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

STIPULATION AND ORDER ADJOURNING THE HEARING ON (A) MOTION FOR AN ORDER, PURSUANT TO SECTION 365(a) OF THE BANKRUPTCY CODE, AUTHORIZING THE DEBTORS TO REJECT THE MASTER CARRIER AGREEMENT WITH AT&T CORPORATION AND (B) MOTION FOR AN ORDER, PURSUANT TO SECTION 365(a) OF THE BANKRUPTCY CODE, AUTHORIZING THE DEBTORS TO REJECT THE SETTLEMENT AND SWITCHED ACCESS SERVICE AGREEMENT WITH AT&T CORPORATION

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), and AT&T Corporation ("AT&T"), by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, on May 14, 2003, the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, on August 6, 2003, the Debtors filed (i) that certain Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the Master Carrier Agreement with AT&T Corporation and (ii) that certain Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the

Settlement and Switched Access Service Agreement with AT&T Corporation (collectively, "AT&T Motions"); and

WHEREAS, the AT&T Motions were set for a hearing (the "Hearing") on August 19, 2003 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, on August 18, 2003, the Debtors filed that certain Notice of Adjourned Hearings adjourning the Hearing to September 4, 2003 at 10:00 a.m.; and

WHEREAS, on September 3, 2003, the Court entered that certain Stipulation and Order Adjourning the Hearing on (A) Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the Master Carrier Agreement with AT&T Corporation and (B) Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the Settlement and Switched Access Service Agreement with AT&T Corporation, pursuant to which the Hearing was adjourned to September 15, 2003 at 10:00 a.m.; and

WHEREAS, on September 18, 2003, the Court entered that certain Stipulation and Order Adjourning the Hearing on (A) Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the Master Carrier Agreement with AT&T Corporation and (B) Motion for an Order, Pursuant to Section 365(a) of the Bankruptcy Code, Authorizing the Debtors to Reject the Settlement and Switched Access Service Agreement with AT&T Corporation, pursuant to which the Hearing was adjourned to September 25, 2003 at 10:00 a.m.; and

WHEREAS, subsequently, the Debtors and AT&T have mutually agreed to further adjourn the Hearing to October 8, 2003 at 10:00 a.m., prevailing Eastern Time.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The Hearing shall be held on October 8, 2003 at 10:00 a.m., prevailing Eastern Time, at the United States Bankruptcy Court, Room 610, One Bowling Green, New York, New York 10004.

2. The deadline to object to the relief requested in the AT&T Motions is extended until October 3, 2003 at 4:00 p.m., prevailing Eastern Time.

3. The Debtors' and AT&T's respective rights regarding the effective dates of rejection of the Master Carrier Agreement and the Settlement and Switched Access Service Agreement, pursuant to section 365 of the Bankruptcy Code, are unaltered and remain preserved, notwithstanding the adjournment of the Hearing as set forth in this Stipulation and Order.

4. This Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation and Order.

5. The undersigned on behalf of each respective party warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Stipulation and Order on behalf of such party.

6. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors or the Prepetition Lenders unless and until it is approved by the Court.

Dated: New York, New York
September 22, 2003

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By: /s/ Lance T. Eisenberg
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ATTORNEYS FOR AT&T CORPORATION

SO ORDERED, this 23rd day of September 2003

/s/Robert D. Drain

UNITED STATES BANKRUPTCY JUDGE