

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

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

**AFFIDAVIT OF SERVICE RE:**

1. NOTICE OF HEARING ON APPLICATION OF THE DEBTORS PURSUANT TO 11 U.S.C. §327(a) AND 328(a) FOR ORDER AUTHORIZING THE EMPLOYMENT OF LATHAM & WATKINS LLP AS SPECIAL COUNSEL NUNC PRO TUNC TO THE COMMENCEMENT DATE
2. APPLICATION OF THE DEBTORS DEBTORS PURSUANT TO 11 U.S.C. §327(a) AND 328(a) FOR ORDER AUTHORIZING THE EMPLOYMENT OF LATHAM & WATKINS LLP AS SPECIAL COUNSEL NUNC PRO TUNC TO THE COMMENCEMENT DATE
3. DECLARATION OF ROBERT J. ROSENBERG IN SUPPORT OF APPLICATION OF THE DEBTORS PURSUANT TO 11 U.S.C. §327(a) AND 328(a) FOR ORDER AUTHORIZING THE EMPLOYMENT OF LATHAM & WATKINS LLP AS SPECIAL COUNSEL AND DISCLOSURE OF COMPENSATION PURSUANT TO 11 U.S.C. §329
4. [PROPOSED] ORDER AUTHORIZING THE DEBTORS AND DEBTORS IN POSSESSION TO EMPLOY AND RETAIN LATHAM & WATKINS LLP AS SPECIAL COUNSEL PURSUANT TO 11 U.S.C. §327(a) NUNC PRO TUNC TO THE COMMENCEMENT DATE

I, James H. Myers, state as follows:

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

2. On May 30, 2003, at the direction of Kirkland & Ellis, Attorneys for Debtors and Debtors in Possession, I caused service of the documents attached hereto as Exhibit 1 to be effected on those parties who have filed requests for special notice listed in Exhibit 2.

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

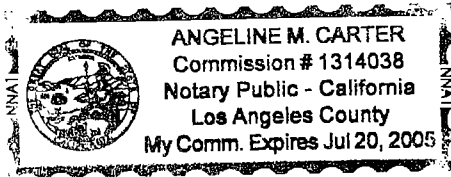
I declare under penalty of perjury that the foregoing is true and correct.

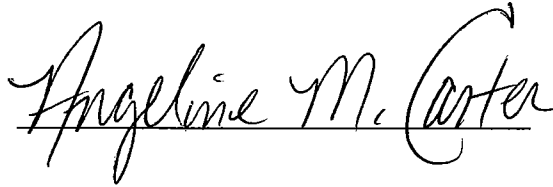
DATED: June 4, 2003  
El Segundo, California

  
James H. Myers

State of California            )  
  ) ss  
County of Los Angeles        )

Personally appeared before me on June 5, 2003, James H. Myers, an individual, known to me to be the person who executed the foregoing instrument and acknowledged the same.





## **EXHIBIT 1**

KIRKLAND & ELLIS  
Citigroup Center  
153 East 53<sup>rd</sup> 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

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

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**NOTICE OF HEARING ON APPLICATION OF THE DEBTORS  
PURSUANT TO 11 U.S.C. § 327(a) AND 328(a) FOR ORDER AUTHORIZING THE  
EMPLOYMENT OF LATHAM & WATKINS LLP AS SPECIAL COUNSEL NUNC PRO  
TUNC TO THE COMMENCEMENT DATE**

PLEASE TAKE NOTICE that upon the annexed application, dated May 30, 2003 (the "Application"), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (the "Debtors"), requesting an order, pursuant to sections pursuant to Section 327(a) and 328(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), to retain Latham & Watkins LLP as special counsel to the Debtors, as more fully set forth in the Application, a hearing will be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), One Bowling Green, New York, New York, on June 13, 2003, at 10:00 a.m. (prevailing Eastern Time), or as soon thereafter as the Debtors are heard.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Application shall be in writing, shall conform to the Federal Rules of

Bankruptcy Procedure and the Local Bankruptcy Rules of the Southern District of New York, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors' estates or property, the basis for the objection, and the specific grounds therefore, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242, and shall further be served upon (i) Kirkland & Ellis, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, New York 10022 (Attn: Jonathan S. Henes, Esq.), (ii) Latham & Watkins, 885 Third Avenue, New York, New York 10022 Attn: Shari Siegel, Esq., (iii) the Office of the United States Trustee, 33 Whitehall Street, 21<sup>st</sup> floor, New York, New York 10004 (Attn: Pamela J. Lustrin, Esq.), and (iv) Akin, Gump, Strauss, Hauer & Feld, LLP, 590 Madison Avenue, New York, New York 10022 (Attn: Ira S. Dizengoff, Esq.), so as to be actually received no later than June 10, 2003, at 4:00 p.m. (prevailing Eastern Time).

Dated: New York, New York  
May 30, 2003

Respectfully submitted,

/s/ Jonathan S. Henes  
Matthew A. Cantor (MC-7727)  
Jonathan S. Henes (JH-1979)  
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Attorneys for Debtors and Debtors in Possession

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 Robert J. Rosenberg (RR 9585)  
 Shari Siegel (SS 6306)

UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK

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

**APPLICATION OF THE DEBTORS PURSUANT TO 11 U.S.C. § 327(a) AND 328(a)  
 FOR ORDER AUTHORIZING THE EMPLOYMENT OF  
 LATHAM & WATKINS LLP AS SPECIAL COUNSEL  
NUNC PRO TUNC TO THE COMMENCEMENT DATE**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

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

**Introduction**

1. On May 14, 2003 (the “Commencement Date”), the Debtors each  
 commenced with this Court a voluntary case under chapter 11 of title 11, United States Code (the  
 “Bankruptcy Code”). The Debtors are authorized to operate their businesses and manage their  
 properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.  
 The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are

being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

2. No trustee or examiner has been appointed in these Chapter 11 cases. Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, an Official Committee of Unsecured Creditors (the “Creditors’ Committee”) was appointed for the Debtors’ Chapter 11 cases on May 28, 2003 by United States Trustee for the Southern District of New York.

### **Jurisdiction**

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

### **Background**

#### **An Overview of Allegiance’s Business**

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

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

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

5. Allegiance serves more than 100,000 business customers in 36 markets.

Allegiance employs approximately 3,560 people, of which approximately 97 employees are covered by collective bargaining agreements.

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

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

#### The Telecommunications Act of 1996

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

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

H.R. REP No. 104-204(I), 104<sup>th</sup> Cong. 1<sup>st</sup> Sess. 1995 (July 24, 1995), reprinted in 1996 U.S.C.C.A.N. 10, \*\*10. In that regard, the Telecom Act required Incumbent Local Exchange Carriers, including the Regional Bell Operating Companies ("ILECs") – i.e., existing telecommunications monopolies – to allow newly created Competitive Local Exchange Carriers



(“CLECs”) to (a) interconnect with the ILECs, (b) access portions of the ILEC network and (c) collocate their equipment in ILEC facilities all at forward-looking cost based rates. In addition, CLECs were permitted to purchase ILEC services at wholesale prices and resell them to customers at retail prices.

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

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

10. The second type of CLECs were “facilities-based” CLECs. These CLECs invested significant sums of money to build their own proprietary infrastructure and network in

order to effectively compete with the ILECs. Specifically, facilities-based CLECs combined elements of an ILEC's network with their own to provide consumers with true differentiated services. As Michael Powell stated in his partial dissent to the FCC's 2003 Triennial Review:

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

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

#### The Allegiance Nationwide Network – Servicing 36 Metropolitan Areas

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

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

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

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

premises equipment sales, installation and maintenance to Allegiance's portfolio of integrated products and services, (b) strategically enhanced Allegiance's target market of small to medium size business enterprises, and (c) allowed Allegiance to provide a complete communications solution to business customers.

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

#### The FCC Recognizes the Importance of Allegiance

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

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

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

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

### **Capital Structure of the Debtors**

#### **Capital Stock**

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

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

### Prepetition Notes

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

### Prepetition Credit Agreement

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

each of its Debtor subsidiaries. As of the Commencement Date, there were 27 Prepetition Lenders under the Prepetition Credit Agreement.

### **Events Leading to Chapter 11 Filing**

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

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

23. As a consequence of the foregoing, the Debtors' business operations were adversely affected and, due to revenue trends and continuing negative EBITDA, the Debtors determined that their current level of indebtedness needed to be significantly reduced. Thus, to

maximize the long-term wealth generating capacity of their business operations, the Debtors, among other things, (a) established a special restructuring committee of the Board of Directors of Allegiance Telecom, Inc., (b) retained restructuring advisors, and (c) commenced extensive negotiations with their senior lenders and bondholders, as detailed below.

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

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

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



decreased growth, eliminated less profitable products and services, and continued to optimize their existing network assets.

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

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

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

### **Relief Requested**

29. In pursuing a financial restructuring, the Board of Directors (the “Board”) of Allegiance Telecom, Inc. determined that many individual directors are either officers of the Debtors and/or are major shareholders and therefore might have conflicting issues in considering certain possible restructuring alternatives. Therefore, in January 2003, the Board formed a special committee comprised of independent directors (the “Special Committee”) who were authorized to assist in connection with the financial restructuring of the Debtors, including but not limited to amendment or replacement of the Prepetition Credit Agreement, Amendment, replacement or restructuring of the Debtors’ public debt and additional equity investments in the Debtors, and to make recommendations to the Board regarding the effectuation or rejection of such any such offers or proposals (the “Special Committee Matters”).

30. The Special Committee was also authorized and directed to retain independent investment, legal and other advisors they may deem necessary or prudent, to advise and assist the Special Committee in the performance of its functions. The Special Committee retained of the law firm of Latham & Watkins LLP (“Latham”) as its counsel for these purposes.

31. By this Application (the “Application”), the Debtors request entry of an order authorizing the employment of the law firm of Latham as their counsel with respect to advising the Special Committee in connection with the Special Committee Matters pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016 *nun pro tunc* to the Commencement Date. The facts and circumstances supporting this Application are set forth in the Declaration Of Robert J. Rosenberg In Support Of Application For Order Authorizing The Debtors And Debtors In Possession To Employ And Retain Latham & Watkins LLP As Counsel

Pursuant To 11 U.S.C. § 327(a) And Disclosure of Compensation Pursuant To 11 U.S.C. § 329 (the “Rosenberg Declaration”), filed concurrently herewith.

32. As set forth below, the services of Latham are necessary to enable the Debtors to maximize the value of their estates and to reorganize successfully.

#### **Latham’s Qualifications**

33. The Debtors respectfully request authorization to employ and retain Latham as their special counsel in connection with these chapter 11 cases pursuant to section 327(a) of the Bankruptcy Code. Specifically, the Debtors anticipate that Latham will provide the legal support required by the Special Committee throughout these chapter 11 cases.

34. Through their representation of the Special Committee, the members of Latham have become uniquely and thoroughly familiar with the Debtors and their business affairs. The members, counsel and associates of Latham who will represent the Special Committee have extensive knowledge and expertise in all aspects of financial restructuring work and the complex issues that may arise in the context of a chapter 11 bankruptcy case. The Debtors believe that Latham’s continued representation of the Special Committee is essential to the Debtors’ effectuating a successful chapter 11 process and will provide a substantial benefit to the Debtors and their estates. Thus, the Debtors believe that Latham is well qualified to represent the Special Committee as their counsel.

35. The Debtors have chosen Kirkland & Ellis (“Kirkland”) as their general bankruptcy counsel. The Debtors are submitting, concurrently on the Commencement Date, a separate application for retention of Kirkland pursuant to Section 327(a) of the Bankruptcy Code. Kirkland and Latham have advised the Debtors that they will make every effort to avoid any

duplication of their work, with Kirkland being chiefly responsible for general bankruptcy and corporate advice to the Debtors and Latham focusing on Special Committee Matters.

36. Subject to the Court's approval, Latham will charge the Debtors for legal services on an hourly basis in accordance with its ordinary and customary rates for matters of this type in effect on the date such services are rendered, and for reimbursement of all costs and expenses incurred in connection with these cases as set forth in the Rosenberg Declaration filed concurrently herewith. Latham's billing rates currently range from \$285 to \$775 per hour for attorneys and from \$130 to \$255 per hour for paraprofessionals. These hourly rates are subject to periodic increases in the normal course of Latham's business.

37. In addition to the hourly rates set forth above, Latham customarily charges its clients for all costs and expenses incurred, including telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document processing, photocopying charges, travel expenses, expenses for "working meals," computerized research, transcription costs, charges and fees of outside vendors, consultants and service providers, and witness fees and other fees related to trials and hearings, as well as non ordinary overhead expenses such as secretarial overtime.

38. Latham was retained to represent the Special Committee in January 2003. Latham received a retainer in the amount of \$150,000 (the "Retainer") in connection with Latham's representation of the Special Committee relating to Special Committee Matters, the unapplied portion of which shall constitute a retainer in respect to future services to be rendered and future disbursements and charges to be incurred in connection with the Debtor's chapter 11

cases. Prior to the commencement of these cases, Latham applied \$66,598.51 of the Retainer to the current amount of fees and expenses outstanding.

39. Latham has advised the Debtors that it intends to apply to the Court for allowance of compensation for professional services rendered and reimbursement of charges and costs and expenses incurred in these chapter 11 cases in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and orders of this Court.

40. To the best of Latham's knowledge, and except as disclosed in the accompanying Rosenberg Declaration, Latham, its members, counsel and associates do not represent or hold any material adverse interest to the Debtors or their estates with respect to the matters upon which Latham is to be employed and do not have any material connections with the Debtors, their officers, affiliates, creditors or any other party in interest or their respective attorneys and accountants or the United States Trustee.

41. Latham will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered, Latham will supplement its Application in a disclosure to the Court.

42. Other than as may be set forth above and in the accompanying Rosenberg Declaration, there are no actual or proposed understandings or agreements among the Debtors or their officers and Latham concerning compensation to be paid to Latham in these cases.

43. Subject to this Court's approval, Latham has indicated its willingness to serve as the Debtors' counsel in advising the Special Committee.

44. The Debtors believe that it is necessary and in the best interest of their estates and creditors to employ and retain Latham as their counsel to render professional services to the Special Committee of the Board on the matters referenced above.

#### **RELEVANT STATUTORY AUTHORITY**

45. Section 327(a) of the Bankruptcy Code provides, in relevant part, as follows:

The 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).

#### **Waiver of Memorandum of Law**

46. This Motion includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the 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.

#### **Notice**

47. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) attorneys for the Prepetition Lenders; (c) attorneys for the Creditors' Committee; and (d) ) those parties who have requested notice pursuant to Bankruptcy Rule 2002 of the Bankruptcy Rules. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

48. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an Order, substantially in the form annexed hereto, (i) authorizing the employment and retention of Latham as special counsel to the Debtors, as of the Commencement Date, and (ii) granting the Debtors such further relief as is just and proper.

Dated: New York, New York  
May 30, 2003

Respectfully submitted,

BY: /s/ Mark B. Tresnowski

Name: Mark B. Tresnowski

Title: Executive Vice President,  
General Counsel and Secretary

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**DECLARATION OF ROBERT J. ROSENBERG IN SUPPORT  
OF APPLICATION OF THE DEBTORS PURSUANT  
TO 11 U.S.C. § 327(a) AND 328(a) FOR ORDER  
AUTHORIZING THE EMPLOYMENT OF LATHAM & WATKINS LLP  
AS SPECIAL COUNSEL AND DISCLOSURE  
OF COMPENSATION PURSUANT TO 11 U.S.C. § 329**

Robert J. Rosenberg declares as follows:

1. I am a partner in the law firm of Latham & Watkins LLP ("Latham"). Latham maintains offices at 885 Third Avenue, New York, NY 10022-4802. I am duly authorized to submit this declaration on behalf of Latham. This declaration is submitted in support of the application (the "Application") of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), to employ and retain Latham as counsel to the special committee of the board of directors of the Debtors pursuant to Section 327(a) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), as well as to provide disclosure required under Rule 2014(a) of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"). Unless otherwise stated in this declaration, I have personal knowledge of the facts as set forth herein.

2. In pursuing a financial restructuring, the Board of Directors (the "Board") of Allegiance Telecom, Inc. determined that many individual directors are either officers of the



Debtors and/or are major shareholders and therefore might have conflicting issues in considering certain possible restructuring alternatives. Therefore, in January 2003, the Board formed a special committee comprised of independent directors (the “Special Committee”) who were authorized to assist in connection with the financial restructuring of the Debtors, including but not limited to amendment or replacement of the Prepetition Credit Agreement, Amendment, replacement or restructuring of the Debtors’ public debt and additional equity investments in the Debtors, and to make recommendations to the Board regarding the effectuation or rejection of such any such offers or proposals (the “Special Committee Matters”). Latham has been asked to represent the Special Committee. In connection with the representation of the Special Committee, it is anticipated that Latham will provide all legal support required in connection with the Special Committee Matters. Such support shall include, but not be limited to, reviewing and advising the Special Committee on various motions and orders filed in connection with such matters, and making appearances before the Court, as necessary in connection therewith.

3. To the best of my knowledge and information, neither I, Latham, nor any member, counsel or associate of Latham, as far as I have been able to ascertain, holds or represents any interests adverse to the Debtors or the Debtors’ estates in matters upon which Latham is to be employed. Accordingly, Latham’s retention pursuant to 11 U.S.C. § 327(a) is appropriate.

4. Previously, Latham represented the Debtors in matters unrelated to these chapter 11 cases.

5. Latham, in the past has represented, currently represents, and may in the future represent, certain creditors or claimants of the Debtors and other parties in interest, or their respective attorneys, accountants or investment bankers in matters wholly unrelated to the

Debtors, the Debtors' chapter 11 cases or those entities' claims against or interests in the Debtors. In addition, as set forth below, Latham has represented and will continue to represent certain entities in matters related to the Debtors; however, such matters are not related to matters upon which Latham will be employed.

6. Latham has conducted a series of searches of its records to identify representations and relationships with creditors and other parties in interest (or potential parties in interest) in respect of the Debtors. Specifically, Latham has searched its records to identify circumstances in which Latham had relationships with clients other than the Debtor entities on matters involving the Debtor entities. In addition, Latham has searched its records to identify representations and potential relationships with the following entities, the names of which have been provided to Latham by the Debtors: (a) known institutional lenders to and bondholders of one or more of the Debtors; (b) the Debtors' 40 largest unsecured creditors; (c) insurers to the Debtors; (d) significant vendors to the Debtors; (e) known shareholders holding more than 5% of Debtors' common equity; (f) entities who are parties to significant litigation with the Debtors; (g) indenture trustees of the Debtors; (h) the Debtors' officers and directors; and (i) other professionals retained by the Debtors. Exhibit A lists all of the entities that were reviewed for potential connections with Latham.<sup>1</sup>

7. The information provided herein and in the charts on Exhibit B summarize the results of the foregoing searches. To the best of my knowledge and information, Latham has no connection with any of the Debtors, their creditors or any party in interest listed on Exhibit A,

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<sup>1</sup> A list of over 100 parties in interest designated as "Landlords" were provided by the Debtors. These parties were not searched by Latham as Latham has been advised that these parties simply house certain of the Debtors' equipment on their premises.

except as disclosed herein or in Exhibit B. Except as noted, these representations are wholly unrelated to the Debtors or their chapter 11 cases.

8. The following is a list of matters, involving the Debtors, in which Latham has represented clients who are parties in interest to this case, including in certain instances matters which are or may be related to this case:

- Latham has represented many of the secured lenders to the Debtors in matters unrelated to these chapter 11 cases.
- Reed Hunt, a director of the Debtors, was formerly a Latham partner.
- Latham represents many of the financial institutions who hold debt securities of the Debtors in matters unrelated to these chapter 11 cases.

8. As part of its practice, Latham is involved in numerous cases, proceedings and transactions involving many different professionals, including attorneys, accountants and financial consultants, some of which may represent claimants and parties in interest in the Debtors' chapter 11 cases. Further, Latham has in the past and will likely in the future be working with or against other professionals involved in these cases in matters unrelated to these cases. Based on my current knowledge of the professionals involved, and to the best of my knowledge and information, none of these business relationships represent interests materially adverse to the Debtors herein in matters upon which Latham is to be engaged.

9. Except as disclosed on Exhibit B attached hereto, none of the parties in interest (and/or their affiliates) as set forth on Exhibit A represents more than 1% of the annual fee billings of Latham for its 2002 fiscal year.

10. In addition to the above investigation, Latham will send a general inquiry by electronic mail to all attorneys to determine whether any such individuals hold any

securities of or claims against the Debtors. To the extent such survey reveals any such relationships, Latham will update this disclosure to include the responses from the survey.

11. I am not related or connected to, and to the best of my knowledge, no other professional of Latham who will work on this engagement is related to or connected to, any United States Bankruptcy Judge for the Southern District of New York, any of the District Judges for the Southern District of New York who handle bankruptcy cases, the United States Trustee for Region 2 or any employee in the Office of the United States Trustee for Region 2. Mary Tom of the Office of the United States Trustee for Region 2 used to was formerly an associate of Latham & Watkins.

12. In light of the extensive number of creditors and other parties in interest, and because definitive lists of all such creditors and other parties have not been prepared, neither I nor the firm are able to conclusively identify all potential relationships. To the extent that I become aware of any additional relationship that may be relevant to Latham's representation of the Debtors, I will promptly cause to be filed a supplemental Declaration.

#### DISCLOSURE OF COMPENSATION

13. Since April 2003, Latham has represented the Debtors' Special Committee concerning the Special Committee Matters involved with the Debtors' possible financial restructuring. Latham received retainers (the "Retainer"), in an aggregate amount equal to \$150,000, in connection with the pre-Petition Date legal services provided to the Debtors and for its proposed post-Petition Date representation of the Debtors. This Retainer constitutes a general retainer to be applied against the fees and expenses of Latham. Prior to the commencement of these cases, Latham applied \$66,598.51 of the Retainer to the current amount of fees and expenses outstanding. If any amount remains after application to such fees, Latham

proposes to add such amounts to its current retainer. All fees and expenses of Latham with respect to the pre-Petition Date period have been paid.

14. Subject to this Court's approval, Latham will seek compensation on an hourly basis in accordance with its ordinary and customary hourly rates in effect on the date services are rendered. Latham's billing rates currently range from \$285 to \$775 per hour for attorneys, and from \$130 to \$225 per hour for paraprofessionals. These hourly rates are subject to periodic increases in the normal course of Latham's business.

15. Moreover, it is Latham's policy to charge its clients for all other services provided and for disbursements and expenses incurred in the rendition of services. These disbursements and expenses include, among other things, costs for telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document processing, photocopying charges, travel expenses, expenses for "working meals," computerized research, transcription costs and witness fees and other fees related to trials and hearings, as well as non ordinary overhead expenses such as secretarial overtime.

16. The fees described above are consistent with Latham's normal and customary billing practices for the services expected to be rendered in these chapter 11 cases. Latham understands that all compensation and expenses to be paid to Latham by the Debtors will be subject to ultimate Court approval upon application in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the rules and orders of this Court, the fee and expenses guidelines established by the U.S. Trustee's Office and any other applicable requirements.

17. Latham has no agreement with any other entity to share any compensation received in connection with these cases, nor will any be made, except as permitted

under 11 U.S.C. § 504(b). Moreover, no commitments have been made or received by Latham, nor any partner or employee associate thereof, as to compensation or payment in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

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

Executed this 30th day of May, 2003.

/s/ Robert J. Rosenberg  
Robert J. Rosenberg

## **Exhibit A**

### **Debtors**

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

### **Current Officers Allegiance Telecom, Inc.**

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

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

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

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

### **Current Officers Allegiance Telecom Company Worldwide**

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

### **Current Directors of Allegiance Telecom Company Worldwide**

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

### **Current Officers Allegiance Telecom International, Inc.**

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

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

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

**Current Officers Allegiance  
Service Corporation**

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

**Current Directors of Allegiance  
Service Corporation**

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

**Current Officers of Allegiance Telecom  
Purchasing Company**

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

**Current Directors of Allegiance Telecom  
Purchasing Company**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Current Officers of Allegiance Internet, Inc.**

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

**Current Officers of Allegiance Internet, Inc.**

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

**Current Officers of InterAccess  
Telecommunications Co.**

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

**Current Directors of InterAccess  
Telecommunications Co.**

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

**Current Officers of Virtualis Systems, Inc.**

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

**Current Directors of Virtualis Systems, Inc.**

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

**Current Officers of Jump.Net, Inc.**

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

**Current Officers of Jump.Net, Inc.**

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

**Current Officers of Adgrafix, Inc.**

Royce J. Holland  
C. Daniel Yost  
Thomas M. Lord  
Anthony J. Parella

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

**Current Officers of Adgrafix, Inc.**

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

**Current Officers of Hosting.com, Inc.**

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

**Current Director of Hosting.com, Inc.**

Mark B. Tresnowski

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

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

Mark A. Stachiw  
Richard H. Anderson  
Christine Kornegay  
Kenneth C. Close  
Annie S. Terry

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

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

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

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

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

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

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

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



Mark A. Stachiw  
Richard H. Anderson  
Christine Kornegay  
Kenneth C. Close  
Annie S. Terry  
John F. Wassenbergh  
John C. Bevilacqua

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

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

**Former Officers**

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

**Former Directors**

John Ehrenkranz  
Richard Frisbe  
Alan Goldberg

Howard Hoffen  
Dino Vendetti

**Parties To Litigation**

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

### **Top 40 Unsecured Creditors**

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

### **Creditors Under Capital Lease Agreements**

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

RCN Telecom Services, Inc.  
Sony Financial Services  
Sprint Communications Company  
United Capital

### **The Bank Group**

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

### **Indenture Trustee**

The Bank Of New York

### **Beneficiaries of Performance Bonds**

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

**Bondholders of 12 7/8% Senior Notes**

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

**Bondholders of 11 3/4% Senior Discount Notes**

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

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

**Professionals**

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

**Landlords**

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

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

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

WHVPW Real Estate Limited Partnership c/o  
Trammell Crow Company  
WMP IV Real Estate Limited Partnership  
WXIII/FAR Yale Real Estate Limited Partnership  
Zink Family Limited Partnership

#### **Insurers**

Marsh USA  
Unimark Insurance Agency, Inc.

#### **Equity Security Holders**

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

#### **Significant Vendors**

Adtran Inc.  
Advance Telecom Res.  
Alcatel Inc.  
Ameritech  
Assured Industries  
AT&T  
Broadwing Communication Services  
Daleen Solutions Inc.  
DSET Corporation  
Edocs Inc.  
EMC Corporation  
Extreme Networks  
JP Morgan Chase  
Looking Glass Networks  
Lucent Technologies Inc.  
Metromedia Fiber Network Inc.  
MFS Telecom Inc.  
NCX Office Developer LP  
NEC America, Inc.

Nortel Networks  
Pacific Bell  
Qwest  
Southern California Edison  
Southwestern Bell  
Sprint  
Sunbelt Telecommunications  
System Services  
The Point Group  
Verizon  
Verizon (GTE-SW) - Line Coast  
Walker & Associates  
WorldCom Inc.  
XO Communications

#### **Significant Customers**

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

IDX Systems  
Trinity Medical Center  
Stop & Shop  
Concord City Hall  
Millpore Corporation  
Global Crossing  
Sprint  
Bristol Hospital/SIC Healthcare  
Queen of the Valley  
Medical Manager  
Arizona Dept. of Transportation  
Martha Stewart Living

**Major Competitors**

AT&T

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

**Judgment Lien Holder**

Stephen Wrathell, CPA, PC

## **EXHIBIT B**

(i) Known Institutional Lenders to the Debtors Who Are or Were Represented by Latham in Unrelated Matters:

<b>Active Unrelated Representations</b> (Institutional Lender and/or possible affiliates)	<b>Former Unrelated Representations</b>
GE Capital Services	Bank Austria
ABN Amro Bank	
Bank of America	
Bank of Nova Scotia	
Bayerische Hypo	
BNP Paribas	
CIT Lending Services	
Cobank	
Credit Suisse First Boston	
Dresdner Bank	
Fleet	
Fortis Bank	
Goldman Sachs	
Gryphon Master Fund, LP	
IBM Credit Corporation	
Morgan Stanley Emerging	
R2 Investments	
R2 Top Hat, LTD	
Toronto Dominion	
UBS AG	
Union Bank of California	

(ii) Representations by Latham of the 40 Largest Unsecured Creditors in Unrelated Representations:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Alcatel, Inc.	Sunbelt Telecommunications
AT&T	
Hewlett-Packard	
JP Morgan Chase	
Level 3 Communications LLC	
Lucent Technologies	
NEC America, Inc.	
Nortel Networks Inc.	
Pacific Bell	
Qwest	

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Southern California Edison	
Southwestern Bell	
Sprint	

(iii) Representations by Latham of Insurers to the Debtors in Unrelated Matters:

<b>Active Unrelated Representations</b> (Insurer and/or possible affiliates)	<b>Former Unrelated Representations</b>
None	

(iv) Representations by Latham of the Debtors' Major Vendors in Unrelated Matters:

<b>Active Unrelated Representations</b> (Major Customers and/or possible affiliates)	<b>Former Unrelated Representations</b>
JP Morgan Chase-P Card	Sunbelt Telecommunications
Lucent Technologies Inc.	Nortel Networks
MFS Telecom Inc.	Cathedral Healthcare
NEC America, Inc.	
Pacific Bell	
Qwest	
Southern California Edison	
Southwestern Bell	
Sprint	
Alcatel Inc.	
AT&T	
Iron Mountain	
Harcourt Inc-Orlando	
Trinity Medical Center	
Stop & Shop	
Medical Manager	
Swiss Re Financial Services	
SBC	
Office Depot	
TJMAXX	
New York Hospital	
Beebe Medical Center	



(v) Representations by Latham of Known Shareholders Holding More Than 5% of Debtors Common Equity:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Barclays Global Investors	
Morgan Stanley Investment Management	
State Street Global Advisors	
Vanguard Group, Inc.	

(vi) Representations by Latham of Entities Who Are Parties to Significant Litigation with the Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Goldman Sachs I and II	
Legal Services Associates	
State Farm Insurance Company	

(vii) Representation of Clients in Matters Involving the Directors and Officers of the Filing Entities:

<b>Director/Officer</b>	<b>Status</b>
Reed Hunt	Former Partner of Latham & Watkins

(viii) Known Indenture Trustees to Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
The Bank Of New York	

(ix) Latham's Relationships with Other Professionals Retained by the Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
FTI Consulting	Greenhill & Co.
KPMG Peat Marwick	Akin, Gump, Strauss, Hauer, Feld LLP
Paul, Hastings, Janofsky & Walker LLP	

(x) Latham's Relationships with Capital Lease Creditors of the Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Broadwing Communications Services, Inc.	RCN Telecom Services, Inc.
CitiCapital (Fidelity Leasing)	
Clarity Credit Corporation	
Deutsche Bank	
GE Capital Fleet Services	
Level 3 Communications, LLC	
Sony Financial Services	
Sprint Communications Company	

(xi) Latham's Relationships with Bondholders of the Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
Chase Manhattan Bank	Bank of Montreal
Goldman Sachs Asset Management	Cardinal Investments
Gryphon Capital Corp., LLC	Federated Investors, Inc.
Merrill Lynch Investment Managers	Fidelity Management & Research Company
U.S. Bancorp Asset Management, Inc.	
Allianz of America, Inc.	
American Express Financial Management	
Blackrock Financial Management, Inc.	
Canyon Capital	
Chase Manhattan Bank	
CIBC Oppenheimer	
Clam Partners (Credit Lyonnais Asset Management)	
Clarion	
Credit Suisse Asset Management, LLC	
CRT Capital Group	
Delaware Investment Advisers, Inc.	
Deutsche Asset Management	
Euroclear Main Account	
Goldman Sachs Asset Management	
Hartford Investment Management Company, Inc.	
Gryphon Capital Corp., LLC	
Indosuez Capital	
Invesco Funds Group	
Julius Baer Asset Management	
Langley Partners	
Lehman Brothers Inc.	
Merrill Lynch Investment Managers (U.K.)	
Merrill Lynch Investment Managers	

Millenium Partners	
ML CBO	
Morgan Stanley Investment Management, Inc.	
Neuberger Berman	
New York Life Insurance Company	
Piedmont Partners	
Pioneer Insurance Group	
Pacific Bell	
Plains LTD	
Spectrum Advisory Services, Inc.	
Putnam Investment Management	
Tejas Securities Group	
Trenton Capital Management	
U.S. Bancorp Asset Management, Inc.	

(xii) Latham's Relationships with Major Competitors of the Debtors:

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
AT&T	SBC
BellSouth	
Qwest	
Time Warner Telecom	

(xiii) Other Significant Latham Relationships

<b>Active Unrelated Representations</b>	<b>Former Unrelated Representations</b>
None	None

Clients of Latham (and/or their affiliates) whose individual billings constituted more than 1% of Latham's fee billings during 2002<sup>1</sup>:

<u>Client Name</u>	<u>Relationship With Debtors</u>
Carlyle Airport Technology Trust* (2.1%)	Landlord
Lehman Brothers Inc.* (2.0%)	Bondholder
Credit Suisse Asset Management, LLC* (2.2%)	Bondholder
Credit Suisse First Boston* (2.2%)	Secured Lender
Deutsche Asset Management* (1.1%)	Bondholder
Deutsche Bank* (1.1%)	Capital Lessor
GE Capital Services* (1.0%)	Secured Creditor
GE Capital Fleet Services* (1.0%)	Capital Lessor
Goldman Sachs Credit Partners L.P.* (1.0%)	Secured Creditor
Goldman Sachs I and II* (1.0%)	Litigation Parties
Goldman Sachs Asset Management* (1.0%)	Bondholder

<sup>1</sup> An asterisk ("\*") denotes that Latham & Watkins represents or has represented entities which are, or may be, affiliated with the listed party in interest. The percentage of billings reflected herein as to any such party in interest represents the aggregate billings attributable to such party in interest (if any) and such affiliates.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**ORDER AUTHORIZING THE DEBTORS AND DEBTORS IN  
POSSESSION TO EMPLOY AND RETAIN LATHAM & WATKINS LLP AS  
SPECIAL COUNSEL PURSUANT TO 11 U.S.C. § 327(a)  
NUNC PRO TUNC TO THE COMMENCEMENT DATE**

Upon the Application (the “Application”) of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”) for an order, pursuant to section 327(a) of the Bankruptcy Code<sup>1</sup> authorizing the Debtors to employ and retain Latham & Watkins LLP (“Latham”) as counsel to the Debtors’ Special Committee of the Board of Directors pursuant to section 327(a); and upon the Declaration Of Robert J. Rosenberg In Support Of Application Of The Debtors Pursuant To 11 U.S.C. § 327(A) And 328(A) For Order Authorizing The Employment Of Latham & Watkins LLP As Special Counsel And Disclosure Of Compensation Pursuant To 11 U.S.C. § 329 (the “Rosenberg Declaration”); and notice of this Application having been given; and it appearing that, except as set forth in its Application and in the Rosenberg Declaration, Latham neither holds nor represents any interest adverse to the Debtors’ estates with respect to the matters on which it is to be employed; and it appearing that that the relief requested in the Application is in the best interests of the Debtors’ estates and their creditors; and upon the record herein; after due deliberation; and good and sufficient cause having been shown therefore, it is hereby

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Application

ORDERED that the Application is granted on an interim basis; and it is further

ORDERED, that the retention and employment of Latham as counsel to the Special Committee of the Debtors' Board as of the date of the filing of these chapter 11 cases under a general retainer on the terms set forth in the Application and the Rosenberg Declaration be, and hereby is, approved; and it is further

ORDERED, that Latham shall be compensated upon appropriate application in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court; and it is further

ORDERED, that Latham is authorized to apply the Retainer received from the Debtors to pay any fees, charges or disbursements relating to services rendered to the Debtors prior to the Petition Date that remain unpaid as of such date and shall hold the remaining portion of the Retainer to apply to fees, charges and disbursements relating to services rendered subsequent to the Petition Date as may be further ordered by the Court; and it is further

ORDERED that the Debtors shall serve a copy of the Application and this Order upon: (i) the Office of the United States Trustee for the Southern District of New York; (ii) attorneys for the Prepetition Lenders; and (iii) attorneys for the Creditors' Committee, within two (2) business days; and it is further

ORDERED that any objection to the relief requested by the Application on a permanent basis must be filed with the Court, One Bowling Green, New York, New York 10004-1408, by no later than May \_\_, 2003 at 4:00 p.m. and served on the Office of the United States Trustee, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, New York 10004, Attention: Carolyn

Schwartz, Esq. and Latham & Watkins, special counsel to the Debtors, 885 Third Avenue, New York, New York 10022, Attention: Robert J. Rosenberg, Esq., so as to be actually received by such filing deadline; and it is further

ORDERED that any objections to the proposed retention must be filed with the Court in accordance with General Order of the United States Bankruptcy Court for the Southern District of New York M-242, which order can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov); and it is further

ORDERED that if timely objections are received there shall be a hearing held on May \_\_, 2003 at \_\_: \_\_ .m. to consider such timely objections to the proposed retention herein; and it is further

ORDERED that if no objections to Latham's retention are timely filed, served and received in accordance with this Order, this Order shall be deemed a Final Order without further notice or hearing, and the Application shall be granted in its entirety, and Latham's retention shall be made effective nunc pro tunc to the date of the commencement of these chapter 11 cases; and it is further

ORDERED, that the Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: New York, New York  
\_\_\_\_\_, 2003

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UNITED STATES BANKRUPTCY JUDGE

## **EXHIBIT 2**



# Latham & Watkins Employment Application for Allegiance Telecom

Total number of parties: 86

Mode of Service: US Mail (1st Class)

## Exhibit 2 - Latham Employment Application

### Svc Lst Name and Address of Served Party

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3706 ADAM C DEMBROW ESQ., (REPRESENTING: VERIZON COMMUNICATIONS INC), WILMER CUTLER & PICKERING, 399 PARK AVE, NEW YORK, NY 10022

3706 ALAN GRAYSON, PEGASUS LOGISTICS GROUP, CORPORATE HQ, 612 E DALLAS RD 100, GRAPEVINE, TX 76099-0370

3706 ANDREW H SHERMAN, (REPRESENTING: QWEST CORPORATION), SILLS CUMMIS RADIN, ONE RIVERFRONT PLZ, THE LEGAL CENTER, NEWARK, NJ 07102

3706 ANDREW N GOLDMAN, (REPRESENTING: BROADWAY COMMUNICATIONS SERVICES INC.), WILMER CUTLER & PICKERING, 399 PARK AVE, NEW YORK, NY 10022

3706 ATTN: GENERAL COUNSEL, KMC TELECOM XI LLC, KMC TELECOM HOLDINGS, 1545 ROUTE 206 # 300, BEDMINSTER, NJ 07921

3706 BANKRUPTCY UNIT, NEW YORK DEP OF FIN, 345 ADAMS ST, 10TH FL, BROOKLYN, NY 11201

3706 BRETT JAFFE, 4 JENNIFER CIRCLE, BILLERICA, MA 01821

3706 CAROLYN S SCHWARTZ, UNITED STATES TRUSTEE, 33 WHITEHALL ST, 21ST FL, NEW YORK, NY 10004

3706 CHRIS DE LA CRUZ, AVAYA - CABS, 3410 MIDCOURT, STE 115, CARROLLTON, TX 75006-5066

3706 CHRISTOPHER HELTON, PARAGON INVEDST MGT, 1420 5TH AV, #3020, SEATTLE, WA 98101

3706 CONSTANCE LOOSEMORE, KMC TELECOM HOLDINGS, INC., 1545 US HIGHWAY 206, BEDMINSTER, NJ 07921

3706 CONTRACTS ADMIN, INTERMEDIA COMM INC, MCI WORLDCOM COMMUNICATIONS, 500 CLINTON CTR DR BLDG 4, CLINTON, MS 39056

3706 CONTRACTS ADMIN, MCIWORLDCOMCOMM, 500 CLINTON CTR DR, BLDG 4, CLINTON, MS 39056

3706 CONTRACTS ADMIN, MFS TELECOM INC - CABS, MCI WORLDCOM, 500 CLINTON CTR DR BLDG 4, CLINTON, MS 39056

3706 CONTRACTS ADMIN, UUNET, MCI WORLDCOM, 500 CLINTON CTR DR BLDG 4, CLINTON, MS 39056

3706 CONTRACTS ADMIN, WORLDCOM ONNET DSL, MCI WORLDCOM, 500 CLINTON CTR DR BLDG 4, CLINTON, MS 39056

3706 CRAIG FRICKE, XO COMMUNICATIONS, 11111 SUNSET HILLS, RESTON, VA 20190

3706 DANA KANE/THOMAS E PITTS, JR, (REPRESENTING: KMC TELECOM XI, LLC), SIDLEY AUSTIN BROWN, 787 SEVENTH AVE, NEW YORK, NY 10019

3706 DAVID GUTHAIM, ENTERPRISE FLEET SERVICES, 1550 ROUTE 23 N, WAYNE, NJ 07470

3706 DAVID SILVERMAN, XO COMMUNICATIONS, 11111 SUNSET HILLS RD, RESTON, VA 20190

3706 DISTRICT DIRECTOR, INTERNAL REVENUE SERVICE, 290 BROADWAY, NEW YORK, NY 10007

3706 DOUGLAS JOHNSON, 1402 OLD DALLAS HWY, DALLAS, NC 28034

3706 ERNEST WILLIAMS, BROADWING COMM SERVICES, 1122 CAPITAL OF TEXAS HWY S, AUSTIN, TX 78746

3706 FRANK MILLER, EDWARDS & KELCEY TECHNOLOGY, INC., 450 RARITAN CTR PKWY, EDISON, NJ 08837

3706 GEN COUN INTERCON Q, QWEST COMMUNICATIONS, LAW DEPARTMENT, 1801 CALIFORNIA ST 4900, DENVER, CO 80202

3706 GENERAL ATTORNEY - COU, BELL SOUTH GEORGIA, 675 W PEACHTREE ST, STE 4300, ATLANTA, GA 30375

3706 GENERAL COUNSEL, FOCAL COMM CORP OF PA, (CABS), 200 N LASALLE ST 1100, CHICAGO, IL 60601

3706 GENERAL COUNSEL, FPL FIBERNET LINE COST, FPL FIBERNET LLC, JUNO BEACH, FL 33408

3706 GENERAL COUNSEL, LEVEL 3 COMM LLC - CABS, 1025 ELDORADO BLVD, BROOMFIELD, CO 80021

3706 GORDON WILLIAMS, VP & GENERAL COUNS, BROADWING INC, 1122 CAPITAL OF TX HIGHWAY SOUTH, AUSTIN, TX 78746-6426

3706 ICS ATTORNEY, BELL SOUTH FLORIDA, 675 W PEACHTREE ST, STE 4300, ATLANTA, GA 30375

3706 IRA REID, (REPRESENTING: THE BANK OF NEW YORK), BAKER & MCKENZIE, 805 THIRD AVE, NEW YORK, NY 10022

## Exhibit 2 - Latham Employment Application

### Svc Lst Name and Address of Served Party

3706 IRA S DIZENGOFF, AKIN GUMP STRAUSS, 590 MADISON AVE, NEW YORK, 10022

3706 ISABEL MIRO, TEK TRADEMARK TELECOM, 2211 NORFOLK, STE 800, HOUSTON, TX 77098

3706 J KEPNER/H VICENTE/D LADDIN, (REPRESENTING: VERIZON COMMUNICATIONS), ARNALL GOLDEN GREGORY, 2800 ONE ATLANTIC CTR, 1201 W PEACHTREE ST, ATLANTA, GA 30303-3450

3706 JEFFREY F JACOBS, RT 1 BOX 51, HARDESTY, OK 73944

3706 JEFFREY GLEIT ESQ., (REPRESENTING: BROADWAY COMMUNICATIONS SERVICES INC.), WILMER CUTLER & PICKERING, 399 PARK AVE, NEW YORK, NY 10022

3706 JESSE H AUSTIN III, PAUL HASTINGS JANOFFSKY, 600 PEACHTREE ST NE, 24TH FL, ATLANTA, GA 30308-2222

3706 JIM LARAMY VP LEGAL, DST OUTPUT, 5220 ROBERT J MATTHEWS PKWY, EL DORADO HILLS, CA 95762

3706 JODI J CARO GEN COUN, LOOKING GLASS NETWORKS, 1111 WEST 22ND ST, STE 600, OAK BROOK, IL 60523

3706 JOHN S KAPLAN, PERKINS COIE, 1201 THIRD AV, 40TH FL, SEATTLE, WA 98101

3706 JONATHAN S KRUEGER, (REPRESENTING: NCX OFFICE DEVELOPMENT LP), VINSON & ELKINS LLP, 666 FIFTH AVE 27TH FL, NEW YORK, NY 10103

3706 JOSEPH SAMET, (REPRESENTING: THE BANK OF NEW YORK), BAKER & MCKENZIE, 805 THIRD AVE, NEW YORK, NY 10022

3706 KELLY IMSLAND, 921 N 85TH ST, SEATTLE, WA 98103

3706 KENNETH JOHNS, GE CAPITAL FLEET SERVICES, 300 RIVER HILLS BUS PK, BIRMINGHAM, AL 35242

3706 LANCE EISENBERG, ESQ., (REPRESENTING: AT&T CORP), LOWENSTEIN SANDLER PC, 65 LIVINGSTON AVE, ROSELAND, NJ 07068

3706 LILLIAM C POWELL, 2717 2ND LOOP RD, FLORENCE, SC 29501

3706 LISA C BERRY GEN COUN, JUNIPER NETWORK, 1194 N MATHILDA AVE, SUNNYVALE, CA 94089

3706 LISA M GOLDEN, (REPRESENTING: SBC AFFILIATES), JASPAN SCHLESINGER, 300 GARDEN CITY PLZ, GARDEN CITY, NY 11530

3706 LUCENT TECHNOLOGIES INC, 2601 LUCENT LANE, LISLE, IL 60532

3706 MARILYN WASSERMAN, (REPRESENTING: CARRIERSOLUTIONSFINADMIN), S CAL EDISON, 2244 WALNUT GROVE, GO1 QUAD 2B, ROSEMEAD, CA 91770

3706 MARK B TRESNOWSKI, ALLEGIANCE TELECOM, INC, 700 E BUTTERFIELD RD, STE 400, LOMBARD, IL 60148

3706 MARK STACHIW, ALLEGIANCE TELECOM, INC, 9201 N CENTRAL EXPRESSWAY, DALLAS, TX 75231

3706 MATTHEW A CANTOR, KIRKLAND & ELLIS, JONATHAN S HENES, 153 EAST 53RD ST, NEW YORK, NY 10022

3706 MERRILL KALISER, GARDERE WYNNE SEWELL, 3000 THANKSGIVING TWR, 1601 ELM ST, DALLAS, TX 75201

3706 MICHAEL COOLEY, GARDERE WYNNE SEWELL, 3000 THANKSGIVING TWR, 1601 ELM ST, DALLAS, TX 75201

3706 MIKHAEL VITENSON, ESQ., KMC TELECOM HOLDINGS, INC., 1545 US HIGHWAY 206, BEDMINSTER, NJ 07921

3706 NEIL BERGER, TOGUT SEGAL & SEGAL, 1 PENN PLZ, NEW YORK, NY 1019

3706 NORMAN COLLINS SALES VP, AT&T CORP, 1200 PEACHTREE ST, ATLANTA, GA 30309

3706 NOTICES MANAGER, AMERITECHLECSERVICESBILLING, SBC CONTRACT ADMIN, 4 BELL PLZ311S AKARD FL 9, DALLAS, TX 75202-5398

3706 NOTICES MANAGER, SOUTHWESTERN BELL, SBC CONTRACT ADMIN, 4 BELL PLZ311S AKARD FL 9, DALLAS, TX 75202-5398

3706 PACIFIC BELL/ NOTICES MGR, SBC CONTRACT ADMIN, FOUR BELL PLAZA, 311 S AKARD 9TH FLOOR, DALLAS, TX 75202-5398

3706 PATRICK J POTTER, (REPRESENTING: XO COMMUNICATIONS, INC.), SHAW PITTMAN LLP, 2300 N STREET, NW, WASHINGTON, DC 20037

3706 PAUL M ROSENBLATT, (REPRESENTING: BELLSOUTH TELECOM), KILPATRICK STOCKTON, STE 2800, 1100 PEACHTREE ST NE, ATLANTA, GA 30309-4530

3706 PHILIP D ANKER ESQ, (REPRESENTING: VERIZON COMMUNICATIONS INCE), WILMER CUTLER & PICKERING, 399 PARK AVE, NEW YORK, NY 10022

## Exhibit 2 - Latham Employment Application

### Svc Lst Name and Address of Served Party

---

3706 RICHARD ROBERSON, GARDERE WYNNE SEWELL, 3000 THANKSGIVING TWR, 1601 ELM ST, DALLAS, TX 75201

3706 RICK GOSHORN GEN COUN, ACTERNA, 12410 MILESTONE CTR DR, GERMANTOWN, MD 20876

3706 STEVEN M ABRAMOWITZ, (REPRESENTING: NCX OFFICE DEVELOPMENT LP), VINSON & ELKINS LLP, 666 FIFTH AVE, 27TH FL, NEW YORK, NY 10103

3706 STEVEN O GASSER, SHARTSIS FRIESE GINSBURG, 1 MARITIME PLZ, 18TH FL, SAN FRANCISCO, CA 94111

3706 STORNET INC, 7388 S REVERE PKWY, STE 1003, CENTENNIAL, CO 80112

3706 STREAM REALTY PARTNERS, NCX OFFICE DEVELOPMENT, 511 EAST JOHN CARPENTER HWY, STE 400, IRVING, TX 75062

3706 STUART KRATTER, THE BANK OF NEW YORK, 101 BARCLAY ST, FLOOR 21 WEST, NEW YORK, NY 10286

3706 TAX AND FINANCE, NEW YORK DPT TAX/FINAN, BANKRUPTCY UNIT, PO BOX 5300, ALBANY, NY 12205-0300

3706 TINAMARIE FEIL, BMC CORPORATION, 1330 E FRANKLIN AVE, EL SEGUNDO, CA 90245

3706 UNITED STATES ATTORNEY, 100 CHURCH ST, 19TH FL, NEW YORK, NY 10007

3706 VERIZON LINE COST INGLWD CA, VERIZON BA-PA WHOLESALE MKT, VP ASSOC GEN COUNSEL, 1515 N COURT HOUSE RD 500, ARLINGTON, VA 22201

3706 VINCENT D'AGOSTINO, ESQ., (REPRESENTING: AT&T CORP), LOWENSTEIN SANDLER PC, 65 LIVINGSTON AVE, ROSELAND, NJ 07068

3706 VP ASSOC GEN COUN, VERIZON GTECALINECOSTINGLE, WHOLESALE MARKETS, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZON (GTE-SW), LINECOSTDALLASWHOLESALEMARK, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZON BA LINE COSTALBANY, WHOLESALE MARKETS, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZON GTE-SW WHLSL, LINE COST ATLANTA GA, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZONBALINECOSTBALTIMORE, WHOLESALE MARKETS, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZONBA-NJ LINECOSTTRENTON, WHOLESALE MARKETS, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 VP & ASSOC GEN COUN, VERIZONBASOUTHLINECOSTCOC, WHOLESALE MARKETS, 1515 N COURT HOUSE RD, ARLINGTON, VA 22201

3706 WALTER WANT, W5 BRANNAN LP, 651 BRANNAN ST, #100, SAN FRANCISCO, CA 94107

3706 WAYNE M CARLIN REG DIR, SEC, 233 BROADWAY, NEW YORK, NY 10279

**Subtotal for this group: 86**