

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

---

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

---

**INTERIM ORDER PURSUANT TO SECTIONS 105(a), 327, 328, 330  
AND 363(c) OF THE BANKRUPTCY CODE AUTHORIZING EMPLOYMENT  
OF PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS**

Upon the application (the "Application"), dated May 14, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries (collectively, the "Debtors"), for entry of an order, pursuant to sections 105(a), 327, 328, 330 and 363(c) of the Bankruptcy Code,<sup>1</sup> approving the Debtors retention of certain Ordinary Course Professionals and the implementation of certain procedures for monthly compensation of such Ordinary Course Professionals, as more fully set forth in the Application; and the Court having jurisdiction to consider and determine the Application as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested in the Application is necessary and in the best interests of the Debtors, their estates and their creditors; and due notice of the Application having been given and it appearing that no other or further notice need be given; and sufficient cause appearing therefore; it is

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

ORDERED that the Debtors' retention and payment, at their election, of the Ordinary Course Professionals listed on Exhibit "A" to the Application, without the need to file

---

<sup>1</sup> Unless otherwise defined, all capitalized terms herein shall have the meaning ascribed to them in the Application.

individual retention or interim or final fee applications for each Ordinary Course Professional, except as set forth below, is approved; and it is further

ORDERED that each law firm retained as an Ordinary Course Professional retained shall file with the Court, within the later of (a) thirty (30) days of entry of this Order, and (b) the date of the law firm's engagement by the Debtors in these chapter 11 cases, an affidavit pursuant to section 327(e) of the Bankruptcy Code setting forth that such law firm does not represent or hold any interest adverse to the Debtors or to their respective estates in respect of the matters on which such law firm is retained. The affidavit shall be filed with the Court in accordance with General Order M-242, which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov); and it is further

ORDERED that the Debtors are hereby authorized to supplement the list of the Ordinary Course Professionals from time to time, if additional Ordinary Course Professionals are to be employed, and the Debtors shall file each supplemental list with the Court and serve it on (a) the U.S. Trustee, (b) attorneys for the Prepetition Lenders and (c) attorneys for a statutory creditors' committee, when and if appointed. If no objections are filed to such supplemental list within ten (10) days after service thereof, the same shall be deemed approved by this Court and all professionals listed thereon shall be deemed to be the Ordinary Course Professionals within the purview of this Order without the necessity of a hearing; and it is further

ORDERED that the Debtors are hereby authorized, but not required, to make periodic payments for postpetition compensation and reimbursement of postpetition expenses to each of the Ordinary Course Professionals in the manner customarily made by the Debtors prior to the commencement of these chapter 11 cases in the full amount billed by any such Ordinary Course Professional, upon receipt therefrom of reasonably detailed invoices indicating the nature

of the professional services rendered and the disbursements actually incurred, and calculated in accordance with such professional's standard billing practices (without prejudice to the Debtors' rights to dispute any such invoices); provided, however, that subject to further order of the Court, if any Ordinary Course Professional's fees and disbursements exceed (a) a total of \$30,000 per month or (b) \$500,000 in the aggregate in the Debtors' chapter 11 cases, then the payment to such Ordinary Course Professional for such excess amounts shall be subject to the prior approval of this Court in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, orders of this Court and the Fee Guidelines; and it is further

ORDERED that on or before the last day of each month, the Debtors shall serve upon the attorneys for the Ad Hoc Committee or after a statutory creditors' committee is appointed, upon the attorneys for such statutory creditors' committee, on a confidential basis, a statement of the following: (i) the name of each Ordinary Course Professional during the preceding month, and the aggregate amounts paid as compensation for services rendered and as reimbursement of expenses incurred by each Ordinary Course Professional and (ii) a list of any additional Ordinary Course Professionals that are retained or utilized by the Debtors after the Commencement Date and who are not listed on the Exhibit "A" to the Application; and it is further

ORDERED that the final hearing on the Application shall be held on June 13, 2003 at 10:00 a.m., prevailing Eastern Time, at the United States Bankruptcy Court, Room 610, United States Customs House, One Bowling Green Plaza, New York, New York 10004; and it is further

ORDERED that any objections to the relief requested by the application on a final basis must be filed with the Court, One Bowling Green, New York, New York 10004-1408, with a copy to Chambers, by no later than June 11, 2003 at 4:00 p.m. and served upon Kirkland &

Ellis, attorneys for the Debtors, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, New York, 10022-4611, Attention: Jonathan S. Henes, Esq. so as to be actually received by such filing deadline; and it is further

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

ORDERED that this Order shall not apply to any professional retained by the Debtors pursuant to a separate order of this Court; and it is further

ORDERED that notice of the Application as provided therein shall be deemed good and sufficient notice of such Application.

Dated: New York, New York  
May 15, 2003

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE