

The deadline to timely file an objection to this first quarterly fee application is June 16, 2003

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
Conseco, Inc., et. al.¹) Case No. 02-49672
Debtor) (Jointly Administrated)

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
MAY 15 2003
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**FIRST QUARTERLY APPLICATION OF BAKER & DANIELS FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES
AS SPECIAL COUNSEL FOR THE DEBTOR**

Baker & Daniels hereby makes its first quarterly application for the allowance of its attorneys' fees as special counsel for Conseco, Inc. (the "Debtor") and for reimbursement of out-of-pocket expenses advanced on behalf of the Debtor. In support of this application, Baker & Daniels states as follows:

1. Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on December 17, 2002 (the "Petition Date"). This Court, by order dated January 14, 2003, approved the Debtor's retention of Baker & Daniels as special counsel.
2. This application is the first quarterly application filed by Baker & Daniels, seeking compensation and reimbursement of out-of-pocket expenses advanced by counsel for the Debtor for the period December 18, 2002 through and including March 31, 2003.
3. On January 29, 2003, Baker & Daniels filed its First Interim Application of Baker & Daniels for Compensation and Reimbursement of Expenses as Special Counsel for the Debtor (the "First Application") seeking approval and allowance of fees in the amount of

¹ The Debtors are the following entities: Conseco, Inc., CIHC, Incorporated, CTIHC, Inc., Partners Health Group,

3209

\$10,351.80 (90% of the \$11,502.00 in services billed) and reimbursement of expenses in the amount of \$93.03.

4. On February 25, 2003, Baker & Daniels filed its Second Interim Application of Baker & Daniels for Compensation and Reimbursement of Expenses as Special Counsel for the Debtor (the "Second Application") seeking approval and allowance of fees in the amount of \$17,056.35 (90% of the \$18,951.50 in services billed) and reimbursement of expenses in the amount of \$2,283.59.

5. On March 25, 2003, Baker & Daniels filed its Third Interim Application of Baker & Daniels for Compensation and Reimbursement of Expenses as Special Counsel for the Debtor (the "Third Application") seeking approval and allowance of fees in the amount of \$12,328.20 (90% of the \$13,698.00 in services billed) and reimbursement of expenses in the amount of \$733.12.

6. On April 25, 2003, Baker & Daniels filed its Fourth Interim Application of Baker & Daniels for Compensation and Reimbursement of Expenses as Special Counsel for the Debtor (the "Fourth Application") seeking approval and allowance of fees in the amount of \$14,228.10 (90% of the \$15,809.00 in services billed) and reimbursement of expenses in the amount of \$548.48.

7. In the course of its representation of the Debtor, Baker & Daniels performed a variety of services, all of which are described in detail in the billing statements attached to the First Application, Second Application, Third Application and Fourth Application (collectively, the "First Quarter Interim Applications"), respectively, at Exhibit A. The services

performed by Baker & Daniels for and on behalf of the Debtor include, but are not limited to the following:

- a. Bankruptcy Initiation Matters And Case Administration. Initial meetings with management with respect to preliminary bankruptcy planning and strategy development, assistance as necessary or requested to Kirkland & Ellis, lead counsel to the Debtor, with respect to preparation of first day pleadings such as debtor-in-possession financing orders, payment of employees, continuation of cash management systems, extensions of time with respect to real estate leases, utility adequate protection issues and the like, identification of professionals to be employed in the case and preparation of initial retention applications, the creation, organization and maintenance of files for numerous documents, pleadings, due diligence and similar materials, and various communications, telephone conferences, conversations, meetings, and attendance at hearings related to the foregoing; general work regarding case administration, including meetings and telephone calls with other counsel for creditors and parties in interest with respect to relevant Debtor history, challenges, and issue resolution;
- b. General Case Administration. This category consists primarily of work discharged by paralegals, and includes the accumulation, organization, retention and distribution of information for reporting purposes, the preparation of pleadings and notices, preparation for hearings, as well as for parties in interest, assembly of, filing, and maintenance of files concerning the numerous pleadings filed in the case, communications with attorneys regarding appearance and interventions to make sure that all counsel, particularly from outside this district, properly were made part of the Court's intervenor's list and were properly included upon the Debtor's service list, review and calendaring of orders and notices, and communications with the Court regarding the entry and distribution of same;
- c. Asset Disposition. Review and advise Debtor with respect to various proposed listing and brokerage agreements concerning the lease of real property owned by Debtor, and various telephone conferences, meetings, drafting of memoranda, and other follow up with respect to the same;
- d. Business Operations. Advise Debtor concerning matters generally related to its ongoing operations; review and advise Debtor and assist lead counsel with respect to multiple matters related to potential claims against Debtor; review, advise and represent Debtor with respect to various trademark matters; review, revise and/or draft various documents with respect estoppel requests from Debtor's landlords; assess, advise and assist

lead counsel with respect to formulation and negotiation of a proposed Plan of Reorganization for Debtor; numerous meetings and telephone conferences with Debtor, lead counsel and others regarding Debtor's performance and resulting issues and options for plan formulation; representation of Debtor with respect to certain automatic stay violations; numerous meetings and telephone conferences with Debtor, lead counsel and others regarding "stay bonus" formulations; and numerous meetings and telephone conferences with Debtor, lead counsel and others regarding a variety of efforts to attract and formulate new equity;

- e. Claims Administration And Objection. Review and advise Debtor and assist lead counsel with respect to employee, landlord and other claims; preparation of multiple memoranda, pleadings and/or correspondence related to the foregoing; various communications, telephone conferences, conversations and meetings related to the foregoing;
- f. Financing. Review and advise Debtor, and assist lead counsel, with respect to issues concerning Debtor's secured lender; review and advise Debtor, and assist lead counsel, with respect to identifying and structuring new sources of DIP financing; various communications, telephone conferences, conversations and meetings related to the foregoing;
- g. Plan/Disclosure Statement And Business Analysis. Review and advise Debtor, and assist lead counsel, on multiple matters and strategies relating to plan formulation, Debtor's anticipated financing and inventory needs; identification and follow-up with respect to multiple scenarios and opportunities regarding the same; various communications, telephone conferences, conversations and meetings related to the foregoing; and
- h. Tax Issues. Review and advise Debtor, and assist lead counsel, on various tax matters and disputes; various communications, telephone conferences, conversations and meetings related to the foregoing.

8. Baker & Daniels has reviewed its detailed summary of time, and has attempted to eliminate double billing for conference time between two Baker & Daniels' timekeepers, except where the participation of both timekeepers has demonstrable benefit to the estate. The designation of "NC" or "\$0.00" after a description of services means that no time has been charged for those services.

9. Exhibit A to each of the First Quarter Interim Applications provides the detail of the time and hourly billing rate for each attorney, law clerk or paralegal of Baker & Daniels who has performed services in this case. A summary of the fees requested by Baker & Daniels for each such attorney, law clerk or paralegal and the number of hours worked for each individual, the billing rate requested and the total fees claimed is set forth below.

Year 2002 Rates

Attorney/Paralegal Name	Hours	Rate	Total Fee
JMCarr	3.20	\$360.00	\$1,152.00
WWPonader	24.60	\$265.00	\$6,519.00
JHYeager	4.80	\$325.00	\$1,560.00
BKFishman	11.40	\$130.00	\$1,482.00
KHagan	0.90	\$130.00	\$117.00
SBLaughlin	6.40	\$105.00	\$672.00
TOTALS	51.3		\$11,502.00

Year 2003 Rates

Attorney/Paralegal Name	Hours	Rate	Total Fee
JMCarr	49.3	\$380.00	\$18,734.00
Joseph H. Yeager, Jr.	1.3	\$350.00	\$455.00
Suzette E. Bewley	28.3	\$195.00	\$5,518.50
Erica S. Black	4.9	\$185.00	\$906.50
John W. Purcell	0.7	\$365.00	\$255.50
Tibor D. Klopfer	4.9	\$395.00	\$1,935.50
Jay Jaffe	0.2	\$310.00	\$62.00
Andrea M. Roberts	1.0	\$220.00	\$220.00
RTFreije	15.1	\$375.00	\$5,662.50
SMKosnoff	4.3	\$345.00	\$1,483.50
DGGowan	8.4	\$200.00	\$1,680.00
SKManske	28.6	\$140.00	\$4,004.00
CAWerner	10.4	\$195.00	\$2,028.00
BKFishman	2.5	\$135.00	\$337.50
KHagan	11.8	\$135.00	\$1,593.00
SBLaughlin	28.6	\$115.00	\$3,289.00
Ginger M. Rezy	2.1	\$140.00	\$294.00
TOTALS	202.4		\$48,458.50

10. Baker & Daniels has advanced the sum of \$3,658.22 for out-of-pocket expenses incurred in connection with this case on behalf of the Debtor during the period of December 18, 2002 through March 31, 2003. A summary of the out-of-pocket expenses incurred by Baker & Daniels is set forth in Exhibit A to each of the First Quarter Interim Applications.

11. In the period of December 18, 2002 through March 31, 2003, all Baker & Daniels' professionals have recorded their time to the "Restructuring" matter. Within the "Restructuring" matter, as of the Petition Date, Baker & Daniels established certain task codes that cause related time to be grouped together to facilitate the review of the Firm's requested fees by the Court, the United States Trustee, and Debtor's creditors. Set forth below is a summary of the aggregate billings under the established tasks for the period December 18, 2002 through March 31, 2003.

Task Description	Hours	Value
Business Operations	25.8	\$9,168.00
Case Administration	118.7	\$28,464.50
Claims Administration and Objections	1.6	\$386.00
Employee Benefit/Pensions	0.7	\$255.50
Fee/Employment Applications	7.6	\$927.00
Fee/Employment Objections	0.8	\$212.00
Litigation	19.1	\$3,688.50
Plan and Disclosure Statement	70.1	\$14,319.00
Data Analysis	7.0	\$2,229.50
Business Analysis	2.3	\$310.50
TOTALS	253.7	\$59,960.50

12. As of the Petition Date, Baker & Daniels held a retainer in the amount of \$150,000. Other than this retainer, no payments have been made or promised to Baker & Daniels for services rendered or to be rendered in any capacity in connection with this case for the services described in this application. No prior fees have been awarded to Baker & Daniels as counsel for the Debtor in this case.

13. No agreement or understanding exists between Baker & Daniels and any other person or entity for the sharing of compensation received for services rendered in connection with this case.

14. All services rendered and all expenses incurred for which compensation or reimbursement is sought have been rendered or incurred exclusively on behalf of the Debtor and represent necessary and proper expenses.

15. The deadline to timely file an objection to this first quarterly fee application is **June 16, 2003**.

WHEREFORE, Baker & Daniels requests that the Court award an allowance of compensation for attorneys' fees in the amount of Fifty-Nine Thousand Nine Hundred Sixty and 50/100 Dollars (\$59,960.50) plus reimbursement for out-of-pocket expenses incurred in the amount of Three Thousand Six Hundred Fifty-Eight and 22/100 Dollars (\$3,658.22), and grant Baker & Daniels all other proper relief.

Respectfully submitted,

BAKER & DANIELS

By: 
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