

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- x Chapter 11
 In re :
 :
 INTEGRATED HEALTH SERVICES, INC., et al, : Case Nos. 00-00389 through 00-00826
 : (inclusive) (MFW)
 :
 Debtors. : Jointly Administered
 :
 ----- x

**APPLICATION OF UBS SECURITIES LLC, AS INVESTMENT BANKER AND
 FINANCIAL ADVISOR TO THE DEBTORS, FOR INTERIM AND FINAL
 ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
 AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES
 INCURRED FROM APRIL 1, 2003 THROUGH SEPTEMBER 9, 2003 (INTERIM) AND
 FEBRUARY 2, 2000 THROUGH SEPTEMBER 9, 2003 (FINAL)**

Name of Applicant:	UBS SECURITIES LLC
Authorized to Provide Professional Services to:	Integrated Health Services, Inc., et al, Debtors and Debtors in Possession
Date of Retention:	April 26, 2000, <i>nunc pro tunc to February 2, 2000</i>
Period for Which Interim Compensation and Reimbursement is Sought:	April 1, 2003 through September 9, 2003
Amount of Interim Compensation Sought as Actual, Reasonable and Necessary:	\$2,169,657.00
Amount of Interim Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$30,632.75
Prior Applications:	First Interim Application approved, December 20, 2002 Second Interim Application approved, February 26, 2003 Third Interim Application approved, February 26, 2003 Fourth Interim Application approved June 19, 2003

Period for Which Final Compensation and Reimbursement is Sought	February 2, 2000 through September 9, 2003
Amount of Final Compensation Sought as Actual, Reasonable and Necessary	\$9,372,322.00
Amount of Final Expense Reimbursement Sought as Actual, Reasonable and Necessary	\$564,890.47

Professional Time Summary for Interim Compensation Period

<u>Name of Professional</u>	<u>Position of Professional</u>	<u>Total Hours</u>
J. Soren Reynertson	Executive Director, Restructuring Group	62.0
Mari Subburathinam	Associate Director, Restructuring Group	108.0
Gabriel Yuen	Financial Analyst, Restructuring Group	74.0

Grand Total Hours: 244.0

Expense Summary for Interim Compensation Period

<u>Expense Category</u>	<u>Total Expenses</u>
Travel, Meals and Entertainment	\$4,888.91
Legal and Professional Fees	\$22,730.72
Communications	\$678.31
Research	\$587.28
Presentations and Document Reproduction	\$1,747.53

Grand Total Expenses: \$30,632.75

UBS SECURITIES LLC (“UBS”), investment bankers and financial advisors for Integrated Health Services, Inc., (“IHS”) and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), as and for its application (the “Application”) for (i) interim allowance of compensation for professional services performed by UBS and reimbursement of its actual and necessary expenses for the period commencing April 1, 2003 through and including September 9, 2003 (the “Interim Compensation Period”) and (ii) final allowance of compensation for professional services performed by UBS and reimbursement of expenses incurred by UBS for the period commencing February 2, 2000 through September 9, 2003, respectfully represents as follows:

BACKGROUND

1. On February 2, 2000 (the “Commencement Date”), IHS and each of the Debtors, including Rotech Medical Corporation (“Rotech”) and certain of its direct and indirect subsidiaries (collectively with Rotech, the “Rotech Debtors”) commenced a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ chapter 11 cases were consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

2. No trustee or examiner has been appointed herein. On February 15, 2000, the United States Trustee appointed an official committee of unsecured creditors (the “Creditors Committee”) in these cases pursuant to section 1102 of the Bankruptcy Code.

3. At the time of this filing, the Debtors were one of the leading providers of post-acute and related specialty healthcare services and products in the United States. The Debtors provided care and support to more than 17,000 patients and their families each year through their nationwide network of skilled nursing facilities, long-term acute care hospitals and

hospice agencies. The Debtors operated through two principal business segments including skilled nursing and subacute facilities, contract rehabilitation and other contract services.

4. On February 2, 2000, the Debtors filed a motion seeking authority to retain and compensate Warburg Dillon Read LLC (UBS' predecessor firm) as investment bankers and financial advisors to the Debtors. This application was supported by, among other things, (1) the Affidavits of L. Thomas Sperry, sworn to on the 31st day of January, 2000 and the 23rd of May, 2000 (collectively, the "Sperry Affidavits"), and (2) the Supplemental Affidavit of J. Soren Reynertson, sworn to on the 12th of January, 2001 and the Supplemental Affidavit of J. Soren Reynertson, sworn to on the 13th of June, 2002 (collectively, the "Reynertson Affidavits", and together with the Sperry Affidavits, the "Affidavits").

5. By orders dated April 26, 2000 (the "Interim Order") and October 5, 2000 (the "Final Order"), the Court approved the retention and employment of UBS as the Debtors' investment banker and financial advisor nunc pro tunc to February 2, 2000 pursuant to the terms of that certain Letter Agreement between the Debtors and UBS (as subsequently amended, the "Letter Agreement"). The Final Order and the Letter Agreement are attached hereto as Exhibit A. Pursuant to the Letter Agreement the Debtors agreed, among other things, to pay (i) a Restructuring Fee¹ of \$6,750,000 to UBS in the event that the Debtors consummated a Restructuring Transaction and (ii) an M&A Transaction Fee in an amount equal to 1% of the Aggregate Consideration paid with respect to any M&A Transaction involving Aggregate Consideration of less than \$300,000,000.

¹ The Restructuring Fee is subject to various offsets as set forth in the Letter Agreement. After application of the relevant offsets, and the \$948,200 interim Restructuring Fee paid pursuant to the First Interim Fee Application, the Restructuring Fee sought pursuant to this Application is \$857,157

6. On March 13, 2003, IHS and certain of its direct and indirect subsidiaries filed an Amended Joint Plan of Reorganization of Integrated Health Services, Inc. and its Subsidiaries Under Chapter 11 of the Bankruptcy Code (the “Plan of Reorganization”) along with a Disclosure Statement describing the Plan of Reorganization (the “Disclosure Statement”). Among other things, the Plan of Reorganization contemplated the sale of the Debtors’ LTC and Symphony divisions for an Aggregate Consideration, after the application of certain purchase price adjustments, of \$112,500,000.²

7. On March 14, 2003, the Disclosure Statement was approved by this Court.

8. On May 12, 2003, the Plan of Reorganization was approved by this Court. The sale of the LTC and Symphony divisions contemplated by the Plan of Reorganization closed as of August 29, 2003. The Plan of Reorganization became effective on September 9, 2003. Pursuant to the terms of the Letter Agreement, a Restructuring Transaction is deemed to have been consummated when a plan of reorganization providing for the Restructuring Transaction becomes effective.

9. Pursuant to the terms of the Letter Agreement, UBS is entitled to payment of a Monthly Advisory Fee for each month during the engagement prior to consummation of a Restructuring Transaction.

**Summary of Professional Compensation
and Reimbursement of Expenses Requested**

10. By this Application, UBS requests interim allowance of (i) \$2,169,657 as compensation for professional services rendered during the Interim Compensation Period and

² Aggregate Consideration of \$112,500,000 is calculated as follows: Purchase Price of \$110,500,000 plus debt assumed of \$14,000,000, less purchase price adjustments of \$12,000,000 less Meditrust adjustment of \$3,000,000 plus closing adjustment of \$3,000,000.

\$30,632.75 as reimbursement for actual and necessary expenses incurred by UBS during the Interim Compensation Period and (ii) final allowance of \$9,372,322 as compensation for professional services rendered from February 2, 2000 through September 9, 2003 and \$564,890.47 as reimbursement of actual and necessary expenses incurred by UBS from February 2, 2000 through September 9, 2003. The fees and expenses sought by UBS related to the Interim Compensation Period include (i) \$187,500 for net monthly advisory fees from April, 2003 through September 9, 2003;³ (ii) a net Restructuring Fee of \$857,157; (iii) \$1,125,000 in M&A Transaction Fees related to the sale of the LTC and Symphony divisions, and (iv) payment of \$30,632.75 for expenses incurred pursuant to the Letter Agreement.⁴ The preceding is outlined in the table below:

³ This amount represents 25% of the Monthly Advisory Fees payable pursuant to the terms of the Letter Agreement through August 2003. Pursuant to the terms of the Letter Agreement, 75% of all Monthly Advisory Fees incurred after January 2001 are to be offset against the Restructuring Fee. As an accommodation to the Debtors, UBS agreed to postpone payment of certain Monthly Advisory Fees.

Pursuant to the terms of the Letter Agreement, UBS is entitled to a Monthly Advisory Fee in the amount of \$150,000 (subject to offset) with respect to the month of September 2003. UBS has elected not to bill the Debtors for this amount.

⁴ UBS anticipates that certain expenses (including professional fees related to the preparation of this Application) incurred during the Interim Compensation Period have not yet been processed by UBS' accounting system. When such expenses are processed by UBS' accounting system, UBS will seek reimbursement of such expenses pursuant to the terms of the Letter Agreement. Further, to the extent that UBS incurs expenses which are payable pursuant to the terms of the Letter Agreement after the Interim Compensation Period, UBS reserves the right to seek reimbursement of those expenses.

Monthly Advisory Fees	\$187,500.00
Less: Paid to Date	<u>\$0.00</u>
Net Monthly Advisory Fees	\$187,500.00
Restructuring Fee	\$6,750,000.00
Less: Offsets	\$4,944,643.00
Less: Paid to Date	<u>\$948,200.00</u>
Net Restructuring Fee:	\$857,157.00
M&A Advisory Fee (LTC & Symphony)	\$1,125,000.00
Less: Paid to Date	<u>\$0.00</u>
Net M&A Advisory Fee	\$1,125,000.00
Expenses	\$30,632.75
Less: Paid to Date:	<u>\$0.00</u>
Net Expenses	\$30,632.75
Total Amount Requested	\$2,200,289.75

11. During the Compensation Period, UBS received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. From February 2, 2000 through September 9, 2003, UBS has received \$7,202,700⁵ in compensation for professional services rendered and \$534,257.72⁶ in reimbursement of actual and necessary expenses pursuant to previous applications for compensation approved by this Court.⁷

⁵ Due to an error in computation, UBS' Second Interim Fee Application requested allowance of \$750,000 (against which \$750,000 had been paid), when in fact UBS was entitled to \$900,000 for the six month period covered by the Second Interim Fee Application and had been paid \$900,000 for that period.

⁶ In connection with the settlement of the United States Trustee's objection to UBS' First Interim Application for Compensation and Reimbursement, UBS agreed to reduce the aggregate amount of compensation and reimbursement payable to it by \$25,000. This amount was initially deducted from UBS' compensation. Because deducting this amount from the compensation paid to UBS would have the result, clearly not intended by the parties, of reducing the offsets available to the Debtors pursuant to the terms of the Letter Agreement, UBS has reversed the \$25,000 deduction against its prior compensation request, and will apply a deduction of \$25,000 against UBS' prior expense reimbursement request.

⁷ UBS also received certain fees in connection with the exit financing facilities arranged on behalf of the Rotech Debtors. The Rotech Debtors were authorized to pay these fees by order of this Court dated May 29, 2002.

12. The amount of fees and expenses sought in this Application and UBS' fee structure is consistent with market practices both in and out of a bankruptcy context. UBS' professionals generally do not maintain detailed time records of the work performed for its clients. In the Debtors' case, however, the primary professionals rendering services on behalf of the Debtors have kept time records in one-hour increments. Attached hereto as Exhibit C are the time records kept by UBS professionals providing financial advisory and investment banking services to the Debtors from April 1, 2003 through September 9, 2003. The time records kept by UBS professionals related to services provided prior to the Interim Compensation Period have been attached to UBS' prior interim applications for allowance of compensation and reimbursement of expenses. In addition to the professionals whose time is recorded on Exhibit C, other professionals whose time is not noted on Exhibit C may have worked on an ad hoc and as needed basis on behalf of the Debtors.

13. Attached hereto as Exhibit D is a schedule setting forth the actual and necessary expenses incurred by UBS during the Interim Compensation Period in connection with the provision of professional services, and for which UBS seeks reimbursement. Included in Exhibit D are the expenses UBS incurred on behalf of the Debtors pursuant to the Letter Agreement. Schedules setting forth the expenses UBS incurred on behalf of the Debtors prior to the Interim Compensation Period are attached to UBS' prior interim applications for allowance of compensation and reimbursement of expenses.

14. To the best of the undersigned's knowledge, this Application complies with section 330 of the Bankruptcy Code, the applicable Bankruptcy Rules, the Guidelines adopted by the Executive Order of the United States Trustee Applications for Compensation and Reimbursement of Expenses (the "Trustee Guidelines") and this Court's Orders.

Summary of Services

15. A description of the principal services rendered during the Interim Compensation Period includes the following:

(a) *Litchfield Dispute*

At the request of management, UBS assisted the Debtors in connection with litigation between Litchfield Investment Company, LLC (“Litchfield”) and the Debtors. UBS produced an expert report in connection with this matter, and on June 9, 2003, Mr. Reynertson testified as an expert witness on behalf of the Debtors. The UBS professionals primarily involved in this project were J. Soren Reynertson and Mari Subburathinam. In Exhibit C to this Application, time spent in connection with this project was coded “C” (Corporate Finance).

(b) *General Corporate Finance*

UBS prepared a valuation of IHS and was prepared to testify in support of that valuation at the confirmation hearing before this Court. UBS also assisted the Debtors in proposing amendments to the Debtors’ DIP Financing facility. In exhibit C to this Application, time spent in connection with this project was coded “C” (Corporate Finance)

16. Prior to the Interim Compensation Period, UBS professionals rendered substantial services to the Debtors, often under severe time constraints. In particular, UBS professionals advised the Debtors with respect to a wide range of issues, including but not limited to (i) securing debtor in possession financing and other critical “first day” matters; (ii) the sales of InfoMedics, the Litho Group, Inc., and the Debtors’ 20% stake in APS Enterprises Holding, Inc.; (iii) formulating and implementing the standalone plan of reorganization for Rotech; (iv) preparing a strategic review of the Debtors including detailed financial, strategic and industry analyses of each of the Debtors’ divisions; (v) performing numerous analyses designed

to answer specific questions raised by the Debtors from time to time throughout the course of these chapter 11 cases; and (vi) preparing for and participating in meetings and negotiations with various constituencies in these chapter 11 cases. These services are described in greater detail in (i) the Application of UBS Warburg LLC, as Investment Banker and Financial Advisor to the Debtors, for Interim Allowance of Compensation for Professional Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From February 2, 2000 through April 30, 2002 (the “First Interim Application”); (ii) the Second Interim Application of UBS Warburg LLC, as Investment Banker and Financial Advisor to the Debtors, for Interim Allowance of Compensation for Professional Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From May 1, 2002 through October 31, 2002 (the “Second Interim Application”); (iii) the Third Interim Application of UBS Warburg LLC, as Investment Banker and Financial Advisor to the Debtors, for Interim Allowance of Compensation for Professional Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From November 1, 2002 through December 31, 2002 (the “Third Interim Application”); and (iv) the Fourth Interim Application of UBS Warburg LLC, as Investment Banker and Financial Advisor to the Debtors, for Interim Allowance of Compensation for Professional Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From January 1, 2003 through March 31, 2003 (the “Fourth Interim Application” and, together with the First Interim Application, the Second Interim Application and the Third Interim Application, the “Prior Applications”).

17. The foregoing professional services performed by UBS were necessary and appropriate to the administration of the Debtors’ chapter 11 cases. The professional services performed by UBS were in the best interests of the Debtors, their creditors and all parties in

interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues or tasks involved.

18. The financial advisory services set forth above were performed during the Interim Compensation Period primarily by: J. Soren Reynertson, Executive Director in UBS' Restructuring Group; Mari Subburathinam, Associate Director in UBS' Restructuring Group; Gabriel Yuen, Financial Analyst in UBS' Restructuring Group, and other professionals of UBS, on an "as needed" basis. The resumes of each of the primary UBS professionals are provided in Exhibit B. Resumes of UBS professionals who provided services prior to the Interim Compensation Period have been attached to the Prior Applications.

Actual and Necessary Disbursements of UBS

19. Attached hereto as Exhibit D is a schedule of the actual and necessary expenses incurred during the Interim Compensation Period by UBS in connection with the services rendered to the Debtors. As set forth on Exhibit D, UBS requests allowance of actual and necessary expenses incurred by UBS pursuant to the Letter Agreement in the aggregate amount of \$30,632.75.

20. The research and library costs set forth on Exhibit D to the Application were incurred in connection with the above described services. UBS maintains its research and library section as a cost center and does not realize a profit from the expenses detailed on Exhibit D.

21. In connection with the travel and entertainment expenses listed on Exhibit D to the Application, UBS' internal policy limits the costs of working dinners which may be charged to a client to no more than \$30 per person, and the cost of working lunches and breakfasts to no more than \$15 per person.

22. Included in Exhibit D are invoices from Covington & Burling, who provided services to UBS in connection with its engagement and with respect to whose fees and expenses UBS seeks reimbursement. UBS expects to receive additional invoices from Covington & Burling related to the preparation of this Application and will seek reimbursement from the Debtors pursuant to the terms of the Letter Agreement.

23. It should be noted that UBS has absorbed certain expenses customarily charged by other professionals in bankruptcy cases. For example, UBS does not allocate office telephone charges by client, and thus those costs are absorbed by UBS as overhead and not charged to the Debtors' estates.

The Requested Compensation Should Be Allowed

24. The Court's Final Order provides that UBS' retention shall be pursuant to section 328(a) of the Bankruptcy Code, subject to final allowance in accordance with section 330 of the Bankruptcy Code.

25. Section 328(a) of the Bankruptcy Code provides that "the trustee ... with the court's approval, may employ or authorize the employment of a professional person under section 327 ... on any reasonable terms and conditions of employment." 11 U.S.C. §328(a). Section 328(a) further provides that "notwithstanding such terms and conditions, the court may allow compensation different from the compensation provided under such terms and conditions ... if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions." 11 U.S.C. §328(a).

26. UBS respectfully submits that the fees sought herein are reasonably based upon the customary compensation charged by UBS in comparable nonbankruptcy cases, and that

no developments not capable of being anticipated have occurred which could render UBS' fees improvident.

27. Section 330, for its part, provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual, necessary services rendered ... and reimbursement for actual, necessary expenses." 11. U.S.C. §330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should take into consideration the nature, extent, and the value of such services, taking in to account all the relevant factors, including —

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered towards the completion of a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation sought is reasonable based on the customary compensation charged by comparably skilled practitioners other than in cases under this title.

11 U.S.C. § 330(a)(3).

28. In the instant case, UBS respectfully submits that the professional services for which it seeks compensation and the expenditures for which it seeks reimbursement in this Application were, at the time rendered, believed to be and were necessary and beneficial to the Debtors' rehabilitation and reorganization effort. Such services and expenditures were similarly

necessary to and in the best interests of the Debtors' estates and creditors. Accordingly, UBS further submits that each of the fees requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest. Each of the fees sought herein is comparable to fees charged by UBS in comparable nonbankruptcy cases and by similar institutions for similar services. In light of the complexity and importance of the tasks performed by UBS on behalf of the Debtors, and in light of the time constraints under which such services were frequently performed, UBS respectfully submits that payment of the fees sought herein, as well as the reimbursement for expenses sought herein, is eminently fair and reasonable.

29. In the instant case, UBS respectfully submits that the expenditures for which it seeks reimbursement in this Application were, at the time incurred, believed to be and were necessary and beneficial to the Debtors' rehabilitation and reorganization effort. Such expenditures were similarly necessary to and in the best interests of the Debtors' estates and creditors. In light of the complexity and importance of the tasks performed by UBS on behalf of the Debtors, and in light of the time constraints under which such services were frequently performed, UBS respectfully submits that the reimbursement for expenses sought herein, is eminently fair and reasonable.

Conclusion

WHEREFORE, UBS respectfully requests (i) allowance of compensation for professional services rendered during the Interim Compensation Period in the amount of \$2,169,657 and reimbursement for actual and necessary expenses incurred by UBS pursuant to the Letter Agreement in the amount of \$30,632.75;⁸ (ii) allowance of final compensation in the amount of \$9,372,322 for professional services rendered on behalf of the Debtors during the period February 2, 2000 through September 9, 2003; (iii) final reimbursement in the amount of \$564,890.47 for actual and necessary expenses incurred during that period and (iv) such other and further relief as is just.

Dated: New York, New York
 September 30, 2003

UBS SECURITIES LLC

By: _____


J. Soren Reynertson
Executive Director

⁸ Plus any other expenses incurred during the Interim Compensation Period but not yet processed by UBS' accounting system.

VERIFICATION

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

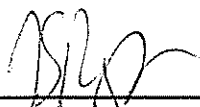
J. Soren Reynertson, after being duly sworn according to law, deposes and says:

(a) I am an Executive Director of the applicant firm, UBS Securities LLC.

(b) I have personally performed many of the financial advisory and investment banking services rendered by UBS Securities LLC as financial advisors and investment bankers to the Debtors and am thoroughly familiar with the other work performed on behalf of the Debtors by UBS Securities LLC.

(c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Del. Bankr. L.R. 2016-2, and submit that the Application substantially complies with such rule except as set forth in the foregoing Application.

(d) The compensation charged by UBS Securities LLC for the services rendered in these chapter 11 cases is similar to the compensation charged by UBS Securities LLC for similar services rendered in comparable nonbankruptcy related matters. Such compensation is reasonably based upon the customary compensation sought by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive market.



J. Soren Reynertson

ORIGINAL

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 ORDER AUTHORIZING RETENTION AND EMPLOYMENT
OF UBS WARBURG LLC (F/K/A WARBURG DILLON READ LLC), AS
INVESTMENT BANKER AND FINANCIAL ADVISOR
FOR THE DEBTORS AND DEBTORS IN POSSESSION**

Upon the application dated February 2, 2000 (the "Application") of Integrated Health Services, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession herein (collectively, the "Debtors"), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), for authorization to employ UBS Warburg LLC (formerly known as Warburg Dillon Read LLC and referred to herein as "WDR") as the Debtors' investment banker and financial advisor, as more fully set forth in the Application and the letter agreement attached thereto as Exhibit "A" (the "Letter Agreement"); and upon the affidavits of L. Thomas Sperry, a Managing Director of WDR, sworn to on January 31, 2000 and May 23, 2000 (collectively, the "Sperry Affidavits"); and upon consideration of the Affidavit of C. Taylor Pickett in Support of Chapter 11 Petitions and First Day Orders sworn to on February 1, 2000; and the Court being satisfied, based on the representations made in the Application and the Sperry Affidavits, that WDR does not represent or hold any interest adverse to the Debtors or to their estates as to the matters upon which it is to be engaged and is a "disinterested person" under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that the employment of WDR is in the best interests of the Debtors and their estates; and the Court having jurisdiction to

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consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and due notice of the Application having been provided, pursuant to a Notice of Application, dated February 2, 2000, to the United States Trustee for the District of Delaware, attorneys for the Debtors' prepetition lenders, attorneys for the Debtors' postpetition lenders and attorneys for certain major holders of the Debtors' subordinated indebtedness, which Notice of Application established a deadline of February 14, 2000 at 4:00 p.m. for the submission of objections, if any, to the Application; and no objections to the Application having been filed by any party in interest; provided, however, that at the request of attorneys for the official committee of unsecured creditors, attorneys for the prepetition lenders and attorneys for certain major holders of the Debtors' subordinated indebtedness (collectively, the "Creditor Constituencies"), the objection deadline has been extended from time to time for the purpose of providing the Creditor Constituencies additional time to consider the Application; and the Debtors, WDR and the attorneys for the Creditor Constituencies having agreed, subject to Court approval, to the entry of an order providing for the retention of WDR nunc pro tunc to February 2, 2000, to perform the services set forth in paragraph 12 of the Application; and the parties having further agreed, subject to Court approval, that WDR shall be entitled to receive as compensation for such services a monthly advisory fee of \$150,000 plus reimbursement of reasonable out-of-pocket expenses, but that consideration of the remaining fee provisions of the Letter Agreement would be adjourned to a date certain to provide the parties additional time to resolve any differences they may have concerning such remaining fee provisions of the Letter Agreement; and the Court having entered an Interim Order on April 26, 2000 (the "Initial Retention Order") in accordance with the agreement among the Debtors, the Creditor Constituencies and WDR; and the Debtors, the Creditor Constituencies and WDR having reached an agreement, subject to Court approval, on the remaining fee related provisions of the Letter

Agreement, which agreement has been memorialized in an amendment to the Letter Agreement, dated as of September 6, 2000 (the "Amendment to Letter Agreement"), a copy of which is annexed hereto as Exhibit "A"; and the Court being prepared to approve the retention of WDR on the terms and conditions set forth in the Letter Agreement, as modified by the Amendment to Letter Agreement; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application, as modified by the Amendment to Letter Agreement, is granted and approved; and it is further

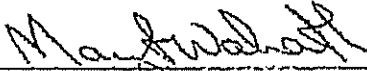
ORDERED that the Debtors are authorized and empowered to execute, deliver and perform the Letter Agreement, as modified by the Amendment to Letter Agreement; and it is further

ORDERED that pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized and empowered to employ WDR as their investment banker and financial advisor to perform the services described in paragraph 12 of the Application, upon the terms and conditions set forth in the Letter Agreement, as modified by the Amendment to Letter Agreement, effective nunc pro tunc to the date of the commencement of these chapter 11 cases; and it is further

ORDERED that the terms and conditions regarding the employment of WDR set forth in the Letter Agreement, as modified by the Amendment to Letter Agreement, are hereby approved in all respects, effective nunc pro tunc to the date of the commencement of these chapter 11 cases, subject, subject, however, to final allowance in accordance with sections 330 and 331 of the

Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, and local rules of the Court
(except that WDR may maintain its time records in one hour increments).

Dated: Wilmington, Delaware
October 2, 2000



MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

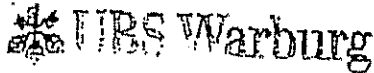
parties and its certificate
of service with the court.

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cc: LS Brady, Esq., US Trustee 10/10/00



Transaction is consummated a fee in the amount of \$6,750,000 (a "Restructuring Fee"). A Restructuring Transaction shall be deemed to have been consummated when the plan of reorganization or other binding document or agreement providing for the Restructuring Transaction becomes effective.

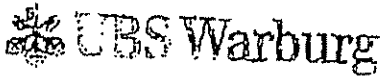
(c) In the event that the Company consummates any M&A Transaction, the Company shall pay to WDR on the date such M&A Transaction is consummated a fee equal to the M&A Transaction Fee (as defined below) applicable to such M&A Transaction (provided that, in the event all or any part of the Aggregate Consideration is subject to one or more contingencies, that portion of the fee attributable to such Aggregate Consideration shall be subject to such contingencies).

The "M&A Transaction Fee" in respect of any M&A Transaction means the sum of:

- (i) 1.0% of Aggregate Consideration (as defined below) in respect of such M&A Transaction up to \$300 million; and
- (ii) 0.5% of the amount by which Aggregate Consideration in respect of such M&A Transaction exceeds \$300 Million.

It is expressly understood that a separate M&A Transaction Fee shall be payable in respect of each M&A Transaction in the event that more than one M&A Transaction shall occur.

For purposes hereof, the term "Aggregate Consideration" shall mean the total amount of cash and the fair market value on the date of payment of all securities and other property paid or payable, directly or indirectly, by the acquiring party (the "Acquiror") to the acquired party or the seller of the acquired business or assets (in either case, the "Acquired"), or to the Acquired's contract parties, claim holders, security holders and employees, in connection with an M&A Transaction or a transaction related thereto (including, without limitation, amounts paid by the Acquiror (i) pursuant to covenants not to compete and (ii) to holders of any warrants, stock purchase rights, convertible securities or similar rights of the Acquired and to holders of any options or stock appreciation rights issued by the Acquired, whether or not vested). Aggregate Consideration shall also include the value of any obligations relating to any capitalized leases and the principal amount of any indebtedness for borrowed money indirectly or directly assumed or acquired by the Acquiror or otherwise repaid or retired, in connection with or in anticipation of an M&A Transaction. If an M&A Transaction takes the form of an extraordinary dividend, a spin-off, split-off, in-kind distribution or similar transaction, Aggregate Consideration shall also include the fair market value of (i) the equity securities of the Company retained by the Company's security holders and/or creditors following the consummation of such transaction and (ii) any cash, securities (including securities of subsidiaries) or other consideration received by the Company's security holders and/or creditors in exchange for or in respect of



securities of and/or claims against the Company in connection with such transaction (all such cash, securities or other consideration received by such security holders and/or creditors being deemed to have been paid to such security holders and/or creditors in such transaction). If an M&A Transaction takes the form of a sale of assets, Aggregate Consideration shall include the present value of such future payment or payments, as agreed upon in good faith between the Company and WDR. As used in this agreement, the terms "payment", "paid" or "payable" shall be deemed to include, as applicable, the issuance or delivery of securities or other property other than cash.

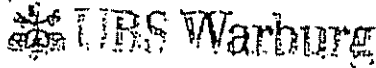
(d) During the term of its engagement hereunder, WDR shall have a right of first refusal to act as bookrunning lead manager, lead agent or lead arranger in respect of any Financing seeking an actual cash investment in the Company (excluding syndicated bank loans) pursuant to terms customary for WDR, and, if WDR agrees to be engaged in such capacity, the Company shall pay to WDR on the date the Financing is consummated an underwriting, placement or other appropriate fee (a "Financing Fee") in an amount equal to the fee customarily charged by WDR for its services in connection with comparable transactions at the time of such Financing.

3. The Engagement Agreement is hereby amended to add the following subsections (e) and (f) to Section 2 thereof:

(e) WDR shall credit against the amount of any Restructuring Fee earned by it hereunder the Applicable Percentage of each monthly Advisory Fee paid to WDR prior to the date on which such Restructuring Fee is earned (to the extent such Advisory Fees have not previously been credited) up to the full amount of such Restructuring Fee. "Applicable Percentage" means (i) 50% in respect of monthly Advisory Fees earned for the months of February 2000 through January 2001 (inclusive) and (ii) 75% for monthly Advisory Fees earned for all months thereafter (commencing with February 2001).

After giving effect to the credit provided for in the preceding paragraph, WDR shall credit against the remaining balance of any Restructuring Fee two-thirds of any M&A Transaction Fee earned by WDR prior to or contemporaneously with consummation of the Restructuring Transaction (to the extent such amount has not previously been so credited) up to the full amount of such Restructuring Fee.

(f) The Company shall promptly pay to WDR the amount by which a fee earned pursuant to this Section 2 exceeds the amount, if any, required to be credited against such fee pursuant to Section 2(e) above, provided that, notwithstanding anything to the contrary contained in this Section 2, the amount actually paid to WDR in respect of M&A Transaction Fees and Restructuring Fees after all of the credits provided for herein shall not in the aggregate exceed \$8,750,000.



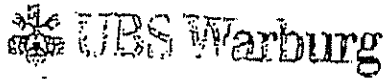
4 The second and third sentences of Section 8 of the Engagement Agreement are hereby amended to read in full as follows:

WDR shall also be entitled to payment in full of the fees referred to in Section 2(b) or 2(c) if at any time up to and including the date on which any chapter 11 plan of reorganization for the Company is consummated the Company consummates, or files a plan of reorganization or enters into a letter of intent or an agreement that subsequently results in the consummation of, a Transaction. Furthermore, WDR shall be entitled to payment in full of the fees referred to in Section 2(d) if at any time up to and including the date on which any chapter 11 plan of reorganization for the Company is consummated the Company consummates or enters into a letter of intent or agreement that subsequently results in the consummation of a Financing.

5 Section 10 of the Engagement Agreement is hereby amended to add the following paragraph at the end thereof:

Because of the extent of WDR's relationships in the healthcare sector, the Company recognizes that WDR may be engaged as a financial advisor for one or more entities that could be potential counterparties in transactions that the Company seeks to effectuate (a "Potentially Overlapping Transaction"), that some of the WDR personnel advising the Company and one or more such counterparties may be the same individuals and that WDR may become entitled to fees from such counterparties for advice with respect to such transactions. In the event the Company requests WDR to advise them regarding a transaction reasonably believed by either the Company or WDR to be a Potentially Overlapping Transaction (as designated in writing by either of them), WDR will identify one or more experienced members of its healthcare group who will, upon request of the Company, be solely available to the Company in connection with such transaction (and not to such potential counterparty).

6. This Amendment to the Engagement Agreement shall become effective upon entry by the Bankruptcy Court of an order approving WDR's engagement pursuant to the terms and conditions of the Engagement Agreement as amended hereby under Sections 327 and 328(a) of the Bankruptcy Code.



This Agreement and the amendments to the Engagement Agreement effected hereby shall be governed by and construed in accordance with the laws of the State of New York.

UBS WARBURG LLC

L Thomas Sperry / [Signature]
L. Thomas Sperry
Managing Director

[Signature]
J. Soren Roynelson
Director

Accepted and agreed to as of the date first above written:

INTEGRATED HEALTH SERVICES, INC.
For and on behalf of the Company

[Signature]
Name: T. van Buren
Title: Chief Accounting Officer

January 28, 2000

Integrated Health Services, Inc.
910 Ridgebrook Road
Sparks, Maryland 21152
Attn: Mr. C. Taylor Pickett
Chief Financial Officer

Ladies and Gentlemen:

This letter agreement (the "Agreement") confirms the agreement of Integrated Health Services, Inc. (together with its affiliates and subsidiaries, the "Company") to engage Warburg Dillon Read LLC ("WDR") as the Company's exclusive financial advisor in connection with its chapter 11 proceedings in the District of Delaware (the court with jurisdiction over the chapter 11 proceedings being referred to herein as the "Bankruptcy Court"). It is understood that the retention of WDR and effectiveness of this Agreement are subject to the approval of the terms hereof by the Bankruptcy Court.

1. As the Company's financial advisor, WDR agrees to perform until the date of termination of its engagement hereunder the following financial advisory services for the Company:

- (a) assisting the Company in assessing its financial condition, financial strategy and business plan;
- (b) assisting the Company and its other professionals in developing a business plan, financial forecasts, and an analysis of the Company's debt capacity for purposes of the chapter 11 proceedings;
- (c) assisting the Company and its other professionals in evaluating the impact on the Company of proposals regarding future dispositions of assets of the Company and its affiliates;
- (d) advising and assisting the Company in connection with any restructuring of the Company's liabilities, including, without limitation, any repayment, exchange or conversion of any liabilities of the Company outstanding on the date of this Agreement, or any modification, amendment, deferral, restructuring, rescheduling, moratorium or adjustment of the terms and/or conditions of any liabilities of the Company outstanding on the date of this Agreement, whether pursuant to a chapter 11 plan of reorganization, order of the Bankruptcy Court or otherwise (any such restructuring of the Company's liabilities being referred to herein as a "Restructuring Transaction");

- (e) assisting the Company and its other professionals in formulating and negotiating a chapter 11 plan of reorganization;
- (f) advising the Company in connection with any transaction involving, directly or indirectly, any business combination, whether by acquisition, merger, consolidation, negotiated purchase, tender or exchange offer, reorganization, recapitalization or otherwise, or any direct or indirect sale, transfer or other disposition, whether in one or in a series of transactions, of all or any portion of the capital stock or assets of the Company or any subsidiary of the Company, whether pursuant to a chapter 11 plan of reorganization, order of the Bankruptcy Court or otherwise (each such transaction being referred to herein as an "M&A Transaction" and, together with a Restructuring Transaction, a "Transaction");
- (g) advising the Company regarding any proposed sale or placement of the Company's equity or debt securities or obligations with one or more lenders and/or investors, or any other loan or financing arrangement undertaken during the course of the chapter 11 proceedings or in connection with the implementation of any chapter 11 plan of reorganization (including, without limitation, any "exit financing", hybrid financing or rights offering), but excluding "debtor in possession financing" (each such transaction being referred to herein as a "Financing");
- (h) assisting the Company and its other professionals in communicating with any official committees in the chapter 11 proceedings regarding matters within the scope of WDR's engagement hereunder;
- (i) providing testimony, as necessary, in any proceedings before the Bankruptcy Court regarding matters within the scope of WDR's engagement hereunder; and
- (j) rendering such other financial advisory services incidental to the chapter 11 proceedings as may be agreed upon by WDR and the Company

It is understood and agreed that nothing contained in Section 1(g) shall constitute a commitment by WDR to underwrite, place or purchase any securities or to arrange any other form of financing. Such a commitment, if any, shall only be set forth in a separate underwriting, placement, agency or similar agreement relating to the Financing, which contains fee arrangements and other terms and conditions, including appropriate indemnification provisions, satisfactory to WDR.

2. (a) The Company shall pay WDR a monthly cash advisory fee of \$200,000 (each, an "Advisory Fee"), commencing with the month during which the retention of WDR by the Company hereunder is approved by the Bankruptcy Court and for each successive monthly period during the term of WDR's engagement hereunder (including the monthly period during which the engagement of WDR hereunder terminates). Prior to commencement of the chapter

11 proceedings, the Company advanced to WDR \$400,000 to be applied to monthly advisory fees payable in connection with WDR's retention in the chapter 11 proceedings. Such advance shall be applied by WDR in payment of the first two months of Advisory Fees payable hereunder. The monthly cash Advisory Fee for each month thereafter shall be paid by the Company in advance on the first business day of such calendar month

(b) In the event that the Company consummates a Restructuring Transaction, the Company shall pay to WDR on the date the Restructuring Transaction is consummated a fee equal to 0.35% (each, a "Restructuring Fee" and collectively, the "Restructuring Fees") of the aggregate principal amount of the liabilities restructured in connection with such Restructuring Transaction. A Restructuring Transaction shall be deemed to have been consummated when the plan of reorganization or other binding document or agreement providing for the Restructuring Transaction becomes effective

(c) In the event that the Company consummates any M&A Transaction, the Company shall pay to WDR on the date the M&A Transaction is consummated (provided that, in the event all or any part of the Aggregate Consideration is subject to one or more contingencies, that portion of the fee attributable to such Aggregate Consideration shall be subject to such contingencies) a fee equal to the amount by which, after consummation of such M&A Transaction, the Cumulative M&A Transaction Fees (as defined below) exceed the aggregate amount of all M&A Transaction fees paid to WDR prior to consummation of such M&A Transaction

"Cumulative M&A Transaction Fees" after consummation of any M&A Transaction means the sum of:

- (i) 1.5% of the amount by which Cumulative Aggregate Consideration (as defined below) after consummation of such M&A Transaction exceeds \$50 million but is less than or equal to \$200 million; and
- (ii) 1.0% of the amount by which Cumulative Aggregate Consideration after consummation of such M&A Transaction exceeds \$200 Million

"Cumulative Aggregate Consideration" after consummation of any M&A Transaction means the sum of the Aggregate Consideration (as defined below) in respect of all M&A Transactions (including such M&A Transaction) consummated since the date of this Agreement

It is expressly understood that a separate M&A Transaction fee shall be payable in respect of each M&A Transaction in the event that more than one M&A Transaction shall occur

WDR shall credit against the M&A Transaction fee payable in respect of any M&A Transaction the amount of any Advisory Fees paid to WDR prior to the date on which such M&A Transaction is consummated (to the extent such Advisory Fees have not previously been credited to other M&A Transaction fees) up to the full amount of such M&A Transaction

fee The Company shall promptly pay to WDR the amount by which the M&A Transaction fee for such M&A Transaction exceeds the amount so credited.

For purposes hereof, the term "Aggregate Consideration" shall mean the total amount of cash and the fair market value on the date of payment of all securities and other property paid or payable, directly or indirectly, by the acquiring party (the "Acquiror") to the acquired party or the seller of the acquired business or assets (in either case, the "Acquired"), or to the Acquired's contract parties, claim holders, security holders and employees, in connection with an M&A Transaction or a transaction related thereto (including, without limitation, amounts paid by the Acquiror (i) pursuant to covenants not to compete and (ii) to holders of any warrants, stock purchase rights convertible securities or similar rights of the Acquired and to holders of any options or stock appreciation rights issued by the Acquired, whether or not vested) Aggregate Consideration shall also include the value of any obligations relating to any capitalized leases and the principal amount of any indebtedness for borrowed money indirectly or directly assumed or acquired by the Acquiror or otherwise repaid or retired, in connection with or in anticipation of an M&A Transaction. If an M&A Transaction takes the form of an extraordinary dividend, a spin-off, split-off, in-kind distribution or similar transaction, Aggregate Consideration shall also include the fair market value of (i) the equity securities of the Company retained by the Company's security holders and/or creditors following the consummation of such transaction and (ii) any cash, securities (including securities of subsidiaries) or other consideration received by the Company's security holders and/or creditors in exchange for or in respect of securities of and/or claims against the Company in connection with such transaction (all such cash, securities or other consideration received by such security holders and/or creditors being deemed to have been paid to such security holders and/or creditors in such transaction). If an M&A Transaction takes the form of a sale of assets, Aggregate Consideration shall include the present value of such future payment or payments, as agreed upon in good faith between the Company and WDR. As used in this agreement, the terms "payment", "paid" or "payable" shall be deemed to include, as applicable, the issuance or delivery of securities or other property other than cash.

(d) In the event the Company consummates a Financing, the Company shall pay to WDR on the date the Financing is consummated a fee (a "Financing Advisory Fee") equal to 0.25% of the gross amount of cash proceeds actually raised in such Financing. In addition, during the term of its engagement hereunder, WDR shall have a right of first refusal to act as bookrunning lead manager, lead agent or lead arranger in respect of any such Financing pursuant to terms customary for WDR, and, if WDR agrees to be engaged in such capacity, the Company shall pay to WDR on the date the Financing is consummated an additional fee (a "Financing Intermediary Fee") so that after giving effect to the Financing Advisory Fee and the Financing Intermediary Fee (each a "Financing Fee") in respect of such Financing, WDR's total Financing Fees in respect of such Financing will be equal to a percentage of the gross amount of cash proceeds actually raised in such Financing determined, based on the type of financial instrument or instruments used, in accordance with the formula set forth below:

<u>Funds Raised</u>	<u>Fee Percentage</u>
Senior Debt	2.75%
Subordinated Debt	3.5%
Convertible Securities	4.5%
Public Equity	5.5%
Private Equity	7.0%

; *provided, however*, that the amount of any Financing Intermediary Fee, as so determined, shall be reduced by the amount of fees payable by the Company to any co-manager or co-arranger of such Financing for acting in such capacity. It is expressly understood that separate Financing Fees shall be payable in respect of each Financing in the event that more than one Financing shall occur.

3 In rendering its services to the Company hereunder, WDR is not assuming any responsibility for the Company's underlying business decision to pursue or not to pursue any business strategy or to effect or not to effect any Transaction or Financing. The Company agrees that WDR shall not have any obligation or responsibility to provide "crisis management" services for the Company, or to provide any advice or opinions with respect to solvency in connection with any Transaction or Financing.

4 Without in any way limiting or otherwise affecting the provisions of Exhibit A hereto, whether or not a Transaction or Financing is consummated, and in addition to the compensation described in Section 2, WDR shall be reimbursed for any out-of-pocket expenses it reasonably incurs in connection with preparation of this Agreement and any amendments or supplements hereto, obtaining Bankruptcy Court approval of its retention pursuant hereto, the performance of services referred to herein, and obtaining allowance and payment of fees and expenses of WDR in respect thereof. WDR shall be reimbursed promptly upon submission of an invoice setting forth any such out-of-pocket expenses in reasonable detail. Out-of-pocket expenses shall include, but not be limited to, travel and lodging, xeroxing, communication charges (including, without limitation, telephone and fax charges), research, document processing, courier services (including, without limitation, overnight express charges), and reasonable professional fees and disbursements incurred by WDR (including, without limitation, fees and expenses of counsel)

5 The Company agrees to the provisions of Exhibit A hereto, which are incorporated by reference herein.

6 The Company also agrees that neither WDR nor any of its affiliates, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company in connection with or as a result of either WDR's engagement under this Agreement or any matter referred to in this Agreement, except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company are determined by a court of competent jurisdiction in a judgment that has become

final in that it is no longer subject to appeal or other review to have resulted solely from the gross negligence or willful misconduct of WDR in performing the services that are the subject of this Agreement

The Company will pay to WDR, in addition to the other fees and expenses payable pursuant to this Agreement, the charges as incurred and as reasonably determined by WDR, for any time of any officers, directors or employees of WDR devoted to appearing and preparing to appear as witnesses assisting in preparation for hearings, trials or pretrial matters, and the fees and expenses of legal counsel as and when incurred, or otherwise with respect to hearings, trials, pretrial matters and other proceedings in any way relating to, or referred to in, or arising out, of this Agreement

7 Without limiting WDR's rights under Section 8 hereof (which provides, among other things, for WDR's right to fees beyond the term of this Agreement) and without affecting the timing of payments provided for hereunder, WDR shall file appropriate applications for allowance of interim and final compensation and reimbursement of expenses in accordance with section 330 and 331 of the United States Bankruptcy Code at such times as directed by the Bankruptcy Court or established by local rules or administrative order; *provided however*, that WDR shall seek permission to maintain time records in one hour increments

8. WDR's services hereunder may be terminated by the Company or WDR upon 30 days prior written notice without liability or continuing obligation of the Company or WDR, except that WDR shall be entitled to any fees payable pursuant to Section 2 hereof in accordance with the terms thereof and except that expenses incurred by WDR as a result of services rendered prior to the date the termination becomes effective shall become immediately payable in full, and provided further that Section 11 (other than the first sentence thereof), 5, 6, 8, 9, 10, 12, 13, 14 and 16 hereof, including, without limitation, the provisions hereof set forth in Exhibit A hereto, shall remain operative and in full force and effect regardless of any termination. WDR shall be entitled to payment in full of the fees referred to in Section 2(b) or 2(c) if at any time prior to the expiration of 24 months after WDR's engagement hereunder the Company consummates, or files a plan of reorganization or enters into a letter of intent or an agreement that subsequently results in the consummation of, a Transaction. Furthermore, WDR shall be entitled to payment in full of the fees referred to in Section 2(d) if at any time prior to the expiration of 12 months after WDR's engagement hereunder the Company consummates or enters into a letter of intent or agreement that subsequently results in the consummation of a Financing

9 Except to the extent legally required (after consultation with WDR and its counsel), none of (i) the name of WDR, (ii) any advice rendered by WDR to the Company, or (iii) any communication from WDR in connection with the services performed by WDR pursuant to this Agreement will be quoted or referred to orally or in writing, or in the case of (ii) and (iii), reproduced or disseminated, by the Company or any of its affiliates or any of their agents, without WDR's prior written consent

10 The Company acknowledges and agrees that WDR has been retained to act solely as financial advisor to the Company, and not as an agent of the Company or as an advisor or agent of any other person, and that the Company's engagement of WDR is not intended to confer rights upon any person not a party hereto (including, without limitation, the Company's

shareholders, creditors, employees and directors) as against WDR or its affiliates, or their respective directors, officers, employees or agents. WDR shall act as an independent contractor under this Agreement, and any duties arising out of its engagement shall be owed solely to the Company

11. The Company will furnish to WDR such information as WDR and the Company agree is appropriate to enable WDR to render services hereunder (all such information being the "Information"). The Company recognizes and confirms WDR (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having assumed any obligation to independently verify the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, and (c) will not act in the official capacity of an appraiser of specific assets of the Company or any other party. The Company confirms that the Information to be furnished by the Company, when delivered, to the best of its knowledge will be true and correct in all material respects and will not contain any material misstatement of fact or omit to state any material fact necessary to make the statements contained therein not misleading. The Company will promptly notify WDR if it learns of any material inaccuracy or misstatement in, or material omission from, any Information theretofore delivered to WDR

12. WDR agrees that, except as otherwise required by law, judicial or administrative process, regulatory request or demand, or any other body having jurisdiction over WDR or as contemplated by its engagement hereunder, any non-public information obtained by WDR in connection with this engagement shall be held by WDR as confidential and shall be used by WDR only in connection with the performance of its services for the Company under this Agreement, except that (a) such information may be disclosed by WDR to directors, officers, employees, counsel of and advisors to the Company or WDR, to any official committee in the chapter 11 proceedings and any professionals retained by such committee, and such other persons as the Company shall request, and (b) such information may be disclosed to the extent otherwise publicly available through no fault of WDR

13. The Company acknowledges that all advice given by WDR in connection with its engagement hereunder is intended solely for the benefit and use of the Company in considering the matters to which such advice relates and, except as may be required by applicable law, the Company agrees that no such advice shall be used for any other purpose or be disclosed, reproduced, disseminated, quoted or referred to at any time or in any manner or for any purpose, nor shall any public references to WDR be made by or on behalf of the Company, in each case without WDR's prior written consent, which shall not be unreasonably withheld. WDR shall be given prompt notice of any disclosure of its advice by the Company required by applicable law, unless the Company is legally prohibited from providing such notice to WDR.

14. This Agreement shall be binding upon WDR and the Company, and their respective successors and assigns. This Agreement (including, without limitation, the provisions hereof contained in Exhibit A hereto) may not be waived, amended, modified or assigned, in any way in whole or in part, including by operation of law, without the prior written consent of the parties hereto


Warburg Dillon Read

15. WDR may, at its own expense, place customary tombstone announcements or advertisements in financial newspapers and journals describing its services hereunder.


16. This Agreement (including, without limitation, the provisions hereof contained in Exhibit A hereto) and any claim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement, directly or indirectly (including any claim concerning advice provided in connection with any engagement contemplated hereby) shall be governed by and construed in accordance with the laws of the State of New York. Each of WDR and the Company waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement, the engagement of WDR pursuant hereto or the performance by WDR of services contemplated hereby.

If the foregoing correctly sets forth the understanding and agreement between WDR and the Company, please so indicate by signing this letter, whereupon it shall become a binding agreement between the parties hereto (subject to Bankruptcy Court approval, as aforesaid).

WARBURG DILLON READ LLC



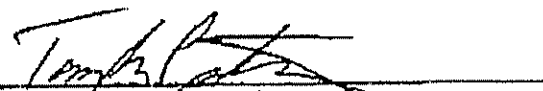
William C. McGahan
Managing Director



L. Thomas Sperry
Executive Director

Accepted and agreed to as of the date first above written:

INTEGRATED HEALTH SERVICES, INC.
For and on behalf of the Company



Name: Taylor Pickett
Title: CFO

Professional Resumes

J. Soren Reynertson

Soren Reynertson is an Executive Director in UBS' Restructuring Group in New York. Prior to joining UBS, Mr. Reynertson was a crisis manager for Jay Alix & Associates. From 1994 to 1996, Mr. Reynertson worked with Price Waterhouse's Corporate Recovery Group in New York, as well as the International Privatization Group in Moscow, Russia. Mr. Reynertson holds an MBA in Finance from Columbia Business School and a BA in Economics from Emory University.

Mari Subburathinam

Mari Subburathinam is an Associate Director in UBS' Restructuring Group in New York. Prior to joining UBS, Mr. Subburathinam worked as a Product Design Engineer at Ford Motor Company. Mr. Subburathinam holds an MBA from the Fuqua School of Business at Duke University, an MS in Mechanical Engineering from Wayne State University and a BE from Bharathiar University.

Gabriel K. Yuen

Gabriel Yuen joined UBS in July 2002 as a Financial Analyst after graduating with a B.S. in Economics and Electrical and Computer Engineering from Duke University.

EXHIBIT C

Professional Time Summary

Name of Professional	Position of Professional	Total Hours
J. Soren Reynertson	Executive Director, Restructuring Group	62.0
Mari Subburathinam	Associate Director, Restructuring Group	108.0
Gabriel Yuen	Analyst, Restructuring Group	74.0
Grand Total Hours		244.0

Project Code	Description	Total Hours
A	Administration	81.0
B	Business Operations	0.0
C	Corporate Finance	163.0
D	Debtors/Creditors	0.0
F	Financing	0.0
P	Plan of Reorganization	0.0
None	Other	0.0
Grand Total Hours		244.0

Project Type	Description
Administration	Matters relating to UBS' retention, preparation of fee applications and general Chapter 11 administration
Business Operations	Review and development of business plans. General matters related to operations of business
Corporate Finance	Review of financial aspects of mergers, acquisitions and divestitures. Preparation and execution of a transaction. Analysis related to capital structure and debt capacity. Formulation, preparation and negotiation of Plan of Reorganization and related documents
Debtors/Creditors	Meeting with and analysis for debtors, creditors, their professionals and other parties in interest
Financing	Matters related to arranging financing for the Debtor
Plan of Reorganization	Matters relating to the development of a Plan of Reorganization
Other	Other matters related to the reorganization

Activity Code	Description
T	Telephone call with
A	Analyzed
R	Reviewed
M	Met with
TR	Traveled to/from
P	Prepared

J. Soren Reynertson

Date	Project	Time	Activity	Description
4/9/03	C	2.0	T	Discussion with CIT & Debtors regarding renewing DIP Facility
4/15/03	C	2.0	T	Discussion with CIT & Debtors regarding renewing DIP Facility
4/22/03	C	2.0	T	Discussion with CIT & Debtors regarding renewing DIP Facility
4/22/03	C	3.0	R	Reviewed Valuation
4/24/03	C	3.0	R	Reviewed Valuation
5/5/03	C	2.0	T	Discussion with CIT & Debtors regarding renewing DIP Facility
5/9/03	A	5.0	T	UBSW fee deferral letter to J. Bondi. Consummation outstanding issues call with J. Bondi and KS
5/16/03	C	2.0	R	Recovery analysis & fee application review
5/28/03	A	1.0	P	Fee application review
5/30/03	C	4.0	P	Litchfield testimony preparation
6/2/03	C	2.0	P	Litchfield testimony preparation
6/3/03	C	3.0	P	Litchfield testimony preparation
6/4/03	C	3.0	P	Litchfield testimony preparation
6/5/03	C	5.0	P	Litchfield testimony preparation at KS
6/6/03	C	2.0	P	Litchfield testimony preparation
6/7/03	C	8.0	P	Litchfield testimony preparation
6/9/03	C	4.0	T	Traveled to Delaware for Litchfield testimony
6/9/03	C	7.0	M	Litchfield testimony
9/3/03	A	2.0	R	Fee application review
	Total	62.0		

Mari Subburathinam

Date	Project	Time	Activity	Description
5/9/03	A	5 0	T	UBSW fee deferral letter to J Bondi. Consummation outstanding issues call with J Bondi and KS
5/13/03	C	2 0	R	Recovery analysis review
5/16/03	C	3 0	R	Recovery analysis & fee application preparation and review
5/19/03	A	3 0	R	Fee application preparation and review
5/21/03	A	3 0	R	Fee application review
5/23/03	A	2 0	R	Fee application review
5/27/03	A	6 0	P	Fee application preparation
5/28/03	A	4 0	P	Fee application preparation
5/30/03	C	8 0	P	Litchfield testimony preparation
6/2/03	C	8 0	P	Litchfield testimony preparation
6/3/03	C	8 0	P	Litchfield testimony preparation
6/4/03	C	6 0	P	Litchfield testimony preparation
6/5/03	C	5 0	P	Litchfield testimony preparation at KS
6/6/03	C	4 0	P	Litchfield testimony preparation
6/7/03	C	10 0	P	Litchfield testimony preparation
6/9/03	C	4 0	T	Traveled to Delaware for Litchfield testimony
6/9/03	C	7 0	M	Litchfield testimony
8/1/03	A	2 0	P	Fee application preparation
8/2/03	A	2 0	P	Fee application preparation
8/5/03	A	2 0	P	Fee application preparation
8/6/03	A	2 0	P	Fee application preparation
8/8/03	A	2 0	P	Fee application preparation
8/9/03	A	2 0	P	Fee application preparation
8/12/03	A	2 0	P	Fee application preparation
8/13/03	A	2 0	P	Fee application preparation
8/14/03	A	2 0	P	Fee application preparation
8/18/03	A	2 0	P	Final fee application preparation
	Total	108.0		

Gabriel Yuen

Date	Project	Time	Activity	Description
4/17/03	C	5.0	P	Prepared IHS financial model
4/18/03	C	8.0	P	Prepared IHS financial model
4/19/03	C	8.0	P	Prepared IHS financial model
4/20/03	C	5.0	P	Prepared IHS financial model
4/24/03	C	4.0	R	Sale process document review
5/19/03	A	4.0	P	Fee application preparation
5/20/03	A	4.0	P	Fee application preparation
5/22/03	A	4.0	P	Fee application preparation
5/27/03	A	4.0	P	Fee application preparation
5/28/03	A	4.0	P	Fee application preparation
6/4/03	C	4.0	P	Litchfield testimony preparation
6/5/03	C	2.0	P	Litchfield testimony preparation
6/6/03	C	4.0	P	Litchfield testimony preparation
6/8/03	C	4.0	P	Litchfield testimony preparation
8/12/03	A	5.0	P	Fee application preparation
8/19/03	A	5.0	P	Fee application preparation
	Total	74.0		

Expense Summary

<u>Expense Category</u>	<u>Total Expenses</u>
Travel, Meals and Entertainment	4,888.91
Legal and Professional Fees	22,730.72
Communications	678.31
Research	587.28
Presentations and Document Reproduction	1,747.53

Grand Total Expenses: \$ 30,632.75

UBS' charges for expenses to the Debtors are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by UBS are charged to a client if the expenses are incurred in connection with services rendered for such particular client. UBS has followed its general internal policies with respect to out-of-pocket expenses billed to the Debtors as set forth below, with any exceptions specifically explained.

TRAVEL, MEALS AND ENTERTAINMENT

With respect to local travel, UBS' general policy enables employees to travel by taxi or private care service to and from meetings while rendering services to a client on a client related matter, for which the client is charged. This policy is based on UBS' determination that travel by taxi or private care service is the most efficient use of professional's time. UBS employees are not permitted to charge commuting expenses to a client unless the employee is traveling after 9:00 p.m. or on a weekend.

With respect to lodging, UBS employees are requested to make lodging reservations through the firms travel department that has preferred hotel rates in most major U.S. cities.

With respect to meals, UBS' general policy permits employees to bill lunch or dinner meals to a client if the employee is required to render services during such mealtime to the client due to extreme time constraints. UBS employees are also permitted to bill clients for meals while traveling on behalf of clients and their related matters. UBS employees are permitted to order meals in the office if the UBS employee is required to work after 8:00pm or on weekends.

LEGAL AND PROFESSIONAL FEES

Pursuant to the terms set forth in the Letter Agreement UBS is to be reimbursed for out-of-pocket expenses it reasonably incurs in connection with the preparation of the Letter Agreement and any amendments thereto, and obtaining Bankruptcy Court approval of its retention pursuant thereto. These out-of-pocket expenses include reasonable professional fees and disbursements (including, without limitation, fees and expenses of counsel).

Covington & Burling has acted as bankruptcy counsel to UBS for the past 33 months providing advice concerning legal issues arising from time to time in connection with UBS' work as financial advisor to the Debtors. Covington & Burling's invoices have been attached to this application. UBS expects to receive additional invoices from Covington & Burling related to the preparation of this application. UBS intends, pursuant to the terms of the Letter Agreement, to seek reimbursement of these expenses from the Debtors.

COMMUNICATIONS

UBS employees are permitted to use cellular telephones while they are travelling on an as required basis. Communications expenses also include phone card expenses, and teleconferencing fees. UBS does not bill clients for long-distance telephone charges while at the office. These charges are absorbed by UBS in overhead.

Messengers and couriers (including Federal Express) are used by UBS to deliver hard copy documents relating to the client matter which require receipt on an expedited basis; otherwise, UBS uses the regular postal system. Any charges for either messengers or couriers are billed to a client at cost.

RESEARCH

All charges incurred by our research department are a direct pass-through cost to the client. UBS' research department served a role for the Debtors' analogous to the role performed by UBS' presentation department, and was billed to the client in a similar manner. During the course of the engagement UBS was asked to research a number of issues including, for example, the fees paid on DIP amendments. Schedule II outlines the various costs associated with conducting research. It is also important to note that bankruptcy related research is not easily performed using mainstream sources of information and is thus considerably more time consuming and expensive than research which might arise in connection with similar engagements outside of bankruptcy.

PRESENTATIONS AND DOCUMENT REPRODUCTION

During the period of the engagement, UBS assumed the role of presentation department and reproduction center for the Debtor. UBS produced, at the Debtors' request, over 5 separate presentation books and information memoranda, each book needing anywhere from 10 to 50 copies depending on the meeting, during the course of the engagement. These presentation books were used both for internal presentations to the Debtors' management and directors and for presentations to the Debtors' creditors and their advisors. Schedule I documents the pass-through-costs that the Presentations and Reproduction departments' charge.

Expenses

Travel, Meals and Entertainment			4,888.91
4/1/03	Han, Abraham	Meal related to working late	27 57
4/1/03	Han, Abraham	Meal related to working late	27 57
4/3/03	Ritucci, Donald	Meal related to client meeting	127 84
4/10/03	Subburrathinam, Mari	Train: New York to and from Delaware	328 00
4/10/03	Subburrathinam, Mari	Meal related to working late	56 10
4/10/03	Subburrathinam, Mari	Meal related to working late	53 49
4/10/03	Subburrathinam, Mari	Taxi fare related to client meeting	12 50
4/10/03	Subburrathinam, Mari	Taxi fare related to working late	9 00
4/10/03	Subburrathinam, Mari	Taxi fare related to working late	9 00
4/10/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
4/28/03	Han, Abraham	Taxi fare related to client meeting	27 95
5/1/03	Reynertson, Soren	Hotel and related expenses	283 99
5/1/03	Reynertson, Soren	Car service related to working late	91 29
5/1/03	Reynertson, Soren	Car service related to working late	91 29
5/1/03	Reynertson, Soren	Car service related to working late	91 29
5/1/03	Reynertson, Soren	Car service related to working late	87 72
5/1/03	Reynertson, Soren	Meal related to working late	12 15
5/1/03	Reynertson, Soren	Meal related to client meeting	7 79
5/1/03	Reynertson, Soren	Meal related to client meeting	6 75
5/1/03	Reynertson, Soren	Meal related to client meeting	6 75
5/7/03	Reynertson, Soren	Train: New York to and from Delaware	348 00
5/7/03	Reynertson, Soren	Train: New York to and from Delaware	328 00
5/7/03	Reynertson, Soren	Train: New York to and from Philadelphia	284 00
5/7/03	Reynertson, Soren	Car service related to client meeting	128 00
5/7/03	Reynertson, Soren	Car service related to client meeting	128 00
5/7/03	Reynertson, Soren	Car service related to working late	98 94
5/7/03	Reynertson, Soren	Car service related to working late	96 39
5/7/03	Reynertson, Soren	Car service related to working late	91 29
5/7/03	Reynertson, Soren	Car service related to working late	91 29
5/7/03	Reynertson, Soren	Travel related cost	20 00
5/7/03	Reynertson, Soren	Car service related to client meeting	17 34
5/13/03	Subburrathinam, Mari	Meal related to working late	120 00
5/13/03	Subburrathinam, Mari	Meal related to working late	56 85
5/13/03	Subburrathinam, Mari	Meal related to working late	40 34
5/13/03	Subburrathinam, Mari	Meal related to working late	33 00
5/13/03	Subburrathinam, Mari	Meal related to working late	27 99
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	14 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	8 00
5/13/03	Subburrathinam, Mari	Taxi fare related to working late	7 00
5/15/03	Ritucci, Donald	Taxi fare related to client meeting	8 10
5/19/03	Yuen, Gabriel	Meal related to working late	30 64
5/19/03	Yuen, Gabriel	Meal related to working late	30 74
5/19/03	Yuen, Gabriel	Meal related to working late	30 74
5/19/03	Subburrathinam, Mari	Meal related to working late	30 74
5/19/03	Subburrathinam, Mari	Meal related to working late	30 74
5/22/03	Reynertson, Soren	Car service related to client meeting	128 00
6/9/03	Yuen, Gabriel	Meal related to working late	30 70
6/10/03	Yuen, Gabriel	Car service related to working late	17 34
6/10/03	Yuen, Gabriel	Taxi fare related to working late	9 00
6/11/03	Subburrathinam, Mari	Car service related to working late	58 14
6/11/03	Subburrathinam, Mari	Car service related to working late	61 45
6/11/03	Subburrathinam, Mari	Car service related to working late	53 04
6/11/03	Subburrathinam, Mari	Car service related to working late	58 14
6/11/03	Subburrathinam, Mari	Car service related to weekend work	53 04

Expenses

6/11/03	Subburrathinam, Mari	Car service related to client meeting	98 43
7/3/03	Yuen, Gabriel	Taxi fare related to working late	7 00
7/3/03	Yuen, Gabriel	Taxi fare related to weekend work	14 00
7/10/03	Subburrathinam, Mari	Car service related to working late	53 04
7/10/03	Subburrathinam, Mari	Car service related to working late	53 04
7/10/03	Subburrathinam, Mari	Car service related to working late	53 04
7/10/03	Subburrathinam, Mari	Car service related to working late	53 04
7/10/03	Subburrathinam, Mari	Car service related to working late	53 04
7/10/03	Subburrathinam, Mari	Car service related to weekend work	53 04
7/10/03	Subburrathinam, Mari	Car service related to working late	58 14
7/10/03	Subburrathinam, Mari	Taxi fare related to working late	12 00
7/10/03	Subburrathinam, Mari	Train: New York to and from Delaware	198 00
7/18/03	Chambers, Shebra	Car service related to working late	76 50
8/6/03	Yuen, Gabriel	Car service related to working late	38 76
8/6/03	Yuen, Gabriel	Car service related to working late	17 34
8/6/03	Yuen, Gabriel	Car service related to weekend work	22 44

Expenses

Legal and Professional Fees		22,730.72
4/8/03	Covington & Burling	5,820.00
6/23/03	Covington & Burling	12,151.50
6/24/03	Covington & Burling	1,252.84
8/28/03	Covington & Burling	270.10
8/28/03	Covington & Burling	342.75
8/28/03	Covington & Burling	2,893.53



Invoice Processing Check Requisition Form

SECTION I

Completed by Accounts Payable Group

Routed To: Fatima Viegas- Legal Department, Stamford
Date Routed: January 31, 2002

Vendor: COVINGTON & BURLING

Invoice No: 60182219
Invoice Date: October 16, 2002

Curr/Amount: \$5,820.00

Document ID: 60170416

SECTION II

To be completed by Addressee

Description of Item(s): For professional services rendered from September 1, 2002 through September 30, 2002
RE: Integrated Health Services

Remit To: Covington & Burling
1330 Avenue of the Americas
New York, NY 10019

Project Code: 11XX/2856 GENERAL LEDGER:623100000 CC:10047

SECTION III

Input Initials

First Approval

Second Approval

TIM HUGHES
ASSOCIATE DIRECTOR

J. SOREN REYNERTSON
EXECUTIVE DIRECTOR

Date Paid: / /

Check Number:

COVINGTON & BURLING

30 AVENUE OF THE AMERICAS
NEW YORK, NY 10019
TEL 212.841.1000
FAX 212.841.1010
WWW.COV.COM

NEW YORK
WASHINGTON, DC
LONDON
BRUSSELS
SAN FRANCISCO

INVOICE NUMBER

60182219

ACCOUNT NUMBER

700253.00033

DATE

October 16, 2002

J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10017

Reference: Integrated Health Services

For professional services rendered through September 30, 2002:

Fees:	\$ 5,820.00
Disbursements:	0.00
Amount Due:	5,820.00
Previously Outstanding:	12,480.00
Total Due:	\$ 18,300.00

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
09/01/02	Review objection by UST and telephone conference with C. Jeanfreau regarding same.	1.00	Michael B. Hopkins
09/03/02	Voicemail from C. Jeanfreau regarding status of UST objection.	0.60	Michael B. Hopkins
09/10/02	Conference call with T. Hughes and U.S. Trustee regarding fee application.	1.30	Charles H. Jeanfreau
09/10/02	Telephone conference with C. Jeanfreau regarding proposed resolution of UST objection.	0.30	Michael B. Hopkins
09/11/02	Telephone conferences with T. Hughes regarding draft supplemental affidavit regarding fee application.	1.60	Charles H. Jeanfreau
09/12/02	Review T. Hughes comments to disclosure.	0.30	Charles H. Jeanfreau
09/13/02	Telephone calls with T. Hughes regarding fee application.	0.60	Charles H. Jeanfreau
09/16/02	Revise declaration; telephone call with T. Hughes.	0.60	Charles H. Jeanfreau
09/18/02	Conference call with B. Jefferds and T. Hughes.	1.20	Charles H. Jeanfreau
09/23/02	Telephone call with T. Hughes.	0.20	Charles H. Jeanfreau
09/24/02	Telephone calls with T. Hughes.	0.40	Charles H. Jeanfreau
09/24/02	Send signature pages to P. Haskel.	0.30	Charles H. Jeanfreau
09/26/02	Telephone calls with D. Beskrone and T. Hughes.	0.80	Charles H. Jeanfreau
09/27/02	Multiple phone calls with T. Hughes and US Trustee regarding UBSW fee application.	1.60	Charles H. Jeanfreau
09/27/02	Telephone conference with C. Jeanfreau regarding status of resolution of UST objection.	0.30	Michael B. Hopkins
09/29/02	Review supplemental affidavit; draft form of order.	0.50	Charles H. Jeanfreau
09/30/02	Finalize affidavits, forms of order, telephone calls with T. Hughes, D. Beskrone and R. Brady regarding same.	3.10	Charles H. Jeanfreau

Fees: \$ 5,820.00

Total Due: \$ 5,820.00

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60182219

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Michael B. Hopkins	Partner	\$600.00	2.20	\$1,320.00
Charles H. Jeanfreau	Associate	\$360.00	12.50	\$4,500.00
Total			14.70	\$5,820.00

J. Soren Reynertson
Account No.: 700253 00033
Invoice No.: 60182219

Open Accounts at Covington & Burling

Date	Invoice No.	Fee	Charges	Total	Credits	Balance
7/10/02	60173419	\$10,440.00	\$0.00	\$10,440.00	\$0.00	\$10,440.00
8/7/02	60176187	\$2,040.00	\$0.00	\$2,040.00	\$0.00	\$2,040.00

Remittance Page

Please Submit Remittance to:

Covington & Burling
1330 Avenue of the Americas
New York, New York 10019

Fed. Id. No. 53-0188411
(212) 841-1000

Wire Instructions

Citibank FSB
1775 Pennsylvania Avenue, N.W.

ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name:	UBS Warburg
Matter Name:	Integrated Health Services
Account No.	700253.00033
Invoice No.	60182219
Invoice Date:	October 16, 2002
Invoice Total:	\$ 5,820.00

PLEASE RETURN THIS PAGE WITH PAYMENT

COVINGTON & BURLING

1330 AVENUE OF THE AMERICAS
NEW YORK, NY 10019
TEL 212.841.1000
FAX 212.841.1010
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NEW YORK
WASHINGTON, DC
LONDON
BRUSSELS
SAN FRANCISCO

INVOICE NUMBER
60157859
ACCOUNT NUMBER
700253.00095

DATE
January 24, 2002

UBS Warburg
299 Park Avenue
New York, NY 10171

Reference: Rotech Medical Corp., a Chapter 11 debtor and subsidiary of Integrated Health Services, Inc.

For professional services rendered through December 31, 2001:

Fees:	\$ 12,151.50
Disbursements:	<u>0.00</u>
Amount Due:	<u><u>\$ 12,151.50</u></u>

OK to pay
5/15/03
Soren Reynertson
1144/6808

1144/6808

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
12/07/01	Telephone conferences with J. Chung, G. Pollner and T. Hughes, review financing documents.	3.00	Charles H. Jeanfreau
12/07/01	Telephone conference with C. Jeanfreau regarding exit financing background materials; review same.	1.50	Tarnisha Graves
12/08/01	Review Genesis precedent.	0.40	Charles H. Jeanfreau
12/09/01	Draft motion to authorize entry into credit facilities; conference with T. Hughes regarding same.	2.50	Charles H. Jeanfreau
12/10/01	Draft motion for approval of financing arrangement; telephone conferences with T. Hughes and A. Alfonso regarding same.	2.40	Charles H. Jeanfreau
12/11/01	Participate in conference call regarding exit financing; review purchase and sale agreement; telephone call with M. Rosenberg and research regarding precedents for motion.	4.00	Charles H. Jeanfreau
12/12/01	Telephone conferences with T. Hughes and M. Clairmont regarding precedents.	1.80	Charles H. Jeanfreau
12/13/01	Telephone conference with C. Jeanfreau regarding background.	1.20	Michael B. Hopkins
12/13/01	Telephone conferences with T. Hughes, M. Hopkins and B. Heller regarding Rotech strategy; research regarding precedent motion.	2.20	Charles H. Jeanfreau
12/14/01	Conference call with UBS Warburg, Kaye Scholer (Rotech), Simpson Thatcher, Dewey Ballentine and C. Jeanfreau regarding exit financing issues; telephone conference with C. Jeanfreau regarding going forward strategy; review draft motion regarding exit financing; telephone conference with C. Jeanfreau regarding same.	1.90	Michael B. Hopkins
12/14/01	Conference call with all parties regarding timing and strategy; review precedent; revise and edit motion for authority.	4.50	Charles H. Jeanfreau
12/17/01	Review DB comments to financing motion; telephone conference with T. Hughes regarding same.	0.30	Charles H. Jeanfreau
12/18/01	Telephone conferences with G. Pollner and T. Hughes.	0.40	Charles H. Jeanfreau
12/19/01	Revise motion to enter into financing.	0.90	Charles H. Jeanfreau
12/19/01	Confer with C. Jeanfreau regarding exit financing motion.	0.40	Brian Harvey
12/20/01	Telephone conference with T. Hughes and B. Harvey regarding review of disclosure statement.	0.20	Michael B. Hopkins
12/20/01	Review exit financing motion; call with T. Hughes regarding exit financing motion; review documents pertaining to exit financing vis-a-vis disclosure statement and plan.	4.10	Brian Harvey
12/21/01	Review plan and disclosure statement; call with Beth Fritz regarding same.	0.80	Brian Harvey
12/27/01	Review/revise exit financing motion; review preferred stock offering memo regarding duties/obligations of deposit agreement.	0.20	Brian Harvey

UBS Warburg
Account No.: 700253.00095
Invoice No.: 60157859

Fees: \$ 12,151.50

Total Due: \$ 12,151.50

UBS Warburg
Account No.: 700253.00095
Invoice No.: 60157859

Open Accounts at Covington & Burling

UBS Warburg
Account No.: 700253.00095
Invoice No.: 60157859

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Michael B. Hopkins	Partner	\$600.00	3.30	\$1,980.00
Charles H. Jeanfreau	Associate	\$360.00	22.40	\$8,064.00
Tarnisha Graves	Associate	\$360.00	1.50	\$540.00
Brian Harvey	Associate	\$285.00	5.50	\$1,567.50
Total			32.70	\$12,151.50

UBS Warburg
Account No.: 700253.00095
Invoice No.: 60157859

Remittance Page

Please Submit Remittance to:

Covington & Burling
1330 Avenue of the Americas
New York, New York 10019

Fed. Id. No. 53-0188411
(212) 841-1000

Wire Instructions

Citibank FSB
1775 Pennsylvania Avenue, N.W.

ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name: UBS Warburg
Matter Name: Rotech Medical Corp., a Chapter 11 debtor and
subsidiary of Integrated Health Services, Inc.

Account No. 700253.00095
Invoice No. 60157859
Invoice Date: January 24, 2002
Invoice Total: \$ 12,151.50

PLEASE RETURN THIS PAGE WITH PAYMENT

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LONDON
BRUSSELS
SAN FRANCISCO

January 24, 2002

Mr. J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10171-0026

Re: *Rotech Medical Corp.*

Dear Soren:

Enclosed please find (a) our statement for legal services rendered through December 31, 2001 in connection with the above-referenced matter; and (b) the description of such services, the responsible attorney and time spent.

Please call me if you have any questions or comments.

Best regards.

Very truly yours,



Michael B. Hopkins

(Enclosures)

COVINGTON & BURLING

1330 AVENUE OF THE AMERICAS
NEW YORK, NY 10019
TEL 212.841.1000
FAX 212.841.1010
WWW.COV.COM

NEW YORK
WASHINGTON, DC
LONDON
BRUSSELS
SAN FRANCISCO

INVOICE NUMBER

60194061

ACCOUNT NUMBER

700253.00033

DATE

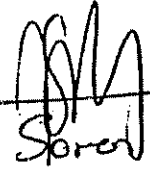
February 21, 2003

J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10017

Reference: Integrated Health Services

For professional services rendered through January 31, 2003:

Fees:	\$ 1,125.00
Disbursements:	<u>127.84</u>
Amount Due:	<u>1,252.84</u>
Previously Outstanding:	<u>22,757.82</u>
Total Due:	<u><u>\$ 24,010.66</u></u>

OK to pay  Soren Reynertson
5/15/03
1144/6808

J. Soren Reynertson
Account No.: 70025300033
Invoice No.: 60194061

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
01/09/03	Telephone call with T. Hughes.	0.10	Charles H. Jeanfreau
01/10/03	Telephone calls with E. Morton and T. Hughes regarding fee application.	0.30	Charles H. Jeanfreau
01/16/03	Review notice of invoice filing; telephone calls with E. Morton and T. Hughes regarding same.	1.00	Charles H. Jeanfreau
01/21/03	Review and revise third interim fee application.	1.10	Charles H. Jeanfreau
01/22/03	Revise third interim fee application.	0.50	Charles H. Jeanfreau

Fees: \$ 1,125.00

Disbursements:

Computer Research	11.90
Local Transportation	80.58
Long Distance Calls	0.36
Word Processing	35.00

Total Disbursements: 127.84

Total Due: \$ 1,252.84

J. Seren Reynertson
Account No.: 700253 00033
Invoice No.: 60194061

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Charles H. Jeanfreau	Associate	\$375.00	3.00	\$1,125.00
Total			3.00	\$1,125.00

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60194061

Open Accounts at Covington & Burling

Date	Invoice No.	Fee	Charges	Total	Credits	Balance
7/10/02	60173419	\$10,440.00	\$0.00	\$10,440.00	\$0.00	\$10,440.00
10/16/02	60182219	\$5,820.00	\$0.00	\$5,820.00	\$0.00	\$5,820.00
11/21/02	60185847	\$1,087.50	\$0.00	\$1,087.50	\$0.00	\$1,087.50
12/17/02	60188050	\$1,800.00	\$0.72	\$1,800.72	\$0.00	\$1,800.72
1/22/03	60191716	\$3,609.00	\$0.60	\$3,609.60	\$0.00	\$3,609.60

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60194061

Remittance Page

Please Submit Remittance to:
Covington & Burling
1330 Avenue of the Americas
New York, New York 10019

Fed. Id. No. 53-0188411
(212) 841-1000

Wire Instructions
Citibank FSB
1775 Pennsylvania Avenue, N.W.

ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name:	UBS Warburg
Matter Name:	Integrated Health Services
Account No.	700253.00033
Invoice No.	60194061
Invoice Date:	February 21, 2003
Invoice Total:	\$ 1,252.84

COVINGTON & BURLING

1330 AVENUE OF THE AMERICAS
NEW YORK, NY 10019
TEL 212.841.1000
FAX 212.841.1010
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NEW YORK
WASHINGTON, DC
LONDON
BRUSSELS
SAN FRANCISCO

May 22, 2003

Mr. J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10171

Re: *Integrated Health Services*

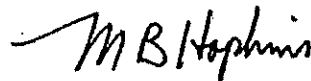
Dear Soren:

Enclosed is (a) our statement for legal services rendered through April 30, 2003 in connection with the above referenced matter and (b) the description of such services, the responsible attorney and time spent.

If you have any questions about the enclosed statement, please call me.

Best regards.

Very truly yours,



Michael B. Hopkins

Enclosures

COVINGTON & BURLING

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INVOICE NUMBER
60300798
ACCOUNT NUMBER
700253.00033
DATE
May 19, 2003

J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10017

Reference: Integrated Health Services
Cost Center: 10047
UBS Lawyer: J. Soren Reynertson

For professional services rendered through April 30, 2003:

Fees:	\$ 262.50
Disbursements:	<u>7.60</u>
Amount Due:	270.10
Previously Outstanding:	<u>11,692.84</u>
Total Due:	<u><u>\$ 11,962.94</u></u>

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60300798

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
04/16/03	Phone call to R. Brady.	0.10	Charles H. Jeanfreau
04/17/03	Telephone calls with E. Morton and client regarding fee application timing.	0.30	Charles H. Jeanfreau
04/23/03	Send sample fee notices to M. Subburatinam.	0.30	Charles H. Jeanfreau

Fees: \$ 262.50

Disbursements:

Computer Research	7.42
Long Distance Calls	0.18

Total Disbursements: 7.60

Total Due: \$ 270.10

J. Sören Reynertson
Account No.: 700253.00033
Invoice No.: 60300798

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Charles H. Jeanfreau	Associate	\$375.00	0.70	\$262.50
Total			0.70	\$262.50

J. Sören Reynertson
Account No.: 700253.00033
Invoice No.: 60300798

Open Accounts at Covington & Burling

Date	Invoice No.	Fee	Charges	Total	Credits	Balance
7/10/02	60173419	\$10,440.00	\$0.00	\$10,440.00	\$0.00	\$10,440.00
2/21/03	60194061	\$1,125.00	\$127.84	\$1,252.84	\$0.00	\$1,252.84

J. Sorèn Réynertson
Account No.: 700253 00033
Invoice No.: 60300798

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ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name:	UBS Warburg
Matter Name:	Integrated Health Services
Account No.	700253.00033
Invoice No.	60300798
Invoice Date:	May 19, 2003
Invoice Total:	\$ 270.10

PLEASE RETURN THIS PAGE WITH PAYMENT

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July 17, 2003

Mr. J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10171

Re: Integrated Health Services

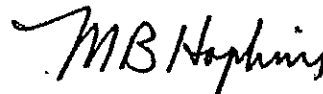
Dear Soren:

Enclosed is (a) our statement for legal services rendered through June 30, 2003 in connection with the above referenced matter and (b) the description of such services, the responsible attorney and time spent.

If you have any questions about the enclosed statement, please call me.

Best regards.

Very truly yours,



Michael B. Hopkins

Enclosures

COVINGTON & BURLING

1330 AVENUE OF THE AMERICAS
NEW YORK, NY 10019
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FAX 212.841.1010
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INVOICE NUMBER
60306885
ACCOUNT NUMBER
700253.00033
DATE
July 17, 2003

J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10017

Reference: Integrated Health Services
Cost Center: 10047
UBS Lawyer: J. Soren Reynertson

For professional services rendered through June 30, 2003:

Fees:	\$ 187.50
Disbursements:	<u>155.25</u>
Amount Due:	342.75
Previously Outstanding:	<u>13,603.63</u>
Total Due:	<u><u>\$ 13,946.38</u></u>

J: Soren Reynertson
Account No.: 700253 00033
Invoice No.: 60306885

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
06/23/03	Telephone calls with M. Subburithanam regarding final fee application.	0.50	Charles H. Jeanfreau

Fees: \$ 187.50

Disbursements:

Word Processing	47.25
Outside Word Processing	108.00

Total Disbursements: 155.25

Total Due: \$ 342.75

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60306885

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Charles H. Jeanfreau	Associate	\$375.00	0.50	\$187.50
Total			0.50	\$187.50

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60306885

Open Accounts at Covington & Burling

Date	Invoice No.	Fee	Charges	Total	Credits	Balance
7/10/02	60173419	\$10,440.00	\$0.00	\$10,440.00	\$0.00	\$10,440.00
5/19/03	60300798	\$262.50	\$7.60	\$270.10	\$0.00	\$270.10
6/24/03	60304983	\$2,887.50	\$6.03	\$2,893.53	\$0.00	\$2,893.53

J. Soren Reynertson
Account No.: 700253 00033
Invoice No.: 60306885

Remittance Page

Please Submit Remittance to:

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New York, New York 10019

Fed. Id. No. 53-0188411
(212) 841-1000

Wire Instructions

Citibank FSB
1775 Pennsylvania Avenue, N.W.

ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name:	UBS Securities
Matter Name:	Integrated Health Services
Account No.	700253.00033
Invoice No.	60306885
Invoice Date:	July 17, 2003
Invoice Total:	\$ 342.75

PLEASE RETURN THIS PAGE WITH PAYMENT

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BRUSSELS
SAN FRANCISCO

June 27, 2003

Mr. J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10171

Re: *Integrated Health Services*

Dear Soren:

Enclosed is (a) our statement for legal services rendered through May 31, 2003 in connection with the above referenced matter and (b) the description of such services, the responsible attorney and time spent.

If you have any questions about the enclosed statement, please call me.

Best regards.

Very truly yours,


Michael B. Hopkins

Enclosures

COVINGTON & BURLING

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NEW YORK, NY 10019
TEL 212.841.1000
FAX 212.841.1010
WWW.COV.COM

NEW YORK
WASHINGTON, DC
LONDON
BRUSSELS
SAN FRANCISCO

INVOICE NUMBER
60304983
ACCOUNT NUMBER
700253.00033
DATE
June 24, 2003

J. Soren Reynertson
UBS Warburg
299 Park Avenue
New York, NY 10017

Reference: Integrated Health Services
Cost Center: 10047
UBS Lawyer: J. Soren Reynertson

For professional services rendered through May 31, 2003:

Fees:	\$ 2,887.50
Disbursements:	<u>6.03</u>
Amount Due:	2,893.53
Previously Outstanding:	<u>10,710.10</u>
Total Due:	<u><u>\$ 13,603.63</u></u>

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60304983

<u>Date</u>	<u>Description</u>	<u>Hours</u>	<u>Timekeeper</u>
05/20/03	Review and edit fee application.	1.70	Charles H. Jeanfreau
05/21/03	Revise and edit fourth interim fee application; telephone calls with M. Subburantinam regarding same.	2.50	Charles H. Jeanfreau
05/22/03	Review, revise and edit fee application; telephone call with M. Subburithanam regarding same.	0.90	Charles H. Jeanfreau
05/27/03	Telephone call with M. Subburathinam regarding fee application; review and edit fee application.	1.20	Charles H. Jeanfreau
05/28/03	Finalize fee applications; coordinate filing with E. Morton.	1.40	Charles H. Jeanfreau

Fees: \$ 2,887.50

Disbursements:

Duplicating	5.85
Long Distance Calls	0.18

Total Disbursements: 6.03

Total Due: \$ 2,893.53

J. Soren Reynertson
Account No.: 700253.00033
Invoice No.: 60304983

Timekeeper Summary

<u>Timekeeper</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Charles H. Jeanfreau	Associate	\$375.00	7.70	\$2,887.50
Total			7.70	\$2,887.50

J. Soren Reynertson
Account No.: 700253 00033
Invoice No.: 60304983

Remittance Page

Please Submit Remittance to:
Covington & Burling
1330 Avenue of the Americas
New York, New York 10019

Fed. Id. No. 53-0188411
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Wire Instructions

Citibank FSB
1775 Pennsylvania Avenue, N.W.

ABA: 2540-7011-6
Account: 3700-1876
Account Name: Covington & Burling
Please include invoice number with remittance

Client Name:	UBS Warburg
Matter Name:	Integrated Health Services
Account No.	700253.00033
Invoice No.	60304983
Invoice Date:	June 24, 2003
Invoice Total:	\$ 2,893.53

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Expenses

Communications		678.31
4/3/03	Mobile phone usage	117 60
4/10/03	Mobile phone usage	31 50
4/10/03	Mobile phone usage	15 75
5/1/03	Mobile phone usage	223 18
5/1/03	Mobile phone usage	70 27
5/1/03	Mobile phone usage	52 50
5/7/03	Mobile phone usage	45 72
5/13/03	Mobile phone usage	30 56
5/13/03	Mobile phone usage	28 95
5/13/03	Mobile phone usage	21 17
6/11/03	Mobile phone usage	18 00
7/10/03	Mobile phone usage	13 24
8/6/03	Mobile phone usage	4 40
8/6/03	Mobile phone usage	5 47

Expenses

Research			587.28
4/8/03	Ahlstrand, Kurt	Bankruptcy document retrieval	29 52
4/28/03	Yuen, Gabriel	Research - Factset	4.30
5/9/03	Hughes, Tim	Bankruptcy document retrieval	6.51
6/5/03	Hughes, Tim	Librarian research	125 00
6/5/03	Hughes, Tim	Librarian research	125 00
6/20/03	Yuen, Gabriel	Librarian research	125 00
7/17/03	Yuen, Gabriel	Librarian research	62 50
7/21/03	Yuen, Gabriel	Document retrieval	30 00
7/21/03	Yuen, Gabriel	Document retrieval	15 00
8/8/03	Yuen, Gabriel	Bankruptcy document retrieval	64 45

Expenses

Presentations and Document Reproductions			1,747.53
4/2/03	Yuen, Gabriel	Internal presentations	130.00
5/16/03	Yuen, Gabriel	Internal document reproductions	38.83
5/16/03	Yuen, Gabriel	Internal document reproductions	4.78
5/16/03	Yuen, Gabriel	Internal document reproductions	1,086.42
5/28/03	Yuen, Gabriel	Internal presentations	260.00
6/5/03	Burki, Sairah	Internal presentations	32.50
6/5/03	Rani, Sudhir	Internal presentations	97.50
6/5/03	Yuen, Gabriel	Internal presentations	65.00
6/5/03	Rani, Sudhir	Internal presentations	32.50

IN THE UNITED STATES BANKRUPTCY COURT

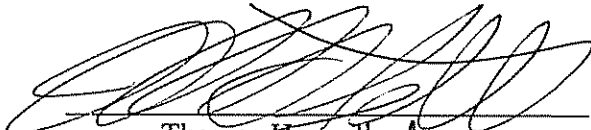
FOR THE DISTRICT OF DELAWARE

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

AFFIDAVIT OF SERVICE

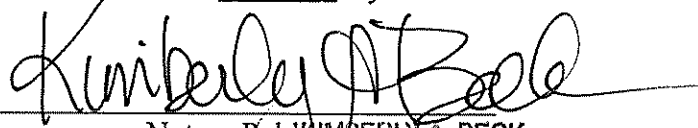
STATE OF DELAWARE)
) SS
NEW CASTLE COUNTY)

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 2nd 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 2nd day of October 2003.



Notary Public KIMBERLY A. BECK
NOTARY PUBLIC
STATE OF DELAWARE
My commission expires Oct. 1, 2006

CORE GROUP SERVICE LIST
Integrated Health Services, Inc.
10/2/2003

Abraham J. Backenroth, Esq.
Backenroth Frankel & Krinsky LLP
489 Fifth Avenue
New York, NY 10017
(Co-counsel for Briarwood)
First Class Mail

Mark D. Collins, Esq.
Richards Layton & Finger
One Rodney Square
P.O. Box 551
Wilmington, DE 19801
(Co-counsel for the DIP Lender)
Hand Delivery

Dale Dube, Esq.
Michael D. DeBaecke, Esq.
Bonnie Glantz Fatell, Esq.
Jason W. Staib, Esq.
Blank Rome Comisky & McCauley, LLP
Chase Manhattan Centre, Suite 800
Wilmington, DE 19801
(Co-counsel for Replacement DIP Lender;)
(Blount Memorial Hospital; Sungard Data Systems)
Hand Delivery

IHS Liquidating LLC
c/o Eureka Capital
Attn: Matthew Marcos
21 East 40th Street, Suite 1300
New York, NY 10016
(Liquidating Agent)
First Class Mail

Donald A. Beskrone, Esq.
Staff Attorney
Office of the United States Trustee
844 N. King Street, Room 2311
Wilmington, DE 19801
U.S. Trustee
Hand Delivery

Charlene Davis, Esq.
Elio Battista, Esq.
Neil B. Glassman, Esq.
The Bayard Firm
222 Delaware Avenue, Suite 900
P.O. Box 25130
Wilmington, DE 19899
(Counsel for LTC Healthcare Properties, Inc., et al)
(;Premiere Committee of Unsecured Creditors)
Hand Delivery

Stuart Hirshfield, Esq.
Dewey Ballantine LLP
1300 Avenue of the Americas
New York, NY 10019
(Co-counsel for Replacement DIP Lender)
First Class Mail

Stephen Karotkin, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153-8007
(Counsel for the Prepetition Lenders)
First Class Mail

Richard Mason, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52 Street
New York, NY 10019
(Counsel for Certain Noteholders)
First Class Mail

Frederick B. Rosner, Esq.
Jaspan Schlesinger Hoffman LLP
1201 North Orange Street, Suite 1001
Wilmington, DE 19801
(Co-counsel for Briarwood)
Hand Delivery

Lee Stremba, Esq.
Charles P. Greenman, Esq.
Jenkins & Gilchrist Parker Chapin LLP
405 Lexington Avenue, 7th Floor
New York, NY 10174
(Co-counsel for the Debtors)
First Class Mail

Joanne B. Wills, Esq.
Steven K. Kortanek, Esq.
Stephanie Fox, Esq.
Klehr Harrison Harvey Branzburg & Ellers LLP
919 Market Street, Suite 1000
Wilmington, DE 19801
(Co-counsel for the Unsecured Creditors' Committee)
Hand Delivery

Marc D. Rosenberg, Esq.
Michael J. Cramers, Esq.
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022
(Co-counsel for the Debtors)
First Class Mail

William M. Silverman, Esq.
Jenette Barrow-Bosshart, Esq.
Otterbourg Steindler Houston & Rosen, P.C.
230 Park Avenue
New York, NY 10169
Co-counsel for the Unsecured Creditors' Committee
First Class Mail

Gene B. Tarr, Esq.
Blanco Tackaberry Combs & Matamoros, P.A.
110 South Stratford Road
5th Floor
Winston-Salem, NC 271143
(Co-counsel for the Unsecured Creditors' Committee)
(of the Premiere Associates' Debtors)
First Class Mail