

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

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

**ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE
BANKRUPTCY CODE APPROVING THE SERVICES AGREEMENT
WITH IMPALA PARTNERS, LLC, NUNC PRO TUNC TO JUNE 16, 2003**

Upon the motion (the “Motion”), dated July 11, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), for an order, pursuant to sections 105 and 363 of the Bankruptcy Code,¹ approving the services agreement (the “Agreement”) with Impala Partners, LLC (“Impala”), as more fully set forth in the Motion; and an order approving the Motion on an interim basis having been entered by the Court on July 29, 2003; and a notice (the “Notice”) of final hearing and the terms of the Success Fee (as defined in the Notice) having been filed on September 11, 2003; and an objection to the Motion and Success Fee having been filed by the Creditors’ Committee on October 3, 2003 (the “Objection”); and a response to the Objection having been filed by the Debtors on October 7, 2003; and a hearing to consider the Motion on a final basis and the Success Fee having been held on October 8, 2003 (the “Hearing”); and it appearing that this Court has jurisdiction to consider and determine the Motion as core proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and it appearing that

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

due and proper notice of the Motion and the Notice has been given; and after due deliberation and sufficient cause appearing therefore and for the reasons set forth on the record at the Hearing, it is

ORDERED that the Objection is overruled; and it is further

ORDERED that the Motion is granted on a final basis; and it is further

ORDERED that the Debtors are authorized to employ Impala, *nunc pro tunc* to June 16, 2003, to provide management services to the Debtors on the terms and conditions set forth in the Agreement and the Notice and in accordance with the Court's findings at the Hearing; and it is further

ORDERED that the Success Fee is approved; and it is further

ORDERED that all compensation and reimbursement due to, and other rights of, Impala in accordance with the Agreement and the Notice, including, without limitation indemnification obligations, shall be treated as administrative expenses under section 503 of the Bankruptcy Code, and shall be paid in accordance with the terms and provisions of the Agreement and the Notice; provided, however, that all compensation and reimbursement of expenses to be paid to Impala shall be subject to prior approval of this Court in accordance with the requirements of sections 330 and 331 of the Bankruptcy Code and the order of this Court establishing procedures for monthly compensation and reimbursement of expenses for professionals, dated June 13, 2003; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the Motion, the Agreement, the Notice or this Order, the terms of this Order shall govern; and it is further

ORDERED that the Court shall retain jurisdiction over any and all disputes arising under or otherwise relating to the construction, performance and enforcement of the terms and conditions of the Agreement.

Dated: New York, New York
October 14, 2003

/s/ ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE