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Special Counsel to the Official
Committee of Unsecured Creditors
of Allegiance Telecom Inc., et al.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
ALLEGIANCE TELECOM INC., *et al.*,	Lead Case No. 03-13057 (RDD)
Debtors.	Jointly Administered

APPLICATION FOR COMPENSATION
AND FOR REIMBURSEMENT OF EXPENSES

Name of Applicant:	Bilzin Sumberg Baena Price & Axelrod LLP
Authorized to Provide Professional Services to:	Official Committee of Unsecured Creditors
Date of Retention:	December 18, 2003 (*nunc pro tunc* to October 2, 2003)
Period for which compensation And reimbursement is sought:	October 2, 2003 through February 29, 2004
Amount of Compensation sought as actual, reasonable, and necessary:	$44,433.50
Amount of Expense Reimbursement sought As actual, reasonable, and necessary:	$314.34

This is Bilzin Sumberg Baena Price & Axelrod LLP's first interim fee application

ATTACHMENT "A"

BILZIN SUMBERG BAENA PRICE & AXELROD LLP
FEE SUMMARY
OCTOBER 1, 2003 THROUGH FEBRUARY 29, 2004

Name of Professional	Position of Applicant	State of Bar Admission Year	Department	Hourly Billing Rate	Total Billed Hours	Total Compensation
Scott L. Baena	Partner		Bankruptcy	$500.00	6.5	$3,510.00
Robert W. Turken	Partner		Litigation	$450.00	21.3	$9,585.00
Robert M. Siegel	Partner		Bankruptcy	$370.00	25.7	$9,509.00
Michael D. Seese	Partner		Bankruptcy	$325.00	26.7	$8,677.50
Eleanor Barnett	Associate		Litigation	$225.00	1.2	$270.00
TerRance Q. Woodard	Associate		Bankruptcy	$185.00	55.6	$11,135.00
Jay M. Sakalo	Associate		Bankruptcy	$290.00	1.4	$406.00
Luisa M. Flores	Paralegal		Bankruptcy	$112.27*	7.5	$842.00
Luisa M. Flores	Paralegal		Bankruptcy	$110.89*	4.5	$499.00
				Total:	150.4	$44,433.50
					GRAND TOTAL - $44,433.50	
					Blended Rate: $295.44	

* Combined 2003 and 2004 rates

BILZIN SUMBERG BAENA PRICE & AXELROD LLP
COMPENSATION BY PROJECT CATEGORY
OCTOBER 2, 2003 THROUGH FEBRUARY 29, 2004

PROJECT CATEGORY	TOTAL HOURS	TOTAL FEES
Case Administration	5.6	$1,771.00
Fee/Employment Applications	44.5	$8,715.00
Litigation Consulting	100.3	$33,947.50
Grand Total	**150.4**	**$44,433.50**

BILZIN SUMBERG BAENA PRICE & AXELROD LLP
EXPENSE SUMMARY
OCTOBER 2, 2003 THROUGH FEBRUARY 29, 2004

1.	Messenger Services		$11.45
2.	Photocopies		$60.50
	(a) In-house copies @ .15	60.50	
3.	Overnight Delivery Charges		$23.45
4.	Long Distance Telephone Charges		$203.94
5.	Telecopies		$15.00
TOTAL AMOUNT OF REQUESTED REIMBURSEMENT			**$314.34**

Hearing Date and Time: May 20, 2004, 10:00 a.m. (ET)
Objection Deadline: May 17, 2004, 4:00 p.m. (ET)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
ALLEGIANCE TELECOM INC., *et al.*,	Lead Case No. 03-13057 (RDD)
Debtors.	Jointly Administered

FIRST APPLICATION OF BILZIN SUMBERG BAENA PRICE & AXELROD LLP, SPECIAL CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF ALLEGIANCE TELECOM, INC., ET AL., FOR INTERIM ALLOWANCE OF COMPENSATION AND FOR THE REIMBURSEMENT OF EXPENSES FOR SERVICES RENDERED DURING THE PERIOD FROM OCTOBER 2, 2003 THROUGH FEBRUARY 29, 2004

Bilzin Sumberg Baena Price & Axelrod LLP Bilzin Sumberg Baena Price & Axelrod LLP (the "Applicant"), special conflicts counsel to the Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors (the "Debtors") in this Court, hereby submits its First Application of Bilzin Sumberg Baena Price & Axelrod LLP, Special Conflicts Counsel To The Official Committee of Unsecured Creditors of Allegiance Telecom, Inc., Et Al., for Interim Allowance of Compensation and For the Reimbursement of Expenses for Services Rendered During the Period From October 2, 2003 through February 29, 2004 (the "Application") pursuant to 11 U.S.C. §§ 330 and 331 and in accordance with the Administrative

Fee Order (defined below) for approval and allowance of compensation for services rendered and for reimbursement of expenses incurred in connection therewith, respectfully represents as follows:

I. INTRODUCTION

1. By this Application, the Applicant seeks (i) an interim allowance and award of compensation for the professional services rendered by the Applicant as special conflicts counsel for the Committee for the period from October 2, 2003 through February 29, 2004 (the "Compensation Period") in the amount of $44,433.50, representing 150.4 hours of professional services, and (ii) reimbursement of actual and necessary expenses incurred by the Applicant during the Compensation Period in connection with the rendition of such professional services in the amount of $314.34.

2. This Application is being submitted pursuant to the terms of this Court's Order, Under 11 U.S.C. §§105(a) and 3312, Establishing Procedures for Monthly Compensation and Reimbursement of Professionals dated June 13, 2003 (the "Administrative Fee Order"). Pursuant to the Administrative Fee Order, the Applicant is seeking the interim award and the full payment, without any holdback of fees, of $44,433.50 in fees and $314.34 for reimbursement of its expenses relating to services rendered on behalf of the Committee during the Compensation Period.

II. BACKGROUND

3. On May 14, 2003, (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

4. Since the Petition Date, the Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108of the Bankruptcy Code.

5. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 147(b)(2). The statutory bases for the relief requested herein are sections 328(a), 330, 331 and 1103 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedures 2014.

6. On May 28, 2003 the "Committee Formation Date"), pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed the Committee. On the Committee Formation Date, the Committee selected Akin Gump Strauss Hauer & Feld LLP ("Akin Gum") to serve as counsel to the Committee. On July 29, 2003, this Court entered an order authorizing the retention nunc pro tunc to May 28, 2003.

7. After reviewing its conflicts search in connection with its proposed retention by the Committee in these chapter 11 cases, Akin Gump determined that it currently represents certain creditors or other parties in interest (in other matters wholly unrelated to the Debtors' chapter 11 cases and which were discussed in the Committee's application to retain Akin Gump), and that the Committee therefore needed to retain special counsel to investigate and/or commence any appropriate causes of action against, or otherwise represent the Committee's interests *vis-à-vis*, such entities in these chapter 11 cases. Subject to the Court's approval, the Committee engaged the Applicant for that purpose.

8. On December 5, 2003, the Committee filed an application to retain the Applicant as special conflicts counsel to investigate and/or commence any appropriate causes of action and to provide services only to the extent that Akin Gump is conflicted from providing.

9. By order dated December 18, 2003 (the "Retention Order"), the Court authorized the Committee to retain the Applicant nunc pro tunc to October 2, 2003, pursuant to 11 U.S.C. §§ 1103 and 328, on a general retainer basis, to represent the Committee as special conflicts counsel. The Retention Order conditioned the Applicant's compensation on approval by this Court.

10. Applicant has received no payment and no promise for payment from any source for services rendered in connection with these cases. There is no agreement or understanding between Applicant and any other person for the sharing of compensation to be received hereunder.

11. As stated in the Affirmation of Mindy A. Mora, Esquire, attached hereto as **Exhibit "A",** all of the services for which compensation is sought herein were rendered for and on behalf of the Committee solely in connection with these cases.

12. Pursuant to the Administrative Fee Order, the Applicant sent to the Debtors and the appropriate notice parties its: (i) Monthly Fee Statement, dated February 23, 2004, for compensation and for reimbursement of expenses for services rendered during the period October 2, 2003 through January 31, 2004 in the amounts of $18,717.00 in fees and $169.06 for expenses (the “January 2004 Statement”); and (ii) Monthly Fee Statement, dated March 10, 2004 in the amounts of $25,716.50 in fees and $145.28 for expenses (the “February 2004 Statement”).

13. Pursuant to the Administrative Fee Order, as of the date of this Application, the Applicant has not received any payments on account of the January 2004 Statement and the February 2004 Statement.

III. SUMMARY OF SERVICES RENDERED

14. In accordance with the Administrative Fee Order, and to assist the Court, the Debtor, the Trustee and other parties in interest in evaluating this Application, the primary services performed by the Applicant during the Compensation Period are summarized in the Summary attached hereto as **Exhibit B**. The summary reflects certain services of major importance, which required the special attention, efforts and skill of the Applicant. The Applicant's services throughout the Compensation Period have been valuable to the Committee in providing advice and counsel.

15. In accordance with the Administrative Fee Order and the Local Rules, a summary sheet of the attorneys and their corresponding positions, years of experience, hourly rates and the number of hours incurred by each is set forth on **Attachment A**. The hourly rates reflect what Applicant generally charges its other clients for similar services. An itemization including identification of services performed by the attorneys sorted by date and time keeper is attached hereto as **Exhibit C**, which also contains a statement of Applicant's disbursements, necessarily incurred in the performance of Applicant's duties as special conflicts counsel to the Committee.

IV. EVALUATION OF SERVICES RENDERED: FIRST COLONIAL CONSIDERATIONS

16. This Application has presented the nature and extent of the professional services Applicant has rendered in connection with its representation of the Committee for which Applicant seeks compensation. The recitals set forth in the daily diaries attached hereto constitute only a summary of the time spent. A mere reading of the time summary annexed hereto cannot completely

reflect the full range of services Applicant rendered and the complexity of the issues and the pressures of time and performance which have been placed on Applicant in connection with the case.

17. American Benefit Life Ins. Co. v. Baddock (In re First Colonial Corp.), 544 F.2d 1291 (5th Cir.), cert. denied, 431 U.S. 904 (1977), enumerates twelve factors a bankruptcy court should evaluate in awarding fees. First Colonial remains applicable in the Eleventh Circuit to the determination of reasonableness of fees to be awarded under the Bankruptcy Code. Grant v. George Schuman Tire & Battery Co., 908 F.2d 874 (11th Cir. 1990); 2 Collier on Bankruptcy & 330.05[2][a] at 330-33 through 330-37 (L. King 15th ed. 1991); see also Bonner v. City of Prichard, 661 F.2d 1206, 1209 (11th Cir. 1981). The twelve factors are:

1. The time and labor required;
2. The novelty and difficulty of the questions presented;
3. The skill required to perform the legal services properly;
4. The preclusion from other employment by the attorney due to acceptance of the case;
5. The customary fee for similar work in the community;
6. Whether the fee is fixed or contingent;
7. The time limitations imposed by the client or circumstances;
8. The amount involved and results obtained;
9. The experience, reputation and ability of the attorneys;
10. The undesirability of the case;
11. The nature and length of the professional relationship with the client; and
12. Awards in similar cases.

First Colonial, 544 F.2d at 1298-99.

18. Based on the standards set forth in § 330 of the Bankruptcy Code and First Colonial, Applicant believes that the fair and reasonable value of its services rendered during the period covered by this Application is the total amount of $44,433.50, plus expenses of $314.34.

A. Time, Nature and Extent of Services Rendered, Results Obtained and Related First Colonial Factors

19. The foregoing summary, together with the Exhibits attached hereto, detail the time, nature and extent of the professional services Applicant rendered for the benefit of the Committee during the Compensation Period. The total number of hours expended, 150.4, reveals the extensive time devoted to this matter by Applicant on a variety of legal issues that have arisen in this case during the Compensation Period.

B. Novelty and Difficulty of Questions Presented

20. The issues that have arisen in this case during the Compensation Period demanded a high level of skill and perseverance of Applicant.

C. Skill Requisite to Perform Services Properly

21. In rendering services to the Committee, Applicant demonstrated substantial legal skill and expertise in, among other areas, bankruptcy and bankruptcy litigation.

D. Preclusion from Other Employment by Attorney Due to Acceptance of Case

22. Applicant's representation in this case did not preclude it from accepting other employment.

E. Customary Fee

23. The hourly rates of Applicant as set forth in the Exhibits reflect the hourly rates Applicant bills to its clients in other bankruptcy and commercial cases in which client payment is made on a frequent, periodic basis. This Court has approved these rates, as have other courts within and outside of this district, in other bankruptcy matters in which Applicant and other counsel of like

reputation and experience have been involved. Applicant's hourly rates are derived from a careful and thorough analysis of its internal costs, fees charged by other attorneys in the same practice and geographic areas, and the experience of Applicant's attorneys and paraprofessionals. Applicant's hourly rates include a reasonable profit margin so long as external costs associated with a particular engagement are likewise billable and collectable.

F. Whether Fee is Fixed or Contingent

24. Applicant's compensation in this matter is subject to approval of the Court and therefore is contingent. The Court should consider this factor, which militates in favor of a fee in the amount requested. The amount requested is consistent with the fee which Applicant would charge its clients in other non-contingent, bankruptcy and commercial cases.

G. Time Limitations Imposed by Client or Other Circumstances

25. The circumstances of this case occasionally imposed serious time constraints on Applicant due to the necessity for rapid resolution of significant issues.

H. Experience, Reputation and Ability of Attorneys

26. Applicant is an established law firm and its members and associates working on this case are experienced in matters of this kind and well known to this Court.

I. "Undesirability" of Case

27. This case is not undesirable. Applicant is privileged to have the opportunity to represent the Committee and appear before the Court in this proceeding.

J. Nature and Length of Professional Relationship with Client

28. The Applicant had no prior relationships with any member of the Committee, nor did the Applicant represent any member of the Committee in any matter.

K. Awards in Similar Cases

29. The amount requested by Applicant is reasonable in terms of awards in cases of similar magnitude and complexity. The compensation which Applicant requests comports with the mandate of the Bankruptcy Code, which directs that services be evaluated in light of comparable services performed in non-bankruptcy cases in the community. The total fees of Applicant during the Compensation Period in the amount of $44,433.50 reflects an average hourly rate of $295.44 for 150.4 hours of service. Considering the advise given in light of the contingent nature of Applicant's employment and the complexity of the issues addressed during the periods covered by this Application, this rate is entirely appropriate. The costs that Applicant seeks reimbursement of were necessarily incurred as a result of this engagement. Such costs are not, therefore, implicit in Applicant's hourly rates.

V. CONCLUSION

30. Applicant has necessarily and properly expended 150.4 hours of services in the performance of its duties as special conflicts counsel to the Committee during the Compensation Period. Such services have a fair market value of $44,433.50. The work involved and thus the time expended, was carefully assigned in light of the expertise required for each particular task.

31. In addition, Applicant incurred actual out-of-pocket expenses in connection with the rendition of services to the Committee in the sum of $314.34, for which it respectfully requests reimbursement in full.

32. Applicant charges $.15 per page for in-house photocopying services. Applicant charges the actual cost from the vendor for out-sourced photocopying and document retrieval, and computerized legal research. Applicant charges $.50 per page for out-going facsimile transmissions, and does not charge for in-coming facsimiles.

33. Applicant has reviewed the requirements set forth in the Local Rules and believes that this application for interim compensation complies therewith.

34. Applicant has made no prior application in this or any other Court for the relief sought herein.

WHEREFORE, the Applicant respectfully requests that this Court enter an order (i) approving the allowance of $44,422.50, without any additional holdback, for compensation for professional services rendered to the Committee during the period from October 2, 2003 through and including February 29, 2004; (ii) approving the reimbursement of the Applicant's out-of-pocket expenses incurred in connection with the rendering of such services during the period October 12, 2003 through and including February 29, 2004 in the amount of $314.34; (iii) authorizing and directing the Debtors to pay the fees and expenses awarded; and (iv) granting such other and further relief as this Court may deem just and proper.

Dated: Miami, Florida
April 16, 2004

BILZIN SUMBERG BAENA PRICE & AXELROD LLP

/s/ Mindy A. Mora
Scott L. Baena
Mindy A. Mora

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