

IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE:	§	CHAPTER 11
	§	
ENCOMPASS SERVICES CORPORATION,	§	CASE NO. 02-43582-H4-11
et. al.,	§	
	§	
DEBTORS	§	JOINTLY ADMINISTERED
	§	

COVER SHEET FOR FINAL APPLICATION FOR COMPENSATION  
BY DELOITTE & TOUCHE LLP,  
TAX CONSULTANTS FOR  
THE DEBTORS,  
FOR NOVEMBER 19, 2002 THROUGH JUNE 9, 2003

Name of Applicant: Deloitte & Touche LLP

Authorized to Provide  
Professional Services to: Encompass Services Corporation

Date of Retention: January 8, 2003

**Compensation Period:**

Period for which compensation  
and reimbursement are sought: November 19, 2002 through June 9, 2003

Amount of compensation sought  
as actual, reasonable, and necessary: \$86,474.00

Amount of expense reimbursement  
sought as actual, reasonable, and necessary: \$15.00

**IN THE UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF TEXAS**  
**HOUSTON DIVISION**

<b>IN RE:</b>	§	<b>CHAPTER 11</b>
	§	
<b>ENCOMPASS SERVICES CORPORATION,</b>	§	<b>CASE NO. 02-43582-H4-11</b>
<b>et. al.,</b>	§	
	§	
<b>DEBTORS</b>	§	<b>JOINTLY ADMINISTERED</b>
	§	

**FINAL APPLICATION FOR COMPENSATION**  
**BY DELOITTE & TOUCHE LLP,**  
**TAX CONSULTANTS FOR**  
**THE DEBTORS,**  
**FOR NOVEMBER 19, 2002 THROUGH JUNE 9, 2003**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON SEPTEMBER 10, 2003 AT 11:00 A.M. IN COURTROOM 403, 515 RUSK AVENUE, HOUSTON, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING, UNLESS YOU DID NOT RECEIVE THIS NOTICE IN TIME TO DO SO. IN THAT SITUATION, FILE YOUR RESPONSE AS SOON AS POSSIBLE. IN ADDITION TO FILING YOUR RESPONSE WITH THE CLERK, YOU MUST GIVE A COPY OF YOUR RESPONSE TO THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

TO THE HONORABLE WILLIAM R. GREENDYKE, UNITED STATES BANKRUPTCY JUDGE:

Deloitte & Touche LLP (the "Applicant" or "Deloitte"), Tax Consultants for the Debtors, in the above entitled and numbered bankruptcy case ("the Case"), files this, its Final Application for Compensation and in support thereof would respectfully represent the following:

I

Applicant is the Tax Consultant of record for the Debtors in this Chapter 11 Case and makes this application for allowance of compensation for professional services rendered and for reimbursement of actual and necessary costs and expenses incurred by it from November 19, 2002 through June 9, 2003, (the "Subject Period") in the representation of the Debtors pursuant to §§ 327(a), 328 and 504 of the Bankruptcy Code.

II

On January 8, 2003 the Court entered the Order Authorizing the Employment of Deloitte & Touche LLP as Tax Consultants for the Debtors Pursuant to 11 U.S.C. §§327(a), 328(a) and 504 of the Bankruptcy Code, authorizing the Debtors to retain Applicant effective as of the Debtors' November 19, 2002 case commencement date. A true and correct copy of the Chapter 11 Order Authorizing the Employment of Deloitte & Touche LLP as Tax Consultants for the Debtors is attached hereto and incorporated herein for all purposes as Exhibit "A".

III

All services for which compensation is requested were performed for and on behalf of the Debtors and not on behalf of any other entity or party in interest.

IV

This fee application is intended as the Final Fee Application by Applicant for all services rendered and out-of-pocket expenses incurred during the Subject Period. Applicant has incurred fees in the amount of \$86,474.00 for professional services rendered by Applicant during the Subject Period, during which time Applicant expended a total of 180.6 hours of professional time in the performance of necessary services rendered on behalf of the Debtors, and reimbursement of actual and necessary out-of-pocket expenses incurred during the Subject

Period in the amount of \$15.00. By this Application and in accordance with §330 of the Bankruptcy Code, Applicant requests final allowance of \$86,489.00 for the Subject Period, representing \$86,474.00 as compensation for professional services rendered during the Subject Period and \$15.00 as reimbursement for actual and necessary expenses incurred during the Subject Period.

Since the Debtors' November 19, 2002 commencement date, in accordance with the Court's December 18, 2002 order (Docket #389), Applicant has submitted monthly statements to the Debtors requesting 80% of its fees and 90% of expense disbursements for the month. On April 14, 2003 Applicant submitted the First Interim Application for Compensation by Deloitte & Touche LLP, Tax Consultants for the Debtors, for November 19, 2002 through February 28, 2003 (the "First Interim Application") requesting interim allowance of \$38,459.00 for the interim period of November 19, 2002 through February 28, 2003, comprising \$38,444.00 as compensation for professional services rendered and \$15.00 as reimbursement for actual and necessary expenses Applicant incurred during this interim period. The Court entered an order approving the First Interim Application on May 7, 2003 (Docket # 2338). As of the date hereof, Applicant has received payment of \$74,603 for fees and expenses incurred from the Commencement Date through June 9, 2003. Other than these payments, Applicant has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application.

An accounting of the dates such services were rendered, the time expended, the nature of the services rendered, discussion of why the services rendered were necessary, the resulting benefits of the services provided and the persons providing the services, is set forth in Section V and in Exhibit "B" attached hereto and incorporated herein by reference for all purposes. The unreimbursed out-of-pocket expenses incurred by the Applicant represent necessary and reasonable costs incident to the performance of the Applicant's services for the Debtors and are specifically set forth in Exhibit "C" to this application. Attached in Exhibit "D" is an accounting

by professional of services rendered, the time expended, description of services, and the dates of said services.

## V

As Tax Consultants for the Debtors during the Subject Period, the Applicant worked very closely with the Debtors and the Debtors' legal counsel: Weil, Gotshal, and Manges, LLP. At all times the Applicant's work in this case was requested by the Debtors. The Applicant performed services involving questions of tax matters covering a range of circumstances and requiring utilization of Applicant's skill in several areas of bankruptcy analyses and consultation. These services included, but were not limited to (i) development and revision of Bankruptcy Tax Models outlining the potential tax impact of various restructuring scenarios; (ii) assistance provided to the Debtors analyzing federal restructuring tax issues; (iii) other tax advisory services.

The work product created as a result of the Applicant's analysis included, but is not limited to (i) Bankruptcy Tax Models related to restructuring options; (ii) consultation regarding tax ramifications from the sale of various businesses and assets; and (iii) calculation of stock basis in certain subsidiaries, cancellation of indebtedness income, and consolidated net operating loss. Throughout the engagement the Applicant coordinated its efforts with the Debtors and the Debtors' legal counsel.

### **Description of Services by Specific Project**

Services rendered for the Debtors to date during the course of this engagement have been categorized into projects. The remainder of this section contains for each of those projects a description of the nature of the work performed, its purpose, its necessity, and the cost of the project.

## **A. Tax Services**

The Applicant worked with the Debtors and the Debtors' legal counsel to estimate the income tax impacts to the Debtors in various bankruptcy restructuring alternatives. The project included research and analysis of the federal tax laws and included a calculation and review of the Debtors tax attributes and the preparation of a detailed Bankruptcy Tax Model. The Applicant also worked with Debtors' legal counsel in advising the Debtors on the tax consequences resulting from the sale of various businesses. The Applicant also advised the Debtors on the tax consequences resulting from the sale of assets to a liquidating trust.

Debtor requested that Applicant assist with various bankruptcy-related tax issues. Debtor also requested that Applicant assist with the calculation of (i) stock basis in certain subsidiaries, (ii) the amount of cancellation of indebtedness income under various alternatives, and (iii) the Debtors' consolidated net operating loss. Debtor also requested that Applicant review the deductibility of certain reorganization expenditures and post-petition interest.

Debtors requested Applicant's assistance in obtaining an expedited refund of federal income taxes totaling \$119,806,632.45 (the "Refund"). The Refund resulted from the filing of Debtors' 2002 federal income tax return on March 14, 2003, which reflected a net operating loss. Applicant was responsible for processing on an expedited basis the Forms 1139 (Applications for Tentative Refund) filed by Debtors on March 17, 2003, and expediting the timing of the receipt of the resulting Refund of federal income taxes. Such expedited processing included the processing of Form 8302 (Application for Electronic Funds Transfer of Tax Refund of \$1 Million or More), which enabled \$118,803,208 of the refunded taxes to be direct deposited to Debtors' bank account by electronic funds transfer on about March 31, 2003, rather than awaiting the Internal Revenue Service mailing of a paper check. The remaining refund in the amount of \$1,003,424.45 was received by Debtors on April 8, 2003.

The Applicant requests the following fees relating to these projects:

Professional	Classification	Rate	Hours	Fees
D.Thomas	Tax Partner	650.00	19.9	12,935.00
T. Leverenz	Tax Partner	650.00	2.0	1,300.00
J. Kushner	Tax Partner	650.00	2.7	1,755.00
G. Nelson	Tax Senior Manager	500.00	84.8	42,415.00
J. Contreras	Tax Manager	500.00	4.0	2,000.00
E. Nowicki	Tax Manager	450.00	18.5	8,325.00
S. Wheelless	Tax Manager	400.00	12.3	4,920.00
<b>Total</b>			<b>144.2</b>	<b>\$ 73,650.00</b>

#### **B. Deloitte & Touche LLP Fee Applications**

The Applicant was required by bankruptcy rules to expend time in the preparation of the Final Application for Compensation. In an effort to comply with the requirement of the Court, the Applicant kept detailed daily time and expense records, maintained a listing of projects performed, implemented and maintained a database to accumulate this data, and prepared fee application documents and schedules. The time to prepare this fee application is contained in this fee application<sup>1</sup>.

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<sup>1</sup> Certain amounts of time to prepare this fee application were incurred subsequent to June 9, 2003. However, for completeness, this post-June 9, 2003 time has been included in this fee application.

The Applicant requests the following fees related to this project:

Professional	Classification	Rate	Hours	Fees
D. Thomas	Tax Partner	650.00	5.5	3,575.00
S. Magzen	Tax Senior	300.00	30.3	9,090.00
E. Kolpin	Tax Associate	265.00	0.6	159.00
<b>Total</b>			<b>36.4</b>	<b>\$ 12,824.00</b>

In summary, the Applicant requests the following total fees for the projects discussed above:

Summary of Fees by Project Categories for the Period November 19, 2002 - June 9, 2003				
Code	Category	Hours Worked	Professional Fees	
B160	Fee Applications	36.4	\$ 12,824.00	
B240	Tax Issues	144.2	73,650.00	
<b>Total Hours and Fees for the Period Nov. 19, 2002 - Jun. 9, 2003</b>		<b>180.6</b>	<b>\$ 86,474.00</b>	

In summary, the Applicant's fees and expenses by professional for the projects discussed above are as follows:

SUMMARY BY PROFESSIONAL				
Professional	Classification	Rate	Hours	Fees
D. Thomas	Tax Partner	650.00	25.4	16,510.00
T. Leverenz	Tax Partner	650.00	2.0	1,300.00
J. Kushner	Tax Partner	650.00	2.7	1,755.00
G. Nelson	Tax Senior Manager	500.00	84.8	42,415.00
J. Contreras	Tax Senior Manager	500.00	4.0	2,000.00
E. Nowicki	Tax Manager	450.00	18.5	8,325.00
S. Wheelless	Tax Manager	400.00	12.3	4,920.00
S. Magzen	Tax Senior	300.00	30.3	9,090.00
E. Kolpin	Tax Associate	265.00	0.6	159.00
<b>Total for the Period Nov. 19, 2002-Jun. 9, 2003</b>			<b>180.6</b>	<b>\$ 86,474.00</b>



## VI

Application of the twelve factors which have been expounded upon by the Fifth Circuit Court of Appeals in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974) and In Re First Colonial Corporation of America, 544 F.2d 1291 (5th Cir.), cert. den'd., 431 U.S. 904, 97 S. Ct. 1696, 52 L.Ed. 2nd 388 (1977), govern the Court's determination of the propriety of the fee allowance requested by Applicant.

## VII

In determining the total amount sought to be allowed herein, the factors delineated in the case referenced in Paragraph VI above were considered as set forth herein below.

### **1. Time and Labor Expended**

The total hours spent by Applicant in its representation of the Debtors for the Subject Period is 180.6 hours, as is more specifically detailed and set forth in Exhibit "B" of this fee application. The nature of professional services required in this case has been fully described within Section V of this application. It is the Applicant's normal practice to utilize less experienced staff where appropriate. However, the complexity of the consulting work at times requires more experienced personnel. All personnel involved in the rendering of services in this case have made a deliberate effort to avoid any unnecessary duplication of time and work expended, although at times circumstances required the attention of more than one professional. The Applicant's performance of consulting procedures was done in its customary manner of utilizing staff where appropriate, thereby minimizing the time required of more senior personnel.

## **2. Novelty and Difficulty of Problems**

Some of the issues in this case were novel and of moderate difficulty. Nevertheless, consultants for Applicant have on many occasions encountered similar questions and problems in other cases. Therefore, Applicant has made the most efficient use of the abilities of its consultants and has thereby saved a substantial amount of time that less knowledgeable consultants might have expended in this case.

## **3. The Skill Requisite to Perform the Services Properly**

Applicant believes that it has demonstrated the requisite professional skill and proper deployment of personnel, with respect to both standard and novel problems encountered in this case and has handled all consulting issues in an efficient and effective manner such that the fees requested herein are justified.

## **4. Preclusion from Other Employment**

The professionals who devoted substantial time to this matter normally represent other clients, and more than likely, would have represented other clients in other matters if not for the Debtors' representation herein; however, Applicant has not been precluded from taking other employment in other matters.

## **5. Customary Fees**

Applicant has applied for a fee which, it feels, is reasonable under the circumstances of this case. Hourly rates which were considered in the determination of the fee to be requested are those which are the normal and customary rates charged by Applicant and other consulting firms of requisite skill and ability to other clients in Chapter 11 and less than the fees ordinarily charged clients outside of Chapter 11. Applicant's hourly rates are comparable with the community standard at this time, and/or are reasonable given the high level of expertise utilized in this case.

## **6. Contingent Nature of Fees**

Applicant's fee is neither a fixed nor a contingent fee. Instead, Applicant's fee is based upon the total number of hours expended by Applicant's professionals representing the Debtors, plus the actual costs incurred by Applicant.

## **7. Time Limitations Imposed by Client or Other Circumstances**

During the Subject Period, the Applicant feels the circumstances of this case have not imposed extraordinary time constraints on Applicant's services.

## **8. Results Obtained**

The Applicant believes that the results obtained to date have been extremely beneficial under the circumstances enumerated herein above. As noted, Exhibits B and D set forth a detailed description of the work performed by each professional and for each project. Applicant respectfully submits that the services provided were necessary and beneficial to the Debtors.

## **9. Experience, Reputation and Ability**

The Applicant and its partners and managers have been involved in numerous bankruptcy proceedings on behalf of debtors, trustees, creditors, and creditors' committees. Further, members of Deloitte, including those who have provided professional services in the instant case, have actively participated in bankruptcy cases and corporate restructuring in various capacities.

## **10. Undesirability of the Case**

Undesirability has not been a factor in this case. The requirement of Court approval of the Applicant's fees necessarily results in some delay in payments and some uncertainty as to the payment of fees, which factors are generally undesirable.

**11. Nature, Length and Professional Relationship with Client**

Applicant respectfully represents that this factor had no bearing particular to this case.

**12. Awards in Similar Cases**

Applicant is aware of cases similar to this one and asserts that the fee requested is normal and comparable to rates charged for similar cases by other consulting firms of requisite skill and ability in the bankruptcy field and that the nature of this case supports the fee requested by Applicant herein.

VIII

**PREPARATION OF THIS APPLICATION**

Under the Fifth Circuit Court of Appeal's decision of In Re First Colonial Corporation of America, 544 F.2d 1291 (5th Cir.), cert. den'd., 431 U. S. 904, 97 S. Ct. 1696, 52 L.Ed.2d 388 (1977), and subsequent Fifth Circuit decisions, detailed applications for compensation are required. In Rose Pass Mines v. Howard, 615 F.2d 1088 (5th Cir. 1980), the Fifth Circuit adopted the enlightened practice of compensating consultants for their efforts in providing the court and creditors with the required detail. The total cumulative time incurred by the Applicant to prepare the Final Fee Application is \$2,070.00 and is included in this Application for Compensation by Tax Consultants for the Debtors. Applicant submits that the time expended in connection with this is reasonable.

IX

WHEREFORE, Applicant respectfully requests that an allowance be approved to it for professional services rendered during the Subject Period in the amount of \$86,474.00 and out-of-pocket expenses of \$15.00. The Applicant prays that the Court require the Debtors to pay such fees and expenses as an administrative expense pursuant to the provisions of Section 503(b)(2) of the Bankruptcy Code; and further relief to which Applicant may be justly entitled.

Dated this 8<sup>th</sup> day of August 2003.

DELOITTE & TOUCHE LLP

By           /s/ Timothy Leverenz            
Timothy Leverenz  
Deloitte & Touche LLP  
333 Clay Street, Suite 2300  
Houston, Texas 77002  
Tel (713) 982-4048  
Fax (713) 427-4049  
TAX CONSULTANT  
FOR THE DEBTORS

**CERTIFICATION OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Final Application For Compensation by Deloitte & Touche LLP, Tax Consultants for the Debtors, for November 19, 2002 through June 9, 2003 was served the 8<sup>th</sup> day of August, 2003, via United States mail, first class, postage prepaid, on the persons and entities listed below.

**Debtor**

Encompass Services Corporation  
3 Greenway Plaza, Suite 2000  
Houston, TX 77046  
Attn: Gray Muzzy  
Attn: Ed Lamprecht

**Debtors' Counsel**

Weil, Gotshal & Manges LLP  
700 Louisiana, Suite 1600  
Houston, Texas 77002  
Attn: Alfredo Perez  
Lydia Protopapas

**United States Trustee**

Office of the United States Trustee  
515 Rusk Street, 3rd Floor  
Houston, TX 77002  
Attn: Hector Duran, Jr.

**Counsel for the Debtors' Prepetition Lenders and Counsel for the Debtors' Postpetition Lenders**

Winstead Sechrest & Minick P.C.  
5400 Renaissance Tower  
1201 Elm Street  
Dallas, TX 75270-2199  
Attn: R. Michael Farquhar

**Chairpersons of and Counsel to the Committee**

Philip Falcone - Co-chair  
Harbert Management Corporation  
555 Madison Avenue, 28th Floor  
New York, NY 10022

John Pare - Chair  
Hughes Supply, Inc.  
20 North Orange Ave., Suite 200  
Orlando, FL 32801

Andrews & Kurth L.L.P.  
600 Travis Street, Suite 4200  
Houston, TX 77002  
Attn: Hugh M. Ray  
Jim Donnell

/s/ Timothy Leverenz

Timothy Leverenz  
Deloitte & Touche LLP

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582
<u>et al.</u> ,	:	
	:	
Debtors.	:	JOINTLY ADMINISTERED

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**ORDER AUTHORIZING THE EMPLOYMENT OF DELOITTE & TOUCHE LLP AS  
TAX CONSULTANTS FOR THE DEBTORS PURSUANT TO  
11 U.S.C. §§ 327(a), 328(a) and 504 OF THE BANKRUPTCY CODE**

**[This instrument pertains to Docket #26]**

Upon consideration of the application (the “Application”) of Encompass Services Corporation and its direct and indirect subsidiaries set forth on Exhibit A to the Application (collectively, the “Debtors”), for an order authorizing the employment by the Debtors of Deloitte & Touche LLP as tax consultants pursuant to sections 327(a), 328(a) and 504 of the Bankruptcy Code, as is more fully set forth in the Application and in the Engagement Letter,<sup>1</sup> amended and annexed hereto; and upon consideration of the Affidavit of Tim Leverenz, a partner with Deloitte & Touche LLP, annexed to the Application as Exhibit C; and the Court having jurisdiction to consider this Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that due notice of this Application has been given and that no other or further notice need be given; and the Court having determined that the relief sought in the Application is in the best interests of the Debtors, their creditors and all parties in interest; and

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

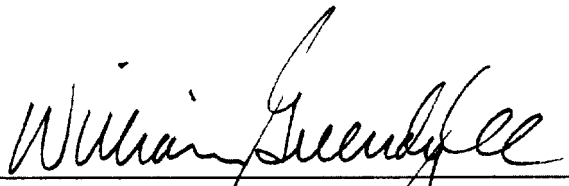


upon the Application and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that pursuant to sections 327(a), 328(a) and 504 of the Bankruptcy Code, the Debtors are authorized to employ and retain Deloitte & Touche LLP as their tax consultants under a general retainer, according to the terms of the Engagement Letter, as amended and attached hereto, effective as of the commencement of these cases; and it is further

ORDERED that Deloitte & Touche LLP shall be compensated in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and such procedures as may be fixed by order of this Court.

Dated: 1/8, 2003  
Houston, Texas

  
HONORABLE WILLIAM R. GREENDYKE  
UNITED STATES BANKRUPTCY JUDGE

Suite 2300  
333 Clay Street  
Houston, Texas 77002-4196

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Fax: (713) 982-2001  
www.deloitte.com

**Deloitte  
& Touche**

November 18, 2002

Mr. Layne Albert  
Vice President - Taxes  
Encompass Management Company  
3 Greenway Plaza, Suite 2000  
Houston, Texas 77046

Dear Mr. Albert:

This letter, including the attached General Business Terms (collectively, the "Agreement"), sets forth the agreement between Encompass Management Company and related entities ("Client", "Company", "Debtors", or "You") and Deloitte & Touche LLP ("D&T" or "we"), whereby D&T will provide certain services outlined below subject to and contingent upon the United States Bankruptcy Court's approval of D&T's post-petition retention by the Debtors to provide such services ("the Engagement"). This engagement letter applies only to services performed subsequent to any bankruptcy filing. On October 8, 2002, Client executed an engagement letter covering many of the same services, some of which have been partially performed. This Agreement supercedes and replaces the prior engagement letter. This Engagement will be effective as of the date so approved by the bankruptcy court.

### Services

We expect that our services may include some or all of the following:

- a. Assist and advise the Debtors in their restructuring objectives and post-restructuring operations with regard to tax matters;
- b. Provide tax consulting regarding the availability, limitations and preservation of certain tax attributes such as net operating losses, tax credits and basis;
- c. Assist the Debtors' to determine the likely amount of cancellation of indebtedness income arising from various restructuring scenarios and the effect of tax attribute reduction (for federal and state purposes) under the bankruptcy exclusion of section 108 of the Internal Revenue Code;
- d. Assist the Debtors' to determine whether an ownership change, within the meaning of section 382 of the Internal Revenue Code, will occur as a result of the proposed plan of reorganization and whether the Debtors would potentially qualify for and benefit from the special bankruptcy exceptions contained in section 382(1)(5) and (1)(6);

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Page 2.

- e. Review the Debtors' determination of tax bases in subsidiaries and provide tax consulting with respect to any excess loss accounts that may exist with respect to any subsidiaries;
- f. Advise as to the treatment of damages relating to rejected leases, if any, post-petition interest, and other insolvency or bankruptcy tax issues that may arise;
- g. Document, as appropriate, the tax analysis, opinions, recommendations, conclusions, and correspondences for any proposed restructuring alternative tax issue or other tax matter; and
- h. Such other tax services in connection with these chapter 11 cases as may be requested by the Debtors and agreed to by D&T.

In addition, Client acknowledges and agrees that any tax services provided pursuant to this Agreement will be based solely upon:

- a. The representations, information, documents and other facts specifically made or submitted to D&T by Client, its personnel and any representatives thereof;
- b. D&T's assumption (without independent verification) that there will be timely execution, delivery and performance as may be required by any representation or documents submitted by Client with respect to D&T's tax assistance;
- c. The understanding that D&T will only be responsible to provide tax assistance with respect to the specific matter, transaction or question actually presented by Client, including the type of tax and the taxing jurisdiction specifically identified by Client (e.g., federal, foreign, state, local, sales, excise, etc.);
- d. Client's understanding and agreement that the ultimate responsibility, with respect to the appropriate application and interpretation of any oral or written communications, rests with management of Client. D&T will not be held liable for any misinterpretations of oral or written communications regarding the application of tax assistance;
- e. Client's understanding that any tax assistance provided pursuant hereto will be based upon the law, regulations, cases, rulings, and other tax authority in effect at the time specific tax assistance is provided. If there are subsequent changes in or to the foregoing tax authorities (for which D&T shall have no specific responsibility to advise you), Client acknowledges that such changes may result in that tax assistance being rendered invalid or necessitate (upon Client's request) a reconsideration of that prior tax assistance;
- f. Client's understanding and agreement that the results of D&T's tax assistance may be audited and challenged by the IRS and other tax authorities, who may not agree with our positions. In this regard, Client understands that the result of any tax assistance is not binding on the IRS, or other tax authorities or the courts and should never be considered a representation, warranty, or guarantee that the IRS or the courts will concur with our advice or opinion; and

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November 18, 2002  
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- g. D&T, as a result of providing such tax assistance, is under no obligation to represent Client with respect to any such challenge or an administrative or judicial challenge thereof. D&T would generally be available to represent Client before the appropriate tax authorities, subject to a mutually agreed upon separate engagement letter.

Client and D&T also agree that the advice and opinions provided in accordance with the terms of this Agreement are not intended to satisfy the "reasonable cause" exception under the United States Internal Revenue Code of 1986, as amended (the "Code") Section 6664(c) to the imposition of substantial understatement penalties under Code Section 6662. Client and D&T agree that a separate engagement letter must be executed with respect to any tax opinion letter that Client intends to rely upon for purposes of Code Section 6664(c) and Section 1.6664-(e)(2) of the regulations promulgated thereunder.

#### **Fees and Expenses**

As compensation for providing tax assistance with respect to the services described above, the Client shall pay D&T a professional fee based on an hourly rate schedule and the level of staff required to complete the services described. The scope of these services, as well as the complexity and length of the engagement, can vary greatly due to actions in this matter which cannot be anticipated. We will send you an invoice monthly as the work is performed, with the invoice due and payable in accordance with the Rules of Bankruptcy Procedures, the order approving the retention of D&T, and all other applicable rules and orders of the Bankruptcy Court in connection with the Case. Our current hourly rate schedule is as follows:

Partners/ Directors/Principals	\$550-650
Senior Managers	\$450-550
Managers	\$350-450
Staff/Seniors	\$250-350

From time to time, in the normal course of business, we may adjust our hourly rates. Our services will be charged at the rates that are in effect at the time such services are rendered.

The Client agrees to reimburse D&T promptly upon request for its out-of-pocket expenses incurred in connection with this Agreement.

Mr. Layne Albert  
November 18, 2002  
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### **Business Relationships and Conflicts**

D&T has performed an internal search for any conflicts based on the names of the parties that Client has provided. The details and results of such search are summarized in The Declaration Of Tim Leverenz in support of the *Application For Order Authorizing the Employment Of Deloitte & Touche LLP as Tax Consultants for the Debtor*. Client agrees to inform us of additional parties to this Case or of name changes for those parties whose names you provided.

D&T and its affiliates have or may have provided professional services to, currently or may currently provide professional services to, and may in the future provide professional services to the Client's creditors, other parties-in-interest, and their respective attorneys that are known to us to be assisting the parties-in-interest in this Case. Client agrees that D&T and its personnel will have no responsibility to Client relating to such professional services, nor any responsibility to use or disclose information D&T possesses by reason of such services to such other parties, whether or not such information might be considered material to Client.

### **Confidential Taxpayer Communications**

Pursuant to the *Internal Revenue Restructuring and Reform Act of 1998*, certain information discussed with members of D&T who are Federally authorized tax practitioners or their agents for the purpose of obtaining our advice on tax matters may be privileged from disclosure in any non-criminal tax matters before the IRS and in non-criminal proceedings in Federal court that stem from matters before the IRS, if the United States is a party to the proceedings. Client agrees that if it fails to inform D&T of its intention to assert this privilege with respect to any communications that arise pursuant to this agreement, no obligation to maintain that privilege shall be imposed on D&T.

### **Additional Engagements**

It is understood and agreed that, in connection with D&T's engagement by the Client under this Agreement, the Client may desire to engage D&T in one or more additional capacities, and that the terms of any such additional engagement may be embodied in one or more separate written letters or agreements acceptable to both the Client and D&T.

### **Miscellaneous**

The Services will not constitute (1) a fairness or solvency opinion or (2) a compilation, examination, review, or audit of any entity's information, financial or otherwise, historical or prospective, as described in the pronouncements on professional standards

Mr. Layne Albert  
November 18, 2002  
Page 5

issued by the American Institutes of Certified Public Accountants. In addition, we will not make any predictions or provide any opinions or other assurances concerning the outcomes of future events, including, without limitation, those that pertain to the operating results of any entity, the achievability of any business plan, the success of any investment, the recovery of any asset, or the ability to pay any debt. Additionally, we do not provide any legal advice; you will be responsible for all legal matters. The Services to be provided by D&T will not include any services that would, if provided, impair our independence for rendering attest services.

The Client recognizes and acknowledges that by performing the Services, D&T is not acting in any Client management capacity and that the Client has not asked D&T to make, nor has D&T agreed to make, any business decisions on behalf of the Client. All decisions about the Client's business or operations, including, but not limited to, decisions concerning the execution of transactions with other entities and the establishment of terms for such transactions, remain the sole responsibility of the Client's management. By signing this letter, the Client expressly acknowledges that Deloitte does not guarantee, warrant, or otherwise provide any assurances that the Client will restructure successfully.

This letter, together with the General Business Terms attached hereto, constitutes the entire agreement between the Client and D&T with respect to this engagement, supersedes all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by the mutual written agreement of the Client and D&T.

If the foregoing represents Client's agreement, please sign the enclosed copy of this letter in the space provided and return it to D&T. Please call Tim Leverenz at 713-982-2212 if you have any questions. We appreciate the opportunity to work for you and look forward to your prompt response.

Very truly yours,

Agreed and Accepted

Deloitte & Touche LLP

Encompass Management Company

By: [Signature]  
Tim Leverenz

By: [Signature]

Name: \_\_\_\_\_

Name: LAYNE ALBERT

Title: PARTNER.

Title: Vice President

Date: 11/19/2002

### General Business Terms

**A. Services.** It is understood and agreed that D&T's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the Client. In connection with its services hereunder, D&T shall be entitled to rely on all decisions and approvals of the Client.

**B. Payment of Invoices.** Properly submitted invoices must be paid within thirty (30) days of the invoice date. Without limiting its rights or remedies, D&T shall have the right to halt or terminate its services entirely if payment is not received within (30) days of the invoice date.

**C. Term.** Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of D&T's services hereunder. This engagement may be terminated by either party at any time by giving written notice to the other party not less than thirty (30) days before the effective date of termination. In the event of termination pursuant to this paragraph, Client agrees to compensate D&T under the terms of the engagement letter to which these terms are appended ("engagement letter") for services performed and expenses incurred through the effective date of termination.

**D. Limitation on Damages.** The Client agrees that D&T and its personnel shall not be liable to the Client for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by the Client to D&T pursuant to this engagement, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of D&T. In no event shall D&T or its personnel be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement. The provisions of this Paragraph shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. In circumstances where all or any portion of the provisions of this Paragraph are finally judicially determined to be unavailable, D&T's aggregate liability for any claims, liabilities, or expenses relating to this engagement shall not exceed an amount which is proportional to the relative fault that D&T's conduct bears to all other conduct giving rise to such claims, liabilities, or expenses.

**E. Waiver of Jury Trial.** D&T AND THE CLIENT HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER IN CONTRACT, STATUTE, TORT (SUCH AS NEGLIGENCE), OR OTHERWISE) RELATING TO THIS ENGAGEMENT.

**F. Information and Data.** D&T shall be entitled to assume, without independent verification, the accuracy of all representations, assumptions, information and data that Client and its representatives provide to D&T. All assumptions, representations, information and data to be supplied by Client and its representatives will be complete and accurate to the best of Client's knowledge. D&T may use information and data furnished by others; however, D&T shall not be responsible for, and D&T shall provide no assurance regarding, the accuracy of any such information or data. Except as specifically agreed to, D&T shall not provide advice regarding the financial accounting treatment of any transaction implemented from these services and will not assume any responsibility for any financial reporting with respect to the services provided hereunder. Client shall be responsible for all financial information and statements provided with respect to any services performed hereunder. D&T shall have no responsibility to address any legal matters or questions of law, other than tax law.

**G. Third Parties and Internal Use.** D&T hereby acknowledges and agrees that there are no conditions of confidentiality associated with the tax services or transaction(s) described herein. Neither D&T nor any party known to D&T has or claims to have any proprietary interest in the subject transaction. Nothing in this paragraph shall be construed as limiting or restricting disclosure of the transaction or any significant tax feature thereof for purposes of §6111(d) of the Internal Revenue Code. The Client and its employees, representatives or agents may disclose the structure and tax aspects of a transaction, and any

and all materials, opinions or tax analyses of any kind, to any and all persons without limitation of any kind. However, all services in connection with this engagement shall be solely for the Client's informational purposes and internal use, and this engagement does not create privity between D&T and any person or party other than Client ("third party"). This engagement is not intended for the express or implied benefit of any third party. Unless otherwise agreed to in writing by D&T, no third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or other services of D&T. In the event of any unauthorized reliance, the Client agrees to indemnify and hold harmless D&T and its personnel from all third-party claims, liabilities, costs and expenses.

**H. Independent Contractor.** It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor, partner, fiduciary or representative of the other. Neither party shall act or represent itself, directly or by implication, in any such capacity in respect of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

**I. Survival and Interpretation.** The agreements and undertakings of the Client contained in the engagement letter, to which these terms are attached, together with the provisions of all Paragraphs hereof, (except for the "term" of the engagement) shall survive the expiration or termination of this engagement. For purposes of these terms, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; to the extent providing services under the engagement letter to which these terms are attached, Deloitte Touche Tohmatsu, its member firms, and the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu and its member firms; all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.

**J. Governing Law and Severability.** These terms, the engagement letter to which these terms are attached, including exhibits, and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to the choice of law principles thereof). If any provision of such terms or engagement letter is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.

**K. Indemnification.** The Client shall indemnify and hold harmless D&T and its personnel from all claims, liabilities, and expenses relating to this engagement, except to the extent that such claim, expense, or liability is either (i) finally judicially determined to have resulted solely from D&T's gross negligence or willful misconduct, or (ii) settled prior to a judicial determination as to D&T's gross negligence or willful misconduct, but determined by the Bankruptcy Court, after notice and a hearing, to be a claim, cost, fee, expense, damage, or liability for which D&T should not receive indemnity, contribution, or reimbursement under the terms of this Agreement. Client shall not be required to indemnify D&T for any amounts arising from or related to D&T's post-petition performance of any services other than those in connection with its engagement, unless such post-petition services and indemnification therefore are approved by the Bankruptcy Court.

If, before the earlier of (i) the entry of a final order confirming a Chapter 11 plan in these cases or (ii) the entry of an order closing these Chapter 11 cases, D&T believes that it is entitled to the payment of any amounts by the Client on account of the Clients' indemnification, contribution, or reimbursement obligations under this Agreement, D&T shall file an application therefore with the Bankruptcy Court, and the Client shall not pay any such amounts to D&T before the entry of an order by this that Court approving such payment. This paragraph is intended only to specify the period of time under which the Bankruptcy Court shall have jurisdiction over any request for fees and expenses by D&T for indemnification, contribution, or reimbursement and is not a provision limiting the duration of Clients' obligation to indemnify D&T.

The provisions of this Paragraph shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. In circumstances where all or any portion of the provisions of this



Paragraph are finally judicially determined to be unavailable, D&T's aggregate liability for any claims, liabilities, or expenses relating to this engagement shall not exceed an amount which is proportional to the relative fault that D&T's conduct bears to all other conduct giving rise to such claims, liabilities, or expenses.

**L. Confidentiality.** To the extent that, in connection with this engagement, D&T comes into possession of any proprietary or confidential information of the Client, D&T will not disclose such information to any third party without the Client's consent, except (a) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (b) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by D&T in breach hereof, (ii) is disclosed by the Client to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to D&T on a nonconfidential basis from a source other than the Client which D&T believes is not prohibited from disclosing such information to D&T by obligation to the Client, (iv) is known by D&T prior to its receipt from the Client without any obligation of confidentiality with respect thereto, or (v) is developed by D&T independently of any disclosures made by the Client to D&T of such information. In addition, the Client acknowledges and agrees that any such information that comes to the attention of D&T in the course of performing this engagement may be considered and used by D&T in the context of responding to its professional obligations as the independent accountants for the Client.

**M. Assignment.** Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. D&T may, without the consent of the Client, assign or subcontract its rights and obligations hereunder to (a) any affiliate or related entity or (b) any entity which acquires all or a substantial part of the assets or business of D&T.

**N. Cooperation.** The Client shall cooperate with D&T in the performance by D&T of its services hereunder, including, without limitation, providing D&T with reasonable facilities and timely access to data, information and personnel of the Client. The Client shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to D&T for purposes of the performance by D&T of its services hereunder.

Deloitte & Touche LLP  
Suite 2300  
333 Clay Street  
Houston, Texas 77002-4196

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Fax: (713) 982-2001  
www.deloitte.com

**Deloitte  
& Touche**

January 6, 2003

Mr. Layne Albert  
Vice President – Taxes  
Encompass Management Company  
3 Greenway Plaza, Suite 2000  
Houston, Texas 77046

Dear Mr. Albert:

Reference is hereby made to a certain engagement letter, dated November 18, 2002, by and between Encompass Management Company (“Encompass”) and Deloitte & Touche LLP (“Deloitte” or “D&T”) regarding the provision of the tax services as described therein (the “Engagement Letter”).

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Engagement Letter as follows:

1. Paragraph G (“**Third Parties and Internal Use**”) of the General Business Terms attached to the Engagement Letter, shall be modified during the pendency of the matter *In re: Encompass Services Corp, et al. Case Nos. 02-43582-H4-11 – 02-43708-H4-1 (the “Cases”)* before the United States Bankruptcy Court Southern District of Texas Houston Division so as to be deleted in its entirety and replaced with the following:

Except as otherwise agreed, all services hereunder shall be solely for the Client’s internal purposes and use, and this engagement does not create privity between D&T and any person or party other than Client (“third party”). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or other services of D&T. In order to protect D&T from any unauthorized reliance or claims, Client further agrees that the advice, opinions and reports issued by D&T shall not be distributed, made available, circulated, or quoted to or used by any third party without the prior written consent of D&T.

2. Paragraph D (“**Limitation on Damages**”), and Paragraph K (“**Indemnification**”) of the General Business Terms attached to the Engagement Letter shall be null and void with respect to services rendered during the pendency of the Case.

Deloitte  
Touche  
Tohmatsu

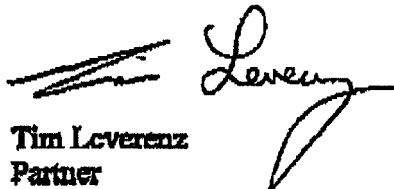
Mr. Layne Albert  
Encompass Management Company  
January 6, 2003  
Page 2

Except as hereby amended, the Engagement Letter shall remain in full force and effect. The terms used herein and not otherwise defined herein shall have their respective meanings assigned thereto in the Engagement Letter.

This letter constitutes the entire agreement between the parties with respect to its subject matter, and other than the Engagement Letter, supersedes all prior understandings, proposals, negotiations and communications, oral or written, between the parties or their representatives with respect to the subject matter hereof. This letter may not be modified except in writing signed by the duly authorized representatives of the parties hereto.

If you are in agreement with the foregoing, please sign in the space indicated below and return to Tim Leverenz at Deloitte & Touche LLP as soon as possible.

Very truly yours,  
Deloitte & Touche LLP

  
Tim Leverenz  
Partner

ACCEPTED AND AGREED TO BY: Encompass Management Company.

Signature: Layne J. Albert  
Name: LAYNE J. ALBERT  
Title: Vice President  
Date: 1/7/2003

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
SDM	B160	Initial prep and distribution of Time Detail template	12/27/2002	2.2	300.00	660.00
SDM	B160	Compiling and Sorting of November and December Fee details	1/20/2003	2.3	300.00	690.00
SDM	B160	Preparation of November and December Fee Statement	1/22/2003	3.1	300.00	930.00
SDM	B160	Continued prep of Nov and Dec fee statement	1/23/2003	2.1	300.00	630.00
EKK	B160	Trip to Bankruptcy Court to file Fee Application	1/24/2003	0.6	265.00	159.00
SDM	B160	Coordination of bankruptcy billing procedures	2/11/2003	0.3	300.00	90.00
SDM	B160	Coordination of Jan/Feb fee statement	4/1/2003	1.6	300.00	480.00
SDM	B160	Preparation of January/February fee statement	4/14/2003	1.7	300.00	510.00
SDM	B160	First quarterly fee app preparation	4/14/2003	2.5	300.00	750.00
SDM	B160	Preparation of March fee statement	4/16/2003	2.1	300.00	630.00
DNT	B160	Preparation and review for fee application hearing.	5/1/2003	2.2	650.00	1,430.00
DNT	B160	Participating in fee application hearing.	5/7/2003	2.8	650.00	1,820.00
SDM	B160	Coordination of April Fee Statement	5/12/2003	0.5	300.00	150.00
DNT	B160	Working with Layne Albert on billing/receivable matter	5/14/2003	0.5	650.00	325.00
SDM	B160	Coordination and preparation of April Fee Statement	5/20/2003	2.4	300.00	720.00
SDM	B160	Coordination and preparation of May/June Fee Statement	6/18/2003	2.6	300.00	780.00
SDM	B160	Final fee app preparation	7/8/2003	3.8	300.00	1,140.00
SDM	B160	Revisions to Fee App debtors' attorneys (Weil) e-mail	7/22/2003	3.1	300.00	930.00

**Total for Project B160**

**36.4**

**12,824.00**

EJN	B240	Bankruptcy Tax Model: Review consolidating debt accounts on tax return for purposes of determining cancellation of debt income by entity.	11/19/2002	0.5	450.00	225.00
EJN	B240	Bankruptcy Tax Model: Preparation of COD income schedule.	11/21/2002	2.2	450.00	990.00
EJN	B240	Bankruptcy Tax Model: Preparation of Tax Basis Balance sheet.	11/21/2002	1.3	450.00	585.00
EJN	B240	Bankruptcy Tax Model: Preparation of Attribute Reduction Schedules for determination of tax attributes that will survive bankruptcy.	11/21/2002	2.1	450.00	945.00
EJN	B240	Bankruptcy Tax Model: Edit Tax Model; Call w/ G. Nelson re: attributes	11/21/2002	0.4	450.00	180.00
GRN	B240	Review of spreadsheets and email re tax and book basis of assets; Discussions w/ E. Nowicki regarding work on report analyzing attributes	11/21/2002	2.1	500.00	1,050.00
EJN	B240	Bankruptcy Tax Model: Preparation of Net unrealized built-in gain/loss schedule.	11/22/2002	2.4	450.00	1,080.00
EJN	B240	Bankruptcy Tax Model: Preparation of purchase price allocation to asset schedule.	11/22/2002	0.6	450.00	270.00
GRN	B240	Review of model and make revisions and clarifications re computation of basis and built in gains; consideration of ability to carry 2002 losses back and obtain tax refunds; consideration of techniques to get more losses.	11/22/2002	3.4	500.00	1,700.00
GRN	B240	Review and revise model and consideration of validity of numbers supplied by debtor; extended office conf P Asofsky, L Albert, Angela Hanna, Ed Lamprecht and discuss procedures for dealing with federal state and local taxes	11/25/2002	3.6	500.00	1,815.00
GRN	B240	Review of Model, work on ideas and techniques to increase current loss and potential refund	11/26/2002	2.4	500.00	1,200.00
GRN	B240	Excess loss account analysis; consideration of ability to utilize existing or future losses to offset any ela triggered	12/2/2002	1.2	500.00	600.00
GRN	B240	Consideration of techniques to accelerate deductions	12/3/2002	1.2	500.00	600.00
GRN	B240	Consideration of ability to claim losses with respect to worthlessness of subsidiaries and obtain tax refund	12/4/2002	2.4	500.00	1,200.00
GRN	B240	Review and revise schedules and prepare for conference call re tax refund	12/5/2002	1.5	500.00	750.00
EJN	B240	Bankruptcy Tax Model: Preparation of Sec. 382 limitations on tax attribute schedule	12/6/2002	1.9	450.00	855.00
EJN	B240	Bankruptcy Tax Model: Fair Market Value Computation.	12/6/2002	1.1	450.00	495.00
GRN	B240	Research re consolidated return rules and techniques to accelerate losses within consolidated group	12/6/2002	1.8	500.00	900.00
EJN	B240	Bankruptcy Tax Model: Review of Tax Model	12/9/2002	1.1	450.00	495.00
EJN	B240	Bankruptcy Tax Model: Excess Loss Account Analysis.	12/9/2002	1.7	450.00	765.00
EJN	B240	Conference Call w/ all parties regarding asset sale and tax consequences	12/9/2002	1.2	450.00	540.00
GRN	B240	Extended conf call with Weil Gotshall attorneys and L Albert and PWC global, Winstead firm, Bracewell firm and FTI re use of liquidating trust and ability to generate tax loss on sale to get refund; review draft term sheet and conf P Asofsky re taxes	12/9/2002	3.5	500.00	1,750.00
EJN	B240	Conference Call w/ all parties regarding asset sale and tax consequences	12/10/2002	0.9	450.00	405.00

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
EJN	B240	Bankruptcy Tax Model: Discussion with G. Nelson regarding tax consequences of Asset Sale.	12/10/2002	0.6	450.00	270.00
GRN	B240	Review term sheet re sale to liquidating trust; conf call w attorneys for debtors, creditors committee re ability to recognize loss on sale to liq trust and thus obtain tax refund; Discusstion w/ E. Nowicki re: asset sale	12/10/2002	3.3	500.00	1,650.00
GRN	B240	Research re ability to claim loss on sale of stock to liquidating trust; consideration of ability to make 338 (h) (10) election	12/11/2002	1.3	500.00	650.00
GRN	B240	Research re ability to include cod in computation of nubig where cod reduces basis in stock of subsidiaries	12/13/2002	1.9	500.00	950.00
GRN	B240	General Review	12/16/2002	0.5	500.00	250.00
GRN	B240	Review of various emails re plan negotiation developments; consideration of tax issues to be resolved	1/17/2003	2.0	500.00	1,000.00
GRN	B240	Review of tax loss computations; consideration of advantages of doing detailed basis study to buttress losses claimed	1/22/2003	1.7	500.00	850.00
GRN	B240	Review letter from L. Albert re tax aspects of plan; consideration of issues and discussion of same with DT personnel.	1/23/2003	1.5	500.00	750.00
GRN	B240	Review of emails from Layne Albert; consideratio of value of accelerating tax refund	1/29/2003	1.4	500.00	700.00
GRN	B240	Review calculations re 2002 losses and carryback to prior years; consideration of value of expediting refund.	1/31/2003	1.4	500.00	700.00
GRN	B240	Review of staus of plan and NOL carrybacks	2/5/2003	0.5	500.00	250.00
GRN	B240	Various conference calls with Layne Albert re timing of filing of claims for refund; review of disclosure statement.	2/7/2003	1.5	500.00	750.00
EJN	B240	Review of new basis schedule	02/12/03	0.5	450.00	225.00
GRN	B240	Conference with Layne Albert and review of tax section of disclosure statement.	2/12/2003	1.5	500.00	750.00
GRN	B240	Review draft disclosure statement	2/13/2003	2.7	500.00	1,350.00
GRN	B240	Meeting L. Albert, E. Lambrecht, D. Herman and P. Asofsky to discuss tax issues in plan, including CERT issues, ELAs and ways to extinguish, timing of refund and other issues; additional research re 1502-19 and sale of assets and disposition.	2/25/2003	3.3	500.00	1,650.00
GRN	B240	Additional analysis of triggering of ELAs	2/26/2003	1.5	500.00	750.00
DNT	B240	Preparing for and meeting with Encompass representatives on accelerated refund	2/27/2003	2.3	650.00	1,495.00
GRN	B240	Conference with Layne Albert re meeting to get DT to assist on processing 1139s; discussion of ELAs and techniques to avoid triggering.	2/27/2003	1.8	500.00	900.00
GRN	B240	Review of revised disclosure statement	3/6/2003	3.0	500.00	1,500.00
GRN	B240	Conference with Layne Albert re DT role in processing 1139s; review of disclosure statement; consideration of tax issues, including triggering of elas.	3/7/2003	2.4	500.00	1,200.00
DNT	B240	Work on processing and timing of expediting refund claim w/ G. Nelson and S. Wheelless; reviewing ten drafts 1139s and other information; preparing nine powers of attorney; reviewing information regarding IRS proofs of claim	3/10/2003	5.8	650.00	3,770.00
GRN	B240	Conference D. Thomas re assistance to Encompass in obtaining expedited refund; conf call L. Albert, Herman, and J. Contreres re details; analysis of ability of IRS to offset refund with claim for prepetion payroll tax liabilities.	3/10/2003	1.8	500.00	900.00
JMC	B240	Calls with client on 1139 procees; call with G. Nelson on Carryback; Conference call with client and Houston office re: same	3/10/2003	2.0	500.00	1,000.00
SAW	B240	For lengthy discussion with D. Thomas & Layne Albert (Client) on 1139 processing and details.	3/10/2003	0.8	400.00	320.00
DNT	B240	Work on nine powers of attorney and issues related to expedited refund; reviewing Scott Wheelless schedule of IRS issues including SL Page; reviewing SL Page return; call w/ S. Wheelless re: same	3/11/2003	1.3	650.00	845.00
SAW	B240	Review of multiple IRS transcripts received from local IRS District Office (per client request).	3/11/2003	1.0	400.00	400.00
SAW	B240	EXCEL preparation of the IRS data in order to better interpret for client.	3/11/2003	2.0	400.00	800.00
SAW	B240	Discussions regarding Refund Claim with Houston office and also with Client	3/11/2003	0.6	400.00	240.00
DNT	B240	Work on SL Page matters; reviewing memo and transcript regarding same; reviewing and revising memo	3/12/2003	1.3	650.00	845.00
DNT	B240	Work on issue involving corrected AMTNOL; working with Layne Albert, Scott Wheelless on timing of expedited refund	3/13/2003	2.6	650.00	1,690.00
GRN	B240	Research re triggering of excess loss accounts upon sale of substantially all of a corporation's assets - analysis of reg 1.1502-19	3/13/2003	2.2	500.00	1,100.00
JMC	B240	Follow-up phone call with clent and Houston office on Carryback issues and filing issues.	3/13/2003	0.5	500.00	250.00

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
SAW	B240	Multiple calls made to Don Herman; email to Layne Albert with account status update; faxed information to D. Thomas.	3/13/2003	0.7	400.00	280.00
DNT	B240	Reviewing memos; reviewing Layne Albert and other memos regarding 1120 and 1139 filing and timing	3/14/2003	0.5	650.00	325.00
GRN	B240	Analysis of ability to capitalize intercompany debt in order to minimize potential excess loss account issues	3/14/2003	1.8	500.00	900.00
JK	B240	Review of Dubroff Treatise on Consolidated Returns	3/14/2003	0.8	650.00	520.00
JMC	B240	Detail review of Form 1120.	3/14/2003	0.5	500.00	250.00
SAW	B240	Called client to notify 1120 came into our office to file; Form 1120 filing with IRS, including letter prepared, faxed page 1 of F1120 to IRS contact and called IRS contact to let them know of carryback coming in.	3/14/2003	1.0	400.00	400.00
GRN	B240	Review status of refund claim; conf w/ J. Kushner re need for supplemental disclosure	3/17/2003	0.6	500.00	300.00
JK	B240	Review of ELA trigger under Consolidated Return rules and call w/G. Nelsc	3/17/2003	1.9	650.00	1,235.00
JMC	B240	Review of Form 1139's received; meeting with S. Wheelless re: same	3/17/2003	1.0	500.00	500.00
GRN	B240	Review status of refund and plan and disclosure statement; conf P. Asofsky re status of plan	3/18/2003	2.0	500.00	1,000.00
SAW	B240	Handling 1139 expedited process with IRS, including letter prepared for IRS, calling IRS to notify carryback being filed, faxing page 1 copies to IRS for their records, and continuous monitoring and followup with IRS on process; contacting client to inform them of case status.	3/18/2003	5.0	400.00	2,000.00
DNT	B240	Work on bankruptcy matters relating to expedited refund	3/19/2003	0.3	650.00	195.00
GRN	B240	Analysis of effect of disposing of all or substantially all of assets as causing a deemed disposition under 1502-19	3/19/2003	2.6	500.00	1,300.00
GRN	B240	Review status of refund claim; conf others re need for supplemental disclosure	3/20/2003	2.5	500.00	1,250.00
TRL	B240	Review and approve engagement letter to assist in expediting federal income tax return claim	3/21/2003	1.0	650.00	650.00
GRN	B240	Analysis of tax consequences of chapter 11 plan	3/24/2003	1.4	500.00	700.00
DNT	B240	Work with Tim Leverenz, Layne Albert on bankruptcy affidavit matters; reviewed status report from IRS	3/25/2003	1.0	650.00	650.00
GRN	B240	Consideration of alternative tax results corresponding to chapter 11 plan of reorganization; conf L. Albert re NOL and tax issues	3/25/2003	1.3	500.00	650.00
TRL	B240	Review and approve supplemental declaration to assist in expediting federal income tax return claim	3/25/2003	1.0	650.00	650.00
DNT	B240	Work with Layne Albert and George Nelson on expedited refund issues	3/26/2003	1.8	650.00	1,170.00
GRN	B240	Review correspondence re status of expedited refund and t/c L. Albert re matter; discussion w/ D.Thomas re: same; conf re other tax issues to be resolved prior to plan confirmation	3/26/2003	1.8	500.00	900.00
SAW	B240	Includes additional calls to IRS, client on where case status is and projected closure date.	3/26/2003	0.5	400.00	200.00
DNT	B240	Work with Scott Wheelless and Layne Albert on Wire transfer / Bank account matters	3/27/2003	0.3	650.00	195.00
GRN	B240	Review of refund status; review of disclosure tax aspects and analysis of tax issues; conf L. Albert	3/27/2003	1.7	500.00	850.00
SAW	B240	Called client to notify of case closing, refund dates anticipated; worked w/ D. Thomas on bank account matters; Called IRS to double check dates.	3/27/2003	0.7	400.00	280.00
DNT	B240	Working with Layne Albert on expedited refund	4/1/2003	0.8	650.00	520.00
DNT	B240	Working with Layne Albert on receipt of wire transfers and expedited refunds; Working on billing	4/2/2003	0.3	650.00	195.00
DNT	B240	Reviewing and revising billing matters	4/3/2003	0.8	650.00	520.00
GRN	B240	Review of various court filings and consider tax issues therein.	4/3/2003	0.7	500.00	350.00
GRN	B240	Review of emails describing Deloitte retention.	4/4/2003	0.8	500.00	400.00
GRN	B240	Review of plan and disclosure statement; review of status of tax refunds.	4/9/2003	2.5	500.00	1,250.00
GRN	B240	Consideration of tax issues; review of plan and disclosure statement.	4/14/2003	1.5	500.00	750.00
GRN	B240	Review of various court filings and consider tax issues therein.	4/21/2003	0.8	500.00	400.00
GRN	B240	Review of recent filings and motions for tax view.	4/29/2003	0.8	500.00	400.00
DNT	B240	Meeting with George Nelson regarding tax consequences of recent motions; reviewing of certain tax models.	5/6/2003	0.8	650.00	520.00
GRN	B240	Review of recent motions regarding tax consequences; conference with D. Thomas regarding work performed in connection with fee application.	5/6/2003	1.7	500.00	850.00

**Total for Project B240** **144.2** **73,650.00**

**Total for all Projects** **180.6** **86,474.00**

**EXHIBIT C**

**Summary of Expenses for the Period November 19 - June 9, 2003**

<u>DATE</u>	<u>PERSON</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
11/21/2002	Ed Nowicki	Taxicab	8.00	TaxiCab ride home after hours.
11/22/2002	Ed Nowicki	Taxicab	7.00	TaxiCab ride home after hours.
		<b>Subtotal for Travel</b>	<b>15.00</b>	
			-	
		<b>Subtotal for Meals</b>	<b>-</b>	
			-	
		<b>Subtotal for Postage</b>	<b>-</b>	
			-	
		<b>Subtotal for Admin. Charges</b>	<b>-</b>	
		<b>Expense Total</b>	<b>15.00</b>	

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
DNT	B240	Preparing for and meeting with Encompass representatives on accelerated refund	2/27/2003	2.3	650.00	1,495.00
DNT	B240	Work on processing and timing of expediting refund claim w/ G. Nelson and S. Wheelless; reviewing ten drafts 1139s and other information; preparing nine powers of attorney; reviewing information regarding IRS proofs of claim	3/10/2003	5.8	650.00	3,770.00
DNT	B240	Work on nine powers of attorney and issues related to expedited refund; reviewing Scott Wheelless schedule of IRS issues including SL Page; reviewing SL Page return; call w/ S. Wheelless re: same	3/11/2003	1.3	650.00	845.00
DNT	B240	Work on SL Page matters; reviewing memo and transcript regarding same; reviewing and revising memo	3/12/2003	1.3	650.00	845.00
DNT	B240	Work on issue involving corrected AMTNOL; working with Layne Albert, Scott Wheelless on timing of expedited refund	3/13/2003	2.6	650.00	1,690.00
DNT	B240	Reviewing memos; reviewing Layne Albert and other memos regarding 1120 and 1139 filing and timing	3/14/2003	0.5	650.00	325.00
DNT	B240	Work on bankruptcy matters relating to expedited refund	3/19/2003	0.3	650.00	195.00
DNT	B240	Work with Tim Leverezenz, Layne Albert on bankruptcy affidavit matters; reviewed status report from IRS	3/25/2003	1.0	650.00	650.00
DNT	B240	Work with Layne Albert and George Nelson on expedited refund issues	3/26/2003	1.8	650.00	1,170.00
DNT	B240	Work with Scott Wheelless and Layne Albert on Wire transfer / Bank account matters	3/27/2003	0.3	650.00	195.00
DNT	B240	Working with Layne Albert on expedited refund	4/1/2003	0.8	650.00	520.00
DNT	B240	Working with Layne Albert on receipt of wire transfers and expedited refunds; Working on billing	4/2/2003	0.3	650.00	195.00
DNT	B240	Reviewing and revising billing matters	4/3/2003	0.8	650.00	520.00
DNT	B160	Preparation and review for fee application hearing.	5/1/2003	2.2	650.00	1,430.00
DNT	B240	Meeting with George Nelson regarding tax consequences of recent motions; reviewing of certain tax models.	5/6/2003	0.8	650.00	520.00
DNT	B160	Participating in fee application hearing.	5/7/2003	2.8	650.00	1,820.00
DNT	B160	Working with Layne Albert on billing/receivable matter	5/14/2003	0.5	650.00	325.00

**Total for D. Thomas**

**25.4**

**16,510.00**

EJN	B240	Bankruptcy Tax Model: Review consolidating debt accounts on tax return for purposes of determining cancellation of debt income by entity.	11/19/2002	0.5	450.00	225.00
EJN	B240	Bankruptcy Tax Model: Preparation of COD income schedule.	11/21/2002	2.2	450.00	990.00
EJN	B240	Bankruptcy Tax Model: Preparation of Tax Basis Balance sheet.	11/21/2002	1.3	450.00	585.00
EJN	B240	Bankruptcy Tax Model: Preparation of Attribute Reduction Schedules for determination of tax attributes that will survive bankruptcy.	11/21/2002	2.1	450.00	945.00
EJN	B240	Bankruptcy Tax Model: Edit Tax Model.	11/21/2002	0.4	450.00	180.00
EJN	B240	Bankruptcy Tax Model: Preparation of Net unrealized built-in gain/loss schedule.	11/22/2002	2.4	450.00	1,080.00
EJN	B240	Bankruptcy Tax Model: Preparation of purchase price allocation to asset schedule.	11/22/2002	0.6	450.00	270.00
EJN	B240	Bankruptcy Tax Model: Preparation of Sec. 382 limitations on tax attribute schedule	12/6/2002	1.9	450.00	855.00
EJN	B240	Bankruptcy Tax Model: Fair Market Value Computation.	12/6/2002	1.1	450.00	495.00
EJN	B240	Bankruptcy Tax Model: Review of Tax Model	12/9/2002	1.1	450.00	495.00
EJN	B240	Bankruptcy Tax Model: Excess Loss Account Analysis.	12/9/2002	1.7	450.00	765.00
EJN	B240	Conference Call w/ all parties regarding asset sale and tax consequences	12/9/2002	1.2	450.00	540.00
EJN	B240	Conference Call w/ all parties regarding asset sale and tax consequences	12/10/2002	0.9	450.00	405.00
EJN	B240	Bankruptcy Tax Model: Discussion with G. Nelson regarding tax consequences of Asset Sale.	12/10/2002	0.6	450.00	270.00
EJN	B240	Review of new basis schedule	02/12/03	0.5	450.00	225.00

**Total for E. Nowicki**

**18.5**

**8,325.00**



Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
GRN	B240	Review of spreadsheets and email re tax and book basis of assets; con E. Nowicki and work on report analyzing attributes	11/21/2002	2.1	500.00	1,050.00
GRN	B240	Review of model and make revisions and clarifications re computation of basis and built in gains; consideration of ability to carry 2002 losses back and obtain tax refunds; consideration of techniques to get more losses.	11/22/2002	3.4	500.00	1,700.00
GRN	B240	Review and revise model and consideration of validity of numbers supplied by debtor; extended office conf P Asofsky, L Albert, Angela Hanna, Ed Lamprecht and discuss procedures for dealing with federal state and local taxes	11/25/2002	3.6	500.00	1,815.00
GRN	B240	Review of Model, work on ideas and techniques to increase current loss and potential refund	11/26/2002	2.4	500.00	1,200.00
GRN	B240	Conf E. Nowicki re excess loss account analysis; consideration of ability to utilize existing or future losses to offset any ela triggered	12/2/2002	1.2	500.00	600.00
GRN	B240	Consideration of techniques to accelerate deductions	12/3/2002	1.2	500.00	600.00
GRN	B240	Consideration of ability to claim losses with respect to worthlessness of subsidiaries and obtain tax refund	12/4/2002	2.4	500.00	1,200.00
GRN	B240	Review and revise schedules and prepare for conference call re tax refund	12/5/2002	1.5	500.00	750.00
GRN	B240	Research re consolidated return rules and techniques to accelerate losses within consolidated group	12/6/2002	1.8	500.00	900.00
GRN	B240	Extended conf call with Weil Gotshall attorneys and L Albert and PWC global, Winstead firm, Bracewell firm and FTI re use of liquidating trust and ability to generate tax loss on sale to get refund; review draft term sheet and conf P Asofsky re taxes	12/9/2002	3.5	500.00	1,750.00
GRN	B240	Review term sheet re sale to liquidating trust; conf call w attorney for debtors, creditors committee re ability to recognize loss on sale to liq trust and thus obtain tax refund	12/10/2002	3.3	500.00	1,650.00
GRN	B240	Research re ability to claim loss on sale of stock to liquidating trust; consideration of ability to make 338 (h) (10) election	12/11/2002	1.3	500.00	650.00
GRN	B240	Research re ability to include cod in computation of nubig where cod reduces basis in stock of subsidiaries	12/13/2002	1.9	500.00	950.00
GRN	B240	General Review	12/16/2002	0.5	500.00	250.00
GRN	B240	Review of various emails re plan negotiation developments; consideration of tax issues to be resolved	1/17/2003	2.0	500.00	1,000.00
GRN	B240	Review of tax loss computations; consideration of advantages of doing detailed basis study to buttress losses claimed	1/22/2003	1.7	500.00	850.00
GRN	B240	Review letter from L. Albert re tax aspects of plan; consideration of issues and discussion of same with DT personnel.	1/23/2003	1.5	500.00	750.00
GRN	B240	Review of emails from Layne Albert; consideratio of value of accelerating tax refund	1/29/2003	1.4	500.00	700.00
GRN	B240	Review calculations re 2002 losses and carryback to prior years; consideration of value of expediting refund.	1/31/2003	1.4	500.00	700.00
GRN	B240	Review of staus of plan and NOL carrybacks	2/5/2003	0.5	500.00	250.00
GRN	B240	Various conference calls with Layne Albert re timing of filing of claims for refund; review of disclosure statement.	2/7/2003	1.5	500.00	750.00
GRN	B240	Conference with Layne Albert and review of tax section of disclosure statement.	2/12/2003	1.5	500.00	750.00
GRN	B240	Review draft disclosure statement	2/13/2003	2.7	500.00	1,350.00
GRN	B240	Meeting L. Albert, E. Lambrecht, D. Herman and P. Asofsky to discuss tax issues in plan, including CERT issues, ELAs and ways to extinguish, timing of refund and other issues; additional research re 1502-19 and sale of assets and disposition.	2/25/2003	3.3	500.00	1,650.00
GRN	B240	Additional analysis of triggering of ELAs	2/26/2003	1.5	500.00	750.00
GRN	B240	Conference with Layne Albert re meeting to get DT to assist on processing 1139s; discussion of ELAs and techniques to avoid triggering.	2/27/2003	1.8	500.00	900.00
GRN	B240	Review of revised disclosure statement	3/6/2003	3.0	500.00	1,500.00
GRN	B240	Conference with Layne Albert re DT role in processing 1139s; review of disclosure statement; consideration of tax issues, including triggering of elas.	3/7/2003	2.4	500.00	1,200.00
GRN	B240	Conference D. Thomas re assistance to Encompass in obtaining expedited refund; conf call L. Albert, Herman, and J. Contreres re details; analysis of ability of IRS to offset refund with claim for prepetition payroll tax liabilities.	3/10/2003	1.8	500.00	900.00
GRN	B240	Research re triggering of excess loss accounts upon sale of substantially all of a corporation's assets - analysis of reg 1.1502-19	3/13/2003	2.2	500.00	1,100.00
GRN	B240	Analysis of ability to capitalize intercompany debt in order to minimize potential excess loss account issues	3/14/2003	1.8	500.00	900.00

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
GRN	B240	Review status of refund claim; conf w/ J. Kushner re need for supplemental disclosure	3/17/2003	0.6	500.00	300.00
GRN	B240	Review status of refund and plan and disclosure statement; conf P. Asofsky re status of plan	3/18/2003	2.0	500.00	1,000.00
GRN	B240	Analysis of effect of disposing of all or substantially all of assets as causing a deemed disposition under 1502-19	3/19/2003	2.6	500.00	1,300.00
GRN	B240	Review status of refund claim; conf others re need for supplemental disclosure	3/20/2003	2.5	500.00	1,250.00
GRN	B240	Analysis of tax consequences of chapter 11 plan	3/24/2003	1.4	500.00	700.00
GRN	B240	Reconsideration of alternative tax results corresponding to chapter 11 plan of reorganization; conf L. Albert re NOL and tax issues	3/25/2003	1.3	500.00	650.00
GRN	B240	Review correspondence re status of expedited refund and t/c L. Albert re matter; discussion w/ D.Thomas re: same; conf re other tax issues to be resolved prior to plan confirmation	3/26/2003	1.8	500.00	900.00
GRN	B240	Review of refund status; review of disclosure tax aspects and analysis of tax issues; conf L. Albert	3/27/2003	1.7	500.00	850.00
GRN	B240	Review of various court filings and consider tax issues therein.	4/3/2003	0.7	500.00	350.00
GRN	B240	Review of emails describing Deloitte retention.	4/4/2003	0.8	500.00	400.00
GRN	B240	Review of plan and disclosure statement; review of status of tax refunds.	4/9/2003	2.5	500.00	1,250.00
GRN	B240	Consideration of tax issues; review of plan and disclosure statement.	4/14/2003	1.5	500.00	750.00
GRN	B240	Review of various court filings and consider tax issues therein.	4/21/2003	0.8	500.00	400.00
GRN	B240	Review of recent filings and motions for tax view.	4/29/2003	0.8	500.00	400.00
GRN	B240	Review of recent motions regarding tax consequences; conference with D. Thomas regarding work performed in connection with fee application.	5/6/2003	1.7	500.00	850.00

**Total for G. Nelson** **84.8** **42,415.00**

JK	B240	Review of Dubroff Treatise on Consolidated Returns	3/14/2003	0.8	650.00	520.00
JK	B240	Review of ELA trigger under Consolidated Return rules and call w/G. Nelson	3/17/2003	1.9	650.00	1,235.00

**Total for J. Kushner** **2.7** **1,755.00**

JMC	B240	Calls with client on 1139 process; call with G. Nelson on Carryback; Conference call with client and Houston office re: same	3/10/2003	2.0	500.00	1,000.00
JMC	B240	Follow-up phone call with client and Houston office on Carryback issues and filing issues.	3/13/2003	0.5	500.00	250.00
JMC	B240	Detail review of Form 1120.	3/14/2003	0.5	500.00	250.00
JMC	B240	Review of Form 1139's received; meeting with S. Wheelless re: same	3/17/2003	1.0	500.00	500.00

**Total for J. Contreras** **4.0** **2,000.00**

SAW	B240	For lengthy discussion with D. Thomas & Layne Albert (Client) on 1139 processing and details.	3/10/2003	0.8	400.00	320.00
SAW	B240	Review of multiple IRS transcripts received from local IRS District Office (per client request).	3/11/2003	1.0	400.00	400.00
SAW	B240	EXCEL preparation of the IRS data in order to better interpret for client.	3/11/2003	2.0	400.00	800.00
SAW	B240	Discussions regarding Refund Claim with Houston office and also with Client	3/11/2003	0.6	400.00	240.00
SAW	B240	Multiple calls made to Don Herman; email to Layne Albert with account status update; faxed information to D. Thomas.	3/13/2003	0.7	400.00	280.00
SAW	B240	Called client to notify 1120 came into our office to file; Form 1120 filing with IRS, including letter prepared, faxed page 1 of F1120 to IRS contact and called IRS contact to let them know of carryback coming in.	3/14/2003	1.0	400.00	400.00
SAW	B240	Handling 1139 expedited process with IRS, including letter prepared for IRS, calling IRS to notify carryback being filed, faxing page 1 copies to IRS for their records, and continuous monitoring and followup with IRS on process; contacting client to inform them of case status.	3/18/2003	5.0	400.00	2,000.00
SAW	B240	Includes additional calls to IRS, client on where case status is and projected closure date.	3/26/2003	0.5	400.00	200.00
SAW	B240	Called client to notify of case closing, refund dates anticipated; worked w/ D. Thomas on bank account matters; Called IRS to double check dates.	3/27/2003	0.7	400.00	280.00

**Total for S. Wheelless** **12.3** **4,920.00**

Monthly Fee Statement for Compensation by Deloitte Touche LLP  
Tax Advisor to the Debtor, Encompass Services Corporation  
For the Period November 19 - June 9, 2003  
Sorted by Professional

Exhibit D

Initials	Matter Code	Description	Date	Hours	Billing Rate	Fees
SDM	B160	Initial prep and distribution of Time Detail template	12/27/2002	2.2	300.00	660.00
SDM	B160	Compiling and Sorting of November and December Fee details	1/20/2003	2.3	300.00	690.00
SDM	B160	Preparation of November and December Fee Statement	1/22/2003	3.1	300.00	930.00
SDM	B160	Continued prep of Nov and Dec fee statement	1/23/2003	2.1	300.00	630.00
SDM	B160	Coordination of bankruptcy billing proceduers	2/11/2003	0.3	300.00	90.00
SDM	B160	Coordination of Jan/Feb fee statement	4/1/2003	1.6	300.00	480.00
SDM	B160	Preparation of January/February fee statement	4/14/2003	1.7	300.00	510.00
SDM	B160	First quarterly fee app preparation	4/14/2003	2.5	300.00	750.00
SDM	B160	Preparation of March fee statement	4/16/2003	2.1	300.00	630.00
SDM	B160	Coordination of April Fee Statement	5/12/2003	0.5	300.00	150.00
SDM	B160	Coordination and preparation of April Fee Statement	5/20/2003	2.4	300.00	720.00
SDM	B160	Coordination and preparation of May/June Fee Statement	6/18/2003	2.6	300.00	780.00
SDM	B160	Final fee app preparation	7/8/2003	3.8	300.00	1,140.00
SDM	B160	Revisions to Fee App debtors' attorneys (Weil) e-mail	7/22/2003	3.1	300.00	930.00
<b>Total for S. Magzen</b>				<b>30.3</b>		<b>9,090.00</b>
EKK	B160	Trip to Bankruptcy Court to file Fee Application	1/24/2003	0.6	265.00	159.00
<b>Total for E. Kolpin</b>				<b>0.6</b>		<b>159.00</b>
TRL	B240	Review and approve engagement letter to assist in expediting federal income tax return claim	3/21/2003	1.0	650.00	650.00
TRL	B240	Review and approve supplemental declaration to assist in expediting federal income tax return claim	3/25/2003	1.0	650.00	650.00
<b>Total for T. Leverenz</b>				<b>2.0</b>		<b>1,300.00</b>
<b>Total for all Professionals</b>				<b>180.6</b>		<b>86,474.00</b>

**IN THE UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF TEXAS**  
**HOUSTON DIVISION**

<b>IN RE:</b>	§	<b>CHAPTER 11</b>
	§	
<b>ENCOMPASS SERVICES CORPORATION,</b>	§	<b>CASE NO. 02-43582-H4-11</b>
<b>et. al.,</b>	§	
	§	
<b>DEBTORS</b>	§	<b>JOINTLY ADMINISTERED</b>
	§	

**ORDER APPROVING FINAL APPLICATION FOR COMPENSATION**  
**BY DELOITTE & TOUCHE LLP,**  
**TAX CONSULTANTS FOR**  
**THE DEBTORS,**  
**FOR NOVEMBER 19, 2002 THROUGH JUNE 9, 2003**

[This instrument pertains to Docket No. \_\_\_\_\_]

Upon consideration of the application (the "Application") of Deloitte & Touche LLP for an order approving final application for compensation by Deloitte & Touche LLP, Tax Consultants for the Debtors, for November 19, 2002 through June 9, 2003 and the Court being satisfied that the relief requested in the Application is in the best interests of the Debtors and their estates; and it appearing that due notice of this Application has been given and that no other or further notice be given and sufficient cause appearing therefore, it is

ORDERED that the Application is granted; and it is further

ORDERED that Deloitte & Touche LLP is entitled to a final allowance of \$86,489.00 for the period from November 19, 2002 through June, 9, 2003 (the "Compensation Period"), representing \$86,474.00 as compensation for professional services rendered during the

Compensation Period and \$15.00 as reimbursement for actual and necessary expenditures incurred during the Compensation Period; and it is further

ORDERED that the Debtors are authorized to pay Deloitte & Touche LLP such sums, to the extent that such amounts have not previously been paid; and it is further

ORDERED that Deloitte & Touche LLP is entitled to seek compensation for preparation of its Application.

DATED: \_\_\_\_\_, 2003  
Houston, Texas

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HONORABLE WILLIAM R. GREENDYKE,  
UNITED STATES BANKRUPTCY JUDGE