

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re) Chapter 11 Case
)
INACOM CORP., et al.,¹) Case No. 00-2426 (PJW)
) Jointly Administered
) Debtors.)
) **Objection Due by: August 4, 2003, at 4:00 p.m. E.T.**
) **Hearing Date: September 19, 2003, at 9:30 a.m. E.T.**

**FINAL FEE APPLICATION OF MCGRATH NORTH MULLIN & KRATZ, PC
LLO FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS SPECIAL COUNSEL
FOR THE DEBTORS FOR THE PERIOD FROM
JUNE 16, 2000, THROUGH JUNE 9, 2003**

Name of Applicant: McGrath North Mullin & Kratz, PC LLO

Authorized to Provide
Professional Services to: Debtors and Debtors-in-possession

Date of Retention: Order Granting Retention entered July 17, 2000
nunc pro tunc to June 16, 2000

Period for which Compensation
and Reimbursement is Sought: June 16, 2000, through June 9, 2003

Amount of Compensation Sought as
Actual, Reasonable and Necessary: \$955,414.60*

Amount of Expense Reimbursement
Sought as Actual, Reasonable and
Necessary: \$43,898.32*

*Less \$954,767.56 previously paid by the Debtors pursuant to the Administrative Order.

¹ The Debtors are the following entities: InaCom Corp.; InaCom Latin America; InaCom Solutions, Inc.; InaCom Communications, Inc.; Inacom Financial Services, Inc.; Perigee Communications, Inc.; Networks, Inc.; Gorham Clark, Inc.; InaCom International, Inc.; InaCom Tennessee, Inc.; InaCom Professional Services, Inc.; Kure Associates, Inc.; Office Products of Minnesota, Inc.; Boston Computer Exchange Corporation; PC Technical Services, Inc.; Vanstar Corporation; Computerland International Development, Inc.; Computerport World Trade, Inc.; Vanstar International Corporation; VST West, Inc.; VST Illinois, Inc.; VSTNC Y, Inc.; Cland Tex, Inc.; InaCom Government Systems, Inc.; Contract Data, Inc.; Computer Professionals, Inc.; Vanstar Professional Technical Services, Inc.

This is an: _____ interim _____ **X** final application.

PRIOR FEE APPLICATIONS FILED:

<u>DATE FILED</u>	<u>PERIOD COVERED</u>	<u>TOTAL FEES REQUESTED</u>	<u>INTERIM REQUESTED FEES (LESS 20% HOLDBACK)</u>	<u>INTERIM REQUESTED EXPENSES</u>	<u>INTERIM PAYMENT MADE</u>	<u>COURT APPROVED FEES</u>	<u>COURT APPROVED EXPENSES</u>
08/24/00	06/16/00 – 07/27/00	\$ 73,485.60	\$ 58,788.48	\$ 1,295.28	\$60,083.76	\$ 73,485.60	\$ 1,295.28
09/25/00	07/28/00 – 08/25/00	39,471.00	31,576.80	4,655.95	36,232.75	39,471.00	4,655.95
10/25/00	08/26/00 – 09/26/00	43,008.60	34,406.88	674.05	35,080.93	43,008.60	674.05
11/28/00	09/27/00 – 10/26/00	36,309.60	29,047.68	3,024.85	32,072.53	36,309.60	3,024.85
12/28/00	10/27/00 – 11/27/00	39,047.40	31,237.92	1,433.56	32,671.48	39,047.40	1,433.56
01/22/01	11/28/00 – 12/27/00	27,558.00	22,046.40	2,752.86	24,799.26	27,558.00	2,752.86
03/06/01	12/28/00 – 01/26/01	25,080.00	20,064.00	2,285.98	22,349.98	25,080.00	2,285.98
03/28/01	01/27/01 – 02/26/01	22,872.00	18,297.60	835.67	19,133.27	22,872.00	835.67
04/26/01	02/27/01 – 03/27/01	21,381.00	17,104.80	1,206.30	18,311.10	21,381.00	1,206.30
05/31/01	03/28/01 – 04/26/01	26,010.60	20,808.48	1,547.18	22,355.66	26,010.60	1,547.18
06/12/01	04/27/01 – 05/25/01	26,980.80	21,584.64	1,644.68	23,229.32	26,980.80	1,644.68
07/30/01	05/26/01 – 06/26/01	26,670.60	21,336.48	372.87	21,709.45	26,670.60	372.87
08/31/01	06/27/01 – 07/26/01	29,057.40	23,245.92	852.86	24,098.78	29,057.40	852.86
10/5/01	07/27/01 – 08/27/01	33,519.60	26,815.68	386.35	27,202.03	33,519.60	386.36
11/2/01	8/28/01 – 9/26/01	43,792.80	35,034.24	453.43	35,487.67	43,792.80	453.43
12/4/01	9/27/01 – 10/26/01	39,889.80	31,911.84	267.86	32,179.70	39,889.80	267.86
1/7/02	10/27/01 – 11/27/01	39,361.20	31,488.96	936.84	32,425.80	39,361.20	936.84
2/12/02	11/28/02 – 12/27/01	31,450.80	25,160.64	285.73	25,446.37	31,450.80	285.73
4/9/02	12/28/01 – 2/26/02	61,041.00	48,832.80	3,086.36	51,919.16	61,041.00	3,086.36
5/10/02	2/27/02 – 3/27/02	32,493.60	25,994.88	1,497.96	27,492.84	32,493.60	1,497.96

<u>DATE FILED</u>	<u>PERIOD COVERED</u>	<u>TOTAL FEES REQUESTED</u>	<u>INTERIM REQUESTED FEES (LESS 20% HOLDBACK)</u>	<u>INTERIM REQUESTED EXPENSES</u>	<u>INTERIM PAYMENT MADE</u>	<u>COURT APPROVED FEES</u>	<u>COURT APPROVED EXPENSES</u>
6/3/02	3/28/02 – 4/26/02	21,028.20	16,822.56	4,041.93	20,864.49	21,028.20	4,041.93
6/11/02	4/27/02 – 5/26/02	17,746.20	14,196.96	940.32	15,137.28	17,746.20	940.32
8/26/02	5/29/02 – 6/26/02	22,512.00	18,009.60	486.20	18,495.80	22,512.00	486.20
9/3/02	6/27/02 – 7/27/02	10,854.00	8,683.20	210.94	8,894.14	10,854.00	210.94
10/30/02	7/28/02 – 9/26/02	30,882.60	24,706.08	1,014.21	25,720.29	30,882.60	1,014.21
12/31/02	9/27/02 – 11/26/02	40,071.60	32,057.28	1,050.19	33,107.47	40,071.60	1,050.19
3/4/03	11/27/02 – 1/28/03	38,214.60	30,571.68	3,941.92	34,513.60	Pending	Pending
4/28/03	1/28/03 – 3/27/03	26,540.80	21,232.64	204.91	21,437.55	Pending	Pending
Included with this Application	3/27/03 – 6/8/03	29,083.20	23,266.56	2,511.08	0.00	Pending	Pending
		\$955,414.60	\$764,331.68	\$43,898.32	\$954,767.56	\$861,576.00	\$37,240.41

COMPENSATION BY PROJECT CATEGORY

June 16, 2000, through June 9, 2003, Inclusive

<u>PROJECT CATEGORY</u>	<u>TOTAL HOURS</u>	<u>TOTAL FEES</u>
Asset Analysis and Recovery	1,551.1	\$ 156,487.80
Asset Disposition	2,910.4	323,575.20
Business Operations	644.6	69,058.20
Case Administration	241.2	26,526.00
Claims Administration and Objections	311.4	36,022.80
Employee Benefits/Pensions	372.7	55,547.40
Fee/Employment Applications	306.5	15,520.80
Litigation	2,440.2	265,798.00
Plan and Disclosure Statement	61.2	6,878.40
TOTALS:	8,839.3	\$955,414.60

EXPENSE SUMMARY

June 16, 2000, through June 9, 2003, Inclusive

<u>EXPENSE CATEGORY</u>	<u>SERVICE PROVIDER</u>	<u>TOTAL EXPENSE</u>
COMPUTER RESEARCH SERVICES:	Pacer, Westlaw, Lexis	\$7,182.70
DUPLICATING:		1,901.82
- In-house: (\$0.05 per page)		
TELECOPIES (BILLED AT ACTUAL LONG DISTANCE TELEPHONE COST):		2,340.14
COURIER SERVICES:		9,630.85
	DHL	
	Federal Express	
MISCELLANEOUS:		22,842.81
- Meeting Expense	- 401(k) Plan Termination Fee	
- AT&T Teleconference	- Litigation Labels	
- Court Filing Fee	- Publication Fees	
- Local Counsel Fee	- CT Corporation Fees	
- Department of Revenue	- JASA Investigative Services	
- IRS Determination Letter	- Deposition Fees	
- Broker/Nominee Search Fees	- Omaha Legal	
- Iron Mountain Storage/Retrieval Fee	- Travel	
TOTAL DISBURSEMENTS		\$43,898.32

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)	Chapter 11 Case
)	
INACOM CORP., <u>et al.</u> , ¹)	
)	Case No. 00-2426 (PJW)
Debtors.)	Jointly Administered
)	

**FINAL FEE APPLICATION OF MCGRATH NORTH MULLIN & KRATZ, PC
LLO FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS SPECIAL COUNSEL FOR THE
DEBTORS FOR THE PERIOD FROM JUNE 16, 2000, THROUGH JUNE 9, 2003**

Pursuant to §§ 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 the Court’s Administrative Order Pursuant to §§ 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Allowance and Payment of Monthly Interim Compensation and Reimbursement of Expenses of Professionals, as modified on December 12, 2000 (the “Administrative Order”) and the “Order Confirming Debtors’ Joint Plan of Liquidation as amended Pursuant to Chapter 11 of the United States Bankruptcy Code” (the “Confirmation Order”), McGrath North Mullin & Kratz, PC LLO (“McGrath North”) hereby files its Final Fee Application and seeks an Order from the Court awarding it reasonable compensation with respect to the bankruptcy cases of the above-captioned Debtors (collectively the “Debtors”) for

¹ The Debtors are the following entities: InaCom Corp.; InaCom Latin America; InaCom Solutions, Inc.; InaCom Communications, Inc.; Inacom Financial Services, Inc.; Perigee Communications, Inc.; Networks, Inc.; Gorham Clark, Inc.; InaCom International, Inc.; InaCom Tennessee, Inc.; InaCom Professional Services, Inc.; Kure Associates, Inc.; Office Products of Minnesota, Inc.; Boston Computer Exchange Corporation; PC Technical Services, Inc.; Vanstar Corporation; Computerland International Development, Inc.; Computerport World Trade, Inc.; Vanstar International Corporation; VST West, Inc.; VST Illinois, Inc.; VSTNC, Inc.; Cland Tex, Inc.; InaCom Government Systems, Inc.; Contract Data, Inc.; Computer Professionals, Inc.; Vanstar Professional Technical Services, Inc.

professional legal services rendered to the Debtors in the amount of \$955,414.60, together with reimbursement for actual and necessary expenses incurred in the amount of \$43,898.32 for the period from June 16, 2000, through June 9, 2003, inclusive (the "Fee Period"), less any amounts previously paid by the Debtors pursuant to the Administrative Order.² In support of its Application, McGrath North respectfully represents as follows:

1. Pursuant to an Order entered by this Court on July 17, 2000 (the "Retention Order"), McGrath North was engaged to provide such legal services as are necessary and requested by the Debtors in furtherance of the Debtors' Chapter 11 cases including, without limitation, rendering legal advice on bankruptcy, corporate, litigation, real estate, and employee benefits issues. The Retention Order authorized McGrath North to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses. At all relevant times, McGrath North has been a disinterested person as that term is defined in § 101(14) of the Bankruptcy Code (the "Code") and has not represented nor held any interest adverse to the interest of the Debtors with respect to the matters for which we were engaged.

2. During the almost three years comprising the Fee Period, McGrath North performed multiple tasks for the benefit of the Debtors, including taking a lead role in connection with the disposition of some of the Debtors' most valuable assets. Details concerning such disposition transactions are set forth below.

3. On May 22, 2003, the Court confirmed the Debtors' Joint Plan of Liquidation effective June 9, 2003.

² In conjunction with the filing of its Final Fee Application, McGrath North is also filing a Motion for a Fee Enhancement in this case. The basis for such request is set forth in said Motion.

4. All services performed during the Fee Period were performed for or on behalf of the Debtors and not on behalf of any committee, creditor or other person.

5. McGrath North has received no payment or promise of payment for the services rendered during the Fee Period other than: (i) the interim payments made by the Debtors pursuant to the Administrative Order; (ii) supplemental payments pursuant to the Court's Order dated December 12, 2000; (iii) the Prepetition Retainer.³ No agreement or understanding exists between McGrath North and any other entity for the sharing of compensation to be received for services rendered in or in connection with these cases.

6. McGrath North's First Monthly Interim Application for fees incurred and services rendered in the amount of \$74,780.88 for the period June 16, 2000, through July 27, 2000, was filed on August 24, 2000, a copy of which will be furnished upon request.

7. McGrath North's Second Monthly Interim Application for fees incurred and services rendered in the amount of \$44,126.95 for the period July 28, 2000, through August 25, 2000, was filed on September 25, 2000, a copy of which will be furnished upon request.

8. McGrath North's Third Monthly Interim Application for fees incurred and services rendered in the amount of \$43,682.65 for the period August 26, 2000, through September 26, 2000, was filed on October 25, 2000, a copy of which will be furnished upon request.

9. McGrath North's Fourth Monthly Interim Application for fees incurred and services rendered in the amount of \$39,334.45 for the period September 27, 2000, through

³ Prior to the Petition Date, McGrath North received a retainer in the amount of \$97,364.97 (the "Prepetition Retainer"), of which McGrath North had not applied \$15,621.73 as of the Petition Date. The remaining amount of the Prepetition Retainer has been applied in accordance with the terms of the Administrative Order.

October 26, 2000, was filed on November 28, 2000, a copy of which will be furnished upon request.

10. McGrath North's Fifth Monthly Interim Application for fees incurred and services rendered in the amount of \$40,480.96 for the period October 27, 2000, through November 27, 2000, was filed on December 28, 2000, a copy of which will be furnished upon request.

11. McGrath North's Sixth Monthly Interim Application for fees incurred and services rendered in the amount of \$30,310.86 for the period November 28, 2000, through December 27, 2000, was filed on January 23, 2001, a copy of which will be furnished upon request.

12. McGrath North's Seventh Monthly Interim Application for fees incurred and services rendered in the amount of \$27,365.98 for the period December 28, 2000, through January 26, 2001, was filed on March 6, 2001, a copy of which will be furnished upon request.

13. McGrath North's Eighth Monthly Interim Application for fees incurred and services rendered in the amount of \$23,707.67 for the period January 27, 2001, through February 26, 2001, was filed on March 28, 2001, a copy of which will be furnished upon request.

14. McGrath North's Ninth Monthly Interim Application for fees incurred and services rendered in the amount of \$22,587.30 for the period February 27, 2001, through March 27, 2001, was filed on April 26, 2001, a copy of which will be furnished upon request.

15. McGrath North's Tenth Monthly Interim Application for fees incurred and services rendered in the amount of \$27,557.78 for the period March 28, 2001, through April 26, 2001, was filed on May 31, 2001, a copy of which will be furnished upon request.

16. McGrath North's Eleventh Monthly Interim Application for fees incurred and services rendered in the amount of \$28,625.48 for the period April 27, 2001, through May 25, 2001, was filed on June 14, 2001, a copy of which will be furnished upon request.

17. McGrath North's Twelfth Monthly Interim Application for fees incurred and services rendered in the amount of \$27,043.47 for the period May 26, 2001, through June 26, 2001, was filed on July 30, 2001, a copy of which will be furnished upon request.

18. McGrath North's Thirteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$29,910.26 for the period June 27, 2001, through July 26, 2001, was filed on August 31, 2001, a copy of which will be furnished upon request.

19. McGrath North's Fourteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$33,905.95 for the period July 27, 2001, through August 27, 2001, was filed on October 5, 2001, a copy of which will be furnished upon request.

20. McGrath North's Fifteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$44,246.23 for the period August 28, 2001, through September 26, 2001, was filed on November 2, 2001, a copy of which will be furnished upon request.

21. McGrath North's Sixteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$40,157.66 for the period September 27, 2001, through October 26, 2001, was filed on December 4, 2001, a copy of which will be furnished upon request.

22. McGrath North's Seventeenth Monthly Interim Application for fees incurred and services rendered in the amount of \$40,298.04 for the period October 27, 2001, through

November 27, 2001, was filed on January 7, 2002, a copy of which will be furnished upon request.

23. McGrath North's Eighteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$31,736.53 for the period November 28, 2001, through December 27, 2001, was filed on February 12, 2002, a copy of which will be furnished upon request.

24. McGrath North's Nineteenth Monthly Interim Application for fees incurred and services rendered in the amount of \$64,127.36 for the period December 28, 2001, through February 26, 2002, was filed on April 9, 2002, a copy of which will be furnished upon request.

25. McGrath North's Twentieth Monthly Interim Application for fees incurred and services rendered in the amount of \$33,991.56 for the period February 27, 2002, through March 27, 2002, was filed on May 10, 2002, a copy of which will be furnished upon request.

26. McGrath North's Twenty-first Monthly Interim Application for fees incurred and services rendered in the amount of \$25,070.13 for the period March 28, 2002, through April 26, 2002, was filed on June 3, 2002, a copy of which will be furnished upon request.

27. McGrath North's Twenty-second Monthly Interim Application for fees incurred and services rendered in the amount of \$18,686.52 for the period April 27, 2002, through May 28, 2002, was filed on June 11, 2002, a copy of which will be furnished upon request.

28. McGrath North's Twenty-third Monthly Interim Application for fees incurred and services rendered in the amount of \$22,998.20 for the period May 29, 2002, through June 26, 2002, was filed on August 26, 2002, a copy of which will be furnished upon request.

29. McGrath North's Twenty-fourth Monthly Interim Application for fees incurred and services rendered in the amount of \$11,064.94 for the period June 27, 2002, through July 27, 2002, was filed on September 3, 2002, a copy of which will be furnished upon request.

30. McGrath North's Twenty-fifth Monthly Interim Application for fees incurred and services rendered in the amount of \$31,896.81 for the period July 28, 2002, through September 26, 2002, was filed on October 30, 2002, a copy of which will be furnished upon request.

31. McGrath North's Twenty-sixth Monthly Interim Application for fees incurred and services rendered in the amount of \$41,121.79 for the period September 27, 2002, through November 26, 2002, was filed on December 31, 2002, a copy of which will be furnished upon request.

32. McGrath North's Twenty-seventh Monthly Interim Application for fees incurred and services rendered in the amount of \$42,156.52 for the period November 27, 2002, through January 28, 2003, was filed on March 4, 2003, a copy of which will be furnished upon request.

33. McGrath North's Twenty-eighth Monthly Interim Application for fees incurred and services rendered in the amount of \$26,745.71 for the period January 28, 2003, through March 27, 2003, was filed on April 28, 2003, a copy of which will be furnished upon request.

34. Billing statements for the Fee Period are attached to the fee applications that were previously submitted to the Court. Each billing statement contains daily time logs describing the time spent by each attorney, law clerk and paraprofessional during the Fee Period. All monthly and quarterly applications have been delivered to the Chambers of the Honorable Peter J. Walsh.

SUMMARY OF SERVICES RENDERED

35. The attorneys of McGrath North who have rendered professional services in these cases during the Fee Period are: William J. Birkel, Patrick J. Barrett, A. Stevenson Bogue,

Robert J. Bothe, Kristopher J. Covi, Michael T. Eversden, James J. Frost, David L. Hefflinger, Randal M. Limbeck, Patrick R. McGill, Brian T. McKernan, Roger J. Miller, Daniel C. Pape, John P. Passarelli, Jeffrey J. Pirruccello, James M. Sulentic, James D. Wegner and Gary F. Wence. Law clerk services were provided by Karen Douglas, Kerry Engler, Patrick Pepper, Allen Tate and Tom Worthington. Paraprofessional services were provided by Jennifer Allison, Rhonda Lytle, Wendy Molosz, Gary Thomson and Lisa Yeager.

36. McGrath North, by and through the above-named persons, has advised the Debtors on a regular basis with respect to multiple legal matters in connection with these Chapter 11 proceedings. Further, McGrath North has provided extensive services to the Debtors in furtherance of McGrath North's professional responsibilities as special counsel to the Debtors.

SUMMARY OF SERVICES BY CATEGORY

37. The specific services performed by McGrath North during the Fee Period were previously set forth in detail in the Monthly Interim Applications filed with the Court. McGrath North attempted to place the services performed in the category that best relates to such services. However, because certain services may relate to more than one category, services pertaining to one category may, in fact, be included in another category.

McGrath North's primary role in this case has focused on five areas: (i) Asset Analysis and Recovery; (ii) Asset Disposition; (iii) Business Operations; (iv) Employee Benefits/Pension Plans; and (v) Litigation. A summary of the services performed by McGrath North during the Fee Period in these five areas is set forth below.

A. **ASSET ANALYSIS AND RECOVERY:**

(Fees - \$156,487.80; Total Hours – 1,551.1)

The services performed by McGrath North in the Asset Analysis and Recovery category

related primarily to the identification and analysis of valuable assets of the Debtors, including: (i) reviewing prior acquisitions and dispositions conducted by the Debtors to determine possible value to the estate; (ii) the review of leases and other valuable customer contracts in order to optimize value to the bankruptcy estate; (iii) the analysis of prior investments made by the Debtors and the determination of possible exit strategies to maximize the value to the estate; and (iv) the review of multiple franchisee and reseller debt and equity investments made by the Debtors and possible exit strategies involving such investments. Many of the transactions which began in the “Asset Analysis and Recovery” phase moved into the “Asset Disposition” phase once a disposition strategy was agreed upon.

B. **ASSET DISPOSITION:**

(Fees - \$323,575.20; Total Hours – 2,910.4)

The most significant Asset Disposition handled by McGrath North for the benefit of the Debtors was the successful closing of the sale of the Debtors’ communications business to VodaOne Corp. which resulted in cash to the estate of over \$21.8MM. In addition to the communications sale, McGrath North also took a lead role in the successful negotiation and closing of various Vanstar (i.e. one of the primary Debtors in this case) lease transactions involving various divisions of Lockheed Martin. The Lockheed Martin lease transactions resulted in over \$13.4MM in cash recoveries to the estate. Various other lease matters were also handled by McGrath North which resulted in a net cash recovery to the estate. The sale of the Debtors’ investments in various international branch locations, which McGrath North took primary responsibility for, netted the estate over \$1.3MM in cash. Finally, McGrath North’s efforts in disposing of multiple franchisee and reseller debt and equity investments resulted in a cash recovery to the Debtors of over \$2.8MM.

C. **BUSINESS OPERATIONS:**

(Fees - \$69,058.20; Total Hours – 644.6)

The Business Operations services performed by McGrath North primarily involved the Debtors' employee, customer, general business and contract matters, attendance and participation in Board and Operating Subcommittee telephonic calls and meetings, and other issues relating to the Debtors' day-to-day operations. Because McGrath North had represented InaCom for almost two decades prior to the Petition Date, throughout this case McGrath North has served as a valuable repository of the institutional knowledge of the Debtors and a source of many documents and contracts which were extremely valuable to the Debtors in the liquidation process. McGrath North's prior experience and knowledge of the Debtors' operations and assets has served an invaluable role in this case.

D. **EMPLOYEE BENEFITS/PENSION PLANS:**

(Fees - \$55,547.40; Total Hours – 372.7)

The Employee Benefits/Pension Plans services performed for the benefit of the Debtors centered primarily on issues related to the administration, termination, merger and distributions from the Debtors' 401(k) plans, COBRA and medical payment plan inquiries and other employment-related issues concerning the Debtors' operations and liquidation. One other matter handled by McGrath North in the Employee Benefits/Pension Plans category deserves specific mention. While this case was pending, the Internal Revenue Service ("IRS") contended that the InaCom Employee's Retirement Savings Plan and Trust (the "Plan") had not been timely amended to comply with the requirements of the Unemployment Compensation Amendment of 1992 and the Omnibus Budget Reconciliation Act of 1993. The IRS initially proposed revoking the qualified status of the Plan and imposing a penalty on the Debtors. Under the IRS

procedures, the penalty against the Debtors could have been as high as \$1,562,343. After extensive negotiations between the IRS and McGrath North, the IRS agreed to resolve the matter by the Debtors' payment of a \$25,000 penalty.

E. **LITIGATION:**

(Fees - \$265,798.00; Total Hours – 2,440.2)

At the commencement of this case, McGrath North was handling over 100 active and on-going Debtor-related litigation matters. The litigation services performed by McGrath North during this case began with the bankruptcy stay and continued through the investigation phase and eventual successful resolution of multiple litigation matters which resulted in cash recoveries to the estate. Although the most notable litigation matter handled by McGrath North during this case was a cash recovery of over \$3.2MM from Sears & Roebuck, multiple other pieces of litigation were resolved during this case which resulted in cash value to the estate.

DISBURSEMENTS

38. McGrath North has incurred out-of-pocket expenses during the Fee Period in the amount of \$43,898.32 in the rendering of professional services. Such expenses were necessary and reasonable in scope and amount and do not include a charge for profit. The expenses are broken down into categories, including, among other things, duplication, computer research charges, telecopies, delivery services, filing fees, publication fees, etc. Moreover, the expenses incurred comply with the provisions of Local Bankruptcy Rule 2016-2. A complete review by category of the expenses incurred during the Fee Period may be found in the Fee Applications previously filed with the Court.

39. Costs incurred for computer assisted research are not included in McGrath North's normal hourly billing rates and, therefore, are itemized and included in McGrath North's

disbursements. McGrath North represents that its rate for duplication is \$0.05 per page; its effective rate for outgoing telecopies transmissions is at actual long distance telephone cost, there is no charge for incoming telecopier transmissions; computer research charges are billed to clients at actual cost, which does not include amortization for maintenance or equipment; postal, overnight delivery and courier services are billed at actual cost; and miscellaneous expenses, *i.e.*, filing fees, publication fees, travel and meeting expenses, etc. are billed to clients at actual cost.

40. The nature of the work performed by the attorneys, law clerks and paraprofessionals is fully set forth in the Fee Applications previously filed with the Court. These are McGrath North's normal hourly rates for work of this character.

41. McGrath North believes that the time entries included in the Fee Applications previously filed with the Court are in compliance with the requirements of Local Bankruptcy Rule 2016-2.

42. In accordance with the factors enumerated in 11 U.S.C. § 330, the amount requested herein is fair and reasonable given: (a) the complexity of these cases; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services; and (e) the costs of comparable services other than in a case under this Title.

WHEREFORE, McGrath North requests an Order approving the fees and expenses incurred during the Fee Period for the benefit of the Debtors and that allowance be made to it in the sum of \$955,414.60 as compensation for necessary professional services rendered to the Debtors during the Fee Period, and the sum of \$43,898.32 for reimbursement of necessary costs and expenses during the Fee Period, for a total of \$999,312.92, less the amount of \$954,767.56 which has already been paid by the Debtors pursuant to the Administrative Order, and further request such other and further relief as this Court may deem just and proper.

DATED: July 11, 2003

Respectfully submitted,

By: 

Daniel C. Pape, Esq.,
McGRATH NORTH MULLIN & KRATZ, PC LLO
3700 First National Tower
1601 Dodge Street
Omaha, Nebraska 68102
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SPECIAL COUNSEL TO THE DEBTORS AND DEBTORS-IN-
POSSESSION

VERIFICATION

STATE OF NEBRASKA)
 : ss.
COUNTY OF DOUGLAS)

DANIEL C. PAPE, being duly sworn, deposes and says:

1. I am a member of the firm of McGrath North Mullin & Kratz, PC LLO (“McGrath North”), which maintains offices for the practice of law at 3700 First National Tower, 1601 Dodge Street, Omaha, Nebraska 68102.

2, I have personally performed many of the legal services rendered by McGrath North as special counsel to the Debtors and am thoroughly familiar with the other work performed on behalf of the Debtors by the lawyers, law clerks and paraprofessionals of McGrath North.

3. I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Local Bankruptcy Rules (Amended Effective February 1, 2001) and submit that to my knowledge the Final Fee Application complies with such Local Rules.

Daniel C. Pape

DANIEL C. PAPE

SUBSCRIBED AND SWORN to before me this 11th day of July, 2003.

Mary C. Sorensen

Notary Public

