

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTIONS 105(a), 345, 363,
1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING
INVESTMENT OF FUNDS USING EXISTING INVESTMENT GUIDELINES**

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, pursuant to sections 105(a), 345, 363, 1107 and 1108 of the Bankruptcy Code,¹ authorizing the Debtors to (a) maintain existing bank accounts, (b) continue to use existing checks, correspondence and business forms, (c) continue to use the existing cash management system and (d) invest Funds using the Debtors’ existing Investment Guidelines, as more fully set forth in the Motion; and it appearing that the Court has jurisdiction to consider and determine the Motion as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested is in the best interests of the Debtors’ estates, their creditors and other parties in interest; and due and proper notice of the Motion having been given and no further notice need be given; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that having shown sufficient cause under section 345 of the Bankruptcy Code, the Debtors are authorized to invest and deposit funds in accordance with the

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

Investment Guidelines, which are annexed to the Motion as Exhibit “C,” notwithstanding that certain of such practices may not strictly comply with the requirements of section 345 of the Bankruptcy Code; and it is further

ORDERED that the Debtors shall cause a copy of this Order to be served on all of the banks at which any Bank Account or Investment Account is maintained within five (5) business days of the date hereof; and it is further

ORDERED that the Debtors shall serve a copy of the Motion and this Order upon (i) the Office of the United States Trustee for the Southern District of New York; (ii) attorneys for the Prepetition Lenders; (iii) attorneys for the Ad Hoc Committee; and (iv) the 40 largest creditors holding unsecured claims against the Debtors, within two (2) business days; and it is further

ORDERED that any objection to the relief requested by the Motion, with respect to authorization to invest Funds using the Debtors’ existing Investment Guidelines, on a permanent basis must be filed with the Court, One Bowling Green, New York, New York 10004-1408, by no later than May __, 2003 at 4:00 p.m. and served on the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Carolyn Schwartz, Esq. and Kirkland & Ellis, attorneys for the Debtors, Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611, Attention: Jonathan S. Henes, Esq., so as to be actually received by such filing deadline; and it is further

ORDERED that any objections must be filed with the Court in accordance with General Order of the United States Bankruptcy Court for the Southern District of New York M-242, which order can be found at www.nysb.uscourts.gov; and it is further

ORDERED that if timely objections are received there shall be a hearing held on May __, 2003 at __: __ __.m. to consider such timely objections to the proposed retention herein; and it is further

ORDERED that if no objections to the relief requested in the Motion, with respect to authorization to invest Funds using the Debtors' existing Investment Guidelines, are timely filed, served and received in accordance with this Order, this Order shall be deemed a Final Order without further notice or hearing, and the Motion shall be granted in its entirety; and it is further

ORDERED that the Debtors are hereby authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: New York, New York
_____, 2003

UNITED STATES BANKRUPTCY JUDGE