, 2002, two additional Debtors commenced their respective chapter 11 cases (collectively with the debtors who filed on December 29, 2000, the “Debtors”). By orders entered on the Petition Date and on March 26, 2002, the Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly.

2. The Debtors continue in the management and possession of their respective businesses and properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

3. By notice dated January 5, 2001, the United States Trustee appointed the Committee of Unsecured Creditors for LTV Steel (the “Unsecured Creditors’ Committee”), pursuant to section 1102 of the Bankruptcy Code.

4. On February 25, 2003, in light of LTV Steel Company Inc.’s (“LTV Steel”) admission that its estate was likely to be administratively insolvent, the United States Trustee appointed the Administrative Committee to provide statutory representation to administrative claimants in the LTV Steel bankruptcy case. On March 27, 2003, the United States Trustee disbanded the Unsecured Creditors’ Committee.

5. On April 8, 2003, this Court entered its order authorizing the Administrative Committee to employ Baker & Hostetler as general counsel, effective as of March 5, 2003. On April 24, 2003, this Court authorized the Administrative committee to employ Reed Smith as special counsel, also effective as of March 5, 2003. Reed Smith formerly was responsible for continuing matters which were under Reed Smith’s direction while it functioned as counsel for the Unsecured Creditors’ Committee, including resolution of intercompany claims among the Debtors, assisting in resolving environmental liabilities associated with the LTV Steel estate and, as co-counsel with Baker & Hostetler, reviewing the conduct of the Directors and Officers of LTV Steel. Reed Smith is not long actively involved in representing the Administrative Committee, and Baker & Hostetler has assumed responsibility for all ongoing matters related to representation of the Administrative Committee in the LTV Steel bankruptcy.

II. SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

6. Baker & Hostetler files this fifth fee application seeking allowance for services performed and expenses incurred during the period from January 23, 2004 through April 30, 2004 (the “Application Period”). The Application is subject to, *inter alia*, this Court’s Order dated

January 31, 2001 (the “Administrative Order”). Baker & Hostetler has not received a retainer in connection with its engagement as general counsel for the Administrative Committee, but has received interim compensation pursuant to the Administrative Order. A summary of the compensation and expense reimbursement requested and paid during the Application Period is as follows:

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
February 12, 2004	January 23, 2004 – January 31, 2004	Fees: \$17,816.00 Expenses: \$2,317.89	Fees: \$14,252.80 Expenses: \$2,317.89
March 12, 2004	February 1, 2004 – February 29, 2004	Fees: \$105,121.50 Expenses: \$16,338.41	Fees: \$84,097.20 Expenses: \$16,338.41
April 8, 2004	March 1, 2004 – March 31, 2004	Fees: \$159,987.00 Expenses: \$6,173.24	Fees: \$127,989.60 Expenses: \$6,173.24
May 14, 2004	April 1, 2004 – April 30, 2004	Fees: \$156,817.50 Expenses: \$14,146.15	Fees: \$125,454.00 Expenses: \$14,146.15

7. Baker & Hostetler has received no promise of payment for professional services rendered in these cases other than in accordance with the provisions of the Bankruptcy Code.

8. Each of the persons who performed services kept daily time records detailing the services performed and the time expended in connection therewith by category of service (the “Categories”) reflected in the Guidelines for Reviewing Applications For Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 dated March 22, 1995, issued by the Office of the United States Trustee (the “Guidelines”).

9. Set forth in **Exhibit A** is a listing of the name and position of each Baker & Hostetler professional, together with that person’s hourly billing rate, and the amount billed for each professional who rendered services during the Application Period. Set forth in **Exhibit B** is a chronological listing of services provided for each category for the Application Period. Set forth in

Exhibit C is a chart showing the actual and necessary expenses in the amount of \$38,975.69 incurred in the rendition of actual and necessary services by Baker & Hostetler during the Application period.

10. To the best of Baker & Hostetler's knowledge, it has complied with the monthly reporting requirements.

III. SUMMARIES OF SERVICES RENDERED

11. A narrative summary of the Categories under which material and substantial services were performed by Baker & Hostetler during the Application Period is set forth below. A more detailed description of the services provided by Baker & Hostetler appears on Exhibit B. As the narrative summary demonstrates, Baker & Hostetler focused its efforts during the Application Period on the following categories of service: Case Administration; Meetings and Communications with Creditors; Fee/Employment Applications; Fee/Employment Objections; Avoidance Action Analysis; Other Contested Matters; Financing/Cash Collateral; Tax Issues; Board of Directors Matters; and Claims Administration and Objections. Each of these Categories is summarized as follows:

12. **Case Administration.** During the Application Period, Baker & Hostetler continued to monitor the Court's docket for filings made by the Debtors, creditors and other parties-in-interest. Baker & Hostetler reviewed relevant pleadings to address any issues that could impact the administrative creditors. This category includes the time spent coordinating the responsibilities of Baker & Hostetler personnel and calendar control.

13. **Meetings and Communications with Creditors.** Baker & Hostetler organized meetings and telephone conferences with the Administrative Committee to address multiple and often complex issues raised in these bankruptcy cases. In addition, the firm continues to monitor the web site it established to allow for ease of communication among the Administrative

Committee members. Baker & Hostetler communicates with administrative claimants generally regarding case status and distributions. Baker & Hostetler also conducts regular Executive Committee and various subcommittee meetings and telephone conferences. Baker & Hostetler has been instrumental in assisting in the formation of the subcommittees.

14. **Fee/Employment Applications and Fee/Employment Objections.** Baker & Hostetler retained Deloitte & Touche in connection with the forensic account elements of the Directors and Officers investigation. Baker & Hostetler also prepared and filed its 2019 Statement and Notice of Change of Hourly Rates. In addition to preparing its First Final Fee Application and Monthly Fee Statements, Baker & Hostetler reviewed and prepared assessment of fee applications filed by other professionals, analyzed all issues regarding compensation of professionals and assessed fee audit issues. Baker & Hostetler also reviewed and analyzed objections to fee applications and related briefing.

15. **Avoidance Action Analysis.** Baker & Hostetler tied up loose ends associated with the Administrative Committee's successful comprehensive preference action settlement proposal and prepared and filed the report with court regarding the settlement program. Baker & Hostetler also corresponded with the Debtors regarding avoidance actions and prepared a report regarding the negotiations.

16. **Other Contested Matters.** Baker & Hostetler participated in the settlement of the Cuyahoga County Appeal and also in the settlement of the Bank One Trust Allocation Appeal. Baker & Hostetler intervened and participated actively in the Oil States Appeal of intercompany settlement. In addition, Baker & Hostetler analyzed the NUFIC and General Electric disputes.

17. **Tax Issues.** Baker & Hostetler met with the Debtors regarding issues arising out of tax claims asserted by various state and local taxing authorities. Baker & Hostetler assessed the tax claims of the various state and local taxing authorities.

18. **Board of Directors Matters.** Baker & Hostetler undertook an investigation of conduct giving rise possible causes of action against the Debtors' Officers and Directors. Baker & Hostetler obtained, reviewed and analyzed documents produced by various parties and also reviewed pleadings, transcripts and other materials of the record. Baker & Hostetler prepared reports to the Administrative Committee regarding the investigation. In addition, Baker & Hostetler met with and assisted Deloitte & Touch in the document review.

19. **Claims Administration and Objections.** The firm met with the Debtors to review objections to all significant administrative and other significant claims presented in the LTV Steel estate. Since it does not appear likely that there would be any distribution to unsecured pre-petition claims in the LTV Steel estate, Baker & Hostetler has undertaken no review of those claims. The firm has reviewed documentation regarding the issues raised by the Debtors and has advised the Administrative Committee regarding positions it should take on those issues.

20. Set forth below is a chart summarizing the time spent by Baker & Hostetler on each of these Categories:

Category	Fees
Case Administration	\$ 46,727.00
Meetings and Communications with Creditors	\$ 24,271.00
Fee/Employment Applications	\$ 6,837.50
Fee/Employment Objections	\$ 19,832.00
Avoidance Action Analysis	\$ 5,252.00
Other Contested Matters	\$ 95,112.50
Non-Working Travel	\$ 10,667.00
Financing/Cash Collateral	\$ 70.00

Tax Issues	\$ 52,796.00
Board of Directors Matters	\$ 147,214.00
Claims Administration and Objections	\$ 30,963.00
Total Fees For the Application Period	\$

IV. FACTORS TO BE CONSIDERED IN AWARDING ATTORNEYS' FEES

21. The factors to be considered in awarding attorneys' fees are enumerated in In re First Colonial Corporation of America, 544 F.2d 1291, 1298-99 (5th Cir. 1977), reh'g denied, 547 F.2d 573, cert. denied, 431 U.S. 904. These standards have been adopted by most courts. Baker & Hostetler respectfully submits that a consideration of these factors should result in this Court's allowance of the full compensation sought.

22. **The Time and Labor Required.** The professional services rendered by Baker & Hostetler on behalf of the Administrative Committee have required continuous expenditure of substantial time and effort, under time pressures that on a regular basis required the performance of services late into the evening and during weekends, often to the exclusion of other clients. The services rendered required a high degree of professional competence and expertise to be administered with skill and dispatch.

23. **The Novelty and Difficulty of Questions.** This is one of the largest failed industrial bankruptcy cases in the Nation's history. Effective advocacy and a creative approach have been and will continue to be crucial to clarify and resolve new and often challenging issues raised in these cases.

24. **The Skill Requisite to Perform the Legal Services Properly.** The firm's recognized expertise in the area of corporate reorganization, its ability to draw from highly experienced professionals in other areas of its practice, and its creative approach to the resolution of

issues have and will contribute to the maximization of distributions to the LTV Steel administrative creditors.

25. **The Customary Fee.** The fees sought herein are based upon the firm's normal hourly rates for services of this kind. Baker & Hostetler respectfully submits that the fees sought are not unusual given the magnitude and complexity of these cases and the time expended in attending to the representation of the Administrative Committee. The fees requested are commensurate with fees Baker & Hostetler has been awarded in other cases, as well as with fees charged by other attorneys of comparable experience.

26. **Whether the Fee is Fixed or Contingent.** Pursuant to Sections 330 and 331 of the Bankruptcy Code, all fees sought by professionals employed under Section 327 of the Code are contingent pending final approval by this Court, and are subject to adjustment dependent upon the services rendered and the results obtained.

27. **Time Limitations Imposed by Client or Other Circumstances.** The firm has immediately been required to address certain issues arising in these cases in a compressed and urgent time-frame. As a result, Baker & Hostetler attorneys have had to perform services under significant time constraints requiring attorneys assigned to these cases to work evenings and weekends.

28. **The Amount Involved and Results Obtained.** The firm has been an active participant in these chapter 11 cases, and has provided constructive assistance to resolving major obstacles to an administrative claim distribution. The firm believes its efforts will enhance recoveries available to the Debtors' administrative creditors, and assist the efficient administration of these cases.

V. ALLOWANCE OF COMPENSATION

29. The allowance of interim compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person...may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered...as is provided under section 330 of this title.

11 U.S.C. § 331. Moreover, this Court has authorized the filing of this Application in the Administrative Order.

30. With respect to the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person “reasonable compensation for actual, necessary services rendered....” Section 330(a)(3)(A), in turn, provides:

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.

11 U.S.C. § 330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to

provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

31. Throughout these cases, Baker & Hostetler has carefully coordinated its efforts with those of special counsel, Reed Smith. The work involved, and thus the time expended, was carefully assigned in light of the experience and expertise required for a particular task. As shown by this Application and supporting documents, the firm spent its time economically and without unnecessary duplication.

32. Baker & Hostetler incurred actual and necessary out-of-pocket expenses in connection with rendering professional services to the Committee in the sums indicated on **Exhibit C**, for which Baker & Hostetler respectfully requests full reimbursement. The disbursements and expenses have been incurred in accordance with the firm's normal practice of charging clients for expenses clearly related to and required by particular matters. Baker & Hostetler has endeavored to minimize these expenses to the fullest extent possible.

33. Baker & Hostetler's billing rates do not include charges for photocopying, telephone and telecopier toll charges, computerized research, travel expenses, "working meals," secretarial overtime, postage, and certain other office services, since the needs of each client for such services differ. Instead, Baker & Hostetler charges each client only for the services actually used in performing services for that client. In these proceedings, Baker & Hostetler charges \$.20 per page for internal duplicating and actual phone charge for outgoing facsimile transfers. The firm does not charge for incoming facsimile transfers. The expenses incurred by Baker & Hostetler are in compliance with the Administrative Order and Guidelines.

34. A copy of this Application has been sent to the Co-chairs of the Administrative Committee. A certification with respect to this Application will be filed with the Court prior to a hearing on the Application.

35. No agreement or understanding exists between Baker & Hostetler and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

36. No prior application has been made in this or in any other Court for the relief requested herein for the Interim Period.

WHEREFORE, Baker & Hostetler respectfully requests that this Court enter an Order:

1. approving the allowance for compensation of professional services rendered to the Administrative Committee from January 23, 2004, through and including April 30, 2004 in the sum of \$439,742.00;

2. approving the reimbursement of Baker & Hostetler's out-of-pocket expenses incurred in connection with the rendering of such professional services from January 23, 2004, through and including April 30, 2004, in the sum of \$38,975.69;

3. authorizing and directing the Debtors to pay compensation to Baker & Hostetler in the amount of **\$87,948.40**, representing the total amounts for professional services rendered and disbursements incurred by Baker & Hostetler during the period January 23, 2004, through and including April 30, 2004, *less* amounts that have been paid by the Debtors as of the date of this Application (described on page 3); and

4. granting such other and further relief as this Court may deem just and proper.

Dated: June 15, 2004

BAKER & HOSTETLER LLP

By: /s/ Matthew R. Goldman

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Company, Inc.*

CERTIFICATE OF SERVICE

A copy of the foregoing has been served on the 15th day of June, 2004, on the attached service list.

/s/ Matthew R. Goldman

Matthew R. Goldman

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