

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

IN RE: ) Chapter 11  
SPECIAL METALS CORPORATION, et al. )  
) Bankruptcy Nos. 02-10335 -  
) 02-10338  
)  
) JOINTLY ADMINISTERED  
)  
) JUDGE WILLIAM S. HOWARD

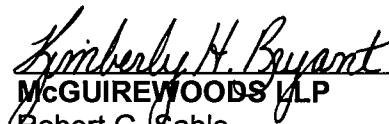
**SUMMARY COVER SHEET FOR THE FINAL FEE APPLICATION FOR ALLOWANCE OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR ERNST & YOUNG LLP AS  
INDEPENDENT AUDITORS OF THE DEBTORS AND DEBTORS IN POSSESSION FOR THE  
PERIOD  
FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

To All Creditors and Parties-In-Interest:

1. Applicant was authorized to serve as the Independent Auditors of the Debtors and Debtors in Possession Nunc Pro Tunc. An order approving the retention of Ernst & Young LLP as Independent Auditors is attached hereto as Exhibit A.
2. This is an interim fee application for services provided during the period from August 1, 2003 through November 30, 2003 (the "Compensation Period").
3. Fees sought for financial audit services provided for the Compensation Period are \$25,270.
4. Reimbursement of expenses sought in connection with financial audit services provided for the Compensation Period total \$1,135.
5. Fees sought for tax related services provided for the Compensation Period are \$80,293.
6. Fees sought for the preparation of tax form 5500 during the Compensation Period are \$8,741.
7. The total amount of fees plus expenses sought on a final basis pursuant to the Administrative Order in this Chapter 11 Case Regarding Interim Compensation of Professionals, dated May 2, 2002 (the "Administrative Procedures Order") is \$115,439.

8. EY's First Interim Application was filed on March 28, 2003 and approved by the Court on April 18, 2003. EY's Second Interim Application was filed on May 13, 2003 and approved by the Court on June 24, 2003. EY's Third Interim Application was filed on September 17, 2003 and approved by the Court on October 21, 2003.

Respectfully submitted,

  
\_\_\_\_\_  
**McGUIRE WOODS LLP**

Robert G. Sable  
Mark E. Freeland  
Dominion Tower, 23rd Floor  
325 Liberty Avenue  
Pittsburgh, PA 15222  
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- and -

Gregory R. Schaaf  
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COUNSEL FOR THE DEBTORS

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

IN RE: ) Chapter 11  
)  
SPECIAL METALS CORPORATION, et al. ) Bankruptcy Nos. 02-10335 -  
) 02-10338  
)  
) JOINTLY ADMINISTERED  
)  
) JUDGE WILLIAM S. HOWARD

**FINAL FEE APPLICATION FOR ALLOWANCE OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR FINANCIAL AUDIT  
SERVICES PROVIDED BY ERNST & YOUNG LLP AS INDEPENDENT AUDITORS  
FOR THE DEBTORS AND DEBTORS IN POSSESSION  
FOR THE PERIOD FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

Ernst & Young LLP ("EY"), Independent Auditors of the Debtors in the above-captioned Chapter 11 cases, hereby applies to this Court and submits this final fee application (the "Application") pursuant to Sections 328, 330 and 331 of Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016(a) of the Rules of Bankruptcy Procedure ("Bankruptcy Rules") and the Order under 11 U.S.C. §§105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated May 2, 2002 (the "Administrative Procedures Order") (i) for allowance of compensation for professional services rendered and reimbursement of necessary expenses incurred by EY during these cases for the period August 1, 2003 through November 30, 2003 (the "Compensation Period")<sup>1</sup> and (ii) for final allowance of all fees and expenses incurred during the chapter 11 case from March 27, 2002 through November 30, 2003. In support of the Application, EY respectfully represents as follows:

1. EY seeks allowance of interim compensation in the amount of \$114,304 for the Compensation Period plus reimbursement of expenses in the amount of \$1,135 for a total sum

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<sup>1</sup> With respect to fees sought for the preparation of tax Form 5500, the Compensation Period also includes March 28, 2002 through December 31, 2002.

of \$115,439, and requests payment of the 20% holdback in accordance with the Administrative Procedures Order. EY submits that payment and reimbursement of these amounts, and approval thereof, is fully warranted given the actual and necessary services rendered to the Debtors by EY as described in this Application.

### **JURISDICTION**

2. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §1408 and 1409. This is a "core" proceeding under 28 U.S.C. §157(b)(2). The statutory predicate for the relief sought herein is Sections 328, 330 and 331 of the Bankruptcy Code.

### **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-I Wire Tech, Inc. ("A-I") (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. An Official Committee of Creditors was appointed on or about April 4, 2002. No trustee or examiner has been appointed herein.

5. On or about July 25, 2002, the Court issued its order authorizing the Debtors to retain EY as Independent Auditors, retroactive to March 27, 2002. A copy of the said order is attached hereto as Exhibit A.

6. EY seeks compensation on an hourly basis for professional services, subject to the approval of this Court and in compliance with Sections 328, 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Guidelines for Fees and

Disbursements issued by the Office of the United States Trustee, the Administrative Procedures Order and such other procedures as may be fixed by order of this Court. The current hourly rates charged by EY professionals for financial audit services and tax related services are set forth in Exhibit B and Exhibit C, respectively.

**SUMMARY OF SERVICES RENDERED AND EXPENSES INCURRED DURING THE  
COMPENSATION PERIOD  
(AUGUST 1, 2003 TO NOVEMBER 30, 2003)**

7. During the Compensation Period, EY's Professionals have expended 283.1 hours in representing the Debtors resulting in a total charge of \$114,304. Set forth below is a breakdown by billing category of the services rendered by EY during the Compensation Period. The names, hourly rates, and total hours and fees charged for each EY professional who performed financial audit services, tax related services and form 5500 preparation services for the Debtors are summarized in Exhibit B, Exhibit C and Exhibit D, respectively. Every effort has been made to reduce fees by assigning work to professionals with lower hourly rates whenever possible. A detailed description of expenses incurred during the Compensation Period in connection with financial audit services has been attached as Exhibit E hereto.

**Summary of Services by Billing Category**

<b><u>Billing Category</u></b>	<b><u>Hours</u></b>	<b><u>Amount</u></b>
Accounting/Auditing	69.2	\$25,270
Tax Issues	171.3	\$80,293
Tax Form 5500	42.6	\$8,741
<b>Total</b>	<b>283.1</b>	<b>\$114,304</b>

8. The Debtors selected EY 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. Applicant's fees for services rendered during this Compensation Period are at the normal hourly rates for professional services charged by each partner, consultant, and staff of Applicant for this type of

work, and are entirely consistent with rates typically charged by other comparable firms for this type of work.

9. All services rendered by EY personnel for the Debtors during the Compensation Period were performed in connection with the representation of the Debtors in these Chapter 11 cases.

10. Other than with its own partners and employees, EY has not agreed to share with any person or firm the compensation to be paid for professional services rendered in connection with these cases.

11. This is EY's fourth Interim Application and summarizes the fees and expenses sought in EY's Fourteenth through Seventeenth Monthly Fee Applications previously filed with the Court.

#### **EXPENSES**

12. In connection with the services rendered during the Compensation Period, EY incurred actual and necessary expenses of \$1,135 in connection with its representation of the Debtors and is seeking reimbursement of expenses in this Application. A detailed description of expenses incurred during the Compensation Period in connection with financial audit services has been attached in Exhibit E.

#### **PAYMENTS AWARDED AND MADE**

This Application is EY's final "Interim Fee Application Request," as that term is defined in the Administrative Procedures Order. EY has previously filed the following "Fee Applications," also as that term is defined in the Administrative Procedures Order (the "Fee Applications") that are subject to this Interim Fee Application Request:

<u>Period</u>	<u>Fees Requested</u>	<u>80% Payment</u>	<u>Expenses</u>	<u>Total Paid</u>	<u>Total Due</u>	<u>20% Holdback</u>
8/1 to 8/31	\$4,000	\$3,200	\$0	\$3,200	\$4,000	\$800
9/1 to 9/30	\$30,214	\$24,171	\$1,135	\$25,306	\$31,349	\$6,043
10/1 to 10/31	\$41,004	\$32,803	\$0	\$0	\$41,004	\$8,201
7/1 to 7/31	<u>\$39,086</u>	<u>\$31,269</u>	<u>\$0</u>	<u>\$0</u>	<u>\$39,086</u>	<u>\$7,817</u>
	\$114,304	\$91,443	\$1,135	\$28,506	\$115,439	\$22,861

EY's Sixteenth and Seventeenth monthly fee application were both filed on January 8, 2004. As such the deadlines for objecting to EY's October and November fees has not yet passed.

In addition to the foregoing, this Application seeks final allowance of, and incorporates by reference, EY's first, second and third interim applications for fees and expenses previously filed with and approved by this Court.

#### **SERVICES RENDERED**

13. During the Compensation Period, EY performed a wide variety of bankruptcy and related services for the Debtors. A brief summary of the significant services performed by EY during the Compensation Period is provided below and is more fully set forth in EY's detailed time records attached hereto.

14. The purpose of EY's financial audit services for the Debtors during the Compensation Period was to perform procedures to permit the Company to meet its reporting requirements upon its emergence from bankruptcy. The services rendered by EY to achieve the above objective are set forth in Exhibit B, and include, but are not limited to, the application of fresh start accounting related to the Company's required reporting upon emergence from bankruptcy, the observation of physical inventory counts at the Huntington Plant, and the preparation of financial information schedules necessary to meet the financial reporting requirements of the West Virginia Workers' Compensation Board.

15. The purpose of EY's tax related services for the Debtors during the Compensation Period was primarily to provide the debtor with information regarding the tax impact of various restructuring alternatives. The services rendered by EY to achieve the above objectives are set forth in Exhibit C, and include, but are not limited to, continuing to model stock and asset basis of various subsidiaries and businesses owned by Special Metals Corporation, review of the consolidated return and assistance with LIFO issues.

16. The purpose of EY's services relating to the preparation of tax form 5500 during the Compensation Period was to provide tax compliance services related to certain of the Debtor's welfare benefit and qualified retirement plans as set forth in Exhibit D.

#### **PROPRIETY OF COMPENSATION SOUGHT**

17. The Bankruptcy Court is authorized, pursuant to Sections 328, 330 and 331 of the Bankruptcy Code, to award fees for services rendered and expenses incurred by attorneys and other professional persons representing debtors.

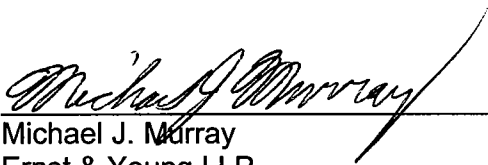
18. The services rendered by EY to the Debtors during the Compensation period, as described in the Application, and in EY's contemporaneously kept time records which are attached as Exhibit B, Exhibit C and Exhibit D, meet or exceed the standards set forth in Sections 328, 330 and 331 of the Bankruptcy Code and applied by bankruptcy courts in this Circuit for determining the propriety of professional fees sought from the estates.

#### **CONCLUSION**

WHEREFORE, EY requests that this Court enter an appropriate order (i) granting allowance of \$115,439 consisting of fees of \$114,304 and expenses of \$1,135 that were incurred during the Compensation Period; (ii) permitting reimbursement of EY by Debtors in the total amount of \$115,439; (iii) authorizing and directing Debtors to pay the remaining approved amount, including the holdback of \$22,861, from the cash receipts and funds of the Debtors; (iii) granting final allowance of all fees and expenses incurred during the chapter 11 case from



March 27, 2002 through November 30, 2003; and (iv) granting EY any such other relief as is just and proper.



Michael J. Murray  
Ernst & Young LLP  
1400 Key Tower  
50 Fountain Plaza  
Buffalo, New York 14202-2297  
Tel. No.: (716) 843-5007  
Fax No.: (716) 843-5175  
Email: michael.murray@ey.com

STATE OF NEW YORK     )

COUNTY OF ERIE         )

Subscribed and sworn to before me, this 9<sup>th</sup> day of January, 2004.

My commission expires: 4/21/06

  
NOTARY PUBLIC

PAMELA BROWN MCPHEE  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 4/21/06

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing was served this 12th day of January, 2003, by regular United States mail, postage prepaid, upon the following:

Special Metals Corporation  
Attn: Dennis Wanlass  
3200 Riverside Drive  
Huntington, WV 25705-1771

McGuireWoods LLP  
Attn: Robert G. Sable and Mark E. Freedlander  
625 Liberty Avenue  
Dominion Tower, 23<sup>rd</sup> Floor  
Pittsburgh, PA 15222

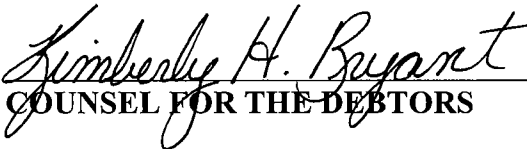
Blank Rome Tenzer & Greenblatt, LLP  
Attn: Mark E. Richards  
Chrysler Building  
405 Lexington Avenue  
New York, NY 10174-0208

Stoll, Keenon & Park, LLP  
Attn: Gregory D. Pavey  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507

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

Wise & Delcotto  
Attn: Tracey N. Wise  
219 North Upper Street  
Lexington, KY 40507

Office of the United States Trustee  
100 East Vine Street, Suite 803  
Lexington, Kentucky 40507

  
COUNSEL FOR THE DEBTORS

# 'EXHIBIT A'

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

EASTERN DISTRICT OF KENTUCKY  
FILED

JUL 25 2002

AT LEXINGTON  
JERRY O. TRUTT, CLERK  
U.S. BANKRUPTCY COURT

IN RE: ) Chapter 11  
SPECIAL METALS CORPORATION, et al. ) Bankruptcy Nos. 02-10336 -  
 ) 02-10338  
 ) JOINTLY ADMINISTERED  
 ) JUDGE WILLIAM S. HOWARD

**ORDER AUTHORIZING DEBTORS TO EMPLOY AND RETAIN ERNET & YOUNG LLP  
NUNC PRO TUNC AS INDEPENDENT AUDITORS OF THE DEBTORS AND  
DEBTORS IN POSSESSION**

This matter coming before the Court on the Debtors' Application for Order Authorizing Debtors to Employ and Retain Ernet & Young LLP Nunc Pro Tunc as Independent Auditors of the Debtors and Debtors in Possession (the "Application") for an Order authorizing the Debtors to employ Ernet and Young LLP ("Ernet & Young") pursuant to Section 327(a) and 1107 of the Bankruptcy Code, the Court having reviewed the Application and the affidavit of Michael J. Murray (the "Affidavit"); having heard the statements of counsel regarding the relief requested in the Application at a hearing before the Court (the "Hearing"); and having determined that the legal and factual bases set forth in the Application and the Affidavit and at the Hearing establish just cause for the relief granted herein;

**THE COURT HEREBY FINDS THAT:**

- A. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
- C. Notice of the Application and the Hearing was sufficient under the circumstances.
- D. The Application and the Affidavit are in full compliance with all applicable provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"); the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules");

and the Local Bankruptcy Rules of this Court (the "Local Rules"), Ernst & Young does not hold or represent any interest adverse to the Debtors' estates and is a "disinterested person," as defined in Section 101(14) of the Bankruptcy Code and as required by Section 327(a) of the Bankruptcy Code.

- E. The Debtors' employment of Ernst & Young in accordance with the Application and this Order is in the best interests of the Debtors and their respective estates and creditors.

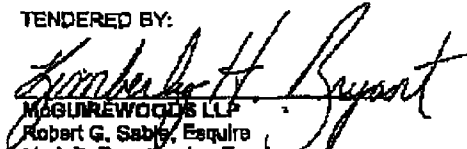
IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED.
2. Capitalized terms not otherwise defined herein have the meanings given to them in the Application.
3. In accordance with Section 327 of the Bankruptcy Code, the Debtors are authorized to retain and employ Ernst & Young as Independent Auditors of the Debtors and Debtors In Possession; on the terms and conditions set forth in the Application, nunc pro tunc as of March 27, 2002.
4. Ernst & Young shall be compensated for its services and reimbursed for its related expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any administrative order entered by the Court in these cases.

Dated: July 25, 2002

  
UNITED STATES BANKRUPTCY JUDGE

TENDERED BY:



MAGUIREWOODS LLP  
Robert G. Sabie, Esquire  
Mark E. Freadlander, Esquire  
Dominion Tower, 23<sup>rd</sup> Floor  
325 Liberty Avenue  
Pittsburgh, PA 15222  
Telephone: (412) 667-8000  
Facsimile: (412) 667-6050

-and-

GREENBAUM DOLL & McDONALD PLLC

Gregory R. Schaeff, Esquire  
Kimberly H. Bryant, Esquire  
333 W. Vine Street, Suite 1400  
Lexington, KY 40507  
Telephone: (858) 291-8500

Counsel to Special Metals Corporation, Inco  
Alicys International, Inc., Special Metals Domestic  
Sales Corporation and A-1 Wire Tech, Inc.

Pursuant to Local Rule 2022-1(c), counsel for the Debtors shall serve this Order on the parties listed on the attached service list, and shall file with the Court a Certificate of Service within five (5) business days thereof.

LEX003474.1

# 'EXHIBIT B'

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 21974024

DATE: September 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
By Mail : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
By Wire: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period August 1, 2003 through August 31, 2003 in accordance with the instructions of the Bankruptcy Court.

**West Virginia worker's compensation** (item 1 of 1 listed on attached detail)

Preparation of consolidating others financial information for West Virginia worker's compensation reporting. 1,260

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
K. Lynch	3.5	360	1,260

Total fees	\$ 1,260
Out of pocket expenses	<u>0</u>
<b>Total fees and expenses</b>	<b><u>\$ 1,260</u></b>

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DUE UPON RECEIPT

CLIENT COPY



**Special Metals Corporation****AABS hours (August 1, 2003 - August 31, 2003)**

<b>Item</b>	<b>BU</b>	<b>Rank</b>	<b>Individual</b>	<b>Date</b>	<b>Hrs</b>	<b>Description</b>
1	Lake Erie	Sr. Manager	Lynch, Kevin P	08/29/03	3.5	Time incurred in connection with preparation of other financial information to meet reporting requirements of West Virginia Workers' Compensation Board.
<b>1 total</b>					<b>3.5</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22021239

DATE: October 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
**By Mail** : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
**By Wire**: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period September 1, 2003 through September 30, 2003 in accordance with the instructions of the Bankruptcy Court.

**Frest Start Accounting** (item 1 of 1 listed on attached detail)

Meetings, discussions and preparation in order to commence Fresh Start Accounting work.

\$ 15,385

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>E. Bond</i>	9.5	270	2,565
<i>M. Murray</i>	15.5	560	8,680
<i>S. Wheeler</i>	11.5	360	4,140

Total fees

\$ 15,385

Out of pocket expenses

1,135**Total fees and expenses****\$ 16,520**PLEASE PAY BY INVOICE NUMBER AND ENCLOSE REMITTANCE COPY  
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**Special Metals Corporation**  
**Hours (September 1, 2003 - September 30, 2003)**

<b>Issue</b>	<b>Business Unit</b>	<b>Rank</b>	<b>Individual</b>	<b>Date</b>	<b>Hrs</b>	<b>Description</b>
1	Lake Erie	Manager	Bond,Elton R	09/19/03	1.0	Conference call to discuss Fresh Start accounting
1	Lake Erie	Manager	Bond,Elton R	09/22/03	8.0	Meeting with Mike Murray, Susan Wheeler and SMC personnel to discuss Fresh Start Accounting
1	Lake Erie	Manager	Bond,Elton R	09/29/03	0.5	Time spent coordinating inventory observation with Jim Gillispie and audit staff.
1	Lake Erie	Partner	Murray,Michael	09/15/03	1.0	review disclosure statement
1	Lake Erie	Partner	Murray,Michael	09/18/03	0.5	conference call with Jim Gillespie and his staff re fresh start accounting
1	Lake Erie	Partner	Murray,Michael	09/18/03	1.0	review Special Metals disclosure statement in order to commence fresh start accounting work.
1	Lake Erie	Partner	Murray,Michael	09/19/03	2.0	prep for meeting at Special Metals re fresh start accounting including obtaining example reports from 10-Qs and 10-Ks.
1	Lake Erie	Partner	Murray,Michael	09/22/03	8.0	meeting regarding fresh start accounting
1	Lake Erie	Partner	Murray,Michael	09/26/03	1.0	analysis of closing date and allocation of goodwill.
1	Lake Erie	Partner	Murray,Michael	09/30/03	2.0	Conf calls re Fresh Start accounting with client
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	09/10/03	1.0	scheduling.
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	09/11/03	1.0	scheduling benefit plans.
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	09/15/03	1.0	scheduling.
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	09/18/03	1.5	fresh start accounting conference call. also scheduling of benefit plans.
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	09/22/03	7.0	meeting with accounting and management about fresh start accounting.
					<b>36.5</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22101941

DATE: November 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771**

<b>PLEASE REMIT TO:</b>
Ernst & Young LLP EIN: 34-6565596
By Mail : P.O. Box 640382
Pittsburgh, PA 15264-0382
By Wire: Bank of America – Chicago, IL
ABA # 071000039
Account # 8188-5-00911

BU: US016 Client Number 60000800

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For Bankruptcy Accounting services provided during the period October 1, 2003 through October 31, 2003 in accordance with the instructions of the Bankruptcy Court.

**Frest Start Accounting** (item 1 of 3 listed on attached detail)

Meetings, discussions and preparation in order to commence Fresh Start Accounting work.

\$ 2,325

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
E. Bond	1.0	270	270
M. Murray	2.5	560	1,400
G. Schaffert	.5	590	295
S. Wheeler	1.0	360	360

**Inventory Observation** (item 2 of 3 listed on attached detail)

Inventory observation at Huntington Plant.

1,080

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
J. Ellison	8.0	135	1,080

**Billing** (item 3 of 3 listed on attached detail)

Preparation of detail information for interim fee report

280

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
M. Murray	.5	560	280

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Total fees	\$	3,685
Out of pocket expenses		<u>0</u>
<b>Total fees and expenses</b>	<b>\$</b>	<b><u>3,685</u></b>

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**Special Metals Corporation**  
**Hours (October 1, 2003-October 31, 2003)**

<b>Item</b>	<b>BU</b>	<b>Rank</b>	<b>Individual</b>	<b>Date</b>	<b>Hrs</b>	<b>Description</b>
1	Lake Erie	Manager	Bond,Elton R	10/20/03	1.0	Conference call with client and Mike Murray and Susan Wheeler regarding fresh start accounting.
1	Lake Erie	Partner	Murray,Michael	10/13/03	2.5	Preparation and conference call with client re: fresh start.
1	National	Partner	Schaffert,Glen A	10/30/03	0.5	Lender information documentation review
1	Lake Erie	Sr. Manager	Wheeler,Susan P.	10/20/03	1.0	Fresh start accounting conference call.
<b>1 Total</b>					<b>5.0</b>	
2	Lake Erie	Staff	Ellison,Jodi Elizabeth	10/22/03	8.0	Inventory observation at Huntington Plant
<b>2 Total</b>					<b>8.0</b>	
3	Lake Erie	Partner	Murray,Michael	10/01/03	0.5	Fee application preparation
<b>3 Total</b>					<b>0.5</b>	
<b>Grand Total</b>					<b>13.5</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22155291

DATE: December 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
**By Mail** : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
**By Wire**: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period November 1, 2003 through November 30, 2003 in accordance with the instructions of the Bankruptcy Court.

**Frest Start Accounting** (item 1 of 3 listed on attached detail)

Meetings, discussions and preparation in order to commence Fresh Start Accounting work. \$ 3,232

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
M. Murray	5.0	560	2,800
S. Wheeler	1.2	360	432

**Inventory Observation** (item 2 of 3 listed on attached detail)

Inventory observation at Huntington Plant. 1,148

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
W. Robinson	8.5	135	1,148

**Billing** (item 3 of 3 listed on attached detail)

Preparation of detail information for interim fee report 560

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
M. Murray	1.0	560	560

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Total fees	\$ 4,940
Out of pocket expenses	<u>0</u>
<b>Total fees and expenses</b>	<b><u><u>\$ 4,940</u></u></b>

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Special Metals Corporation  
AABS Hours (November 1, 2003 - November 30, 2003)

Item	BU	Rank	Emp/Vendor	Descr	IncurDt	Hours
1	Lake Erie	Partner	Murray,Michael US011014577	Hrs: Review of fresh start acctg timeline	14-Nov-03	0.5
1	Lake Erie	Partner	Murray,Michael US011014577	Hrs: Review of fresh start accounting	21-Nov-03	2.0
1	Lake Erie	Partner	Murray,Michael US011014577	Hrs: Prepare memo on fresh start accounting and review w/ Jim Breitenbach	28-Nov-03	1.5
1	Lake Erie	Partner	Murray,Michael US011014577	Hrs: review impact of deferred taxes on fresh start accounting.	28-Nov-03	1.0
1	Lake Erie	Sr. Manager	Wheeler,Susan P. US011112365	Hrs: planning and scheduling.	14-Nov-03	1.0
1	Lake Erie	Sr. Manager	Wheeler,Susan P. US011112365	Hrs: scheduling tax provison review.	28-Nov-03	0.2
<b>1 Total</b>						<b>6.2</b>
2	Lake Erie	Staff	Robinson III,William Harvey US012150332	Hrs: Inventory Observation	07-Nov-03	8.5
<b>2 Total</b>						<b>8.5</b>
3	Lake Erie	Partner	Murray,Michael US011014577	Hrs: Billing	14-Nov-03	1.0
<b>3 Total</b>						<b>1.0</b>
<b>Grand Total</b>						<b>15.7</b>

# 'EXHIBIT C'

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 21973194

DATE: September 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
By Mail : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
By Wire: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period August 1, 2003 through August 31, 2003 in accordance with the instructions of the Bankruptcy Court.

**Tax Planning** (item 1 of 2)

Research and discussions related to domestic debt cancellation impact on attribute reduction and review of multi-national thin capitalization issues.

\$ 2,499

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>G. Gramza</i>	3.1	536	1,662
<i>M. Gregoire</i>	1.2	460	552
<i>P. Paul-Boncour</i>	0.6	475	285

**Tax Return review** (item 2 of 2)

Fees for services rendered in connection with the review of 12/31/02 Form 1120.

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>A. Jensen</i>	0.7	344	241

241

Total fees

\$ 2,740

Out of pocket expenses

0**Total fees and expenses****\$ 2,740**PLEASE PAY BY INVOICE NUMBER AND ENCLOSE REMITTANCE COPY  
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## Special Metals Corporation

Tax Hours (August 1, 2003 - August 31, 2003)

Item	BU	Rank	Individual	Date	Hrs	Description
1	Lake Erie	Partner	Gramza Jr,Eugene P	08/06/03	2.0	Analysis of attribute reduction planning opportunities related to debt cancellation impact and related follow up disc. w/ SMC mgmt.
1	Lake Erie	Partner	Gramza Jr,Eugene P	08/14/03	0.5	Discussion of foreign subsidiary thin capitalization issues w/ k. winters
1	Lake Erie	Partner	Gramza Jr,Eugene P	08/15/03	0.6	Review SMC information related to multi-national thin capitalization issues.
1	Lake Erie	Senior Manager	Gregoire,Maureen E	08/18/03	0.3	discussion with Jonathan Fox regarding debt/equity and interest cover. concerns if debt is moved to SMC from UK
1	Lake Erie	Senior Manager	Gregoire,Maureen E	08/20/03	0.4	follow up with Kerry re debt/equity and interest cover for UK. call with Steven Wasley of UK desk. e-mails re same. forward to team
1	Lake Erie	Senior Manager	Gregoire,Maureen E	08/25/03	0.5	coordination with UK re issues
1	National	Senior Manager	Paul-Boncour,Philippe M.	08/18/03	0.6	French rules regarding Debt to equity ratio
<b>1 Total</b>					<b>4.9</b>	
2	Lake Erie	Sr. Eng. Coordinator	Jensen,Ann W.	08/28/03	0.7	TAX RETURNS
<b>2 Total</b>					<b>0.7</b>	
<b>Grand Total</b>					<b>5.6</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22003401

DATE: October 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
By Mail : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
By Wire: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period September 1, 2003 through September 30, 2003 in accordance with the instructions of the Bankruptcy Court.

**Tax Planning** (item 1 of 3)

Research and discussions related to domestic debt cancellation impact on attribute reduction and review of multi-national thin capitalization issues. \$ 2,850

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>J. Fox</i>	1.0	600	600
<i>G. Gramza</i>	1.0	536	536
<i>M. Gregoire</i>	2.9	460	1,334
<i>P. Paul-Boncour</i>	0.8	475	380

**Tax Return review** (item 2 of 3)

Fees for services rendered in connection with the review of 12/31/02 Form 1120.

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>G. Gramza</i>	1.7	536	911
<i>M. Gregoire</i>	9.3	460	4,278
<i>A. Jensen</i>	17.0	344	5,848

**Bankruptcy Tax Accounting and Modeling** (item 3 of 3)

Update of model reflecting the tax implications of the Company's bankruptcy reorganization plan under a variety of scenarios, which reflect the impact of various elections available to the Company. 942

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<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>	
<i>J. McBride</i>	<i>2.0</i>	<i>471</i>	<i>942</i>	
Total fees				\$ 14,829
Out of pocket expenses				<u>0</u>
<b>Total fees and expenses</b>				<b><u>\$ 14,829</u></b>

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**PREPARER COPY**

**Special Metals Corporation**  
**Tax Hours (September 1, 2003 - September 30, 2003)**

Issue	BU	Rank	Individual	Date	Hrs	Description
1	National	Partner	Fox,Jonathan W	09/11/03	1.0	Consultations regarding international tax implications related to the Company's intercompany debt.
1	Lake Erie	Partner	Gramza Jr,Eugene P	09/08/03	0.4	Discussions w/ K. Winters and M. Gregoire re: UK and French Holdco issues.
1	Lake Erie	Partner	Gramza Jr,Eugene P	09/22/03	0.4	Analysis of tax issues related to Holding Company structure.
1	Lake Erie	Partner	Gramza Jr,Eugene P	09/26/03	0.2	Review billing information
1	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/08/03	1.2	Review of collapse of UK and French holdcos. disc with Gene and Kerry re same
1	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/09/03	0.5	Prepare summary of issue of hold co and send to Jonathan Fox, ITS desk
1	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/15/03	0.5	Write up discussion with Jonathan Fox, UK desk re collapse of UK and French Holdco
1	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/22/03	0.5	Update with GG re holding co eliminations. call Kerry to discuss. follow up with Jay McBride re implications of new regs on COD
1	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/24/03	0.2	follow up e-mail to kerry winters re elimination of UK and french hold co
1	National	Sr. Manager	Paul-Boncour,Philippe M.	09/09/03	0.8	Consultations regarding international tax implications related to the Company's intercompany debt.
<b>1 Total</b>					<b>5.7</b>	
2	Lake Erie	Partner	Gramza Jr,Eugene P	09/08/03	1.2	Analysis of 2002 federal tax return compliance issues
2	Lake Erie	Partner	Gramza Jr,Eugene P	09/10/03	0.5	Discussion of certain SMC 2002 tax return compliance issues with M. Gregoire.
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/03/03	0.5	Review of tax prov to return recs, review prov notes, e-mails to Kerry for tax return
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/04/03	2.0	Review of tax prov to return recs, review prov notes, e-mails to Kerry
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/08/03	2.0	Review of tax provision notes, meet with Gene to discuss tax returns, review of interest and transaction costs
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/10/03	4.0	Review tax return for 2002
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	09/15/03	0.8	Summarize review notes for next year. Discuss changes to prov with Ann
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/01/03	3.0	Review of M-1's for 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/03/03	1.5	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/07/03	0.9	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/07/03	0.3	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/07/03	2.7	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/08/03	0.3	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/10/03	1.0	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/10/03	0.6	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/10/03	1.1	Review of questions answered by Kerry Winters re: tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/10/03	1.6	Telephone call with Kerry Winters and Maureen Gregoire re: 2002 tax returns.
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/15/03	3.2	Reviewing final book to taxes, adding attachments, changing depreciation, and signing of 2002 tax return.
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/15/03	0.5	Review of 2002 tax return
2	Lake Erie	Senior Engagement Coord.	Jensen,Ann W.	09/23/03	0.3	Email to Kerry Winters re: 2002 tax return
<b>2 Total</b>					<b>28.0</b>	
3	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	09/22/03	2.0	Review new -28 regulations; Discussion with Gramza re new regulations; Email to Kerry Winters re the same.
<b>3 Total</b>					<b>2.0</b>	
<b>Grand Total</b>					<b>35.7</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22102356

DATE: November 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771****PLEASE REMIT TO:**  
Ernst & Young LLP EIN: 34-6565596  
**By Mail** : P.O. Box 640382  
Pittsburgh, PA 15264-0382  
**By Wire**: Bank of America – Chicago, IL  
ABA # 071000039  
Account # 8188-5-00911

BU: US016 Client Number 60000800

For Bankruptcy Accounting services provided during the period October 1, 2003 through October 31, 2003 in accordance with the instructions of the Bankruptcy Court.

**Bankruptcy Tax Accounting and Modeling** (item 1 of 3)Update of model reflecting the tax implications of the Company's bankruptcy reorganization plan under a variety of scenarios, which reflect the impact of various elections available to the Company. \$ 28,625

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>M. Frank</i>	17.4	340	5,916
<i>G. Gramza</i>	16.4	536	8,790
<i>M. Kaibni</i>	1.5	360	540
<i>C. Lenns</i>	2.5	590	1,475
<i>R. Mason</i>	1.0	600	600
<i>J. McBride</i>	24.0	471	11,304

**Tax Planning and Tax Accounting matters** (item 2 of 3)

Consultations regarding certain U.S. tax implications related to the Company's refinancing plan

8,426

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>G. Gramza</i>	4.5	536	2,412
<i>M. Gregoire</i>	5.9	460	2,714
<i>D. Joranko</i>	5.5	600	3,300

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**Billing** (item 3 of 3)

Preparation of detail information for interim fee report.

268

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>G. Gramza</i>	.5	536	268

Total fees \$ 37,319

Out of pocket expenses 0

**Total fees and expenses** \$ 37,319

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## Special Metals Corporation

Tax Hours (October 1, 2003 - October 31, 2003)

Item	BU	Rank	Individual	Date	Hrs	Description
1	Lake Erie	Manager	Frank,Michele L	10/15/03	2.3	Bankruptcy tax planning
1	Lake Erie	Manager	Frank,Michele L	10/16/03	3.2	Bankruptcy tax restructuring
1	Lake Erie	Manager	Frank,Michele L	10/17/03	3.8	Bankruptcy tax restructuring
1	Lake Erie	Manager	Frank,Michele L	10/21/03	1.0	Bankruptcy tax planning
1	Lake Erie	Manager	Frank,Michele L	10/27/03	2.3	Update/review tax model
1	Lake Erie	Manager	Frank,Michele L	10/28/03	0.4	Follow up w/r/t misc. tax issues for SMC
1	Lake Erie	Manager	Frank,Michele L	10/29/03	0.3	Follow up w/r/t misc. tax issues for SMC
1	Lake Erie	Manager	Frank,Michele L	10/30/03	2.0	Bankruptcy tax model/call to Kerry Winters
1	Lake Erie	Manager	Frank,Michele L	10/31/03	2.1	Bankruptcy tax planning
						Participation in a conference call with SMC management, Rothchild and EY audit personnel regarding accounting for the company's emergence from bankruptcy.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/13/03	2.0	Participation in a conference call with SMC management, Rothchild and EY audit personnel regarding accounting for the company's emergence from bankruptcy.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/13/03	1.5	Planning for tax implications of the company's approved reorganization plan.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/16/03	1.5	Discussion re: COD and attribute reduction issues w/ K. Winters. Further discussions w/ Jay McBride.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/17/03	0.5	Address tax attribute reduction issues associated with the SMC bankruptcy reorganization.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/20/03	2.2	Analysis of tax attribute reduction model prepared by E&Y mergers and acquisition tax group.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/20/03	3.0	Review of plan of reorganization.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/21/03	1.0	Review tax model regarding the company's reorganizatrion plan.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/22/03	0.7	Review of tax attribute reduction model related to the bankruptcy reorganization plan.
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/23/03	2.5	Discussions w/ SMC management re: various tax issues associated with the reorganization plan
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/24/03	0.5	Analysis of reorganization plan issues
1	Lake Erie	Partner	Gramza Jr,Eugene P	10/30/03	1.0	Update on reorganization issues w/ K. Winters, J. Mc Bride, D. Joranko and M. Murray
1	National	Manager	Kaibni,Michael	10/21/03	1.5	Work on 382 question with Michele Frank.
1	Lake Erie	Partner	Lenns,Charles A	10/17/03	2.5	Special metals transaction analysis
1	National	Partner	Mason,Robert J	10/29/03	1.0	Discussion of SMC Section 382 issue with Mike Kaibni
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/15/03	2.0	Discussions with Kerry Winters & Frank re revised model; Review files to see find tax disclosure WITH cites for Gramza.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/16/03	4.0	Review revised plan docs; Work on revised model with Michele; Discussions with Kerry Winters & Gramza.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/17/03	7.0	Work on model with Frank; Email the same to Kerry Winters & Gramza.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/21/03	3.0	Discussions with Kerry Winters & Gramza; Create a tax balance sheet rollforward in the model.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/23/03	2.0	Changes to balance sheet rollforward in model.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/27/03	2.0	Revisit balance sheet roll forward and adjust NOL carryover accordingly; Discussion with Frank.
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E	10/30/03	4.0	Revise summary pages in model to tie with the balance sheet rollforward with Frank; Discussion with Gramza; Email revised model to Kerry.

## Special Metals Corporation

Tax Hours (October 1, 2003 - October 31, 2003)

Item	BU	Rank	Individual	Date	Hrs	Description
<b>1 Total</b>					<b>62.8</b>	
2	Lake Erie	Partner	Gramza Jr,Eugene P	10/10/03	2.5	Consultations regarding various tax issues concerning US and subsidiary borrowing arrangements.
2	Lake Erie	Partner	Gramza Jr,Eugene P	10/21/03	0.5	Review of terms of ABL refinancing for SMC and related implications.
2	Lake Erie	Partner	Gramza Jr,Eugene P	10/27/03	1.5	Work out scope issues with Kerry Winters and Dave Joranko. Follow up on 100% stock of foreign sub issues related to non-US debt.
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	10/06/03	0.3	Review UK file memo provided by Kerry
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	10/16/03	0.4	Update with GG re: SMC tax issues
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	10/26/03	0.7	SMC refinancing tax issues analysis
2	Lake Erie	Sr. Manager	Gregoire,Maureen E	10/26/03	4.5	SMC refinancing tax issues analysis
2	National	Partner	Joranko,David B.	10/27/03	1.5	Special Metals - 956 issues related to UK Share Mortgage Agreement.
2	National	Partner	Joranko,David B.	10/27/03	1.5	Special Metals - review financing arrangements for potential 956 issues.
2	National	Partner	Joranko,David B.	10/31/03	0.5	Special Metals Corp. - discussion with K. Winters re: 956 issues.
2	National	Partner	Joranko,David B.	10/31/03	2.0	Special Metals Corp. - research and email regarding UK Share Mortgage deeds.
<b>2 Total</b>					<b>15.9</b>	
3	Lake Erie	Partner	Gramza Jr,Eugene P	10/22/03	0.5	Billing analysis for SMC
<b>3 Total</b>					<b>0.5</b>	
<b>Grand Total</b>					<b>79.2</b>	

**ERNST & YOUNG LLP**1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: 22155361

DATE: December 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771**

<b>PLEASE REMIT TO:</b>
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ABA # 071000039
Account # 8188-5-00911

BU: US016 Client Number 60000800

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For Bankruptcy Accounting services provided during the period November 1, 2003 through November 30, 2003 in accordance with the instructions of the Bankruptcy Court.

**Bankruptcy Tax Accounting and Modeling** (item 1 of 3)

Update of model reflecting the tax implications of the Company's bankruptcy reorganization plan under a variety of scenarios, which reflect the impact of various elections available to the Company. \$ 10,560

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>M. Frank</i>	8.6	340	2,924
<i>G. Gramza</i>	4.9	536	2,626
<i>J. McBride</i>	10.0	471	4,710
<i>J. O'Neill</i>	.5	600	300

**Refinancing issues** (item 2 of 3)

Consultations regarding certain U.S. tax implications related to the Company's refinancing plan 13,996

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>J. Fox</i>	2.0	600	1,200
<i>G. Gramza</i>	18.5	536	9,916
<i>D. Joranko</i>	4.8	600	2,880

**Other Accounting Matters**(item 3 of 3)

Analysis of need for retaining Foreign Sales Corporation entity. 849

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<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>
<i>G. Gramza</i>	.8	536	429
<i>D. Joranko</i>	.7	600	420

Total fees	\$ 25,405
Out of pocket expenses	<u>0</u>
<b>Total fees and expenses</b>	<b><u><u>\$ 25,405</u></u></b>

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Special Metals Corporation  
Tax Hours (November 1, 2003 - November 30, 2003)

Item	BU	Rank	Emp/Vendor	Descr	Incur Dt	Hours
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	07-Nov-03	0.6
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	07-Nov-03	2.8
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	07-Nov-03	0.5
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	14-Nov-03	2.4
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	14-Nov-03	1.0
1	Lake Erie	Manager	Frank,Michele L US011905926	Hrs: Bankruptcy Reorganization Tax Attribute Modeling	21-Nov-03	1.3
1	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Review of tax model summary prepared by EY M&A group.	07-Nov-03	1.1
1	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Review of SMC attribute reduction modeling w/ J. McBride of EY M&A group	07-Nov-03	2.1
1	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Review tax modeling status update memo from Jay McBride and discussions re: same.	07-Nov-03	0.3
1	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Discussions w/ K. Winters re: tax implications of the company's reorganization plan	14-Nov-03	1.0
1	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Discussions with SMC management regarding opening balance sheet deferred tax accounting issues	21-Nov-03	0.4
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E US011078404	Hrs: Calls with Kerry Winters to discuss executive summary for Dennis, the model, and treatment of intercompany debt under the reorg plan.	07-Nov-03	3.0
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E US011078404	Hrs: Call with Gramza & Frank to review model & open items; Email to Kerry re open issues.	07-Nov-03	4.0
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E US011078404	Hrs: Conf call with Kerry Winters, Gramza, & Frank re open items in the model & how to proceed; Follow-up discussions with Dave Hegemen & John O'Neil re valuation.	14-Nov-03	2.0
1	Lake Erie	Sr. Manager	Mc Bride Jr.,James E US011078404	Hrs: Discussion with Frank re revising 382 memo.	21-Nov-03	1.0
1	National	Partner	O'Neill,John R. US010193484	Hrs: TELECON WITH JAY MCBRIDE ON 382 ISSUES AND DEBT/EQUITY ISSUES	14-Nov-03	0.5
<b>1 Total</b>						<b>24.0</b>
2	National	Partner	Fox,Jonathan W US011014244	Hrs: Planning for flow of funds from SMC UK to SMC US.	21-Nov-03	2.0
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Review of Section 956 summary prepared by EY International Tax group.	07-Nov-03	0.6
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Preparation for and conference calls with Specail Metals management regarding resolution of the tax and other issues associated with the Company's transfer of funds from the UK to the US.	21-Nov-03	2.5
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Conference calls with SMC and SMW executives and related follow up anaysis regarding tax implications of transactions designed to facilitate the flow of funds from SMW to SMC.	21-Nov-03	3.5
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Consultations, research and analysis regarding the US tax implications of the Company's potential sale of SARL to SMW.	21-Nov-03	2.7
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Discussions w/ Kerry Winters, Jason Lester and Dave Joranko regarding US tax implications of flow of funds from the UK.	21-Nov-03	3.2

Special Metals Corporation  
Tax Hours (November 1, 2003 - November 30, 2003)

Item	BU	Rank	Emp/Vendor	Descr	Incur Dt	Hours
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Consultations regarding the US tax implications of various alternatives of the payment of funds from the UK to the US.	21-Nov-03	3.2
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Analysis of US tax implications of client prepared UK flow of funds analysis	21-Nov-03	0.6
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Consultations regarding the coordination of the US and French tax implications of the sale of Rescal to SMC Wiggin.	28-Nov-03	1.7
2	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Review of funding memo sent by K. Winters regarding flow of funds from the UK to the US.	28-Nov-03	0.5
2	National	Partner	Joranko,David B. US011142631	Hrs: Review ABL agreement for 956 issues.	07-Nov-03	1.0
2	National	Partner	Joranko,David B. US011142631	Hrs: Special Metals - follow up on 956 issue with M. Rollinson.	14-Nov-03	0.5
2	National	Partner	Joranko,David B. US011142631	Hrs: Discuss 304 transaction with G. Gramza (sale of SARL to Wiggin).	21-Nov-03	0.5
2	National	Partner	Joranko,David B. US011142631	Hrs: Special Metals - 304 issue on sale of SARL to Wiggin, Inco debt restructuring.	21-Nov-03	1.5
2	National	Partner	Joranko,David B. US011142631	Hrs: Special Metals - discuss Inco debt restructuring issues with G. Gramza.	21-Nov-03	0.3
2	National	Partner	Joranko,David B. US011142631	Hrs: Special Metals Corp. - 304 issue on sale of rescal to Wiggin, discuss w/G. Gramza and email.	21-Nov-03	1.0
<b>2 Total</b>						<b>25.3</b>
3	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: Discussion w/ K. Winters re: tax impact of the reorganization plan and prior open year FSC issues.	14-Nov-03	0.5
3	Lake Erie	Partner	Gramza Jr,Eugene P US010966198	Hrs: FSC dissolution related matters with Kerry Winters	14-Nov-03	0.3
3	National	Partner	Joranko,David B. US011142631	Hrs: FSC consulting w/K. Winters	14-Nov-03	0.7
<b>3 Total</b>						<b>1.5</b>
<b>Grand Total</b>						<b>50.8</b>

# 'EXHIBIT D'





1400 Key Tower, 50 Fountain Plaza  
Buffalo, New York 14202

INVOICE NUMBER: DRAFT

DATE: December 25, 2003

**Special Metals Corporation**  
**Attn: Mr. Dennis Wanlass**  
**3200 Riverside Drive**  
**Huntington, WV 25705-1771**

<p><b>PLEASE REMIT TO:</b> <u>Ernst &amp; Young LLP</u> EIN: 34-6565596 <b>By Mail</b> : P.O. Box 640382 Pittsburgh, PA 15264-0382 <b>By Wire</b>: Bank of America – Chicago, IL ABA # 071000039 Account # 8188-5-00911</p>
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BU: US016 Client Number 60000800

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For Bankruptcy Accounting services provided during the period March 28, 2002 through December 31, 2002 in accordance with the instructions of the Bankruptcy Court.

**Preparation of Tax Form 5500**

**Preparation of 2001 Form 5500 and related Summary Annual Report for the following plans:**

- Supplemental COLA Plan Retirees of IAII (Plan #520)
- Scholarship Plan for Employees of Inco Alloys International, Inc. (Plan#524)
- Accident & Sickness Plan for Hourly Employees of IAII – Huntington (Plan #505)
- Accident & Sickness Plan for Hourly Employees of IAII – Burnaugh (Plan #512)

**Final billing for preparation of 2000 Form 5500 for the following plans for the plan year ended September 30, 2001:**

- Employee Welfare Benefit Plan (Plan 550)
- Long-Term Disability Insurance Plan (Plan 515)

PLEASE PAY BY INVOICE NUMBER AND ENCLOSE REMITTANCE COPY  
DUE UPON RECEIPT

**CLIENT COPY**

**Final billing for preparation of 2001 Form 5500 for the following plans for the plan year ended December 31, 2001:**

- Huntington Alloys Welfare Benefit Plan for Hourly Employees (Plan 560)

<u>Individual</u>	<u>Hours</u>	<u>Rate/hr.</u>	<u>Fees</u>	
<i>J. Beck</i>	3.9	155	605	
<i>P. Gardner</i>	2.2	155	341	
<i>J. Marx</i>	3.7	450	1,665	
<i>V. McNamara</i>	20.4	155	3,162	
<i>A. Myers</i>	9.4	270	2,538	
<i>A. Samuel</i>	1.0	120	120	
<i>S. Tewner</i>	2.0	155	310	
Total fees				\$ 8,741
Out of pocket expenses				<u>0</u>
<b>Total fees and expenses</b>				<b><u>\$ 8,741</u></b>

PLEASE PAY BY INVOICE NUMBER AND ENCLOSE REMITTANCE COPY  
DUE UPON RECEIPT

**CLIENT COPY**

## Special Metals

Form 5500 invoice time through December 31, 2002

BU	Rank	Individual	Date	Hrs	Plan	Description
Lake Erie	Specialist	McNamara,Vicki L.	08/23/02	0.3	A	validate data for Inco welfare plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.4	A	clear notes on Inco self-funded plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.9	A	prep Inco 5500s - 505, 512, 520 and 524
Lake Erie	Manager	Myers,Ann M.	08/27/02	0.3	A	review Inco plans 505, 512, 524 and 520
				1.8	<b>A Total</b>	
Lake Erie	Specialist	McNamara,Vicki L.	08/23/02	0.3	B	validate data for Inco welfare plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.4	B	clear notes on Inco self-funded plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.9	B	prep Inco 5500s - 505, 512, 520 and 524
Lake Erie	Manager	Myers,Ann M.	08/27/02	0.3	B	review Inco plans 505, 512, 524 and 520
				1.8	<b>B Total</b>	
Lake Erie	Specialist	McNamara,Vicki L.	08/23/02	0.3	C	validate data for Inco welfare plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.9	C	prep Inco 5500s - 505, 512, 520 and 524
Lake Erie	Manager	Myers,Ann M.	08/27/02	0.3	C	review Inco plans 505, 512, 524 and 520
				1.4	<b>C Total</b>	
Lake Erie	Specialist	McNamara,Vicki L.	08/23/02	0.3	D	validate data for Inco welfare plans
Lake Erie	Specialist	McNamara,Vicki L.	08/26/02	0.9	D	prep Inco 5500s - 505, 512, 520 and 524
Lake Erie	Manager	Myers,Ann M.	08/27/02	0.3	D	review Inco plans 505, 512, 524 and 520
				1.4	<b>D Total</b>	
Lake Erie	Specialist	Beck,Janice S	05/13/02	2.9	E	550 - 2000 - Anlz.
Lake Erie	Specialist	Beck,Janice S	05/13/02	0.2	E	550 - 2000 - Pulled from CMS, left message for Mgr. to call to clarify plans I am to do.
Lake Erie	Specialist	Beck,Janice S	05/20/02	0.8	E	550 - 2000 - Anlz - Changes per mgr. - changed mind after our disc., completed a quality checklist. Resent files.
Lake Erie	Sr. Manager	Marx,Joseph E	03/13/02	0.5	E	5500 and WRAP filing issues w/ Ann Myers.
Lake Erie	Sr. Manager	Marx,Joseph E	06/13/02	2.5	E	review atty's compliance filings lists and plan merger comments. respond to Ann Myers regarding the same.
Lake Erie	Sr Manager	Marx,Joseph E	06/20/02	0.7	E	Plan issues w/ Rose and Randy RHoades via e-mail
Lake Erie	Specialist	McNamara,Vicki L.	04/29/02	0.2	E	extend 9/30/01 ye 5500s
Lake Erie	Specialist	McNamara,Vicki L.	05/09/02	0.8	E	prep plan 550 for the SSL
Lake Erie	Specialist	McNamara,Vicki L.	05/16/02	1.0	E	review 990 #550 9/30/01 pye
Lake Erie	Specialist	McNamara,Vicki L.	05/20/02	0.3	E	sent review notes to SSL
Lake Erie	Specialist	McNamara,Vicki L.	05/28/02	0.3	E	scan in addl Sch A
Lake Erie	Specialist	McNamara,Vicki L.	06/17/02	1.0	E	rec'd voice mail and email from the client re status of info and wrap plans
Lake Erie	Specialist	McNamara,Vicki L.	06/27/02	1.2	E	validate data for 9/30/01 ye plans
Lake Erie	Specialist	McNamara,Vicki L.	07/01/02	1.7	E	work on 9/30/01 ye plans
Lake Erie	Specialist	McNamara,Vicki L.	07/02/02	1.1	E	work on 9/30/01 ye plans
Lake Erie	Specialist	McNamara,Vicki L.	07/22/02	0.4	E	prep ext & called Rose re SAR question on plan 550
Lake Erie	Specialist	McNamara,Vicki L.	07/29/02	1.0	E	revise plan 550 to include Mt State Sch A
Lake Erie	Specialist	McNamara,Vicki L.	11/12/02	0.2	E	fax plan 550 to Rose
Lake Erie	Manager	Myers,Ann M.	03/13/02	1.3	E	look into Rose's questions, fwd to Joe Marx for ok and respond back to Rose
Lake Erie	Manager	Myers,Ann M.	04/30/02	0.1	E	5500 Extension-rvw and sign
Lake Erie	Manager	Myers,Ann M.	06/11/02	0.8	E	review wrap change email from Rose
Lake Erie	Manager	Myers,Ann M.	06/27/02	1.0	E	review info rec'd for 9/30 plans
Lake Erie	Manager	Myers,Ann M.	06/27/02	1.0	E	review info rec'd for 9/30 plans
Lake Erie	Manager	Myers,Ann M.	07/09/02	0.6	E	welfare plans
Lake Erie	Manager	Myers,Ann M.	07/10/02	0.5	E	final 002, 550 and 515
Lake Erie	Manager	Myers,Ann M.	07/11/02	0.3	E	make changes to 550, 515 and 002
Lake Erie	Specialist	Tewner,Sarah H	07/09/02	0.6	E	prep additional sch A's and SAR for 550
Lake Erie	Specialist	Tewner,Sarah H	07/10/02	0.5	E	changes to 550, had to reprint pages
Lake Erie	Specialist	Tewner,Sarah H	07/12/02	0.2	E	review scanning, put 550 in for scanning
				23.7	<b>E Total</b>	
Lake Erie	Specialist	McNamara,Vicki L.	04/29/02	0.3	F	extend 9/30/01 ye 5500s

**Special Metals**

**Form 5500 invoice time through December 31, 2002**

<b>BU</b>	<b>Rank</b>	<b>Individual</b>	<b>Date</b>	<b>Hrs</b>	<b>Plan</b>	<b>Description</b>
Lake Erie	Specialist	McNamara,Vicki L.	06/27/02	1.3	F	validate data for 9/30/01 ye plans
Lake Erie	Specialist	McNamara,Vicki L.	07/01/02	1.8	F	work on 9/30/01 ye plans
Lake Erie	Specialist	McNamara,Vicki L.	07/02/02	1.1	F	work on 9/30/01 ye plans
Lake Erie	Manager	Myers,Ann M.	04/30/02	0.2	F	5500 Extension-rvw and sign
Lake Erie	Manager	Myers,Ann M.	06/11/02	0.8	F	review wrap change email from Rose
Lake Erie	Manager	Myers,Ann M.	07/09/02	0.6	F	welfare plans
Lake Erie	Manager	Myers,Ann M.	07/10/02	0.5	F	final 002, 550 and 515
Lake Erie	Manager	Myers,Ann M.	07/11/02	0.3	F	make changes to 550, 515 and 002
Lake Erie	Specialist	Tewner,Sarah H	07/09/02	0.7	F	prep 515
				7.6	<b>F Total</b>	
Lake Erie	Specialist	Gardner,Paul	10/07/02	2.2	G	Preparation of Special Metals (560) 5500 Tax Return.
Lake Erie	Specialist	McNamara,Vicki L.	03/25/02	1.0	G	prep CAPs for 560, 561 and 562
Lake Erie	Specialist	McNamara,Vicki L.	10/07/02	0.4	G	answer SSL questions re Inco plan; and review assembly SMC #560
Lake Erie	Manager	Myers,Ann M.	10/07/02	0.3	G	Plan 560 review
Lake Erie	Staff	Samuel,Angela D	12/09/02	1.0	G	560 (Huntington Alloys) 2002 5500 Planning - Prep CAP; Update CAP spreadsheet
				4.9	<b>G Total</b>	
				<b>42.6</b>	<b>Grand Total</b>	

# 'EXHIBIT E'

**Special Metals Corporation**

**Out of Pocket Expenses (September 1, 2003 - September 30, 2003)**

<b>BU</b>	<b>Rank</b>	<b>Individual</b>	<b>Date</b>	<b>Description</b>	<b>Exp</b>
Lake Erie	Partner	Murray,Michael	09/22/03	One night lodging in West Virginia	86
Lake Erie	Partner	Murray,Michael	09/22/03	Airfare, Buffalo to Huntington West Virginia & back.	907
Lake Erie	Partner	Murray,Michael	09/22/03	breakfast in West Virginia on 9/22	8
Lake Erie	Partner	Murray,Michael	09/22/03	dinner in Cleveland airport on 9/22	12
Lake Erie	Partner	Murray,Michael	09/22/03	dinner in Pittsburgh airport on 9/21	15
Lake Erie	Partner	Murray,Michael	09/22/03	parking at Buffalo airport and rental car in West Virginia	67
Lake Erie	Sr. Manager	Wheeler,Susan P.	09/22/03	to/from Huntington, WV.	40
				<b>Total Out of Pocket</b>	<b>1,135</b>