

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

In re: §  
Metals USA, Inc., et al., § Jointly Administered Case No. 01-42530-H4-11  
§  
Debtors. § Case Nos. 01-42530-H4-11 through 01-42573-H4-11  
§  
§ Chapter 11

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**FINAL FEE APPLICATION FOR ALLOWANCE OF COMPENSATION AND  
REIMBURSEMENT OF EXPENSES BY FULBRIGHT & JAWORSKI L.L.P.,  
AS COUNSEL FOR DEBTORS**

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**NOTICE UNDER COMPLEX CASE ORDER**

**A HEARING WILL BE CONDUCTED ON THIS MATTER ON WEDNESDAY, FEBRUARY 14, 2003 AT 9:30 A.M. IN COURTROOM 403, 515 RUSK, HOUSTON, TEXAS 77002. 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.**

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TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE

Fulbright & Jaworski L.L.P. (“Applicant”) files this Final Application (the “Application”) for Allowance of Compensation and Reimbursement of Expenses for professional services rendered as counsel for Metals USA, Inc., and affiliated debtors<sup>1</sup> (the “Debtors”),

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<sup>1</sup> Metals USA Management, Co., L.P., MUSA GP, Inc., MUSA L.P., Inc., Metals USA Finance Corp., Metals USA Realty Company, Metals Receivables Corporation, Jeffrey’s Real Estate Corporation, Aerospace Specification Metals, Inc., Aerospace Specification Metals-U.K., Inc., Allmet Building Products, L.P., Allmet GP, Inc., Allmet LP, Inc., Cornerstone Building Products, Inc., Cornerstone Metals Corporation, Cornerstone Patio Concepts, L.L.C., Harvey Titanium, Ltd., Interstate Steel Company of Maryland, i-Solutions Direct, Inc., Metalmart, Inc., Metals Aerospace International, Inc., Metals USA Building Products Southeast, Inc., Metals USA Carbon Flat Rolled, Inc., Metals USA Flat Rolled Central, Inc., Metals USA Plates and Shapes Northcentral, Inc., WSS Transportation, Inc., Metals USA Plates and Shapes Northeast, L.P. Levinson Steel GP, Inc., Levinson Steel LP, Inc., Metals USA Plates and Shapes Southcentral, Inc., Metals USA Plates and Shapes Southeast, Inc., Queensboro, L.L.C., Metals USA Plates and Shapes Southwest, L.P., Intsel GP, Inc., Intsel LP, Inc., Metals USA Specialty Metals Northwest, Inc., Metals USA Contract Manufacturing, Inc., Metals USA Specialty Metals Northcentral, Inc., National Manufacturing Inc., Texas Aluminum Industries, Inc., Valley Aluminum, Co., Valley Aluminum of Nevada, Inc., Western Awning Company, Wilkof-Morris Steel Corporation.

seeking allowance of \$3,786,266.25 in professional fees and \$200,797.20 in out-of-pocket expenses for a total amount of \$3,987,063.45.

Applicant files this Final Fee Application pursuant to this Court's Order Granting Debtors' Motion to Establish Procedures for Interim and Final Compensation of Professionals (the "80/90 Order")(Dkt. No. 113).

### **I. OVERVIEW OF THE CASE**

1. On November 14, 2001, (the "Petition Date"), Debtors commenced this case by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* ( "Bankruptcy Code"). The cases have been jointly administered and administratively consolidated under Case No. 01-42530-H4-11. Since the Petition Date, Debtors have continued to operate as debtors-in-possession under Sections 1107 and 1108 of the Bankruptcy Code, and Debtors have complied with the requirements and guidelines of the United States Trustee's Office.

2. On November 14, 2001, the Debtors filed an Application for Order Authorizing Employment of Zack A. Clement and Fulbright & Jaworski L.L.P., as Counsel for Debtors-in-Possession [Dkt. No.11], which included, as an exhibit, the Rule 2014 Statement of Fulbright & Jaworski L.L.P. and Affidavit of Zack A. Clement in Support of Application to Employ Fulbright & Jaworski L.L.P. as Counsel for Debtors-in-Possession (the "Fulbright 2014 Statement"). On November 26, 2001, Applicant filed a Supplemental 2014 Statement (Dkt. No. 55)(the "Supplemental Statement") True and correct copies of the Fulbright 2014 Statement and Supplemental Statement are attached hereto as Exhibit 1. On December 4, 2001, this Court signed an Order Authorizing the Employment of Zack A. Clement and Fulbright & Jaworski L.L.P. as Counsel for the Debtors-in-Possession (the "Fulbright Retention Order")(Dkt. No. 82). A true and correct copy of the Fulbright Retention Order is attached hereto as Exhibit 2.

3. Applicant filed its First Interim Fee Application for Allowance of Compensation and Reimbursement of Expenses [Dkt. No. 928] on April 30, 2002 for fees and expenses for the period from the Petition Date through March 31, 2002 (the “First Interim Period”). The Court granted the First Interim Application by Order dated August 7, 2002 [Dkt. No. 1652] awarding Applicant professional fees in the amount of \$1,344,604.75 and reimbursable expenses in the amount of \$61,098.89.

4. Applicant filed its Second Interim Fee Application for Allowance of Compensation and Reimbursement of Expenses on November 7, 2002 for fees and expenses for the period from the April 1, 2002 through October 31, 2002 (the “Second Interim Period”) on November 7, 2002 requesting the allowance of fees in the amount of \$2,441,661.50 and reasonable and necessary expenses in the amount of \$139,698.31 in expenses for a total request of \$2,581,359.81.

## **II. FEES AND EXPENSES REQUESTED**

5. Applicant requests final allowance of fees in the amount of \$3,786,266.25 and reasonable and necessary expenses in the amount of \$200,797.20 in expenses for a total request of \$3,987,063.45.<sup>2</sup>

6. All members of Applicant involved in this case have avoided unnecessary duplication of work and Applicant believes that no duplication has occurred.

7. Applicant has taken care to ensure that attorneys perform legal work only, and Applicant has maximized use of paralegal and staff personnel.

8. Under the provisions of Federal Rule of Bankruptcy Procedure 2016(a), Applicant had not shared or agreed to share with any other entity or law firm the compensation received, except to the extent that funds received may be distributed to partners of Applicant. All

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<sup>2</sup> For a breakdown of these amounts see Exhibit 3 hereto. This number takes into account the amount of fees actually allowed pursuant to Applicant’s First Interim Fee Application and the amount requested in Applicants Second Interim Fee Application.

professional services for which allowance is requested were performed by Applicant for and on behalf of Debtors and not on behalf of any other entity or party-in-interest.

9. This Application has been provided to the Debtors.

### **III. LEGAL AUTHORITIES RELEVANT TO AWARDING REASONABLE COMPENSATION**

10. The Fifth Circuit uses the “lodestar” method to calculate attorney’s fees.” *In re Fender*, 12 F.3d 480, 487 (5th Cir. 1994)(citation omitted). The lodestar is the number of hours reasonably expended multiplied by “the prevailing hourly rate in the community for similar work.” *Id.* The request for fees is then adjusted upward or downward based on the factors identified in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974) and *In re First Colonial Corporation of America*, 544 F.2d 1291 (5th Cir. 1977). These factors include the following: (a) time and labor expended, (b) experience, reputation, and ability, (c) skill required for performance of services, (d) the novelty and difficulty of issues, (e) customary fees, (f) time involved and results obtained, (g) preclusion from other employment, (h) contingent nature of fees, (i) time limitations and other circumstances, (j) the undesirability of the case, (k) nature and length of relationship, and (l) awards in similar cases. A detailed description of the application of each of these 12 factors is set forth below as required by Bankruptcy Local Rule 2016(a)

#### **A. Results Obtained**

11. Applicant filed this case for Debtors less than six (6) weeks after it was employed, when Debtors were unable to obtain the liquidity they needed to run their business under their pre-petition loan agreement. After filing their Chapter 11 petitions, Debtors spent essentially through January, 2002 in cash collateral use litigation with the Bank Group and simultaneous negotiation for a debtor-in-possession loan. Ultimately, Debtors negotiated a successful debtor-in-possession loan facility (the “DIP Loan”) which was approved by the Court on January 29, 2002 (Dkt. No.260). In it, Debtors were able to obtain the short term liquidity they need to run

their business, including approximately \$70 million of additional borrowing availability based on Debtor's real estate. This DIP Loan gave Debtors substantial cash availability through June 2003, when it expires. Pursuant to cash collateral use orders and the DIP Loan, Debtors used approximately \$100 million per month during the case to run their business. Applicant spent a great deal of time and effort representing Debtors in obtaining this result.

12. During the First Interim Period, Applicant represented Debtors in a number of contract rejection matters as Debtors significantly trimmed their expenses.

13. Beginning during these early months of the case, Applicant represented Debtors in a number of asset sales. Debtors sold approximately \$50 million of assets during the First Interim Period. Applicant drafted and obtained Court approval for an asset sale procedure that has made these sales extremely efficient.

14. In addition, Applicant consulted with Debtors concerning a wide-range of issues presented by operating a nationwide steel service center company in a Chapter 11 case. Debtors did not file an omnibus critical vendor motion, unfairly favoring many creditors. Debtors, instead, dealt with these kinds of issues on a case-by-case basis, requesting Court approval for payment of pre-petition claims only in a few cases where the creditors were willing settle their claims and give Debtors post-petition trade credit. None of these cases presented any real controversy before the Court. It took a substantial amount of effort to manage all these operational problems with so few disputes.

15. During the Second Interim Period, from May 1, 2002 until consummation of the case on October 31, 2002, Applicant continued to deal with the Debtors' operational issues in these chapter 11 cases, established additional procedures to make these cases function more efficiently, including seeking and obtaining approval of a procedure for interim compensation for Debtors' "ordinary course" professionals [Dkt. Nos. 693 and 1055], seeking and obtaining

approval of a procedure for the sales of miscellaneous assets [Dkt. No. 887 and 1181], and seeking approval of a procedure for the allowance of setoffs [Dkt. Nos. 1522 and 1605]. These procedures helped eliminate the need for unnecessary duplication of efforts by Applicant to deal with many creditors regarding the same issue.

16. Applicant continued to file motions concerning the rejection of certain executory contracts and unexpired leases during the Second Interim Period as Debtors continued to identify leases and contracts which no longer economically benefited Debtors. This has saved Debtors a significant amount of money.

17. During the Second Interim Period, Applicant had to deal with many creditors seeking relief from the automatic stay to pursue state court litigation against Debtors. Applicant was able to come to agreement with each of the movants and Debtor's insurers and bring the Court agreed orders in which the claimants agreed to waive all claims against Debtors' estates.

18. Applicant also assisted Debtors in the preparation and filing of Amended Schedules of Assets and Liabilities, and in the process of beginning to identify claims against Debtors that would have to be objected to. Applicant filed a total of 61 claim objections in these cases during the Second Interim Period.

19. Applicant continued to resolve many controversies during these cases without the necessity of Court intervention. Debtors only had to file only one settlement with a critical vendor, Sierra Aluminum [Dkt. No. 1623], which the Court approved [Dkt. No. 1736].

20. Although the DIP Loan from the Bank Group in January 2002 provided Debtors with \$70 million of additional cash, the market for metal service centers actually got worse in the First Quarter of 2002 than expected, near the beginning of the Second Interim Period, Debtors defaulted on an earnings covenant under the DIP Loan, which gave the Bank Group the right to immediately foreclose.

21. Debtors promptly undertook a program of much more substantial asset sales in order to pay down bank debt and gain the support of the Bank Group for continued operations. As a result, Applicant was able to help Debtors negotiate an amendment to the DIP Loan Agreement to waive the covenant default [Dkt. No. 1638].

22. In addition, Applicant helped Debtors successfully negotiated a plan of reorganization with the Creditors' Committee under which the unsecured creditors would own a substantial percentage of the reorganized company in return for discharging approximately \$400 million of unsecured debt. The Creditors' Committee agreed that, if the stock they received in the reorganized company ever became worth the \$400 million of debt that it discharged, then the old shareholders would have a warrant to buy back 15% of the reorganized company.

23. Applicant represented Debtors in sales of approximately \$100 million worth of assets during the Second Interim Period. By using pre-approved asset sale procedures, there was little controversy before the Court concerning any asset sales. Debtors resolved the one dispute that did occur with respect to an asset purchase agreement before the Court had to decide it. Applicant also assisted in the sale of certain of Debtors' real estate and the retention of brokers for this purpose during this period.

24. Because of these various asset sales, Debtors were able to pay their Bank debt down to less than \$150 million by the end of October 2002, when they consummated their plan of reorganization.

25. Applicant drafted and filed an initial Disclosure Statement and Plan with proposed Balloting and Noticing Procedures in August 2002. After several weeks of work with the Debtors' Restructuring Advisors and negotiations with the Creditors' Committee, Applicant filed Debtors' Amended Disclosure Statement [Dkt. No. 1749] and Amended Chapter 11 Plan [Dkt. No. 1748]. The Amended Disclosure Statement approved by the Court on August 23, 2002

contained language resolving each of the objections to it filed by creditors, eliminating the need to have the Court rule on these objections.

26. Applicant spent a substantial amount of time preparing for confirmation of Debtors' Amended Plan on October 18, 2002. A total of 11 objections to confirmation were filed. Applicant was able to resolve each of these objections, resulting in the Debtors' Amended Plan being confirmed by the Court on that date, approximately 11 months from the date these cases were filed.

27. Debtors were able to consummate the Amended Plan thirteen (13) days after the confirmation order, resulting in an October 31, 2002 Effective Date. Applicant prepared and served the notice of the entry of the confirmation order and of the Effective Date, which included notice of the Plan Bar Dates for filing claims for rejection of contracts and leases, filing final fee applications, and of other Bar Dates set forth in the Plan Confirmation Order to all parties-in-interest.

28. Applicant submits that they accomplished a great deal of useful work for Debtors, enabling Debtors to substantially reorganize their business and emerge from bankruptcy with an excellent financial position in less than one year.

29. Applicant will describe next generally what its various lawyers have done in this case. Applicant has also attached three Appendices to this Application: (A) a description of the qualifications of the lawyers and paralegal staff who have worked most substantially on Debtors' cases; (B) monthly fee statements in the ordinary format in which they are generated and used in monthly billings under the 80/90 Order; and (C) bills broken down by each task code to permit the Court and parties-in-interest to understand the time spent on each of the various categories. Applicant has also provided its time entries to Legalgard in the format it has requested.



**B. Time and Labor Expanded**

30. The following attorneys with applicant have played the following roles in this case.

31. Zack Clement and Johnathan Bolton have been responsible for the overall control of the case. They have been involved to some extent in most all of the things that have gone on during the case.

32. To administer this case, Zack Clement and Johnathan Bolton together kept a long “To Do List” of items that needed attention. Over time, a number of other lawyers have been asked to deal with particular kinds of subjects on this list. The table of contents to this list is set forth below here as a footnote.<sup>3</sup> It lists these subject categories and the people assigned primary

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**<sup>3</sup> TABLE OF CONTENTS OF WEEKLY TO DO LIST FOR METALS USA, INC. et al.**

1. F&J Case Administration (Bolton, Lawhon, Journet)
2. Calendar of Motions Set for Hearing on Certain Upcoming Dates (Bolton, Lawhon, Journet)
3. Current Draft Motions and Responses (Bolton, Lawhon, Journet)
4. Major Parties (Clement, Bolton)
  - a. Client (Clement)(Appendix)
  - b. Creditors Committee (Clement)(Appendix)
  - c. U.S. Trustee (Bolton)
  - d. Banks (Clement)
5. Cash Management (Bolton)
6. Financing – Cash Collateral/Bank Group (Clement, Rogers)
7. Financing – DIP Loan (Clement)
8. Financing – Sales of Assets (Gray, Vukadin, Bolton)
9. Financing – Assigning Contracts (Peirce)
10. Financing – Other (Clement)
11. Automatic Stay Compliance (Creditor Inquiries, Critical Vendors, Employees, Utilities, Reclamation Claims and Mechanic’s and Warehouseman Liens).
  - A. Creditor Inquiries (Lawhon, Journet) (Appendix)
  - B. Critical Vendors (Bolton) (Appendix)
    - (a) Small Claims Settlements (Dowell)
  - C. Employees (Pierce, Black) (Appendix)
  - D. Utilities (Lawhon) (Appendix)
  - E. Reclamation Issues (Lawhon) (Appendix)
  - F. Mechanic’s Liens (Lawhon) (Appendix)
  - G. Other Claim Payment Issues (Bolton) (Appendix)
12. Automatic Stay Enforcement (Bolton) (Appendix)
13. Setoffs (Bolton/Dowell) (Appendix)
14. Executory Contracts (Real Estate, Equipment, Insurance, Employees) (Peirce, Drewry, Sing) (Appendix)
15. Property of the Estate (Bolton) (Appendix)
16. Collection Actions (Bolton) (Appendix)
17. Lawsuits (Bolton) (Appendix)
18. Avoiding Powers
19. Claims Objections and Allowances.
20. Other Matters During the Case
21. Draft Plan and Disclosure Statement. (Clement)

responsibility for each of them. During the Second Interim Period, Applicant has focused on asset sales, collection of receivables, and drafting and filing a Plan and Disclosure Statement.

33. Applicant describes below here generally what these people have done. There are a number of other firm lawyers who have also done important work for Debtors, helping this primary team. They have done this work efficiently and limited the time they have spent.

34. Early in the case, Zack Clement spent a great deal of time handling cash collateral litigation and debtor-in-possession financing negotiations, assisted primarily by Clay Rogers, Counsel in the Litigation Group who has significant trial, accounting and financial experience. Litigation Legal Assistants Michelle Lipscomb and Stephanie Hamilton did substantial work supporting this litigation.

35. Also early in the case, San Antonio partner Jack Partain and senior counsel Steve Peirce, both with extensive bankruptcy experience, began dealing with Debtor's operational issues, including dealing with vendors claiming to be critical, truckers threatening not to deliver steel and demanding that their contracts be assumed and numerous other issues. Jack Partain handled a number of the hearings on operational issues early in the case.

36. Certain vendor issues were very important to Debtors, which were complex and time consuming. These included Usinor Steel, Dongkuk International and Ipsco Steel. Dallas bankruptcy partner Lou Strubeck took on these particular assignments, along with helping on cash collateral and debtor-in-possession loan negotiations, many of which took place in Dallas.

37. Once past the critical periods of the case, partners Partain and Strubeck have reduced their role substantially, leaving Counsel Steve Peirce to handle ably many of these operational issues, working with Counsel Janet Drewry from the San Antonio office, who has

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22. Disclosure Statement (Dockery, Vukadin)  
23. Confirmation of Plan of Reorganization. (Clement)  
24. Consummation of Plan of Reorganization  
25. Other

handled a number of executory contracts and employee issues, and Counsel Susan Lawhon in Houston who has handled most reclamation, utilities and mechanics lien issues.

38. Susan Lawhon, along with newly hired paralegal Clifton Journet, have taken from Johnathan Bolton, the primary responsibility to keep track of the various projects through the To Do List, and leading us through the weekly routine of (1) notifying the Court on Monday of the agenda for the upcoming Wednesday weekly hearing, (2) publishing the To Do List to Debtors on Monday afternoon, (3) so that it can be reviewed with Debtors on Tuesday afternoon as we prepare for the hearings on Wednesday afternoon, (4) organizing the exhibit books for the Wednesday weekly hearing and (5) conducting a Friday morning conference call between the Creditors' Committee about current significant issues. These Friday telephone calls have resolved a number of issues that would otherwise have needed to be brought to the Court for approval.

39. Clifton Journet does much of this work with help from another paralegal, Kelly Demski. Susan Lawhon oversees these paralegals, and generally assists Johnathon Bolton in handling the steady stream of things that must be done to move the case along. These people administer this case very efficiently.

40. Corporate partner Robert Gray has worked with associate Davor Vukadin on the numerous asset sales Debtors have made. Bob Gray has been involved in a number of these negotiations and has closely supervised Mr. Vukadin. However, Mr. Vukadin, a fourth year associate, has done the bulk of the work of negotiating Debtors' numerous asset sales with the assistance of other corporate associates Nadelle Grossman, Valerie Crow, and Nini Bianchi. Real estate partner William Sing has also done a substantial amount of work on the real estate aspects of these asset sales, along with the assistance of associate Craig Vogelsang.

41. Dallas partner, Harva Dockery was primarily responsible, along with Zack Clement, for drafting the Disclosure Statement and Plan. Chris McNeill, an associate in the Dallas office, assisted in the preparation of the Plan and Disclosure Statement. Johnathan Bolton was primarily responsible for resolution of the objections filed to the Disclosure Statement and Amended Plan.

42. Counsel Jane Dowell and counsel Susan Logsdon from Applicant's litigation department have assisted Johnathan Bolton in handling the litigation matters with Dongkuk International, Inc. and DaSilveria Southwest, Inc., respectively. Counsel Marilyn Scanlan has assisted in the litigation with SouthTrust Bank.

43. A further description of these primary attorneys with Applicant who performed services for Debtors is set forth on Appendix A hereto. Additional partners, associates and counsel have worked on Debtors' matters when asked by these primary attorneys, performing useful work efficiently, and limiting the time spent.

44. Applicant used its secretaries, paralegals and law clerks whenever possible for tasks that did not involve the rendering of legal services. Applicant submits that its use of its secretaries, paralegals and law clerks has resulted in a smooth and efficient administration of this case and correspondingly efficient use of Applicant's attorneys. A description of the primary Legal Assistants with Applicant who devoted time to Debtors' cases, who may be compensated through the Debtor's estate, as set forth in *In re Busy Beaver Building Centers, Inc., Inc.*, 19 F.3d 388 (3rd Cir. 1994) for the Second Interim Period can be also be found on Appendix A hereto.

45. Applicant's blended rate of \$255.65 compares favorably with the blended rate encompassed within the fee award in *In re Lawler*, 807 F.2d 1207, 1211 (5th Cir. 1987), given the passage of time since that ruling on fees incurred in 1984 and earlier. The actual amount of time expended by Applicant is set forth in substantial detail in Appendices B and C hereto.

**C. Experience, Reputation, and Ability**

46. Applicant possesses a national and regional reputation for experience in bankruptcy matters. Applicant's attorneys have appeared before courts throughout the United States, including this district, in bankruptcy cases on behalf of debtors, trustees, receivers, creditors, and creditors' committees for many years. Applicant's attorneys possess the experience, reputation, and ability to merit an award of the requested compensation and reimbursement.

**D. Skill Required for Performance of Services**

47. Professional services rendered in this case have been performed by attorneys with broad experience and a high level of skill in the areas for which they have been employed. Applicant submits that its attorneys, who have varying levels of experience and seniority, have been used effectively and efficiently. Applicant's blended rate \$255.65 reflects this. Applicant's expertise and experience in these matters have enabled this case to progress in an efficient manner to the benefit of Debtors and their creditors. *See* Appendix A.

**E. The Novelty and Difficulty of Issues**

48. Applicant's representation in this bankruptcy proceeding has involved numerous disputes and negotiations with the Creditors' Committee, the Bank Group and Debtors' critical vendors. Applicant played an active role in all this.

**F. Customary Fees**

49. Applicant has applied for allowance of compensation for fees that reflect its customary billing rates charged to clients by Applicant in 2002. These rates are consistent with those of other law firms of requisite and comparable skill and ability. Such hourly rates compare very favorably with the community standard at this time.

**G. Categorization of Time Involved**

50. These Chapter 11 cases have required the expenditure of substantial time and effort on the part of the professionals of Applicant. Applicant represents that the time expended is commensurate with the size and complexity of this case and the number of significant legal issues involved in the case. As shown on Appendix C, the professional services rendered by Applicant on behalf of Debtors have been divided into the categories proscribed by the U.S. Trustee's Guidelines that further clarify the necessity and benefit of the services rendered. These categories are as follows:

- (a) B 110: Case Administration
- (b) B 120: Asset Analysis and Recovery
- (c) B 130: Asset Disposition
- (d) B 140: Relief from Stay/Adequate Protection Proceedings
- (e) B 150: Meetings of and Communications with Creditors
- (f) B 160: Fee/Employment Applications
- (g) B 170: Fee/Employment Objections
- (h) B 180: Avoidance Action Analysis
- (i) B 185: Assumption/Rejection of Leases and Contracts
- (j) B 190: Other Contested Matters
- (k) B 210: Business Operations
- (l) B 220: Employee Benefits/Pensions
- (m) B 230: Financing/Cash Collections
- (n) B 240: Tax Issues
- (o) B 250: Real Estate
- (p) B 260: Board of Directors matters
- (q) B 310: Claims Administration and Objections
- (r) B 320: Plan and Disclosure Statement (including Business Plan).

51. Applicant believes these services, described in Appendix C, were performed as effectively and efficiently as possible and that the time expended is commensurate with the issues and objectives involved.

**H. Preclusion from Other Employment**

52. Applicant was somewhat precluded from other employment during this case because Applicant has devoted a great deal of effort to this case.

**I. Contingent Nature of Fees**

53. The only contingency concerning fees was the achievement of a successful result and Court approval of fees requested.

**J. Time Limitations and Other Circumstances**

54. In many instances, this case required immediate responses that imposed time limitations on the attorneys and staff involved. Applicant believes that it has successfully handled the time limitations in this case, and has enabled this case to progress in an efficient manner.

**K. The Undesirability of the Case**

55. Undesirability has not been a factor in this proceeding, except to the extent of the contingency of the allowance of the fee.

**L. Nature and Length of Relationship**

56. Applicant did not have any substantial relationship with the Debtors before October, 2001.

**M. Awards in Similar Cases**

57. Applicant's fees incurred in representing Debtors are consistent with fees incurred in other similar cases.

**IV. EXPENSES**

58. Before filing this Application, Applicant has reviewed the guidelines of General Order 2001-2, entered by the Court on May 3, 2001. Applicant has reviewed its invoices to Debtors to be sure the expenses charged to Debtors are in line with General Order 2002-2.

Applicant believes all of the remaining out-of-pocket expenses requested are reasonable and necessary, and in accordance with the guidelines of General Order 2001-2.<sup>4</sup>

## V. CONCLUSION

59. Applicant submits that the time records provided in Appendices B and C hereto supply detailed time records and provide the court with a summary of the activities of counsel in this case. Additionally, Applicant has necessarily incurred out-of-pocket expenses in connection with its representation of Debtors. Careful records of these expenditures were maintained and are included in Appendices B and C to this Application. These expenses were reasonable and necessary and Applicant is entitled to the allowance of the sum provided therein.

60. Applicant submits that the foregoing services rendered warrant the allowance of the fees and expenses requested by Applicant hereunder the twelve factors identified by the Fifth Circuit in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).

61. Applicant seeks final approval of the fees and expenses already paid by Debtors to Applicant and an order authorizing payment of the additional twenty percent (20%) of fees and ten percent (10%) of reasonable and necessary out-of-pocket expenses due to Applicant for the Second Interim Period.

WHEREFORE, PREMISES CONSIDERED, Fulbright & Jaworski L.L.P. respectfully requests that this Court grant its Final Fee Application and allow Applicant \$3,786,266.25 in professional fees and \$200,797.20 in reasonable and necessary expenses, for a total of \$3,987,063.45, to be paid to Fulbright & Jaworski L.L.P., and such other and further relief as may be just and equitable either at law or in equity.

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<sup>4</sup>In fact, Applicant is actually charging less than the maximum amount under the guidelines (*i.e.*, copies are billed at 15¢ per page, rather than 20¢).



Dated: November 14, 2002,  
Houston, Texas.

Respectfully Submitted,

**FULBRIGHT & JAWORSKI L.L.P.**

/s/ Zack A. Clement

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