

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO

In re:)	Chapter 11
)	
LTV STEEL COMPANY, INC.,)	Case No. 00-43866
a New Jersey Company, et al.)	Jointly Administered
)	
Debtors.)	William T. Bodoh
)	United States Bankruptcy Judge

**THIRD INTERIM AND FINAL FEE APPLICATION OF
CALFEE, HALTER & GRISWOLD LLP FOR ALLOWANCE OF COMPENSATION
AND EXPENSE REIMBURSEMENT FOR SERVICES PERFORMED FOR
LTV STEEL COMPANY, INC.**

I. INTRODUCTION

Calfee, Halter & Griswold LLP (“CH&G”), pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure, hereby makes this application (“Amended Third Interim Fee Application”) for an allowance of \$278,431.54¹ in interim compensation for professional services rendered and \$6,559.26 in expense reimbursement for costs incurred on behalf of LTV Steel Company, Inc., a New Jersey corporation (“LTV”) and its affiliated debtors and debtors and debtors in possession herein (the “Debtors”) for the period of September 1, 2001, through December 7, 2001 as well as final approval of all fees allowed pursuant to its First Fee Application and Second Fee Application.² CH&G has performed substantial and valuable

¹ This amount is reduced from \$299,897.90 pursuant to the Order Granting Motion Pursuant to Sections 105,362,363,364 and 506(c) of the Bankruptcy Code and Bankruptcy Rules 4001(c) and 9014 Authorizing and Approving in Connection With Implementation of Asset Protection Plan (A) Modifications to terms and Conditions of Post-Petition Financing and (B) Modifications to Prior Order Authorizing Debtor to Obtain Post-Petition Financing (the “Carve-Out Order”) entered by this Court on December 18, 2001 which orders that all professional fees from the petition date through November 19, 2001 are to be paid at the rate of 92.24% of the professionals’ usual and customary fees.

² CH&G originally filed this application on November 11, 2002 but it was objected to as premature. CH&G then filed an Amended Third Interim Fee Application on November 20, 2003; however that fee application was never set for hearing.

services for the Debtors for which CH&G is entitled to payment pursuant to sections 330 and 331 of Title 11 of the United States Code.

Based upon the attached records for the third and final application period, CH&G's services and expenses are \$306,457.16. Accordingly, CH&G requests final approval of \$1,002,726.20 in compensation for attorney fees incurred (which figure includes compensation already approved pursuant to CH&G's First and Second Fee Applications as well as this Third Fee Application.)

II. HISTORY AND PRESENT STATUS OF THE CASE

1. On December 29, 2000 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. sections 101-1330 (the "Bankruptcy Code"). By an order entered on the Petition Date, the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly.

2. The Debtors are continuing in possession of their respective properties and are operating and managing their businesses, as debtors in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On January 10, 2001, the United States Trustee for the Northern District of Ohio (the "U.S. Trustee") appointed a statutory committee of unsecured creditors in these chapter 11 cases (the "Creditors' Committee"), pursuant to section 1102 of the Bankruptcy Code. On January 19, 2001, the U.S. Trustee appointed a statutory committee of unsecured noteholders in these chapter 11 cases (collectively with the Creditors' Committee, the "Committees"), pursuant to section 1102 of the Bankruptcy Code.

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. sections 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. section 157(b)(2).

5. Debtor LTV, among other things: (a) owns and operates a coke production plant in Warren, Ohio; and (b) maintains the headquarters of its tubular products division in Youngstown, Ohio. Debtor The LTV Corporation, a Delaware corporation, is the direct parent of LTV and the direct or indirect parent of each of the other Debtors. The Debtors and their nondebtor affiliates (collectively, the “LTV Companies”) are (a) leading domestic producers of integrated steel, (b) the largest producers of mechanical and structural steel tubing products in North America, (c) the world’s largest producers of bimetallic wire products and (d) the second largest manufacturer of pre-engineered metal building systems in North America.

6. The LTV Companies operate through two primary business segments: Integrated Steel and Metal Fabrication. The Integrated Steel business segment manufactures and sells a diversified line of carbon flat-rolled steel products consisting of hot-rolled and cold-rolled sheet and galvanized products. The Metal Fabrication business segment: (a) manufactures and sells mechanical and structural tubular products, pipe and conduit for use in transportation, agriculture, oil and gas and construction industries; (b) produces bimetallic wire for the telecommunications and utilities industries; (c) engineers and manufactures pre-engineered, low-rise steel building systems for manufacturing, warehousing and commercial applications through Debtor VP Buildings, Inc. and its subsidiaries (collectively, the “VP Buildings Companies”). In addition, the LTV Companies own interests in steel-related joint ventures, including Trico Steel Company, L.L.C. (“Trico Steel”), which owns a steel mini-mill. The LTV Companies currently maintain business operations through the United States and abroad.

7. The LTV Companies currently employ approximately 15,400 employees, of which approximately 9,700 work in the Integrated Steel business segment and approximately

5,700 work in the Metal Fabrication business segment. Approximately 10,200 of these employees are represented by unions. As of December 31, 2000, the LTV Companies had approximately \$5.4 billion in assets and approximately \$4.8 billion in liabilities on a consolidated basis.

III. DESCRIPTION OF SERVICES IN GENERAL

CH&G has acted as special counsel to Debtors for government, government finance and lobbying services. Debtors selected CH&G on the basis of its considerable experience in the fields of government finance and lobbying in furtherance of Debtors' federal, state and local government efforts to secure financing guaranteed or otherwise supported by various governmental entities. In addition, Debtors have utilized CH&G to analyze the impact on Debtors of state and local fire and safety codes as they might affect LTV during its restructuring process and identifying and developing strategies to assist Debtors in assessing Federal, state and local funding sources to clean-up or otherwise remediate any potential environmental issues of LTV's facilities.

IV. COMPLIANCE WITH THE NORTHERN DISTRICT GUIDELINES

As described below, this Application conforms with the Guidelines for Compensation and Expense Reimbursement of Professionals effective in all cases filed after August 1, 1993 (the "Northern District Guidelines"). CH&G's retention in this case was authorized by this Court's Order Granting Application for Order Authorizing the Retention of Calfee, Halter & Griswold LLP as Special Counsel entered on June 4, 2001; the application having been filed on May 15, 2001. Further, this Court authorized the expansion of CH&G's representation by an Order Granting Motion of Debtors Authorizing the Expansion of the Retention and Employment of Calfee, Halter & Griswold LLP as Special Counsel entered on September 21, 2001.

To date, CH&G has received payments from the Debtors totaling \$920,084.87. Pursuant to the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals entered on January 31, 2001 (the “Professionals Order”), CH&G has generated invoices totaling \$1,042,135.30 and received payments of \$920,084.87 for professional services rendered and expenses incurred as set forth below:

<u>Payment Date</u>	<u>Amount</u>
6/29/01	\$282,555.96
8/8/01	\$133,678.90
8/30/01	\$84,185.07
9/26/01	\$139,731.55
10/19/01	\$71,100.24
11/29/01	\$59,556.99
2/18/02	\$17,870.88
2/28/02	\$112,196.97
10/28/02	\$6,886.59
1/21/03	\$12,321.72

CH&G has made two prior requests for compensation in these cases by CH&G’s First Application for Allowance of Interim Compensation and Expense Reimbursement for the Period March 9, 2001 through April 30, 2001 filed on June 27, 2001 (“First Application”) and CH&G’s Second Application for Allowance of Interim Compensation and Expense Reimbursement for the Period of May 1, 2001 through August 31, 2001 (“Second Application”). By its Order dated August 21, 2001, this Court allowed interim compensation of \$189,303.60 and expenses of \$8,451.14 in consideration of CH&G’s First Application. By its Order dated January 3, 2002, this Court allowed interim compensation of \$494,241.70 and expenses of \$19,593.70 in consideration of CH&G’s Second Application. Additional compensation in the amount of \$19,283.00 was requested by CH&G but was subject to objection by the U.S. Trustee. However this Court overruled the U.S. Trustee’s objection. Pursuant to an Order Awarding Interim Allowance of Fees and Expenses That Were Subject to Pending Objections from First and Second Prior Fee Applications (the “Second Fee Application Order”), CH&G was granted an

interim allowance of \$19,283.00. Because the Carve-Out Order was entered after this Court's approval of CH&G's first two fee applications, CH&G was paid at 100% of its usual and customary fees. Accordingly, pursuant to the Carve-Out Order, CH&G was overpaid on its first two fee applications by 7.76%, which amounts to \$53,043.12. Due to this overpayment, CH&G is crediting this overpayment to its professional fees rendered during the Amended Third Interim Fee Application Period, thus reducing the fees requested to \$225,388.42. This is reflected on Appendix E to this Amended Third Interim Fee Application.

With this Third Interim and Final Application, CH&G seeks an additional award of \$284,990.80 consisting of: (a) an allowance of compensation for services rendered during this third fee application period in the amount of \$278,431.54 as itemized on Exhibit B hereto (and reduced by 7.76% pursuant to the Carve-Out Order); and (b) reimbursement of out-of-pocket expenses necessarily incurred during this third fee application period in the amount of \$6,559.26 as itemized on Exhibit B attached hereto.

The categories of services rendered to the Debtors by CH&G during this Amended Third Interim Fee Application period are described below and set forth in detail in the Appendices attached to this Application and incorporated herein. The Appendices set forth a billing summary showing the total hours billed to each category, the composite hourly billing rate for each category and each professional charging time in a particular category, including his name, status, hourly rate and hours billed. In addition, the entries contained in the Appendices identify the person who performed the service, the date performed, the matter involved and the services rendered. CH&G's hourly rates are set at a level designed to compensate fairly the firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned. The hourly rates charged by CH&G are consistent with the rates charged in non-bankruptcy matters of this type

and are subject to periodic adjustments to reflect economic and other conditions. CH&G charged its time in .1 hour increments as is its general practice.

V. NATURE AND EXTENT OF SERVICES RENDERED AND COSTS INCURRED BY CH&G (THIRD INTERIM FEE APPLICATION PERIOD)

CH&G has rendered services to the Debtors in the total of 570.0 hours from September 1, 2001 through December 7, 2001. A listing of CH&G attorneys and paralegals involved in these matters and their respective qualifications (except for the paralegals) is contained in Appendix A attached hereto. All of the services performed are itemized in chronological order in Appendix B attached hereto, with certain major subject matters listed separately for the Court's convenience. Hourly billing rates and the total hours for which compensation is sought herein are set forth in Appendix C. A chart indicating the reduced professional fees pursuant to the Order is attached shown on Appendix B.

A. Subject Matter Analysis

1. Government Relations

As set forth in Appendix B, CH&G attorneys spent 319.1 hours in connection with government relations and lobbying services on behalf of Debtors. These services included, without limitation: (a) numerous meetings regarding government financial assistance from state and local governmental entities; (b) conferences regarding 1113 and 1114 actions; (c) conferences and meeting and LTV regarding labor negotiations; and telephone conferences regarding public records requests. Pursuant to the Court's Order Authorizing the Retention of CH&G as Special Counsel, CH&G is paid a monthly retainer (payable in advance on the first day of each month) for its Government Relations services. This retainer was set at \$57,500.00 for September, 2001, \$57,500.00 for October, 2001, \$57,500 for November, 2001

and \$57,500 for December, 2001. Consequently, the retainer for the period of September 1, 2001 through December 7, 2001 equals \$230,000.00

2. Public Finance

As set forth in Appendix B, CH&G attorneys spent 88.3 hours in connection with Public Finance issues. These services included, without limitation: (a) meetings with Debtors' representatives and representatives of the State, County and City to establish parameters of loan terms, (b) preparation and drafting of Executive Summary for Cleveland ordinance and (c) various conferences and telephone conferences regarding new application to LEGB and (d) conferences regarding possible state and local loans for working capital. The time incurred by CH&G represents \$24,704.90 in compensation for services rendered in relation to Public Finance issues.

3. Emergency Loan Guaranty Board Matters

As set forth in Appendix B, CH&G attorneys spent 3.4 hours in connection with Emergency Loan Guaranty Board matters. These services included, without limitation: (a) research of existing federal law regarding the structure and operation of the federal Emergency Steel Loan Guaranty Program and (b) telephone conferences regarding Emergency Steel Loan Guaranty Program. The time incurred by CH&G represents \$985.00 in compensation for services rendered in relation to Emergency Loan Guaranty Board matters.

4. Bankruptcy Issues

As set forth in Appendix B, CH&G attorneys spent 28.8 hours in connection with bankruptcy matters associated with CH&G's retention as Special Counsel in these cases. These services included, without limitation: (a) various meetings and telephone conferences with U.S. Trustee and creditors' committee counsel regarding fee applications. The

time incurred by CH&G represents \$8,666.40 in compensation for services rendered in relation to Bankruptcy matters.

5. State and Local Guaranty Matters

As set forth in Appendix B, CH&G attorneys spent 6.9 hours in connection with State and Local Guaranty Matters. These services included, without limitation: (a) conferences regarding loan guarantees to be issued by the Emergency Steel Loan Guarantee Board, (b) preparation of Controlling Board Member memorandum; (c) consideration of collateral issues in guaranteed lending relationships among various governmental entities and their respective guaranty obligations, and (d) meetings and correspondence with various representatives of State, County and City government to discuss and analyze cooperative loan guaranty and other credit enhancement techniques to facilitate loans to Debtors. The time incurred by CH&G represents \$819.00 in compensation for services rendered in relation to State and Local Guaranty Matters.

6. State and Local Guaranty Matters - Research and Drafting

As set forth in Appendix B, CH&G attorneys spent 1.2 hours in connection with State and Local Guaranty Matters - Research and Drafting. These services included, without limitation: (a) research and telephone conferences regarding negotiations of guaranty issues. The time incurred by CH&G represents \$372.00 in compensation for services rendered in relation to State and Local Guaranty Matters - Research and Drafting.

7. Loan and Guaranty Application Matters

As set forth in Appendix B, CH&G attorneys spent 2.9 hours in connection with Loan and Guaranty Application Matters. These services included, without limitation: (a) initial assistance in preparing Application for Submission to the Emergency Steel Loan Guarantee Board, (b) analysis of state and local laws and drafting applications for

submission to Indiana, Ohio, City of Cleveland and Cuyahoga County, and (c) meetings with various representatives of State, County and City government to discuss and analyze possible need to restructure proposed guaranty relationships to facilitate loans to Debtors. The time incurred by CH&G represents \$335.00 in compensation for services rendered in relation to Loan and Guaranty Application Matters.

8. Operations

As set forth in Appendix B, CH&G attorneys spent 53.7 hours in connection with Operations. These services included, without limitation: (a) research regarding State of Ohio "Issue 1" legislation and its scope and potential applicability to Debtors, (b) continued analysis of state law regarding Ohio's Voluntary Action Program and possible impact on Debtors, (c) drafting memoranda concerning environmental and other municipal and state ordinances as the same may affect Debtors' reorganization activities, and (d) meetings to discuss and analyze potential redevelopment uses for certain of Debtors' facilities in light of potential environmental problems. The time incurred by CH&G represents \$11,617.00 in compensation for services rendered in relation to Operations.

9. Shut Down Issues

As set forth in Appendix B, CH&G attorneys spent 65.70 hours in connection with Shut Down Issues - These services included, without limitation: a) conferences with LTV officials regarding communications with public officials and b) conferences and meetings with various public officials regarding LTV's bankruptcy filing, shut down issues and loan monies. The time incurred by CH&G represents \$22,338.60 in compensation for services rendered in relation to Shut Down Issues.

B. Expenses for Which Reimbursement is Requested

As more fully set forth in Appendix C, reimbursement of expenses is also sought herein. CH&G seeks payment of \$6,559.26 in expenses incurred and necessary to the effective representation of the Debtors during this Third and Final Application period. The specific items for which reimbursement is sought include without limitation: (1) delivery services, including expenses incurred for Federal Express and courier services which were only used when necessary to meet Court deadlines or under other circumstances where time was of the essence, (2) travel expenses for the trips that CH&G attorneys made to attend meetings and hearings, (3) duplicating, (4) long distance telephone charges advanced to the Debtors by CH&G, (5) telecopy expenses, and (6) database fees for Lexis and Pacer System services.

VI. STATEMENT OF APPLICANT PURSUANT TO SECTION 504 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 2016(a)

Other than as permitted under section 504(b) of the Bankruptcy Code, CH&G has not shared, or agreed to share, any compensation or reimbursement received as a result of these cases with any person, firm or entity. No agreement or understanding exists regarding the sharing of compensation or reimbursement received or to be received on account of these cases. No agreements or promises concerning compensation or reimbursement have been made with CH&G by any person, firm or entity. The sole and exclusive source of compensation and reimbursement will be funds of these estates.

VII. CONCLUSION

Based upon all of the foregoing, CH&G submits that the relief requested is justified in the circumstances and allowance of the compensation and expense reimbursement requested is appropriate. The appendices attached hereto show that CH&G is entitled to receive from the Debtors \$278,431.54 in interim compensation for professional services rendered during the

Amended Third Interim Fee Application period and \$6,559.26 in expense reimbursement for costs incurred on behalf of Debtors for the Amended Third Interim Fee Application period of September 1, 2001 through December 7, 2001. CH&G requests this Court enter an order approving fees and expenses of \$284,990.80 to CH&G. To date, CH&G has received payment from the Debtors totaling \$189,286.42 for fees and expenses during the Amended Third Interim Fee Application Period (\$182,727.16 in fees and \$6,559.26 in expenses). Furthermore, Debtors are entitled to a credit of \$53,043.12 based upon the overpayments made pursuant to CH&G's first and second fee applications. Accordingly, CH&G seeks an order allowing final payment in the amount of \$49,220.52. (See Exhibit E for additional explanation of this figure).

VIII. NOTICE

No trustee or examiner has been appointed in these chapter 11 cases. Pursuant to the Order Establishing Case Management Procedures Regarding filing, Service, Notice, Copies and Hearing Dates, entered on April 10, 2001 (the "Case Management Order"), and the Administrative Order, Pursuant to Sections 105(a) and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Interim Compensation Order"), entered on January 31, 2001, notice of this Application has been given to (a) the Debtors, (b) the United States Trustee, (c) counsel to the Committees, (d) counsel to the lenders under the DIP Facility and the Debtors' prepetition secured lenders, (e) each professional retained by an order of the Court seeking payment of compensation or reimbursement of expenses in these cases and (f) the other parties on the General Service List established pursuant to the Case Management Order; provided, however, that only the Notice Parties (as defined in the Interim Compensation Order) have been served with a copy of this Application with its exhibits. In light of the nature of the relief requested herein, CH&G submits that no other or further notice is required.

IX. CERTIFICATION

The undersigned hereby certifies he has read this Application, to the best of the undersigned's knowledge, information and belief formed after reasonable inquiry, the compensation and expense reimbursement sought herein conforms with the Northern District Guidelines, except as otherwise specifically noted in this Application and the compensation and expense reimbursement requested are billed at rates and in accordance with practices no less favorable to the Debtors' estates than those customarily employed by Calfee, Halter & Griswold LLP generally, except as otherwise specifically noted in this Application.

Dated: Youngstown, Ohio
March 19, 2004

Respectfully submitted,

/S/ KAREN A. VISOCAN

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