

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)	Chapter 11
)	
INTEGRATED HEALTH SERVICES, INC., <u>et al.</u> ,)	Case No. 00-389 (MFW)
)	
Debtors.)	Jointly Administered

**FINAL APPLICATION OF BLASS & DRIGGS AS COUNSEL TO
THE DEBTORS AND DEBTORS IN POSSESSION
FOR FINAL ALLOWANCE OF COMPENSATION AND REIMBURSEMENT**

SUMMARY SHEET – PART 1

Name of Applicant:	Blass & Driggs
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	May 22, 2000 (<u>nunc pro tunc</u> to February 2, 2000)
Period for which Final Compensation and Reimbursement is sought:	February 2, 2000 through October 27, 2000
Amount of Final compensation sought as actual, reasonable and necessary:	\$915,266.20
Amount of final reimbursement sought as Actual, reasonable and necessary:	\$46,269.58
This is an _____ iterim	<input checked="" type="checkbox"/> final application

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Blass & Driggs respectfully represents as follows:

1. Blass & Driggs was special corporate and regulatory counsel for Integrated Health Services, Inc., and certain of its direct and indirect subsidiaries, as debtors and debtors in possession herein (collectively, the “Debtors”) in these chapter 11 cases.
2. On February 2, 2000 (the “Filing Date”), each of the Debtors filed a voluntary petition for reorganization under chapter 11 of title 11 the United States Bankruptcy Code (the “Bankruptcy Code”).
3. By its Order Pursuant to Section 327(e) of the Bankruptcy Code Authorizing Retention and Employment of Blass & Driggs as Special Corporate and Regulatory Counsel for the Debtors and Debtors In Possession (the “Blass & Driggs Retention Order”) dated October 17, 2002, the Court authorized the Debtors to retain Blass & Driggs as special corporate and regulatory counsel to the Debtors in these chapter 11 cases, effective nunc pro tunc to February 2, 2000. Blass & Driggs served the Debtors in that capacity until October 27, 2000, at which time, substantially all of the attorneys of Blass & Driggs joined the firm of Harris Beach.

4. Blass & Driggs submits this Final Interim Fee Applications (i) for allowance of reasonable compensation for actual and necessary professional services performed by Blass & Driggs for the period from February 2, 2000 through October 27, 2000, and (ii) for reimbursement of the actual and necessary expenses incurred by Blass & Driggs in connection with its representation of the Debtors during that same period. This application is made pursuant to the provisions of sections 327, 330 and 330 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Blass & Driggs Retention Order and the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, dated February 2, 2000, as amended by an Order Establishing Revised Procedures, dated February 22, 2001.
5. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to chapter 11 of the Bankruptcy Code. Blass & Driggs believes it is appropriate that it be compensated for the time spent and reimbursed for the expenses incurred in connection with these matters.
6. For the period covered by this Final Fee Application, Blass & Driggs provided a total of 4,442.70 hours of attorney and paraprofessional time in connection with these chapter 11 cases, and incurred fees for such services totaling \$915,266.20. For the same period, Blass & Driggs incurred actual and necessary expenses in connection therewith totaling \$46,269.58. With respect to these amounts, as of the date of this application, Blass & Driggs received payments totaling \$961,535.78.

7. A summary description of all fee applications filed by Blass & Driggs with respect to services performed by Blass & Driggs is attached hereto as Exhibit "A".
8. Blass & Driggs endeavored to represent the Debtors in the most expeditious and economical manner possible. Tasks were assigned to attorneys and paralegals at Blass & Driggs so that work has been performed by those most familiar with the particular matter or task and by the lowest hourly rate professional appropriate for a particular matter. Moreover, Blass & Driggs sought to coordinate with other professionals involved in these cases, including Jenkins & Gilchrist, Parker Chapin LLP, who are also retained as attorneys for the Debtors, so as to minimize any duplication of effort and to minimize attorneys' fees and expenses to the Debtors. We believe we were successful in this regard.
9. As stated in the Affidavit of Michael S. Blass, annexed hereto as Exhibit "B", no agreement or understanding exists between Blass & Driggs and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these cases.
10. The undersigned has reviewed the requirements of Order #Del. Bankr. LR2016-2 of the United States District Court for the District of Delaware ("Order #Del. Bankr. LR2016-2") and certifies to the best of his information, knowledge and belief that this application complies with Order #Del. Bankr. LR2016-2.

WHEREFORE, Blass & Driggs respectfully requests that this Court allow Blass & Driggs (i) final compensation in the sum of \$915,266.20 for actual and necessary professional services rendered on behalf of the debtors during the period February 2, 2000 through October 27, 2000; and (ii) final reimbursement in the amount of \$46,269.58 for actual and necessary expenses incurred during that period.

Dated: New York, New York
October 23, 2003

BLASS & DRIGGS



Michael S. Blass
1675 Broadway, 25th Floor
New York, New York 10019

Special Corporate and Healthcare Counsel
For Debtors And Debtors in Possession

EXHIBIT A

DATE FILED	PERIOD COVERED	REQUESTED FEES/EXPENSES	TOTAL APPROVED FEES/EXPENSES
03/30/00	02/02/00 – 2/29/00	\$74,059.50 Fees \$16,254.02 Expenses	\$90,313.52
05/02/00	03/01/00 –03/31/00	\$100,242.70 Fees \$ 3,194.22 Expenses	\$103,436.92
06/08/00	04/01/00 –04/30/00	\$110,594.00 Fees \$ 2,430.71 Expenses	\$113,024.71
06/08/00	05/01/00 –05/31/00	\$115,037.50 Fees \$ 3,873.06 Expenses	\$118,910.56
07/13/00	06/01/00– 06/30/00	\$122,743.00 Fees \$ 2,620.01 Expenses	\$125,363.01
08/16/00	07/01/00– 07/31/00	\$112,332.00 Fees \$ 3,489.54 Expenses	\$125,363.01
09/11/00	08/01/00– 08/30/00	\$101,208.00 Fees \$ 5,577.40 Expenses	\$106,785.40
10/11/00	09/01/00– 09/30/00	\$106,877.50 Fees \$ 4,811.92 Expenses	\$111,689.42
11/01/00	10/01/00– 10/27/00	\$72,172.00 Fees \$ 4,018.70 Expenses	\$76,190.70

EXHIBIT B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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INTEGRATED HEALTH SERVICES, INC., <u>et al.</u> ,)	Case No. 00-389 (MFW)
)	
Debtors.)	Jointly Administered

AFFIDAVIT OF MICHAEL S. BLASS
PURSUANT TO
11 U.S.C. §504 AND RULE 2016
OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE

STATE OF NEW YORK)
ss:
COUNTY OF NEW YORK)

Michael S. Blass, being duly sworn, deposes and states:

1. At all times during the periods covered by the Final Application (as defined below) I was a member of the firm of Blass & Driggs, attorneys for the above-captioned debtors.


2. In accordance with Rule 2016 of the Federal Rules of Bankruptcy Procedure and section 504 of title 11 of the United States Code, no agreement or understanding exists between Blass & Driggs and any other person for a division of compensation or reimbursement received or to be received herein or in connection with the within chapter 11 cases.

3. This affidavit certifies that I have reviewed the requirements of Order #32 and that the Final Interim Application of Blass & Driggs As Special Corporate and Regulatory Counsel to the Debtors and Debtors in Possession For Final Allowance of Compensation and Reimbursement of Expenses for the period February 2, 2000 through October 27, 2000 (the "Final Application"), complies with Order #32 of the United States District Court for the District of Delaware.



Michael S. Blass

Sworn to before me this
23rd day of October, 2003


Notary Public
MONIQUE WILLIAMS
Notary Public, State of New York
No. 01WI4927654
Qualified in Kings County
Certificate Filed in New York County
Commission Expires April 25, 2006

IN THE UNITED STATES BANKRUPTCY COURT

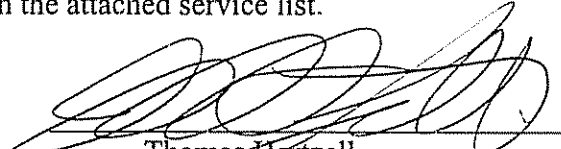
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AFFIDAVIT OF SERVICE

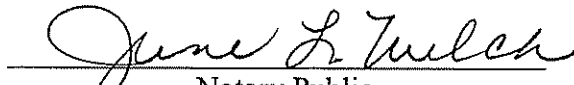
STATE OF DELAWARE)
) SS
 NEW CASTLE COUNTY)

Thomas Hartzell, being duly sworn according to law, deposes and says that he is employed by the law firm of Young Conaway Stargatt & Taylor, LLP, attorneys for the Debtors in the within captioned matter, and that on the 24th day of October 2003, he caused a copy of the attached pleading to be served, as indicated, on the parties on the attached service list.



 Thomas Hartzell

SWORN TO AND SUBSCRIBED before me this 24th day of October 2003.



 Notary Public

JUNE L. WELCH
NOTARY PUBLIC
STATE OF DELAWARE
 My Commission Expires Aug. 23, 2007

CORE GROUP SERVICE LIST
Integrated Health Services, Inc.
10/24/2003

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