

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

In re:)	Chapter 11
)	
Conseco, Inc., <u>et al.</u> , ¹)	Case No. 02 B 49672
)	
Debtors.)	Honorable Carol A. Doyle
)	

E.D.
BANKRUPTCY COURT
DISTRICT OF ILLINOIS
MAY 14 2004
H.S. GARDNER, CLERK
PS REP. - KG

SEVENTH 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.

¹The 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 the Court's order entered on February 3, 2003 all of the above cases are now jointly administered.

FILED
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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, no new applicants have been notified of the Committee's questions.

4. The Committee has met with telephonically with several firms, including Kirkland & Ellis, Baker Botts, Dorsey & Whitney, Huron Consulting and Raymond James, and continues to schedule meetings with the other firms.

5. The Committee resolved all outstanding issues with the firm of Baker & Botts, which agreed to reduce its request for payment of fees by \$9480 and reimbursement of expenses by \$3521.58 to bring it into compliance with the Guidelines. The Committee believes the reduction is appropriate and Baker Botts will submit a form of order to the Court.

6. The Committee resolved all outstanding issues with the firm of Huron Consulting Group, Inc., which agreed to reduce its request for payment of fees by \$98,000 and reimbursement of expenses by \$7000 to bring it into compliance with the Guidelines. The Committee believes the reduction is appropriate and Huron will submit a form of order to the Court.

7. The Committee resolved all outstanding issues with the firm of Raymond James, which agreed to reduce its request for reimbursement of expenses by \$2359.12 to bring it into compliance with the Guidelines. The Committee believes the reduction is appropriate and Raymond James will submit a form of order to the Court.

8. The Committee understood that it had resolved all outstanding issues with the

firm of Dorsey & Whitney. However, after reaching the resolution but before an order approving it could be entered, the firm was served with a preference demand. Dorsey & Whitney has requested a suspension of consideration of its agreement with the Committee, with the understanding that Dorsey & Whitney's Final Fee Application may not be finally resolved for an extended period of time. The Committee understands and respects the position of the firm and will defer any presentation of its settlement.

9. The Committee resolved all outstanding issues with the firm of Kirkland & Ellis, which agreed to reduce its request for fees and reimbursement of expenses by \$700,000 to bring it into compliance with the Guidelines. The Fee Review Committee has been in frequent contact with Kirkland & Ellis regarding the Final K&E Application. Members of the Fee Review Committee have conducted approximately a dozen telephone conferences with representatives of Kirkland & Ellis. In connection with its review of the Final K&E Application, the Fee Review Committee requested and received substantial assistance and additional documentation from Kirkland & Ellis regarding the fees and expenses at issue in the Final K&E Application. In particular, K&E provided a copy of its expense policy, and produced voluminous receipts and invoices underlying certain types of expenses. Moreover, K&E responded to particular questions regarding its fee and expense procedures. After reviewing the additional information provided by Kirkland & Ellis, the Fee Review Committee voted unanimously to recommend that Kirkland & Ellis be allowed final fees and expenses in the amount of \$24,069,589.14 for services rendered in the Chapter 11 Cases. The Committee believes the reduction is appropriate and Kirkland & Ellis will submit a form of order to the Court.

10. 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

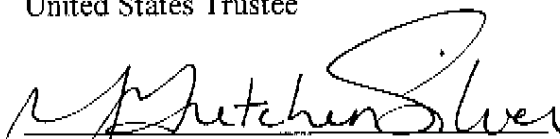
response, if any, for further conference with the Committee.

11. The Committee continues its analysis of overall reasonableness for the three remaining firms: Jenner & Block, Saul Ewing, and Becker Poliakoff. The Committee will notify these firms when their analysis is completed, and will continue to meet and confer with other applicants as necessary. The Committee is prepared to report on further progress at the May 19 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 May 28, 2004.

Respectfully submitted,

Ira Bodenstein
United States Trustee

Dated: May 14, 2004

A handwritten signature in black ink, appearing to read "M. Gretchen Silver". The signature is written in a cursive style with a large, looping initial "M".

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