

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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**APPLICATION OF OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C. CO-COUNSEL FOR
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF INTEGRATED HEALTH
SERVICES, INC., et al. FOR FINAL ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES PURSUANT TO 11 U.S.C. §§ 330 AND 331**

Name of Applicant:

Otterbourg, Steindler, Houston
& Rosen, P.C.

Authorized to Provide
Professionals Services to:

Official Committee of Unsecured
Creditors

Date of Retention:

February 18, 2000

Period for which compensation
and reimbursement is sought:

February 18, 2000 - May 12, 2003

Amount of Compensation Sought
as actual, reasonable and necessary:

\$5,164,320.00

Amount of Expense Reimbursement
Sought as actual, reasonable
and necessary:

\$232,110.24

This is an: ___ interim X final application

If this is not the first application filed, disclose the following for each prior application:

DATE FILED	PERIOD COVERED	REQUESTED FEES	REQUESTED EXPENSES	APPROVED FEES	APPROVED EXPENSES
04/25/00	02/18/00-03/31/00	\$220,967.50	\$ 7,620.21	\$220,967.50	\$7,620.21
05/23/00	04/01/00-04/30/00	\$144,470.00	\$10,713.78	\$144,470.00	\$10,713.78
06/23/00	05/01/00-05/31/00	\$156,712.00	\$8,618.40	\$156,712.00	\$8,618.40
07/25/00	06/01/00-06/30/00	\$114,410.00	\$9,658.70	\$114,410.00	\$9,658.70
08/24/00	07/01/00-07/31/00	\$122,838.00	\$6,285.65	\$122,838.00	\$6,285.65
09/25/00	08/01/00-08/31/00	\$176,532.50	\$9,457.81	\$176,532.50	\$9,457.81
10/24/00	09/01/00-09/30/00	\$127,640.50	\$10,865.00	\$127,640.50	\$10,865.00
11/24/00	10/01/00-10/31/00	\$121,573.50	\$7,863.72	\$121,573.50	\$7,863.72
12/22/00	11/01/00-11/30/00	\$154,960.50	\$9,101.66	\$154,960.50	\$9,101.66
01/26/01	12/01/00-12/31/00	\$130,555.50	\$6,109.78	\$130,555.50	\$6,109.78
02/26/01	01/01/01-01/31/01	\$104,132.50	\$3,532.83	\$104,132.50	\$3,532.83
03/26/01	02/01/01-02/28/01	\$71,618.00	\$3,065.39	\$71,618.00	\$3,065.39
04/25/01	03/01/01-03/31/01	\$141,845.50	\$6,873.37	\$141,845.50	\$6,873.37
05/25/01	04/01/01-04/30/01	\$142,471.00	\$8,776.55	\$142,471.00	\$8,776.55
06/25/01	05/01/01-05/31/01	\$154,848.00	\$8,176.03	\$154,848.00	\$8,176.03
07/25/01	06/01/01-06/30/01	\$115,797.50	\$8,624.16	\$115,797.50	\$8,624.16
08/23/01	07/01/01-07/31/01	\$91,534.00	\$4,793.10	\$91,534.00	\$4,793.10
9/25/01	08/01/01-08/31/01	\$130,553.50	\$4,572.66	\$130,553.50	\$4,572.66

DATE FILED	PERIOD COVERED	REQUESTED FEES	REQUESTED EXPENSES	APPROVED FEES	APPROVED EXPENSES
10/29/01	09/01/01-09/30/01	\$77,481.00	\$4,636.28	\$77,481.00	\$4,636.28
11/26/01	10/01/01-10/31/01	\$163,154.50	\$8,115.08	\$163,154.50	\$8,115.00
12/26/01	11/01/01-11/30/01	\$231,883.00	\$10,956.45	\$231,882.00	\$10,956.45
01/29/02	12/01/01-12/31/02	\$198,862.50	\$15,672.67	\$198,862.50	\$10,672.67
02/25/02	01/01/02-01/31/02	\$191,272.00	\$16,856.61	\$191,272.00	\$16,856.61
03/27/02	02/01/02-02/28/02	\$107,647.50	\$9,663.11	\$107,647.50	\$9,663.11
5/1/02	03/01/02-03/31/02	\$76,863.50	\$1,988.26	\$76,863.50	\$1,988.26
5/28/02	4/01/02-4/30/02	\$154,034.00	\$2,917.17	\$154,034	\$2,916.97
6/25/02	5/01/02-5/31/02	\$125,120.00	\$4,129.62	\$125,120	\$4,129.62
7/25/02	6/01/02-6/30/02	\$102,580.00	\$2,563.14	\$102,580	\$2,563.14
8/26/02	7/01/02-7/31/02	\$112,203.00	\$1,990.60	\$112,203.00	\$1,990.60
9/25/02	8/01/02-8/31/02	\$72,358.50	\$1,930.32	\$72,358.5	\$1,930.32
10/25/02	9/01/02-9/30/02	\$86,862.50	\$1,257.27	\$86,862.50	\$1,257.27
11/25/02	10/01/02-10/31/02	\$102,034.00	\$1,096.30	\$102,034.00	\$1,096.30
12/31/02	11/01/02-11/30/02	\$84,234.50	\$827.56	\$84,234.50	\$827.56
01/27/03	12/01/02-12/31/02	\$102,116.50	\$856.41	\$102,116.50	\$856.41
02/26/03	1/1/03-1/31/03	\$171,886.00	\$2,218.62	\$171,886.00	\$2,218.62
3/25/03	2/1/03-2/28/03	\$158,836.50	\$2,203.11	\$158,836.50	\$2,203.11
04/25/03	3/1/03 - 3/31/03	\$126,367.00	\$3,408.32	\$126,367.00	\$3,408.32

DATE FILED	PERIOD COVERED	REQUESTED FEES	REQUESTED EXPENSES	APPROVED FEES	APPROVED EXPENSES
05/27/03	4/1/03 - 4/30/03	\$226,610.50	\$2,638.04	\$226,610.50	\$2,638.04
06/25/03	5/1/03 - 5/12/03	\$66,802.50	\$1,476.50	\$66,802.50	\$1,476.50

**ATTACHMENT B
TO FEE APPLICATION**

Name of Professional Person	Position of the Professional Person, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Total Billed Hours	Total Compensation
William M. Silverman	Chairman of the Corporate Restructuring Department, specializing in creditors rights/restructuring law, Member of firm since 1972, admitted in 1966.	773.7	\$426,483.50
Glenn B. Rice	Member of firm since 1980, specializing in creditors rights/restructuring law, admitted in 1972.	1805.3	\$1,005,831.50
Donald N. Gellert	Member of the firm since 1968, specializing in corporate and real estate law, admitted in 1963.	22.9	\$10,447.50
Peter Feldman	Member of firm since 1993, specializing in creditor rights/litigation, admitted in 1980.	550.50	\$281,280.50
Alan Kardon	Member of firm since 1988, specializing in corporate law, admitted in 1968.	110.30	\$51,536.00
Jenette A. Barrow-Bosshart	Member of firm since 2002, specializing in creditors rights/insolvency law, admitted in 1985.	3519.60	\$1,489,466.00
Scott A. Steinberg	Associate at firm 2001- 2003, specializing in creditors rights/restructuring law, admitted in 1983.	71.50	\$32,175.00
John Bougiamas	Associate at firm since 2000, specializing in creditors rights/litigation, admitted in 1992.	1301.10	\$485,416.50
Melissa A. Hager	Associate at firm since 2002, specializing in creditors rights/litigation, admitted in 1992.	872.50	\$359,412.50
Remy J. Ferrario	Associate at firm since 2000, specializing in creditors rights/insolvency law, admitted in 1972.	273.40	\$96,135.00
Patrica L. Murrell	Associate at firm 1999-2002, specializing in creditor rights/insolvency law, admitted in 1998.	1429.40	\$403,619.00
Jennifer S. Feeney	Associate at firm since 1997, specializing in creditor rights/insolvency law, admitted in 1998.	54.50	\$16,450.50
Thomas A. Pitta	Associate at firm since 2001 specializing in creditor rights/insolvency law. admitted in 2001.	370.90	\$82,431.50
David J. Levine	Associate at firm 2001-2002, specializing in creditor rights/insolvency law, admitted in 2001.	19.80	\$3,861.00

Name of Professional Person	Position of the Professional Person, Number of Years in that Position, Prior Relevant Experience, Year of Obtaining License to Practice, Area of Expertise	Total Billed Hours	Total Compensation
Stephanie M. Powers	Associate at firm 2001-2003, specializing in creditor rights/insolvency law, admitted in 2002.	148.40	\$28,938.00
Jessica M. Ward	Associate at firm since 2002, specializing in creditor's rights/insolvency law admitted in 2003.	132.30	\$28,516.50
Brian E. Keating	Paraprofessional	40.40	\$6,151.00
Anthony Williams	Paraprofessional	237.70	\$36,156.00
Ellen M. Allen	Paraprofessional	261.00	\$43,466.00
Joseph T. Makseyn	Paraprofessional	14.10	\$2,048.50
Cathleen A. Pellegrino	Paraprofessional	1789.30	\$262,067.50
Christine M. O'Brien	Paraprofessional	14.70	\$2,210.50
Attorneys and Paraprofessionals Billing Under Ten (10) Hours Each	N/A	30.00	\$10,200.00
Blended Hourly Rate: \$373.05	GRAND TOTAL:	13843.30	\$5,164,320.00

COMPENSATION BY PROJECT CATEGORY

Project Code	Project Category	Total Fees
22	Case Administration	\$49,058.50
23	Plan of Reorganization	\$473,852.50
24	Disclosure Statement	\$159,247.00
25	Avoidance Power Work & Other Litigation	\$131,016.00
26	Review of Financial Information/Business Operations	\$210,805.50
27	Investigation/Asset Analysis & Recovery	\$645,073.00
28	Debtor-in-Possession Financing	\$63,994.50
29	Committee Meetings	\$559,000.50
30	Communications with Creditors' Committee and Creditors	\$208,547.50
31	Lease and Real Estate Analysis and Related Work	\$412,015.00
32	Preparation of Applications for Allowance/Employment	\$167,707.50
33	Acquisition/Divestiture Work/Asset Dispositions	\$260,831.50
34	Claims Objection Work/Claims Administration	\$198,151.00
35	Fee/Employment Objections (Review and analysis)	\$247,053.50
36	Employee Benefits/Pension/General Labor	\$442,433.00
37	Relief from Stay Proceedings	\$111,256.00
41	Special Litigation I	\$739,118.00
42	Special Litigation II	\$85,159.50
	TOTALS:	\$5,164,320.00

EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Total Expenses
Air Freight	Federal Express	\$11,135.68
Court reporting Services		\$9,309.65
Document Retrieval Services		\$463.26
Electronic Research	(Lexis)	\$17,227.50
Laser Photocopies (.15 per page)		\$1,220.70
Meals, Chargeable		\$42,406.60
Messenger		\$675.70
Outside Photocopying		\$7,543.48
Overtime Clerical		\$2,280.00
Overtime Secretarial		\$1,800.00
Photocopies (\$.15 per page)		\$55,355.77
Postage (Excess)		\$30.14
Transportation/Lodging		\$29,801.72
Telecopy/fax (\$1 per page)		\$36,896.00
Telephone Calls - (tolls only)		\$15,964.04
TOTALS:		\$232,110.24

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:

INTEGRATED HEALTH SERVICES, INC., et al.,

Debtors.
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Chapter 11
Case No. 00-00389(MFW)

(Jointly Administered)

**APPLICATION OF OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.,
CO-COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
INTEGRATED HEALTH SERVICES, INC., et al. FOR FINAL ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES PURSUANT TO 11 U.S.C. §§ 330 and 331**

TO: THE HONORABLE MARY F. WALRATH,
UNITED STATES CHIEF BANKRUPTCY JUDGE:

Otterbourg, Steindler, Houston & Rosen, P.C. ("Applicant"), co-counsel to the Official Committee of Unsecured Creditors (the "Committee") of Integrated Health Services, Inc., et al. as and for its application for final allowance of compensation and reimbursement of expenses (the "Application") respectfully represents and alleges:

I. INTRODUCTION

1. Applicant, as co-counsel for the Committee, makes this final Application for payment of compensation for professional services rendered and expenses incurred in its representation of the Committee 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").

2. Applicant submits this final Application in connection with the diligent prosecution of these difficult "mega" healthcare cases. At the time of the bankruptcy filing, Integrated Health Services, Inc. ("IHS") and its subsidiaries (collectively, the "IHS Debtors") and Rotech Medical Corporation and its direct

and indirect subsidiaries (the "Rotech Debtors" and collectively with the IHS Debtors, the "Debtors"), were among the nation's leading providers of post-acute and related speciality healthcare services and products in the United States with one thousand three hundred (1,300) service locations in forty-six (46) states and the District of Columbia. At that time, the Debtors operated through three principal business segments: (A) skilled nursing and subacute care facilities operated by the IHS Debtors' long-term care division (the "LTC"); (B) contract rehabilitation and other contract services operated by the Symphony division of the IHS Debtors ("Symphony"); and (C) home respiratory and durable medical equipment services operated by the Rotech Debtors. As of December 31, 1999, the Debtors had total assets (book value) of roughly \$3.379 billion and total liabilities (book value) of approximately \$4.32 billion.

3. The Debtors' bankruptcy filings were precipitated, in part, by the significant financial pressures and material adverse impact on the Debtors, and the healthcare industry as a whole, resulting from fundamental changes made by federal government to the reimbursement rates and payment procedures for medical services provided to eligible individuals. By way of example, the creation and implementation of the Balanced Budget Act of 1997 (the "Balanced Budget Act") changed reimbursement under the Medicare program for skilled nursing facilities from a cost-based retrospective system to a prospective payment system ("PPS"). The per diem reimbursement rates under the PPS, which rates were not published until approximately two months before the implementation of PPS on July 1, 1998, were significantly lower than anticipated by the healthcare industry and were generally less than the amount the Debtors' received on a daily basis under the cost-based reimbursement system. Medicare patients accounted for a substantial portion of the Debtors' revenue and thus, the Balanced Budget Act materially and adversely affected the Debtors' financial condition, such that the Debtors' revenues fell short of the levels needed to service the debt under their respective debt instruments.

4. Although certain amendments and modifications to the Balanced Budget Act have been enacted by Congress, the overall effect was the substantial reduction in reimbursement under the Medicare system which significantly and negatively impacted the Debtors' lines of business. In fact, the implementation of PPS has been identified as a significant factor in the Chapter 11 bankruptcy filings of other national nursing home chains including, but not limited to: Vencor, Inc., Sun Healthcare Group, Inc., Genesis Health Ventures, Inc., Mariner Post-Acute Network, Inc., and Mariner Health Group, Inc. Notwithstanding the troubled state of the healthcare industry which has continued to plague the Debtors and the healthcare industry as a whole since the filing date, over the course of the Debtors' bankruptcy cases, the Debtors, with the assistance of the Committee, worked with all creditor constituencies and their professionals to diligently reorganize their businesses and successfully emerge from bankruptcy. As a result of these efforts, the Rotech Debtors succeeded in the confirmation of their plan of reorganization in February, 2002 and emerged from bankruptcy in March, 2002. The IHS Debtors and the Committee made every effort for the IHS Debtors to successfully reorganize. Unfortunately, because of the far-reaching and long-term effects of the implementation of PPS which had a more direct effect the long-term care businesses, the ailing state of the healthcare industry and weak capital markets, the IHS Debtors and the Committee determined that a sale of the IHS Debtors' businesses as a going concern would maximize value for creditors. After arduous negotiations and a Court approved auction and sale process, in May, 2003 a plan was confirmed which provided for a sale of substantially all of the IHS Debtors' businesses through a stock sale. That plan became effective on September 9, 2003 after the closing on the sale to the purchaser.

5. By this Application, Applicant seeks: (A) a final award of compensation in the amount of \$5,164,320.00¹ for the period from February 18, 2000 through and including May 12, 2003 (the "Application

¹ On October 14, 2003, this Court approved Applicant's Tenth Interim Application Requesting Approval and Allowance of Fees for Services Rendered and Reimbursement of Expenses as Co-counsel for the Committee for the period from April 1, 2003 through May 12, 2003. As of the date of this

Period"), the date on which an order was entered confirming the Amended Joint Plan of Reorganization of the IHS Debtors; and (B) final approval of Applicant's actual disbursements necessarily incurred during the Application Period in the amount of \$232,110.24.

6. The Administrative Order Establishing Procedures for Allowance and Payment of Interim Compensation and Reimbursement of Expenses of Professionals, dated October 14, 1999, as amended by subsequent Order dated February 22, 2001 (the "Amended Administrative Order"), provided for the payment of eighty percent (80%) of fees and one-hundred percent (100%) of disbursements upon the filing of a certification of no objection respecting each monthly fee application. The Amended Administrative Order also permitted professionals to file notices of interim requests for allowance of compensation which, after approval by this Court, authorized payment of the remaining twenty percent (20%) of the fee "holdbacks." Pursuant to the procedures set forth in the Amended Administrative Order, Applicant received payment of (A) almost one-hundred percent (100%) of its fees and one-hundred percent (100%) of its disbursements for its first through thirty-seventh interim fee applications totaling \$4,865,142.00, and (B) eighty percent (80%) of fees and one-hundred percent (100%) of disbursements with respect to its thirty-eighth and thirty-ninth interim fee applications (representing the month of April, 2003 and the period of May 1, 2003 through and including May 12, 2003, respectively), totaling \$238,844.94.

7. The Court is respectfully referred to Exhibit "B" for the details in connection with the fees and expenses previously and currently sought by Applicant in these cases.

Application, \$58,682.60, representing twenty percent (20%) of professional fees heldback, has not been paid to Applicant. Applicant also seeks \$1,650.50 for professional fees incurred during the Application Period (as defined herein) which fees were inadvertently omitted from Applicant's prior interim applications.

8. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A).

II. BACKGROUND

9. Applicant is a professional corporation of attorneys organized and existing under the laws of the State of New York. Its office is located at 230 Park Avenue, New York, New York 10169. Among Applicant's expertise is the representation of creditors, creditors' committees and trustees in all facets of insolvency related proceedings.

10. On February 2, 2000 (the "Petition Date"), the Debtors each filed a voluntary petition² seeking relief under Chapter 11 of Title 11 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

11. As described in more detail below, the Second Amended Joint Plan or Reorganization of the Rotech Debtors (the "Rotech Plan") was confirmed by order of this Court dated February 12, 2002 (the "Rotech Confirmation Order"). The effective date of the Rotech Plan was March 26, 2002 (the "Rotech Effective Date"). Until the Rotech Effective Date, the Rotech Debtors continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

12. By order of this Court dated May 12, 2003 (the "IHS Confirmation Order"), the Court confirmed the IHS Debtors' Amended Joint Plan of Reorganization (the "IHS Plan"), which (as described in greater detail below) provided for the sale of the stock of substantially all of IHS' subsidiaries. The effective date of the IHS Plan was September 9, 2003 (the "IHS Effective Date"). Until the closing on the stock purchase agreement as provided under the IHS Plan, the IHS Debtors continued to operate their businesses

² A total of four hundred and thirty-eight (438) petitions were filed on the Petition Date.

and manage their properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

13. On February 15, 2000, pursuant to sections 1102(a) and 1102(b) of the Bankruptcy Code, the United States Trustee for the District of Delaware (the "United States Trustee") 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. Thereafter, the Committee retained Applicant and Klehr, Harrison, Harvey, Branzburg & Ellers ("Klehr, Harrison") as its co-counsel. An order approving Applicant's retention effective February 18, 2000, was approved by this Court on April 18, 2000. On December 8, 2000, SunTrust 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. also tendered its resignation from the Committee; the United States Trustee subsequently appointed Deutsche Bank AG, New York as the replacement member. On May 31, 2002, Van Kampen Investments Advisory Corp. tendered its resignation from the Committee, however, the United States Trustee did not appoint a replacement member.

14. When the Debtors' cases were filed the challenges facing the Debtors and their creditors were extensive, complex and seemingly intractable. The highly regulated nature of the healthcare industry and the depressed state of the long term care segment of the healthcare industry, in particular, added additional complexity to these cases. The cases presented the Debtors, the Committee and other creditors with a myriad of complicated legal and factual issues that were, in many instances, novel and required concerted effort on the part of both the Debtors and the Committee in order to promptly and effectively address each issue as they arose.

15. Applicant, as co-counsel to the Committee, played a pivotal role from the beginning of these Chapter 11 cases in order to ensure that the Debtors' businesses were conducted in a manner that preserved value for general unsecured creditors and culminated in the confirmation of the Rotech Plan and the IHS Plan. Applicant has worked closely with the Committee's other advisors, as well as the Debtors, their professionals and other creditor constituencies to resolve issues when possible on a consensual basis without miring these cases in unnecessary and costly litigation which would have diverted the Debtors' efforts to run their businesses and to proceed with the successful confirmation of the plans for the benefit of the Debtors' estates and general unsecured creditors.

III. SUMMARY OF FEE AND DISBURSEMENT REQUESTS

16. In order to assist the Court, the Debtors, the United States Trustee and other parties-in-interest in evaluating this Application, a summary sheet of the attorneys and paraprofessionals and the number of hours expended by each during Applicant's representation of the Committee is annexed hereto as Exhibit "C." A summary sheet which includes identification of services performed by the attorneys and paraprofessionals during the Application Period, categorized by Applicant into "project codes" in order to group related time entries in a certain subject area, is annexed hereto as Exhibit "D." A summary sheet of Applicant's disbursements, necessarily incurred in the performance of Applicant's duties as counsel to the Committee during the Application Period, is annexed hereto as Exhibit "E." Applicant has previously provided to this Court and other parties-in-interest its computerized time records and computerized disbursement reports and summaries related to the services rendered by Applicant during the Application Period. As these documents are voluminous and duplicative of those which are already on file with this Court, they have not been annexed to this Application but are available at the request of this Court or any party-in-interest.

17. Applicant does not wish to burden the Court with an overly detailed or lengthy recitation of each and every matter as to which it has rendered services on behalf of the Committee during the course of these cases. Accordingly, the following is intended to serve only as a summary description of certain key services rendered by Applicant during the Application Period and to highlight the benefits conferred upon the Committee, creditors, the Debtors and their estates as a result of Applicant's efforts. Principally, as directed by the Committee, Applicant's efforts focused on preserving the value of the Debtors' estates for the benefit of their creditors and avoiding unnecessary litigation with respect to issues which could be resolved consensually.

Plan of Reorganization Formulation and Prosecution

18. As amply demonstrated at the numerous hearings held in connection with the confirmation of the Rotech Plan and the IHS Plan (collectively, the "Plans"), achieving a global consensus necessary to confirm each of the Plans was difficult, lengthy and time-consuming. Applicant, the Committee and its financial advisors, together with the Debtors and Debtors' counsel and advisors expended numerous hours negotiating the structure of the Plans and the recovery to general unsecured creditors under each plan. Applicant also assisted with the facilitating of certain global inter-creditor settlements regarding a host of complex issues, the resolutions of which were critical to the successful confirmation of the Plans. These inter-creditor settlements included, without limitation, an intercompany settlement by and between the Rotech Debtors and the IHS Debtors concerning intercompany claims and issues, the Senior Lenders settlement with certain subordinated debt holders, the Senior Lenders settlement with the general unsecured creditors, and the IHS Debtors' settlement with the Official Committee of Unsecured Creditors for the Premiere Debtors (the "Premiere Committee") in connection with the IHS Plan.

19. Specifically, in connection with the confirmation of the Rotech Plan, Applicant was instrumental in negotiating and advancing a certain settlement agreement (the "Noteholder Settlement")

between the holders of Senior Lender Claims (which includes the holders of claims arising under a revolving credit and term loan agreement dated as of September 15, 1997, as amended, by and among IHS, as borrower, and among others, Citibank, N.A. ("Citibank") as administrative agent and various lenders parties thereto, a participation agreement dated July 31, 1997 among various lenders, IHS and certain of the IHS Debtors, and an ISDA Master Agreement dated as of March 3, 1997 between Citibank and IHS)), on the one hand, and the two largest holders of claims arising under three separate series of senior subordinated notes issued by IHS (the "Senior Subordinated Debt Claims"), whose claims were contractually subordinated to the Senior Lenders Claims. Under the terms of the Noteholder Settlement, the holders of the Senior Lender Claims agreed to use a portion of their cash distribution under the Rotech Plan to fund an escrow (the "IHS Noteholder Escrow Account") in the principal amount of \$27,700,000 to be distributed, after deduction of certain fees and expenses, by the indenture trustees for the Senior Subordinated Debt Claims on a pro rata basis upon the effective date of the IHS Plan. Thus, under the terms of the Noteholder Settlement, the holders of Senior Lender Claims agreed to fund a settlement with a portion of their distributions which they were entitled to receive under the Rotech Plan for the benefit of holders of Senior Subordinated Debt Claims who voted in favor of the IHS Plan. The Noteholder Settlement was fundamental in paving the way for the confirmation of both Plans. Applicant utilized its efforts and skills to broker a deal between the parties which consummated in the Noteholder Settlement which was an integral part of the Plans and instrumental in obtaining the necessary support to confirm both Plans.

20. During the Application Period, Applicant worked assiduously behind the scenes to bring each of the Debtors' cases to a negotiated resolution and maximize the distribution to unsecured creditors, which in Rotech's case resulted in confirmation of a plan which relieved more than \$1 billion in debt and provided for cash distributions to holders of allowed unsecured claims in an amount equal to the lesser of: (A) thirty-three and one-third percent (33.3%) of their allowed claims; or (B) their pro rata share of \$10 million.

Applicant, with the assistance of the Committee's financial advisors, Arthur Andersen LLP ("Andersen") and thereafter Eureka Capital Markets, LLC ("Eureka"),³ spent a substantial amount of time reviewing and analyzing with the Committee various financial analyses, valuations and projections related to the Rotech Debtors' reorganization and the sale of the IHS Debtors' stock, as well as projected recoveries to general unsecured creditors under both Plans. A significant amount of Applicant's time was also devoted to negotiating with the Debtors regarding the proposed treatment of creditors' claims under the Plans. Applicant expended the time necessary to ensure that the Plans included provisions vital to the protection of the interests of general unsecured creditors.

A. Rotech Debtors

21. Commencing in the Spring of 2001, Applicant and the Committee devoted a significant amount of time reviewing and negotiating a plethora of issues related to the filing and confirmation of a plan of reorganization that was acceptable to and could be supported by the Committee. Applicant reviewed numerous drafts of the Rotech Debtors' Disclosure Statement (the "Rotech Disclosure Statement") and summarized the primary terms thereof for the Committee. After review and discussion with the Committee, Applicant, utilizing its experience, provided written comments and summaries to the Debtors with respect to the Rotech Disclosure Statement and Rotech Plan. Applicant discussed with the Debtors certain crucial provisions that the Committee deemed necessary to include in the Rotech Disclosure Statement and Plan.

³ By Bankruptcy Court order dated April 20, 2000, Andersen was retained by the Committee as its accountants and financial advisors effective as of February 23, 2000. In connection with the rendition of such services, Andersen's restructuring group ("Andersen Restructuring") and Andersen's corporate finance group ("Andersen Corporate Finance") became active and involved in the Debtors' bankruptcy cases. Due to the circumstances surrounding the winding-up of Andersen, various employees of Andersen who previously provided the primary Andersen Corporate Finance services to the Committee in the Debtors' bankruptcy cases, left Andersen and joined Eureka, effective as of May 1, 2002. By order dated June 27, 2002, effective as of May 1, 2002, Eureka was appointed as the Committee's financial advisors in the place and stead of Andersen. Accordingly, any references to Eureka for the period of February 23, 2000 through April 30, 2002, are actually to services performed by Andersen.

Applicant prepared for and attended the hearing in connection with the Rotech Disclosure Statement. On December 20, 2001, this Court entered an Order approving the Rotech Disclosure Statement.

22. The Rotech Debtors circulated to Applicant several revised drafts of the Rotech Plan, including the amended plan filed with this Court on January 2, 2002 and the second amended plan filed with this Court on February 7, 2002 which Applicant carefully reviewed. Applicant participated in frequent discussions and meetings with the Committee, Eureka, the Rotech Debtors, counsel to the Unofficial Senior Lenders' Working Group (the "Bank Group"), and other parties-in-interest in connection with the proposed treatment of the various creditor constituencies under the proposed plan for Rotech. After lengthy discussion and analysis, the Committee determined unanimously to support the confirmation of the Rotech Plan. Applicant prepared a letter on behalf of the Committee supporting confirmation of the Rotech Plan. The letter was thereafter distributed by the Rotech Debtors to creditors as part of the solicitation materials for the Rotech Plan.

23. Applicant reviewed, analyzed and summarized for the Committee more than twenty (20) objections or purported objections to the Rotech Plan. Applicant participated in various conference calls among the Committee, Eureka, the Debtors, the Debtors' representatives and other parties-in-interest to discuss the objections to the plan and explore effective strategies to resolve the objections in advance of the confirmation hearing. By the time of the confirmation hearing, the Rotech Debtors were successful in resolving the majority of objections to confirmation.

24. Applicant prepared for and attended the hearing on February 13, 2002, in connection with the confirmation of the Rotech Plan. At the hearing, Applicant played an active role in expressing the Committee's support for the Rotech Plan. As a result of the Debtors' and Applicant's efforts, the Rotech Plan was confirmed pursuant to an Order of this Court entered on February 13, 2002.

B. IHS Debtors

25. Applicant, the Committee, Eureka and the IHS Debtors and their professionals engaged in an extensive analysis and exploration of the exit strategies and strategic alternatives available to the IHS Debtors including liquidation scenarios and a stand-alone plan. Applicant assisted the IHS Debtors in the development of an exit strategy for the IHS Debtors which would maximize the recovery to the IHS Debtors' estates. Commencing in or about November, 2001, Applicant assisted the IHS Debtors and their professionals with certain marketing efforts related to the possible sale of the IHS Debtors' remaining businesses, consisting primarily of the LTC, which operates skilled nursing and subacute care facilities and its Symphony division, which provides contract rehabilitation and other contract services. Applicant also analyzed various capital structure issues related to the possible sale(s), the ramifications and alternatives thereto. This comprehensive and laborious process culminated, after a Court-ordered auction, in the execution of a stock purchase agreement between the IHS Debtors and Abe Briarwood Corporation ("Briarwood") dated as of January 28, 2003. Throughout this process, Applicant kept the Committee informed as to the negotiations. Under the terms of the stock purchase agreement, Briarwood agreed to acquire the stock of LTC and Symphony, via two new wholly-owned direct entities of IHS, for a cash purchase price of \$110,500,018 subject to certain adjustments. In addition, under the IHS Plan, the IHS Debtors are relieved of and Briarwood assumed certain secured claims and administrative expense claim liabilities in excess of \$243,300,000. The stock purchase agreement was the cornerstone of IHS Plan.

26. In connection with the IHS Plan, Applicant participated in extensive negotiations, discussions and conferences with the Debtors, Eureka, the Bank Group and other parties-in-interest concerning the formulation and finalization of the plan in order to ensure that critical information, protections and mechanisms were included in order to address certain concerns of the Committee and to maximize the recovery to unsecured creditors. Applicant expended a substantial amount of time reviewing, analyzing and revising

numerous drafts of the IHS Debtors' disclosure statement including the initial disclosure statement filed with this Court on December 26, 2002 and the revised and amended disclosure statements filed with this Court on February 5, 2003 and March 13, 2003 (as amended, the "IHS Disclosure Statement"). Applicant formulated comments to the IHS Plan and IHS Disclosure Statement and discussed such comments and concerns with the Debtors' professionals. Applicant also summarized the key terms of the IHS Disclosure Statement and IHS Plan for the Committee and conducted and participated in numerous meetings with the Committee concerning the IHS Plan and IHS Disclosure Statement.

27. Applicant also reviewed various drafts of the IHS Plan with the Debtors, the Bank Group and other parties-in-interest and coordinated certain revisions and modifications to the IHS Plan and other related documents including the plan supplement documents. Some of the many improvements made to the IHS Plan at the Applicant's request include: (A) the inclusion of a stand-alone alternative in the event that the proposed sale to Briarwood was not consummated; (B) a mechanism for the continuation of a certain civil action commenced by the Committee on behalf of the Debtors' estates authorized pursuant to an order of this Court dated January 24, 2002, against certain current and former members of the Board of Directors of IHS (the "Compensation Action"); (C) the imposition of certain limitations on the IHS Debtors' release and indemnification of certain parties; (D) the creation of a Post-Confirmation Committee to, among other things, oversee the claims reconciliation process in order to maximize distributions to general unsecured creditors and prosecute the Compensation Action; and (e) the inclusion of a cash-out option for holders of allowed unsecured claims under certain scenarios. Throughout this development process, Applicant provided regular updates to the Committee and communicated the Committee's concerns with the IHS Disclosure Statement and IHS Plan to the Debtors, the Bank Group and other parties-in-interest.

28. Subsequent to the filing of the IHS Disclosure Statement, Applicant reviewed, analyzed and summarized for the Committee at least nineteen (19) objections filed to the IHS Disclosure Statement.

Applicant engaged in extensive negotiations and participated in numerous conferences with the Debtors, their professionals, the objecting parties and other parties-in-interest to resolve the objections to the IHS Disclosure Statement. Applicant prepared for and attended the hearings in connection with the IHS Disclosure Statement conducted on February 26, 2003 and March 12, 2003. On March 14, 2003, this Court entered an Order approving the IHS Disclosure Statement.

29. In addition to the work by the Applicant in connection with the IHS Plan and IHS Disclosure Statement, Applicant also reviewed, analyzed and provided comments to the Debtors regarding the confirmation order and the plan supplement documents. Applicant further reviewed and prepared summaries for the Committee of more than thirty (30) objections filed to the IHS Plan and several objections filed to the IHS Debtors' motion for substantive consolidation, which was an internal and crucial element of the IHS Plan. Applicant participated in conferences with the Debtors, the Bank Group, the Premiere Group, and other parties-in-interest to resolve or overcome those objections. As a result of these negotiations, the majority of these objections were resolved prior to the final hearing conducted on May 12, 2003 concerning confirmation of the IHS Plan. Applicant, on behalf of the Committee, also prepared a letter of the Committee in support of the IHS Plan which, as authorized by Order of this Court, was distributed by the IHS Debtors to creditors as part of the solicitation materials for the IHS Plan.

30. Applicant prepared for and participated in the hearings held on April 29, 2003, May 7, 2003 and May 12, 2003 in connection with the confirmation of the IHS Plan which, provides for an estimated recovery between 1.9% to 4.2% of allowed general unsecured claims, plus an additional distribution from the net proceeds, if any, realized in connection with the Compensation Action. Due to Applicant's persistent efforts and continued coordination with the Debtors, the Bank Group and other parties-in-interest, the IHS Plan received the overwhelming support of the voting classes of creditors, met the requirements for

confirmation, and was confirmed pursuant to an order of this Court dated and entered on May 12, 2003 (the "IHS Confirmation Order").

Debtor-in-Possession Financing

31. At the onset of these cases, the Debtors sought authorization to enter into a debtor-in-possession ("DIP") financing arrangement between IHS and a consortium of lenders led by Citicorp USA, Inc., as agent and lender (collectively, with the lender parties to the agreement, the "DIP Lender"). IHS' obligations under the agreement were guaranteed by all of the other Debtors. On the Petition Date, this Court entered an interim order approving the DIP financing facility. After the Committee's retention of Applicant, Applicant immediately became actively involved in the negotiation of the DIP financing facility. Applicant reviewed, analyzed and summarized various pleadings filed in connection with the Debtors' DIP financing motion and the Debtors' cash collateral motions. Applicant also reviewed and analyzed the Debtors' pre-petition credit agreements and related financing documents.

32. Applicant reported its findings to the Committee and conducted several meetings of the Committee to address issues contained in the proposed DIP financing facility. Thereafter, the Committee instructed Applicant to enter into negotiations with the DIP Lenders to improve the transaction based upon the concerns the Committee and the Applicant raised. Applicant contacted counsel for the DIP Lenders and the Debtors, presented the Committee's concerns and suggested certain modifications to the proposed DIP financing facility and proposed final order approving the financing facility. Applicant succeeded in reaching consensual revisions to the DIP financing facility as a result of such negotiations.

33. Applicant summarized for the Committee various objections filed in connection with the Debtors' DIP financing and cash collateral motions, including, among others, the objection filed by the United States Department of Health and Human Services ("HHS"). Applicant discussed the resolution of the DIP objections with the Debtors, the DIP Lenders and the HHS.

34. Applicant prepared for and attended the final DIP financing hearing conducted on March 6, 2000, at which time this Court approved up to \$300 million in financing under a Secured Super-Priority Debtor-In-Possession Revolving Credit Agreement between IHS and the DIP Lenders (the "Initial DIP Facility"). Pursuant to section 364(c)(2) of the Bankruptcy Code and the Order approving the Initial DIP Facility, the DIP Lenders were granted valid, perfected first priority security interests in and liens upon all assets and properties of the Debtors, including proceeds thereof (but excluding avoidance actions belonging to the Debtors' estates). The DIP Lenders were further granted valid and perfected junior security interests in and liens on all property of the Debtors upon which a valid lien existed on the Petition Date, as well as a superpriority administrative expense claim for the post-petition indebtedness. In January, 2001, after consultation with its counsel and discussions with Applicant, IHS voluntarily reduced the Initial DIP Facility to \$200 million.

35. Applicant analyzed, summarized and, as appropriate, revised the Debtors' proposed amendment to the Initial DIP Facility (the "DIP Amendment"). The DIP Amendment, among other things, extended the termination date for the Interim DIP Facility from February 3, 2002 until the earlier of May 3, 2002 and the effective date of the Rotech Plan, which occurred on March 26, 2002. On January 24, 2002, this Court entered an order approving the DIP Amendment.

36. After the Rotech Effective Date, it became necessary for the IHS Debtors to either negotiate another amendment to the Interim DIP Facility or obtain replacement DIP financing. Applicant became involved in the negotiation of the replacement DIP financing facility. Applicant analyzed and summarized the proposed replacement financing arrangement with IHS, as borrower, and a consortium of lenders led by the CIT Group/Business Credit, Inc., CapitalSource Finance LLC and other lender parties (collectively, the "DIP Replacement Lenders") and various pleadings related to the replacement financing. Applicant also reviewed various pleadings filed in connection with proposed replacement DIP financing facility.

37. Applicant prepared for and participated in a hearing in connection with the replacement DIP financing. By order of this Court dated March 21, 2003, this Court approved up to \$75 million in financing under a Secured Super-Priority Debtor-In-Possession Revolving Credit Agreement between IHS and the Replacement DIP Lenders (the "Replacement DIP Facility"). The Replacement DIP Facility by its own terms was scheduled to terminate upon the earlier of March 21, 2003 or the effective date of the IHS Plan. Based upon the foregoing, Applicant reviewed and analyzed the Debtors' proposed amendment to the Replacement DIP Facility that, among other things, extended the maturity date to October 31, 2003 (the "Replacement DIP Facility Amendment"). This Court entered an order dated March 12, 2003, approving the Replacement DIP Facility Amendment on an interim basis. Thereafter, a final order approving the Amendment to the Replacement DIP Facility was entered on March 27, 2003.

Acquisitions/Divestitures/Asset Dispositions

38. Throughout the Application Period, Applicant participated in numerous discussions and reviewed and analyzed voluminous pleadings and other documents related to the Debtors' efforts to sell various operating divisions and assets. Unquestionably, the most significant and time-consuming transfer of the IHS Debtors' businesses was IHS' sale of its interests in LTC and Symphony via a stock sale to Briarwood, as provided for in the IHS Plan and IHS Confirmation Order. In connection with this transaction, Applicant engaged in extensive negotiations, discussions and conferences with Eureka, the Debtors and their professionals about various exit strategies for the IHS Debtors, including the possible sale of their remaining businesses and operations. As a result of these discussions, the IHS Debtors undertook extensive marketing efforts for the sale of their remaining assets. This included contacting potential purchasers and the establishment of a data room for potential purchasers to complete their due diligence. During this period, Applicant remained in regular contact with the IHS Debtors and their professionals concerning the status and progress of their marketing efforts. Applicant analyzed, summarized, and advised the Committee regarding

certain offers and proposed agreements for the acquisition of substantially all of the IHS Debtors' businesses and assets.

39. After submission of the bids for the IHS Debtors' assets, Applicant engaged in considerable discussions with Eureka, the Debtors and their professionals concerning the specific details and conditions of the bids received and undertook an extensive review, evaluation, and comparison of the competing bids. After consultation with the Committee, Applicant agreed with the IHS Debtors' contention that the combined bid for LTC and Symphony should be pursued. Over a period of several months, Applicant together with Eureka, the Debtors and the Debtors' professionals engaged in numerous and extensive negotiations, discussions and conferences with THI Holdings, LLC ("THI"), the leading candidate, and its counsel (as well as other prospective purchasers), about the proposed structure, terms and conditions for the sale in order to maximize the recovery to creditors of the IHS Debtors. In addition, Applicant reviewed and revised various drafts of the proposed agreements governing the transaction. As a result of Applicant's participation in these extensive negotiations, numerous revisions were made to THI's initial bid to the benefit of the IHS Debtors' estates and ultimately resulted in the execution of a stock purchase agreement, dated as of December 3, 2002, by IHS and THI. The agreement was subject to a Court approved overbid process and provided for, among other things, the sale of IHS' interest in LTC and Symphony to THI. During this period, Applicant continually advised the Committee regarding the status of and negotiations regarding the proposed stock purchase agreement and objections and issues related thereto.

40. In connection with the proposed sale to THI, Applicant revised and analyzed the IHS Debtors' sale procedures motion (the "Sale Procedures Motion") regarding the scheduling of hearings related to their motion authorizing and approving the stock purchase agreement with THI and approving bidding procedures in connection therewith. Applicant reviewed various objections to the Sale Procedures Motion and engaged in discussions with the IHS Debtors' counsel and the objecting parties in an effort to resolve the objections.

Applicant prepared for and participated in the hearing held on December 18, 2002 concerning the Sale Procedures Motion. By order dated December 27, 2002, this Court approved the Sale Procedures Motion which, among other things, scheduled an auction sale for January 22, 2003.

41. Applicant prepared for and participated in the all day auction process conducted on January 22, 2003. Applicant consulted with Eureka, the IHS Debtors and their professionals at length during the auction process concerning the bids and undertook an extensive evaluation and comparison of bids submitted by Briarwood and TX-OX 5 Holdings, LLC (who submitted a bid solely for certain Georgia facilities which were part of the Premiere Debtors' estates). Applicant participated in discussions between the IHS Debtors, THI and their counsel concerning possible modifications to THI's initial bid with regard to material adverse change provisions so that they would be parallel to the material adverse change provisions set forth in the Briarwood bid, however, THI would not agree to make any changes. After the IHS Debtors conferred with their counsel, Applicant and Eureka, the IHS Debtors determined that the bid submitted by Briarwood was higher and better than the THI bid. Accordingly, the Debtors selected Briarwood as the successful bidder.

42. After the conclusion of the auction, Applicant reviewed and analyzed the revised stock purchase agreement that was revised to comport with the terms of the Briarwood bid and which agreement dated as of January 28, 2003, was executed by and between IHS and Briarwood (the "Stock Purchase Agreement"). The revisions to the Stock Purchase Agreement included, among other things, a purchase price of \$110,500,018 (subject to certain adjustments) rather than \$97,500,000 as provided under the THI bid and the consolidation of the EBITDA material adverse change clauses. The Stock Purchase Agreement provided for the sale of all of the capital stock of LTC and Symphony to Briarwood, together with other identified assets and liabilities including, without limitation, all past, current and future professional and general liability claims asserted as and against the IHS Debtors ("PLGL Claims") via the formation of two new wholly-owned direct subsidiaries of IHS. Moreover, under the Stock Purchase Agreement as implemented under the IHS

Plan, the IHS Debtors are relieved of and Briarwood assumed certain liabilities for secured and administrative expense claims in excess of \$243,300,000. The Stock Purchase Agreement also included a mechanism for Briarwood to designate the rejection of certain unexpired leases, and identified certain unexpired leases that the IHS Debtors would be required to, subject to and conditioned upon a closing, obtain an order of this Court authorizing the assumption and assignment of pursuant to sections 365 and 1123(b) of the Bankruptcy Code.

43. After the execution of the Stock Purchase Agreement, Applicant, on behalf of the Committee, consulted with the Debtors' counsel and prepared a joint (A) report on the selection of Briarwood as the winning bidder pursuant to Court-approved bidding procedures; (B) submission, for approval as the winning bid of Stock Purchase Agreement between IHS and Briarwood for all of the capital stock of LTC and Symphony, subject to confirmation of the IHS Plan; and (C) reply to the sale approval motion and section of the winning bid (the "Joint Sale Report"). Applicant analyzed and summarized eight (8) objections to the Joint Sale Report and proposed sale to Briarwood. Applicant participated in various conference calls among the Debtors, Eureka, the Debtors' representatives, Briarwood and other parties-in-interest to discuss the objections and explore effective strategies to resolve the objections in advance of the hearing on approval of the Stock Purchase Agreement. Applicant also participated in numerous conference calls and discussions with the Debtors' counsel and the objecting parties in an effort to resolve their objections prior to the hearing.

44. Applicant prepared for and participated in the hearings held in connection with the approval of the Stock Purchase Agreement conducted on February 26, 2003 and March 12, 2003. By the time of the March 12, 2003 hearing, the majority of the objections to the approval of the Stock Purchase Agreement had been resolved. By order dated March 14, 2003 (the "Sale Order"), this Court approved the sale of the capital stock of LTC and Symphony to Briarwood in accordance with the terms and procedures set forth in the Stock Purchase Agreement and subject to confirmation of the IHS Plan. After entry of the Sale Order, Applicant engaged in numerous and comprehensive conferences, negotiations and discussions with Eureka, the Debtors,

Briarwood and their professionals and other parties-in-interest concerning a myriad of issues related to the Sale Order, the Stock Purchase Agreement and related issues which had to be resolved in order to close on the Stock Purchase Agreement and to confirm the IHS Plan. By way of example, extensive negotiations were had between Applicant, Debtors and their professionals with Briarwood and its counsel concerning issues related to the corporate integrity agreement, the portfolio of facilities to be assumed and assigned to Briarwood, the amount and calculation of various adjustments required under the Stock Purchase Agreement, and issues related to adequate assurances in connection with the assumption and assignment of numerous unexpired leases to Briarwood. These negotiations, as well as other issues and impediments to the closing of the Stock Purchase Agreement raised by Briarwood and a multitude of other parties, extended well after the Application Period. Notwithstanding these substantial obstacles to the closing and consummation of the IHS Plan, the Applicant, Eureka, the Debtors and their professionals persevered and expended the substantial time necessary to ensure that the transaction with Briarwood closed and the IHS Effective Date occurred.

45. During the Application Period, Applicant also reviewed and summarized a motion by IHS and certain of its non-debtor, wholly-owned subsidiaries authorizing the transfer of IHS' membership interest in and settlement of claims of the Debtors and their affiliates against Lyric Health Care ("Lyric") and reported its findings to the Committee. Applicant engaged in discussions and negotiations with the Debtors and their counsel concerning the proposed transaction to ensure that the Debtors' and their estates were receiving adequate consideration. Applicant reviewed and analyzed the settlement agreement between IHS and Lyric and other related parties dated as of January 1, 2003, which agreement was incorporated into the IHS Plan under the terms of the Confirmation Order.

46. Numerous other significant transfers and divestitures of the Debtors' assets and operations occurred during the pendency of these cases. In particular, Applicant spent a considerable amount of time reviewing, monitoring and reporting to the Committee with respect to the Debtors' sale of its equity interests

in Litho Group, Inc., a non-debtor wholly owned subsidiary, to Healthtronics Surgical Services, Inc. for approximately \$42.5 million (the "Litho Proceeds") and the sale of its interests in APS Enterprises Holding Company, Inc. to US Bioservices Corporation for roughly \$12 million. The Litho Proceeds were the subject of a stipulation negotiated by Applicant which was so ordered by this Court. Among other things, under the order, the Debtors were authorized to hold the Litho Proceeds in escrow, for the benefit of holders of Senior Lenders Claims, pending further order of this Court (the "Class 4 Fund"). The establishment and preservation of the Class 4 Fund was of paramount importance to the IHS Debtors and the general unsecured creditors because, among other things, it provided for the use of the Litho Proceeds under certain circumstances as operating funds.

Real Estate Transactions

47. As reported by the Debtors, as of the Petition Date, the Debtors were lessees or sublessees under approximately one thousand five hundred and sixty-seven (1,567) leases of nonresidential real estate, including two hundred and twenty-eight (228) skilled nursing and subacute care facilities. Due to the importance and magnitude of the Debtors' leasehold and real property holdings, the Committee appointed a Real Estate Subcommittee to review and investigate the Debtors' proposed transactions and settlements with regard to its leases and real property interests. Throughout the Application Period, Applicant closely monitored the activities of the Debtors with respect to the Debtors' numerous nonresidential real property leases and worked with the Real Estate Subcommittee to evaluate numerous transactions proposed by the Debtors in connection with their leases and real property holdings. Applicant discussed with the Debtors and their professionals, the processes being utilized by the Debtors to determine which of their nursing home leases would be assumed and which would be rejected. Applicant also participated in discussions with Debtors' counsel and counsel for Briarwood and other parties-in-interest regarding negotiations with various governmental agencies in connection with the Debtors' rejection of various leases and/or transfers to other

operators of various facilities as well as the Debtors' negotiation of a corporate integrity agreement with the federal government. In total, prior to the sale to Briarwood, the Debtors sold approximately forty-five (45) of their owned facilities and transferred the operations of one hundred twenty-six (126) leased facilities to landlords or other third-party operations.

48. Applicant reviewed numerous, voluminous pleadings relating to the assumption and assignment of the Debtors' nursing home leases to ensure that the greatest value would be received by the Debtors and their estates. Applicant, working with the Committee's financial advisors and the Real Estate Subcommittee, also analyzed the proposed transactions to determine the economic impact and estimated savings to be achieved with respect to the Debtors' decisions regarding their leases. Applicant sought to ensure that the Debtors neither reject potentially valuable leases nor saddle the Debtors' estates with unnecessary and/or burdensome administrative debt related to the improvident assumption of leases.

49. In addition, Applicant reviewed pleadings filed by landlords seeking orders to compel the Debtors to assume or reject their leases. Applicant discussed the landlords' requests with the Real Estate Subcommittee, the full Committee and Eureka and provided the Court with the Committee's view as to what would be in the best interests of the Debtors' estates and creditors. Applicant also participated and monitored for the Committee the Debtors' negotiations with various landlords with respect to the Debtors' nursing home leases (including certain master lease issues) and the divestiture of certain facilities which were negatively impacting the Debtors' operations.

50. In connection with the IHS Debtors' motion to assume and assign various unexpired leases as provided for under the Stock Purchase Agreement, Applicant analyzed, reviewed and summarized numerous pleadings and objections filed by the landlords of the subject properties. Applicant attended and participated in various negotiations and discussions with the Debtors and their landlords in order to resolve various issues raised including, adequate protection, adequate assurance of future performance and feasibility. Applicant

prepared for and participated in several depositions conducted in connection with the IHS' Debtors motion to assume and assign certain leases and the landlords' objections thereto. Applicant also prepared for and attended numerous hearings in connection with the Debtors' motion to assume and assign various leases. Applicant also participated in several negotiations and conferences with the Debtors' counsel and counsel for the landlords in an effort to resolve the landlords' objections. As a result of these negotiations, the majority of the objections were resolved without the necessity of a hearing.

51. In addition to the foregoing, Applicant expended a considerable amount of time during the Application Period, in connection with various litigation matters related to Litchfield Investment Company ("Litchfield"), who was the landlord pursuant to forty-two (42) facility leases that were rejected by the Debtors in January, 2002. Specifically, Applicant reviewed, analyzed and summarized the pleadings and other documents in connection with (A) the Debtors' adversary proceeding commenced against Litchfield seeking the return of \$50 million in payments made by the Debtors on account of Refundable Lease Deposits; and (B) Litchfield's adversary proceeding seeking to compel specific performance under the leases. In connection with the litigation of these matters, Applicant has expended significant time preparing for and participating in (A) several depositions; (B) numerous court hearings; and (C) a multiple day trial in the Debtors' adversary proceeding against Litchfield seeking return of the refundable lease deposits paid pursuant to the leases. At the conclusion of the Debtors' presentation of evidence at trial with regard to the refundable lease deposits, this Court entered judgment in favor of Litchfield. Applicant also reviewed and analyzed various documents and pleadings related to appeals in connection with various Litchfield matters, including the Debtors' appeal of (A) the order compelling payment to Litchfield of additional rent; and (B) the Order regarding use and occupancy rates for the Litchfield facilities; and (C) Litchfield's appeal of this Court's order requiring reimbursement of post-petition medicare payments.

52. Applicant also expended a significant amount of time during the Application Period addressing various issues which arose in connection with the Debtors' leases with THCI Company, LLC ("THCI") as successor-in-interest to Meditrust Corporation, et al. for ten (10) facilities. Specifically, Applicant reviewed and analyzed various pleadings and documents related to the IHS Debtors' motion seeking authority to assume certain of its leases with THCI and reject the remaining leases and THCI's objection to the motion. Applicant attended a hearing on March 18, 2003 at which time this Court entered an order approving a certain stipulation and order between the Debtors and THCI which resolved the motion and THCI's objection (the "THCI Stipulation").

53. Subsequent to the entry of the THCI Stipulation, the Debtors' filed a motion to reject the nine (9) remaining THCI leases pursuant to the stipulation. THCI responded by filing a motion to compel the Debtors to enter into a master lease agreement with THCI for all of the THCI facilities. Applicant reviewed and analyzed these motions and the parties' responses thereto. Applicant prepared for and participated in a hearing held in connection with the motions on April 17, 2003. After the conclusion of the hearing, by order of this Court dated April 23, 2003, this Court found that the Debtors were previously obligated to assume the subject leases. Thereafter, Applicant together with counsel for the Debtors prepared and filed a joint motion (A) for reconsideration and/or amendment of the order granting THCI's motion to compel; and (B) for leave to file a joint reply to THCI's response to the motion to reconsider. After this Court entered an order denying the joint motion for reconsideration, Applicant expended the time necessary to prepare with counsel for the Debtors, an appeal from the order granting THCI's motion to compel. This appeal is currently pending in the United States District Court for the District of Delaware.

Investigatory Work/Special Litigation

54. Applicant, on behalf of the Creditors' Committee, conducted an extensive investigation into certain claims belonging to the Debtors' estates regarding certain executive and employee compensation issues.

In connection with this investigation, Applicant reviewed, analyzed and summarized certain documents related to the Debtors and their compensation and employee loan programs. Applicant participated in negotiations related to the development and drafting of a joint protocol related to discovery which culminated in a Stipulation and Order Establishing the Protocol of Joint Review dated September 4, 2001 (the "Joint Protocol Order").

55. After entry of the Joint Protocol Order, Applicant reviewed and analyzed various documents produced pursuant to certain discovery requests and prepared for and attended several depositions. As a result, the Committee believed the Debtors' estates have substantive claims against certain of the Debtors' former officers and directors. After conferences with representatives of the Debtors, it was clear that the Debtors would not pursue these causes of action. Accordingly, Applicant researched and drafted a motion, pursuant to sections 105, 1103(c)(5) and 1109(b) of the Bankruptcy Code, for entry of an order authorizing the Committee to commence and prosecute claims on behalf of the Debtors' estates arising from the compensation and loan programs and other matters reviewed in connection with the Committee's investigation. Applicant prepared for and participated at the hearing on the motion. By this Court's order dated January 24, 2002, the Committee was authorized to commence, on behalf of the Debtors' estates, the Compensation Action against certain former members of the Board of Directors of IHS. Applicant drafted various pleadings related to the investigation and the Compensation Action. Based upon the recommendation of Applicant that it would be more cost-effective to retain special counsel to pursue the Compensation Action on a contingency fee basis, the Committee decided to retain the law firm of Bernstein, Litowitz, Berger & Grossman LLP ("BLBG") as special counsel in connection with the Compensation Action. Thereafter Applicant prepared a motion authorizing the Committee to retain BLBG as special counsel to the Committee in connection with the Compensation Action, which seeks damages in excess of \$80 million. Applicant has coordinated its efforts and worked with BLBG when necessary regarding the prosecution of the Compensation

Action and regularly advised the Committee about the status of the investigation and the prosecution of the Compensation Action. During the Application Period, Applicant also researched, reviewed and summarized various pleadings and other documents related to the investigation and the Compensation Action.

56. By motion dated November 21, 2001, Don G. Angell, D. Gray Angell, Jr. and Don R. House, in their capacities as Co-Trustees of the Don G. Angell Irrevocable Trust Under Instrument Dated July 24, 1992, Angell Group, Incorporated, Angell Family Limited Partnership, Bermuda Village Retirement Center Limited Partnership, and Angell Care Incorporated (collectively the "Angell Creditors"), purported creditors of Premiere Associates, Inc. and its subsidiaries (the "Premiere Debtors") filed a motion seeking the appointment of the Premiere Committee. Applicant researched and prepared an objection to the motion and thereafter participated at the hearing on the motion. After the conclusion of the hearing, this Court entered an order dated December 26, 2001, appointing the Premiere Committee.

57. Subsequent to the appointment of the Premiere Committee, on or about January 9, 2002, the Premiere Committee filed motions (A) seeking authority to file and commence an adversary proceeding against the holders of Senior Lender Claims to avoid, as purported fraudulent transfers, the obligations of the Premiere Debtors and certain guarantees of IHS' prepetition indebtedness; and (B) an action against certain current and former officers and directors of the Premiere Debtors, to assert personal liability claims for allegedly causing the Premiere Debtors to be bound by certain guarantees. Applicant participated in discovery related to the Premiere Committee's avoidance action including the attendance at several depositions and summarized the testimony given by the witnesses. Applicant researched and reviewed various reports prepared by the Debtors and the Premiere Committee relating to upstream guarantees issued by IHS' subsidiaries of IHS' obligations to prepetition bank lenders in the aggregate amount of appropriately \$2.2 billion. At the Committee's request, Applicant also examined the upstream guarantees and reached its own conclusions which were reported to the Committee.

58. Applicant also prepared for and participated in the evidentiary hearings related to the Premiere Committee's motion for leave to file its alleged avoidance action. The Premiere Committee motion was ultimately settled after extensive negotiations, discussions and meetings between the Applicant, the Debtors and their counsel on the one hand and the Premiere Committee and its counsel on the other hand. Under the terms of the settlement, the allowed claims of creditors of the Premiere Debtors will receive a specific treatment as outlined and incorporated in the IHS Plan.

59. Applicant, at the request of the Committee also investigated numerous other issues including, without limitation, certain insider transactions. These investigations included obtaining and reviewing the facts and circumstances relating to the Debtors' pre-petition transfers and payments to or on behalf of Lyric, Monarch Properties, L.P. ("Monarch") and Omega Healthcare Investors ("Omega"). These investigations were necessary in order to, among other things, determine if any potential claims existed and whether the Debtors' motion for authority to transfer IHS' membership interest in and settlement of claims of the Debtors against Lyric was in the best interests of the general unsecured creditors.

60. In August, 2000, the Federal Bureau of Investigations conducted a raid of Rotech's Orlando offices and seized certain documents of the Debtors in connection with an investigation of Rotech's compliance with certain industry regulations. Applicant monitored the status of the investigation and conferred with the Debtors and Latham and Watkins, the Debtors' regulatory counsel, in order to keep the Committee apprized of the status of the investigation and Rotech's compliance program.

61. During the pendency of these cases, Applicant also researched, reviewed, analyzed and summarized various documents related to the Debtors' PLGL insurance issues. Applicant prepared for and attended a conference with the IHS Debtors and their professionals concerning PLGL insurance issues. Applicant also prepared memoranda concerning the PLGL insurance issues and advised the Committee about the status of such investigation and options available with regard thereto.

62. There were a multitude of third-party actions commenced or continued during these cases. Applicant, at the request of the Committee, undertook certain specific tasks in connection with such litigation. For example, in August, 2000 and thereafter in February, 2002, Jay Felser, a previous employee of and thereafter an independent consultant to the Debtors and his company Felser Health Ventures (collectively, "Felser"), filed a motion seeking, among other things, relief from the automatic stay (the "Felser Motion"). Felser sought relief from the stay to continue the prosecution of a state court action against IHS and certain non-Debtor entities for alleged breach of contract claims arising from IHS' retention of Felser as an independent contractor (the "Felser Action"). In connection with the Felser Action, Applicant undertook an investigation of the claims asserted in the Felser Action. Thereafter, in April, 2002, Applicant prepared and filed a statement on behalf of the Committee in opposition to the Felser Motion and in support of the Debtors' motion for a preliminary injunction staying the prosecution of the Felser Action. Applicant prepared for and participated in the hearing held in April, 2002 on the Felser Motion. By order dated April 11, 2002, this Court modified the automatic stay to allow Felser to prosecute the Felser Action through to judgment, provided that Felser may not enforce a judgment obtained in the Felser Action against the Debtor, except to the extent of available insurance coverage or any distribution made on account of Felser's proof of claim filed in the Debtors' cases.

Employee Retention and Severance

63. With the understanding that competent management is one of the most important elements of a successful reorganization, throughout the Application Period, Applicant reviewed and analyzed the retention and severance programs proposed and instituted by the Debtors to determine the impact such programs would have on the Debtors' estates and creditors. Applicant also analyzed and reviewed compensation reports and documents related to loan forgiveness issues. Applicant consulted with the Committee's financial advisors and also questioned the Debtors and their professionals about the necessity of these costs. After review and

discussion with the Committee, Applicant together with the Committee's Crisis Management Subcommittee which was formed to review the Debtors' proposed retention program, negotiated significant modifications to the proposed employee retention and severance programs which were ultimately implemented by the Debtors and approved by this Court. These modifications related to, among other things, severance payment amounts, mitigation and the employees included in the severance program; the amount of the incentive bonus pool and the employees eligible to participate in the pool; and the amount timing and allocation of certain reorganization bonuses.

64. In particular, Applicant together with the Committee's financial advisors, undertook an extensive investigation and analysis of the Debtors' employment agreements including various amendments, executive loan programs and the Supplemental Executive Retirement Plan (the "SERP") for its officers including, but not limited to, Dr. Robert N. Elkins ("Elkins"), a co-founder of IHS and the Chief Executive Officer and Chairman of the Board of IHS from 1986 through 2001. As a result of these investigations, Applicant learned, among other things, that prior to the Petition Date a series of loans were made by IHS to Elkins totaling in the aggregate of more than \$40 million and to other officers in varying amounts. Applicant also discovered that prior to the Petition Date some of the SERP assets were converted into tangible property including art work by various renowned artists.

65. The Committee concluded that Elkins could not successfully reorganize the Debtors for the benefit of their creditors and requested the Debtors' Board of Directors to replace Elkins with an executive with more experience in turnaround management and reorganization. After meetings with, among others, Applicant and the Transition Subcommittee of the Committee, which was created to negotiate and consider issues related to Elkins departure, the Board refused to terminate Elkins. Thereafter, the Committee determined to attempt to negotiate Elkin's departure. As a result, Applicant and the Transition Subcommittee engaged in extensive negotiations with the Debtors, Elkins and their counsel about the proposed terms of a

settlement and termination agreement for Elkins. Applicant also attended and participated in various meetings with the Debtors' Board of Directors, numerous hearings and depositions related to the termination of Elkins. After significant negotiations, an original settlement agreement for Elkins' departure proposed to the Committee provided for the following: (A) Elkins would resign from all of his positions with the Debtors and receive his salary and other obligations through the closing date on the transaction; (B) Elkins would be subject to a one year non-compete agreement with all Debtors; (C) Elkins would consult with the Debtors for 100 hours over the year following the closing date; (D) Elkins would waive all claims against the Debtors, including his shareholder interests in the Debtors; (E) the Debtors would pay Elkins \$1,494,000 and transfer certain personal property to Elkins including artwork valued at more than \$1 million; (F) the Debtors would forgive loans to Elkins in the aggregate of more than \$34.5 million and the Debtors would pay withholding taxes estimated at approximately \$18.9 million as a result of the debt forgiveness; and (G) the Debtors would release and indemnify Elkins, his wife, his relatives and certain corporations in which Elkins had an interest including Monarch.

66. Upon receipt of the original proposal Applicant together with the Transition Subcommittee analyzed the proposed terms and summarized and advised the full Committee about the proposed agreement, which the Committee found unacceptable. Thereafter, Applicant and the Transition Subcommittee engaged in further negotiations and discussions with the Debtors, Elkins and their counsel about various revisions to the agreement which the Committee deemed appropriate and necessary. Applicant participated extensively in the review, drafting and revision of certain provisions of the original Elkins settlement agreement. These negotiations resulted in an amended settlement agreement (the "Amended Elkins Termination Agreement") which provided additional benefits to the Debtors' estates. Specifically, the revisions to the Amended Elkins Termination Agreement included: (A) Elkins would not receive the artwork and the artwork would instead be considered an asset of the Debtors' estates; (B) Elkins and his wife granted the Debtors an option to acquire

their interest in Monarch for \$1.00 which option could be exercised at any time prior to the effective date of the Debtors' Plans⁴; (C) Monarch was excluded from the release provisions of the agreement; and (D) the term of Elkins' non-compete clause was extended to three years. These revisions proved to be of significant value to the Debtors' estate. For example, because the artwork purchased with SERP funds was not transferred to Elkins, the Debtors proposed that it be sold at an auction conducted by Sotheby's. The Committee appointed an Artwork Subcommittee to address this proposal and oversee the process in order to ensure that the maximum value for the artwork was obtained. Ultimately, Sotheby's conducted an auction of the so-called Old Masters Paintings on May 23, 2001. Seven of the eight pieces of artwork offered were sold for an aggregate of \$2,720,000.

67. Applicant also participated extensively in the drafting and finalization of certain proffers related to the Amended Elkins Termination Agreement. After a full evidentiary hearing conducted before this Court, an order was entered by this Court approving the Amended Elkins Termination Agreement on or about January 3, 2001.

68. Applicant together with the Committee's Crisis Management Search Subcommittee participated in the interview processes of prospective replacement management and interim crisis management candidates to take over the management of the Debtors, including Rotech, and made recommendations to the Debtors with regard thereto. Applicant also negotiated with the Debtors and Alvarez & Marsal, Inc. ("A&M") and Joseph Bondi ("Bondi") of A&M concerning the terms of the retention of Bondi as the Chief Restructuring Officer of IHS until the departure of Elkins and after the departure of Elkins, Bondi's retention as the Chief Executive Officer of IHS thereafter. By order of this Court entered on September 8, 2000, the Debtors' retention of Bondi and two other A&M personnel, Guy Sansone and William Johnsen, was approved.

⁴ The Monarch option was exercised by the Debtors on or about March 26, 20002.

69. During the course of the cases, the Committee and Applicant were called upon to review various post-petition employment and severance contracts and programs. Applicant, Eureka and the Committee reviewed each of these and engaged in substantial analysis and discussions with the Debtors and their professionals with respect to these proposals. In some instances, the Committee requested changes which were made. In others, the Committee advised it would oppose the proposed relief and such relief was not pursued, ultimately saving the estates substantial administrative costs.

Claims Administration and Objections

70. As of the date of this Application, the Debtors have reported that more than 13,000 proof of claims have been filed in the Debtors' cases. During the Application Period, Applicant reviewed and summarized documents related to the Debtors' general and governmental unit bar dates establishing the last day for the filing of proofs of claim. Applicant reported to the Committee and discussed issues related to the preparation and filing of claims before the bar date.

71. Applicant participated in discussions with the Debtors' counsel and professionals regarding the claims reconciliation process and the Debtors' filing of objections to various proofs of claims. Applicant reviewed and analyzed the numerous omnibus objections filed by the Debtors to certain claims to the extent that such claims exceeded the amounts reflected in the Debtors' books and records and to the extent that such claims were duplicate or reclassified claims. Applicant reviewed and monitored numerous claim settlements negotiated by the Debtors and various claimants. Applicant also continued discussions with the Debtors in connection with asserted and projected levels of administrative claims.

72. Applicant analyzed and summarized motions filed by certain former directors of the Debtors to file late claims. Thereafter, Applicant researched, prepared and filed objections to the motions. Applicant prepared for a hearing held in connection with the objection, and engaged in discussions with counsel for the former directors which resulted in the resolution of the objection. Applicant also analyzed, reviewed,

summarized, and advised the Committee concerning motions filed by certain former officers of the Debtors seeking to establish indemnification obligations and a reserve in connection with administrative claims. Applicant researched, prepared and filed an objection to the motion and thereafter prepared for and participated in a hearing on the motion. At the conclusion of the hearing, this Court did not grant the motion, however, the Court directed the IHS Debtors to refrain from making any distributions to unsecured creditors pending resolution of the directors' indemnification claims.

Professionals' Fee and Employment Objections

73. Applicant monitored the fees and expenses for the professionals retained in these cases to minimize the administrative expenses of these estates. Included in this effort was reviewing the numerous fee applications submitted by the Debtors' professionals for work done on behalf of the Debtors for reasonableness, duplication and excessiveness. Applicant also reviewed and monitored work performed by Eureka, Khler, Harrison and BLBG on behalf of the Committee. Applicant regularly reported on its review to the Committee.

74. Applicant also monitored the Debtors' retention of "Ordinary Courts Professionals," assessing the necessity of those professionals to the operations of the Debtors.

Review of Financial Information

75. Throughout the Application Period, Applicant with the assistance of Eureka, reviewed, analyzed, summarized and discussed with the Committee detailed financial information related to the Debtors' businesses, financial operations and reorganization of the Debtors, including, without limitation, reports regarding current operations, valuation issues, budgets, claims information, recovery analysis and preference analyses. Applicant regularly communicated with the Debtors' counsel as issues arose relating to the financial documents reviewed by Applicant.

Committee Meetings and Communications with Creditors

76. Applicant performed numerous tasks relating to the organization of the Committee, including drafting and implementing Committee Bylaws, negotiating confidentiality issues with the Debtors' counsel and handling issues regarding the composition of the Committee.

77. To ensure that the Committee was fully informed of all developments in these cases, Applicant has extensively consulted and communicated with Co-Chairperson(s) of the Committee, the full Committee and the various Subcommittees formed to address specific issues in the Debtors cases such as the Transition Subcommittee, the Crisis Management Subcommittee, the Crisis Management Search Committee, the Subcommittee on Artwork and the Plan Subcommittees. Applicant has consulted with these entities on a variety of issues such as the status of, among other things, the Rotech and IHS Disclosure Statements, the Plans, and the negotiations relating to the settlement of various inter-creditor claims and disputes, lease and management issues and the closing on the sale of LTC and Symphony to Briarwood. Applicant has been in regular communication with the Debtors' counsel, Eureka, and the Committee Co-Chairperson(s) regarding the status of matters affecting the Debtors' estates. In addition, Applicant prepared the necessary documentation for distribution in order to assist the Committee in its understanding of such matters. These documents included, among other materials, status reports, charts and summaries regarding numerous motions, applications and stipulations submitted to the Court.

78. In accordance with the Committee's concern that members are apprized of all matters, Applicant prepared for and conducted numerous conference calls and in-person meetings of the full Committee to discuss the many applications filed with the Court as well as any other matters of significance and importance to general unsecured creditors. Each of these meetings required preparation by the Applicant, including, periodically researching issues raised by individual Committee members, creditors and/or the

Debtors; arranging scheduling and work distribution with other professionals and preparing agendas and minutes for each meeting.

79. During the Application Period, Applicant responded promptly to the many telephonic and written inquires from general unsecured creditors and other parties-in-interest regarding the status of the Debtors' bankruptcy proceedings.

Case Administration

80. Throughout the pendency of these cases, Applicant analyzed and reviewed with the Committee, Eureka and the Debtors and the Debtors' professionals, the various applications, motions, objections, and other documents and requests filed with this Court by the Debtors and other parties-in-interest related to general case administration. Applicant was required to devote time and attention in reviewing each of these matters and advising the Committee.

IV. CONCLUSION

81. The professional services rendered by Applicant have required the expenditure of time and energy, although every effort has been made to keep the time expended to the lowest amount consistent with Applicant's responsibilities and duties. Applicant submits that the professional services rendered on behalf of the Committee for which Applicant seeks compensation have been necessary and appropriate to its representation of the Committee.

82. Applicant submits that under all of the criteria normally examined in Chapter 11 cases, and based upon the factors to be considered in accordance with section 330 of the Bankruptcy Code, the work performed during the Application Period and the results achieved more than substantiate the charges incurred by Applicant.

83. Applicant has necessarily and properly expended 13,843.30 hours of services in performance of its duties as co-counsel to the Committee during the Application Period. Applicant respectfully requests

final allowance for professional services rendered in the amount of \$5,164,320.00, of which \$5,103,986.90 has already been received by Applicant, leaving a balance of \$58,682.60 in fee "holdbacks" for the month of April, 2003 and for the period of May 1, 2003 through and including May 12, 2003 and \$1,1650.50 for professional fees incurred during the Application Period which were inadvertently not included in Applicant's prior interim applications.

84. Applicant has necessarily incurred disbursements in the amount of \$232,110.24 in connection with the performance of services on behalf of the Committee during the Application Period, the payment of which has already been received by Applicant. Applicant has made every effort to minimize the disbursements incurred in connection with its representation of the Committee in these cases. Applicant believes the expenditures for which reimbursement is sought herein were appropriate and well warranted, especially considering that such disbursements were incurred over approximately thirty-nine (39) months. Applicant has maintained detailed records of disbursements incurred in connection with its representation of the Committee. Applicant respectfully requests that this Court grant final approval of Applicant's actual and necessary disbursements incurred in rendering professional services to the Committee.

85. As stated in the Affidavit of Jenette Barrow-Bosshart, annexed hereto as Exhibit "A," Applicant has not agreed to share any compensation to be received herein with any other person.

86. No previous application has been made to this or any other Court for the relief requested herein.

WHEREFORE, Applicant respectfully requests (A) a final award of compensation in the amount of \$5,164,320.00 for the Application Period, comprised of actual fees for services Applicant necessarily performed during the Application Period; and (B) final approval of Applicant's actual disbursements necessarily incurred during the Application Period in the amount of \$232,110.24; and (C) for such other and further relief as this Court deems just and proper.

Dated: New York, New York
October 21, 2003

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.
Co-Counsel for the Official Committee of Unsecured Creditors of
Integrated Health Services, Inc., et al.

By: 

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