

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION**

**In re:** : **Chapter 11**  
:  
**LTV STEEL COMPANY, INC.,** : **Jointly Administered**  
**a New Jersey corporation, et al.,** : **Case No. 00-43866**  
:  
**Debtors.** : **Chief Judge Randolph Baxter**

**ELEVENTH APPLICATION OF JONES DAY FOR INTERIM  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF  
EXPENSES FOR THE PERIOD JANUARY 23, 2004 THROUGH APRIL 30, 2004**

Name of applicant: Jones Day

Authorized to provide professional services to: The above-captioned debtors and debtors in possession

Date of retention: December 29, 2000

Period for which compensation and reimbursement is sought: January 23, 2004 through April 30, 2004

Amount of compensation requested: \$952,475.00

Amount of expense reimbursement requested: \$36,349.93

This is an:  interim  final application

A summary of the billing rate for each professional and paraprofessional who billed time during the period for which compensation and reimbursement is sought and the total hours and amount billed for each such person is attached to this Application as Exhibit C and incorporated herein by reference. A summary of fees and expenses incurred by Jones Day prior to January 23, 2004 can be found in the Tenth Interim and First Final Application of Jones Day for Final Allowance of Compensation and Reimbursement of Expenses for Services Performed for The LTV Corporation and Certain of its Affiliated Debtors (D.I. 7644). Jones Day professionals and paraprofessionals devoted time to preparing this Application after April 30, 2004. Compensation for this time and reimbursement of related expenses will be sought pursuant to 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), dated December 23, 2004.

Attorneys' blended hourly rate during the compensation period: \$266.77

PERIOD COVERED	FEE REQUESTED	FEE AWARDED	EXPENSES REQUESTED	EXPENSES AWARDED	DATE FEES AND EXPENSES AWARDED
11th Interim (1/23/04 - 4/30/04)	\$952,475.00	The hearing on this fee application has not been scheduled yet	\$12,646.28	The hearing on this fee application has not been scheduled yet	The hearing on this fee application has not been scheduled yet

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Dated: June 16, 2004

David G. Heiman (0038271)  
dgheiman@jonesday.com  
Heather Lennox (0059649)  
hlennox@jonesday.com  
Nicholas M. Miller (0069393)  
nmmiller@jonesday.com  
JONES DAY  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114  
Phone: (216) 586-3939  
Facsimile: (216) 579-0212

Jeffrey B. Ellman (OH 0055558)  
jbellman@jonesday.com  
JONES DAY  
1420 Peachtree Street, N.E., Suite 800  
Atlanta, Georgia 30309-3053  
Telephone: (404) 531-3939  
Facsimile: (404) 581-8330

**ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION**

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**Debtors.** :

**ELEVENTH APPLICATION OF JONES DAY FOR INTERIM  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF  
EXPENSES FOR THE PERIOD JANUARY 23, 2004 THROUGH APRIL 30, 2004**

Jones Day, counsel to the above-captioned debtors and debtors in possession (collectively, the "Debtors"), hereby makes its eleventh application for interim allowance of compensation in the amount of \$952,475.00 and reimbursement of related expenses of \$36,349.93 for the period from January 23, 2004 through April 30, 2004 (the "Eleventh Compensation Period") for services performed for Debtor The LTV Corporation ("LTV") and certain of its affiliated Debtors (collectively with LTV, the "LTV Debtors").<sup>1</sup> In support of this Application, Jones Day respectfully represents as follows:

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<sup>1</sup> Specifically the LTV Debtors are comprised of the Debtors other than the Copperweld Debtors and the VP Debtors, as such terms are defined herein.

On May 7, 2004, Jones Day filed an application for interim and final allowance of compensation and reimbursement of expenses for services performed for Debtor VP Buildings, Inc. and certain of its affiliated Debtors during the Eleventh Compensation Period and prior compensation periods (the "VP Application"). Accordingly, by this Application, Jones Day does not seek interim or final allowance of compensation or reimbursement of expenses that have been included in the VP Application.

In addition, pursuant to Section III.A.1.e.ii.A of the Copperweld Plan (as defined below) and Section III.C.1.b.i of the order (D.I. 6926) confirming the Copperweld Plan, by this Application, Jones Day does not seek interim or final allowance of compensation or reimbursement of expenses for services provided to the Copperweld Debtors (as such term is defined herein).

## BACKGROUND

### General Background

1. On December 29, 2000 (the "Petition Date"), Debtor LTV Steel Company, Inc. ("LTV Steel") and 48 of its affiliates commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"). On March 8, 2002, two additional Debtors commenced their respective chapter 11 cases. By orders entered on the Petition Date and March 26, 2002, the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being administered jointly. By an order dated October 8, 2003, the chapter 11 estates of LTV Steel and Debtor Georgia Tubing Corporation were substantively consolidated.

2. The LTV Debtors are continuing in possession of their respective properties 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 (the "Unsecured Creditors' Committee") in the Debtors' chapter 11 cases, pursuant to section 1102 of the Bankruptcy Code. On January 19, 2001, the U.S. Trustee appointed a statutory committee of noteholders in the Debtors' chapter 11 cases, pursuant to section 1102 of the Bankruptcy Code (the "Noteholders' Committee"). On February 27, 2003, the U.S. Trustee appointed an amended committee of administrative creditors in the LTV Steel case (the "Administrative Claimants' Committee" and, together with the Unsecured Creditors' Committee and the Noteholders' Committee, the "Committees"). On March 27, 2003, the U.S. Trustee filed its notice of disbandment of the Unsecured Creditors' Committee (D.I. 5485).

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

5. LTV, a Delaware corporation, is the direct parent of LTV Steel and the direct or indirect parent of each of the other Debtors.

6. As of the Petition Date, the Debtors operated through two primary business segments: (a) the integrated steel business segment, which engaged in the manufacture and sale of a diversified line of carbon flat-rolled steel products consisting of hot-rolled and cold-rolled sheet and galvanized products (the "Integrated Steel Business"); and (b) the metal fabrication business segment, which engaged in, among other things, the manufacture and sale of (i) mechanical and structural tubular products, (ii) pipe and conduit, (iii) bimetallic wire and (iv) automotive components.

7. By an order entered on September 4, 2001, the Court authorized the Debtors to sell the assets of Debtors VP Buildings, Inc. ("VP Buildings"), VP-Graham, Inc., Varco Pruden International, Inc. and United Panel, Inc. By orders entered on December 7, 2001 (the "APP Order") and August 30, 2002, the Court authorized the Debtors to implement an asset protection plan (the "APP") through and including December 13, 2002 to effect the orderly cessation of operations for, and the sale of assets of, the Debtors' Integrated Steel Business. By an order entered on February 28, 2002, the Court approved the sale of substantially all of the assets of the Integrated Steel Business (the "Integrated Steel Sale") to WLR Acquisition Co. n/k/a International Steel Group, Inc. The closing of the Integrated Steel Sale transactions occurred on April 12, 2002 (for the hard assets) and May 13, 2002 (for the inventory).

8. On November 7, 2002, the Court entered an order approving the sale of the assets of the LTV tubular division of LTV Steel (the "LTV Tubular Business"). The closing of the sale of the LTV Tubular Business occurred on December 31, 2002. The Debtors currently are winding down LTV Steel's estate pursuant to an order entered on February 11, 2003

(D.I. 5286) (the "Winddown Order") and the Order Authorizing LTV Steel Company, Inc. and Georgia Tubing Corporation to Establish Distribution and Dismissal Procedures and Granting Certain Related Relief, entered on December 23, 2003 (D.I. 7163) (the "Distribution and Dismissal Procedures Order").

9. On November 17, 2003, the Court entered an order (D.I. 6926) confirming the Second Amended Joint Plan of Reorganization of Copperweld Corporation and Certain of Its Debtor Affiliates, as modified (the "Copperweld Plan"). On December 17, 2003, the Copperweld Plan became effective in accordance with its terms, and Copperweld Corporation and its affiliates that were proponents of the Copperweld Plan (collectively, the "Copperweld Debtors")<sup>2</sup> emerged from chapter 11.

10. On December 17, 2003, the Court entered an order (D.I. 7136) confirming the First Amended Joint Plan of Liquidation (the "VP Plan") of VP Buildings, Inc., Its Subsidiary Debtors and Certain of Its Debtor Affiliates (collectively, the "VP Debtors").<sup>3</sup> On March 8, 2004, the VP Plan became effective in accordance with its terms.

### **Jones Day's Retention**

11. On January 10, 2001, the Debtors filed their application to retain and employ Jones Day as their counsel (the "Retention Application"). On February 6, 2001, the Court entered an order (D.I. 376) (the "Retention Order") authorizing the retention of Jones Day as the Debtors' counsel to perform any and all necessary or appropriate legal services on behalf

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<sup>2</sup> Specifically, the Copperweld Debtors are comprised the following Debtors: Copperweld Corporation, Copperweld Bimetallics Products Company, Copperweld Equipment Company, Copperweld Marketing & Sales Company, Copperweld Tubing Products Company, Metallon Materials Acquisition Corporation, Miami Acquisition Corporation, Southern Cross Investment Company, TAC Acquisition Corporation, Welded Tube Co. of America and Welded Tube Holdings, Inc.

<sup>3</sup> Specifically, the VP Debtors are comprised of the following Debtors: VP Buildings, Inc., United Panel, Inc., Varco Pruden International, Inc., VP-Graham, Inc., LTV Blanking Corporation, LTV Steel de Mexico, Ltd. and LTV-Walbridge, Inc.

of the Debtors in connection with these chapter 11 cases, *nunc pro tunc* as of the Petition Date. A copy of the Retention Order is attached hereto as Exhibit A and incorporated herein by reference. As described in the Retention Application, Jones Day charges for its services in these cases in accordance with its ordinary and customary hourly rates in effect on the dates that services are rendered. These rates are identical to those charged by Jones Day for similar services in other bankruptcy and nonbankruptcy matters.

**Status of the Debtors' Chapter 11 Cases**

12. The Debtors are resolving their chapter 11 cases under three discrete paths. First, as noted above, the Copperweld Debtors (a) on November 17, 2003, secured approval of the Copperweld Plan; and (b) on December 17, 2003, emerged as reorganized Debtors. Second, the VP Debtors (a) on December 17, 2003, secured confirmation of the VP Plan; and (b) implemented the transactions contemplated by the VP Plan, which permitted the VP Plan to become effective on March 8, 2004. Finally, the LTV Debtors, including LTV Steel, have liquidated their operating assets and have taken significant steps towards winding up their estates. To the best of Jones Day's knowledge, the Debtors have filed all monthly operating reports, as the same have been modified pursuant to an agreement with the U.S. Trustee, and paid all quarterly fees to the U.S. Trustee.

**RELIEF REQUESTED**

**Authority for Relief**

13. Jones Day makes this Application pursuant to the following: (a) sections 330(a) and 331 of the Bankruptcy Code; (b) Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); (c) 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, dated January 31, 2001 (D.I. 334) (the "Interim Compensation Order"); (d) the Distribution and Dismissal Procedures Order; (e) certain applicable provisions of the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted by the Office of the U.S. Trustee (the "Guidelines"); and (f) General Order No. 93-1 of the United States Bankruptcy Court for the Northern District of Ohio ("Local Rule 93-1"). A copy of the Interim Compensation Order is attached hereto as Exhibit B-1 and incorporated herein by reference. A copy of the Distribution and Dismissal Procedures Order is attached hereto as Exhibit B-2 and incorporated herein by reference.

14. By the Distribution and Dismissal Procedures Order, the Court established the schedule and process for filing fee applications subsequent to a professional's first final fee application. Specifically, the order provides that:

*Establishment of Bar Date for Professional Fee Applications*  
 . . . . After the Court has made a determination on the Final Fee Application, any professional fees or expenses awarded for the period up to and including the Initial Distribution Date shall be considered final awards. All professionals shall continue to file interim and final fee applications pursuant to the Bankruptcy Code and applicable Orders of the Court for all fees and expenses incurred from and after the Initial Distribution Date.

Distribution and Dismissal Procedures Order at ¶ 2(f). The Initial Distribution Date (as such term is defined in the Distribution and Dismissal Procedures Order) was January 22, 2004. On March 22, 2004, Jones Day filed its Tenth Interim and First Final Application of Jones Day for Final Allowance of Compensation and Reimbursement of Expenses for Services Performed for The LTV Corporation and Certain of its Affiliated Debtors (D.I. 7644) (the "Tenth Interim and First Final Application") in accordance with paragraph 2(f) of the Distribution and Dismissal Procedures Order.

**Request for Interim Allowance of Compensation and Reimbursement of Expenses**

15. Jones Day hereby seeks interim allowance of compensation and reimbursement of expenses for the Eleventh Compensation Period as follows:

(a) Compensation of \$952,475.00 in connection with services during the Eleventh Compensation Period. Jones Day has identified each of its professionals and paraprofessionals who provided services to the LTV Debtors during the Eleventh Compensation Period, their respective hourly rates and the total hours incurred in the aggregate and in each billing category by each such professional and paraprofessional on the summaries attached hereto collectively as Exhibit C and incorporated herein by reference. A summary of the total hours incurred and fees charged for each billing category — along with the related time detail — is attached hereto as Exhibit D and incorporated herein by reference; and

(b) Reimbursement of actual and necessary expenses of \$36,349.93 incurred in connection with Jones Day's services. A summary and itemization of these expenses is attached hereto as Exhibit E and incorporated herein by reference.

**Monthly Statements and Prior Payments to Jones Day**

16. Pursuant to the Interim Compensation Order, professionals in these chapter 11 cases are authorized to submit a statement of fees and expenses (a "Monthly Statement") to the Debtors for payment on a monthly basis. The Debtors are directed to pay 80% of the fees requested in a professional's Monthly Statement and 100% of the expenses incurred, unless one of the Notice Parties (as such term is defined in the Interim Compensation Order) objects to the Monthly Statement within 15 days after service of the Monthly Statement.

The remaining 20% of the professional fees requested in the Monthly Statement (or such greater amount of fees and expenses subject to an objection) are held back until a hearing on allowance of such fees, at which time they become payable to the extent allowed by the Court.

17. Jones Day has submitted the following Monthly Statements to the LTV Debtors with respect to the Eleventh Compensation Period:

- (a) For January 23, 2004 through January 31, 2004 — LTV Steel fees of \$57,436.00 and expenses of \$1,529.35 (the "January Statement");
- (b) For February 1, 2004 through February 29, 2004 — LTV Steel fees of \$232,068.45 and expenses of \$8,487.25 (the "February Statement");
- (c) For March 1, 2004 through March 31, 2004 — LTV Steel fees of \$301,052.25 and expenses of \$13,796.96 (the "March Statement"); and
- (d) For April 1, 2004 through April 30, 2004 — LTV Steel fees of \$361,918.30 and expenses of \$12,536.37 (the "April Statement").

In total, therefore, Jones Day has submitted Monthly Statements with respect to the Eleventh Compensation Period for fees of \$952,475.00 and expenses of \$36,349.93. None of the Notice Parties has objected to any of Jones Day's Monthly Statements for the Eleventh Compensation Period.

18. During the ten prior compensation periods (the "Prior Compensation Periods"), which periods spanned the time from the Petition Date up to and including January 22, 2004, Jones Day filed ten applications for the interim allowance of compensation and reimbursement of expenses for services performed for the Debtors, as well as its first final application for the final allowance of compensation and reimbursement of expenses for services performed for the LTV Debtors during the Prior Compensation Periods (collectively, the "Prior Fee Applications"). As set forth above, pursuant to the Distribution and Dismissal Procedures Order, professional fees and expenses awarded for services performed during the Prior Compensation Periods will be considered final awards. Accordingly, detailed descriptions of the

fees and expenses incurred, and payments received, by Jones Day for services performed for the LTV Debtors during the Prior Compensation Periods are not included in this Application. Such detailed descriptions can be found in the Prior Fee Applications.

19. During the Eleventh Compensation Period and thereafter through June 14, 2004, Jones Day received the payments identified on Exhibit F on account of work performed for the LTV Debtors. In total, during the Eleventh Compensation Period, Jones Day has received payments from the LTV Debtors aggregating \$1,192,603.17 on account of fees and expenses incurred in connection with these chapter 11 cases. None of the foregoing payments has been shared by Jones Day with any other party, nor are these or any other payments subject to a sharing agreement between Jones Day and any third party.

20. Except as described in paragraphs 16 through 19 above, Jones Day did not receive any payments or promises of payments during the Eleventh Compensation Period from any source for services rendered or to be rendered in connection with these chapter 11 cases.

**Description of Services Rendered by Jones Day**

21. As described in the attached Exhibit D, Jones Day's professionals and paraprofessionals billed their time during the Eleventh Compensation Period to 19 distinct project billing categories on account of services provided to the LTV Debtors. Below is a summary of certain of the primary activities performed for the LTV Debtors by Jones Day during the Eleventh Compensation Period in each of those billing categories. Although this summary is intended to highlight areas of particular importance in these cases, a complete description of all such activities is found in the contemporaneous, daily time records included in the attached Exhibit D.

***Case Administration (289.60 hours; \$27,874.90)***

22. Due to the size and complexity of the LTV Debtors' bankruptcy cases, daily case administration matters necessarily required substantial attention from Jones Day during the Eleventh Compensation Period. These case administration activities included the following:

- Jones Day professionals attended and participated in regular conference calls and meetings with the LTV Debtors' management and other professionals to discuss and review open case issues, including pending motions and applications and other legal work in process, including numerous pending claims objections and the resolution of various litigation matters. In addition, Jones Day assisted the LTV Debtors in maintaining open lines of communication with the other key constituencies in these cases, including the U.S. Trustee and the Administrative Claimants' Committee.
- Jones Day reviewed and analyzed all of the 599 pleadings filed and orders entered in these cases during the Eleventh Compensation Period, as well as correspondence and other documents received on a regular basis from numerous parties in interest.
- Jones Day maintained a detailed work in process report, which was distributed on a regular basis to the LTV Debtors' management and professionals (including Jones Day lawyers), to (a) track the progress of pending matters, upcoming deadlines and other activities relating to these chapter 11 cases; (b) ensure the coordination and timely completion of these activities; and (c) avoid duplication of effort with respect to the numerous matters pending in these cases.
- Jones Day continued to maintain files of pleadings and other important documents in connection with the LTV Debtors' chapter 11 cases and responded to numerous requests for such pleadings and documents. To assist in providing notices of pleadings in these cases, Jones Day maintained a notice list, which identifies each of the parties requesting service of papers in these cases under Bankruptcy Rule 2002. Jones Day also updated the General Service List in these cases and provided notice of such updated list.
- Jones Day believes that its attention to the efficient administration of these chapter 11 cases has resulted in cost savings that inure to the direct benefit of the LTV Debtors and their estates.

***Creditor Inquiries (17.70 hours; \$5,031.90)***

23. During the Eleventh Compensation Period, Jones Day professionals and paraprofessionals responded to inquiries from the LTV Debtors' creditors, current and former customers, suppliers, bondholders, current and retired employees and other parties in interest regarding: (a) the status of the LTV Debtors' chapter 11 cases; (b) the status of the Winddown Plan (as defined below); (c) the impact of the LTV Debtors' chapter 11 filings on health, retirement and pension benefits; (d) the timing and amount of payment of pre- and postpetition claims; (e) requests for copies of documents filed in these cases; and (f) other general case information.

***Meetings (47.80 hours; \$29,775.00)***

24. During the Eleventh Compensation Period, Jones Day lawyers participated in and prepared for numerous meetings with the LTV Debtors, the Administrative Claimants' Committee and other parties in interest to, among other things, (a) keep all major constituencies in these cases and their professionals informed of the status of chapter 11 events; and (b) provide assistance and guidance to the LTV Debtors' management in addressing the numerous matters arising in these cases, including matters relating to various concerns of the Administrative Claimants' Committee.

***Executory Contracts/Unexpired Leases (4.10 hours; \$756.30)***

25. During the Eleventh Compensation Period, Jones Day assisted the LTV Debtors in analyzing their obligations relating to executory contracts and unexpired leases and the potential assumption, assumption and assignment or rejection of certain of these agreements. In connection with the foregoing, Jones Day filed monthly reports of rejected executory contracts and unexpired leases as required by the APP Order.

***Automatic Stay/Adequate Protection (29.40 hours; \$5,897.70)***

26. During the Eleventh Compensation Period, the LTV Debtors were faced with several issues relating to the imposition of the automatic stay under section 362 of the Bankruptcy Code and the availability of adequate protection. Jones Day, therefore, devoted time to (a) advising the LTV Debtors on the application and effects of the automatic stay; (b) addressing requests from third parties relating to relief from the automatic stay; and (c) preparing stipulations permitting relief from the automatic stay to the extent of applicable insurance coverage for certain third parties.

27. Specifically, both prior to and during the Eleventh Compensation Period, a number of parties requested relief from stay, both formally and informally. During the Eleventh Compensation Period, Jones Day devoted significant time to addressing these formal and informal requests for relief from the automatic stay, including (a) assisting the LTV Debtors in developing an appropriate strategy to address each of these requests; and (b) conducting negotiations to resolve such requests and, in the cases of Frank Cribari, Wendell Tucker, and David P. and Linda Wolf, drafting and filing proposed settlement documents.

***Plan of Reorganization/Disclosure Statement (151.90 hours; \$42,237.40)***

28. During the Eleventh Compensation Period, Jones Day lawyers performed the following services for the LTV Debtors in connection with the Distribution and Dismissal Procedures Order: (a) filed winddown budgets for the periods through June 30, 2004; (b) conducted research and prepared memoranda in connection with, and substantially drafted a motion authorizing, the implementation of a plan of dissolution for certain LTV Debtors with no remaining assets; (c) coordinated distributions to administrative claimants, including the United Steelworkers of America, AFL-CIO-CLC (the "USWA"); and (d) engaged in numerous conferences regarding the foregoing. During the Eleventh Compensation Period, Jones Day also

devoted substantial attention to matters regarding the potential substantive consolidation of the estates of LTV and LTV Steel, including conducting research and preparing related memoranda.

*Use, Sale, Lease of Assets (173.60 hours; \$49,832.20)*

29. During the Eleventh Compensation Period, Jones Day counseled the LTV Debtors on the appropriate use or sale of assets in the ordinary course of their businesses. Jones Day also assisted the LTV Debtors in obtaining Court approval for the use or sale of certain assets outside the ordinary course of their businesses, including the following activities:

- Jones Day and the Administrative Claimants' Committee (a) negotiated a settlement (the "Cuyahoga County Settlement") with Cuyahoga County, Ohio, with respect to its appeal from the Court's order (the "Allocation Order") regarding the allocation of the net cash proceeds generated by the Integrated Steel Sale; (b) prepared and submitted a motion to approve the Cuyahoga County Settlement; and (c) obtained an order (D.I. 7516) approving the Cuyahoga County Settlement. Jones Day also assisted the LTV Debtors with respect to certain other appeals of the Allocation Order, including the appeals filed by the USWA and J.P. Morgan Trust Company.
- Jones Day assisted with prolonged and complex negotiations on behalf of the LTV Debtors with International Steel Group, Inc., Dealers Assurance Company, Certain Underwriters at Lloyd's, London and Certain London Market Insurance Companies, Liberty Mutual Insurance Company, Hartford Accident & Indemnity Company, First State Insurance Company and Oil States Industries, Inc. in order to fashion a settlement (the "London Settlement") of claims related to certain insurance policies that provided coverage for certain environmental claims against the LTV Debtors. In addition to filing the London Settlement with the Court (D.I. 7744), Jones Day assisted with the negotiation, preparation and filing of certain ancillary stipulations (D.I. 7902; D.I. 7903) related to the London Settlement with certain non-settling insurers.
- Jones Day assisted the LTV Debtors in resolving the State of Minnesota's ("Minnesota's") objection to the proposed destruction of certain additional obsolete records identified by the LTV Debtors. Among other things, Jones Day (a) negotiated and prepared a proposed agreed protective order (the "Protective Order") that would allow for the disclosure of such records to Minnesota under specified circumstances, and (b) filed the Protective Order (D.I. 7781) with the Court.
- In addition to the above, Jones Day provided substantial assistance to the LTV Debtors with respect to: (a) taxation issues related to the 2002 sale of the LTV Debtors' former Chicago Coke Plant; (b) taxation issues related to the 2002 sale of



the LTV Tubular Business; (c) the resolution of certain objections to the LTV Debtors' motion to create a director and officer indemnity trust and the filing of a related agreed order (D.I. 7714); and (d) the sale of certain miscellaneous assets, including the LTV Debtors' interest in (i) a certain radio station license, (ii) two software licenses and (iii) certain vehicles.

***Claims Administration (1,142.50 hours; \$316,792.30)***

30. During the Eleventh Compensation Period, Jones Day assisted in addressing numerous matters relating to the administration of claims asserted against the LTV Debtors. Among other things, Jones Day participated in the following claims administration activities during the Eleventh Compensation Period:

- Jones Day analyzed and responded to numerous inquiries by creditors and other interested parties regarding claims procedures and other issues relating to the treatment of claims asserted in these cases, including setoff requests, requests for the recognition of asserted reclamation claims and other claim priority issues.
- Jones Day counseled the LTV Debtors on the appropriate treatment of a variety of claims. Among other things, Jones Day assisted the LTV Debtors in responding to (a) administrative expense claims asserted pursuant to section 503 of the Bankruptcy Code; (b) numerous pre- and postpetition claims asserted against the LTV Debtors; (c) pre- and postpetition tax claims asserted by certain governmental taxing authorities; and (d) certain claims related to preference actions.
- Jones Day devoted substantial attention to resolving (a) the prepetition and administrative claims (the "JP Morgan Trust Claims") asserted by the J.P. Morgan Trust Company ("JP Morgan Trust") and (b) JP Morgan Trust's objection (the "JP Morgan Trust Objection") to a stipulation between the LTV Debtors and the USWA. Specifically, Jones Day (a) filed an objection to the JP Morgan Trust Claims (D.I. 7483); (b) filed a response to the JP Morgan Trust Objection (D.I. 7488); (c) negotiated, prepared and filed an agreed order between the LTV Debtors and JP Morgan Trust resolving the USWA's claims (D.I. 7562); (d) negotiated, prepared and filed a motion seeking authorization of the settlement of the JP Morgan Trust Claims (D.I. 7670) (the "JP Morgan Settlement"); (e) filed an omnibus reply to the more than 60 responses objecting to the JP Morgan Settlement (D.I. 7837); and (f) obtained an order approving the parties' entry into the terms of the JP Morgan Settlement (D.I. 7932).
- With respect to administrative expense claims, Jones Day negotiated and resolved numerous such claims pending against the LTV Debtors' estates. Jones Day also prepared and filed an omnibus objection to certain administrative expense claims. Jones Day thereafter assisted the LTV Debtors in handling the numerous

responses to the omnibus objection, including negotiating and preparing stipulations resolving various of these responses and underlying claims.

- Jones Day further assisted the LTV Debtors in negotiating the resolution of certain pending reclamation claims (and objections thereto) and preparing for the potential litigation of certain of such claims. Jones Day also prepared and filed (a) an amended omnibus objection to certain administrative trade claims; (b) an amended objection to certain reclamation claims; and (c) a motion to approve certain reclamation settlement agreements. Jones Day thereafter assisted the LTV Debtors in handling the numerous responses to the objections, including negotiating and preparing stipulations resolving these responses and underlying claims when possible.
- Jones Day prepared, filed and obtained Court approval of numerous stipulations resolving claims filed by, among others: Alliance Machine Co.; the USWA; the United Mineworkers of America Combined Benefit Fund; Smith County; Smith County Rural Fire District No. 1; Tyler Junior College; Tyler Independent School District; the Ohio Bureau of Workers' Compensation; and the HLI Creditor Trust.
- Jones Day also assisted the LTV Debtors in their efforts to resolve certain tax claims asserted against the LTV Debtors by various governmental taxing authorities, including the State of Illinois, the State of Michigan, the State of Ohio, and Cuyahoga County, Ohio. A settlement with respect to the tax claims asserted by Cuyahoga County, Ohio was entered by the Court on February 25, 2004 (D.I. 7516).
- Jones Day prepared and filed certain other pleadings, or obtained court orders, related to certain outstanding claims and matters, including (a) an objection to Praxair Inc.'s motion for a determination regarding its allowed administrative claim (D.I. 7381); (b) various objections to certain administrative claims filed by National Union Fire Insurance Company of Pittsburgh, PA ("NUFIC") against the LTV Debtors' estates; and (c) an order resolving a certain administrative expense claim filed by Enron Energy Services (D.I. 7550).
- Jones Day assisted the LTV Debtors with respect to numerous matters related to litigation against C&K Industrial Services, Inc. ("C&K"), including the preparation and filing of, among other things: (a) a memorandum in opposition to C&K's motion to disclose an expert witness out of rule (D.I. 7604); (b) a motion to quash subpoenas served upon former LTV Steel employees (D.I. 7757); (c) a memorandum in opposition to C&K's motion for reconsideration of a certain pretrial ruling by Judge Kendig (D.I. 7811); (d) a motion to exclude C&K's use of certain prohibited evidence at trial (D.I. 7813); (e) a memorandum in opposition to C&K's motion for an order granting use of already-prohibited expert witness testimony (D.I. 7822); and (f) a motion for a protective order quashing C&K's deposition notices (D.I. 7946). LTV further assisted the LTV Debtors with respect to numerous pleadings filed by C&K affecting the administration of the LTV Debtors' chapter 11 cases.

***Court Hearings (469.60 hours; \$134,755.90)***

31. Jones Day's activities during the Eleventh Compensation Period included preparation for and participation in numerous hearings and status conferences before this Court on a variety of matters described elsewhere in this Application. Jones Day's lawyers also spent a significant amount of time resolving disputes prior to hearings to ensure that critical relief could be obtained for the benefit of the LTV Debtors' estates in a timely and efficient manner. Finally, Jones Day devoted time to the preparation of (a) agenda letters for the benefit of the parties and the Court and (b) other documents required for each hearing conducted before the Court in these cases.

***General Corporate/Real Estate (11.50 hours; \$2,132.20)***

32. Jones Day lawyers assisted the LTV Debtors in connection with the following general corporate matters during the Eleventh Compensation Period:

- Jones Day assisted the LTV Debtors with the filing of SEC Form 15, de-registering certain interests in the LTV Debtors.
- Jones Day reviewed an indemnity trust agreement for the benefit of the LTV Debtors' officers and directors.
- Jones Day also prepared and filed with the SEC monthly Form 8-Ks.

***Schedules/SOFAs/U.S. Trustee Reports (5.30 hours; \$726.50)***

33. During the Eleventh Compensation Period, Jones Day reviewed the LTV Debtors' February 2004, March 2004 and April 2004 monthly operating reports prior to filing them with the Court and submitting them to the U.S. Trustee.

***Employee Matters (43.10 hours; \$13,551.60)***

34. Jones Day lawyers assisted the LTV Debtors in connection with the following employee matters during the Eleventh Compensation Period:

- Jones Day researched, negotiated, prepared and filed a motion to approve a settlement agreement between the LTV Debtors and the United Mineworkers of America under section 1114 of the Bankruptcy Code that gave effect to the termination of certain retiree benefits to certain retirees.
- Jones Day further assisted the LTV Debtors with, among other things, (a) certain taxation issues related to the training of, and medical benefits received by, their employees; and (b) efforts to extend benefits to certain existing employees.

***Environmental Matters (4.90 hours; \$1,694.50)***

35. During the Eleventh Compensation Period, Jones Day provided advice to the LTV Debtors on various environmental issues, particularly with respect to matters before the Environmental Hearing Board of the Pennsylvania Department of Environmental Protection.

***Tax Advice (226.00 hours; \$93,658.00)***

36. During the Eleventh Compensation Period, Jones Day tax lawyers conducted extensive research and provided advice to the LTV Debtors on a variety of tax issues, including issues related to certain tax claims asserted by the State of Ohio, the State of Michigan, the State of Illinois and Cuyahoga County, Ohio.

***Litigation/Adversary Proceedings (455.60 hours; \$124,473.40)***

37. During the Eleventh Compensation Period, Jones Day lawyers advised and assisted the LTV Debtors in connection with certain litigation or potential litigation matters.

Among others, Jones Day participated in the following litigation-related activities:

- Jones Day advised and assisted the LTV Debtors in connection with Oil States Industries, Inc.'s turnover action against LTV Steel. Jones Day's assistance during the Eleventh Compensation Period included (a) the coordination of expert testimony; (b) preparation for and attendance at (i) status conferences and (ii) a court hearing on motions for summary judgment; and (c) participation in settlement negotiations.
- Jones Day also advised and assisted the LTV Debtors with respect to both pending and potential litigation involving the Administrative Claimants' Committee. Particularly, Jones Day assisted the LTV Debtors in responding to the Administrative Claimants Committee's discovery requests, which response

included the production of documents in respect of possible litigation against the LTV Debtors' directors and officers.

- As set forth above, Jones Day devoted substantial attention to various litigation matters and hearings involving C&K, its claims against LTV Steel and its objection to LTV Steel's professionals' fee applications and its appeals of the interim orders granting such applications.
- Jones Day also assisted the LTV Debtors with (a) the resolution of various appeals of certain orders entered by the bankruptcy court, including (i) appeals of the Allocation Order, (ii) the appeal of an order resolving certain claims filed by claimant John McMillan; (b) potential preference litigation threatened by National Steel Corporation; and (c) the settlement of pending litigation with (i) BSA Investments, LLC and (ii) J&D Services of Northern Minnesota, Inc.

***Professional Retention/Fee Issues (153.90 hours; \$35,120.50)***

38. Due to the size and complexity of the LTV Debtors' chapter 11 cases, the LTV Debtors have retained a variety of professionals to provide them with advice and assistance with respect to, among other things: (a) bankruptcy, corporate, environmental, finance, government, labor and employment, litigation and tax law; (b) accounting, auditing, finance, investment banking and restructuring; and (c) employee benefits and human resources. During the Eleventh Compensation Period, Jones Day provided a variety of services relating to the retention of professionals in these cases, including the following:

- On the Petition Date, the Court entered an order authorizing the Debtors, subject to certain limitations, to continue to retain and pay "ordinary course professionals" without further approval of the Court (the "Ordinary Course Professionals Order"). During the Eleventh Compensation Period, Jones Day assisted the LTV Debtors in preparing ordinary course professional reports in accordance with the requirements of the Ordinary Course Professionals Order.
- Jones Day responded to numerous inquiries from other professionals regarding the procedures for retention and compensation of professionals in these cases and prepared orders approving certain of the professionals' fee applications for submission to the Court.
- During the Eleventh Compensation Period, Jones Day fielded numerous inquiries from other professionals regarding their fee applications. Jones Day also responded to (and coordinated with other professionals regarding their respective

responses to) an omnibus objection filed by C&K to the interim fee applications of Jones Day and other professionals.

- During the Eleventh Compensation Period, Jones Day devoted time to preparing a supplemental disclosure in connection with Jones Day's retention as the LTV Debtors' counsel in these cases (D.I. 7387) (the "Supplemental Disclosure"). The Supplemental Disclosure was prepared to comply with Jones Day's obligations under Bankruptcy Rule 2014 and to update the disclosures originally made in Jones Day's retention application.

***Fee Application Preparation (295.50 hours; \$54,792.30)***

39. During the Eleventh Compensation Period, Jones Day devoted time to (a) preparing the Ninth Application of Jones Day for Interim Allowance of Compensation and Reimbursement of Expenses for the Period September 1, 2003 through December 31, 2003 (D.I. 7444) (the "Ninth Interim Fee Application"); (b) preparing the Tenth Interim and First Final Application; (c) researching, preparing and filing briefs in support of the Ninth Interim Fee Application in response to C&K's objection thereto and the Court's subsequent request for briefing; (d) responding to information requests from the U.S. Trustee with respect to the Ninth Interim Fee Application and the Tenth Interim and First Final Application, particularly with respect to voluminous disbursement detail; and (e) completing certain advance activities in preparation of this Application, including the review and preparation of Monthly Statements in accordance with the Interim Compensation Order and in compliance with the Guidelines and Local Rule 93-1 and the preparation of related fee application exhibits.

***Nonworking Travel (23.80 hours; \$4,723.50)***

40. During the Eleventh Compensation Period, Jones Day lawyers and paraprofessionals spent time traveling to, among other things: (a) hearings before the Court in Cleveland and Canton; (b) a status conference before the United States District Court in Akron; (c) a conference at the offices of counsel to the Administrative Claimants' Committee in Cleveland; and (d) a conference at the offices of counsel to LTV Steel's railroad subsidiaries in

Cleveland. Consistent with Local Rule 93-1, all nonworking travel time has been charged at 50% of Jones Day's normal billing rates.

***LTV v. National Union Fire Insurance Company of Pittsburgh***  
***(23.60 hours; \$8,648.90)***

41. During the Eleventh Compensation Period, Jones Day provided advice and assistance with a turnover action against National Union Fire Insurance Company of Pittsburgh, PA ("NUFIC"). In connection therewith, Jones Day (a) reviewed the responses of NUFIC to objections to the claims underlying the adversary proceeding filed by the LTV Debtors; (b) filed a reply to NUFIC's responses; (c) assisted with negotiations; (d) prepared for and attended a hearing related to a motion to compel arbitration; and (e) filed further objections to the claims underlying the adversary proceeding.

**Description of Expenses Incurred**

42. Section 330 of the Bankruptcy Code authorizes "reimbursement for actual, necessary expenses" incurred by professionals employed in a chapter 11 case. 11 U.S.C. § 330(a)(1)(B). Accordingly, Jones Day seeks reimbursement for actual and necessary expenses (the "Expenses") incurred in rendering services to the LTV Debtors during the Eleventh Compensation Period. The total amount of the Expenses is \$36,349.93, as detailed in the attached Exhibit E. Jones Day submits that the Expenses were reasonable and necessary in light of the services provided.

43. Jones Day maintains the following policies with respect to the Expenses:

- Photocopying by Jones Day was charged at \$0.20 per page, in accordance with Local Rule 93-1. To the extent practical, Jones Day utilized less expensive, outside copying services.
- Prior to March 1, 2004, Jones Day utilized the following expense policies: Facsimile transmissions by Jones Day typically were charged at \$0.50 per page for outgoing local transmissions, \$1.00 per page for outgoing long distance transmissions and \$3.00 per page for outgoing international transmissions. These

charges included any long distance telephone tariff. In accordance with an agreement reached with the U.S. Trustee, however, Jones Day agreed to charge the LTV Debtors \$0.25 per page for all outgoing facsimile transmissions in these cases. Incoming facsimiles were charged at \$0.20 per page for documents over ten pages. Jones Day did not charge for incoming facsimiles of documents under ten pages.

- Beginning March 1, 2004, Jones Day revised its methods for charging its clients for facsimile transmissions sent within North America, changing from a per page cost to the cost of the long distance call required to send the facsimile transmission (currently \$0.15 per minute). Jones Day no longer imposes any charge for (i) inbound facsimile transmissions of any length, (ii) interoffice facsimile transmissions, (iii) local facsimile transmissions or (iv) any facsimile transmission priced at less than \$1.00.
- Mileage was charged at the prevailing rate allowed by the Internal Revenue Service for tax deductions for mileage.
- All airfare Expenses are for coach class travel. Jones Day professionals are to incur only reasonable meal, lodging and car rental costs when traveling on client matters. Charges for airline travel include the cost of each airline ticket used in connection with the provision of services to the LTV Debtors' estates plus, for each airline ticket issued by the travel service regularly used by Jones Day, a \$30 transaction fee to cover travel service expenses.
- Except as otherwise described herein, no amortization of the cost of any investment, equipment or capital outlay is included in the Expenses. In addition, except as otherwise described herein, for those items or services that Jones Day justifiably purchased or contracted from a third party (such as outside lien search fees), Jones Day seeks reimbursement only for the exact amount billed to Jones Day by the third party vendor and paid by Jones Day to the third party vendor.
- Computer-assisted legal research was used when time pressures rendered it impracticable to conduct such research manually or where the use of such computer services was determined to be more cost-efficient. Computer-assisted research is billed at actual cost on a per-search and/or per-minute basis, depending upon the provider. Among other things, Jones Day used computer research in the following instances in connection with the preparation of certain internal legal memoranda, the development of responses to inquiries of the LTV Debtors and other parties, the analysis of issues arising in these cases, the completion of certain corporate activities and transactions and the preparation of pleadings filed with the Court in these cases and in other courts:
  - ◆ research of case law, statutory and regulatory provisions and factual data regarding particularly important issues; and



- ◆ shepardization of cases cited in pleadings filed with the Court in these cases or in other courts.
- With computer assistance, the total shepardization and research time was greatly reduced. To complete these activities manually would have taken significantly more lawyer or paraprofessional time, resulting in a greater cost to the LTV Debtors' estates.
- Jones Day does not charge for postage less than \$1.00. Postage is billed at actual cost for postage over \$1.00, including postage for large group mailings where the postage for each individual item is less than \$1.00. Overnight delivery services and messenger services were used when time pressures rendered it impracticable to use regular mail services. Messenger services are billed at the actual rates charged by comparable, outside delivery services or the actual cost of such services.
- Jones Day does not charge for telephone calls between its offices or for local or long distance calls less than \$1.00. Long distance telephone charges over \$1.00 and operator assisted conference calls are billed at actual cost.
- Jones Day bills for the actual cost of staff overtime only when staff overtime services are used for the needs of its clients and not for Jones Day's own convenience. In this regard, Jones Day has sought no reimbursement for staff overtime charges incurred during the Eleventh Compensation Period from a total of \$1,535.65 in incurred overtime charges for the Eleventh Compensation Period.

**Adjustment to Fees and Expenses**

44. Consistent with its own internal policies and to comply with the "reasonableness" requirements of section 330 of the Bankruptcy Code, Jones Day has reviewed its monthly service descriptions and expense detail and has determined that certain fees should not be charged to the LTV Debtors. This Application reflects these adjustments. The adjustments made by Jones Day result from, among other things (a) the reduction (or elimination) of fees where the time charged for the particular services exceeded the amount of time that, in Jones Day's estimation, it should have taken the lawyer or the paraprofessional to render the services; (b) the deletion of charges for duplicative or nonproductive services; and (c) other adjustments considered appropriate by Jones Day or required by applicable rules.

45. In total, for the Eleventh Compensation Period, Jones Day has voluntarily written off (a) 74.00 hours of time charges aggregating \$9,845.30 (in addition to the write-off of time charges aggregating \$4,723.50 relating to nonworking travel time, as described in paragraph 42 above); and (b) expenses aggregating \$2,655.70. These write-offs include additional reductions made in connection with the preparation of this Application and after the issuance of Jones Day's Monthly Statements for the Eleventh Compensation Period.

## LEGAL ARGUMENT

### Applicable Legal Standards

46. Section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, for the payment of:

- (A) reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional person employed by any such person; and
- (B) reimbursement for actual, necessary expenses.

11 U.S.C. § 330(a)(1). To grant a request for compensation pursuant to section 330 of the Bankruptcy Code, a court must find that such request is reasonable.

47. In the Sixth Circuit, the standard typically used to determine the reasonableness of a compensation request is the "lodestar" method:

The Supreme Court has made it clear that the lodestar method of fee calculation is the method by which federal courts should determine reasonable attorney's fees under federal statutes which provide for such fees.

In re Boddy, 950 F.2d 334, 337 (6th Cir. 1991); see also In re EWL, Inc., 208 B.R. 885, 891 (Bankr. N.D. Ohio 1997) (citing In re Mansfield Tire and Rubber Co., 65 B.R. 446, 455 (Bankr. N.D. Ohio 1986)) ("The Sixth Circuit has approved the lodestar method as the standard to be

applied for allowance of professional fees."); In re Unicast, Inc., 214 B.R. 979, 990 (Bankr. N.D. Ohio 1997) ("[T]he lodestar method . . . should be employed in determining professional fees provided for under federal statutes, including the Bankruptcy Code."). The lodestar amount is calculated by "multiplying the number of hours reasonably expended multiplied by a reasonable hourly rate." EWI, 208 B.R. at 891.

48. In accordance with its practice in nonbankruptcy matters, Jones Day has utilized the lodestar method for calculating its compensation requested in this Application. Accordingly, Jones Day's lodestar calculation is reasonable under section 330 of the Bankruptcy Code.

**Jones Day's Fees Are Reasonable**

49. Jones Day's fees during the Eleventh Compensation Period were reasonable under the prevailing legal standard and should be allowed on an interim basis, as requested herein. The amount of these fees is not unusual given the complexity and size of the LTV Debtors' chapter 11 cases, and these fees are commensurate with fees that Jones Day has been awarded in other chapter 11 cases and that other attorneys of comparable experience and expertise have charged and been awarded in similar chapter 11 cases.

50. Additionally, as described herein, Jones Day has encountered difficult and unique legal problems during the course of these chapter 11 cases involving many areas of legal expertise, including bankruptcy, corporate transactions, securities and finance, environmental, employee benefits, government, labor, tax and litigation. The professional services rendered in these chapter 11 cases have been performed by attorneys with broad expertise and high levels of skill in the areas in which they have provided services. This highly professional and expert group of attorneys has ensured that the LTV Debtors' cases have progressed in an efficient and expeditious manner.

51. Moreover, for all of the reasons described herein, Jones Day's services have significantly benefited the LTV Debtors, their estates and creditors and have furthered the LTV Debtors' ultimate goal of maximizing the value of their estates for the benefit of all creditors.

**Jones Day's Expenses Were Actual and Necessary**

52. Section 330(a)(1)(B) of the Bankruptcy Code permits reimbursement for actual, necessary expenses. As noted above, Jones Day already has (a) conducted a review to ensure that the Expenses comply with section 330(a)(1)(B), Local Rule 93-1, the Guidelines and other applicable requirements and (b) eliminated any expenses that it deemed "not necessary" or otherwise inappropriate. Accordingly, Jones Day has properly requested reimbursement only of actual, necessary and appropriate Expenses.

**Review by the LTV Debtors**

53. A copy of this Application has been sent to the LTV Debtors for their review. To date, the LTV Debtors have not expressed whether they approve the amounts requested in this Application.

**No Sharing of Compensation**

54. No agreement or understanding exists between Jones Day or any third person for the sharing of compensation, except as permitted by section 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016 with respect to sharing of compensation between and among partners in Jones Day. All the services for which compensation is requested in this Application were rendered at the request of and solely on behalf of the LTV Debtors.

**Certification**

55. In accordance with the Local Rule 93-1 and the Guidelines, the Certification of Heather Lennox is attached hereto as Exhibit G and incorporated herein by reference.

**NOTICE**

56. No trustee or examiner has been appointed in these chapter 11 cases. In accordance with the Interim Compensation Order, the Case Management Order and the Distribution and Dismissal Procedures Order, notice of this Motion has been given to the parties identified on the General Service List established by the Case Management Order; provided, however, that only the Notice Parties (as such term is defined in the Interim Compensation Order) have been served with a copy of this Application with its voluminous exhibits. In light of the nature of the relief requested herein, the Jones Day submits that no other or further notice is required.

WHEREFORE, Jones Day respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit H: (i) allowing on an interim basis compensation of \$952,475.00 for services rendered by Jones Day to the LTV Debtors in connection with these chapter 11 cases during the Eleventh Compensation Period; (ii) allowing on an interim basis reimbursement of Expenses of \$36,349.93 incurred by Jones Day in connection with the services provided to the LTV Debtors during the Eleventh Compensation Period; (iii) authorizing the LTV Debtors to pay to Jones Day all amounts requested herein that have not previously been paid pursuant to Jones Day's Monthly Statements for the Eleventh

Compensation Period; and (iv) granting such other and further relief as the Court may deem proper.

Dated: June 16, 2004

Respectfully submitted,

/s/ Nicholas M. Miller

David G. Heiman (0038271)

dgheiman@jonesday.com

Heather Lennox (0059649)

hlennox@jonesday.com

Nicholas M. Miller (0069393)

nmmiller@jonesday.com

JONES DAY

North Point

901 Lakeside Avenue

Cleveland, Ohio 44114

Phone: (216) 586-3939

Facsimile: (216) 579-0212

Jeffrey B. Ellman (OH 0055558)

jbellman@jonesday.com

JONES DAY

1420 Peachtree Street, N.E., Suite 800

Atlanta, Georgia 30309-3053

Telephone: (404) 531-3939

Facsimile: (404) 581-8330

ATTORNEYS FOR DEBTORS  
AND DEBTORS IN POSSESSION