

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

In re:	Chapter 11
LTV Steel Company, Inc., <u>et al.</u> ,	Case No. 00-43866
Debtors.	Jointly Administered

**SUMMARY OF FOURTH AND FINAL APPLICATION PURSUANT TO ORDER OF
COURT DATED DECEMBER 23, 2003, FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD MARCH 5, 2003 THROUGH AND
INCLUDING JANUARY 22, 2004, FILED ON BEHALF OF 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 Interim Compensation and Reimbursement is Sought:	January 1, 2004 through January 22, 2004
Period for which Baker & Hostetler seeks Final Court Approval:	March 5, 2003 through January 22, 2004
Amount of Interim Compensation for Services Sought as Actual, Reasonable and Necessary	\$ 72,629.50
Amount of Interim Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary	\$ 2,040.22
Total Amount of Interim Fees and Expenses Sought to be Reimbursed as Actual, Reasonable and Necessary	\$ 74,669.72
Amount of All Fees Sought for Final Court Approval	\$1,111,272.00
Amount of All Expenses Sought for Final Court Approval	\$ 62,426.58
Total Amount of Fees and Expenses Sought for Final Court Approval	\$1,173,698.58

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

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In re:

LTV Steel Company, Inc., et al.,
Debtors.

Chapter 11

Case No. 00-43866
Jointly Administered

**FOURTH AND FINAL APPLICATION PURSUANT TO ORDER OF COURT DATED
DECEMBER 23, 2003, FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD MARCH 5, 2003 THROUGH AND
INCLUDING JANUARY 22, 2004, FILED 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 Fourth and Final Fee Application Pursuant to Order of Court Dated December 23, 2003, for Final Allowance of Compensation and reimbursement of Expenses, including those fees and expenses incurred during the period January 1, 2004 through and including January 22, 2004 (the “Interim Period”) as an Application (the “Application”), pursuant to 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 is primarily 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, and assisting in resolving environmental liabilities associated with the LTV Steel estate. Reed Smith also provided information to Baker & Hostetler regarding the conduct of the Directors and Officers of LTV Steel. Baker & Hostetler has undertaken primary responsibility for organizing and assisting the Administrative Committee as general counsel, including organizing Administrative Committee meetings and responding to matters affecting the Debtors' estates and ultimately, the administrative claimants of the LTV Steel estate. Baker & Hostetler also has assumed primary responsibility to review director and officer conduct. Baker & Hostetler and Reed Smith have carefully coordinated

their efforts so that there is no unnecessary duplication of effort regarding the services provided to the Administrative Committee.

6. On December 23, 2003, this Court entered the *Order Authorizing LTV Steel Company, Inc. and Georgia Tubing Corporation to Establish Distribution and Dismissal Procedures and Granting Certain Related Relief* (D.I. 7163). Paragraph (f) therein provides for a bar date for filing fee applications for professionals for the period from the Petition Date to the Initial Distribution Date (January 22, 2004). The bar date therein established is the date that is 60 days after the Initial Distribution Date (March 22, 2004) for professional fees and expenses rendered to the Debtors. This Application has been filed in accordance with and pursuant to that Order.

II. SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

7. This Application covers the Interim Period of January 1, 2004 through January 22, 2004. 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 for the Interim Period 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 1, 2004 – January 22, 2004	Fees: \$72,629.50 Expenses: \$2,040.22	Fees: \$58,103.60 Expenses: \$2,040.22

8. 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.

9. This Application also seeks final Court approval of all fees and expenses incurred by Baker & Hostetler during the time it served as counsel to the Administrative Committee. A summary of the compensation and expense reimbursement requested by Baker & Hostetler as counsel to the Administrative Committee is set forth below.

Interim Period	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid
First	March 5, 2003 – April 30, 2003	Fees: \$176,736.50 Expenses: \$5,268.97	Fees: \$176,736.50 Expenses: \$5,268.97
Second	May 1, 2003 – August 31, 2003	Fees: \$244,594.00 Expenses: \$28,220.49	Fees: \$244,594.00 Expenses: \$28,220.49
Third	September 1, 2003 – December 31, 2003	Fees: \$617,312.00 Expenses: \$28,937.12	Fees: \$493,849.60 Expenses: \$28,937.12
Fourth	January 1, 2004 – January 22, 2004	Fees: \$72,629.50 Expenses: \$2,040.22	Fees: \$58,103.60 Expenses: \$2,040.22

10. Baker & Hostetler’s First Interim Application was approved by this Court on July 23, 2003 (D.I. 5887), Baker & Hostetler’s Second Interim Application was approved by this Court on December 10, 2003 (D.I. 7091) and Baker & Hostetler’s Third Interim Application is currently pending before this Court and scheduled for hearing on March 23, 2004.

11. Each of the persons who performed services during the Interim Period has 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”).

12. 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 Interim Period. Set forth in **Exhibit B** is a chronological listing of services provided for each category for the Interim Period. Set forth in

Exhibit C is a chart showing the actual and necessary expenses in the amount of \$2,040.22 incurred in the rendition of actual and necessary services by Baker & Hostetler during the Interim Period. Set forth in **Exhibit D** 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 for in **Exhibit E** is a chart summarizing all expenses incurred by Baker & Hostetler in its capacity as Counsel to the Administrative Committee during the Application Period.

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

III. SUMMARIES OF SERVICES RENDERED

14. Since its retention, Baker & Hostetler has worked tirelessly and aggressively to maximize the ultimate return to the administrative creditors. With Baker & Hostetler's involvement, the return to administrative creditors is expected to exceed 50%.

15. Baker & Hostetler believes its involvement in this case has increased distributions to the administrative creditors. For example, Baker & Hostetler played an integral role in settling over 250 adversary proceedings, resulting in collections of over \$1.7 million. Baker & Hostetler spent less than \$150,000 to collect over this amount. Baker & Hostetler orchestrated complicated settlement negotiations, in concert with the Debtors, that settled all pending appeals. As a result, distributions to administrative claimants were able to proceed. Lastly, Baker & Hostetler played a key role in negotiating the Distribution Order, which resulted in an interim distribution of \$65 million, or approximately 30% to administrative claimants. The administrative creditors will likely receive a second interim distribution by mid-2004.

16. A narrative summary of the Categories under which material and substantial services were performed by Baker & Hostetler during the Interim Period January 1, 2004 through January 22, 2004 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 primarily spent its efforts during the Application Period on six categories of service: Case Administration; Meetings and Communications with Creditors (organizing and conducting meetings of the Administrative Committee and responding to questions from individual creditors); Avoidance Action Analysis; Other Contested Matters; Board of Directors Matters; and Claims Administration and Objections (reviewing pending claims objections filed by the Debtors to establish and evaluate issues for the Administrative Committee's review). Each of these Categories is summarized as follows:

17. **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.

18. **Meetings and Communications with Creditors.** Baker & Hostetler organizes weekly meetings and telephone conferences with the Administrative Committee or its subcommittees 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. This process has helped the Committee function as an effective advocate for administrative claimants.

19. **Avoidance Action Analysis.** Baker & Hostetler was instrumental in creating a global compromise proposal which successfully resolved most of the over 500 pending avoidance

actions filed by LTV Steel against its trade creditors. Baker & Hostetler first obtained a stay of these matters. The stay allowed the Administrative Committee to prepare, file and propose the comprehensive settlement proposal to settle the plethora of avoidance actions. The primary goals of the motion were to (a) avoid unnecessary litigation costs, and (b) maximize the return to administrative creditors. As a result of Baker & Hostetler's efforts, over 250 cases were successfully settled, and the estate has received approximately \$1.7 million. The firm's efforts, in this regard, cost the estate less than \$150,000.

20. **Distribution to Administrative Creditors.** Baker & Hostetler played an integral role in negotiating the Distribution Order. As this Court and the administrative creditors are aware, Baker & Hostetler dedicated its efforts to work in conjunction with the Debtors to help ensure that the administrative creditors would receive an interim distribution, which took place in January, 2004. As a result of these efforts, the administrative creditors received a \$65 million initial distribution during the first quarter of 2004, at a cost of less than \$50,000 of Baker & Hostetler's time. Further distributions to administrative claimants are expected during 2004.

21. **Other Contested Matters.** Baker & Hostetler reviewed, analyzed and prepared appellate briefs regarding (a) the allocation of the sales proceeds paid to the estates as a result of the sale of Debtors' integrated steel business segment to International Steel Group, Inc., and (b) the appeal of the Court's February 11, 2003 order, which authorizes the orderly wind down of LTV Steel's estate. On behalf of the Administrative Committee, Baker & Hostetler successfully intervened as an appellee in these appeals, and then fashioned innovative settlement proposals which successfully resolved all pending appeals at minimal cost to the estate.

22. **Board of Directors Matters.** Baker & Hostetler is reviewing of possible causes of action against the Debtors' Officers and Directors. Baker & Hostetler also reviewed the Debtors' motion to establish an Officer and Director indemnity trust, and prepared a response to that

motion. Baker & Hostetler is currently working with Debtors' counsel to obtain and review confidential information produced by the Debtors to the Unsecured Creditors' Committee.

23. **Claims Administration and Objections.** The firm met extensively with the Debtors to review objections to all significant administrative 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.

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

Category	Interim Period	3/5/03 – 1/22/04
Case Administration	15,166.00	132,443.50
Asset Analysis and Recovery		12,840.50
Asset Disposition		13,188.50
Meetings and Communications with Creditors	7,166.00	105,937.50
Fee/Employment Applications	2,019.00	37,259.50
Fee/Employment Objections	1,561.00	5,402.50
Avoidance Action Analysis	10,616.50	280,867.50
Other Contested Matters	14,980.00	179,117.00
Non-Working Travel	3,220.00	28,764.00
Business Operations		1,000.50
Employee Benefits/Pensions		34,294.50
Labor Relations		96.00
Financing/Cash Collateral		2,014.00
Board of Directors Matters	13,137.00	93,385.50
Trustee Conversion Issues		2,523.50
Claims Administration and Objections	4,764.00	86,811.50
Plan and Disclosure Statement		3,220.50
General Bankruptcy Advice/Opinions		913.50
Sale/Auction of Business		90.00
Environmental Matters		6,040.50
Intercompany Transactions		75,307.50
Wind Down Plan		9,754.00

Total	72,629.50	1,111,272.00
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IV. FACTORS TO BE CONSIDERED IN AWARDING ATTORNEYS' FEES

25. 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.

26. **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.

27. **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.

28. **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.

29. **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.

30. **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.

31. **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.

32. **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

33. 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.

34. 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.

35. The total time spent by Baker & Hostetler during the Interim Period was carefully coordinated with the efforts 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.

36. During the Interim Period, Baker & Hostetler also 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.

37. 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.

38. Copies of each monthly fee statement and this Application are sent to the Co-Chairpersons of the Committee. A certification with respect to this Application will be filed with the Court prior to a hearing on the Application.

39. Court approval of Baker and Hostetler's final application will be binding upon all creditors and parties in interest and precludes any subsequent litigation relating to the work performed or the fees and expenses awarded. See *Grauz v. Englander*, 321 F.3d 467 (4th Cir. 2003); *Osherow v. Ernst & Young, LLP*, 200 F.3d 382 (5th Cir. 2000).

40. 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.

41. No prior application has been made in this or in any other Court for the relief requested herein for approval of fees and expenses incurred during the Interim Period or for final approval of all fees and expenses incurred by Baker & Hostetler.

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

1. approving the allowance for compensation of professional services rendered to the Committee from January 1, 2004 through and including January 22, 2004, in the sum of \$72,629.50;

2. approving the reimbursement of Baker & Hostetler's out-of-pocket expenses incurred in connection with the rendering of such professional services from January 1, 2004 through and including January 22, 2004, in the sum of \$2,040.22;

3. authorizing and directing the Debtors to pay compensation to Baker & Hostetler in the amount of **\$14,525.90**, representing the total amounts for professional services rendered and disbursements incurred by Baker & Hostetler during the period January 1, 2004 through and including January 22, 2004, *less* amounts that have been paid by the Debtors as of the date of this Application (described on page 3);

4. granting final approval of all fees and expenses incurred by Baker & Hostetler as a result of its representation of the Committee during the period March 5, 2003 through and including January 22, 2004 in the amounts of \$1,111,272.00 and \$62,426.58, respectively; and

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

Dated: March 22, 2004

BAKER & HOSTETLER LLP

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