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Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

AFFIDAVIT OF MATTHEW A. CANTOR IN SUPPORT OF APPLICATION SEEKING ENTRY OF AN ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF KIRKLAND & ELLIS AS ATTORNEYS FOR THE DEBTORS

Matthew A. Cantor, being duly sworn, hereby deposes and says:

1. I am a partner of Kirkland & Ellis ("K&E"), Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611. I am admitted to practice in the Southern District of New York and the Eastern District of New York.

2. I submit this Affidavit in connection with the application, dated May 14, 2003 (the "Application"), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for approval of the Debtors' retention of K&E, as their attorneys in the above-captioned chapter 11 cases, at their normal

hourly rates in effect from time to time and in accordance with their normal reimbursement policies, in compliance with sections 328(a), 329 and 504 of title 11 of the United States Code (the "Bankruptcy Code"), and to provide disclosure required under rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Unless otherwise stated in this affidavit, I have personal knowledge of the facts set forth herein. To the extent any information disclosed herein requires amendment or modification upon K&E's completion of further review or as additional party-in-interest information becomes available to it, a supplemental affidavit will be submitted to the Court reflecting such amended or modified information.

Disinterestedness of Professionals

3. Based on the conflicts search conducted to date by K&E and described herein, to the best of my knowledge, neither I, K&E, nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, its creditors or any other parties in interest, or their respective attorneys and accountants, nor with the United States Trustee for the Southern District of New York (the "United States Trustee") or any person employed in the office of the United States Trustee, except as disclosed herein.

4. K&E 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 K&E, its partners, counsel and associates, except as disclosed herein:

a. are not creditors, equity security holders or insiders of the Debtors;

b. are not and were not investment bankers for any outstanding security of the Debtors;

c. have not been, within three years before the date of the filing of these chapter 11 cases, (i) investment bankers for a security of the Debtors or (ii) an attorney for such an investment banker in

connection with the offer, sale or issuance of a security of the Debtors;

d. are not and were not, within two years before the date of filing of these chapter 11 cases, a director, officer or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph; and

e. do 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 specified in subparagraph (b) or (c) of this paragraph, or for any other reason.

5. I am not related, and to the best of my knowledge, no attorney at K&E is related, to any United States Bankruptcy Judge in the Southern District of New York or to the United States Trustee for the Southern District of New York or any employee thereof.

6. None of the representations described herein are materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders thereof. Moreover, pursuant to section 327(c) of the Bankruptcy Code, K&E is not disqualified from acting as the Debtors' counsel merely because it represents creditors, equity security holders, and/or other parties in interest in matters unrelated to these chapter 11 cases.

7. K&E will periodically review its files during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, K&E will use its reasonable efforts to identify any such further developments and will promptly file a supplemental affidavit as required by Bankruptcy Rule 2014(a).

8. Prior to the date hereof (the "Commencement Date"), K&E provided legal services to the Debtors. K&E has represented the Debtors in their efforts to financially restructure their business and, as a result, K&E has extensive knowledge of the Debtors' capital structure, financing documents, and other material agreements. K&E is intimately familiar with

the Debtors' business affairs and many of the potential legal issues that may arise in the context of these chapter 11 cases.

9. As of the Commencement Date, K&E was not owed any amounts from the Debtors for legal services rendered prior to the Commencement Date.

K&E's Connections With Parties In Interest
In Matters Unrelated To These Chapter 11 Cases

10. K&E and certain of its partners, counsel, and associates may have in the past represented, may currently represent, and likely in the future will represent parties in interest of the Debtors in connection with matters unrelated to the Debtors and these chapter 11 cases (except as described below). Annexed hereto as Exhibit "A" is, to the best of K&E's knowledge, a list of the parties in interest of the Debtors. K&E has searched its electronic database for any connection it may have to the entities listed on Exhibit "A" annexed hereto. The information listed on Exhibit "A" may change or be modified during the pendency of these chapter 11 cases. K&E will update this affidavit when necessary and when it becomes aware of material information. The following is a list of the categories of entities that K&E has searched:

a. the Debtors;

b. equity security holders of the Debtors;[1]

c. current and former directors and officers of the Debtors from 2001 through 2003;

d. the significant vendors of the Debtors;

e. parties to significant actual or known potential litigation with the Debtors,

f. insurers of the Debtors;

g. the top 40 unsecured creditors of the Debtors;

[1] The list represents parties that own greater than 1% of Allegiance Telecom Inc.'s common stock. No party on the list owns greater than 8.5%.

h. the significant customers of the Debtors;

i. landlords of the Debtors;

j. major competitors of the Debtors;

k. indenture trustee;

l. beneficiaries of letters of credit;

m. the bank group;

n. beneficiaries of performance bonds;

o. bondholders of 11 3/4% senior discount notes;

p. bondholders of 12 7/8% senior notes;

q. creditors under capital lease agreements;

r. professionals retained by the Debtors; and

s. judgment lien holders.

11. K&E's conflict search of the entities listed on Exhibit "A" that K&E was able to locate using its reasonable efforts reveals, to the best of K&E's knowledge, that K&E's representation of any of these entities is unrelated to the representation of the Debtors.

12. Although not relevant in concluding that K&E is "disinterested," the results of K&E's conflict search of the above categories of entities is listed below.

Bank Group

Name of Bank Group Member Searched	Name of Bank Group Member and/or Affiliate of Bank Group Member that is a K&E Client	Brief Description of Representation
ABN Amro Bank	(i) ABN-AMRO Bank NV, Chicago Branch (ii) ABN-Amro Chicago Corporation (iii) ABN-AMRO Information Technology Services (iv) ABN-AMRO Private Equity (v) Dr. Mark Hopkins	Representation in connection with corporate and litigation matters unrelated to the Debtors.

Name of Bank Group Member Searched	Name of Bank Group Member and/or Affiliate of Bank Group Member that is a K&E Client	Brief Description of Representation
Bank of America	(i) Bank of America (f/ka Continental Illinois Venture Corporation -CIVC) (ii) Bank of America Capital Investors (Chicago) (iii) Bank of America NT & SA (iv) BankAmerica Corporation (v) Brickman Holdings Corp. (vi) Engineered Glass Products, LLC (vii) General Roofing Services (viii) Marco Viola and Sofia Viola (ix) Parts Now! Inc. (x) Tandus Group (xi) World Data Products, Inc.	Representation in connection with corporate and estate planning matters unrelated to the Debtors.
Dresdner Kleinwort Capital Private Equity Partners	(i) Allen & Overy/Dresdner Kleinwort (ii) Benson Finance (iii) Dresdner Kleinwort Wassertstein (iv) EIF Management Holdings	Representation in connection with corporate matters unrelated to the Debtors.
Fleet National Bank	(i) IOS Brands (ii) Nautic Partners (iii) NEPTCO (iv) Remington Products	Representation in connection with corporate matters unrelated to the Debtors.
GE Capital Services	(i) E.I. Dupont de Nemours & Co., Inc. (ii) General Electric Co. (iii) Security Capital Group (iv) Security Capital Preferred Group	Representation in connection with litigation and other matters unrelated to the Debtors.
ING Capital Corp.	(i) ING Re (ii) ING Bank (co-client to Royal Bank of Scotland)	Representation in connection with corporate matters unrelated to the Debtors.
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.
Toronto Dominion	(i) TD Capital (ii) Council Tree Communication (iii) Toronto Dominion Capital (iv) Symcor Services, Inc. (v) Liberty Partners, LP (vi) Madison Dearborn Partners (vii) Madison Dearborn Partners (viii) Soros Private Equity Partners	Representation in connection with corporate matters unrelated to the Debtors.

Significant Vendors

Name of Vendor Searched	Name of Vendor and/or Affiliate of Vendor that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	Ameritech Mobile Communications Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
City of Chicago	City of Chicago and Richard M. Daley	Representation in connection with litigation matters unrelated to the Debtors.
DST Output	DST Systems	Representation in connection with corporate matters unrelated to the Debtors.
Focal Communications	Focal Communications	Representation in connection with corporate, securities, tax and litigation matters unrelated to the Debtors.
IDX Systems	IDX Systems Corporation	Representation in connection with litigation matters unrelated to the Debtors.
InSight	InSight Communications Company, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
JP Morgan Chase Bank	(i) Allen & Overy (ii) J.P. Morgan Chase (iii) J.P. Morgan Partners LLC (iv) PayPal	Representation in connection with corporate and litigation matters unrelated to the Debtors.
KMC Telecom XI LLC	(i) KMC Telecom Holdings (ii) Nassau Capital	Representation in connection with corporate and restructuring matters unrelated to the Debtors.
Lucent Technologies	(i) Agere Systems (ii) Lucent Technologies (iii) Lucent Technologies & Avaya Inc.	Representation in connection with intellectual property litigation matters unrelated to the Debtors.
PriceWaterhouseCoopers	(i) PriceWaterhouseCoopers LLP (ii) PriceWaterhouseCoopers, as Receiver for Independent Trust Corporation	Representation in connection with litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Verizon	(i) AMPS Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Parties to Litigation

Name of Party to Significant Actual or Known Potential Litigation Searched	Name of Party to Significant Actual or Known Potential Litigation and/or Affiliate of Part to Significant Actual or Known Potential Litigation that is a K&E Client	Brief Description of Representation
InteCap	InteCap, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
State Farm Insurance Company	Joseph J. Brogan & Honora Noreen Brogan	Representation in connection with estate planning matters unrelated to the Debtors.

Significant Customers

Name of Customer Searched	Name of Customer and/or Affiliate of Customer that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	(i) Ameritech Mobile Communications (ii) Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
Genuity	(i) Genuity Inc. (ii) Genuity Telecom	Representation in connection with litigation matters unrelated to the Debtors.
IDX Systems	IDX Systems Corporation	Representation in connection with litigation matters unrelated to the Debtors.
Qwest	(i) Qwest Communications Corporation (ii) Qwest Communications International, Inc.	Representation in connection with certain corporate and litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Verizon	(i) Amps Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Equity Security Holders

Name of Equity Security Holder Searched	Name of Equity Security Holder and/or Affiliate of Equity Security Holder that is a K&E Client	Brief Description of Representation
Barclays Bank PLC	(i) Barclays Bank PLC (ii) Barclays Global Fund Advisors (iii) Barclays Global Investors (iv) iShares Trust (v) iShares, Inc.	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Frontenac Funds	(i) 101 Communications, LLC (ii) Altrio Communications, LLC (iii) Frontenac Company (iv) Frontenac VIII Ltd. Partnership (v) Pro Mach, Inc. (vi) SI International, LLC	Representation in connection with corporate matters unrelated to the Debtors.
James E. Crawford III	James E. Crawford III	Representation in connection with corporate matters unrelated to the Debtors.
Madison Dearborn	(i) Bay State Paper Company (ii) Beverages, & more! (iii) Buckeye Technologies, Inc. (iv) Completel (v) Digineer, Inc. (vi) Direct Equity Partners I, L.P. (vii) Family Christian Stores, Inc. (viii) Focal Communications (ix) Hines Horticulture, Inc. (x) Iplan Networks/NSS S.A. (xi) Jefferson Smurfit Group (xii) Looking Glass Networks (xiii) Madison Dearborn Partners, Inc. (xiv) Milnot Company (xv) NWL Holdings, Inc. (xvi) Outsourcing Solutions Inc. (xvii) Omne Communications Ltd (xviii) Packaging Corporation of America (xix) Reiman Holding Company, LLC (xx) Ruth's Chris Steak House, Inc. (xxi) Ryder System, Inc. (xxii) Spectrum Healthcare Services, Inc. (xxiii) Stericycle, Inc. (xxiv) Team Health, Inc. (xxv) Tuesday Morning Corporation (xxvi) Woods Equipment Company	Representation in connection with corporate and litigation matters unrelated to the Debtors
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.

Landlords

Name of Landlord Searched	Name of Landlord and/or Affiliate of Landlord that is a K&E Client	Brief Description of Representation
Bank of America	(i) Bank of America (f/ka Continental Illinois Venture Corporation -CIVC) (ii) Bank of America Capital Investors (Chicago) (iii) Bank of America NT & SA (iv) BankAmerica Corporation (v) Brickman Holdings Corp. (vi) Engineered Glass Products, LLC (vii) General Roofing Services (viii) Marco Viola and Sofia Viola (ix) Parts Now! Inc. (x) Tandus Group (xi) World Data Products, Inc. (xii) Catellus Development Corporation (xiii) Jacques Gliksberg and Daniela Gliksberg (xiv) Dennis P. McCray and Julie L. McCrary	Representation in connection with corporate and estate planning matters unrelated to the Debtors.
Hitachi Ltd	(i) Experio Solutions (ii) Hitachi Data Systems (iii) Hitachi Ltd. (iv) NGB Corporation	Representation in connection with employee benefit and intellectual property matters unrelated to the Debtors.
Jones Lang LaSalle	(i) LaSalle Asia Recovery Fund (ii) LaSalle Management/Jones Lang LaSalle	Representation in connection with corporate matters unrelated to the Debtors.
St. Paul Companies	St. Paul Venture Capital VI, LLC	Representation in connection with corporate matters unrelated to the Debtors.
Wachovia Bank	Wachovia Bank NA	Representation in connection with tax matters unrelated to the Debtors.

Bondholders of 11 ¾% Senior Notes

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Bank of Montreal	(i) BMO Nesbitt Burns Equity Partners (ii) BMO Nesbitt Burns, Inc. (iii) Symcor Services, Inc.	Representation in connection with corporate matters unrelated to the Debtors.
CIBC	CIBC Oppenheimer	Representation in connection with corporate matters unrelated to the Debtors.
Conseco, Inc.	Conseco, Inc.	Representation in connection with restructuring matters unrelated to the Debtors.
Gryphon Capital Corp. LLC	(i) Gryphon Partners II, LP (ii) Intelligrated, Inc.	Representation in connection with corporate and intellectual property matters unrelated to the Debtors.

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
Invesco	Invesco (NY)	Representation in connection with corporate matters unrelated to the Debtors.
Merrill Lynch & Co.	(i) Merrill Lynch Group - Inst. Client Group (ii) Stonington Partners	Representation in connection with corporate matters unrelated to the Debtors.
Morgan Stanley Investment Management	(i) Cidra Corporation (ii) Morgan Stanley & Co. (iii) Morgan Stanley Capital Group, Inc. (iv) Morgan Stanley Capital International Inc. (v) Morgan Stanley/Van Kampen (vi) Morgan Stanley, Siemens, Honeywell, Motorola (vii) Van Kampen Investor Services, Inc.	Representation in connection with corporate, intellectual property and litigation matters unrelated to the Debtors.

Bondholders of 12 7/8% Senior Notes

Name Bondholder Searched	Name of Bondholder and/or Affiliate of Bondholder that is a K&E Client	Brief Description of Representation
Goldman Sachs & Co.	(i) Goldman Sachs & Co. (ii) Spear, Leeds & Kellogg (iii) Jack N. Andrews (iv) John C. Ryan (v) Muneer A. Satter & Kristen Hayler Hertel	Representation in connection with corporate, estate planning and intellectual property matters unrelated to the Debtors.
Nationwide Provident	(i) Nationwide Mutual Insurance Company (ii) Nationwide Life Insurance/ Nationwide Advisory (iii) Nationwide Retirement Solutions	Representation in connection with litigation matters unrelated to the Debtors.
Putnam Investment Management Inc.	TH Lee Putnam Ventures LP	Representation in connection with corporate matters unrelated to the Debtors.

Creditors Under Capital Lease Agreements

Name of Creditor Under Capital Lease Agreements Searched	Name of Creditor and/or Affiliate of Creditor that is a K&E Client	Brief Description of Representation
CitiCapital	(i) Airxcel (ii) Bob's Store Centre, Inc. (iii) Cinven/CVC Capital Partners Ltd. (iv) Citibank F.S.B. (v) Citibank Mezzanine Partners (vi) Citibank, N.A. (vii) Citicorp Diner's Club Inc. (viii) Citicorp Mezzanine III, L.P. (ix) Citicorp Mezzanine Investment (x) Citicorp Venture Capital, Ltd. (xi) Conso International (xii) CVC Capital Funding, LLC (xiii) CVC Capital Partners & Trench Electric (xiv) CVC Capital Partners Limited (xv) DavCo Restaurants (xvi) Electrocal Designs (xvii) Euramax International PLC (xviii) Homelife Furniture Corporation (xix) KEMET Electronics (xx) Neenah Foundry (xxi) Polyfibron Technologies, Inc. (xxii) Shasta Paper Company (xxiii) Sleepmaster LLC (xxiv) Salomon Smith Barney (xxv) William Hill Finance (xxvi) Zatarain's Brands	Representation in connection with corporate, intellectual property and restructuring matters unrelated to the Debtors.
Deutsche Bank	(i) Brown Investment Advisory & Trust Company (ii) Capvest Limited (iii) DB Capital Investors Offshore (iv) DB Capital Partners (v) Deutsche Bank AG	Representation in connection with corporate matters unrelated to the Debtors.

Professionals

Name of Professional Searched	Name of Professional that is a K&E Client	Brief Description of Representation
KPMG Peat Marwick	KPMG L.L.P.	Representation in connection with litigation matters unrelated to the Debtors.
FTI Consulting	FTI Consulting, Inc.	Representation in connection with corporate matters unrelated to the Debtors.

Major Competitors of the Debtors

Name of Competitor Searched	Name of Competitor that is a K&E Client	Brief Description of Representation
Bellsouth Corporation	(i) Ameritech Mobile Communications (ii) Bellsouth Corporation	Representation in connection with litigation and corporate matters unrelated to the Debtors.
McCleod	McCleod USA, Incorporated	Representation in connection with litigation matters unrelated to the Debtors.
Qwest	(i) Qwest Communications Corporation (ii) Qwest Communications International, Inc.	Representation in connection with certain corporate and litigation matters unrelated to the Debtors.
SBC Communications	(i) Ameritech Corporation (ii) Ameritech Corp. and SBC Communications	Representation in connection with litigation matters unrelated to the Debtors.
Time Warner Telecom	(i) AOL Time Warner (ii) American Online	Representation in connection with corporate and litigation matters unrelated to the Debtors.
Verizon	(i) Amps Cellular of Chicago (ii) Verizon Communications (iii) Verizon Wireless (iv) Vodafone Americas	Representation in connection with litigation matters unrelated to the Debtors.

Additional Disclosures

13. As indicated above and on Exhibit "A", Madison Dearborn Capital Partners II, L.P. and/or certain of its affiliates ("Madison Dearborn") are equity security holders of the Debtors. In addition, Morgan Stanley Investment Management and/or certain of its affiliates ("Morgan Stanley") are equity security holders, bondholders and secured lenders of the Debtors. K&E currently represents both Madison Dearborn and Morgan Stanley in matters unrelated to the Debtors. For the fiscal year April 1, 2002 through March 31, 2003, Madison Dearborn represented approximately 2.26% of K&E's gross revenues and Morgan Stanley represented approximately 3.70% of K&E's gross revenues. Importantly, William S. Kirsch, a partner at K&E, is the outside general counsel of Madison Dearborn and, as a result, will not work on any matters for the Debtors during the pendency of these chapter 11 cases.

14. In addition, three other creditors of the Debtors and their affiliates account for between .99% to 1.5% of K&E's gross revenue for that same period: specifically, (i)

Bank of America and its subsidiaries ("Bank of America") (approximately 0.99%); (ii) Citicorp and its subsidiaries ("Citicorp") (approximately 1.30%) and (iii) Verizon and its subsidiaries ("Verizon") (approximately 1.31%).

15. Contemporaneously herewith, the Debtors are seeking authorization to retain Togut, Segal & Segal ("TSS") to represent the Debtors in all matters in which K&E may have conflicts in its representation of the Debtors in these chapter 11 cases. K&E will not represent Madison Dearborn, Morgan Stanley, Bank of America, Citicorp, or Verizon (the "Conflicts Parties") in any matters relating to the Debtors. In addition, K&E will not represent the Debtors in any matter relating the Conflicts Parties. As stated above, TSS will represent the Debtors in any and all matters related to the Conflicts Parties and with other conflicts that may arise in connection with K&E's representation of the Debtors in these chapter 11 cases.

16. A general inquiry to all K&E attorneys was sent by electronic mail to determine whether (i) any such individual holds any stock of the Debtors and (ii) whether any such individuals were employed by the Debtors. Responses were received from approximately 12 individuals who own approximately 10,500 shares of Allegiance Telecom, Inc. stock in the aggregate.[2] As of December 31, 2002, there were 124,830,110 shares of common stock of Allegiance Telecom, Inc. outstanding. K&E believes these individuals either have divested or are in the process of divesting their stock holdings as of the date hereof.

17. K&E represents KMC Telecom Holdings, Inc. in various matters unrelated to the Debtors. Certain of the attorneys assigned to work on these chapter 11 cases also represent KMC Telecom Holdings, Inc. While it is anticipated that K&E's representation of

[2] In addition, my wife, Christine Cantor, owns 200 shares of Allegiance Telecom, Inc. valued at approximately $60.00. This holding does not affect my disinterestedness in these chapter 11 cases as that term is defined in section 101(14) of the Bankruptcy Code.

the Debtors will not involve any matter related to KMC Telecom Holdings, Inc., if such a matter should arise, TSS shall represent the Debtors in that matter.

Services To Be Rendered

18. The professional services that K&E will render to the Debtors during these chapter 11 cases may include, but shall not be limited to, the following:

a. advise the Debtors with respect to their powers and duties as debtors in possession in the continued management and operation of their businesses and properties;

b. attend meetings and negotiate with representatives of creditors and other parties in interest;

c. take all necessary action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including, but not limited to, objections to claims filed against the estates;

d. prepare on the Debtors' behalf all motions, applications, answers, orders, reports and papers necessary to the administration of the estates;

e. negotiate and prepare on behalf of the Debtors a plan of reorganization and all related documents;

f. represent the Debtors in connection with obtaining postpetition loans;

g. advise the Debtors in connection with any potential sale of assets;

h. appear before this Court and any appellate courts and protect the interests of the Debtors' estates before these Courts;

i. consult with the Debtors regarding tax matters; and

j. perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these chapter 11 cases.

Professional Compensation

19. K&E is not a creditor of the Debtors. During the twelve (12) month period prior to the Commencement Date, K&E received from the Debtors an aggregate of $1,708,956.84 for professional services performed and to be performed and expenses incurred and to be incurred, including advance payments in the amount of $1,244,928.78 (the "Advance Payments") for professional services performed and to be performed and expenses incurred and to be incurred in connection with these chapter 11 cases. Other than the Advanced Payments, all payments received by K&E from the Debtors have been in made in the ordinary course of business of K&E, in the ordinary course of business of the Debtors, and consistent with prior dealings between the Debtors and K&E. K&E has used the Advance Payments to credit the Debtors' account for K&E's estimated charges for professional services performed and expenses incurred up to the time of the commencement of these chapter 11 cases and has reduced the balance of the credit available to the Debtors by the amount of such charges. As of the Commencement Date, K&E has a remaining credit balance in favor of the Debtors for future professional services to be performed, and expenses to be incurred, in the approximate amount of $600.000, subject to processing of all time and disbursements up to the commencement of these chapter 11 cases.

20. K&E intends to apply for compensation for professional services rendered in connection with these chapter 11 cases, subject to this Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), and guidelines established by the United States Trustee on an hourly basis, plus reimbursement of actual and necessary expenses and other charges that K&E incurs. K&E will charge the Debtors hourly rates consistent with the rates it charges in bankruptcy and non-bankruptcy matters of this type.

Hourly rates for attorneys employed in K&E's Restructuring, Insolvency, Workout & Bankruptcy group currently range from $255 to $730.

21. K&E's hourly rates are set at a level designed to fairly compensate K&E for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. Hourly rates vary with the experience and seniority of the individuals assigned.

22. It is K&E's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, photocopying, witness fees, travel expenses, certain necessary secretarial and other overtime expenses, filing and recordation fees, long distance telephone calls, postage, express mail and messenger charges, computerized legal research charges and other computer services, expenses for "working meals" and telecopier charges. K&E will charge the Debtors for these expenses in a manner and at rates consistent with those it generally charges its other clients and in accordance with the Local Rules. K&E believes that it is fairer to charge these expenses to the particular client on whose behalf they are incurred rather than to increase its hourly rates and spread these expenses amongst all of its clients.

23. No promises have been received by K&E nor by any partner, counsel or associate thereof as to compensation in connection with these chapter 11 cases other than in accordance with the provisions of the Bankruptcy Code. K&E has no agreement with any other entity to share with such entity any compensation received by K&E in connection with these chapter 11 cases.

24. K&E further states pursuant to Bankruptcy Rule 2016(b) that it has not shared, nor agreed to share (a) any compensation it has received or may receive with another

party or person, other than with the partners, counsel and associates of K&E or (b) any compensation another person or party has received or may receive.

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

/s/ Matthew A. Cantor
Matthew A. Cantor
Kirkland & Ellis
Citigroup Center
153 East 53rd Street
New York, New York 10022-4611
(212) 446-4800
(212) 446-4900 (fax)

Subscribed and sworn to before me on
this 14th day of May, 2003.

/s/ Daniel Kelleher
Notary Public
State of New York
No. 01KE6020926
My Commission Expires: 9/5/05