

**EXHIBIT E**

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March 16, 2004

**VIA TELECOPY AND MAIL**

Michael B. Schaedle, Esq.  
Blank Rome LLP  
One Logan Square  
18th & Cherry Streets  
Philadelphia, PA 19103

Re: Allegiance Telecom, Inc., et al., Bankr. Case No. 03-13057 (RDD)

Dear Mike:

I have received your letter of March 16, 2004, which is so unsatisfactory as to strain all credulity. To recap:

On March 11, 2004, my partner Anne Falvey sent an e-mail to you and Mr. LoBello which stated:

As discussed, attached is a request for information related to the issue of adequate assurance of future performance by Level 3 with respect to the KMC Agreement. Given the filing deadline of March 22, please respond as soon as possible, but no later than the close of business on March 16. We would appreciate receiving documents and information on a rolling basis as you gather them. In addition, we are currently considering whether it is necessary to take depositions as well. To the extent you have any questions please phone Shelly Kohn (312) 853 7756 or Dana Kane at (212) 839 5514.

That e-mail attached the following document request:

**Discovery Material From Level 3**

a. Pro forma balance sheet, income statement, and cash flow statement for Level 3, assuming its acquisition of the Purchased Assets, for 2003 and 2004-05.

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- b. All financial projections and financial and other analyses related to operation of the Purchased Business
- c. All documents which refer or relate to traffic routing, port usage, or services to be provided in connection with operation of the Purchased Business
- d. All documents which refer or relate to potential substitution of ports, or services provided by KMC with ports or services otherwise available to Level 3
- e. All documents which refer or relate to "business downturn" as it may affect the Purchased Business or the KMC Agreement
- f. All documents which refer or relate to "competitive offer" as it may affect the Purchased Business or the KMC Agreement
- g. All communications with AOL which refer or relate to "business downturn" and all documents which refer or relate to such communications.
- h. All communications with Allegiance which refer or relate to "business downturn" and all documents which refer or relate to such communications.
- i. All communications with Allegiance which refer or relate to "competitive offer" and all documents which refer or related to such communications.
- j. All communications between Level 3 and Allegiance related to performance issues and all documents which refer or relate to such communications.
- k. All communications between Level 3 and Allegiance related to a migration plan and transition services with respect to the Purchased Business or the KMC Agreement and all documents which refer or relate to such communications.

I will not recount our various telephone conversations on the subject of document production, but it is apparent that the selected information which Level 3 deigns to share with us – and even then, only under the terms of a Non-Disclosure Agreement which would by its terms preclude use of the information in Court – is not remotely responsive to our request. As you know, KMC was not seeking only documents which might support Level 3's position, but ALL documents within the particular categories described above, subject to our mutual agreement to limit the scope to a relevant portion of the available documents in order to minimize the burden on the parties. It is further inexplicable why it took Level 3 FIVE DAYS to craft this response, and we can only conclude that this is part of a strategy of obstruction and delay.

It remains KMC's view, based on various conversations to date, that Level 3 is planning an anticipatory breach of the KMC contract which it seeks to assume, and under those circumstances, cannot show adequate assurance of future performance, among other numerous

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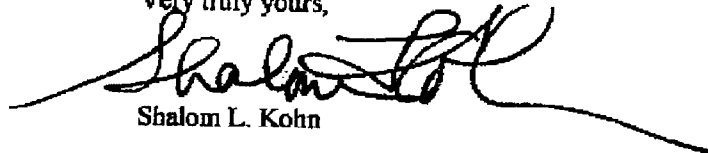
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problems with the Allegiance motion. The statements in your letter, with which we disagree, and the refusal of Level 3 to provide a reasonable and timely production responsive to our request – coupled with the inexplicable March 25 deadline for the transaction, which Level 3 and Allegiance have established, only tend to confirm that conclusion.

I will not take the time to review each of our requests to demonstrate its relevance to the motion now before the Bankruptcy Court, because it is apparent that Level 3 has no interest whatsoever in providing documents that will allow a full and fair hearing on the issues relevant to the assumption motion, if the parties are unable to reach a settlement.

Please call me if you believe that I am making any incorrect assumptions about Level 3's position or intentions, or if Level 3 is prepared to reconsider its position.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shalom L. Kohn", with a long horizontal flourish extending to the right.

Shalom L. Kohn

cc: William H. Stewart  
Alan Epstein, Esq.  
Anne Falvey, Esq.  
John G. Hutchinson, Esq.