

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
FOCAL COMMUNICATIONS)
CORPORATION, *et al.*,¹) Case No. 02-13709 (KJC)
) (Jointly Administered)
Debtors.)

Objection Deadline: August 18, 2003 at 4:00 p.m. (E.T.)
Hearing Date: August 21, 2003 at 3:30 p.m. (E.T.)

**SUMMARY OF FINAL FEE APPLICATION OF DELOITTE & TOUCHE LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS RESTRUCTURING COMPENSATION CONSULTANT TO THE
DEBTORS**

Name of Applicant: Deloitte & Touche LLP (“D&T”).

Authorized to Provide Professional Services to: The Debtors and Debtors in
Possession.

Date of Retention: effective as of January 7, 2003².

¹ The Debtors are the following entities: Focal Communications Corporation, Focal Communications Corporation of California, Focal Communications Corporation of Colorado, Focal Communications Corporation of Connecticut, Focal Communications Corporation of Florida, Focal Communications Corporation of Georgia, Focal Communications Corporation of Illinois, Focal Communications Corporation of Massachusetts, Focal Communications Corporation of Michigan, Focal Communications Corporation of the Mid-Atlantic, Focal Communications Corporation of Minnesota, Focal Communications Corporation of Missouri, Focal Communications Corporation of New England, Focal Communications Corporation of New Jersey, Focal Communications Corporation of New York, Focal Communications Corporation of Ohio, Focal Communications Corporation of Pennsylvania, Focal Communications Corporation of Texas, Focal Communications Corporation of Virginia, Focal Communications Corporation of Washington, Focal Communications Corporation of Wisconsin, Focal Financial Services, Inc., Focal International Corp., Focal Telecommunications Corporation, Focal Equipment Finance, LLC and Focal Fiber Leasing, LLC

² D&T has been retained as one of the Debtors “ordinary course professionals”. The Affidavit of Michael S. Kesner in Support of the Retention of Deloitte & Touche LLP as Restructuring Compensation Program Services Providers for the Debtors, (the “Kesner Affidavit”), filed with the Notice of Filing of Amended Exhibit to Motion for Order Authorizing the Debtors to Employ and Compensate Certain Professionals in the Ordinary Course of Business [Docket No. 219], filed by the Debtors on February 4, 2003, sought that the effective date of D&T’s retention be January 7, 2003. There were no objections filed to the Kesner Affidavit. Accordingly, pursuant to the Order Authorizing the Debtors to Employ and Compensate Certain Professionals Utilized in the Ordinary Course of Debtors’ Business [Docket No. 132], (the “OCP Order”) entered by the Court on January 23, 2003, D&T’s retention became effective as of January 7, 2003, on the 11th day after the Kesner Affidavit was served on parties in interest without objection.

Period for which Compensation and Reimbursement is Sought: February 1, 2003

through February 28, 2003.

Amount of Compensation Sought as Actual, Reasonable and Necessary:

\$36,000.00³.

Amount of Expense Reimbursement Sought as Actual, Reasonable, and

Necessary: \$1,939.00.

This is a: monthly interim final application.

³ Pursuant to the OCP Order, D&T has received an interim payment in the amount of \$10,000 from the Debtors in connection with the amounts sought by this Application. By this Application, D&T seeks final approval of all of D&T's fees and expenses and authority to pay all such amounts minus any payment previously made by the Debtors to D&T in connection with the February 2003 fees.

Prior Applications Filed:

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
07/02/03	2/1/03 - 2/28/03	\$36,000.00	\$ 1,939.00	\$36,000.00	\$ 1,939.00

\$37,939.00 is the full amount authorized by the Court less amounts previously paid to Deloitte for such fees and expenses.

Name of Professional Individual	Position, year assumed, prior relevant experience, year of obtaining relevant license to practice, area of expertise	Hourly Billing Rate (Including Changes)	Total Hours Billed	Total Compensation
Michael Kesner	Partner 2001; Joined Firm 2001; Over 26 years of executive compensation consulting experience.	\$565.00	17.5	\$9,888.00
Robert F. Schuldt II	Senior Manager 2001; Joined Firm 2001; Over 12 years of consulting experience, approximately 5 years dedicated to executive compensation.	\$400.00	43.5	\$17,400.00
Allison Prybylo	Senior Consultant 2001; Joined Firm 2001; Approximately 3 years of executive compensation consulting experience.	\$200.00	41.0	\$8,200.00
Matt Lockridge	Staff Consultant 2001; Joined Firm 2001; Approximately 2 years of executive compensation consulting experience.	\$150.00	5.5	\$825.00

Grand Total \$36,000.00
Blended Rate \$ 328.75

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees Requested
Restructuring Compensation Consulting	107.50	\$36,000.00
Total	107.50	\$36,000.00

EXPENSE SUMMARY

Expense Category	Total Expenses
Air Fare	\$ 1,207.00
Phone Charges	\$ 55.00
Administration (i.e., secretary)	\$ 118.00
Parking	\$ 10.00
Working Meals	\$ 107.00
Lodging	\$ 316.00
Taxi/Transportation	\$ 126.00
Total	\$ 1,939.00

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COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS RESTRUCTURING COMPENSATION CONSULTANT TO THE
DEBTORS**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the OCP Order, Deloitte & Touche LLP (“D&T”) hereby submits its Final Fee Application of Deloitte & Touche LLP for Allowance and Compensation for Services Rendered and Reimbursement of Expenses as restructuring compensation consultant to the Debtors for the Period from February 1, 2003 through February 28, 2003 (the “Application”). By this Application, D&T seeks a final allowance of compensation in the amount of \$36,000.00 and reimbursement of actual and necessary expenses in the amount of \$1,939.00 for a total of

¹ The Debtors are the following entities: Focal Communications Corporation, Focal Communications Corporation of California, Focal Communications Corporation of Colorado, Focal Communications Corporation of Connecticut, Focal Communications Corporation of Florida, Focal Communications Corporation of Georgia, Focal Communications Corporation of Illinois, Focal Communications Corporation of Massachusetts, Focal Communications Corporation of Michigan, Focal Communications Corporation of the Mid-Atlantic, Focal Communications Corporation of Minnesota, Focal Communications Corporation of Missouri, Focal Communications Corporation of New England, Focal Communications Corporation of New Jersey, Focal Communications Corporation of New York, Focal Communications Corporation of Ohio, Focal Communications Corporation of Pennsylvania, Focal Communications Corporation of Texas, Focal Communications Corporation of Virginia, Focal Communications Corporation of Washington, Focal Communications Corporation of Wisconsin, Focal Financial Services, Inc., Focal International Corp., Focal Telecommunications Corporation, Focal Equipment Finance, LLC and Focal Fiber Leasing, LLC

\$37,939.00 for the period February 1, 2003 through February 28, 2003 (the “Fee Period”) less amounts previously paid to Deloitte by the Debtors for such fees and expenses. In support of this Application, D&T respectfully represents as follows:

Background

1. On December 19, 2002 (the “Petition Date”), the Debtors filed separate voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
2. Since the Petition Date, the Debtors have been operating their businesses and managing their properties as debtors in possession pursuant to Sections 1107 (a) and 1108 of the Bankruptcy Code.
3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
4. On December 20, 2002, the Court entered its order that Debtors’ chapter 11 cases be consolidated for procedural purposes only and administered jointly.
5. D&T has been retained as one of the Debtors “ordinary course professionals”. The Affidavit of Michael S. Kesner in Support of the Retention of Deloitte & Touche LLP as Restructuring Compensation Program Services Providers for the Debtors, (the “Kesner Affidavit”), filed with the Notice of Filing of Amended Exhibit to Motion for Order Authorizing the Debtors to Employ and Compensate Certain Professionals in the Ordinary Course of Business [Docket No. 219], filed by the Debtors on February 4, 2003, sought that the effective date of D&T’s retention be January 7, 2003. There were no objections filed to the Kesner

Affidavit. Accordingly, pursuant to the Order Authorizing the Debtors to Employ and Compensate Certain Professionals Utilized in the Ordinary Course of Debtors' Business [Docket No. 132], (the "OCP Order") entered by the Court on January 23, 2003, D&T's retention became effective as of January 7, 2003, on the 11th day after the Kesner Affidavit was served on parties in interest without objection. Pursuant to the OCP Order, D&T has received an interim payment from the Debtors in connection with the amounts sought by this Application in the amount of \$10,000.00. By this Application, D&T seeks final approval of all of D&T's fees and expenses and authority to pay all such amounts minus \$10,000.00 payment previously made by the Debtors to D&T in connection with the February 2003 fees.

Compensation Paid and Its Source

6. All services for which D&T requests compensation were performed for or on behalf of the Debtors.

7. In accordance with the OCP Order, D&T requested and was paid \$10,000 of the \$37,939.00. By this Application, D&T seeks final approval of its fees and expenses during Fee Period in the amount of \$37,039.00 and payment of any amount not previously paid by the Debtors to D&T.

Fee Application Covered Herein

8. Prior to filing of this Application, D&T filed an interim fee application covering the period February 1, 2003 through February 28, 2003 (the "Interim Fee Application"). Attached hereto as **Exhibit A** is a copy of the interim fee application filed by D&T in the Debtors' cases.

9. The Interim Fee Application covered by this Application contained detailed daily time logs describing the actual and necessary services provided by D&T during the Fee Period as well as other detailed information required to be included in fee applications. The Interim Fee Application was approved by the Court on July 23, 2003.

Requested Relief

10. By this Application, D&T requests that the Court approve the final allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by D&T during the Fee Period. As stated above, the full scope of the services provided and the related expenses incurred are fully described in the Interim Fee Application attached hereto as Exhibits A.

11. At all relevant times, D&T has been a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interests of the estate.

12. All Services for which D&T requests compensation were performed for or on behalf of the Debtors.

13. Except for the amounts paid to D&T pursuant to the Order Authorizing the Debtors to Employ and Compensate Certain Professionals Utilized in the Ordinary Course of Debtors' Business [Docket No. 132], (the "OCP Order") entered by the Court on January 23, 2003, whereby D&T has received an interim payment from the Debtors in connection with the amounts sought by this Application in the amount of \$10,000.00, D&T has received no payment and no promises for payment from any source for services rendered or to be rendered in any

capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between D&T and any other person other than the shareholders of D&T for the sharing of compensation to be received for services rendered in these cases. D&T received no retainer for the services rendered in these cases.

14. The professional services and related expenses for which D&T requests final allowance of compensation and reimbursement of expenses were rendered and incurred in connection with these cases in the discharge of D&T's professional responsibilities as restructuring compensation consultants for the Debtors in these chapter 11 cases. D&T's services have been necessary and beneficial to Debtors' estates, creditors, and other parties in interest.

15. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, it is respectfully submitted that the amount requested by D&T is fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title. Moreover, D&T has reviewed the requirements of Del. Bankr. LR 2016-2 and believes that this Application complies with that Rule.

WHEREFORE, D&T's respectfully requests that the Court enter an order, substantially in the form attached hereto, providing that, for the period of February 1, 2003 through February 28, 2003, final allowance be made to D&T in the sum of \$36,000.00 as compensation for reasonable and necessary professional services rendered to Debtors and reimbursement of actual and necessary expenses in the amount of \$1,939.00 for a total of \$37,939.00 less amounts previously paid to D&T for such fees and expenses; that Debtors be authorized and directed to pay to D&T the outstanding amount of such sums; and for such other and further relief as this Court deems proper.

Dated: July 30, 2003

Deloitte & Touche LLP



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