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Creditors of Allegiance Telecom, Inc., et al.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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

SECOND SUPPLEMENTAL AFFIDAVIT OF IRA S. DIZENGOFF

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

Ira S. Dizengoff, being duly sworn, deposes and says:

1. I am an attorney at law admitted to practice in the State of New York and in the United States District Courts for the Southern and Eastern Districts of New York. I am a member of the firm of Akin Gump Strauss Hauer & Feld LLP (“Akin Gump”), which firm maintains offices at 590 Madison Avenue, New York, New York 10022.

2. I am familiar with the matters set forth herein and make this second supplemental affidavit in support of the application of the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) of Allegiance Telecom, Inc. (“Allegiance”) and certain of its direct and indirect subsidiaries (collectively, the “Debtors”) seeking approval to retain and employ Akin

Gump, nunc pro tunc to May 28, 2003, as counsel to the Creditors' Committee (the "Application").

3. On July 11, 2003, I caused to be filed with this Court the Affidavit of Ira S. Dizengoff in Support of the Application of the Committee of Unsecured Creditors of Allegiance Telecom, Inc., et al., to retain Akin Gump Strauss Hauer & Feld LLP (the "Affidavit").

4. On July 28, 2003, I caused to be filed with this Court the First Supplemental Affidavit of Ira S. Dizengoff in Support of the Application of the Committee of Unsecured Creditors of Allegiance Telecom, Inc., et al., to retain Akin Gump Strauss Hauer & Feld LLP (the "First Supplemental Affidavit").

A. Akin Gump's Pre-petition Payment History With the Debtors

5. The Affidavit contained the following disclosure with respect to the advance payments Akin Gump has received from the Debtors prior to the commencement of these cases: "Akin Gump received a \$175,000.00 advance payment retainer (the "Advance Payment") from the Debtors, pursuant to an engagement letter dated as of December 19, 2002.¹ Akin Gump has applied the Advance Payment against certain fees and expenses incurred in connection with services rendered to the Ad Hoc Committee for the period ending May 28, 2003. After the application of the Advance Payment against the fees and expenses billed through May 28, 2003, Akin Gump's current existing Advance Payment is \$181,503.57.²"

¹ Akin Gump received such advance payment on March 5, 2003 and a subsequent advance payment retainer of \$90,000 on May 14, 2003. At no time since the effectiveness of the engagement letter did the fees of Akin Gump exceed the amount of the Advance Payment.

² Akin Gump believes that, after applying all of the fees and expenses incurred by Akin Gump in connection with the services rendered to the Ad Hoc Committee, the amount of the Advance Payment is \$181,503.57. It could be lower. Pre-petition expenses continue to be processed and will be applied against the Advance Payment (it takes a few weeks for our accounting system to process certain expenses), Akin Gump will supplement the information contained herein to update the Court on the status of the Advance Payment. Akin Gump proposes to hold the Advance Payment and apply it at the end of these cases (or earlier if a

6. Further review of the Akin Gump billing and collections system has revealed the following payment history between Akin Gump and the Debtors:

- On March 5, 2003, the Debtors paid Akin Gump \$175,000 in accordance with their obligation to establish the Advance Payment under the engagement letter between Akin Gump and Allegiance Telecom, Inc., dated as of December 19, 2002 (the “Engagement Letter”).
- On March 31, 2003, Akin Gump sent the Debtors a notice to replenish the Advance Payment in the amount of \$16,523.33 (the “First Advance Payment Replenishment Request”).
- On April 3, 2003, Akin Gump sent the Debtors a second notice to replenish the Advance Payment in the amount of \$19,570.60 (the “Second Advance Payment Replenishment Request”).
- On May 2, 2003 Akin Gump received a supplemental advance payment from the Debtors in the aggregate amount of \$36,099.93 in respect of the First Advance Payment Replenishment Request and the Second Advance Payment Replenishment Request.
- On May 5, 2003, Akin Gump sent the Debtors a third notice to replenish the Advance Payment in the amount of \$71,167.78 (the “Third Advance Payment Replenishment Request”).
- On May 14, 2003, Akin Gump received a supplemental advance payment from the Debtors in the aggregate amount of \$161,167.78 in respect of (a) the Third Advance Payment Replenishment Request and (b) an additional supplemental advance payment, pursuant to the terms of the Engagement Letter, which provided for Akin Gump to receive such payment prior to the Debtors commencing these cases and increasing the Advance Payment to \$265,000.³
- After the application of the Advance Payment against the fees and expenses billed through May 28, 2003, Akin Gump’s current existing Advance Payment is \$186,514.52.

default occurs under the cash collateral order entered in these cases after the carve-out thereunder is exhausted) against unpaid fees and expenses.

³ The Engagement Letter provides in pertinent part that “in the event that Allegiance Telecom, Inc., or any one of its subsidiaries intends to commence a chapter 11 case, Allegiance Telecom, Inc., shall, in advance of any such filing, pay Akin Gump a further advance payment to bring the total advance payment as of the filing date up to the amount of the then agreed advanced payment amount, which shall not be less than \$200,000, after deducting accrued fees and expenses through the filing date.”

B. Counterparties to the Debtors' Executory Contracts

7. Subsequent to the filing of the Affidavit, the First Supplemental Affidavit and the Application, the Debtors, through their counsel Kirkland & Ellis LLP, provided Akin Gump with a list of counterparties (the "Counterparties") to executory contracts, attached hereto as Exhibit A.

8. Attached hereto as Exhibit B is a list of the Counterparties and/or certain affiliates or subsidiaries of the Counterparties that Akin Gump currently represents in matters wholly unrelated to the Debtors' chapter 11 cases and the Counterparties and/or certain affiliates or subsidiaries of such Counterparties that Akin Gump has in the past represented in matters wholly unrelated to the Debtors' chapter 11 cases. As disclosed in Exhibit B, Akin Gump currently represents the companies and committees listed in Exhibit B and/or certain affiliates and subsidiaries of such companies (the "Current Clients") on matters wholly unrelated to the Debtors' chapter 11 cases. In connection with the services to be rendered to the Creditors' Committee, Akin Gump will not commence causes of action by or against the Current Clients (but may investigate facts involving them) with respect to the Debtors' chapter 11 cases, unless a waiver is obtained. To the extent any actions are commenced by or against the Current Clients in connection with these cases, the Creditors' Committee will use conflicts counsel.

s/ Ira S. Dizengoff _____
Ira S. Dizengoff (ID-9980)

Sworn to before me this
28th day of August, 2003

s/ Mildred Andino
Notary Public, State of New York
No. 41-4857026
Commission Expires April 28, 2006

EXHIBIT A

EXHIBIT B

Allegiance – Conflict Check
Counterparties to Executory Contracts

Akin Gump has in the past and currently represents the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' chapter 11 cases:

Acterna	Alcatel* ⁴
American Airlines, Inc.	AT&T Corp.*
Avaya	Broadview Networks
Cawley International	EMC Corporation*
Fujitsu Network Services	Grande Communications
KPMG Consulting, Inc.	Level 3 Communications*
Lucent Technologies, Inc. *	Merrill Lynch*
Salomon Smith Barney	Time Warner Telecom Holdings, Inc.*

In addition, Akin Gump represents the Official Committee of Unsecured Creditors in the bankruptcy proceeding of WorldCom, Inc., et al. and Akin Gump represents the Ad Hoc Committee of Preferred Shareholders of Broadwing Communications, Inc.

Akin Gump has in the past represented the following companies and/or certain affiliates and subsidiaries of such companies on matters wholly unrelated to the Debtors' chapter 11 cases:

Applied Digital Access	Arthur Andersen LLP
CSG Systems	Dunn & Bradstreet
ENSR	ICG Communications*
Meristar H&R Operating Company	Octel Communications
Option One	Oracle Corporation
RCN Telecom Services*	Southern California Edison Company*
Sprint Communications*	Teoco Corporation
Watson Wyatt	

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* Previously disclosed in Affidavit of Ira S. Dizengoff dated July 11, 2003.