

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION

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|--|---|-------------------------|
| In re: |) | |
| |) | Chapter 11 |
| SPECIAL METALS CORPORATION., <u>et al.</u> , |) | Case Nos. 02-10335 |
| |) | 02-10338 |
| Debtors. |) | (Jointly Administered) |
| |) | |
| |) | Judge William S. Howard |

FIFTH AND FINAL APPLICATION OF BLANK ROME LLP FOR ALLOWANCE
OF FEES AND REIMBURSEMENT OF EXPENSES AS COUNSEL FOR
OFFICIAL COMMITTEE OF UNSECURED CREDITORS

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| Name of Applicant | Blank Rome, LLP |
| Authorized to Provide Professional Services to: | Official Committee of Unsecured Creditors |
| Date of Retention: | April 15, 2002 |
| Period for which compensation and reimbursement is sought: | August 1, 2003 -- November 30, 2003 |
| Amount of compensation sought as actual reasonable and necessary: ² | \$660,818.75 |
| Amount of reimbursement sought as actual, reasonable and necessary: ² | \$32,819.86 |

This is a Fifth and Final application.

¹ In addition to Special Metals Corporation, the other Debtors are Inco Alloys International, Inc. d/b/a Huntington Alloys, Special Metals Domestic Sales Corp. and A-1 Wire Tech, Inc.

² Blank Rome, LLP reserves the right to supplement this Application with fees and expenses not yet accounted for or processed in its accounting system.

UNITED STATES BANKRUPTCY COURT
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In re:)
) Chapter 11
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SPECIAL METALS CORPORATION., et al.,) Case Nos. 02-10335
) 02-10338
) (Jointly Administered)
Debtors.)
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) Judge William S. Howard

FIFTH AND FINAL APPLICATION OF BLANK ROME LLP FOR
ALLOWANCE OF COMPENSATION AND EXPENSE REIMBURSEMENT
AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS (APRIL 15, 2002 THROUGH NOVEMBER 30, 2003)

Blank Rome LLP¹ (“Blank Rome” or “Applicant”) hereby makes its Fifth and Final application (the “Final Application”) to this Court as counsel for the Official Committee of Unsecured Creditors appointed in the above-captioned Chapter 11 cases (the “Creditors Committee”) seeking an order for allowance of compensation in the aggregate amount of \$660,818.75 for professional services rendered as attorneys to the Creditors Committee and reimbursement of expenses in the aggregate amount of \$32,819.86 for the period April 15, 2002 through November 30, 2003 (“Final Application Period”) pursuant to §§ 330, 331 and 1103(a) of Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), the Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated May 9, 2002 (the “Administrative Fee Order”) and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). In support of this Final Application, Blank Rome respectfully represents as follows:

¹ Effective January 6, 2003, Blank Rome Comisky McCauley LLP became Blank Rome LLP.

1. Blank Rome submits this Final Application seeking the entry of an order for final allowances of compensation and reimbursement of expenses for the Final Application Period which requests include:

- (a) ratification of this Court's interim allowance of \$191,687.75 for professional compensation and \$12,212.67 for reimbursement of expenses incurred for the period from April 15, 2002 through and including July 31, 2002 (the "First Interim Period") by Order dated October 24, 2002 (the "First Interim Order") and payment of the holdback awarded in the First Interim Order in the amount of \$38,337.55;
- (b) ratification of this Court's interim allowance of \$136,939.50 for professional compensation and \$7,040.60 for reimbursement of expenses incurred for the period from August 1, 2002 through and including November 30, 2002 (the "Second Interim Period") by Order dated February 14, 2003 (the "Second Interim Order") and payment of the holdback awarded in the Second Interim Order in the amount of \$27,387.90;
- (c) ratification of this Court's interim allowance of \$127,088.00 for professional compensation and \$5,590.38 for reimbursement of expenses incurred for the period from December 1, 2002 through and including March 31, 2003 (the "Third Interim Period") by Order dated June 24, 2003 (the "Third Interim Order") and payment of the holdback awarded in the Third Interim Order in the amount of \$25,417.47;

(d) ratification of this Court's interim allowance of \$124,379.50 for professional compensation and \$4,252.04 for reimbursement of expenses incurred for the period April 1, 2003 through and including July 1, 2003 (the "Fourth Interim Period") by Order dated October 20, 2003 (the "Fourth Interim Order") and payment of the holdback awarded in the Fourth Interim Order in the amount of \$26,002.87;

(e) a request for an award in the amount of \$22,431.50 for professional compensation and \$203.63 for reimbursement of expenses incurred for the period August 1, 2003 through and including August 31, 2003 (the "August Period");

(f) a request for an award in the amount of \$48,915.00 for professional compensation and \$2,922.26 for reimbursement of expenses incurred for the period September 1, 2003 through and including September 30, 2003 (the "September Period");

(g) a request for an award in the amount of \$5,253.00 for professional compensation and \$84.42 for reimbursement of expenses incurred for the period October 1, 2003 through and including October 31, 2003 (the "October Period");

(h) a request for an award in the amount of \$4,124.50 for professional compensation and \$513.86 for reimbursement of expenses incurred for the period November 1, 2003 through and including November 30, 2003 (the "November Period").

2. Pursuant to the Administrative Fee Order, for the period August 1, 2003 through and including November 30, 2003 (the "Fifth Interim Period"), Blank Rome filed monthly applications and was awarded² 80% of fees and 100% of expenses for the Fifth Interim Period, less a 20% holdback of fees for each monthly application filed. By the within Final Application Blank Rome is seeking an order awarding \$80,724.00 for professional compensation and \$3,724.17 for reimbursement of expenses incurred during the Fifth Interim Period.

BACKGROUND

3. On March 27, 2002 (the "Petition Date"), Special Metals Corporation ("Special Metals"), Inco Alloys International, Inc. d/b/a Huntington Alloys ("IAI"), Special Metals Domestic Sales Corp. ("Sales"), and A-1 Wire Tech, Inc. ("A-1") (collectively, the "Debtors"), each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The cases are being jointly administered for procedural purposes only.

4. The Debtors remain in possession of their properties and continue in the management and operation of their 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.

5. This Court has jurisdiction over this Application pursuant to 28 U. S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U. S.C. § 157(b)(2)(A). Venue of this proceeding and the within Application in this district is proper pursuant to 28 U.S.C. § 1409(a).

² At the time of filing of the Final Application, Blank Rome had not yet received an order awarding the 80% of fees and 100% of expenses for the November Period. Blank Rome anticipates the entry of this order, barring no objections, and the payment of 80% of fees and 100% of expenses for the November Period.

The statutory predicates for the relief requested herein are §§ 330, 331 and 1103(a) of the Bankruptcy Code and Rule 2014 of the Bankruptcy Rules.

6. On or about April 4, 2002, the Office of the United States Trustee (the "Trustee") pursuant to Section 1102(a) of the Bankruptcy Code appointed the Committee, consisting of the following seven members:

- i) International Nickel, Inc.;
- ii) Reference Metals Co., Inc.;
- iii) Sheildalloy Metallurgical Corporation;
- iv) Sogen USA, Div. Of Umicore Marketing Services;
- v) Sterling Supply Company;
- vi) Suisman & Blumenthal Metal Management, Inc.; and
- vii) United Steelworkers of America, AFL-CIO.

7. At a meeting of the Committee held on April 15, 2002 in Pittsburgh, Pennsylvania, the Committee, after interviewing several candidates, voted to employ and retain Blank Rome as lead counsel and Stoll Keenon & Park LLP ("Stoll Keenon") as its local counsel to the Committee to perform all such services and give such advice as may be necessary and desirable to the equitable and orderly conduct of these Chapter 11 cases on behalf of the Committee. By order dated May 6, 2002 this Court entered an order approving the retention of Blank Rome and Stoll Keenon as co-counsel to the Committee effective April 15, 2002. A copy of the order is annexed as Exhibit "A".

8. The Committee selected Blank Rome as its counsel because of the firm's expertise and experience in bankruptcy cases and, specifically, in representing creditors' committees in Chapter 11 cases. Blank Rome is a law firm of approximately 425 attorneys with its principal offices located in Philadelphia, New York City, Washington, D.C., Wilmington, Delaware, Baltimore, Maryland and smaller satellite offices in New Jersey and Florida. Blank

Rome and/or its members have previously represented or currently represent fiduciaries in a number of significant bankruptcy proceedings, including: (i) Wheeling Pittsburgh Steel Corporation (Trade Committee) (Bankr. Ohio); (ii) TWA (Committee) (Bankr. Del.); (iii) Delaware Valley Medical Center (Debtor) (E.D.Pa.); (iv) Barneys Inc. (mediator) (Bankr. S.D.N.Y.); (v) U.S. One Communications (Committee) (Bankr. Del.); (vi) Tower Air (Committee) (Bankr. Del.); (vii) Midway Airlines Committee (Bankr. N.C.); and (viii) Inacom Corp. (Committee) (Bankr. Del.). Furthermore, Blank Rome's broad-based practice, which includes expertise in the areas of bankruptcy generally, finance, litigation, labor relations and tax, and will permit the firm to represent the interests of the Committee in an efficient and effective manner.

APPLICANT'S PRIOR FEE APPLICATIONS

9. On or about September 16, 2002, Applicant filed an application for a first interim allowance of compensation in the sum of \$191,687.75 and reimbursement of expenses in the sum of \$12,212.67. Applicant's first interim fee application, which spanned the period from April 15, 2002 through and including July 31, 2002 (the "First Interim Period"), is incorporated herein by reference. By order dated October 24, 2002, (the "First Interim Order") this Court awarded fees as general counsel to the Committee in the amount of \$191,687.75, which award included the approval of a holdback in the amount of \$38,337.55, and reimbursement of expenses in the amount of \$12,212.67. By the within Final Application, Blank Rome is seeking the entry of a final order ratifying the First Interim Order and authorizing the payment of the holdback amount of \$38,337.55 for the First Interim Period.

10. On or about January 14, 2003, Applicant filed an application for a second interim allowance of compensation in the sum of \$136,939.50 and reimbursement of expenses

in the sum of \$7,040.60. Applicant's second interim fee application, which spanned the period from August 1, 2002 through and including November 30, 2002 (the "Second Interim Period"), is incorporated herein by reference. By order dated February 14, 2003, (the "Second Interim Order") this Court awarded interim compensation as general counsel to the Committee in the amount of \$136,939.50, which award included the approval of a holdback in the amount of \$27,387.90 and reimbursement of expenses in the amount of \$7,040.60. By the within Final Application, Blank Rome is seeking the entry of a final order ratifying the Second Interim Order and authorizing the payment of the holdback amount of \$27,387.90 for the Second Interim Period.

11. On or about May 15, 2003, Applicant filed an application for a third interim allowance of compensation in the sum of \$127,088.00 and reimbursement of expenses in the sum of \$5,590.38. Applicant's third interim fee application, which spanned the period from December 1, 2002 through and including March 31, 2003 (the "Third Interim Period"), is incorporated herein by reference. By order dated June 24, 2003, (the "Third Interim Order") this Court awarded interim compensation as general counsel to the Committee in the amount of \$127,088.00, which award included the approval of a holdback amount of \$25,417.47 and reimbursement of expenses in the amount of \$5,590.38. By the within Final Application, Blank Rome is seeking the entry of a final order ratifying the Third Interim Order and authorizing the payment of the holdback amount of \$25,417.47 for the Third Interim Period.

12. On or about September 15, 2003, Applicant filed an application for a fourth interim allowance of compensation in the sum of \$124,379.50 and reimbursement of expenses in the sum of \$4,252.04. Applicant's fourth interim fee application, which spanned the period from April 1, 2003, through and including July 31, 2003 (the "Fourth Interim

Period”), is incorporated herein by reference. By order dated October 20, 2003, (the “Fourth Interim Order”) this Court awarded interim compensation as general counsel to the Committee in the amount of \$124,379.50, which award included the approval of a holdback in the amount of \$26,002.87 and reimbursement of expenses in the amount of \$4,252.04. By the within Application, Blank Rome is seeking the entry of a final order ratifying the Fourth Interim Order and authorizing the payment of the holdback amount of \$26,002.87.

13. On or about September 26, 2003, Applicant filed an application for a monthly award of allowance of compensation in the sum of \$22,431.50 and reimbursement of expenses in the sum of \$203.63 for the period of August 1, 2003 through August 31, 2003 (the “August Period”) and is incorporated herein by reference. By order dated October 21, 2003, (the “August Fee Order”) this Court awarded interim compensation as general counsel to the Committee in the amount of \$22,431.50, less a holdback of \$4,486.30, and reimbursement of expenses in the sum of \$203.63. By the within Application, Blank Rome is seeking the entry of a final order granting an award of \$22,431.50 for compensation and \$203.53 in expenses, which award includes the approval and payment of the holdback in the amount of \$4,486.30.

14. On or about October 28, 2003, Applicant filed an application for a monthly award of allowance of compensation in the sum of \$48,915.00 and reimbursement of expenses in the sum of \$2,922.26 for the period of September 1, 2003 through September 30, 2003 (the “September Period”) and is incorporated herein by reference. By order dated November 18, 2003, (the “September Fee Order”) this Court awarded interim compensation as general counsel to the Committee in the sum of \$48,915.00, less a holdback of \$9,783.00, and reimbursement of expenses in the sum of \$2,922.26. By the within Application, Blank Rome is seeking the entry of a final order granting an award of \$48,915.00 for compensation and

\$2,922.26 for reimbursement of expenses, which award includes the approval and payment of the holdback in the amount of \$9,783.00.

15. On or about November 25, 2003, Applicant filed an application for a monthly award of allowance of compensation in the sum of \$5,253.00 and \$84.42 for reimbursement of expenses for the period October 1, 2003 through October 31, 2003 (the "October Period") and is incorporated herein by reference. By order dated December 16, 2003, (the "October Fee Order") this Court awarded interim compensation as general counsel to the Committee in the sum of \$5,253.00, less a holdback of \$1,050.60, and reimbursement of expenses in the sum of \$84.42. By the within Application, Blank Rome is seeking the entry of a final order granting an award of \$5,253.00 for an allowance of compensation and \$1,050.60 and \$84.42 for reimbursement of expenses, which award includes the approval and payment of the holdback in the amount of \$1,050.60.

16. On or about December 22, 2003, Applicant filed an application for a monthly award of allowance of compensation in the sum of \$4,124.50 and \$513.86 for reimbursement of expenses for the period November 1, 2003 through November 30, 2003 (the "November Period") and is incorporated herein by reference. At the time of filing of the within Final Application, no order had been entered awarding the Applicant any interim compensation or reimbursement of expenses for the November Period. Blank Rome anticipates the entry of an order, barring no objections, for 80% of fees and 100% of expenses. By the within Application, Blank Rome is seeking the entry of a final order granting an award of \$4,124.50 for an allowance of compensation and \$513.86 for reimbursement of expenses.

17. The undersigned certifies (i) that he has read this Application, (ii) to the best of his knowledge, information and belief formed after reasonable inquiry, (a) except as otherwise specifically noted in the Application, the compensation and expense reimbursement sought conforms with the guidelines promulgated by the Office of the United States Trustee ("Trustee's Guidelines"), and (iii) except to the extent that the fees and disbursements are prohibited by the Trustee's Guidelines, the compensation and expense reimbursement requested are billed at rates and in accordance with practices no less favorable to the Committee than those customarily employed by Blank Rome generally.

PROPRIETY OF COMPENSATION SOUGHT

18. Blank Rome seeks compensation on an hourly basis, subject to the approval of this Court and compliance with Sections 328, 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the United States Trustee's Guidelines for Fees and Disbursements issued by the Office of the United States Trustee and such other procedures as may be fixed by order of this Court, for professional services rendered and expenses incurred. The hourly rates charged by Blank Rome attorneys and legal assistants are set forth on the Exhibits "B" and "C".

19. The Bankruptcy Court has broad discretion in deciding whether to allow compensation and in determining the amount of the compensation. *Cle-Ware Industries, Inc. v. Sokolsky*, 493 F.2d 863 (6th Cir. 1974); *In re Microwave Products of America*, 102 B. R. 661, 663-64 (Bankr. W.D. Tenn. 1989). Any award of interim compensation should be based upon the circumstances of the particular case. *In re Heatherly*, 179 B. R. 872 (Bankr. W.D. Tenn. 1995). Section 330(a) (3) of the Bankruptcy Code enumerates factors to consider in reviewing the propriety of requests for fees. 11 U.S.C. § 330 (a) (3). The factors are: (a) the time spent;

(b) the rates charged; (c) whether the services were necessary to the administration of, or beneficial toward the completion of, the case; (d) whether the services were performed within a reasonable amount of time commensurate with the complexity; (e) importance and nature of the issue or task presented; and (f) whether compensation is reasonable based on customary fees charged by comparably skilled practitioners in cases other than bankruptcy cases.

20. Courts within this Circuit have employed the “lodestar approach” for calculating judicial awards of attorneys’ fees, which was articulated by the United States Court of Appeals for the Twelfth Circuit in *Boddy v. U.S. Bankruptcy Court*, 950 F.2d 334, 337 (6th Cir. 1991). The lodestar method of determining reasonable attorneys’ fees involves multiplying the hours spent on a case, based on attorney time records, by a reasonable hourly rate of compensation for each attorney based on prevailing market rates for private law firms performing services for non-governmental clients. *In re Crabtree*, 45 B.R. 463 (Bankr. E.D. Tenn. 1984); *In re Boddy*, 950 F.2d at 337; *In re Southern Industrial Banking Corp.*, 41 B.R. 606 (Bankr. E.D. Tenn. 1984). Once calculated, this lodestar figure may be adjusted upward or downward to take into account the facts of the particular case. *Blum v. Stenson*, 465 U.S. 886, 989 (1984). Factors regarding the difficulty, complexity and contingent nature of the case compensation may thereafter be employed to arrive at a reasonable and just compensation in excess of the lodestar. *Boddy*, 950 F. 2d at 338. The services rendered by Blank Rome to the Committee during the Application Period, as described in the Application and in Blank Rome’s contemporaneously kept time records meet or exceed the standards set forth in Sections 328, 330 and 331 of the Bankruptcy Code and applied by bankruptcy courts, in this Circuit for determining the propriety of professional fees sought from the estates. *Id.*

APPLICANT'S FINAL REQUEST FOR COMPENSATION

21. The purpose of this Application is to describe the services rendered by Applicant as counsel for the Committee during the period spanning August 1, 2003 through November 30, 2003 (the "Fifth Interim Period"), and to set forth Applicant's final request for all compensation and reimbursement of all expenses in these Chapter 11 cases. Applicant expressly incorporates all prior applications for interim allowances. This Court is respectfully referred to the exhibits to this Application for a complete recitation of the services rendered and expenses incurred.

22. This Application seeks allowance and payment of fees for services rendered by Blank Rome as counsel to the Creditors Committee, as well as reimbursement of actual, necessary expenses by Blank Rome in that capacity. Blank Rome has not been paid, and has not received, any retainer, advance or other amount from any source on account of the representation of the Creditors Committee in these cases, save for the interim applications for allowances which were awarded.

23. Attorneys with Blank Rome expended 1,658.3 hours in representing the Creditors Committee in these cases. The names, hourly rates, and total hours and fees charged for each of the Blank Rome professionals and paraprofessionals who performed services for the Creditors Committee are summarized on Exhibit "B." The services rendered by Blank Rome to the Creditors Committee were generally performed by Marc E. Richards, the partner at Blank Rome, with the assistance of other partners and associates on discrete issues as needed.

24. The Creditors Committee selected to retain Blank Rome with knowledge of the fact that the firm would apply to this Court to be paid for the services it rendered at its

normal hourly rates. The rates charged by Blank Rome are entirely consistent with the rates typically charged by other medium and large size New York and Philadelphia law firms which maintain significant bankruptcy practices. In addition, at the time the Creditors Committee selected Blank Rome as counsel, the members of the Creditors Committee did not know what the percentage recovery to unsecured creditors in these cases would likely be, and consequently, were aware that the administrative expenses of these chapter 11 cases -- such as the administrative expenses of these chapter 11 cases -- would dilute the recovery of unsecured creditors.

25. In all, the services rendered by Applicant during these Chapter 11 cases required the expenditure of 1,658.3 hours, 204.6 of which were expended during the Fifth Interim Period. Annexed to this Application as Exhibit "C" is a chronological summary of the services performed by the various members and associates of Applicant's firm during the Fifth Interim Period. Such time records do not state every item of service in detail, but rather, are a shorthand method of indicating the services rendered. All time records were made contemporaneously with the rendition of services described and in the ordinary course of Applicant's business. Time records are kept on the basis of one-tenth of an hour fractions.

26. Annexed hereto together as Exhibit "B" is a summary statement reflecting the billable time spent by Applicant's attorneys and paraprofessionals who performed services on the Creditors Committee's behalf for these Chapter 11 cases from its retention effective April 15, 2002 through and including November 30, 2003. All services rendered by Blank Rome personnel for the Creditors Committee during the Final Application Period were performed in connection with the representation of the Creditors Committee in these chapter 11 cases.

27. Applicant has expended and requests reimbursement in the sum of \$32,819.86 for actual and necessary expenses incurred in connection with the rendition of professional services in these chapter 11 cases. Annexed hereto as Exhibit "D" is a schedule of disbursements incurred from Applicant's retention effective April 15, 2002 through and including November 30, 2003. Annexed hereto as Exhibit "E" is a schedule of disbursements incurred during the Fifth Interim Period.

SUMMARY OF LEGAL SERVICES RENDERED

28. Applicant expressly incorporates the narrative sections and daily time records from the prior interim applications and those annexed to this application. Blank Rome performed numerous professional services for the Committee in connection with the Debtors' bankruptcy case (the "Case"). In view of the submission of Blank Rome's complete daily time records, submitted herewith and previously supplied pursuant to the Fee Procedures Order, Blank Rome will only summarize some of its principal activities during the Fee Application Period, to the extent practicable.

29. From the inception of the Case, Blank Rome met and conferred with the Committee periodically as the Debtors' affairs, the status and proceedings in the Case, the Committee's fiduciary duties and responsibilities and case strategy generally.

30. Blank Rome arranged and participated in a number of meetings with the Committee and the Debtors on several occasions in Pittsburgh, Pennsylvania and on one occasion at the Debtors' West Virginia plant. In addition, Blank Rome regularly scheduled telephonic meetings with the Committee.

31. Throughout the course of the Case, Blank Rome received, reviewed, summarized and reported to the Committee and its co-chairmen regarding all relevant and material documents, pleadings, proceedings and matters having arisen in the Case.

32. Blank Rome attended to Committee administrative matters, including the preparation of by-laws and attention to confidentiality agreements requested by the Debtors.

33. Blank Rome assisted in the selection and attending to the retention of the Committee's financial advisors, FTI Consulting (formerly known as PriceWaterhouseCoopers) (collectively hereinafter referred to as "FTI"), with whom Blank Rome conferred extensively throughout the Case.

34. Blank Rome reviewed and analyzed the Debtors' existing debt structure, including but not limited to its senior secured loans held by its senior secured lender group (the "Bank Group).

35. Blank Rome reviewed and analyzed the proposed orders approving the Debtors' use of cash collateral and debtor-in-possession financing and the proposed agreement for debtor-in-possession financing. Blank Rome conferred extensively with the Committee's financial advisors and the Debtors' and the Bank Group regarding same.

36. On numerous occasions, Blank Rome conferred with the parties regarding the Debtors' breaches of various financial covenants contained in the debtor-in-possession financing agreement and order, the Debtors' request for waivers thereof, the Bank Group's request for fees in connection with such waivers, and extensions of the loan and requested

amendments to such covenants. Blank Rome consulted extensively with FTI regarding these situations and concerns as to the Debtors' ability to meet the amended covenants.

37. Blank Rome reviewed and commented on the Debtors' retention of numerous professionals, including special counsel, appraisers and investment bankers. At the request of the Committee, Blank Rome filed limited objections with respect to various aspects of the proposed retention of Merrill Lynch as the Debtors' investment banker (whose retention was not approved by the Court) and Rothschild, whose engagement as the Debtors' investment banker was ultimately approved.

38. Blank Rome reviewed, commented on and reported to the Committee on voluminous monthly reports of operations and operating projections generated by the Debtors, as well as reports thereon generated by FTI.

39. Blank Rome assisted in efforts to resolve disputes between International Nickel, Inc. ("INCO"), one of the Committee's members (represented by its own counsel) and the Debtors in connection with disputes regarding the ongoing supply of nickel to the Debtors and related issues. Blank Rome assisted in brokering a deal which resolved such issues.

40. Blank Rome further reviewed and extensively analyzed the protracted, extensive and expensive litigation which had been ongoing for several years between the Debtors and INCO relating to and arising out of the Debtors' purchase of its Huntington, West Virginia plant from INCO. These disputes came to light in the context of the Debtors' proposed retention of special litigation counsel at a substantial ongoing cost to the estate. Blank Rome interviewed counsel for both sides of the transaction and ultimately assisted in facilitating a negotiated resolution of such dispute.

41. Blank Rome, in conjunction with FTI, reviewed and analyzed numerous versions and variations of the Debtors' proposed key employee retention plan ("KERP") and the Debtors' application to retain consultants to justify same. Blank Rome extensively reviewed this matter with the Committee which had vigorous concerns regarding both the timing and structure of the proposed KERP. Blank Rome attempted to cause significant adjustments to be made to the proposed KERP so as to key the plan into accomplishments of success. Blank Rome's efforts to negotiate a consensual KERP were unsuccessful, and ultimately Blank Rome was called upon to object to the KERP and the Debtors' retention of consultants.

42. Blank Rome extensively communicated with the Debtors and their counsel and investment bankers, and with the Bank Group's counsel regarding procedures for solicitation for bids for the purchase of substantial portions and/or substantially all of the Debtors' assets. Blank Rome participated in the review of various expressions of interest and the due diligence process with respect to potentially interested purchasers. Blank Rome also had numerous meetings and communications with several interested prospective purchasers. Ultimately, in consultation with the Bank Group, the Debtors determined to abandon such effort.

43. Blank Rome met with the Debtors', the Bank Group's and insurers' counsel regarding extensive toxic tort claims against the Debtors and analyses of the Debtors' exposure with respect to same.

44. Blank Rome monitored the Debtors' ongoing negotiations with labor unions regarding collective bargaining agreements and pension rights as well as with retired

salaried employees. Blank Rome monitored and conferred extensively with the Debtors regarding their motions pursuant to Sections 1113 and 1114 of the Bankruptcy Code.

45. Blank Rome, in conjunction with FTI, extensively reviewed and analyzed the valuations of the Debtors provided by the Debtors' investment bankers.

46. Blank Rome received and reviewed business plan drafts, reorganization plan outlines, and ultimately the versions of the Debtors' plan of reorganization (the "Plan") and disclosure statement (the "Disclosure Statement"). Blank Rome analyzed such documents and reviewed them with the Committee. Blank Rome engaged in negotiations with the Debtors and the Bank Group for clarifications, modifications and improvement in the proposed treatment of the Committee's constituents. At the Committee's request, Blank Rome expressed the Committee's concerns regarding the disclosure contained in the Disclosure Statement, as well as valuation issues, feasibility and confirmability of the Plan in the context of our objection to the Disclosure Statement.

47. Blank Rome ultimately negotiated a carve-out with the Bank Group to provide some potential recovery for the Committee's constituents from that which would have been otherwise recovered by the Bank Group.

48. Blank Rome ultimately negotiated various ancillary documents related to the Plan, including, the creditor note and various trust provisions with respect thereto.

49. Blank Rome monitored objections to confirmation of the Plan and appeals therefrom.

50. Throughout the Case, Blank Rome has reviewed and reported to the Committee on various procedural and operational issues such as exclusivity extension, executory contract assumptions and rejections, various settlements and property dispositions.

51. In the interest of economy, Blank Rome attended only a few key hearings on the Committee's behalf. Blank Rome relied generally on the Committee's local counsel to attend to the majority of hearings and procedural matters arising in the Case.

52. The foregoing efforts by Blank Rome conferred further benefit upon the estate inasmuch as they resulted in a recommendation by the Committee for acceptance of the Plan by the general unsecured creditors leading to an overwhelming acceptance of the Plan.

53. Blank Rome has been, at all relevant times, called upon to attend to creditor inquiries throughout the pendency of the Case.

54. Blank Rome has also been called upon to attend to various post-confirmation matters, including but not limited to issues regarding the implementation and consummation of the Plan.

55. Blank Rome conducted the foregoing services and fully attended to its fiduciary responsibilities as counsel to the Committee. Blank Rome did not inject itself into many strategic operational matters on which the Debtors were exercising their business discretion and did not unnecessarily attend Court hearings that did not directly impact upon the Committee's constituents.

56. Blank Rome believes that its efforts were both efficient and effective in facilitating the Committee's key fiduciary functions – monitoring and protecting the rights of the

unsecured creditors and maximizing the recovery to the Committee's constituents. Blank Rome effectively attended to such obligations while simultaneously facilitating the Debtors' emergence from bankruptcy.

VALUE OF SERVICES

57. Blank Rome is cognizant of the criteria set forth in §330 of the Bankruptcy Code for the determination of the reasonableness of the compensation sought thereunder, including (i) the time spent on providing the services, (ii) the rates charged for such services, (iii) whether the services were necessary to the administration of the Chapter 11 cases and beneficial for the estates at the time that they were rendered, (iv) whether the services were performed, within a reasonable amount of time commensurate with the complexity, importance and nature of each particular problem, issue or task addressed and (v) the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code. Blank Rome respectfully submits that the compensation it is seeking for the services that it rendered to the Debtors during the Final Application Period is reasonable under the criteria set forth above.

58. The professional services rendered by Blank Rome required the expenditure of substantial time and effort by its attorneys and paraprofessionals, often to the exclusion of services to other of Blank Rome's clients. During the Final Application Period, approximately 1,658.3 hours were expended by Blank Rome's attorneys and paraprofessionals, respectively, in rendering the necessary professional services for which compensation is sought.

59. Blank Rome has endeavored to represent the Committee in the most expeditious and economical manner possible. Tasks have been assigned to attorneys, paralegals

and secretaries at Blank Rome so that work has been performed by those most familiar with the particular matter or task and, where attorney or paralegal involvement was required, by the lowest hourly rate professional appropriate for a particular matter. Moreover, Blank Rome has sought to coordinate with the Committee's local counsel, Stoll, Keenon & Park, LLP, to minimize any duplication of effort and to minimize attorneys' fees and expenses to the Debtors. Blank Rome believes that it has been successful in that regard.

60. The rates set forth at the beginning of this Application are Blank Rome's normal hourly rates for work of this nature. Accordingly, the reasonable value of the services rendered by Blank Rome during the Final Application Period is \$660,818.75.

61. Blank Rome submits that its services have conferred substantial benefit on the Debtors and their estates and have furthered the Debtors' ultimate goals in these Chapter 11 cases. The time and effort required of Blank Rome to oversee the administration of this large and complex case, as well as the variety and complexity of the legal issues that have arisen during the Final Application Period have been briefly summarized in this Application. Blank Rome has been required to furnish extensive services which have often fully occupied the time of the attorneys involved to the exclusion of other firm matters. If this were not a case under the Bankruptcy Code, Blank Rome would charge and expect to receive on a current basis, an amount at least equal to the amount requested herein for the professional services rendered.

62. Blank Rome has made every effort to minimize travel time. Blank Rome's attorneys have attended court hearings and meetings only where their participation has been requested by the Debtors and has been necessary for the conduct of the case. Where attendance of Blank Rome attorneys has been necessary, the attorneys in question have

attempted to use the travel time required to perform other tasks for the Debtors or other clients whenever possible.

REIMBURSEMENT OF EXPENSES

63. Blank Rome also requests reimbursement of actual, necessary expenses incurred in connection with the professional services rendered during the Final Application Period in the amount of \$32,819.86.

64. Section 330 (b) of the Bankruptcy Code allows the Court to reimburse Blank Rome for the "actual, necessary expenses" incurred in these cases. 11 U.S.C. § 330 (b). In the course of its representation of the Committee during the Final Application Period, Blank Rome incurred significant expenses.

65. Consistent with Blank Rome's policy, attorneys and other employees of Blank Rome who worked outside of normal business hours were reimbursed for their reasonable meal costs and their cost for transportation home. Blank Rome's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and other out-of-pocket disbursements incurred during the regular course of the rendition of services.

66. Blank Rome's charges for computer research, toll calls, postage, messenger services and overnight deliveries are based on its actual cost and such charges are not included in Blank Rome's overhead for the purpose of setting its billing rates.

67. Charges for courier and messenger services have been minimized wherever possible. Such services were only used where less expensive means were impracticable.

RULE 2016 STATEMENTS

68. Except for the monies paid in accordance with the Administrative Fee Order, Blank Rome has received no payment for the services rendered in connection with these Chapter 11 cases and has received no promise of payment for such services other than in accordance with further orders of this Court.

69. No previous allowance has been made to Blank Rome for the services rendered and expenses incurred during the Final Application Period, nor has Blank Rome made any previous application therefor to this or any other court.

70. By this Application, Blank Rome seeks an award of compensation in the full amount requested.

71. No compensation previously received by Blank Rome has been shared with any other entity and no agreement or understanding exists between Blank Rome and any other person for the sharing of compensation received or to be received for services rendered in, or in connection with, these Chapter 11 cases.

72. Upon information and belief, the source of all compensation promised to be paid to Blank Rome by the Debtors is revenues from the Debtors' business operations.

73. Blank Rome respectfully submits a request for final compensation in the sum of \$660,818.75 which constitutes a fair and reasonable request for the quality and nature of

the services performed. Blank Rome further submits that its request for reimbursement of out-of-pocket expenses in the amount of \$32,819.86 is fair and reasonable and that such sums were necessarily expended by Blank Rome in the performance of its responsibilities.

WHEREFORE, Applicant respectfully requests that it be awarded a final allowance of compensation for professional services rendered on behalf of the Creditors Committee in the sum of \$660,818.75 and reimbursement of all actual and necessary costs and expenses incurred in the amount of \$32,819.86 which requests include:

- (a) ratification of this Court's interim allowance of \$191,687.75 for professional compensation and \$12,212.67 for reimbursement of expenses incurred for the period from April 15, 2002 through and including July 31, 2002 (the "First Interim Period") by Order dated October 24, 2002 (the "First Interim Order") and payment of the holdback awarded in the First Interim Order in the amount of \$38,337.55;
- (b) ratification of this Court's interim allowance of \$136,939.50 for professional compensation and \$7,040.60 for reimbursement of expenses incurred for the period from August 1, 2002 through and including November 30, 2002 (the "Second Interim Period") by Order dated February 14, 2003 (the "Second Interim Order") and payment of the holdback awarded in the Second Interim Order in the amount of \$27,387.90;
- (c) ratification of this Court's interim allowance of \$127,088.00 for professional compensation and \$5,590.38 for reimbursement of expenses incurred for the period from December 1, 2002 through and including March 31, 2003 (the

“Third Interim Period”) by Order dated June 24, 2003 (the “Third Interim Order”) and payment of the holdback awarded in the Third Interim Order in the amount of \$25,417.47;

(d) ratification of this Court’s interim allowance of \$124,379.50 for professional compensation and \$4,252.04 for reimbursement of expenses incurred for the period April 1, 2003 through and including July 1, 2003 (the “Fourth Interim Period”) by Order dated October 20, 2003 (the “Fourth Interim Order”) and payment of the holdback awarded in the Fourth Interim Order in the amount of \$26,002.87;

(e) a request for a final award in the amount of \$22,431.50 for professional compensation and \$203.63 for reimbursement of expenses incurred for the period August 1, 2003 through and including August 31, 2003 (the “August Period”);

(f) a request for a final award in the amount of \$48,915.00 for professional compensation and \$2,922.26 for reimbursement of expenses incurred for the period September 1, 2003 through and including September 30, 2003 (the “September Period”);

(g) a request for a final award in the amount of \$5,253.00 for professional compensation and \$84.42 for reimbursement of expenses incurred for the period October 1, 2003 through and including October 31, 2003 (the “October Period”);

(h) a request for a final award in the amount of \$4,124.50 for professional compensation and \$513.86 for reimbursement of expenses incurred for the period

November 1, 2003 through and including November 30, 2003 (the "November Period"); and

(i) for such other and further relief as this Court may deem appropriate.

NOTICE

PLEASE TAKE NOTICE that the foregoing will be brought on for a hearing before the Honorable William S. Howard, at the United States Bankruptcy Court, 100 E. Vine Street, Lexington, Kentucky on February 5, 2004 at 2:00 p.m., or as soon as counsel may be heard.

Dated: New York, New York
January 9, 2004

BLANK ROME LLP

By: MARC E. RICHARDS
Marc E. Richards (MER 9465)
A Member of the Firm
405 Lexington Avenue
New York, New York 10174
(212) 885-5000

Co-Counsel to the Official Committee of
Unsecured Creditors

CERTIFICATE OF SERVICE

This is to certify that the foregoing has been served this the 12 day of JAN, 2004

by U.S. mail, postage prepaid, to all persons listed below:

Credit Lyonnais, New York Branch
c/o Latham & Watkins
Attn: Robert Rosenburg and Shari Siegel, Esq.
885 Third Avenue, Suite 1000
New York, NY 10022

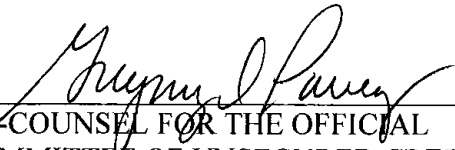
Marc E. Richards, Esq.
Blank Rome LLP
Chrysler Building
405 Lexington Avenue
New York, NY 10174-0208

United States Trustee's Office
100 East Vine Street # 803
Lexington, KY 40507

Robert G. Sable, Esq.
McGuire Woods, LLP
625 Liberty Avenue
23rd Floor, Dominion Tower
Pittsburgh, PA 15222

Gregory R. Schaaf, Esq.
Greenebaum Doll & McDonald PLLC
333 W. Vine Street, Suite 1400
Lexington, KY 40588-1808

Dennis Wanlass
Special Metals Corporation
Huntington Alloys
3200 Riverside Drive
Huntington, WV 25705



CO-COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS
OF SPECIAL METALS CORPORATION AND
ITS SUBSIDIARIES

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION

In re:)
) Chapter 11
)
SPECIAL METALS CORPORATION., et al.,)
) Case Nos. 02-10335
) 02-10338
Debtors.) (Jointly Administered)
)
) Judge William S. Howard

AFFIDAVIT PURSUANT TO BANKRUPTCY RULE 2016

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

ss.:

MARC E. RICHARDS, having been duly sworn, says:

1. I am a member of the firm of Blank Rome LLP, counsel to the Official Committee of Unsecured Creditors appointed in the above-captioned Chapter 11 cases (the "Committee"). This Court approved the retention of Blank Rome as counsel to the Committee effective as of April 15, 2002. I file this affidavit in support of the Fifth and Final application of Blank Rome for compensation and reimbursement of expenses.

2. With respect to these cases, Blank Rome has not shared or agreed to share any compensation with any person, other than a member of Blank Rome, and it has not agreed to share in compensation received by any other person, except as may be awarded by this Court, pursuant to application.


3. No payment or agreement prohibited by 11 U.S.C. § 504 or Bankruptcy Rule

2016 has been made in connection with these Chapter 11 cases.



Marc E. Richards

Sworn to before me this
9th day of January, 2004


Notary Public

RUBY HYDE
Notary Public, State of New York
No. 01HY604048-3
Qualified in Bronx County
Commission Expires April 24, 2006

EXHIBIT A

116476
01600

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION

EASTERN DISTRICT OF KENTUCKY
FILED

MAY 06 2002

AT LEXINGTON
JERRY D. TRUITT, CLERK
U.S. BANKRUPTCY COURT

| | | |
|--|---|-------------------------|
| In re: |) | |
| |) | Chapter 11 |
| SPECIAL METALS CORPORATION., <u>et al.</u> , |) | Case Nos. 02-10335 |
| |) | 02-10338 |
| Debtors. |) | (Jointly Administered) |
| |) | |
| |) | Judge William S. Howard |

ORDER PURSUANT TO SECTIONS 328 AND 1103(a) OF THE
BANKRUPTCY CODE AUTHORIZING THE RETENTION OF
BLANK ROME COMISKY & McCaULEY LLP AND STOLL KEENON &
PARK, LLP AS CO-COUNSEL TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS NUNC PRO TUNC AS OF APRIL 15, 2002

Upon the application ("Application") of the Official Committee of Unsecured Creditors (the "Committee") for an Order pursuant to Sections 328 and 1103(a) of Title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Committee to employ and retain *nunc pro tunc* as of April 15, 2002 the firms of Blank Rome Comisky & McCauley LLP (known in New York as Blank Rome Tenzer Greenblatt LLP, collectively "Blank Rome") as lead counsel to the Committee and Stoll Keenon & Park, LLP ("Stoll Keenon") (collectively known as the "Firms") as local counsel to the Committee, and upon the affidavits of Marc E. Richards and Laura Day DelCotto, each attached to the Application, and the Court being satisfied that (i) neither Blank Rome nor Stoll Keenon holds or represents an interest adverse to the Debtors, their creditors, their estates or the Committee with respect to the matters for which the Firms will be engaged; (ii) the Firms are qualified and eligible to serve as counsel, all within the meaning of Sections 328 and 1103(a) of the Bankruptcy Code; and (iii) the employment and retention of the Firms is

necessary and in the best interests of the Committee and the Debtors' estates, and sufficient cause appearing therefore; it is hereby

ORDERED AND ADJUDGED as follows:

1. Pursuant to Sections 328 and 1103(a) of the Bankruptcy Code, the Committee is hereby authorized and empowered to employ and retain the Firms *nunc pro tunc* as of April 15, 2002.

2. The compensation to be paid to the Firms for services to be rendered to the Committee plus reimbursements incurred in connection with such representation, if not otherwise paid by a third party, shall be determined by this Court upon appropriate application therefore in accordance with the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure.

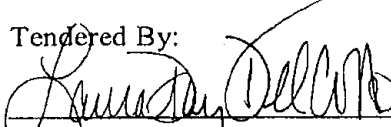
MAY 06 2002

Dated: MAY 06 2002, 2002



JUDGE, U.S. BANKRUPTCY COURT

Tendered By:



Laura Day DelCotto
STOLL, KEENON & PARK, LLP
300 W. Vine Street, Suite 2100
Lexington, KY 40507
(859) 231-3000

Pursuant to Local Rule 9022-1(c), Laura Day DelCotto shall cause a copy of this order to be served on each of the parties designated to received this order pursuant to Local Rule 9022-1(a) and shall file with the court a certificate of service of the Order upon such parties, within ten (10) days hereof.

7

EXHIBIT B

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF SPECIAL METALS CORPORATION, ET AL.,
SUMMARY STATEMENT
APRIL 15, 2002 THROUGH NOVEMBER 30, 2003

| <u>NAME</u> | <u>HOURS EXPENDED</u> | <u>BILLING RATE</u> | <u>AMOUNT</u> |
|----------------------------------|-----------------------|---------------------|---------------------|
| <u>Partners:</u> | | | |
| Marc E. Richards | 685.0 | \$485-\$535 per hr. | \$351,672.50 |
| Andrew B. Eckstein | 436.2 | \$415-\$460 per hr. | \$195,440.50 |
| Michael Z. Brownstein | 4.0 | \$485-\$535 per hr. | \$1,967.50 |
| Richard P. McElroy | 21.6 | \$460 per hr. | \$9,936.00 |
| Edward J. LoBello | 9.2 | \$435 per hr. | \$4,002.00 |
| Scott F. Cooper | 6.8 | \$355 per hr. | \$2,414.00 |
| Brad L. Shiffman | 4.2 | \$390 per hr. | \$1,638.00 |
| Harold Pappas | 2.8 | \$510 per hr. | \$1,428.00 |
| Michael S. Mullman | 1.2 | \$500 per hr. | \$600.00 |
| Raymond L. Shapiro | .3 | \$600 per hr. | \$180.00 |
| Richard S. Meyer | <u>.3</u> | \$445 per hr. | <u>\$133.50</u> |
| Subtotal for Partners | 1171.6 | | \$569,412.00 |
| <u>Associates:</u> | | | |
| Craig A. Damast | .2 | \$325-\$360 per hr. | \$68.50 |
| Christine M. Gorgone | 2.0 | \$230 per hr. | \$460.00 |
| Vincent J. Roldan | 84.5 | \$225 per hr. | \$19,012.50 |
| Rocco A. Cavaliere | 7.1 | \$220-\$240 per hr. | \$1,576.00 |
| Catherine Horta | 161.9 | \$205-\$210 per hr. | \$33,665.50 |
| Jaime Prince | 40.9 | \$210 per hr. | \$8,589.00 |
| Raymond Patella | <u>.5</u> | \$235 per hr. | <u>\$117.50</u> |
| Subtotal for Associates | 297.1 | | \$63,489.00 |
| <u>Paralegals/Clerks:</u> | | | |
| Heather L. Aaronson | 182.8 | \$185-\$200 per hr. | \$35,265.50 |
| Inbal Paz | 5.0 | \$200 per hr. | \$1,000.00 |
| Stephen T. Kirsch | <u>1.8</u> | \$170 per hr. | <u>\$306.00</u> |

| | | | |
|---------------------------------|-----------------------------------|-----------------------|--|
| Subtotal for Paralegals/Clerks: | 189.6 | | \$36,571.50 |
| | | Less Travel Discount* | (\$8,653.75) |
| | <u>Total Hours: 1658.3</u> | | <u>Total Fees: \$660,818.75</u> |

*This amount represents the 50% travel discount applied toward the period from April 2002 through July 2002, (the "First Interim Period"). All subsequent interim periods were automatically billed and paid at the 50% discount rate.

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF SPECIAL METALS CORPORATION, ET AL.,
SUMMARY STATEMENT
APRIL 15, 2002 THROUGH NOVEMBER 30, 2003**

| Project Code | Matter Name & Description | 1 st Interim April 15-2002- July 31, 2002 | 2 nd Interim Aug 1, 2002- Nov 30, 2002 | 3 rd Interim Dec 1, 2002- March 31, 2003 | 4 th Interim April 1, 2003- July 31, 2003 | 5 th Interim Aug 1, 2003- Nov 30, 2003 | Total |
|--------------|---|--|---|---|--|---|--------------|
| 1 | <u>Asset Analysis and Recovery:</u> Identification and review of potential assets including causes of action and non-litigation recoveries | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2 | <u>Asset Disposition:</u> Sales, leases (\$ 365 matters), abandonment and related transaction work | \$1,044.00 | \$153.00 | \$10,785.00 | \$42.00 | \$0.00 | \$12,024.00 |
| 3 | <u>Business Operations:</u> Issues related to debtor in possession operating in chapter 11 such as employee, vendor, tenant issues and other similar problems. Preparation and review of related motions, applications and orders, stipulations etc. and other documents and attendance at hearings related thereto | \$17,606.00 | \$30,880.50 | \$21,471.00 | \$2,079.00 | \$4,094.00 | \$76,130.50 |
| 4 | <u>Case Administration:</u> Coordination and compliance activities, including preparation of statement of financial affairs; schedules; lists of contracts; United States Trustee interim statements and operating reports; contacts with the United States Trustee; general creditor inquiries | \$37,652.50 | \$23,275.50 | \$43,521.00 | \$850.50 | \$6,910.50 | \$112,210.00 |
| 5 | <u>Claims Administration and Objections:</u> Specific claim inquiries; bar date motions; analyses, objections and allowance of claims; dealing with Claims Agent | \$306.00 | \$0.00 | \$498.00 | \$21,986.50 | \$276.00 | \$23,066.50 |

| Project Code | Matter Name & Description | 1st Interim April 15-2002- July 31, 2002 | 2nd Interim Aug 1, 2002- Nov 30, 2002 | 3rd Interim Dec 1, 2002- March 31, 2003 | 4th Interim April 1, 2003- July 31, 2003 | 5th Interim Aug 1, 2003- Nov 30, 2003 | Total |
|--------------|---|--|---|---|--|---|---------------------|
| 6 | <u>Employee Benefits/Pensions/General Labor:</u> Review issues such as severance, retention, 401(k) coverage, continuance of pension plan and collective bargaining | \$92.50 | \$264.00 | \$0.00 | \$107.00 | \$0.00 | \$463.50 |
| 7 | <u>Fee/Employment Applications:</u> Preparation of employment and fee applications for self and others; motion to establish interim procedures | \$15,490.50 | \$13,304.50 | \$9,714.50 | \$5,419.50 | \$6,376.50 | \$50,305.50 |
| 8 | <u>Fee/Employment Objections:</u> Review of and objections to the employment and fee application of others | \$9,220.00 | \$7,253.00 | \$5,978.50 | \$0.00 | \$267.50 | \$22,719.00 |
| 9 | <u>Financing:</u> Matters under §§ 361, 363 and 364 including cash collateral and secured claims; loan document analysis | \$21,699.50 | \$18,974.00 | \$1,604.00 | \$4,992.00 | \$920.00 | \$48,189.50 |
| 10 | <u>Litigation:</u> | \$34,189.00 | \$10,140.00 | \$522.50 | \$719.00 | \$0.00 | \$45,570.50 |
| 11 | <u>Meeting of Creditors:</u> Preparing for and attending the conference of creditors, the § 341(a) meeting and other creditors' committee meetings and related matters | \$45,326.00 | \$29,752.00 | \$23,725.50 | \$16,395.50 | \$1,444.50 | \$116,643.50 |
| 12 | <u>Plan Disclosure Statement and Exclusivity:</u> Requests for extensions of exclusivity, exclusivity and matters related thereto; formulation presentation and confirmation of plans; compliance with plan confirmation order, related orders and rules; disbursement and case closing activities, except those related to the allowance and objections to allowance of claims | \$408.00 | \$1,737.00 | \$3,357.00 | \$71,788.50 | \$58,830.00 | \$136,120.50 |
| 13 | <u>Travel (Discounted 50%)</u> | \$8,653.75 | \$1,206.00 | \$5,911.00 | \$0.00 | \$1,605.00 | \$17,375.75 |
| | TOTAL | \$191,687.75 | \$136,939.50 | \$127,088.00 | \$124,379.50 | \$80,724.00 | \$660,818.75 |

EXHIBIT C

OFFICIAL COMMITTEE OF UNSECURED
 CREDITORS OF SPECIAL METALS CORPORATION, ET AL.,
 SUMMARY STATEMENT
AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003

| <u>NAME</u> | <u>HOURS EXPENDED</u> | <u>BILLING RATE</u> | <u>AMOUNT</u> |
|--------------------------------------|-----------------------|----------------------------------|--------------------|
| <u>Partners:</u> | | | |
| Raymond L. Shapiro | .3 | \$600 per hr. | \$180.00 |
| Marc E. Richards | 58.3 | \$535 per hr. | \$31,190.50 |
| Michael Z. Brownstein | .2 | \$535 per hr. | \$107.00 |
| Harold N. Pappas | 2.8 | \$510 per hr. | \$1,428.00 |
| Andrew B. Eckstein | <u>72.2</u> | \$460 per hr. | <u>\$33,212.00</u> |
| Subtotal for Partners | 133.8 | | \$66,117.50 |
| <u>Associates:</u> | | | |
| Raymond M. Patella | .5 | \$235 per hr. | \$117.50 |
| Catherine Horta | 7.4 | \$210 per hr. | \$1,554.00 |
| Jaime Prince | <u>40.9</u> | \$210 per hr. | <u>\$8,589.00</u> |
| Subtotal for Associates | 48.8 | | \$10,260.50 |
| <u>Paralegals/Clerks:</u> | | | |
| Heather L. Aaronson | 20.2 | \$200 per hr. | \$4,040.00 |
| Stephen T. Kirsch | <u>1.8</u> | \$170 per hr. | <u>\$306.00</u> |
| Subtotal for Paralegals/Clerks: | 22.0 | | \$4,346.00 |
| Total Hours: 204.6 | | Total Amount: \$80,724.00 | |

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF SPECIAL METALS CORPORATION, ET AL.,
SUMMARY STATEMENT
AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003

| <u>Matter Name & Description</u> | <u>Project Code</u> | <u>Hours</u> | <u>Fees</u> |
|---|---------------------|--------------|-------------|
| <u>Asset Analysis and Recovery:</u> Identification and review of potential assets including causes of action and non-litigation recoveries | 1 | 0.0 | \$0.00 |
| <u>Asset Disposition:</u> Sales, leases (§ 365 matters), abandonment and related transaction work | 2 | 0.0 | \$0.00 |
| <u>Business Operations:</u> Issues related to debtor in possession operating in chapter 11 such as employee, vendor, tenant issues and other similar problems. Preparation and review of related motions, applications and orders, stipulations etc. and other documents and attendance at hearings related thereto | 3 | 8.9 | \$4,094.00 |
| <u>Case Administration:</u> Coordination and compliance activities, including preparation of statement of financial affairs; schedules; lists of contracts; United States Trustee interim statements and operating reports; contacts with the United States Trustee; general creditor inquiries | 4 | 24.3 | \$6,910.50 |
| <u>Claims Administration and Objections:</u> Specific claim inquiries; bar date motions; analyses, objections and allowance of claims; dealing with Claims Agent | 5 | .6 | \$276.00 |
| <u>Employee Benefits/Pensions/General Labor:</u> Review issues such as severance, retention, 401(k) coverage, continuance of pension plan and collective bargaining | 6 | 0.0 | \$0.00 |

| <u>Matter Name & Description</u> | <u>Project Code</u> | <u>Hours</u> | <u>Fees</u> |
|--|---------------------|--------------|--------------------|
| <u>Fee/Employment Applications</u> : Preparation of employment and fee applications for self and others; motion to establish interim procedures | 7 | 26.1 | \$6,376.50 |
| <u>Fee/Employment Objections</u> : Review of and objections to the employment and fee application of others | 8 | .5 | \$267.50 |
| <u>Financing</u> : Matters under §§ 361, 363 and 364 including cash collateral and secured claims; loan document analysis | 9 | 2.0 | \$920 |
| <u>Litigation</u> : | 10 | 0.0 | \$0.00 |
| <u>Meeting of Creditors</u> : Preparing for and attending the conference of creditors, the § 341(a) meeting and other creditors' committee meetings and related matters | 11 | 2.7 | \$1,444.50 |
| <u>Plan Disclosure Statement and Exclusivity</u> : Requests for extensions of exclusivity, exclusivity and matters related thereto; formulation presentation and confirmation of plans; compliance with plan confirmation order, related orders and rules; disbursement and case closing activities, except those related to the allowance and objections to allowance of claims | 12 | 136.5 | \$58,830.00 |
| <u>Travel</u> (Discounted 50%) | 13 | 3.0 | \$1,605.00 |
| TOTAL | | 204.6 | \$80,724.00 |

AUGUST 2003

SUMMARY OF TIME BY ATTORNEY OF COUNSEL TO OFFICIAL COMMITTEE
OF UNSECURED CREDITORS OF SPECIAL METALS CORPORATION., ET AL.,
FOR THE PERIOD OF AUGUST 1, 2003 THROUGH AUGUST 31, 2003

| | <u>Time</u> | <u>Hourly Rate</u> | <u>Total</u> |
|--------------------|-------------|--------------------|--------------------|
| Marc E. Richards | 17.7 | \$535 | \$9,469.50 |
| Andrew B. Eckstein | 25.0 | \$460 | \$11,500.00 |
| Catherine Horta | 0.2 | \$210 | \$42.00 |
| Heather Aaronson | <u>7.1</u> | \$200 | <u>\$1,420.00</u> |
| TOTAL | 50.0 | | \$22,431.50 |

PHASE/TASK SUMMARY CHART OF COUNSEL TO OFFICIAL COMMITTEE
 OF UNSECURED CREDITORS OF SPECIAL METALS CORPORATION., ET AL.,
FOR THE PERIOD OF AUGUST 1, 2003 THROUGH AUGUST 31, 2003

| Matter Name & Description | Task Code | Hours | Fees |
|-------------------------------|-----------|-------------|--------------------|
| Business Operations | 3 | 3.0 | \$1,380.00 |
| Case Administration | 4 | 6.7 | \$2,145.50 |
| Fee/Employment Application | 7 | 4.0 | \$1,068.00 |
| Financing | 9 | 2.0 | \$920.00 |
| Meeting Of Creditors | 11 | 1.6 | \$856.00 |
| Plan and Disclosure Statement | 12 | 32.7 | \$16,062.00 |
| TOTAL | | 50.0 | \$22,431.50 |

BLANK ROME LLP

THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NEW YORK 10174
(212)885-5000 FAX: (212)885-5001
FEDERAL TAX I.D. NO. 23-311874

SPECIAL METALS CORPORATION
3200 RIVERSIDE DRIVE
HUNTINGTON, WV 25705-1771

INVOICE DATE: SEPTEMBER 23, 2003
MATTER NO. 116476-01600 05875
INVOICE NO. 542097

REGARDING: SPECIAL METALS CORPORATION
CHAPTER 11 CREDITORS COMMITTEE

FOR LEGAL SERVICES RENDERED THROUGH AUGUST 31, 2003

| | | |
|---------------------|-----|--|
| 08/01/03 A ECKSTEIN | .50 | TELEPHONE CONFERENCE WITH R. SABLE REGARDING TIMING AND STATUS ON PLAN AMENDMENTS; E-MAIL FROM D. SWAN REGARDING SAME; TELEPHONE CONFERENCE WITH S. SIEGEL REGARDING SAME AND APPROACH AND ISSUES REGARDING INSURANCE AND PBGC CLAIMS; E-MAIL D. SWAN REGARDING LITIGATION AND INSURANCE CLAIMS; E-MAIL FROM D. SWAN REGARDING SAME - 12 |
| 08/01/03 A ECKSTEIN | .20 | RECEIVE DRAFT OF REVISED DISCLOSURE STATEMENT - 12 |
| 08/01/03 H AARONSON | .10 | REVIEW E-MAIL REGARDING RECENTLY FILED DOCUMENTS - 4 |
| 08/02/03 M RICHARDS | .60 | MEETING WITH S. FEINER TO DISCUSS AND REVIEW PLAN - 12 |
| 08/03/03 A ECKSTEIN | .20 | RECEIVE AND REVIEW R. ROSENBERG'S DISCLOSURE STATEMENT COMMENTS - 12 |
| 08/04/03 A ECKSTEIN | .70 | REVIEW S. SIEGEL'S DISCLOSURE STATEMENT LANGUAGE REGARDING CONSENSUAL TREATMENT OF UNSECURED CREDITORS AND R. ROSENBERG'S COMMENTS REGARDING SAME - 12 |
| 08/04/03 A ECKSTEIN | .10 | TELEPHONE CONFERENCE WITH D. SMALL REGARDING (A) PERSON INTERESTED IN WORKING IN SENIOR MANAGEMENT OF REORGANIZED SPECIAL METALS AND (B) AMENDED PLAN AND DISCLOSURE STATEMENT - 12 |
| 08/04/03 A ECKSTEIN | .20 | VOICE MAIL FROM L. DELCOTTO REGARDING ERRONEOUS NOTICE FROM CLERK'S OFFICE REGARDING CONVERSION OF CASE; E-MAIL TO COMMITTEE REGARDING SAME - 4 |

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08/04/03 A ECKSTEIN .20 RECEIVE AND REVIEW E-MAIL FROM S. KING REGARDING HIS COMMUNICATIONS WITH D. WAMLASS REGARDING HAYNES/BLACKSTONE - 12

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08/05/03 A ECKSTEIN .10 TELEPHONE CONFERENCE WITH S. SIEGEL (LW) REGARDING PLAN AND DISCLOSURE STATEMENT AMENDMENTS - 12

08/05/03 A ECKSTEIN .10 TELEPHONE CONFERENCE WITH M. RICHARDS REGARDING STATUS - 12

08/05/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH P. HAYDEN REGARDING PLAN AND DISCLOSURE STATEMENT REVISIONS, THINGS TO BE DONE AND OPEN ISSUES; TELEPHONE CONFERENCE WITH S. SIEGEL (LW) - 12

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08/05/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH S. SIEGEL REGARDING (A) NO DEATH TRAP IF MERGER WITH CLASS 9 AND (B) NO PIK - IF BANKS GET CASH SO DO CREDITORS - 12

08/05/03 M RICHARDS .70 CONFERENCE WITH A. ECKSTEIN REGARDING PLAN AMENDMENTS (.2); REVIEW PLAN AMENDMENTS (.3); MEMORANDUM TO D. JURY REGARDING PLAN (.2) - 12

08/05/03 H AARONSON .10 REVIEW E-MAIL REGARDING RECENTLY FILED DOCUMENTS - 4

08/06/03 A ECKSTEIN .70 REVIEW S. SIEGEL'S DRAFT OF DISCLOSURE
STATEMENT COMMENTS - 12

08/06/03 A ECKSTEIN .30 CONFERENCE WITH M. RICHARDS REGARDING PLAN AND
DISCLOSURE STATEMENT NEGOTIATIONS, LANGUAGE
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08/06/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH P. HAYDEN (LW);
TELEPHONE CONFERENCE WITH P. HAYDEN REGARDING
COMMENTS ON BANK GROUP'S PROPOSED REVISE
DISCLOSURE STATEMENT REGARDING DEAL WITH
COMMITTEE AND MISCELLANEOUS MATTERS - 12

08/06/03 M RICHARDS .80 REVIEW PLAN LANGUAGE AMENDMENTS (.5);
CONFERENCE WITH A. ECKSTEIN REGARDING PLAN
AMENDMENTS (.3) - 12

08/06/03 H AARONSON .10 REVIEW E-MAIL REGARDING RECENTLY FILED
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08/06/03 H AARONSON .30 REVIEW AND REVISE PRO FORMA FOR FEE APPLICATION
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08/07/03 A ECKSTEIN 3.20 REVIEW AND ANALYSIS OF MODIFIED PLAN AND
DISCLOSURE STATEMENT AND COMMENT ON SAME - 12

08/07/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH D. SWAN REGARDING
COMMENTS ON MODIFIED PLAN AND DISCLOSURE
STATEMENT - 12

08/07/03 M RICHARDS .80 REVIEW CONFIRMATION AMENDMENTS - 12

08/07/03 H AARONSON 1.00 UPDATE PLEADINGS BINDER - 4

08/08/03 A ECKSTEIN 1.60 E-MAIL FROM P. HAYDEN PROVIDING FINAL PLAN AND
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08/08/03 A ECKSTEIN .10 E-MAIL FROM P. HAYDEN REGARDING COMMITTEE
RECOMMENDATION LETTER; E-MAIL P. HAYDEN
REGARDING SAME - 12

08/08/03 A ECKSTEIN 1.20 DRAFT COMMITTEE RECOMMENDATION REGARDING PLAN
(1.0); CONFERENCE WITH M. RICHARDS REGARDING
SAME (.1); TELEPHONE CONFERENCE WITH R. SABLE
REGARDING NEED FOR CLARIFICATION REGARDING NON
PURSUIT OF PREFERENCE CLAIMS (.1) - 12

08/08/03 M RICHARDS 1.40 REVIEW SOLICITATION LETTER AND PLAN - 12

08/11/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH R. SABLE REGARDING
(A) USWA HUNTINGTON REJECTED CONCESSIONS
PACKAGE, COMMUNICATIONS AND THINGS TO BE DONE,
AND (B) ISSUES REGARDING NON-PURSUIT OF
PREFERENCE CLAIMS - 12

08/11/03 A ECKSTEIN .10 RECEIVE AND REVIEW PRESS RELEASE REGARDING USWA
REJECTION OF CONCESSIONS PROPOSAL - 12

08/11/03 A ECKSTEIN .20 RECEIVE AND REVIEW E-MAIL FROM D. SMALL
REGARDING RESUME OF POSSIBLE CEO - 4

08/11/03 A ECKSTEIN .20 E-MAIL R. ROSENBERG REGARDING RESUME OF CEO
PROVIDED BY INCO - 12

08/11/03 A ECKSTEIN .30 TELEPHONE CONFERENCE WITH M. RICHARDS REGARDING
USWA REJECTION OF CONCESSIONS AND COMMUNICATING
WITH F. PETRO (.1); TELEPHONE CONFERENCE WITH
F. PETRO (LW); E-MAIL M. RICHARDS REGARDING
SAME - 12

08/11/03 M RICHARDS .70 MEMORANDUM TO A. ECKSTEIN REGARDING
STEELWORKERS VOTE (.3); REVIEW MEMORANDUM
REGARDING DISAPPROVAL OF VOTE OF USWA (.2);
MEMORANDUM FROM A. ECKSTEIN (.2) - 12

08/12/03 A ECKSTEIN .10 TELEPHONE CONFERENCE WITH S. FORESTATES OF
AMERICAN FLUX REGARDING CASE STATUS, PLAN AND
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08/12/03 A ECKSTEIN .20 TELEPHONE CONFERENCE WITH F. PETRO REGARDING
STATUS, DELAY BY UNIONS, ETC. - 12

08/12/03 A ECKSTEIN .10 TELEPHONE CONFERENCE WITH P. GLASSMAN, COUNSEL
TO MG INDUSTRIES REGARDING REJECTION CLAIM - 12

08/12/03 A ECKSTEIN 1.20 RECEIVE AND REVIEW REQUEST FOR APPROVAL OF DIP
AMENDMENT AND WAIVER - 9

08/12/03 A ECKSTEIN .10 TELEPHONE CONFERENCE WITH M. RICHARDS REGARDING
STATUS OF CASE AND THINGS TO BE DONE - 12

08/12/03 A ECKSTEIN .40 E-MAILS FROM AND TO S. SIEGEL AND P. HAYDEN
REGARDING DIP AMENDMENT AND WAIVER - 9

08/12/03 M RICHARDS .30 TELEPHONE CONFERENCE WITH A. ECKSTEIN REGARDING
UNION VOTE, PLAN MODIFICATION, BANK WAIVER - 12

08/12/03 H AARONSON .10 REVIEW E-MAIL REGARDING RECENTLY FILED
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FAILURE TO CONFIRM CONCESSIONS AND GENERAL
STATUS AND DIP LOAN EXTENSION/WAIVER - 12

08/13/03 A ECKSTEIN .40 TELEPHONE CONFERENCE WITH R. SABLE (LW);
TELEPHONE CONFERENCE WITH R. SABLE REGARDING
(A) IAM VOTING TOMORROW - CONTRACT WITH LOCAL,
(B) IF NO ACCEPTANCE BY IAM OR REVOTE OF USWA,
WILL BE FILING A 1113 MOTION NEXT WEEK, (C)
CONFIRMATION DATE IS 9/25/ 03 MAY HERE TO SLIP,
(D) SALARIED EMPLOYEES WITH PROBABLY SIGN ON,
(E) WILL PROBABLY TERMINATE ERISA PENSION PLANS
- NOTICE NEXT WEEK - 12

08/13/03 A ECKSTEIN .10 E-MAIL FROM R. LARRY REGARDING AVOIDANCE ISSUES
- 12

08/13/03 H AARONSON .10 REVIEW E-MAIL REGARDING RECENTLY FILED
DOCUMENTS - 4

08/14/03 A ECKSTEIN .20 E-MAILS FROM AND TO P. HAYDEN REGARDING
COMMITTEE RECOMMENDATION LETTER AND REGARDING
CONFIRMATION OF INTENTIONS REGARDING PREFERENCE
PURSUIT - 12

08/14/03 M RICHARDS 1.10 REVIEW REVISED PLAN AND RELATED DOCUMENTS - 12

08/14/03 M RICHARDS .30 REVIEW MEMORANDUM TO COMMITTEE - 11

08/14/03 H AARONSON .10 REVIEW E-MAIL REGARDING RECENTLY FILED
DOCUMENTS - 4

08/18/03 A ECKSTEIN .20 RECEIVE, REVIEW AND RESPOND TO E-MAIL REQUEST
OF R. SABLE REGARDING AVOIDANCE CLAIMS;
TELEPHONE CONFERENCE WITH M. RICHARDS REGARDING
SAME - 12

08/18/03 A ECKSTEIN .50 TELEPHONE CONFERENCE WITH M. RICHARDS, C.
GOTTSCHALK AND A. EATON REGARDING STATUS AND
HISTORY OF BLACKSTONE'S INVOLVEMENT AND
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08/18/03 A ECKSTEIN .20 REVIEW CORRESPONDENCE REGARDING BLACKSTONE AND
E-MAIL BANK GROUP'S 7/29 LETTER TO C.
GOTTSCHALK - 12

08/18/03 A ECKSTEIN .30 TELEPHONE CONFERENCE WITH J. ZITTER REGARDING
STATUS OF CASE, UNION ISSUES, PREFERENCE ISSUES
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