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

State of Texas )  
City of Dallas ) ss:

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

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

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

### **QUALIFICATIONS OF PROFESSIONALS**

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

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

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

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

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

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

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

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

#### **SERVICES TO BE RENDERED**

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

**a. Accounting and Auditing Services**

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

**b. Tax Advisory Services**

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

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

**c. Bankruptcy Compliance Services**

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

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

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

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

### **DISINTERESTEDNESS OF PROFESSIONALS**

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

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

12. KPMG LLP is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b), of the Bankruptcy Code in that, to the best of my information and belief, KPMG LLP:

- a. is not a creditor, an equity security holder, or an insider of the Debtors;
- b. is not and was not an investment banker for any outstanding security of the Debtors;
- c. has not been within three years before the commencement of these chapter 11 cases, an investment banker for a security of the Debtors or an attorney for such investment banker in connection with the offer, sale or issuance of a security of the Debtors;
- d. is not and was not, within two years before the commencement of these chapter 11 cases, a director, officer or employee of the Debtors or of an investment banker of the Debtors; and
- e. does not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship

to, connection with or interest in the Debtors or an investment banker of the Debtors or for any other reason.

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

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

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

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

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

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

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

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

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

**PROFESSIONAL COMPENSATION**

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

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

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



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

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

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

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

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

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

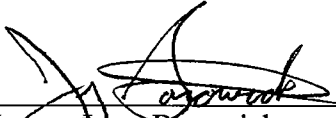
27. In accordance with section 504 of the Bankruptcy Code, I hereby state that there is no agreement or understanding between KPMG LLP and any other entity, other than a member, partner or regular associate of KPMG LLP, for the sharing of compensation received or to be received for services rendered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

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

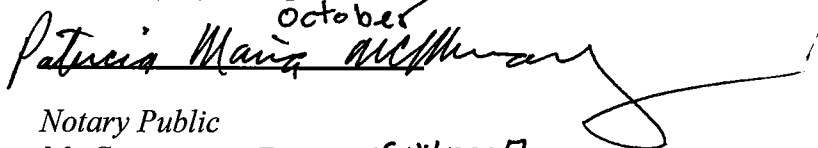
29. To the extent any information disclosed herein requires amendment or modification upon KPMG LLP's completion of further review or as additional information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

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

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

  
Name: Jerry Borowick  
Title: Partner

Subscribed and sworn to before me  
this 30<sup>th</sup> day of ~~September~~ <sup>October</sup> 2003.



Notary Public

My Commission Expires: 05/14/2007

NOTARY PUBLIC

State of Texas, County of Dallas

Registration No. 12455997-7

## EXHIBIT A

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

### Debtors

Allegiance Telecom, Inc.  
Adgrafix Corporation  
ALGX Business Internet, Inc.  
Allegiance Internet, Inc.  
Allegiance Telecom Company  
Worldwide  
Allegiance Telecom International, Inc.  
Allegiance Telecom of Arizona, Inc.  
Allegiance Telecom of California, Inc.  
Allegiance Telecom of Colorado, Inc.  
Allegiance Telecom of Florida, Inc.  
Allegiance Telecom of Georgia, Inc.  
Allegiance Telecom of Illinois, Inc.  
Allegiance Telecom of Indiana, Inc.  
Allegiance Telecom of Maryland, Inc.  
Allegiance Telecom of Massachusetts, Inc.  
Allegiance Telecom of Michigan, Inc.  
Allegiance Telecom of Minnesota, Inc.  
Allegiance Telecom of Missouri, Inc.  
Allegiance Telecom of Nevada, Inc.  
Allegiance Telecom of New Jersey, Inc.  
Allegiance Telecom of New York, Inc.  
Allegiance Telecom of North Carolina, Inc.  
Allegiance Telecom of Ohio, Inc.  
Allegiance Telecom of Oklahoma, Inc.  
Allegiance Telecom of Oregon, Inc.  
Allegiance Telecom of Pennsylvania, Inc.  
Allegiance Telecom of Texas, Inc.

Allegiance Telecom of The District of Columbia, Inc.  
Allegiance Telecom of Virginia, Inc.  
Allegiance Telecom of Washington, Inc.  
Allegiance Telecom of Wisconsin, Inc.  
Allegiance Telecom Purchasing Company  
Allegiance Telecom Service Corporation  
Coast to Coast Telecommunications, Inc.  
Hosting.com, Inc.  
InterAccess Telecommunications Co.  
Jump.Net, Inc.  
Shared Technologies Allegiance, Inc.  
Virtualis Systems, Inc.

### Officers/Directors

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

**Professionals**

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

**Major Litigants**

Ace Cash Express  
Africfarm Market Ltd.  
Air Around The Clock  
Anne Marie's Catering  
Apple Dentists  
Ashley Layne Design  
Brelia, Inc. dba TGF Haircutters  
Brown, Stanley E.  
CampusLink  
Cappuccio  
Caribbean Resorts  
D.N.K. Management, Inc.  
Dietrich & Associates  
Dpi Teleconnect, Inc.  
G&R Check Cashing Corp.  
Girdler, Deborah  
Goldman Sachs I and II  
ICG Communications  
InteCap  
J.L.M., Inc.  
Kane, Linda  
Kosher Konnection  
Kramer, Pamela  
Law Offices of Lin & Associates  
Legal Services Associates  
Life Sciences Corp.  
Maid in the USA t/a Maid To Perfection  
Maynard, Alison dba Law Offices of  
Alison Maynard  
Mirage Tile & Marble Co., Inc.  
Navarro Property  
Network Dynamics Cabling  
Notre Dame Law Associates  
One Stop Realtour Place  
Payne, Robert B. and Barbara L.  
Poe, Jason  
Polyspede Electronics  
Robin Millen Collections  
Scheideler & Associates

Shayan Enterprises, LLC  
Signature Consultants  
State Farm Insurance Company  
The Tub Factory  
Totally Wireless Choice  
Trinity National Corporation  
Tweel Home  
Uptown Transit Corporation  
Walker, Brian  
Zone International, Inc.

**Top 40 Unsecured Creditors**

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

**Creditors Under Capital Lease Agreements**

CC II Realty, Inc.  
CitiCapital (Fidelity Leasing)  
Clarity Credit Corporation  
Communication Systems Development, Inc.  
Dell Financial Services  
Deutsche Bank  
Fiber Technologies Networks, L.L.C.  
Fidelity Leasing  
GE Capital Fleet Services  
Grande Communications Networks, Inc.  
LINC Receivables  
Looking Glass Networks, Inc.  
Metromedia Fiber Network Service, Inc.  
RCN Telecom Services, Inc.  
Sony Financial Services  
Sprint Communications Company  
Telecom. Finance Grp. Of Siemens  
Carrier Networks LLC  
United Capital

**Secured Lenders**

ABN Amro Bank  
Absolute Rec Hedge LP  
Absolute Rec Hedge LTD  
Bank Austria  
Bank of America  
Bank of Nova Scotia  
Bayerische Hypo  
BNP Paribas  
CIT Lending Services Corp  
Cobank  
Credit Suisse First Boston  
Dresdner Bank  
Fleet  
Fortis Bank  
Gryphon Master Fund, LP  
IBM Credit Corporation  
ING Capital Corp.  
Langley Partners, LP  
Morgan Stanley Emerging  
Pauraque Partners  
R2 Investments,  
R2 Top Hat, LTD

Toronto Dominion  
UBS AG  
Union Bank of California

**Indenture Trustee**

The Bank of New York

**Beneficiaries of Performance Bonds**

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

**Major Bondholders**

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

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

Eruoclear Main Account  
F&C Management Limited  
GLG Partners  
Goldman Sachs Asset Management  
I.G. Investment Management, Ltd.  
Lap Investments  
Mediolanum Gestione Fondi S.P.A.  
Millenium Partners  
ML CBO  
Morgan Stanley Investment  
Management, Inc.  
Mount Washington CBO  
New York Life Insurance Company  
Patsy R Smith Investments LP  
Phoenix Administration Services  
PIMCO Advisors, LP  
Romulus Holdings Inc.  
Silver Point Capital Management  
The Jonathan Stanton Co. Inc.  
Trenton Capital Management  
Trident Trust Co.  
VDL Partners

#### **Landlords**

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

Boston Properties Limited Partnership  
BP Commerce, LLC  
BRE/Metrocenter LLC c/o Realty  
Management Company  
CalEast Industrial Investors, LLC,  
Herndon Spring Park c/o CB Richard  
Ellis  
Callowhill Management, Inc.  
Carlyle Airport Technology Trust  
Chippewa Enterprises, Inc.  
CIN Meadows, LLC c/o Linque  
Management Company, Inc.  
Connecticut General Life Insurance c/o  
CarrAmerica Realty Corporation  
Conservation International Foundation  
Cornerstone Suburban Office, L.P.  
Distribution Drive, L.P.  
Downtown Properties LLC  
Eastridge Properties I Corporation  
Electronic Data Systems Corporation  
EOP Second and Spring, L.L.C. c/o  
Equity Office Properties Trust  
EOP Summit Limited Partnership  
Equity Office Properties Trust  
Equity Office Properties  
Exchange Center Partnership c/o John J.  
Roper Company  
First Industrial Development Services,  
L.P.  
First Parker Realty L.L.C.  
FRM Associates, LLC c/o Marquette  
Plaza  
FSP Telecom Business Center  
G&C Realty Company, LLC c/o Hotel  
Edison  
Gaedeke Holdings, Ltd.  
Gary A. Jones, Trustee of the Jones  
Family Trust  
Gateway Taft, Inc. c/o RREEF Real  
Estate Investment Managers  
Globe Building Company  
Great Lakes REIT, L.P.  
Green 90 Broad, LLC  
Guardian Westwood LLC  
Hitachi Electronic Devices  
Hood Business Park LLC

Hudson Telegraph Associates  
Indianapolis Spec Office Investments,  
L.P.  
Insignia/ESG Sunnyvale  
JER/BRE Austin Tech, L.P. c/o  
Trammell Crow Central Texas, Ltd.  
Jetstar Partners, Ltd. C/o  
Collinternational, Inc.  
John D. and Catherine T. MacArthur  
Foundation  
John Hancock Mutual Life Insurance  
Company  
Jones Lang LaSalle Management  
Services I  
KM Complex, L.P.  
L.A.T. Investment Corporation  
LA/GA Business Centers, Inc. c/o  
Ackerman & Company  
Lake Street Industrial Partners  
Lakeview Business Center  
Laurel Office Park Partnership III  
Madison Third Building Companies,  
LLC c/o Cohen Brothers Realty  
Corporation  
Marietta Street Partners, LLC  
Massachusetts Mutual Life Insurance  
Company c/o Transwestern Commercial  
Services  
Meadowlands Investments, L.L.C.  
Mendota Office Holdings LLC c/o  
United Properties  
Miami RPFIV Airport Corporate Center  
Associates  
Midway Commerce Park Properties,  
L.P.  
Multi-Employer Trust/Riggs Bank c/o  
Trammell Crow Company  
NeXcomm Asset Acquisition I, L.P.  
Northwestern Corporate Center  
Associates, L.P.  
North Hayward Corporate Center  
Associates  
Northwestern Development Company  
"B" c/o Blake Real Estate Inc.  
Oakcrest Development c/o Lewis  
Operating Corporation

Olympia Properties, L.L.C. c/o Jones  
 LaSalle Management Services, Inc.  
 Orange County Business Center LLC  
 PERA I-373, Inc. c/o Jones Lang  
 LaSalle  
 PhilaCompany  
 Principal Properties, L.P. c/o Denholz  
 Management, Inc.  
 Prospect West C.L.P.  
 Pyramid Investment Corporation  
 Rockside Square One c/o The King  
 Group  
 Rostand Associates, L.L.C.  
 Scott Properties  
 Shurgard of Melville  
 SM Brell, L.P.  
 Southfield TechnceCenter RE 1, L.L.C.  
 St. Paul Properties, Inc.  
 Stanplace Limited Partnership  
 Sterling Network Exchange, LLC  
 Teachers Insurance & Annuity  
 Association of America c/o CB Richard  
 Ellis  
 The Irvine Company  
 The Pennsylvania Building Company  
 Thomas Properties Group LLC  
 Touchstone Partners I LLC c/o  
 Integrated Real Estate Services, L.L.C.  
 T-Pac Investments, Inc. c/o Essex Realty  
 Management  
 T-REX Technology Centers, LLC  
 Trizec Holdings, Inc.  
 Troy Place Associates c/o Nemer  
 Property Group  
 W5 Brannan LP  
 Wachovia Bank, N.A.  
 WE'RE Associates  
 Webster Street Partners, Ltd.  
 WHVPW Real Estate Limited  
 Partnership c/o Trammell Crow  
 Company  
 WMP IV Real Estate Limited  
 Partnership  
 WXIII/FAR Yale Real Estate Limited  
 Partnership  
 Zink Family Limited Partnership

### **Insurers**

Marsh USA  
 Unimark Insurance Agency, Inc.

### **Shareholders**

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



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

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

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

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

#### **Beneficiaries of Letters of Credit**

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

#### **Significant Vendors**

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

#### **Significant Customers**

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

#### **Major Competitors**

BellSouth  
McLeod  
Time Warner Telecom

## **EXHIBIT B**

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

### **Debtors**

Allegiance Telecom, Inc.  
Allegiance Telecom Company  
Worldwide  
Allegiance Telecom International, Inc.  
Allegiance Telecom of Arizona, Inc.  
Allegiance Telecom of California, Inc.  
Allegiance Telecom of Colorado, Inc.  
Allegiance Telecom of Florida, Inc.  
Allegiance Telecom of Georgia, Inc.  
Allegiance Telecom of Illinois, Inc.  
Allegiance Telecom of Indiana, Inc.  
Allegiance Telecom of Maryland, Inc.  
Allegiance Telecom of Massachusetts, Inc.  
Allegiance Telecom of Michigan, Inc.  
Allegiance Telecom of Minnesota, Inc.  
Allegiance Telecom of Missouri, Inc.  
Allegiance Telecom of Nevada, Inc.  
Allegiance Telecom of New Jersey, Inc.  
Allegiance Telecom of New York, Inc.  
Allegiance Telecom of North Carolina, Inc.  
Allegiance Telecom of Ohio, Inc.  
Allegiance Telecom of Oklahoma, Inc.  
Allegiance Telecom of Oregon, Inc.  
Allegiance Telecom of Pennsylvania, Inc.  
Allegiance Telecom of Texas, Inc.  
Allegiance Telecom of The District of Columbia, Inc.  
Allegiance Telecom of Virginia, Inc.

Allegiance Telecom of Washington, Inc.  
Allegiance Telecom of Wisconsin, Inc.  
Allegiance Telecom Purchasing  
Company  
Allegiance Telecom Service Corporation

### **Officers/Directors**

Royce J. Holland  
Thomas M. Lord

### **Professionals**

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

### **Major Litigants**

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

### **Top 40 Unsecured Creditors**

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

Sunbelt Telecommunications  
System Services  
The Point Group  
Verizon

WorldCom Inc.  
XO Communications  
Hewlett-Packard

**Creditors Under Capital Lease**

**Agreements**

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

**Secured Lenders**

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

**Indenture Trustee**

The Bank of New York

**Beneficiaries of Performance Bonds**

City of Seattle  
Fallon Clinic, Inc.  
Portland Community College

Rhode Island College  
Southern Illinois University

**Major Bondholders**

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

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

**Landlords**

111 Chelsea LLC c/o Insignia/ESG, Inc.  
75-101 Federal St., L.L.C. c/o Equity  
Office Properties Trust  
AMB Property L.P.  
Bank Building Limited Partnership  
Boston Properties Limited Partnership  
CalEast Industrial Investors, LLC,  
Herndon Spring Park c/o CB Richard  
Ellis  
CIN Meadows, LLC c/o Linque  
Management Company, Inc.  
Connecticut General Life Insurance c/o  
CarrAmerica Realty Corporation  
Conservation International Foundation  
Cornerstone Suburban Office, L.P.  
Downtown Properties LLC  
EOP Second and Spring, L.L.C. c/o  
Equity Office Properties Trust  
EOP Summit Limited Partnership  
Equity Office Properties  
Equity Office Properties Trust  
Exchange Center Partnership c/o John J.  
Roper Company  
FRM Associates, LLC c/o Marquette  
Plaza  
G&C Realty Company, LLC c/o Hotel  
Edison  
Gaedeke Holdings, Ltd.  
Gary A. Jones, Trustee of the Jones  
Family Trust  
Gateway Taft, Inc. c/o RREEF Real  
Estate Investment Managers  
Hitachi Electronic Devices

Hood Business Park LLC  
Hudson Telegraph Associates  
Insignia/ESG Sunnyvale  
JER/BRE Austin Tech, L.P. c/o  
Trammell Crow Central Texas, Ltd.  
Jetstar Partners, Ltd. C/o  
Collinternational, Inc.  
John D. and Catherine T. MacArthur  
Foundation  
John Hancock Mutual Life Insurance  
Company  
Jones Lang LaSalle Management  
Services I  
Lakeview Business Center  
Massachusetts Mutual Life Insurance  
Company c/o Transwestern Commercial  
Services  
Miami RPFIV Airport Corporate Center  
Associates  
Multi-Employer Trust/Riggs Bank c/o  
Trammell Crow Company  
Olympia Properties, L.L.C. c/o Jones  
LaSalle Management Services, Inc.  
Orange County Business Center LLC  
Teachers Insurance & Annuity  
Association of America c/o CB Richard  
Ellis  
The Irvine Company  
Thomas Properties Group LLC  
T-Pac Investments, Inc. c/o Essex Realty  
Management  
Trizec Holdings, Inc.  
Wachovia Bank, N.A.  
Electronic Data Systems Corporation  
Rockside Square One c/o The King  
Group  
Touchstone Partners I LLC c/o  
Integrated Real Estate Services, L.L.C.

**Insurers**

Marsh USA  
Unimark Insurance Agency, Inc.

**Shareholders**

Goldman Sachs & Company  
James Crawford

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

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

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

**Beneficiaries of Letters of Credit**

Hartford Fire Insurance Company  
Touchstone Partners I LLC

**Significant Vendors**

Metromedia Fiber Network Inc.

**Significant Customers**

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

**Major Competitors**

BellSouth  
McLeod  
Time Warner Telecom