

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**ORDER APPROVING APPLICATION FOR INTERIM ALLOWANCE  
OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED  
AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES**

Upon the application (the “Application”) of KPMG LLP (the “Professional”) for interim allowance of compensation for professional services and for reimbursement of actual and necessary expenses pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), retained in the chapter 11 cases of Allegiance Telecom, Inc., and its affiliated debtors in the above-captioned case (collectively, the “Debtors”), and upon consideration of the Limited Objection (the “Limited Objection”) of the United States Trustee to the First Application of KPMG LLP for Interim Compensation and Reimbursement of Expenses; all as more fully set forth in the Application and the Limited Objection; and the Court having considered the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995, the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996, and the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals in the Debtors’ chapter 11 cases, dated June 13, 2003 (the “Administrative Order”); and the Court having jurisdiction to

consider the Application and the Limited Objection and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided to the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), the attorneys for the Debtors’ prepetition lenders, the attorneys for the statutory committee of unsecured creditors, and those parties entitled to notice pursuant to the Administrative Order, and no other or further notice need be provided; and the relief requested in the Application being necessary and appropriate to the administration of the Debtors’ chapter 11 cases and being in the best interests of the Debtors and other parties in interest; and a hearing having been held before this Court to consider the Application (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to sections 330 and 331 of the Bankruptcy Code, compensation to the Professional for professional services rendered during the time periods set forth on Exhibit A annexed hereto, are hereby allowed in the amounts set forth on Exhibit A in the column entitled “Total Fees Allowed,” provided that payment of ten percent (10%) of such allowance of fees shall be withheld (the “Holdback”) until the final hearing to consider fees incurred by professionals in these chapter 11 cases or prior thereto; and it is further

ORDERED that reimbursement to Professional for expenses incurred during the time periods set forth on Exhibit A are hereby allowed in the amounts set forth on Exhibit A in the column entitled “Expenses Allowed;” and it is further

ORDERED that the Debtors are authorized and directed to pay to the Professional all fees and expenses allowed herein, less the Holdback, that have not otherwise been paid pursuant to the Administrative Order.

Dated: January 15, 2004  
New York, New York

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE