

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

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

MAR 12 2004

In re:) Chapter 11
)
Conseco, Inc., et al.,) Case No. 02 B 49672
)
Debtors.)
) Honorable Carol A. Doyle

KENNETH S. GARDNER, CLERK
TEAM - A

THIRD 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.

¹⁴The 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. Since the last report, four applicants have been notified of the Committee's questions and have been requested to meet with the Committee: Greg Joseph Law Firm, Houlihan Lokey Howard & Zuzkin, Fox-Pitt, Kelton, Inc., and Bridge Associates, LLC.

4. The Committee has met with telephonically with several firms and continues to schedule meetings with the other firms.

5. The Committee met with Bridge and resolved all outstanding issues. Bridge has voluntarily reduced their fee request by \$34,350. The Committee believes the reduction is appropriate.

6. The Committee met with Watson Wyatt and resolved all outstanding issues. Watson Wyatt has agreed to withdraw its request for reimbursement for secretarial overtime (\$9,806.25) and for internal costs (\$68,246.25) to bring its request into compliance with the Fee Guidelines. The Committee believes the reduction is appropriate.

7. Further, the Committee is in the process of conferring with several firms that have received the Committee's report. These firms are reviewing the reports and preparing their response, if any, for further conference with the Committee.

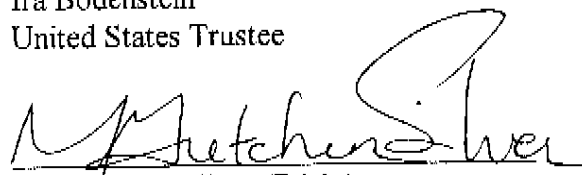
8. The Committee continues its analysis of overall reasonableness for several firms, is notifying applicants as their analysis is completed, and will continue to meet and confer with applicants as necessary. The Committee is prepared to report on further progress at the March 17 omnibus hearing and to 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 24, 2004.

Respectfully submitted,

Ira Bodenstein
United States Trustee

Dated: March 12, 2004

A handwritten signature in cursive script, appearing to read "M. Gretchen Silver". The signature is written in black ink and is positioned above the printed name and contact information.

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