

United States Courts  
Southern District of Texas  
ENTERED

MAY 20 2002

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

Michael N. Milby, Clerk of Court

IN RE:	§	
	§	
LOGIX COMMUNICATIONS CORPORATION and	§	CASE NO. 02-32105-H5-11 (Chapter 11)
	§	
LOGIX COMMUNICATIONS ENTERPRISES, INC.,	§	CASE NO. 02-32106-H5-11 (Chapter 11)
	§	
DEBTORS.	§	Jointly Administered Under CASE NO. 02-32105-H5-11
	§	

**ORDER AUTHORIZING AND APPROVING  
ADOPTION AND IMPLEMENTATION OF  
RETENTION PLAN FOR CERTAIN KEY EMPLOYEES**

Upon hearing the motion of the above-captioned debtors and debtors in possession (the "Debtors") for an order pursuant to sections 105(a), 363(b) and 365(a) of title 11 of United States Code (the "Bankruptcy Code"), authorizing and approving the Debtors' adoption and implementation of a retention plan for certain key employees and executives of the Debtors and assumption of certain employment agreements (the "Motion"), all as more fully set forth in the Motion; and notice of the Motion having been given in accordance therewith; and no other and further notice being necessary or required; and after conducting a hearing on part of the Motion on May 9, 2002 regarding the adoption and implementation of the retention plan for certain key employees of the Debtors (the "KERP"), as more fully identified and described in this Order; and upon the record of the Hearing; and it appearing that the authorization and approval of the

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- SEC   I
- OTH \_\_\_\_\_

adoption and implementation of the KERP is in the best interests of the Debtors, their estates, creditors and other parties in interest; and the Court having found that the relief requested is meritorious and well-founded; and after due deliberation and sufficient cause appearing therefor, it is

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COMMISSION CLERK

**ORDERED, ADJUDGED AND DECREED that:**

1. The Motion is **GRANTED** in part with respect to the KERP, as more fully described below. The hearing on the remainder of the relief requested, specifically, with respect to the Debtors' request for the assumption and clarification of certain employee contracts for five executives as detailed in Paragraphs 11 and 12 of the Motion, is continued until May, 15, 2002 at 2:00 p.m., or at such other date and time as the Court may direct, in Courtroom 10A, Tenth Floor, 515 Rusk, Houston, Texas.

2. Pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors shall be, and hereby are, authorized, but not directed, to adopt and implement the KERP, as its terms are described in Paragraph 3 herein.

3. The approved KERP that is the subject of this Order includes thirty-five (35) pre-designated key employees of the Debtors (the "Key Employees"). The KERP provides for the payment by Logix Communications Corporation ("LCC") of the equivalent of three month's salary for each of the Key Employees, payable upon the occurrence of one of the following triggering events (the "Triggering Events," or individually a "Triggering Event") or as otherwise provided:

- (a) Confirmation of a Plan of Reorganization for LCC ~~and/or LCE,~~
- (b) The sale, merger or transfer of substantially all of the assets ~~or stock~~ of LCC, ~~and/or LCE,~~ or;
- (c) Termination of the Key Employee without cause, with "cause" meaning the Key Employee's (i) breach of his or her fiduciary duties to LCC, after such Key Employee has received notice and opportunity to cure such breach, (ii) dishonesty or fraud in connection with performance of his or her assigned duties to LCC, or (iii) deliberate or intentional failure to substantially perform his or her duties to LCC.

In the event that none of the Triggering Events has occurred by June 30, 2002, each of the Key Employees shall be eligible and entitled to receive and LCC is authorized to make a payment

equivalent to 1.5 times the monthly salary for such Key Employee, payable on June 30, 2002, with the remaining balance (equivalent to 1.5 times the monthly salary for such Key Employee) to be payable by LCC upon the earliest occurrence of (i) a Triggering Event, or (ii) December 31, 2002.

4. Nothing in this Order shall create any obligations or liabilities for Logix Communications Enterprises, Inc.

SIGNED this 15<sup>th</sup> day of May, 2002.

  
KAREN BROWN  
UNITED STATES BANKRUPTCY JUDGE

**APPROVED AS TO FORM:**

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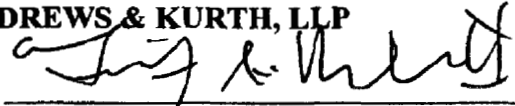
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PAGE 3

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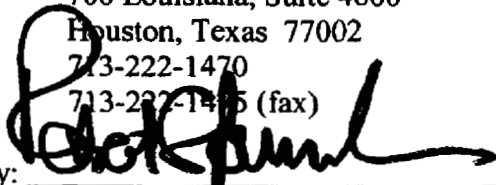
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