

**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 ON THE FINAL FEE APPLICATION REQUEST OF
RHOADES LAW FIRM, LLC 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 RHOADES LAW FIRM, LLC
FOR THE PERIOD FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

To All Creditors and Parties-In-Interest:

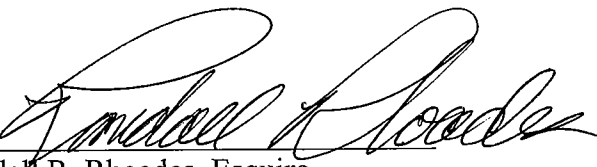
1. Rhoades Law Firm, LLC (“Rhoades Law Firm”) was authorized to serve as special counsel for employee benefit matters pursuant to order entered September 17, 2002. An order approving the retention of Rhoades Law Firm as counsel is attached hereto as Exhibit A.
2. This is the Final Fee Application Request of Rhoades Law Firm 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”), Rhoades Law Firm provided a total of 3,473 hours of legal services on behalf of the Debtors. The value of these services performed by Rhoades Law Firm during the Final Application Period is \$676,808.57. The blended hourly rate during the Final Application Period is \$194.88. Rhoades Law Firm disbursed the amount of \$5,085.34 in expenses during the Final Application Period.
4. For the period from August 1, 2003 through November 30, 2003 (“Fourth Interim Fee Period”), Rhoades Law Firm provided a total of 674.30 hours of legal services on behalf of the Debtors. The value of these services performed by Rhoades Law Firm during the Fourth Interim Fee Period is \$131,518.00. The blended hourly rate during the Fourth Interim Fee Period is \$195.05. Rhoades Law Firm disbursed the amount of \$1,457.50 in expenses during the Fourth Interim Fee Period.

5. Pursuant to the Administrative Order dated May 2, 2002, during the Fourth Interim Fee Period, Rhoades Law Firm has been paid or expects to be paid on an interim basis 80% of the fee amount which totals \$131,518.00 and 100% of the expenses of \$1,457.50, for a total amount of \$132,975.50 and total expected payment of \$106,671.90 net of the holdback.
4. 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,

RHOADES LAW FIRM, LLC

Dated: 1-12-04

By: 
Randall R. Rhoades, Esquire
The Grant Building, Suite 915
330 Grant Street
Pittsburgh, PA 15219
(412)765-2228

Attorneys for the Debtors With
Respect to Benefit Matters

**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
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) JUDGE WILLIAM S. HOWARD

**FINAL FEE APPLICATION REQUEST OF RHOADES LAW FIRM, LLC
AS SPECIAL COUNSEL WITH RESPECT TO BENEFIT MATTERS 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 RHOADES LAW FIRM, LLC
FOR THE PERIOD FROM AUGUST 1, 2003 THROUGH NOVEMBER 30, 2003**

TO: THE HONORABLE WILLIAM S. HOWARD

Rhoades Law Firm, LLC (“Rhoades Law Firm”), 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 September 17, 2002, this Court approved the retention and employment of Rhoades Law Firm as special counsel to the Debtors. A copy of the order approving the retention and employment of Rhoades Law Firm 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 Debtors¹ 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, Rhoades Law Firm seeks final approval of

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

compensation in the amount of \$676,808.57 in fees and reimbursement of expenses in the amount of \$5,085.34 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 Rhoades Law Firm 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, Rhoades Law Firm 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 "Fourth 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 25th 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, Rhoades Law Firm has received or will receive the amount of \$106,671.50 for legal services rendered to the Debtors during the Fourth Interim Fee period, which is 80% of the total fee amount of \$131,518.00 and 100% of expenses of \$1,457.50

12. All services performed by Rhoades Law Firm during the Fourth Interim Fee Period were performed for and on behalf of the Debtors.

13. During the Fourth Interim Fee Period, Rhoades Law Firm, LLC provided a total of 674.30 hours of legal services on behalf of the Debtors. Set forth in Exhibit B is a listing of the names, title, and hourly rates for each professional who rendered services during the Fourth 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 Rhoades Law Firm, LLC on behalf of the Debtors during the Fourth Interim Fee Period is \$131,518.00

15. This fee application is Rhoades Law Firm's second "Interim Fee Application Request," as that term is defined in the Interim Fee Order. For this Interim Fee Period, Rhoades Law Firm has requested interim allowance of monthly fees and expenses as follows:

Period	Fees Requested	80% Payment	Expenses	Total Paid	Total Due
August 2003	\$ 36,992.00	\$ 29,593.60	\$ 588.33*	\$30,181.93	\$ 7,398.40
September 2003	\$ 15,860.00	\$ 12,688.00	\$ 182.79	\$12,588.00	\$ 3,454.79
October 2003	\$ 49,634.00	\$ 39,707.20	\$ 100.23	\$39,807.20	\$ 9,927.03
November 2003	\$ 29,032.00	\$ 23,225.60	\$ 586.15	* 00.00	\$29,618.15
Totals	\$131,518.00	\$105,214.40	\$1,457.50	\$82,577.13	\$50,398.37

*Monthly application was filed on or about December 31, 2003 for \$29,618.15. As of the filing date of this Application, this has not been paid and, as a result, has been included in "Total Due."

16. **SUMMARY AND BACKGROUND OF WORK PERFORMED**

a. **Time and Labor Expended.** Along with the Fee Applications, Rhoades Law Firm submitted time sheets to this Court listing the hours spent representing the Debtors and the dates upon which, and the professional by whom, the services were rendered ("Invoices"). The

Invoices are for the following periods in 2003: August 1 – August 31, 2003; September 1 – September 30, 2003; October 1 – October 31, 2003; and November 1 – November 30, 2003. The Invoices include descriptions of the services provided, including the subject matter of all conferences and telephone calls, the parties involved and the identity of all documents drafted, reviewed, filed or served, as well as the nature, purpose and necessity of all legal research. Because the Fee Applications and Invoices are voluminous and have not changed since they were submitted to the Court and served on the "Notice Parties," as that term is defined in the Interim Fee Order, they are not attached to this Application. All services to date were with respect to Employee Matters and more specifically employee benefit matters. Additional detail will be provided upon request of the Court.

b. Novelty and Difficulty of the Questions Involved. This case is a substantial chapter 11 case that involves difficult and complex bankruptcy and bankruptcy pension and benefit issues. Such matters include how pension benefits may be modified while in bankruptcy and the extent of PBGC coverage should PBGC be called upon to assume liability for the pension arrangements as well as ongoing employee benefit questions and issues and many similar issues.

c. Administration of the Case. Rhoades Law Firm has assigned legal issues within its firm to those with the most substantial level of experience in the specific issue involved to ensure efficient resolution of issues.

d. Skill Requisite to Perform the Legal Services Properly. Rhoades Law Firm attorneys are knowledgeable in the areas of law for which their services are rendered, and for the many legal issues that will be faced by the Debtors with four attorneys and cumulative relevant experience in excess of 60 years, the Rhoades Law Firm can call upon a broad range of attorneys whose particular areas of concentration permits the Firm to handle the issues in this case in an expeditious and cost-effective manner. Biographies of Firm attorneys were included as Exhibit "D" and the Firm Employee Benefits Practice Description is attached as Exhibit "E" in the First Application of the firm for Interim Allowance of Compensation.

e. Preclusion of Other Employment. While it is unlikely, Rhoades Law Firm's representation of the Debtors in this case may preclude its representation of other potential clients.

f. Customary Fee. The rates charged by Rhoades Law Firm in this case are the regular and customary rates charged by Rhoades Law Firm in cases of this nature. The rates of Rhoades Law Firm attorneys are shown on the Invoice. The fee requested by Rhoades Law Firm is not fixed or contingent, but is based upon Rhoades Law Firm's regular hourly rates in cases of this nature.

g. Time Limitation Imposed. This case has involved a number of deadlines, many of which have been on short notice. Rhoades Law Firm has worked diligently to meet the required deadlines.

h. Results Obtained. Rhoades Law Firm submits that the time expended has benefited the Debtors, their bankruptcy estates and creditors, and has met or exceeded all reasonable expectations of debtors' counsel in similar cases.

i. Experience, Reputation, and Ability of Counsel. With four attorneys in excess of 60 years relevant experience, Rhoades Law Firm has extensive experience representing the employee benefit issues it is called upon to handle including employee benefit issues related to Chapter 11 debtors.

j. Prior Professional Relationship With the Debtor. Rhoades Law Firm and its attorneys represented Debtors for several years prior in employee benefit matters prior to Debtors declaration of bankruptcy but have had no other contract with the Debtors or other parties in interest in this case, prior to the commencement of this case. Other than the Proof of Claim in the amount of \$42,512 filed on or about May 22, 2002 as a result of the pre-petition legal services, Rhoades Law Firm does not have any adverse interest relative to the Debtors.

k. Awards in Similar Cases. The fees requested herein are commensurate with those charged by other firms in this District for cases similar in size and nature to this case.

17. **ITEMIZATION OF FEES AND COSTS**

The total fees for professional services rendered in this matter for all Fee Applications during this Interim Fee Period are \$131,518.00 as summarized in Section 5 hereof. Rhoades Law Firm submits that all fees are reasonable and necessary.

18. Fees. As set forth in the fee application guidelines of Region 10 of the U.S. Trustee's office, Rhoades Law Firm has divided its services in 22 billing categories. The following is a description of the categories and a narration of the services performed for each category.

- 01 General (Administrative Matters). There were no services rendered in this category.
- 02 Petition, Schedules and Financial Reports. There were no services rendered in this category.
- 03 Investigation of Pre-petition Transactions. There were no services rendered in this category.
- 04 Debtors-in-Possession Financing. There were no services rendered in this category.
- 05 Monthly Reports. There were no services rendered in this category.
- 06 Cash Collateral. There were no services rendered in this category.
- 07 Creditors Inquiries. There were no services rendered in this category.
- 08 Docket Review. There were no services rendered in this category.
- 09 Employee Matters. Services rendered in this category include research and analysis of how benefits may be modified in bankruptcy, PBGC coverage, application of bankruptcy on deferred compensation and ongoing employee benefit questions and issues. There were \$129,714.25 of services rendered as well as \$1,457.05 in costs in this category.
- 10 Executory Contracts, Personalty Leases and Real Estate Leases. There were no services rendered in this category.
- 11 Reclamation. There were no services rendered in this category.
- 12 Client Conferences. There were no services rendered in this category.
- 13 Disclosure Statement and Plan or Reorganization. There were no services rendered in this category.
- 14 Insurance. There were no services rendered in this category.
- 15 Taxes. There were no services rendered in this category.
- 16 Utilities. There were no services rendered in this category.
- 17 Creditors' Committee. There were no services rendered in this category.
- 18 Claims Processing. There were no services rendered in this category.

- 19 Miscellaneous Motions and Adversary Proceedings. There were no services rendered in this category.
- 20 Sales. There were no services rendered in this category.
- 21 Motions for Relief from Stay. There were no services rendered in this category.
- 22 Retention of Professionals and Fee Applications. There were \$1,803.75 of services rendered in this category.

19. Costs. In addition to professional fees, Rhoades Law Firm has expended at least \$1,457.05 in the aggregate for all Fee Applications during this Final Application and Fourth Interim Fee Period as reasonable and necessary out-of-pocket expenses in this action, as summarized in Section 15 hereof and itemized in the Invoices. Approval of such expenses is hereby sought.

20. Interim Fee Order Holdback Amounts. The Final Application and Fourth Interim Fee Period provides for the monthly submission of professional fee applications requesting eighty (80%) percent of the uncontested fees and one hundred (100%) percent of the uncontested expenses. A professional may request payment of the holdback amounts in a formal 11 U.S.C. §331 fee application. The 20% holdback for the Fee Applications submitted during this Interim Fee Period equals \$26,303.60.

21. The fees and expenses requested for the Final Application Period and Fifth Interim Fee Period by Rhoades Law Firm, LLC 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 matters.

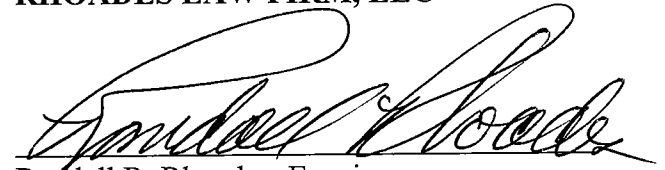
WHEREFORE, Rhoades Law Firm, LLC respectfully requests that this Honorable Court enter an Order substantially in the form attached hereto, granting (i) final approval of compensation in the amount of \$676,808.57 in fees and reimbursement of expenses in the amount of \$5,085.34 for services rendered 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 Rhoades Law Firm, its unpaid fees and expenses of \$50,398.37 (see Section 15 hereof) which

represents the total fees and expenses requested for the Fourth Interim Fee Period less the interim monthly applications for fees and expenses previously paid.

Dated: January 12, 2004

Respectfully submitted,

RHOADES LAW FIRM, LLC

A handwritten signature in black ink, appearing to read "Randall R. Rhoades", written over a horizontal line.

Randall R. Rhoades, Esquire
The Grant Building, Suite 915
330 Grant Street
Pittsburgh, PA 15219
Telephone: (412)765-2228
Facsimile: (412)765-2240

Counsel to Debtors With Respect to
Employee Benefit Matters

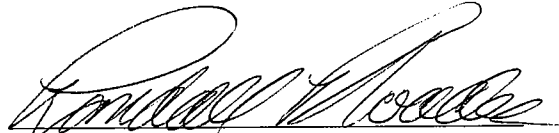
NOTICE OF HEARING

PLEASE TAKE NOTICE that the foregoing Final Application Request of Rhoades Law Firm, LLC for will be brought on for hearing before the United States Bankruptcy Court, Eastern District of Kentucky, 100 East Vine Street, Lexington, Kentucky 40507, on February 5, 2004, ^{at 2:00 pm,} or as soon thereafter as counsel may be heard.

Dated: January 12, 2004

Respectfully submitted,

RHOADES LAW FIRM, LLC



Randall R. Rhoades, Esquire
The Grant Building, Suite 915
330 Grant Street
Pittsburgh, PA 15219
Telephone: (412)765-2228
Facsimile: (412)765-2240
Special Counsel to Special Metals Corporation,
and Inco Alloys International, Inc. related to
pension and employee benefit matters

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, 23rd 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

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

IN RE:

EASTERN DISTRICT OF KENTUCKY
SPECIAL METALS CORPORATION et al.
FILED

SEP 17 2002

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

) Chapter 11
) Bankruptcy Nos. 02-10335 -
) 02-10338
)
) JOINTLY ADMINISTERED
)
) JUDGE WILLIAM S. HOWARD

ORDER AUTHORIZING DEBTORS TO RETAIN AND EMPLOY
RHODES LAW FIRM AS SPECIAL COUNSEL

This matter coming before the Court on the Application of Debtors and Debtors in Possession for an Order Authorizing the Employment of Rhoades Law Firm ("Rhoades") as Special Counsel pursuant to Section 327(e) of the Bankruptcy Code (the "Application"), filed by the above-captioned debtors in possession (collectively, the "Debtors"); the Court (a) having reviewed (i) the Application and (ii) the affidavit of Randall R. Rhoades (the "Affidavit"), and (b) having heard the statements of counsel regarding the relief requested in the Application at a hearing before the Court (the "Hearing"); and the Court 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"). Rhoades does not hold or represent any interest adverse to the Debtors' estates with respect to the matters on which it is to be employed.

E. The Debtors' employment of Rhoades 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. The Debtors are authorized to retain and employ Rhoades as Special Counsel in employment benefits related matters, pursuant to section 327 of the Bankruptcy Code, on the terms and conditions set forth in the Application, effective July 1, 2002.
4. Rhoades 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.

W. A. Howard

TENDERED BY:

Amberly H. Bryant for Mark Freedlander

McGUIREWOODS LLP
Robert G. Soble, Esquire
Mark E. Freedlander, Esquire
Dominion Tower, 23rd Floor
325 Liberty Avenue
Pittsburgh, PA 15222
Telephone: (412) 687-6000

-and-

GREENEBAUM DOLL & MCDONALD PLLC
Gregory R. Schaefer, Esquire
333 W. Vine Street, Suite 1400
Lexington, KY 40507
Telephone: (859) 231-8500

SCHEDULE 1

		August 2003	September 2003	October 2003	November 2003	Total
B14	Employee Benefits/Pensions	\$36,992.00	\$15,860.00	\$49,634.00	\$29,032.00	\$131,518.00
	Total Fees	\$36,992.00	\$15,860.00	\$49,634.00	\$29,032.00	\$131,518.00
	Expenses	\$ 588.33	\$ 182.79	\$ 100.23	\$ 586.15	\$ 1,457.50
	Total Fees and Expenses	\$37,580.33	\$16,042.79	\$49,734.23	\$29,618.15	\$132,975.50

Exhibit "B"

Billing Listing

<u>Name</u>	<u>Title</u>	<u>Rates</u>
Randall R. Rhoades	Senior Attorney	\$200 per hour
Edward A. Wodarczyk	Senior Attorney	\$200 per hour
James D. Silverman	Senior Attorney	\$200 per hour
James C. Conley	Attorney	\$160 per hour