

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

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
	:	

**SUMMARY OF FOURTH APPLICATION FOR ALLOWANCE
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD JANUARY 23, 2004 THROUGH AND INCLUDING
APRIL 30, 2004 FILED ON BEHALF OF REED SMITH LLP,
AS SPECIAL COUNSEL TO THE OFFICIAL COMMITTEE OF
ADMINISTRATIVE CLAIMANTS FOR LTV STEEL COMPANY, INC.**

Name of Applicant: Reed Smith LLP

Authorized to provide Professional Services to: Official Committee of Administrative Claimants of LTV Steel Company, Inc.

Date of Retention Order: April 24, 2003, nunc pro tunc to March 5, 2003

Period for which Interim Compensation and Reimbursement is Sought:
January 23, 2004 through April 30, 2004

Amount of Interim Compensation For Services Sought as Actual, Reasonable, and Necessary	\$61,744.50
Amount of Expenses Sought to Be Reimbursed as Actual, Reasonable and Necessary	\$11,956.43
Total Amount of Fees and Expenses for Interim Period Sought to Be Reimbursed as Actual, Reasonable and Necessary	\$73,700.93

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

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IN RE:)	Chapter 11
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LTV STEEL COMPANY, INC.,)	Jointly Administered
a New Jersey corporation, <i>et al.</i> ,)	Case No. 00-43866
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Debtors.)	Successor to
)	Judge William T. Bodoh
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**FOURTH APPLICATION FOR INTERIM ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES ON BEHALF OF REED
SMITH LLP, AS SPECIAL COUNSEL TO THE OFFICIAL COMMITTEE OF
ADMINISTRATIVE CLAIMANTS FOR LTV STEEL COMPANY, INC.**

Reed Smith LLP ("Reed Smith"), as Special Counsel to the Official Committee of Administrative Claimants of LTV Steel Company, Inc. (the "Committee"), hereby submits its Fourth Application for Allowance of Interim Compensation and Reimbursement of Expenses, for those fees and expenses incurred during the period January 23, 2004 through and including April 30, 2004 (the "Interim Period") as an Application (the "Application"), pursuant to 11 U.S.C. § 331. 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. On December 7, 2001, this Court approved an Asset Protection Plan ("APP") for the Debtor, which APP provided for the wind-down of the Debtor's businesses (D.I. 2075). Pursuant to the APP, the sale or shutdown of substantially all of the Debtor's facilities has occurred.

2. The Debtor continues in the management and possession of its remaining businesses and properties as debtor-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. (the “Committee of Unsecured Creditors”).

4. On March 6, 2001, this Court approved the engagement of Reed Smith as counsel to the Committee of Unsecured Creditors (D.I. 601)..

5. On February 28, 2002, 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* was entered (D.I. 2588).

6. On January 15, 2003, LTV Steel filed a motion for an order authorizing a process to wind down its estate (the “Wind Down Motion”) (D.I. 5114). The Wind Down Motion requested authority to, *inter alia*, bifurcate the administrative claims according to those which arose pre-APP and those which were incurred post APP; liquidate its remaining assets; finalize settlements and resolve ongoing litigation and appeals; collect amounts due including prosecuting preference avoidance actions; resolve intercompany claims; and finally file a motion to dismiss the Chapter 11 case. On February 11, 2003, the Bankruptcy Court entered an Order sustaining in part and overruling in part the Wind Down Motion (D.I. 5286).

7. 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 Committee, which appointment was amended on February 27, 2003. Lynne Richardson, Credit Manager-Bankruptcy Group, Air Products & Chemicals, Inc and Arthur Karas, President of C & K Industrial Services, Inc., serve as Co-Chairpersons of the Committee.

8. On March 27, 2003, the United States Trustee disbanded the Committee of Unsecured Creditors pursuant to a Notice of Disbandment filed with the Court.

9. On April 24, 2003, this Court approved the engagement of Reed Smith *nunc pro tunc* to March 5, 2003 as special counsel to the Committee (D.I. 5594). A true and correct copy of the order approving the engagement is attached to this Application and marked **Exhibit A**.

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 the date that is 60 days after the Initial Distribution Date (March 22, 2004) for professional fees and expenses rendered to the Debtors. On February 16, 2004, Reed Smith filed its Third and Final Application in accordance with and pursuant to that Order.

SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT REQUESTED

11. This Application covers the Interim Period of January 23, 2004 through April 30, 2004, and is subject to, *inter alia*, this Court's Order dated January 31, 2001 (the "Administrative Order") (D.I. 334). A summary of the compensation and expense reimbursement for the Interim Period is set forth below. Reed Smith has received no retainers,

but has received interim compensation for the Interim Period pursuant to the Administrative Order.

**SUMMARY OF COMPENSATION AND REIMBURSEMENT
REQUESTS FOR THE INTERIM PERIOD**

Date of Monthly Statement	Period Covered	Requested Fees/Expenses	Fees/Expenses Paid:
February 10, 2004	01/23/04 through 01/31/04	Fees: \$2,019.50 Expenses: \$774.26	Fees: \$1,615.60 Expenses: \$774.26
March 16, 2004	02/01/04 through 02/29/04	Fees: \$5,728.25 Expenses: \$1,471.97	Fees: \$4,582.60 Expenses: \$1,471.97
April 15, 2004	03/01/04 through 03/31/04	Fees: \$13,731.25 Expenses: \$3,961.49	Fees: \$10,985.00 Expenses: \$3,961.49
May 13, 2004	04/01/04 through 04/30/04	Fees: \$40,265.50 Expenses: \$5,748.71	Fees: \$0.00 Expenses: \$0.00

Reed Smith has no arrangement or agreement with any person(s) regarding payment of their compensation other than the Orders entered by this Court.

Interim Period	Dates	Amounts Requested	Amounts Received
First	3/5/03 through 4/30/03	Fees: \$204,399.75 Expenses: \$5,861.97	Fees: \$204,399.75 Expenses: \$5,861.97
Second	5/1/03 through 8/31/03	Fees: \$134,713.50 Expenses: \$6,748.99	Fees: \$132,749.74 ¹ Expenses: \$3,744.00
Third	9/1/03 through 1/22/04	Fees: \$133,514.50 Expenses: \$11,945.74	Fees: \$94,262.20 Expenses: \$10,773.31
Fourth	1/23/04 through 4/30/04	Fees: \$61,744.50 Expenses: \$11,956.43	Fees: \$17,183.20 Expenses: \$6,207.72

12. Reed Smith's First Interim Application was approved by this Court on July 21, 2003 (D.I. 5849), Reed Smith's Second Interim Application was approved by this Court on December 10, 2003 (D.I. 7083) and Reed Smith's Third Application was approved by this Court on April 14, 2004 (D.I. 7790).

13. Each of the persons who has performed services during the Interim Period 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").

14. Set forth in **Exhibit B** is a listing of the names, initials, and hourly rates for each professional and paralegal who rendered services during the Interim Period, their title and number of years experience. Set forth in **Exhibit C** is a chronological listing of services for the period January 23, 2004 through April 30, 2004 performed by individual professionals under

¹ The difference between the fees and expenses requested and the fees and expenses received for the Second Interim Period represents a credit in the Debtors' favor for failure of Reed Smith to reduce travel time by 50% during the First Interim Period.

the same or similar matter Categories set forth in the Guidelines, together with a summary of time and charges of each professional who rendered services for each Category for which reimbursement is sought. Also included in **Exhibit C** is a summary of hours expended by each attorney or paralegal for that Category, their hourly rates and current and cumulative total amount billed by timekeeper. Set forth in **Exhibit D** is a chart showing expenses incurred in the amount of \$11,956.43 for the period January 23, 2004 through April 30, 2004.

15. To the best of Reed Smith's knowledge, Reed Smith has complied with the monthly reporting requirements throughout the duration of its representation of the Committee.

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 the period January 23, 2004 through April 30, 2004. Reference should be made to **Exhibit C** attached hereto for a more detailed description of the services provided.

17. **Category 60002: Travel Time:** The time in this Category relates to travel time incurred by certain professionals in performing services sought to be compensated in this application. All travel time was for travel in excess of one hour round trip. Where the professional was engaged in services unrelated to this case 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%.

18. **Category 60004: Fee/Employment Objections:** Time in this category was spent reviewing and responding to the objection of C&K Industrial Services to various professional fee applications, including that of Reed Smith, and reviewing and responding to the objection of the United States Trustee to Reed Smith's third and final fee application. Time was

also spent in this category corresponding with Debtors' counsel and drafting revised orders approving Reed Smith's fee application. Additional time in this category was spent attending hearings relating to the Reed Smith fee applications..

19. Category 60005: Fee/Employment Applications: Time in this Category was spent preparing Reed Smith's interim and final fee applications and reviewing the fee application of Deloitte & Touche LLP as financial advisor to the Committee. Time in this category was also spent drafting a joinder to motion to dismiss the appeal of C&K Industrial Services, Inc.

20. Category 60007: Case Administration: Time in this Category was spent reviewing the motion to engage Deloitte & Touche LLP as financial advisor to the Committee, and other general administrative matters.

21. Category 60014: Reconstruction Accounting/D & O Issues: Time in this Category was spent responding to substantial discovery requests from the Committee regarding the former directors and officers of the Debtors.

22. A chart summarizing the time spent by Reed Smith in each Category for both the Interim Period and for the entire time during which Reed Smith was engaged by the Committee is set forth below.

<u>Category</u>	<u>Interim Period</u>	<u>3/5/03 – 4/30/04</u>
Meetings of Creditors	\$0.00	\$31,608.25
Travel Time	\$2,146.25	\$19,588.00
Plan and Disclosure Statement	\$0.00	\$5,137.50
Fee/Employment Objections	\$8,167.50	\$11,640.50
Fee/Employment Applications	\$5,804.75	\$28,683.00
Claims Administration & Objection	\$0.00	\$1,086.50
Case Administration	\$623.25	\$23,300.25
Business Operations	\$0.00	\$937.50
Asset Disposition	\$0.00	\$6,629.50
Financing	\$0.00	\$1,350.00
Intercompany Issues	\$0.00	\$156,457.50
Environmental Matters	\$0.00	\$75,331.00
Reconstruction Accounting/D & O Issues	\$45,002.75	\$156,350.50
Miscellaneous Adversaries & Motions	\$0.00	\$8,087.50
Subtotal		\$526,187.50
Travel Time Adjustment		(\$9,794.00)
Total	\$61,744.50	\$516,393.50

ALLOWANCE OF COMPENSATION

23. 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.

24. 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.

25. As shown by this Application and supporting documents, Reed Smith spent its time economically and without unnecessary duplication. Given the complexity of the Debtor's case, Reed Smith's services were provided within a reasonable amount of time and at rates which are comparable to those of comparably skilled practitioners in non-bankruptcy cases.

26. During the Interim Period, Reed Smith also incurred actual out-of-pocket expenses in connection with rendering professional services to the Committee in the sums indicated on **Exhibit D** for which Reed Smith respectfully requests reimbursement in full. 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.

27. Copies of each monthly fee statement and this Application are sent to the Co-Chairpersons of the Committee, as well as the Debtors and the United States Trustee. A certification with respect to this Application will be filed with the Court prior to a hearing on this Application.

28. 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 in addition to charges for 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.

29. 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.

30. 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 Reed Smith since it was engaged by the Committee.

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

- (1) approving the allowance for compensation of professional services rendered to the Committee during the period from January 23, 2004 through and including April 30, 2004 in the amount of \$61,744.50;
- (2) approving the reimbursement of Reed Smith's out-of-pocket expenses incurred in connection with the rendering of such professional services during the period January 23, 2004 through and including April 30, 2004 in the amount of \$11,956.43;
- (3) authorizing and directing the Debtors to pay compensation to Reed Smith in the aggregate amount of \$73,700.93, representing the total amount for professional services rendered and disbursements incurred by Reed Smith 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; and
- (4) granting such other and further relief as this Court may deem just and proper.

Dated: June 15, 2004

REED SMITH LLP

By: /s/ Amy M. Tonti

Paul M. Singer
Amy M. Tonti

435 Sixth Avenue
Pittsburgh PA 15219
Tel: (412) 288-3131
Fax: (412) 288-3063
Email: atonti@reedsmith.com

Special Counsel to the Official Committee
of Administrative Claimants of LTV Steel
Company, Inc.