

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

EASTERN DISTRICT OF KENTUCKY

**FILED**

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

JAN 12 2004

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

**SUMMARY COVER SHEET ON THE FINAL FEE APPLICATION REQUEST OF  
MCDERMOTT, WILL & EMERY AS SPECIAL COUNSEL TO THE DEBTORS  
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES  
FOR THE PERIOD FROM MARCH 28, 2002 THROUGH NOVEMBER 30, 2003  
AND FOR FINAL APPROVAL OF INTERIM COMPENSATION AND  
REIMBURSEMENT OF EXPENSES OF MCDERMOTT, WILL & EMERY  
FOR THE PERIOD FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

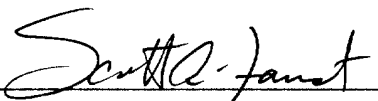
To All Creditors and Parties-In-Interest:

1. McDermott, Will & Emery ("MWE") was, on November 26, 2002, approved as special counsel, nunc pro tunc, to the Debtors effective August 29, 2002. An order approving the retention of MWE as counsel is attached hereto as Exhibit A.
2. This is the Final Fee Application Request of MWE for the period from March 28, 2002 through November 30, 2003 and for Final Approval of Interim Compensation and Reimbursement of Expenses for the Period from August 1, 2003 through November 30, 2003.
3. For the period from March 28, 2002 through November 30, 2003 ("Final Application Period"), MWE provided a total of 1,168.50 hours of legal and paralegal services on behalf of the Debtors. The value of these services performed by MWE during the Final Application Period is \$567,600.25. The blended hourly rate during the Final Application Period is \$485.75. MWE disbursed the amount of \$40,490.79 in expenses during the Final Application Period.
4. For the period from August 1, 2003 through November 30, 2003 ("Fifth Interim Fee Period"), MWE provided a total of 212.95 hours of legal and paralegal services on behalf of the Debtors. The value of these services performed by MWE during the Fifth Interim Fee Period is \$109,250.25. The blended hourly rate during the Fifth Interim Fee Period is \$513.03. MWE disbursed the amount of \$3,086.10 in expenses during the Fifth Interim Fee Period.

5. Pursuant to the Administrative Order dated May 2, 2002, during the Fifth Interim Fee Period, MWE has been paid or will be paid on an interim basis 80% of the fee amount which totals \$84,400.20 and 100% of the expenses of \$3,086.10, for a total amount of \$90,486.30.
6. A hearing on the Final Fee Application Request will be held before the Honorable William S. Howard in the United States Bankruptcy Court, Lexington, Kentucky on February 5, 2004, at 2:00pm. Parties in interest may attend and object.

Respectfully submitted,

MCDERMOTT, WILL & EMERY

By:   
Joseph E. O'Leary, Esquire  
Scott A. Faust, Esquire  
28 State Street  
Boston, MA 02109  
Telephone (617) 535-4000  
Facsimile (617) 535-3800  
Special Counsel to the Debtor

Dated: January 9, 2004

**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 REQUEST OF MCDERMOTT, WILL & EMERY  
AS SPECIAL COUNSEL TO THE DEBTORS FOR COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD  
FROM MARCH 28, 2002 THROUGH NOVEMBER 30, 2003 AND  
FOR FINAL APPROVAL OF INTERIM COMPENSATION AND  
REIMBURSEMENT OF EXPENSES OF MCDERMOTT, WILL & EMERY  
FOR THE PERIOD FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

TO: THE HONORABLE WILLIAM S. HOWARD

McDermott, Will & Emery ("MWE"), special counsel to the Debtors, pursuant to §§330(a) and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, and the Administrative Order entered May 2, 2002, submits the following as its Final Fee Application Request for Compensation and Reimbursement of Expenses for the Period from March 28, 2002 through November 30, 2003, and for Final Approval of Interim Compensation and Reimbursement of Expenses for the Period from August 1, 2003 through November 30, 2003, and states as follows:

**BACKGROUND**

1. Special Metals Corporation, Inco Alloys International, Inc., Special Metals Domestic Sales Corp. and A-1 Wire Tech, Inc., the Debtors and Debtors-in-Possession herein, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code on March 27, 2002.

2. On November 26, 2002, this Court approved the retention and employment of MWE as special counsel to the Debtors. A copy of the order approving the retention and employment of MWE is attached hereto as Exhibit A.

3. On March 29, 2002, this Court entered an Order directing the joint administration of the Debtors' Chapter 11 cases.

4. On September 29, 2003, this Court entered an Order Confirming Debtors' Second Amended Joint Plan of Reorganization Dated August 7, 2003 (the "Plan").

5. On December 9, 2003, the Reorganized Debtors<sup>1</sup> filed their Notice of Effective Date of Debtors' Second Amended Joint Plan of Reorganization (the "Confirmation Notice"). Pursuant to the Confirmation Notice, the effective date of the Plan was November 26, 2003 (the "Effective Date").

6. Pursuant to Section 2.4 of the Plan, all persons seeking an award by the Bankruptcy Court of a Fee Claim incurred through and including the Effective Date shall, unless otherwise ordered by the Bankruptcy Court: (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is no later than forty-five (45) days after the Effective Date; and (ii) be paid in full in such amounts as are approved by the Bankruptcy Court upon the later of (a) the date upon which the order relating to any such Fee Claim is entered or (b) upon such other terms as may be mutually agreed upon between the holder of such Fee Claim and the Debtors or, on and after the Effective Date, the Reorganized Debtors.

7. By this Final Fee Application Request (the "Final Application"), and pursuant to and in compliance with Section 2.4 of the Plan, MWE seeks final approval of compensation in the

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<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Plan.

amount of \$567,600.25 in fees and reimbursement of expenses in the amount of \$40,490.79 for services rendered during the Final Application Period.

8. Copies of the following documents are on file with the Court and can be provided or reviewed upon request: (i) all Invoices of services and disbursements expended by MWE during the Final Application Period; (ii) a narrative statement of the services rendered and a summary of the time and charges of each professional who rendered services during the Final Application Period; and (iii) a listing of the names, title, and hourly rates for each professional and paraprofessional who rendered services during the Final Application Period.

9. Additionally, by this Final Application, MWE seeks final approval of interim compensation and reimbursement of expenses sought in the Fee Applications filed during the period from August 1, 2003 through and including November 30, 2003 (the "Fifth Interim Fee Period").

10. Under the Administrative Order dated May 2, 2002, the Court authorized the submission of monthly interim professional fee applications no earlier than the 25<sup>th</sup> day of each calendar month, and for payment of eighty percent (80%) of the uncontested fees and one hundred percent (100%) of the uncontested expenses requested in the monthly interim professional fee applications to be paid by the Debtors twenty (20) days after service of the monthly interim fee application, and upon filing of a certificate of no objection.

11. Pursuant to the Administrative Order, MWE has received or will receive the amount of \$87,400.20 for legal services rendered to the Debtors during the Fifth Interim Fee period, which is 80% of the total fee amount of \$109,250.25.

12. All services performed by MWE during the Fifth Interim Fee Period were performed for and on behalf of the Debtors.

13. During the Fifth Interim Fee Period, MWE provided a total of 212.95 hours of legal and paralegal services on behalf of the Debtors. Set forth in Exhibit B is a listing of the names, title, and hourly rates for each professional and paraprofessional who rendered services during the Fifth Interim Fee Period. Biographies of the principal bankruptcy counsel involved in this case have already been submitted to the Court.

14. The value of the services performed by MWE on behalf of the Debtors during the Fifth Interim Fee Period is \$109,250.25.

15. MWE, as special counsel, has rendered services to the Debtor as follows:

- a) Advising the Debtors with respect to matters involving labor, employment and pensions, including dealings with the United Steelworkers of America and other labor unions;
- b) Taking the necessary legal steps relating to matters involving labor, employment and pensions, including dealings with the United Steelworkers of America and other labor unions; and
- c) Preparing on behalf of the Debtors, necessary proposals for collective bargaining. A summary of expenses incurred during the Fifth Interim Fee Period is set forth in Exhibit C.

16. The fees and expenses requested for the Final Application Period and Fifth Interim Fee Period by MWE are based on its usual and customary hourly rates and expenses charged during the Final Application Period and Fifth Interim Fee Period for work performed for other clients on both bankruptcy and non-bankruptcy related matters.


17. MWE has not represented or held an interest adverse to the estate, and is a disinterested person within the meaning established by §327(a) of the Bankruptcy Code.

WHEREFORE, McDermott, Will & Emery respectfully requests that this Honorable Court enter an Order substantially in the form attached hereto, granting (i) final approval of compensation in the amount of \$567,600.25 in fees and reimbursement of expenses in the amount

of \$40,490.79 for services rendered during the Final Application Period; (ii) final approval of interim compensation and reimbursement of expenses sought in the Fee Applications filed during the Fifth Interim Fee Period; and (iii) directing the Reorganized Debtors to immediately pay \$56,175.35 which represents the total fees and expenses requested for the Fifth Interim Fee Period (\$112,336.35) less the interim monthly applications for fees and expenses previously paid (\$56,161.00).

Respectfully submitted,

MCDERMOTT, WILL & EMERY

By: 

Joseph E. O'Leary, Esquire  
Scott A. Faust, Esquire  
28 State Street  
Boston, MA 02109  
Telephone (617) 535-4000  
Facsimile (617) 535-3800

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

Dated: January 9, 2003

**CERTIFICATE OF SERVICE**

I certify that a copy of the Final Fee Application Request Of McDermott, Will & Emery As Special Counsel To The Debtors For Compensation And Reimbursement Of Expenses For The Period From March 28, 2002 Through November 30, 2003 And For Final Approval Of Interim Compensation And Reimbursement Of Expenses Of McDermott, Will & Emery For The Period From August 1, 2003 Through November 30, 2003 and proposed order was served this 9<sup>th</sup> day of January, 2004 by regular United States mail, postage prepaid, upon:

Special Metals Corporation,  
Attn: Dennis L. Wanlass  
Vice President and Chief Financial Officer  
3200 Riverside Drive  
Huntington, WV 25705-1771

Mark E. Freedlander, Esq.  
McGuireWoods, LLP  
Dominion Tower, 23rd Floor  
625 Liberty Avenue  
Pittsburgh, PA 15222

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

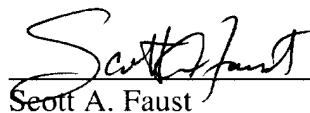
John M. Ames, Esq.  
Greenebaum Doll & McDonald PLLC  
333 W. Vine Street, Suite 1400  
Lexington, KY 40507

Stoll, Keenon & Park, LLP  
Attn: Laura Day DelCotto and Gregory D.  
Pavey  
300 West Vince Street, Suite 2100  
Lexington, KY 40507

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

Tracey N. Wise  
Wise, Warnecke & Wise  
219 North Upper Street  
Lexington, KY 40507

John R. Stonitsch,  
Assistant U.S. Trustee  
Office of the United States Trustee  
100 East Vine Street, Suite 803  
Lexington, KY 40507



\_\_\_\_\_  
Scott A. Faust  
Special Counsel to the Debtor



**AFFIDAVIT**

COMMONWEALTH OF MASSACHUSETTS )

) SS:

COUNTY OF SUFFOLK )

Scott A. Faust, hereby states that he is a partner in the law firm of McDermott, Will & Emery, special counsel for the Special Metals Corporation, Inco Alloys International, Inc., Special Metals Domestic Sales Corporation and A-1 Wire Tech, Inc.

That McDermott, Will & Emery is a disinterested person and does not represent or hold an interest adverse to the interests of the Estates on the matters for which it was employed, in accordance with Section 327(a) of the Bankruptcy Code;

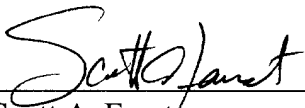
That no prohibited agreement or understanding exists between McDermott, Will & Emery or any of its employees and any other person or persons for a division of compensation in this proceeding;

That no division of fees prohibited by §504 of the Bankruptcy Code has been or will be made;

That no agreement prohibited by 18 U.S.C. §155 has been or will be made by McDermott, Will & Emery or any of its employees;

That no other prohibited division of compensation has been or will be made by McDermott, Will & Emery or any of its employees;

That, in addition, the foregoing Application is submitted in accordance with the provisions of Rule 2016 of the Federal Rules of Bankruptcy Procedure and the Rules of this Court.

  
\_\_\_\_\_   
Scott A. Faust

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

IN RE:

SPECIAL METALS CORPORATION; INCO  
ALLOYS INTERNATIONAL INC. d/b/a  
HUNTINGTON ALLOYS, SPECIAL  
METALS DOMESTIC SALES CORP., and A-  
1 WIRE TECH, INC.,

Debtors.

) Chapter 11

) Bankruptcy Nos. 02-10335 -  
02-10338

) Jointly Administered

) Judge William S. Howard

EASTERN DISTRICT OF KENTUCKY

FILED

NOV 25 2002

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

ORDER AUTHORIZING THE RETENTION  
OF MCDERMOTT, WILL & EMERY AS SPECIAL COUNSEL

Upon the application (the "Application") of the debtor, Special Metals Corporation, and its affiliated debtors and debtors-in-possession herein (collectively, the "Debtors"), seeking entry of an order pursuant to Section 327(e) of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the "Bankruptcy Code"), and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure, authorizing the Debtors to employ and retain the law firm of McDermott, Will & Emery as special counsel for the Debtors to perform the services set forth in the Application; and upon the Declaration of Joseph E. O'Leary, a member of the firm of McDermott, Will & Emery (the "O'Leary Declaration"); and the Court being satisfied based on the representations made in the Application and the O'Leary Declaration that the partners, counsel and associates of McDermott, Will & Emery who will appear before this court in this case are duly admitted to practice in, and are members in good standing of the bar of the Commonwealth of Massachusetts and of the District of Massachusetts; that the firm of McDermott, Will & Emery represents no interest adverse to the Debtors' estates with respect to the matters upon which the firm is to be retained; that the

firm of McDermott, Will & Emery is qualified to be retained as the Debtors' attorneys pursuant to Section 327(e) of the Bankruptcy Code and Rules 2014 and 5002 of the Federal Rules of Bankruptcy Procedure; and that the employment of McDermott, Will & Emery is necessary and is in the best interest of the Debtors' estates; and due and adequate notice of the Application having been given under the circumstances; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b); and after due deliberation and good and sufficient cause appearing therefor, it is hereby

ORDERED that the Application is granted; and it is further

ORDERED that in accordance with Section 327(e) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 2014(a), the Debtors are authorized to employ and retain the firm of McDermott, Will & Emery as their attorneys on the terms set forth in the Application and the O'Leary Declaration, effective *Nunc Pro Tunc* as of August 29, 2002; and it is further

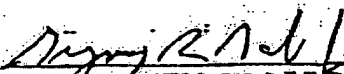
ORDERED that McDermott, Will & Emery shall be compensated at its ordinary billing rates and according to its ordinary billing practices with respect to other charges and expenses, as the rates and expenses are specified in the O'Leary Declaration (or, in the event that McDermott, Will & Emery modifies its rates in the ordinary course of business, at such modified rates) and in accordance with the provisions of Sections 330 and 331 of the Bankruptcy Code and such rules and court orders as may from time to time be applicable to the payment of such fees and reimbursement of such expenses, including, but not limited to the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered by this Court on May 2, 2002; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from  
or related to the implementation of this Order.

DATED: \_\_\_\_\_ NOV 26 2002

  
The Honorable William S. Howard  
United States Bankruptcy Judge

TENDERED BY:

  
MCCUIREWOODS LLP  
Robert G. Sable, Esquire  
Mark E. Freedlander, Esquire  
Daniel A. Austin, Esquire  
Dominion Tower, 23<sup>rd</sup> Floor  
325 Liberty Avenue  
Pittsburgh, PA 15222  
Telephone: (412) 667-6000  
Facsimile: (412) 667-6050

-and-

GREENEBAUM DOLL & MCDONALD PLLC  
Gregory R. Schaaf, Esquire  
Kimberly H. Bryant, Esquire  
300 W. Vine Street, Suite 1100  
Lexington, KY 40507  
Telephone: (859) 231-8500  
Facsimile: (859) 255-2742

**COUNSEL TO DEBTORS**

Pursuant to Local Rule 9022-1(c),  
Counsel for the Debtors, Gregory  
R. Schaaf, 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 B**

**Listing of Attorneys/Paraprofessionals**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Hourly Rate</u></b>
Joseph E. O'Leary	Partner	\$ 555.00
Scott A. Faust	Partner	\$ 480.00
Paul S. Hamburger, P.C.	Partner	\$ 555.00
Charles K. Kerby	Partner	\$ 555.00
David Rogers	Partner	\$ 525.00
Heather Egan-Sussman	Associate	\$ 315.00
Kristin Sostowski	Associate	\$ 285.00
Stephene Parry	Associate	\$ 250.00

**EXHIBIT C**

**Expenses**

Business Meals	\$	129.59
Computer Research	\$	621.23
Express Mail	\$	105.27
Facsimile	\$	293.00
Messenger/Courier	\$	36.50
Outside Copy Service	\$	37.62
Photocopy	\$	433.70
Postage	\$	43.49
Telecommunications	\$	154.54
Transportation/Parking	\$	128.28
Travel Expenses	\$	1,102.88
<b>TOTAL</b>	<b>\$</b>	<b><u>3,086.10</u></b>