

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

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Reorganized Debtors.	:	JOINTLY ADMINISTERED

**COVER SHEET FOR SECOND AND FINAL APPLICATION
OF WEIL, GOTSHAL & MANGES LLP AS ATTORNEYS
FOR THE DEBTORS FOR ALLOWANCE OF COMPENSATION
FOR PROFESSIONAL SERVICES RENDERED AND FOR REIMBURSEMENT
OF ACTUAL AND NECESSARY EXPENSES INCURRED FROM
NOVEMBER 19, 2002 THROUGH JUNE 9, 2003**

Name of Applicant: Weil, Gotshal & Manges LLP

Authorized to Provide
Professional Services to: Debtors and Debtors in Possession

Date of Retention: December 18, 2002
(effective as of November 19, 2002)

Final 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: \$2,808,604.50

Amount of expense
reimbursement sought as actual,
reasonable, and necessary: \$ 193,122.15

If this is not the first application filed, disclose the following for each prior application:

Date Filed	Period Covered	Requested Compensation	Requested Expenses	Approved Compensation¹	Approved Expenses
April 14, 2003	November 19, 2002- February 28, 2003	\$1,395,018.00	\$125,445.24	\$1,394,716.00	\$125,445.24

¹ The Court approved the requested fees in a reduced amount at a hearing held May 7, 2003, however, an order has not yet been entered by the Court

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<u>et al.</u>	:	
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Reorganized Debtors.	:	JOINTLY ADMINISTERED
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**SECOND AND FINAL APPLICATION OF WEIL, GOTSHAL & MANGES LLP
AS ATTORNEYS FOR THE DEBTORS FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND
FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES
INCURRED FROM NOVEMBER 19, 2002 THROUGH JUNE 9, 2003**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON OCTOBER 29, 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:

Weil, Gotshal & Manges LLP (“WG&M”) (a limited liability partnership including professional corporations), as attorneys for Encompass Services Corporation (“Encompass”) and Encompass Services Holding Corp., as reorganized debtors (collectively, the “Debtors”), hereby files this final application (the “Application”) for interim compensation and final allowance of compensation for services rendered and

reimbursement of actual and necessary expenses incurred by WG&M during the period from November 19, 2002 through June 9, 2003 (the “Final Compensation Period”) (including services rendered and expenses incurred by WG&M from March 1, 2003 through June 9, 2003 (the “Interim Period”) and not included in a prior application) pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016 of the Local Rules of the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Local Rules”) and respectfully represents as follows:

BACKGROUND

1. On November 19, 2002 (the “Commencement Date”), Encompass and one hundred twenty six (126) of its direct and indirect wholly-owned subsidiaries filed voluntary petitions for relief under the Bankruptcy Code.

2. On May 28, 2003, after notice and a hearing held on May 21, 2003, this Court entered an order approving and confirming the Second Amended Joint Plan of Reorganization of Encompass Services Corporation and its Affiliated Debtors Under Chapter 11 of the Bankruptcy Code, dated April 11, 2003, as modified by the Immaterially Modified Second Amended Joint Plan of Reorganization of Encompass Services Corporation and its Affiliated Debtors Under Chapter 11 of the Bankruptcy Code dated May 21, 2003, and as supplemented by the Debtors’ Plan Supplement dated May 8, 2003, the Debtors’ First Amended Plan Supplement dated May 14, 2003, and the Debtors’ Second Amended Plan Supplement dated May 19, 2003 (all of the foregoing collectively, the “Plan”).

3. On June 9, 2003, the Plan became effective, and Encompass Services Corporation and Encompass Services Holding Corp., as reorganized debtors, emerged from chapter 11 of the Bankruptcy Code.

4. On the Commencement Date, the Debtors filed their Expedited Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code for Authorization to Employ Weil, Gotshal & Manges LLP as Attorneys for the Debtors (Docket No. 23). Attached to that application was the Affidavit of Alfredo R. Pérez and Disclosure Statement on Behalf of Weil, Gotshal & Manges LLP Pursuant to 11 U.S.C. § § 327(a), 328(a), 329 and 504 and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b) In Support of Application of Debtors for Order Authorizing Employment and Retention of Weil, Gotshal & Manges LLP as Counsel for the Debtors. A copy of that affidavit is attached hereto as Exhibit A. In addition, a First Supplemental Affidavit of Alfredo R. Pérez and Disclosure Statement on Behalf of Weil, Gotshal & Manges LLP Pursuant to 11 U.S.C. § § 327(a), 328(a), 329 and 504 and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b) in Support of Application of Debtors for Order Authorizing Employment and Retention of Weil, Gotshal & Manges LLP as Counsel for the Debtors was filed. A copy of that affidavit is attached hereto as Exhibit B. On December 18, 2002, the Court entered an order (Docket No. 387) approving the Debtors' retention and employment of WG&M, effective as of the Commencement Date. A copy of this Order is attached hereto as Exhibit C.

5. On April 14, 2003, WG&M filed the First Application of Weil, Gotshal & Manges LLP as Attorneys for the Debtors for Interim Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and

Necessary Expenses Incurred from November 19, 2002 through February 28, 2003, dated April 14, 2003, (Docket No. 2116) (the “First Fee Application”) requesting interim allowance of \$1,520,463.24, comprising \$1,395,018.00 as compensation for professional services rendered between November 19, 2003 and February 28, 2003, and \$125,445.24 as reimbursement for actual and necessary expenses WG&M incurred between November 19, 2003 and February 28, 2003. A hearing on the First Fee Application was held on May 7, 2003, and the Court approved the First Fee Application at that time, provided, however, that WG&M reduce the requested fee amount by \$302.00. A revised order reflecting this reduction was submitted to the Court at the May 7, 2003 hearing and was resubmitted to the Court on or about August 4, 2003 (“Revised First Fee Application Order”), however, an order approving the First Fee Application has yet to be entered.

COMPENSATION REQUESTED

6. This is WG&M’s final application for compensation in these cases. Section 330 of the Bankruptcy Code allows a court to award an attorney (i) “reasonable compensation for actual, necessary services” rendered by an attorney, or any paraprofessional employed by the attorney, based on “the nature, the extent, and the value of such services” and taking into account factors such as the “time spent on such services” and whether the services were necessary and beneficial to the estate, and (ii) “reimbursement for actual and necessary expenses.” 11 U.S.C. § 330.

7. By this Application and in accordance with section 330 and section 331 of the Bankruptcy Code, WG&M requests final allowance of \$3,001,726.65 for the Final Compensation Period (inclusive of \$1,481,565.41 for the Interim Period and \$1,520,161.24 as approved in the Revised First Fee Application Order), representing

\$2,808,604.50 as compensation for professional services rendered during the Final Compensation Period (inclusive of \$1,413,888.50 for the Interim Period and \$1,394,716.00 as requested in the Revised First Fee Application Order) and \$193,122.15 as reimbursement for actual and necessary expenses WG&M incurred during the Final Compensation Period² (inclusive of \$67,676.91 for the Interim Period and \$125,445.24 as requested in the Revised First Fee Application Order).³

8. Since the Commencement Date, in accordance with the Court's December 18, 2002 order (Docket No. 389), WG&M has submitted monthly statements to the Debtors requesting 80% of its fees and 90% of its actual and necessary expenses. As of the date hereof, WG&M has received payment of \$1,942,241.27 for fees and expenses incurred from the Commencement Date through June 9, 2003. Other than these payments, WG&M 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.

² WG&M has included all actual and necessary disbursements processed by its accounting department for the Final Compensation Period. However, some vendors do not send regular invoices. As a result, it is possible that some disbursements for this Final Compensation Period will be processed in subsequent periods. Accordingly, WG&M reserves the right to seek reimbursement of additional expenses that have not been accounted for in WG&M's billing system without application to the Court as expenses incurred prior to the effective date of the Plan.

³ The dollar amounts referenced in paragraph 7 reflect (i) the \$302.00 reduction in fees approved by the Court at the May 7, 2003 hearing on the First Fee Application, (ii) a reduction for \$15,890.50 in fees written off by WG&M in the Final Compensation Period, (iii) a reduction for \$10,447.91 in expenses written off by WG&M in the Final Compensation Period, and (iv) an additional reduction of \$607.50 for Interim Period fees incurred by WG&M that were attributable to services rendered in investigating potential conflicts that may not have been directly attributable to compliance with the requirements of Bankruptcy Code section 330.

9. There is no agreement or understanding between WG&M and any person, other than members of the firm, for the sharing of compensation to be received for services rendered in this case.

10. WG&M's charges for professional services rendered in these cases are billed in accordance with WG&M's existing billing procedures. The rates WG&M charged for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates WG&M charges for professional and paraprofessional services rendered in comparable nonbankruptcy-related matters and are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive national legal market.

11. WG&M submits that this Application complies with section 330 and section 331 of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and the guidelines adopted by the Executive Office for the United States Trustee.

TIME RECORDS

12. A summary of time billed by WG&M during the Interim Period is attached hereto as Exhibit D and the detailed time records for the Interim Period are attached hereto as Exhibit E and are incorporated herein by reference ("Interim Time Records"). A summary of billed time and the detailed time records for the remainder of the Final Compensation Period are attached as exhibits to the First Fee Application, and are incorporated by reference herein (collectively with the Interim Time Records, the "Final Time Records"). These records contain (a) summaries by category of the aggregate time expended and total fee charged; (b) summaries of the aggregate time expended by each attorney and paraprofessional, with the applicable hourly rate and total

fee charged for each; (c) the date the services were performed; (d) an itemized description of the services performed by category; (e) the amount of time spent on those services, charged in units of one-tenth of an hour; and (f) the identity of each person performing the services. WG&M submits that the time entries comply with the following guidelines: (i) no lumping of time; (ii) each activity description includes the type of activity; and (iii) each activity description includes the subject matter.

13. Pursuant to Rule 2016(d)(3) of the Bankruptcy Local Rules, fee applications must include a detailed description of each major task performed by the applicant. Accordingly, the following is a summary of certain of the significant professional services rendered by WG&M during the Interim Period, as well as the compensation sought for such services. These summaries are organized in accordance with WG&M's internal system of work codes. Exhibit E provides a more detailed description of the services provided, as well as a summary of the hours and fees for each work code.

SUMMARY OF SERVICES: INTERIM PERIOD

14. During the Interim Period WG&M has primarily focused its efforts in the following areas: (a) the administration of these chapter 11 cases; (b) divestiture of certain assets and business groups; (c) preparation and approval of a disclosure statement and formulation, confirmation and consummation of the Plan; (d) addressing issues relating to executory contracts and unexpired leases; and (e) preparing for and facilitating the wind-down of the Debtors' businesses. Specifically, WG&M rendered professional services as reflected below:

(i) Case Administration (Work Code W110) - \$140,093.00

In order to address all relevant case issues in a timely manner and facilitate the administration of the case, WG&M professionals primarily engaged in work related to preparing for various hearings, including reviewing objections, exhibits, and proposed orders; finalizing pleadings for filing; reviewing electronic case filing summaries and pleadings filed in the case; reviewing the case docket and calendar in order to timely respond to objections; addressing filed motions; and responding to the Debtors' and parties-in-interests' inquiries regarding general issues relating to the administration of the case. In order to track deadlines, organize documents, and notify attorneys of upcoming matters, WG&M paraprofessionals primarily engaged in work related to preparing, maintaining, and reviewing court dockets; creating internal docket updates; creating internal case calendars; creating hearing agendas; filing pleadings; preparing and performing service of process; organizing hearing notebooks; and updating service lists. Additional services provided by WG&M professionals and paraprofessionals include addressing general issues relating to the administration of the case.

(ii) WG&M Retention/Billing (Work Code W120) - \$4,994.00

In order to adequately record and reflect work performed on behalf of the Debtors, WG&M professionals primarily engaged in work related to reviewing prior months' billing, and preparing monthly fee statements in accordance with the procedures established by the Court.

(iii) WG&M Retention/Fee Applications (Work Code W125) - \$9,579.00⁴

In order to comply with the Bankruptcy Code provisions regarding the retention of professionals, WG&M professionals primarily engaged in work related to reviewing and revising the supplemental affidavit of Alfredo R. Pérez in connection

⁴ Of this amount, \$607.50 is attributable to services rendered by WG&M in investigating potential conflicts checks that may not be directly attributable to compliance with the requirements of Bankruptcy Code section 330, and, accordingly, WG&M has deducted such amount from its request for compensation.

with the retention of WG&M as counsel for the Debtors, and preparing the First Fee Application.

(iv) Other Professionals' Retention/Fee Applications (Work Code W130) - \$21,133.00

In order to retain professionals for the benefit of facilitating the ongoing wind-down operations of the Debtors' businesses and processing the chapter 11 proceedings, WG&M professionals primarily engaged in work related to drafting correspondence to ordinary course professionals; reviewing affidavits from such professionals to file with the Court; responding to inquiries from professionals; reviewing, revising, and filing fee applications for numerous chapter 11 professionals; responding to inquiries from numerous professionals; responding to the Debtors' and to professionals' inquiries regarding compensation procedures and ordinary course professional compensation procedures; and responding to professionals' inquiries regarding waiver of prepetition claims, disinterestedness, and adverse interest standards in order to ensure retention of professionals in compliance with the Bankruptcy Code.

(v) Schedules/Statements of Financial Affairs, US Trustee Reports (Work Code W140) - \$1,180.50

WG&M professionals primarily engaged in work related to assisting the Debtors with the preparation of schedules and statements of financial affairs, and corresponding with colleagues and the Debtors regarding topics of, and attendance at, a section 341 meeting.

(vi) Committee Communications (Work Code W161) - \$11,532.50

In order to effectively progress with the reorganization process, WG&M professionals primarily engaged in work related to corresponding with and researching information for the Committee in response to inquiries and requests, and negotiating with the Committee to resolve objections to the plan and disclosure statement.

(vii) Governmental/Regulatory Communications (Work Code W162) - \$190.50

In order to comply with applicable governmental and regulatory guidelines during the administration of these

bankruptcy proceedings, a WG&M professional engaged in work related to communicating with the Debtors regarding a certain questionnaire submitted by the State of Indiana.

(viii) Bank Communications (Work Code W163) - \$673.00

In order to effectively administer these chapter 11 proceedings and to minimize the time-intensive objection process, WG&M professionals primarily engaged in work related to corresponding with the bank group regarding various matters.

(ix) Court Communications/Hearings (Work Code W164) - \$48,423.50

WG&M professionals primarily engaged in work related to preparing for and attending hearings, including but not limited to, conferring with the client regarding hearings, and reviewing exhibits and witness lists for hearings. WG&M paraprofessionals primarily engaged in work related to creating witness and exhibit lists, and preparing exhibits binders for hearings.

(x) Non-working Travel (Work Code W180) - \$2,057.00

In order to attend a client meeting regarding the sale of the residential business, a WG&M professional traveled from Houston to New York. A professional also traveled to the Debtors' office in Houston in order to meet with representatives of Automotive Rentals, Inc.

(xi) Avoidance Actions (Work Code W191) - \$268.50

In order to protect the assets of the bankruptcy estate, WG&M professionals primarily engaged in work related to addressing avoidance actions and reviewing a surcharge motion filed by the Committee.

(xii) Financing/Cash Collateral (Work Code W200) - \$7,416.50

WG&M professionals primarily engaged in work related to securing tax refunds, reviewing joint venture agreements and budget issues, researching when a security interest continues in cash, reviewing issues relating to assumption of bonded contracts, surcharge claims, extension of DIP financing, cash flow and variance analyses, and the bank group's deficiency claim.

(xiii) Business Operations (Work Code W210) - \$32,274.50

In order to facilitate the continuation of the Debtors' business operations, WG&M professionals primarily engaged in work related to the logistics of and preparation for the wind-down of the Debtors, formulating a document retention policy, and communications regarding the collection of accounts receivable.

(xiv) Vendor/Supplier Issues (Reclamation) (Work Code W231) - \$6,998.50

In order to facilitate the continuation of the Debtors' business operations and preserve the assets of the estate, WG&M professionals primarily engaged in work related to compensating trade creditors and critical vendors, addressing administrative expense claims, and researching and corresponding with the Debtors regarding processing reclamation claims.

(xv) Utility Issues (Deposits, etc) (Work Code W232) - \$7,482.50

In order to preserve critical utility services for the Debtors, WG&M professionals primarily engaged in work related to corresponding with utility providers regarding demands for payments and an improper disposition of a credit balance.

(xvi) Tax Issues (Work Code W260) - \$17,449.00

In order to explore the taxation ramifications of certain actions so as to maximize the preservation of estate assets, WG&M professionals primarily engaged in work related to researching various tax issues, including but not limited to, treatment of post-petition tax refunds; corresponding with the Debtors regarding diligence issues; conferring with the Debtors regarding the payment of certain tax-related obligations; reviewing proofs of claim filed by various tax authorities; and reviewing an asset purchase agreement to determine pertinent tax ramifications; and reviewing the disclosure statement and the plan of reorganization with respect to tax-related issues.

(xvii) Corporate/Securities (Work Code W270) - \$6,948.50

In order to comply with applicable securities regulations and corporate governance guidelines, WG&M professionals primarily engaged in work related to drafting and reviewing a

form 8-K; corresponding with the Debtors regarding diligence issues; and reviewing and revising the Debtors' corporate governance documents.

(xviii) Insurance Issues (Work Code W275) - \$16,659.50

In order to effectively utilize insurance options and preserve estate assets, WG&M professionals primarily engaged in work related to the treatment of insurance policies, research regarding a claimant's ability to proceed against an insurance company absent a timely filed proof of claim, insurance dispute settlements, payments of deductibles under various policies, and COBRA issues.

(xix) Non-Bankruptcy Litigation (Work Code W280) - \$16,331.00

In order to resolve litigation claims, WG&M professionals primarily engaged in work related to conferring and corresponding with parties regarding litigation claims and settlement agreements; and reviewing and revising settlement motions.

(xx) Governance/Board of Directors (Work Code W290) - \$6,827.50

In order to comply with corporate governance guidelines and applicable securities regulations, WG&M professionals primarily engaged in work related to participating in board meetings.

(xxi) Executory Contracts/Asset Sales (Work Code W300)⁵ - \$10,425.00

Services performed by WG&M in this category include work relating to conferencing with, obtaining information from, and negotiating with multiple parties regarding asset sales and transfer of asset ownership; drafting motions and orders approving sales of assets; responding to requests relating to the divestitures of the Debtors' non-core and non-performing businesses; conferencing with parties regarding closing an asset sale and prosecuting a claims settlement motion; reviewing and revising objections to motions to reconsider

⁵ During the month of January 2003, task code W300 was divided into task code W730 covering executory contracts and unexpired leases, and task code W740 covering asset sales. Task codes W730 and W740 were intended to replace W300. Inadvertently, task code W300 was left open. Consequently, time has been billed under both task codes W300 and W730 for executory contracts, and under both task codes W300 and W740 for asset sales.

orders approving sale motions; researching a contract payment issue; addressing the negotiation of multiple collections agreements and filing motions seeking approval of such agreements; drafting a bid procedures motion relating to prospective sale of debtors; conferencing with parties regarding administrative expense claims; reviewing, responding, and negotiating administrative expense claims; preparing for and attending hearings relating to asset sales. Finally, WG&M professionals have had numerous communications with the Debtors and with contract/lease counterparties or their representatives relating to issues under section 365 of the Bankruptcy Code, and have provided related services, including but not limited to, conferencing with the Debtors regarding obtaining information for motions and cure amounts, and drafting motions to assume or reject certain contracts; drafting motions to reject certain leases and executory contracts; drafting a bridge order extending the period to assume or reject leases; drafting a response to a memorandum in support of a limited objection to various motions to sell certain assets free and clear of liens and assumption and assignment of executory contracts and unexpired leases; preparing letter agreements, stipulations, and motions related to the disposition of executory contracts; conferencing with outside counsel regarding the rights of parties prior to and after the assumption or rejection of contracts; and researching and discussing issues relating to the requirement to pay certain contractual rates of rent prior to rejection of nonresidential real property leases, stock sales, whether certain purchase agreements are executory contracts, and the law applicable to motions to compel assumption or rejection of contracts.

(xxii) Automatic Stay/Adequate Protection (Work Code W320) - \$60,053.50

In order to enforce or modify the automatic stay when appropriate, WG&M professionals primarily engaged in work related to researching issues concerning insurance deductibles, insurance reimbursement obligations, and setoff; WG&M professionals also conferenced with the Debtors regarding case strategy and drafted and revised objections, responses, and stipulations regarding motions to lift stay.

(xxiii) Union Issues/Employee Issues (Work Code W340) - \$14,865.50

In order to comply with applicable employee-related regulations and effectively communicate with employees during the chapter 11 process, WG&M professionals primarily engaged in work related to conferencing with parties regarding a criminal proceeding relating to a bad check; and corresponding with parties regarding payment of employee benefit premiums and benefit plan issues, ERISA issues, payments to employees, retiree benefits, and COBRA issues.

(xxiv) Environmental Issues (Work Code W370) - \$39.00

A WG&M professional engaged in work related to reviewing correspondence regarding the Melendrez lift stay order.⁶

(xxv) Claims Administration Process (Work Code W400) - \$46,204.50

In order to effectively and efficiently address outstanding claims, WG&M professionals primarily engaged in work related to preparing for and attending a meeting regarding the claims process; reviewing and revising bar date notices; addressing section 341 and bar date issues; reviewing, conferencing, and corresponding with parties regarding proof of claim issues; reviewing, corresponding, and conferencing with parties regarding administrative expense claims; preparing claim objections; responding to a motion to allow claims and to allow a claim for voting purposes; and reviewing and revising a stipulation relating to a late-filed claim.

(xxvi) Adversarial Proceedings (Work Code W420) - \$35,523.00

In order to resolve litigation claims and protect the assets of the estate, WG&M professionals primarily engaged in work related to corresponding with outside counsel regarding litigation issues; drafting and revising turnover, breach of contract, and other adversary complaints; and researching various related issues.

⁶ This entry appears to have been erroneously billed to this task code and should have been billed to W320.

(xxvii) Plan of Reorganization Process/Sale of Major Divisions (Work Code W500) - \$310,130.00

In order to formulate and draft a plan of reorganization, WG&M professionals primarily engaged in work related to drafting and revising the first plan of reorganization, the second amended plan of reorganization, the immaterially modified second amended plan of reorganization, the plan supplement, the first amended plan supplement, and the second amended plan supplement; corresponding regarding plan of reorganization and disclosure statement issues, including but not limited to, corresponding with various parties regarding adjusting creditor classes in the plan of reorganization and making various revisions to the plan of reorganization, and corresponding with various parties and reviewing a proposal regarding the sale of the residential business; reviewing approximately thirty objections to the plan of reorganization; corresponding with the Debtors regarding the sale of the residential business; addressing the form of asset purchase agreement for the sale of the residential debtors; conferencing with parties regarding bidding procedures for the asset sales effected by the plan; conferring on, revising, and circulating the expense reimbursement agreement for the buyer of the residential business; conferencing regarding and revising the letter agreement from the buyer of the residential business; reviewing and revising the due diligence letter from the buyer of the residential business; reviewing, analyzing, and revising an asset purchase agreement for the residential business; conferencing with various parties regarding soliciting votes, balloting votes, tabulating votes, voting procedures, content of notices, and timing for submission of same; drafting ballots for accepting or rejecting the plan of reorganization; preparing asset sale corporate documents; and researching corporate statutes concerning mergers in the context of a plan of reorganization, multiple bankruptcy code sections, expense reimbursement issues, retiree benefit issues, and break-up fee issues.

(xxviii) Disclosure Statement Approval (Work Code W550) - \$92,488.00

In order to prepare a disclosure statement in compliance with the Bankruptcy Code, WG&M professionals primarily engaged in work related to drafting and revising the disclosure statement, the first amended disclosure statement, and the second amended disclosure statement; drafting, reviewing, and revising a motion to approve disclosure statement and exhibits;

drafting, reviewing, and revising the order approving the disclosure statement; reviewing a funding schedule; responding to Committee information requests; reviewing and objecting to a motion for the temporary allowance of claims for voting purposes; discussing and revising the liquidation analysis; reviewing, discussing, and addressing objections to the disclosure statement by the U.S. Securities & Exchange Commission; addressing solicitation procedures, preparing the solicitation letter, and distributing the same; preparing a form 8-K disclosing the solicitation; addressing voting and vote tabulation issues; reviewing and negotiating objections to the disclosure statement; reviewing cases cited in objections; revising an asset sales chart; conferring with the Committee and responding to comments to the disclosure statement and the plan; reviewing and revising the notice of non-voting status, ballots and voting instructions; conferencing regarding providing a database of claims for solicitation packages, solicitation materials, and printing deadlines for same; conferencing regarding priority tax claims, other priority claims and administrative expense claims; reviewing preference analysis; and preparing for the disclosure statement hearing.

(xxix) Plan Confirmation (Work Code W560) - \$236,584.50

In order to address outstanding issues and prepare for plan confirmation, WG&M professionals primarily engaged in work related to conferencing with the Debtors regarding the implementation of the plan of reorganization; reviewing the plan of reorganization; conferencing regarding the status of plan negotiations; addressing issues regarding the sale of the residential business; preparing the press release relating to the sale of the residential business and to the plan of reorganization; communicating regarding the disbursing agent; reviewing and analyzing the liquidation analysis; reviewing and analyzing discovery issues; reviewing board minutes of special committee; preparing proof for objection to trustee motion and plan confirmation; conferencing regarding litigation issues, document production issues, confidentiality agreements, case strategy, and preparation for plan confirmation; preparing for and participating in a settlement conference with Committee and the bank group; attending to contingency planning for residential debtors; conferencing with various parties regarding testimony on a trustee motion, the motion to enter into a purchase agreement, the confirmation

hearing, and the Committee's depositions; preparing for the hearing on the motion to appoint a trustee; addressing wind-down issues; drafting, reviewing, and revising findings of fact; drafting, reviewing, and revising conclusions of law; preparing direct examinations of certain witnesses; reading and reviewing board minutes for depositions and preparing for depositions; reviewing, researching, discussing, and resolving objections to the plan of reorganization; and drafting and noticing the confirmation order.

(xxx) Exclusivity (Work Code W620) - \$3,255.00

In order to comply with appropriate bankruptcy procedures, WG&M professionals engaged in work related to drafting and revising a motion to extend the exclusivity period; reviewing the Committee's objection to the Debtors' motion to extend exclusivity; and corresponding with a creditor regarding the expiration of the exclusivity period.

(xxxii) Compliance (Work Code W720) - \$2,177.00

In order to comply with U.S. Trustee mandates and the bankruptcy procedures, WG&M professionals primarily engaged in work related to preparing for and attending a section 341 meeting of creditors; reviewing, preparing, and coordinating to file and serve an amended monthly operating report; conferencing regarding a form 8-K; and reviewing and revising a due diligence letter.

(xxxiii) Executory Contracts/Unexpired Leases (Work Code W730) - \$162,420.00

See Work Code W300.

(xxxiiii) Asset Sales (Work Code W740) - \$64,881.50

See Work Code W300.

(xxxv) Appointment of Trustee (Work Code W750) - \$16,937.50

Services performed by WG&M in this category include reviewing and conferencing with the U.S. Trustee regarding the Committee's motion to appoint a trustee; researching cases relating to the appointment of a trustee; drafting and revising the Debtors' objection to the Committee's motion to appoint a trustee; preparing witnesses and preparing for trial on trustee

motion; and participating in the bank group's deposition relating to trustee appointment.

SUMMARY OF SERVICES: FINAL PERIOD

15. Summaries of services provided by WG&M in connection with its representation of the Debtors for the period from November 19, 2002 through February 28, 2003 of the Final Compensation Period were included in the First Fee Application and are incorporated by reference herein. During the Final Compensation Period WG&M has primarily focused its efforts in the following areas: (i) the commencement and administration of these chapter 11 cases; (ii) divestiture of certain assets and business groups; (iii) preparation and approval of a disclosure statement and formulation, confirmation and consummation of the Plan; (iv) addressing issues relating to executory contracts and unexpired leases; and (v) preparing for and facilitating the wind-down of the Debtors' businesses.

16. In this Application, the Debtors are seeking final allowance and approval of compensation earned by WG&M of \$2,808,604.50, which is comprised of (a) the compensation from the First Fee Application, reduced by \$302.00 as requested by the Court at the May 7, 2003 hearing, and (b) the compensation from the Interim Period, reduced by \$607.50 which is attributable to services rendered by WG&M in investigating potential conflicts checks that are not directly attributable to compliance with the requirements of Bankruptcy Code section 330.

17. WG&M submits that the foregoing services were necessary to the administration of these chapter 11 cases, were necessary and beneficial to the estates at the time at which such services were rendered, and were performed without unnecessary

duplication of effort or expense. WG&M's request for compensation for the foregoing services is reflective of a reasonable and appropriate amount of time expended in performing such services commensurate with the complexity, importance and nature of the problem, issue or task involved.

FIRST COLONIAL FACTORS

18. Pursuant to Bankruptcy Local Rule 2016(a), fee applications must include a discussion of the factors considered in *American Benefit Life Ins. Co. v. Baddock (In re First Colonial Corp. of America)*, 544 F.2d 1291, 1298-99 (5th Cir. 1977), *cert. denied*, 431 U.S. 904 (1977). Consideration of the factors listed in *First Colonial Corp.* indicates that the compensation requested by WG&M for the services rendered during the Final Compensation Period is reasonable:

(a) Time and Labor Required: As set forth in detail on Exhibits D and E, WG&M spent 4,787.30 hours during the Interim Period performing professional and paraprofessional services on behalf of the Debtors. Throughout the Final Compensation Period, WG&M professionals and paraprofessionals spent 9,732.7 hours. WG&M utilized the talents of its paraprofessionals whenever possible for tasks that did not involve the rendering of legal service, but rather required routine preliminary drafting, subject to attorney review, or the sorting and allocation of information, in order to reduce the overall fees in this matter without any sacrifice to the quality of the services being rendered. Time devoted by the paraprofessionals may be compensated through the Debtors' estates, as set forth in *In re Busy Beaver Bldg. Ctrs., Inc.*, 19 F.3d 833 (3rd Cir. 1994). The following is a list of attorneys and paraprofessionals with WG&M who

performed services for the Debtors during the Final Compensation Period and their billing rates:

Attorney	Admitted to the Bar	Total Hours	Hourly Rate	Total Fees
Paul Asofsky	Partner – 1966	32.4	\$695.00	\$22,518.00
Christine Agnew	Associate – 1998	1.3	420.00	546.00
Steven D. Rubin	Partner – 1984	167.3	635.00	106,235.50
Alfredo R. Perez	Partner – 1980	438.3	635.00	278,320.50
Sylvia M. Baker	Of Counsel – 1993	22.8	450.00	10,260.00
Lydia T. Protopapas	Associate – 1996	1,724.6	390.00	672,594.00
Shayne H. Newell	Associate– 1997	782.8	380.00	297,464.00
Jeffrey D. Hopkins	Associate – 1997	481.4	380.00	182,932.00
Stanley Ramsay	Associate – 1995	52.5	345.00	18,112.50
Andrew E. Costa	Associate – 1999	395.3	345.00	136,378.50
Katharine J. Caplan	Associate – 2001	486.5	280.00	136,220.00
Natalie L. Regoli	Associate – 2002	676.3	225.00	152,167.50
Keith L. Cooper	Associate – 2002	28.8	225.00	6,480.00
John B. Strasburger	Partner – 1989	124.9	500.00	62,450.00
Molly C. Stephens	Associate – 2002	155.8	225.00	35,055.00
Renee Wells	Associate - 1999	97.7	225.00	21,982.50
Renee Wells	Associate - 1999	488.4	250.00	122,100.00
Glenn D. West	Partner - 1978	4.3	650.00	2,795.00
Angela L. Fontana	Partner – 1990	42.9	525.00	22,522.50
Kate K. Moseley	Of Counsel – 1993	72.5	450.00	32,625.00
Anita M. Tarar	Associate – 2002	105.2	225.00	23,670.00
Mary Jean M. Potenzzone	Partner – 1984	2	680.00	1,360.00
Stephen A. Radin	Partner – 1984	23.9	680.00	16,252.00
Jodi L. Steiner	Associate	8.5	435.00	3,697.50
Andrew J. Clark	Associate - 1996	7.8	420.00	3,276.00

Attorney	Admitted to the Bar	Total Hours	Hourly Rate	Total Fees
Lillian M. Spiess	Associate – 2001	2.5	350.00	875.00
David I. Bower	Partner – 1979	3.3	550.00	1,815.00
David B. Hird	Partner – 1977	1.9	500.00	950.00
Loretta J. Roby	Of Counsel - 1993	9	500.00	4,500.00
Steven M. Margolis	Of Counsel – 1990	15.7	525.00	8,242.50
Phillip I. Danze	Of Counsel – 1984	11.9	450.00	5,355.00
Paul A. Ferrillo	Of Counsel – 1989	3.5	500.00	1,750.00
Roger F. Ross, II	Of Counsel – 1993	9.6	470.00	4,512.00
Lloyd D. Quesenberry	Associate – 1997	20.6	380.00	7,828.00
John Kinchen	Associate – 1994	29.6	390.00	11,544.00
Jason Varnado	Associate – 2000	24.2	325.00	7,865.00
Gregg J. Costa	Associate – 2000	9.6	345.00	3,312.00
James T. Grogan	Associate – 2000	173.7	325.00	56,452.50
Bruce T. Lucas	Associate – 2000	8	325.00	2,600.00
Shelton M. Vaughan	Associate – 1997	7.4	405.00	2,997.00
Total:		6754.70		\$2,488,612.00⁷

Paraprofessional	Total Hours	Hourly Rate	Total Fees
Gayle Quinn	88.4	\$140.00	12,376.00
Sally K. Saleh	52.7	75.00	3,952.50
Ann P. Makris	140.3	150.00	21,045.00
Gayle M. Brochstein/Mitchel	234.4	145.00	33,988.00
Melinda Jackson	15.2	140.00	2,128.00
Contract Paralegal	62	105.00	6,510.00

⁷ This number does not reflect the reduction in fees requested in the Revised First Fee Application Order, or the amount written off by WG&M attributable to Interim Period fees incurred in investigating potential conflicts that were not directly attributable to compliance with the requirements of Bankruptcy Code section 330. However, this number does reflect the reduction for \$15,890.50 in fees written off by WG&M in the Final Compensation Period.

Paraprofessional	Total Hours	Hourly Rate	Total Fees
Steve Vacek	264.6	80.00	21,168.00
Christopher Jalomo	898.3	75.00	67,372.50
Julia S. Williams	99.7	100.00	9,970.00
Stephanie M. Kyne	2.5	125.00	312.50
Leonard Eskridge	4.3	80.00	344.00
Ria S. Van Dright	50.3	140.00	7,042.00
Elvester Green	144.3	125.00	18,037.50
Elvester Green	147.8	105.00	15,519.00
Kim Devine	120	135.00	16,200.00
Rene Olvera	638.9	130.00	83,057.00
Linda Calles	10.6	125.00	1,325.00
Sandra E. Staskus	3.7	150.00	555.00
Totals:	2978.00		\$320,902.00⁸

(b) Novelty and Difficulty of the Questions: Although the majority of the issues in this case were not novel, this case has presented a variety of bankruptcy, corporate, commercial litigation, and tax law issues.

(c) Skill Requisite to Perform the Legal Service Properly: Bankruptcy is a specialized area of federal practice, requiring knowledge of the Bankruptcy Code and other related federal statutes. In order to address the range of issues presented, WG&M was required to draw upon its skill and experience in bankruptcy, corporate, labor, commercial litigation, and tax law.

(d) Preclusion of Other Employment Due to the Acceptance of the Case: WG&M's representation of the Debtors has consumed a significant portion of

⁸ This number reflects the reduction for \$10,447.91 in expenses written off by WG&M in the Final Compensation Period.

the time of several of the attorneys and paraprofessionals who have worked on this matter. Such attorneys and paraprofessionals have thereby been precluded from working on other matters during the period of time when they were engaged full-time in rendering services to the Debtors.

(e) Customary Fee: As set forth in Exhibit D attached hereto, WG&M's customary hourly rates, as of June 9, 2003, subject to change from time to time, were \$450-695 for partners and counsel, \$225-435 for associates, and \$75-150 for paraprofessionals. WG&M represents that these hourly rates are reasonable, fair, and customary for the degree of skill and expertise required in this case.

(f) Whether the Fee is Fixed or Contingent: WG&M's fee is neither a fixed nor a contingent fee. Instead, WG&M's fee is based upon the total number of hours expended by WG&M's professionals and paraprofessionals representing the Debtors, plus the actual costs incurred by WG&M.

(g) Time Limitations: Generally, in bankruptcy cases, there are numerous deadlines imposed for the filing of documents, reports, motions, or objections. Moreover, during the Final Compensation Period, WG&M assisted the Debtors in (i) preparing for "first-day" complex chapter 11 hearings; (ii) preparation and filing of the Debtors' schedules of assets and liabilities and statements of financial affairs within the time limitation established by the Court; (iii) preparing and filing monthly operating reports and otherwise complying with U.S. Trustee guidelines; (iv) divesting of certain assets prior to December 31, 2002, resulting in a \$119 million tax refund to the Debtors' estates; and (v) otherwise complying with time limitations set forth by the Bankruptcy Code, the Bankruptcy Rules, and the Court. With respect to reviewing and

responding to pleadings, WG&M worked within the relevant time limitations with respect to each pleading.

(h) Amount Involved and Results Obtained: WG&M has worked with the Debtors on a number of issues during the Interim Period and the Final Compensation Period, including, but not limited to, (i) the commencement and administration of 127 chapter 11 cases including securing authority to pay certain prepetition obligations (e.g., critical vendors and employees) critical to the continued operation of the Debtors' businesses; (ii) the negotiation and approval of debtor-in-possession financing for the Debtors; (iii) the divestiture of certain assets prior to December 31, 2002, which entitled the Debtors to a \$119 million tax refund and the divestiture of further assets and business groups in 2003; and (iv) the rejection of a multitude of executory contracts and unexpired leases that were burdensome to the Debtors' estates. Moreover, WG&M's activities have ultimately contributed to the administration of the Debtors' estates and paved the way for the quick approval of a disclosure statement, the formulation of the Plan, confirmation of the Plan on May 28, 2003, and the prompt occurrence of the effective date of the Plan on June 9, 2003, all in less than seven months after the Commencement Date.

(i) Experience, Reputation and Ability of Attorneys: The Debtors selected WG&M as its counsel because of the firm's extensive general experience and knowledge and, in particular, because of its recognized expertise in the field of debtors' and creditors' rights and business reorganization under chapter 11 of the Bankruptcy Code. WG&M has a preeminent practice in the business finance and restructuring area and enjoys a national reputation for its expertise in financial and

bankruptcy reorganization and restructurings with over 100 attorneys specializing in this area of practice. WG&M has been actively representing debtors in major chapter 11 cases throughout the country including, *inter alia*, the representation of Armstrong World Industries, Inc.; PWS Holding Corporation (Bruno's); Fine Host Corporation; Sun Healthcare; Olympia & York Development Limited; Texaco, Inc.; Edison Brothers Stores, Inc. (I and II); Weiner's Stores, Inc.; G. Heileman Brewing Company, Inc.; R.H. Macy & Co., Inc.; Eastern Airlines, Inc.; Continental Airlines, Inc. (I); Greyhound Lines, Inc.; Circle K Corporation; Best Products Co., Inc. (I and II); P.A. Bergner & Co. Holding Company; FoxMeyer Corporation; The Drexel Burnham Lambert Group, Inc.; Pioneer Companies, Inc.; Bethlehem Steel; Adelpia Business Solutions; Enron Corp.; Sunbeam Corporation; APW Ltd.; Formica; Republic Technologies International; United Companies Financial Corporation; Velocita; and WorldCom, Inc. WG&M has staffed this matter with a core group of professionals to ensure efficiency and minimization of costs. To this end, of the 9,732.7 hours billed by WG&M partners, associates and paraprofessionals in the Final Compensation Period, approximately 6,615.5 hours or approximately 68% of the total hours were billed by a core group of professionals comprised of one partner, six associates and two paraprofessionals.

(j) Undesirability of the Case: Whenever an attorney agrees to represent a debtor, there is an inherent risk that the firm's attorneys' fees and expenses will not get paid. Due to this uncertainty, attorneys frequently choose not to represent debtors.

(k) Nature and Length of the Professional Relationship with the Client: WG&M has provided services to the Debtors since September 2002. WG&M has not represented the Debtors in any other matters.

(l) Awards in Similar Cases: WG&M's requested fees and expenses are similar to fees and expenses paid in other chapter 11 bankruptcy cases of this nature, length of time, and complexity.

19. The Application does not include fees or expenses for the preparation of this Application. WG&M reserves the right to seek additional compensation for preparing this Application.

ACTUAL AND NECESSARY EXPENSES

20. A summary of actual and necessary expenses incurred by WG&M during the Interim Period is attached hereto as Exhibit F, and detailed descriptions of the actual and necessary expenses incurred by WG&M in connection with its representation of the Debtors during the Interim Period are attached hereto as Exhibit G and are incorporated herein by reference ("Interim Expense Records"). A summary and the descriptions of the actual and necessary expenses incurred by WG&M in connection with its representation of the Debtors for the remainder of the Final Compensation Period are attached as exhibits to the First Fee Application and are incorporated by reference herein (collectively with the Interim Expense Records, the "Final Expense Records"). Pursuant to the Final Expense Records, WG&M seeks reimbursement of actual and necessary expenses incurred by WG&M during the Final Compensation Period in the aggregate amount of \$193,122.15 (inclusive of \$67,676.91 incurred during the Interim Period and \$125,445.24 as requested in the First Fee Application).

21. WG&M states as follows regarding these expenses: WG&M charges \$0.20 per page for internal copying charges and external copying charges at the provider's cost without markup; WG&M typically charges \$1.00 per page for outgoing facsimiles, the long distance telephone charges include actual long-distance carrier charges for outgoing facsimile transmissions, and WG&M does not charge for incoming facsimile transmissions. Outgoing facsimile charges in this case have been reduced to \$0.25 per page to comply with the Court's Guidelines regarding reimbursement of expenses. No charges have been included for incoming facsimiles. The basis for these rates is WG&M's calculation of the actual cost of these expenses.

Conclusion

WHEREFORE, WG&M respectfully requests (a) final allowance of \$3,001,726.65 for the Final Compensation Period (inclusive of \$1,481,565.41 for the Interim Period and \$1,520,161.24 as approved in the Revised First Fee Application Order), representing \$2,808,604.50 as compensation for professional services rendered during the Final Compensation Period (inclusive of \$1,413,888.50 for the Interim Period and \$1,394,716.00 as requested in the First Fee Application) and \$193,122.15 as reimbursement for actual and necessary expenses WG&M incurred during the Final Compensation Period (inclusive of \$67,676.91 for the Interim Period and \$125,445.24 as requested in the First Fee Application);⁹ (b) authorization for the Debtors to pay WG&M

⁹ The dollar amounts referenced in paragraph 7 reflect (i) the \$302.00 reduction in fees approved by the Court at the May 7, 2003 hearing on the First Fee Application, (ii) a reduction for \$15,890.50 in fees written off by WG&M in the Final Compensation Period, (iii) a reduction for \$10,447.91 in expenses written off by WG&M in the Final Compensation Period, and (iv) an additional reduction of \$607.50 for Interim Period fees incurred by WG&M that were attributable to services rendered in investigating potential conflicts that may not have been directly attributable to compliance with the requirements of Bankruptcy Code section 330.

such sums, to the extent that such sums have not previously been paid; (c) authority to seek compensation for the preparation of this Application, (d) that the allowance of compensation for professional services rendered and reimbursement of actual and necessary expenses be without prejudice to WG&M's right to seek such further compensation for the full value of services provided; and (e) for such other and further relief as is just.

Dated: August 8, 2003
Houston, Texas

Respectfully submitted,

WEIL, GOTSHAL & MANGES LLP

By: /s/ Lydia T. Protopapas
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**ATTORNEYS FOR THE
REORGANIZED DEBTORS**

EXHIBIT A

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

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

**AFFIDAVIT OF ALFREDO R. PÉREZ AND DISCLOSURE STATEMENT
ON BEHALF OF WEIL, GOTSHAL & MANGES LLP PURSUANT TO 11
U.S.C. §§ 327(a), 328(a), 329 AND 504 AND FEDERAL RULES OF BANKRUPTCY
PROCEDURE 2014(a) AND 2016(b) IN SUPPORT OF APPLICATION OF
DEBTORS FOR ORDER AUTHORIZING EMPLOYMENT AND RETENTION
OF WEIL, GOTSHAL & MANGES LLP AS COUNSEL FOR THE DEBTORS**

STATE OF TEXAS)
) ss:
CITY OF HOUSTON)

ALFREDO R. PÉREZ, being duly sworn, deposes and says:

1. I am a member of the firm of Weil, Gotshal & Manges LLP (“WG&M” or the “Firm”), an international law firm with principal offices at 767 Fifth Avenue, New York, New York 10153; regional offices in Houston and Dallas, Texas; Washington, D.C.; Boston, Massachusetts; Miami, Florida; and Redwood Shores, California; and international offices in Brussels, Belgium; Budapest, Hungary; Frankfurt, Germany; London, United Kingdom; Paris, France; Prague, The Czech Republic; and Warsaw, Poland. I am resident in the Firm’s Houston office.

2. I submit this affidavit in connection with the application of Encompass Services Corporation and its direct and indirect subsidiaries (collectively, the “Debtors”) set forth on Exhibit A to the Debtors’ application for authorization to employ WG&M as their attorneys in the above-captioned chapter 11 cases and in compliance with sections 328(a), 329, and 504 of chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), as well as to provide disclosure required under Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent that any information disclosed herein requires amendment or modification upon WG&M’s completion of further analysis or as additional creditor information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

4. Neither I, WG&M, nor any member of, associate of, or of counsel to the Firm represents any entity (or its attorneys or accountants) other than the Debtors in connection with the Debtors' chapter 11 cases. In addition, except as set forth herein, to the best of my knowledge, after due inquiry, neither I, WG&M, nor any member of, counsel to, or associate of the Firm represents any party in interest (or its attorneys or accountants) in these chapter 11 cases in matters adverse to the Debtors' chapter 11 cases.

5. WG&M is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code in that WG&M, its members, counsel, and associates:

- (a) are not creditors, equity security holders, or insiders of any of the Debtors, except as set forth herein;
- (b) have not been, within three (3) years before the date of this affidavit, (i) investment bankers for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of any of the Debtors, except as set forth herein;
- (c) are not and were not, within two (2) years before the date of this affidavit, a director, officer, or employee of any of the Debtors or any investment banker as specified in subparagraph (b) of this paragraph; and
- (d) WG&M has certain relationships with certain creditors, other parties in interest, and other professionals in connection with unrelated matters, but has not represented any such party in connection with matters relating to the Debtors, except that as set forth herein.

6. Certain interrelationships exist among the Debtors. Nevertheless, the Debtors have advised WG&M that the Debtors' relationships to each other do not pose any conflict of interest because of the general unity of interest among the Debtors. Insofar as I have been able to ascertain, I know of no conflict of interest that would preclude WG&M's joint representation of the Debtors in these cases.

7. Prior to September 4, 2002, the Debtors engaged WG&M to represent a special committee of the Board of Directors of Encompass Services Corporation. This special committee was formed in response to a proposed capital infusion by a major shareholder, Apollo Advisors IV, L.P. and its affiliates (collectively, "Apollo"). At the time of the proposed capital infusion, Apollo occupied three (3) of the ten (10) seats on the Debtors' Board of Directors. In order to evaluate the proposed Apollo investment, a special committee, exclusive of the Apollo board members, was formed. WG&M acted as counsel to the special committee.

8. On September 5, 2002, WG&M was engaged to render professional services to the Debtors in connection with any financial restructuring and/or potential reorganization of the affairs of the Company. WG&M was primarily responsible for the preparation of the prepackaged chapter 11 plan, the disclosure statement, the chapter 11 petitions for all Debtors, the initial motions, the initial applications, and the initial affidavits relating to the chapter 11 cases. WG&M also represented the Debtors in the negotiation of postpetition financing and the use of cash collateral under sections 363 and 364 of the Bankruptcy Code.

9. WG&M is not a creditor of the Debtors. Within the year prior to the commencement of the Debtors' chapter 11 cases, WG&M has received payment from the Debtors in the approximate amount of \$2,118,054 for professional services rendered and expenses incurred by WG&M prior to the date hereof. In addition, WG&M currently holds a retainer of approximately \$800,000 for payment of professional services to be rendered and expenses to be incurred with respect to the chapter 11 cases. Once all prepetition charges are determined, WG&M will submit a supplemental affidavit fully detailing the amount paid and the amount of the retainer.

10. WG&M has in the past represented, currently represents, and may in the future represent entities that are claimants or interest holders of the Debtors in matters totally unrelated to the Debtors' pending chapter 11 cases. WG&M, which employs over 1,000 attorneys, has a large and diversified legal practice that encompasses the representation of many financial institutions and commercial corporations, some of which are or may consider themselves to be creditors or parties in interest in the Debtors' pending chapter 11 cases or to otherwise have interests in these cases.

WG&M Disclosure Procedures

11. In preparing this affidavit, I used a set of procedures developed by WG&M to ensure full compliance with the requirements of the Bankruptcy Code, the Bankruptcy Rules, and any local rules of the Court regarding the retention of professionals by a debtor under the Bankruptcy Code (the "Firm Disclosure Procedures"). Pursuant to the Firm Disclosure Procedures, I performed, or caused to be performed, the following actions to identify the parties relevant to this affidavit and to ascertain WG&M's connection to such parties:

- (a) Using information provided by the Debtors, and additional information identified by WG&M, a list of the names of entities who may be parties in interest to these chapter 11 cases (the "Potential Parties In Interest") was assembled. A list of the Potential Parties In Interest is attached hereto as Exhibit A.
- (b) WG&M then compared each of the Potential Parties In Interest to the names that WG&M has compiled into a master client database from its conflict clearance and billing records, comprised of the names of the entities for which any attorney time charges have been billed since the database was first created approximately nineteen (19) years ago (the "Client Database"). The Client Database includes the name of each current or former client, the name of the parties who are or were related or adverse to such current or former client, and the names of the WG&M personnel who are or were responsible for current or former matters for such client.
- (c) Any matches between the Client Database and the list of Potential Parties In Interest were identified (the "Client Match List"), together with the names of the respective WG&M personnel responsible for current or former matters for the entities on the Client Match List.

- (d) An attorney then reviewed the Client Match List and deleted obvious name coincidences and entities that were adverse to WG&M's client in both this matter and the matter referenced on the Client Match List. The remaining client connections with regard to which WG&M had represented the client within the last two (2) years were compiled for purposes of this Affidavit.

12. In addition to the foregoing, a general inquiry to all WG&M personnel was sent by e-mail to determine whether (i) any such individuals held any securities of or claims against the Debtors and (ii) any such individuals were ever employed by the Debtors. Responses to this e-mail indicated that some of WG&M's attorneys own shares in the Debtors. Additionally, some immediate family members of WG&M's attorneys were previously employed by, and are presently retained by, one of the Debtors' underwriters. Also, WG&M's Dallas office had a maintenance contract with one of the Debtors.

**WG&M's Connections with Parties in Interest in Matters
Unrelated to the Chapter 11 Cases**

13. Following the foregoing procedures, the remaining entities in the Client Match List in which WG&M had represented the client within the last two (2) years was reviewed by an attorney working under my supervision and from such review it was determined that, in respect of each connection between WG&M and such parties, WG&M does not hold or represent an interest that is adverse to the Debtors' estates, and that WG&M is a "disinterested person" as such term is defined in section 101(14) of the Bankruptcy Code for the reasons discussed below.

14. WG&M previously has represented, currently represents, and may represent in the future the entities (or their affiliates) described below, in matters totally unrelated to the Debtors. The lists in Exhibit A are the product of implementing the Firm Disclosure Procedures described above. The following lists are based on the relationship of the indicated entities with the Debtors, arranged under the categories: (a) the Debtors and their non-Debtor affiliates, (b) members of ad hoc committee of bondholders and/or top twenty (20) bondholders, (c) top fifty (50) unsecured creditors, (d) secured creditors, (e) underwriters, (f) indenture trustees, (g) all federal, state and local regulatory agencies and governmental units that govern the Debtors' affairs and/or to whom the Debtors pay fees, taxes or other charges, (h) all unions in which any Debtors' employees are members, (i) Debtors' officers and directors, (j) affiliations of the Debtors' officers and directors, (k) sureties, (l) significant shareholders, (m) accountants, and (n) Debtors' professionals.

- (a) The Debtors and their Non-Debtor Affiliates. WG&M has not represented any of the Debtors or their non-Debtor affiliates in any capacity that was adverse or potentially adverse to the Debtors.
- (b) Members of Ad Hoc Committee of Bondholders and/or Top Twenty (20) Bondholders. WG&M does not represent and has not represented any of the Debtors' significant noteholders in connection with these chapter 11 cases. However, each of Bay Harbour Management; Bear Stearns Asset

Management; Brown Brothers Harriman & Co.; Cigna Investments, Inc.; Deutsche Asset Management; General Re – New England Asset Management, Inc.; Hartford Investment Management Company, Inc.; HSBC Bank PLC; Merrill Lynch Investment Managers; Mizuho International PLC; Morgan Stanley Dean Witter; Morgan Stanley Investments, LP; Nomura Corporate Research and Asset Management; Northwestern Mutual Life Insurance Company; Phoenix Investment Counsel, Inc.; Provident Investment Management, LLC; RBC Capital; Seneca Capital Management; Tour Societe Generale; Wells Fargo Capital Markets; and/or their affiliates may be considered to be (1) former clients of WG&M in matters unrelated to these cases, (2) current clients of WG&M in matters unrelated to these cases, (3) separate affiliates of clients who are or were represented by WG&M in matters unrelated to these cases, (4) parties in interest in litigation brought by or against former or current clients of WG&M in matters unrelated to these cases, (5) separate affiliates of former or current clients of WG&M in matters unrelated to these cases, or (6) members of committees or groups in which WG&M has represented the committee or group as a whole or in part. Moreover, WG&M may currently represent and in the past may have represented clients adverse to the parties listed in this paragraph and/or their affiliates.

- (c) Top Fifty (50) Unsecured Creditors. WG&M does not represent and has not represented any of the Debtors' top fifty (50) unsecured creditors in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented ACE Inc. USA; Banc of America Securities LLC; Banc of America Strategic Solutions, Inc.; Bay Harbour Partners, Ltd.; C.N.A. Risk Management; Chubb Group of Insurance Companies; Comerica Bank; Consolidated Electrical Supply; Crescent Electric Supply; First Union Institutional Debt Management, Inc.; Fleet Bank; GE Capital Commercial Finance Inc.; GE Supply; GMAC Commercial Credit LLC; Highland Capital Management LP; Hughes Supply, Inc.; Johnson Controls, Inc.; Liberty Mutual Insurance Company; Reynolds Company; Siemens Building Technologies, Inc.; Tri-Star Supply; UBS AG; Wagner Equipment; and/or their affiliates.
- (d) Secured Creditors. WG&M does not represent and has not represented any of the Debtors' secured creditors in connection with these chapter 11 cases. However, ABN-AMRO Bank, NV; Banc of America Securities LLC; Banc of America Strategic Solutions, Inc.; Banc One Capital Markets Inc.; Bank Leumi USA; Bank of America, N.A.; Bay Harbour Partners, Ltd.; Comerica Bank; Compaq Financial Services Corporation; Credit Lyonnais, New York Branch; Deutsche Bank AG; First Union Institutional Debt Management, Inc.; Fleet Bank; Fleet National Bank; GE Capital Commercial Finance Inc.; General Electric Capital Corporation; GMAC Commercial Credit LLC; Heller Financial, Inc.; Highland Capital Management LP; JPMorgan Chase Bank (f/k/a The Chase Manhattan

Bank); ML CBO IV (Cayman) Ltd.; National City Bank; PAMCO Cayman Ltd; Pitney Bowes Credit Corporation; Textron Financial Corporation; The Bank of Nova Scotia; The Sumitomo Trust & Banking Co., Ltd., New York Branch; UBS AG; US Bank National Association (f/k/a Mercantile Bank National Association and f/k/a Firststar Bank); Van Kampen CLO I, Limited; Van Kampen CLO II, Limited; Van Kampen Senior Income Trust; Wachovia Bank, N.A. (f/k/a First Union National Bank); Wachovia Bank, National Association; Wachovia Securities, Inc.; Whippoorwill Associates, Inc.; and/or their affiliates may be considered to be (1) a former client of WG&M in matters unrelated to these cases, (2) a current client of WG&M in matters unrelated to these cases, (3) a separate affiliate of clients who are or were represented by WG&M in matters unrelated to these cases, (4) a party in interest in litigation brought by or against former or current clients of WG&M in matters unrelated to these cases, (5) a separate affiliate of former or current clients of WG&M in matters unrelated to these cases, or (6) a member of committees or groups in which WG&M has represented the committee or group as a whole or in part. WG&M may currently represent and in the past may have represented clients in matters adverse to the parties listed in this paragraph and/or their affiliates.

(i) The Debtors allege they are secured creditors of Enron Energy Services North America, Inc. (“EESNA”), an Enron Corp. affiliate. The Debtors’ claim arose out of EESNA’s non-payment of construction-related costs on a building located in Dallas, Texas. WG&M has not and will not represent Enron Corp., EESNA, or any of their affiliates in any capacity in connection with the Debtors’ chapter 11 cases. WG&M has not and will not represent Enron Corp., EESNA, or any of their affiliates in any other matters adverse to the Debtors in these cases.

(e) Underwriters. WG&M does not represent and has not represented any of the Debtors’ underwriters in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented ABN AMRO Chicago Corporation; Banc One Capital Markets, Inc.; Bank of America Securities, LLC; Credit Lyonnais Securities; Credit Suisse First Boston; Deutsche Banc Alex. Brown; First Union Securities, Inc.; JP Morgan; Merrill Lynch & Co.; Salomon Smith Barney; The Robinson-Humphrey Company; William Blair & Company; and/or their affiliates.

(f) Indenture Trustee. WG&M does not represent and has not represented IBJ Whitehall Bank & Trust Company, State Street Bank and Trust, or The Bank of New York in their capacity as indenture trustees for certain debt securities of the Debtors in connection with these chapter 11 cases. However, IBJ Whitehall Bank & Trust Company, State Street Bank and Trust, The Bank of New York, and/or their affiliates may be considered to be (1) former clients of WG&M in matters unrelated to these cases,

(2) current clients of WG&M in matters unrelated to these cases, (3) separate affiliates of clients who are or were represented by WG&M in matters unrelated to these cases, (4) parties in interest in litigation brought by or against former or current clients of WG&M in matters unrelated to these cases, (5) separate affiliates of former or current clients of WG&M in matters unrelated to these cases, or (6) members of committees of groups in which WG&M has represented the committee or group as a whole or in part. However, WG&M may currently represent and in the past may have represented clients adverse to the parties listed in this paragraph and/or their affiliates.

- (g) All Federal, State and Local Regulatory Agencies and Governmental Units Which Govern the Debtors' Affairs and/or To Whom the Debtors Pay Fees, Taxes or Other Charges. WG&M does not represent and has not represented any of the agencies and governmental units that govern the Debtors' affairs in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented Pennsylvania Department of Revenue and/or its affiliates.
- (h) All Unions in Which Any Debtors' Employees are Members. WG&M does not represent and has not represented any of the unions in which any Debtors' employees are members in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented the Teamsters and/or its affiliates.
- (i) Debtors' Officers and Directors. WG&M has not and does not currently represent any of the Debtors' officers and directors in connection with these chapter 11 cases. However, WG&M may currently and in the past may have represented Jay Bennett, William Campbell, Mike Dunn, John T. Gorman, Neil Harris, William J. Hill, David Miller, and/or John Smith. As set forth in paragraph 7, prior to September 4, 2002, the Debtors engaged WG&M to represent a special committee of the Board of Directors of Encompass Services Corporation. This special committee was formed in response to a proposed capital infusion by a major shareholder, Apollo Advisors IV, LP. and affiliates. At the time of the proposed capital infusion, Apollo occupied three (3) of the ten (10) seats on the Debtors' Board of Directors. In order to evaluate the proposed Apollo investment, a special committee, exclusive of the Apollo board members, was formed.
- (j) Affiliations of the Debtors' Officers and Directors. WG&M does not represent and has not represented any of the entities that are affiliated with the Debtors' officers and directors in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented Amsouth Bank; Clark Retail Enterprises, Inc.; Compass Minerals Group, Inc.; Converse Inc.; Saks Incorporated; Sylvan Learning Systems, Inc; United Rentals, Inc.; and/or their affiliates.

- (k) Sureties. WG&M does not represent and has not represented any of the Debtors' sureties in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented Chubb Group of Insurance Companies, Liberty Mutual Insurance Company, and/or their affiliates.
- (l) Significant Shareholders. WG&M does not represent and has not represented the Apollo Group in connection with these chapter 11 cases. WG&M has a client relationship with the Apollo Group in a number of matters unrelated to these cases. The relevant Apollo Group members include Apollo Group: Apollo Advisors, L.P.; Apollo Advisors IV, L.P.; Apollo Investment Fund, L.P.; Apollo Investment Fund IV, L.P.; Apollo Management IV, L.P.; and Apollo Overseas Partners IV, L.P.
- (m) Accountants (last three (3) years). WG&M does not represent and has not represented any of the Debtors' accountants in connection with these chapter 11 cases. However, WG&M may currently represent and in the past may have represented Deloitte & Touche; KPMG, LLP; PriceWaterhouseCoopers, LLP; and/or their affiliates.
- (n) Debtors' Professionals. As a routine part of its practice, WG&M appears in cases, proceedings, and transactions involving many different attorneys, accountants, financial consultants, real estate consultants, and investment bankers, including other professionals representing the Debtors and other parties in interest. In certain instances, such professionals may be direct clients of WG&M. For example, WG&M has represented and continues to represent Deloitte & Touche; Innisfree M&A, Incorporated; and KPMG, LLP; in matters unrelated to these chapter 11 cases. WG&M has been both aligned with and adverse to these parties in a number of matters unrelated to these cases.
- (o) United States Trustee. WG&M has no connections to the United States Trustee or persons employed in the United States Trustee's Office.

15. Despite the efforts described above to identify and disclose the connections with parties in interest in these cases, I am unable to state with certainty that every client representation or other connection has been disclosed. In this regard, if I discover additional information that requires disclosure, I will file a supplemental disclosure with the Court as promptly as possible.

WG&M's Rates and Billing Practices

16. WG&M's current customary hourly rates, subject to change from time to time, are \$390 to \$750 for members and counsel, \$220 to \$475 for associates, and \$120 to \$215 for paraprofessionals in our United States Offices. My current hourly rate is \$635 per hour. WG&M generally reviews and, if deemed appropriate, adjusts rates in September of each year.

17. No promises have been received by WG&M or any member, counsel or associate thereof as to payment or compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code. WG&M has no agreement with any other entity to share with such entity any compensation received by WG&M or by such entity.

18. The Debtors' application requests, pursuant to Bankruptcy Code section 328(a), approval of their retention of WG&M on terms and conditions WG&M charges non-debtors, namely, prompt payment of its hourly rates as adjusted from time to time and reimbursement of out-of-pocket disbursements at cost or based on formulas that approximate the actual cost where the actual cost is not easily ascertainable. Subject to these terms and conditions, WG&M intends to apply for compensation for professional services rendered in these chapter 11 cases and for reimbursement of actual and necessary expenses incurred in connection therewith, in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and orders of the Court.

19. The foregoing constitutes the statement of WG&M pursuant to sections 327(a), 328(a), 329, and 504 of the Bankruptcy Code and Rules 2014(a) and 2016(b) of the Bankruptcy Rules.

/s/ Alfredo R. Pérez
Alfredo R. Pérez
A Member of the Firm

STATE OF TEXAS)
) ss:
CITY OF HOUSTON)

Subscribed to and sworn to before me, a notary public for the State and City aforesaid on this 19th day of November, 2002.

/s/ Virginia L. Thomas
Notary Public

My Commission Expires: October 2, 2003

EXHIBIT B

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

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Debtors.	:	JOINTLY ADMINISTERED
	:	

FIRST SUPPLEMENTAL AFFIDAVIT OF ALFREDO R. PÉREZ AND DISCLOSURE STATEMENT ON BEHALF OF WEIL, GOTSHAL & MANGES LLP PURSUANT TO 11 U.S.C. §§ 327(a), 328(a), 329 AND 504 AND FEDERAL RULES OF BANKRUPTCY PROCEDURE 2014(a) AND 2016(b) IN SUPPORT OF APPLICATION OF DEBTORS FOR ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF WEIL, GOTSHAL & MANGES LLP AS COUNSEL FOR THE DEBTORS

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

ALFREDO R. PÉREZ, being duly sworn, deposes and says:

1. I am a member of the firm of Weil, Gotshal & Manges LLP (“WG&M” or the “Firm”), an international law firm with principal offices at 767 Fifth Avenue, New York, New York 10153; regional offices in Houston, Dallas, and Austin, Texas; Washington, D.C.; Boston, Massachusetts; Miami, Florida; and Redwood Shores, California; and international offices in Brussels, Belgium; Budapest, Hungary; Frankfurt, Germany; London, United Kingdom; Paris, France; Prague, The Czech Republic; and Warsaw, Poland. I am resident in the Firm’s Houston office.

2. On November 19, 2002, WG&M filed the Affidavit of Alfredo R. Pérez and Disclosure Statement on Behalf of Weil, Gotshal & Manges LLP Pursuant to 11 U.S.C.

§§ 327(a), 328(a), 329 and 504 and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b) in Support of Application of Debtors for Order Authorizing Employment and Retention of Weil, Gotshal & Manges LLP as Counsel for the Debtors (the “Prior Affidavit”).

3. I submit this first supplemental affidavit (the “First Supplemental Affidavit”) in connection with the Prior Affidavit and the application of Encompass Services Corporation (“Encompass”) and its direct and indirect subsidiaries, as debtors in possession (collectively, the “Debtors”), for authorization to employ WG&M as their attorneys in the above-captioned chapter 11 cases and in compliance with sections 328(a), 329, and 504 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), as well as to provide the disclosure required under Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

4. Unless otherwise stated in this First Supplemental Affidavit, I have personal knowledge of the facts set forth herein. To the extent that any information disclosed herein requires amendment or modification upon WG&M’s completion of further analysis or as additional creditor information becomes available to it, subsequent supplemental affidavits will be submitted to the Court reflecting such amended or modified information.

5. Except as may be modified herein, the Prior Affidavit is hereby incorporated by reference.

6. On December 19, 2002, the Court entered an order (Docket #387) authorizing the retention of WG&M as counsel for the Debtors in these cases.

7. Set forth below is additional information concerning five entities that have relationships with the Debtors and are current clients of WG&M, and concerning WG&M's relationship with the Debtors.

- (a) The Debtors allege that they are secured creditors of Global Crossing Ltd. ("Global Crossing"). As noted in the Expedited Application of the Debtors Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code for Authorization to Employ Weil, Gotshal & Manges LLP as Attorneys for the Debtors, filed on November 19, 2002 (the "WG&M Retention Application"), WG&M represents the debtors in the pending chapter 11 proceedings of Global Crossing. The Debtors' claim arose out of Global Crossing's non-payment on a project in Atlanta, Georgia, where the Debtors subsequently filed a mechanic's lien against Global Crossing. WG&M has not and will not represent Global Crossing, or any of its affiliates, in any capacity in connection with the Debtors' chapter 11 cases. WG&M has not and will not represent Global Crossing, or any of its affiliates, in any matters adverse to the Debtors in these cases.
- (b) As noted in the WG&M Retention Application, WG&M represents the debtors in the pending chapter 11 proceedings of WorldCom, Inc. ("WorldCom"). On December 3, 2002, WorldCom filed a proof of claim against Engineering Design Group, one of the Debtors, for an unsecured nonpriority claim in the amount of \$7,525.97. On December 3, 2002, WorldCom also filed a proof of claim against Wilson Electric Co., one of the Debtors, for an unsecured nonpriority claim in the amount of \$2,873.65. WG&M has not and will not represent WorldCom, or any of its affiliates, in any capacity in connection with the Debtors' chapter 11 cases. WG&M has not and will not represent WorldCom, or any of its affiliates, in any matters adverse to the Debtors in these cases.
- (c) WG&M represents the debtors in the pending chapter 11 proceedings of JT Thorpe Company ("JT Thorpe"). On February 20, 2003, JT Thorpe filed a proof of claim against Encompass Industrial Services Southwest, one of the Debtors, for an unsecured nonpriority claim in the amount of \$131,820.39. WG&M has not and will not represent JT Thorpe, or any of its affiliates, in any capacity in connection with the Debtors' chapter 11 cases. WG&M has not and will not represent JT Thorpe, or any of its affiliates, in any matters adverse to the Debtors in these cases.

- (d) WG&M represents Six Flags, Inc. (“Six Flags”) on matters unrelated to the Debtors’ chapter 11 cases. The Debtors do not presently intend to pursue litigation against Six Flags at this time; however, in the event that any claims against Six Flags are assigned to the Debtors, and the Debtors elect to pursue such claims, the Debtors may need to retain separate counsel in connection with such litigation. WG&M has not and will not represent Six Flags, or any of its affiliates, in any capacity in connection with the Debtors’ chapter 11 cases. WG&M has not and will not represent Six Flags, or any of its affiliates, in any matters adverse to the Debtors in these cases.

- (e) WG&M represents General Electric Capital Corporation (“GE”) on matters unrelated to the Debtors’ chapter 11 cases. GE has filed three motions against the Debtors. Due to the fact that GE is an existing and ongoing firm client, these matters will be handled by Bracewell & Patterson, L.L.P. as bankruptcy conflicts counsel for the Debtors in these matters. WG&M has not and will not represent GE, or any of its affiliates, in any capacity in connection with the Debtors’ chapter 11 cases. WG&M has not and will not represent GE, or any of its affiliates, in any matters adverse to the Debtors in these cases.

- (f) The Dallas office of WG&M had a maintenance service contract with Encompass Ind./Mech. of Texas, Inc., one of the Debtors, for the maintenance of air conditioning for its computer servers. Pursuant to the sale of Encompass Ind./Mech. of Texas, Inc., which was approved by the Court on December 31, 2002 (Docket #539), this contract was assumed and assigned to Ken Polk Investments, LLC.

8. As the Debtors continue to identify their creditors and other parties in interest, WG&M will file supplemental disclosure affidavits. All such disclosures shall be made pursuant to 11 U.S.C. § 327(a) and § 328(a).

/s/ Alfredo R. Pérez
Alfredo R. Pérez
A Member of the Firm

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

Subscribed to and sworn to before me, a notary public for the State and County aforesaid on this 16th day of April, 2003.

/s/ Virginia L. Thomas
Notary Public
My Commission Expires: October 2, 2003

EXHIBIT C

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

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

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE AUTHORIZING THE EMPLOYMENT OF
WEIL, GOTSHAL & MANGES LLP AS ATTORNEYS FOR THE DEBTORS**

[This instrument pertains to Docket #23]

Upon consideration of the application (the "Application") of Encompass Services Corporation and those direct and indirect subsidiaries set forth on Exhibit A to the Application (collectively, the "Debtors"), pursuant to sections 327(a) and 328(a) of chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), for authorization to retain and employ Weil, Gotshal & Manges LLP ("WG&M") as their attorneys under a general retainer, as is more fully set forth in the Application; and upon the annexed affidavit of Alfredo R. Pérez, a member of the firm of WG&M (the "Pérez Affidavit"); and the Court being satisfied, based on the representations made in the Application and the Pérez Affidavit, that WG&M represents or holds no interest adverse to the Debtors or to their estates as to the matters upon which it is to be engaged and is disinterested under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that the employment of WG&M is necessary and would be in the best interests of the Debtors and their estates; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that due notice of the Application having been 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 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 the Application is granted; and it is further

ORDERED that, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to employ and retain WG&M as their attorneys under a general retainer effective as of the commencement of these cases; and it is further

ORDERED that WG&M 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 rules of the Court, and such procedures as may be fixed by order of this Court.

Dated: 12/18, 2002
Houston, Texas


UNITED STATES BANKRUPTCY JUDGE

EXHIBIT D

**PROFESSIONAL SERVICES RENDERED BY WEIL, GOTSHAL & MANGES LLP
ON BEHALF OF ENCOMPASS SERVICES CORPORATION FROM
MARCH 1, 2003 THROUGH JUNE 9, 2003**

NAME OF PROFESSIONAL PARTNERS AND COUNSEL:	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Kate K. Moseley	Corporate – 1993	450.00	3.3	\$1,485.00
Paul Asofsky	Tax – 1966	695.00	7.1	4,934.50
Steven D. Rubin	Corporate – 1984	635.00	148.5	94,297.50
Alfredo R. Perez	Business Finance & Restructuring – 1980	635.00	172.2	109,347.00
Stephen A. Radin	Business & Securities Litigation – 1984	680.00	1	680.00
John B. Strasburger	Litigation -1989	500.00	104.8	52,400.00
Roger F. Ross, II	Trade Practices & Regulatory Law – 1993	470.00	9.6	4,512.00
Paul A. Ferrillo	Business & Securities Litigation – 1989	500.00	3.5	1,750.00
Steven M. Margolis	Tax – 1990	525.00	15.7	8,242.50
Phillip I. Danze	Corporate – 1984	450.00	11.9	5,355.00
Totals:		\$ 554.00 (Blended Rate)	477.60	\$283,003.50

NAME OF PROFESSIONAL ASSOCIATES:	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Lydia T. Protopapas	Business Finance & Restructuring – 1996	390.00	885	345,150.00
Shayne H. Newell	Business Finance & Restructuring – 1997	380.00	253.3	96,254.00
Jeffrey D. Hopkins	Corporate – 1997	380.00	367.4	139,612.00
Stanley Ramsay	Tax – 1995	345.00	20.3	7,003.50
Andrew E. Costa	Litigation – 1999	345.00	175	60,375.00
Katharine J. Caplan	Business Finance & Restructuring – 2001	280.00	184.5	51,660.00
Natalie L. Regoli	Business Finance & Restructuring - 2002	\$225.00	166.7	37,507.50
Molly C. Stephens	Corporate – 2002	225.00	93.9	21,127.50
Renee Wells	Business Finance & Restructuring – 1999	225.00	97.7	21,982.50
Renee Wells	Business Finance & Restructuring – 1999	250.00	415.3	103,825.00
Lloyd D. Quesenberry	Corporate – 1997	380.00	20.6	7,828.00
John Kinchen	Litigation – 1994	390.00	29.6	11,544.00
Jason Varnado	Litigation – 2000	325.00	24.2	7,865.00
Gregg J. Costa	Litigation – 2000	345.00	9.6	3,312.00
James T. Grogan	Business Finance & Restructuring – 2000	325.00	173.7	56,452.50
Bruce T. Lucas	Business Finance & Restructuring – 2000	325.00	8	2,600.00

NAME OF PROFESSIONAL ASSOCIATES:	DEPARTMENT AND YEAR ADMITTED	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Shelton M. Vaughan	Corporate – 1997	405.00	7.4	2,997.00
Anita M. Tarar	Corporate – 2002	225.00	2.7	607.50
Totals:		\$ 320.28 (Blended Rate)	2934.90	\$977,703.00

NAME OF PROFESSIONAL	DEPARTMENT	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
PARAPROFESSIONALS:				
Ann P. Makris	Corporate	150.00	127.9	19,185.00
Gayle M. Brochstein/Mitchel	Business Finance & Restructuring	145.00	1.2	174.00
Steve Vacek	Business Finance & Restructuring	80.00	25.2	2,016.00
Christopher Jalomo	Business Finance & Restructuring	75.00	467.2	35,040.00
Julia S. Williams	Corporate	100.00	42.2	4,220.00
Ria S. Van Dright	Litigation	140.00	24.3	3,402.00
Kim Devine	Corporate	135.00	89.5	12,082.50
Rene Olvera	Business Finance & Restructuring	130.00	583	75,790.00
Linda Calles	Litigation	125.00	10.6	1,325.00
Sandra E. Staskus	Litigation	150.00	3.7	555.00
Totals:		\$ 123.00 (Blended Rate)	1374.80	\$153,789.50

PROFESSIONALS TOTALS:	BLENDED RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
Partners & Counsel	\$554.00	477.6	\$283,003.50
Associates	\$320.28	2,934.9	977,703.00
Paraprofessionals	\$123.00	1,374.8	153,789.50
Grand Total	\$997.28	4787.30	\$1,414,496.00

EXHIBIT D-1**SUMMARY OF SERVICES BY WORK/LITIGATION TASK CODE FOR
SERVICES RENDERED BY WEIL, GOTSHAL & MANGES LLP
ON BEHALF OF ENCOMPASS SERVICES CORPORATION
FROM MARCH 1, 2003 THROUGH JUNE 9, 2003**

TASK CODE	DESCRIPTION	HOURS	AMOUNT
W110	Case Administration	1117.9	\$140,093.00
W120	WG&M Retention/Billing	11.8	4,994.00
W125	WG&M Retention/Fee Applications	48.4	9,579.00
W130	Other Professionals' Retention/Fee Applications	86.9	21,133.00
W140	Schedules/Statements of Financial Affairs, US Trustee Reports	3.0	1,180.50
W161	Committee Communications	30.9	11,532.50
W162	Governmental/Regulatory Communications	.30	190.50
W163	Bank Communications	1.10	673.00
W164	Court Communications/Hearings	141.7	48,423.50
W180	Non-working Travel	3.4	2,057.00
W191	Avoidance Actions	.50	268.50
W200	Financing/Cash Collateral	19.4	7,416.50
W210	Business Operations	97.3	32,274.50
W231	Vendor/Supplier Issues (Reclamation)	23.7	6,998.50
W232	Utility Issues (Deposits, etc)	44	7,482.50
W260	Tax Issues	52.4	17,449.00
W270	Corporate/Securities	17.6	6,948.50
W275	Insurance Issues	41.4	16,659.50
W280	Non-Bankruptcy Litigation	46	16,331.00

TASK CODE	DESCRIPTION	HOURS	AMOUNT
W290	Governance/Board of Directors	11	6,827.5
W300	Executory Contracts/Asset Sales	44.4	10,425.00
W320	Automatic Stay/Adequate Protection	165.7	60,053.5
W340	Union Issues/Employee Issues	33.1	14,865.50
W370	Environmental Issues	.10	39.00
W400	Claims Administration Process	141.5	46,204.50
W420	Adversarial Proceedings	112.1	35,523.00
W500	Plan of Reorganization Process/Sale of Major Divisions	779.2	310,130.00
W550	Disclosure Statement Approval	290.6	92,488.00
W560	Plan Confirmation	578.2	236,584.50
W620	Exclusivity	11.4	3,255.00
W720	Compliance	5.4	2,177.00
W730	Unexpired Leases	599	162,420.00
W740	Asset Sales	187.8	64,881.50
W750	Appointment of Trustee	40.1	16,937.50
Totals		4787.30	\$1,414,496.00

EXHIBIT E

Due to the voluminous nature of the WG&M billing statements for the period March 1, 2003 through June 9, 2003, this exhibit is being manually filed with the Court and is available upon request to WG&M.

EXHIBIT F

**ACTUAL AND NECESSARY DISBURSEMENTS INCURRED BY WEIL,
GOTSHAL & MANGES LLP ON BEHALF OF ENCOMPASS SERVICES
CORPORATION FROM MARCH 1, 2003 THROUGH JUNE 9, 2003**

EXPENSES	AMOUNTS
Document Processing	\$830.00
Local Transportation	931.25
Domestic Travel	5,399.42
Business Meals	2,762.16
Telephone	77.02
Postage	682.72
Air Courier/Express Mail	511.05
Duplicating (Firm)	22,280.30
Printing & Photostats (Outside)	10,460.24
Special Order Supplies	233.15
Corporation Service	1,438.75
Process Service	64.00
Office Services Messenger – Courier & Taxi	407.23
Filing Fees	750.00
Court Reporting	5,295.57
Other Client Charges	1,500.00
Computerized Research – Other (TX)	860.36
Lexis/Nexis Computerized Research (TX)	142.56
Westlaw – Computerized Research (TX)	9,897.85
Facsimile Copies (Outgoing)	2,012.00
Telephone Conference Charges	17.43

EXPENSES	AMOUNTS
Telephone (Out-Of-Pocket)	1.06
Domestic Travel – Meals	100.00
Total Transportation	1,022.79
Grand Total	\$67,676.91

EXHIBIT G

Certificate of Service

This is to certify that a true and correct copy of the foregoing Application was served upon the parties listed below via United States mail, first class, postage prepaid on this the 8th day of August, 2003.

Encompass Services Corporation
3 Greenway Plaza, Suite 2000
Houston, TX 77046
Attn: Todd Matherne

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:**

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5400 Renaissance Tower
1201 Elm Street
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Attn: R. Michael Farquhar

**Chairperson of and Counsel to the
Committee:**

Harbert Management Corporation
555 Madison Avenue, 28th Floor
New York, NY 10022
Facsimile: 212-521-6972
Attn: Philip Falcone - Co-chair

Hughes Supply, Inc.
20 North Orange Ave., Suite 200
Orlando, FL 32801
Facsimile: 407-649-3018
Attn: John Pare - Chair

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

/s/ Rene Olvera

Rene Olvera

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

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Reorganized Debtors.	:	JOINTLY ADMINISTERED

**ORDER APPROVING SECOND AND FINAL APPLICATION OF WEIL,
GOTSHAL & MANGES LLP AS ATTORNEYS FOR THE DEBTORS FOR
ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES
RENDERED AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY
EXPENSES INCURRED FROM NOVEMBER 19, 2002 THROUGH JUNE 9, 2003**

[This instrument pertains to Docket No. _____]

Upon consideration of the application (the "Application") of Weil, Gotshal & Manges LLP ("WG&M") for an order approving the second and final application of WG&M as attorneys for the Encompass Services Corporation and Encompass Services Holding Corp. (the "Debtors") for allowance of compensation for professional services rendered and for reimbursement of actual and necessary expenses incurred from 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 therefor, it is

ORDERED that the Application is granted; and it is further

ORDERED that WG&M is entitled to a final allowance of \$3,001,726.65 for the period from November 19, 2002 through June 9, 2003 (the "Final Compensation

Period”) (inclusive of \$1,481,565.41 for the Interim Period¹ and \$1,520,161.24 as requested in the First Fee Application), representing \$2,808,604.50 as compensation for professional services rendered during the Final Compensation Period (inclusive of \$1,413,888.50 for the Interim Period and \$1,394,716.00 as requested in the First Fee Application) and \$193,122.15 as reimbursement for actual and necessary expenses WG&M incurred during the Final Compensation Period (inclusive of \$67,676.91 for the Interim Period and \$125,445.24 as requested in the First Fee Application); and it is further

ORDERED that the Debtors are authorized to pay WG&M such sums, to the extent that such sums have not previously been paid; and it is further

ORDERED that WG&M is entitled to seek compensation for preparation of its Application.

DATED: _____, 2003
Houston, Texas

HONORABLE WILLIAM R. GREENDYKE,
UNITED STATES BANKRUPTCY JUDGE

¹ Capitalized terms used but not defined herein shall retain the same meaning ascribed to such term in the Application.