

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11  
: Case No. 00-00389(MFW)  
INTEGRATED HEALTH SERVICES, INC., et al., :  
: (Jointly Administered)  
: :  
Debtors. :  
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**FINAL APPLICATION OF  
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP  
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES  
AS SPECIAL LITIGATION COUNSEL FOR THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS OF INTEGRATED HEALTH SERVICES, INC., et al.,  
FOR THE FINAL PERIOD FROM JANUARY 14, 2002 THROUGH MAY 12, 2003**

Name of Applicant: Bernstein Litowitz Berger & Grossmann LLP

Authorized to Provide  
Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: January 14, 2002

Period for which compensation  
and reimbursement is sought: January 14, 2002 - May 12, 2003

Amount of Compensation Sought  
as actual, reasonable and necessary: \$432,849.75

Amount of Expense Reimbursement  
Sought as actual, reasonable and necessary: \$29,606.19

This is an:  Interim  Final application

The total time expended for the preparation of this fee application is estimated to be approximately 12 hours.

**FEE APPLICATIONS UNDER REVISED COMPENSATION ORDER**

<b>Fee Application, Period Covered, Filing Date, Docket No.</b>	<b>Total Fees</b>	<b>Fees Requested (%80)</b>	<b>Expenses Requested</b>	<b>CNO Filing Date, Docket No.</b>	<b>Total Billed</b>	<b>Payment</b>	<b>Payment Date</b>
First Application (1/14/02 - 3/31/02) April 29, 2002 Docket No. 7190	\$128,583.50	\$102,866.80	\$5,583.70	May 21, 2002 7350	\$134,167.20	\$134,167.2	6/7/02 11/1/02
Second Application (4/1/02 - 4/30/02) June 6, 2002 Docket No. 7470	\$59,543.00	\$47,634.40	\$2,282.60	July 1, 2002 7619	\$61,825.60	\$61,825.60	7/31/02 11/1/02
Third Application (5/1/02 - 5/31/02) July 3, 2002 Docket No. 7633	\$63,120.50	\$50,496.40	\$491.87	July 25, 2002 7709	\$63,612.37	\$63,612.37	8/16/02 11/1/02
Fourth Application (6/1/02-6/30/02) September 25, 2002 Docket No. 8044	\$24,046.50	19,237.20	\$8,602.95	Oct. 16, 2002 8185	\$32,649.45	\$32,649.45	11/22/02 8/8/03
Fifth Application (7/1/02-7/31/02) October 29, 2002 Docket No. 8269	\$8,528.00	\$6,822.40	\$5,507.25	Nov. 19, 2002 8353	\$14,035.25	\$14,035.25	4/28/03 8/8/03
Sixth Application (8/1/02-10/31/02) February 26, 2003 Docket No. 9002	\$84,740.50	67,792.40	\$3,758.13	Mar. 19, 2003 9173	\$88,498.63	\$71,550.53	6/9/03
Seventh Application (11/1/02-12/31/02) June 24, 2003 Docket No. 9963	\$5,838.75	\$4,671.00	\$850.36	July 15, 2003 10079	\$6,689.11	\$5,521.36	8/8/03
Eighth Application (1/1/03-3/31/03) July 16, 2003 Docket No. 10088	\$39,984.00	\$31,987.20	\$1,109.26	Aug. 6, 2003 10191	\$41,093.26		
Ninth Application 41/1/03-5/12/03) August 19, 2003 Docket No. 10244	\$18,465.00	\$14,192.07	\$1,420.07	Sept. 9, 2003 10308	\$19,885.07		
<b>TOTAL</b>	<b>\$432,849.75</b>	<b>\$345,699.87</b>	<b>\$29,606.19</b>		<b>\$462,455.94</b>	<b>\$383,361.76</b>	

**COMPENSATION BY PROFESSIONAL**

<b>Professional</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Amount Billed</b>
<b><i>Partners</i></b>			
Max W. Berger	\$560.00	21.1	\$11,816.00
Daniel L. Berger	\$650.00	2.8	\$1,820.00
Daniel L. Berger	\$575.00	6.0	\$3,450.00
Daniel L. Berger	\$530.00	114.65	\$60,764.50
Darnley Stewart	\$425.00	8.9	\$3,782.50
<b><i>Associates</i></b>			
Jeffrey N. Leibell	\$450.00	1.3	\$585.00
Jeffrey N. Leibell	\$425.00	13.6	\$5,780.00
Jeffrey N. Leibell	\$375.00	150.5	\$56,592.50
Patricia S. Gillane	\$375.00	0.5	\$187.50
Beata Gocyk-Farber	\$350.00	28.9	\$10,115.00
Beata Gocyk-Farber	\$325.00	86.8	\$28,210.00
Beata Gocyk-Farber	\$285.00	698.25	\$198,999.75
Hannah E. Greenwald	\$250.00	17.25	\$4,312.50
<b><i>Paralegals</i></b>			
Judy Goldfien	\$175.00	23.2	\$4,060.00
Judy Goldfien	\$160.00	211.3	\$33,808.00
Natalie Williams Ching	\$160.00	2.5	\$400.00
Theresa Watts	\$160.00	12.0	\$1,652.50
Jacqueline Yates	\$160.00	8.0	\$1,280.00
Eileen McNerney	\$160.00	13.0	\$2,080.00
Frank Barajas	\$145.00	13.0	\$1,885.00
Sara Schaefer	\$135.00	9.4	\$1,269.00
<b>TOTAL</b>		<b>1442.9</b>	<b>\$432,849.75</b>

**Blended Rate: \$299.99**

**COMPENSATION BY TASK CATEGORY**

Pleadings	\$218,810.00
Discovery	\$25,740.00
Court Appearance	\$17,863.00
Settlement	\$82,451.75
Strategy/Analysis	\$75,578.50
Fee Application	\$12,406.50
<b>TOTAL</b>	<b>\$432,849.75</b>

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BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP  
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES  
AS SPECIAL LITIGATION COUNSEL FOR THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS OF INTEGRATED HEALTH SERVICES, INC., et al.,  
FOR THE FINAL PERIOD FROM JANUARY 14, 2002 THROUGH MAY 12, 2003**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Bernstein Litowitz Berger and Grossmann LLP ("Bernstein Litowitz") hereby applies to this Court for final approval of its reasonable compensation and reimbursement of expenses in *these chapter 11* cases for professional legal services rendered as special litigation counsel for the Official Committee of Unsecured Creditors of Integrated Health Services ("Committee") in the amount of \$432,849.75 for compensation and \$29,606.19 in reimbursement of expenses for the period January 14, 2002 through and including May 12, 2003 (the "Final Compensation Period"). In support of the Application, Bernstein Litowitz respectfully represents as follows:

**BACKGROUND**

1. On February 2, 2000 (the "Petition Date"), the Debtors filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Sections

1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

2. On February 15, 2000, pursuant to 11 U.S.C. §§1102(a) and 1102(b) of the Bankruptcy Code, the United States Trustee for the District of Delaware appointed the following entities to the Committee: Citibank, N.A.; Oaktree Capital; U.S. Bank National Association, as Indenture Trustee; Sun Trust Bank; Capital Research; Van Kampen Investment Advisory Corp.; Credit Suisse First Boston Corporation; PharMerica; and Gulf South Medical. On December 8, 2000, Sun Trust Bank tendered its resignation from the Committee; the United States Trustee subsequently appointed Bank of America as the replacement Committee member. On July 27, 2001, Citibank, N.A. tendered its resignation from the Committee; the United States Trustee subsequently appointed General Electric Capital Corp. as the replacement member. Bank of America, N.A. has tendered its resignation from the Committee; the United States Trustee subsequently appointed Deutsche Bank AG, New York as the replacement member.

3. An Order approving Applicant's retention effective January 14, 2002, was approved by this Court on February 4, 2002.

### **RELIEF REQUESTED**

4. This application is being submitted with respect to the Final Compensation Period in accordance with the Administrative Order Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered by the Court on February 22, 2001.

5. This is the final fee application filed by Bernstein Litowitz in these cases. Bernstein Litowitz has rendered services on behalf of the Committee for the Final Compensation Period totaling 1,442.9 hours of professional time.

6. Attached to each interim application previously filed were detailed statements respecting the time and values accumulated by Bernstein Litowitz attorneys and paraprofessionals during the interim periods. Bernstein Litowitz submits that the professional services rendered on behalf of the Committee for the Final Compensation Period are reasonably worth the sum of \$432,849.75 .

7. Bernstein Litowitz expended costs on behalf of the Committee in the sum of \$29,606.19 during the Final Compensation Period. In accordance with Local Bankruptcy Rule 2016-2(e)(iii), the line designated "Photocopying" in each of the nine previously filed interim applications represented in-house copying based on a cost of \$0.15 per page. Bernstein Litowitz submits that these expenses were actual, necessary and reasonable.

8. The total sum due Bernstein Litowitz for professional services rendered and costs expended on behalf of the Committee for the Final Compensation Period is \$462,455.94.

9. Bernstein Litowitz accordingly seeks allowance pursuant to section 331 of the Bankruptcy Code in the sum of \$432,849.75 in fees and \$29,606.19 in costs, for a total of \$462,455.94.

10. Given the nature and the value of the services provided by Bernstein Litowitz to the Committee as described herein, the amounts sought under this Application are fair and reasonable.

11. The services rendered by Bernstein Litowitz on behalf of the Committee consisted of the following:

- a. Strategy/Analysis. Applicant analyzed the Committee's claims against the Board and prepared the Committee's litigation strategy in the Bankruptcy Court and in the Delaware Chancery Court.

- b. Pleadings. Applicant researched, drafted and coordinated filing and serving two complaints (in the Bankruptcy Court and the Delaware Chancery Court); several briefs in opposition to Defendants' motions to dismiss the complaints for failure to state the claim; one brief in opposition to Defendants' motion for abstention; several briefs in support of the Committee's motion to withdraw the reference; and two briefs in support of the Committee's motion to strike.
- c. Discovery. Applicant reviewed and indexed documents produced in response to the investigation conducted by the Committee's bankruptcy counsel, Otterbourg, Steindler, Houston & Rosen, P.C., pursuant to Stipulation and Order Establishing the Protocol of Joint Review, dated September 4, 2001; and prepared additional discovery plan.
- d. Court Appearance. Applicant prepared for and participated in various court proceedings on behalf of the Committee, including oral arguments relating to Defendants' motions to dismiss the complaint for failure to state the claim and the Committee's motion to strike.
- e. Settlement. Applicant participated in mediation sessions and researched and drafted mediation statement.
- f. Fee Application. Applicant prepared monthly fee applications providing information and documentation in the format ordered by the Court.

WHEREFORE, Bernstein Litowitz hereby requests that this Honorable Court enter an Order (i) granting final approval for all Interim Fee Applications for professional services rendered in the total sum of \$432,849.75, and reimbursement of costs expended in the total sum of \$29,606.19 for the period January 14, 2002 through May 12, 2003; (ii) directing payment of the outstanding amounts of any allowed fees and expenses and (iii) granting such and further relief as it shall deem just.

Respectfully submitted,

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP  
Special Litigation Counsel for the Official Committee of  
Unsecured Creditors of Integrated Health Services, Inc., et al.

By: 

Daniel L. Berger (DB-7748)

A Member of the Firm

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