

**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)

**FINAL ORDER AUTHORIZING THE RETENTION OF
COMMUNICATION TECHNOLOGY ADVISORS LLC,
AS INDUSTRY AND TECHNOLOGY ADVISOR
TO THE 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 title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2014 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”), authorizing the employment and retention of Communication Technology Advisors LLC (“CTA”) as its industry and technology advisor pursuant to the terms of its engagement letter dated as of June 3, 2003 (the “Engagement Letter”); and the Court having considered the Application and the Affidavit of Wayne Barr dated July 11, 2003 in support of the Application; and CTA (i) not holding an interest adverse to the interest of the estates with respect to the matters on which CTA will be employed and (ii) being “disinterested persons” as that term is defined under section 101(14) of the Bankruptcy Code; and after due deliberation and sufficient cause appearing therefore, it is hereby:

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

ORDERED that subject to the terms and conditions of this Order, the Application is granted; and it is further

ORDERED that the Office of the United States Trustee retains the right to object to any interim or final fee application filed by CTA (including any request for the reimbursement of expenses) 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 Bankruptcy Rule 9013-1(b) are waived with respect to the Application; and it is further

ORDERED that CTA is a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and does not hold an interest adverse to the Debtors or their estates; and it is further

ORDERED that the Committee is authorized to employ, retain, compensate and reimburse CTA as its industry and technology advisor, pursuant to the Engagement Letter (a copy of which is attached hereto), nunc pro tunc to June 3, 2003, on the terms and conditions set forth in the Engagement Letter and the Application; and it is further

ORDERED that notwithstanding anything contained in the Application or the Engagement Letter to the contrary, CTA shall be compensated in accordance with the applicable provisions of the Bankruptcy Code, Rules and orders of this Court; and it is further

ORDERED that nothing in this Order shall limit the ability of any party in interest to move this Court for relief with respect to the duration of CTA's retention by the Committee; and it is further

ORDERED that the Debtors shall indemnify and hold harmless CTA and its affiliates, and their past, present and future directors, officers, shareholders, employees, agents and controlling persons within the meaning of either section 15 of the Securities Act of 1933, as amended, or section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), pursuant to the Engagement Letter and subject to the following conditions:

(a) all requests of Indemnified Persons for payment of indemnity, contribution or otherwise pursuant to the Engagement Letter shall be made by submission of a Monthly Statement (as defined in the June 13, 2003, Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals) and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Orders of this Court, and is reasonable based upon the circumstances of the litigation or settlement in respect of which the indemnity is sought, provided, however, that in no event shall an Indemnified Party be indemnified or receive reimbursement for any loss, claim, damage or liability which is finally judicially determined to have resulted primarily from the willful misconduct, gross negligence, bad faith or self dealing of any Indemnified Party, and

(b) in the event an Indemnified Party seeks reimbursement for attorneys' fees from the Debtors, the invoices and supporting time records from such attorneys shall be annexed

to CTA's own Monthly Statement, and such invoices and time records shall be subject to the U.S. Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 or 1103 of the Bankruptcy Code; and it is further;

ORDERED that CTA shall maintain daily time records containing descriptions of the work performed by each of its professionals in connection with any of its fee applications; and it is further

ORDERED that to the extent this order is inconsistent with the Engagement Letter, the terms of this Order shall govern; 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
September 16, 2003

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