

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

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| <hr/> <p>In re:</p> <p>LTV STEEL COMPANY, INC., a New Jersey corporation, <i>et al.</i>,</p> <p style="text-align:right">Debtors.</p> <hr/> | : | Chapter 11 |
| | : | Jointly Administered |
| | : | Case No. 00-43866 |
| | : | Successor to |
| | : | Judge William T. Bodoh |
| | : | |

**SUMMARY OF FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES PURSUANT TO ORDER OF COURT
DATED DECEMBER 23, 2003 FOR THE PERIOD JANUARY 11, 2001 THROUGH AND
INCLUDING MARCH 31, 2003 ON BEHALF OF REED SMITH LLP,
AS FORMER COUNSEL TO THE FORMER OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR LTV STEEL COMPANY, INC.**

Name of Applicant: Reed Smith LLP

Authorized to provide Professional Services to: Official Committee of Unsecured Creditors of LTV Steel Company, Inc.

Date of Retention Order: January 11, 2001

Period for Which Reed Smith Seeks Final Court Approval:
January 11, 2001 through March 31, 2003

Summary of Prior Interim Applications:

| Interim Application | Fees | Expenses | Court Approved |
|---|--------------|-----------------|---|
| First Application - D.I. 1191 (01/11/01 - 4/30/01) | \$568,995.40 | \$32,689.45 | 12/10/2001 (D.I. 2092) & 8/21/2002 (D.I. 4325) |
| Second Application - D.I. 1780 (05/01/01 - 08/31/01) | \$549,479.40 | \$55,654.07 | 12/10/2001 (D.I. 2089) & 8/21/2002 (D.I. 4326) |
| Third Application - D.I. 2523 (9/1/01 - 12/31/01) | \$493,898.25 | \$25,666.37 | 11/04/2002 (D.I. 4736) |

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|--|--------------|-------------|---------------------------|
| Fourth Application – D.I. 4093 (1/1/02 – 4/30/02) | \$234,565.05 | \$14,638.21 | 10/22/2002 (D.I. 4664) |
| Fifth Application – D.I. 4626 (5/1/02 – 8/31/02) | \$306,426.50 | \$10,734.88 | 11/27/2002 (D.I. 4873) |
| Sixth Application – D.I. 5324 (9/1/02 – 12/31/02) | \$204,177.75 | \$10,133.19 | 5/28/2003 (D.I. 5498) |
| Seventh Application D.I. 5747 (1/1/03 – 3/31/03) | \$161,711.75 | \$7,122.00 | 7/21/2003 (D.I. 5848) |

Reed Smith, through this application, seeks this Court’s final approval of the fees and expenses set forth in the foregoing applications.

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

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|---|---|------------------------|
| -----X |) | |
| IN RE: |) | Chapter 11 |
| LTV STEEL COMPANY, INC., |) | Jointly Administered |
| a New Jersey corporation, <i>et al.</i> , |) | Case No. 00-43866 |
| Debtors. |) | Successor to |
| |) | Judge William T. Bodoh |
| -----X | | |

**FINAL APPLICATION FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES PURSUANT TO ORDER OF COURT DATED
DECEMBER 23, 2003 FOR THE PERIOD JANUARY 11, 2001 THROUGH AND
INCLUDING MARCH 31, 2003 ON BEHALF OF REED SMITH LLP,
AS FORMER COUNSEL TO THE FORMER OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR LTV STEEL COMPANY, INC.**

Reed Smith LLP ("Reed Smith"), as Former Counsel to the Former Official Committee of Unsecured Creditors of LTV Steel Company, Inc. (the "Committee") hereby submits its Final Application for Allowance of Compensation and Reimbursement of Expenses for the period January 11, 2001 through and including March 31, 2003 as an Application (the "Application"). In support of this Application, Reed Smith states as follows:

INTRODUCTION

1. On December 29, 2000, LTV Steel Company, Inc. (the "Debtor") and certain of its affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the clerk of this Court.

2. The Debtor continues in the management and possession of its remaining businesses and properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed herein.

3. On January 10, 2001, the United States Trustee for the Northern District of Ohio (the "United States Trustee"), pursuant to Section 1102(a) of the Bankruptcy Code,

appointed the Committee of Unsecured Creditors for LTV Steel Company, Inc. William Calfee, as the designated representative of Cleveland Cliffs, Inc., was elected Chairman of the Committee and remained in that position until the Committee was disbanded. However, Committee membership was amended from time to time.

4. On March 6, 2001, this Court approved the engagement of Reed Smith as counsel to the Committee of Unsecured Creditors *nunc pro tunc* January 11, 2001 (D.I. 601). A true and correct copy of the order approving the engagement is attached to this Application and marked **Exhibit A**.

5. On December 7, 2001, this Court approved an Asset Protection Plan ("APP") for LTV Steel Company, Inc. ("LTV Steel"), which APP provided for the wind-down of LTV Steel (D.I. 2075). Pursuant to the APP, the sale or shutdown of substantially all of the Debtor's facilities has occurred.

6. On February 28, 2002, the Bankruptcy Court entered the *Order Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code (A) Approving Asset Purchase Agreement; (B) Authorizing the Sale of Certain Integrated Steel Assets Free and Clear of Liens, Claims and Encumbrances and Approving Related Lien Treatment Procedures; and (C) Approving Procedures for the Assumption and Assignment of Related Executory Contracts and Unexpired Leases* (D.I. 2588).

7. On February 11, 2003, the Bankruptcy Court entered an order authorizing a process to wind down the Debtor's estate (the "Wind Down Order") (D.I. 5286). The Wind Down Order authorized, *inter alia*, a bifurcation of the administrative claims according to those which arose pre-APP and those which were incurred post APP; liquidation of the Debtor's remaining assets; the finalization of settlements and resolution of ongoing litigation and appeals; collection of amounts due including prosecuting preference avoidance actions; resolution of intercompany claims; and the final filing of a motion to dismiss the Chapter 11 case.

8. In light of these events, by notice dated February 25, 2003 (the "Appointment"), the United States Trustee, pursuant to Section 1102(a) of the Bankruptcy Code, appointed the Official Committee of Administrative Claimants of LTV Steel, Inc., which appointment was amended on February 27, 2003. Lynne Richardson, Credit Manager-Bankruptcy Group, Air Products & Chemicals, Inc and William R. Calfee, Executive Vice President, Cleveland-Cliffs, Inc. serve as Co-Chairpersons of the Committee.

9. On March 27, 2003, the United States Trustee disbanded the Committee in as set forth in its Notice of Disbandment filed with the Court.

10. 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 final 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 60 days after the Initial Distribution Date, or March 1, 2004, whichever is later, for professional fees and expenses rendered to the Debtors. This Application is filed pursuant to and in accordance with that Order.

SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

11. This Application seeks final Court approval for all fees and expenses incurred by Reed Smith during the period of January 11, 2001 through March 31, 2003, and is subject to, *inter alia*, this Court's Order dated January 31, 2001 (the "Administrative Order"). Reed Smith has received no retainers, but has received interim compensation, pursuant to the Administrative Order, as set forth below. Reed Smith has no arrangements or agreements with any person(s) regarding payment of its compensation other than the Orders entered by this Court.

12. Each of the persons who has performed services herein has kept daily time records setting forth 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").

13. Set forth in **Exhibit B** is a listing of the names, initials, and hourly rates for each professional and paralegal who rendered services during Reed Smith's representation of the Committee, their title and number of years experience at the time when they last did work for the Committee. Set forth in **Exhibit C** is a copy of each Order of Court approving Reed Smith's seven prior applications for interim compensation and reimbursement of fees. Set forth in **Exhibit D** is a summary of each monthly statement, including a breakdown of fees and expenses incurred in each matter category. Set forth in **Exhibit E** is a chart showing expenses in the amount of \$156,638.17 incurred during Reed Smith's representation of the Committee.

14. Set forth below is a chart summarizing of all prior interim applications filed by Reed Smith as counsel to the Committee, the date on which such applications were approved by this Court, those amounts which were paid, and those amounts which remain unpaid.

SUMMARY OF REED SMITH LLP INTERIM REQUESTS FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR FEES AND EXPENSES INCURRED

| | Fees | Total Expenses |
|--|---|--|
| <u>First Application</u> (01/11/01 – 4/30/01) D.I. 1191 | | |
| (a) Requested | \$568,995.40 | \$32,689.45 |
| (b) Approved (12/10/01 – D.I. 2092 & 8/21/02 – D.I. 4325) and paid | \$568,995.40 | \$32,689.45 (\$5,283.51) ¹ |
| (c) Approved but unpaid | \$0 | \$0 |
| <u>Second Application</u> (05/01/01 – 08/31/01) D.I. 1780 | | |
| (a) Requested | \$549,479.40 | \$55,654.07 |
| (b) Approved (12/10/0 – D.I. 2089 & 8/21/02 - 4326) | \$549,479.40 | \$55,654.07 |
| (c) Paid | \$527,612.01 ² | \$55,654.07 |
| (d) Approved but unpaid | \$21,867.39 (5,283.51) <u>(5,286.67)</u> \$ 11,297.21 ³ | (\$5,286.67) ⁴ |
| <u>Third Application</u> (9/1/01 – 12/31/01) D.I. 2523 | | |
| (a) Requested | \$493,898.25 | \$25,666.37 |

1 Reduction offset in balance of unpaid fees in Second Fee Application.

2 All fees were approved in Orders dated December 10, 2001, and August 21, 2002.

3 As a result of the entry of the Asset Protection Order, the Court has been advised that all professionals were to be paid 92.24% of approved outstanding fees and 100% of expenses for charges incurred prior to November 20, 2001. Accordingly, this balance, even though approved, will remain unpaid until further order of Court.

4 Expenses for the Second Interim Period were paid in full prior to the resolution of certain objections to the Second Interim Fee Application of Reed Smith made by the U.S. Trustee. According to the Order of Court dated August 21, 2002, \$5,286.67 in expenses were to be subtracted from the total expenses requested, yielding a credit of \$5,286.67 in Second Interim Period expenses. This credit is offset against the outstanding fees for the Second Interim Period.

| | | |
|---|--------------------------|-------------|
| (b) Approved (11/04/2002 – D.I. 4736) and Paid | \$441,617.85 | \$25,666.37 |
| (c) Approved but unpaid | \$52,280.40 ⁵ | \$0 |
| <u>Fourth Application</u> (1/1/02 – 4/30/02) D.I. 4093 | | |
| (a) Requested | \$234,565.05 | \$14,638.21 |
| (b) Approved (10/22/02 – D.I. 4664) and Paid | \$234,565.05 | \$14,638.21 |
| (c) Approved but unpaid | \$0 | \$0 |
| <u>Fifth Application</u> (5/1/02 – 8/31/02) D.I. 4626 | | |
| (a) Requested | \$306,426.50 | \$10,734.88 |
| (b) Approved (11/27/2002 – D.I. 4873) and Paid | \$301,343.00 | \$10,734.88 |
| (c) Reduced by Reed Smith | \$ 5,083.50 ⁶ | \$0 |
| <u>Sixth Application</u> (9/1/02 – 12/31/02) D.I. 5324 | | |
| (a) Requested | \$204,177.75 | \$10,133.19 |
| (b) Approved (5/28/03 – D.I. 5498) and Paid | \$204,177.75 | \$10,133.19 |
| (c) Unpaid | \$0 | \$0 |
| <u>Seventh Application</u> (1/1/03 – 3/31/03) D.I. 5747 | | |
| (a) Requested | \$161,711.75 | \$7,122.00 |
| (b) Approved (7/21/03 – D.I. 5848) and Paid | \$161,711.75 | \$7,122.00 |
| (c) Unpaid | \$0 | \$0 |

15. In support of its request for final allowance of compensation and reimbursement sought in this Application, Reed Smith incorporates all prior interim fee applications filed in its capacity as counsel to the Committee in this case by reference.

⁵ By order dated, November 4, 2002, the Court approved for payment all of the fees as requested in the Third Interim Application; however \$52,280.40 remains unpaid as a result of the entry of the APP, until further order of Court.

⁶ \$5,083.50 represents fees incurred in preparing the Fifth Interim Fee Application which exceeded the U.S. Trustee's guidelines for fees charged in connection with the preparation of fee applications and is accordingly not owed by the Debtor.

SUMMARY OF SERVICES RENDERED

16. Set forth below is a narrative summary of the Categories under which material and substantial services were performed by Reed Smith during its representation of the Committee. Reference should be made to individual Interim Fee Applications for a more detailed summary of time spent and fees incurred by Category.

a. Category 60001: Meetings of Creditors: In this Category, Reed Smith incurred time preparing for and attending numerous in-person Committee and Executive Committee meetings as well as meetings with the United States Trustee regarding the status of the Committee. Also, time in this Category was spent conducting conference calls with the Committee, Executive Committee, and the Debtors and reporting to the Committee on pending matters and various other issue.

b. Category 60002: Financing: In this Category, Reed Smith incurred time providing status reports to the Committee regarding the initial and final DIP financing, including their relationship to the asset protection plan, and the satisfaction of the secured debt. Additional time in this Category was spent reviewing certain intercompany transactions and settlements as they related to the Chase master facility.

Specifically, during First Interim Period, Reed Smith devoted a significant amount of time as an active participant in litigation relating to (i) the use of cash collateral and (ii) whether the prepetition securitization constituted a true sale or a financing vehicle. As part of that participation, Reed Smith researched and reviewed the positions taken by the Debtor and its lenders, drafted pleadings addressing relevant issues, and participated in settlement negotiations with the Debtor and its lenders. Reed Smith additionally commenced its review of the DIP loan documents and fees sought thereunder and filed limited objections to the documents during the First Interim Period.

During the Second Interim Period, Reed Smith incurred time in this Category investigating the perfection of liens and reviewing and preparing amendments to loan agreements. During the Third Interim Period, Reed Smith incurred time provided status reports to the Committee regarding government loan issues. During the same time period, Reed Smith also reviewed the revised asset protection plan financing and amended DIP loans.

During the Fourth Interim Period, Reed Smith spent time in this Category providing status reports to the Committee regarding separating the master DIP facility between the various estates, as well as reviewing the amended DIP financing for the Debtor and the new financing for Georgia Tubing and Copperweld. In the Fifth Interim Period, Reed Smith incurred time on an analysis of intercompany issues and updating the Committee regarding the asset protection plan. During the Sixth Interim Period, Reed Smith incurred a small amount of time in this Category conducting conference calls with various parties regarding strategy for negotiations with GECC.

c. Category 60003: Asset Analysis and Recovery: Time in this Category relates to time spent reviewing, analyzing, responding to, and attending hearings on motions regarding executory contracts, sales of assets, and the asset protection plan. Time in this Category was also spent reviewing financial reports and the Debtor's asset analysis model.

Specifically during the Second Interim Period, Reed Smith spent time in this category meeting with the Committee regarding the asset protection plan and the closure of DHCC, reviewing the Blackstone valuation report and the asset analysis model, and reviewing the Varco Pruden Sale, which included analyzing the sale from an antitrust perspective.

During the Third Interim Period, Reed Smith incurred time regarding the Lagermex and Onex transactions and meeting with the Executive Committee regarding pending sales. Time spent by Reed Smith during the Fourth and Fifth Interim Periods reviewing sale procedures, flash reports, settlement agreements, and the sales of certain assets.

Time in this Category was also spent analyzing the record retention plan during the Fifth Interim Period. During the Sixth Interim Period, the majority of the time spent in this Category related to preparing for and conducting telephone conferences relating to allocation issues.

d. Category 60004: Executory Contracts: Primarily during the early stages of the Debtor's case, Reed Smith incurred time in this Category reviewing, analyzing, responding to, and attending hearings on motions to compel the assumption or rejection of executory contracts and other motions by parties to executory contracts with the Debtor.

e. Category 60005: Asset Disposition: Time in this Category was spent monitoring the docket for asset sales, reviewing the proposed sale of certain assets, and preparing memoranda or otherwise corresponding with the Committee regarding asset sales. Time in this Category was also spent preparing for and participating in sale proceeds allocation proceedings. In addition, throughout the Debtor's case, Reed Smith has maintained and circulated to the Committee from time to time an asset sale log, which documents the status of all assets to be sold by the Debtor.

Specifically, during the First and Second Interim Periods, Reed Smith reviewed the Debtor's asset disposition program and engaged in discussions with the Debtor and the Blackstone Group regarding the same. Also during the same period, Reed

Smith spent time in this Category reviewing and commenting on the proposals for the sale of Varco Pruden, the sale of Mahoning Railroad, and the Tin Mill sale.

During Third Interim Period, Reed Smith reviewed and commented on the proposals for the sales of Onex and Minnesota Mine, and met with the Committee regarding Varco Pruden. In the Fourth Interim Period, Reed Smith incurred time in this Category reviewing and commenting on the proposals for the sale of the Warren Coke Plant. During both of these Interim Periods, Reed Smith also focused a substantial amount of time reviewing and analyzing the sale of LTV Steel to ISG.

During the Fifth Interim Period, Reed Smith spent time in this Category preparing for proceed allocation proceedings in connection with the LTV sale to ISG and reviewing the Copperweld bid procedure and sale agreement. During the Sixth Interim Period, time was spent reviewing and analyzing the Maverick/LTV Tubular Asset Purchase Agreement and conferring with the Committee regarding the sale of LTV Tubular, as well as addressing issues related to Copperweld and GECC.

f. Category 60006: Business Operations: The majority of time in this Category was spent reviewing and analyzing the Debtor's financial statements, budgets, and operating reports and corresponding with the Debtor regarding the same.

Specifically, during the Third Interim Period, much of the time spent in this Category related to analysis, negotiation, and litigation regarding the asset protection plan, as well as review of the Global Steel Investigation. Also during that time period, Reed Smith spent time in meetings regarding the Debtor's annual operating plan, the shutdown of Cleveland West, and business operations generally. During the Fourth Interim Period, Reed Smith incurred additional time reviewing the motion to retain an outsource receivables management company.

g. Category 60007: Case Administration: The bulk of the time in this Category was spent reviewing the docket, updating LTV files, and addressing other general administrative matters. Time in this Category also includes services to keep the Committee advised and updated as to events occurring in the case including status meetings and telephone conferences. Additional time in this category was spent summarizing issues and related pleadings which impact the Committee, calendaring hearings and reviewing hearing agendas, and summarizing hearings for the Committee. Specifically during the Seventh Interim Period, some time in this Category related to winding up Committee affairs.

h. Category 60008: Claims Administration and Objections: Time in this Category includes research and analysis of certain claims against the Debtor's estate. Specifically, during the Third Interim Period, Reed Smith conducted analysis and research regarding administrative and priority claims and attended meetings to discuss director and officer claims. During the Fifth Interim Period, additional time in this Category was spent on insurance claims, and setoff motions.

During the Sixth Interim Period, much of the time spent in this Category related to preference analysis, and administrative claims. During the Seventh Interim Period, Reed Smith spent time monitoring: the appeal of the allocation order, the objections to the "Cliffs" claims, and the proposed settlements of objections to the notice of validity and priority of certain liens.

i. Category 60009: Employee Benefits/Pension: During the First and Second Interim Periods, Reed Smith devoted a large amount of time in this Category to acquainting itself with the Debtor's employee compensation structure for both salaried and hourly employees, reviewing proposals regarding retention programs and severance programs, and becoming familiar with the Debtor's labor contracts and agreements.

Reed Smith also spent time during the First Interim Period meeting with the Debtor and the USWA concerning the status of negotiations towards a revised labor agreement that would meet the cost savings outlined in the Debtor's restructuring plan.

During the Third Interim Period, a significant amount of time was spent developing strategies and negotiating with the USWA. Later during the same period, Reed Smith spent additional time renegotiating the Modified Labor Agreement with the USWA and discussing severance issues with the Debtor.

During the Fourth and Fifth Interim Periods, Reed Smith spent time in this Category reviewing KERP reports and reviewing and analyzing KERP and severance issues. In the Sixth Interim Period, much of the time spent by Reed Smith was devoted to reviewing the Debtor's motion seeking approval of a reorganization and severance program, as well as reviewing the Debtor's response to a WARN Act complaint.

j. Category 60010: Fee/Employment Applications: The majority of time in this Category was spent on the preparation and filing of interim fee applications and this Application. Earlier in the Debtor's case, Reed Smith spent time in this Category preparing its application for retention. During the Second Interim Period, Reed Smith spent time in this Category on the retention of Hatch Consulting and the engagement of Calfee, Halter. Reed Smith spent additional time in this Category during the Third Interim Period preparing the application to engage McDermott, Will & Emery. Also during the Third Interim Period, Reed Smith spent time reviewing the application of the equity committee to retain a financial advisor. During the Fourth Interim Period, Reed Smith spent additional time in this Category reviewing the amended retention of Jay Alix and the Blackstone Group.

k. Category 60011: Fee/Employment Objections: Time in this Category includes the review of fee applications filed by professionals other than Reed Smith and

addressing any objections or potential objections to Reed Smith's interim fee applications. Reed Smith also spent some time in this Category preparing objections to other professionals' fee applications and reviewing the objections filed by other professionals. Specifically during the Third Interim Period, Reed Smith spent additional time objecting to the equity committee's application to retain a financial advisor and addressing objections to the Committee's fee application.

l. Category 60012: Plan and Disclosure Statement: Time in this Category was spent addressing plan-related issues. Specifically, during the Fifth Interim Period, Reed Smith reviewed such issues as distribution, resolution of intercompany claims, and exclusivity, as well as analyzing potential plans. During the Sixth Interim Period, Reed Smith additionally was involved with the Wind Down Motion and responses thereto and during the Seventh Interim Period, Reed Smith spent some time in this Category on the environmental settlement.

m. Category 60013: Relief from Stay Proceedings: Time spent in this Category relates to summarizing for the Committee, and preparing for and attending hearings relevant to various motions for relief from stay. Specifically, during the Second Interim Period, Reed Smith prepared for and attended hearings relevant to Minnesota's violation of the automatic stay. During the Third Interim Period, Reed Smith addressed Cleveland Cliffs' motion for relief from stay and spent additional time summarizing other motions for relief from stay for the Committee.

n. Category 60015: Business Analysis: Reed Smith spent time in this Category reporting to the Committee regarding the status of the Debtor's operations. Specifically during the Second Interim Period, Reed Smith focused on the Accenture pleadings and agreements.

o. Category 60018: Travel: The time in this Category relates to travel time incurred by the designated professionals in performing services sought to be compensated in this Application. All travel time was for travel in excess of two hours round trip. Where the professional was engaged in other services while traveling to or from a matter described in this Application, no time was recorded. All travel time was captured in this Category and has been reduced by 50%.

p. Category 60020: Tax Issues: Reed Smith incurred time in this Category researching and reviewing discrete tax issues as they arose in connection with transactions and settlements which occurred during the Debtor's case. Specifically during the Fifth Interim Period, Reed Smith spent time addressing certain net operating loss issues and during the Sixth Interim Period, Reed Smith spent time in this Category reviewing certain Copperweld tax refund issues and a stipulation related thereto.

q. Category 60022: Miscellaneous Adversaries and Motions: The time in this category relates to research, review of pleadings, and hearing preparation. Time was also spent in court conferences, hearings, and depositions and in briefing the Committees on these matters.

Specifically, during the Second Interim Period, Reed Smith spent time in this Category researching and drafting injunction papers regarding the proposed shut down of Cleveland West. Also during that period, additional time was spent preparing a temporary restraining order to keep Cleveland West open in the event that negotiations failed.

During the Third Interim Period, a significant amount of time in this Category was spent researching, drafting, and analyzing a protective order regarding the disclosure of sensitive materials in connection with the United States Trustee's support

for an equity committee. Also during that period, time in this Category relates to the review of discovery requests related to the motion to disband the Equity Committee.

r. Category 60024: Environmental Matters: The time in this Category was spent reviewing the proposed global environmental settlement and addressing related issues such as the environmental cost analysis and research on the priority of environmental claims.

Specifically during the Third and Fourth Interim Periods, Reed Smith conducted research regarding the environmental cost analysis for shut down damage and comparing the effect of such a shut down to possible alternatives. During the Sixth Interim Period, time in this Category was spent reviewing the LTV Tubular Agreement.

s. Category 60026: Intercompany Issues: The time spent in this Category relates to research and analysis regarding intercompany and subcommittee issues and briefing the Committee on these matters. Specifically, during the Seventh Interim Period, time in this Category was spent working with Deloitte Consulting on the intercompany analysis document and presentations regarding the same.

ALLOWANCE OF COMPENSATION

17. 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 . . .

18. 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.

19. As shown by this Application and supporting documents, Reed Smith spent its time economically and without unnecessary duplication. In light of the complexity of this case, Reed Smith preformed services for the Committee in a reasonable amount of time and at rates which are reasonable when compared with practitioners of comparable skill and experience in non-bankruptcy cases.

20. Reed Smith additionally incurred actual out-of-pocket expenses in connection with rendering professional services to the Committee as indicated at **Exhibit E** for which Reed Smith has requested reimbursement. The disbursements and expenses have been incurred in accordance with Reed Smith's normal practice of charging clients for expenses clearly related to and required by particular matters. Reed Smith has endeavored to minimize these expenses to the fullest extent possible.

21. Reed Smith'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. Reed Smith believes that it is most fair to charge each client only for the services actually used in performing services for that client. In these proceedings, Reed Smith charges \$.15 per page for internal duplicating and Reed Smith charges the actual third party telephone charges for outgoing facsimiles. Reed Smith does not charge for incoming facsimile transfers. The expenses incurred by Reed Smith are in compliance with the Administrative Order and Guidelines.

22. No agreement or understanding exists between Reed Smith 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.

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

CERTIFICATION

24. The undersigned hereby certifies that the Committee has reviewed all invoices submitted herein and further certifies that Reed Smith has complied with the Administrative Order dated January 31, 2001. The undersigned has read this Application and to the best of her knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought comports with the Guidelines, unless otherwise specifically noted herein. The undersigned further certifies that the compensation and reimbursement for which Court approval is sought are billed at rates and are in accordance with practices no less favorable to the Debtor than those customarily employed by Reed Smith generally, unless otherwise specifically noted herein.

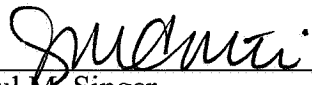
WHEREFORE, Reed Smith respectfully requests that this Court enter an Order:

- (1) Granting final approval for the allowance for compensation of professional services rendered to the Committee during the period from January 11, 2001 through and including March 31, 2003;
- (2) Granting final approval of the reimbursement of Reed Smith's out-of-pocket expenses incurred in connection with the rendering of such professional services during the period January 11, 2001 through and including March 31, 2003;
- (3) Authorizing the Debtor to make all payments with respect to the fees and expenses requested in this Application; and
- (4) Granting such other and further relief as this Court may deem just and proper.

Dated: February 25, 2004

REED SMITH LLP

By: _____


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