

**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

**INTERIM ORDER AUTHORIZING EMPLOYMENT AND
RETENTION OF HOULIHAN LOKEY HOWARD & ZUKIN
CAPITAL AS FINANCIAL ADVISOR TO OFFICIAL COMMITTEE
OF UNSECURED CREDITORS, NUNC PRO TUNC TO JUNE 3, 2003**

Upon consideration of the application (the “Application”)¹ of the Official Committee of Unsecured Creditors (the “Committee”) of the debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases for entry of an order, under sections 328(a) and 1103(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2014 of the Federal Bankruptcy Rules (the “Bankruptcy Rules”), authorizing the employment and retention of Houlihan Lokey Howard & Zukin Capital (“Houlihan Lokey”) as its financial advisor pursuant to the terms of the engagement letter dated as of June 3, 2003 (the “Engagement Letter”); the Court having considered the Application and the Affidavit of Christopher DiMauro dated July 10, 2003 in support of the Application; and Houlihan Lokey (i) not holding an interest adverse to the interest of the estates with respect to the matters on which Houlihan Lokey will be employed and (ii) being “disinterested persons” as that term is defined under section 101(14) of the Bankruptcy Code, it is hereby

¹ Capitalized terms not defined in this Order shall have the meanings ascribed to them in the Application.

ORDERED that Houlihan Lokey is a “disinterested person” as that term is defined under section 101(14) of the Bankruptcy Code and does not hold an interest adverse to the Debtors or their estates; and it is hereby

ORDERED that all objections to the Application are hereby overruled; and it is hereby

ORDERED that subject to the terms and conditions of this Order, the Committee is authorized to employ, retain, and compensate Houlihan Lokey as its financial advisor pursuant to the Engagement Letter, nunc pro tunc to June 3, 2003; and it is hereby

ORDERED that, subject to a final hearing on the Application, the Monthly Fee is approved; and it is hereby

ORDERED that a final hearing on the Application to consider approval of the Monthly Fee on a final basis shall be held before this Court on September 15, 2003 at 10:00 a.m. or as soon thereafter as counsel may be heard; and it is hereby

ORDERED that in accordance with the Committee’s Notice of Hearing, dated July 11, 2003 objections to the relief requested by the Application, on a final basis, must be served so as to be received no later than September 10, 2003 at 4:00 p.m. (ET); and it is hereby

ORDERED that the Office of the United States Trustee retains the right to object to any interim fee application filed by Houlihan Lokey on any grounds provided for under the Bankruptcy Code (including, without limitation, sections 328, 330 and 331 thereof), the Bankruptcy Rules, or any of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “Local Rules”) or Orders of this Court; and it is further

ORDERED that the requirements of Local Rule 9013-1(b) are waived with respect to the Application; and it is further

ORDERED that this Court shall retain jurisdiction to construe and enforce the terms of this Order.

Dated: New York, New York
July 29, 2003

/s/Robert D. Drain
ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE