

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
) (Jointly Administered)
Debtors.)
)
) Judge William S. Howard

**FIFTH AND FINAL FEE APPLICATION REQUEST OF FTI CONSULTING FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED AS FINANCIAL ADVISORS TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD
APRIL 17, 2002 THROUGH DECEMBER 23, 2003**

FTI Consulting (“Applicant”), financial advisors to the Official Committee of Unsecured Creditors, and for its Fifth and Final Fee Application Request for allowance of compensation for services rendered and reimbursement of expenses incurred by Applicant from April 17, 2002 through December 23, 2003 (the “Final Fee Application Request”) respectfully represents as follows:

I. NARRATIVE SUMMARY.

A. Background.

Applicant, formerly PricewaterhouseCoopers LLP Business Recovery Services, is a firm of approximately 850 professionals specializing in bankruptcy, turnaround services, and litigation. Applicant was employed by and has acted as financial advisors for the Official Committee of Unsecured Creditors (the “Committee”) in the above-captioned Chapter 11 case pursuant to order of this Court authorizing such employment. The Order was entered by the Court on October 18, 2002 and is attached hereto as Exhibit A-1.

On March 5, 2003 this Court entered an order authorizing the expansion of employment of FTI as Financial Advisors to the Committee to include provision of limited services to the Committee of Retired Employees effective December 16, 2002, a copy of which is attached as Exhibit A-2.

By this Fifth and Final Fee Application Request, pursuant to 11 U.S.C. §§ 328, 330 and 331, Rule 2016(a) of the Federal Rules of Bankruptcy Procedure and this Court's Order entered May 2, 2002 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Administrative Procedures Order"), Applicant seeks final allowance of compensation for financial services rendered and reimbursement of expenses necessarily incurred by Applicant in connection with services rendered as financial advisors for the Committee beginning on April 27, 2002 through December 23, 2003 (the "Final Fee Period"). Applicant seeks final allowance of compensation for services rendered in the amount of \$565,313.97, representing fees of \$539,734.50 and expenses of 25,579.47. Included in the final amount to be approved, Applicant seeks approval for the time spent during the Fifth and Final Fee Period in the amount of \$11,351.00. The payment remaining outstanding for this amount is the following; fees in the amount of 6,445.40 which represents the 20% holdback of \$1,226.40 from the August 2003 payment period and \$5,219.00 in fees accrued from September 1, 2003 through December 23, 2003 in accordance with the Administrative Procedures Order. There were no expenses in the additional payment request.

This application is the Applicant's "Fifth and Final Fee Application Request," as that term is defined in the Administrative Procedures Order. Applicant's first Interim Fee Application Request was filed on September 16, 2002 seeking allowance of compensation for services rendered for the period April 15, 2002 through July 31, 2002 in the amount of

\$284,813.50 and \$21,889.56 for expenses, for a total sum of \$306,703.06, and requesting payment of the 20% holdback in accordance with the Administrative Procedures Order. The first Interim Fee Application Request was approved by Court Order on October 24, 2002, and the amounts approved were paid by the Debtor. Applicant's second Interim Fee Application Request was filed on January 14, 2003 seeking allowance of compensation for services rendered for the period August 1, 2002 through November 30, 2002 in the amount of \$137,212.50 and \$2,582.68 for expenses, for a total sum of \$139,795.18, and requesting payment of the 20% holdback in accordance with the Administrative Procedures Order. The second Interim Fee Application Request was approved by Court Order on February 14, 2003, and the amounts approved were paid by the Debtor. Applicant's third Interim Fee Application Request was filed on May 5, 2003 seeking allowance of compensation for services rendered for the period December 1, 2002 through March 31, 2003 in the amount of \$56,129.50 and \$1,062.43 for expenses, for a total sum of \$57,191.93, and requesting payment of the 20% holdback in accordance with the Administrative Procedures Order. The third Interim Fee Application Request was approved by Court Order on June 24, 2003, and the amounts approved were paid by the Debtor. Applicant's fourth Interim Fee Application Request was filed on September 15, 2003 seeking allowance of compensation for services rendered for the period April 1, 2003 through July 31, 2003 in the amount of \$50,228.00 and \$0.00 for expenses, for a total sum of \$50,228.00, and requesting payment of the 20% holdback in accordance with the Administrative Procedures Order. The fourth Interim Fee Application Request was approved by Court Order on October 20, 2003, and the amounts approved were paid by the Debtor.

Applicant has previously filed the following “Fee Applications,” also as that term is defined in the Administrative Procedures Order (the “Fee Applications”):

<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>
<u>First Interim Fee Application Request</u>						
04/17-04/30	\$53,457.00	\$42,765.60	\$4,178.93	\$57,635.93	\$0.00	\$0.00
05/01-05/31	\$115,696.50	\$92,557.20	\$10,765.14	\$126,461.64	\$0.00	\$0.00
06/01-06/30	\$81,695.50	\$65,356.40	\$6,038.79	\$87,734.29	\$0.00	\$0.00
07/01-07/31	\$33,964.50	\$27,171.60	\$951.50	\$34,916.00	\$0.00	\$0.00
	<u>\$284,813.50</u>	<u>\$227,850.80</u>	<u>\$21,934.36</u>	<u>\$306,747.86</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Second Interim Fee Application Request</u>						
08/1-08/31	\$15,273.00	\$12,218.40	\$0.00	\$15,273.00	\$0.00	\$0.00
09/01-09/30	\$73,176.00	\$58,540.80	\$2,559.17	\$75,735.17	\$0.00	\$0.00
10/01-10/31	\$29,539.50	\$23,631.60	\$23.51	\$29,563.01	\$0.00	\$0.00
11/1-11/30	\$19,224.00	\$15,379.20	\$0.00	\$19,224.00	\$0.00	\$0.00
	<u>\$137,212.50</u>	<u>\$109,770.00</u>	<u>\$2,582.68</u>	<u>\$139,795.18</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Third Interim Fee Application Request</u>						
12/1-12/31	\$9,278.00	\$7,422.40	\$0.00	\$9,278.00	\$0.00	\$0.00
01/01-01/31	\$17,052.00	\$13,641.60	\$0.00	\$17,052.00	\$0.00	\$0.00
02/01-02/28	\$16,715.00	\$13,372.00	\$1,062.43	\$16,715.00	\$0.00	\$0.00
03/01-03/31	\$13,084.50	\$10,467.60	\$0.00	\$13,084.50	\$0.00	\$0.00
	<u>\$56,129.50</u>	<u>\$44,903.60</u>	<u>\$1,062.43</u>	<u>\$56,129.50</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Fourth Interim Fee Application Request</u>						
04/01-04/30	\$18,415.50	\$14,732.40	\$0.00	\$18,415.50	\$0.00	\$0.00
05/01-05/31	\$14,157.00	\$11,325.60	\$0.00	\$14,157.00	\$0.00	\$0.00
06/01-06/30	\$7,480.00	\$5,984.00	\$0.00	\$7,480.00	\$0.00	\$0.00
07/01-07/31	\$10,175.50	\$8,140.40	\$0.00	\$10,175.50	\$0.00	\$0.00
	<u>\$50,228.00</u>	<u>\$40,182.40</u>	<u>\$0.00</u>	<u>\$50,228.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>17th Fee Application Request</u>						
08/01-08/31	\$6,132.00	\$4,905.60	\$0.00	\$4,905.60	\$1,226.40	\$1,226.40
Total	<u><u>\$534,515.50</u></u>	<u><u>\$427,612.40</u></u>	<u><u>\$25,579.47</u></u>	<u><u>\$557,806.14</u></u>	<u><u>\$1,226.40</u></u>	<u><u>\$1,226.40</u></u>

Applicant has not been paid, and has not received, any retainer, advance or other amount from any source on account of the representation of the Committee during the Final Fee Period except as disclosed above.

B. Terms of Employment.

All charges for services rendered and for reimbursement of costs incurred are at the rate and in the amounts Applicant customarily bills to and collects from other clients of the firm for similar services. All services rendered by Applicant during the Final Fee Period were performed

in connection with the representation of the Committee in this Chapter 11 case. Applicant believes that the amounts requested as compensation for services and for expenses are reasonable, necessary and should be approved.

Applicant's professionals record the services they perform on daily timesheets in six minute increments. The timesheet entries are made substantially contemporaneously with the performance of the services described therein and are kept in the regular course of Applicant's business. The timesheet entries are set forth in chronological order for review and billing purposes on a monthly computer printout. The computer printout contains a verbatim reproduction of the time entries and the costs and expenses advanced and is maintained in the ordinary course of Applicant's business. The computer printouts include: (a) the date of each service rendered; (b) the total time devoted by the person to the services on the date; (c) a detailed description of each service rendered; (d) the amount of time spent on these services, broken down in detail by the specific tasks performed and the time devoted to the tasks; and (e) the identity of the person who rendered this service. The value of Applicant's time for services performed during the Final Fee Period has also been organized and subdivided among the separate submatters required by the guidelines promulgated by the Office of the United States Trustee ("Trustee's Guidelines").

These computer printouts cover the periods of the engagement through August 31, 2003, and were each attached to their respective Fee Applications as an exhibit. Because the Fee Applications and the computer printouts were served on the parties receiving this Final Fee Application Request and the Court, because they are voluminous and have not changed, they are not attached to this Fifth and Final Fee Application Request. Summaries of the fees by task code

and by professional are provided as Exhibits B and C, respectively. The detail will be provided upon request of the Court or any other party.

No agreement or understanding existed or does exist between Applicant and any other person for the sharing of compensation received or to be received by it in connection with the services rendered in this case.

FTI requests final allowance of compensation in the amount of \$5,219.00 for services rendered from September 1, 2003 through December 23, 2003 (the "Compensation Period"). There were no expenses for the Compensation Period. In support, and as described below, FTI submits the narrative summary in the Application and the chronological and detailed records of all of its time charges and a summary of disbursements charges for which FTI seeks allowance and payment. Exhibit D is separated into four parts as follows:

- Summary of Time by Professional
- Detail of Time by Professional
- Phase/Task Summary Chart
- Phase/Task/Time by Professional

As noted, this detail in Exhibit D and the remaining holdback from the 17th application is FTI's remaining amounts outstanding for compensation and reimbursement of expenses.

II. SUMMARY OF SERVICES RENDERED.

A detailed and itemized description of the services rendered and expenses incurred by Applicant is attached to each of the prior Fee Applications (copy provided upon request) and a summary (including the Compensation Period) is attached hereto as Exhibit B and can be further described by project category consistent with the Trustee's Guidelines as follows:

Asset Analysis and Recovery: This category covers time related to the analysis of the Debtor's assets and how the value of these assets could effect the recovery of the creditors.

Asset Disposition: This category covers time related to analysis of the Debtor's potential sale process, and the marketing of its assets to potential buyers.

Business Operations: This category covers time related to the analysis of the Debtor's operations in Chapter 11 such as business plan feasibility, production levels, and employee issues.

Case Administration: This category covers time spent requesting and analyzing needed documents sent by the Company in addition to traveling to and from the Client's site. During this travel, FTI professionals accomplished various administrative tasks. It is customary for FTI to bill half time for travel.

Employee Benefits/Pensions: This category covers time spent reviewing and discussing the Debtor's proposed Key Employee Retention and severance plans and comparing the results to similar cases.

Fee/Employment Applications: This category covers time expended in reviewing and preparing interim fee applications for FTI.

Financing: This category covers time spent regarding matters with respect to the Company's DIP covenants and how each could impact the Debtor's operations. Time also spent reviewing the covenants' feasibility and determining any possibility of future default.

Meeting of Creditors: This category covers time spent preparing for and meeting with the Committee, and other communications, including conference calls, regarding Committee matters.

Plan and Disclosure Statement: This category covers time spent by FTI reviewing and analyzing the Company's proposed Business Plan and understanding its underlying assumptions. FTI is concerned with verifying these assumptions with a realistic outlook of expected market conditions.

Business Analysis: This category covers time spent reviewing the Company's business plan, developing and reviewing strategies, reviewing cash flow forecasts, and conducting feasibility studies.

1114 Committee Services: This category covers time spent by FTI professionals keeping the 1114 Committee apprised of financial results and answering any questions they may have related to the Company.

Summary

The total time spent by Applicant on behalf of the Committee during the Fifth and Final Fee Period was 26.7 hours broken down by professional as follows:

	<u>HOURS</u>	<u>BILLING RATES</u>	<u>TOTAL</u>
David Wehrle	18.4	\$450	\$8,280.00
Carlin Adrianopoli	<u>8.3</u>	\$370	<u>\$3,071.00</u>
TOTAL	26.7		\$11,351.00

III. PROPRIETY OF COMPENSATION SOUGHT.

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 or official committees of creditors.

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, importance and nature of the issue or task presented; and (e) whether compensation is reasonable based on customary fees charged by comparably skilled practitioners in cases other than bankruptcy cases.

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 Sixth 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 Applicant to the Committee during the case, as described in this Fifth and Final Fee Application Request and in Applicant’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 Estate.

Applicant's fees for services rendered during the Fifth and Final Fee Period are at the normal hourly rates for professional services of this type charged by each Director of Applicant at the time such services were rendered.

Applicant believes and represents that the services rendered by it as described herein have been beneficial to the Committee and the Estate. Applicant further believes and represents that the compensation sought in connection herewith is reasonable based on the nature, extent, and value of such services, the time spent on such services, the cost of the comparable services rendered in cases other than bankruptcy cases, and the other factors adopted by the Sixth Circuit in the lodestar analysis of fee applications.

IV. NECESSARY EXPENSES INCURRED.

Section 330(a)(1)(B) of the Bankruptcy Code allows the Court to reimburse Applicant for the "actual, necessary expenses" incurred in this case. 11 U.S.C. § 330(a)(1)(B). In the course of its representation of the Committee during the Compensation Period, Applicant did not incur any expenses. In the course of representing the Committee during the Final Fee Period, Applicant incurred \$25,579.47 of expenses. A detailed list of expenses would have been included in each prior Fee Application.

Applicant normally seeks and receives reimbursement of postage, messenger, Federal Express, and other air courier, computerized research, travel expenses (billed at half rate), long distance telephone and telecopier charges, and document reproduction costs from its clients and

reimbursement of such costs is sought hereby. Applicant believes that all of the expenses requested are reasonable, necessary and appropriately reimbursable in the case. Applicant requests that this Court approve the reimbursement sought.

V. ADMINISTRATIVE PROCEDURES ORDER HOLDBACK AMOUNTS

The Administrative Procedures Order provides that Applicant may request 80% of its reimbursable fees with a 20% holdback and 100% of its reimbursable costs no earlier than the 25th day of each calendar month. A professional may request payment of the holdback amounts in a formal fee application every 120 days. The 20% holdback for the Fee Applications equals \$1,226.40 and payment is hereby requested.

VI. CERTIFICATION.

Applicant certifies that the Committee has received and reviewed the billing statements attached to the Fee Applications with the exception of the time from September 1, 2003 through December 23, 2003 in the amount of \$5,219.00, attached herein as Exhibit D, and has approved the filing of this Fifth and Final Fee Application Request.

VII. CONCLUSION.

Applicant respectfully submits that its request for compensation during the Fifth and Final Fee Application in the amount of \$11,351.00 constitutes a fair and reasonable request for the quality and nature of the services performed. The Applicant did not incur any expenses during the Compensation Period. In addition, Applicant requests final approval of all

compensation from April 17, 2002 through December 23, 2003 in the amount of \$565,313.97, representing fees and expenses in the amounts of \$539,734.50 and \$25,579.47, respectively.

WHEREFORE, for all the foregoing reasons, pursuant to 11 U.S.C. §§ 328, 330 and 331 and the Administrative Procedures Order, Applicant prays that this Court enter an order:

A. Approving Applicant's request pursuant to this Fifth and Final Fee Application Request for allowance of the total fees in the amount of \$11,351.00 in addition to final approval of all compensation from April 17, 2002 through December 23, 2003 in the amount of \$565,313.97, representing fees and expenses in the amounts of \$539,734.50 and \$25,579.47, respectively;

B. Permitting reimbursement of Applicant by Debtor in the total amount of \$6,445.40;

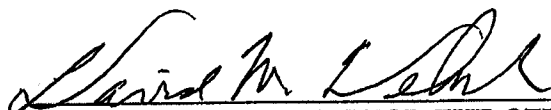
C. Authorizing and directing Debtor to pay the remaining approved amount, including the holdback of \$1,226.40, from the cash receipts and funds of Debtor; and

D. 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 *Feb. 5th*, 2004 at *2:00* p.m., or as soon thereafter as counsel may be heard.

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FINANCIAL ADVISORS FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS
OF SPECIAL METALS CORPORATION AND
ITS SUBSIDIARIES

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.
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Blank Rome Tenzer & Greenblatt
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United States Trustee's Office
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Gregory R. Schaaf, Esq.
Greenebaum Doll & McDonald PLLC
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Special Metals Corporation
Attn: Dennis Wanlass
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New Hartford, New York 13413



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

EXHIBIT A-1

EASTERN DISTRICT OF KENTUCKY
FILED

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

OCT 18 2002

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

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

**ORDER AUTHORIZING RETENTION OF FTI CONSULTING, INC.
(AS SUCCESSOR IN INTEREST TO THE BUSINESS RECOVERY SERVICES
PRACTICE OF PRICEWATERHOUSECOOPERS LLP) AS FINANCIAL
ADVISORS TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS NUNC PRO TUNC AS OF AUGUST 30, 2002**

Upon the application (the "Application") of the Official Committee of Unsecured Creditors (the "Committee") to the above-captioned debtors and debtors in possession (collectively, the "Debtors") for an Order pursuant to sections 327(a) 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 August 30, 2002 FTI Consulting, Inc. ("FTI") as financial advisors; and upon the Affidavit of Scott H. King attached to the Application; and due and adequate notice of the Application having been given; and it appearing that no other notice need be given; and it appearing that FTI neither holds nor represents any interest adverse to the Debtors' estates or the Committee; and it appearing that FTI is "disinterested", as that term is defined in section 101(14) of the Bankruptcy Code as modified by section 1107(b); and it appearing that the relief requested in the Application is necessary and in the best interests of the Committee and the Debtors' estates; after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED that the Application be, and is hereby, GRANTED;

IT IS FURTHER ORDERED that in accordance with sections 327(a) and 1103(a) of the Bankruptcy Code, the Committee is authorized to employ and retain FTI Consulting, Inc. *nunc pro tunc* as of August 30, 2002 in these chapter 11 cases as the Committee's financial advisors on the terms set forth in the Application; and

IT IS FURTHER ORDERED that FTI Consulting, Inc. shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.

Dated: OCT 18 2002



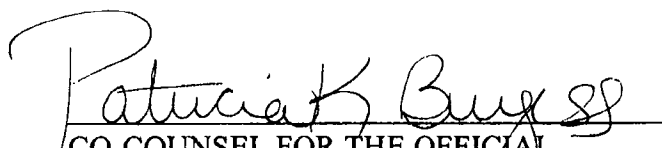
JUDGE, U.S. BANKRUPTCY COURT

Tendered By:

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

Pursuant to Local Rule 9022-1(c) Patricia K. Burgess shall cause a copy of this Order to be served on each of the parties designated to receive 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.

EXHIBIT A-2

2-21-03

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

In re:

EASTERN DISTRICT OF KENTUCKY Chapter 11
FILED

SPECIAL METALS CORPORATION, et al.) Case Nos. 02-10335
MAR 1 2003) 02-10338
) (Jointly Administered)
Debtors. AT LEXINGTON

JERRY D. TRUITT, CLERK Judge William S. Howard
U.S. BANKRUPTCY COURT

**ORDER AUTHORIZING EXPANSION OF SCOPE OF EMPLOYMENT
OF FTI CONSULTING, INC. AS FINANCIAL ADVISORS TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO INCLUDE
PROVISION OF LIMITED SERVICES TO THE COMMITTEE OF
RETIRED EMPLOYEES *NUNC PRO TUNC* AS OF DECEMBER 16, 2002**

Upon the motion (the "Motion") of the Official Committee of Unsecured Creditors (the "Committee") to the above-captioned debtors and debtors in possession (collectively, the "Debtors") for an Order pursuant to Sections 327(a) and 1103(a) of Title 11 of the United States Code (the "Bankruptcy Code"), expanding the scope of the Committee's employment of FTI Consulting, Inc. ("FTI") as its financial advisors to include and authorize FTI's provision of limited services to and for the Committee of Retired Employees *nunc pro tunc* as of December 16, 2002 as more fully set forth in the Motion; and due and adequate notice of the Motion having been given; and it appearing that no other notice need be given; and it appearing that FTI neither holds nor represents any interest adverse to the Debtors' estates, the Committee or Committee of Retired Employees; and it appearing that FTI is "disinterested", as that term is defined in section 101(14) of the Bankruptcy Code as modified by section 1107(b); and it appearing that the relief

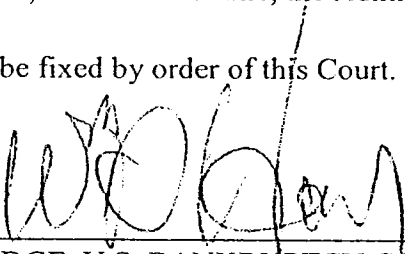
requested in the Motion is necessary and in the best interests of the Debtors' estates; after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED that the Motion be, and is hereby, GRANTED;

IT IS FURTHER ORDERED that in accordance with Sections 327(a) and 1103(a) of the Bankruptcy Code, the Committee's retention of FTI as its financial advisors is hereby expanded and FTI is hereby authorized to provide limited services to and for the Committee of Retired Employees, *nunc pro tunc* as of December 16, 2002 in these Chapter 11 cases on the limited terms set forth in the Motion; and

IT IS FURTHER ORDERED that FTI Consulting, Inc. shall be compensated in accordance with the procedures set forth in Sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, the Administrative Procedures Order, and such procedures as may be fixed by order of this Court.

Dated: 3/5/03



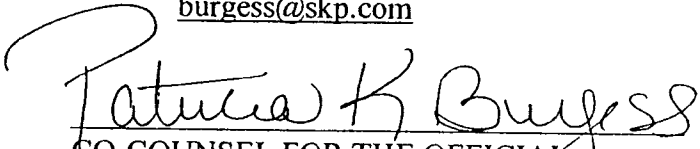
JUDGE, U.S. BANKRUPTCY COURT

Tendered By:

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

Pursuant to Local Rule 9022-1(c) Patricia K. Burgess shall cause a copy of this Order to be served on each of the parties designated to receive 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.

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EXHIBIT B

Exhibit B

	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total
Asset Analysis and Recovery						\$0.00
Asset Disposition						\$0.00
Business Operations						\$0.00
Case Administration						\$0.00
Employee Benefits/Pensions						\$0.00
Fee/Employment Applications	\$135.00	\$2,012.00			\$1,092.00	\$3,239.00
Financing						\$0.00
Meetings of Creditors						\$0.00
Plan and Disclosure Statement	\$1,485.00	\$1,755.00	\$180.00			\$3,420.00
Business Analysis	\$4,512.00	\$180.00				\$4,692.00
Corporate Financing						\$0.00
Valuation						\$0.00
1114 Committee Services						\$0.00
Total Fees	\$6,132.00	\$3,947.00	\$180.00	\$0.00	\$1,092.00	\$11,351.00
Total Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Fees and Expenses	\$6,132.00	\$3,947.00	\$180.00	\$0.00	\$1,092.00	\$11,351.00

EXHIBIT C

Exhibit C

Professional	Aug - 03	Sep - 03	Oct - 03	Nov - 03	Dec - 03	Total
David Wehrle	5,355.00	2,430.00	180.00	0.00	315.00	8,280.00
Carlin Adrianopoli	777.00	1,517.00	0.00	0.00	777.00	3,071.00
Totals:	6,132.00	3,947.00	180.00	0.00	1,092.00	11,351.00

EXHIBIT D

Special Metals Corporation
FTI Consulting Billing
September 1, 2003 through December 23, 2003

Exhibit D - Summary of Time by Professional

STAFF	BILLING RATE	HOURS	FEES
Wehrle, David	450	6.5	\$2,925.00
Adrianopoli, Carlin E	370	6.2	\$2,294.00
		Total Hours 12.7	Total Fees \$5,219.00

Special Metals Corporation
 FTI Consulting Billing
 September 1, 2003 through December 23, 2003

Exhibit D - Detail of Time by Professional

STAFF	DATE	GROUP	TASK	DESCRIPTION	HOURS	FEES
Wehrle, David	9/2/2003	O	Business Analysis	Review bookings/billings file and weekly officer certificate.	0.4	\$180.00
Wehrle, David	9/5/2003	L	Plan and Disclosure Statement	Review memos from counsel regarding 1113/1114 hearing and plan of reorganization voting. Discuss preference issue with counsel and D. Wanlass of Special Metals.	1.9	\$855.00
Wehrle, David	9/9/2003	L	Plan and Disclosure Statement	Review memo from counsel regarding preferences.	0.3	\$135.00
Wehrle, David	9/10/2003	L	Plan and Disclosure Statement	Review articles regarding pending union contract vote and provide update to Committees.	0.4	\$180.00
Wehrle, David	9/11/2003	G	Fee/Employment Applications	Review and finalize interim fee application.	1.1	\$495.00
Wehrle, David	9/12/2003	L	Plan and Disclosure Statement	Update Committee regarding results of contract vote. Review correspondence between counsel regarding trustee issue.	0.5	\$225.00
Wehrle, David	9/23/2003	L	Plan and Disclosure Statement	Review memo from counsel regarding plan voting and objections.	0.3	\$135.00
Wehrle, David	9/30/2003	L	Plan and Disclosure Statement	Review memos from counsel regarding objections to plan, confirmation hearing, and outcome.	0.5	\$225.00
Wehrle, David	10/14/2003	L	Plan and Disclosure Statement	Review memo from counsel regarding supply contract and plan objections.	0.4	\$180.00
Wehrle, David	12/23/2003	G	Fee/Employment Applications	Review final fee application and provide direction to staff.	0.7	\$315.00

STAFF	DATE	GROUP	TASK	DESCRIPTION	HOURS	FEES
Adrianopoli, Carlin	9/10/2003	G	Fee/Employment Applications	Finalize fourth interim fee application and deliver to director for review.	2.2	\$814.00
Adrianopoli, Carlin	9/25/2003	G	Fee/Employment Applications	Prepare seventeenth interim fee application and distribute to counsel for submission.	1.9	\$703.00
Adrianopoli, Carlin	12/23/2003	G	Fee/Employment Applications	Prepare final fee application and distribute to D. Wehrle of FTI for review.	2.1	\$777.00
Total Hours					12.7	Total Fees \$5,219.00

Special Metals Corporation
FTI Consulting Billing
September 1, 2003 through December 23, 2003

Exhibit D - Phase/Task Summary Chart

GROUP	TASK	HOURS	FEES
O	Business Analysis	0.4	\$180.00
L	Plan and Disclosure Statement	4.3	\$1,935.00
G	Fce/Employment Applications	8.0	\$3,104.00
	Total Hours	12.7	Total Fees \$5,219.00

Special Metals Corporation
FTI Consulting Billing
September 1, 2003 through December 23, 2003

Exhibit D - Phase/Task/Time by Professional

GROUP	STAFF	HOURS	FEEES
O	Wehrle, David	0.4	\$180.00
L	Wehrle, David	4.3	\$1,935.00
G	Wehrle, David	1.8	\$810.00
G	Adrianopoli, Carlin E	6.2	\$2,294.00
		Total Hours	Total Fees
		12.7	\$5,219.00