

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

PS REP. - CS
NINETEEN S. GARDNER, CLERK
FEB 27 2004
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

In re:)	Chapter 11
)	
Conseco, Inc., <u>et al.</u> ,)	Case No. 02 B 49672
)	
Debtors.)	Honorable Carol A. Doy
)	

SECOND REPORT OF FEE REVIEW COMMITTEE

The U.S. Trustee, Ira Bodenstein, by his attorney, M. Gretchen Silver, is filing this report on behalf of the Fee Review Committee, the members of which are Ira Bodenstein (U.S. Trustee), Anthony Schnelling (CFC Plan Administrator), Walter Morales (former member of Unsecured Creditors Committee), Eric Johnson (President of 4086 Advisors, a Conseco subsidiary), and Frank Poli (former member of the TOPrs Committee).

1. On September 17, 2003, the Debtor filed the Fee Review Billing Guidelines with the Court. Final Fee Applications were due on October 9, 2003. Electronic versions were to be simultaneously submitted to the Office of the U.S. Trustee.

2. The U.S. Trustee's Office received final fee applications from 22 professionals. The fees requested total approximately \$59,053,000, the expenses requested to be reimbursed total approximately \$4,917,000, and the success fees total approximately \$25,982,000. The U.S.

^{1/}The Debtors initially were the following entities: Conseco, Inc., CIHC, Incorporated, CTIHC, Inc., Partners Health Group, Inc., Conseco Finance Corp. and Conseco Finance Servicing Corp. The latter two Debtors are referred to as the CFC Debtors. On February 3, 2003 the following subsidiaries of the CFC Debtors filed cases in this Court: Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Consumer Discount Company, Conseco Finance Canada Holding Company, Conseco Finance Canada Company, Conseco Finance Loan Company, Rice Park Properties Corporation, Landmark Manufactured Housing, Inc., Conseco Finance Net Interest Margin Finance Corp. I, Conseco Finance Net Interest Margin Finance Corp. II, Green Tree Finance Corp. - Two, Green Tree Floorplan Funding Corp., Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Conseco Agency Inc., Conseco Agency of Alabama, Inc., Convergent Lending Services, LLC, Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. Pursuant to an order entered on February 3, 2003 all of the above cases are now jointly administered.

Trustee's Office has completed an electronic analysis of the electronically submitted final fee applications with respect to each of the Guidelines, except the "Meet and Confer" guideline, the analysis of which requires reading each individual time entry of every professional. It continues to diligently review the remaining applications.

3. The U.S. Trustee's Office has prepared reports for approximately half of the applicants. The reports, which identify any requests that are not in compliance with the Guidelines, have been circulated to the Committee. The Committee has reviewed the reports and reviewed the applications of the professionals for overall reasonableness. This process has included several Committee telephone conferences, a meeting in Chicago on February 24, interviews of people involved in the case in various capacities, and a significant amount of individual time on behalf of several members.

4. Six applicants have been notified of the Committee's questions and have been requested to meet with the Committee: Much Shelist, Watson Wyatt, Baker Botts, Dorsey Whitney, Greenberg Traurig, and PriceWaterhouse Coopers. The Committee has met with Much Shelist and has scheduled and continues to schedule meetings with the other firms.

5. The Committee met with Much Shelist on February 24, 2004 and resolved all outstanding issues. Much Shelist had voluntarily reduced their success fee request in their final application from 15 to 10 percent. After discussions with the Committee, the firm agreed to further reduce its request by \$30,000. The Committee believes the reduction is appropriate.

6. In addition, the Committee has determined that it has no objection to the expense reimbursement applications for the following: Members of the Official Committee of Unsecured Creditors of the Holding Company Debtors, Member of the TOPrs Committee (Oppenheimer Capital/Paul Floto); and Members of the Official Committee of Unsecured Creditors of CFC.

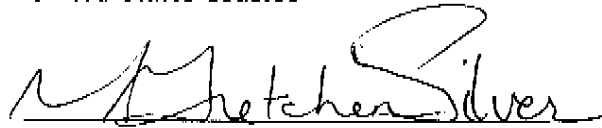
7. Further, the Committee is satisfied with the Debtor's review and has no further comments on the applications filed by the ordinary course professionals.

8. The Committee continues its analysis of overall reasonableness for several firms, is notifying applicants as their analysis is completed, and will continue to meet and confer with applicants as necessary. The Committee is prepared to report on further progress at the March 17 omnibus hearing and to file bi-weekly reports of its progress toward consensual resolution of the remaining firms to keep the Court and others informed of the Committee's progress. The Committee intends to file its next report on March 12, 2004.

Respectfully submitted,

Ira Bodenstein
United States Trustee

Dated: February 27, 2004

A handwritten signature in cursive script that reads "M. Gretchen Silver". The signature is written in black ink and is positioned above the typed name and contact information.

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