

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER AUTHORIZING DEBTORS TO
HONOR CERTAIN PREPETITION OBLIGATIONS
TO CUSTOMERS AND CONTINUE IN THE ORDINARY
COURSE OF BUSINESS CUSTOMER PROGRAMS AND PRACTICES**

Upon the motion (the “Motion”), dated May 14, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), seeking entry of an order for authority to honor certain prepetition obligations to customers and to otherwise continue in the ordinary course of business the Customer Practices,¹ as more fully set forth in the Motion; and it appearing that this Court has jurisdiction to consider and determine the Motion as a 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 due and proper notice of the Motion having been given; and after due deliberation and sufficient cause appearing therefor; it is hereby

ORDERED that the Motion is granted; and it is further

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

ORDERED that the Debtors, in their business judgment, are authorized, but not directed, to perform, as they see fit, their prepetition Customer Practices obligations in the ordinary course of business; and it is further

ORDERED that the Debtors, in their business judgment, are authorized, but not directed, to create, continue, renew, replace, modify, implement new and/or terminate some or all of the Customer Practices as they see fit, in the ordinary course of business and without further application to the Court; and it is further

ORDERED that the relief granted herein shall not constitute an approval or assumption of any Customer Practice or related agreement or policy pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that the Debtors' banks are directed and authorized to process, honor, and pay, to the extent of funds on deposit, any and all prepetition checks or wire transfer requests issued by the Debtors in respect of any prepetition obligations relating to the Customer Practices prior to, or after the commencement of these chapter 11 cases; and it is further

ORDERED that any payment or transfer made, or service rendered, by the Debtors pursuant to this Order is not, and shall not be deemed, (a) an admission as to the validity of the underlying obligation or a waiver of any rights the Debtors may have to subsequently dispute such obligation, or (b) an approval or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
_____, 2003

UNITED STATES BANKRUPTCY JUDGE