

# **Exhibit B**

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

In re: )  
 ) Chapter 11  
**Focal Communications Corp., et al.,** )  
 ) **Case Nos. 02-13709 (KJC)**  
 )  
Debtors. ) **(Jointly Administered)**

**FIRST APPLICATION OF ERNST & YOUNG LLP FOR INTERIM  
2002 AUDIT AND TAX COMPENSATION AND REIMBURSEMENT OF  
EXPENSES**

Name of applicant: Ernst & Young LLP

Authorized to Provide  
Professional Services to: Focal Communications Corp., et al.

Date of Retention: 12/19/02 (Order Entered : 02/26/03)

Period for which compensation  
and reimbursement is sought: December 19, 2002 through Dec. 31, 2002

Amount of Compensation requested: \$14,353.00

80% of fees to be paid: \$11,482.40<sup>1</sup>

Amount of Expense Reimbursement  
requested: \$208

This is a(n): 1st monthly      interim          final application

<sup>1</sup> Pursuant to the Administrative Order Establishing Procedures for Allowance and Payment of Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members dated December 18, 2002, absent objection, Debtors are authorized and directed to pay 80% of allowable fees and 100% of allowable expenses.

**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Summary of 2002 Audit Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>BILL RATE</u>	<u>FEES</u>
Staff 2	Estep,James R Total	1.0	149	149
Staff 2	Farley,Meghan L. Total	8.5	149	1,267
Senior	ISACSenior,002 1629883 Total	0.7	215	151
Partner	Kelly,Michael S Total	2.0	575	1,150
Staff 1	Krafft,Jessica L Total	4.0	124	496
Senior 1&2	Smith,Christina M. Total	1.0	215	215
Manager	Venisnik,Bradley J. Total	<u>11.0</u>	345	<u>3,795</u>
	<b>Grand Total</b>	<b><u>28.2</u></b>		<b><u>7,222</u></b>
			<b>Blended Bill Rate</b>	<b>256</b>

**Focal Communications Corporation  
Ernst & Young LLP  
Summary of 2002 Tax Fees by Professional  
For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>BILL RATE</u>	<u>FEES</u>
Senior Manager	Brady,Michelle L. Total	3.3	585	1,931
Principal	Williams,Michael K	8.0	650	5,200
	Grand Total	<u>11.3</u>		<u>7,131</u>

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

In re:	)	
	)	Chapter 11
<b>Focal Communications Corp., et al.,</b>	)	
	)	<b>Case Nos. 02-13709 (KJC)</b>
	)	
Debtors.	)	(Jointly Administered)

**FIRST APPLICATION OF ERNST & YOUNG LLP FOR INTERIM 2002 AUDIT AND  
TAX COMPENSATION AND REIMBURSEMENT OF EXPENSES**

This application (“Application”) of the accountants for Focal Communications Corporation, et al., (the “Company”), is made by the professional service firm of Ernst & Young LLP (the “Applicant”). In support hereof, the Applicant respectfully represents as follows:

**I. RETENTION OF APPLICANT, DISCLOSURE OF COMPENSATION AND  
REQUESTED AWARD**

The Company commenced this case on December 17, 2002 (the “Petition Date”) by filing petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). By Order dated February 26, 2003 (the “Retention Order”), the Court authorized the Company to retain the Applicant nunc pro tunc as of December 19, 2002, as its accountants in this case. The Retention Order conditioned the Applicant’s compensation on approval by this Court.

Accordingly, the Applicant submits the Application pursuant to sections 328, 330, 331, and 503(b) of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure (“the Bankruptcy Rules”) and in accordance with the U.S. Department of Justice, Executive Office for United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. §330 (“the Guidelines”).

The Audit services provided by the Applicant were performed by the Audit division of Ernst & Young LLP’s, pursuant to the engagement letter dated December 19, 2002, approved by the court. The engagement letter provides for Audit services compensation at an hourly rate structure as follows:

Partner and Principals	\$475 - \$575
Senior Manager	\$350 - \$397
Manager	\$305 - \$345
Senior	\$154 - \$220
Staff	\$110 - \$152

The Tax services provided by the Applicant were performed by the Tax division of Ernst & Young LLP’s, pursuant to the engagement letter dated December 19, 2002, approved by the court. The engagement letter provides for Tax services compensation at an hourly rate structure as follows:

Partner and Principals	\$550 - \$650
Senior Manager	\$475 - \$585
Manager	\$350 - \$475
Senior	\$215 - \$340
Staff	\$150 - \$190

The engagement letter provides that such billing rate would be adjusted annually effective July 1<sup>st</sup>.

Ernst & Young LLP received a prepetition retainer in the amount of \$350,000, and approximately \$25,000 of such retainer was utilized prior to the Petition Date. Ernst & Young LLP continues to hold approximately \$325,000 of such retainer toward postpetition services, and intends to seek to apply such retainer in its final fee application in these cases.

The Interim Fee Order (the "Interim Fee Order") provides that the Applicant may request 80% of its professional's fees with a 20% holdback and 100% of its reimbursable expenses on or before the 25<sup>th</sup> day of each succeeding month. All objections must be submitted within 20 days according to the requirements in the Interim Fee Order. If there are none, the Debtors may immediately pay such fees and expenses. If an objection is received, Applicant must follow the instructions in the Interim Fee Order and is only entitled to payment of the portion of the fees and expenses that are not subject of the objection. Any objection shall attach to the 20% holdback unless the Court directs otherwise.


WHEREFORE the Applicant respectfully requests the payment of 80% of the total reimbursable fees for the period of December 19, 2002 through December 31, 2002 of \$14,353.00, or \$11,482.40 and \$208.00 for reimbursement for actual and necessary expenses incurred during the course of the Applicants provision of accounting services to the Company during the Application Period; authorizing and directing the Company to pay the Applicant the sum of \$11,690.40. Ernst & Young LLP will request the holdback portion of its fees, which is \$2,870.60 in a subsequent motion.

Dated: March 18, 2003

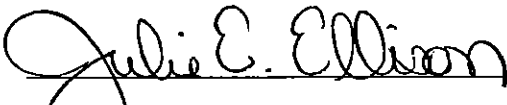
I HEREBY CERTIFY that the foregoing is true and Correct

Ernst & Young LLP  
Accountants for  
Focal Communications Corp., et al.,  
233 South Wacker Drive  
17<sup>th</sup> Floor Sears Tower  
Chicago, Illinois 60606  
Telephone: (312) 879-6912

BY:

  
Michael S. Kelly  
Partner

Subscribed and sworn before me  
This 18<sup>th</sup> day of March 2003.

  
Notary Public







CERTIFICATION IN COMPLIANCE WITH  
GUIDELINES FOR FEES AND DISBURSEMENTS FOR  
PROFESSIONALS IN DISTRICT OF DELAWARE  
BANKRUPTCY CASES

Michael S. Kelly certifies that:

- 1) I am a partner in Ernst & Young LLP ("Applicant" or "Ernst & Young"), accountants to Focal Communication Corporation., et al. (the "Debtors"). This certification is made pursuant to the United States Trustee's Guidelines for Reviewing applications for Compensation and Reimbursement of Expenses filed Under 11 U.S.C. §330 (the "Guidelines") in support of Ernst & Young's first Audit and Tax Interim Fee Application for the period December 19, 2002 through December 31, 2002 (the "Application"). I am Applicant's Certifying Professional as defined in the guidelines. I have read the Application and certify that, to the best of my knowledge, information and belief formed after reasonable inquiry, except as specifically indicated to the contrary, (a) the Application complies with the Guidelines; (b) the fees and disbursements sought by Applicant fall within the Guidelines; and (c) the fees and disbursements sought by applicant, except to the extent prohibited by the Guidelines, are billed at rates and in accordance with practices customarily employed by applicant and generally accepted by Applicant's clients.
- 2) I have reviewed the requirements of Order No. 32 (the "Order") of the Local Rules for the United States Bankruptcy Court for the District of Delaware. To the best of my knowledge, the Focal Communication Corporation, Fee Application complies with the requirements of the Order.

  
Michael S. Kelly

SWORN TO AND SUBSCRIBED  
before me this 8<sup>th</sup> day of March 2003

  
Notary Public



**Exhibit One**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Summary of 2002 Audit Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>BILL RATE</u>	<u>FEES</u>
Staff 2	Estep,James R Total	1.0	149	149
Staff 2	Farley,Meghan L. Total	8.5	149	1,267
Senior	ISACSenior,002 1629883 Total	0.7	215	151
Partner	Kelly,Michael S Total	2.0	575	1,150
Staff 1	Krafft,Jessica L Total	4.0	124	496
Senior 1&2	Smith,Christina M. Total	1.0	215	215
Manager	Venisnik,Bradley J. Total	11.0	345	3,795
	<b>Grand Total</b>	<b>28.2</b>		<b>7,222</b>
			<b>Blended Bill Rate</b>	<b>256</b>

**Exhibit Two**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Summary of 2002 Tax Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>BILL RATE</u>	<u>FEES</u>
Senior Manager	Brady,Michelle L. Total	3.3	585	1,931
Principal	Williams,Michael K	8.0	650	5,200
	Grand Total	<u>11.3</u>		<u>7,131</u>

**Exhibit Three**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Detail of 2002 Audit Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>DATE</u>	<u>HOURS</u>	<u>DESCRIPTIONS</u>	<u>BILL</u>	<u>RATE FEES</u>
Staff 2	Estep,James R	23-Dec-02	1.0	Preparation of AR Confirmations	149	149
Staff 2	Estep,James R Total		1.0		149	149
				Telephone call to Jay Marhoffer and to Brett Scorza (CIO) to pay timing and details of the audit. Preparation of draft email regarding the procedures we will be performing		
Staff 2	Farley,Meghan L.	12-Dec-02	0.5		149	75
				Preparation for meeting. Some preliminary work putting together of binder, client contact information and other documentations		
Staff 2	Farley,Meghan L.	19-Dec-02	1.0		149	149
				Several different meetings at Focal with key contacts to identify IT controls and procedures		
Staff 2	Farley,Meghan L.	19-Dec-02	3.5		149	522
				Documented meetings on ITCE, Technology Summary and Password Matrix		
Staff 2	Farley,Meghan L.	19-Dec-02	3.0		149	447
				Preparation of Draft email of missing items to be followed up on by client		
Staff 2	Farley,Meghan L.	19-Dec-02	0.5		149	75
Staff 2	Farley,Meghan L. Total		8.5		149	1,267
				This is a group in Cleveland that analyzes accounts payable, accounts receivable, and general ledger computer data to determine sample sizes, verify clerical accuracy, and identify statistical abnormalities related to that information. This is an integral part of our testing procedures.		
Senior	ISACSenior,002 1629883	30-Dec-02	0.7		215	151
Senior	ISACSenior,002 1629883 Total		0.7		215	151
				Conference with J. Sinder regarding bankruptcy filing and accounting matters related to the filing.		
Partner	Kelly,Michael S	19-Dec-02	1.0		575	575
				Meeting with accounting staff and controller regarding E&Y timing and audit requirements		
Partner	Kelly,Michael S	20-Dec-02	1.0		575	575
Partner	Kelly,Michael S Total		2.0		575	1,150
				Preparation for and attendance of a meeting with Focal		
Staff 1	Krafft,Jessica L	29-Dec-02	4.0		124	496
Staff 1	Krafft,Jessica L Total		4.0		124	496

**Exhibit Three**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Detail of 2002 Audit Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>DATE</u>	<u>HOURS</u>	<u>DESCRIPTIONS</u>	<u>BILL</u>	
					<u>RATE</u>	<u>FEES</u>
Senior 1&2	Smith,Christina M.	19-Dec-02	1.0	Preparation of AR Confirmations	215	215
Senior 1&2	Smith,Christina M. Total		1.0		215	215
Manager	Venisnik,Bradley J.	11-Dec-02	2.0	Meeting with Matt Howley to discuss my involvement and researching Focal	345	690
Manager	Venisnik,Bradley J.	12-Dec-02	5.0	Reviewing detailed equipment inventories provided by Focal	345	1,725
Manager	Venisnik,Bradley J.	19-Dec-02	4.0	Meeting with Glen Custar discussing his intended use of the valuation and touring the on site switch rooms.	345	1,380
Manager	Venisnik,Bradley J. Total		<u>11.0</u>		345	<u>3,795</u>
Manager	Grand Total		<u>28.2</u>			<u>7,222</u>

**Exhibit Four**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Detail of 2002 Tax Fees by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>DATE</u>	<u>HOURS</u>	<u>DESCRIPTIONS</u>	<u>BILL</u> <u>RATE</u>	<u>FEES</u>
Senior Manager	Brady,Michelle L.	20-Dec-02	0.2	Conversation with Mia Barnes regarding conference call.	585	117
Senior Manager	Brady,Michelle L.	20-Dec-02	0.4	Telephone conversation with Mike Williams and review of tax disclosure statement.	585	234
Senior Manager	Brady,Michelle L.	20-Dec-02	0.5	Telephone call with Mia Barnes and Mary Tennant regarding next steps.	585	293
Senior Manager	Brady,Michelle L.	20-Dec-02	1.0	Telephone call with Greg Gallagher regarding issues on disclosure letter and inquired about the timing.	585	585
Senior Manager	Brady,Michelle L.	20-Dec-02	1.2	Analysis and review of the tax disclosure statement.	585	702
Senior Manager	Brady,Michelle L. Total		3.3		585	1,931
Principal	Williams,Michael K	20-Dec-02	1.0	Restructuring - conference call with Mary Tennant and Mia Barnes with Michelle Brady - preparation and coordination with Michelle prior to the call.	650	650
Principal	Williams,Michael K	20-Dec-02	1.0	Conference call with K&E corporate attorney regarding questions regarding reorganization plan and discussion with K&E tax attorney with Michelle Brady - update Dave Freeman and Mike Kelly - follow-up matters related to call.	650	650
Principal	Williams,Michael K	20-Dec-02	2.0	Preparation and coordination with Michelle Brady for and conference call with Kirkland and Ellis tax attorney regarding reorganization plan comments.	650	1,300
Principal	Williams,Michael K	20-Dec-02	2.0	Review and analysis of draft disclosure statement.	650	1,300
Principal	Williams,Michael K	20-Dec-02	2.0	Review and analysis of draft reorganization plan.	650	1,300
Principal	Williams,Michael K		8.0		650	5,200
Principal	Williams,Michael K		11.3	Grand Total		7,131

**Exhibit Five**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Summary of 2002 Audit Expenses by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>PROFESSIONAL</u>	<u>AIR FARE</u>	<u>LODGING</u>	<u>MEALS</u>	<u>TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL</u>
Estep, James R					208	208
Total	0	0	0	0	208	208

**Exhibit Six**  
**Focal Communications Corporation**  
**Ernst & Young LLP**  
**Detail of 2002 Audit Expenses by Professional**  
**For the Period December 19, 2002 through December 31, 2002**

<u>EXPENSE</u> <u>TYPE</u>	<u>PROFESSIONAL RANK</u>	<u>PROFESSIONAL</u>	<u>DATE</u>	<u>EXPENSE</u> <u>AMOUNT</u>	<u>DESCRIPTIONS</u>
					Misc: Kinko's - folding and stuffing
Other	Staff 2	Estep, James R	23-Dec-02	208	A/R confirmations
<b>Other Total</b>				<u>208</u>	
		<b>Estep, James R Total</b>		<u>208</u>	
<b>Grand</b>				<u>208</u>	