

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

_____	)	Chapter 11 – (Jointly Administered)
In re:	)	Case No. 02-43558 (PCB)
<b>GENUITY, INC., <u>et al.</u>,</b>	)	
	)	<b>Objections due by September 8, 2003</b>
	)	<b>By 4:00 PM Eastern Time</b>
Debtors	)	
_____	)	<b>Hearing Date: Negative Notice</b>

**NOTICE OF FILING REPORT BY AP SERVICES, LLC OF  
COMPENSATION EARNED AND EXPENSES INCURRED  
FOR THE PERIOD OF APRIL 1, 2003 THROUGH JUNE 30, 2003**

Notice is hereby given that AP Services, LLC (“APS”), by and through its attorneys, Sheldon S. Toll PLLC, has filed a report of compensation earned and expenses incurred<sup>1</sup> for the period of April 1, 2003 through June 30, 2003.

You are required to file an objection, if any, on or before 4:00 p.m. on September 8, 2003. At the same time, you must also serve a copy of the response on APS’ undersigned counsel.

A HEARING WILL BE HELD, only if an objection is timely filed and served before the Honorable Prudence C. Beatty, U.S. Bankruptcy Judge, Alexander Hamilton Custom House, One Bowling Green, New York, NY 10004, at a date and time to be scheduled by the Court.

Dated: August 14, 2003

**SHELDON S. TOLL PLLC**  
Attorneys for AP Services, LLC

By: /s/ Sheldon S. Toll  
Sheldon S. Toll (P-21490)  
2000 Town Center, Suite 2550  
Southfield, MI 48075  
(248) 358-2460

<sup>1</sup> Please e-mail Kevin L. Larin at [klarin@alixpartners.com](mailto:klarin@alixpartners.com) if you desire a copy of the detail.

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

_____	)	Chapter 11
	)	
<b>GENUITY, INC., <u>et al.</u>,</b>	)	Case No. 02-43558 (PCB)
	)	
Debtors	)	Jointly Administered
_____	)	

**REPORT BY AP SERVICES, LLC OF  
COMPENSATION EARNED AND EXPENSES INCURRED  
FOR THE PERIOD OF APRIL 1, 2003 THROUGH JUNE 30, 2003**

Exhibit A – Summary of Compensation and Expenses

Exhibit B – Summary of Professionals and Fees

Exhibit C – Summary of Expenses

Exhibit D – Summary of Services

Dated: August 14, 2003

**SHELDON S. TOLL PLLC**  
Attorneys for AP Services, LLC

By: /s/ Sheldon S. Toll  
Sheldon S. Toll (P-21490)  
2000 Town Center, Suite 2550  
Southfield, MI 48075  
(248) 358-2460

**AP Services, LLC**  
 Summary of Compensation and Expenses – Genuity, Inc., et al.  
 April 1, 2003 through June 30, 2003

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<b>Period</b>	<b>Fees</b>	<b>Expenses</b>	<b>TOTAL</b>
April 1, 2003 to April 30, 2003	\$ 469,727.00	\$ 72,285.79	\$ 542,012.79
May 1, 2003 to May 31, 2003	407,103.00	61,805.68	468,908.68
June 1, 2003 to June 30, 2003	378,960.00	55,553.80	434,513.80
Total Accrued	1,255,790.00	189,645.27	1,445,435.27
<i>Less 50% Travel Time Adjustment</i>	<i>(92,199.50)</i>		<i>(92,199.50)</i>
<b>Total Invoiced</b>	<b>\$ 1,163,590.50</b>	<b>\$ 189,645.27</b>	<b>\$ 1,353,235.77</b>

**AP Services, LLC**  
Summary of Professionals and Fees – Genuity, Inc., et al.  
April 1, 2003 through June 30, 2003

<b>Temporary Employees - Individuals With Executive Officer Positions</b>							
Name of Professional	Description of Function	Hourly Rate	Hours Billed				Total Compensation
			April-03	May-03	June-03	Total	
Simonsen, Eric	Interim Chief Financial Officer	\$ 620.00	217.6	171.8	139.3	528.7	\$ 327,794.00
<b>Sub Total</b>						<b>528.7</b>	<b>\$ 327,794.00</b>

<b>Additional Temporary Staff Employees</b>							
Name of Professional	Description of Function	Hourly Rate	Hours Billed				Total Compensation
			April-03	May-03	June-03	Total	
Colvin, Peter	Preference Recovery	150.00	16.9	4.0	5.3	26.2	3,930.00
Ni, Evelyn	SOFA / Executory Contract Analysis	150.00	83.5	139.6	200.0	423.1	63,465.00
Rydeen, Brenda	SOFA / Executory Contract Analysis	150.00	182.7	249.9	216.7	649.3	97,395.00
Hofner, Thomas J.	Preference Recovery	215.00	-	-	11.0	11.0	2,365.00
Larin, Kevin L.	Bankruptcy Reporting & Compliance	250.00	-	4.1	-	4.1	1,025.00
Denman, Andrea	Purchase Price Dispute Analysis / Expert Witness	260.00	-	-	12.2	12.2	3,172.00
Hook, Kerri	SOFA / Executory Contract Analysis	260.00	209.2	200.0	53.9	463.1	120,406.00
Porter, Bryan K.	SOFA / Executory Contract and Claims Analysis	260.00	-	0.8	-	0.8	208.00
Ritter, Daniel D.	International Operations Wind-Down	260.00	246.1	199.9	194.0	639.9	166,374.00
Robison, Brent	Claims Analysis	260.00	169.1	210.1	192.8	572.0	148,720.00
Sanderson, Adam	Preference Recovery	260.00	147.3	6.9	0.4	154.6	40,196.00
Brents, Todd B.	SOFA / Executory Contract and Claims Analysis	305.00	177.7	220.4	221.2	619.3	188,886.50
Folse, Barry	SOFA / Executory Contract and Claims Analysis	305.00	52.4	0.8	-	53.2	16,226.00
Riordan, Thomas K.	Purchase Price Dispute Analysis / Expert Witness	305.00	-	-	70.7	70.7	21,563.50
Severson, Julie V.	Purchase Price Dispute Analysis / Expert Witness	305.00	-	-	3.2	3.2	976.00
Lovett, David	International Operations Wind-Down	395.00	5.0	-	-	5.0	1,975.00
Monger, Meade	SOFA / Executory Contract and Claims Analysis	395.00	49.5	31.6	43.4	124.5	49,177.50
Rock, Robert	Purchase Price Dispute Analysis / Expert Witness	395.00	-	-	4.9	4.9	1,935.50
<b>Sub Total</b>						<b>3,837.1</b>	<b>\$ 927,996.00</b>
<b>GRAND TOTAL</b>						<b>4,365.8</b>	<b>\$ 1,255,790.00</b>

**AP Services, LLC**  
 Summary of Expenses – Genuity, Inc., et al.  
 April 1, 2003 through June 30, 2003

<b>Expense Catagories</b>	<b>April-03</b>	<b>May-03</b>	<b>June-03</b>	<b>TOTAL</b>
Airfare	\$ 42,734.96	\$ 34,105.39	\$ 25,216.42	\$ 102,056.77
Cab Fare / Ground Transportation	4,892.94	5,159.42	3,464.88	13,517.24
Computer Supplies / Support	42.49	5.00		47.49
Copy Costs (in house)	-	1,100.00		1,100.00
Lodging	16,788.91	13,001.78	17,887.22	47,677.91
Long Distance Calls	151.38	237.50	73.59	462.47
Meals and Tips	3,858.93	3,196.37	2,988.61	10,043.91
Milage	1,101.60	1,004.40	691.20	2,797.20
Other	17.50	36.52	278.02	332.04
Overnight Mail Charges	19.75	46.20	51.88	117.83
Parking and Tolls	249.00	125.00	314.00	688.00
Postage	-	31.74	108.64	140.38
Rental Cars	2,391.55	3,612.88	4,424.54	10,428.97
Supplies	36.78	143.48	54.80	235.06
<b>TOTAL</b>	<b>\$ 72,285.79</b>	<b>\$ 61,805.68</b>	<b>\$ 55,553.80</b>	<b>\$ 189,645.27</b>

**AP Services, LLC**  
Summary of Services – Genuity, Inc., et al.  
April 1, 2003 through June 30, 2003

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Estate Management Activities

- Completed database used in preparing exhibits for the assumption and assignment process, detailing cure costs at the circuit level (over 50,000 individual circuits).
- Assisted Genuity management and outside counsel in developing strategies to reconcile and respond to objections filed in response to the cure amounts in the assumption and assignment notice.
- Worked with Estate team to develop document retention and system transition process.
- Assisted Genuity management with review and analysis of non-circuit executory contracts to be assumed and prepared associated cure costs for such contracts.
- Prepared assumption and assignment notices and exhibits for over 300 contracts and 8,500 circuits.
- Reviewed and reconciled claims in preparation of first and second omnibus objection, including categorization of claims and establishing review process to determine validity of claim. Objected to 3,652 claims totaling over \$2.9 billion in the first omnibus objection and objected to 730 claims totaling over \$117.9 million in the second omnibus objection.
- Prepared and mailed 217 demand letters for outstanding accounts receivable.
- Completed initial analysis of vendor preference claims.
- Communicated with UCC's financial advisor regarding assumption and rejection of executory contracts, employee retention and staffing.
- Completed initial claims analysis of over 5,200 proofs of claims, presented analysis to management and UCC for use in Plan of Reorganization development.

International Activities

- Project management of outside advisors across all of the international entities.
- Managing an exit plan that minimizes the exposure to the Estate and its directors. Provide for continual updates to the UCC.

- Participated in the process of negotiating vendor terminations and analyzed each contract to determine the potential exposure to the estate and the best course of action to terminate or assign the contract.
- Oversaw the accounting at each entity and managed the process of debt forgiveness.
- Reviewed the details of severance plans and oversaw the calculations and initial payments within statutory obligations.
- Developed strategies with local accountants to find potential tax savings from asset write offs and other asset impairment
- Pooled information from each entity to a centralized liquidation report with timelines assigned to the conversion of non-cash assets and payments of liabilities.
- Project managed the local deregistration of each entity and managing the liquidators.
- Completed local country deregistration of Australia, Sweden and Ireland entities.

#### CFO Activities

- Attended meetings and working sessions regarding management accounting, audit and tax issues.
- Drafted and reviewed financial statements for year ended 2002 and 2003 MORs. Led company efforts to complete financial audit of 2002 financial statements by Ernst & Young.
- Attended meetings and conference calls with UCC regarding issues surrounding the audit, budget versus actual financial results, and general wind down activities.
- Provided input and oversight to estate on staffing, HR issues and compensation plan.
- Reviewed and approved cash disbursements. Managed day-to-day activities of receivables, treasury, accounting operations and financial reporting.
- Developed strategies for addressing Level 3 Purchase Price Adjustment dispute.