

**FIRST APPLICATION OF LeBOEUF, LAMB,
GREENE & MacRAE, L.L.P. FOR ALLOWANCE OF
INTERIM COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR THE PERIOD FROM
MARCH 3, 2003 THROUGH JULY 31, 2003**

Hearing Date:

October 22, 2003,
at 2:30 p.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

NAME OF APPLICANT:

LeBoeuf, Lamb, Greene
& MacRae, L.L.P.

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In re: : Chapter 11
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:
:
Nos. 02-43558 (PCB)
:
:
:
(Jointly Administered)
:
GENUITY INC., et al., :
:
:
:
Debtors. :
:
:
----- X

ROLE IN CASE:

Special Counsel to Debtors

CURRENT APPLICATION:

Fees Requested:

\$82,850.50

Expenses Requested:

\$1,073.64

Fees Previously Requested: \$ -0-
Fees Previously Awarded: \$ -0-
Expenses Previously Requested: \$ -0-
Expenses Previously Awarded: \$ -0-

Retainer on Account: \$ -0-

Names of Professionals/ Paraprofessionals	Year Admitted to Practice	Hours Billed: Current Application	Rate	Total For Application
<u>Partners and Counsel</u>				
Gupta, P	1975	35.20	600.00	21,120.00

Ivanick, P	1984	15.90	625.00	9,937.50
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Associates

Demayo, C	2001	1.00	345.00	345.00
Joseph, C	2001	2.50	345.00	862.50
Lula, D	2001	11.50	345.00	3,967.50
Mascarenas, S	Summer Associate	41.90	260.00	10,894.00
Radoncic, Z	2002	6.70	335.00	2,244.50
Ryder, H	1999	33.40	365.00	12,191.00
Walsh, M	1994	37.40	425.00	15,895.00
Weiss, A	1995	4.10	425.00	1,742.50

Paralegals and Non-Legal Personnel

Krasa-Berstell, D	N/A	4.40	165.00	726.00
Sprowal, R	N/A	13.00	200.00	2,600.00
Singh, D	N/A	2.50	130.00	325.00

TOTAL

209.50

\$82,850.50

**TOTAL BLENDED HOURLY RATE: \$417.72
(Excluding Paraprofessionals)**

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GENUITY INC., et al., :
 : Case Nos. 02-43558 (PCB)
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**FIRST APPLICATION OF LEBOEUF, LAMB, GREENE & MACRAE,
L.L.P. FOR ALLOWANCE OF INTERIM COMPENSATION AND
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MARCH 3, 2003 THROUGH JULY 31, 2003**

TO THE HONORABLE PRUDENCE CARTER BEATTY,
UNITED STATES BANKRUPTCY JUDGE:

LeBoeuf, Lamb, Greene & MacRae, L.L.P. ("LLG&M"), special counsel to the debtors herein (collectively, the "Debtors"), hereby makes this first application (the "Application") pursuant to sections 330 and 331 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and Federal Rule of Bankruptcy Procedure 2016, for interim allowance of compensation for professional services rendered and reimbursement of actual and necessary expenses incurred in connection therewith for the period from March 3, 2003 through July 31, 2003. In support of the Application, LLG&M respectfully represents as follows:

BACKGROUND

1. On November 27, 2002 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases are being jointly administered pursuant to an order signed on December 2, 2002. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. By an order dated May 6, 2003, a copy of which is annexed hereto as Exhibit A, LLG&M was retained by the Debtors as special counsel *nunc pro tunc* to March 3, 2003, for the purpose of investigating certain accounts receivable and initiating adversary proceedings to recover such accounts receivable.

3. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

4. By this Application, LLG&M seeks: (i) a first interim allowance of compensation for professional services rendered by LLG&M as special counsel for the Debtors for the period from March 3, 2003 through July 31, 2003 (the "First Compensation Period") in the aggregate amount of \$82,850.50, representing 209.50 hours of professional and paraprofessional services; and (ii) reimbursement of actual and necessary costs and expenses incurred by LLG&M during the First Compensation Period in the amount of \$1,073.64, for a total payment of \$83,924.14.

5. Annexed hereto as Exhibit B is a schedule that lists the partners, counsel, associates and paraprofessionals who performed services on behalf of the Debtors during the First Compensation Period, the hours of services performed by each such person, the rate charged by LLG&M for the services of each such person, the total value of the services performed by each person and the total value of the services performed by LLG&M during the First Compensation Period.

6. Summaries of the actual, out-of-pocket costs and expenses incurred by LLG&M in connection with its representation of the Debtors are annexed hereto as Exhibit C. These costs and expenses have been incurred in accordance with LLG&M's customary practice of charging clients for those out-of-pocket disbursement charges and expenses clearly related to

and required by particular matters, rather than including such charges as part of LLG&M's hourly rates.

7. More detailed itemization of the services performed, time spent and expenses incurred in connection with LLG&M's representation of the Debtors during the First Compensation Period is provided in the time and disbursement records annexed hereto as Exhibit D. Such records are made contemporaneously with the rendition of services by the person rendering such services and in the ordinary course of LLG&M's billing practices.

8. All services performed and expenses incurred by LLG&M for which compensation or reimbursement is requested herein were performed or incurred for and on behalf of the Debtors, and, except as noted herein, were not for any other person or entity.

**SUMMARY DESCRIPTION OF
SERVICES PERFORMED**

9. The services provided by LLG&M on behalf of the Debtors during the First Compensation Period include, but are not limited to, the following:

- (a) LLG&M researched issues relevant to filing complaints against parties with whom the Debtors had outstanding accounts receivable and drafted a template complaint to be used in presenting final demands and in initiating adversary proceedings against such parties.
- (b) LLG&M performed preliminary investigation on recovery of accounts receivable from Cable & Wireless, Inc., and subsequently initiated an adversary proceeding on behalf of Debtor Genuity Telecom, Inc. against Cable & Wireless, Inc. and Cable & Wireless USA, Inc. (collectively, "Cable & Wireless") (Adversary No. 03-04157). LLG&M communicated with the American Arbitration Association and gained a stay of pending arbitration proceedings regarding the Cable &

Wireless accounts receivable. LLG&M has researched and communicated with counsel for Cable & Wireless regarding the arbitrability of the dispute and at the time of this application is preparing Genuity's opposition to Cable & Wireless' Motion to Compel Arbitration And Stay Plaintiff's Adversary Proceeding.

- (c) LLG&M performed preliminary investigation on recovery of accounts receivable from Universal Access, Inc., and subsequently initiated an adversary proceeding on behalf of Debtor Genuity Telecom, Inc. against Universal Access, Inc. (Adversary No. 03-06928). As of the date of this fee application, Universal Access, Inc. has not appeared in the adversary proceeding.
- (d) LLG&M performed preliminary investigation of and drafted a complaint against America Online, Inc. ("AOL") to recover accounts receivable. An adversary proceeding was ultimately initiated by Debtor Genuity Solutions, Inc. against AOL and is currently before this Court (Adversary No. 03-04132). Due to a conflict of interest discovered by LLG&M prior to the filing of the complaint, Ropes & Gray, the Debtors' lead counsel, took over representation of Genuity Solutions, Inc. in the adversary proceeding against AOL.

VOLUNTARY FEE AND DISBURSEMENT REDUCTIONS

10. In addition to the time outlined above, LLG&M incurred \$1028.00 in other time charges in connection with its representation of the Debtors during the First Compensation Period for which it does not seek compensation. This time includes work that was felt to be minimally productive and other time charges for which LLG&M determined it would not seek compensation. The amount noted above does not include all of these types of items since in many cases LLG&M determined not to bill for certain activities in the first place or billed only a portion of the time actually spent on the task.

11. LLG&M respectfully submits that the services rendered and expenses incurred for the First Compensation Period for which LLG&M seeks compensation and reimbursement clearly satisfy the following standards of reasonableness set forth in *In re First Colonial Corporation of America*, 544 F.2d 1291 (5th Cir.), *reh'g denied*, 547 F.2d 573, *cert. denied*, 431 U.S. 904 (1977):

- (a) Time and labor required: LLG&M expended 209.50 hours of professional time on behalf of the Debtors during the First Compensation Period. The services required by the Debtors during this stage of its case imposed significant time demands upon LLG&M's attorneys and sometimes necessitated work beyond normal business hours.
- (b) Novelty and difficulty of questions and matters resolved: These cases and the legal issues presented therein have required a high level of professional skill and expertise from professionals within LLG&M's corporate, litigation and insolvency groups.
- (c) The reputation and skill of the attorneys providing the services: LLG&M has drawn upon the skill of many of its most experienced attorneys in the applicable areas of expertise in rendering its services to the Debtors during the First Compensation Period, which it determined to be the most effective and cost efficient for the Debtors' estates.
- (d) Preclusion of other employment: Given the size of LLG&M, LLG&M's representation of the Debtors has not precluded employment by other clients. These cases have, however, required significant time commitments from a number of LLG&M attorneys.

- (e) Fees charged and fees awarded in similar cases: The fees sought by LLG&M in this Application are commensurate with fees awarded to LLG&M in other comparable representations and the fees charged by comparable law firms.
- (f) Time limitations: These cases have required LLG&M to perform a wide variety of services and address numerous difficult issues on behalf of the Debtors, often under significant time constraints.
- (g) Whether the fee is fixed or contingent: All fees sought by professionals under sections 330 and 331 of the Bankruptcy Code are contingent prior to their approval by the Bankruptcy Court.
- (h) The "undesirability" of the cases: Representation of the Debtors in these cases is not undesirable. As noted above, however, LLG&M's representation of the Debtors in these cases has required a significant commitment of time and effort by a number of LLG&M's attorneys.
- (i) The results obtained: LLG&M respectfully submits that considerable progress has been made in the matters outlined above, and that LLG&M's services on behalf of the Debtors, which have been rendered in both a competent and efficient manner, have contributed significantly to this progress. The template complaint that LLG&M prepared has been sent to the parties with whom the Debtors had outstanding accounts receivable, and has led to a number of very substantial settlements to date.
- (j) The Debtors' and LLG&M's professional relationship. LLG&M member Paul Gupta has provided a range of substantial legal services for the Debtor and for the Debtor's predecessor, GTE Internetworking. Over the years, these services have

covered a wide range of legal matters, but the main focus thereof has generally been on litigation and corporate work. In no small part due to Mr. Gupta's familiarity with the Debtor's business, LLG&M has been able to provide effective and cost efficient services to the Debtor based on the fact that it did not need to get "up to speed" on the Debtors business or many of the issues raised.

12. As set forth in the Certification of Peter A. Ivanick annexed hereto as Exhibit E, LLG&M believes that the Application is in compliance with the Administrative Order of the Honorable Burton R. Lifland setting the guidelines for fees and disbursements for professionals in bankruptcy cases in the Southern District of New York dated June 20, 1991, as amended on April 19, 1995 (the "Guidelines"), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated January 30, 1996. In accordance with the Guidelines, time expended by LLG&M has been itemized based on each task performed on a particular day.

13. Further, LLG&M has assigned the work performed in these cases to attorneys having the experience and specialization to perform the services required efficiently and properly. The partners, counsel and associates providing the services for which compensation is sought pursuant to this application specialize in the fields of corporate, litigation and insolvency law. Moreover, LLG&M, as a general practice, seeks to use the services of law clerks and legal assistants supervised by attorneys whenever appropriate in order to limit costs and more efficiently utilize the services of attorneys. LLG&M has followed this practice with respect to the services rendered to the Debtors wherever possible.

14. Finally, in rendering services to and on behalf of the Debtors, LLG&M has taken every care to provide the legal services as efficiently as possible and to avoid

duplication of services, both internally and in connection with other law firms providing services. In this regard, as much as possible, day-to-day legal work, including, but not limited to, drafting of pleadings, memoranda, stipulations, agreements and correspondence has been performed by junior to senior level associates.

15. LLG&M has not shared or agreed to share compensation or reimbursement to be awarded in these cases with any other person.

16. No prior application has been made to this or any other Court for the relief requested herein for the First Compensation Period.

17. LLG&M has only recently been retained for services to the Debtors in connection with the Debtors' bankruptcy proceedings, and to date has not submitted monthly fee statements in accordance with the terms of this Court's order, dated January 7, 2003, establishing procedures for monthly compensation and reimbursement of expenses of professionals (the "Fee Order"). Accordingly, by this Application, LLG&M seeks the approval and payment of the full amount of its fees and expenses for the First Compensation Period.

18. In accordance with the terms of the order establishing certain notice, case management and administrative procedures (the "Procedures Order"), signed by this Court on December 2, 2002, hard copies of this application will be served on all parties included on the Master Service List, as defined in the Procedures Order.

19. This application does not raise any novel issues of law. Accordingly, LLG&M respectfully requests that the Court dispense with the requirement of Local Bankruptcy rule 9013-1(b) of submitting a separate memorandum of law.

WHEREFORE, LLG&M respectfully requests an order:

- (i) approving the allowance of \$82,850.50 for compensation for professional services rendered by LLG&M during the First Compensation Period;
- (ii) approving the reimbursement of LLG&M's actual, out-of-pocket expenses for the First Compensation Period in the amount of \$1,073.64;
- (iii) authorizing and directing the Debtors to pay LLG&M's approved fees and approved expenses for the First Compensation Period, less any amounts previously or hereafter paid for such fees and expenses under the terms of the Fee Order; and
- (iv) granting such other and further relief as this Court deems just and proper.

Dated: September 22, 2002

LeBOEUF, LAMB, GREENE & MacRAE,
L.L.P.

By: /s/ Peter A. Ivanick
Peter A. Ivanick (PI-1702)
Herbert K. Ryder (HR-5137)
125 West 55th Street
New York, NY 10019-5389
Phone: (212) 424-8000
Facsimile: (212) 424-8500

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: October 22, 2003,
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In re: : Chapter 11
GENUITY INC., et al., :
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 :
 Debtors. : (Jointly Administered)
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----- X

AFFIDAVIT

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

PETER A. IVANICK, being duly sworn, deposes and says:

1. I am a member of the law firm LeBoeuf, Lamb, Greene & MacRae, L.L.P. ("LLG&M"), which firm maintains offices for the practice of law at 125 West 55th Street, New York, New York 10019. LLG&M has acted as special counsel to and rendered professional services on behalf of the debtors herein (collectively, the "Debtors") in the above-referenced cases.

2. This affidavit is submitted pursuant to Federal Rule of Bankruptcy Procedure 2016 in connection with LLG&M's first interim application (the "Application") for an allowance of compensation for services rendered to the Debtors for the period from March 3, 2003 through July 31, 2003 in the amount of \$82,850.50, and approval of reimbursement of expenses incurred in connection therewith in the sum of \$1,073.64.

3. All of the services for which compensation is sought by LLG&M were performed for and on behalf of the Debtors and not on behalf of any other person.

4. No agreement or understanding exists between LLG&M and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

/s/ Peter A. Ivanick

Peter A. Ivanick

Sworn to before me this
22nd day of September, 2003

/s/ Herbert K. Ryder

Notary Public