

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

In re:)	
)	Chapter 11
Allegiance Telecom, Inc. , et al.,)	Case No. 03-13057 (RDD)
)	(Jointly Administered)
Debtors.)	

AFFIDAVIT OF SERVICE RE:

- 1. APPLICATION OF THE DEBTORS FOR AN ORDER AUTHORIZING AND APPROVING THE RETENTION OF BANKRUPTCY MANAGEMENT CORPORATION AS NOTICE, CLAIMS AND BALLOTING AGENT FOR THE DEBTORS PURSUANT TO 28 U.S.C. § 156(c) AND RULE 5075-1 OF THE LOCAL BANKRUPTCY RULES**
- 2. MOTION FOR AN ORDER UNDER SECTIONS 105(a), 345, 363, 1107, AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING THE (A) MAINTENANCE OF EXISTING BANK ACCOUNTS, (B) CONTINUED USE OF EXISTING CHECKS AND BUSINESS FORMS, (C) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM AND (D) INVESTMENT OF FUNDS USING THE DEBTORS' EXISTING INVESTMENT GUIDELINES**
- 3. APPLICATION OF THE DEBTORS PURSUANT TO SECTIONS 327(a) AND 328(A) OF THE BANKRUPTCY CODE SEEKING ENTRY OF AN ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF KIRKLAND & ELLIS AS ATTORNEYS FOR THE DEBTORS**
- 4. MOTION PURSUANT TO SECTIONS 105(a), 363, AND 541 OF THE BANKRUPTCY CODE FOR ORDER (A) AUTHORIZING THE DEBTORS TO PAY SALES AND USE TAXES AND REGULATORY AND UNIVERSAL SERVICE FEES, AND (B) AUTHORIZING AND DIRECTING APPLICABLE BANKS AND OTHER FINANCIAL INSTITUTIONS TO RECEIVE, PROCESS, HONOR AND PAY ALL CHECKS PRESENTED FOR PAYMENT**
- 5. APPLICATION OF THE DEBTORS PURSUANT TO SECTIONS 327 (a) AND 328 (a) OF THE BANKRUPTCY CODE SEEKING ENTRY OF AN ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF TOGUT, SEGAL & SEGAL LLP AS ATTORNEYS FOR THE DEBTOR AND DEBTORS IN POSSESSION**

I, Yvette Hassman, state as follows:

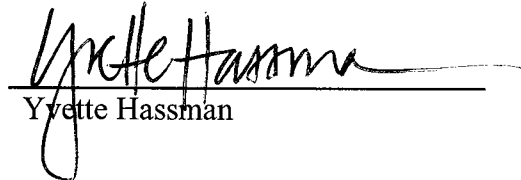
1. I am over eighteen years of age and I believe the statements contained herein are true based on my personal knowledge. My business address is c/o Bankruptcy Management Corporation, 1330 East Franklin Avenue, El Segundo, California 90245.

2. On May 19, 2003, at the direction of Kirkland & Ellis, Attorneys for Debtors and Debtors in Possession, I caused service of the documents attached hereto as Exhibit 1 to be effected on the parties listed in Exhibit 2.

3. Such service was effected via first-class mail and deposited with the United States Postal Service with postage thereon fully prepaid.

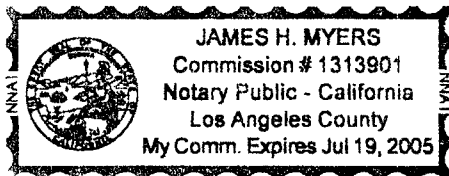
I declare under penalty of perjury that the foregoing is true and correct.

DATED: May 27, 2003
El Segundo, California


Yvette Hassman

State of California)
) ss
County of Los Angeles)

Personally appeared before me on May 27, 2003, Yvette Hassman, an individual, known to me to be the person who executed the foregoing instrument and acknowledged the same.



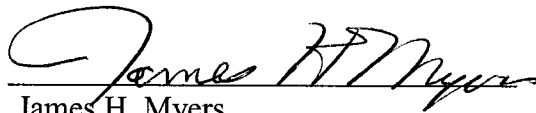

James H. Myers
My Commission Expires July 19, 2005

EXHIBIT 1

KIRKLAND & ELLIS
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
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Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
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	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**APPLICATION OF THE DEBTORS FOR AN ORDER
AUTHORIZING AND APPROVING THE RETENTION OF
BANKRUPTCY MANAGEMENT CORPORATION AS NOTICE,
CLAIMS AND BALLOTING AGENT FOR THE DEBTORS PURSUANT TO
28 U.S.C. § 156(c) AND RULE 5075-1 OF THE LOCAL BANKRUPTCY RULES**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “Allegiance” or the “Debtors”), respectfully represent:

Introduction

1. On the date hereof (the “Commencement Date”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Simultaneously with the filing of their petitions and this Application, the Debtors requested an

order for the joint administration of their chapter 11 cases pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Jurisdiction

2. This Court has subject matter jurisdiction to consider and determine this Application pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

An Overview of Allegiance’s Business

3. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (*i.e.*, national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and colocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;
- wholesale services to other regional and national service providers, including equipment colocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

4. Allegiance serves more than 100,000 business customers in 36 markets. Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

5. As of the Commencement Date, the Debtors have approximately \$245 million of cash. As of December 31, 2002, the Debtors' consolidated books and records reflected assets totaling approximately \$1.441 billion and liabilities totaling approximately \$1.397 billion. For the three months ending December 31, 2002, the Debtors, on a consolidated basis, reported revenues of approximately \$204.91 million, EBITDA (i.e., earnings before interest, taxes, depreciation, amortization, non-cash deferred compensation expense and non-cash goodwill impairment charges) of approximately negative \$34 million and net losses of approximately \$120 million.

**Allegiance is Critical to Promoting Sustainable
Competition in the Local Telecommunication Marketplace**

The Telecommunications Act of 1996

6. In February of 1996, Congress enacted the Telecommunications Act of 1996 (the "Telecom Act"), with the stated purpose of:

promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

H.R. REP No. 104-204(I), 104th Cong. 1st Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, **10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies ("ILECs") – i.e., existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers ("CLECs") to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

7. The enactment of the Telecom Act spurred entrepreneurs to start hundreds of new businesses to compete in the local telecommunications marketplace. During the late 1990s, investors recognized the growth opportunity inherent in the opening of a competitive local telecommunications marketplace and invested billions of dollars in equity and debt capital into a multitude of telecommunications companies primed to provide competing services to American consumers.

8. Funded with significant amounts of investment capital, two types of CLECs emerged. The first type of CLECs were “resellers”. Specifically, “reseller” CLECs purchased telecommunications services from ILECs at a discount and resold the services to customers at a higher price. Thus, these CLECs simply offered consumers the same services supplied by ILECs - generally at lower prices. To be successful with this low margin business model, “reseller” CLECs invested their capital in sales and marketing efforts designed to acquire a substantial customer-base and attendant market-share in a relatively short period of time and ahead of their many competitors. However, because resellers were providing the identical services as the ILECs (with no differentiation) and were attempting to build a large market share in a highly competitive market, this business model was flawed and many in the telecommunications industry believe that the “resale” business will fail.

9. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in order to effectively compete with the ILECs. Specifically, facilities-based CLECs combined elements of an ILEC’s network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC’s 2003 Triennial Review:

Facilities -based competition means a competitor can offer real differentiated service to consumers Facilities-based competitors own

more of their own network and control more of their costs, thereby offering consumers real potential for lower prices. Facilities-based competitors offer greater rewards for the economy – buying more equipment from other suppliers . . . and creating more jobs. . . . And, facilities providers create vital redundant networks that can serve own nation if other facilities are damaged by those hostile to our way of life.

F.C.C., 2003 Triennial Review - Open Meeting, Separate Statement of Chairman Michael R.

Powell, dissenting in part (February 20, 2003) (transcript available at

www.fcc.gov/web/cpd/triennial_review/). Allegiance is such a facilities-based CLEC with a nationwide network and a facility-based business strategy.

The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas

10. In 1997, a management team of industry veterans launched Allegiance and focused on building a reliable nationwide network based on proven technologies, a nationwide direct sales force primarily focused on the small to medium sized business enterprise and information processing systems to support its operations. Allegiance was one of the first major local exchange carriers to open markets utilizing the “smart build” strategy. This strategy allowed a more rapid ramp-up in operations than the traditional competitive local exchange model in which extensive networks were built, including fiber networks, prior to the generation of significant revenues. In contrast, Allegiance’s initial network build-out simply required (a) deploying digital switching platforms with local and long distance capability and (b) leasing transport facilities from the incumbent local exchange carriers and other competitive local exchange carriers to connect its switches with its transmission equipment colocated in the incumbent local exchange carrier’s central offices. Once traffic volume justified further “success-based” investment, Allegiance leased dark fiber or built specific network segments. This strategy offered two major economic benefits. First, it enabled Allegiance to enter new markets with alacrity and reduce up-front capital requirements for entering individual markets

prior to revenue generation. Second, in contrast to the traditional competitive local exchange carriers that generally built their networks in highly concentrated downtown areas due to the high cost of constructing fiber networks, Allegiance's business model enabled it to provide services to customers in downtown areas as well as the more geographically dispersed, less competitive areas of its targeted markets.

11. Allegiance's initial business plan proposed entering into 24 of the largest metropolitan areas in the United States. Subsequently, management expanded its business plan to (a) increase the total number of target markets to 36, (b) increase its service area, i.e., its colocation "footprint" in its original 24 markets, and (c) acquire long-term rights to use dark fiber rings to replace network elements leased by the Debtors from the incumbent local exchange carriers.

12. In addition to internal growth, Allegiance's business plan included growth through strategic acquisitions. For example, in December 2001, Allegiance acquired certain assets of Intermedia Business Internet (the "Intermedia Acquisition"). The Intermedia Acquisition enabled Allegiance to (a) become a Tier 1 Internet access provider, (b) provide large quantities of data transmitted at high-speeds over the Internet to and from a customer's premises, (c) efficiently exchange traffic with other Internet backbone providers giving Allegiance greater control over its Internet access, and (d) leverage its local service presence to provide additional services to its target market. In June 2003, Allegiance acquired certain assets of Shared Technologies (the "Shared Technologies Acquisition"). The Shared Technologies Acquisition (a) added customer premises equipment sales, installation and maintenance to Allegiance's portfolio of integrated products and services, (b) strategically enhanced Allegiance's target

market of small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

13. As of the date hereof, Allegiance provides its telecommunications services in major metropolitan areas across the United States, including the following 36 markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York City, Northern New Jersey, Oakland, Ontario/Riverside, CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C., West Palm Beach/Boca Raton and White Plains. Allegiance is colocated in 849 central offices and has a Tier 1 Internet backbone.

The FCC Recognizes the Importance of Allegiance

14. Federal policy recognizes the importance of facilities-based CLECs and Allegiance is the model. In that regard, the Federal Communications Commission (the “FCC”) recently published its latest rules for local competition in the *FCC Triennial Review*. In reviewing these rules, a Kaufman Bros. Equity Research Report, dated March 4, 2003, stated that “*Allegiance is the blueprint for local competition proposed by the FCC.*” In addition, Kevin J. Martin, Commissioner of the FCC has noted:

Allegiance has focused on building a business that adheres to the letter of the Telecom Act while leveraging the entrepreneurial spirit of the law, as well. Today, Allegiance stands as a model of what Congress intended in 1996, and what we hope to achieve in the years ahead – new entrants that have the opportunity to continue to invest in infrastructure, bring innovation and offer new service offerings to consumers in local markets that are open to fair and robust competition.

Kevin J. Martin, Commissioner, F.C.C., Address to the Telecommunications Law Conference and the Texas Chapter of the Federal Communications Bar Association (March 7, 2002)

(transcript available at www.fcc.gov/Speeches/Martin/2002/spkjm203.html).

15. Thus, it is clear that Allegiance, by focusing on an intelligent – well thought out business model – building its own network and offering its consumers innovative services, is an integral player in the telecommunications marketplace and a model for the nation’s policy of promoting sustainable facilities-based competition in the local telecommunications arena. With an appropriate capital structure and a reduction in unnecessary costs, Allegiance believes it will be one of the most successful telecommunications companies in the United States.

Capital Structure of the Debtors

Capital Stock

16. Allegiance Telecom, Inc. has two classes of authorized stock: (a) 750,000,000 shares of common stock, with par value of \$0.01 per share and (b) 1,000,000 shares of preferred stock, with par value of \$0.01 per share. As of December 31, 2002, Allegiance Telecom, Inc. had (i) 124,830,110 shares of common stock issued and outstanding, with 295 registered holders and at least 20,000 beneficial owners, and (ii) no shares of preferred stock outstanding. Allegiance Telecom, Inc.’s common stock is publicly traded on the Nasdaq National Market under the symbol “ALGX.”

17. Allegiance Telecom, Inc. owns 100% of the capital stock of Allegiance Telecom Company Worldwide (“ATCW”), and ATCW directly or indirectly owns 100% of the capital stock of each of the other Debtors.

Prepetition Notes

18. In 1998, Allegiance Telecom, Inc. issued two series of notes: (i) 11 3/4% Senior Discount Notes with a face value of \$445 million, due on February 15, 2008 (the “Senior Discount Notes”) and (ii) 12 7/8% Senior Notes with a face value of \$205 million, due on May 15, 2008 (the “Senior Notes”). The Senior Discount Notes were issued under that certain

Indenture, dated as of February 3, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. The Senior Notes were issued under that certain Indenture, dated as of July 7, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. Neither the Senior Discount Notes nor the Senior Notes are secured by any assets of the Debtors or guaranteed by any of the Debtors.

Prepetition Credit Agreement

19. Prior to the Commencement Date, ATCW entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002 (the “Prepetition Credit Agreement”), among ATCW, as borrower; all of the other Debtors, as guarantors; Goldman Sachs Credit Partners L.P. (“Goldman Sachs”), as syndication agent and sole lead arranger; General Electric Capital Corporation (“GECC”) (as successor to Toronto Dominion (Texas), Inc.), as administrative agent, BankBoston, N.A. (“BankBoston”) and Morgan Stanley Senior Funding, Inc. (“Morgan Stanley”), as co-documentation agents; Goldman Sachs, GECC, BankBoston, Morgan Stanley, certain managing agents, and lenders party thereto from time to time (collectively, the “Prepetition Lenders”). As of the Commencement Date, the amount outstanding under the Prepetition Credit Agreement was approximately \$465.3 million. The Debtors have pledged substantially all of their assets as collateral under the Prepetition Credit Agreement, including (a) the capital stock of ATCW and (b) substantially all of the assets of ATCW and its direct and indirect subsidiaries, including the capital stock owned by ATCW in each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

Events Leading to Chapter 11 Filing

20. The distressed economic environment in the United States that followed the economic boom of the late 1990s has had a global and adverse impact on the

telecommunications industry. In the late 1990s, in an effort to finance operations and build their networks, telecommunications companies borrowed significant amounts of money from lenders and the public through the issuance of debt. The resulting significant indebtedness incurred by telecommunications companies, combined with poor economic conditions required many companies, including the Debtors, to focus on reducing their debt either through out of court restructurings or the chapter 11 process.

21. Many of Debtors' existing and potential customers have experienced their own financial difficulties, thereby decreasing customer demand for existing and new services. The financial difficulties of the Debtors' customers has led to non-payment, partial payment, or slow payment of bills for services provided by the Debtors. The financial instability of other companies in the telecommunications industry has adversely affected the willingness of potential customers to move their telecommunications services to the Debtors. In addition, certain of the Debtors' suppliers have requested deposits, letters of credit, or other types of security. Moreover, telecommunications carriers that owe reciprocal and/or intercarrier compensation to the Debtors have either refused to pay or failed to pay in a timely manner for the services provided by the Debtors.

22. As a consequence of the foregoing, the Debtors' business operations were adversely impacted and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, in order to maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

Negotiations with the Prepetition Lenders and the Ad Hoc Committee of Bondholders

23. The Debtors, in the exercise of their sound business judgment - and in recognition of the distressed economic environment and the need for the Debtors' businesses to focus on profitability instead of high revenue growth - determined that a meaningful de-leveraging of their capital structure was crucial for the preservation and maximization of the value of their businesses. In that regard, the Debtors, in conjunction with their financial advisors and the Board of Directors of Allegiance Telecom, Inc., commenced the process of determining the appropriate capital structure for their business operations. After determining the appropriate capital structure, the Debtors commenced negotiations with the Prepetition Lenders and the Ad Hoc Committee (as defined below) to effectuate a restructuring transaction.

24. In October of 2002, Allegiance began negotiations with its Prepetition Lenders regarding a potential restructuring of its long-term debt. On November 27, 2003, Allegiance and its Prepetition Lenders entered into that certain First Amendment to the Prepetition Credit Agreement (the "Amendment"). Pursuant to the Amendment, the Debtors obtained a moratorium on their financial covenants through April 30, 2003. In exchange for the Amendment, Allegiance agreed, among other things, (a) that an event of default would occur on April 30, 2003 unless it reduced its long term debt to a level not to exceed \$645 million, and (b) to repay \$15 million to the Prepetition Lenders on account of debt owed under the Prepetition Credit Agreement. During the latter part of 2002 and to meet covenants under the Amendment, the Debtors significantly lowered their capital expenditures, reduced headcount, substantially decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

25. After entering into the Amendment, the Debtors commenced negotiations with the Prepetition Lenders to consummate a permanent restructuring. In connection with the

negotiations regarding the permanent restructuring, the Debtors commenced negotiations with an *ad hoc* committee of noteholders, which is comprised of certain holders of the Senior Notes and the Senior Discount Notes (the “Ad Hoc Committee”).

26. The Debtors, the Prepetition Lenders and the Ad Hoc Committee were not able to reach an agreement concerning the permanent restructuring prior to the April 30 deadline. On April 29, 2003, in order to avoid the occurrence of certain events of default under the Prepetition Credit Agreement, the Debtors and the Prepetition Lenders entered into a forbearance agreement (the “Forbearance Agreement”), which expires on May 15, 2003. The Forbearance Agreement provided for, among other things, a pay down of \$5 million of principal owed under the Prepetition Credit Agreement.

27. After entering into the Forbearance Agreement, the Debtors continued their negotiations with the Prepetition Lenders and the Ad Hoc Committee. However, the parties were unable to reach an agreement prior to the expiration of the term of the Forbearance Agreement. Consequently, the Debtors, in the exercise of their prudent business judgment, determined that it was in the best interests of all of their stakeholders and for the maximization of the value of their businesses to commence these chapter 11 cases and consummate a restructuring of their indebtedness under the auspices of this Court.

Relief Requested

28. Pursuant to 28 U.S.C. § 156(c) and rule 5075-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Bankruptcy Rules”), the Debtors seek to retain Bankruptcy Management Corporation (“BMC”), as notice, claims and balloting agent for the Debtors, on the terms and conditions of the retention agreement between the Debtors and BMC, dated May 13, 2003 (the “Retention Agreement”), a copy of which is annexed hereto as Exhibit “A.”

Applicable Authority

29. Section 156(c) of title 28 of the United States Code provides, in relevant part, as follows:

(c) Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate . . .

28 U.S.C. §156(c).

In addition, Local Bankruptcy Rule 5075-1(a) provides, in relevant part, as follows:

The Court may direct, subject to supervision of the Clerk, the use of agents either on or off the Court's premises to file Court records, either by paper or electronic means, to issue notices, to maintain case dockets, to maintain Judges' calendars, and to maintain and disseminate other administrative information where the costs of such facilities or services are paid for by the estate.

The Debtors' Need for a Notice, Claims and Balloting Agent

30. The Debtors have approximately 7500 creditors (exclusive of approximately 5000 current and former employees, some of whom have claims against the Debtors' estates) as well as the holders of the Debtors' approximately 125 million shares of common stock, who may require notice of various matters and, in particular, the commencement of these chapter 11 cases. Upon information and belief, it would be highly burdensome for the Office of the Clerk (the "Clerk's Office") to provide notice of the bankruptcy filing and other notices to all creditors, or to docket and maintain effectively the proofs of claim that may be filed in these chapter 11 cases.

31. The Debtors respectfully submit that the most effective and efficient manner of noticing these creditors and interested parties of the filing of these chapter 11 cases, and to transmit, receive, docket, maintain and photocopy claims, is for the Debtors to engage an

independent third party to act as the Debtors' notice and claims agent. The Debtors have been informed that the Clerk's Office prefers an outside notice and claims agent in cases of this size.¹

32. The Debtors believe that BMC is well-qualified to serve in this capacity. BMC is one of the country's leading bankruptcy consulting firms and has expertise and substantial experience in the matters for which it is to be engaged. As set forth in the affidavit of Tinamarie Feil, dated May 13, 2003, a copy of which is annexed hereto as Exhibit "B," BMC has performed substantially identical services for debtors in other large chapter 11 cases, including most recently, the cases of In re Am. Commercial Lines LLC, Ch. 11 Case No 03-90305 (BHL) (Bankr. S.D. Ind. Jan. 31, 2003); In re Conseco, Inc., Ch. 11 Case No 02 B 49672 (CAD) (Bankr. N.D. Ill. Jan. 14, 2003); In re Grumman-Olson Indus., Inc., Ch. 11 Case No 02-16131 (SMB) (Bankr. S.D.N.Y. Dec. 9, 2002), and In re Farmland Indus., Inc., Ch. 11 Case No 02-50557 (JWV) (Bankr. W.D. Miss. May 31, 2002).

Services to be Provided

33. At the request of the Debtors or the Clerk's Office, BMC will provide various services as the notice, claims and balloting agent to the Debtors in these chapter 11 cases, including, without limitation:

- (a) preparing and serving required notices in these chapter 11 cases, which may include:
 - (i) notice of the commencement of these chapter 11 cases and the initial meeting of creditors pursuant to section 341(a) of the Bankruptcy Code;
 - (ii) notice of bar date and proof of claim form to all potential claimants;

¹ Amended General Order 192 of this Court provides, in relevant part, if a debtor is "filing a petition with one thousand (1,000) or more creditors and equity securityholders, to immediately contact the Clerk of the Court to determine if 28 U.S.C. § 156(c) is applicable."

- (iii) notice of any hearings on a disclosure statement and confirmation of a plan of reorganization; and
 - (iv) other miscellaneous notices to any entities, as the Debtors or the Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases;
- (b) after the mailing of a particular notice, filing with the Clerk's Office a certificate or affidavit of service that includes a copy of the notice involved, an alphabetical list of persons to whom the notice was mailed and the date and manner of mailing;
 - (c) assist the Debtors with the preparation of their schedule of assets and liabilities, schedule of executory contracts and unexpired leases and statements of financial affairs;
 - (d) receiving and recording proofs of claim in the form of an official claims register;
 - (e) recording all transfers of claims pursuant to Bankruptcy Rule 3001(e) and providing notice of such transfers as required by Bankruptcy Rule 3001(e);
 - (f) complying with applicable federal, state, municipal, and local statutes, ordinances, rules, regulations, orders and other requirements;
 - (g) promptly complying with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe; and
 - (h) providing such other claims processing, noticing, balloting, and related administrative or data management services as may be requested by the Debtors from time to time.

Agreement for Services

34. Subject to this Court's approval, the Debtors have retained BMC to provide the services set forth above pursuant to the terms of the Retention Agreement. The Debtors may utilize services offered by BMC, such as: (a) providing other notices that will be required as these chapter 11 cases progress; and (b) providing such other administrative services that may be requested by the Debtors as contemplated in the Retention Agreement.

35. BMC seeks to have payment of compensation for services rendered, without further order of this Court, upon its submission to the Debtors of invoices that summarize such services and necessarily incurred expenses in reasonable detail. BMC received an advance payment retainer of \$20,000.00 against which BMC will draw its prepetition fees and costs from the retainer and any unused portion of the retainer will be applied against postpetition fees and expenses.

36. BMC acknowledges that it will perform its duties if it is retained in these chapter 11 cases regardless of payment and to the extent that BMC requires redress, it will seek appropriate relief from the Court.

37. In the event that BMC's services are terminated, BMC shall perform its duties until the occurrence of a complete transition with the Clerk's Office or any successor notice and claims agent.

Best Interests of the Estates

38. The Debtors believe that compensation provided under the Retention Agreement for BMC is reasonable and appropriate for services of this nature, and is consistent with the compensation arrangement charged by BMC in other cases in which it has been retained to perform similar services. The Debtors need to employ a notice and claims agent with proven competence, and believe that BMC so qualifies. It is therefore respectfully submitted that the retention of BMC is in the best interests of the Debtors, their estates and their creditors, as well as the Clerk's Office.

Waiver of Memorandum of Law

39. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Application pursuant to the Local Bankruptcy Rule 9013-1(b).

Notice

40. Notice of this Application has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) attorneys for the Prepetition Lenders; and (c) attorneys for the Ad Hoc Committee. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

No Prior Request

41. No prior Application for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors request entry of an order, pursuant to 28 U.S.C. §156(c) and Local Bankruptcy Rule 5075-1, substantially in the form attached hereto: (i) authorizing and approving the retention of, and appointing BMC as notice, claims and balloting agent and (ii) granting such other and further relief as is just and proper.

Dated: New York, New York
May 14, 2003

BY: /s/ Mark B. Tresnowski
Name: Mark B. Tresnowski
Title: Executive Vice President,
General Counsel and Secretary

EXHIBIT A

AGREEMENT FOR SERVICES

This Agreement dated as of April 25, 2003, is entered between Allegiance Telecom, Inc. 9201 North Central Expressway, Dallas, TX 75231 ("Customer" or "Debtor") and Bankruptcy Management Corporation ("BMC").

The services rendered by BMC pursuant to this Agreement will commence on the date first set forth above and will continue until the Agreement is terminated as set forth below.

TERMS AND CONDITIONS

I. SERVICES

In accordance with the terms and conditions contained in this Agreement, BMC agrees to provide the following services: (1) prepare and serve all notices required in the bankruptcy cases; (2) maintain copies of all proofs of claim and proofs of interest filed in the bankruptcy cases; (3) maintain the official claims register(s); (4) receive and record all transfers of claims pursuant to Bankruptcy Rule 3001(e); (5) maintain an up-to-date mailing list for all entities who have filed proofs of claim and/or requests for notices in the bankruptcy cases; (6) assist Customer with the management, reconciliation and resolution of claims; (7) mail and tabulate ballots for purposes of plan voting; (8) assist Customer with the preparation and maintenance of its Schedules of Assets and Liabilities, Statements of Financial Affairs and other master lists and databases of creditors, assets and liabilities; (9) assist Customer with the production of reports, exhibits and schedules of information or use by the Customer or to be delivered the Court, the Clerk's Office, the U.S. Trustee or other third parties; (10) provide other technical and document management services of a similar nature requested by Customer or the Clerk's office; and (11) facilitate or perform distributions.

II. TECHNOLOGY SUPPORT

BMC agrees to provide computer software support and to educate and train Customer in the use of the support software, provide BMC's standard reports as well as consulting and programming support for Customer requested reports, program modifications, data base modification, and/or other features.

III. PRICES, CHARGES AND PAYMENT

- A. BMC agrees to charge, and Customer agrees to pay, BMC's standard prices for its services, expenses and supplies at the rates or prices in effect on the day such services and/or supplies are provided to the Customer, in accordance with the Fee Schedule annexed hereto.
- B. Notwithstanding paragraph III A, BMC raises its rates from time to time and generally does so in January.
- C. Customer agrees to pay BMC for reasonable out-of-pocket expenses incurred for transportation, lodging, meals and related items. Travel time shall be billed by BMC and paid by Customer at one-half of BMC's applicable hourly rate.
- D. In connection with noticing services, Customer agrees that upon request it will prepay BMC estimated postage amounts with respect to certain notices or shall authorize BMC to cause the courier's charges (such as UPS or FedEx) to be stated to Customer's own account with such courier. In lieu of prepayment, BMC may apply the retainer and any portion thereof referenced in Paragraph F below,

as payment for such postage and courier costs at the time such costs are incurred.

- E. BMC agrees to submit invoices for fees and expenses to and Customer agrees that the amount invoiced is due and payable upon its receipt of the invoice. If any amount is unpaid as of thirty (30) days from the receipt of the invoice, Customer further agrees to pay a late charge, calculated as one and one-half percent (1-1/2%) interest on the amount unpaid, accruing from the invoice date. In the case of a dispute in the invoice amount, notice shall be given to BMC within twenty (20) days of receipt of the invoice by Customer. Interest shall not accrue on any amounts in dispute. The undisputed portion of the invoice amount is due and payable in the normal course.
- F. At the commencement of this engagement, Customer will provide BMC with an advance payment retainer in the amount of twenty thousand dollars (\$20,000.00). The retainer or any portion thereof may be applied as set forth in Paragraph D above to payment for postage, courier and related charges, as well as other sums due hereunder provided however, that Customer shall keep the retainer "evergreen" by making monthly payments to BMC in the amount necessary to restore the balance of the retainer to twenty-thousand dollars (\$20,000.00). In addition, the retainer will be applied first to BMC's pre-petition bill and ultimately to its final bill for services and expenses rendered or incurred on behalf of Customer. After application to the final bill, the unapplied portion of the retainer (if any) shall be refunded to Customer. Wire transfer information for transmission of the retainer and payment of invoices is as follows: Wells Fargo Wire transfer routing # or ABA - 121000248 to Wells Fargo 1130 Bellevue Way N.E. Bellevue, WA 98004 credit to Account #0033022633 Bankruptcy Management Corporation.

IV. WARRANTY

The BMC warranty under the Agreement shall be limited to solely re-running, at its expense, of any inaccurate reports, or performing a replacement mailing, provided that such inaccuracies were caused solely as a result of BMC performance hereunder and provided further that BMC shall receive written notice of such inaccuracies within thirty (30) days of delivery of such report. If said notice is not made to BMC within the prescribed time limit Customer is liable for all charges. Customer agrees that the foregoing constitutes the exclusive remedy available with respect to inaccurate reports.

V. RIGHTS OF OWNERSHIP

- A. The parties understand that the software programs and other similar proprietary materials furnished by BMC pursuant to this Agreement and/or developed during the course of this Agreement by BMC are the sole property of BMC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, sub-routines, procedural manuals, and documentation. Customer agrees not to copy or permit others to copy for unauthorized use the source code from the support software or any other programs or similar proprietary materials furnished pursuant to this Agreement.
- B. Customer further agrees that any ideas, concepts, know-how or techniques relating to data processing or BMC's performance of its services developed during the course of its Agreement by BMC shall be exclusive property of BMC.
- C. Upon Customer's request at any time or times while this Agreement is in effect, BMC shall immediately deliver to Customer at Customer's sole expense, any or all

of the non-proprietary data, information and records held or controlled by BMC pursuant to this Agreement, in the form requested by Customer. Any information, data and records, in whatever form existing, whether provided to BMC by Customer or developed by BMC for Customer under this Agreement, may be retained by BMC until all amounts due under this Agreement are paid in full, it being understood that neither party asserts rights of ownership in the official claims register or materials filed with BMC as an agent of the court.

- D. Customer shall remain liable for all charges properly imposed under this Agreement as a result of data or physical media maintained by BMC. BMC shall dispose of the data and media in the manner requested by Customer. Customer agrees to pay BMC for reasonable expenses incurred as a result of the disposition of the data or media. After giving Customer thirty (30) days advance notice, BMC reserves the right to dispose of data or media maintained by BMC for Customer if Customer has not utilized the services provided herein for a period of at least ninety (90) days or if Customer has not paid all charges due to BMC.

VI. NON-SOLICITATION

Customer agrees that neither it nor its subsidiaries or other affiliated companies shall directly or indirectly solicit for employment, employ or otherwise retain staff of BMC during the term of this Agreement, nor for a period of twelve (12) months after termination of this Agreement unless mutually agreed upon by both parties.

VII. CONFIDENTIALITY

BMC agrees to, and shall cause its servants, agents, employees, licensees, and subcontractors to, safeguard and keep confidential all data, records, information and communications of any sort or form, regardless of whether written, oral, visual or otherwise recorded or transmitted, with respect to Customer, but excluding such data, records, information and communications that exist in the public domain by reason other than a breach of BMC's obligations under this Section VII "Confidentiality" (the "Confidential Information"). BMC will use the Confidential Information only for the benefit of Customer in connection with the provision of services under this Agreement. Customer agrees to, and will cause its servants, agents, employees, licensees, and subcontractors to, keep all information with respect to BMC's system, procedures and software confidential; provided, however, that if either party is required to produce any such information by order of any governmental agency or other regulatory body, it may, upon not less than five business days' written notice, release the required information. The obligations set forth in this paragraph shall survive termination of this Agreement.

VIII. TERMINATION

- A. This Agreement shall remain in force until terminated by Customer on one (1) month's prior written notice received by BMC, or, by BMC upon two (2) months' prior written notice received by the Customer.
- B. In the event that this contract is terminated, regardless of the reason for such termination, BMC shall cooperate with Customer to orderly transfer to Customer or its designee (or destroy, at Customer's direction) data, records and information in its possession or control and to effect an orderly transition of record-keeping functions. BMC shall provide all necessary staff, services and assistance required for an orderly transfer and transition. Customer agrees to pay for such services in accordance with BMC's then existing prices for such services.

- C. BMC may cease performing services hereunder if Customer fails to timely make the payments required hereunder or otherwise materially breaches the terms hereof. Provided however, for any non-monetary breach, BMC will give written notice thereof and Customer shall have 10 calendar days to cure or arrange for cure satisfactory to BMC. Any irreconcilable dispute hereunder shall be promptly presented by counsel for Customer to the Bankruptcy Court for resolution.

IX. SYSTEM IMPROVEMENTS

BMC's policy is to provide continuous improvements in the quality of service to the Customer. BMC, therefore, reserves the right to make changes in operation procedure, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment and the BMC data center serving the Customer.

X. LIMITATIONS OF LIABILITY AND INDEMNIFICATION

Except with respect to breaches under Section VII "Confidentiality" above, each party shall indemnify and hold the other party, and its officers, employees and agents, harmless against any losses, claims, damages, judgments, liabilities and expense (including reasonable counsel fees and expenses) resulting from action taken or permitted in good faith with due care and without negligence in reliance upon instructions or orders received from the other party as to anything arising in connection with its performance under this Agreement. Except with respect to breaches under Section VII "Confidentiality" above, neither party shall be liable to the other with respect to any performance or non-performance, in accordance with the terms of this Agreement or instructions properly received pursuant hereto, if done in good faith and without negligence or willful or wanton misconduct. Except with respect to breaches under Section VII "Confidentiality", in no event shall either party be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of this Agreement.

XI. NOTICES

All notices in connection with this Agreement shall be given or made upon the respective parties in writing by hand delivery (including by overnight courier) and shall be deemed as given on the day it is delivered by such courier to the appropriate address set forth below:

Bankruptcy Management Corporation 6096 Upland Terrace Seattle, WA 98118 Attn: Tinamarie Feil	Allegiance Telecom, Inc. Attn:
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Or to such other address as the party to receive the notice or request so designates by written notice to the other.

XII. APPLICABLE LAW

This agreement shall be construed in accordance with the laws of the State of Washington and may be modified only by a written instrument duly executed by an authorized representative of Customer and an officer of BMC.

XIII. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings and other agreements, oral and written between the parties relating to the subject matter of this Agreement. The Agreement may not be modified or altered by written instrument duly executed by both parties. Customer represents that it has the authority to enter into this Agreement, subject, as necessary, to bankruptcy court approval, and the Agreement is binding and enforceable against Customer in accordance with its terms and cannot be terminated except as set forth herein. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. In the event of any conflict between a term of this Agreement and any order of the court exercising jurisdiction over the Customer bankruptcy cases, the term of the order shall govern.


XIV. ASSIGNMENT

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned by BMC to a wholly owned subsidiary of BMC.

XIV. DEFAULT

If Customer materially breaches this Agreement, BMC may recover all damages proximately caused thereby and as set forth in Paragraph VIII hereof may cease providing services hereunder without obtaining any further Order of court. BMC shall recover all expenses including its reasonable attorneys fees and costs incurred in enforcing this Agreement, whether or not litigation is necessary.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Bankruptcy Management Corporation	Allegiance Telecom, Inc.
By: 	By: _____
Name: Sean Allen	Name: _____
Title: President	Title: _____
Date: April 25, 2003	Date: April ____, 2003

XII. APPLICABLE LAW

This agreement shall be construed in accordance with the laws of the State of Washington and may be modified only by a written instrument duly executed by an authorized representative of Customer and an officer of BMC.

XIII. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings and other agreements, oral and written between the parties relating to the subject matter of this Agreement. The Agreement may not be modified or altered by written instrument duly executed by both parties. Customer represents that it has the authority to enter into this Agreement, subject, as necessary, to bankruptcy court approval, and the Agreement is binding and enforceable against Customer in accordance with its terms and cannot be terminated except as set forth herein. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. In the event of any conflict between a term of this Agreement and any order of the court exercising jurisdiction over the Customer bankruptcy cases, the term of the order shall govern.

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This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned by BMC to a wholly owned subsidiary of BMC.

XIV. DEFAULT

If Customer materially breaches this Agreement, BMC may cease providing services hereunder without obtaining any further Order of court. Either party shall recover all expenses including its reasonable attorneys fees and costs incurred in enforcing this Agreement, whether or not litigation is necessary.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Bankruptcy Management Corporation	Allegiance Telecom, Inc.
By: _____	By: <u>Annie S. Terry</u>
Name: Sean Allen	Name: <u>Annie S. Terry</u>
Title: President	Title: <u>vp</u>
Date: April 25, 2003	Date: <u>April</u> , 2003

May 13

Fee Schedule

Engagement Support

Principals	\$200 - \$275 per hour
Consultants	\$95 - \$200 per hour
Case Support	\$75 - \$150 per hour
Technology Services	\$125 - \$175 per hour
Information Services	\$40 - \$75 per hour

Document Management Services

Copying	\$0.13 per page
Printing (variable data printing)	\$0.10 per page
Imaging and storage	\$0.19 per image

Print Mail and Noticing Services

Electronic noticing (no attachment)	\$150.00 per 1000
Document/Mail File Production Setup	\$0 - \$25.00 per file
Finishing (Fold, Stuff, Label, Envelope)	Varies based on requirements
Postage	At cost
Legal Notice Publication	Quote

Claims Management

Claims receipt and docketing (BMC custom)	\$1.00 each
Claims receipt and docketing (non-BMC form)	\$45.00 per hour

Report Processing

Claim Register and Standard Reports	Waived
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Balloting/Distribution

Ballot Tabulation (BMC custom)	\$1.00 each
Check issuance; tax reporting	\$1.25 each

BMC Case Management Tools (b-Linx and b-Worx)

Minimum monthly charge	\$250.00
User fee	\$35.00 per month
Data Storage	Varies based on requirements

Note: Reimbursable expenses such as travel and lodging, postage and courier are billed at cost. Postage is payable in advance for mass mailings.

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

<hr/>		X
In re:	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
<hr/>		X

**AFFIDAVIT OF TINAMARIE FEIL IN SUPPORT
OF THE APPLICATION OF THE DEBTORS FOR
AN ORDER AUTHORIZING AND APPROVING THE
RETENTION OF BANKRUPTCY MANAGEMENT CORPORATION
AS NOTICE, CLAIMS AND BALLOTING AGENT FOR THE DEBTORS**

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

Tinamarie Feil, being duly sworn, deposes and says:

1. I am a Vice President of Bankruptcy Management Corporation (“BMC”), located at 1330 E. Franklin Avenue, El Segundo, California 90245, and I make this Affidavit on behalf of BMC. I submit this Affidavit in support of the application (the “Application”) of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors-in-possession (collectively, “Allegiance” or the “Debtors”), for entry of an order authorizing the retention of BMC as notice, claims and balloting agent for the Debtors. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

BMC’s Qualifications

2. BMC is one of the country’s leading bankruptcy consulting firms and has expertise and substantial experience in the matters for which it is to be engaged. BMC is well qualified to provide the Debtors with experienced services as notice agent and claims agent in connection with these chapter 11 cases. BMC has performed substantially identical services for

debtors in other large chapter 11 cases, including most recently, the cases of In re Am. Commercial Lines LLC, Ch. 11 Case No 03-90305 (BHL) (Bankr. S.D. Ind. Jan. 31, 2003); In re Conseco, Inc., Ch. 11 Case No 02 B 49672 (CAD) (Bankr. N.D. Ill. Jan. 14, 2003); In re Grumman-Olson Indus., Inc., Ch. 11 Case No 02-16131 (SMB) (Bankr. S.D.N.Y. Dec. 9, 2002), and In re Farmland Indus., Inc., Ch. 11 Case No 02-50557 (JWV) (Bankr. W.D. Miss. May 31, 2002).

3. BMC is fully equipped to handle the volume involved in properly sending the required notices to creditors and other interested parties in these chapter 11 cases. BMC will follow notice procedures that conform to the guidelines promulgated by the Clerk of the Bankruptcy Court, as directed by the Debtors.

4. To the best of my knowledge, after diligent inquiry, neither BMC, nor any employee of BMC, has any connection with the Debtors, its creditors, or any other party in interest. To the best of my knowledge, after diligent inquiry, neither BMC, nor any employee of BMC, represents any interest adverse to the Debtors' estates with respect to any matter upon which BMC is to be engaged.

5. In connection with its appointment as notice, claims and balloting agent to the Debtors in these chapter 11 cases:

- (a) BMC will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the notice agent and claims agent to the Debtors in these chapter 11 cases;
- (b) by accepting employment in these chapter 11 cases, BMC waives any rights to receive compensation from the United States government;
- (c) in its capacity as the notice agent and claims agent to the Debtors in these chapter 11 cases, BMC will not be an agent of the United States and will not act on behalf of the United States; and

- (d) BMC will not employ any past or present employees of the Debtors in connection with its work as the notice agent and claims agent to the Debtors in these chapter 11 cases.

Services to be Provided

6. At the request of the Debtors or the Clerk's Office,¹ BMC will provide various services as the notice, claims and balloting agent to the Debtors in these chapter 11 cases, including, without limitation:

- (a) preparing and serving required notices in these chapter 11 cases, which may include:
 - (i) notice of the commencement of these chapter 11 cases and the initial meeting of creditors pursuant to section 341(a) of the Bankruptcy Code;
 - (ii) notice of bar date and proof of claim form to all potential claimants;
 - (iii) notice of any hearings on a disclosure statement and confirmation of a plan of reorganization; and
 - (iv) other miscellaneous notices to any entities, as the Debtors or the Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases;
- (b) after the mailing of a particular notice, filing with the Clerk's Office a certificate or affidavit of service that includes a copy of the notice involved, an alphabetical list of persons to whom the notice was mailed and the date and manner of mailing;
- (c) assist the Debtors with the preparation of their schedule of assets and liabilities, schedule of executory contracts and unexpired leases and statements of financial affairs;
- (d) receiving and recording proofs of claim in the form of an official claims register;
- (e) recording all transfers of claims pursuant to Bankruptcy Rule 3001(e) and providing notice of such transfers as required by Bankruptcy Rule 3001(e);

¹ Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Application.

- (f) complying with applicable federal, state, municipal, and local statutes, ordinances, rules, regulations, orders and other requirements;
- (g) promptly complying with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe; and
- (h) providing such other claims processing, noticing, balloting, and related administrative or data management services as may be requested by the Debtors from time to time.

7. BMC will seek to have payment of compensation for services rendered without further order of this Court upon its submission to the Debtors of invoices that summarize such services and necessarily incurred expenses in reasonable detail. BMC received an advance payment retainer of \$20,000.00 against which BMC will draw its prepetition fees and costs from the retainer and any unused portion of the retainer will be applied against postpetition fees and expenses.

8. No commitments have been made or received by BMC, nor any principal or associate thereof, as to compensation or payment in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code. BMC has no agreement with any other entity to share with such entity (other than wholly-owned subsidiaries) any compensation received by BMC in connection with these chapter 11 cases.

9. BMC will maintain reasonably detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 13, 2003.

/s/ Tinamarie Feil
Tinamarie Feil

Subscribed and Sworn to before me
this 13 day of May, 2003

/s/ Amy T. Betts
Notary Public
State of Illinois
My Commission expires: 2/24/07

KIRKLAND & ELLIS
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**MOTION FOR ORDER UNDER SECTIONS 105(a), 345, 363, 1107,
AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING THE (A)
MAINTENANCE OF EXISTING BANK ACCOUNTS, (B) CONTINUED
USE OF EXISTING CHECKS AND BUSINESS FORMS, (C) CONTINUED
USE OF EXISTING CASH MANAGEMENT SYSTEM AND (D) INVESTMENT
OF FUNDS USING THE DEBTORS' EXISTING INVESTMENT GUIDELINES**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, "Allegiance" or the "Debtors"), respectfully represent:

Introduction

1. On the date hereof (the "Commencement Date"), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11, of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Simultaneously with the filing of their petitions and this Motion,

the Debtors requested an order for joint administration of their chapter 11 cases pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Jurisdiction

2. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

An Overview of Allegiance’s Business

3. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (*i.e.*, national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and colocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;
- wholesale services to other regional and national service providers, including equipment colocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

4. Allegiance serves more than 100,000 business customers in 36 markets. Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

5. As of the Commencement Date, the Debtors have approximately \$245 million of cash. As of December 31, 2002, the Debtors' consolidated books and records reflected assets totaling approximately \$1.441 billion and liabilities totaling approximately \$1.397 billion. For the three months ending December 31, 2002, the Debtors, on a consolidated basis, reported revenues of approximately \$204.91 million, EBITDA (i.e., earnings before interest, taxes, depreciation, amortization, non-cash deferred compensation expense and non-cash goodwill impairment charges) of approximately negative \$34 million and net losses of approximately \$120 million.

**Allegiance is Critical to Promoting Sustainable
Competition in the Local Telecommunication Marketplace**

The Telecommunications Act of 1996

6. In February of 1996, Congress enacted the Telecommunications Act of 1996 (the "Telecom Act"), with the stated purpose of:

promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

H.R. REP No. 104-204(I), 104th Cong. 1st Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, **10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies ("ILECs") – i.e., existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers ("CLECs") to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

7. The enactment of the Telecom Act spurred entrepreneurs to start hundreds of new businesses to compete in the local telecommunications marketplace. During the late 1990s, investors recognized the growth opportunity inherent in the opening of a competitive local telecommunications marketplace and invested billions of dollars in equity and debt capital into a multitude of telecommunications companies primed to provide competing services to American consumers.

8. Funded with significant amounts of investment capital, two types of CLECs emerged. The first type of CLECs were “resellers”. Specifically, “reseller” CLECs purchased telecommunications services from ILECs at a discount and resold the services to customers at a higher price. Thus, these CLECs simply offered consumers the same services supplied by ILECs - generally at lower prices. To be successful with this low margin business model, “reseller” CLECs invested their capital in sales and marketing efforts designed to acquire a substantial customer-base and attendant market-share in a relatively short period of time and ahead of their many competitors. However, because resellers were providing the identical services as the ILECs (with no differentiation) and were attempting to build a large market share in a highly competitive market, this business model was flawed and many in the telecommunications industry believe that the “resale” business will fail.

9. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in order to effectively compete with the ILECs. Specifically, facilities-based CLECs combined elements of an ILEC’s network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC’s 2003 Triennial Review:

Facilities -based competition means a competitor can offer real differentiated service to consumers Facilities-based competitors own more of their own network and control more of their costs, thereby offering

consumers real potential for lower prices. Facilities-based competitors offer greater rewards for the economy – buying more equipment from other suppliers . . . and creating more jobs. . . . And, facilities providers create vital redundant networks that can serve own nation if other facilities are damaged by those hostile to our way of life.

F.C.C., 2003 Triennial Review - Open Meeting, Separate Statement of Chairman Michael R.

Powell, dissenting in part (February 20, 2003) (transcript available at

www.fcc.gov/web/cpd/triennial_review/). Allegiance is such a facilities-based CLEC with a nationwide network and a facility-based business strategy.

The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas

10. In 1997, a management team of industry veterans launched Allegiance and focused on building a reliable nationwide network based on proven technologies, a nationwide direct sales force primarily focused on the small to medium sized business enterprise and information processing systems to support its operations. Allegiance was one of the first major local exchange carriers to open markets utilizing the “smart build” strategy. This strategy allowed a more rapid ramp-up in operations than the traditional competitive local exchange model in which extensive networks were built, including fiber networks, prior to the generation of significant revenues. In contrast, Allegiance’s initial network build-out simply required (a) deploying digital switching platforms with local and long distance capability and (b) leasing transport facilities from the incumbent local exchange carriers and other competitive local exchange carriers to connect its switches with its transmission equipment colocated in the incumbent local exchange carrier’s central offices. Once traffic volume justified further “success-based” investment, Allegiance leased dark fiber or built specific network segments. This strategy offered two major economic benefits. First, it enabled Allegiance to enter new markets with alacrity and reduce up-front capital requirements for entering individual markets prior to revenue generation. Second, in contrast to the traditional competitive local exchange

carriers that generally built their networks in highly concentrated downtown areas due to the high cost of constructing fiber networks, Allegiance's business model enabled it to provide services to customers in downtown areas as well as the more geographically dispersed, less competitive areas of its targeted markets.

11. Allegiance's initial business plan proposed entering into 24 of the largest metropolitan areas in the United States. Subsequently, management expanded its business plan to (a) increase the total number of target markets to 36, (b) increase its service area, i.e., its colocation "footprint" in its original 24 markets, and (c) acquire long-term rights to use dark fiber rings to replace network elements leased by the Debtors from the incumbent local exchange carriers.

12. In addition to internal growth, Allegiance's business plan included growth through strategic acquisitions. For example, in December 2001, Allegiance acquired certain assets of Intermedia Business Internet (the "Intermedia Acquisition"). The Intermedia Acquisition enabled Allegiance to (a) become a Tier 1 Internet access provider, (b) provide large quantities of data transmitted at high-speeds over the Internet to and from a customer's premises, (c) efficiently exchange traffic with other Internet backbone providers giving Allegiance greater control over its Internet access, and (d) leverage its local service presence to provide additional services to its target market. In June 2003, Allegiance acquired certain assets of Shared Technologies (the "Shared Technologies Acquisition"). The Shared Technologies Acquisition (a) added customer premises equipment sales, installation and maintenance to Allegiance's portfolio of integrated products and services, (b) strategically enhanced Allegiance's target market of small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

13. As of the date hereof, Allegiance provides its telecommunications services in major metropolitan areas across the United States, including the following 36 markets: Atlanta,

Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York City, Northern New Jersey, Oakland, Ontario/Riverside, CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C., West Palm Beach/Boca Raton and White Plains. Allegiance is colocated in 849 central offices and has a Tier 1 Internet backbone.

The FCC Recognizes the Importance of Allegiance

14. Federal policy recognizes the importance of facilities-based CLECs and Allegiance is the model. In that regard, the Federal Communications Commission (the “FCC”) recently published its latest rules for local competition in the *FCC Triennial Review*. In reviewing these rules, a Kaufman Bros. Equity Research Report, dated March 4, 2003, stated that “*Allegiance is the blueprint for local competition proposed by the FCC.*” In addition, Kevin J. Martin, Commissioner of the FCC has noted:

Allegiance has focused on building a business that adheres to the letter of the Telecom Act while leveraging the entrepreneurial spirit of the law, as well. Today, Allegiance stands as a model of what Congress intended in 1996, and what we hope to achieve in the years ahead – new entrants that have the opportunity to continue to invest in infrastructure, bring innovation and offer new service offerings to consumers in local markets that are open to fair and robust competition.

Kevin J. Martin, Commissioner, F.C.C., Address to the Telecommunications Law Conference and the Texas Chapter of the Federal Communications Bar Association (March 7, 2002) (transcript available at www.fcc.gov/Speeches/Martin/2002/spkjm203.html).

15. Thus, it is clear that Allegiance, by focusing on an intelligent – well thought out business model – building its own network and offering its consumers innovative services, is an integral player in the telecommunications marketplace and a model for the

nation's policy of promoting sustainable facilities-based competition in the local telecommunications arena. With an appropriate capital structure and a reduction in unnecessary costs, Allegiance believes it will be one of the most successful telecommunications companies in the United States.

Capital Structure of the Debtors

Capital Stock

16. Allegiance Telecom, Inc. has two classes of authorized stock: (a) 750,000,000 shares of common stock, with par value of \$0.01 per share and (b) 1,000,000 shares of preferred stock, with par value of \$0.01 per share. As of December 31, 2002, Allegiance Telecom, Inc. had (i) 124,830,110 shares of common stock issued and outstanding, with 295 registered holders and at least 20,000 beneficial owners, and (ii) no shares of preferred stock outstanding. Allegiance Telecom, Inc.'s common stock is publicly traded on the Nasdaq National Market under the symbol "ALGX."

17. Allegiance Telecom, Inc. owns 100% of the capital stock of Allegiance Telecom Company Worldwide ("ATCW"), and ATCW directly or indirectly owns 100% of the capital stock of each of the other Debtors.

Prepetition Notes

18. In 1998, Allegiance Telecom, Inc. issued two series of notes: (i) 11 3/4% Senior Discount Notes with a face value of \$445 million, due on February 15, 2008 (the "Senior Discount Notes") and (ii) 12 7/8% Senior Notes with a face value of \$205 million, due on May 15, 2008 (the "Senior Notes"). The Senior Discount Notes were issued under that certain Indenture, dated as of February 3, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. The Senior Notes were issued under that certain Indenture, dated as of July 7, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as

Indenture Trustee. Neither the Senior Discount Notes nor the Senior Notes are secured by any assets of the Debtors or guaranteed by any of the Debtors.

Prepetition Credit Agreement

19. Prior to the Commencement Date, ATCW entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002 (the “Prepetition Credit Agreement”), among ATCW, as borrower; all of the other Debtors, as guarantors; Goldman Sachs Credit Partners L.P. (“Goldman Sachs”), as syndication agent and sole lead arranger; General Electric Capital Corporation (“GECC”) (as successor to Toronto Dominion (Texas), Inc.), as administrative agent, BankBoston, N.A. (“BankBoston”) and Morgan Stanley Senior Funding, Inc. (“Morgan Stanley”), as co-documentation agents; Goldman Sachs, GECC, BankBoston, Morgan Stanley, certain managing agents, and lenders party thereto from time to time (collectively, the “Prepetition Lenders”). As of the Commencement Date, the amount outstanding under the Prepetition Credit Agreement was approximately \$465.3 million. The Debtors have pledged substantially all of their assets as collateral under the Prepetition Credit Agreement, including (a) the capital stock of ATCW and (b) substantially all of the assets of ATCW and its direct and indirect subsidiaries, including the capital stock owned by ATCW in each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

Events Leading to Chapter 11 Filing

20. The distressed economic environment in the United States that followed the economic boom of the late 1990s has had a global and adverse impact on the telecommunications industry. In the late 1990s, in an effort to finance operations and build their networks, telecommunications companies borrowed significant amounts of money from lenders and the public through the issuance of debt. The resulting significant indebtedness incurred by

telecommunications companies, combined with poor economic conditions required many companies, including the Debtors, to focus on reducing their debt either through out of court restructurings or the chapter 11 process.

21. Many of Debtors' existing and potential customers have experienced their own financial difficulties, thereby decreasing customer demand for existing and new services. The financial difficulties of the Debtors' customers has led to non-payment, partial payment, or slow payment of bills for services provided by the Debtors. The financial instability of other companies in the telecommunications industry has adversely affected the willingness of potential customers to move their telecommunications services to the Debtors. In addition, certain of the Debtors' suppliers have requested deposits, letters of credit, or other types of security. Moreover, telecommunications carriers that owe reciprocal and/or intercarrier compensation to the Debtors have either refused to pay or failed to pay in a timely manner for the services provided by the Debtors.

22. As a consequence of the foregoing, the Debtors' business operations were adversely impacted and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, in order to maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

Negotiations with the Prepetition Lenders and the Ad Hoc Committee of Bondholders

23. The Debtors, in the exercise of their sound business judgment - and in recognition of the distressed economic environment and the need for the Debtors' businesses to focus on profitability instead of high revenue growth - determined that a meaningful de-

leveraging of their capital structure was crucial for the preservation and maximization of the value of their businesses. In that regard, the Debtors, in conjunction with their financial advisors and the Board of Directors of Allegiance Telecom, Inc., commenced the process of determining the appropriate capital structure for their business operations. After determining the appropriate capital structure, the Debtors commenced negotiations with the Prepetition Lenders and the Ad Hoc Committee (as defined below) to effectuate a restructuring transaction.

24. In October of 2002, Allegiance began negotiations with its Prepetition Lenders regarding a potential restructuring of its long-term debt. On November 27, 2003, Allegiance and its Prepetition Lenders entered into that certain First Amendment to the Prepetition Credit Agreement (the “Amendment”). Pursuant to the Amendment, the Debtors obtained a moratorium on their financial covenants through April 30, 2003. In exchange for the Amendment, Allegiance agreed, among other things, (a) that an event of default would occur on April 30, 2003 unless it reduced its long term debt to a level not to exceed \$645 million, and (b) to repay \$15 million to the Prepetition Lenders on account of debt owed under the Prepetition Credit Agreement. During the latter part of 2002 and to meet covenants under the Amendment, the Debtors significantly lowered their capital expenditures, reduced headcount, substantially decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

25. After entering into the Amendment, the Debtors commenced negotiations with the Prepetition Lenders to consummate a permanent restructuring. In connection with the negotiations regarding the permanent restructuring, the Debtors commenced negotiations with an *ad hoc* committee of noteholders, which is comprised of certain holders of the Senior Notes and the Senior Discount Notes (the “Ad Hoc Committee”).

26. The Debtors, the Prepetition Lenders and the Ad Hoc Committee were not able to reach an agreement concerning the permanent restructuring prior to the April 30 deadline. On April 29, 2003, in order to avoid the occurrence of certain events of default under the Prepetition Credit Agreement, the Debtors and the Prepetition Lenders entered into a forbearance agreement (the “Forbearance Agreement”), which expires on May 15, 2003. The Forbearance Agreement provided for, among other things, a pay down of \$5 Million of principal owed under the Prepetition Credit Agreement.

27. After entering into the Forbearance Agreement, the Debtors continued their negotiations with the Prepetition Lenders and the Ad Hoc Committee. However, the parties were unable to reach an agreement prior to the expiration of the term of the Forbearance Agreement. Consequently, the Debtors, in the exercise of their prudent business judgment, determined that it was in the best interests of all of their stakeholders and for the maximization of the value of their businesses to commence these chapter 11 cases and consummate a restructuring of their indebtedness under the auspices of this Court.

Relief Requested

28. By this Motion, the Debtors seek entry of an order authorizing the Debtors to (a) maintain existing bank accounts, (b) continue to use their existing checks and business forms, (c) continue to use their existing cash management system and (d) invest funds using the Debtors’ existing investment guidelines.

The Debtors Should Be Granted Authority To Maintain Their Existing Bank Accounts

29. The United States Trustee for the Southern District of New York (the “U.S. Trustee”) has established “Operating Guidelines and Financial Reporting Requirements Required in All Cases Under Chapter 11, and cases with operating business under Chapters 7

and 13 of the Bankruptcy Code” (the “U.S. Trustee Guidelines”) for debtors in possession. The U.S. Trustee Guidelines, upon the commencement of a chapter 11 case, mandate a debtor in possession to open new bank accounts and close all existing accounts. These requirements are designed to (a) provide a clear line of demarcation between prepetition and postpetition claims and payments and (b) protect against the inadvertent payment of prepetition claims by preventing the banks from honoring checks drawn before the Commencement Date.

30. Prior to the Commencement Date, the Debtors, in the ordinary course of business, maintained approximately thirty-two (32) bank accounts, each of which is listed on Exhibit “A” to this Motion (collectively, the “Bank Accounts”). All of the Bank Accounts, whether located within or outside the Southern District of New York, are held at financially stable banking institutions with FDIC insurance and other appropriate government guaranteed deposit protection insurance.

31. The Debtors seek a waiver of the requirement that the Bank Accounts be closed and that new postpetition bank accounts be opened.¹ If enforced in these chapter 11 cases, this requirement would cause enormous disruption to the Debtors’ businesses and would impair the Debtors’ efforts to reorganize.

32. The Debtors also seek a waiver of the U.S. Trustee’s requirement that all Bank Accounts be at the banks on the U.S. Trustee’s approved bank list (the “Approved Banks”). While the majority of the Debtors’ banks are Approved Banks, one Bank Account is at Comerica Bank, which is not an Approved Bank. The Bank Account at Comerica Bank is FDIC-insured and the daily balance in this Bank Account rarely exceeds \$50,000. The Debtors believe

¹ The Debtors are currently in the process of transferring certain Bank Accounts from Bank of America to JPMorgan Chase Bank. The Debtors anticipate to complete this transfer by June 2003.

that closing this Bank Account would be time consuming and would divert the Debtors' efforts from operating their businesses and focusing on their restructuring efforts.

33. Maintaining the Bank Accounts, however, would greatly facilitate the Debtors' "seamless transition" to postpetition operations. To avoid delays in paying debts incurred postpetition and to ensure a smooth transition into chapter 11, the Debtors should be permitted to continue to maintain the Bank Accounts and, if necessary, open new accounts and close existing accounts in the normal course of business operations. Otherwise, transferring funds to new postpetition bank accounts will be tremendously disruptive and time consuming.

34. In other chapter 11 cases, this Court has recognized that strict enforcement of the requirement that a debtor in possession close its bank accounts does not serve the rehabilitative process of chapter 11. Accordingly, this Court has waived such requirements and replaced them with similar alternative procedures. See, e.g., In re WorldCom, Inc., Ch. 11 Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. July 22, 2002); In re Adelphia Communications Corp., Ch. 11 Case No. 02-41729 (REG) (Bankr. S.D.N.Y. June 26, 2002); In re Global Crossing Ltd., Ch. 11 Case No. 02-40187 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); In re Enron Corp., Ch. 11 Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001); In re Teligent, Inc., Ch. 11 Case No. 01-12974 (SMB) (Bankr. S.D.N.Y. June 13, 2001); In re Indesco Int'l, Inc., Ch. 11 Case No. 00-15452 (REG) (Bankr. S.D.N.Y. Jan. 9, 2001); In re CWT Specialty Stores, Inc., Ch. 11 Case No. 00-B-10758 (JHG) (Bankr. S.D.N.Y. Feb. 28, 2000).

35. Accordingly, the Debtors request that this Court waive the strict enforcement of bank account closing requirements and approve alternative procedures that provide the same protection. The Debtors request the Bank Accounts or other bank accounts opened by the Debtors postpetition be deemed debtor in possession accounts and the Debtors be

authorized to maintain and continue using these accounts in the same manner and with the same account numbers, styles and document forms as those employed during the prepetition period.

**The Debtors Should be Granted Authority
to Use Existing Business Forms and Checks**

36. For the foregoing reasons, and in order to minimize expenses to their estates, the Debtors also request that they be authorized to continue to use all correspondence, business forms (including, but not limited to, letterheads, purchase orders, invoices and customer contracts), and checks existing immediately prior to the Commencement Date, without reference to the Debtors' status as "debtors in possession."²

37. Parties doing business with the Debtors undoubtedly will be aware of their status as debtors in possession as a result of the size and notoriety of these chapter 11 cases, the press releases issued by the Debtors and general press coverage, and publication notice contemplated for these chapter 11 cases.

38. In addition, a requirement that the Debtors change their business forms would be expensive and burdensome to the Debtors' estates and extremely disruptive to the Debtors' business operations without any corresponding benefit.

39. For these reasons, the Debtors request that they be authorized to use existing checks, correspondence and business forms without being required to place the designation "debtor in possession" on each check or business form.

²

As soon as practicable after the Commencement Date, the Debtors will manually imprint the legend "debtor in possession" on existing checks. In addition, if the existing check stock is depleted, then the Debtors will obtain new check stock reflecting their status as debtors in possession.

**Continuing the Debtors' Integrated Cash Management
is in the Best Interests of the Debtors' Estates and Creditors**

Description of the Existing Cash Management System

40. Prior to the Commencement Date, and in the ordinary course of business, the Debtors used their cash management system, which is similar to cash management systems utilized by other major corporate enterprises, to collect, transfer and disburse funds generated throughout the Debtors' operations, and to record such collections, transfers, and disbursements as they were made. The Debtors' cash management system consists of the Bank Accounts and the Investment Accounts (as defined below) located at multiple banking institutions. The movement of funds through the Debtors' cash management system is described in more detail below and is illustrated by a chart annexed hereto as Exhibit "B":

A. OPERATING ACCOUNTS:

Cash Collection and Concentration:

- Concentration Accounts. The focal point of the Debtors' cash management system is two general operating accounts (collectively, the "Concentration Accounts") maintained in the name of Allegiance Telecom Service Corporation at Bank of America and at JPMorgan Chase Bank. All funds received by the Debtors in the ordinary course of their business, primarily through wire transfers and lockbox receipts, flow through the Concentration Accounts. The Concentration Accounts are used to fund the Disbursement Accounts as set forth below. To the extent that cash collections are not sufficient to fund daily cash needs, the Debtors fund any additional cash needs from their Investment Accounts, as described below.
- Lockbox Accounts. The Debtors maintain four "lockbox" relationships (the "Lockbox Accounts") with Bank of America, Fleet National Bank,³ Comerica Bank and Electronic Data Systems Corporation ("EDS").³ Funds received by the Debtors in connection with their accounts receivables are deposited into the Lockbox Accounts.

³ In the beginning of 2003, the Debtors began the implementation of a new retail lockbox service provided by EDS. The Debtors anticipate that EDS will begin providing services in May 2003 and deposit funds into an operating Bank Account at JPMorgan Chase Bank.

Disbursements. The Debtors maintain ten Bank Accounts to make disbursements in the ordinary course of their business.

- Disbursement Accounts.⁴ The Debtors maintain five Bank Accounts at Bank of America and JPMorgan Chase Bank, as their disbursement accounts for accounts payable (the “Disbursement Accounts”). The Disbursement Accounts also include wire/ACH accounts. The Disbursement Accounts are zero balance accounts and are funded daily as needed from the Concentration Accounts.
- Payroll Accounts. The Debtors issue checks for salary and wage payments, medical/dental claims payments and flexible spending account payments from the following Bank Accounts (collectively, the “Payroll Accounts”):
 - One Payroll Account at JPMorgan Chase Bank and one Payroll Account at Bank of America, which are in the name of Allegiance Telecom Service Corporation and are used for salary and wage payments.
 - Two medical/dental claims Payroll Accounts in the name of Allegiance Telecom, Inc. at Citibank used for benefit plan claims funding to CIGNA.
 - A “flex plan” Payroll Account at Bank of America in the name of Allegiance Telecom Service Corporation for flexible benefit payments.

B. INVESTMENT ACCOUNTS:

In addition to the operating Bank Accounts described above, the Debtors maintain the following four investment accounts (the “Investment Accounts”):

- One Investment Account at Bank of America in the name of Allegiance Telecom, Inc., which is used for investments in an overnight treasury fund.
- Two Investment Accounts at JPMorgan Chase Bank in the name of Allegiance Telecom Company Worldwide, which are used for investments in U.S. Government money market funds.

⁴ As set forth in fn. 1, the Debtors are in the process of transferring certain Bank Accounts to JPMorgan Chase Bank. Therefore, some of the Disbursement Accounts will be maintained by the Debtors only during the transition period.

- One Investment Account at Morgan Stanley & Co. in the name of Allegiance Telecom Company Worldwide, which is used for investments in U.S. Government securities and money market funds.⁵

Need to Continue Cash Management System

41. The Debtors seek authority to continue utilizing their current integrated cash management system as described above. It is critical for the Debtors to continue to be able to consolidate their cash management and centrally coordinate funds transfers to efficiently and effectively operate their large, complex business operations. Disrupting these cash management procedures would severely impair the Debtors' ability to (a) preserve and enhance their respective going concern values and (b) reorganize successfully during these chapter 11 cases. It is essential, therefore, that the Debtors be permitted to continue to use their current cash management system.

42. The Debtors have utilized their cash management system as described herein for approximately two years as a mainstay of their ordinary, usual and essential business practices. The cash management system is similar in form to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. Large, complex multiple-entity businesses tend to use such systems because of the numerous benefits they provide, including the ability to (a) tightly track and control all corporate funds enabling near-continuous status reports on the location and amount of all such funds, (b) invest idle cash, (c) ensure cash availability and (d) reduce administrative expenses by facilitating the ease of account recordkeeping, movement of funds, and the development of timely and accurate account balance, process, and presentment information. These controls are particularly important here,

⁵

Prior to the Commencement Date, the Debtors made an investment in a commercial paper of a utility company, the current value of which is approximately \$9 million and provides a return of approximately 7% to 8%, which they intend to maintain as long as the rate of return remains profitable. The Debtors do not intend to make any additional investments in commercial paper through this or any other Investment Account after the Commencement Date.

given the significant amount of cash that flows through the Debtors' integrated cash management system on a daily basis.

43. In addition, given the corporate and financial structure of the Debtors, it would be difficult for the Debtors to establish an entirely new system of accounts and a new cash management system for each separate legal entity. For example, if the Debtors were required to open separate accounts as debtors in possession and rearrange their cash management system, it would necessitate opening numerous new cash accounts for collections and disbursements. The delays that would result from opening new accounts, revising cash management procedures and instructing customers to redirect payments would negatively impact the Debtors' ability to operate their businesses while pursuing these arrangements and unnecessarily distract the Debtors' attention away from their reorganization efforts. Thus, under the circumstances, maintaining the Debtors' cash management system is both essential and in the best interests of their respective estates and creditors.⁶ Furthermore, preserving the "business as usual" atmosphere and avoiding the unnecessary distractions that would inevitably be associated with any substantial disruption in the Debtors' cash management system obviously will facilitate the Debtors' reorganization efforts.

44. If the Debtors are not permitted to continue to utilize their integrated cash management system in its current form, their operations would be severely, and perhaps, irreparably, impaired. Accordingly, the Court should authorize the Debtors' continued use of their existing cash management system.

45. The continued use of cash management systems employed in the ordinary course of a debtor's prepetition business has also been approved as a routine matter in other

⁶ The Debtors will continue to maintain strict records with respect to all transfers of cash, so that transactions can be readily ascertained, traced, and recorded properly on applicable intercompany accounts.

cases in this District. See, e.g., In re WorldCom, Inc., Ch. 11 Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. July 22, 2002); In re Adelphia Communications Corp., Ch. 11 Case No. 02-41729 (REG) (Bankr. S.D.N.Y. June 26, 2002); In re Global Crossing Ltd., Ch. 11 Case No. 02-40187 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002); In re Enron Corp., Ch. 11 Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. Dec. 3, 2001); In re Teligent, Inc., Ch. 11 Case No. 01-12974 (SMB) (Bankr. S.D.N.Y. June 13, 2001); In re Indesco Int'l, Inc., Ch. 11 Case No. 00-15452 (REG) (Bankr. S.D.N.Y. Jan. 9, 2001); In re CWT Specialty Stores, Inc., Ch. 11 Case No. 00-B-10758 (JHG) (Bankr. S.D.N.Y. Feb. 28, 2000).

46. It is critical to the orderly operation of the Debtors' businesses and the preservation of value of those businesses that the Debtors continue to utilize their existing cash management system without disruption. Accordingly, it is appropriate and entirely consistent with sections 105(a), 1107 and 1108 of the Bankruptcy Code for the Court to approve the Debtors' integrated cash management system in its current form.

**The Debtors Should Be Authorized
To Continue Using Their Current Investment Practices**

47. Among the assets of the Debtors' chapter 11 estates are cash and cash equivalents (the "Funds") generated by the daily operations of the business. To maximize the value of the Debtors' estates, it is desirable to maintain the Funds in income producing investments to the fullest extent possible. Prior to the Commencement Date, in accordance with the investment guidelines (the "Investment Guidelines") for their excess funds, the Debtors invested the Funds on a daily basis through the Investment Accounts maintained at Bank of America, JPMorgan Chase Bank and Morgan Stanley & Co. A summary of the Investment Guidelines is annexed hereto as Exhibit "C." The Debtors anticipate that, on average,

approximately \$175 million will be invested in accordance with these Investment Guidelines on a daily basis.

48. Section 345(a) of the Bankruptcy Code authorizes a debtor in possession to deposit or invest an estate's money (including cash) so as to yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment. While section 345(b) of the Bankruptcy Code generally requires, with respect to investments other than those "insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States," the estate must require a bond in favor of the United States secured by the undertaking of a court-approved corporate surety, the Court may dispense with this limitation "for cause."

49. The Debtors submit that to the extent the Investment Guidelines exceed the scope of investments covered by section 345(a) of the Bankruptcy Code, cause exists for the Court to allow the Debtors to continue investing their cash in accordance with the Investment Guidelines. The Debtors submit that the Investment Guidelines provide sufficient protection for their cash and that it would be in their estates' and creditors' best interests for the Debtors to follow the Investment Guidelines.

50. The Debtors obtain a greater yield by investing funds in accordance with Investment Guidelines than they would if through government securities, which the Debtors believe will result in greater returns for the Debtors' estates over time with little or no additional investment risk. The Debtors also believe that, as long as investments are restricted in accordance with the Investment Guidelines, the protections afforded creditors are equal to or exceed the protection afforded by a corporate surety.

51. Bankruptcy courts in this District have previously granted the relief similar to the relief requested by the Debtors with respect to the continued use of their

Investment Guidelines. See, e.g., In re WorldCom, Inc., Ch. 11 Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. July 22, 2002); In re Adelphia Communications Corp., Ch. 11 Case No. 02-41729 (REG) (Bankr. S.D.N.Y. June 26, 2002); In re Global Crossing Ltd., Ch. 11 Case No. 02-40187 (REG) (Bankr. S.D.N.Y. Jan. 28, 2002).

Waiver of Memorandum of Law

52. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Motion pursuant to rule 9013-1(b) of the Local Bankruptcy Rule for the Southern District of New York.

Notice

53. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) attorneys for the Prepetition Lenders; and (c) attorneys for the Ad Hoc Committee. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

No Prior Request

54. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an Order, substantially in the form annexed hereto, (a) authorizing the Debtors to (i) maintain existing bank accounts, (ii) continue to use their existing checks, correspondence and business forms, (iii) continue to use their existing cash management system and (iv) invest Funds using the Debtors' existing Investment Guidelines and (b) granting such other and further relief as the Court deems proper and just.

Dated: New York, New York
May 14, 2003

Respectfully submitted,

/s/ Matthew A. Cantor

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Attorneys for Debtors and Debtors in Possession

EXHIBIT A

EXHIBIT A

List of the Debtors' Bank Accounts

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
Bank of America	004112947439	Shared Technologies Allegiance, Inc.	Operating-Virginia (Lockbox Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	003916344051	ALGX Business Internet, Inc.	Operating-Maryland (Credit card deposits)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	003299812521	Allegiance Telecom Service Corporation	Operating-Georgia (Disbursements)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508572	Allegiance Telecom Service Corporation	Operating-Texas (Operating Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508580	Allegiance Telecom Service Corporation	Operating-Texas (Payroll Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508929	Allegiance Telecom Service Corporation	Operating-Texas (Flexible Benefits Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
Bank of America	004774379445	Allegiance Telecom Service Corporation	Operating-Texas (Wiring Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000025059281	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000022662778	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000011970578	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000010712672	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000009268849	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
CitiBank	40779557	Allegiance Telecom, Inc.	Operating-Cigna Funding	Cigna: Beverly Brackett, 860-226-9530, Citibank: James Coleman	111 Mall Street 6th Floor New York, NY 10043 Connecticut General Life Insurance Company Route C-328 Hartford, CT 06152
CitiBank	40779565	Allegiance Telecom, Inc.	Operating-Cigna Funding (CHC-CA)	Cigna: Beverly Brackett, 860-226-9530, Citibank: James Coleman	111 Mall Street 6th Floor New York, NY 10043 Connecticut General Life Insurance Company Route C-328 Hartford, CT 06152
Comerica Bank	1191004645	Coast to Coast Telecommunications, Inc.	Operating (Lockbox Deposits)	Paula Knox, 734-632-5668	Six Mile Road Livonia, MI 48152
Fleet National Bank	942840-5683	Allegiance Telecom, Inc.	Operating (Lockbox Deposits)	Phil Holtzman, 212-819-5487	2 Morrissey Blvd. Dorchester, MA 02125

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	8806351076	Allegiance Telecom Service Corporation	Operating	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	06300064121	Allegiance Telecom Service Corporation	Operating (Disbursement Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351092	Allegiance Telecom Service Corporation	Operating (Wiring Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351084	Allegiance Telecom Service Corporation	Operating (Payroll Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806354344	Allegiance Telecom Company Worldwide	Operating (Escrow Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8805202510	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351175	Allegiance Telecom, Inc	Collateral for Purchase Card	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	8806351282	Allegiance Telecom Company Worldwide	CD Collateral for Hartford Casualty	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351357	Allegiance Telecom Company Worldwide	CD Collateral for Worldcom/MCI	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	10204379.1	Shared Technologies Allegiance, Inc.	Escrow Account	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351365	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351407	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351373	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351399	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	08806351381	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351415	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

EXHIBIT B

ALLEGIANCE TELECOM, INC. **Account Funds Flow**

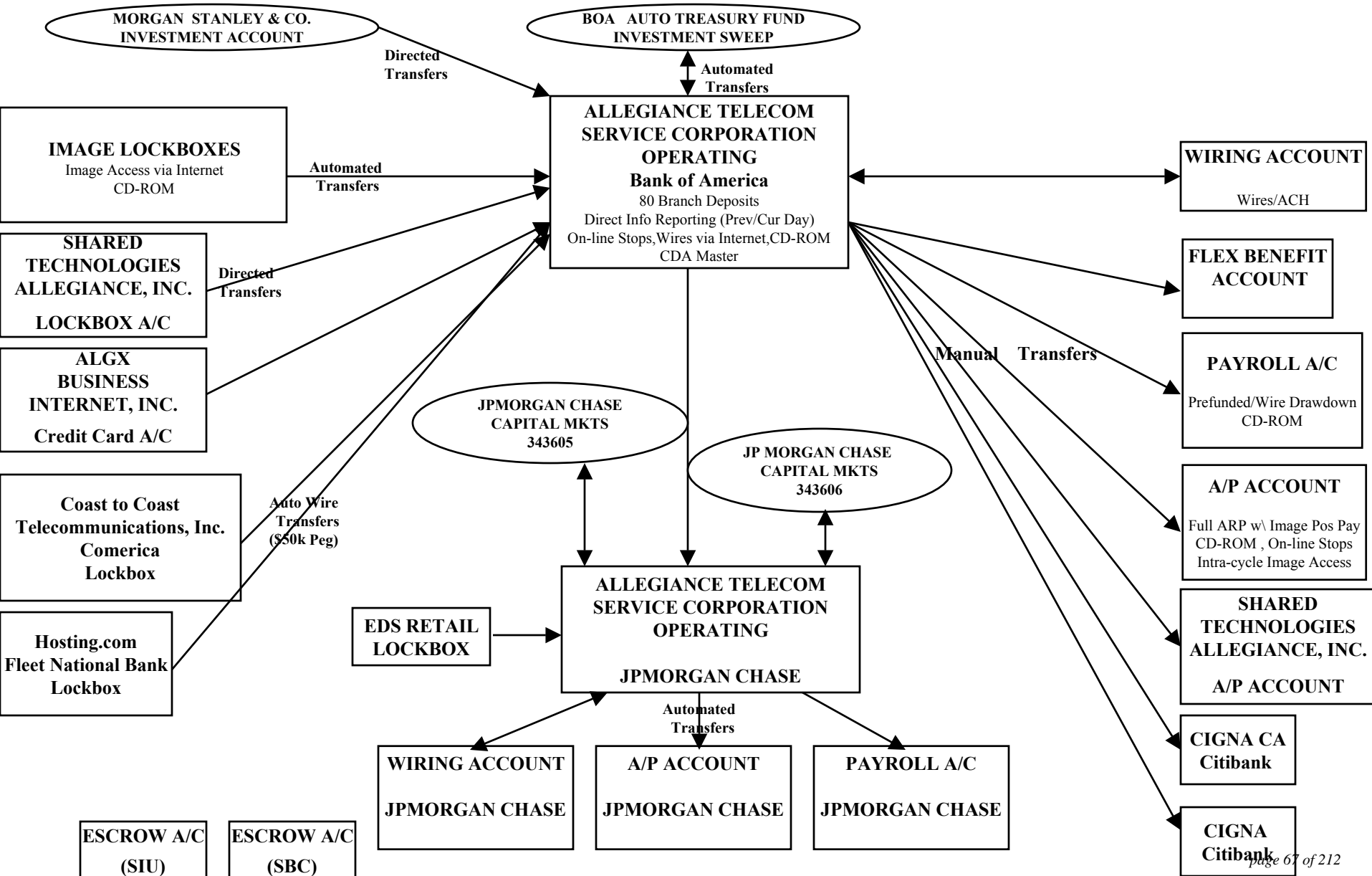


EXHIBIT C

Exhibit C

The Debtors' Investment Guidelines

The Debtors invest their excess cash in the following cash equivalent instruments:¹

1. Marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within two years after such date; and
2. Shares of any money market fund that has its U.S. dollar denominated short-term obligations invested continuously in the types of investments referred to under marketable securities above, as well as the following: (a) bankers' acceptances, certificates of deposit and time deposits from banks, repurchase agreements, commercial instruments, municipal securities and master notes, with a weighted average maturity of 90 days or less, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's or the equivalent thereof, (b) has net assets of not less than \$500,000,000, and (c) has the highest rating obtainable from either S&P or Moody's or the equivalent thereof.

¹ Prior to the Commencement Date, the Debtors made an investment in a commercial paper of a utility company, the current value of which is approximately \$9 million and provides a return of approximately 7% to 8%, which they intend to maintain as long as the rate of return remains profitable. The Debtors do not intend to make any additional investments in commercial paper through this or any other Investment Account after the Commencement Date.

KIRKLAND & ELLIS
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**APPLICATION OF THE DEBTORS PURSUANT TO
SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE SEEKING ENTRY OF AN ORDER AUTHORIZING
THE EMPLOYMENT AND RETENTION OF
KIRKLAND & ELLIS AS ATTORNEYS FOR THE DEBTORS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “Allegiance” or the “Debtors”), respectfully represent:

Introduction

1. On the date hereof (the “Commencement Date”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Simultaneously with the filing of their petitions and this Application, the Debtors requested an

order for the joint administration of their chapter 11 cases pursuant to Federal Rule of Bankruptcy Procedure 1015(b) (the “Bankruptcy Rules”).

Jurisdiction

2. This Court has subject matter jurisdiction to consider and determine this Application pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409.

An Overview of Allegiance’s Business

3. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (i.e., national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and colocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;
- wholesale services to other regional and national service providers, including equipment colocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

4. Allegiance serves more than 100,000 business customers in 36 markets. Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

5. As of the Commencement Date, the Debtors have approximately \$245 million of cash. As of December 31, 2002, the Debtors' consolidated books and records reflected assets totaling approximately \$1.441 billion and liabilities totaling approximately \$1.397 billion. For the three months ending December 31, 2002, the Debtors, on a consolidated basis, reported revenues of approximately \$204.91 million, EBITDA (i.e., earnings before interest, depreciation, taxes, amortization, non-cash deferred compensation expense and non-cash goodwill impairment charges) of approximately negative \$34 million and net losses of approximately \$120 million.

**Allegiance is Critical to Promoting Sustainable
Competition in the Local Telecommunication Marketplace**

The Telecommunications Act of 1996

6. In February of 1996, Congress enacted the Telecommunications Act of 1996 (the "Telecom Act"), with the stated purpose of:

promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

H.R. REP No. 104-204(I), 104th Cong. 1st Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, **10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies ("ILECs") – i.e., existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers ("CLECs") to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

7. The enactment of the Telecom Act spurred entrepreneurs to start hundreds of new businesses to compete in the local telecommunications marketplace. During the late

1990s, investors recognized the growth opportunity inherent in the opening of a competitive local telecommunications marketplace and invested billions of dollars in equity and debt capital into a multitude of telecommunications companies primed to provide competing services to American consumers.

8. Funded with significant amounts of investment capital, two types of CLECs emerged. The first type of CLECs were “resellers”. Specifically, “reseller” CLECs purchased telecommunications services from ILECs at a discount and resold the services to customers at a higher price. Thus, these CLECs simply offered consumers the same services supplied by ILECs - generally at lower prices. To be successful with this low margin business model, “reseller” CLECs invested their capital in sales and marketing efforts designed to acquire a substantial customer-base and attendant market-share in a relatively short period of time and ahead of their many competitors. However, because resellers were providing the identical services as the ILECs (with no differentiation) and were attempting to build a large market share in a highly competitive market, this business model was flawed and many in the telecommunications industry believe that the “resale” business will fail.

9. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in order to effectively compete with the ILECs. Specifically, facilities-based CLECs combined elements of an ILEC’s network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC’s 2003 Triennial Review:

Facilities -based competition means a competitor can offer real differentiated service to consumers Facilities-based competitors own more of their own network and control more of their costs, thereby offering consumers real potential for lower prices. Facilities-based competitors offer greater rewards for the economy – buying more equipment from other suppliers . . . and

creating more jobs. . . . And, facilities providers create vital redundant networks that can serve own nation if other facilities are damaged by those hostile to our way of life.

F.C.C., 2003 Triennial Review - Open Meeting, Separate Statement of Chairman Michael R. Powell, dissenting in part (February 20, 2003) (transcript available at www.fcc.gov/wcb/cpd/triennial_review/). Allegiance is such a facilities-based CLEC with a nationwide network and a facility-based business strategy.

The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas

10. In 1997, a management team of industry veterans launched Allegiance and focused on building a reliable nationwide network based on proven technologies, a nationwide direct sales force primarily focused on the small to medium sized business enterprise and information processing systems to support its operations. Allegiance was one of the first major local exchange carriers to open markets utilizing the “smart build” strategy. This strategy allowed a more rapid ramp-up in operations than the traditional competitive local exchange model in which extensive networks were built, including fiber networks, prior to the generation of significant revenues. In contrast, Allegiance’s initial network build-out simply required (a) deploying digital switching platforms with local and long distance capability and (b) leasing transport facilities from the incumbent local exchange carriers and other competitive local exchange carriers to connect its switches with its transmission equipment colocated in the incumbent local exchange carrier’s central offices. Once traffic volume justified further “success-based” investment, Allegiance leased dark fiber or built specific network segments. This strategy offered two major economic benefits. First, it enabled Allegiance to enter new markets with alacrity and reduce up-front capital requirements for entering individual markets prior to revenue generation. Second, in contrast to the traditional competitive local exchange carriers that generally built their networks in highly concentrated downtown areas due to the high

cost of constructing fiber networks, Allegiance's business model enabled it to provide services to customers in downtown areas as well as the more geographically dispersed, less competitive areas of its targeted markets.

11. Allegiance's initial business plan proposed entering into 24 of the largest metropolitan areas in the United States. Subsequently, management expanded its business plan to (a) increase the total number of target markets to 36, (b) increase its service area, i.e., its colocation "footprint" in its original 24 markets, and (c) acquire long-term rights to use dark fiber rings to replace network elements leased by the Debtors from the incumbent local exchange carriers.

12. In addition to internal growth, Allegiance's business plan included growth through strategic acquisitions. For example, in December 2001, Allegiance acquired certain assets of Intermedia Business Internet (the "Intermedia Acquisition"). The Intermedia Acquisition enabled Allegiance to (a) become a Tier 1 Internet access provider, (b) provide large quantities of data transmitted at high-speeds over the Internet to and from a customer's premises, (c) efficiently exchange traffic with other Internet backbone providers giving Allegiance greater control over its Internet access, and (d) leverage its local service presence to provide additional services to its target market. In June 2003, Allegiance acquired certain assets of Shared Technologies (the "Shared Technologies Acquisition"). The Shared Technologies Acquisition (a) added customer premises equipment sales, installation and maintenance to Allegiance's portfolio of integrated products and services, (b) strategically enhanced Allegiance's target market of small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

13. As of the date hereof, Allegiance provides its telecommunications services in major metropolitan areas across the United States, including the following 36 markets: Atlanta,

Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York City, Northern New Jersey, Oakland, Ontario/Riverside, CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C., West Palm Beach/Boca Raton and White Plains. Allegiance is colocated in 849 central offices and has a Tier 1 Internet backbone.

The FCC Recognizes the Importance of Allegiance

14. Federal policy recognizes the importance of facilities-based CLECs and Allegiance is the model. In that regard, the Federal Communications Commission (the “FCC”) recently published its latest rules for local competition in the *FCC Triennial Review*. In reviewing these rules, a Kaufman Bros. Equity Research Report, dated March 4, 2003, stated that “*Allegiance is the blueprint for local competition proposed by the FCC.*” In addition, Kevin J. Martin, Commissioner of the FCC has noted:

Allegiance has focused on building a business that adheres to the letter of the Telecom Act while leveraging the entrepreneurial spirit of the law, as well. Today, Allegiance stands as a model of what Congress intended in 1996, and what we hope to achieve in the years ahead – new entrants that have the opportunity to continue to invest in infrastructure, bring innovation and offer new service offerings to consumers in local markets that are open to fair and robust competition.

Kevin J. Martin, Commissioner, F.C.C., Address to the Telecommunications Law Conference and the Texas Chapter of the Federal Communications Bar Association (March 7, 2002) (transcript available at www.fcc.gov/Speeches/Martin/2002/spkjm203.html).

15. Thus, it is clear that Allegiance, by focusing on an intelligent – well thought out business model – building its own network and offering its consumers innovative services, is an integral player in the telecommunications marketplace and a model for the

nation's policy of promoting sustainable facilities-based competition in the local telecommunications arena. With an appropriate capital structure and a reduction in unnecessary costs, Allegiance believes it will be one of the most successful telecommunications companies in the United States.

Capital Structure of the Debtors

Capital Stock

16. Allegiance Telecom, Inc. has two classes of authorized stock: (a) 750,000,000 shares of common stock, with par value of \$0.01 per share and (b) 1,000,000 shares of preferred stock, with par value of \$0.01 per share. As of December 31, 2002, Allegiance Telecom, Inc. had (i) 124,830,110 shares of common stock issued and outstanding, with 295 registered holders and at least 20,000 beneficial owners, and (ii) no shares of preferred stock outstanding. Allegiance Telecom, Inc.'s common stock is publicly traded on the Nasdaq National Market under the symbol "ALGX."

17. Allegiance Telecom, Inc. owns 100% of the capital stock of Allegiance Telecom Company Worldwide ("ATCW"), and ATCW directly or indirectly owns 100% of the capital stock of each of the other Debtors.

Prepetition Notes

18. In 1998, Allegiance Telecom, Inc. issued two series of notes: (i) 11 3/4% Senior Discount Notes with a face value of \$445 million, due on February 15, 2008 (the "Senior Discount Notes") and (ii) 12 7/8% Senior Notes with a face value of \$205 million, due on May 15, 2008 (the "Senior Notes"). The Senior Discount Notes were issued under that certain Indenture, dated as of February 3, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. The Senior Notes were issued under that certain Indenture, dated as of July 7, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as

Indenture Trustee. Neither the Senior Discount Notes nor the Senior Notes are secured by any assets of the Debtors or guaranteed by any of the Debtors.

Prepetition Credit Agreement

19. Prior to the Commencement Date, ATCW entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002 (the “Prepetition Credit Agreement”), among ATCW, as borrower; all of the other Debtors, as guarantors; Goldman Sachs Credit Partners L.P. (“Goldman Sachs”), as syndication agent and sole lead arranger; General Electric Capital Corporation (“GECC”) (as successor to Toronto Dominion (Texas), Inc.), as administrative agent, BankBoston, N.A. (“BankBoston”) and Morgan Stanley Senior Funding, Inc. (“Morgan Stanley”), as co-documentation agents; Goldman Sachs, GECC, BankBoston, Morgan Stanley, certain managing agents, and lenders party thereto from time to time (collectively, the “Prepetition Lenders”). As of the Commencement Date, the amount outstanding under the Prepetition Credit Agreement was approximately \$465.3 million. The Debtors have pledged substantially all of their assets as collateral under the Prepetition Credit Agreement, including (a) the capital stock of ATCW and (b) substantially all of the assets of ATCW and its direct and indirect subsidiaries, including the capital stock owned by ATCW in each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

Events Leading to Chapter 11 Filing

20. The distressed economic environment in the United States that followed the economic boom of the late 1990s has had a global and adverse impact on the telecommunications industry. In the late 1990s, in an effort to finance operations and build their networks, telecommunications companies borrowed significant amounts of money from lenders and the public through the issuance of debt. The resulting significant indebtedness incurred by

telecommunications companies, combined with poor economic conditions required many companies, including the Debtors, to focus on reducing their debt either through out of court restructurings or the chapter 11 process.

21. Many of Debtors' existing and potential customers have experienced their own financial difficulties, thereby decreasing customer demand for existing and new services. The financial difficulties of the Debtors' customers has led to non-payment, partial payment, or slow payment of bills for services provided by the Debtors. The financial instability of other companies in the telecommunications industry has adversely affected the willingness of potential customers to move their telecommunications services to the Debtors. In addition, certain of the Debtors' suppliers have requested deposits, letters of credit, or other types of security. Moreover, telecommunications carriers that owe reciprocal and/or intercarrier compensation to the Debtors have either refused to pay or failed to pay in a timely manner for the services provided by the Debtors.

22. As a consequence of the foregoing, the Debtors' business operations were adversely impacted and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, in order to maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

Negotiations with the Prepetition Lenders and the Ad Hoc Committee of Bondholders

23. The Debtors, in the exercise of their sound business judgment - and in recognition of the distressed economic environment and the need for the Debtors' businesses to focus on profitability instead of high revenue growth - determined that a meaningful de-

leveraging of their capital structure was crucial for the preservation and maximization of the value of their businesses. In that regard, the Debtors, in conjunction with their financial advisors and the Board of Directors of Allegiance Telecom, Inc., commenced the process of determining the appropriate capital structure for their business operations. After determining the appropriate capital structure, the Debtors commenced negotiations with the Prepetition Lenders and the Ad Hoc Committee (as defined below) to effectuate a restructuring transaction.

24. In October of 2002, Allegiance began negotiations with its Prepetition Lenders regarding a potential restructuring of its long-term debt. On November 27, 2003, Allegiance and its Prepetition Lenders entered into that certain First Amendment to the Prepetition Credit Agreement (the “Amendment”). Pursuant to the Amendment, the Debtors obtained a moratorium on their financial covenants through April 30, 2003. In exchange for the Amendment, Allegiance agreed, among other things, (a) that an event of default would occur on April 30, 2003 unless it reduced its long term debt to a level not to exceed \$645 million, and (b) to repay \$15 million to the Prepetition Lenders on account of debt owed under the Prepetition Credit Agreement. During the latter part of 2002 and to meet covenants under the Amendment, the Debtors significantly lowered their capital expenditures, reduced headcount, substantially decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

25. After entering into the Amendment, the Debtors commenced negotiations with the Prepetition Lenders to consummate a permanent restructuring. In connection with the negotiations regarding the permanent restructuring, the Debtors commenced negotiations with an *ad hoc* committee of noteholders, which is comprised of certain holders of the Senior Notes and the Senior Discount Notes (the “Ad Hoc Committee”).

26. The Debtors, the Prepetition Lenders and the Ad Hoc Committee were not able to reach an agreement concerning the permanent restructuring prior to the April 30 deadline. On April 29, 2003, in order to avoid the occurrence of certain events of default under the Prepetition Credit Agreement, the Debtors and the Prepetition Lenders entered into a forbearance agreement (the “Forbearance Agreement”), which expires on May 15, 2003. The Forbearance Agreement provided for, among other things, a pay down of \$5 million of principal owed under the Prepetition Credit Agreement.

27. After entering into the Forbearance Agreement, the Debtors continued their negotiations with the Prepetition Lenders and the Ad Hoc Committee. However, the parties were unable to reach an agreement prior to the expiration of the term of the Forbearance Agreement. Consequently, the Debtors, in the exercise of their prudent business judgment, determined that it was in the best interests of all of their stakeholders and for the maximization of the value of their businesses to commence these chapter 11 cases and consummate a restructuring of their indebtedness under the auspices of this Court.

The Retention of Kirkland & Ellis

28. The Debtors seek court approval, pursuant to section 327(a) of the Bankruptcy Code, to employ and retain Kirkland & Ellis (“K&E”) as their attorneys in connection with the commencement and prosecution of these chapter 11 cases. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors request that the Court approve the retention of K&E, under a general retainer, as their attorneys, to perform the extensive legal services that will be necessary during these chapter 11 cases in accordance with K&E’s normal hourly rates and policies in effect when K&E renders the services or incurs the expenses.

29. Contemporaneously herewith, the Debtors are seeking authorization to retain Togut, Segal & Segal (“TSS”) to represent the Debtors in all matters in which K&E may have conflicts in its representation of the Debtors in these chapter 11 cases.

30. The Debtors have been informed that Matthew A. Cantor and Jonathan S. Henes, partners at K&E, as well as other partners of, counsel to and associates of K&E, who will be employed in these chapter 11 cases, are members in good standing of, among others, the Bar of the State of New York and the United States District Court for the Southern District of New York.

31. The Debtors have selected K&E as their attorneys because of the firm’s knowledge, and in particular, its recognized experience of the Debtors’ business and financial affairs and its extensive general experience and knowledge in the field of debtors’ protections and creditors’ rights and business reorganizations under chapter 11 of the Bankruptcy Code. K&E has represented the Debtors in corporate and litigations matter since 1997 and in restructuring matters since September, 2002.

32. In addition, K&E possesses extensive expertise, experience and knowledge practicing before bankruptcy courts (including this Court). K&E has been actively involved in major chapter 11 cases, and has represented debtors in many cases, including In re Fleming Companies, Inc., Case No. 03-10945 (Bankr. D. Del. April 1, 2003); In re Conseco, Inc., Case No. 02-49672 (Bankr. N.D. Ill. Dec. 17, 2002); In re UAL Corporation, Case No. 02-48191 (Bankr. N.D. Ill. Dec. 9, 2002); In re Dade Behring Holdings, Inc., Case No. 02-290201 (Bankr. N.D. Ill. Aug. 1, 2002); In re Polymer Group, Inc., Case No. 02-05773 (Bankr. D.S.C. May 11, 2002); In re Chiquita Brands International, Inc., Case No. 01-18812 (Bankr. S.D. Ohio Nov. 28, 2001); In re Quality Stores, Inc., Case No. 01-10662 (Bankr. W.D. Mich. Oct. 20,

2001); In re Homelife Corp., Case No. 01-02412 (Bankr. D.Del. July 16, 2001); In re Teligent, Inc., Case No. 02-12974 (Bankr. S.D.N.Y. June 18, 2001); In re Humphrey's Inc., Case No. 01-13742 (Bankr. N.D. Ill. Apr. 17, 2001); In re Trans World Airlines, Inc., Case No. 01-00056 (Bankr. D. Del. filed Jan. 10, 2001); In re United Artists Theatre Co., Case No. 00-03514 (Bankr. D. Del. Sept. 5, 2000); In re AmeriServe Food Distrib., Inc., Case No. 00-00358 (Bankr. D. Del. Jan. 31, 2000); In re Zenith Elec. Corp., Case No. 99-02911 Bankr. D. Del. Aug. 23, 1999); In re Harnischfeger Indus., Inc., Case No. 99-02171 (Bankr. D. Del. June 7, 1999).

33. In connection with its representation of the Debtors prior to and with respect to the commencement of these chapter 11 cases, K&E has become intimately familiar with their businesses, affairs and capital structure. Accordingly, K&E has the necessary background to deal effectively with many of the potential legal issues that may arise in the context of the Debtors' chapter 11 cases. The Debtors believe that K&E is both well qualified and uniquely able to represent them in their chapter 11 cases in a most efficient and timely manner.

34. If the Debtors were required to retain attorneys other than K&E to assist the Debtors in the prosecution of these chapter 11 cases, the Debtors, their estates and all parties in interest would be unduly prejudiced by the time and expense necessarily attendant to such attorneys' familiarization with the intricacies of the Debtors and their business operations.

35. The employment of K&E under a general retainer is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors in possession and to implement the restructuring and reorganization of the Debtors.

Services to be Provided

36. Subject to the Court's approval, the professional services that K&E will render to the Debtors may include, but shall not be limited to, the following:

- a. advise the Debtors with respect to their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;
- b. attend meetings and negotiate with representatives of creditors and other parties in interest;
- c. take all necessary action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including, but not limited to, objections to claims filed against the estates;
- d. prepare on the Debtors' behalf all motions, applications, answers, orders, reports and papers necessary to the administration of the estates;
- e. negotiate and prepare on behalf of the Debtors a plan of reorganization and all related documents;
- f. represent the Debtors in connection with obtaining postpetition loans;
- g. advise the Debtors in connection with any potential sale of assets;
- h. appear before this Court and any appellate courts and protect the interests of the Debtors' estates before these Courts;
- i. consult with the Debtors regarding tax matters; and
- j. perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these chapter 11 cases.

37. K&E has stated its desire and willingness to act in these chapter 11 cases and render the necessary professional services as attorneys for the Debtors. To the best of the Debtors' knowledge, the partners and associates of K&E do not have any connection with or any interest adverse to the Debtors, their creditors or any other party in interest, or their respective attorneys and accountants, except as may be set forth in the affidavit of Matthew A. Cantor, a partner of K&E, dated May 14, 2003 (the "Cantor Affidavit"), which is annexed hereto as Exhibit "A." As such, K&E is a "disinterested person," as that phrase is defined in section 101(14) of the Bankruptcy Code and as modified by section 1107(b) of the Bankruptcy Code,

and K&E's employment is necessary and in the best interests of the Debtors and the Debtor's estates.

38. As described more fully in the Cantor Affidavit, Madison Dearborn Capital Partners II, L.P. and/or certain of its affiliates ("Madison Dearborn") are equity security holders of the Debtors. In addition, Morgan Stanley Investment Management and/or certain of its affiliates ("Morgan Stanley") are equity security holders and bondholders of the Debtors. K&E currently represents both Madison Dearborn and Morgan Stanley in matters unrelated to the Debtors. For the fiscal year April 1, 2002 through March 31, 2003, Madison Dearborn represented approximately 2.26% of K&E's gross revenues and Morgan Stanley represented approximately 3.70% of K&E's gross revenues. In addition, three other creditors of the Debtors and their affiliates account for between .99% to 1.5% of K&E's gross revenue for that same period: specifically, (i) Bank of America and its subsidiaries ("Bank of America") (approximately 0.99%); (ii) Citicorp and its subsidiaries ("Citicorp") (approximately 1.30%) and (iii) Verizon and its subsidiaries ("Verizon") (approximately 1.31%).

39. K&E will not represent Madison Dearborn, Morgan Stanley, Bank of America, Citicorp, or Verizon (the "Conflicts Parties") in any matters relating to the Debtors. In addition, K&E will not represent the Debtors in any matter relating to the Conflicts Parties. As stated above, TSS will represent the Debtors in any and all matters related to the Conflicts Parties and with other conflicts that may arise in connection with K&E's representation of the Debtors in these chapter 11 cases.

40. K&E is not a creditor of the Debtors. During the twelve (12) month period prior to the Commencement Date, K&E received from the Debtors an aggregate of \$1,708,956.84 for professional services performed and to be performed and expenses incurred

and to be incurred, including advance payments in the amount of \$1,244,928.78 (the “Advance Payments”) for professional services performed and to be performed and expenses incurred and to be incurred in connection with these chapter 11 cases. Other than the Advanced Payments, all payments received by K&E from the Debtors have been in made in the ordinary course of business of K&E, in the ordinary course of business of the Debtors, and consistent with prior dealings between the Debtors and K&E. K&E has used the Advance Payments to credit the Debtors’ account for K&E’s estimated charges for professional services performed and expenses incurred up to the time of the commencement of these chapter 11 cases and has reduced the balance of the credit available to the Debtors by the amount of such charges. As of the Commencement Date, K&E has a remaining credit balance in favor of the Debtors for future professional services to be performed, and expenses to be incurred, in the approximate amount of \$600.000, subject to processing of all time and disbursements up to the commencement of these chapter 11 cases.

41. The Debtors understand that, during these chapter 11 cases, K&E intends to apply to the Court for allowances of compensation and reimbursement of actual and necessary expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the Southern District of New York (the “Local Bankruptcy Rules”), guidelines establishing the office of the United States Trustee of for the Southern District of New York (the “United States Trustee”), and orders of this Court for all services performed and expenses incurred after the Commencement Date.

42. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors may retain K&E on any reasonable terms and conditions. The Debtors submit that the most reasonable terms and conditions are those charged by K&E to the Debtors and other clients on a daily basis

in a competitive market for legal services. Therefore, the Debtors and K&E have agreed that K&E shall be paid its customary hourly rates for services rendered that are in effect from time to time, as set forth in the Cantor Affidavit, and shall be reimbursed according to K&E's customary reimbursement policies.

43. The Debtors seek approval of the Application on an interim basis in order to provide parties an opportunity to object to the relief requested herein. If the Court approves the Application, and no objections are timely filed, the Debtors' request that the Application be deemed granted on a final basis without further notice or hearing.

Waiver of Memorandum of Law

44. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Application pursuant to Local Bankruptcy Rule 9013-1(b).

Notice

45. Notice of this Application has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) attorneys for the Prepetition Lenders; and (c) attorneys for the Ad Hoc Committee. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

No Prior Request

46. No prior application for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto, authorizing the Debtors to employ and retain K&E as attorneys for the Debtors effective as of the Commencement Date and granting such further relief as is just and proper.

Dated: New York, New York
May 14, 2003

By: /s/ Mark B. Tresnowski
Name: Mark B. Tresnowski
Title: Executive Vice President,
General Counsel and Secretary

KIRKLAND & ELLIS
 Citigroup Center
 153 East 53rd Street
 New York, New York 10022-4675
 Telephone: (212) 446-4800
 Facsimile: (212) 446-4900
 Matthew A. Cantor (MC-7727)
 Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

	X	
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**AFFIDAVIT OF MATTHEW A. CANTOR IN SUPPORT
 OF APPLICATION SEEKING ENTRY OF AN ORDER
 AUTHORIZING THE EMPLOYMENT AND RETENTION
 OF KIRKLAND & ELLIS AS ATTORNEYS FOR THE DEBTORS**

Matthew A. Cantor, being duly sworn, hereby deposes and says:

1. I am a partner of Kirkland & Ellis (“K&E”), Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611. I am admitted to practice in the Southern District of New York and the Eastern District of New York.

2. I submit this Affidavit in connection with the application, dated May 14, 2003 (the “Application”), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), for approval of the Debtors’ retention of K&E, as their attorneys in the above-captioned chapter 11 cases, at their normal

hourly rates in effect from time to time and in accordance with their normal reimbursement policies, in compliance with sections 328(a), 329 and 504 of title 11 of the United States Code (the “Bankruptcy Code”), and to provide disclosure required under rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent any information disclosed herein requires amendment or modification upon K&E’s completion of further review or as additional party-in-interest information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

Disinterestedness of Professionals

3. Based on the conflicts search conducted to date by K&E and described herein, to the best of my knowledge, neither I, K&E, nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, its creditors or any other parties in interest, or their respective attorneys and accountants, nor with the United States Trustee for the Southern District of New York (the “United States Trustee”) or any person employed in the office of the United States Trustee, except as disclosed herein.

4. K&E is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that K&E, its partners, counsel and associates, except as disclosed herein:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not investment bankers for any outstanding security of the Debtors;
- c. have not been, within three years before the date of the filing of these chapter 11 cases, (i) investment bankers for a security of the Debtors or (ii) an attorney for such an investment banker in

connection with the offer, sale or issuance of a security of the Debtors;

- d. are not and were not, within two years before the date of filing of these chapter 11 cases, a director, officer or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph; and
- e. do not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or an investment banker specified in subparagraph (b) or (c) of this paragraph, or for any other reason.

5. I am not related, and to the best of my knowledge, no attorney at K&E is related, to any United States Bankruptcy Judge in the Southern District of New York or to the United States Trustee for the Southern District of New York or any employee thereof.

6. None of the representations described herein are materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders thereof. Moreover, pursuant to section 327(c) of the Bankruptcy Code, K&E is not disqualified from acting as the Debtors' counsel merely because it represents creditors, equity security holders, and/or other parties in interest in matters unrelated to these chapter 11 cases.

7. K&E will periodically review its files during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, K&E will use its reasonable efforts to identify any such further developments and will promptly file a supplemental affidavit as required by Bankruptcy Rule 2014(a).

8. Prior to the date hereof (the "Commencement Date"), K&E provided legal services to the Debtors. K&E has represented the Debtors in their efforts to financially restructure their business and, as a result, K&E has extensive knowledge of the Debtors' capital structure, financing documents, and other material agreements. K&E is intimately familiar with

the Debtors' business affairs and many of the potential legal issues that may arise in the context of these chapter 11 cases.

9. As of the Commencement Date, K&E was not owed any amounts from the Debtors for legal services rendered prior to the Commencement Date.

**K&E's Connections With Parties In Interest
In Matters Unrelated To These Chapter 11 Cases**

10. K&E and certain of its partners, counsel, and associates may have in the past represented, may currently represent, and likely in the future will represent parties in interest of the Debtors in connection with matters unrelated to the Debtors and these chapter 11 cases (except as described below). Annexed hereto as Exhibit "A" is, to the best of K&E's knowledge, a list of the parties in interest of the Debtors. K&E has searched its electronic database for any connection it may have to the entities listed on Exhibit "A" annexed hereto. The information listed on Exhibit "A" may change or be modified during the pendency of these chapter 11 cases. K&E will update this affidavit when necessary and when it becomes aware of material information. The following is a list of the categories of entities that K&E has searched:

- a. the Debtors;
- b. equity security holders of the Debtors;¹
- c. current and former directors and officers of the Debtors from 2001 through 2003;
- d. the significant vendors of the Debtors;
- e. parties to significant actual or known potential litigation with the Debtors,
- f. insurers of the Debtors;
- g. the top 40 unsecured creditors of the Debtors;

¹ The list represents parties that own greater than 1% of Allegiance Telecom Inc.'s common stock. No party on the list owns greater than 8.5%.

- h. the significant customers of the Debtors;
- i. landlords of the Debtors;
- j. major competitors of the Debtors;
- k. indenture trustee;
- l. beneficiaries of letters of credit;
- m. the bank group;
- n. beneficiaries of performance bonds;
- o. bondholders of 11 3/4% senior discount notes;
- p. bondholders of 12 7/8% senior notes;
- q. creditors under capital lease agreements;
- r. professionals retained by the Debtors; and
- s. judgment lien holders.

11. K&E's conflict search of the entities listed on Exhibit "A" that K&E was able to locate using its reasonable efforts reveals, to the best of K&E's knowledge, that K&E's representation of any of these entities is unrelated to the representation of the Debtors.

12. Although not relevant in concluding that K&E is "disinterested," the results of K&E's conflict search of the above categories of entities is listed below.

Bank Group

Name of Bank Group Member Searched	Name of Bank Group Member and/or Affiliate of Bank Group Member that is a K&E Client	Brief Description of Representation
ABN Amro Bank	(i) ABN-AMRO Bank NV, Chicago Branch (ii) ABN-Amro Chicago Corporation (iii) ABN-AMRO Information Technology Services (iv) ABN-AMRO Private Equity (v) Dr. Mark Hopkins	Representation in connection with corporate and litigation matters unrelated to the Debtors.

Name of Bank Group Member Searched	Name of Bank Group Member and/or Affiliate of Bank Group Member that is a K&E Client	Brief Description of Representation
Bank of America	(i) Bank of America (f/ka Continental Illinois Venture Corporation -CIVC) (ii) Bank of America Capital Investors (Chicago) (iii) Bank of America NT & SA (iv) BankAmerica Corporation (v) Brickman Holdings Corp. (vi) Engineered Glass Products, LLC (vii) General Roofing Services (viii) Marco Viola and Sofia Viola (ix) Parts Now! Inc. (x) Tandus Group (xi) World Data Products, Inc.	Representation in connection with corporate and estate planning matters unrelated to the Debtors.
Dresdner Kleinwort Capital Private Equity Partners	(i) Allen & Overy/Dresdner Kleinwort (ii) Benson Finance (iii) Dresdner Kleinwort Wassertstein (iv) EIF Management Holdings	Representation in connection with corporate matters unrelated to the Debtors.
Fleet National Bank	(i) IOS Brands (ii) Nautic Partners (iii) NEPTCO (iv) Remington Products	Representation in connection with corporate matters unrelated to the Debtors.
GE Capital Services	(i) E.I. Dupont de Nemours & Co., Inc. (ii) General Electric Co. (iii) Security Capital Group (iv) Security Capital Preferred Group	Representation in connection with litigation and other matters unrelated to the Debtors.
ING Capital Corp.	(i) ING Re (ii) ING Bank (co-client to Royal Bank of Scotland)	Representation in connection with corporate matters unrelated to the Debtors.
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.
Toronto Dominion	(i) TD Capital (ii) Council Tree Communication (iii) Toronto Dominion Capital (iv) Symcor Services, Inc. (v) Liberty Partners, LP (vi) Madison Dearborn Partners (vii) Madison Dearborn Partners (viii) Soros Private Equity Partners	Representation in connection with corporate matters unrelated to the Debtors.

Significant Vendors

Name of Vendor Searched	Name of Vendor and/or Affiliate of Vendor that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	Ameritech Mobile Communications Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
City of Chicago	City of Chicago and Richard M. Daley	Representation in connection with litigation matters unrelated to the Debtors.
DST Output	DST Systems	Representation in connection with corporate matters unrelated to the Debtors.
Focal Communications	Focal Communications	Representation in connection with corporate, securities, tax and litigation matters unrelated to the Debtors.
IDX Systems	IDX Systems Corporation	Representation in connection with litigation matters unrelated to the Debtors.
InSight	InSight Communications Company, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
JP Morgan Chase Bank	(i) Allen & Overy (ii) J.P. Morgan Chase (iii) J.P. Morgan Partners LLC (iv) PayPal	Representation in connection with corporate and litigation matters unrelated to the Debtors.
KMC Telecom XI LLC	(i) KMC Telecom Holdings (ii) Nassau Capital	Representation in connection with corporate and restructuring matters unrelated to the Debtors.
Lucent Technologies	(i) Agere Systems (ii) Lucent Technologies (iii) Lucent Technologies & Avaya Inc.	Representation in connection with intellectual property litigation matters unrelated to the Debtors.
PriceWaterhouseCoopers	(i) PriceWaterhouseCoopers LLP (ii) PriceWaterhouseCoopers, as Receiver for Independent Trust Corporation	Representation in connection with litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Verizon	(i) AMPS Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Parties to Litigation

Name of Party to Significant Actual or Known Potential Litigation Searched	Name of Party to Significant Actual or Known Potential Litigation and/or Affiliate of Part to Significant Actual or Known Potential Litigation that is a K&E Client	Brief Description of Representation
InteCap	InteCap, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
State Farm Insurance Company	Joseph J. Brogan & Honora Noreen Brogan	Representation in connection with estate planning matters unrelated to the Debtors.

Significant Customers

Name of Customer Searched	Name of Customer and/or Affiliate of Customer that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	(i) Ameritech Mobile Communications (ii) Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
Genuity	(i) Genuity Inc. (ii) Genuity Telecom	Representation in connection with litigation matters unrelated to the Debtors.
IDX Systems	IDX Systems Corporation	Representation in connection with litigation matters unrelated to the Debtors.
Qwest	(i) Qwest Communications Corporation (ii) Qwest Communications International, Inc.	Representation in connection with certain corporate and litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Verizon	(i) Amps Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Equity Security Holders

Name of Equity Security Holder Searched	Name of Equity Security Holder and/or Affiliate of Equity Security Holder that is a K&E Client	Brief Description of Representation
Barclays Bank PLC	(i) Barclays Bank PLC (ii) Barclays Global Fund Advisors (iii) Barclays Global Investors (iv) iShares Trust (v) iShares, Inc.	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Frontenac Funds	(i) 101 Communications, LLC (ii) Altrio Communications, LLC (iii) Frontenac Company (iv) Frontenac VIII Ltd. Partnership (v) Pro Mach, Inc. (vi) SI International, LLC	Representation in connection with corporate matters unrelated to the Debtors.
James E. Crawford III	James E. Crawford III	Representation in connection with corporate matters unrelated to the Debtors.
Madison Dearborn	(i) Bay State Paper Company (ii) Beverages, & more! (iii) Buckeye Technologies, Inc. (iv) Completel (v) Digneer, Inc. (vi) Direct Equity Partners I, L.P. (vii) Family Christian Stores, Inc. (viii) Focal Communications (ix) Hines Horticulture, Inc. (x) Iplan Networks/NSS S.A. (xi) Jefferson Smurfit Group (xii) Looking Glass Networks (xiii) Madison Dearborn Partners, Inc. (xiv) Milnot Company (xv) NWL Holdings, Inc. (xvi) Outsourcing Solutions Inc. (xvii) Omne Communications Ltd (xviii) Packaging Corporation of America (xix) Reiman Holding Company, LLC (xx) Ruth's Chris Steak House, Inc. (xxi) Ryder System, Inc. (xxii) Spectrum Healthcare Services, Inc. (xxiii) Stericycle, Inc. (xxiv) Team Health, Inc. (xxv) Tuesday Morning Corporation (xxvi) Woods Equipment Company	Representation in connection with corporate and litigation matters unrelated to the Debtors
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.

Landlords

Name of Landlord Searched	Name of Landlord and/or Affiliate of Landlord that is a K&E Client	Brief Description of Representation
Bank of America	(i) Bank of America (f/ka Continental Illinois Venture Corporation -CIVC) (ii) Bank of America Capital Investors (Chicago) (iii) Bank of America NT & SA (iv) BankAmerica Corporation (v) Brickman Holdings Corp. (vi) Engineered Glass Products, LLC (vii) General Roofing Services (viii) Marco Viola and Sofia Viola (ix) Parts Now! Inc. (x) Tandus Group (xi) World Data Products, Inc. (xii) Catellus Development Corporation (xiii) Jacques Gliksberg and Daniela Gliksberg (xiv) Dennis P. McCray and Julie L. McCray	Representation in connection with corporate and estate planning matters unrelated to the Debtors.
Hitachi Ltd	(i) Experio Solutions (ii) Hitachi Data Systems (iii) Hitachi Ltd. (iv) NGB Corporation	Representation in connection with employee benefit and intellectual property matters unrelated to the Debtors.
Jones Lang LaSalle	(i) LaSalle Asia Recovery Fund (ii) LaSalle Management/Jones Lang LaSalle	Representation in connection with corporate matters unrelated to the Debtors.
St. Paul Companies	St. Paul Venture Capital VI, LLC	Representation in connection with corporate matters unrelated to the Debtors.
Wachovia Bank	Wachovia Bank NA	Representation in connection with tax matters unrelated to the Debtors.

Bondholders of 11 ¾% Senior Notes

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Bank of Montreal	(i) BMO Nesbitt Burns Equity Partners (ii) BMO Nesbitt Burns, Inc. (iii) Symcor Services, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
CIBC	CIBC Oppenheimer	Representation in connection with corporate matters unrelated to the Debtors.
Conseco, Inc.	Conseco, Inc.	Representation in connection with restructuring matters unrelated to the Debtors.
Gryphon Capital Corp. LLC	(i) Gryphon Partners II, LP (ii) Intelligrated, Inc.	Representation in connection with corporate and intellectual property matters unrelated to the Debtors.

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
Invesco	Invesco (NY)	Representation in connection with corporate matters unrelated to the Debtors.
Merrill Lynch & Co.	(i) Merrill Lynch Group - Inst. Client Group (ii) Stonington Partners	Representation in connection with corporate matters unrelated to the Debtors.
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.

Bondholders of 12 7/8% Senior Notes

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
Nationwide Provident	(i) Nationwide Mutual Insurance Company (ii) Nationwide Life Insurance/ Nationwide Advisory (iii) Nationwide Retirement Solutions	Representation in connection with litigation matters unrelated to the Debtors.
Putnam Investment Management Inc.	TH Lee Putnam Ventures LP	Representation in connection with corporate matters unrelated to the Debtors.

Creditors Under Capital Lease Agreements

Name of Creditor Under Capital Lease Agreements Searched	Name of Creditor and/or Affiliate of Creditor that is a K&E Client	Brief Description of Representation
CitiCapital	(i) Airxcel (ii) Bob's Store Centre, Inc. (iii) Cinven/CVC Capital Partners Ltd. (iv) Citibank F.S.B. (v) Citibank Mezzanine Partners (vi) Citibank, N.A. (vii) Citicorp Diner's Club Inc. (viii) Citicorp Mezzanine III, L.P. (ix) Citicorp Mezzanine Investment (x) Citicorp Venture Capital, Ltd. (xi) Conso International (xii) CVC Capital Funding, LLC (xiii) CVC Capital Partners & Trench Electric (xiv) CVC Capital Partners Limited (xv) DavCo Restaurants (xvi) Electrocal Designs (xvii) Euramax International PLC (xviii) Homelife Furniture Corporation (xix) KEMET Electronics (xx) Neenah Foundry (xxi) Polyfibron Technologies, Inc. (xxii) Shasta Paper Company (xxiii) Sleepmaster LLC (xxiv) Salomon Smith Barney (xxv) William Hill Finance (xxvi) Zatarain's Brands	Representation in connection with corporate, intellectual property and restructuring matters unrelated to the Debtors.
Deutsche Bank	(i) Brown Investment Advisory & Trust Company (ii) Capvest Limited (iii) DB Capital Investors Offshore (iv) DB Capital Partners (v) Deutsche Bank AG	Representation in connection with corporate matters unrelated to the Debtors.

Professionals

Name of Professional Searched	Name of Professional that is a K&E Client	Brief Description of Representation
KPMG Peat Marwick	KPMG L.L.P.	Representation in connection with litigation matters unrelated to the Debtors.
FTI Consulting	FTI Consulting, Inc.	Representation in connection with corporate matters unrelated to the Debtors.

Major Competitors of the Debtors

Name of Competitor Searched	Name of Competitor that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	(i) Ameritech Mobile Communications (ii) Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
McCleod	McCleod USA, Incorporated	Representation in connection with litigation matters unrelated to the Debtors.
Qwest	(i) Qwest Communications Corporation (ii) Qwest Communications International, Inc.	Representation in connection with certain corporate and litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Time Warner Telecom	(i) AOL Time Warner (ii) American Online	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Verizon	(i) Amps Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Additional Disclosures

13. As indicated above and on Exhibit "A", Madison Dearborn Capital Partners II, L.P. and/or certain of its affiliates ("Madison Dearborn") are equity security holders of the Debtors. In addition, Morgan Stanley Investment Management and/or certain of its affiliates ("Morgan Stanley") are equity security holders, bondholders and secured lenders of the Debtors. K&E currently represents both Madison Dearborn and Morgan Stanley in matters unrelated to the Debtors. For the fiscal year April 1, 2002 through March 31, 2003, Madison Dearborn represented approximately 2.26% of K&E's gross revenues and Morgan Stanley represented approximately 3.70% of K&E's gross revenues. Importantly, William S. Kirsch, a partner at K&E, is the outside general counsel of Madison Dearborn and, as a result, will not work on any matters for the Debtors during the pendency of these chapter 11 cases.

14. In addition, three other creditors of the Debtors and their affiliates account for between .99% to 1.5% of K&E's gross revenue for that same period: specifically, (i)

Bank of America and its subsidiaries (“Bank of America”) (approximately 0.99%); (ii) Citicorp and its subsidiaries (“Citicorp”) (approximately 1.30%) and (iii) Verizon and its subsidiaries (“Verizon”) (approximately 1.31%).

15. Contemporaneously herewith, the Debtors are seeking authorization to retain Togut, Segal & Segal (“TSS”) to represent the Debtors in all matters in which K&E may have conflicts in its representation of the Debtors in these chapter 11 cases. K&E will not represent Madison Dearborn, Morgan Stanley, Bank of America, Citicorp, or Verizon (the “Conflicts Parties”) in any matters relating to the Debtors. In addition, K&E will not represent the Debtors in any matter relating the Conflicts Parties. As stated above, TSS will represent the Debtors in any and all matters related to the Conflicts Parties and with other conflicts that may arise in connection with K&E’s representation of the Debtors in these chapter 11 cases.

16. A general inquiry to all K&E attorneys was sent by electronic mail to determine whether (i) any such individual holds any stock of the Debtors and (ii) whether any such individuals were employed by the Debtors. Responses were received from approximately 12 individuals who own approximately 10,500 shares of Allegiance Telecom, Inc. stock in the aggregate.² As of December 31, 2002, there were 124,830,110 shares of common stock of Allegiance Telecom, Inc. outstanding. K&E believes these individuals either have divested or are in the process of divesting their stock holdings as of the date hereof.

17. K&E represents KMC Telecom Holdings, Inc. in various matters unrelated to the Debtors. Certain of the attorneys assigned to work on these chapter 11 cases also represent KMC Telecom Holdings, Inc. While it is anticipated that K&E’s representation of

² In addition, my wife, Christine Cantor, owns 200 shares of Allegiance Telecom, Inc. valued at approximately \$60.00. This holding does not affect my disinterestedness in these chapter 11 cases as that term is defined in section 101(14) of the Bankruptcy Code.

the Debtors will not involve any matter related to KMC Telecom Holdings, Inc., if such a matter should arise, TSS shall represent the Debtors in that matter.

Services To Be Rendered

18. The professional services that K&E will render to the Debtors during these chapter 11 cases may include, but shall not be limited to, the following:

- a. advise the Debtors with respect to their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;
- b. attend meetings and negotiate with representatives of creditors and other parties in interest;
- c. take all necessary action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including, but not limited to, objections to claims filed against the estates;
- d. prepare on the Debtors' behalf all motions, applications, answers, orders, reports and papers necessary to the administration of the estates;
- e. negotiate and prepare on behalf of the Debtors a plan of reorganization and all related documents;
- f. represent the Debtors in connection with obtaining postpetition loans;
- g. advise the Debtors in connection with any potential sale of assets;
- h. appear before this Court and any appellate courts and protect the interests of the Debtors' estates before these Courts;
- i. consult with the Debtors regarding tax matters; and
- j. perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these chapter 11 cases.

Professional Compensation

19. K&E is not a creditor of the Debtors. During the twelve (12) month period prior to the Commencement Date, K&E received from the Debtors an aggregate of \$1,708,956.84 for professional services performed and to be performed and expenses incurred and to be incurred, including advance payments in the amount of \$1,244,928.78 (the “Advance Payments”) for professional services performed and to be performed and expenses incurred and to be incurred in connection with these chapter 11 cases. Other than the Advanced Payments, all payments received by K&E from the Debtors have been in made in the ordinary course of business of K&E, in the ordinary course of business of the Debtors, and consistent with prior dealings between the Debtors and K&E. K&E has used the Advance Payments to credit the Debtors’ account for K&E’s estimated charges for professional services performed and expenses incurred up to the time of the commencement of these chapter 11 cases and has reduced the balance of the credit available to the Debtors by the amount of such charges. As of the Commencement Date, K&E has a remaining credit balance in favor of the Debtors for future professional services to be performed, and expenses to be incurred, in the approximate amount of \$600.000, subject to processing of all time and disbursements up to the commencement of these chapter 11 cases.

20. K&E intends to apply for compensation for professional services rendered in connection with these chapter 11 cases, subject to this Court’s approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), and guidelines established by the United States Trustee on an hourly basis, plus reimbursement of actual and necessary expenses and other charges that K&E incurs. K&E will charge the Debtors hourly rates consistent with the rates it charges in bankruptcy and non-bankruptcy matters of this type.

Hourly rates for attorneys employed in K&E's Restructuring, Insolvency, Workout & Bankruptcy group currently range from \$255 to \$730.

21. K&E's hourly rates are set at a level designed to fairly compensate K&E for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned.

22. It is K&E's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel expenses, certain necessary secretarial and other overtime expenses, filing and recordation fees, long distance telephone calls, postage, express mail and messenger charges, computerized legal research charges and other computer services, expenses for "working meals" and telecopier charges. K&E will charge the Debtors for these expenses in a manner and at rates consistent with those it generally charges its other clients and in accordance with the Local Rules. K&E believes that it is fairer to charge these expenses to the particular client on whose behalf they are incurred rather than to increase its hourly rates and spread these expenses amongst all of its clients.

23. No promises have been received by K&E nor by any partner, counsel or associate thereof as to compensation in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code. K&E has no agreement with any other entity to share with such entity any compensation received by K&E in connection with these chapter 11 cases.

24. K&E further states pursuant to Bankruptcy Rule 2016(b) that it has not shared, nor agreed to share (a) any compensation it has received or may receive with another

party or person, other than with the partners, counsel and associates of K&E or (b) any compensation another person or party has received or may receive.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

/s/ Matthew A. Cantor
Matthew A. Cantor
Kirkland & Ellis
Citigroup Center
153 East 53rd Street
New York, New York 10022-4611
(212) 446-4800
(212) 446-4900 (fax)

Subscribed and sworn to before me on
this 14th day of May, 2003.

/s/ Daniel Kelleher
Notary Public
State of New York
No. 01KE6020926
My Commission Expires: 9/5/05

EXHIBIT A

Exhibit A

Debtors

Allegiance Telecom, Inc.
Adgrafix Corporation
ALGX Business Internet, Inc.
Allegiance Internet, Inc.
Allegiance Telecom Company Worldwide
Allegiance Telecom International, Inc.
Allegiance Telecom of Arizona, Inc.
Allegiance Telecom of California, Inc.
Allegiance Telecom of Colorado, Inc.
Allegiance Telecom of Florida, Inc.
Allegiance Telecom of Georgia, Inc.
Allegiance Telecom of Illinois, Inc.
Allegiance Telecom of Indiana, Inc.
Allegiance Telecom of Maryland, Inc.
Allegiance Telecom of Massachusetts, Inc.
Allegiance Telecom of Michigan, Inc.
Allegiance Telecom of Minnesota, Inc.
Allegiance Telecom of Missouri, Inc.
Allegiance Telecom of Nevada, Inc.
Allegiance Telecom of New Jersey, Inc.
Allegiance Telecom of New York, Inc.
Allegiance Telecom of North Carolina, Inc.
Allegiance Telecom of Ohio, Inc.
Allegiance Telecom of Oklahoma, Inc.
Allegiance Telecom of Oregon, Inc.
Allegiance Telecom of Pennsylvania, Inc.
Allegiance Telecom of Texas, Inc.
Allegiance Telecom of The District of Columbia, Inc.
Allegiance Telecom of Virginia, Inc.
Allegiance Telecom of Washington, Inc.
Allegiance Telecom of Wisconsin, Inc.
Allegiance Telecom Purchasing Company
Allegiance Telecom Service Corporation
Coast to Coast Telecommunications, Inc.
Hosting.com, Inc.
InterAccess Telecommunications Co.
Jump.Net, Inc.
Shared Technologies Allegiance, Inc.
Virtualis Systems, Inc.

Current Officers Allegiance Telecom, Inc.

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph

Lawrence E. Strickling
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Sanjeev Sethi
Annie S. Terry

Current Directors of Allegiance Telecom, Inc.

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
James E. Crawford, III
Paul J. Finnegan
Jacob J. Goldberg
Reed E. Hundt
Andrew D. Lipman
James N. Perry, Jr.

Current Officers Allegiance Telecom Company Worldwide

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

Current Directors of Allegiance Telecom Company Worldwide

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers Allegiance Telecom International, Inc.

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom International, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers Allegiance
Service Corporation**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Service Corporation**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance Telecom
Purchasing Company**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance Telecom
Purchasing Company**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom Of Arizona, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom Of Arizona, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of California, Inc.**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of California, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Colorado, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Colorado, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance Telecom
Of the District of Columbia, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance Telecom
Of the District of Columbia, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Florida, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Florida, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Georgia, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Georgia, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Illinois, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Illinois, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Indiana, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Indiana, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance Telecom of
Maryland, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Officers of Allegiance
Telecom of Maryland, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance Telecom
Of Massachusetts, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance Telecom
Of Massachusetts, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Michigan, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Michigan, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Minnesota, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Minnesota, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance Telecom
Of Missouri, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Officers of Allegiance Telecom
Of Missouri, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom Of Nevada, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom Of Nevada, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of New Jersey**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of New Jersey**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of New York, Inc.**

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of New York, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of North Carolina, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surette
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of North Carolina, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers Of Allegiance
Telecom of Ohio, Inc.**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors Of Allegiance
Telecom of Ohio, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Oklahoma, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Oklahoma, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Oregon, Inc.**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Oregon, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Pennsylvania, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Pennsylvania, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Texas, Inc.**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Texas, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Virginia, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Virginia, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Washington, Inc.**

Royce J. Holland

C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Officers of Allegiance
Telecom of Washington, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of Allegiance
Telecom of Wisconsin, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of Allegiance
Telecom of Wisconsin, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers of Allegiance Internet, Inc.

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry
Mitchell Romm
Melanie Haratunian

Current Officers of Allegiance Internet, Inc.

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of InterAccess
Telecommunications Co.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry
Kieran Athy

**Current Directors of InterAccess
Telecommunications Co.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers of Virtualis Systems, Inc.

Royce J. Holland
C. Daniel Yost

Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

Current Directors of Virtualis Systems, Inc.

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers of Jump.Net, Inc.

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

Current Officers of Jump.Net, Inc.

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers of Adgrafix, Inc.

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence

G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

Current Officers of Adgrafx, Inc.

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Current Officers of Hosting.com, Inc.

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close

Current Director of Hosting.com, Inc.

Mark B. Tresnowski

**Current Officers of
Coast To Coast Telecommunications, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson

Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of
Coast To Coast Telecommunications, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of
ALGX Business Internet, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson
Christine Kornegay
Kenneth C. Close
Annie S. Terry

**Current Directors of
ALGX Business Internet, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

**Current Officers of
Shared Technologies Allegiance, Inc.**

Royce J. Holland
C. Daniel Yost
Thomas M. Lord
Anthony J. Parella
Mark B. Tresnowski
Deborah Surrence
G. Clay Myers
J. Timothy Naramore
Kevin Joseph
Lawrence E. Strickling
Mark A. Stachiw
Richard H. Anderson

Christine Kornegay
Kenneth C. Close
Annie S. Terry
John F. Wassenbergh

**Current Directors of
Shared Technologies Allegiance, Inc.**

Mark B. Tresnowski
Annie S. Terry
G. Clay Myers

Former Officers

Melody A. Blanks Avers
Joseph Bartlett
Peter Ciaraldi
Dana Crowne
John Debus
Jeffrey S. Feinberg
Bill M. Francis
John Ted Gilmore
Thomas Ed Hays
Robert E. Hlavacek
James C. Hoffman
Stephen N. Holland
Steve Hwang
Alan D. Hyde
Tae Kim
Patricia E. Koide
Walter B. Kulikowski
Christopher Malinowski
Robert W. McCausland
Christopher J. Melnick
Richard V. Myers
Ted H. Nichols
Morton Posner
Anthony Scott Savoie
Neil Searls
Eugene A. Shimshock
Jerrold L. Sklar
Vincent J. Tozzi
Mark Washburn
Robert E. Williams
William J. Wilson Sr.

Former Directors

John Ehrenkranz
Richard Frisbe
Alan Goldberg
Howard Hoffen
Dino Vendetti

Parties To Litigation

Ace Cash Express
Africfarm Market Ltd.
Air Around The Clock
Anne Marie's Catering
Apple Dentists
Ashley Layne Design
Brelan, Inc. dba TGF Haircutters
Brown, Stanley E.
CampusLink
Cappuccio
Carribean Resorts
D.N.K. Management, Inc.
Dietrich & Associates
Dpi Teleconnect, Inc.
G&R Check Cashing Corp.
Girdler, Deborah
Goldman Sachs I and II
ICG Communications
InteCap
J.L.M., Inc.
Kane, Linda
Kosher Konnection
Kramer, Pamela
Law Offices of Lin & Associates
Legal Services Associates
Life Sciences Corp.
Maid in the USA t/a Maid To Perfection
Maynard, Alison dba Law Offices of Alison Maynard
Mirage Tile & Marble Co., Inc.
Navarro Property
Network Dynamics Cabling
Notre Dame Law Associates
One Stop Realtour Place
Payne, Robert B. and Barbara L.
Poe, Jason
Polyspede Electronics
Robin Millen Collections
Scheideler & Associates
Shayan Enterprises, LLC
Signature Consultants
State Farm Insurance Company
The Tub Factory
Totally Wireless Choice
Trinity National Corporation
Tweel Home
Uptown Transit Corporation
Walker, Brian
Zone International, Inc.

Top 40 Unsecured Creditors

Pacific Bell
Southwestern Bell
Verizon
Ameritech
Broadwing Communication Services Inc.
Qwest
Alcatel, Inc.
NCX Office Developer LP
Nortel Networks Inc.
AT&T
WorldCom Inc.
Southern California Edison
XO Communications
System Services
Edocs Inc.
Adtran Inc.
Extreme Networks
Level 3 Communications LLC
NEC America, Inc.
Sunbelt Telecommunications
Assured Industries
Sprint
EMC Corporation
JP Morgan Chase
Lucent Technologies
DSET Corporation
The Point Group
Advance Telecom Res.
Walker & Associates Inc.
Power Conversion Products
MCI Worldcom Communications
Hewlett-Packard

Creditors Under Capital Lease Agreements

Broadwing Communications Services, Inc.
CC II Realty, Inc.
CitiCapital (Fidelity Leasing)
Clarity Credit Corporation
Communication Systems Development, Inc.
Dell Financial Services
Deutsche Bank
Fiber Technologies Networks, L.L.C.
Fidelity Leasing
GE Capital Fleet Services
Grande Communications Networks, Inc.
Level 3 Communications, LLC
LINC Receivables
Looking Glass Networks, Inc.
Metromedia Fiber Network Service, Inc.
RCN Telecom Services, Inc.
Sony Financial Services

Sprint Communications Company
United Capital

The Bank Group

GE Capital Services
ABN Amro Bank
Absolute Rec Hedge LP
Absolute Rec Hedge LTD
Bank Austria
Bank of America
Bank of Nova Scotia
Bayerische Hypo
BNP Paribas
CIT Lending Services Cor
Cobank
Credit Suisse First Boston
Dresdner Bank
Fleet
Fortis Bank
Goldman Sachs
Gryphon Master Fund, LP
IBM Credit Corporation
ING Capital Corp.
Langley Partners, LP
Morgan Stanley Senior Funding
Pauraque Partners
R2 Investments,
R2 Top Hat, LTD
Toronto Dominion
UBS AG
Union Bank of California

Indenture Trustee

The Bank Of New York

Beneficiaries of Performance Bonds

Beebe Medical Center
Central Washington University
City of Billings Montana
City of Seattle
Fallon Clinic, Inc.
Frederick Community College
Holtz Hotel
Lehigh County Gov. Center
Pacific Bell
Portland Community College
Rhode Island College
Southern Illinois University
Southwest Preparatory

Bondholders of 12 7/8% Senior Notes

Acuity Mutual Insurance Company
Allianz of America, Inc.
American Express Financial Corp.
Atlantic Security Bank
Blackrock Financial Management, Inc.
Canyon Capital
Cardinal Investments
Chase Manhattan Bank
Chubb Asset Managers, Inc.
Clarion
Everett Investment Co. L.P.
EWR Investments
First National Bank of Wahoo
Goldman Sachs Asset Management
High View Capital Management
HL Chapman Investments Ltd.
Indosuez Capital
Julius Baer Asset Management
Kaiser-Francis Oil Company
Kingdon Capital Management
Manufacturers & Traders Trust Co.
Merchant Securities
MM&B Holdings LLC
Nationwide Provident
Pioneer Insurance Group
Plains LTD
Spectrum Advisory Services, Inc.
Putnam Investment Management
Ricco Family Partners
Royce & Associates, LLC
Sanibel L.P.
TJK Partners Inc.

Bondholders of 11 3/4% Senior Discount Notes

AJM Holdings
Alexander Capital Management
Allian of America, Inc.
Altantic Security Bank
American Express Financial Management
Bank of Butterfield Bermuda
Bank of Montreal
Cardinal Partners
Chase Manhattan Bank
CIBC Oppenheimer
Credit Suisse Asset Management, LLC
Conseco Capital Management, Inc.
Delaware Investment Advisers, Inc.
DKR Saturn Event Driven Holding Fund Ltd.
Euroclear Main Account
EWR Investments
F&C Management Limited
GLG Partners

Goldman Sachs Asset Management
Gryphon Capital Corp., LLC
I.G. Investment Management, Ltd.
Invesco Funds Group
Kaiser-Francis Oil Company
Kingdom Capital Management Corp.
Lap Investments
Merchant Securities
Merrill Lynch Investment Managers (U.K.)
Millenium Partners
ML CBO
Morgan Stanley Investment Management, Inc.
Mount Washington CBO
New York Life Insurance Company
Patsy R Smith Investments LP
Phoenix Administration Services
Romulus Holdings Inc.
Silver Point Capital Management
Tejas Securities Group
Trident Trust Co.

Professionals

Akin, Gump, Strauss, Hauer, Feld LLP
FTI Consulting
Greenhill & Co.
KPMG Peat Marwick
Paul, Hastings, Janofsky & Walker LLP

Landlords

111 Chelsea LLC c/o Insignia/ESG, Inc.
1120 Vermont Avenue Associates
1400 Centrepark Limited
1415 Louisiana K/LTD
1515 Market Street Associates c/o West World
Management, Inc.
1818 Market VEF II, LLC c/o Albert B. Ashforth,
LLC
2255 Partners, L.P. c/o M. David Paul Development
LLC
75-101 Federal St., L.L.C. c/o Equity Office
Properties Trust
9706 LLC
ADA Properties No. 2, Ltd.
Allegheny Center Associates
AMB Property L.P.
ASP Valley Forge, L.P.
Bank Building Limited Partnership
Bank of America, N.A. c/o Trammell Crow
Company
BHX, LLCc/o The Bulfinch Companies, Inc.
Boston Properties Limited Partnership

BP Commerce, LLC
 BRE/Metrocenter LLC c/o Realty Management Company
 CalEast Industrial Investors, LLC, Herndon Spring Park c/o CB Richard Ellis
 Callowhill Management, Inc.
 Carlyle Airport Technology Trust
 Chippewa Enterprises, Inc.
 CIN Meadows, LLC c/o Linque Management Company, Inc.
 Connecticut General Life Insurance c/o CarrAmerica Realty Corporation
 Conservation International Foundation
 Cornerstone Suburban Office, L.P.
 Distribution Drive, L.P.
 Downtown Properties LLC
 Eastridge Properties I Corporation
 Electronic Data Systems Corporation
 EOP Second and Spring, L.L.C. c/o Equity Office Properties Trust
 EOP Summit Limited Partnership
 Equity Office Properties Trust
 Equity Office Properties
 Exchange Center Partnership c/o John J. Roper Company
 First Industrial Development Services, L.P.
 First Parker Realty L.L.C.
 FRM Associates, LLC c/o Marquette Plaza
 FSP Telecom Business Center
 G&C Realty Company, LLC c/o Hotel Edison
 Gaedeke Holdings, Ltd.
 Gary A. Jones, Trustee of the Jones Family Trust
 Gateway Taft, Inc. c/o RREEF Real Estate Investment Managers
 Globe Building Company
 Great Lakes REIT, L.P.
 Green 90 Broad, LLC
 Guardian Westwood LLC
 Hitachi Electronic Devices
 Hood Business Park LLC
 Hudson Telegraph Associates
 Indianapolis Spec Office Investments, L.P.
 Insignia/ESG Sunnyvale
 JER/BRE Austin Tech, L.P. c/o Trammell Crow Central Texas, Ltd.
 Jetstar Partners, Ltd. C/o Collinternational, Inc.
 John D. and Catherine T. MacArthur Foundation
 John Hancock Mutual Life Insurance Company
 Jones Lang LaSalle Management Services I
 KM Complex, L.P.
 L.A.T. Investment Corporation
 LA/GA Business Centers, Inc. c/o Ackerman & Company
 Lake Street Industrial Partners
 Lakeview Business Center
 Laurel Office Park Partnership III

Madison Third Building Companies, LLC c/o Cohen Brothers Realty Corporation
 Marietta Street Partners, LLC
 Massachusetts Mutual Life Insurance Company c/o Transwestern Commercial Services
 Meadowlands Investments, L.L.C.
 Mendota Office Holdings LLC c/o United Properties
 Miami RPFIV Airport Corporate Center Associates
 Midway Commerce Park Properties, L.P.
 Multi-Employer Trust/Riggs Bank c/o Trammell Crow Company
 NCX Office Development, L.P.
 NeXcomm Asset Acquisition I, L.P.
 Northwestern Corporate Center Associates, L.P.
 North Hayward Corporate Center Associates
 Northwestern Development Company "B" c/o Blake Real Estate Inc.
 Oakcrest Development c/o Lewis Operating Corporation
 Olympia Properties, L.L.C. c/o Jones LaSalle Management Services, Inc.
 Orange County Business Center LLC
 PERA I-373, Inc. c/o Jones Lang LaSalle
 PhilaCompany
 Principal Properties, L.P. c/o Denholz Management, Inc.
 Prospect West C.L.P.
 Pyramid Investment Corporation
 Rockside Square One c/o The King Group
 Rostand Associates, L.L.C.
 Scott Properties
 Shurgard of Melville
 SM Brell, L.P.
 Southfield TechnceCenter RE 1, L.L.C.
 St. Paul Properties, Inc.
 Stanplace Limited Partnership
 Sterling Network Exchange, LLC
 Teachers Insurance & Annuity Association of America c/o CB Richard Ellis
 The Irvine Company
 The Pennsylvania Building Company
 Thomas Properties Group LLC
 Touchstone Partners I LLC c/o Integrated Real Estate Services, L.L.C.
 T-Pac Investments, Inc. c/o Essex Realty Management
 T-REX Technology Centers, LLC
 Trinity National Corporation
 Trizec Holdings, Inc.
 Troy Place Associates c/o Nemer Property Group
 W5 Brannan LP
 Wachovia Bank, N.A.
 WE'RE Associates
 Webster Street Partners, Ltd.
 WHVPW Real Estate Limited Partnership c/o Trammell Crow Company
 WMP IV Real Estate Limited Partnership

WXIII/FAR Yale Real Estate Limited Partnership
Zink Family Limited Partnership

Insurers

Marsh USA
Unimark Insurance Agency, Inc.

Equity Security Holders

Anthony Parella
Barclays Global Investors
California Public Employees Retirement System
Charles Daniel Yost
Dimensional Fund Advisors Inc.
Frontenac Funds
James Crawford
JHC Capital Management, LLC
Madison Dearborn
Morgan Stanley Investment Management
Olive Hill Investments
OverHill Investment
Palo Alto Investors
Royce & Associates, L.L.C.
Royce J. Holland
State Street Global Advisors
Thomas M. Lord
Vanguard Group, Inc.
West Highland Capital Inc.

Beneficiaries of Letters of Credit

111 Eighth Avenue LLC
805 Third Avenue Co.
Hartford Fire Insurance Company
Pyramid Investment Corporation
Rockside Square One
Spaulder and Slye Services LP
Touchstone Partners I LLC

Significant Vendors

Adtran Inc.
Advance Telecom Res.
Alcatel Inc.
Ameritech
Assured Industries
AT&T
Broadwing Communication Services
Daleen Solutions Inc.
DSET Corporation
Edocs Inc.
EMC Corporation

Extreme Networks
JP Morgan Chase
Looking Glass Networks
Lucent Technologies Inc.
Metromedia Fiber Network Inc.
MFS Telecom Inc.
NCX Office Developer LP
NEC America, Inc.
Nortel Networks
Pacific Bell
Qwest
Southern California Edison
Southwestern Bell
Sprint
Sunbelt Telecommunications
System Services
The Point Group
Verizon
Verizon (GTE-SW) - Line Coast
Walker & Associates
WorldCom Inc.
XO Communications

Significant Customers

Genuity
Southern Illinois University
Verizon
SBC
Level 3 Communications, LLC
Office Depot
TJMAXX
AT&T
Qwest
Worldcom
Center For Disease Control
New York Hospital
Beebe Medical Center
Cathedral Healthcare
City of Atlanta
New York Housing Authority
Iron Mountain
Phila/Police Association
San Joaquin Valley Unified Air Pollution Control Dist.
Digital Federal Credit Union
Ritz Carlton
Banner Health System
Swiss Re Financial Services
United States Army Reserve Center
Palmer & Dodge, LLP
Auburn University - Telecom Bldg.
Kaplan Inc.
Cozen & O'Connor
Boston College
Bell South
EMC Corp.

Odyssey Rassurance Holdings- Kuhl Avenue
Concord Communications
Phila/Youth Study Center
Harcourt Inc-Orlando
Harris County Hospital District
Arch Chemicals
ABC Unified School District
IDX Systems
Trinity Medical Center
Stop & Shop
Concord City Hall
Millpore Corporation
Global Crossing
Sprint
Bristol Hospital/SIC Healthcare
Queen of the Valley
Medical Manager
Arizona Dept. of Transportation
Martha Stewart Living

Major Competitors

AT&T
BellSouth
LDMI/MPower
MCI WorldCom
McLeod
Qwest
SBC
Time Warner Telecom
Verizon

Judgment Lien Holder

Stephen Wrathell, CPA, PC

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Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**MOTION PURSUANT TO SECTIONS 105(a), 363, AND 541 OF THE
BANKRUPTCY CODE FOR ORDER (A) AUTHORIZING THE DEBTORS
TO PAY SALES AND USE TAXES AND REGULATORY AND UNIVERSAL
SERVICE FEES, AND (B) AUTHORIZING AND DIRECTING APPLICABLE
BANKS AND OTHER FINANCIAL INSTITUTIONS TO RECEIVE,
PROCESS, HONOR AND PAY ALL CHECKS PRESENTED FOR PAYMENT**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “Allegiance” or the “Debtors”), respectfully represent:

Introduction

1. On the date hereof (the “Commencement Date”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108

of the Bankruptcy Code. Simultaneously with the filing of their petitions and this Application, the Debtors requested an order for the joint administration of their chapter 11 cases pursuant rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Jurisdiction

2. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409.

An Overview of Allegiance’s Business

3. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (*i.e.*, national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and colocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;
- wholesale services to other regional and national service providers, including equipment colocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

4. Allegiance serves more than 100,000 business customers in 36 markets. Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

5. As of the Commencement Date, the Debtors have approximately \$245 million of cash. As of December 31, 2002, the Debtors' consolidated books and records reflected assets totaling approximately \$1.441 billion and liabilities totaling approximately \$1.397 billion. For the three months ending December 31, 2002, the Debtors, on a consolidated basis, reported revenues of approximately \$204.91 million, EBITDA (i.e., earnings before interest, taxes, depreciation, amortization, non-cash deferred compensation expense and non-cash goodwill impairment charges) of approximately negative \$34 million and net losses of approximately \$120 million.

**Allegiance is Critical to Promoting Sustainable
Competition in the Local Telecommunication Marketplace**

The Telecommunications Act of 1996

6. In February of 1996, Congress enacted the Telecommunications Act of 1996 (the "Telecom Act"), with the stated purpose of:

promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

H.R. REP No. 104-204(I), 104th Cong. 1st Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, **10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies ("ILECs") – i.e., existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers ("CLECs") to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-

looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

7. The enactment of the Telecom Act spurred entrepreneurs to start hundreds of new businesses to compete in the local telecommunications marketplace. During the late 1990s, investors recognized the growth opportunity inherent in the opening of a competitive local telecommunications marketplace and invested billions of dollars in equity and debt capital into a multitude of telecommunications companies primed to provide competing services to American consumers.

8. Funded with significant amounts of investment capital, two types of CLECs emerged. The first type of CLECs were “resellers”. Specifically, “reseller” CLECs purchased telecommunications services from ILECs at a discount and resold the services to customers at a higher price. Thus, these CLECs simply offered consumers the same services supplied by ILECs - generally at lower prices. To be successful with this low margin business model, “reseller” CLECs invested their capital in sales and marketing efforts designed to acquire a substantial customer-base and attendant market-share in a relatively short period of time and ahead of their many competitors. However, because resellers were providing the identical services as the ILECs (with no differentiation) and were attempting to build a large market share in a highly competitive market, this business model was flawed and many in the telecommunications industry believe that the “resale” business will fail.

9. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in order to effectively compete with the ILECs. Specifically, facilities-based

CLECs combined elements of an ILEC's network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC's 2003 Triennial Review:

Facilities -based competition means a competitor can offer real differentiated service to consumers Facilities-based competitors own more of their own network and control more of their costs, thereby offering consumers real potential for lower prices. Facilities-based competitors offer greater rewards for the economy – buying more equipment from other suppliers . . . and creating more jobs. . . . And, facilities providers create vital redundant networks that can serve own nation if other facilities are damaged by those hostile to our way of life.

F.C.C., 2003 Triennial Review - Open Meeting, Separate Statement of Chairman Michael R. Powell, dissenting in part (February 20, 2003) (transcript available at www.fcc.gov/wcb/cpd/triennial_review/). Allegiance is such a facilities-based CLEC with a nationwide network and a facility-based business strategy.

The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas

10. In 1997, a management team of industry veterans launched Allegiance and focused on building a reliable nationwide network based on proven technologies, a nationwide direct sales force primarily focused on the small to medium sized business enterprise and information processing systems to support its operations. Allegiance was one of the first major local exchange carriers to open markets utilizing the “smart build” strategy. This strategy allowed a more rapid ramp-up in operations than the traditional competitive local exchange model in which extensive networks were built, including fiber networks, prior to the generation of significant revenues. In contrast, Allegiance's initial network build-out simply required (a) deploying digital switching platforms with local and long distance capability and (b) leasing transport facilities from the incumbent local exchange carriers and other competitive local exchange carriers to

connect its switches with its transmission equipment colocated in the incumbent local exchange carrier's central offices. Once traffic volume justified further "success-based" investment, Allegiance leased dark fiber or built specific network segments. This strategy offered two major economic benefits. First, it enabled Allegiance to enter new markets with alacrity and reduce up-front capital requirements for entering individual markets prior to revenue generation. Second, in contrast to the traditional competitive local exchange carriers that generally built their networks in highly concentrated downtown areas due to the high cost of constructing fiber networks, Allegiance's business model enabled it to provide services to customers in downtown areas as well as the more geographically dispersed, less competitive areas of its targeted markets.

11. Allegiance's initial business plan proposed entering into 24 of the largest metropolitan areas in the United States. Subsequently, management expanded its business plan to (a) increase the total number of target markets to 36, (b) increase its service area, i.e., its colocation "footprint" in its original 24 markets, and (c) acquire long-term rights to use dark fiber rings to replace network elements leased by the Debtors from the incumbent local exchange carriers.

12. In addition to internal growth, Allegiance's business plan included growth through strategic acquisitions. For example, in December 2001, Allegiance acquired certain assets of Intermedia Business Internet (the "Intermedia Acquisition"). The Intermedia Acquisition enabled Allegiance to (a) become a Tier 1 Internet access provider, (b) provide large quantities of data transmitted at high-speeds over the Internet to and from a customer's premises, (c) efficiently exchange traffic with other Internet backbone providers giving Allegiance greater control over its Internet access, and (d)

leverage its local service presence to provide additional services to its target market. In June 2003, Allegiance acquired certain assets of Shared Technologies (the “Shared Technologies Acquisition”). The Shared Technologies Acquisition (a) added customer premises equipment sales, installation and maintenance to Allegiance’s portfolio of integrated products and services, (b) strategically enhanced Allegiance’s target market of small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

13. As of the date hereof, Allegiance provides its telecommunications services in major metropolitan areas across the United States, including the following 36 markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York City, Northern New Jersey, Oakland, Ontario/Riverside, CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C., West Palm Beach/Boca Raton and White Plains. Allegiance is colocated in 849 central offices and has a Tier 1 Internet backbone.

The FCC Recognizes the Importance of Allegiance

14. Federal policy recognizes the importance of facilities-based CLECs and Allegiance is the model. In that regard, the Federal Communications Commission (the “FCC”) recently published its latest rules for local competition in the *FCC Triennial Review*. In reviewing these rules, a Kaufman Bros. Equity Research Report, dated March 4, 2003, stated that “*Allegiance is the blueprint for local competition proposed by the FCC.*” In addition, Kevin J. Martin, Commissioner of the FCC has noted:

Allegiance has focused on building a business that adheres to the letter of the Telecom Act while leveraging the entrepreneurial spirit of the law, as well. Today, Allegiance stands as a model of what Congress intended in 1996, and what we hope to achieve in the years ahead – new entrants that have the opportunity to continue to invest in infrastructure, bring innovation and offer new service offerings to consumers in local markets that are open to fair and robust competition.

Kevin J. Martin, Commissioner, F.C.C., Address to the Telecommunications Law Conference and the Texas Chapter of the Federal Communications Bar Association (March 7, 2002) (transcript available at www.fcc.gov/Speeches/Martin/2002/spkjm203.html).

15. Thus, it is clear that Allegiance, by focusing on an intelligent – well thought out business model – building its own network and offering its consumers innovative services, is an integral player in the telecommunications marketplace and a model for the nation’s policy of promoting sustainable facilities-based competition in the local telecommunications arena. With an appropriate capital structure and a reduction in unnecessary costs, Allegiance believes it will be one of the most successful telecommunications companies in the United States.

Capital Structure of the Debtors

Capital Stock

16. Allegiance Telecom, Inc. has two classes of authorized stock: (a) 750,000,000 shares of common stock, with par value of \$0.01 per share and (b) 1,000,000 shares of preferred stock, with par value of \$0.01 per share. As of December 31, 2002, Allegiance Telecom, Inc. had (i) 124,830,110 shares of common stock issued and outstanding, with 295 registered holders and at least 20,000 beneficial owners, and (ii) no shares of preferred stock outstanding. Allegiance Telecom, Inc.’s common stock is publicly traded on the Nasdaq National Market under the symbol “ALGX.”

17. Allegiance Telecom, Inc. owns 100% of the capital stock of Allegiance Telecom Company Worldwide (“ATCW”), and ATCW directly or indirectly owns 100% of the capital stock of each of the other Debtors.

Prepetition Notes

18. In 1998, Allegiance Telecom, Inc. issued two series of notes: (i) 11 3/4% Senior Discount Notes with a face value of \$445 million, due on February 15, 2008 (the “Senior Discount Notes”) and (ii) 12 7/8% Senior Notes with a face value of \$205 million, due on May 15, 2008 (the “Senior Notes”). The Senior Discount Notes were issued under that certain Indenture, dated as of February 3, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. The Senior Notes were issued under that certain Indenture, dated as of July 7, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. Neither the Senior Discount Notes nor the Senior Notes are secured by any assets of the Debtors or guaranteed by any of the Debtors.

Prepetition Credit Agreement

19. Prior to the Commencement Date, ATCW entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002 (the “Prepetition Credit Agreement”), among ATCW, as borrower; all of the other Debtors, as guarantors; Goldman Sachs Credit Partners L.P. (“Goldman Sachs”), as syndication agent and sole lead arranger; General Electric Capital Corporation (“GECC”) (as successor to Toronto Dominion (Texas), Inc.), as administrative agent, BankBoston, N.A. (“BankBoston”) and Morgan Stanley Senior Funding, Inc. (“Morgan Stanley”), as co-documentation agents; Goldman Sachs, GECC, BankBoston, Morgan Stanley, certain managing agents, and lenders party thereto from

time to time (collectively, the “Prepetition Lenders”). As of the Commencement Date, the amount outstanding under the Prepetition Credit Agreement was approximately \$465.3 million. The Debtors have pledged substantially all of their assets as collateral under the Prepetition Credit Agreement, including (a) the capital stock of ATCW and (b) substantially all of the assets of ATCW and its direct and indirect subsidiaries, including the capital stock owned by ATCW in each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

Events Leading to Chapter 11 Filing

20. The distressed economic environment in the United States that followed the economic boom of the late 1990s has had a global and adverse impact on the telecommunications industry. In the late 1990s, in an effort to finance operations and build their networks, telecommunications companies borrowed significant amounts of money from lenders and the public through the issuance of debt. The resulting significant indebtedness incurred by telecommunications companies, combined with poor economic conditions required many companies, including the Debtors, to focus on reducing their debt either through out of court restructurings or the chapter 11 process.

21. Many of Debtors’ existing and potential customers have experienced their own financial difficulties, thereby decreasing customer demand for existing and new services. The financial difficulties of the Debtors’ customers has led to non-payment, partial payment, or slow payment of bills for services provided by the Debtors. The financial instability of other companies in the telecommunications industry has adversely affected the willingness of potential customers to move their telecommunications services to the Debtors. In addition, certain of the Debtors’ suppliers

have requested deposits, letters of credit, or other types of security. Moreover, telecommunications carriers that owe reciprocal and/or intercarrier compensation to the Debtors have either refused to pay or failed to pay in a timely manner for the services provided by the Debtors.

22. As a consequence of the foregoing, the Debtors' business operations were adversely impacted and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, in order to maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

Negotiations with the Prepetition Lenders and the Ad Hoc Committee of Bondholders

23. The Debtors, in the exercise of their sound business judgment - and in recognition of the distressed economic environment and the need for the Debtors' businesses to focus on profitability instead of high revenue growth - determined that a meaningful de-leveraging of their capital structure was crucial for the preservation and maximization of the value of their businesses. In that regard, the Debtors, in conjunction with their financial advisors and the Board of Directors of Allegiance Telecom, Inc., commenced the process of determining the appropriate capital structure for their business operations. After determining the appropriate capital structure, the Debtors commenced negotiations with the Prepetition Lenders and the Ad Hoc Committee (as defined below) to effectuate a restructuring transaction.

24. In October of 2002, Allegiance began negotiations with its Prepetition Lenders regarding a potential restructuring of its long-term debt. On November 27, 2003, Allegiance and its Prepetition Lenders entered into that certain First Amendment to the Prepetition Credit Agreement (the “Amendment”). Pursuant to the Amendment, the Debtors obtained a moratorium on their financial covenants through April 30, 2003. In exchange for the Amendment, Allegiance agreed, among other things, (a) that an event of default would occur on April 30, 2003 unless it reduced its long term debt to a level not to exceed \$645 million, and (b) to repay \$15 million to the Prepetition Lenders on account of debt owed under the Prepetition Credit Agreement. During the latter part of 2002 and to meet covenants under the Amendment, the Debtors significantly lowered their capital expenditures, reduced headcount, substantially decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

25. After entering into the Amendment, the Debtors commenced negotiations with the Prepetition Lenders to consummate a permanent restructuring. In connection with the negotiations regarding the permanent restructuring, the Debtors commenced negotiations with an *ad hoc* committee of noteholders, which is comprised of certain holders of the Senior Notes and the Senior Discount Notes (the “Ad Hoc Committee”).

26. The Debtors, the Prepetition Lenders and the Ad Hoc Committee were not able to reach an agreement concerning the permanent restructuring prior to the April 30 deadline. On April 29, 2003, in order to avoid the occurrence of certain events of default under the Prepetition Credit Agreement, the Debtors and the Prepetition

Lenders entered into a forbearance agreement (the “Forbearance Agreement”), which expires on May 15, 2003. The Forbearance Agreement provided for, among other things, a pay down of \$5 million of principal owed under the Prepetition Credit Agreement.

27. After entering into the Forbearance Agreement, the Debtors continued their negotiations with the Prepetition Lenders and the Ad Hoc Committee. However, the parties were unable to reach an agreement prior to the expiration of the term of the Forbearance Agreement. Consequently, the Debtors, in the exercise of their prudent business judgment, determined that it was in the best interests of all of their stakeholders and for the maximization of the value of their businesses to commence these chapter 11 cases and consummate a restructuring of their indebtedness under the auspices of this Court.

Relief Requested

28. By this Motion (the “Motion”), the Debtors seek the entry of an order (a) authorizing, but not requiring, the Debtors to pay prepetition sales and use taxes, and regulatory and universal service fees and such other similar taxes and fees as the Debtors, in their sole and absolute discretion, deem appropriate and necessary and (b) authorizing and directing applicable banks and other financial institutions to receive, process, honor and pay all checks presented for payment that were drawn in satisfaction of the prepetition amounts referenced herein.

Prepetition Sales and Use Taxes and Regulatory and Universal Service Fees

29. In connection with the normal operation of their businesses, the Debtors collect and remit an assortment of taxes to various federal, state, and local taxing authorities (the “Taxing Authorities”), including those Taxing Authorities listed in Exhibit “A” annexed hereto. The Debtors also pay various regulatory fees to federal,

state, and local regulatory authorities (the “Regulatory Authorities”), including those Regulatory Authorities listed in Exhibit “B” annexed hereto.

Sales Taxes

30. In the normal course of their business, the Debtors sell international, interstate, and intrastate telecommunication services and equipment to their customers. In connection with such sales, the Debtors collect and remit an assortment of sales, local gross receipts, and utility users taxes (collectively, the “Sales Taxes”) to the Taxing Authorities. On a periodic basis — typically monthly — the Debtors remit the Sales Taxes collected during the preceding month to the Taxing Authorities. Some Taxing Authorities require the Debtors to prepay an estimated amount of Sales Taxes that the Debtors will collect in the coming month.

Use Taxes

31. The Debtors also are responsible for the payment of use taxes (the “Use Taxes”) when they purchase any tangible personal property, including switches, routers, and other telecommunications-related equipment from vendors. The Use Taxes arise when the Debtors purchase equipment from a vendor in a state in which the vendor has no business operations. Without such nexus, the vendor is not obligated to charge or remit sales taxes for sales to parties within the state. Nevertheless, the purchasers, — i.e., the Debtors — are obligated to self-assess and pay the Use Taxes. The Debtors remit the Use Taxes to the Taxing Authorities on a monthly basis.

Federal Excise Taxes

32. The Debtors pay a three percent (3%) federal excise tax (the “Federal Excise Tax”) on most intrastate and interstate telecommunication services. A

Federal Excise Tax return is filed with the relevant Taxing Authorities on a quarterly basis. The Debtors remit payment for such Federal Excise Taxes twice a month.

Municipal Franchise Fees

33. Some municipalities require the Debtors to collect and/or pay a municipal franchise fee (the “Municipal Franchise Fees”) for providing service in the municipality. The basis for the calculation and the method of collection of Municipal Franchise Fees are based on gross billed revenue in the jurisdiction. In many instances, the Debtors collect the Municipal Franchise Fees as an agent for the Taxing Authorities, while in other instances the Debtors pass through the Municipal Franchise Fee to their customers.

34. As of the Commencement Date, the Debtors estimate that they owe approximately \$7.22 million in Sales Taxes, Use Taxes, Federal Excise Taxes and Municipal Franchise Fees to the Taxing Authorities.

Gross Receipts Taxes

35. The District of Columbia, Maryland, New Mexico, New York, Ohio, Pennsylvania, Virginia and Washington impose a gross receipts tax (the “Gross Receipts Tax”) on the Debtors’ telecommunications services. The Gross Receipts Tax is assessed at a rate between 2% and 5% of the cost of the service, and the Debtors pass along this expense to their customers in the form of a surcharge. The Gross Receipts Tax is assessed annually on a calendar year basis, but paid quarterly through estimated payments that are due March on 15th, June 15th, September 15th and December 15th. The Debtors estimated that \$225,000 in Gross Receipts will come due on June 15, 2003 for the period of January 1, 2003 through December 31, 2003. In addition, as of April 20, 2003, the Debtors did not owe any additional Gross Receipts Taxes for the year 2002.

Michigan Single Business Tax

36. The Debtors pay a state income tax in Michigan, which is known as the “Michigan Single Business Tax” (the “MSB Tax”). Michigan law imposes personal liability on the directors and officers of a corporation if that corporation fails to pay the MSB Tax. As the Commencement Date, the Debtors believe that they do not owe any MSB Tax. Nonetheless, out of an abundance of caution, the Debtors seek authority to pay any MSB Tax that is subsequently determined upon audit to be owed for periods prior to the Commencement Date.

Business License Fees

37. Many municipal and county governments require the Debtors to obtain a business license and to pay corresponding business license fees (the “Business License Fees”). The criteria requiring a company to obtain a business license and the manner that the business license fees are computed vary greatly according to the local tax laws. Some business license fees are based upon gross receipts derived from the local jurisdiction. Other business license fees are based on a flat fee or upon the number of employees working in the jurisdiction. The Debtors estimate that they pay approximately \$160,000 annually in Business License Fees to the Taxing Authorities.

Regulatory Fees and Universal Service Fees

38. The Debtors pay regulatory fees (the “Regulatory Fees”) and universal service fees (the “Universal Service Fees”) to the Regulatory Authorities. The Regulatory Fees and Universal Service Fees are assessed as a percentage of the Debtors’ revenues derived from the provision of telecommunication services within the jurisdiction of the relevant Regulatory Authority and remitted on a periodic basis depending on the payment requirements of the various Regulatory Authorities. The

Regulatory Fees are used to fund various federal and state agencies, while the Universal Service Fees are used to subsidize the high cost of local telecommunications services and other governmental program obligations such as telecommunications relay services. The Debtors estimate that they owe approximately \$450,000 in Regulatory Fees and Universal Service Fees to the Regulatory Authorities for periods prior to the Commencement Date.

Method of Payment

39. As described above, the Debtors pay to the Taxing Authorities and the Regulatory Authorities (collectively, the “Taxing or Regulatory Authorities”) Sales Taxes, Use Taxes, Gross Receipts Taxes, Federal Excise Taxes, MSB Taxes, and Municipal Franchise Fees (collectively, the “Sales and Use Taxes”) and Business License Fees and Regulatory Fees and Universal Service Fees (collectively, the “Regulatory and Universal Service Fees”) on a periodic basis with funds drawn by checks (the “Checks”) or by means of electronic fund transfers (the “Electronic Transfers”). Prior to the Commencement Date, certain Taxing or Regulatory Authorities were sent Checks or Electronic Transfers in respect of such obligations that may not have cleared the Debtors’ banks or other financial institutions (together, the “Banks”) as of the Commencement Date.

40. The Debtors seek authority to pay all prepetition Sales and Use Taxes and Regulatory Fees owed to the Taxing or Regulatory Authorities, including all Sales and Use Taxes and Regulatory and Universal Service Fees subsequently determined upon audit to be owed for periods prior to the Commencement Date. To the extent any Check or Electronic Transfer has not cleared the Banks as of the Commencement Date, the Debtors request the Court to authorize and direct the Banks,

when requested by the Debtors in their sole discretion, to receive, process, honor, and pay such Checks or Electronic Transfers. To the extent the Taxing or Regulatory Authorities have otherwise not received payment for all prepetition Sales and Use Taxes and Regulatory and Universal Service Fees owed, the Debtors seek authorization to issue replacement checks, or to provide for other means of payment to the Taxing or Regulatory Authorities, to the extent necessary to pay all outstanding Sales and Use Taxes and Regulatory and Universal Service Fees owing for periods prior to the Commencement Date.

**Cause Exists to Authorize the Debtors' Payment of
Prepetition Sales and Use Taxes and Regulatory Fees**

41. Pursuant to sections 105(a), 363, and 541(d) of the Bankruptcy Code, the Debtors request (a) authorization to pay all prepetition Sales and Use Taxes and Regulatory and Universal Service Fees owed to the Taxing or Regulatory Authorities, including all Sales and Use Taxes and Regulatory and Universal Service Fees subsequently determined upon audit to be owed for periods prior to the Commencement Date, and (b) that the Court direct the Debtors' Banks to honor and process checks and transfers related to such relief.

42. Pursuant to section 105(a) of the Bankruptcy Code, the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). The Debtors submit that the relief requested herein is necessary and appropriate to carry out the provisions of the Bankruptcy Code.

43. Section 541(d) of the Bankruptcy Code provides, in relevant part, as follows:

Property in which the debtor holds, as of the commencement of the case, only legal title and not an

equitable interest . . . becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

11 U.S.C. § 541(d).

44. To the extent that the Debtors have collected Sales Taxes and Federal Excise Taxes from their customers, such funds are held in trust by the Debtors for the benefit of the Taxing Authorities and do not constitute property of the Debtors' estates. See, e.g., Begier v. Internal Revenue Service, 496 U.S. 53 (1990); In re Shank, 792 F.2d 829,830 (9th Cir. 1986) (sales taxes required by state law to be collected by sellers from their customers are "trust fund" taxes); DeChiaro v. New York State Tax Commission, 760 F.2d 432, 433 (2d Cir. 1985) (sales taxes are "trust fund" taxes); In re American Int'l Airways, Inc., 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (excise and withholding taxes); In re Tap, Inc., 52 B.R. 271,272 (Bankr. D. Mass. 1985) (withholding taxes). Because the Sales Taxes and Federal Excise Taxes are not property of the Debtors' estates, these funds are not available for the satisfaction of creditors' claims.

45. In addition, Sales Taxes, Use Taxes, Federal Excise Taxes, Municipal Franchise Fees, and Gross Receipts Taxes are afforded priority status under section 507(a)(8) of the Bankruptcy Code. As priority claims, Sales Taxes, Use Taxes, Federal Excise Taxes, Municipal Franchise Fees, and Gross Receipts Taxes must be paid in full before any general unsecured obligations of a Debtor may be satisfied. The Debtors submit that sufficient assets exist to pay all prepetition Sales Taxes, Use Taxes, Federal Excise Taxes, Municipal Franchise Fees, and Gross Receipts Taxes in full under any plan or reorganization that may ultimately be proposed and confirmed by this Court. Accordingly, the proposed relief will only affect the timing — and not the amount — of

the payment of the prepetition Sales Taxes, Use Taxes, Federal Excise Taxes, Municipal Franchise Fees, and Gross Receipts Taxes, and, therefore, will not prejudice the rights of general unsecured creditors or other parties in interest.

46. The Regulatory and Universal Service Fees are also entitled to priority status under section 507(a)(8)(A), as “tax [as] . . . measured by income or gross receipts.” Despite being labeled “fees,” these expenditures fall within the category of taxes. For bankruptcy purposes, a tax is characterized as (a) an involuntary pecuniary burden, regardless of name, laid upon the individual or property; (b) imposed by, or under authority of the legislature; (c) for the public purposes, including the purposes of defraying expenses of government or undertakings authorized by it; and (d) under the police or taxing power of the state. LTV Steel Company, Inc. v. Shalala (In re Chateaugay Corp.), 53 F.3d 478, 498 (2d Cir. 1995) (citation omitted). The Regulatory Fees are both involuntary pecuniary burdens, generally imposed by the authority of a federal, state or local legislature under its police or taxing power and used for the public purposes of funding various federal and state agencies and subsidizing the high cost of local telecommunications services and other governmental support services. As a tax assessed as a percentage of the Debtors’ revenue derived from the provision of telecommunication services within the jurisdiction of the relevant regulatory body, the Regulatory and Universal Service Fees qualify for a priority under section 507(a)(8) of the Bankruptcy Code. According to section 507(a)(8), the Regulatory and Universal Service Fees must be paid in full before any general unsecured obligations of a Debtor may be satisfied. Therefore, the proposed relief will only affect the timing of the

payment of the prepetition Regulatory Fees, and therefore, will not prejudice the rights of general unsecured creditors or other parties in interest.

47. Many federal and state statutes hold officers and directors of collecting entities personally liable for certain taxes owed by those entities. To the extent that any Sales Taxes, Use Taxes, Federal Excise Taxes, and MSB Taxes remain unpaid by the Debtors, the Debtors' directors and officers may be subject to lawsuits or criminal prosecution during the pendency of these chapter 11 cases. Any such lawsuit or criminal prosecution (and the ensuing potential liability) would distract the Debtors and their officers and directors from their attempt to implement a successful reorganization strategy, to the detriment of all parties in interest in these chapter 11 cases.

48. Payment of the Business License Fees and the Regulatory Fees is critical to the Debtors' operations. If the prepetition Business License Fees and Regulatory and Universal Service Fees are not paid, the Taxing or Regulatory Authorities could potentially challenge the applicability of the automatic stay under section 362(b)(4) of the Bankruptcy Code with concomitant expense to the Debtors' estate. See In re Fed. Communications Comm'n, 217 F.3d 125, 137 (2d Cir. 2000). In light of the de minimus amounts of Business License Fees and Regulatory and Universal Service Fees owed, the benefit to the Debtors for making these payments far outweighs their cost. Failing to pay all prepetition Business License Fees and Regulatory and Universal Service Fees may harm the Debtors to the detriment of the Debtors' estates, creditors, and all parties in interest.

49. In numerous chapter 11 cases, bankruptcy courts in this district have exercised their equitable powers under section 105 of the Bankruptcy Code to

authorize debtors to pay prepetition tax obligations. See, e.g., In re Adelphia Bus. Solutions, Inc., et al., Ch. 11 Case No. 02-41729 (REG) (Bankr. S.D.N.Y. 2002); In re Global Crossing Ltd., et al., Ch. 11 Case Nos. 02-40187 (REG) through 02-40241 (REG) (Bankr. S.D.N.Y. 2002); In re Enron Corp., Case No. 01-16034 (AJG) (Bankr. S.D.N.Y. 2001); In re AI Realty Marketing of N.Y., Inc., Case Nos. 01-40252 through 01-40290 (AJG) (Bankr. S.D.N.Y. 2001); In re CWT Specialty Stores, Inc., Case No. 00-B-I0758 (JHG) (Bankr. S.D.N.Y. 2000); In re County Seat Stores, Inc., Case No. 99-10010 (CB) (Bankr. S.D.N.Y. 1999); In re Best Prods. Co., Inc., Case Nos. 91 B 10048 through 91 B 10053 (TLB) (Bankr. S.D.N.Y. 1991). The Debtors submit that the present circumstances warrant similar relief in these chapter 11 cases.

**Payment of Checks Issued and Other Transfers
Made in Respect of Prepetition Sales and Use Taxes**

50. The Debtors further request that all applicable Banks, a list of which is annexed hereto as Exhibit “C”, be authorized and directed, when requested by the Debtors in their sole discretion, to receive, process, honor, and pay any and all Checks or Electronic Transfers drawn on the Debtors’ accounts to pay all prepetition Sales and Use Taxes and Regulatory and Universal Service Fees owed to the Taxing or Regulatory Authorities whether those Checks were presented prior to or after the Commencement Date, and to make other transfers provided that sufficient funds are available in the applicable accounts to make such payments. The Debtors represent that each of these Checks or transfers can be readily identified as relating directly to the authorized payment of prepetition Sales and Use Taxes and Regulatory and Universal Service Fees. Accordingly, the Debtors believe that Checks and transfers other than those relating to authorized payments will not be honored inadvertently.

51. Nothing in this Motion should be construed as impairing the Debtors' right to contest the amount of any Sales and Use Taxes and Regulatory and Universal Service Fees that may be owed to any Taxing or Regulatory Authority, and the Debtors expressly reserve all of their rights with respect thereto.

Waiver of Memorandum of Law

52. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Motion pursuant to rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York.

Notice

53. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) attorneys for the Prepetition Lenders; and (c) attorneys for the Ad Hoc Committee. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

No Prior Request

54. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request entry of an order granting the relief requested herein and such other or further relief is just.

Dated: New York, New York
May 14, 2003

Respectfully submitted,

/s/ Matthew A. Cantor
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Jonathan S. Henes (JH-1979)
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Attorneys for Debtors and Debtors in Possession

EXHIBIT A

EXHIBIT A
Taxing Authorities

<u>Taxing Authority</u>	<u>Account Number(s)</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Town of Anthony	75-2721493	P.O. Box 1269	Anthony	TX	79821
City of Abbott	75-2721493	210 E. Walnut/PO Box 44	Abbott	TX	76621
City of Alamo Heights	75-2721493	6116 Broadway	San Antonio	TX	78209
City of Albany	75-2721493	POBox 595	Albany	TX	76430
City of Alpine	75-2721493	309 W. Sul Ross Ave	Alpine	TX	79830
City of Alton	75-2721493	PO Drawer 9004	Mission	TX	78572
City of Alvin	75-2721493	216 West Sealy St.	Alvin	TX	77511
City of Anna	75-2721493	PO Box 776	Anna	TX	77409
City of Aubrey	75-2721493	107 South Main	Aubrey	TX	76227
City of Abilene	75-2721493	555 Walnut, Rm 211	Abilene	TX	79601
City of Alamo	75-2721493	423 N. Tower Rd.	Alamo	TX	78516
City of Aledo	75-2721493	200 Old Annetta Rd., POBox 1	Aledo	TX	76008
City of Alice	75-2721493	POBox 3229	Alice	TX	78333
City of Allen	75-2721493	One Butler Cir.	Allen	TX	75013
City of Alvarado	75-2721493	104 West College	Alvarado	TX	76009
City of Amarillo	75-2721493	POBox 1971	Amarillo	TX	79105
City of Angleton	75-2721493	121 S. Velasco	Angleton	TX	77515
City of Arlington	75-2721493	POBox 231	Arlington	TX	76004
City of Austin	75-2721493	POBox 1088	Austin	TX	78767
Town of Addison	75-2721493	POBox 9010-Finance Dept	Addison	TX	75001
City of Balch Springs	75-2721493	3117 Hickory Tree Rd.	Balch Springs	TX	75180
City of Balcones Heights	75-2721493	123 Altdelt	Balcones Heights	TX	78201
City of Bastrop	75-2721493	POBox 427	Bastrop	TX	78602
City of Bay City	75-2721493	1901 Fifth Street	Bay City	TX	77414
City of Beaumont	75-2721493	POBox 3827	Beaumont	TX	77704
City of Bedford	75-2721493	2000 Forest Ridge Drive	Bedford	TX	76021
City of Beeville	75-2721493	400 North Washington	Beeville	TX	78102
City of Bellaire	75-2721493	7008 South Rice Ave.	Bellaire	TX	77401
City of Bellmead	75-2721493	3015 Bellmead Drive	Bellmead	TX	76705
City of Belton	75-2721493	POBox 120, Finance Dept	Belton	TX	76513
City of Benbrook	75-2721493	911 Winscott Road	Benbrook	TX	76126
City of Big Spring	75-2721493	310 Nolan St.	Big Spring	TX	79720
City of Borger	75-2721493	POBox 5250	Borger	TX	79008
City of Bowie	75-2721493	304 Lindsey Street	Bowie	TX	76230
City of Breckenridge	75-2721493	105 N. Rose Ave.	Breckenridge	TX	76424
City of Brenham	75-2721493	PO Box 1059	Brenham	TX	77834
City of Bridge City	75-2721493	PO Box 846	Bridge City	TX	77611
City of Brownsville	75-2721493	P.O. Box 911	Brownsville	TX	78520
City of Burkburnett	75-2721493	501 Sheppard Rd.	Burkburnett	TX	76354

City of Burleson	75-2721493	141 West Renfro St.	Burleson	TX	76028
City of Bandera	75-2721493	P.O. Box 896	Bandera	TX	78003
City of Bellville	75-2721493	30 South Holland	Bellville	TX	77418
City of Brackettville	75-2721493	P.O. Box 526	Brackettville	TX	78832
City of Brazoria	75-2721493	201 S. Main St.	Brazoria	TX	77422
City of Brookside Village	75-2721493	6243 Brookside Rd.	Brookside Village	TX	77581
City of Bunker Hill Village	75-2721493	11977 Memorial Drive	Houston	TX	77024
City of Cameron	75-2721493	P.O. Box 833	Cameron	TX	76520
City of Castle Hills	75-2721493	209 Lemmonwood	Castle Hills	TX	78213
City of Catroville	75-2721493	1209 Foilla	Castroville	TX	78009
City of Celina	75-2721493	302 W. Walnut	Celina	TX	75009
City of Cisco	75-2721493	P.O. Box 110	Cisco	TX	76437
City of Converse	75-2721493	P.O. Box 36	Converse	TX	78109
City of Crandall	75-2721493	P.O. Box 277	Crandall	TX	75114
City of Crystal City	75-2721493	101 East Dimmit St.	Crystal City	TX	78839
City of Carrizo Springs	75-2721493	P.O. Box 329	Carrizo Springs	TX	78834
City of Carrollton	75-2721493	1945 E. Jackson Rd.	Carrollton	TX	75006
City of Carthage	75-2721493	P.O. Box 400	Carthage	TX	75633
City of Cedar Hill	75-2721493	P.O. Box 96	Cedar Hill	TX	75106
City of Cedar Park	75-2721493	600 North Bell Blvd.	Cedar Park	TX	78613
City of China Grove	75-2721493	2456 FM 1516 S.	China Grove	TX	78263
City of Cleburne	75-2721493	P.O. Box 677	Cleburne	TX	76033
City of Clute	75-2721493	P.O. Box 997	Clute	TX	77531
City of Cockrell Hill	75-2721493	4125 W. Clarendon	Cockrell Hill	TX	75211
City of Colleyville	75-2721493	P.O. Box 185	Colleyville	TX	76034
City of Columbus	75-2721493	P.O. Box 87	Columbus	TX	78934
City of Corpus Christi	75-2721493	P.O. Box 9277	Corpus Christi	TX	78496
City of Corsicana	75-2721493	200 North 12th St.	Corsicana	TX	75110
City of Crowley	75-2721493	P.O. Box 747	Crowley	TX	76036
City of Cuero	75-2721493	P.O. Box 512/ 212 E. Main	Cuero	TX	77954
City of Danbury	75-2721493	P.O. Box 258	Danbury	TX	77534
City of Dayton	75-2721493	111 N. Church	Dayton	TX	77535
City of Dallas	75-2721493	1500 Marilla, Rm 2 B South	Dallas	TX	75201
City of DeSoto	75-2721493	211 E. Pleasant Run Rd.	DeSoto	TX	75115
City of Deer Park	75-2721493	P.O. Box 700	Deer Park	TX	77536
City of Denison	75-2721493	P.O. Box 347	Denison	TX	75021
City of Duncanville	75-2721493	P.O. Box 280380	Duncanville	TX	75138
Town of Edgecliff Village	75-2721493	1605 Edgecliff Rd.	Edgecliff	TX	76134
City of Eagle Lake	75-2721493	P.O. Box 38	Eagle Lake	TX	77434
City of Eagle Pass	75-2721493	100 South Monroe St.	Eagle Pass	TX	78852
City of Edinburg	75-2721493	P.O. Box 1079	Edinburg	TX	78540
City of Edna	75-2721493	126 West Amin	Edna	TX	77957
City of El Campo	75-2721493	315 E. Jackson	El Campo	TX	77437

City of El Paso	75-2721493	2 Civic Center Plaza	El Paso	TX	79901
City of Elgin	75-2721493	P.O. Box 591	Elgin	TX	78621
City of Euless	75-2721493	201 North Ector Dr.	Euless	TX	76039
City of Everman	75-2721493	212 N. Race St.	Everman	TX	76140
City of Farmersville	75-2721493	205 South Main	Farmersville	TX	75442
City of Fort Worth	75-2721493	1000 Throckmorton St.	Ft. Worth	TX	76102
City of Farmers Branch	75-2721493	P.O. Box 819010	Farmers Branch	TX	75381
City of Forest Hill	75-2721493	6800 Forest Hill Dr.	Forest Hill	TX	76140
City of Forney	75-2721493	P.O. Box 826	Forney	TX	75126
City of Fort Stockton	75-2721493	P.O. Box 100	Fort Stockton	TX	79735
City of Freeport	75-2721493	200 West 2nd St.	Freeport	TX	77541
City of Friendswood	75-2721493	Drive	Friendswood	TX	77546
City of Frisco	75-2721493	6891 Main St.	Frisco	TX	75034
City of Goliad	75-2721493	P.O. Box 939	Goliad	TX	77963
City of Gainesville	75-2721493	200 Rusl	Gainesville	TX	76240
City of Garden Ridge	75-2721493	9357 Schoenthal Rd.	Garden Ridge	TX	78266
City of Garland	75-2721493	P.O. Box 469002	Garland	TX	75046
City of Graham	75-2721493	P.O. Box 1449	Graham	TX	76450
City of Grandbury	75-2721493	116 West Bridge Street	Grandbury	TX	76048
City of Grand Prairie	75-2721493	College	Grand Prairie	TX	75053
City of Grapevine	75-2721493	P.O. Box 95104	Grapevine	TX	76099
City of Greenville	75-2721493	P.O. Box 1049	Greenville	TX	75403
City of Hearne	75-2721493	210 Cedar Street	Hearne	TX	77859
City of Hempstead	75-2721493	1125 Austin St.	Hempstead	TX	77445
City of Hereford	75-2721493	222 N. Lee	Hereford	TX	79045
City of Hildalgo	75-2721493	704 East Texano Dr.	Hildago	TX	78557
City of Hill Country Village	75-2721493	116 Aspen Lane	San Antonio	TX	78232
City of Hollywood Park	75-2721493	2 Mecca Dr.	San Antonio	TX	78232
City of Hudson	75-2721493	201 Mt. Carmel Rd.	Lufkin	TX	75904
City of Hallettsville	75-2721493	101 N. Main	Hallettsville	TX	77964
City of Haltom City	75-2721493	5024 Broadway Blvd.	Haltom City	TX	76117
City of Harlingen	75-2721493	P.O. Box 2207	Harlingen	TX	78550
City of Hedwig Village	75-2721493	955 Piney Point Rd.	Hedwig Village	TX	77024
City of Helotes	75-2721493	P.O. Box 507	Helotes	TX	78023
City of Henrietta	75-2721493	P.O. Box 409	Henrietta	TX	76365
City of Hewitt	75-2721493	P.O. Box 610	Hewitt	TX	76643
City of Hillshire Village	75-2721493	333 Clay St, #3485	Hillshire Village	TX	77002
City of Hondo	75-2721493	1600 Avenue M	Hondo	TX	78861
City of Houston	75-2721493	611 Walker, 10th Fl.	Houston	TX	77002
City of Humble	75-2721493	P.O. Box 1627	Humble	TX	77347
City of Huntsville	75-2721493	1212 Avenue M	Huntsville	TX	77340
City of Hurst	75-2721493	901 Precinct Line Rd.	Hurst	TX	76053
City of Hutchins	75-2721493	P.O. Box 500	Hutchins	TX	75141

Town of Highland Park	75-2721493	4700 Drexel Drive	Highland Park	TX	75205
City of Irving	75-2721493	825 West Irving Blvd	Irving	TX	75060
City of Italy	75-2721493	101 W. Main St.	Italy	TX	76651
City of Itasca	75-2721493	126 N. Hill Street	Itasca	TX	76055
City of Jacksboro	75-2721493	112 W. Belknap	Jacksboro	TX	76458
City of Jacinto City	75-2721493	10301 Market Street Rd	Jacinto City	TX	77029
City of Jasper	75-2721493	P.O. Box 610	Jasper	TX	75951
City of Jersey Village	75-2721493	333 Clay Street, # 3485	Jersey Village	TX	77002
City of Karnes City	75-2721493	314 East Calvert	Karnes City	TX	78118
City of Keller	75-2721493	P.O. Box 770	Keller	TX	76244
City of Kenedy	75-2721493	303 West Main Street	Kenedy	TX	78119
City of Katy	75-2721493	P.O. Box 617	Katy	TX	77492
City of Kennedale	75-2721493	P.O. Box 268	Kennedale	TX	76060
City of Kingsville	75-2721493	P.O. Box 1458	Kingsville	TX	78364
City of Kirby	75-2721493	112 Bauman St.	Kirby	TX	78219
City of La Marque	75-2721493	1111 Bayou Rd	La Marque	TX	77658
City of La Porte	75-2721493	P.O. Box 1115	La Porte	TX	77571
City of Lake Worth	75-2721493	3805 Adam Grubb	Lake Worth	TX	76135
City of Lancaster	75-2721493	211 N. Henry St.	Lancaster	TX	75146
City of Laredo	75-2721493	P.O. Box 579	Laredo	TX	78042
City of Leon Valley	75-2721493	6400 El Verde Rd.	Leon Valley	TX	78154
City of Lewisville	75-2721493	P.O. Box 299002	Lewisville	TX	75029
City of Liberty	75-2721493	1829 Sam Houston	Liberty	TX	77575
City of Lindale	75-2721493	P.O. Box 130	Lindale	TX	75771
City of Lockhart	75-2721493	P.O. Box 239	Lockhart	TX	78644
City of Longview	75-2721493	P.O. Box 1952	Longview	TX	75615
City of Los Fresnos	75-2721493	200 North Brazil	Los Fresnos	TX	78566
City of Lubbock	75-2721493	P.O. Box 2000	Lubbock	TX	79457
City of Lago Vista	75-2721493	P.O. Box 4727	Lago Vista	TX	78645
City of Lake Jackson	75-2721493	25 Oak Drive	Lake Jackson	TX	77566
City of Lakeside City	75-2721493	P.O. Box 4287	Wichita Falls	TX	76308
City of Leander	75-2721493	P.O. Box 319	Leander	TX	78646
City of Live Oak	75-2721493	8001 Shin Oak Dr.	Live Oak	TX	78233
City of Luling	75-2721493	P.O. Box 630	Luling	TX	78648
City of Lytle	75-2721493	14916 Main Street/POBox 743	Lytle	TX	78052
City of Manvel	75-2721493	P.O. Box 187	Manvel	TX	77578
City of Mathis	75-2721493	411 East San Patricino Ave.	Mathis	TX	78368
City of Madisonville	75-2721493	210 W. Cottonwood St.	Madisonville	TX	77864
City of Magnolia	75-2721493	P.O. Box 396	Magnolia	TX	77353
City of Mansfield	75-2721493	1305 E. Broad Street	Mansfield	TX	76063
City of Marshall	75-2721493	P.O. Box 698	Marshall	TX	75671
City of McAllen	75-2721493	P.O. Box 220	McAllen	TX	78505
City of McKinney	75-2721493	222 N. Tennessee	McKinney	TX	75070

City of Melissa	75-2721493	P.O. Box 409	Melissa	TX	75454
City of Mesquite	75-2721493	P.O. Box 850137	Mesquite	TX	75181
City of Mexia	75-2721493	P.O. Box 207	Mexia	TX	76667
City of Midland	75-2721493	P.O. Box 1152	Midland	TX	79702
City of Midlothian	75-2721493	104 W. Ave. E.	Midlothian	TX	76065
City of Mineral Wells	75-2721493	P.O. Box 460	Mineral Wells	TX	76068
City of Mission	75-2721493	900 Doherty Ave.	Mission	TX	78572
City of Mt. Pleasant	75-2721493	501 N. Madison	Mount Pleasant	TX	75455
City of Nacodoches	75-2721493	P.O. Drawer 630648	Nacodoches	TX	75963
City of Nederland	75-2721493	P.O. Box 967	Nederland	TX	77627
City of New Braunfels	75-2721493	424 South Cassieu Ave	New Braunfels	TX	78136
City of Neward	75-2721493	P.O. Box 156	Newark	TX	76701
City of North Richland Hills	75-2721493	7301 NE Loop 820	North Richland Hills	TX	76180
City of Odessa	75-2721493	8th Street	Odessa	TX	79760
City of Orange	75-2721493	P.O. Box 520	Orange	TX	77631
City of Ovilla	75-2721493	105 Cockrell Hill Rd.	Ovilla	TX	75154
Town of Pantego	75-2721493	1614 S. Bowen Rd.	Pantego	TX	76013
City of Pearsall	75-2721493	213 South Oak	Pearsall	TX	78061
City of Pinehurst	75-2721493	3640 Mockingbird	Orange	TX	77630
City of Pampa	75-2721493	P.O. Box 2499	Pampa	TX	79066
City of Paris	75-2721493	P.O. Box 90037	Paris	TX	75461
City of Pasadena	75-2721493	P.O. Box 672	Pasadena	TX	77501
City of Pearland	75-2721493	3519 Liberty Dr.	Pearland	TX	77581
City of Pflugerville	75-2721493	P.O. Box 589	Pflugerville	TX	78691
City of Pharr	75-2721493	P.O. Box B	Pharr	TX	78577
City of Plainview	75-2721493	901 Broadway	Plainview	TX	79072
City of Plano	75-2721493	P.O. Box 860358	Plano	TX	75086
City of Pleasanton	75-2721493	P.O. Box 209	Pleasanton	TX	78064
City of Port Arthur	75-2721493	444 4th Street	Port Arthur	TX	77640
City of Princeton	75-2721493	P.O. Box 970	Princeton	TX	75407
City of Port Isabel	75-2721493	305 East Maxan Street	Port Isabel	TX	78578
City of Port Neches	75-2721493	P.O. Box 758	Port Neches	TX	77651
City of Poteet	75-2721493	P.O. Box 378	Poteet	TX	78065
City of Pottsboro	75-2721493	528 E. Hwy 120	Pottsboro	TX	75076
City of Rancho Viejo	75-2721493	3461 Carmen Ave.	Rancho Viejo	TX	78575
City of Richwood	75-2721493	215 Halbert	Richwood	TX	77531
City of Rollingwood	75-2721493	403 Nixon Dr.	Rollingwood	TX	78746
City of Red Oak	75-2721493	P.O. Box 393	Red Oak	TX	75154
City of Richardson	75-2721493	P.O. Box 831907	Richardson	TX	75083
City of Richland Hills	75-2721493	3200 Diana Drive	Richland Hills	TX	76118
City of Richmond	75-2721493	402 Morton Street	Richmond	TX	77469
City of River Oaks	75-2721493	4900 River Oaks Blvd	River Oaks	TX	76114
City of Roanoke	75-2721493	201 Bowie Street	Roanoke	TX	76262

City of Rockdale	75-2721493	P.O. Box 586	Rockdale	TX	76567
City of Rockport	75-2721493	P.O. Box 1059	Rockport	TX	78381
City of Rockwall	75-2721493	205 West Rusk Street	Rockwall	TX	75087
City of Rosenberg	75-2721493	P.O. Box 32	Rosenburg	TX	77471
City of Round Rock	75-2721493	221 East Main Street	Round Rock	TX	78664
Town of Refugio	75-2721493	P.O. Box 1020	Refugio	TX	78377
Town of South Padre Island	75-2721493	P.O. Box 3410	South Padre Island	TX	78597
City of Sealy	75-2721493	P.O. Box 517	Sealy	TX	77474
City of Shiner	75-2721493	P.O. Box 308	Shiner	TX	77984
Town of Sunnyvale	75-2721493	537 Long Creek Road	Sunnyvale	TX	75182
City of Sabinal	75-2721493	P.O. Box 838	Sabinal	TX	78881
City of Seabrook	75-2721493	1700 First Street	Seabrook	TX	77586
City of Saginaw	75-2721493	P.O. Box 79070	Saginaw	TX	76179
City of San Antonio	75-2721493	P.O. Box 839996	San Antonio	TX	78283
City of San Benito	75-2721493	485 N. Sam Houston	San Benito	TX	78586
City San Juan	75-2721493	709 S. Nebraska	San Juan	TX	78589
City of Sansom Park	75-2721493	5500 Buchanan	Sansom Park	TX	76114
City of Schertz	75-2721493	P.O. Drawer 1	Schertz	TX	78154
City of Seagoville	75-2721493	702 N Hwy 175	Seagoville	TX	75159
City of Seguin	75-2721493	P.O. Box 591	Seguin	TX	78156
City of Selma	75-2721493	9375 Corporate Dr	Selma	TX	78154
City of Silsbee	75-2721493	105 S. 3rd Street	Silsbee	TX	77656
City of Snyder	75-2721493	P.O. Box 1341	Snyder	TX	79550
City of South Houston	75-2721493	P.O. Box 238	South Houston	TX	77587
City of Spring Valley	75-2721493	1025 Campbell Rd.	Spring Valley	TX	77055
City of Stafford	75-2721493	2610 South Main	Stafford	TX	77477
City of Sweetwater	75-2721493	P.O. Box 450	Sweetwater	TX	79556
Town of Trophy Club	75-2721493	100 Municipal Club	Trophy Club	TX	76262
City of Taylor	75-2721493	P.O. Box 810	Taylor	TX	76574
City of Temple	75-2721493	2 North Main Street	Temple	TX	76501
City of Terrell	75-2721493	P.O. Box 310	Terrell	TX	75160
City of Texas City	75-2721493	1801 9th Ave. North	Texas City	TX	77590
City of The Colony	75-2721493	5151 N. Colony Blvd	The Colony	TX	75056
City of Tomball	75-2721493	401 West Market St.	Tomball	TX	77375
City of Tyler	75-2721493	P.O. Box 2039	Tyler	TX	75710
City of Universal City	75-2721493	P.O. Box 3008	Universal City	TX	78148
City of University Park	75-2721493	3800 University Blvd.	University Park	TX	75205
City of Uvalde	75-2721493	P.O. Box 799	Uvalde	TX	78802
City of Vernon	75-2721493	P.O. Box 1423	Vernon	TX	76385
City of Venus	75-2721493	P.O. Box 380	Venus	TX	76084
City of Victoria	75-2721493	P.O. Box 1758	Victoria	TX	77902
City of Vidor	75-2721493	170 North Main Street	Vidor	TX	77662
City of Waller	75-2721493	P.O. Box 239	Waller	TX	77484

City of West Orange	75-2721493	2700 Austin Ave.	West Orange	TX	77630
City of Wharton	75-2721493	120 E. Caney	Wharton	TX	77488
City of Wylie	75-2721493	2000 Hwy 78N	Wylie	TX	75098
City of Waco	75-2721493	P.O. Box 2570	Waco	TX	76702
City of Watauga	75-2721493	7101 Whitley Rd.	Watauga	TX	76148
City of Waxahachie	75-2721493	P.O. Box 757	Waxahachie	TX	76165
City of Weatherford	75-2721493	P.O. Box 255	Weatherford	TX	76086
City of Webster	75-2721493	311 Pennsylvania	Webster	TX	77598
City of Wichita Falls	75-2721493	1300 Seventh	Wichita Falls	TX	76307
City of Willow Park	75-2721493	101 Stagecoach Trail	Willow Park	TX	76087
City of Wills Point	75-2721493	P.O. Box 505	Wills Point	TX	75169
City of Windcrest	75-2721493	8601 Midcrown	Windcrest	TX	78239
Town of Westlake	75-2721493	3 Village Circle, Ste 207	Solana Westlake	TX	76262
City of Yoakum	75-2721493	P.O. Box 738	Yoakum	TX	77995
Sherman Police Department	75-2721493	317 South Travis St	Sherman	TX	75090
Tarrant County 911 District	75-2721493	100 East 15th St., #420, Lockbox 12	Ft. Worth	TX	76102
Lubbock County Emerg. Comm. Di	75-2721493	1611 10th Street, Suite 200	Lubbock	TX	79401
Wylie Police & Fire Communicatio	75-2721493	200 N. Hwy. 78	Wylie	TX	75098
Wichita-Wilbarger 9-1-1 District	75-2721493	P.O. Box 1829, Attn: 911 Fees	Wichita Falls	TX	76307
Midland Emerg. Comm. Dist.	75-2721493	731 W. Wadley Ave. Bldg O-208	Midland	TX	79705
Mesquite Police Dept	75-2721493	P.O. Box 85137	Mesquite	TX	75185
Medina County 9-1-1 District	75-2721493	1410 Avenue K	Hondo	TX	78861
McLennan County Emerg. Assistan	75-2721493	4825 Lakeshore Dr.	Waco	TX	76710
University Park Police Dept.	75-2721493	3800 University Blvd.	University Park	TX	75205
Town of Addison	75-2721493	P.O. Box 9010-Finance Dept	Addison	TX	75001
Texas Eastern 9-1-1 Network	75-2721493	200 N. Marshall	Henderson	TX	75652
Plano Public Safety Commission	75-2721493	P.O. Box 860358	Plano	TX	75086
Potter-Randall Emerg. Comm. Dist	75-2721493	405 W. 8th	Amarillo	TX	79101
Duncanville Central	75-2721493	P.O. Box 380280	Duncanville	TX	75138
Montgomery County Emerg. Comn	75-2721493	P.O. Box 1830	Conroe	TX	79101
9-1-1 Network of East Texas	75-2721493	1121 E. SE Loop 323, Ste. 220	Tyler	TX	75071
Hutchins Police Department	75-2721493	P.O. Box 500	Hutchins	TX	75141
Highland Park Dept. of Public Safe	75-2721493	4700 Drexel Dr.	Dallas	TX	75205
Abilene/Taylor County 9-1-1 Dist.	75-2721493	555 Walnut St, Room 206	Abilene	TX	79601
Austin County Emerg. Comm. Dist.	75-2721493	P.O. Box 911	Bellville	TX	77418
Bexar Metro 9-1-1 Network District	75-2721493	911 Saddletree Court	San Antonio	TX	78231
Cameron County Emerg. Comm. D	75-2721493	513 E. Jackson Ste 323	Harlingen	TX	78550
City of Richardson	75-2721493	P.O. Box 831907 - Accts Rec.	Richardson	TX	75083
Cedar Hill Police Dept.	75-2721493	601 E. Beltline Rd.	Cedar Hill	TX	75106
City of Lancaster	75-2721493	P.O. Box 940, attn: T.L.Rhodes-A/R	Lancaster	TX	75146
City of Longview	75-2721493	P.O. Box 1952	Longview	TX	75601
City of Dallas Emerg. Comm. Office	75-2721493	1500 Marilla St., Rm L1/A/N	Dallas	TX	75201
Denco Area 911 District	75-2721493	P.O. Box 293058	Lewisville	TX	75209

Denison Fire Department	75-2721493	700 West Chestnut	Denison	TX	75020
Galveston County Emerg. Comm.	75-2721493	1718 Amburn Rd. Ste B	Texas City	TX	77591
Garland City	75-2721493	217 N. Fifth St.	Garland	TX	75040
Greater Harris County 911 Emerg.	75-2721493	602 Sawyer, #710	Houston	TX	77007
El Paso County 9-1-1 Emerg. Com	75-2721493	2829 Montana Ste 205	El Paso	TX	79903
Emergency Comm. District of Ecto	75-2721493	700 North Grant Ave., Ste. 7-C	Odessa	TX	79761
Ennis Police Department	75-2721493	119 West Brown	Ennis	TX	75119
Farmers Branch Police Dept.	75-2721493	3723 Valley View Lane	Farmers Branch	TX	75244
DeSoto Police Dept.	75-2721493	714 East Beltline Rd.	DeSoto	TX	75115
Comptroller of Public Accounts	1-75-2721493-0	111 East 17th Street	Austin	TX	78774
City of Alameda	75-2729796	2263 Santa Clara Ave., Rm 220	Alameda	CA	94501
City of Albany	75-2729796	1000 San Pablo Ave.	Albany	CA	94706
City of Alhambra	75-2729796	111 South First Street	Alhambra	CA	91801
City of Arcadia	75-2729796	240 West Huntington	Arcadia	CA	91007
City of Baldwin Park	75-2729796	14403 East Pacific	Baldwin Park	CA	91706
City of Bell	75-2729796	6330 Pine Avenue	Bell	CA	90201
City of Berkeley	75-2729796	2081 Center Street	Berkeley	CA	94704
City of Burbank	75-2729796	P.O. Box 6459	Burbank	CA	91510
City of Chula Vista	75-2729796	P.O. Box 1087	Chula Vista	CA	92012
City of Compton	75-2729796	205 South Willowbrook	Compton	CA	90220
City of Culver City	75-2729796	9770 Culver Blvd	Culver City	CA	90232
City of Cupertino	75-2729796	10300 Torre Avenue	Cupertino	CA	95014
City of Daly City	75-2729796	333 90th Street	Daly City	CA	94015
City of Downey	75-2729796	P.O. Box 7016	Downey	CA	90241
City of El Cerrito	75-2729796	10890 San Pablo Ave.	El Cerrito	CA	94530
City of El Monte	75-2729796	11333 Valley Blvd	El Monte	CA	91731
City of El Segundo	75-2729796	350 Main St.	El Segundo	CA	90245
City of Emeryville	75-2729796	1333 Park Avenue	Emeryville	CA	94608
City of Gardena	75-2729796	1700 West 162nd St.	Gardena	CA	90247
City of Gilroy	75-2729796	7351 Rosanna St.	Gilroy	CA	95020
City of Glendale	75-2729796	141 North Glendale Ave.	Glendale	CA	91206
City of Hawthorne	75-2729796	4455 West 126th St	Hawthorne	CA	90250
City of Huntington Beach	75-2729796	P.O. Box 711	Huntington Beach	CA	92648
City of Huntington Park	75-2729796	6550 Miles Ave., Rm 127	Huntington Park	CA	90255
City of Inglewood	75-2729796	One Manchester Blvd	Inglewood	CA	90301
City of Irvine	75-2729796	P.O. Box 19575	Irvine	CA	92623
City of La Habra	75-2729796	P.O. Box 337	La Habra	CA	90633
City of Lawndale	75-2729796	14717 Burin Ave.	Lawndale	CA	90260
City of Long Beach	75-2729796	333 West Ocean Blvd, 6th Fl	Long Beach	CA	90802
City of Los Alamitos	75-2729796	3191 Katella Ave.	Los Alamitos	CA	90720
City of Los Altos	75-2729796	One North San Antonio Rd.	Los Altos	CA	94022
City of Los Angeles	75-2729796	111 N. Hope Street, Rm L68	Los Angeles	CA	90012
City of Monterey	75-2729796	399 Madison St.	Monterey	CA	93940

City of Monterey Park	75-2729796	320 West Newmark Ave.	Monterey Park	CA	91754
City of Mountain View	75-2729796	500 Castro St.	Mountain View	CA	94039
City of Norwalk	75-2729796	12700 Norwalk Blvd.	Norwalk	CA	90650
City of Oakland	75-2729796	P.O. Box 60000, File Number 7314	San Francisco	CA	94160
City of Palm Springs	75-2729796	P.O. Box 2743	Palm Springs	CA	92263
City of Palo Alto	75-2729796	250 Hamilton Ave.	Palo Alto	CA	94301
City of Paramount	75-2729796	16400 Colorado Ave.	Paramount	CA	90723
City of Pasadena	75-2729796	100 North Garfield Ave., Rm. 345	Pasadena	CA	91109
City of Placentia	75-2729796	401 East Chapman Ave.	Placentia	CA	92870
City of Pleasant Hill	75-2729796	100 Gregory Lane	Pleasant Hill	CA	94523
City of Redwood City	75-2729796	1017 Middlefield Road	Redwood City	CA	94063
City of Richmond	75-2729796	2600 Barrett Ave.	Richmond	CA	94804
City of Riverside	75-2729796	3900 Main Street	Riverside	CA	92522
City of Sacramento	75-2729796	915 "I" Street, Rm 104	Sacramento	CA	95814
City of San Bernardino	75-2729796	300 North D Street	San Bernardino	CA	92418
City of San Gabriel	75-2729796	532 W. Mission Drive	San Gabriel	CA	91776
City of San Jose	75-2729796	801 North First Street, Rm 217	San Jose	CA	95110
City of San Leandro	75-2729796	835 East 14th Street	San Leandro	CA	94577
City of San Pablo	75-2729796	1 Alvarado Square	San Pablo	CA	94806
City of Santa Ana	75-2729796	P.O. Box 1964	Santa Ana	CA	92702
City of Santa Cruz	75-2729796	809 Center Street	Santa Cruz	CA	95060
City of Santa Monica	75-2729796	1685 Main Street Rm. 104	Santa Monica	CA	90401
City of Stanton	75-2729796	7800 Katella Ave.	Stanton	CA	90680
City of Sunnyvale	75-2729796	P.O. Box 3707	Sunnyvale	CA	94088
City of Torrance	75-2729796	3031 Torrance Blvd	Torrance	CA	90503
City of Westminster	75-2729796	8200 Westminster Blvd	Westminster	CA	92683
City of Whittier	75-2729796	13230 Penn Street	Whittier	CA	90602
San Francisco Tax Collector	75-2729796	P.O. Box 7427	San Francisco	CA	94120
Town of Mammoth Lakes	75-2729796	P.O. Box 1609	Mammoth Lakes	CA	93546
City of Bellflower	75-2729796	16600 Civic Center Drive	Bellflower	CA	90706
City of Calabasas	75-2729796	26135 Mureau Road	Calabasas	CA	91302
City of Citrus Heights	75-2729796	6237 Fountain Square	Citrus Heights	CA	95621
City of Claremont	75-2729796	P.O. Box 217	Claremont	CA	91711
City of East Palo Alto	75-2729796	2415 University Ave	East Palo Alto	CA	94303
City of Fontana	75-2729796	8353 Sierra Ave.	Fontana	CA	92335
City of Irwindale	75-2729796	5050 N. Irwindale Ave.	Irwindale	CA	91706
City of Lakewood	75-2729796	P.O. Box 220	Lakewood	CA	90714
City of Lynwood	75-2729796	11330 Bullis Rd	Lynwood	CA	90262
City of Maywood	75-2729796	4319 E. Slauson Ave.	Maywood	CA	90270
City of Montclair	75-2729796	5111 Benito	Montclair	CA	91763
City of Piedmont	75-2729796	120 Vista Ave.	Piedmont	CA	94611
City of Rancho Palos Verdes	75-2729796	30940 Hawthorn Blvd.	Rancho Palos Verdes	CA	90278
City of Redondo Beach	75-2729796	P.O. Box 167	Redondo Beach	CA	94063

City of San Marino	75-2729796	2200 Huntington Drive	San Marino	CA	91108
City of Santa Rosa	75-2729796	P.O. Box 1673	Santa Rosa	CA	95402
City of South Pasadena	75-2729796	1414 Mission Street	South Pasadena	CA	91030
City of Vallejo	75-2729796	P.O. Box 3068	Vallejo	CA	94590
Town of Fairfax	75-2729796	144 Bolinas Rd.	Fairfax	CA	94930
City of Osage-Beach	75-2827397	1000 City Pkwy	Osage	MO	65065
City of Overland	75-2827397	9119 Lackland Rd.	Overland	MO	63114
City of Pacific	75-2827397	300 Hoven Dr.	Pacific	MO	63069
City of Pagedale	75-2827397	1404 Ferguson Ave.	Pagedale	MO	63133
City of Park Hills	75-2827397	9 Bennet Street	Park Hills	MO	63601
City of Farmington	75-2827397	110 W. Columbia St.	Farmington	MO	63640
City of Hazelwood	75-2827397	415 Elm Grove Lane	Hazelwood	MO	63042
City of Lamar	75-2827397	1104 Broadway	Lamar	MO	64759
City of Mexico	75-2827397	300 North Coal	Mexico	MO	65265
City of Moberly	75-2827397	101 W. Reed	Moberly	MO	65270
City of Olivette	75-2827397	9473 Olive Blvd	Olivette	MO	63132
City of Saint Joseph	75-2827397	1100 Frederick, Rm 107	Saint Joseph	MO	64501
City of Saint Louis	75-2827397	Room 311 City Hall	St Louis	MO	63103
City of Union	75-2827397	500 E Locust St.	Union	MO	63084
City of Webster Grove	75-2827397	4 East Lakewood Ave.	Webster Grove	MO	63119
City of Perryville	75-2827397	120 North Jackson	Perryville	MO	63775
City of Pevely	75-2827397	P.O. Box 358	Pevely	MO	63070
City of Pine Lawn	75-2827397	6250 Steve Marre	St Louis	MO	63121
City of Portageville	75-2827397	P.O. Drawer B	Portageville	MO	63873
City of Raytown	75-2827397	10000 E. 59th St	Raytown	MO	64133
City of Republic	75-2827397	213 North Main Street	Republic	MO	65738
City of Richmond Heights	75-2827397	1330 S. Big Bend Blvd	Richmond Heights	MO	63117
City of Rock Hill	75-2827397	9620 Manchester Rd.	Rock Hill	MO	63119
City of Saint Ann	75-2827397	10405 Saint Charles Rockroad	Saint Ann	MO	63074
City of Saint Charles	75-2827397	200 North Second St	Saint Charles	MO	63301
City of Saint Clair	75-2827397	#1 Paul Parks Drive	Saint Clair	MO	63077
City of Saint John	75-2827397	8944 Saint Charles Rockroad	Saint John	MO	63114
City of Scott City	75-2827397	618 Main St.	Scott City	MO	63780
City of Sedalia	75-2827397	P.O. Box 1707	Sedalia	MO	65302
City of Senath	75-2827397	P.O. Box 609	Senath	MO	63876
City of Shrewsbury	75-2827397	5200 Shrewsbury	Shrewsbury	MO	63119
City of Sikeston	75-2827397	105 E Center	Sikeston	MO	63801
City of Slater	75-2827397	232 North Main	Slater	MO	65349
City of Smithville	75-2827397	107 West Main	Smithville	MO	64089
City of Springfield	75-2827397	P.O. Box 8368	Springfield	MO	65801
City of Sunset	75-2827397	3939 South Lindbergh	Sunset Hills	MO	63127
City of Town and Country	75-2827397	1011 Municipal Ctr Dr	Town and Country	MO	63131
City of University City	75-2827397	6801 Delmar Blvd.	University City	MO	63130

City of Valley Park	75-2827397	320 Benton St	Valley Park	MO	63088
City of Versailles	75-2827397	104 North Fischer	Versailles	MO	65084
City of Vienna	75-2827397	P.O. Box 196	Vienna	MO	65882
City of Vinita Park	75-2827397	8374 Midland	Vinita Park	MO	63114
City of Warson Woods	75-2827397	10015 Manchester Rd	Warson Woods	MO	63122
City of Washington	75-2827397	405 Jefferson St	Washington	MO	63090
City of Webb City	75-2827397	P.O. Box 3068	Webb City	MO	64870
City of Wellston	75-2827397	1414 Evergreen	Saint Louis	MO	63133
City of Wellsville	75-2827397	200 West Hudson	Wellsville	MO	63384
City of Wildwood	75-2827397	16962 Manchester Rd	Wildwood	MO	63040
City of Woodson Terrace	75-2827397	9351 Guthrie	Woodson Terrace	MO	63134
Eureka City Hall	75-2827397	P.O. Box 125	Eureka	MO	63025
Jasper City Hall	75-2827397	P.O. Box 247	Jasper	MO	64755
Winchester City Hall	75-2827397	109 Lindy Blvd	Winchester	MO	63021
City of Independence	75-2827397	P.O. Box 1019	Independence	MO	64051
City of Jefferson City	75-2827397	320 E. McCarty St.	Jefferson City	MO	65101
City of Jennings	75-2827397	2120 Hord Ave	Jennings	MO	63136
City of Joplin	75-2827397	303 East 3rd St	Joplin	MO	64801
City of Kansas City	75-2827397	414 East 12th Street	Kansas City	MO	64106
City of Kennett	75-2827397	200 Cedar St	Kennett	MO	63857
City of Kirksville	75-2827397	201 South Franklin	Kirksville	MO	63501
City of Kirkwood	75-2827397	139 S. Kirkwood Dr.	Kirkwood	MO	63122
City of Knob Noster	75-2827397	218 N. State St	Knob Noster	MO	65336
City of La Due	75-2827397	9345 Clayton Road	La Due	MO	63124
City of Lancaster	75-2827397	P.O. Box 477	Lancaster	MO	63548
City of Leadington	75-2827397	12 Weir St	Leadington	MO	63601
City of Lees Summit	75-2827397	P.O. Box 1600	Lees Summit	MO	64063
City of Liberty	75-2827397	P.O. Box 159	Liberty	MO	64069
City of Lilbourn	75-2827397	P.O. Box 643	Lilbourn	MO	63862
City of Linn	75-2827397	P.O. Box 498	Linn	MO	65051
City of Louisiana	75-2827397	202 3rd Street	Louisiana	MO	63353
City of Malden	75-2827397	201 S Madison St.	Malden	MO	63863
City of Manchester	75-2827397	14318 Manchester Rd	Manchester	MO	63011
City of Maplewood	75-2827397	7601 Manchester	Maplewood	MO	63143
City of Marble Hill	75-2827397	P.O. Box 799	Marble Hill	MO	63764
City of Marceline	75-2827397	116 North Main Street	Marceline	MO	64658
City of Marston	75-2827397	P.O. Box F	Marston	MO	63866
City of Maryland Heights	75-2827397	212 Millwell Dr	Maryland Heights	MO	63043
City of Meta	75-2827397	106 E. Main St	Linn	MO	65051
City of Monett	75-2827397	P.O. Box 110	Monett	MO	65708
City of Montgomery	75-2827397	723 North Sturgeon	Montgomery	MO	63361
City of Neosho	75-2827397	203 East Main	Neosho	MO	64850
City of Nevada	75-2827397	110 South Ash	Nevada	MO	64772

City of New Madrid	75-2827397	P.O. Box 96	New Madrid	MO	63869
City of Normandy	75-2827397	7700 Natural Bridge Road	Normandy	MO	63121
City of North Kansas City	75-2827397	2010 Howell St	North Kansas City	MO	64116
City of Oronogo	75-2827397	P.O. Box 201	Oronogo	MO	64855
City of Byrnes Mill	75-2827397	P.O. Box 255	House Springs	MO	63051
City of Campbell	75-2827397	302 West Grand	Campbell	MO	63933
City of Carl Junction	75-2827397	P.O. Box 447	Carl Junction	MO	64834
City of Carrollton	75-2827397	201 West Benton	Carrollton	MO	64633
City of Carthage	75-2827397	326 Grant Street	Carthage	MO	64836
City of Caruthersville	75-2827397	200 West 3rd St., P.O. Box 874	Caruthersville	MO	63830
City of Chaffee	75-2827397	222 West Yoakum	Chaffee	MO	63740
City of Chesterfield	75-2827397	16052 Swingley Ridge Rd.	Chesterfield	MO	63017
City of Chillicothe	75-2827397	715 Washington Street	Chillicothe	MO	64601
City of Clarksville	75-2827397	P.O. Box 528	Clarksville	MO	63336
City of Clarkton	75-2827397	P.O. Box 98	Clarkton	MO	63837
City of Clayton	75-2827397	10 N. Bemiston	Clayton	MO	63017
City of Columbia	75-2827397	701 E. Broadway	Columbia	MO	65201
City of Crestwood	75-2827397	1 Detjen Dr.	Crestwood	MO	63126
City of Creve Coeur	75-2827397	300 N. New Ballas Rd	Creve Coeur	MO	63141
City of Crystal City	75-2827397	130 Mississippi Ave	Crystal City	MO	63019
City of Dellwood	75-2827397	1415 Chambers Rd	Dellwood	MO	63135
City of Des Peres	75-2827397	12325 Manchester Rd	Des Peres	MO	63131
City of Dexter	75-2827397	301 E Stoddard St	Dexter	MO	63841
City of East Prairie	75-2827397	219 N Washington	East Prairie	MO	63845
City of Edina	75-2827397	208 East Monticello	Edina	MO	63537
City of Eldon	75-2827397	P.O. Box 355	Eldon	MO	65026
City of Ellesville	75-2827397	1 Weis Ave	Ellisville	MO	63011
City of Elsberry	75-2827397	201 Broadway	Elsberry	MO	63343
City of Fayette	75-2827397	117 S Main	Fayette	MO	65248
City of Fenton	75-2827397	625 New Smizer Mill Rd	Fenton	MO	63026
City of Ferguson	75-2827397	110 Church St	Ferguson	MO	63135
City of Festus	75-2827397	711 W. Main	Festus	MO	63028
City of Florissant	75-2827397	955 Rue St. Francois	Florissant	MO	63031
City of Frankford	75-2827397	P.O. Box 55	Frankford	MO	63441
City of Fredericktown	75-2827397	P.O. Box 549	Fredericktown	MO	63645
City of Frontenac	75-2827397	10555 Clayton Rd	Frontenac	MO	63131
City of Gideon	75-2827397	P.O. Box 396	Gideon	MO	63848
City of Gladstone	75-2827397	P.O. Box 10719	Gladstone	MO	64188
City of Glasgow	75-2827397	100 Market St.	Glasgow	MO	65254
City of Glendale	75-2827397	424 North Sappington	Glendale	MO	63122
City of Grain Valley	75-2827397	P.O. Box 364	Grain Valley	MO	64029
City of Grandview	75-2827397	1200 Main St	Grandview	MO	64030
City of Greendale	75-2827397	P.O. Box 210578	Greendale	MO	63121

City of Hannibal	75-2827397	320 Broadway	Hannibal	MO	63401
City of Hayti	75-2827397	300 East Broadway, P.O. Box 552	Hayti	MO	63851
City of Herculaneum	75-2827397	#1 Parkwood Court	Herculaneum	MO	63048
City of Higbee	75-2827397	P.O. Box 156	Higbee	MO	65257
City of Hillsboro	75-2827397	P.O. Box 196	Hillsboro	MO	63050
City of Howardville	75-2827397	P.O. Box 6916 Hwy 61	Howardville	MO	63869
Cape Girardeau County	75-2827397	100 Court Street	Jackson	MO	63755
City of Alternburg	75-2827397	City Hall	Altenberg	MO	63732
City of Arbyrd	75-2827397	P.O. Box 338	Arbyrd	MO	63821
City of Archie	75-2827397	P.O. Box 346	Archie	MO	64725
City of Arnold	75-2827397	2101 Jeffco Blvd	Arnold	MO	63010
City of Ash Grove	75-2827397	P.O. Box 235	Ash Grove	MO	65604
City of Ballwin	75-2827397	14811 Manchester Rd	Ballwin	MO	63011
City of Bell City	75-2827397	P.O. Box 206	Bell City	MO	63735
City of Belton	75-2827397	506 Main	Belton	MO	64012
City of Benton	75-2827397	P.O. Box 185	Benton	MO	63736
City of Berkeley	75-2827397	6140 N. Hanley Rd	Berkeley	MO	63134
City of Bertrand	75-2827397	P.O. Box 27	Bertrand	MO	63823
City of Beverly Hills	75-2827397	7150 Natural Bridge	St Louis	MO	63121
City of Billings	75-2827397	P.O. Box 207	Billings	MO	65610
City of Bismark	75-2827397	P.O. Box 27	Bismark	MO	63624
City of Bloomfield	75-2827397	P.O. Box 350	Bloomfield	MO	63825
City of Bloomsdale	75-2827397	P.O. Box 3	Bloomsdale	MO	63627
City of Blue Springs	75-2827397	903 W. Main St.	Blue Springs	MO	64015
City of Bonne Terre	75-2827397	P.O. Box 418	Bonne Terre	MO	63628
City of Boonville	75-2827397	525 E Spring St	Boonville	MO	65233
City of Bowling Green	75-2827397	16 West Church	Bowling Green	MO	63334
City of Brentwood	75-2827397	2348 Brentwood Blvd	Brentwood	MO	63144
City of Bridgeton	75-2827397	11955 Natural Bridge Rd	Bridgeton	MO	63044
City of Brookfield	75-2827397	116 W Brooks	Brookfield	MO	64628
City of Auburn	75-2777348	25 W Main St	Auburn	WA	98001
City of Bainbridge Island	75-2777348	280 Madison Ave N	Bainbridge Island	WA	98110
City of Bellingham	75-2777348	P.O. Box "V"	Bellingham	WA	98227
City of Bothell	75-2777348	Treasurer's Office	Bothell	WA	98011
City of Burien	75-2777348	415 SW 150th St	Burien	WA	98166
City of Chelan	75-2777348	P.O. Box 1669	Chelan	WA	98816
City of Clyde Hill	75-2777348	9605 NE 24th St	Clyde Hill	WA	98004
City of Des Moines	75-2777348	21630 11th Ave. South	Des Moines	WA	98198
City of Edmonds	75-2777348	121 5th Ave North	Edmonds	WA	98020
City of Mercer Island	75-2777348	Finance Department	Mercer Island	WA	98040
City of Issaquah	75-2777348	P.O. Box 1307	Issaquah	WA	98027
City of Kent	75-2777348	220 4th Ave. South	Kent	WA	98032
City of Kirkland	75-2777348	123 Fifth Ave	Kirkland	WA	98033

City of Lake Forest Park	75-2777348	17425 Ballinger Way NE	Lake Forest Park	WA	98155
City of Mountlake Terrace	75-2777348	23204 58th Avenue West	Mountlake Terrace	WA	98043
City of Normandy Park	75-2777348	801 SW 174th St	Normandy Park	WA	98166
City of Olympia	75-2777348	P.O. Box 1967	Olympia	WA	98507
City of Puyallup	75-2777348	218 W Pioneer	Puyallup	WA	98371
City of Shoreline	75-2777348	17544 Midvale Ave North	Shoreline	WA	98133
City of Spokane	75-2777348	808 W Spokane Falls Blvd	Spokane	WA	99201
City of Stanwood	75-2777348	10220 270th Street NW	Stanwood	WA	98292
City of Tacoma	75-2777348	P.O. Box 11640	Tacoma	WA	98411
City of Vancouver	75-2777348	P.O. Box 8995	Vancouver	WA	98668
City of Winthrop	75-2777348	P.O. Box 459	Winthrop	WA	98862
City of Bellvue	75-2777348	Tax Office	Bellvue	WA	98009
State of Washington	75-2777348	P.O. Box 34052	Seattle	WA	98124
City of Everett	75-2777348	2930 Wetmore	Everett	WA	98201
City of Redmond	75-2777348	P.O. Box 97010	Redmond	WA	98073
City of Renton	75-2777348	200 Mill Ave South	Renton	WA	98055
City of Seattle Finance Division	75-2777348	700 5th Avenue # 4250	Seattle	WA	98104
City of Wenatchee	75-2777348	P.O. Box 519	Wenatchee	WA	98807
City of Yakima	75-2777348	129 N 2nd St	Yakima	WA	98901
Prince George's County Govt	75-2747670	14741 Governor Oden Bowie Dr	Upper Marlboro	MD	20772
Montgomery County Maryland Dep	75-2747670	255 Rockville Pike, Suite L	Rockville	MD	20850
County of Baltimore	75-2747670	400 Washington Ave	Towson	MD	21204
Baltimore City Director of Finance	75-2747670	200 Holiday Street	Baltimore	MD	21202
County of Anne Arundel	75-2747670	P.O. Box 1786	Annapolis	MD	21404
Town of Herndon	75-2747676	P.O. Box 427	Herndon	VA	20172
Prince William County	75-2747676	1 County Complex Court	Prince William	VA	22192
Fairfax County Government	75-2747676	12000 Government Center Pkwy, #2	Fairfax	VA	22035
County of Loudoun	75-2747676	P.O. Box 7000	Leesburg	VA	20177
City of Falls Church	75-2747676	300 Park Ave.	Falls Church	VA	22046
City of Fairfax	75-2747676	City Hall, RM 210	Fairfax	VA	22030
City of Alexandria Revenue Divisio	75-2747676	P.O. Box 1786	Alexandria	VA	22313
City of Aurora	75-2792938	1470 S. Havana	Aurora	CO	80011
ADCOM Center/Adams County 91	75-2792938	7321 Birch St	Commerce City	CO	80022
Arapahoe County Finance	75-2792938	5334 S. Prince St.	Littleton	CO	80166
Archuleta County	75-2792938	P.O. Box 1507, 1122 Hwy 84	Pagosa Springs	CO	81147
City of Boulder	75-2792938		Boulder	CO	
Boulder County	75-2792938		Boulder	CO	
City and County of Denver	75-2792938	1331 Cherokee St., #302	Denver	CO	80204
Douglas County Emergency Telepl	75-2792938	4000 Justice Way	Castle Rock	CO	80104
Gunnison/Hinsdale E911 Authority	75-2792938	P.O. Box 239	Gunnison	CO	81230
Jefferson County E-911	75-2792938	447 S Allison Parkway	Lakewood	CO	80226
Lake County	75-2792938	P.O. Box 205	Leadville	CO	80461
Larimer Emergency Telephone Aut	75-2792938	P.O. Box 578	Ft. Collins	CO	80522

County of Alachua	75-2777353	913 SE 5th St.	Gainesville	FL	32602
County of Bay	75-2777353	P.O. Box 1818	Panama City	FL	32402
County of Brevard	75-2777353	2725 Judge Fran Jamieson Way, R	Viera	FL	32940
Broward County Board of Cnty Cor	75-2777353	115 S. Andrews Ave, Ste 325	Ft. Lauderdale	FL	33301
County of Clay	75-2777353	1 Doctors Drive	Green Cove Springs	FL	32043
Duval County 911 System Adminis	75-2777353	3832-010 Baymeadows Road	Jacksonville	FL	32217
County of Escambia	75-2777353	2920 North "L" Street	Pensacola	FL	32501
County of Flagler	75-2777353	1200 E. Moody Blvd., No. 2	Bunnell	FL	32110
Hillsborough County 911	75-2777353	P.O. Box 1110	Tampa	FL	33601
County of Hernando	75-2777353	18900 Cortez Blvd	Brooksville	FL	34601
County of Indian River	75-2777353	1840 25th Street	Vero Beach	FL	32960
County of Martin	75-2777353	800 SE Monterey Rd	Stuart	FL	33494
Miami-Dade County Finance Dept	75-2777353	111 NW First St., Ste 2620	Miami	FL	33128
Monroe Co Board of Commissione	75-2777353	500 Whitehead St	Key West	FL	33040
County of Nassau	75-2777353	50 Bobby Moore Circle	Yulee	FL	32097
Orange County - 911	75-2777353	6590 Amory Ct.	Winter Park	FL	32792
Palm Beach County	75-2777353	20 S. Military Trail	West Palm Beach	FL	33415
Pasco County Courthouse	75-2777353	38053 Live Oak Ave, Rm 209	Dade City	FL	33525
Pinellas County 911	75-2777353	400 S. Ft. Harrison Ave	Clearwater	FL	33756
Seminole County 9-1-1	75-2777353	P.O. Box 8080	Sanford	FL	32772
County of St. Johns	75-2777353	4010 Lewis Speedway	St. Augustine	FL	34945
St. Lucie County BOCC	75-2777353	101 N. Rock Road	Ft. Pierce	FL	34945
County of Volusia	75-2777353	59 Keyton Drive	Daytona Beach	FL	32124
County of Taylor	75-2777353	108 North Jefferson Street	Perry	FL	32347
County of Sumter	75-2777353	209 N. Florida Street	Bushnell	FL	33513
Santa Rosa E911	75-2777353	P.O. Box 7100	Milton	FL	32572
County of Putnam	75-2777353	1802 North Highway 19	Palatka	FL	32177
County of Marion	75-2777353	2630 SE 3rd Street	Ocala	FL	34471
Troup County Sherrif	75-2927223	130 Sam Walker Dr	La Grange	GA	30241
Tift County, Georgia	75-2927223	P.O. Box 826	Tifton	GA	31793
Thomas County	75-2927223	P.O. Box 920	Thomasville	GA	31799
Spalding County 911	75-2927223	1438 Meriwether Street	Griffin	GA	30224
Rockdale County 911	75-2927223	2120 Farmer Rd	Conyers	GA	30012
Polk County	75-2927223	P.O. Box 268	Cedartown	GA	30125
Peach County	75-2927223	205 W. Church St. Ste. 204	Fort Valley	GA	31030
Oconee County E911	75-2927223	P.O. Box 145	Watkinsville	GA	30677
Newton County Board of Commiss	75-2927223	1113 Usher Street	Covington	GA	30014
Muscogee County-GA-E911-Count	75-2927223	Government Centre	Columbus	GA	31901
Mitchell County	75-2927223	P.O. Box 187	Camilla	GA	31370
Laurens County E911 Comm. Cen	75-2927223	511 Southern Pines Blvd.	Dublin	GA	31021
Houston County-GA E911-Tax Ass	75-2927223	Courthouse	Perry	GA	31069
Hall County 911	75-2927223	P.O. Drawer 1435	Gainesville	GA	30503
Gwinnett Cnty Board of Commissic	75-2927223	75 Langley Dr.	Lawrenceville	GA	30046

Gordon County Sheriff's Office	75-2927223	101 S. Peidmont St	Calhoun	GA	30701
Glynn Department of Finance	75-2927223	1725 Reynolds St., 3rd Floor	Brunswick	GA	31521
Fulton County E911	75-2927223	130 Peachtree St.	Atlanta	GA	30303
Fayette County Govt.	75-2927223	140 Stonewall Ave.	Fayetteville	GA	30214
Floyd County Sheriff	75-2927223	5 Government Plz	Rome	GA	30161
Forsyth County Sheriff	75-2927223	P.O. Box 41	Cummning	GA	30025
Emanuel County-GA E911-Tax Co	75-2927223	101 South Main St.	Swainsboro	GA	30401
Dougherty County 911	75-2927223	225 Pine St.	Albany	GA	31707
Douglas County Board of Commis	75-2927223	8595 Club Dr.	Douglasville	GA	30134
DeKalb County 911 System	75-2927223	1300 Commerce Dr.	Decatur	GA	30030
Crisp County	75-2927223	210 S Seventh St	Cordele	GA	31015
Coweta County Government Sheri	75-2927223	P.O. Box 911	Newnan	GA	30264
College Park 911 Fund	75-2927223	P.O. Box 87137	College Park	GA	30337
Cobb County Board of Commissior	75-2927223	100 Cherokee St, #410	Marietta	GA	30090
Clayton Cnty E911	75-2927223	112 Smith St.	Jonesboro	GA	30326
City of Union City / City Hall	75-2927223	5047 Union St.	Union City	GA	30291
City of Roswell 911	75-2927223	38 Hill St.	Roswell	GA	30075
City of Macon Finance Office	75-2927223	700 Popular St (Box 247)	Macon	GA	31202
City of East Point E911 Fund	75-2927223	2777 East Point E911 Fund	East Point	GA	30344
City of Decatur	75-2927223	P.O. Box 220	Decatur	GA	30031
City of Chamblee	75-2927223	5468 Peachtree Rd.	Chamblee	GA	30031
City of Atlanta	75-2927223	55 Trinity Ave. Ste 1350	Atlanta	GA	30335
Cherokee County 911	75-2927223	400 E. Main St.	Canton	GA	30114
Carroll County E911	75-2927223	1000 Newman Rd.	Carrollton	GA	30117
Butts County EMA - 911	75-2927223	25 3rd Street, Suite 28	Jackson	GA	30233
Augusta-Richmond County E911	75-2927223	530 Green St.	Augusta	GA	30911
Banks County	75-2927223	P.O. Box 130	Homer	GA	30547
Barrow County Board of Commissi	75-2927223	233 East Broad Street	Winder	GA	30680
Athens-Clarke County	75-2927223	P.O. Box 1748	Athens	GA	30603
Alpharetta City Hall	75-2927223	2 South Main St.	Alpharetta	GA	30004
City of Chicago-Dept of Revenue	21209	22149 Network Place	Chicago	IL	60673
Village of Lynwood	75-2729797	21460 E. Lincoln Hwy	Lynwood	IL	60411
Broadview ETSB	75-2729797	2350 South 25th Ave	Broadview	IL	60155
Village of Palos Park	75-2729797	8901 W. 123rd St	Palos Park	IL	60464
City of Champaign	75-2729797	102 N. Neil St.	Champaign	IL	61820
Village of Glenwood	75-2729797	1 Asselborn Way	Glenwood	IL	60425
Village of Highland Park	75-2729797	1677 Old Deerfield Road	Highland Park	IL	60035
Village of Bellwood	75-2729797	3200 Washington	Bellwood	IL	60501
Village of Blue Island	75-2729797	130131 Greenwood Ave	Blue Island	IL	60406
Village of Bolingbrook	75-2729797	375 W. Briarcliff Rd.	Bolingbrook	IL	60440
City of Brookfield	75-2729797	8820 Brookfield Ave	Brookfield	IL	60513
Village of Burr Ridge	75-2729797	7660 County Line Rd	Burr Ridge	IL	60521
Village of Calumet Park	75-2729797	12409 S. Throop St.	Calumet Park	IL	60827

Chicago Heights Treasurer's Office	75-2729797	1601 Chicago Rd	Chicago Heights	IL	60411
Cicero 911 ETSB	75-2729797	5303 W. 25th Street	Cicero	IL	60804
Village of Country Club Hills	75-2729797	3700 West 175th Place	Country Club Hills	IL	60478
Village of Dolton	75-2729797	14014 South Park	Dolton	IL	60419
Village of Elmwood Park	75-2729797	11 Conti Parkway	Elmwood Park	IL	60707
Village of Evanston Budget Dept.	75-2729797	2100 Ridge Ave	Evanston	IL	60201
Village of Forest Park	75-2729797	517 Des Plaines Ave	Forest Park	IL	60130
Village of Franklin Park E911	75-2729797	9545 Belmont	Franklin Park	IL	60131
Village of Forest View	75-2729797	7000 W. 46th St.	Forest View	IL	60402
Village of Glencoe	75-2729797	675 Village Court	Glencoe	IL	60022
Village of Glenview	75-2729797	1215 Waukegan Rd.	Glenview	IL	60025
Village of Harvey	75-2729797	15301 South Dixie Hwy	Harvey	IL	60426
Village of Harwood Heights	75-2729797	7343 W. Lawrence	Harwood Heights	IL	60706
Village of Hazel Crest	75-2729797	3000 W. 170th Place	Hazel Crest	IL	60429
Village of Hickory Hills	75-2729797	8652 West 95th Street	Hickory Hills	IL	60457
Village of Highwood	75-2729797	17 Highwood Ave	Highwood	IL	60040
Village of Hillside	75-2729797	30 North Wolf	Hillside	IL	60162
Village of Indian Head Park	75-2729797	201 Acacia Drive	Indian Head Park	IL	60525
Village of La Grange	75-2729797	304 West Burlington	La Grange	IL	60525
Village of La Grange Park	75-2729797	447 N. Catherine Ave	La Grange Park	IL	60526
City of La Salle	75-2729797	745 Second Street	La Salle	IL	61301
Village of Lake Bluff	75-2729797	40 E. Center Ave.	Lake Bluff	IL	60044
Village of Lake Forest	75-2729797	255 West Deerpath	Lake Forest	IL	60045
Lansing ETSB	75-2729797	2710 170th	Lansing	IL	60438
Village of Lincolnshire	75-2729797	One Olde Half Day Rd	Lincolnshire	IL	60069
Village of Lincolnwood	75-2729797	6900 N. Lincoln Ave	Lincolnwood	IL	60712
Village of Lyons	75-2729797	7801 Ogden	Lyons	IL	60534
Village of Maywood	75-2729797	700 Saint Charles Rd	Maywood	IL	60153
Village of Melrose Park	75-2729797	1000 North 25th Ave	Melrose Park	IL	60160
City of Midlothian	75-2729797	14801 South Pulaski	Midlothian	IL	60445
Village of Morton Grove	75-2729797	6101 Capulina Ave	Morton Grove	IL	60053
City of Naperville Emerg Telephone	75-2729797	1350 Aurora Ave	Naperville	IL	60540
Village of Niles	75-2729797	1000 Civic Center Dr	Niles	IL	60714
Village of North Riverside	75-2729797	2401 S. Des Plaines Ave	North Riverside	IL	60546
Village of Northbrook	75-2729797	1225 Cedar Lane	Northbrook	IL	60062
Village of Northfield	75-2729797	350 Walnut	Northfield	IL	60093
Village of Oak Park	75-2729797	123 Madison Street	Oak Park	IL	60302
Orland Joint ETSB	75-2729797	14600 Ravinia Ave	Orland Hills	IL	60462
Park Forest	75-2729797	200 Lake Wood	Park Wood	IL	60466
Village of Posen	75-2729797	2440 147th St	Posen	IL	60469
Village of Richton Park	75-2729797	4455 West Sauk Trail	Richton	IL	60471
Village of Riverdale	75-2729797	157 West 144th Street	Riverdale	IL	60827
Village of River Forest	75-2729797	400 Park Ave.	River Forest	IL	60305

Village of River Grove	75-2729797	2621 Thatcher Ave	River Grove	IL	60171
Village of Riverside	75-2729797	31 Riverside Rd.	Riverside	IL	60546
Village of Rosemont	75-2729797	9501 W. Devon Ave	Rosemont	IL	60018
Sauk Village	75-2729797	21701 Torrence	Sauk Village	IL	60411
Village of Schiller Park	75-2729797	9526 Irving Park Rd.	Schiller Park	IL	60176
Village of South Holland	75-2729797	16226 Wausau Ave	South Holland	IL	60473
Village of Summit Argo	75-2729797	S. Archer Rd	Summit Argo	IL	60501
City of Waukegan	75-2729797	410 Robert V. Sabonjian Place	Waukegan	IL	60087
Village of Western Springs	75-2729797	740 Hillgrove	Western Springs	IL	60558
Village of Willow Springs	75-2729797	8156 Archer Ave	Willow Springs	IL	60480
Village of Winthrop Harbor	75-2729797	18 N County St, Rm 1001	Waukegan	IL	60085
City of Zion	75-2729797	2828 Sheridan Rd.	Zion	IL	60099
Cen Com	75-2729797	911 Lotus	Round Lake Beach	IL	60073
DuPage Cnty Emerg Telephone Sy	75-2729797	421 N. County Farm Rd	Wheaton	IL	60187
Grundy County	75-2729797	112 E. Washington Street	Morrie	IL	60450
Joint Systems Board	75-2729797	1420 Miner St	Des Plaines	IL	60016
Kane County 911	75-2729797	1460 East River Rd	Montgomery	IL	60538
NW Central 911 System	75-2729797	1975 Davis St.	Arlington Heights	IL	60005
Quadcom	75-2729797	505 Elm Ridge	Carpentersville	IL	60110
Southwest Central Dispatch	75-2729797	7611 W. College Dr.	Palos Heights	IL	60463
Will County 911 Systems	75-2729797	830 S. State St.	Lockport	IL	60441
State of MD Comptroller of the Tre	75-2747670	P.O. Box 207	Annapolis	MD	21411
Branch County Treasurer Office	75-2777344	31 Division St	Coldwater	MI	49036
Detroit Police Department	75-2777344	1300 Beaubien, Rm #816	Detroit	MI	48226
Downriver Community Conference	75-2777344	15100 Northline Rd	Southgate	MI	48195
Genesee County	75-2777344	1101 Beach St	Flint	MI	48502
Ingham County	75-2777344	P.O. Box 215	Mason	MI	48854
Jackson County	75-2777344	120 West Michigan	Jackson	MI	49201
Kent County	75-2777344	300 Monroe Ave, NVV	Grand Rapids	MI	49503
Lapeer County-Central Dispatch	75-2777344	255 Clay St.	Lapeer	MI	48446
Livingston County	75-2777344	300 S. Highlander Way	Howell	MI	48843
Macomb County	75-2777344	10 N Main St	Mount Clemens	MI	48043
Macomb County	75-2777344	One South Main ST., 9th Floor	Mount Clemens	MI	48043
Monroe County-Central Dispatch	75-2777344	100 East 2nd St.	Monroe	MI	48161
Muskegon County	75-2777344	990 Terrace, P.O. Box 177	Muskegon	MI	49855
Oakland County	75-2777344	1200 N. Telegraph Rd.	Pontiac	MI	48341
Sanilac County Treasurer	75-2777344	60 West Sanilac Rd	Sandusky	MI	48602
St. Clair County	75-2777344	200 Grand River Ave	Port Huron	MI	48060
Wayne County Eastern Conference	75-2777344	795 Lake Shore Rd.	Grosse Pointe	MI	48236
Washentaw County Treasurer	75-2777344	P.O. Box 8645	Ann Arbor	MI	48017
Conference of Western Wayne	75-2777344	39293 Plymouth Road, Ste #101	Livonia	MI	48150
Clinton County	75-2777344	100 E. State St, #2400	St. John's	MI	48879
Calhoun County	75-2777344	315 W. Green St.	Marshall	MI	49068

Benzie County	75-2777344	448 Court Pl.	Beulah	MI	49617
Bay County	75-2777344	515 Center Ave	Bay City	MI	48708
Chippewa County	75-2777344	319 Court St.	Sault	MI	49783
Charlevoix County	75-2777344	203 Antriam	Charlevoix	MI	49720
Clare County	75-2777344	P.O. Box 438	Harrison	MI	48625
Eaton County	75-2777344	911 Courthouse Dr.	Charlotte	MI	48813
Emmet County	75-2777344	450 Bay St.	Petoskey	MI	49770
Grand Traverse City	75-2777344	400 Boardman Ave	Traverse City	MI	49684
Huron County	75-2777344	P.O. Box 69	Bad Axe	MI	48413
Iosco County	75-2777344	P.O. Box 538	Tawas City	MI	48764
Kalamazoo County	75-2777344	201 West Kalamazoo Ave	Kalamazoo	MI	49007
Saginaw County	75-2777344	111 South Michigan Ave.	Saginaw	MI	48602
Ottawa County	75-2777344	414 Washington Ave	Grand Haven	MI	49417
Marquette County	75-2777344	234 West Baraga Ave	Marquette	MI	49855
Stoddard County 911 Services	75-2827397	P.O. Box 55	Dexter	MO	63841
Madison County	75-2827397	Court Square	Fredericktown	MO	63645
Maries County	75-2827397	County Courthouse	Vienna	MO	65582
Clay County	75-2827397	1 Courthouse Square	Liberty	MO	64068
Franklin County Commission	75-2827397	300 East Main, Rm 201	Union	MO	63084
Greene County	75-2827397	940 Booneville Ave	Springfield	MO	65802
Grundy County	75-2827397	700 Main St	Trenton	MO	64683
Jackson County	75-2827397	308 West Kansas Ave	Independence	MO	64050
Jefferson County	75-2827397	5475 Buckeye Valley Rd	House Springs	MO	63051
Johnson County	75-2827397	County Courthouse	Warrensburg	MO	64093
Lawrence County Emergency Com	75-2827397	P.O. Box 46	Mount Vernon	MO	65712
Lincoln County	75-2827397	201 Main Street	Troy	MO	63379
Livingston County	75-2827397	901 Webster	Chilicothe	MO	64601
Morgan County Courthouse	75-2827397	100 E. Newton	Varsailles	MO	65084
New Madrid County	75-2827397	P.O. Box 68	New Madrid	MO	63869
Newton County	75-2827397	101 S. Wood	Neosho	MO	64850
Platte County	75-2827397	415 3rd Street, Ste 10	Platte City	MO	64079
Randolph County	75-2827397	110 S Main St	Huntsville	MO	65259
Ray County	75-2827397	100 W Main St	Richmond	MO	64085
Scott County	75-2827397	County Courthouse	Benton	MO	63736
Sedalia Pettis County Emergency I	75-2827397	319 S Lamine Ave., #10	Sedalia	MO	65301
St. Louis County Police Departmer	75-2827397	7900 Forsyth Blvd.	St. Louis	MO	63105
Ste. Genevieve County	75-2827397	55 South 3rd Street	Ste. Genevieve	MO	63670
Minnesota 911 Program Office	75-2862620	658 Cedar St.	St. Paul	MN	55155
Nassau County Comptroller	75-2729221	240 Old Country Rd.	Mineola	NY	11501
NYC Dept. of Finance	75-2729221	1 Centre St., Rm #727	New York	NY	10007
Suffolk County Police Department	75-2729221	30 Yaphank Ave.	Yaphank	NY	11980
County of Westchester	75-2729221	148 Martine Ave, Rm 241	White Plains	NY	10601
Oregon Department of Revenue	1138817-0	P.O. Box 14110	Salem	OR	97309

Beaver County	75-2777346	810 3rd St.	Beaver	PA	15009
Armstrong County	75-2777346	Treasurer-E911	Kittaning	PA	16201
Lycoming County	75-2777346	Tax Assessment Bureau-E911	Williamsport	PA	17701
County of Allegheny	75-2777346	400 N Lexington, Suite 200	Pittsburg	PA	15208
City of Allentown 911	75-2777346	435 Hamilton St., Room 110	Allentown	PA	18101
Berks County Courthouse	75-2777346	633 Court Street	Reading	PA	19601
Bucks County Treasurer's Office	75-2777346	55 E. Court St.	Doylestown	PA	18901
Chester County Emergency Serv	75-2777346	601 Westtown Rd., #12	West Chester	PA	19382
Delaware County Government	75-2777346	Delaware County Courthouse	Media	PA	19063
Huntingdon County Courthouse	75-2777346	223 Penn Street	Huntingdon	PA	16652
Lehigh County Courthouse	75-2777346	455 Hamilton Street	Allentown	PA	17042
Luzerne County	75-2777346	100 Young Street	Wilkes Barre	PA	18706
Montgomery County Treasurer	75-2777346	50 Eagleville Rd.	Eagleville	PA	19403
County of Northampton	75-2777346	669 Washington St.	Easton	PA	18042
City of Philadelphia	75-2777346	City Hall, Rm. 632	Philadelphia	PA	19107
Westmoreland County Department	75-2777346	911 Public Safety Road	Greensburg	PA	15601
City of Alexandria Revenue Divisio	75-2747676	P.O. Box 178	Alexandria	VA	22313
Arlington County 911	75-2747676	2100 Clarendon Blvd., #210	Arlington	VA	22201
Fairfax County Government	75-2747676	12000 Government Center Pkwy, #210	Fairfax	VA	22035
City of Fairfax	75-2747676	City Hall, Rm. 210	Fairfax	VA	22030
City of Falls Church	75-2747676	300 Park Ave., Office of Treasurer	Falls Church	VA	22046
Prince William County 911	75-2747676	1 County Complex Court	Prince William	VA	22192
County of Loudoun	75-2747676	P.O. Box 7000	Leesburg	VA	20177
Treasurer of Madison County	75-2747676	P.O. Box 309	Madison	VA	22727
King County E911 Program Office	75-2777348	7300 Perimeter Rd., South, Rm 128	Seattle	WA	98108
Arlington County	75-2747676	2100 Clarendon Blvd., #210	Arlington	VA	22201
City of Alexandria	75-2747676	301 King Street, City Hall, 1510	Alexandria	VA	22314
City of Falls Church	75-2747676	300 Park Ave., Office of Treasurer	Falls Church	VA	22046
City of Herndon	75-2747676	777 Lynn Street, First Floor	Herndon	VA	20170
City of Vienna	75-2747676	127 Center Street	Vienna	VA	22180
Fairfax City of Treasurer	75-2747676	10455 Armstrong Street	Fairfax	VA	22030
Comptroller of Public Accounts	3-20038-8394-2	111 East 17th Street	Austin	TX	78774
ULTS-Bank of America NA	U-5934-C	333 S. Beaudry Ave	Los Angeles	CA	90017
California PUC	U-5934-C	505 Van Ness Ave	San Francisco	CA	94102
DEAF Trust-Bank of America NA	U-5934-C	P.O. Box 60000	San Francisco	CA	94160
California Teleconnect Fund	U-5934-C	P.O. Box 45254	San Francisco	CA	94145
CHCF-B	U-5934-C	P.O. Box 60000	San Francisco	CA	94160
CHCF-A	U-5934-C	P.O. Box 45118	San Francisco	CA	94145
Florida Department of Revenue	0000229033	5050 W. Tennessee St., P.O. Box 6	Tallahassee	FL	32399
Illinois Department of Revenue	2900-5116	P.O. Box 19019	Springfield	IL	62794
Arizona Department of Revenue	75-2837257	P.O. Box 29010	Phoenix	AZ	85038
City of Chandler	100044854	25 S Arizona Pl., Ste 202	Chandler	AZ	85225
City of Glendale	100030303-0	P.O. Box 800	Glendale	AZ	85301

City of Mesa	75-2837257	P.O. Box 16350	Mesa	AZ	85211
City of Peoria	75-2837257	8401 W. Monroe Street	Peoria	AZ	85345
Phoenix City Treasurer	75-2837257	P.O. Box 29690	Phoenix	AZ	85038
City of Scottsdale	75-2837257	7447 E Indian School Rd., Ste 110	Scottsdale	AZ	85251
City of Tempe	75-2837257	P.O. Box 5002	Tempe	AZ	85280
Board of Equalization	SU 97912858	P.O. Box 942879	Sacramento	CA	94279
City of Arvada	2234500	P.O. Box 8101	Arvada	CO	80001
City of Aurora	122375	Tax and Licensing Dept. 800	Denver	CO	80291
Town of Breckinridge	75-2792938	P.O. Box 1237	Breckinridge	CO	80424
City of Brighton	75-2792938	22 So. 4th Avenue	Brighton	CO	80601
City and County of Broomfield	06-25238-0000	P.O. Box 407	Broomfield	CO	80038
City of Commerce City	13567	5291 E. 60th Ave. P.O. Box 40	Commerce City	CO	80037
City of Colorado Springs	75-2792938	P.O. Box 2408	Colorado Springs	CO	80901
City of Edgewater	75-2792938	2401 Sheridan Blvd	Edgewater	CO	80214
City of Englewood	180448	P.O. Box 2900, Sales Tax	Englewood	CO	80150
City of Federal Heights	75-2972938	2380 W. 90th Avenue	Federal Heights	CO	80260
City of Golden	75-2972938	Dept 440	Denver	CO	80291
City of Glenwood Springs	75-2972938	806 Cooper Ave., P.O. Box 458	Glenwood Springs	CO	81602
City of Greenwood Village	75-2972938	P.O. Box 4837	Greenwood Village	CO	80155
City of Glendale	75-2972938	950 South Birch Street	Glendale	CO	80246
City and County of Denver	110048260	114 West Colfax Ave PO Box 17430	Denver	CO	80217
City of LaFayette	02526	P.O. Box 250	LaFayette	CO	80026
City of Louisville	75-2972938	749 Main Street	Louisville	CO	80027
City of Lone Tree	75-2972938	P.O. Box 2789	Littleton	CO	80161
City of Lakewood	75-2972938	P.O. Box 261450	Lakewood	CO	80226
City of Littleton	75-2972938	2255 W Berry Ave.	Littleton	CO	80165
City of Northglenn	75-2972938	P.O. Box 330061	Northglenn	CO	80233
City of Thornton	75-2972938	9500 Civic Center Dr.	Thornton	CO	80229
City of Wheat Ridge	06454	7500 W. 29th Ave.	Wheat Ridge	CO	80215
City of Westminster	75-2972938	4800 W. 92nd Ave.	Westminster	CO	80030
Colorado Department of Revenue	06-25238	1375 Sherman Street	Denver	CO	80261
D.C. Treasurer	4800-0241557	P.O. Box 679	Washington	DC	20044
Florida Department of Revenue	75-00-091700-66-8	5050 W. Tennessee St.	Tallahassee	FL	32399
Georgia Department of Revenue	175-99-41294-0	P.O. Box 105296	Atlanta	GA	30348
Illinois Commerce Commission	75-2729797	527 East Capitol Ave., P.O. Box 192	Springfield	IL	62794
Illinois Department of Revenue	2900-5116	Retailers' Occupation Tax	Springfield	IL	62796
State Dept. of Assessments and Taxation	MDF04919973	301 West Preston St	Baltimore	MD	21201
State of Maryland-Comptroller of the Treasury	08910668	110 Carroll Street	Annapolis	MD	21411
Commonwealth of Mass.	75-2747677	P.O. Box 7039	Boston	MA	02204
State of Michigan	ME-0144559	Dept. 77003	Detroit	MI	48277
City of Duluth	75-2862620	P.O. Box 229	Duluth	MN	55802
Minnesota Dept. of Revenue	4937119	P.O. Box 64622	St. Paul	MN	55164
Missouri Dept. of Revenue	17204496	P.O. Box 3300	Jefferson City	MO	65105

Division of Taxation	752-729-799	CN 999	Trenton	NJ	08646
New York State Sales Tax	752729221	P.O. Box 1208	New York	NY	10116
Treasurer of State of Ohio	1512983	P.O. Box 16560	Columbus	OH	43216
PA Department of Revenue	81077465	Dept. 280437	Harrisburg	PA	17128
PA Department of Revenue	00-88888-0	Dept. 280437	Harrisburg	PA	17128
State Comptroller	1-75-2721493-0	111 E. 17th Street	Austin	TX	78774
State Comptroller	1-75-27789-08-9	111 E. 17th Street	Austin	TX	78774
State of Washington	601-884-7666	P.O. Box 47476	Olympia	WA	98504
Commonwealth of Mass.	75-2965464	P.O. Box 7043	Boston	MA	02204
Treasurer of State of Ohio	75-2965464	P.O. Box 16560	Columbus	OH	43266
Tennessee Department of Revenue	75-2965464	500 Deadrick Street	Nashville	TN	37242
State of Maryland	75-2965464	110 Carroll Street	Annapolis	MD	21401
D.C. Treasurer	75-2965464	P.O. Box 679	Washington	DC	20044
Comptroller of Public Accounts	17529654646	111 E. 17th Street	Austin	TX	78774
Board of Equalization	75-2965464	P.O. Box 942879	Sacramento	CA	94279
Florida Department of Revenue	75-2965464	5050 W. Tennessee Street	Tallahassee	FL	32399
Indiana Department of Revenue	75-2965464	100 N. Senate Ave.	Indianapolis	IN	46204
New York State Sales Tax	75-2965464	P.O. Box 1208	New York	NY	10116
PA Department of Revenue	75-2965464	Dept. 280437	Harrisburg	PA	17128
Sales and Use Tax	75-2965464	P.O. Box 999	Trenton	NJ	08646
Oklahoma Tax Commission	75-2965464	PO Box 26850	Oklahoma City	OK	73126
Virginia Dept. of Taxation	001997520-7	P.O. Box 26626	Richmond	VA	23261
Alabama Dept. of Revenue	68SU 48108	P.O. Box 327750	Montgomery	AL	36132
City of Birmingham	33-1009098	P.O. Box 10566	Birmingham	AL	35296
Jefferson County	33-1009098	P.O. Box 830710	Birmingham	AL	35283
City of Daphne	33-1009098	P.O. Drawer 1047	Daphne	AL	36526
City of Helena	33-1009098	P.O. Box 613	Helena	AL	35080
City of Montgomery	33-1009098	P.O. Box 830469	Birmingham	AL	35283
Montgomery County	33-1009098	P.O. Box 4779	Montgomery	AL	36103
Shelby County	33-1009098	P.O. Box 800	Columbiana	AL	35051
Arkansas Department of Finance	33-1009098	P.O. Box 1272	Little Rock	AR	72203
Board of Equalization	SC OHC 100-170550	P.O. Box 942879	Sacramento	CA	94279
Colorado Department of Revenue	25-33594-0000	1375 Sherman Street	Denver	CO	80261
City of Arvada	33-1009098	P.O. Box 8101	Arvada	CO	80001
City of Aurora	33-1009098	Tax and Licensing Dept. 800	Denver	CO	80291
Town of Breckinridge	33-1009098	P.O. Box 1237	Breckinridge	CO	80424
City of Brighton	33-1009098	22 So. 4th Avenue	Brighton	CO	80601
City and County of Broomfield	33-1009098	P.O. Box 407	Broomfield	CO	80038
City of Commerce City	33-1009098	5291 E. 60th Ave. P.O. Box 40	Commerce City	CO	80037
City of Colorado Springs	33-1009098	P.O. Box 2408	Colorado Springs	CO	80901
City of Edgewater	33-1009098	2401 Sheridan Blvd	Edgewater	CO	80214
City of Englewood	33-1009098	P.O. Box 2900, Sales Tax	Englewood	CO	80150
City of Federal Heights	33-1009098	2380 W. 90th Avenue	Federal Heights	CO	80260

City of Fort Collins	33-1009098	P.O. Box 440	Fort Collins	CO	80522
City of Golden	33-1009098	Dept 440	Denver	CO	80291
City of Glenwood Springs	33-1009098	806 Cooper Ave., P.O. Box 458	Glenwood Springs	CO	81602
City of Greenwood Village	33-1009098	P.O. Box 4837	Greenwood Village	CO	80155
City of Glendale	33-1009098	950 South Birch Street	Glendale	CO	80246
City and County of Denver	110192670	114 West Colfax Ave PO Box 17430	Denver	CO	80217
City of LaFayette	33-1009098	P.O. Box 250	LaFayette	CO	80026
City of Loveland	33-1009098	Sales Tax Administration Div.	Loveland	CO	80539
City of Louisville	33-1009098	749 Main Street	Louisville	CO	80027
City of Lone Tree	33-1009098	P.O. Box 2789	Littleton	CO	80161
City of Lakewood	33-1009098	P.O. Box 261450	Lakewood	CO	80226
City of Littleton	33-1009098	2255 W Berry Ave.	Littleton	CO	80165
City of Northglenn	33-1009098	P.O. Box 330061	Northglenn	CO	80233
City of Thornton	33-1009098	9500 Civic Center Dr.	Thornton	CO	80229
City of Wheat Ridge	33-1009098	7500 W. 29th Ave.	Wheat Ridge	CO	80215
City of Westminster	33-1009098	4800 W. 92nd Ave.	Westminster	CO	80030
Dept. of Revenue Services	1590108-000	P.O. Box 5030	Hartford	CT	06102
D.C. Treasurer	350000044146	P.O. Box 679	Washington	DC	20044
Florida Department of Revenue	78-41-101330-72-9	5050 W. Tennessee St.	Tallahassee	FL	32399
Georgia Department of Revenue	175485998	4245 International Parkway Suite A	Hapeville	GA	30354
Oahu District Office	10684028	P.O. Box 1425	Honolulu	HI	96806
City of Ketchum	33-1009098	Box 2315	Ketchum	ID	83340
City of Sun Valley	33-1009098			ID	
City of Lava Hot Springs	33-1009098	P.O. Box 187	Lava Hot Springs	ID	83246
Illinois Department of Revenue	3337-4872	Retailers' Occupation Tax	Springfield	IL	62796
Indiana Department of Revenue	0114002983		Indianapolis	IN	46204
Iowa Dept. of Rev. & Fin.	2-00-146498	P.O. Box 10412	Des Moines	IA	50306
Department of Revenue	004-331009098F-01	915 SW Harrison Street	Topeka	KS	66625
Commonwealth of Kentucky	248803	Revenue Cabinet	Frankford	KY	40619
Dept. of Revenue & Taxation	33-1009098	P.O. Box 3138	Baton Rouge	LA	70821
Parish of East Baton Rouge	33-1009098	P.O. Box 2590	Baton Rouge	LA	70821
Parish of Jefferson	33-1009098	P.O. Box 248	Gretna	LA	70054
LaFayette Parish School Board	33-1009098	P.O. Box 3883	LaFayette	LA	70502
City of New Orleans	33-1009098	City Hall, Room 1W-15	New Orleans	LA	70112
Caddo-Shreveport Parish	33-1009098	P.O. Box 104	Shreveport	LA	71161
Terrebonne Parish Sales Tax Func	33-1009098	P.O. Box 670	Houma	LA	70361
Bossier City	33-1009098	P.O. Box 5337	Bossier City	LA	71171
Calcasieu Parish	33-1009098	P.O. Drawer 2050	Lake Charles	LA	70602
Parish of St. Tammany	33-1009098	P.O. Box 808	Slidell	LA	70459
Taxation and Revenue Dept.	33-1009098	P.O. Box 1237	Monroe	LA	71210
Maine Bureau of Taxation	1065357	P.O. Box 1065	Augusta	ME	04332
Controller of the Treasure	10768174	110 Carroll Street	Annapolis	MD	21411
Massachusetts Department of Rev	33-1009098	P.O. Box 7039	Boston	MA	02204

Michigan Department of Treasury	33-1009098	Dept. 77003	Detroit	MI	48277
Minnesota Dept. of Revenue	0060670083	Mail Station 1110	St Paul	MN	55146
Missouri Dept. of Revenue	33-1009098	P.O. Box 840	Jefferson City	MO	65105
Nebraska Dept of Revenue	8911320	P.O. Box 94818	Lincoln	NE	68509
Nevada Department of Taxation	498301908	1550 E College Pkwy, Ste 115	Carson City	NV	89706
Division of Taxation	331-009-098/000	CN 999	Trenton	NJ	08646
New Mexico Taxation and Revenue	02-501357-00 2	P.O. Box 25127	Santa Fe	NM	87504
NY State Sales Tax	331009098	P.O. Box 1208	New York	NY	10116
Dept. of Revenue	600384697	P.O. Box 25000	Raleigh	NC	27640
North Dakota Tax Commissioner	33-1009098	600 E Boulevard Ave.	Bismark	ND	58505
Treasurer of State of Ohio	99043666	P.O. Box 16560	Columbus	OH	43266
Oklahoma Tax Commission	33-1009098	PO Box 26850	Oklahoma City	OK	73126
Pennsylvania Department of Revenue	82-381-486	Department 280406	Harrisburg	PA	17128
Division of Taxation	331009098	One Capitol Hill	Providence	RI	02908
Department of Revenue	33-1009098	Sales Tax Return	Columbia	SC	29214
Department of Revenue	73-001-331009098E ST	P.O. Box 5055	Sioux Falls	SD	57117
Tennessee Department of Revenue	103754814	500 Deadrick Street	Nashville	TN	37242
Comptroller of Public Accounts	1-33-1009098-3	111 East 17th Street	Austin	TX	78774
Utah State Tax Commission	E99137	210 N. 1950 W.	Salt Lake City	UT	84134
Washington Department of Revenue	602 221 256	P.O. Box 34054	Seattle	WA	98124
Department of Tax & Revenue	33-100-9098-001	P.O. Box 1826	Charleston	WV	25327
Department of Revenue	005 0000443014 01	Box 93389	Milwaukee	WI	53293
Wyoming Department of Revenue	33-1009098	122 West 25th St., Herschler Bldg	Cheyenne	WY	82002
Michigan Department of Treasury	ME-0145626	Dept. 77003	Detroit	MI	48277
DC Treasurer	75-2747673	P.O. Box 556	Washington	DC	20044
NYC Department of Finance	75-2729221	25 Elm Place	Brooklyn	NY	11201
Michigan Department of Treasury	144559	Dept. 77003	Detroit	MI	48277
City of Detroit Treasurer	75-2777344	P.O. Box 67000	Detroit	MI	48267
NECA TXUSF	TX-000188	P.O. Box 121033	Dallas	TX	75312
City and County of Denver	110048260-T	114 West Colfax Ave PO Box 17430	Denver	CO	80217
State Comptroller	1-75-2778908-9	111 East 17th Street	Austin	TX	78774
Telecommunications Infrastructure	2900-5116	P.O. Box 19019	Springfield	IL	62794
Chicago Department of Revenue	21209	22149 Network Place	Chicago	IL	60673
Comptroller of Public Accounts	1-75-2721493-0	111 East 17th Street	Austin	TX	78774
Internal Revenue Service	75-2837257		Cincinnati	OH	45999
Internal Revenue Service	75-2729796		Cincinnati	OH	45999
Internal Revenue Service	75-2792938		Cincinnati	OH	45999
Internal Revenue Service	75-2747673		Cincinnati	OH	45999
Internal Revenue Service	75-2777353		Cincinnati	OH	45999
Internal Revenue Service	75-2729223		Cincinnati	OH	45999
Internal Revenue Service	75-2729797		Cincinnati	OH	45999
Internal Revenue Service	75-2747670		Cincinnati	OH	45999
Internal Revenue Service	75-2747677		Cincinnati	OH	45999

Internal Revenue Service	75-2777344		Cincinnati	OH	45999
Internal Revenue Service	75-2862620		Cincinnati	OH	45999
Internal Revenue Service	75-2827397		Cincinnati	OH	45999
Internal Revenue Service	75-2729799		Cincinnati	OH	45999
Internal Revenue Service	75-2729221		Cincinnati	OH	45999
Internal Revenue Service	75-2827398		Cincinnati	OH	45999
Internal Revenue Service	75-2876503		Cincinnati	OH	45999
Internal Revenue Service	75-2777346		Cincinnati	OH	45999
Internal Revenue Service	75-2721493		Cincinnati	OH	45999
Internal Revenue Service	75-2747676		Cincinnati	OH	45999
Internal Revenue Service	75-2777348		Cincinnati	OH	45999
Internal Revenue Service	75-2876438		Cincinnati	OH	45999
Internal Revenue Service	36-4363445		Cincinnati	OH	45999
City of Newport Beach	BT98041710	P.O. Box 1768	Newport Beach	CA	92658-8915
City of San Jose	1273244D2	P.O. Box 45710	San Francisco	CA	94145-0710
City of Pleasant Hill	ALL0095	100 Gregory Lane	Pleasant Hill	CA	94523-3323
City of Los Angeles	948486-40	201 N. Main St., Rm. 101 - City Hall	Los Angeles	CA	90012
City of Los Angeles	914330-90	201 N. Main St., Rm. 101 - City Hall	Los Angeles	CA	90012
City of Chula Vista	36815	P.O. Box 7549	Chula Vista	CA	91912
City of Oakland	1856960	File 72918, P.O. Box 61000	San Francisco	CA	94161-2918
City of Santa Ana	187841	P.O. Box 1964	Santa Ana	CA	92702-1964
City of San Francisco	321892	P.O. Box 7425	San Francisco	CA	94120-7425
City of El Monte	23553	11333 Valley Blvd.	El Monte	CA	91731
San Francisco Tax Collector	353425	P.O. Box 7425	San Francisco	CA	94120-7425
San Francisco Tax Collector	353425	P.O. Box 7425	San Francisco	CA	94120-7425
City of San Diego	B1999006013 4	P.O. Box 121536	San Diego	CA	92112-1536
City of Ontario	BL00053343	303 East "B" Street	Ontario	CA	91764
City of Culver City	53587	9770 Culver Blvd.	Culver City	CA	90232
City of Moreno Valley	9501	14177 Frederick Street	Moreno Valley	CA	92552-0805
City of Sunnyvale	43709	P.O. Box 3707	Sunnyvale	CA	94088-3707
City of Santa Rosa	47598	P.O. Box 1673	Santa Rosa	CA	95402
Town of Mammoth Lakes	3821	P.O. Box 1609	Mammoth Lakes	CA	93546
City of Emeryville	030ALL	1333 Park Avenue	Emeryville	CA	94608
City of Gardena	21019	1700 West 162nd Street, Rm. 104	Gardena	CA	90247
Washington, DC	Unassigned	1350 Pennsylvania Ave., NW	Washington	DC	20004
Washington, DC	6629	1350 Pennsylvania Ave., NW	Washington	DC	20004
Hillsborough County	47606	601 E. Kennedy Blvd., 14th Floor	Tampa	FL	33602-4931
Miami-Dade County	458830-8	140 W. Flagler St. - 14th Floor	Miami	FL	33130-1573
Broward County	377-0008352	115 S. Andrews Ave., Room A-100	Ft. Lauderdale	FL	33301
Ft. Lauderdale	708624	300 NW 1 Avenue	Ft. Lauderdale	FL	33301
City of Atlanta	078557 LGB	55 Trinity Ave., Ste. 1350 SW	Atlanta	GA	30335
City of Jonesboro	34227	124 North Avenue	Jonesboro	GA	30236
City of Chamblee	2003NONPS-0411	5468 Peachtree Road	Chamblee	GA	30341

City of Marietta	9918042	205 Lawrence St., NE, Drawer 609	Marietta	GA	30061
City of Marietta	9918041	205 Lawrence St., NE, Drawer 609	Marietta	GA	30061
City of Wood Dale	509	404 North Wood Dale Road	Wood Dale	IL	60191-1596
Chicago	21209	121 N. Lasalle St., Room 107	Chicago	IL	60602
Boston	Unassigned	1 City Hall Plaza, Room 601	Boston	MA	2201
City of St. Louis	AL5982040	P.O. Box 952027	St. Louis	MO	63195-2027
City of St. Louis	L421408	P.O. Box 952027	St. Louis	MO	63195-2027
St. Louis County	Unassigned	41 S. Central - P.O. Box 16955	Clayton	MO	63105-1355
City of Creve Coer	Unassigned	300 N. New Ballas Road	Creve Coeur	MO	63141
County of Laclede	7144	200 North Adams	Lebanon	MO	65536
City of Ste. Genevieve	Unassigned	165 S. Fourth Street	Ste. Genevieve	MO	63670
New Jersey	2171	P.O. Box 46005	Newark	NJ	7101
New York City	6080694 0	P.O. Box 5150	Kingston	NY	12402-5150
City of Tigard	8742	13125 SW Hall Blvd.	Tigard	OR	97223
City of Beaverton	18758	P.O. Box 4755	Beaverton	OR	97076
Upper Marion	03-0000011118	175 W. Valley Forge Road	King of Prussia	PA	19406
Arlington County, VA	900952	P.O. Box 1757	Merrifield	VA	22116-1757
City of Falls Church	40164	300 Park Avenue	Falls Church	VA	22046-3351
City of Aberdeen	21058	P.O. Box 1928	Aberdeen	WA	98520-0320
City of Seattle	533836	P.O. Box 34907	Seattle	WA	98124-1907
State of Washington	601 884 766	P.O. Box 9034	Olympia	WA	98507-9034
City of Longview	12123	P.O. Box 128	Longview	WA	98632
City of Redmond	RED00012905	P.O. Box 3745	Seattle	WA	98124-3745
City of Spokane	L0036053	808 W. Spokane Falls Blvd.	Spokane	WA	99201-3336
City of Issaquah	Unassigned	P.O. Box 1307	Issaquah	WA	98027-1307
City of Tacoma	T93231	P.O. Box 11640	Tacoma	WA	98411-6640
City of North Bend	38.3	P.O. Box 896	North Bend	WA	98045
City of Othello	03-000049.7	500 E. Main Street	Othello	WA	99344
City of Olympia	03 25529	P.O. Box 1967	Olympia	WA	98507
City of Lynnwood	3-00910	P.O. Box 5008	Lynnwood	WA	98046-5008
City of Seattle	556489	P.O. Box 34907	Seattle	WA	98124-1907
State of Virginia	6080694	PO Box 1777	Richmond	VA	23218-1777
State Corporation Commission		PO Box 1197	Richmond	VA	23218-1197
City of Alexandria		PO Box 178	Alexandria	VA	22313
City of Philadelphia		PO Box 1529	Philadelphia	PA	19105-1529
State of New York		PO Box 22102	Albany	NY	12201-2102
State of Delaware		PO Box 898	Dover	DE	19903

EXHIBIT B

EXHIBIT B

Regulatory Authority Payments

<u>Regulatory Authority</u>	<u>Street Address 1</u>	<u>Street Address 2</u>	<u>City</u>	<u>ST</u>	<u>Zip</u>
Arizona Corporaiton Commission	Utilities Division	1200 N. Washington	Phoenix	AZ	85001
Arizona Department of Revenue	PO Box 29079		Phoenix	AZ	85038-9079
Board of Equalization	P.O. Box 942879		Sacramento	CA	94279-8062
California Teleconnect Fund	PO Box 45254		San Francisco	CA	94145-9852
Public Utilities Commission	505 Van Ness Ave #3000		San Francisco	CA	94102
Colorado Public Utilities Commission	1580 Logan St. Logan Tower OL2		Denver	CO	80202
Federal Communications Commission	The Portals	445 Twelfth Street SW	Washington	DC	20554
Public Service Commission, District of Columbia	Attn: Jesse P. Clay	1333 H Street N.W.	Washington	DC	20005
Florida Public Services Commission	2540 Shumard Oak Blvd.		Tallahassee	FL	32399-0850
Florida Telecommunications Relay Inc.	1820 E Park Ave Suite 101		Tallahassee	FL	32301
Georgia Department of Revenue	Property Tax Div., Public Utility Section	4245 International Parkway, Suite A	Hapeville	GA	30354-3918
GPSC TRS Fund	PO Box 101378		Atlanta	GA	30392-1378
Illinois Commerce Commission	527 East Capitol Avenue	PO Box 19280	Springfield	IL	62794-9280
Illinois Department of Revenue	PO Box 19019		Springfield	IL	62794-9019
Illinois Small Company Exch Carrier Association	3220 Pleasant Run		Springfield	IL	62707
Illinois Telecommunications Access Corp.	3001 Montvale Drive, Suite D		Springfield	IL	62704
Universal Service Administrative Company	135 S. LaSalle Dept 1259		Chicago	IL	60674-1259
Department of Revenue			Indianapolis	IN	46204
Indiana Utility Regulatory Commission	302 W. Washington, E 302		Indianapolis	IN	46204-2764
Commonwealth of Massachusetts	Attn:: Revenue Unit	One Ashburton Place Room 1411	Boston	MA	02108
Massachusetts Department of Revenue	PO Box 7039		Boston	MA	02204-7039
Massachusetts Dept. of Tele. & Energy	Telecommunications and Energy	1 South Station	Boston	MA	2110
Office of Consumer Affairs	Attn: Revenue Unit	Ten Park Plaza, Suite 5170	Boston	MA	2116
Controller of the Treasury	110 Carroll Street		Annapolis	MD	21411-0001
Public Service Commission of Maryland	Fiscla Section, 16th Floor	6 St. Paul Street	Baltimore	MD	21202-6806
State of Maryland	110 Carroll Street		Annapolis	MD	21401
State of MD. Comptroller of the Treasury	POB 207		Annapolis	MD	21411
MI Public Service Commission	6545 Mercantile Way	PO Box 30221	Lansing	MI	48909
State of Michigan	Dept of Consumer & Industry Services	PO Box 30015	Lansing	MI	48909
Dept of Commerce	PO Box 1753		St. Paul	MN	55101
MN Department of Public Service	PO Box 1753		St. Paul	MN	55101
Director of Revenue, State of Missouri	Missouri PSC, Internal Accounting	PO Box 360	Jefferson City	MO	65102
Director of Revenue, State of Missouri	Missouri PSC, Internal Accounting	200 Madison Street Suite 220	Jefferson City	MO	65102
Missouri Public Service Commission	Internal Accounting	PO Box 360	Jefferson City	MO	65102
North Carolina Utilities Commission	Finance & Budget Group	4325 Mail Service Center	Raleigh	NC	27699-4325
Treasurer - State of New Jersey	Division of the Ratepayer Advocate	31 Clinton Street 11th Floor	Newark	NJ	07101
Public Utilities Commission of Nevada	1150 E William Street		Carson City	NV	89701-3109
NYS Dept. of Public Service	Box 646		Albany	NY	12201
Targeted Accessibility Fund of New York	100 State Street, Suite 650		Albany	NY	12207
Ohio Consumers' Counsel	10 W. Broad Street	Suite 1800	Columbus	OH	43215-3485
Public Utilities Commission of Ohio	Attn: Fiscal Office	180 East Broad Street	Colubmus	OH	43215-3793
Oklahoma Corporation Commission	Finance Department	Jim Thorpe Office Building, Room 342	Oklahoma City	OK	73105
OUS Fund/PUC/Oregon Universal Srv. Fund	PO Box 2153		Salem	OR	97308-2153

EXHIBIT B

Regulatory Authority Payments

<u>Regulatory Authority</u>	<u>Street Address 1</u>	<u>Street Address 2</u>	<u>City</u>	<u>ST</u>	<u>Zip</u>
Public Utility Commission of Oregon	PO Box 2153		Salem	OR	97308-2153
Commonwealth of Pennsylvania	PO Box 3265		Pittsburgh	PA	17105-3265
Federal Communications Commission	Mellon Client Service Center	500 Ross Street, Room 670	Pittsburgh	PA	15262-0001
NECA	PO Box 360257		Pittsburgh	PA	15251-6257
NECA - AZUSF	PO Box 360802		Pittsburgh	PA	15251-6802
NECA - TRS	PO Box 360090		Pittsburgh	PA	15251-6090
NECA PAUSF	PO Box 360395		Pittsburgh	PA	15251-6395
NECA TXUSF	PO Box 371788		Pittsburgh	PA	15251
Pennsylvania Relay Service Fund	123 Broad Street - PA4944	Wachovia Bank NA	Philadelphia	PA	19109
Treasurer of Virginia	Public Service Taxation Division, SCC	PO Box 1197	Richmond	VA	23218
Department of Social & Health Services	Mailstop: 45862 4450 10th. Ave. S.E.		Olympia	WA	98501
Washington Utilities and Transportation Commission	1300 S. Evergreen Park Drive S.W.		Olympia	WA	98504-7250
Public Service Commission of Wisconsin	PO Box 78283		Milwaukee	WI	53278

EXHIBIT C

EXHIBIT C

<u>Bank</u>	<u>Account Number</u>
Bank of America 901 Main Street, 7 th Floor Dallas, Texas 75202	003299812521
Bank of America 901 Main Street, 7 th Floor Dallas, Texas 75202	004774379445
J. P. Morgan Chase 2200 Ross Avenue, 5 th Floor Dallas, Texas 75201	06300064121

Togut, Segal & Segal LLP
 One Penn Plaza, Suite 3335
 New York, New York 10119
 (212) 594-5000
 Albert Togut (AT-9759)
 Neil Berger (NB-3599)

Co-Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

<hr/>		X
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
<hr/>		X

**APPLICATION OF THE DEBTORS PURSUANT TO
 SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
 CODE SEEKING ENTRY OF AN ORDER AUTHORIZING THE
 EMPLOYMENT AND RETENTION OF TOGUT, SEGAL & SEGAL LLP
 AS ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. ("Allegiance") and its direct and indirect
 subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"),
 respectfully represent:

INTRODUCTION

1. On the date hereof (the "Commencement Date"), each of the
 Debtors commenced with this Court a voluntary case under chapter 11 of title 11, United
 States Code (the "Bankruptcy Code"). The Debtors are authorized to operate their

businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Simultaneously with the filing of their petitions and this Application, the Debtors requested an order for the joint administration of their chapter 11 cases pursuant to Federal Rule of Bankruptcy Procedure 1015(b) (the “Bankruptcy Rules”).

JURISDICTION

2. This Court has subject matter jurisdiction to consider and determine this Application pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

A. An Overview of Allegiance’s Business

3. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (*i.e.*, national customers with multiple locations), governmental entities, wholesale customers and other institutional users.

Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and colocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated

voice and Internet access over a single broadband line;

- wholesale services to other regional and national service providers, including equipment colocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

4. Allegiance serves more than 100,000 business customers in 36 markets. Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

5. As of the Commencement Date, the Debtors have approximately \$245 million of cash. As of December 31, 2002, the Debtors' consolidated books and records reflected assets totaling approximately \$1.441 billion and liabilities totaling approximately \$1.397 billion. For the three months ending December 31, 2002, the Debtors, on a consolidated basis, reported revenues of approximately \$204.91 million, EBIDTA (*i.e.*, earnings before interest, depreciation, taxes, amortization, non-cash deferred compensation expense and non-cash goodwill impairment charges) of approximately negative \$16 million and net losses of approximately \$120 million.

B. Allegiance is Critical to Promoting Sustainable Competition in the Local Telecommunication Marketplace

i. The Telecommunications Act of 1996

6. In February of 1996, Congress enacted the Telecommunications Act of 1996 (the "Telecom Act"), with the stated purpose of:

promot[ing] competition and reduc[ing] regulation in order to secure lower prices and higher quality services for

American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

H.R. REP No. 104-204(I), 104th Cong. 1st Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, **10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies (“ILECs”) – *i.e.*, existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers (“CLECs”) to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

7. The enactment of the Telecom Act spurred entrepreneurs to start hundreds of new businesses to compete in the local telecommunications marketplace. During the late 1990s, investors recognized the growth opportunity inherent in the opening of a competitive local telecommunications marketplace and invested billions of dollars in equity and debt capital into a multitude of telecommunications companies primed to provide competing services to American consumers.

8. Funded with significant amounts of investment capital, two types of CLECs emerged. The first type of CLECs were “resellers”. Specifically, “reseller” CLECs purchased telecommunications services from ILECs at a discount and resold the services to customers at a higher price. Thus, these CLECs simply offered consumers the same services supplied by ILECs -- generally at lower prices. To be successful with this low margin business model, “reseller” CLECs invested their capital in sales and

marketing efforts designed to acquire a substantial customer-base and attendant market-share in a relatively short period of time and ahead of their many competitors.

However, because resellers were providing the identical services as the ILECs (with no differentiation) and were attempting to build a large market share in a highly competitive market, this business model was flawed and many in the telecommunications industry believe that the “resale” business will fail.

9. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in order to effectively compete with the ILECs. Specifically, facilities-based CLECs combined elements of an ILEC’s network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC’s 2003 Triennial Review:

Facilities -based competition means a competitor can offer real differentiated service to consumers Facilities-based competitors own more of their own network and control more of their costs, thereby offering consumers real potential for lower prices. Facilities-based competitors offer greater rewards for the economy – buying more equipment from other suppliers . . . and creating more jobs. . . . And, facilities providers create vital redundant networks that can serve own nation if other facilities are damaged by those hostile to our way of life.

F.C.C., 2003 Triennial Review - Open Meeting, Separate Statement of Chairman Michael R. Powell, dissenting in part (February 20, 2003) (transcript available at www.fcc.gov/wcb/cpd/triennial_review/). Allegiance is such a facilities-based CLEC with a nationwide network and a strong business strategy.

ii. **The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas**

10. In 1997, a management team of industry veterans launched Allegiance and focused on building a reliable nationwide network based on proven technologies, a strong nationwide direct sales force primarily focused on the small to medium sized business enterprise and efficient information processing systems to support its operations. Allegiance was one of the first major local exchange carriers to open markets utilizing the “smart build” strategy. This strategy allowed a more rapid ramp-up in operations than the traditional competitive local exchange model in which extensive networks were built, including fiber networks, prior to the generation of significant revenues. In contrast, Allegiance’s initial network build-out simply required (a) deploying digital switching platforms with local and long distance capability and (b) leasing transport facilities from the incumbent local exchange carriers and other competitive local exchange carriers to connect its switches with its transmission equipment colocated in the incumbent local exchange carrier’s central offices. Once traffic volume justified further “success-based” investment, Allegiance leased dark fiber or built specific network segments. This strategy offered two major economic benefits. First, it enabled Allegiance to enter new markets with alacrity and reduce up-front capital requirements for entering individual markets prior to revenue generation. Second, in contrast to the traditional competitive local exchange carriers that generally built their networks in highly concentrated downtown areas due to the high cost of constructing fiber networks, Allegiance’s business model enabled it to provide services

to customers in downtown areas as well as the more geographically dispersed, less competitive areas of its targeted markets.

11. Allegiance's initial business plan proposed entering into 24 of the largest metropolitan areas in the United States. Subsequently, management expanded its business plan to (a) increase the total number of target markets to 36, (b) increase its service area, *i.e.*, its colocation "footprint" in its original 24 markets, and (c) acquire long-term rights to use dark fiber rings to replace network elements leased by the Debtors from the incumbent local exchange carriers.

12. In addition to internal growth, Allegiance's business plan included growth through strategic acquisitions. For example, in December 2001, Allegiance acquired certain assets of Intermedia Business Internet (the "Intermedia Acquisition"). The Intermedia Acquisition enabled Allegiance to (a) become a Tier 1 Internet access provider, (b) provide large quantities of data transmitted at high-speeds over the Internet to and from a customer's premises, (c) efficiently exchange traffic with other Internet backbone providers giving Allegiance greater control over its Internet access, and (d) leverage its local service presence to provide additional services to its target market. In June 2003, Allegiance acquired certain assets of Shared Technologies (the "Shared Technologies Acquisition"). The Shared Technologies Acquisition (a) added customer premises equipment sales, installation and maintenance to Allegiance's portfolio of integrated products and services, (b) strategically enhanced Allegiance's target market of

small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

13. As of the date hereof, Allegiance provides its telecommunications services in major metropolitan areas across the United States, including the following 36 markets: Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York City, Northern New Jersey, Oakland, Ontario/Riverside, CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, D.C., West Palm Beach/Boca Raton and White Plains. Allegiance is colocated in 849 central offices and has a Tier 1 Internet backbone.

iii. The FCC Recognizes the Importance of Allegiance

14. Federal policy recognizes the importance of facilities-based CLECs and Allegiance is the model. In that regard, the Federal Communications Commission (the "FCC") recently published its latest rules for local competition in the *FCC Triennial Review*. In reviewing these rules, a Kaufman Bros. Equity Research Report, dated March 4, 2003, stated that "*Allegiance is the blueprint for local competition proposed by the FCC.*" In addition, Kevin J. Martin, Commissioner of the FCC has noted:

Allegiance has focused on building a business that adheres to the letter of the Telecom Act while leveraging the entrepreneurial spirit of the law, as well. Today, Allegiance stands as a model of what Congress intended in 1996, and what we hope to achieve in the years ahead – new entrants that have the opportunity to continue to invest in infrastructure, bring innovation and offer new service

offerings to consumers in local markets that are open to fair and robust competition.

Kevin J. Martin, Commissioner, F.C.C., Address to the Telecommunications Law Conference and the Texas Chapter of the Federal Communications Bar Association (March 7, 2002) (transcript available at www.fcc.gov/Speeches/Martin/2002/spkjm203.html).

15. Thus, it is clear that Allegiance, by focusing on an intelligent -- well thought out business model -- building its own network and offering its consumers innovative services, is an integral player in the telecommunications marketplace and a model for the nation's policy of promoting sustainable facilities-based competition in the local telecommunications arena. With an appropriate capital structure and a reduction in unnecessary costs, Allegiance believes it will be one of the most successful telecommunications companies in the United States.

C. Capital Structure of the Debtors

i. Capital Stock

16. Allegiance Telecom, Inc. has two classes of authorized stock: (a) 750,000,000 shares of common stock, with par value of \$0.01 per share and (b) 1,000,000 shares of preferred stock, with par value of \$0.01 per share. As of December 31, 2002, Allegiance Telecom, Inc. had (i) 124,830,110 shares of common stock issued and outstanding, with 295 registered holders and at least 20,000 beneficial owners, and (ii) no shares of preferred stock outstanding. Allegiance Telecom, Inc.'s common stock is publicly traded on the Nasdaq National Market under the symbol "ALGX."

17. Allegiance Telecom, Inc. owns 100% of the capital stock of Allegiance Telecom Company Worldwide ("ATCW"), and ATCW directly or indirectly owns 100% of the capital stock of each of the other Debtors.

ii. Prepetition Notes

18. In 1998, Allegiance Telecom, Inc. issued two series of notes: (i) 11 3/4% Senior Discount Notes with a face value of \$445 million, due on February 15, 2008 (the "Senior Discount Notes") and (ii) 12 7/8% Senior Notes with a face value of \$205 million, due on May 15, 2008 (the "Senior Notes"). The Senior Discount Notes were issued under that certain Indenture, dated as of February 3, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. The Senior Notes were issued under that certain Indenture, dated as of July 7, 1998, between Allegiance Telecom, Inc. and The Bank of New York, as Indenture Trustee. Neither the Senior Discount Notes nor the Senior Notes are secured by any assets of the Debtors or guaranteed by any of the Debtors.

iii. Prepetition Credit Agreement

19. Prior to the Commencement Date, ATCW entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002 (the "Prepetition Credit Agreement"), among ATCW, as borrower; all of the other Debtors, as guarantors; Goldman Sachs Credit Partners L.P. ("Goldman Sachs"), as syndication agent and sole lead arranger; General Electric Capital Corporation ("GECC") (as successor to Toronto Dominion (Texas), Inc.), as administrative agent, BankBoston, N.A. ("BankBoston") and Morgan Stanley Senior

Funding, Inc. ("Morgan Stanley"), as co-documentation agents; Goldman Sachs, GECC, BankBoston, Morgan Stanley, certain managing agents, and lenders party thereto from time to time (collectively, the "Prepetition Lenders"). As of the Commencement Date, the amount outstanding under the Prepetition Credit Agreement was approximately \$465.3 million. The Debtors have pledged substantially all of their assets as collateral under the Prepetition Credit Agreement, including (a) the capital stock of ATCW and (b) substantially all of the assets of ATCW and its direct and indirect subsidiaries, including the capital stock owned by ATCW in each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

D. Events Leading to Chapter 11 Filing

20. The distressed economic environment in the United States that followed the economic boom of the late 1990s has had a global and adverse impact on the telecommunications industry. In the late 1990s, in an effort to finance operations and build their networks, telecommunications companies borrowed significant amounts of money from lenders and the public through the issuance of debt. The resulting significant indebtedness incurred by telecommunications companies, combined with poor economic conditions required many companies, including the Debtors, to focus on reducing their debt either through out of court restructurings or the chapter 11 process.

21. Many of Debtors' existing and potential customers have experienced their own financial difficulties, thereby decreasing customer demand for existing and new services. The financial difficulties of the Debtors' customers has led to

non-payment, partial payment, or slow payment of bills for services provided by the Debtors. The financial instability of other companies in the telecommunications industry has adversely affected the willingness of potential customers to move their telecommunications services to the Debtors. In addition, certain of the Debtors' suppliers have requested deposits, letters of credit, or other types of security. Moreover, telecommunications carriers that owe reciprocal and/or intercarrier compensation to the Debtors have either refused to pay or failed to pay in a timely manner for the services provided by the Debtors.

22. As a consequence of the foregoing, the Debtors' business operations were adversely impacted and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, in order to maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

E. Negotiations with the Prepetition Lenders and the Ad Hoc Committee of Bondholders

23. The Debtors, in the exercise of their sound business judgment -- and in recognition of the distressed economic environment and the need for the Debtors' businesses to focus on profitability instead of high revenue growth -- determined that a meaningful de-leveraging of their capital structure was crucial for the preservation and

maximization of the value of their businesses. In that regard, the Debtors, in conjunction with their financial advisors and the Board of Directors of Allegiance Telecom, Inc., commenced the process of determining the appropriate capital structure for their business operations. After determining the appropriate capital structure, the Debtors commenced negotiations with the Prepetition Lenders and the Ad Hoc Committee (as defined below) to effectuate a restructuring transaction.

24. In October of 2002, Allegiance began negotiations with its Prepetition Lenders regarding a potential restructuring of its long-term debt. On November 27, 2003, Allegiance and its Prepetition Lenders entered into that certain First Amendment to the Prepetition Credit Agreement (the "Amendment"). Pursuant to the Amendment, the Debtors obtained a moratorium on their financial covenants through April 30, 2003. In exchange for the Amendment, Allegiance agreed, among other things, (a) that an event of default would occur on April 30, 2003 unless it reduced its long term debt to a level not to exceed \$645 million, and (b) to repay \$15 million to the Prepetition Lenders on account of debt owed under the Prepetition Credit Agreement. During the latter part of 2002 and to meet covenants under the Amendment, the Debtors significantly lowered their capital expenditures, reduced headcount, substantially decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

25. After entering into the Amendment, the Debtors commenced negotiations with the Prepetition Lenders to consummate a permanent restructuring. In

connection with the negotiations regarding the permanent restructuring, the Debtors commenced negotiations with an *ad hoc* committee of noteholders, which is comprised of certain holders of the Senior Notes and the Senior Discount Notes (the “Ad Hoc Committee”).

26. The Debtors, the Prepetition Lenders and the Ad Hoc Committee were not able to reach an agreement concerning the permanent restructuring prior to the April 30 deadline. On April 29, 2003, in order to avoid the occurrence of certain events of default under the Prepetition Credit Agreement, the Debtors and the Prepetition Lenders entered into a forbearance agreement (the “Forbearance Agreement”), which expires on May 15, 2003. The Forbearance Agreement provided for, among other things, a pay down of \$5 Million of principal owed under the Prepetition Credit Agreement.

27. After entering into the Forbearance Agreement, the Debtors continued their negotiations with the Prepetition Lenders and the Ad Hoc Committee. However, the parties were unable to reach an agreement prior to the expiration of the term of the Forbearance Agreement. Consequently, the Debtors, in the exercise of their prudent business judgment, determined that it was in the best interests of all of their stakeholders and for the maximization of the value of their businesses to commence these chapter 11 cases and consummate a restructuring of their indebtedness under the auspices of this Court.

THE RETENTION OF TOGUT, SEGAL & SEGAL LLP

28. Contemporaneously herewith, the Debtors are applying to retain Kirkland & Ellis ("K&E") as co-attorneys under a general retainer to represent them in these chapter 11 cases. The Debtors seek court approval, pursuant to sections 327(a) and 328 of the Bankruptcy Code, to employ and retain Togut, Segal & Segal LLP ("TS&S") as their attorneys in connection with these chapter 11 cases to handle matters that the Debtors may encounter which are not appropriately handled by K&E because of potential conflict of interest issues or alternatively which can be more efficiently handled by TS&S. This will avoid unnecessary litigation and reduce the overall expenses of administering these cases. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors, as debtors in possession, request that the Court approve the retention of TS&S, under a general retainer, as their attorneys, to perform services that will be necessary during these chapter 11 cases in accordance with TS&S's normal hourly rates and policies in effect when TS&S renders the services or incurs the expenses.

29. The Debtors have been informed that Albert Togut and Neil Berger, partners at TS&S, as well as other partners of, counsel to and associates of TS&S, who will be employed in these chapter 11 cases, are members in good standing of, among others, the Bar of the State of New York and the United States District Court for the Southern District of New York.

30. The Debtors have selected TS&S as their attorneys because of the firm's knowledge in the field of debtors' protections and creditors' rights and business reorganizations under chapter 11 of the Bankruptcy Code. In addition, TS&S possesses

extensive expertise, experience and knowledge practicing before this and other bankruptcy courts.

31. TS&S has been actively involved in major chapter 11 cases, and has represented debtors in many cases in this Court including, without limitation: In re Enron Corp., Case No. 01-16034 (AJG); In re Loews Cineplex Entertainment Corporation, Case No. 01-40346 (ALG); Onsite Access, Inc., Case No. 01-12879 (RLB); Daewoo International (America) Corp., Case No. 00-11050 (BRL); Contifinancial Corporation, Case No. 00-12184 (ALG); Lois/USA, Inc., Case No. 99-45910 (REG); and Rockefeller Center Properties, Case No. 95-42089 (PCB).

32. The employment of TS&S under a general retainer is appropriate and necessary to enable the Debtors to execute faithfully their duties as debtors and debtors in possession and to implement the restructuring and reorganization of the Debtors.

SERVICES TO BE PROVIDED

33. Subject to the Court's approval, the professional services that TS&S will render to the Debtors may include, but shall not be limited to:

- a. advise the Debtors regarding their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;
- b. attend meetings and negotiate with representatives of creditors and other parties in interest;
- c. take necessary action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including, but not limited to, objections to claims filed against the estates;
- d. prepare on the Debtors' behalf motions, applications, answers, orders, reports and papers necessary to the administration of the estates;
- e. negotiate and prepare on behalf of the Debtors a plan of reorganization and related documents;
- f. represent the Debtors in connection with obtaining postpetition loans;
- g. advise the Debtors in connection with any potential sale of assets;
- h. appear before this Court and any appellate courts and protect the interests of the Debtors' estates before these Courts;
- i. consult with the Debtors regarding tax matters; and
- j. perform other necessary legal services and provide other necessary legal advice to the Debtors in connection with these chapter 11 cases.

34. TS&S has stated its desire and willingness to act in these chapter 11 cases and render the necessary professional services as attorneys for the Debtors. To the

best of the Debtors' knowledge, the partners and associates of TS&S do not have any connection with or any interest adverse to the Debtors, their creditors or any other party in interest, or their respective attorneys and accountants, except as may be set forth in the affidavit of Albert Togut, the senior member of TS&S, dated May 14, 2003 (the "Togut Affidavit"), which is annexed hereto as Exhibit "1." As such, TS&S is a "disinterested person", as that phrase is defined in section 101(14) of the Bankruptcy Code and as modified by section 1107(b) of the Bankruptcy Code, and TS&S's employment is necessary and in the best interests of the Debtors and the Debtor's estates.

35. TS&S has received a retainer and an advance against expenses for services to be performed in the preparation and prosecution of these chapter 11 cases, in the amount disclosed in the Togut Affidavit, which will be applied to such postpetition allowances of compensation and reimbursement of expenses, respectively, as may be granted by the Court.

36. The Debtors understand that during these chapter 11 cases, TS&S will apply to the Court for allowances of compensation and reimbursement of actual and necessary expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the Southern District of New York (the "Local Bankruptcy Rules"), guidelines establishing by the United States Trustee for the Southern District of New York (the "United States Trustee"), and orders of this Court for all services performed and expenses incurred after the Commencement Date.

37. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors may retain TS&S on any reasonable terms and conditions. The Debtors submit that the most reasonable terms and conditions are those charged by TS&S to the Debtors and other clients on a daily basis in a competitive market for legal services. Therefore, the Debtors and TS&S have agreed that TS&S shall be paid its customary hourly rates for services rendered that are in effect from time to time, as set forth in the Togut Affidavit, and it shall be reimbursed according to TS&S's customary reimbursement policies.

38. The Debtors seek approval of the Application on an interim basis in order to provide parties an opportunity to object to the relief requested herein. If the Court approves the Application, and no objections are timely filed, the Debtors request that the Application be deemed granted on a final basis without further notice or hearing.

NOTICE

39. No trustee, examiner or creditors' committee has been appointed in the Debtors' chapter 11 cases.

WAIVER OF MEMORANDUM OF LAW

40. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Application pursuant to Local Bankruptcy Rule 9013-1(b).

41. No prior application for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto, authorizing the Debtors to employ and retain TS&S as attorneys for the Debtors effective as of the Commencement Date, and granting such further relief as is just and proper.

Dated: New York, New York
May 14, 2003

ALLEGIANCE TELECOM, INC., *et al.*

BY: /s/ Mark B. Tresnowski
Name: Mark B. Tresnowski
Title: Executive Vice President,
General Counsel and Secretary

Togut, Segal & Segal LLP
One Penn Plaza, Suite 3335
New York, New York 10119
(212) 594-5000
Albert Togut (AT-9759)
Neil Berger (NB-3599)

Co-Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
In re	:	
	:	Chapter 11 Case No.
Allegiance Telecom, Inc., <u>et al.</u> ,	:	03-_____ ()
	:	
Debtors.	:	Jointly Administered
	X	

**AFFIDAVIT OF ALBERT TOGUT IN SUPPORT OF
APPLICATION SEEKING ENTRY OF AN ORDER AUTHORIZING
THE EMPLOYMENT AND RETENTION OF TOGUT, SEGAL & SEGAL LLP
AS ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION**

Albert Togut, being duly sworn, hereby deposes and says:

1. I am the senior member of Togut, Segal & Segal LLP ("TS&S"), One Penn Plaza, New York, New York 10119. I am admitted to practice in the Southern District of New York and the Eastern District of New York.

2. I submit this Affidavit in support of the application (the "Application") of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), to retain TS&S, as their

attorneys in the above-captioned chapter 11 cases, at their normal hourly rates in effect from time to time and in accordance with their normal reimbursement policies, in compliance with sections 328(a), 329 and 504 of title 11 of the United States Code (the “Bankruptcy Code”), and to provide disclosure required under rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent any information disclosed herein requires amendment or modification upon TS&S’s completion of further review or as additional party-in-interest information becomes available to it, a supplemental affidavit will be filed with the Court reflecting such amended or modified information.

Disinterestedness of Professionals

3. Based on the conflicts search conducted to date by TS&S and described herein, to the best of my knowledge, neither TS&S, nor any partner, including myself, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their creditors or any other parties in interest, or their respective attorneys and accountants, nor with the United States Trustee for the Southern District of New York (the “United States Trustee”) or any person employed by the United States Trustee, except as disclosed herein.

4. TS&S is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the

Bankruptcy Code, in that TS&S, its partners, counsel and associates, except as disclosed herein:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not investment bankers for any outstanding security of the Debtors;
- c. have not been, within three years before the date of the filing of these chapter 11 cases, (i) investment bankers for a security of the Debtors or (ii) an attorney for such an investment banker in connection with the offer, sale or issuance of a security of the Debtors;
- d. are not and were not, within two years before the date of filing of these chapter 11 cases, a director, officer or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph; and
- e. do not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or an investment banker specified in subparagraph (b) or (c) of this paragraph, or for any other reason.

5. I am not related, and to the best of my knowledge, no attorney at TS&S is related, to any United States Bankruptcy Judge in the Southern District of New York or to the United States Trustee or any employee thereof.

6. Pursuant to section 327(c) of the Bankruptcy Code, TS&S is not disqualified from acting as the Debtors' counsel merely because it represents creditors, equity security holders, and/or other parties in interest in matters unrelated to these chapter 11 cases.

7. TS&S will periodically review its files during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, TS&S will use its reasonable efforts to identify any such further developments and will promptly file a supplemental affidavit as required by Bankruptcy Rule 2014(a).

8. As of the Commencement Date, TS&S was not owed any amounts by the Debtors for legal services rendered prior to the Commencement Date.

**TS&S's Connections With Parties In Interest
In Matters Unrelated To These Chapter 11 Cases**

9. TS&S and certain of its partners, counsel, and associates may have in the past represented, and may likely in the future will represent parties in interest of the Debtors in connection with matters unrelated to the Debtors and these chapter 11 cases. Annexed hereto as Exhibit "1" is, to the best of TS&S's knowledge, a list of the parties in interest provided by the Debtors. TS&S has reviewed that list for any connection it may have to the entities listed on Exhibit "1" annexed hereto and has found none except as more particularly described in paragraphs 10 and 11 below. The information listed on Exhibit "1" may change or be modified during the pendency of these chapter 11 cases. TS&S will update this affidavit when necessary if it becomes aware of material information.

10. TS&S represents Litigation, LLC, a special purpose entity that was created as an entity to hold and pursue avoidance claims in the post-confirmation cases

of Jacom Computer Services, Inc., (“Jacom”) *et al.*, Case No. 00-402719, *et seq.* (CB). Bank of America, which is one of the Debtors’ secured lenders, is the sole shareholder of Litigation, LLC. However, pursuant to the terms of the Plan of Reorganization in the Jacom case, it is not likely that there will ever be a shareholders’ equity in Litigation LLC in favor of Bank of America.

11. TS&S also serves as bankruptcy co-counsel to the Debtors in Enron Corp., *et al.*, Case Nos. 01-16034, *et seq.* (AJG). TS&S, on behalf of Enron Corp., has commenced adversary proceeding no. 02-03436 (AJG) against Bank of America to recover approximately \$123 million alleged to have been improperly seized from one of Enron’s bank accounts. That action is pending before Bankruptcy Judge Gonzales.

12. Although no conflict of interest exists between TS&S and Bank of America in its capacity as a secured lender of the Debtors, TS&S has determined to make these disclosures.

Services To Be Rendered

13. The professional services that TS&S will render to the Debtors during these chapter 11 cases may include, but shall not be limited to, the following:

- a. advise the Debtors regarding their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;
- b. attend meetings and negotiate with representatives of creditors and other parties in interest;
- c. take all necessary action to protect and preserve the Debtors’ estates, including prosecuting actions on the Debtors’ behalf,

defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including, but not limited to, objections to claims filed against the estates;

- d. prepare on the Debtors' behalf all motions, applications, answers, orders, reports and papers necessary to the administration of the estates;
- e. negotiate and prepare on behalf of the Debtors a plan of reorganization and all related documents;
- f. represent the Debtors in obtaining postpetition loans;
- g. advise the Debtors in with any potential sale of assets;
- h. appear before this Court and any appellate courts and protect the interests of the Debtors' estates before these Courts;
- i. consult with the Debtors regarding tax matters; and
- j. perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these chapter 11 cases.

Professional Compensation

14. TS&S received a \$100,000 retainer from the Debtors. TS&S has applied the retainer to services rendered and expenses incurred prior to the date of the filing of the Debtors' Chapter 11 petition (the "Petition Date"). A precise disclosure of the application of the prepetition retainer and the amounts held by TS&S as of the Petition Date will be supplied in TS&S' first interim fee application for its postpetition services and expenses.

15. Subject to annual adjustment in January, in accordance with the firm's billing practices, the rates to be charged by TS&S for services to be rendered to the

Debtors shall be the same rates charged to other clients, which are currently in the range of \$550 to \$675 per hour for partners, and \$100 to \$470 per hour for paralegals and associates. TS&S intends to apply for compensation for professional services rendered in connection with these chapter 11 cases, subject to this Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), further Orders of this Court, and guidelines established by the United States Trustee on an hourly basis, plus reimbursement of actual and necessary expenses and other charges that TS&S incurs.

16. It is TS&S's policy to charge its clients for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel expenses, certain necessary secretarial and other overtime expenses, filing and recordation fees, long distance telephone calls, postage, express mail and messenger charges, computerized legal research charges and other computer services, expenses for "working meals" and telecopier charges. TS&S will charge the Debtors for these expenses in a manner and at rates consistent with those it generally charges its other clients and in accordance with the Local Rules. TS&S believes that it is fairer to charge these expenses to the particular client on whose behalf they are incurred rather than to increase its hourly rates and spread these expenses amongst all of its clients.

17. No promises have been received by TS&S nor by any partner, counsel or associate thereof as to compensation in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code. TS&S has no agreement with any other entity to share with such entity any compensation received by TS&S in connection with these chapter 11 cases.

18. TS&S further states pursuant to Bankruptcy Rule 2016(b) that it has not shared, nor agreed to share (a) any compensation it has received or may receive with another party or person, other than with the partners, counsel and associates of TS&S or (b) any compensation another person or party has received or may receive.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

/s/ Albert Togut
Albert Togut (AT-9759)

Subscribed and sworn to before me on
this 14th day of May, 2003
in New York, New York.

/s/ Scott E. Ratner
Notary Public
My Commission Expires: 3/9/06

EXHIBIT 2

Motions and Applications for Allegiance Telecom

Total number of parties: 54

Preferred Mode of Service: US Mail (1st Class)

Exhibit 2 - Allegiance Telecom Mailing

Svc Lst Name and Address of Served Party

3525	(CABS), FOCAL COMMUNICATIONS CORPORATION OF PA, ATTN: GENERAL COUNSEL, SUITE 1100, CHICAGO, IL 60601
3525	7388 SOUTH REVERE PARKWAY, STORNET INC., SUITE 1003, CENTENNIAL, CO 80112
3525	ATTN: LISA M GOLDEN, ESQ., JASPAN SCHLESINGER HOFFMAN LLP, 300 GARDEN CITY PLAZA, GARDEN CITY, NY 11530
3525	ATTN: CAROLYN S. SCHWARTZ, ESQ., OFFICE OF THE UNITED STATES TRUSTEE, 33 WHITEHALL STREET, 21ST FLOOR, NEW YORK, NY 10004
3525	ATTN: CHRIS DE LA CRUZ, AVAYA - CABS, 3410 MIDCOURT, SUITE 115, CARROLLTON, TX 75006-5066
3525	ATTN: CONTRACTS ADMINISTRATION, MCI WORLDCOM COMMUNICATIONS, 500 CLINTON CENTER DRIVE, BUILDING 4, CLINTON, MS 39056
3525	ATTN: CORPORATE TRUST ADMINISTRATION,, THE BANK OF NEW YORK, VAN K BROWN, FLOOR 21 WEST, NEW YORK, NY 10286
3525	ATTN: CRAIG FRICKE, XO COMMUNICATIONS, 11111 SUNSET HILLS, RESTON, VA 20190
3525	ATTN: DAVID GUTHAIM, ENTERPRISE FLEET SERVICES, 1550 ROUTE 23 NORTH, WAYNE, NJ 07470
3525	ATTN: DISTRICT DIRECTOR, INTERNAL REVENUE SERVICE, 290 BROADWAY, NEW YORK, NY 10007
3525	ATTN: ERNEST WILLIAMS, BROADWING COMMUNICATION SERVICES INC., 1122 CAPITAL OF TEXAS HWY SOUTH, AUSTIN, TX 78746
3525	ATTN: GENERAL COUNSEL, LEVEL 3 COMMUNICATIONS LLC - CABS, 1025 ELDORADO BLVD, BROOMFIELD, CO 80021
3525	ATTN: IRA S. DIZENGOFF, ESQ., AKIN GUMP STRAUSS HAUER FELD LLP, 590 MADISON AVENUE, NEW YORK, 10022
3525	ATTN: ISABEL MIRO, TEK TRADEMARK TELECOM, 2211 NORFOLK, SUITE 800, HOUSTON, TX 77098
3525	ATTN: J KEPNER JR/H VICENTE/D LADDIN, ARNALL GOLDEN GREGORY LLP, 2800 ONE ATLANTIC CENTER, 1201 W PEACHTREE STREET, ATLANTA, GA 30303-3450
3525	ATTN: JESSE H. AUSTIN, III, ESQ., PAUL HASTINGS JANOFSKY & WALKER LLP, 24TH FLOOR, 600 PEACHTREE STREET, NE, ATLANTA, GA 30308-2222
3525	ATTN: JIM LARAMY, VP LEGAL, DST OUTPUT, 5220 ROBERT J MATTHEWS PARKWAY, EL DORADO HILLS, CA 95762
3525	ATTN: JODI J. CARO, GENERAL COUNSEL, LOOKING GLASS NETWORKS INC., 1111 WEST 22ND STREET, SUITE 600, OAK BROOK, IL 60523
3525	ATTN: KENNETH JOHNS, GE CAPITAL FLEET SERVICES, 300 RIVERHILLS BUSINESS PARK, BIRMINGHAM, AL 35242
3525	ATTN: LISA C. BERRY, GENERAL COUNSEL, JUNIPER NETWORK, 1194 NORTH MATHILDA AVENUE, SUNNYVALE, CA 94089
3525	ATTN: MARK B. TRESNOWSKI, ESQ., ALLEGIANCE TELECOM, INC., 700 E BUTTERFIELD RD, SUITE 400, LOMBARD, IL 60148
3525	ATTN: MARK STACHIW, ALLEGIANCE TELECOM, INC., 9201 N CENTRAL EXPRESSWAY, DALLAS, TX 75231
3525	ATTN: MATTHEW A. CANTOR, ESQ., KIRKLAND & ELLIS, JONATHAN S HENES, ESQ, 153 EAST 53RD STREET, NEW YORK, NY 10022
3525	ATTN: NORMAN COLLINS, SALES VP, AT&T CORP., 1200 PEACHTREE STREET, ATLANTA, GA 30309
3525	ATTN: PAUL M. ROSENBLATT, ESQ., KILPATRICK STOCKTON LLP, SUITE 2800, 1100 PEACHTREE STREET, NE, ATLANTA, GA 30309-4530
3525	ATTN: RICK GOSHORN, GENERAL COUNSEL, ACTERNA, 12410 MILESTONE CENTER DRIVE, GERMANTOWN, MD 20876
3525	ATTN: WAYNE M. CARLIN, REGIONAL DIRECTOR, SECURITIES AND EXCHANGE COMMISSION, 233 BROADWAY, NEW YORK, NY 10279

Exhibit 2 - Allegiance Telecom Mailing

Svc Lst Name and Address of Served Party

3525	BANKRUPTCY UNIT, NEW YORK CITY DEPARTMENT OF FINANCE, 345 ADAMS STREET, 10TH FLOOR, BROOKLYN, NY 11201
3525	C/O MCI WORLDCOM COMMUNICATIONS, WORLDCOM ONNET DSL, A TTN: CONTRACTS ADMINISTRATION, 500 CLINTON CENTER DRIVE, BUILDING 4, CLINTON, MS 39056
3525	C/O MCI WORLDCOM COMMUNICATIONS, INTERMEDIA COMMUNICATIONS INC., ATTN: CONTRACTS ADMINISTRATION, 500 CLINTON CENTER DRIVE, BUILDING 4, CLINTON, MS 39056
3525	C/O MCI WORLDCOM COMMUNICATIONS, MFS TELECOM INC - CABS, ATTN: CONTRACTS ADMINISTRATION, 500 CLINTON CENTER DRIVE, BUILDING 4, CLINTON, MS 39056
3525	C/O MCI WORLDCOM COMMUNICATIONS, UUNET, ATTN: CONTRACTS ADMINISTRATION, 500 CLINTON CENTER DRIVE, BUILDING 4, CLINTON, MS 39056
3525	C/O STREAM REALTY PARTNERS, L.P., NCX OFFICE DEVELOPMENT, LP, 511 EAST JOHN CARPENTER HWY, SUITE 400, IRVING, TX 75062
3525	CARRIER SOLUTIONS FIN & ADMIN, SOUTHERN CALIFORNIA EDISON, ATTN: MARILYN WASSERMAN, 2244 WALNUT GROVE GO1 QUAD 2B, ROSEMEAD, CA 91770
3525	CORPORATE HEADQUARTERS, PEGASUS LOGISTICS GROUP, ATTN: ALAN GRAYSON, 612 E DALLAS RD, SUITE 100, GRAPEVINE, TX 76099-0370
3525	FPL FIBERNET LLC, FPL FIBERNET LLC - LINE COST, ATTN: GENERAL COUNSEL, JUNO BEACH, FL 33408
3525	GENERAL ATTORNEY - COU, BELL SOUTH GEORGIA, SUITE 4300, 675 W PEACHTREE ST, ATLANTA, GA 30375
3525	GENERAL COUNSEL - INTERCONNECTION QWEST, QWEST COMMUNICATIONS, LAW DEPARTMENT, 1801 CALIFORNIA ST, SUITE 4900, DENVER, CO 80202
3525	ICS ATTORNEY, BELL SOUTH FLORIDA, SUITE 4300, 675 W PEACHTREE ST, ATLANTA, GA 30375
3525	KMC TELECOM HOLDINGS, INC., KMC TELECOM XI LLC, ATTN: GENERAL COUNSEL, 1545 ROUTE 206, SUITE 300, BEDMINSTER, NJ 07921
3525	LEHIGH VALLEY, PA, VERIZON (BA-PA) - LINE COST,, VP & ASSOCIATE GENERAL COUNSEL, VERIZON WHOLESALE MARKETS, ARLINGTON, VA 22201
3525	LUCENT TECHNOLOGIES INC., 2601 LUCENT LANE, LISLE, IL 60532
3525	SBC CONTRACT ADMINISTRATION, AMERITECH - LEC SERVICES BILLING - CABS, ATTN: NOTICES MANAGER, FOUR BELL PLAZA, DALLAS, TX 75202-5398
3525	SBC CONTRACT ADMINISTRATION, PACIFIC BELL, ATTN: NOTICES MANAGER, FOUR BELL PLAZA, DALLAS, TX 75202-5398
3525	SBC CONTRACT ADMINISTRATION, SOUTHWESTERN BELL, ATTN: NOTICES MANAGER, FOUR BELL PLAZA, DALLAS, TX 75202-5398
3525	TAXATION AND FINANCE, NEW YORK STATE DEPARTMENT OF, BANKRUPTCY UNIT, PO BOX 5300, ALBANY, NY 12205-0300
3525	UNITED STATES ATTORNEY, 100 CHURCH STREET, 19TH FLOOR, NEW YORK, NY 10007
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (BA) - LINE COST, ALBANY, NY, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (BA) - LINE COST, BALTIMORE, MD, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (BA-NJ) - LINE COST, TRENTON, NJ, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (BA-SOUTH) - LINE COST, COCKYSVILLE, MD, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (GTE-CA) - LINE COST, INGLEWOOD, CA, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (GTE-SW) - LINE COST, ATLANTA, GA, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201
3525	VP & ASSOCIATE GENERAL COUNSEL, VERIZON (GTE-SW) - LINE COST, DALLAS, TX, WHOLESALE MARKETS, 1515 N COURT HOUSE ROAD, ARLINGTON, VA 22201

Subtotal for this group: 54