Docket #: 1038

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

)

Chapter 11

FOCAL COMMUNICATIONS CORPORATION, et al.,) 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.)
VALUATION RESEARCH CORI FOR SERVICES RENDERED AND	FEE APPLICATION OF PORATION FOR COMPENSATION REIMBURSEMENT OF EXPENSES LTANT TO THE DEBTORS
Name of Applicant: Valuation Research Corp	ooration ("VRC")
Authorized to Provide Professional Services to	The Debtors and Debtors in Possession.
Date of Retention: January 17, 2003.	
Period for which Compensation and Reimburse	ement is Sought: January 23, 2003 through June
24, 2003.	
Amount of Compensation Sought as Actual, Re	easonable and Necessary: \$92,650.00 ² .
Amount of Expense Reimbursement Sought as	Actual, Reasonable, and Necessary: \$4,638.70.
This is a: ☐ monthly ☐ interim	☑ final application.

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In re:

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 Missouri, Focal Communications Corporation of New Jersey, 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

²Pursuant to the OCP Order, VRC has received interim payments in the amount of \$47,000 from the Debtors in connection with the amounts sought by this Application. By this Application, VRC seeks final approval of all of VRC's fees and expenses and authority to pay all such amounts minus any payment previously made by the Debtors to VRC in connection with the January-March 2003 fees.

Prior Applications Filed:

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Filed	Compice	Fogs	Exgenses	Fage	Exagnses
3/27/03	1/23/03- 3/14/03	\$44,000.00 (80% of \$55,000)	\$ 3,000.00	\$55,000.00	\$ 3,000.00
6/23/03	1/23/03- 3/14/03	\$11,000.00			
6/20/03	4/10/03- 5/19/03	\$30,925.00	\$609.00	\$30,925.00	\$609.00

\$89,534.00 is the full amount authorized by the Court less amounts previously

paid to VRC for such fees and expenses.

Name of Professional Individual	Position	Hourly Billing Rate	Total Hours Billed	Total Compensation
Ardizzone, M.	Appraiser of Machinery & Equipment	\$210.00	32.00	\$6,720.00
Goldberg, S.	Vice President and Senior Appraiser of Real Estate	\$200.00	16.00	3,200.00
Gruenemeier, J.	Senior Vice President and Professional Services Director of Machinery & Equipment	\$325.00	4.00	1,300.00
Hartford, G.	Vice President and Senior Appraiser of Machinery & Equipment	\$250.00	226.00	56,500.00
Kelly, N.	Senior Vice President and Senior Supervising Appraiser of Financial Valuation (Chairman of the Board)	\$325.00	29.00	9,425.00
Mickle, J.	Senior Vice President and Professional Services Manager of Machinery & Equipment	\$325.00	4.00	1,300.00
Ponnock, K.	Vice President and Senior Appraiser of Real Estate	\$200.00	4.00	800.00
Unger, D.	Senior Machinery & Equipment Appraiser	\$210.00	40.00	8,400.00

Grand Total \$87,645.00

Agreed-upon contracts: \$85,925.00

VRC has not previously filed an application for additional services rendered in connection with the original engagement letter of January 21, 2003. Professional services in connection with litigation, consultation, conferences and attendance at the confirmation hearing in Delaware resulted in fees of \$6,725.00 (and expenses of \$1,029.70), which are herein requested.

iDale IBiled	Period Covered	રિલ્લાલ્સનો જિલ્લ	Requested Especies	Approved	Approxed
7/31/03	5/20/03- 6/24/03	\$6,725.00	\$1,029.70		

LITIGATION SUPPORT in connection with Asset Impairment				
Name of Professional Individual	Position	Hourly Billing Rate	Total Hours Billed	Total Compensation
Hartford, G.	Vice President and Senior Appraiser of Machinery & Equipment	\$250.00	23.0	\$5,750.00
Kelly, N.	Senior Vice President and Senior Supervising Appraiser of Financial Valuation (Chairman of the Board)	\$325.00	2.0	\$650.00
Mickle, J.	Senior Vice President and Professional Services Manager of Machinery & Equipment	\$325.00	1.0	\$325.00

Grand Total \$6,725.00

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees Requested
Valuation consulting services	1,970	\$92,650.00
Total	1,970	\$92,650.00

EXPENSE SUMMARY

Expense Category	Total Expenses		
Airfare	\$1,041.00		
Auto mileage	177.84		
Auto rental	140.54		
Co-star comparable data	313.76		
Postage and shipping	324.08		
Hotel	472.37		
Taxi/tolls/parking/transportation	458.65		
Phone Charges	221.54		
Working Meals	331.00		
Administration	918.93		
Misc. Other	238.99		
	\$4,638.70		

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Cl	napter 11
FOCAL COMMUNICATIONS CORPORATION, et al., ¹	•	ase No. 02-13709 (KJC) pintly 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.)

FINAL FEE APPLICATION OF VALUATION RESEARCH CORPORATION FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS VALUATION 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, Valuation Research Corporation ("VRC") hereby submits its Final Fee Application of Valuation Research Corporation for Allowance and Compensation for Services Rendered and Reimbursement of Expenses as valuation consultant to the Debtors for the Period from January 23, 2003 through June 24, 2003 (the "Application"). By this Application, VRC seeks a final allowance of compensation in the amount of \$92,650.00 and reimbursement of actual and necessary expenses in the amount of \$4,638.70 for a total of

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 Missouri, Focal Communications Corporation of New Jersey, 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

\$97,288.70 for the period January 23, 2003 through June 24, 2003 (the "Fee Period") less amounts previously paid to VRC by the Debtors for such fees and expenses. In support of this Application, VRC 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. The application for retention of VRC as valuation consultants to the Debtors has been filed with, and approved by, the Court (the "Employment Application"), effective January 17, 2003.
- 6. On January 23, 2003, the Court entered 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"). Pursuant to the OCP Order, VRC has received an interim payment from the Debtors in connection with the amounts sought by this Application

in the amount of \$47,000.00. By this Application, VRC seeks final approval of all of VRC's fees and expenses and authority to pay all such amounts minus \$47,000.00 payment previously made by the Debtors to VRC in connection with the January-March 2003 fees.

Compensation Paid and Its Source

- 7. All services for which VRC requests compensation were performed for or on behalf of the Debtors.
- 8. In accordance with the OCP Order, VRC requested and was paid \$47,000 of the \$97,288.70. By this Application, VRC seeks final approval of its fees and expenses during Fee Period in the amount of \$97,288.70 and payment of any amount not previously paid by the Debtors to VRC.
- 9. An application has not yet been submitted for fees and expenses associated with the original engagement and detailed on the attached Exhibits. Such services include litigation support, client conferences and required attendance at the confirmation hearing. VRC hereby seeks compensation of \$6,725 in fee (Exhibit A) and reimbursement of \$1,029.70 in expenses (Exhibit B). These amounts are included in the totals previously cited in this application.

Fee Application Covered Herein

- 10. Prior to filing of this Application, VRC filed three interim fee applications covering the period January 23, 2003 through May 19, 2003 (the "Interim Fee Applications").
- 11. The Interim Fee Applications covered by this Application contained detailed daily time logs describing the actual and necessary services provided by VRC 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 22, 2003.

Requested Relief

- 12. By this Application, VRC requests that the Court approve the final allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by VRC 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 Applications.
- 13. At all relevant times, VRC 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.
- 14. All Services for which VRC requests compensation were performed for or on behalf of the Debtors.
- 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 VRC has received an interim payment from the Debtors in connection with the amounts sought by this Application in the amount of \$47,000.00, VRC 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 VRC and any other person other than the shareholders of

VRC for the sharing of compensation to be received for services rendered in these cases. VRC received no retainer for the services rendered in these cases.

- 16. The professional services and related expenses for which VRC requests final allowance of compensation and reimbursement of expenses were rendered and incurred in connection with these cases in the discharge of VRC's professional responsibilities as valuation consultants for the Debtors in these chapter 11 cases. VRC's services have been necessary and beneficial to Debtors' estates, creditors, and other parties in interest.
- Bankruptcy Code, it is respectfully submitted that the amount requested by VRC 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, VRC has reviewed the requirements of Del. Bankr. LR 2016-2 and believes that this Application complies with that Rule.

WHEREFORE, VRC respectfully requests that the Court enter an order, substantially in the form attached hereto, providing that, for the period of January 23, 2003 through June 24, 2003, final allowance be made to VRC in the sum of \$92,650.00 as compensation for reasonable and necessary professional services rendered to Debtors and reimbursement of actual and necessary expenses in the amount of \$4,638.70 for a total of \$97,288.70 less amounts previously paid to VRC for such fees and expenses; that Debtors be authorized and directed to pay to VRC the outstanding amount of such sums; and for such other and further relief as this Court deems proper.

Dated: July 31, 2003

Valuation Research Corporation

Neil C. Kelly

Chairman of the Board

Valuation Research Corporation 100 Nassau Park Boulevard

Princeton, New Jersey 08540

Telephone: (609) 452-0900 Facsimile: (609) 452-7651

Valuation Consultants for Focal Communications Corporation, et al., Debtors and Debtors in Possession