

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

_____)	Chapter 11 – (Jointly Administered)
In re:)	Case No. 02-43558 (PCB)
GENUITY, INC., <u>et al.</u>,)	
)	Objections due by December 12, 2003
)	By 4:00 PM Eastern Time
Debtors)	
_____)	Hearing Date: Negative Notice

**NOTICE OF FILING REPORT BY AP SERVICES, LLC OF
COMPENSATION EARNED AND EXPENSES INCURRED
FOR THE PERIOD OF JULY 1, 2003 THROUGH SEPTEMBER 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 incurred¹ for the period of July 1, 2003 through September 30, 2003.

You are required to file an objection, if any, on or before 4:00 p.m. on December 12, 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: November 20, 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

¹ Please e-mail Kevin L. Larin at klarin@alixpartners.com if you desire a copy of the detail.

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SOUTHERN DISTRICT OF NEW YORK**

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

**REPORT BY AP SERVICES, LLC OF
COMPENSATION EARNED AND EXPENSES INCURRED
FOR THE PERIOD OF JULY 1, 2003 THROUGH SEPTEMBER 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: November 20, 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
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AP Services, LLC
 Summary of Compensation and Expenses – Genuity, Inc., et al.
 July 1, 2003 through September 30, 2003

Period	Fees	Expenses	TOTAL
July 1, 2003 to July 31, 2003	\$ 282,651.00	\$ 50,716.93	\$ 333,367.93
August 1, 2003 to August 31, 2003	192,685.00	47,866.67	240,551.67
September 1, 2003 to September 30, 2003	213,847.50	53,235.06	267,082.56
Total Accrued	\$ 689,183.50	\$ 151,818.66	\$ 841,002.16
<i>Voluntary Adjustments</i>	<i>(51,520.00)</i>	-	<i>(51,520.00)</i>
Total Invoiced	\$ 637,663.50	\$ 151,818.66	\$ 789,482.16

AP Services, LLC
Summary of Professionals and Fees – Genuity, Inc., et al.
July 1, 2003 through September 30, 2003

Temporary Employees - Individuals With Executive Officer Positions							
Name of Professional	Description of Function	Hourly Rate	Hours Billed				Total Compensation
			Jul-03	Aug-03	Sep-03	Total	
Simonsen, Eric	Interim Chief Financial Officer	\$ 620.00	4.4	-	-	4.4	\$ 2,728.00
Brents, Todd B.	Interim Chief Financial Officer ⁽¹⁾	305.00	229.3	182.5	195.9	607.7	185,348.50
Sub Total						612.1	\$ 188,076.50

Additional Temporary Staff Employees							
Name of Professional	Description of Function	Hourly Rate	Hours Billed				Total Compensation
			Jul-03	Aug-03	Sep-03	Total	
Ni, Evelyn	Claims/Executory Contract Analysis	\$ 150.00	170.8	113.6	142.2	426.6	63,990.00
Rydeen, Brenda	Claims/Executory Contract Analysis	150.00	249.8	154.3	234.1	638.2	95,730.00
Azhari, Afshin	Accounts Receivable Collections	215.00	39.7	1.3	-	41.0	8,815.00
Hofner, Thomas J.	Preference Recovery	215.00	2.9	-	-	2.9	623.50
Larin, Kevin L.	Bankruptcy Reporting & Compliance	250 / 215	1.6	1.9	1.1	4.6	1,111.50
Bittner, Nancy	Claims Analysis	260.00	0.2	1.3	0.4	1.9	494.00
Denman, Andrea	Purchase Price Dispute Analysis / Expert Witness	260.00	2.0	-	-	2.0	520.00
Ritter, Daniel D.	International Operations Wind-Down	260.00	210.3	162.1	181.2	553.6	143,923.00
Robison, Brent	Claims Analysis	260.00	219.4	128.7	118.6	466.7	121,342.00
Sanderson, Adam	Preference Recovery	260.00	7.9	4.8	-	12.7	3,302.00
Folse, Barry	SOFA / Executory Contract and Claims Analysis	305.00	-	2.4	-	2.4	732.00
Riordan, Thomas K.	Purchase Price Dispute Analysis / Expert Witness	305.00	37.3	15.8	29.3	82.4	25,132.00
Monger, Meade	SOFA / Executory Contract and Claims Analysis	395.00	26.0	33.4	25.4	84.8	33,496.00
Rock, Robert	Purchase Price Dispute Analysis / Expert Witness	395.00	3.4	0.4	1.0	4.8	1,896.00
Sub Total						2,324.6	\$ 501,107.00
GRAND TOTAL						2,936.7	\$ 689,183.50

(1) Mr. Brents assumed the responsibilities of the Debtors' Interim Chief Financial Officer in early July as Mr. Simonsen left the engagement.

AP Services, LLC
 Summary of Expenses – Genuity, Inc., et al.
 July 1, 2003 through September 30, 2003

Expense Categories	July-03	August-03	September-03	TOTAL
Airfare	\$ 23,166.95	\$ 25,513.57	\$ 27,157.48	\$ 75,838.00
Cab Fare / Ground Transportation	3,163.54	5,352.97	4,602.35	13,118.86
Communication Charges - Dallas	-	-	9.00	9.00
Computer Supplies / Support	34.01	-	50.00	84.01
Lodging	14,713.64	10,366.19	14,165.05	39,244.88
Long Distance Calls	55.14	254.78	109.44	419.36
Meals and Tips	2,883.87	2,946.64	3,517.09	9,347.60
Milage	57.60	-	-	57.60
Other	94.08	21.00	134.95	250.03
Overnight Mail Charges	113.16	23.70	-	136.86
Parking and Tolls	283.00	483.00	605.00	1,371.00
Postage	-	-	12.29	12.29
Rental Cars	6,090.68	2,843.25	2,624.77	11,558.70
Supplies	61.26	61.57	247.64	370.47
TOTAL	\$ 50,716.93	\$ 47,866.67	\$ 53,235.06	\$ 151,818.66

AP Services, LLC
Summary of Services – Genuity, Inc., et al.
July 1, 2003 through September 30, 2003

Estate Management Activities

- Assisted Genuity management and outside counsel in reconciling vendor objections to cure amounts. Prepared settlement analysis and responses to 6 vendor claims as well as proposed settlement offers totaling \$344k.
- Assisted Genuity management with review and analysis of 31 real estate rejection lease claims totaling \$17M and proposed objections to reduce by approximately \$4M.
- Worked with Estate team to develop document retention and system transition process, to liquidating trust, including tracking to Trust expenses and accounting procedures.
- Developed strategies for addressing Level 3 Purchase Price Adjustment dispute. Provided quantitative analysis to support customer revenue received from Level 3 assumed customer contracts during APA transition period.
- Reviewed and reconciled claims in preparation of third and fourth omnibus objections, including categorization of claims and establishing review process to determine validity of claim. Objected to 272 claims totaling over \$180 million in the third omnibus objection and objected to 165 claims totaling over \$3.6 billion in the fourth omnibus objection.
- Compiled and mailed Interim Administrative Bar Date Notice to 14,000 parties.
- Prepared Balloting/Solicitation population and coordinated mailing of ballots and non-voting packages to 2,100 creditors.

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.
- Oversaw the accounting at each entity and completed the process of debt forgiveness.
- Implemented 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 all of the Branch entities and managed the liquidators.
- Placed the Hong Kong, Japan KK, Canada, Mexico, Sweden, Switzerland officially in liquidation eliminating any further Estate action.
- Managed repatriation of \$3.13M from the foreign entities in addition to coordinating funding of \$743k to foreign entities.

CFO Activities

- Attended meetings and working sessions regarding management accounting, audit and tax issues.
- Drafted and reviewed financial statements for June and July 2003 and filed respective Monthly Operating Report and 8K.
- Attended meetings and conference calls with UCC regarding issues surrounding the Plan of Reorganization and Disclosure Statement, budget versus actual financial results, and general wind down activities.
- Communicated with UCC's financial advisor regarding assumption and rejection of executory contracts, employee retention and staffing, and Plan of Reorganization and Disclosure Statement.
- 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.
- Led Accounts Receivable wind-down activities – collected \$3.1M from in-house collections activities, sent \$5.4M in accounts to outside counsel for litigation and sent \$1.35M in accounts to outside collection agencies for potential recovery.
- Developed creditor recovery analysis and provided input into development of Plan of Reorganization, Disclosure Statement.
- Filed Plan of Reorganization and Disclosure Statement, responded to creditor objections and participated in Disclosure Statement Hearing.
- Participated in development of strategy and quantification of Verizon settlement discussions.