

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
CRUCIBLE MATERIALS CORPORATION, ¹)	Chapter 11
Debtor.)	Case No. _____
In re:)	
CRUCIBLE DEVELOPMENT CORPORATION, ¹)	Chapter 11
Debtor.)	Case No. _____
)	Joint Administration Requested

**APPLICATION OF DEBTORS FOR AN ORDER AUTHORIZING
THE RETENTION AND EMPLOYMENT OF SAUL EWING LLP
AS CO-COUNSEL TO THE DEBTORS PURSUANT TO 11 U.S.C. § 327(a)
NUNC PRO TUNC TO THE PETITION DATE**

The above-captioned debtors and debtors in possession (each a “Debtor” and collectively, the “Debtors”) hereby submit this Application (the “Application”) for entry of an order authorizing the employment and retention of Saul Ewing LLP (“Saul Ewing”) as general reorganization and bankruptcy co-counsel for the Debtors pursuant to sections 327(a) and 1107(a) of the United States Code (the “Bankruptcy Code”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), *nunc pro tunc* to the Petition Date. In support of this Application, the Debtors have relied on the affidavit of Mark Minuti (the “Minuti Affidavit”), a copy of which

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Crucible Materials Corporation (9229); Crucible Development Corporation (3475). The Debtors’ headquarters is located at 575 State Fair Boulevard, Syracuse, NY 13209.

is attached hereto as **Exhibit "A"**. In further support of the relief sought in the Application, the Debtors respectfully represent as follows:

Status of the Case and Jurisdiction

1. On the date this Application is filed (the "Petition Date"), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.
2. The Debtors continue to operate their business as debtors in possession pursuant to Bankruptcy Code §§ 1107 and 1108.
3. No request has been made for the appointment of a trustee or examiner, and no official committee has been appointed in these cases.
4. 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 matter is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are sections 327(a) and 1107 of the Bankruptcy Code.

Background of the Debtors

5. On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing these Chapter 11 cases. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
6. CMC is an employee-owned company, and has been a leader and innovator in the specialty metals industry for more than one hundred years, manufacturing stainless steel, alloy steel, tool steel, and valve steel for use in the automotive, aerospace, petrochemical, and other industries. CMC also maintains a significant research division, which is devoted to advanced

metallurgical research and the development of new products and processes and the continuous improvement of current ones.

7. CDC is a wholly-owned subsidiary of CMC, which owns certain real property utilized in the operations of CMC's business.

Relief Requested

8. By this Application, the Debtors seek authority to employ and retain Saul Ewing LLP ("Saul Ewing" or the "Firm") as their bankruptcy co-counsel with respect to the filing and prosecution of their chapter 11 cases. For the reasons set forth below, the Debtors desire to retain Saul Ewing as section 327(a) co-counsel *nunc pro tunc* to the Petition Date.

Saul Ewing's Qualifications

9. The Debtors seek to retain Saul Ewing as their co-counsel because of the Firm's extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. The Debtors believe that Saul Ewing is well-qualified and able to represent them in these chapter 11 cases in an efficient and timely manner.

10. The Debtors have also filed an application to retain the law firm of K&L Gates LLP ("K&L Gates") to act as their primary bankruptcy counsel in these chapter 11 cases. K&L Gates does not maintain an office in the State of Delaware, and the Debtors are required to retain Delaware counsel. Saul Ewing's and K&L Gates' lawyers have conferred about their respective roles in these cases in order to avoid duplication of effort.

Services To Be Provided

11. The Debtors contemplate that the legal services to be rendered by Saul Ewing may include, but shall not be limited to, the following:

- a) advising the Debtors of their rights, powers and duties as debtors in possession;
- b) advising the Debtors regarding matters of bankruptcy law;
- c) representing the Debtors in proceedings and hearings in the United States Bankruptcy Court for the District of Delaware;
- d) representing the Debtors, and act as primary counsel, in any matter in which K&L Gates has a conflict;
- e) preparing on behalf of the Debtors any necessary motions, applications, orders, responses, and other legal papers;
- f) providing assistance, advice, and representation concerning the confirmation of any proposed plan(s) and solicitation of any acceptances or responding to objections to such plan(s);
- g) advising the Debtors concerning, and assisting in the negotiation and documentation of, financing agreements, debt restructurings, cash collateral arrangements, and related transactions;
- h) providing assistance, advice, and representation concerning any possible sale of the Debtors' assets;
- i) reviewing the nature and validity of liens asserted against the property of the Debtors and advising the Debtors concerning the enforceability of such liens;
- j) providing assistance, advice and representation concerning any further investigation of the assets, liabilities, and financial condition of the Debtors that may be required under local, state, or federal law;
- k) prosecuting and defending litigation matters and such other matters that might arise during these chapter 11 cases;
- l) providing counseling and representation with respect to assumption or rejection of executory contracts and leases, sales of assets, and other bankruptcy-related matters arising from these cases;
- m) rendering advice with respect to general corporate and litigation issues relating to these cases, including, but not limited to, securities, corporate finance, tax, and commercial matters; and
- n) performing such other legal services as may be necessary and appropriate for the efficient and economical administration of these chapter 11 cases.

As noted above, Saul Ewing will work with K&L Gates to avoid duplication of effort in providing services to the Debtors.

Payment of Fees and Expenses

12. Subject to Court approval in accordance with Bankruptcy Code §§ 330(a) and 331, compensation will be payable to Saul Ewing on an hourly basis, plus reimbursement of actual, necessary expenses incurred by the Firm. The attorneys presently designated to represent the Debtors and their current standard hourly rates are:

<u>Name</u>	<u>Title</u>	<u>Hourly Rate</u>
Mark Minuti	Partner	\$550
Adam H. Isenberg	Partner	\$490
Lucian Murley	Associate	\$235
Melissa W. Rand	Associate	\$215
Anthony J. Iannini	Paralegal	\$175

13. In addition, other attorneys and paralegals will be involved as necessary and appropriate to represent the Debtors, and Saul Ewing's hourly rate for other attorneys and professionals are as follows:

<u>Billing Category</u>	<u>Range</u>
Partners	\$335 – 655
Special Counsel	\$275 – 535
Associates	\$215 – 390
Paraprofessionals	\$105 – 240

14. These hourly rates are subject to periodic adjustments (typically in January or July of each year) to reflect economic and other conditions. Saul Ewing will maintain detailed records of actual and necessary costs and expenses incurred in connection with the legal services described above. These rates are set at a level designed to fairly compensate the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. It is Saul

Ewing's policy to charge its clients for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, photocopying charges at the rate of \$0.10 per page, travel expenses, expenses for "working meals", computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. The Firm will charge the Debtors for these expenses in a manner and at rates consistent with charges made generally to the firm's other clients, subject to the Local Rules of this Court.

15. Saul Ewing was retained by the Debtors in connection with the preparation and filing of these chapter 11 cases. Prior to the Petition Date, Saul Ewing received an initial retainer from the Debtors in the amount of \$102,078 for the planning, preparation of documents and its proposed post-petition representation of the Debtors, and for the petition filing fees (in the amount of \$2,078). Of the retainer amount, \$16,850.50 was applied to pay pre-petition fees and expenses incidental to the preparation and filing of these cases, and \$2,078 in designated filing fees was used to pay the actual filing fees. The remaining \$83,149.50 constitutes an advance security retainer to be applied against Saul Ewing's allowed fees and expenses, as permitted by the Court (the "Postpetition Retainer"). According to the terms of Saul Ewing's engagement, the Postpetition Retainer will be treated as an "evergreen retainer," to be applied at the completion of Saul Ewing's engagement.

16. A statement of the compensation received by Saul Ewing for services rendered to the Debtors in the one year preceding the Petition Date, and the source of such compensation, is set forth in the Minuti Affidavit.

Saul Ewing's Disclosures Regarding Retention by the Debtors

17. The standard for a debtor-in-possession to employ attorneys as general bankruptcy counsel is set forth in sections 327(a) and 1107 of the Bankruptcy Code, as interpreted by the Third Circuit. Those sections provide that a debtor-in-possession, with the Court's approval, may employ attorneys "that do not hold or represent an interest adverse to the estate," and that are "disinterested persons." 11 U.S.C. § 327(a); 11 U.S.C. § 1107; see also In re BH&P, Inc., 949 F.2d 1300, 1314 (3d Cir. 1991) (citing In re Star Broadcasting, Inc., 81 B.R. 835, 838 (Bankr. D.N.J. 1988) (for counsel to be retained, "counsel must 'not hold or represent an interest adverse to the estate' and must be a 'disinterested person'")). A "disinterested person" is defined as one who does not have an interest materially adverse to the interest of the estate, by reason of any direct or indirect relationship with the debtor, or for any other reason. 11 U.S.C. § 101(14)(e). In general, however, subject to the requirements of sections 327(a) and 1107, a debtor-in-possession is entitled to the counsel of their choosing. See, e.g., In re Vouzianas, 259 F.3d 103, 108 (2d Cir. 2001) (observing that "[o]nly in the rarest cases should the trustee be deprived of the privilege of selecting his own counsel").

18. As described in detail in the attached Minuti Affidavit, Saul Ewing has conducted an extensive search of its conflict database with respect to the Debtors and a voluminous list of parties in interest and potential parties in interest in these chapter 11 cases. The scope of that conflicts search is set out on Exhibit 1 to the Minuti Affidavit and the results of the conflicts search are set forth on Exhibit 2 to the Minuti Affidavit. Based on the results of that conflicts search, Saul Ewing has informed the Debtors that, as set forth in more detail in the concurrently filed Minuti Affidavit and subject to any explanations and/or exceptions set forth therein, Saul

Ewing (a) does not hold or represent any interest adverse to the Debtors' estates, and (b) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code.

19. Saul Ewing has informed the Debtors that it will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new material facts or relationships are discovered or arise, Saul Ewing will supplement its disclosure to the Court.

Notice

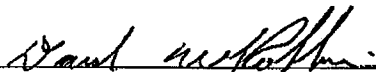
20. Notice of this Application has been given to: (i) the Office of the United States Trustee; (ii) those creditors listed on the Debtors' consolidated List of Creditors Holding the 20 Largest Unsecured Claims; (iii) the Office of the United States Attorney for the District of Delaware; (iv) the Internal Revenue Service; and (v) counsel to the Debtors' pre-petition lender.

WHEREFORE, based on the facts and disclosures above, the Debtors respectfully request that the Court enter an Order, substantially in the form submitted herewith, (i) granting the Application and authorizing the Debtors to employ Saul Ewing as their bankruptcy co-counsel pursuant to section 327(a) of the Bankruptcy Code, *nunc pro tunc* to the Petition Date, on the terms and conditions set forth in this Application; and (ii) granting such other and further relief as may be just and proper.

Dated: May 4, 2009

Respectfully submitted,

CRUCIBLE MATERIALS CORPORATION
and CRUCIBLE DEVELOPMENT
CORPORATION

By: 
David W. Robbins
President and CEO