

KIRKLAND & ELLIS LLP
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

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

**REVISED AFFIDAVIT OF JERRY BOROWICK IN SUPPORT OF THE
APPLICATION FOR ORDER AUTHORIZING THE RETENTION
AND EMPLOYMENT OF KPMG LLP AS ACCOUNTANTS, AUDITORS
AND BANKRUPTCY COMPLIANCE ADVISORS TO THE DEBTORS NUNC PRO
TUNC AS OF JUNE 30, 2003 (FOR NOVEMBER 7, 2003 HEARING)**

State of Texas)
City of Dallas) ss:

I, Jerry Borowick, being duly sworn, depose and say:

1. I am a Certified Public Accountant and a partner of KPMG LLP, a professional services firm. KPMG LLP is the United States member firm of KPMG International, a Swiss association. I submit this revised Affidavit on behalf of KPMG LLP in support of the application (the "Application") of Allegiance Telecom, Inc. ("Allegiance") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for entry

of an order, pursuant to sections 327(a) and 328 of the Bankruptcy Code,¹ Bankruptcy Rules 2014(a) and 2016 and the Local Rules for the United States Bankruptcy Court for the Southern District of New York, authorizing the retention and employment of KPMG LLP as accountants, auditors and bankruptcy compliance advisors to the Debtors. I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.²

QUALIFICATIONS OF PROFESSIONALS

2. KPMG LLP is a firm of independent public accountants as defined under the Code of Professional Conduct of the American Institute of Certified Public Accountants.

3. The Debtors have selected KPMG LLP as their accountants and financial advisors because of the firm's diverse experience and extensive knowledge in the fields of accounting, taxation and bankruptcy.

4. The Debtors have employed KPMG LLP as accountants and financial advisors since 2002. By virtue of its prior engagement, KPMG LLP is familiar with the books, records, financial information and other data maintained by the Debtors and is qualified to continue to provide accounting and financial advisory services to the Debtors. As such, retaining KPMG LLP is an efficient and cost effective manner in which the Debtors may obtain the requisite services.

5. KPMG LLP's engagement letter (attached) with the Debtors for the services rendered or to be rendered post-petition is dated July 22, 2003. KPMG LLP provided services in

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Application.

² Certain of the disclosures herein relate to matters within the knowledge of other professionals at KPMG LLP.

connection with its review of the Debtors' filing with the Securities and Exchange Commission for the quarter ended June 30, 2003. KPMG LLP expended approximately 100 hours before July 22, 2003.

6. In addition, the Debtors need assistance in collecting, analyzing and presenting accounting, financial and other information in relation to these chapter 11 cases. KPMG LLP has considerable experience with rendering such services to debtors and other parties in numerous chapter 11 cases. As such, KPMG LLP is qualified to perform the work required in these cases.

SERVICES TO BE RENDERED

7. As stated in the attached engagement letter, KPMG LLP anticipates that during these cases, it will render the services identified in paragraph a. below and if requested, the services identified in paragraphs b. and c. below:

a. Accounting and Auditing Services

- i. Audit and review examinations of the financial statements of the Debtors as may be required from time to time;
- ii. Analysis of accounting issues and advice to the Debtors' management regarding the proper accounting treatment of events;
- iii. Assistance in the preparation and filing of the Debtors' financial statements and disclosure documents required by the Securities and Exchange Commission;
- iv. Assistance in the preparation and filing of the Debtors' registration statements required by the Securities and Exchange Commission in relation to debt and equity offerings;
and
- v. Performance of other accounting services for the Debtors as may be necessary or desirable.

b. Tax Advisory Services

- i. Review of and assistance in the preparation and filing of any tax returns;

- ii. Advice and assistance to the Debtors regarding tax planning issues, including, but not limited to, assistance in estimating net operating loss carryforwards, international taxes, and state and local taxes;
- iii. Assistance regarding transaction taxes, state and local sales and use taxes;
- iv. Assistance regarding tax matters related to the Debtors' pension plans;
- v. Assistance regarding real and personal property tax matters, including, but not limited to, review of real and personal property tax records, negotiation of values with appraisal authorities, preparation and presentation of appeals to local taxing jurisdictions and assistance in litigation of property tax appeals;
- vi. Advice and assistance on the tax consequences of proposed plans of reorganization, including, but not limited to, assistance in the preparation of Internal Revenue Service ("IRS") ruling requests regarding the future tax consequences of alternative reorganization structures;
- vii. Assistance regarding any existing or future IRS, state and/or local tax examinations; and
- viii. Other consulting, advice, research, planning or analysis regarding tax issues as may be requested from time to time.

c. Bankruptcy Compliance Services

- i. Analysis and consultation regarding financial information or filings as required by the Bankruptcy Court or the Office of the United States Trustee, including but not limited to schedules of assets and liabilities, statement of financial affairs, mailing matrix and monthly operating reports;
- ii. Assistance with implementation of bankruptcy accounting procedures as required by the Bankruptcy Code and generally accepted accounting principles, including, but not limited to, Statement of Position 90-7;
- iii. Assistance in preparing documents necessary for confirmation;
- iv. Attendance, if necessary at meetings with bank lenders, creditors and any official or informal committees;
- v. Other such functions as requested by the Debtors or its counsel to assist the Debtors in its business and reorganization.

8. The Debtors have filed motions to retain Greenhill & Co., LLC ("Greenhill") as its financial advisors and Impala Partners, LLC ("Impala") as its chief restructuring officer. The services to be provided by KPMG LLP will not be duplicative of those provided by Greenhill or

Impala, and KPMG LLP will coordinate any services performed at the Debtors' request with the services of Greenhill, Impala and any other financial advisors and counsel, as appropriate, to avoid duplication of effort.

9. Subject to this Court's approval of the Application, KPMG LLP is willing to serve as the Debtors' accountants, auditors and bankruptcy compliance advisors and to perform the services described above.

DISINTERESTEDNESS OF PROFESSIONALS

10. Based upon information supplied by the Debtors' counsel, KPMG LLP searched its client database from 1999 and forward to identify any connection or relationship with the entities set forth on Exhibit A attached hereto.

11. KPMG LLP does not hold or represent an interest adverse to the estates that would impair KPMG LLP's ability to objectively perform professional services for the Debtors, in accordance with section 327 of the Bankruptcy Code.

12. KPMG LLP 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, to the best of my information and belief, KPMG LLP:

- a. is not a creditor, an equity security holder, or an insider of the Debtors;
- b. is not and was not an investment banker for any outstanding security of the Debtors;
- c. has not been within three years before the commencement of these chapter 11 cases, an investment banker for a security of the Debtors or an attorney for such investment banker in connection with the offer, sale or issuance of a security of the Debtors;
- d. is not and was not, within two years before the commencement of these chapter 11 cases, a director, officer or employee of the Debtors or of an investment banker of the Debtors; and
- e. does 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 of the Debtors or for any other reason.

13. Prior to the Commencement Date, KPMG LLP was owed, for professional services rendered, approximately \$146,000 by the Debtors. Upon entry of an order approving the retention and employment of KPMG LLP by the Debtors, KPMG LLP will waive any right to recover amounts owed to it by the Debtors for prepetition services.

14. To the best of my knowledge, except as set forth herein and in Exhibit B attached hereto and incorporated herein by reference, (a) KPMG LLP has no connections with the creditors, any other party-in-interest, or their respective attorneys and accountants; and (b) the KPMG LLP partners and professionals working on this matter are not relatives of the United States Trustee of the Southern District of New York or of any known employee in the office thereof, or any United States Bankruptcy Judge of the Southern District of New York. The only entity listed on Exhibit B whose fees constitute more than 1% of KPMG LLP's revenues is Worldcom, Inc.

15. KPMG LLP performs certain estate planning and tax services for Royce J. Holland and Thomas M. Lord, who are officers and directors of the Debtors. During the course of the Chapter 11 cases, KPMG LLP will continue to perform such estate planning and tax services for Holland and Lord. KPMG LLP also will provide tax services to the Debtors relating to tax basis calculations, state and federal NOL carry forwards, cancellation of indebtedness and IRC section 382 limitations on NOL carry forwards. The Debtors currently do not plan on using KPMG LLP on any other tax projects. KPMG LLP has established and implemented an ethical wall, which acts to prevent any interaction or dissemination of information between those employees representing the Debtors and those employees representing Holland and Lord. In accordance with the ethical wall, no employees of KPMG LLP who are providing services to the Debtors will provide any services to Holland or Lord.

Likewise, no employees of KPMG LLP who are providing services to Holland or Lord will provide services to the Debtors.

16. KPMG LLP has in the past been retained by, and presently and likely in the future will provide services for, certain creditors of the Debtors, other parties-in-interest, and their respective attorneys and accountants in matters unrelated to such parties' claims against the Debtors or interests in these chapter 11 cases. KPMG LLP currently performs or has previously performed such services for the entities listed in Exhibit B.

17. KPMG LLP has not provided, and will not provide, any professional services to any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these chapter 11 cases.

18. KPMG LLP is the United States member firm of KPMG International, a Swiss association of member firms, each a separate legal entity, located worldwide. Only KPMG LLP is being retained in this matter. KPMG LLP has not performed a comprehensive global search for potential relationships between the other KPMG International member firms and the Debtors, other parties-in-interest, and their respective attorneys and accountants. KPMG LLP cannot assure that an engagement will not be accepted by a foreign member firm of KPMG International for another party that may bear upon KPMG LLP's engagement by the Debtors.

19. As part of its practice, KPMG LLP appears in many cases, proceedings, and transactions involving many different law firms, financial consultants, and investment bankers in matters unrelated to this bankruptcy. KPMG LLP has not identified any material relationships or connections with any law firm, financial consultant or investment banker involved in these chapter 11 cases that would cause it to be adverse to the Debtors, the Debtors' estates, any creditor or any other party-in-interest.

20. If and when additional information becomes available with respect to any other relationships which may exist between KPMG LLP, foreign member firms of KPMG International, or their partners and professionals and the Debtors, creditors, or any other parties-in-interest which may affect these cases, supplemental affidavits describing such information shall be filed with this Court.

PROFESSIONAL COMPENSATION

21. KPMG LLP’s requested compensation for professional services rendered to the Debtors will be based upon the hours actually expended by each assigned staff member at each staff member’s hourly billing rate except as noted below. The Debtors have agreed to compensate KPMG LLP for professional services rendered at its normal and customary hourly rates.

22. In the normal course of business, KPMG LLP revises its hourly rates on October 1 of each year. KPMG LLP requests that the rates listed below be revised to the hourly rates that will be in effect at such time. The customary hourly rates for accounting, tax advisory and consulting services to be rendered by KPMG LLP and applicable herein are as follows:

Auditing and accounting services:	
Partners	\$450-\$650
Directors/Senior Managers/Managers	\$325-\$500
Senior/Staff Accountants	\$175-\$360
Paraprofessionals	\$120
Tax services	
Partners/Principals Managing Directors	\$500 - \$750
Directors/Senior Managers/Managers	\$375 - \$675
Senior/Staff Consultants	\$175 - \$390
Paraprofessionals	\$120

Bankruptcy compliance services	
Partners	\$540 - \$600
Directors/Senior Managers/Managers	\$360 - \$510
Senior/Staff Consultants	\$180 - \$330
Paraprofessionals	\$120

23. The rates included in this Application are KPMG LLP's normal and customary rates for matters of this sort.

24. KPMG LLP will also seek reimbursement for reasonable and necessary expenses incurred, which shall include travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

25. KPMG LLP intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. KPMG LLP has agreed to accept as compensation such sums as may be allowed by the Court. KPMG LLP understands that interim and final fee awards are subject to approval by this Court.

26. During the 90-day period preceding the commencement of these cases, KPMG LLP received \$375,500.00 for services rendered relating to accounting, auditing and tax advisory services. I believe that substantially all of the payments noted above were received in the ordinary course of business which existed between KPMG LLP and the Debtors prior to commencement of these cases. In addition, unpaid fees, as of the petition date, as noted in Paragraph 12 above, constitute new value and would offset any potential claim for preferences under section 547 of the Bankruptcy Code. To the extent that the Application is granted and to the extent that these payments are ultimately found to be preferential transfers under section 547

(b) of the Bankruptcy Code pursuant to a final order or judgment, KPMG LLP agrees to refund such amounts to the Debtors and waive any prepetition claim that it may have as a result.

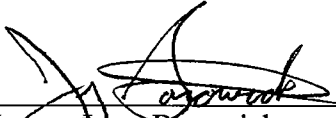
27. In accordance with section 504 of the Bankruptcy Code, I hereby state that there is no agreement or understanding between KPMG LLP and any other entity, other than a member, partner or regular associate of KPMG LLP, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

28. This affidavit is provided in accordance with section 327 of the Bankruptcy Code and Bankruptcy Rule 2014.

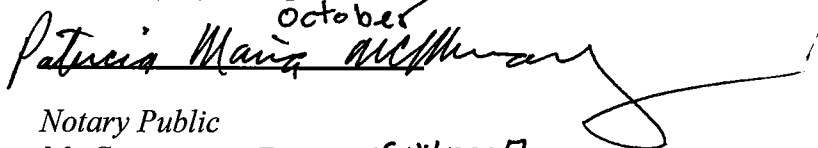
29. To the extent any information disclosed herein requires amendment or modification upon KPMG LLP's completion of further review or as additional information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

30. I have read the Affidavit, and, to the best of my knowledge, information and belief, the contents of said Affidavit are true and correct.

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


Name: Jerry Borowick
Title: Partner

Subscribed and sworn to before me
this 30th day of ~~September~~ ^{October} 2003.



Notary Public

My Commission Expires: 05/14/2007

NOTARY PUBLIC

State of Texas, County of Dallas

Registration No. 12455997-7

EXHIBIT A

This information is being provided in connection with the Affidavit of Jerry Borowick in support the Application for Order Authorizing the Retention and Employment of KPMG LLP as Accountants, Auditors and Bankruptcy Compliance Advisors to the Debtors. The following names were compared to its client database from 1998 and forward to identify any connection or relationship:

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.

Officers/Directors

Andrew D. Lipman
Annie S. Terry
Anthony J. Parella
C. Daniel Yost
Christine Kornegay
Deborah Surrette
G. Clay Myers
J. Timothy Naramore
Jacob J. Goldberg
James E. Crawford, III
James N. Perry, Jr.
John C. Bevilacqua
John F. Wassenbergh
Royce J. Holland
Kenneth C. Close
Kevin Joseph
Kieran Athy
Lawrence E. Strickling
Mark A. Stachiw
Mark B. Tresnowski
Melanie Haratunian
Mitchell Romm
Paul J. Finnegan
Reed E. Hundt
Richard H. Anderson
Royce J. Holland
Sanjeev Sethi
Thomas M. Lord

Professionals

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

Major Litigants

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
Caribbean 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-P Card
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

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.
LINC Receivables
Looking Glass Networks, Inc.
Metromedia Fiber Network Service, Inc.
RCN Telecom Services, Inc.
Sony Financial Services
Sprint Communications Company
Telecom. Finance Grp. Of Siemens
Carrier Networks LLC
United Capital

Secured Lenders

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 Corp
Cobank
Credit Suisse First Boston
Dresdner Bank
Fleet
Fortis Bank
Gryphon Master Fund, LP
IBM Credit Corporation
ING Capital Corp.
Langley Partners, LP
Morgan Stanley Emerging
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
Portland Community College
Rhode Island College
Southern Illinois University
Southwest Preparatory

Major Bondholders

Acuity Mutual Insurance Company
Allianz of America, Inc.
Ariel Capital Management
American Express Financial Corp.
Atlantic Security Bank
Blackrock Financial Management, Inc.
Canyon Capital
Cardinal Investments
Chase Manhattan Bank
Chubb Asset Managers, Inc.
Circle T. Partners
Clarion
Everett Investment Co. L.P.
EWR Investments
Federated Investors, Inc.
Fidelity Management & Research Company
First National Bank of Wahoo
Franklin Advisers, Inc.
Goldman Sachs Asset Management
Gryphon Capital Corp., LLC
Pilgrim Partners
Hartford Investment Management Company, Inc.

High View Capital Management
HL Chapman Investments Ltd.
Indosuez Capital
Ingalls & Snyder
Julius Baer Asset Management
Kaiser-Francis Oil Company
Kingdon Capital Management
Lehman Brothers Inc.
Manufacturers & Traders Trust Co.
Merchant Securities
MM&B Holdings LLC
Nationwide Provident
Piedmont Partners
Pioneer Insurance Group
Plains LTD
Spectrum Advisory Services, Inc.
Putnam Investment Management
Ricco Family Partners
Royce & Associates, LLC
Sanibel L.P.
Tejas Securities Group
TJK Partners Inc.
U.S. Bancorp Asset Management, Inc.
W.R. Huff Asset Management
AJM Holdings
Alexander Capital Management
Allian of America, Inc.
Atlantic Security Bank
American Express Financial
Management
Bank of Butterfield Bermuda
Bank of Montreal
Bedrock Capital Management
Bourgeon Partners
Cardinal Partners
CIBC Oppenheimer
Clam Partners (Credit Lyonnais Asset
Management)
Credit Suisse Asset Management, LLC
Crow Public Securities
CRT Capital Group
CTAS Brpadstreet LTD
Conseco Capital Management, Inc.
Delaware Investment Advisers, Inc.
DKR Saturn Event Driven Holding Fund
Ltd.

Eruoclear Main Account
F&C Management Limited
GLG Partners
Goldman Sachs Asset Management
I.G. Investment Management, Ltd.
Lap Investments
Mediolanum Gestione Fondi S.P.A.
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
PIMCO Advisors, LP
Romulus Holdings Inc.
Silver Point Capital Management
The Jonathan Stanton Co. Inc.
Trenton Capital Management
Trident Trust Co.
VDL Partners

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
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
 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.

Shareholders

Aaron Fleck & Associates, L.L.C.
 Abbey National Asset Managers Plc.
 Aggregate Short Position
 AIG Global Investment Group, Inc.
 Alliance Capital Management L.P.
 Altamira Management Limited
 American Express Financial Advisors
 Andrew Lipman
 Anthony Parella
 Banc of America Capital Management,
 Inc.
 Banc One Investment Advisors
 Corporation
 Bank Invest A/S
 Barclays Global Investors
 Bartlett & Company
 Bear Stearns Asset Management, Inc.
 Bear, Stearns & Co, Inc.
 BNY Asset Management
 Botti Brown Asset Management, L.L.C.
 California Public Employees'
 Retirement System
 Callisto Capital Management, Inc.
 Charles Daniel Yost
 Charles Schwab Investment
 Management
 Charlotte Capital, L.L.C.
 Chilton Investment Company, Inc.
 CIBC World Markets Corp.
 Citadel Investment Group, L.L.C.
 City Capital, Inc.
 CNA A Financial Corp.
 Coldstream Capital Management
 College Retirement Equities Fund
 Conning Asset Management Co.
 D.A. Davidson & Company
 David L. Babson & Co., Inc.
 Davidson Investment Advisors
 Delta Lloyd Investment Managers
 GmbH
 Deltec Asset Management Corp.

Deltec Asset Management L.L.C.
Deutsche Asset management (Japan)
Ltd.
Deutsche Asset Management Americas
Deutsche Asset Management
International GmbH
Dimensional Fund Advisors, Inc.
Empire Capital Partners, L.P.
Evergreen Institutional Asset
Management
Firsthand Capital Management, Inc.
Fleet Investment Advisors, Inc.
Florida State Board of Administration
Formula Growth Limited
Frank Russell Investment Management
Co.
Frontenac Funds
G.W. & Wade, Inc.
Gabelli Asset Management Company
General Motors Asset Management, Inc.
Goldman Sachs & Company
Great-West Life & Annuity Insurance
Company
Gruber & McBaine Capital Management
Helix Investment Partners, L.P.
Hellman, Jordan Management Co.
Henderson Global Investors Ltd.
Hermes Investment Management Ltd.
Hoffman Capital Partners, L.L.C.
Hull Trading Company, L.L.C.
IBM Retirement Funds
INVESCO Asset Management Limited
INVESCO Capital Management, Inc.
INVESCO Funds Group, Inc.
J.P. Morgan Fleming Asset Mgmt U.S.
(Texas)
J.P. Morgan Investment Mgmt. Inc.
J.P. Morgan Private Bank
J.P. Morgan Securities, Inc.
James Crawford
James N. Perry
Jennison Associates LLC
JHC Capital Management, LLC
Thomas M. Lord
Kleinheinz Capital Partners, Inc.
Langley Capital Management

Legal & General Investment
Management Ltd.
Legg Mason Capital Management, Inc.
Legg Mason Wood Walker, Inc.
Libra Securities
Lloyds TSB Bank PLC
Los Angeles Capital Management &
Equity Research
Lotsoff Capital Management
Lyndhurst Associates
Madison Dearborn
Manufacturers Advisers Corporation
Mark Tresnowsk
Mellon Bank (Private Asset
Management)
Merrill Lynch & Company
Merrill Lynch Investment Managers
(NJ)
Metropolitan Life Insurance Co.
MFS Investment Management
Montgomery Asset Management, L.P.
Morgan Stanley Advisors, Inc.
Munder Capital Management
National City Investment Management
Company
Neuberger Berman, LLC
New York State Teachers' Retirement
System
Newberger Berman, LLC (Oscar Capital
Mgmt.)
Next Century Growth Investors, L.L.C.
Northern Trust Global Investments
Northern Trust Investments, Inc.
Ohio Public Employees' Retirement
System
Olive Hill Investments
Oppenheimer Funds, Inc.
Optimum Investment Advisors
OverHill Investment
Palo Alto Investors
PanAgora Asset Management
Paragon Capital Management
Parametric Portfolio Associates, Inc.
Paul Finnegan
Perpetual Portfolio Management Limited
PNC Advisors

Polar Capital Partners
ProFund Advisors, L.L.C.
Qwest Asset Management Col
RBC Capital Markets
Reed Hundt
RegentAtlantic Capital, L.L.C.
Reich & Tang Asset Management, LLC
Robeco Group
Robur Kapitalforvaltning
Royal Trust Corporation of Canada
RS Investments
Rydex Global Advisors
Sawgrass Asset Management, LLC
Scepter Holdings, Inc.
Schroder Investment Management N.A.
(UK)
SEB Asset Management America Inc.
SG Cowen Securities Corporation
Shoreline Investment Management
Smith Barney Asset Management
SSI Investment Management Inc.
State Street Global Advisors
State Teachers Retirement System of
Ohio
Sterne Agee Asset Management Inc.
Straus Capital Management, L.L.C.
Strong Capital Management, Inc.
Suffolk Capital Management
TD Asset Management Inc.
Trilogy Advisors L.L.C.
U.S. Trust Corporation
UBS Warburg LLC
UFJ Partners Asset Management Co.,
Ltd.
Universal-Investment-Gesellschaft mbH
USAA Investment Management
Van Kampen Funds
Vanguard Group, Inc.
Veritas SG Investment Trust
Verizon Investment Mgmt. Corporation
Victory Gradison Capital Management
Victory SBSF Capital Management
Virginia Retirement System
Wachovia Securities
Weiss, Peck & Greer, L.L.C.
Wellington Management Company, LLP

Wells Fargo Bank, Iowa N.A.
Wells Fargo Bank, N.A.
Wesbanco Bank Wheeling
West Highland Capital Inc.
William Blair & Company, L.L.C.
Willow Creek Capital Management Inc.
WWW Advisor, Inc.

Beneficiaries of Letters of Credit

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

Significant Vendors

Daleen Solutions Inc.
Metromedia Fiber Network Inc.
MFS Telecom Inc.

Significant Customers

Genuity
SBC
Office Depot
TJX/Westboro
Center For Disease Control
New York Hospital
Cathedral Healthcare
City of Atlanta
NYCHA
Iron Mountain
Phila Police Association
San Joaquin Valley U.
Digital Federal Credit
Banner Health
Swiss Re Financial S
USARC

Major Competitors

BellSouth
McLeod
Time Warner Telecom

EXHIBIT B

This information is being provided in connection with the Affidavit of Jerry Borowick in support of the Application for Order Authorizing the Retention and Employment of KPMG LLP as Accountants, Auditors and Bankruptcy Compliance Advisors to the Debtors. KPMG LLP currently performs or has previously performed accounting, tax advisory or consulting services in matters unrelated to this chapter 11 case for the following entities:

Debtors

Allegiance Telecom, 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

Officers/Directors

Royce J. Holland
Thomas M. Lord

Professionals

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

Major Litigants

Goldman Sachs I and II
ICG Communications
J.L.M., Inc.
Payne, Robert B. and Barbara L.
State Farm Insurance Company

Top 40 Unsecured Creditors

Adtran Inc.
Alcatel, Inc.
Ameritech
Assured Industries
AT&T
Broadwing Communication Services
Inc.
DSET Corporation
EMC Corporation
Level 3 Communications LLC
Lucent Technologies
MCI Worldcom Communications
NEC America, Inc.
Nortel Networks Inc.
Pacific Bell
Power Conversion Products
Qwest
Southern California Edison
Southwestern Bell
Sprint

Sunbelt Telecommunications
System Services
The Point Group
Verizon

WorldCom Inc.
XO Communications
Hewlett-Packard

Creditors Under Capital Lease

Agreements

Metromedia Fiber Network Service, Inc.
CitiCapital (Fidelity Leasing)
Dell Financial Services
Deutsche Bank
Fiber Technologies Networks, L.L.C.
GE Capital Fleet Services
Grande Communications Networks, Inc.
Looking Glass Networks, Inc.
Sony Financial Services
Telecom. Finance Grp. Of Siemens
Carrier Networks LLC

Secured Lenders

UBS AG
Bank of America
Bank of Nova Scotia
Bayerische Hypo
CIT Lending Services Cor
Credit Suisse First Boston
Dresdner Bank
Fleet
Fortis Bank
IBM Credit Corporation
ING Capital Corp.
Morgan Stanley Emerging
Toronto Dominion
Union Bank of California
ABN Amro Bank
Bank Austria

Indenture Trustee

The Bank of New York

Beneficiaries of Performance Bonds

City of Seattle
Fallon Clinic, Inc.
Portland Community College

Rhode Island College
Southern Illinois University

Major Bondholders

Alexander Capital Management
American Express Financial
Management
Bank of Butterfield Bermuda
Bank of Montreal
Bedrock Capital Management
Cardinal Partners
CIBC Oppenheimer
CRT Capital Group
Delaware Investment Advisers, Inc.
DKR Saturn Event Driven Holding Fund
Ltd.
F&C Management Limited
GLG Partners
I.G. Investment Management, Ltd.
Lap Investments
Mediolanum Gestione Fondi S.P.A.
ML CBO
Mount Washington CBO
New York Life Insurance Company
PIMCO Advisors, LP
Romulus Holdings Inc.
The Jonathan Stanton Co. Inc.
VDL Partners
Acuity Mutual Insurance Company
Allianz of America, Inc.
American Express Financial Corp.
Atlantic Security Bank
Blackrock Financial Management, Inc.
Cardinal Investments
Chase Manhattan Bank
Clarion
EWR Investments
Federated Investors, Inc.
Fidelity Management & Research
Company
Franklin Advisers, Inc.
Hartford Investment Management
Company, Inc.
Ingalls & Snyder
Julius Baer Asset Management
Kaiser-Francis Oil Company

Lehman Brothers Inc.
Manufacturers & Traders Trust Co.
Merchant Securities
MM&B Holdings LLC
Nationwide Provident
Piedmont Partners
Pioneer Insurance Group
Putnam Investment Management
Royce & Associates, LLC
Tejas Securities Group
U.S. Bancorp Asset Management, Inc.

Landlords

111 Chelsea LLC c/o Insignia/ESG, Inc.
75-101 Federal St., L.L.C. c/o Equity
Office Properties Trust
AMB Property L.P.
Bank Building Limited Partnership
Boston Properties Limited Partnership
CalEast Industrial Investors, LLC,
Herndon Spring Park c/o CB Richard
Ellis
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.
Downtown Properties LLC
EOP Second and Spring, L.L.C. c/o
Equity Office Properties Trust
EOP Summit Limited Partnership
Equity Office Properties
Equity Office Properties Trust
Exchange Center Partnership c/o John J.
Roper Company
FRM Associates, LLC c/o Marquette
Plaza
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
Hitachi Electronic Devices

Hood Business Park LLC
Hudson Telegraph Associates
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
Lakeview Business Center
Massachusetts Mutual Life Insurance
Company c/o Transwestern Commercial
Services
Miami RPFIV Airport Corporate Center
Associates
Multi-Employer Trust/Riggs Bank c/o
Trammell Crow Company
Olympia Properties, L.L.C. c/o Jones
LaSalle Management Services, Inc.
Orange County Business Center LLC
Teachers Insurance & Annuity
Association of America c/o CB Richard
Ellis
The Irvine Company
Thomas Properties Group LLC
T-Pac Investments, Inc. c/o Essex Realty
Management
Trizec Holdings, Inc.
Wachovia Bank, N.A.
Electronic Data Systems Corporation
Rockside Square One c/o The King
Group
Touchstone Partners I LLC c/o
Integrated Real Estate Services, L.L.C.

Insurers

Marsh USA
Unimark Insurance Agency, Inc.

Shareholders

Goldman Sachs & Company
James Crawford

James N. Perry
J.P. Morgan Fleming Asset Mgmt U.S.
(Texas)
J.P. Morgan Investment Mgmt. Inc.
J.P. Morgan Private Bank
J.P. Morgan Securities, Inc.
American Express Financial Advisors
CIBC World Markets Corp.
Wachovia Securities
Abbey National Asset Managers Plc.
AIG Global Investment Group, Inc.
Alliance Capital Management L.P.
Banc One Investment Advisors
Corporation
Barclays Global Investors
Bartlett & Company
Bear Stearns Asset Management, Inc.
Bear, Stearns & Co, Inc.
California Public Employees'
Retirement System
Charles Schwab Investment
Management
Charlotte Capital, L.L.C.
Citadel Investment Group, L.L.C.
City Capital, Inc.
CNA A Financial Corp.
Conning Asset Management Co.
D.A. Davidson & Company
David L. Babson & Co., Inc.
Davidson Investment Advisors
Deltec Asset Management Corp.
Deltec Asset Management L.L.C.
Deutsche Asset management (Japan)
Ltd.
Deutsche Asset Management Americas
Deutsche Asset Management
International GmbH
Dimensional Fund Advisors, Inc.
Empire Capital Partners, L.P.
Fleet Investment Advisors, Inc.
Gabelli Asset Management Company
General Motors Asset Management, Inc.
Great-West Life & Annuity Insurance
Company
Gruber & McBaine Capital Management
Henderson Global Investors Ltd.

Hull Trading Company, L.L.C.
INVESCO Asset Management Limited
INVESCO Capital Management, Inc.
INVESCO Funds Group, Inc.
Jennison Associates LLC
Legg Mason Capital Management, Inc.
Legg Mason Wood Walker, Inc.
Libra Securities
Lloyds TSB Bank PLC
Madison Dearborn
Mellon Bank (Private Asset
Management)
Merrill Lynch & Company
Merrill Lynch Investment Managers
(NJ)
Metropolitan Life Insurance Co.
MFS Investment Management
Montgomery Asset Management, L.P.
Munder Capital Management
National City Investment Management
Company
Neuberger Berman, LLC
New York State Teachers' Retirement
System
Northern Trust Global Investments
Northern Trust Investments, Inc.
Ohio Public Employees' Retirement
System
Oppenheimer Funds, Inc.
Palo Alto Investors
Paragon Capital Management
PNC Advisors
Polar Capital Partners
Delta Lloyd Investment Managers
GmbH
BNY Asset Management
RBC Capital Markets
Reich & Tang Asset Management, LLC
Robeco Group
Royal Trust Corporation of Canada
Scepter Holdings, Inc.
Schroder Investment Management N.A.
(UK)
SG Cowen Securities Corporation
Smith Barney Asset Management
Sterne Agee Asset Management Inc.

Strong Capital Management, Inc.
TD Asset Management Inc.
U.S. Trust Corporation
UBS Warburg LLC
USAA Investment Management
Van Kampen Funds
Vanguard Group, Inc.
Veritas SG Investment Trust
Virginia Retirement System
Weiss, Peck & Greer, L.L.C.
Wellington Management Company, LLP
Wells Fargo Bank, Iowa N.A.
Wells Fargo Bank, N.A.
Wesbanco Bank Wheeling
William Blair & Company, L.L.C.
Willow Creek Capital Management Inc.

Beneficiaries of Letters of Credit

Hartford Fire Insurance Company
Touchstone Partners I LLC

Significant Vendors

Metromedia Fiber Network Inc.

Significant Customers

Banner Health
Cathedral Healthcare
City of Atlanta
Genuity
Iron Mountain
New York Hospital
NYCHA
Office Depot
SBC
Swiss Re Financial S
TJX/Westboro

Major Competitors

BellSouth
McLeod
Time Warner Telecom