

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**FINAL ORDER PURSUANT TO SECTIONS 105(a), 327, 328, 330
AND 363(c) OF THE BANKRUPTCY CODE AUTHORIZING EMPLOYMENT
OF PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS**

Upon the application (the “Application”), dated May 14, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries (collectively, the “Debtors”), for entry of an order, pursuant to sections 105(a), 327, 328, 330 and 363(c) of the Bankruptcy Code,¹ approving the Debtors retention of certain Ordinary Course Professionals and the implementation of certain procedures for monthly compensation of such Ordinary Course Professionals, as more fully set forth in the Application; and a hearing to consider the Application having been held on May 15, 2003; and an order approving the Application on an interim basis having been entered on May 15, 2003 (the “Interim Order”); and in accordance with the Interim Order, the Debtors having filed with the Court two supplemental lists of Ordinary Course Professionals, dated May 30, 2003 and June 4, 2003, respectively (the “Supplemental Lists”); and a hearing to consider the Application on a final basis having been held on June 13, 2003; and the Court having jurisdiction to consider and determine the Application as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested in the Application is necessary and in the best interests of the Debtors, their estates and their creditors; and due notice of the

¹ Unless otherwise defined, all capitalized terms herein shall have the meaning ascribed to them in the Application.

Application having been given and it appearing that no other or further notice need be given; and sufficient cause appearing therefore; it is

ORDERED that the Application is granted; and it is further

ORDERED that the Debtors' retention and payment, at their election, of the Ordinary Course Professionals listed on Exhibit "A" to the Application and the Supplemental Lists, without the need to file individual retention or interim or final fee applications for each Ordinary Course Professional, except as set forth below, is approved; and it is further

ORDERED that each law firm retained as an Ordinary Course Professional retained shall file with the Court in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov), within the later of (a) thirty (30) days of entry of the Interim Order, and (b) the date of the law firm's engagement by the Debtors in these chapter 11 cases, an affidavit pursuant to section 327(e) of the Bankruptcy Code setting forth that such law firm does not represent or hold any interest adverse to the Debtors or to their respective estates in respect of the matters on which such law firm is retained; and it is further

ORDERED that the Debtors are hereby authorized to supplement the list of the Ordinary Course Professionals from time to time, if additional Ordinary Course Professionals are to be employed; *provided, however*, that the Debtors shall file such supplemental list with the Court and serve it on (a) the U.S. Trustee, (b) the attorneys for the Prepetition Lenders, and (c) the attorneys for the statutory creditors' committee, on the earlier of (i) the last day of each month, and (ii) within two (2) business days of the Debtors' employment of five (5) Ordinary Course Professionals within the same month, if applicable; and it is further

ORDERED that if no objections are filed to such supplemental list within ten (10) days after service thereof, the same shall be deemed approved by this Court and all

professionals listed thereon shall be deemed to be Ordinary Course Professionals within the purview of this Order without the necessity of a hearing; and it is further

ORDERED that the Debtors are hereby authorized, but not required, to make periodic payments for postpetition compensation and reimbursement of postpetition expenses to each of the Ordinary Course Professionals in the manner customarily made by the Debtors prior to the commencement of these chapter 11 cases in the full amount billed by any such Ordinary Course Professional, upon receipt therefrom of reasonably detailed invoices indicating the nature of the professional services rendered and the disbursements actually incurred, and calculated in accordance with such professional's standard billing practices (without prejudice to the Debtors' rights to dispute any such invoices); *provided, however*, that subject to further order of the Court, if any Ordinary Course Professional's fees and disbursements exceed (a) a total of \$30,000 per month or (b) \$500,000 in the aggregate in the Debtors' chapter 11 cases, then the payment to such Ordinary Course Professional for such excess amounts shall be subject to the prior approval of this Court in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, orders of this Court and the Fee Guidelines; and it is further

ORDERED that on or before the last day of each month, the Debtors shall serve upon the attorneys of the statutory creditors' committee, on a confidential basis, a statement of the aggregate amounts paid in the preceding month as compensation for services rendered and as reimbursement of expenses incurred by each Ordinary Course Professional; and it is further

ORDERED that this Order shall not apply to any professional retained by the Debtors pursuant to a separate order of this Court; and it is further

ORDERED that notice of the Application as provided therein shall be deemed good and sufficient notice of such Application.

Dated: New York, New York
June 13, 2003

/s/Robert D. Drain
United States Bankruptcy Judge