

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re)	Chapter 11
)	
METROMEDIA FIBER NETWORK, INC., ET AL.,)	Case Nos. 02-22736 (ASH) through
)	02-22742 (ASH); 02-22744 (ASH)
Debtors.)	through 02-22746 (ASH); 02-22749;
)	02-22751 (ASH) through 02-22754
)	(ASH)
)	
)	(Jointly Administered)
)	

**FINAL APPLICATION OF KPMG LLP AS AUDITORS AND
ACCOUNTING ADVISORS TO THE DEBTORS FOR ALLOWANCE
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE
PERIOD JULY 1, 2003 THROUGH SEPTEMBER 7, 2003**

KPMG LLP (“KPMG”) respectfully files this Final Application (the “Application”) for Interim Allowance of Compensation and Reimbursement of Expenses of KPMG as Auditors and Accounting Advisors to Metromedia Fiber Network, Inc., et al. (the “Debtors”) for the period from July 1, 2003 through September 7, 2003 (the “Final Period”) pursuant to §§330 and 331 of Title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). In support of the Application, KPMG states:

INTRODUCTION

1. This Application is made for the Final allowance of compensation for services rendered as auditors and accounting advisors to the Debtors during the Final Period in the amount of \$697,019 for 2,331.8 hours of services rendered by professionals. KPMG seeks reimbursement in the amount of \$9,988 incurred for actual and necessary expenses. Attached as Exhibit A is a fee summary sheet as required by the Executive Office of the U.S. Trustee’s Guidelines (the “Guidelines”) dated March 22,

1995, as amended January 31, 1996. This Application includes 35.3 hours (\$20,445) incurred prior to July 1, 2003 for tax services that had not previously been billed. See Exhibit E9 for detail.

2. On May 20, 2002, (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Courts for the Southern District of New York. Up until September 7, 2003 the Debtors continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors Plan of Reorganization became effective September 8, 2003. No trustee or examiner has been appointed in these cases.

3. The Debtors, along with non-debtor subsidiaries and affiliates, provide fiber optic infrastructure, high-bandwidth internet connectivity and managed internet infrastructure services for its communications intensive customers. The Debtors are a facilities-based provider of technologically advanced, high-bandwidth, fiber optic communications infrastructure to communications carriers and corporate and government customers in the United States and Europe. The Debtor also provide high-bandwidth internet connectivity, co-location services and a comprehensive internet infrastructure management solution that includes design and architecture, hardware and software, installation, and ongoing management. In addition, the Debtors also serve as a packet switching center for internet services providers (“ISPs”) and also offers secure, fault-tolerant co-location services to ISPs.

4. On July 19, 2002, the Debtors filed an application (the “Employment Application”) for authorization to employ KPMG as its auditors and accounting advisors. On August 5, 2002, this Court issued an order (the “Employment Order”) authorizing the employment of KPMG, effective nunc pro tunc to May 20, 2002. The Employment Application and Employment Order state the terms and conditions of KPMG’s employment and are incorporated herein by reference.

5. KPMG is the U.S. member firm of KPMG International, a Swiss association of member firms, each a separate legal entity, located worldwide. KPMG is a firm of accountants and financial advisors with diverse experience and extensive knowledge in the fields of accounting, taxation and bankruptcy. The Debtors require assistance in collecting, analyzing and presenting accounting, financial

and other information in relation to the restructuring and Chapter 11 proceedings. KPMG has considerable experience with rendering such services to debtors and other parties in numerous Chapter 11 cases. In addition, the Debtor has employed KPMG as auditors since December 2001. By virtue of its prior engagement, KPMG is familiar with the books, records, financial information and other data maintained by the Debtor. As such, KPMG is well qualified to perform the consulting work required in these cases.

FEES AND EXPENSES INCURRED

6. In accordance with the June 5, 2002 Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals (the “Interim Compensation Procedures”), all professionals retained in these cases are authorized to seek, on or before the twentieth (20th) day of each month following the month for which compensation is sought, interim compensation for professional services rendered and reimbursement of expenses incurred. In the absence of any objection to a monthly fee statement by the thirty-fifth (35th) day following the month for which compensation is sought, the Debtors are authorized to pay 80% of the professional fees requested and 100% of the expenses incurred. A summary of KPMG’s billing (fees and expenses combined) is as follows:

Application	Time Period	Incurred/ Billings *	Court Awarded	Collected	Outstanding
First Interim	May 20, 2002 Through September 30, 2002	\$ 525,402	\$ 525,402	\$ 525,402	\$ -
Second Interim	October 1, 2002 Through January 31, 2003	\$ 102,440	\$ 102,440	\$ 102,440	\$ -
Third Interim	February 1, 2003 Through June 30, 2003	\$ 1,473,557	\$ 1,473,557	\$ 1,473,557	\$ -
Final	July 1, 2003 Through September 7, 2003	\$ 707,008	\$ -	\$ 281,425	\$ 425,583
Total		\$ 2,808,407	\$ 2,101,399	\$ 2,382,824	\$ 425,583

* - Represents fees and expenses requested net of voluntary reductions and reductions agreed upon with third parties. As such, the amount does not include \$42,000 that was included on the First Interim Fee Application but not billed, as approved by the Court. It also excludes the agreed upon 15% discount for audit fees which totals \$410,861.

In the absence to any objection to this Final Application, the Debtors can pay 100% of the professional fees and expenses requested.

7. Attached as Exhibit B hereto are the names, titles, hourly rates, and a summary of hours and fees charged for the professionals whose services are being billed in connection with this case during this Final Period. Attached as Exhibit C hereto is a summary schedule of hours and fees charged for each project category of services. Attached as Exhibit D hereto is a summary schedule of actual and necessary expenses incurred during this Final Period.

8. Attached as Exhibits E1 through E10 hereto are the detailed daily descriptions of services rendered by each professional and billed to the estate during the Final Period, including the hours necessarily incurred with respect to each task and the resultant fees. These descriptions are separated into the following matters:

Financial Advisory Services

- E1 Bankruptcy Accounting and Reporting
- E2 Bankruptcy Schedules and SOFA
- E3 Executory Contracts and Leases

Auditing and Accounting Services

- E4a Auditing and Accounting Services – 2001 Audit
- E4b Auditing and Accounting Services – 2002 Audit
- E5 SEC Investigation

Case Administration & Employment

- E6 Case Administration
- E7 Employment Application
- E8 Fee Applications and Fee Statements

Tax

- E9 Tax

Travel

- E10 Travel

9. The fees and expenses sought by KPMG, except to the extent prohibited by the Guidelines, are billed at rates and in accordance with practices customarily employed by KPMG and

generally accepted by KPMG's clients. In accordance with the Employment Application and Employment Order, KPMG has provided a discount of 15% from the customary hourly rates for services rendered for auditing and accounting services as detailed in Exhibit E4a and Exhibit E4b.

10. KPMG holds no retainer for services to be rendered during these Cases. During this Interim Period, KPMG has received no payment from any source for services rendered or to be rendered in any capacity in connection with the matters covered in the Application.

SUMMARY OF SERVICES PROVIDED

11. All professional services for which an allowance is requested were performed by KPMG for and on behalf of the Debtors or their counsel and not on behalf of any other entity or party-in-interest. Set forth below is a summary of certain of the professional services rendered by KPMG during the Final Period. The full scope of and breadth of KPMG's services are reflected in the detailed time records attached hereto as Exhibit E.

General Accounting, Bankruptcy Accounting, Tax and Auditing Services

- Performance of procedures required by Generally Accepted Auditing Standards to enable KPMG to render an opinion on the Debtors' financial statements for the years ended December 31, 2001 and December 31, 2002.
- Analysis of accounting and tax issues and advice to the Debtors' management regarding the proper accounting and tax treatment of events.
- Assistance in the preparation and submission of documents requested in connection with investigated matters associated with the Securities and Exchange Commission.

Case Administration & Fee Applications

- Preparation of the detailed monthly fee summaries and interim fee applications as required, in order to comply with the Bankruptcy Code, the Bankruptcy Rules, the Guidelines, the Interim Compensation Procedures and other guidelines governing the payment of professionals in these cases.

OTHER REPORTING REQUIREMENTS

12. There is no agreement or understanding between KPMG and any other person, other than the partners of the firm, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

13. In accordance with the Guidelines for Fees and Disbursements for Professionals in the United States Bankruptcy Court for the Southern District of New York dated June 20, 1991 and April 19, 1995 (the "Local Guidelines"), KPMG's certification is attached to this Application.

14. Wherefore KPMG respectfully requests a Final award of fees in the amount of \$697,019 and expenses in the amount of \$9,988 for a total of \$707,008 in connection with services rendered to the Debtors during the Final Period; and such other and further relief as the Court deems just and proper.

Dated: October 10, 2003

Respectfully submitted,

/s/ Mario R. Dell'Aera Jr.

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**CERTIFICATION
IN COMPLIANCE WITH GUIDELINES FOR
FEES AND EXPENSES FOR PROFESSIONALS IN
THE SOUTHERN DISTRICT OF NEW YORK BANKRUPTCY CASES**

I, Mario R. Dell'Aera Jr., certify that:

1. I am a partner of KPMG LLP ("KPMG"), auditors and accounting advisors to the Debtors. This certification is made pursuant to Local Guidelines in support of KPMG's Application for fees and expenses for the period from July 1, 2003 through September 7, 2003 *. I am KPMG's Certifying Professional as defined in the Local Guidelines. I have read the Application and certify that, to the best of my knowledge, information and belief formed after reasonable inquiry, (a) the Application complies with the Local Guidelines; (b) the fees and expenses sought by KPMG fall within the Local Guidelines; and (c) the fees and expenses sought by KPMG, except to the extent prohibited by the Local Guidelines, are billed at rates and in accordance with practices customarily employed by KPMG and generally accepted by KPMG's clients.
2. To the best of my knowledge, information and belief, formed after reasonable inquiry, KPMG complies with all Guidelines as to the recording and reporting of time by KPMG's professionals and paraprofessionals.
3. In connection with KPMG's request for reimbursement of services and out-of-pocket expenses, I certify that, to the best of my knowledge, information and belief, formed after reasonable inquiry, (a) KPMG has not included in the amounts billed a profit for providing reimbursable services; (b) KPMG has not included in the amounts billed for reimbursable services any amounts for amortization of the cost of any investment, equipment or capital outlay; and (c) amounts billed for purchases or services contracted from outside third-party vendors are billed in the amount paid by KPMG to such vendors.

Dated: October 10, 2003

/s/ Mario R. Dell'Aera Jr.

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