

PRESENTMENT DATE AND TIME: December 18, 2003 at 10:00 a.m. (EST)  
OBJECTION DEADLINE: December 15, 2003 at 4:00 p.m. (EST)

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

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

Mark R. Somerstein (MS-9721)  
KELLEY DRYE & WARREN LLP  
101 Park Avenue  
New York, NY 10178  
Telephone: (212) 808-7800  
Facsimile: (212) 808-7897

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

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

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In re:	:	Chapter 11
	:	
ALLEGIANCE TELECOM, INC., <u>et al.</u> ,	:	Case No. 03-13057 (RDD)
	:	
Debtors.	:	(Jointly Administered)
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**NOTICE OF PRESENTMENT OF APPLICATION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF ALLEGIANCE TELECOM, INC., ET AL., FOR AN  
ORDER AUTHORIZING AND APPROVING THE RETENTION OF KELLEY DRYE &  
WARREN LLP, AS SPECIAL COUNSEL, NUNC PRO TUNC TO JUNE 20, 2003**

PLEASE TAKE NOTICE that the Official Committee of Unsecured Creditors  
(the "Committee") of Allegiance Telecom, Inc., et al. (collectively, "Debtors"), will present the  
Application for an order Authorizing the Retention of Kelley Drye & Warren LLP as Special  
Counsel, Nunc Pro Tunc to June 20, 2003 (the "Application"), to the Honorable Robert D. Drain,

United States Bankruptcy Judge for signature on December 18, 2003 at 10:00 a.m. (prevailing Eastern Time).

PLEASE TAKE FURTHER NOTICE, that objections, if any, to the relief requested in the Application shall be made in writing, comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, state the basis for the objection, and the specific grounds therefore and be filed with the United States Bankruptcy Court for the Southern District of New York electronically in accordance with General Order M-182 (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 the chambers of Judge Drain) and served in accordance with General Order M-182 or by first-class mail, upon each of the following: (i) counsel to the Committee, Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, New York 10022, Attention Ira S. Dizengoff, Esq. and Phillip C. Dublin, Esq., (ii) proposed Special Counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York 10107, Attention Mark R. Somerstein, Esq., (iii) counsel to Debtors, Kirkland & Ellis, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, New York 10022, Attention Jonathan S. Henes, Esq., (iv) counsel to the Agent for the Lenders, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree street, NE, Ste 2400, Atlanta, Georgia 30308, Attention Jesse H. Austin, III, Esq., and (v) the Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004, Attention Pamela Jean Lustrin, Esq., so as to be actually received no later than 4:00 p.m. (prevailing Eastern Time) on December 15, 2003.

PLEASE TAKE FURTHER NOTICE, that if a written objection is timely filed, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, on December 18, 2003, at 10:00 a.m. (prevailing Eastern Time). The moving and objecting parties are required to attend the hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: New York, New York  
December 5, 2003

**AKIN GUMP STRAUSS HAUER & FELD LLP**

/s/ Ira S. Dizengoff

Ira S. Dizengoff (ID-9980)  
Philip C. Dublin (PD-4919)  
Colin M. Adams (CA-2913)  
590 Madison Avenue  
New York, New York 10022  
(212) 872-1000

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

and

**KELLEY DRYE & WARREN LLP**

Mark R. Somerstein (MS-9721)  
101 Park Avenue  
New York, NY 10178  
Telephone: (212) 808-7800  
Facsimile: (212) 808-7897

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

PRESENTMENT DATE AND TIME: December 18, 2003 at 10:00 a.m. (EST)  
OBJECTION DEADLINE: December 15, 2003 at 4:00 p.m. (EST)

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Akin Gump Strauss Hauer & Feld LLP  
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New York, NY 10022  
(212) 872-1000 (Telephone)  
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Counsel to the Official Committee of Unsecured  
Creditors of Allegiance Telecom, Inc., et al.

Mark R. Somerstein (MS-9721)  
KELLEY DRYE & WARREN LLP  
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Proposed Special Counsel to the Official Committee of Unsecured  
Creditors of Allegiance Telecom, Inc., et al.

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

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

**APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
FOR AN ORDER AUTHORIZING AND APPROVING THE RETENTION  
NUNC PRO TUNC OF KELLEY DRYE & WARREN LLP, AS SPECIAL COUNSEL**

**TO: THE HONORABLE ROBERT D. DRAIN,  
UNITED STATES BANKRUPTCY JUDGE:**

The Official Committee of Unsecured Creditors (the "Committee") of Allegiance Telecom, Inc., *et al.* (collectively, "Allegiance") hereby moves this Court for entry of an order, pursuant to section 1103 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the

“Bankruptcy Code”) and Rules 2014 and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Committee to retain Kelley Drye & Warren LLP (“Kelley Drye”), as special counsel to the Committee in the Debtors’ chapter 11 cases (the “Chapter 11 Cases”), *nunc pro tunc* to June 20, 2003. In support of the Application, the Committee respectfully represents as follows:

## **I. JURISDICTION**

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these proceedings is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

## **II. BACKGROUND**

2. On May 14, 2003 ( the “Petition Date”), each of the Debtors filed with this Court a voluntarily petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Chapter 11 Cases have been procedurally consolidated for administrative purposes.

3. On May 28, 2003, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed a seven member Committee.<sup>1</sup> On the same date, the Committee selected the law firm of Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”) to serve as counsel to the Committee, and Akin Gump’s retention was approved by this Court. In its retention papers, Akin Gump disclosed that the Committee would be required to retain special counsel (“Special Counsel”) to represent the Committee on matters for which Akin Gump will not act for the Committee.

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<sup>1</sup> The Committee is currently comprised of the following six entities: BellSouth Telecommunications, Inc., LC Capital Master Fund, Ltd., Loeb Partners Corp., Nortel Networks Inc., Romulus Holdings, and The Bank of New York, as indenture trustee.

4. Specifically, in its retention application Akin Gump identified circumstances (“Potential Conflict Circumstances”) where Akin Gump would be unable to act for the Committee. By retaining Kelley Drye as Special Counsel, the Committee will reasonably and responsibly address its duties in such Potential Conflict Circumstances. In particular, Kelley Drye will represent the Committee in connection with certain issues that arise in the Chapter 11 Cases involving entities that are clients of Akin Gump in matters unrelated to these Chapter 11 Cases, as requested by the Committee. The ability of Kelley Drye to be adverse to these entities was a significant factor in the selection and retention of Kelley Drye as Special Counsel.

5. From the date of selection of Akin Gump as primary counsel, the Committee identified the need, and has actively searched, for competent Special Counsel who is not constrained from being adverse to these entities. The Committee submits that Kelley Drye satisfies these criteria as set forth in this Application and in the supporting materials.

6. Due to the magnitude of the Chapter 11 Cases, circumstances may exist in which neither Akin Gump nor Kelley Drye are able to act for the Committee. If this occurs, Akin Gump and Kelley Drye will advise the Committee to retain, subject to Court approval, other counsel to undertake such representation on behalf of the Committee. In that regard, Kelley Drye currently represents the companies listed on Exhibit B to the Affidavit of Mark R. Somerstein, submitted herewith (the “Somerstein Affidavit”), on matters wholly unrelated to the Chapter 11 Cases. Each of these entities has been included in Akin Gump’s disclosure as an entity to which Akin Gump cannot be adverse. As a result, based upon the relationships of both Akin Gump and Kelley Drye to these companies, neither Akin Gump nor Kelley Drye will commence direct causes of action by or against these entities with respect to the Chapter 11 Cases. Except as set forth in the Somerstein Affidavit, Kelley Drye currently does not represent

the companies listed on Exhibit A to the Somerstein Affidavit, which also were included in Akin Gump's disclosure. As a result, Kelley Drye can commence causes of action by or against these entities with respect to the Chapter 11 Cases, if so requested by the Committee.

7. As set forth herein, Kelley Drye is able and willing to represent the Committee's interests against the entities listed on Exhibit A to the Somerstein Affidavit.

### **III. RETENTION OF KELLEY DRYE**

#### **Disclosure Concerning Conflicts Of Interest**

8. The Committee has selected Kelley Drye to serve as special counsel to the Committee and to perform, as requested, in Potential Conflict Circumstances, the services described herein. The Committee believes that Kelley Drye possesses extensive knowledge in the areas of law relevant to these cases, and that Kelley Drye is well qualified to represent the Committee as special counsel in connection with Potential Conflict Circumstances. In selecting its special counsel, the Committee sought counsel with experience in large chapter 11 cases and other debt restructuring scenarios. Kelley Drye has represented either debtors or official creditors' committees in numerous chapter 11 cases. In addition, Kelley Drye has a broad-based practice, including expertise in the areas of bankruptcy and restructuring, corporate and commercial law, litigation, real estate, and telecommunications, as well as other areas that may be significant in these cases.

9. To the best of the Committee's knowledge, information and belief, and based upon the Somerstein Affidavit, Kelley Drye does not represent any interest adverse to Allegiance's estates or their creditors in connection with the Chapter 11 Cases, except as set forth in the Somerstein Affidavit. Moreover, to the best of the Committee's knowledge, information and belief, and based upon the Somerstein Affidavit, the partners, counsel and associates of Kelley Drye do not have any connection with Allegiance, their estates or any other

party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, except as disclosed in the Somerstein Affidavit. In addition, Kelley Drye has informed the Committee that Kelley Drye has reviewed its connections, or lack thereof, with entities whose relationship with Akin Gump may give rise to Potential Conflict Circumstances, and Kelley Drye has advised the Committee that, to the extent requested by the Committee, Kelley Drye is ready and willing to represent the Committee in connection with Potential Conflict Circumstances, except as identified in the Somerstein Affidavit.

10. Based upon all of the foregoing, the Committee believes that the employment of Kelley Drye as special counsel in connection with Potential Conflict Circumstances would be appropriate and in the best interest of the Debtors' estates and their creditors.

11. The Committee requests that Kelley Drye's retention as special counsel in connection with Potential Conflict Circumstances be approved *nunc pro tunc* to June 20, 2003, as such is the date that Kelley Drye was selected as special counsel to the Committee and commenced providing services on behalf of the Committee.

#### **Services To Be Rendered**

12. Kelley Drye is expected to render legal services in certain Potential Conflict Circumstances as requested by the Committee. Specifically, the Committee respectfully submits that it will be necessary to employ and retain Kelley Drye with respect to, among other things, the following in connection with Potential Conflict Circumstances:

- (a) investigate, file, and prosecute litigation on behalf of the Committee;
- (b) represent the Committee at hearings and other proceedings;

- (c) assist the Committee in preparing pleadings and applications as may be necessary in furtherance of the Committee's interests and objectives; and
- (d) perform such other legal services as may be required and are deemed to be in the interests of the Committee in accordance with the Committee's powers and duties as set forth in the Bankruptcy Code.

The services listed in items (a) through (d) will be limited to Potential Conflict Circumstances involving the entities identified on Exhibit A to the Somerstein Affidavit and as to which the Committee requests Kelley Drye to represent the Committee as special counsel.

13. Akin Gump and Kelley Drye have informed the Committee that the two firms will coordinate their activities to avoid unnecessary duplication of efforts between the two law firms.

#### **Compensation Of Kelley Drye**

14. Kelley Drye intends to apply to this Court for compensation and reimbursement of out-of-pocket expenses, all in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the United States Bankruptcy Court for the Southern District of New York and any orders of this Court.

15. Subject to the Court's approval, Kelley Drye will bill at its standard hourly rates, which are based on, among other things, each professional's level of experience. At present, the hourly rates range from \$300 to \$590 for partners, \$395 to \$450 for counsel, \$155 to \$340 for associates, and \$110 to \$160 for legal assistants. These hourly rates are subject to periodic firm-wide adjustments in the ordinary course of Kelley Drye's practice. The hourly rates set forth above are Kelley Drye's standard hourly rates for work of this nature.

16. Kelley Drye intends to apply to the Court for reimbursement of out-of-pocket expenses incurred in connection with the representation of the Committee, including, *inter alia*, long distance phone calls, facsimiles, photocopying, postage and package delivery

charges, messengers, court fees, transcript fees, travel expenses, expenses for “working meals,” and computer-assisted legal research.

**V. NO PRIOR REQUEST**

17. No previous request for the relief sought herein has been made to this or any other court. The Office of the United States Trustee has been provided drafts of this Application and has approved its contents.

**VI. WAIVER OF MEMORANDUM OF LAW**

18. Because this Application presents no novel issues of law and the authorities relied upon by the Committee are set forth herein, the Committee respectfully requests that the Court waive the requirement for the filing of a separate memorandum of law in support of this Application pursuant to Local Rule 9013-1(b), but the Committee reserves the right to file a brief in reply to any objection to this Application.

WHEREFORE, the Committee respectfully requests that the Court enter an order (a) authorizing the Committee to retain Kelley Drye as described herein to represent it as Special Counsel, *nunc pro tunc* to June 20, 2003 and (b) granting such other and further relief as may be just and proper.

Dated: December 5, 2003

THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS  
OF ALLEGIANCE TELECOM, INC., ET AL.

By: Romulus Holdings, solely in its capacity as  
Chair of the Committee and not in its individual  
capacity,

s/ Gary Singer  
Name: Gary Singer  
Its: Chairperson

PRESENTMENT DATE AND TIME: December 18, 2003 at 10:00 a.m. (EST)  
OBJECTION DEADLINE: December 15, 2003 at 4:00 p.m. (EST)

Mark R. Somerstein (MS-9721)  
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Proposed Special Counsel to the Official Committee of Unsecured  
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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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

**AFFIDAVIT OF MARK R. SOMERSTEIN IN SUPPORT OF THE  
APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF ALLEGIANCE TELECOM INC. FOR ENTRY OF AN  
ORDER AUTHORIZING AND APPROVING THE RETENTION *NUNC PRO TUNC*  
OF KELLEY DRYE & WARREN LLP, AS SPECIAL COUNSEL**

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF NEW YORK    )

**MARK R. SOMERSTEIN**, of full age, deposes and says:

1. I am an attorney at law admitted to practice in the State of New York and in the United States District Courts for the Southern and Eastern Districts of New York. I am a member of the firm of Kelley Drye & Warren LLP ("Kelley Drye"), which maintains offices at 101 Park Avenue, New York, New York 10178.

2. I am familiar with the matters set forth herein,<sup>1</sup> and I make this affidavit in support of the application (the “Application”) of the Official Committee of Unsecured Creditors (the “Committee”) of Allegiance Telecom, Inc. (“Allegiance”), and certain of its direct and indirect subsidiaries (collectively, the “Debtors”), seeking approval to retain and employ Kelley Drye, *nunc pro tunc* to June 20, 2003, as special counsel to the Committee.

### **QUALIFICATION OF PROFESSIONALS**

3. Kelley Drye is an international law firm with over 325 attorneys. Kelley Drye maintains 8 offices throughout the United States (including New York), Europe and Asia.

4. Kelley Drye is well qualified to represent the Committee as its special counsel in connection with these chapter 11 cases (the “Chapter 11 Cases”). Kelley Drye possesses extensive knowledge in the areas of law relevant to the Chapter 11 Cases, including experience in large chapter 11 cases and other restructuring scenarios. Kelley Drye has represented debtors, official creditors’ committees, secured creditors and other creditors in numerous chapter 11 cases.

5. Kelley Drye has a broad-based practice, including expertise in the areas of bankruptcy and restructuring, corporate and commercial law, litigation, real estate, and telecommunications, as well as other areas that may likely be significant in connection with the Chapter 11 Cases.

### **SERVICES TO BE RENDERED**

6. On May 28, 2003, the Committee selected the law firm of Akin Gump Strauss Hauer & Feld, LLP (“Akin Gump”) as its counsel. The Committee determined that by reason of relationships between Akin Gump and certain creditors and other parties in interest disclosed by

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<sup>1</sup> Certain disclosures herein relate to matters within the knowledge of other attorneys at Kelley Drye and are based on information provided to me by them.

Akin Gump in its retention application, the Committee would retain special counsel (“Special Counsel”) to represent the Committee in circumstances (“Potential Conflict Circumstances”) where Akin Gump would be unable to act for the Committee. In particular, if authorized by this Court, Kelley Drye will represent the Committee in connection with certain issues arising in these Chapter 11 Cases relating to entities that are clients of Akin Gump in matters unrelated to the Chapter 11 Cases, as requested by the Committee.

7. On June 20, 2003, the Committee selected Kelley Drye to serve as Special Counsel to the Committee and to perform, as requested, in Potential Conflict Circumstances, the services described below.

8. Specifically, the Committee has requested that Kelley Drye render the following services, among others, in connection with certain Potential Conflict Circumstances:

- (a) investigate, file, and prosecute litigation on behalf of the Committee;
- (b) represent the Committee at hearings and other proceedings;
- (c) assist the Committee in preparing pleadings and applications as may be necessary in furtherance of the Committee’s interests and objectives; and
- (d) perform such other legal services as may be required and are deemed to be in the interests of the Committee in accordance with the Committee’s powers and duties as set forth in the Bankruptcy Code.

The services listed in items (a) through (d) will be limited to Potential Conflict Circumstances involving the entities identified on Exhibit A hereto and as to which the Committee requests Kelley Drye to represent the Committee as Special Counsel.

9. Kelley Drye will work with Akin Gump, the Committee, the Debtors and their counsel to allocate responsibility for various tasks to avoid unnecessary duplication of effort and to move the Chapter 11 Cases forward quickly, harmoniously and efficiently.

10. Akin Gump has disclosed that it currently represents certain entities (consisting of both Potential Parties in Interest, as defined below, and Akin Gump's Telecommunications Connections, as defined below) adverse to Allegiance. In the event that there are circumstances in which neither Akin Gump nor Kelley Drye are able to act for the Committee, Akin Gump and Kelley Drye will advise the Committee to retain, subject to Court approval, other counsel to undertake such representation on behalf of the Committee.

11. In that regard, Kelley Drye has reviewed Akin Gump's disclosure. Kelley Drye currently represents the companies listed on Exhibit B hereto on matters wholly unrelated to the Chapter 11 Cases. Each of these entities has been included in Akin Gump's disclosure as an entity to which Akin Gump cannot be adverse. As a result, based upon the relationships of both Akin Gump and Kelley Drye to these companies, Kelley Drye will not commence or investigate causes of action by or against these entities (but may investigate facts involving them) with respect to the Chapter 11 Cases unless a waiver is obtained. Except as set forth below, Kelley Drye currently does not represent the companies listed on Exhibit A hereto, which also were included in Akin Gump's disclosure. As a result, Kelley Drye can commence or investigate causes of action by or against these entities with respect to the Chapter 11 Cases, if so requested by the Committee.

12. Subject to this Court's approval of the Application, Kelley Drye is willing to serve as Special Counsel to the Committee and to perform the services described above.

#### **PROFESSIONAL COMPENSATION**

13. Kelley Drye intends to apply to this Court for compensation and reimbursement of out-of-pocket expenses, all in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the United States Bankruptcy Court for the Southern District of New York and any orders of this Court.

14. As of the date hereof, Kelley Drye has received no compensation for its work on behalf of the Committee.

15. Kelley Drye will bill at its standard hourly rates, which are based on, among other things, each professional's level of experience. At present, the hourly rates range from \$300 to \$590 for partners, \$395 to \$450 for counsel, \$155 to \$340 for associates, and \$110 to \$160 for legal assistants. These hourly rates are subject to periodic firm-wide adjustments in the ordinary course of Kelley Drye's practice. The hourly rates set forth above are Kelley Drye's standard hourly rates for work of this nature.

16. Kelley Drye intends to apply to the Court for reimbursement of out-of-pocket expenses incurred in connection with the representation of the Committee, including, *inter alia*, long distance phone calls, facsimiles, photocopying, postage and package delivery charges, messengers, court fees, transcript fees, travel expenses, expenses for "working meals," and computer-assisted legal research.

17. Other than as set forth above, no arrangement is proposed for compensation to be paid to Kelley Drye in the Chapter 11 Cases. No agreement exists, nor will any be made, to share any compensation received by Kelley Drye for its services with any other person or firm.

**SEARCH FOR POTENTIAL CONFLICTS INVOLVING  
KELLEY DRYE CLIENTS AS POTENTIAL PARTIES IN INTEREST**

18. Kelley Drye has conducted a conflicts check, through its client database, regarding its connections with potential parties-in-interest (collectively, the "Potential Parties in Interest") as identified to Kelley Drye by Akin Gump, including: (i) the Debtors; (ii) prior names used by the Debtors; (iii) parties to litigation; (iv) the Debtors' top 40 unsecured creditors; (v) creditors under capital lease agreements; (vi) the bank group; (vii) indenture trustees of the Debtors' debt issuances; (viii) beneficiaries of performance bonds; (ix) bondholders of the 12

7/8% senior notes; (x) bondholders of 1 1/4% senior discount notes; (xi) debtor's professionals; (xii) landlords; (xiii) insurers; (xiv) equity security holders; (xv) beneficiaries of letters of credit; (xvi) significant vendors; (xvii) significant customers; (xviii) major competitors; (xix) members of the Committee; (xx) judgment lien-holders; and (xxi) the Debtor's current and former officers and directors. Kelley Drye also has conducted a conflicts check regarding its relationship with companies involved in the telecommunications industry with which Akin Gump, as disclosed in its retention application, currently is, or previously was, involved ("Akin Gump's Telecommunications Connections").

19. A search conducted through Kelley Drye's client database is designed to reveal any representation of, or potential conflict with, the entity searched or any known subsidiary or affiliate. A list of the Potential Parties in Interest searched is attached hereto as Exhibit C. The results of this conflict check are summarized and attached hereto as Exhibit D.

20. In addition to the above-mentioned investigation, Kelley Drye sent a general inquiry to all Kelley Drye attorneys firm-wide with respect to any representation of, or relation to, Allegiance, its subsidiaries or its affiliates.

21. Neither Kelley Drye nor any attorney at the Firm is an insider of the Debtors. In addition, neither Kelley Drye nor any attorney at the Firm holds directly any claim, debt or equity security of the Debtors.

22. Kelley Drye is not and has not been, within two years of the date of the filing of the Debtors' respective petitions, an investment banker for a security of the Debtors, or an attorney for such an investment banker in connection with the offer, sale or issuance of a security of the Debtors.

23. No member of Kelley Drye has been, within two years from the date of the filing of the Debtors' respective petitions, a director, officer or employee of the Debtors or of an investment banker as specified in subparagraph (B) or (C) of 11 U.S.C. § 101(14).

24. Kelley Drye 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 as specified in subparagraph (B) or (C) of 11 U.S.C. § 101(14), or for any other reason.

25. Except as set forth below, Kelley Drye does not currently represent the Debtors or any of their affiliates, partners, or subsidiaries, and Kelley Drye will not undertake the representation of the Debtors or related entities during this engagement.

26. To the best of my knowledge and information, Kelley Drye neither holds nor represents any interest adverse to the Committee, the Debtors, their creditors or other parties in interest or their respective attorneys in the Chapter 11 Cases, except as otherwise set forth herein. Based upon information available to me, I believe that Kelley Drye is a "disinterested person" within the meaning of the Bankruptcy Code.

27. To the best of my knowledge, neither Kelley Drye nor any attorney at the Firm is or was a creditor, an equity security holder or an insider of the Debtors in the past two years. In addition, it is Kelley Drye's policy that no firm personnel (a) purchase or sell or in any way participate in the purchase or sale of any security of a client of the firm or any other entity while in possession of non-public information, and (b) advise or suggest that anyone else do so including spouses and family members. Notwithstanding such trading policy, any person who purchases a security by exercising rights received as a stockholder in a rights offering to stockholders or who purchases or sells in discretionary brokerage accounts or trusts or similar

arrangements where the purchase or sale is made without advance discussion with or disclosure to such person, is permitted to do so by Kelley Drye.

28. Kelley Drye does not act as general counsel to any of the Potential Parties in Interest or to any of Akin Gump's Telecommunications Connections as listed in Exhibit C.

29. I am not related, and to the best of my knowledge, no attorney at the Firm is related, to any United States District Judge or United States Bankruptcy Judge in the Southern District of New York or to the United States Trustee for such district or any employee in the office thereof.

**SPECIFIC REPRESENTATIONS OF POTENTIAL PARTIES IN  
INTEREST AND AKIN GUMP'S TELECOMMUNICATIONS CONNECTIONS**

30. Attached as Exhibit B hereto is a list of the parties related to the Chapter 11 Cases and/or certain affiliates or subsidiaries that Kelley Drye currently represents in matters wholly unrelated to the Chapter 11 Cases (the "Current Clients"). In connection with the services to be rendered to the Committee, Kelley Drye will not commence or investigate causes of action by or against the Current Clients with respect to the Chapter 11 Cases. To the extent any actions are commenced by or against the Current Clients or need to be investigated in connection with the Chapter 11 Cases, the Committee will use primary counsel, additional special counsel or other counsel to a Committee member to represent the interests of unsecured creditors.

31. Prior to the Petition Date, Kelley Drye represented Allegiance in several general federal regulatory matters before the Federal Communications Commission in which Kelley Drye represented a group of numerous competitive local exchange carriers, including Allegiance, and, on behalf of these carriers, provided commentary on proposed FCC regulations potentially affecting such carriers. Kelley Drye terminated its client relationship with Allegiance effective

April 14, 2003. Furthermore, Kelley Drye will not undertake to represent Allegiance Telecom in any matters during the pendency of the Chapter 11 Cases.

32. Kelley Drye is special counsel to the WorldCom creditors' committee. Prior to the Petition Date, Kelley Drye represented the WorldCom creditors' committee in connection with WorldCom's motion to approve a comprehensive settlement between WorldCom and Allegiance of numerous disputes.

33. Kelley Drye currently represents certain clients in the following cases identified in the Akin Gump Telecommunications Connections:

- (a) Adelphia Business Solutions: Kelley Drye represents HSBC Bank USA as indenture trustee in connection with the Adelphia Business Solutions bankruptcy case as a member of the Official Committee of Unsecured Creditors.

34. Kelley Drye will establish ethical procedures to ensure that the attorneys working on matters involving parties in interest in the Chapter 11 Cases will not receive or have access to any materials prepared by or distributed to Kelley Drye, on behalf of the Committee, in connection with the Chapter 11 Cases. In addition, no member of Kelley Drye or employee thereof will communicate with these attorneys with respect to the services rendered by Kelley Drye on behalf of the Committee.

35. Specifically, Kelley Drye has agreed to and will implement an information-blocking mechanism between its employees working on the Allegiance bankruptcy cases as special counsel to the Committee ("Special Counsel Personnel") and any personnel working on matters involving parties in interest in the Chapter 11 Cases ("Other Client Personnel"), in order to prevent the dissemination of any nonpublic information concerning the Committee's matters that have been received by Kelley Drye solely through the performance of activities in connection with its role as Special Counsel (the "Information").

36. Kelley Drye will immediately create, implement and monitor on an ongoing basis the following procedures within the Firm: (i) a “fire wall” between the Special Counsel Personnel and the Other Client Personnel to block the transfer of Information, including communications and access to files, (except certain administrative personnel who, due to their duties and responsibilities, have a legitimate need to know certain information with the understanding that such information will be used only in connection with their administrative duties, and certain regulators and auditors (collectively, “Other Authorized Recipients”)); (ii) a copy of these procedures will be circulated to each present and future individual member of the Special Counsel Personnel, the Other Client Personnel, and the Other Authorized Recipients as required; and (iii) Special Counsel Personnel will not be involved in the matters serviced by Other Client Personnel, to the extent such matters involve analyses, negotiations or decisions relating directly or indirectly to any of the Committee’s or the Debtors’ matters. As the Chapter 11 Cases progress, these procedures, and the necessity thereof, may be revisited to assure that confidentiality is maintained.

37. Because these Chapter 11 Cases are large and complex and involve a large number of parties, an extraordinary effort has been and will continue to be required to identify all of Kelley Drye’s connections with the Potential Parties in Interest. Kelley Drye will maintain an ongoing inquiry regarding the Potential Parties in Interest and, if appropriate, will file promptly with the Court any appropriate supplemental disclosure that becomes necessary.

38. Kelley Drye does not currently represent any creditors or other parties in interest who are involved in the Chapter 11 Cases on any issue relating to the Chapter 11 Cases. For the reasons stated herein, Kelley Drye represents no interests adverse to the Debtors’ individual

creditors or the Committee on any matter for which Kelley Drye will be engaged by the Committee, and, therefore, Kelley Drye is capable of fulfilling its fiduciary duty.

39. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the statements made herein are true and correct to best of my personal knowledge.

S/ Mark R. Somerstein

Mark R. Somerstein

Sworn to before me this  
3<sup>rd</sup> day of December, 2003

s/ Marie Vincinanza

Notary Public, State of new York  
No. 4739750 – Orange County  
Commission Expires 9/30/05

## **EXHIBIT A**

### **AKIN GUMP ALLEGIANCE CONFLICTS – NO KELLEY DRYE CONFLICT**

Goldman Sachs	Hewlett Packard
EMC Corporation	Verizon
Sunbelt Telecommunications	Qwest
RCN Telecom Services, Inc.	Bank of America
United Capital	Bank of Nova Scotia
Bank of Nova Scotia	ING Capital Corp.
ABN Amro Bank	Morgan Stanley
Dresdner Bank	Union Bank of California
Gryphon Master Fund, LP	Fleet Bank
UBS AG	Allianz of America, Inc.
IBM Credit Corporation	CIBC Oppenheimer
Allianz of America, Inc.	Merril Lynch Investment Managers
Gryphon Capital Corp., LLC	Bank of Montreal
Romulus Holdings, Inc.	Conseco Capital Management, Inc.
Euroclear Main Account	Invesco Fund Group
Paul, Hastings, Janofsky & Walker LLP	Morgan Stanley Investment Management
John D. and Catherine T. MacArthur	AT&T
Foundation	Bell South
Insignia	AOL Time Warner
Massachusetts Mutual Life Insurance Co.	ABN AMRO
Riggs Bank	Clarion
Vanguard Group, Inc.	Chubb Asset Management, Inc.
Hartford Fire Insurance Co	State Farm Insurance Company
Sunbelt Telecommunications	Sprint Communications
Southern California Edison	Transwestern Commercial Services
Southwestern Bell	KPMG Worldwide
Level 3 Communications, Inc	Trammell Crow
City of Atlanta	John Hancock Mutual Life Insurance Co.
Office Depot	Alcatel, Inc.
Cathedral Healthcare	Broadwing Communications, Inc.
Palmer & Dodge	Call-Net Carrier Services, Inc.
Iron Mountain	GlobalStar Capital, L.P.
Loeb Partners	Communications Technology Advisors
Houlihan Lokey Howard & Zukin	Togut, Segal & Segal
Greenhill & Co.	Kirkland & Ellis
ICG Communications	

## **EXHIBIT B**

### **ALLEGIANCE CONFLICTS** **AKIN GUMP CONFLICTS AND KELLEY DRYE CONNECTIONS**

#### **Current Clients**

American Express Financial Corp.  
Lucent Technologies  
Metromedia Fiber Network Services, Inc.  
CIT Lending Services  
Credit Suisse First Boston  
Credit Suisse Asset Management, L.L.C.  
General Electric Capital Corporation  
New York Life Insurance Co.  
Electronic Data Systems  
JPMorgan Chase Bank  
Jones Long Lasalle Management  
New York Hospital  
Teachers Insurance and Annuity Association  
Worldcom, Inc.  
The Bank of New York  
XO Communications, Inc.

## **EXHIBIT C**

### **ALLEGIANCE CONFLICTS – LIST OF PARTIES SEARCHED**

#### **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.

#### **Current and Former Officers and Directors of Allegiance Telecom, Inc. and Affiliates (Debtors)**

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  
Mark A. Stachiw  
James E. Crawford, III  
Paul J. Finnegan  
Jacob J. Goldberg  
Reed E. Hundt  
Andrew D. Lipman  
James N. Perry, Jr.  
Mitchell Romm  
Melanie Haratunian  
Kieran Athy  
John F. Wassenbergh  
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.  
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  
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  
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  
Morgan Stanley Senior Funding  
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 KILTD  
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  
 JERIBRE 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 1-373, 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 Ind.  
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.

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

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

#### **Significant Vendors**

Adtran Ind.  
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 Reinsurance 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  
Conconi City Hall  
Millpore Corporation  
Global Crossing  
Sprint  
Bristol Hospital/SIC Healthcare  
Queen of the Valley  
Medical Manager  
Arizona Dept. of Transportation  
Martha Stewart Living

### **Judgment Lien Holder**

Stephen Wrathell, CPA, P

### **Akin Gump's Telecommunications Connections**

Globalstar Capital L.P.,  
Official Committee of Unsecured Creditors of  
WorldCom, Inc.  
Informal Senior Secured Noteholders  
Committee of Adelphia Business Solutions, Inc.,  
Official Committee of Unsecured Creditors of  
Focal Communications, Inc.  
Call-Net Enterprises, Inc.,  
Broadview N.P. Acquisition Corp. Broadview  
Networks, Inc.,  
Ad Hoc Committee of Broadwing  
Communications, Inc.,  
Verizon Communications, Inc.,

### **Major Competitors**

AT&T  
BellSouth  
LDML/MPower  
MCI WorldCom  
McLeod  
Qwest  
SBC  
Time Warner Telecom  
Verizon

## **EXHIBIT D**

### **ALLEGIANCE CONFLICTS - RESULTS OF CONFLICTS CHECK**

#### **Filing Entities, Prior Names of Filing Entities and Additional Filing Entities**

Kelley Drye has, in the past two years, represented Allegiance Telecom, Inc. on matters wholly unrelated to the Debtor's Chapter 11 Cases.

#### **Parties to Litigation**

Kelley Drye has, in the past two years, represented State Farm Insurance and/or certain affiliates and subsidiaries of said company on matters wholly unrelated to the Debtors' Chapter 11 Cases.

#### **Top 40 Unsecured Creditors**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

JPMorgan Chase Bank  
Lucent Technologies  
XO Communications  
WorldCom Inc.

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Hewlett Packard  
Grande Communications Networks, Inc.  
AT&T Corp.  
Verizon Communications  
Qwest Communications  
Sprint Communications Company

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

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Deutsche Bank  
Metromedia Fiber Network Service, Inc.

Kelley Drye has, in the past two years, represented the following companies and/or certain

affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Sprint Communications Company

**The Bank Group**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Credit Suisse First Boston  
Fleet National Bank

Kelley Drye has, in the past two years, represented ABN AMRO Bank, N.V. and/or certain affiliates and subsidiaries of said company on matters wholly unrelated to the Debtors' Chapter 11 Cases.

**Indenture Trustee**

Kelley Drye has, in the past two years, and currently represents The Bank of New York and/or certain affiliates and subsidiaries of said company on matters wholly unrelated to the Debtors' Chapter 11 Cases.

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

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

American Express Financial Corp.  
JPMorgan Chase Bank (f/k/a Chase Manhattan Bank)

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Clarion

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

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Credit Suisse Asset Management, L.L.C.  
JPMorgan Chase Bank (f/k/a Chase Manhattan Bank)

New York Life Insurance Co.

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Merril Lynch Investment Managers/ Merrill Lynch

### **Professionals**

Kelley Drye has not, in the past two years, represented any of the professionals connected with the Allegiance Telecom, Inc. bankruptcy case.

### **Landlords**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Teachers Insurance & Annuity Association of America  
Wachovia Bank, N.A.  
Connecticut General Life Insurance c/o CarrAmerica  
Electronic Data Systems Corporation  
Jones Lang Lasalle Management Services

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

CB Richard Ellis

### **Equity Security Holders**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Barclay's Global Investors/ Barclay's Bank  
State Street Global Advisors/ State Street Bank

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

Kelley Drye has not, in the past two years, represented any of the beneficiaries of letters of credit in the Debtors' Chapter 11 Cases.

### **Significant Vendors**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

JPMorgan Chase Bank  
Lucent Technologies  
Metromedia Fiber Network, Inc.  
WorldCom, Inc.  
XO Communications

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Qwest Communications  
Sprint Communications  
Verizon Communications

### **Significant Customers**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

New York Hospital

### **Major Competitors**

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Verizon Communications  
Qwest Communications  
AT&T

### **Members of the Creditors' Committee**

Kelley Drye has, in the past two years, and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

The Bank of New York

### **Akin Gump's Telecommunications Connections**

Kelley Drye has, in the past two years, represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' Chapter 11 Cases:

Verizon Communications, Inc.  
Adelphia Business Solutions

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

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

**ORDER APPROVING THE RETENTION OF  
KELLEY DRYE & WARREN LLP, AS SPECIAL COUNSEL  
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Upon consideration of the application dated December 5, 2003 (the “Application”) of the Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for authority to retain and employ Kelley Drye & Warren LLP (“Kelley Drye”), as Special Counsel to the Committee; and upon the Affidavit of Mark R. Somerstein in support thereof (the “Somerstein Affidavit”); and the Court being satisfied, based on the representations made in the Application and the Somerstein Affidavit, that Kelley Drye does not represent any interest adverse to the Committee in connection with the matters for which it is to be retained and that the Committee’s retention and employment of Kelley Drye should be approved; and it appearing that due notice of the Application has been given and no further notice need be given; and good and sufficient cause appearing;

**IT IS HEREBY ORDERED THAT:**

1. The Application is granted in all respects.
2. The Committee is authorized to retain and employ Kelley Drye as special counsel, *nunc pro tunc* to June 20, 2003, pursuant to Bankruptcy Code section 1103, on the

terms described in the Application and the Somerstein Affidavit, to perform the services as set forth in the Application.

3. Kelley Drye shall be compensated in accordance with the Bankruptcy Code and shall file applications in compliance with the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedure, Local Rules of the Court, and such other orders and procedures as may be fixed by this Court in these cases, including those permitting partial payment of compensation and full reimbursement of expenses in these cases on a monthly basis.

4. Upon the Application and the Somerstein Affidavit, the Court finds that Kelley Drye does not hold or represent any interest adverse to the estates and that Kelley Drye is a disinterested person.

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

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UNITED STATES BANKRUPTCY JUDGE