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Hearing Date: August 19, 2003 at 11:00 a.m.  
Objection Deadline: August 14, 2003 at 5:00 p.m.

Counsel for Metromedia Fiber Network, Inc., et al.  
Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

METROMEDIA FIBER NETWORK, INC., et al.,  
Debtors.

Chapter 11

Case Nos.  
02-22736 (ASH) through  
02-22742 (ASH); 02-22744  
(ASH) through 02-22746  
(ASH); 02-22749 (ASH); 02-  
22751 (ASH) through 02-22754  
(ASH)

(Jointly Administered)

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**THIRD APPLICATION OF KRONISH LIEB WEINER & HELLMAN LLP,  
COUNSEL FOR THE DEBTORS, FOR INTERIM COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD FROM  
FEBRUARY 1, 2003 THROUGH JUNE 30, 2003**

TO THE HONORABLE ADLAI S. HARDIN, JR.  
UNITED STATES BANKRUPTCY JUDGE:

Kronish Lieb Weiner & Hellman LLP (the "Applicant"), counsel to Metromedia  
Fiber Network, Inc. and its debtor subsidiaries<sup>1</sup> (each a "Debtor" and collectively, the  
"Debtors"), in the above-captioned chapter 11 cases, respectfully represents:

<sup>1</sup> The subsidiaries who have filed Chapter 11 petitions are: Metromedia Fiber Network Services, Inc., AboveNet Communications, Inc., SiteSmith, Inc., PAIX.net, Inc., Metromedia Fiber Network of Illinois, Inc., MFN Purchasing, Inc., Metromedia Fiber Network of New Jersey, Inc., MFN of Utah, L.L.C., MFN of Virginia, L.L.C., Metromedia Fiber National Network, Inc., Metromedia Fiber Network International, Inc., MFN International, L.L.C., MFN Japan Backhaul, Inc., and MFN Europe Finance, Inc.

## INTRODUCTION

1. This is Applicant's third application (the "Application") for an interim allowance of compensation and reimbursement of expenses pursuant to § 331 of chapter 11, title 11 of the United States Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") and this Court's *Order Pursuant to §§ 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals*, dated June 5, 2002 (the "Interim Compensation Procedures Order").

2. This Application requests compensation for legal services rendered by the Applicant on behalf of the Debtors **for the period February 1, 2003 through June 30, 2003** (the "Compensation Period") and reimbursement of certain expenses incurred by (or first billed by outside vendors to) the Applicant during the Compensation Period in connection with the rendition of such services. This Application complies with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures Order, as stated in the certification dated July 31, 2003, accompanying this Application, made on behalf of the Applicant by James A. Beldner, Esq. (the "Certification"). The Certification is attached hereto as "**Exhibit A**".

3. This Application seeks an allowance of compensation in the amount of **\$2,519,049.99** representing Applicant's actual time charges after a voluntary discount of **\$287,799.26** for **9,222.21** hours of services rendered during the Compensation Period and reimbursement for expenses in the amount of **\$135,921.75** incurred by (or first billed by outside

vendors to) the Applicant and recorded during the Compensation Period, all as more fully set forth below.

4. Pursuant to an agreement with the Debtors, Applicant has voluntarily granted the Debtors a 10% discount on fees greater than \$250,000 and less than \$400,000 and a 25% discount on fees greater than \$400,000. The total amount of the discount given to the Debtors during this Compensation Period is **\$287,799.26**. The fees requested are broken as follows:

<b>Month</b>	<b>Fees</b>	<b>Discount Given</b>	<b>Net Fees Sought</b>
February	\$574,416.75	\$61,586.25	\$512,830.50
March	\$483,859.50	\$35,965.00	\$447,894.50
April	\$660,798.50	\$88,304.38	\$572,494.12
May	\$546,804.00	\$57,701.00	\$495,103
June	\$540,970.50	\$51,242.63	\$490,727.87
Total	<b>\$2,806,849.25<sup>2</sup></b>	<b>\$287,799.26</b>	<b>\$2,519,049.99</b>

5. Pursuant to the United States Trustee Guidelines, Applicant has attached a summary sheet of total compensation requested in this Application as **Exhibit “B”** and has broken down this Application, and attached time sheets, into “project categories” as more fully described below.

### **BACKGROUND**

6. On May 20, 2002 (the “Commencement Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the clerk of this Court. The Debtors have continued in the management and operation of their businesses and properties as debtors in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed. The cases are being jointly administered pursuant to an Order dated May 20, 2002.

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<sup>2</sup> Due to an accounting error, both the gross total amount of fees billed and the total discount given for this Compensation Period have been enhanced by \$3,976.25. The total net fees sought by this Application, however, is accurate.

7. On May 29, 2002, the Office of the U.S. Trustee for the Southern District of New York (the “U.S. Trustee”) appointed an eleven member official committee of unsecured creditors (the “Committee”), which has engaged Chadbourne & Parke, LLP as its counsel.

8. The Debtors, together with MFN’s non-debtor subsidiaries (collectively, the “Company”), provide fiber optic infrastructure, high-bandwidth internet connectivity and managed internet infrastructure services for its communications intensive customers. The Company is 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 Company also provides 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.

9. The Company combines the most extensive metropolitan area fiber network with a global optical internet protocol network, state-of-the-art data centers and managed services to deliver fully integrated, outsourced communications solutions as well as point solutions for carriers, companies, and government. The Company has assembled a strategic set of physical and intellectual assets that enable the Company to deliver its digital communications infrastructure solutions.

10. On March 13, 2003, the Debtors filed the Plan of Reorganization of Metromedia Fiber Network, Inc., et al. with the Court (the “Plan”). See Docket No. 1298. On March 6, 2003, the Debtors filed their *Motion for Entry of an Order Pursuant to Rule 3016(b) of the Federal Rules of Bankruptcy Procedure to Fix Time for Filing Disclosure Statement in Connection with the Debtors’ Plan of Reorganization* (the “Rule 3016(b) Motion”) (Docket No.

1280). The Court granted the Rule 3016(b) Motion setting April 30, 2003, as the deadline by which the Debtors must file their Disclosure Statement. On April 30, 2003, the Court further extended the deadline by which the Debtors must file their proposed disclosure statement to May 9, 2003. See Docket No. 1464.

11. On May 9, 2003, the Debtors filed the First Amended Plan of Reorganization of Metromedia Fiber Network, Inc., et al. with the Court (the “Amended Plan”). See Docket No. 1492.

12. On May 14, 2003, in accordance with § 1125 of the Bankruptcy Code and this Court’s order, the Debtors prepared and filed the Disclosure Statement and Summary of Plan Distributions For Holders of Claims and Equity Interests with respect to the First Amended Plan of Reorganization of Metromedia Fiber Network, Inc. et al. (the “Proposed Disclosure Statement”). See Docket No. 1506.

13. On July 2, 2003, the Debtors filed the Second Amended Plan of Reorganization of Metromedia Fiber Network, Inc., et al. with the Court (the “Second Amended Plan”). See Docket No. 1690. Since the Commencement Date, the Debtors have reorganized their businesses by eliminating costs, selling assets in certain non-strategic markets, and restructuring and downsizing the Debtors’ organization to operate efficiently. Through the Second Amended Plan, the Debtors intend to recapitalize their businesses by converting inter alia, Allowed General Unsecured Claims (as defined in the Second Amended Plan) into equity in Reorganized MFN (as defined in the Second Amended Plan) in the form of New Common Stock (as defined in the Second Amended Plan). Following confirmation, the Debtors intend that the Reorganized Entities (as defined in the Second Amended Plan) will continue to provide fiber optic

infrastructure, high-bandwidth Internet connectivity, managed Internet infrastructure and co-location services.

14. On July 2, 2003, the Debtors filed the Disclosure Statement And Summary Of Plan Distributions For Holders Of Claims And Equity Interests With Respect To The Second Amended Plan Of Reorganization Of Metromedia Fiber Network, Inc., Et Al. (the “Disclosure Statement”) (Docket No. 1689), which management believes, contains “adequate information”, as such terms is defined in § 1125(a)(1) of the Bankruptcy Code, for holders of claims against, and interests in, the Debtors which are impaired under the Second Amended Plan.

15. On July 2, 2003, the Court approved, *inter alia*, the Disclosure Statement (the “Disclosure Statement Approval Order”). See Docket No. 1704. Pursuant to the Disclosure Statement Approval Order, the plan confirmation date is August 21, 2003.

#### **APPLICANT’S RETENTION AND PRIOR FEE APPLICATIONS**

16. On May 20, 2002, the Debtors filed an application to employ the Applicant as its counsel pursuant to § 327(a) of the Bankruptcy Code, as to which there was no objection. The Court approved the retention of the Applicant on an interim basis by order dated May 20, 2002 and on a final basis on June 5, 2002.

17. On November 7, 2002, the Court awarded the Debtors \$1,542,191.00 for services rendered and \$104,370.26 for expenses incurred during the time period of May 20, 2002 to August 31, 2002.

18. On March 28, 2003, the Court awarded the Debtors \$2,148,019.85 for services rendered and \$92,560.06 for expenses incurred during the time period of September 1, 2002 to January 31, 2003.

**SERVICES RENDERED DURING PRESENT COMPENSATION  
PERIOD OF FEBRUARY 1, 2003 THROUGH JUNE 30, 2003**

19. To apprise this Court of the legal services rendered during the Compensation Period, Applicant sets forth the following summary of legal services rendered.

20. During the Compensation Period, Applicant's services to the Debtors has included professional advice and representation in connection with discreet categories in these chapter 11 proceedings. The aggregate hours and amount for each category is set forth as an attachment to this Application. Applicant is requesting fees in the total amount of **\$2,519,049.99** for services rendered during the Compensation Period and reimbursement of expenses in the amount of **\$135,921.75**.

21. The following is a breakdown of the services rendered by the Applicant during the Compensation Period in each of the discreet categories.

**Case Administration:**

22. This category includes time expended by Applicant relating to a variety of activities regarding the day-to-day management and prosecution of the chapter 11 cases, including the preparation of notices and service upon creditors, electronic filings, calendaring dates with the Court as well as interaction with the U.S. Trustee, vendors, suppliers, and other professionals including the various secured creditor groups and the Committee. This category includes such activities as: electronic filings, preparation of motions and orders for service, scheduling, and staffing. Also included under this category is time devoted to assisting the Debtors in the preparation of monthly operating reports and responding to requests for information by various creditors. Applicant conferred with and updated the Debtors on a daily basis regarding the status of the cases and advised the Debtors regarding, *inter alia*: asset sales,

auditing and SEC issues, corporate governance, cash collateral, tax liability, director and officer liability and litigation and settlements with various creditor constituencies.

23. Applicant expended 546.60 hours of time for a charge of \$128,318.00 for services rendered with respect to the handling of matters relating to case administration.

**Leases and Executory Contracts:**

24. This category includes time expended by Applicant with respect to unexpired non-residential leases of real property and executory contracts of the Debtors. The Debtors have hundreds, if not thousands, of unexpired non-residential real property leases, circuit leases, service agreements and other various telecommunication-oriented contracts. Applicant assisted the Debtors in reviewing these contracts and leases so that the Debtors would be in a position to file motions with the Court to (i) assume or reject certain leases and/or executory contracts; (ii) extend the time to assume or reject leases and/or executory contracts; and (iii) modify and enter into new agreements.

25. From the Commencement Date through the date hereof, Applicant has assisted in the rejection of approximately 140 leases and scores of executory contracts.

26. Additionally, Applicant researched numerous legal issues pertaining to: payment of cure amounts, set-off and recoupment, warehouse liens, subtenant claims, curing non-monetary defaults, abandonment of personal property, anti-assignment clauses, application of security deposits and the effect of post-petition rejection of employment agreements. Applicant reviewed, negotiated and settled objections to various motions dealing with executory contracts and conferred with the Committee regarding various issues surrounding the Debtors' executory contracts. In addition, Applicant filed two motions requesting an extension of the Debtors' time to assume or reject unexpired leases for nonresidential real property.



27. Specific examples of Applicant's services in connection with non-residential real property leases include, but are not limited to: (i) negotiating with Debtors' landlords at various co-location and database centers across the United States to either assume or reject current leases and to cap any administrative claims related to the former and (ii) negotiating with said landlords to resolve disputes as to the Debtors' equipment located at those sites in order to generate proceeds for the estates and reduce the monthly lease obligations. Applicant successfully re-negotiated the Debtors' lease obligations with certain landlords, which resulted in great savings for the estates and limited the Debtors' liabilities to these landlords.

28. Other specific examples of work done in connection with executory contracts include, but are not limited to: (i) resolving disputes as to rejection of executory contracts; (ii) negotiating with vendors regarding billing disputes and adequate assurance; (iii) filing motions to compel assumption/rejection and/or payment of administrative claims in other bankruptcy proceedings; (iv) rejecting employment agreements; and (v) negotiating and drafting stipulations of settlement with various executory contract holders. Applicant submits that these services provided great value to the estates by generating substantial savings and/or proceeds for the estates.

29. Applicant expended 432.00 hours of time for a charge of \$119,878.00 for services rendered with respect to the handling of matters relating to leases and executory contracts.

**Business Operation and Plan:**

30. This category includes time expended by Applicant with respect to the business operation and business issues of the Debtors. Included in this category are services rendered by the Applicant relating to: communications with vendors who supply goods and/or services to the Debtors; issues pertaining to corporate governance; setoff; cash management; and budgets.

31. Applicant negotiated with counsel for numerous prepetition customers in order to extend and modify service contracts that generated additional revenue for the estates and engineered settlement agreements with certain of the Debtors' creditors to resolve disputes pertaining to services contracts.

32. Applicant also expended a considerable amount of time reviewing flash reports, financial statements, cash flow analyses and discussing the business plan and financials with the Debtors' management, other professionals, and the Committee.

33. Applicant expended 82.60 hours of time for a charge \$27,792.50 for services rendered with respect to the handling of these matters.

**Financing:**

34. This category includes time expended by Applicant, *inter alia*, preparing and drafting the motion seeking entry of an order authorizing and approving payment of audit fees on behalf of foreign non-debtor affiliates.

35. Applicant expended 20.30 hours of time for a charge of \$6,409.00 for services rendered with respect to the handling of matters relating to financing.

**Retention of Professionals/Compensation Fee Applications:**

36. This category includes time expended by Applicant with respect to the retention and compensation of various professionals for the Debtors. Applicant drafted numerous ordinary course professional notices; drafted motions to retain and employ Wilkins Tethered Communications as sales agent to the Debtors and the Asset Retrieval Group LLC as consultant for the Debtors to identify and recover certain of the Debtors' assets; and drafted the Applicant's second interim fee application.

37. Applicant also drafted the Applicant's second interim fee application and reviewed the fee applications of professionals retained by both the Debtors and the Committee.

38. Applicant expended 216.70 hours of time for a charge of \$69,694.00 for services rendered with respect to the handling of matters relating to the retention of professionals.

**Claims:**

39. This category includes time expended by Applicant with respect to various claims against the Debtors. Included in this category are: services rendered relating to numerous conference calls with creditors concerning their claims; reviewing and negotiating with creditors regarding an abundant amount of claim disputes and drafting proofs of claims and administrative claims in other bankruptcy proceedings.

40. The Applicant spent a significant amount of time preparing and filing six omnibus objection to claims of certain creditors (the "Claims Objections"). The Claims Objections embody the Debtors efforts to review each of the thousands of claims from hundreds of creditors in order to achieve its goal of streamlining the reorganization process and maximize distributions to creditors. In connection with the Claims Objections, the Applicant spent a large amount of time reviewing and responding to various creditors' responses to the Claims Objections.

41. Applicant also negotiated with and settled numerous claims filed against the Debtors' estates and has been analyzing the claims of certain creditors in anticipation of various claims objections. Applicant analyzed the validity, extent and priority of those claimants with alleged security interests in the Debtors' assets. Additionally, Applicant prepared motions to compel administrative payments against various of the Debtors' customers. In addition, Applicant researched issues pertaining to set-off and recoupment, the automatic stay and other pertinent provisions of the Bankruptcy Code.

42. Applicant expended 379.80 hours of time for a charge of \$110,484.50 for services rendered with respect to the handling of matters relating to claims.

**Plan and Disclosure Statement:**

43. This category includes time expended by Applicant preparing the Debtors' Plan, Amended Plan and Second Amended Plan, including negotiations, meetings and conference calls with Debtors' management, counsel for the Committee and other creditor constituencies regarding the provisions of the Plan, Amended Plan and Second Amended Plan. In general, Applicant spent the bulk of its time formulating and drafting the Plan, Amended Plan, Second Amended Plan and Proposed Disclosure Statement and Disclosure Statement.

44. During the Compensation Period, Applicant played a vital role in negotiating and finalizing the Plan Amended Plan and consensual Second Amended Plan and Proposed Disclosure Statement and Disclosure Statement. The negotiations with various constituencies took a large amount of work and that work helped the Debtors reach agreement on the Second Amended Plan with most of their major constituencies.

45. More particularly, after months of negotiations, drafting and revising, on March 13, 2003, the Debtors filed the Plan. In connection therewith, the Applicant drafted the Rule 3016(b) Motion, which sought a date for the disclosure statement to be filed.

46. After filing the Plan, the Applicant engaged in another round of negotiations with the Debtors' various constituencies in order to arrive at a consensual plan of reorganization. Weeks of such discussions and meetings led the Applicant to significantly amend the Plan and on May 9, 2003, the Debtors filed the Amended Plan.

47. In connection with the Amended Plan, the Applicant spent a significant amount of time assisting the Debtors in preparing and drafting the Proposed Disclosure Statement. In connection therewith, the Applicant drafted a motion seeking entry of an order (i) scheduling hearing to consider approval of Debtors' Proposed Disclosure Statement, (ii) approving the form and manner of notice of the disclosure statement hearing, and (iii) fixing date by which

objections to the disclosure statement must be filed. Applicant also drafted the Record Date Motion, which sought entry of an order, *inter alia*, approving the proposed disclosure statement.

48. After filing the Amended Plan, the Applicant engaged in yet another round of negotiations with the Debtors' various constituencies in order to arrive at a consensual plan of reorganization. Weeks of such discussions and meetings led the Applicant to significantly amend the Amended Plan and on July 2, 2003, the Debtors filed the Second Amended Plan.

49. Concurrently therewith, the Debtors filed the Disclosure Statement. Applicant was also forced to respond to several objections to the Disclosure Statement. Those objections were rejected by the Court and the Disclosure Statement was subsequently approved by the Court on July 2, 2003.

50. Additionally, Applicant drafted a third motion to extend the Debtors' time for exclusivity, which was subsequently granted by the Court.

51. Applicant expended 1,662.80 hours of time for a charge of \$593,000.00 for services rendered with respect to the handling of these matters relating to the plan and disclosure statement.

**Asset Dispositions:**

52. This category includes time expended by Applicant with respect to the closings of the sales of certain assets of the Debtors. Applicant spent a considerable amount of time (i) negotiating and drafting two amendments to the *Purchase And Sale Agreement by and among Switch And Data Acquisition Company, Inc., Switch & Data Facilities Company, Inc., Switch And Data Operating Company LLC, Metromedia Fiber Network, Inc., Metromedia Fiber Network Services, Inc. and Paix.net, Inc., dated February 28, 2003*; (ii) closing the Paix sale; and negotiating and drafting numerous short form orders for the assumption and assignment and assignment of executory leases related to the Paix sale.

53. Applicant expended 709.50 hours of time for a charge of \$228,537.00 for services rendered with respect to the handling of these matters relating to asset dispositions.

**Preparation For and Attending Court Hearings:**

54. This category includes time expended by Applicant preparing for and attending Court hearings on matters related to these cases. Applicant appeared and conducted hearings during the Compensation Period on a weekly basis. Several of these motions were contested and, accordingly, it was necessary to prepare witnesses for potential evidentiary hearings.

55. The majority of the time expended in this category is for preparation and attendance at hearings regarding the following issues: motions to reject dozens of leases and executory contracts; a number of cash collateral motions; litigation to recover estate property; as well as litigation concerning various claim disputes. Applicant spent a large amount of time dealing with the adversary proceedings against various taxing authorities under § 505 of the Bankruptcy Code, seeking to reduce massive personal property tax claims against the Debtors. In connection with all of these hearings, the Applicant reviewed objections, prepared legal memoranda, filed reply briefs and prepared for oral argument. Applicant has been highly successful in its representation of the Debtors, which has resulted in great savings and increased revenue for the estates.

56. Applicant spent 184.10 hours of time for a charge of \$72,839.50 for services rendered with respect to the handling of matters relating to the preparation for and attendance at Court hearings.

**Meetings:**

57. This category includes time expended by Applicant for preparation for and attendance at meetings with the Debtors' Board of Directors, Executive Committee, senior management and the Debtors' in-house counsel. The Applicant also prepared for and attended

meetings with the Committee and its counsel. Applicant also prepared for and attended internal meetings regarding case assignments, staffing and emergent legal issues including: tax litigation, the extent and priority of liens, letters of credit facilities, UCC issues, plan formulation, disclosure statement formulation, responses to disclosure statement objections, severance and other employee issues and post-confirmation corporate structure issues. Applicant also met with numerous individual creditors in order to negotiate and resolve disputes to avoid costly litigation.

58. Applicant expended 100.60 hours of time for a charge of \$48,346.50 for services rendered with respect to preparation and attendance at meetings.

**Asset Analysis:**

59. This category includes time expended by Applicant analyzing the Debtors' assets. Applicant reviewed the extent and priority of the various security interests filed against the Debtors' assets, including an analysis of financing statements filed by alleged secured parties.

60. Applicant expended 1.20 hours of time for a charge of \$627.00 for services rendered with respect to asset analysis.

**Employee Benefits:**

61. This category includes time expended by Applicant with respect to employee benefits and severance issues.

62. Applicant expended 63.40 hours of time for a charge of \$32,435.50 for services rendered with respect to matters relating to employee benefits.

**Litigation:**

63. This category includes time expended by Applicant with respect to litigation, including preparation for contested hearings, conducting discovery, drafting motions and memoranda of law, defending depositions, examination of documents, discussions with opposing counsel, preparation of exhibits and schedules, conferences and settlement discussions.

64. During the Compensation Period, Applicant was involved with litigation concerning the following entities:
- Axcion: Axcion opposed the Debtors' motion to compel payment of approximately \$13 million. This matter was recently settled and the Court approved the settlement on July 10, 2003.
  - Critical Path: Debtors moved to compel payment. This matter was settled and the Debtors subsequently filed a 9019 motion requesting Court approval of the settlement.
  - Call-Net: Call-Net initiated an adversary proceeding, seeking declaratory relief in connection with an IRU Fiber Exchange Agreement. The Debtors are in settlement discussions with Call-Net.
  - Fibernet: The Debtors moved to compel payment. This litigation is still ongoing and the parties are discussing a consensual resolution.
  - Genuity: The Debtors initiated an adversary proceeding, seeking declaratory judgment as to whether an agreement with Genuity is an executory contract. This matter was recently settled.
  - Global Crossing: Debtors brought a motion to compel payment in the Global Crossing bankruptcy proceeding. This matter was settled and the Debtors subsequently filed a 9019 motion requesting Court approval of the settlement.
  - Knight Securities: Knight Securities, L.P. initiated an adversary proceeding against the Debtors, seeking declaratory relief as well as damages based on breach of contract. The Debtors have counterclaimed, seeking \$1.8 million in damages based on breach of contract. This matter was recently settled.
  - PSINet: Debtors are seeking court approval in the PSINet bankruptcy case to file late proofs of claim. This matter was recently settled.
  - Lexent and Lucent: Certain of the Debtors have commenced adversary proceedings against Lexent and Lucent seeking, *inter alia*, to reclassify claims in an aggregate amount of approximately \$17 million of such creditor defendants, as General Unsecured Claims (as defined in the Second Amended Plan). The Debtors have entered into stipulations resolving the prior similar litigation regarding the Bechtel claims, the Exelon claims, the Heathorn claims and the Edwards & Kelcey claims in which the holders of such claims consented to their respective treatment under the Second Amended Plan.

65. Many of the disputes with parties in interest are ongoing and require automated library research, drafting motions and memoranda of law, conducting discovery, including depositions and document review, as well as attending hearings and presenting oral arguments



before the Court. Applicant vigorously prosecuted and/or defended these actions and contested proceedings and has always attempted to negotiate and resolve these disputes to avoid costly litigation.

66. As indicated above, in connection with certain of these disputes, Applicant successfully negotiated and drafted numerous stipulations of settlement that have been approved by this Court. Applicant believes that these efforts saved the estates an enormous amount of resources by limiting litigation costs whenever possible.

67. Applicant expended 3,230.10 hours of time for a charge of \$966,358.00 for services rendered with respect to matters relating to litigation.

**Cash Collateral:**

68. This category includes time expended by Applicant with respect to the Debtors' requests for the use of cash collateral. Applicant negotiated with the Debtors' secured lenders, and the Committee, and had numerous discussions with Debtors' senior management regarding the covenants, provisions and budget for the use of cash collateral. Applicant negotiated and drafted extensions of the final order for use of cash collateral during the Compensation Period. Applicant also reviewed and responded to various objections to the use of cash collateral as well as responded to concerns from various creditor groups.

69. Applicant expended 20.60 hours of time for a charge of \$7,917.00 for services rendered with respect to the handling of matters relating to Debtors' use of cash collateral.

**SEC Investigation:**

70. This category includes time expended by Applicant with respect to the SEC's investigation of the Debtors. Applicant responded to subpoenas and document requests by the SEC, reviewed documents to be produced in connections with such inquiry, created privilege and discovery logs in connection therewith and drafted a response to the SEC's request to

modify the automatic stay. Applicant also prepared witnesses in connection with the SEC's interviews of certain senior management.

71. Applicant expended 1,001.95 hours of time for a charge of \$203,045.50 for services rendered with respect to the handling of matters relating to Debtors' SEC Investigation.

**Garofalo Litigation:**

72. This category includes time expended by the Applicant in responding to the New York State Attorney General's investigation of Stephen Garofola.

73. Applicant expended 0.30 hours of time for a charge of \$97.50 for services rendered with respect to the handling of matters relating to the Garofalo litigation.

**Section 505 Litigation**

74. This category includes time expended by the Applicant in prosecuting adversary proceedings against various taxing authorities under § 505 of the Bankruptcy Code, seeking to reduce massive personal property tax claims against the Debtors. During the Compensation Period, Applicant negotiated and settled with the following jurisdictions: the State of Georgia, Fairfax County, Virginia, and Fulton County Georgia.

75. Applicant met regularly with the Debtors' management and its tax professionals to formulate a strategy and review the status of the litigation. Applicant also regularly met internally to discuss and review strategy.

76. Applicant expended 569.66 hours of time for a charge of \$187,093.50 for services rendered with respect to the handling of matters relating to § 505 tax litigation.

**COMPENSATION REQUESTED**

77. Applicant has maintained contemporaneous time records which indicate the time that each attorney has spent working on a particular matter and the nature of the work performed. Copies of these time records are annexed to this Application as **Exhibit "C"**. The total number

of hours expended by Applicant's attorneys and para-professionals from February 1, 2003 through June 30, 2003 in conjunction with this case is **9222.21**. All of the services have been rendered by the those individuals at Applicant's firm as listed on the Applicant's personnel chart attached hereto.

78. The foregoing summarizes and describes the services performed by Applicant on behalf of the Debtors during the Compensation Period. The summary is intended, however, only to highlight the general categories of services performed by Applicant on behalf of the Debtors. It is not intended to set forth each and every item of professional service which Applicant performed.

79. Annexed as **Exhibit "D"** is a list of the necessary and actual disbursements incurred during the Compensation Period in connection with the above-described work. The list is derived from Applicant's books and records. These records indicate that Applicant has advanced and will have advanced, from February 1, 2003 through and including June 30, 2003, the sum of **\$135,921.75** in necessary and actual out-of-pocket expenses. In connection with said expenses, it should be noted that Applicant charges \$1.00 per page for outgoing telefacsimilies with no charge for incoming telefacsimilies, 15¢ per page for photocopying and charges for meals only necessitated by meetings with the Debtors or when Applicant's personnel would work on these cases through a normal meal period.

#### **MATTERS PERTAINING TO APPLICANT**

80. Applicant rendered all of the professional services for which compensation is requested herein in connection with the Debtors' chapter 11 cases in furtherance of Applicant's professional responsibilities as attorneys for the Debtors.

81. This Application covers a period of approximately 150 days. During that time, the partners, associates and para-professionals of Applicant devoted substantial time in rendering professional services to the Debtors, all of which time was reasonable and necessary.

82. Applicant, by experience, training and ability, is fully qualified to perform the services for which compensation is sought here. Applicant represents or holds no interest adverse to the Debtors with respect to the matters upon which it is engaged.

83. No agreement or understanding exists between Applicant and any other entity for the sharing of compensation to be received for services rendered in or in connection with these Chapter 11 cases.

84. Applicant respectfully submits that the professional services it rendered during the Compensation Period to the Debtors were necessary and beneficial to the Debtors and respectfully requests that this Court allow and direct the Debtors to pay Applicant the sum of **\$2,519,049.99** for its services during the Compensation Period, plus the sum of **\$135,921.75**, representing Applicant's actual and necessary out-of-pocket disbursements incurred during the Compensation Period, for a total award of **\$2,654,971.74**.

#### **NOTICE AND PRIOR APPLICATION**

85. Copies of the notice of applications and Application have been served upon those parties on the Master Service List with an opportunity to receive a copy of Exhibit "C" to the Application from the Applicant free of charge. A complete copy of the Application with Exhibit "C" has been sent to counsel for the Committee and the U.S. Trustee.

86. No prior application for the relief sought herein has been made to this or any other Court, except as specified herein.

**CONCLUSION**

**WHEREFORE**, Kronish Lieb Weiner & Hellman LLP hereby respectfully requests that this Court enter an order: (a) approving and allowing (i) compensation of Kronish Lieb Weiner & Hellman LLP for its duly authorized, necessary and valuable service to the Debtors during the Compensation Period in the aggregate amount of **\$2,519,049.99** and (ii) reimbursement to Kronish Lieb Weiner & Hellman LLP for actual and necessary expenses incurred during the Compensation Period in connection with the aforesaid services in the aggregate amount of **\$135,921.75**; (b) directing the Debtors to pay said amounts to Applicant; and (c) granting such other and further relief as this Court deems just and proper.

Dated: New York, New York  
July 31, 2003

KRONISH LIEB WEINER & HELLMAN LLP  
Counsel for the Debtors  
1114 Avenue of the Americas  
New York, NY 10036  
(212) 479-6000

By: /s/ James A. Beldner  
James A. Beldner (JB-7166)  
A Member of the Firm

**EXHIBIT "A"**

KRONISH LIEB WEINER & HELLMAN LLP  
1114 Avenue of the Americas  
New York, NY 10036  
(212) 479-6000  
Lawrence C. Gottlieb (LG 2565)  
Richard S. Kanowitz (RK 0677)

Counsel for Metromedia Fiber Network, Inc., et al.  
Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

METROMEDIA FIBER NETWORK, INC., et al.,  
Debtors.

Chapter 11

Case Nos.  
02-22736 (ASH) through  
02-22742 (ASH); 02-22744  
(ASH) through 02-22746  
(ASH); 02-22749 (ASH); 02-  
22751 (ASH) through 02-22754  
(ASH)

(Jointly Administered)

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**CERTIFICATION**

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

JAMES A. BELDNER, being first duly sworn, deposes and says;

1. I am a member of the firm of Kronish Lieb Weiner & Hellman LLP ("Applicant") counsel to Metromedia Fiber Network, Inc. and its debtor subsidiaries (the "Debtors") herein.

2. I have read the foregoing third interim application (the "Application") for compensation by Applicant and know the contents thereof. The contents of the Application are true to the best of my knowledge, except as to matters therein alleged to be upon information and

belief, and as to those matters, I believe them to be true. I have personally performed many of the legal services rendered by Applicant and am thoroughly familiar with all other work performed on behalf of the Debtors by the attorneys and para-professionals in the firm.

3. In accordance with Bankruptcy Rule 2016(a) and § 504 of the Bankruptcy Code, no agreement or understanding exists between the Applicant and any other person for the sharing of compensation to be received in connection with the within case.

/s/ James A. Beldner  
James A. Beldner, Esq.

Sworn to before me this  
31st day of July, 2003

/s/ Theresa Hammond  
Notary Public

**THERESA K. HAMMOND**  
**Notary Public, State of New York**  
**No. 4650925**  
**Qualified in Suffolk County**  
**Commission Expires July 31, 2005**

**EXHIBIT "B"**

**METROMEDIA FIBER NETWORK, INC. et al.**

**PERIOD FEBRUARY 1, 2003 THROUGH JUNE 30, 2003**

<b>SUBJECT MATTER CATEGORIES</b>		<b>HOURS DURING PERIOD</b>	<b>AMOUNT<sup>3</sup></b>
1.	Case Administration	546.60	\$128,318.00
2.	Leases/Executory Contracts	432.00	\$119,878.00
3.	Business Operations and Plan	82.60	\$27,792.50
4.	Financing	20.30	\$6,409.00
5.	Retention/Profession Compensation/Fee Statements	216.70	\$69,694.00
6.	Claims	379.80	\$110,484.50
7.	Plan and Disclosure Statement	1,662.80	\$593,000.00
8.	Asset Dispositions	709.50	\$228,537.00
9.	Preparation For/Attend Court Hearing	184.10	\$72,839.50
10.	Meetings	100.60	\$48,346.50
11.	Asset Analysis	1.20	\$627.00
12.	Employee Benefits	63.40	\$32,435.50
13.	Litigation	3,230.10	\$966,358.00
14.	Cash Collateral	20.60	\$7,917.00
16.	SEC Investigation	1,001.95	\$203,045.50
18.	Garofalo Litigation	.30	\$97.50
19.	Section 505 Tax Claims	569.66	\$187,093.50
	<b>TOTAL</b>	<b>9,222.21</b>	<b>\$2,802,873.00</b>

<sup>3</sup> The amounts listed below do not take into consideration the discount of approximately \$287,799.40 which reduces the gross fee amount to \$2,519,049.99.



**APPLICANT'S PERSONNEL**

<b>Name of Professional Person</b>	<b>Position with Applicant and Year Admitted</b>	<b>Hourly Billing Rate</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
Malcolm I. Ross	Partner 1976	\$630	91.20	\$57,456.00
Ann Elizabeth Purintun	Partner 1983	\$630	14.30	\$9,009.00
Ralph J. Sutcliffe	Partner 1969	\$655	29.30	\$19,191.50
Lawrence C. Gottlieb	Partner 1974	\$620	152.50	\$94,550.00
Richard Lieb	Counsel 1954	\$590	8.70	\$5,133.00
Chet F. Lipton	Partner 1980	\$575	15.10	\$8,682.50
William J. Schwartz	Partner 1979	\$600	2.30	\$1,380.00
Paul Ritter	Partner 1980	\$525	81.70	\$42,892.50
Ronald R. Sussman	Partner 1979	\$500	224.16	\$112,080.00
James A. Beldner	Partner 1974	\$550	125.00	\$68,750.00
Cathy Herschcopf	Partner 1987	\$450	138.90	\$62,505.00
Robert A. Boghosian	Special Counsel 1988	\$430	5.20	\$2,236.00
Stephen A. Wieder	Special Counsel 1989	\$430	134.00	\$57,620.00
Maureen Hannon	Special Counsel 1989	\$420	73.30	\$30,786.00
Eric J. Haber	Special Counsel 1984	\$420	73.10	\$30,702.00
Jill M. Orlich	Associate 1992	\$420	406.00	\$170,520.00
Chaya Weinberg-Brodt	Associate 1990	\$415	107.50	\$44,612.50
Lynn D. Horwitz	Associate 1995	\$405	33.10	\$13,405.50
Richard S. Kanowitz	Associate 1992	\$405	995.50	\$403,177.50
Patrice D. Stavile	Special Counsel 1987	\$420	14.30	\$6,006.00
Katherine E. Olsen	Associate 1996	\$380	20.20	\$7,676.00
Rachel Gordon Lichten	Associate 1999	\$350	393.40	\$137,690.00
Andrew M. Pettersen	Associate 1996	\$350	11.40	\$3,990.00
Andrea C. Bromfeld	Associate 1996	\$380	4.30	\$1,634.00

<b>Name of Professional Person</b>	<b>Position with Applicant and Year Admitted</b>		<b>Hourly Billing Rate</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
Shelly L. Friedland	Associate	1997	\$325	163.60	\$53,170.00
Jonathan S. Botwinick	Associate	1997	\$300	394.90	\$118,470.00
Nicholas Smithberg	Associate	1995	\$325	204.60	\$66,495.00
Jacob J. Frohman	Associate	1999	\$275	508.30	\$139,782.50
Gregory G. Plotko	Associate	1999	\$275	315.70	\$86,817.50
Jeffrey L. Cohen	Associate	2000	\$250	764.10	\$191,025.00
Erica L. Blank	Associate	2000	\$275	58.40	\$16,060.00
Christopher A. Jarvinen	Associate	2000	\$275	7.10	\$1,952.50
Robert H. Atkins	Associate	2003	\$230	219.00	\$50,370.00
Joanna L. Bergmann	Associate	2002	\$230	388.50	\$89,355.00
Brent Weisenberg	Associate	2002	\$230	280.20	\$64,446.00
Brenda D. Alzadon	Associate	2002	\$230	34.50	\$7,935.00
Marisa Megur	Associate	2002	\$230	65.90	\$15,157.00
Ryan M. Papir	Associate	2002	\$230	37.20	\$8,556.00
Joseph M. Gitto	Associate	2001	\$230	141.20	\$32,476.00
Caroline E. Demirs	Associate	2001	\$250	6.40	\$1,600.00
Abraham Bennun	Associate	2000	\$215	459.10	\$98,706.50
Nicolas B. Hoskins	Associate	2003	\$215	521.90	\$112,208.50
Rachel Kane	Associate	2003	\$215	5.30	\$1,139.50
Peter Campbell	Law Clerk		\$215	3.50	\$752.50
Emily Tannen	Law Clerk		\$215	17.60	\$3,784.00
David Fleischer	Legal Assistant		\$190	77.10	\$14,649.00
Wilson Melendez	Legal Assistant		\$190	6.90	1,311.00
Rebecca Goldstein	Legal Assistant		\$170	147.20	\$25,024.00
James D. Hunt	Legal Assistant		\$170	69.60	\$11,832.00
Jed M. Schwartz	Legal Assistant		\$170	386.10	\$65,637.00
Margaret E. Peters	Legal Assistant		\$170	84.10	\$14,297.00
David V. Kay	Legal Assistant		\$170	262.75	\$44,667.50
Teresa Vonn Wells	Legal Assistant		\$170	76.00	\$12,920.00

<b>Name of Professional Person</b>	<b>Position with Applicant and Year Admitted</b>	<b>Hourly Billing Rate</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
Alexandra Certilman	Legal Assistant	\$170	250.50	\$42,585.00
Ruben D. Morales	Legal Assistant	\$170	32.70	\$5,559.00
Marc Klein	Misc Timekeeper	\$160	77.80	\$12,448.00
<b>Grand Total Fees</b>				<b>\$2,802,873.00</b>
<b>Total Hours</b>			<b>9222.21</b>	
<b>Blended Rate (Approximate)<sup>4</sup></b>				<b>\$303.93</b>

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<sup>4</sup> The blended rate is based on total hours and gross fees for all attorneys. It does not take into consideration the discount of approximately \$287,799.26 which reduced the gross fee amount.

## **EXHIBIT “C”**

Due to the voluminous nature of the time records, Applicant has not electronically filed said copies. Applicant will make the time records available to any party in interest, free of charge, upon request of Rebecca Goldstein, Kronish Lieb Weiner & Hellman LLP (telephone number (212) 479-6000).

**EXHIBIT "D"**

**METROMEDIA FIBER NETWORK, INC. et al.**

**EXPENSE BREAKDOWN**

**PERIOD FEBRUARY 1, 2003 THROUGH JUNE 30, 2003**

<b>SUBJECT MATTER CATEGORIES</b>	<b>AMOUNT</b>
Automated Library Research	\$60,020.13
Binding	\$170.00
Courier Service	\$2,586.11
Court Services	\$10,695.30
Fax	\$875.00
Filing Fees	\$12,337.05
Litigation Messenger	\$212.50
Litigation Search	\$2,858.79
Local Transportation	\$3,291.72
Meals	\$5,020.56
Messenger	\$664.25
Outside Printing	\$8,295.21
Photocopy	\$19,350.15
Postage	\$186.81
Telephone	\$9,198.84
Travel	\$159.33
<b>TOTAL</b>	<b>\$135,921.75</b>

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X

In re:

METROMEDIA FIBER NETWORK, INC., et al.,

Debtors.

Chapter 11

Case Nos.

02-22736 (ASH) through  
02-22742 (ASH); 02-22744  
(ASH) through 02-22746  
(ASH); 02-22749 (ASH); 02-  
22751 (ASH) through 02-22754  
(ASH)

(Jointly Administered)

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**ORDER GRANTING THIRD APPLICATION OF KRONISH LIEB WEINER &  
HELLMAN LLP, COUNSEL FOR THE DEBTORS, FOR INTERIM COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD FROM  
FEBRUARY 1, 2003 THROUGH JUNE 30, 2003**

Upon the third application dated July 31, 2003 (the "Application") of Kronish Lieb Weiner & Hellman LLP (the "Applicant"), counsel to Metromedia Fiber Network, Inc. and its debtor subsidiaries<sup>1</sup> (each a "Debtor" and collectively, the "Debtors"), in the above-captioned chapter 11 cases, seeking entry of an order allowing interim compensation ("Interim Compensation") and expenses incurred during the period from February 1, 2003 through June 30, 2003 of Kronish Lieb Weiner & Hellman LLP ("KLWH"); and it appearing that the Court has jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); and due notice of the Application having been provided to, among others, (i) the Office of the United States Trustee for the Southern District of New York; (ii) counsel for the official

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<sup>1</sup> The subsidiaries who have filed Chapter 11 petitions are: Metromedia Fiber Network Services, Inc., AboveNet Communications, Inc., SiteSmith, Inc., PAIX.net, Inc., Metromedia Fiber Network of Illinois, Inc., MFN Purchasing, Inc., Metromedia Fiber Network of New Jersey, Inc., MFN of Utah, L.L.C., MFN of Virginia, L.L.C., Metromedia Fiber National Network, Inc., Metromedia Fiber Network International, Inc., MFN International, L.L.C., MFN Japan Backhaul, Inc., and MFN Europe Finance, Inc.

committee of unsecured creditors; and (iii) any other party required to be served pursuant to the order entered by the Court on August 7, 2002 prescribing notice procedures, if any, and it appearing that no other or further notice need be provided; and it further appearing that the relief requested in the Application is in the best interests of the Debtors and their estates and creditors; and a hearing having been held before this Court to consider the Application on August \_\_, 2003; and after due deliberation and sufficient cause appearing therefor, it is hereby

**ORDERED**, that the Application is granted in the amount of \$2,519,049.99 for professional services rendered and \$135,921.75 for reimbursement of expenses incurred in the connection with the rendition of such services for a total interim award of \$2,654,971.74; and it is further

**ORDERED**, that the amount of \$2,519,049.99 is reasonable compensation for services rendered by KLWH for the period of February 1, 2003 through June 30, 2003, and that \$135,921.75 is reasonable for expenses incurred in connection with the rendition of the professional services rendered; and it is further

**ORDERED**, the Debtors are authorized and directed to pay the allowed amounts set forth above; and it is further

**ORDERED**, that the amount of Interim Compensation allowed to KLWH under this Order is provided pursuant to §§ 331 and 330 of the Bankruptcy Code.

Dated: White Plains, New York  
August \_\_, 2003

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Honorable Adlai S. Hardin, Jr.  
United States Bankruptcy Judge

**Case No: 02-22736**

**Case Name: Metromedia Fiber Network, Inc., et al.**

<b>Applicant</b>	<b>Fees</b>	<b>Expenses</b>	<b>Fees Held Back</b>	<b>Total Amount Awarded</b>
Kronish Lieb Weiner & Hellman, LLP <i>Counsel to the Debtors</i>	\$2,519,049.99	\$135,921.75	\$0	\$258,974.66