

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

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

Upon the Application (the “Application”) of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”) for an order, pursuant to section 327(a) of the Bankruptcy Code¹ authorizing the Debtors to employ and retain Latham & Watkins LLP (“Latham”) as counsel to the Debtors’ Special Committee of the Board of Directors pursuant to section 327(a); and upon the Declaration Of Robert J. Rosenberg In Support Of Application Of The Debtors Pursuant To 11 U.S.C. § 327(A) And 328(A) For Order Authorizing The Employment Of Latham & Watkins LLP As Special Counsel And Disclosure Of Compensation Pursuant To 11 U.S.C. § 329 (the “Rosenberg Declaration”); and notice of this Application having been given; and it appearing that, except as set forth in its Application and in the Rosenberg Declaration, Latham neither holds nor represents any interest adverse to the Debtors’ estates with respect to the matters on which it is to be employed; and it appearing that that the relief requested in the Application is in the best interests of the Debtors’ estates and their creditors; and upon the record herein; after due deliberation; and good and sufficient cause having been shown therefore, it is hereby

¹ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Application

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

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

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

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

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

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

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

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

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

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

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

Dated: New York, New York
_____, 2003

UNITED STATES BANKRUPTCY JUDGE