

Ira S. Dizengoff (ID-9980)
Philip C. Dublin (PD-4919)
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, NY 10022
(212) 872-1000 (Telephone)
(212) 872-1002 (Facsimile)

Hearing Date: June 13, 2003
Hearing Time: 10:00 a.m.

Proposed Counsel to the Official Committee of Unsecured
Creditors of Allegiance Telecom, Inc., et al.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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	:	
In re:	:	Chapter 11
	:	
ALLEGIANCE TELECOM, INC., <u>et al.</u> ,	:	Case No. 03-13057 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	x	

**OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALLEGIANCE TELECOM, INC., ET AL., TO THE DEBTORS'
APPLICATION FOR AN ORDER UNDER SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT AND RETENTION OF
KIRKLAND & ELLIS AS ATTORNEYS FOR THE DEBTORS**

The Official Committee of Unsecured Creditors (the "Committee") of Allegiance Telecom, Inc., et al. (collectively, the "Debtors"), by and through its proposed counsel Akin Gump Strauss Hauer & Feld LLP ("Akin Gump"), hereby objects (the "Objection") to the Debtors' Application for an Order Under Sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") Authorizing the Employment and Retention of Kirkland & Ellis as Attorneys for the Debtors (the "Application"). In support of the Objection, the Committee respectfully submits as follows:

Preliminary Statement

The Application must be denied because Kirkland & Ellis is (i) not disinterested, (ii) represents interests adverse to these estates and (iii) has disabling conflicts. The Application and

the Cantor Affidavit (as defined below) fail to disclose Kirkland & Ellis's significant past and present connections to major parties in interest in these cases. This deficient disclosure is a blatant disregard of the Bankruptcy Code and Rules requirements which are designed to ensure that the Debtors receive impartial and independent advice from disinterested professionals.

Specifically, Kirkland & Ellis fails to disclose:

- its past representation of James N. Perry, Jr., a current member of the Debtors' Board of Directors (and the nature of that work);
- that certain of Kirkland & Ellis's partners have investments in private equity funds that own over 10% of the Debtors' equity;¹
- that three significant equity holders of the Debtors, all Kirkland & Ellis clients, account for over \$30 million of the annual fees paid to Kirkland & Ellis (although the Application does provide percentage revenue figures for two of the three equity holders); and
- that the Debtors' General Counsel is a former partner of Kirkland & Ellis, and the Application and Cantor Affidavit are similarly devoid of any discussion of the possible economic interest of the General Counsel in Kirkland & Ellis's financial performance.²

In addition, the Application and Cantor Affidavit disclose that Kirkland & Ellis was paid in excess of \$1.7 million in the past year. Of that amount, \$464,000 may be a preferential transfer avoidable by the estates.³ In the absence of further disclosure regarding the timing, method and history of these payments, it is not possible to assess whether such payments create an actual and present conflict of interest.

¹ Without further disclosure, it is not possible to know the economic significance of the individual Kirkland & Ellis partners' investments and whether the private equity funds the Kirkland & Ellis partners invested in have any interest in the Debtors.

² Mr. Tresnowski was a Kirkland & Ellis partner from 1992 to 1999. The usual and customary practice of large law firms is to repay the capital contributions of their partners over a period of time. Without additional disclosure, it is not possible to know Mr. Tresnowski's economic interest in Kirkland & Ellis's financial performance.

³ The Committee does not believe that monies paid by the Debtors as advanced payments are avoidable, but the Cantor Affidavit makes clear that \$464,000 was collected by methods other than advanced payments.

The most alarming aspect of these disclosure deficiencies is that the Committee was only able to uncover many of these facts because of Akin Gump's involvement in another case involving Kirkland & Ellis where the disclosures were, in fact, made. See the Affidavit of James A. Stempel (the "Stempel Affidavit"), attached hereto as Exhibit A, filed in In re Focal Communications Corporation chapter 11 case pending in Delaware. But for Akin Gump's role as committee counsel in Focal Communications (In re Focal Communications, Case No. 02-13709 (KJC)), these facts would have remained unknown to the entire creditor body.

Kirkland & Ellis's current and prior involvement with interested parties in these cases, the large fees paid to Kirkland & Ellis by the three equity holders, the receipt of a potential preference and the inadequate disclosure, may cause the firm to provide the Debtors with advice that is materially different from the advice the firm would provide the Debtors absent such entanglement. As such, Kirkland & Ellis cannot satisfy the disinterestedness requirements of the Bankruptcy Code, and thus, the Application should be denied.

Background

1. The Debtors, formed in 1997, are a facilities-based national local exchange carrier providing integrated telecommunications services to business, government and other institutional users in major metropolitan areas throughout the United States. A significant portion of the Debtors' equity is owned by a group of private equity investors, including Madison Dearborn Capital Partners II, and certain of its affiliates ("Madison Dearborn")⁴, Morgan Stanley Investment Management, and certain of its affiliates ("Morgan Stanley") and Frontenac Company and certain of its affiliates ("Frontenac"). As of March 6, 2002, these three entities held in the aggregate approximately 12.9% of the Debtors' outstanding equity.

⁴ The Application does disclose that a Kirkland & Ellis partner, William Kirsch, is the outside General Counsel to Madison Dearborn, and that he will not work on any matter for the Debtors. The Application is silent as to whether Mr. Kirsch will be working on behalf of Madison Dearborn in connection with these cases.

2. Paul J. Finnegan and James N. Perry, Jr., both managing directors of Madison Dearborn, have been members of the Debtors' Board of Directors since August, 1997. In addition, James E. Crawford, III, a managing director of Frontenac, has also been a member of the Debtors' Board of Directors since August 1997.

3. Prior to his employment by the Debtors in February 1999, Mark B. Tresnowski, the Debtors' Executive Vice President and General Counsel, was a partner at Kirkland & Ellis for seven years.

4. On May 14, 2003 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

5. Since the Petition Date, the Debtors have continued to operate and manage their business pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On the Petition Date, the Debtors filed the Application. By the Application, the Debtors seek to retain Kirkland & Ellis as their general bankruptcy attorneys to advise them with respect to all aspects of the chapter 11 cases.

7. In the Affidavit of Matthew A. Cantor in Support of Application Authorizing the Employment and Retention of Kirkland & Ellis as Attorneys for the Debtors (the "Cantor Affidavit"), Matthew A. Cantor, a partner at Kirkland & Ellis, discloses that for the period ended March 31, 2003 (i) Madison Dearborn represented approximately 2.26%, and (ii) Morgan Stanley represented approximately 3.70% of Kirkland & Ellis's gross revenues.

8. The Cantor Affidavit does not disclose that certain Kirkland & Ellis Partners own limited partnership interests in Madison Dearborn and Frontenac, with a total commitment in funds as of December 31, 2002, of approximately \$3,125,000. (Stempel Affidavit ¶ 13).

9. The Cantor Affidavit does not disclose that Kirkland & Ellis has represented James N. Perry, Jr. as an officer of Madison Dearborn, and a current member of the Debtors' Board of Directors in corporate and transactional matters. (Stempel Affidavit ¶ 16).

10. Additionally, the Cantor Affidavit discloses Kirkland & Ellis's representation of Frontenac in unrelated matters, but it does not disclose that as of June 30, 2002, Frontenac represented approximately .29% of Kirkland & Ellis's gross revenues. (Stempel Affidavit ¶ 11).

11. Also, on the Petition Date, the Debtors filed the application of Togut, Segal & Segal LLP ("Togut") Seeking the Employment and Retention of Togut as Attorneys for the Debtors, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code (the "Togut Application"). The Debtors seek to retain Togut to act as their attorneys to handle specific matters related to Madison Dearborn, Morgan Stanley, the Bank of America, Citicorp. and Verizon and other conflicts that may arise.

12. On May 28, 2003, pursuant to section 1102 of the Bankruptcy Code, the Office of the United States Trustee for the Southern District of New York appointed the Committee.⁵ Once appointed, the Committee retained Akin Gump as counsel to the Committee. The Committee also retained Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey") as its

⁵ The Committee is comprised of the following entities: BellSouth Telecommunications, Inc., Broadwing Communications Services Inc., LC Capital Master Fund, Ltd., Loeb Partners Corp., Nortel Networks Inc., Romulus Holdings, and the Bank of New York, as indenture trustee.

financial advisors and Communication Technology Advisors LLC (“CTA”) as its industry and technology advisors.⁶

Basis for Objection

13. Section 327(a) of the Bankruptcy Code provides that:

[T]he trustee, with the court’s approval, may employ, one or more attorneys. . . that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee’s duties under this title.

11 U.S.C. §327(a).

14. Section 101(14)(E) of the Bankruptcy Code defines a “disinterested person” as a person that, “does not have an interest materially adverse to the interest of the estate 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 debtor . . .” 11 U.S.C. § 101(14)(E).

15. Attorneys have an interest adverse to the estate and its creditors if they have, “either a meaningful incentive to act contrary to the best interests of the estate and its sundry creditors - - an incentive sufficient to place those parties at more than acceptable risk - - or the reasonable perception of one.” In re Granite Partners, L.P., 219 B.R. 22 (Bankr. S.D.N.Y. 1998) (citing In re Martin, 817 F.2d 175, 180 (1st Cir 1987)).

16. Courts have found that an adverse interest existed, for instance, where the professional person (i) had an attorney client relationship with the financial institutions employing members of the debtor’s board of directors; (ii) represented the debtor corporation’s officers in their individual capacities concurrently with their representation of the debtor, (iii) served as an officer and director of the debtor, (iv) was a prepetition creditor of the debtor’s

⁶ The Committee is currently drafting retention applications for Akin Gump, Houlihan Lokey and CTA, and the Committee expects to file such applications with this Court shortly.

estate and (v) was actually acting on behalf of a major equity holder of the estates. See e.g. In re Leslie Fay Cos., 175 B.R. 525 (Bankr. S.D.N.Y. 1994); In re Tauber on Broadway, Inc., 271 F.2d 766 (7th Cir.1959); In re Wells Benrus Corp., 48 B.R. 196 (Bankr. D.Conn. 1985); Sholer v. Bank of Albuquerque (In re Gallegos), 68 B.R. 584 (Bankr. E.D.Mich. 1986); In re Kendavis Indus. Int'l Inc., 91 B.R. 742 (Bankr. N.D.Tex. 1988).

17. In addition, Bankruptcy Rule 2014(a) requires professionals seeking employment in a bankruptcy case to submit an application that states, “all of the person’s connections with the debtor, creditors and any other party in interest. . . .” Federal Rules of Bankruptcy Procedure 2014(a). Rule 2014 disclosures “are to be strictly construed and failure to disclose relevant connections is an independent basis for the bankruptcy court to disallow fees or disqualify the professional from the case.” In re Enron Corp., 2003 WL 223455 (S.D.N.Y. 2003).

18. Finally, the receipt of a preferential payment by a debtor’s proposed counsel constitutes an actual conflict of interest. In re First Jersey Securities, Inc., 180 F.3d 504, 509 (3d Cir. 1999). As the Third Circuit recently held in Pillowtex, “when there has been a facially plausible claim of a substantial preference, the district court and/or the bankruptcy court cannot avoid the clear mandate of the statute by the mere expedient of approving retention conditional on a later determination of the preference issue.” In re Pillowtex, Inc., 304 F.3d 246, 255 (3d Cir. 2002).

19. Kirkland & Ellis holds interests adverse to these estates and their creditors, is not a “disinterested person” with respect to these cases as that term is defined under Bankruptcy Code, and has failed to disclose material and disabling conflicts with the Debtors’ equity holders, members of the Debtors’ Board of Directors and officers. As such, the Application should be denied.

20. The Committee is aware that certain Kirkland & Ellis partners have a direct personal interest in the economic performance of Madison Dearborn and Frontenac. Because it was not disclosed by Kirkland & Ellis or the Debtors, the Committee does not know which Madison Dearborn and Frontenac funds hold interests in the Debtors, or if partners at Kirkland & Ellis are investors in these funds. However, it is clear that certain Kirkland & Ellis partners, in their individual capacity, will suffer actual economic harm if they have an equity ownership interest in the Debtors, by virtue of their investment with Madison Dearborn and Frontenac, the value of which is reduced as a result of the outcome of these cases. Members of Kirkland & Ellis may also have a direct pecuniary interest in advocating a substantial recovery for prepetition equity interests, when it appears the Debtors are insolvent.

21. The Cantor Affidavit also fails to disclose that Kirkland & Ellis has represented James N. Perry, Jr., a member of the Debtors' Board of Directors. The omission is glaring because the Cantor Affidavit does disclose Kirkland & Ellis's representation of James E. Crawford, III, another Board member. These representations (of a current Board member and current equity holders) present a clear conflict of interest. Kirkland & Ellis may be precluded from zealously advocating and advising the Debtors with respect to a plan of reorganization that adversely impacts Kirkland & Ellis partners and their clients' economic interests.

22. In addition to holding substantial amounts of the Debtors' outstanding equity, Madison Dearborn and Morgan Stanley are individually and collectively significant clients of Kirkland & Ellis. According to the Cantor Affidavit, these two clients accounted for approximately 5.96% of Kirkland & Ellis's total fees received for the twelve month period ended March 31, 2003. According to the "AM Law 100," (The American Lawyer, July 2002), which provides an estimate of gross revenues for 100 of the largest law firms operating in the United

States for the year 2001, and is attached hereto as Exhibit B, Kirkland & Ellis's gross revenues for the year 2001 were approximately \$530 million. Assuming that Kirkland & Ellis's gross revenues remained steady through 2002 and into 2003, Madison Dearborn and Morgan Stanley paid Kirkland & Ellis approximately \$31,588,000 for the year ended March 31, 2003.⁷ If the undisclosed fees paid to Kirkland & Ellis by Frontenac⁸ are similarly calculated (based on Frontenac's payments for the twelve month period ended June 30, 2002), the total dollars paid to Kirkland & Ellis by the private equity shareholders, two of which hold seats on the Debtors' Board of Directors, jumps to \$33,125,000.⁹ Kirkland & Ellis's ability to counsel the Debtors with complete objectivity cannot be assured because of the significant revenue generated by these three equity holders.

23. Mark Tresnowski, the Debtors' General Counsel, was a partner at Kirkland & Ellis for seven years. The Cantor Affidavit fails to disclose the fact that Tresnowski was a member of Kirkland & Ellis approximately three years ago. Moreover, as a former capital partner in Kirkland & Ellis, Tresnowski may still be entitled to receive the capital he paid into the partnership. As a creditor of Kirkland & Ellis, Tresnowski would have a direct personal interest in Kirkland & Ellis's financial performance. This interest in Kirkland & Ellis's ability to generate fees would obviously be contrary to the preservation of value within these estates. This disclosure needs to be supplemented, at a minimum, to address these concerns.

24. Kirkland & Ellis is fatally conflicted in these cases and the retention of Togut as co-counsel cannot cure this defect. The Debtors seek to retain Togut ostensibly to mitigate any conflicts created by Kirkland & Ellis's other clients involvement in these cases. The Togut

⁷ $\$530,000,000 \times .0596 = \$31,588,000.00$

⁸ The Cantor Affidavit fails to disclose the annual revenues attributable to Frontenac. Frontenac is a significant equity holder in the Debtors, and has a representative on the Debtors' Board of Directors.

⁹ $\$530,000,000 \times .0625 = \$33,125,000.00$

retention would not obviate Kirkland & Ellis's inherent conflict - - conflicting duties to the estates and current and former clients. This reasonable perception of conflict renders Kirkland & Ellis unable to act as counsel to the Debtors.

25. In addition, the Cantor Affidavit discloses that Kirkland & Ellis received at least \$464,000 in the past year from the Debtors, which may represent a preferential transfer of the estates' assets to Kirkland & Ellis. The Cantor Affidavit fails to discuss the facts surrounding the timing or method of these potentially preferential transfers, and offers no independent analysis as to why these payments should not be considered preferences. This Court cannot find that Kirkland & Ellis is a disinterested person without further inquiry into the nature of these payments.

26. For these reasons, Kirkland & Ellis has an interest adverse to the Debtors' estates and unsecured creditors with respect to its proposed retention, is not disinterested and has not made complete disclosures. Accordingly, Kirkland & Ellis does not satisfy the standard for retention of attorneys under Section 327(a).

Waiver of Memorandum of Law

27. This Objection includes citations to the applicable authorities, and does not raise any novel issues of law. Accordingly, the Committee respectfully request that this Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

28. No application for the relief requested herein has been presented to this or any other court.

WHEREFORE, for all of the foregoing reasons, the Committee requests that this Court (i) deny the Application and (ii) grant the Committee such other and further relief as this Court deems just, equitable and proper.

Dated: New York, New York
June 11, 2003

**AKIN GUMP STRAUSS HAUER
& FELD LLP**

/s/ Ira S. Dizengoff _____
Ira S. Dizengoff (ID-9980)
Philip C. Dublin (PD-4919)
590 Madison Avenue
New York, New York 10022
(212) 872-1000

Proposed Counsel to the Official Committee of
Unsecured Creditors of Allegiance Telecom, Inc., et al.

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
Focal Communications Corporation, et al.,¹)	Case No. 02-13709 (KJC)
)	Jointly Administered
)	
Debtors.)	
)	

**AFFIDAVIT OF JAMES A. STEMPEL IN SUPPORT OF
APPLICATION TO RETAIN KIRKLAND & ELLIS AS SPECIAL
CORPORATE AND LITIGATION COUNSEL FOR THE DEBTORS**

State of Illinois)
) ss.
County of Cook)

I, James A. Stempel being duly sworn, state the following under penalty of perjury:

1. I am a partner in the law firm of Kirkland & Ellis (“K&E” or the “Firm”), located at 200 East Randolph Drive, Chicago, Illinois 60601. I am admitted to practice in the Supreme Court of Illinois, the United States District Court for the Northern District of Illinois and the United States Court of Appeals for the Third Circuit. I am authorized to submit this affidavit (the “Affidavit”) on K&E’s behalf. This Affidavit is submitted pursuant to Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure in support of the Application of

¹ The Debtors are the following entities: Focal Communications Corporation, Focal Communications Corporation of California, Focal Communications Corporation of Colorado, Focal Communications Corporation of Connecticut, Focal Communications Corporation of Florida, Focal Communications Corporation of Georgia, Focal Communications Corporation of Illinois, Focal Communications Corporation of Massachusetts, Focal Communications Corporation of Michigan, Focal Communications Corporation of the Mid-Atlantic, Focal Communications Corporation of Minnesota, Focal Communications Corporation of Missouri, Focal Communications Corporation of New England, Focal Communications Corporation of New Jersey, Focal Communications Corporation of New York, Focal Communications Corporation of Ohio, Focal Communications Corporation of Pennsylvania, Focal Communications Corporation of Texas, Focal Communications Corporation of Virginia, Focal Communications Corporation of Washington, Focal Communications Corporation of Wisconsin, Focal Financial Services, Inc., Focal International Corp., Focal Telecommunications Corporation, Focal Equipment Finance, LLC and Focal Fiber Leasing, LLC.

the above-captioned debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) for an order pursuant to section 327(e) of the Bankruptcy Code authorizing the employment and retention of K&E as special corporate and litigation counsel for the Debtors (the “Application”).

2. I am not related, and to the best of my knowledge, no attorney at the Firm is related, to any United States Bankruptcy Judge in this District or to the United States Trustee for such District or any employee thereof.

3. In connection with these Chapter 11 Cases,² the Debtors have requested court authorization to retain K&E as special corporate and litigation counsel. The Debtors currently seek to retain K&E, subject to the oversight and orders of this Court, to advise the Debtors and their Board of Directors with respect to the following matters:

- (a) evaluation, structure and documentation of such major corporate transactions as may be proposed during the course of these Chapter 11 Cases;
- (b) finance structure, terms and related documentation;
- (c) capital structure and related documentation;
- (d) tax matters;
- (e) litigation matters relating to MCI / Worldcom and StarNet Incorporated and other specific litigation matters that arise in which the Debtors have requested the services of K&E; and
- (f) corporate matters including, but not limited to, applicable securities laws compliance and other issues.

4. Since October 2001, K&E has represented the Debtors in connection with their corporate and restructuring efforts and, prior to that time, in connection with corporate,

² Capitalized terms used, but not defined herein, are as defined in the Application.

securities and tax matters, among others. In the course of its representations of the Debtors, K&E has become familiar with the Debtors' businesses and affairs and many of the legal issues that may arise.

5. The Firm 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 (except as otherwise disclosed herein) to the Debtors and these Chapter 11 Cases. K&E has searched on its electronic database for its connection to the entities listed on the exhibits attached to the Affidavit. The information listed on the exhibits may have changed without our knowledge and may change during the pendency of these Chapter 11 Cases. K&E will update this Affidavit when necessary and when K&E becomes aware of material information. The following is a list of the categories that K&E has searched:

- (a) Trustees/Underwriters of the Debtors listed on Exhibit A-1;
- (b) Parties to material executory contracts with the Debtors listed on Exhibit A-2;
- (c) Parties to material litigation with the Debtors listed on Exhibit A-3;
- (d) Bank lenders of the Debtors listed on Exhibit A-4;
- (e) Landlords of the Debtors listed on Exhibit A-5;
- (f) Insurers of the Debtors listed on Exhibit A-6;
- (g) Noteholders of the Debtors listed on Exhibit A-7;
- (h) Significant vendors of the Debtors listed on Exhibit A-8;
- (i) Directors and officers of the Debtors listed on Exhibit A-9;
- (j) Significant shareholders of the Debtors listed on Exhibit A-10;
- (k) Bank accounts of the Debtors listed on Exhibit A-11;
- (l) Secured creditors of the Debtors listed on Exhibit A-12;
- (m) Subsidiaries and affiliates of the Debtors listed on Exhibit A-13;
and

(n) Significant customers of the Debtors listed on Exhibit A-14.

6. K&E's conflicts search of the persons and entities listed on Exhibits A-1 to A-14 reveals, to the best of my knowledge, that K&E does not represent such persons and entities except as disclosed in Exhibit B or herein.

7. None of the representations described in Exhibit B are materially adverse to the interests of the Debtors or the Debtors' estates with respect to the matters on which K&E is to be employed. Moreover, pursuant to section 327(e) of the Bankruptcy Code, K&E is not disqualified from acting as the Debtors' special counsel merely because it represents creditors in unrelated matters.

8. Out of an abundance of caution, K&E is in the process of searching the affiliates of the top thirty (30) unsecured creditors and has disclosed any connections to K&E which K&E has determined to date. Because the composition of the list of the top 30 unsecured creditors has changed substantially over time, the search has not yet been completed. If additional connections to affiliates of the entities in the top 30 unsecured creditors (as that list is composed on the Petition Date) are ascertained, we will supplement this Affidavit as necessary. K&E will also do full affiliate searches for certain other entities listed Exhibits A-1 to A-14 if future circumstances make that appropriate. The search results of the affiliates of such entities that have been completed are listed in Exhibit B or herein.

9. K&E's conflicts search determined that Battery Ventures L.P. and Great Hill Partners Ventures L.P., both of whom are noteholders of the Debtors, are listed as clients of K&E; however, to date, K&E has neither performed any activities on behalf of, nor billed any time to, either party.

10. The spouse of a K&E associate, Debra G. O'Shea, is Vice President of Corporate Planning & Investor Relations at Focal Communications Corporation ("FCC") and possesses 354 vested options in FCC. Additionally, Michael Timmers, a K&E partner, directly owns 142 warrants in the Debtors. William S. Kirsch, a K&E partner, was a member of the board of directors of the Debtors prior to the Petition Date and currently holds the position of general counsel to Madison Dearborn Partners LLC.

11. In addition to the above, K&E represents Madison Dearborn Partners LLC and certain of its affiliates ("MDP") and Frontenac Company LLC and certain of its affiliates ("Frontenac") in various ongoing matters. This includes representation of companies in which such Convertible Noteholders of the Debtors have a significant investment. K&E's representation of MDP and Frontenac accounted for approximately 2.16% and 0.29%, respectively, of K&E fees received for the twelve month period ended June 30, 2002. Over the same period, K&E's representation of the Debtors' companies in which MDP and Frontenac have significant investments, accounted for approximately 0.01% of K&E's total fees. K&E has also represented multiple other companies in which MDP and Frontenac have had significant investments. K&E's representations of MDP and Frontenac do not create a disqualifying conflict with respect to K&E's representation of the Debtors in these Chapter 11 Cases. Each of MDP and Frontenac entered into a support agreement whereby they agreed to support a pre-arranged plan of reorganization expected to be filed in the next week. MDP and Frontenac will not be represented by K&E with respect to these Chapter 11 Cases (and are aware of and have no objections to K&E's representation of the Debtors in these Chapter 11 Cases).

12. Prior to the Petition Date, Randolph Street Partners IV ("Randolph"), an Illinois general partnership comprised of certain K&E partners, owned the following issued and

outstanding capital stock and notes of the Debtors: 132,813 shares of series A redeemable voting convertible preferred stock of FCC and a \$265,625 convertible term loan note of Focal Financial Services, Inc. Randolph's purchase of the preferred stock and notes occurred in October 2001. Moreover, to the best of my knowledge, as of the Petition Date, no K&E attorney owns any of the capital stock or debt securities of any of the Debtors, other than as described in paragraph 10 above.

13. In addition to the above, K&E Partners 2001 PEF, an Illinois general partnership comprised of certain K&E partners, owns a limited partnership interest in Madison Dearborn Capital Partners IV, L.P. and Frontenac Masters VIII, each a private equity fund which makes investments in a variety of companies. K&E Partners 2001 PEF has no management or control rights over these funds or their managing partners or members. Approximately \$80.1 million of the total commitment of MDP and Frontenac funds are invested in the Debtors. K&E Partners 2001 PEF's total commitment in the MDP and Frontenac funds is approximately \$3,125,000 (which is less than 1.5% of the total commitment to such funds). Thus, K&E Partners 2001 PEF holds less than 1.5% of the MDP and Frontenac funds' investments in the Debtors. Moreover, certain other K&E partner investment vehicles have direct and indirect investments in various other entities controlled by MDP and Frontenac.

14. Although these two funds hold only a de minimis position in the notes and preferred stock of the Debtors, K&E Partners 2001 PEF and Randolph will not vote or otherwise make any elections under any plan of reorganization in these Chapter 11 Cases.

15. K&E's conflicts search revealed that K&E currently represents Morgan Stanley Dean Witter ("MSDW"), a noteholder of the Debtors, in connection with a class action suit (the "Class Action") brought against several underwriters, including MSDW, and several issuers,

including the Debtors, in relation to certain initial public offerings. In the initial public offering at issue (the “Focal IPO”), MSDW was a member of a syndicate of underwriters (but not the lead underwriter) and the Debtors were the issuer. Both MSDW and the Debtors are co-defendants in the Class Action, and the Debtors are being represented by separate counsel. Pursuant to the Focal IPO, certain indemnification agreements were executed whereby members of the syndicate of underwriters may potentially be required to indemnify the Debtors for any costs arising out of the Focal IPO.

16. In addition to the above, K&E’s conflicts search revealed the following information related to certain of the Debtors’ directors:

- (a) K&E has represented James Crawford III in his capacity as an officer of Frontenac in corporate and transactional matters unrelated to the Debtors; and
- (b) K&E has represented James N. Perry, Jr. in his capacity as an officer of MDP in corporate and transactional matters unrelated to the Debtors.

17. The Debtors have and will retain various professionals during the pendency of these Chapter 11 Cases. The Debtors have currently retained or may later retain after the petition date the following professionals:

- (a) Donlin, Recano & Company, Inc. as notice and claims agent;
- (b) Ernst & Young LLP (“E&Y”) as auditor and accountant;
- (c) Miller, Buckfire, Lewis & Co. (“MBL”) as investment banker and financial advisor;
- (d) Pachulski, Stang, Ziehl, Young & Jones P.C. (“PSZYJ”) as general bankruptcy and reorganization counsel; and
- (e) Swidler, Berlin, Shereff, Friedman LLP (“Swidler”) as special regulatory counsel.

18. Over the years, K&E has worked with E&Y, MBL, PSZYJ and Swidler on numerous representations, at times representing the same parties and at other times representing parties with similar interests or parties with adverse interests.

19. K&E's conflicts search of the parties-in-interest listed on Exhibits A-1 to A-14 attached hereto (that K&E was able to locate using its reasonable efforts) reveals, to the best of K&E's knowledge, that certain of K&E's attorneys and paraprofessionals who previously worked at other law firms that represented certain potential parties-in-interest in these Chapter 11 Cases have not worked on matters relating to the Debtors' restructuring efforts while at K&E.

20. Based on the conflicts search conducted to date and described herein, to the best of my knowledge, neither I, K&E, nor any partner, of counsel or associate thereof, insofar as I have been able to ascertain, have any connection with the Debtors, their creditors or any other parties in interest, or their respective attorneys and accountants, and the United States Trustee or any person employed in the office of the United States Trustee, except as disclosed or otherwise described herein.

21. Subject to court approval under Section 330(a) of the Bankruptcy Code, compensation will be payable to K&E on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by the Firm. The hourly rates charged by K&E are consistent with the rates charged in non-bankruptcy matters of this type and are subject to periodic adjustments to reflect economic and other conditions.

22. 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 and may be adjusted by K&E

from time to time.³ It is K&E's policy to charge its clients in all areas of practice for all other expenses incurred in connection with a client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel expenses including airline upgrade certificates (when appropriate), certain secretarial and other overtime expenses, filing and recording 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 charges made generally to its other clients. K&E believes that it is more equitable to charge these expenses to the particular client rather than increasing the hourly rates and spreading the expenses among all clients.

23. To date, K&E has received approximately \$901,292.75 for its prepetition services for the approximately one year prior to the Petition Date. K&E received an advance payment retainer of approximately \$325,000 for its prepetition and postpetition services and expenses to be rendered or incurred for or on behalf of the Debtors. The Debtors have agreed that any portion of the advance payment retainer not used to compensate K&E for its prepetition services and expenses ultimately will be used by K&E to apply against other K&E bills, and will be placed in a segregated account.

24. As of the Petition Date, the Debtors do not owe K&E any amounts for legal services rendered before the Petition Date.

25. No promises have been received by K&E or by any partner, of 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

³ In particular, K&E anticipates that the regular hourly rates for some professionals and paraprofessionals working on these Chapter 11 Cases will increase on January 1, 2003.

entity to share with such entity any compensation received by K&E in connection with these Chapter 11 Cases.

26. K&E further states pursuant to Rule 2016(b) of the Federal Rules of Bankruptcy Procedure 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, of counsel and associates of K&E or (b) any compensation another person or party has received or may receive.

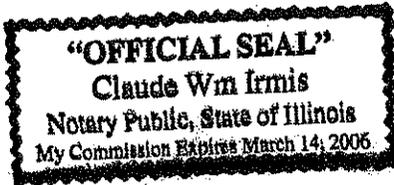
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 31st day of
December , 2002.

James A. Stempel
James A. Stempel, Esq.

Subscribed and sworn to before me
this 31st day of December, 2002

Claude Wm Irmis
Notary Public
My Commission Expires:



TO: Sal Bianchi 65th
KIRKLAND & ELLIS
FROM: JAMES STEMPEL
FAX: 312-861-2200
DATE: 12/31/02
PAGES: 1 (excluding cover page)

Exhibit A-1: Trustees/Underwriters

Trustees	Underwriters
BNY Midwest Trust Company	Morgan Stanley Dean Witter

Exhibit A-2: Executory Contracts

ATT-ANC	Norlight
ATT IP	Nortel Networks
ATT Local	Qwest
ATT Long Haul	Qwest\Col
Bell South	SBC Ameritech
Bell South	SBC Ameritech\Col
Cable & Wireless	SBC Pacific Bell
Con Ed Telecom	SBC Pacific Bell\Col
DSET Corporation	SBC South\Col
EGIX	SBC Southwest Bell
Electric Lightwave, Inc.	So. Ca. Edison
Empower Geographics	Sprint IP
FPL Fibrenet LLC	Sprint Wholesale
Frontier	Technet - Toll Free
Fujitsu	Technet Int'l
Global Crossing	Time Warner
Grande	UUNet IP
GST (Time Warner)	Verizon GTE
InfoNXX	Verizon North
Level 3/Colocation	Verizon North\Col
Level 3/Long Haul	Verizon South
LGN/Colocation	Verizon South\Col
Looking Glass Networks	WCOM (530 m)
MFN	Wiltel
MFN/Colocation	XO Communications

Exhibit A-3: Significant Litigation Counterparties

Credit Suisse First Boston Corp.	Robert Taylor, Jr.
Hugh O’Kane Electric Company, Inc.	Salomon Smith Barney Holdings, Inc.
James P. Ericson	Signature Electric Inc.
John Barnicle	The Bear Stearns Companies, Inc.
Joseph Beatty	The Goldman Sachs Group, Inc.
Merrill Lynch, Pierce, Fenner & Smith, Inc.	Thomas Kelly
Morgan Stanley Dean Witter & Co.	Thomas Weisel Partners LLC
Paramount Group, Inc.	Walter L. Falkowski
Paula Falkowski	

Exhibit A-4: Bank Lenders

Bank of America N.A.	IBM Credit Corporation
CIT Lending Services Corporation	LaSalle Bank National Association
Citadel Credit Trading LTD	Royal Bank of Canada
Citicorp USA, Inc.	Salomon Smith Barney
Credit Suisse First Boston	Wachovia Bank, N.A.
Goldman Sachs Credit Partners L.P.	

Exhibit A-5: Landlords

1120 Vermont Avenue Associates	Kinco Redhill, LLC
222 South Ninth Street Limited Partnership	Lexington Charles Limited Partnership
260 Franklin, Inc.	Mellon Bank, N.A.
7799 Leesburg Pike, L.P.	Metropolitan Life Insurance Company
AP-Prescott 5959, L.P.	Metroview Office LLC
BGI Holdings II, LLC	National Office Partners Limited Partnership
BPD International Bank	NeXcomm Asset Acquisition I, LP
Cousins Property Inc.	One Penn Plaza LLC
Crankbrook Realty Investment Fund, L.P., dba Sutter Square Associates, LLC a California limited partnership	Paramount Group Inc. as Agents for Old Slip Associates, LP
EOP-The Concourse, LLC	Semex, Inc.
Evergreen America Corporation of New Jersey	Stuart Gilbert Realty dba Eastgate Corporate Center LLC
FADCO, LLC	Ten Berg Limited Partnership and A-II Limited Partnership
Fortune Elk Grove LLC	Transwestern 200 North LaSalle, LLC
Halle Office Building Limited Partnership	Trizec Allen Center Limited Partnership
Hudson Telecom Center, LLC	Wells Fargo Bank as agent for Charter Holdings, Inc.
Independence Center Realty L.P. II	Zoro, LLC

Exhibit A-6: Insurance

Allied World Ins.Co LTD	Hartford
American Custom Ins	Insurance Company of the West
Chubb	Lexington
Clarendon National	Lloyds
Crum & Forster	Lumberman's Mutual
Empire	National Union Fire Insurance
Essex	National Union Fire Insurance Co. of Pittsburgh
Essez	Omaha Property & Casualty
Federal Insurance Company	Pacific Insurance
Fireman's Fund	Royal & SunAlliance
First Specialty	Royal Indemnity
Glencoe	Sheffield
Great American	State of Ohio
Great American Assurance Co./ Greenwich	State of Washington
Great Northern Insurance Greenwich	Travelers

Exhibit A-7: Noteholders

AEGON U.S.A. Investment Management	Florida State Board of Administration	Mid-Continent Capital
Allmerica Asset Management, Inc.	FMR Corp.	Morgan Stanley Dean Witter
Apollo Advisors, L.P.	Frontenac Company	Morgan Stanley Dean Witter
Apollo Advisors, L.P.	Frontenac Masters VIII Limited Partnership	Morgan Stanley Dean Witter
Bank of Montreal	Frontenac VIII Limited Partnership	Oppenheimer Funds, Inc.
Battery Investment Partners VI, LLC	Grantchester Securities / Dresdner Kleinwort Wasserstein	Oppenheimer Funds, Inc.
Battery Ventures	Great Hill Affiliate Partners II Limited	Perry Capital Corp.
Battery Ventures III, L.P.	Great Hill Equity Partners II Limited	PPM America
Battery Ventures VI, L.P.	Great Hill Equity Partners Limited	Randolph Street Partners III
Chartwell Investment Partners	Great Hill Investors, LLC	Riggs Partners
Citadel Investment Group	Great Hill Partners	Salomon Smith Barney
Citigroup, Inc.	Hartford Insurance Group	Salomon Smith Barney
Conning Asset Management	Hartford Investment Management Company	Special Co-Invest Partners I
Conning Asset Management	Jones Heward Investment Counsel (Bank of Montreal)	State Street Global Advisors
Conseco Capital Management	LaSalle National Bank	SunAmerica Asset Management Corp.
Conseco Capital Management	Libertyview Capital Management, Inc.	SunAmerica Asset Management Corp.
Credit Suisse/BEA Associates	Lowey Family Investments	TD Asset Management
Delaware Investments	Madison Dearborn Capital Partners IV, Ltd.	Triton Partners
Delaware Investments	Madison Dearborn Partners, Inc.	Triton Partners
Dexia Banque Internationale A Luxembourg	Metropolitan Life Insurance Company	Van Kampen Investments
Fidelity Investments		

Exhibit A-8: Significant Vendors

A. D. Winston Service Inc.	FPL Fibernet, LLC	SNET Carrier Services
Adelphia Business Solutions	Frontier	Southern California Edison Company
Advanced Switching Corporation	Fujitsu Network Communication	Southwestern Bell
Allegiance Telecom	Global Crossing	Spaulding & Slye
Alltel	Harte-Hanks Market Intelligence, Inc.	Sprint
Ameritech	Infonxx	Sprint PCS
AT&T	Inland Telephone	STELLE
Bell South	Interstate Telephone	Sun Microsystems
BGI Holdings II, LLC.	KINCOREDHI-001	Swidler Berlin
Blossom	Lasalle National Bank	TAC Americus
BPD International Bank	Lecstar	Tecnet Inc
Brazoria	Level 3 Communications	Telecommunication Services Inc
Cable & Wireless	Looking Glass Networks	Telscape
Cisco Systems	MCI Worldcom	Time Warner
Commonwealth Tel Co	Metromedia Fiber Network	UUNet
Conestoga Telephone Company	MFS Telecom	Valor Telecom
Connection Concepts	Neustar Inc	Verizon (BA)
COVAD	Norlight	Verizon (GTE)
Cranbook Realty	Nortel Networks	Vic Electric
D & E Communications	Pacific Bell	Walker and Associates, Inc.
Data Center Design	Peco II, Inc.	Westex Communications
Eastgate Corporate Center	Premiere Conferencing	Winstar
EGIX	Qwest	WINSTAR
Electric Lightwave	Savvion, Inc.	XO Communications
Excel Telecommunications	Sher & Blackwell	YCOM
First Transitions	Signature Electric	Zhone Technologies
Florida Digital Network	Sleepy Eye	

Exhibit A-9: Directors and Officers

Current Directors and Officers	Former Directors and Officers (within the last two years)
James E. Crawford III	John R. Barnicle
Paul J. Finnegan	Joseph Beatty
Richard D. Frisbie	Todd Dagues
Kathleen A. Perone	John A. Edwardson
James N. Perry, Jr.	John G. Hayes
Timothy A. Samples	William S. Kirsch
Andrew E. Sinwell	Robert C. Taylor, Jr.
Colin V.K. Williams	Paul Yoyovich

Exhibit A-10: Significant Shareholders

Andrew E. Sinwell	John G. Hayes
Anthony J. Leggio	Kathleen A. Perone
Battery Ventures	Madison Dearborn Partners, Inc.
Citigroup, Inc.	Michael L. Mael
FMR Corp.	Morgan Stanley Dean Witter
Frontenac Company	Paul J. Finnegan
Great Hill Partners	Paul Yoyovich
James E. Crawford III	Richard D. Frisbie
James N. Perry, Jr.	Robert C. Taylor, Jr.
John R. Barnicle	Ron Reising
John A. Edwardson	

Exhibit A-11: Bank Accounts

Lasalle Bank N.A.	Morgan Stanley
Lehman Brothers, Inc.	Salomon Smith Barney

Exhibit A-12: Secured Creditors

NTFC Capital Corporation

Exhibit A-13: Affiliates of the Debtor

650 Townsend Facility Company, LLC	Focal Communications Corporation of New York
Focal Communications Corporation of California	Focal Communications Corporation of Ohio
Focal Communications Corporation of Colorado	Focal Communications Corporation of Pennsylvania
Focal Communications Corporation of Connecticut	Focal Communications Corporation of Texas
Focal Communications Corporation of Florida	Focal Communications Corporation of the Mid-Atlantic
Focal Communications Corporation of Georgia	Focal Communications Corporation of Virginia
Focal Communications Corporation of Illinois	Focal Communications Corporation of Washington
Focal Communications Corporation of Massachusetts	Focal Communications Corporation of Wisconsin
Focal Communications Corporation of Michigan	Focal Equipment Finance, LLC
Focal Communications Corporation of Minnesota	Focal Financial Services, Inc.
Focal Communications Corporation of Missouri	Focal International Corp.
Focal Communications Corporation of New England	Focal Telecommunications Corporation

Exhibit A-14: Customers

Allegiance Telecom, Inc.	Looking Glass Networks
Ameritech	MCI/Worldcom Network Services, Inc.
AT&T	MFN
Cable & Wireless	Nortel Networks
Cisco Systems	Qwest Communications
Data Center Design	SNET
EGIX	Sprint
Electric Lightwave, Inc.	Sprint PCS
Excel Telecommunications	Sun Microsystems
Fujitsu	Technet International
Global Crossing, Ltd.	Time Warner Cable
Grande	Verizon
Lasalle Bank	Winstar Communications, Inc.
Level 3 Communications	XO Communications

Exhibit B

Name of Entity Searched	Name of Entity and/or Affiliate of Entity that is a K&E Client	Brief Description of Representation
ABN AMRO	ABN AMRO Bank N.V. ABN AMRO Chicago Corporation ABN AMRO Information Technology Services, Inc. ABN AMRO Private Equity Dr. Mark Hopkins	Representation in connection with corporate and litigation matters unrelated to the Debtors.
American International Group	AIG AIG Capital Partners, Inc. AIG Private Bank Limited AIG Risk Management, Inc. HAS Residential Mortgage Services of Texas	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Ameritech Corporation	Ameritech Corp. Ameritech Corporation SBC Communications Inc.	Representation in connection with litigation, corporate, tax, and intellectual property matters unrelated to the Debtors.
AOL Time Warner	America Online AOL-Time Warner	Representation in connection with litigation matters unrelated to the Debtors.
Bank of America	Banc of America Securities LLC Bank of America Bank of America Capital Investors, II, L.P. Bankamerica Corporation Bank of America N.A. Bank of America NT & SA	Representation in connection with corporate and intellectual property matters unrelated to the Debtors.
Bank of America, N.A.	Banc of America Securities LLC Bank of America Bank of America Capital Investors, II, L.P. Bankamerica Corporation Bank of America N.A. Bank of America NT & SA	Representation in connection with corporate and intellectual property matters unrelated to the Debtors.
Bank of America NT & SA	Banc of America Securities LLC Bank of America Bank of America Capital Investors, II, L.P. Bankamerica Corporation Bank of America N.A. Bank of America NT & SA	Representation in connection with corporate and intellectual property matters unrelated to the Debtors.
CBeyond LLC	CBeyond LLC	Representation in connection with transactional matters unrelated to the Debtors.
Citadel Investment	Citadel Investment Group, LLC	Representation in connection with transactional matters unrelated to the Debtors.
Conseco, Inc.	Conseco Capital Management Conseco Finance Corporation Conseco Medical Insurance Company	Representation in connection with bankruptcy and restructuring matters unrelated to the Debtors.

Conseco Finance Corporation	Conseco Capital Management Conseco Finance Corporation Conseco Medical Insurance Company	Representation in connection with bankruptcy and restructuring matters unrelated to the Debtors.
Convergent Capital	Convergent Capital Convergent Capital Management, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
Dresdner Bank AG	Dresdner Kleinwort Dresdner Bank AG	Representation in connection with various matters unrelated to the Debtors.
Dresdner Kleinwort	Dresdner Kleinwort Dresdner Bank AG	Representation in connection with various matters unrelated to the Debtors.
General Electric ("GE")	E.I. Dupont De Nemours & Company	Representation in connection with litigation, corporate and transactional matters unrelated to the Debtors.
Goldman Sachs Credit Partners L.P.	Jack N. Andrews John Ryan Goldman Sachs & Co. Goldman Sachs Credit Partners L.P.	Representation in connection with estate planning and litigation matters unrelated to the Debtors.
KMC Telecom Holdings, Inc.	KMC Telecom Holdings, Inc.	Representation in connection with corporate and transactional matters unrelated to the Debtors.
Logix Communications Enterprises, Inc.	Logix Communications Enterprises, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
Merrill Lynch	Merrill Lynch Capital Corporation Merrill Lynch Corporate and Institutional Client Group Merrill Lynch Healthcare Partners, L.P.	Representation in connection with corporate and transactional matters unrelated to the Debtors.
Merrill Lynch Pierce Fenner & Smith, Inc.	Merrill Lynch Capital Corporation Merrill Lynch Corporate and Institutional Client Group Merrill Lynch Healthcare Partners, L.P.	Representation in connection with corporate and transactional matters unrelated to the Debtors.
Morgan Stanley	Morgan Stanley Morgan Stanley Capital Group Morgan Stanley Dean Witter Equity Funding, Inc. Morgan Stanley Real Estate Fund, III L.P. Morgan Stanley Real Estate Fund, L.P. Morgan Stanley/Van Kampen	Representation in connection with corporate and litigation matters unrelated to the Debtors. Specific disclosure of litigation in which Focal is a co-defendant is disclosed in the Affidavit text.
MPower Communications Corporation	MPower Communications Corporation.	Representation in connection with corporate matters unrelated to the Debtors.
Mutual of Omaha Insurance Co.	Mutual of Omaha Insurance Co	Representation in connection with intellectual property, litigation and transactional matters unrelated to the Debtors.
Perry Capital Corporation	Perry Capital Corporation Perry Strategic Capital, Inc.	Representation in connection with corporate and transactional matters unrelated to the Debtors.

Plastic Engineered Components, Inc.	Plastic Engineered Components, Inc.	Representation in connection with transactional matters unrelated to the Debtors.
PPM America	PPM America Special Investments Fund, LP And Reliastar Investment Research Inc. PPM America, Inc.	Representation in connection with corporate and transactional matters unrelated to the Debtors.
Qwest Communications Intl. Inc. ("Qwest")	Qwest	Representation in connection with corporate and litigation restructuring matters unrelated to the Debtors.
Sage Telecom	Saunders, Karp, & Mergue, L.P.	Representation in connection with transactional matters unrelated to the Debtors.
SBC Communications, Inc.	Ameritech Corp. Ameritech Corporation SBC Communications Inc.	Representation in connection with litigation, corporate, tax, and intellectual property matters unrelated to the Debtors.
Sprint Corporation, Sprint PCS	Sprint PCS Sprint Corporation	Representation in connection with litigation matters unrelated to the Debtors.
Sun Microsystems	Sun Microsystems Computer Company Sun Microsystems, Inc.	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Tangram Partners	Tangram Partners	Representation in connection with corporate and transactional matters unrelated to the Debtors.
Telecommunications Services, Inc..	TSI Telecommunications, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
Teligent, Inc.	Teligent, Inc.	Representation in connection with bankruptcy and restructuring matters unrelated to the Debtors.
The Bear Stearns Company	The Bear Stearns & Co., Inc.	Representation in connection with transactional matters unrelated to the Debtors.
Thomas Weisel Partners, LLC	Thomas Weisel Partners Group, LLC	Representation in connection with corporate matters unrelated to the Debtors.
TD Asset Management	Council Tree Communications Liberty Partners, L.P. Madison, Inc. Omne Communications Ltd. Sycmor Services, Inc. TD Capital Toronto Dominion Toronto Dominion [Texas], Inc. Toronto Dominion Capital (USA), Inc.	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Verizon Communications, Inc	Verizon Communications, Inc (GTE) Verizon Wireless Vodafone Americas Asia, Inc.	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Vertex Broadband Corporation	Bain Capital, Inc. Vertex Group Holdings Limited	Representation in connection with securities and transactional matters unrelated to the Debtors.

EXHIBIT B



Baker Breaks A Billion

In 2000 Skadden, Arps, Slate, Meagher & Flom became the first U.S. law firm to exceed \$1 billion in annual revenue. Last year Baker & McKenzie became the second. Meanwhile, the gap between number three Jones, Day, Reavis & Pogue and number four Latham & Watkins narrowed to \$20.5 million from \$33 million in 2000.

Notes regarding this chart: Figures are rounded to the nearest

\$500,000. Firms that tied in the rankings are listed alphabetically. Some firms provided full-time or full-year equivalent lawyer numbers, which are rounded up to the nearest whole number. Only full equity partners are counted as partners. Firms marked with an asterisk have more than one partnership tier or some partners who are predominantly on fixed-income status. For a more complete set of definitions, see Methodology, page 123.

2001 Gross Revenue

2001 Rank	2000 Rank	Firm	2001 Gross Revenue	Change From 2000
1	1	Skadden, Arps 1,602 lawyers, 316 equity partners	\$1,225,000,000	6.2%
2	2	Baker & McKenzie 3,031 lawyers, 571 equity partners	\$1,000,000,000	6.4%
3	3	Jones, Day 1,481 lawyers, 312 equity partners*	\$790,000,000	17.0%
4	4	Latham & Watkins 1,165 lawyers, 313 equity partners*	\$769,500,000	19.8%
5	—	Sidley Austin ¹ 1,276 lawyers, 259 equity partners*	\$715,000,000	—
6	5	Shearman & Sterling 1,039 lawyers, 179 equity partners*	\$619,500,000	5.0%
7	13	White & Case 1,315 lawyers, 230 equity partners*	\$603,000,000	22.8%
8	10	Weil, Gotshal 845 lawyers, 173 equity partners*	\$581,000,000	14.9%
9	9	Morgan, Lewis 1,083 lawyers, 227 equity partners*	\$574,500,000	11.4%
10	6	Mayer, Brown ² 893 lawyers, 339 equity partners	\$573,000,000	7.4%
11	7	Davis Polk 594 lawyers, 141 equity partners	\$570,000,000	8.6%
12	8	Sullivan & Cromwell 596 lawyers, 139 equity partners	\$568,000,000	10.0%
13	11	McDermott, Will 874 lawyers, 271 equity partners*	\$562,500,000	11.8%
14	21	Akin, Gump 949 lawyers, 201 equity partners*	\$553,000,000	28.6%
15	17	Gibson, Dunn 709 lawyers, 224 equity partners	\$537,000,000	14.5%
16	16	Kirkland & Ellis 725 lawyers, 140 equity partners*	\$530,000,000	12.8%
17	12	Simpson Thacher 588 lawyers, 136 equity partners	\$516,000,000	3.2%
18	18	Cleary, Gottlieb 610 lawyers, 152 equity partners	\$492,000,000	7.0%
19	20	Morrison & Foerster 889 lawyers, 207 equity partners*	\$490,000,000	12.1%
19	22	O'Melveny & Myers 738 lawyers, 212 equity partners	\$490,000,000	22.3%
21*	27	Holland & Knight 1,094 lawyers, 409 equity partners*	\$466,500,000	28.3%
22	23	Paul, Hastings 722 lawyers, 183 equity partners*	\$455,500,000	17.2%
22	24	Vinson & Elkins 777 lawyers, 307 equity partners	\$455,500,000	17.9%

2001 Rank	2000 Rank	Firm	2001 Gross Revenue	Change From 2000
24	28	Foley & Lardner 907 lawyers, 194 equity partners*	\$452,500,000	24.7%
25	14	Brobeck, Phleger 792 lawyers, 163 equity partners*	\$447,000,000	-6.1%
26	—	Pillsbury Winthrop ³ 733 lawyers, 124 equity partners*	\$444,000,000	—
27	19	Wilson Sonsini 708 lawyers, 140 equity partners	\$438,000,000	-2.7%
28	30	Greenberg Traurig 763 lawyers, 196 equity partners*	\$419,500,000	21.6%
29	26	Winston & Strawn 777 lawyers, 177 equity partners*	\$411,000,000	10.9%
30	37	Hunton & Williams 804 lawyers, 257 equity partners*	\$386,500,000	21.5%
31	35	Hogan & Hartson 761 lawyers, 200 equity partners*	\$385,000,000	22.2%
32	34	Paul, Weiss 445 lawyers, 98 equity partners	\$384,500,000	18.5%
33	25	Cravath 389 lawyers, 79 equity partners	\$382,500,000	0.7%
34	29	Piper Rudnick 782 lawyers, 201 equity partners*	\$382,000,000	8.1%
35	42	Arnold & Porter 589 lawyers, 205 equity partners	\$372,000,000	20.0%
36	32	Fulbright & Jaworski 740 lawyers, 296 equity partners	\$370,000,000	7.9%
37	35	Orrick, Herrington 568 lawyers, 126 equity partners*	\$365,000,000	14.1%
38	40	Milbank, Tweed 443 lawyers, 95 equity partners*	\$360,000,000	15.2%
39	30	Cooley Godward 628 lawyers, 144 equity partners*	\$354,000,000	2.6%
40	44	King & Spalding 651 lawyers, 152 equity partners*	\$352,000,000	17.7%
41	48	Dechert 674 lawyers, 185 equity partners*	\$344,000,000	20.5%
42	33	LeBoeuf, Lamb 720 lawyers, 180 equity partners*	\$343,000,000	0.9%
43	60	Squire, Sanders 750 lawyers, 222 equity partners*	\$337,500,000	25.0%
44	41	Baker Botts 584 lawyers, 212 equity partners*	\$333,500,000	7.1%
45	45	Proskauer Rose 542 lawyers, 141 equity partners	\$331,000,000	12.2%
46	50	Heller Ehrman 500 lawyers, 156 equity partners*	\$330,500,000	26.4%

* An asterisk indicates that the firm has more than one partnership tier.

¹ Before their merger in 2001, Sidley & Austin ranked 15th, and Brown & Wood ranked 76th.

² Merged in 2002 with Rowe & Maw; now known as Mayer, Brown, Rowe & Maw.

³ Before their merger in 2001, Pillsbury Madison & Sutro ranked 45th, and Winthrop, Stimson, Putnam & Roberts ranked 124th.