

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**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 Code<sup>1</sup> 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) of the Bankruptcy Code; 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 the relief requested in the Application is in the best interests of the Debtors’ estates and their creditors; and upon the record

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Application

herein; after due deliberation; and good and sufficient cause having been shown therefore, it is hereby

ORDERED that the Application is granted; and it is further

ORDERED that the retention and employment of Latham as counsel to the Special Committee of the Debtors' Board of Directors 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 nunc pro tunc to the Commencement Date; provided, however that Latham will not advise the Special Committee on matters relating directly to the Prepetition Credit Agreement or to General Electric Capital Corporation or Goldman Sachs Credit Partners L.P.; 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, subject to reconsideration upon a subsequent motion to the Court, Latham's aggregate fees in this case shall not exceed \$750,000; 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  
June 13, 2003

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE