

PRESENTMENT DATE AND TIME: November 25, 2003, at 12:00 noon
OBJECTION DEADLINE: November 25, 2003, at 11:30 a.m.

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Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____	X	
In re	:	
	:	Chapter 11 Case No.
ALLEGIANCE TELECOM, INC., <i>et al.</i> ,	:	03-13057 (RDD)
	:	
Debtors.	:	Jointly Administered
_____	X	

**NOTICE OF SETTLEMENT OF ORDER
DENYING MOTION OF DALEEN SOLUTIONS, INC. FOR RELIEF FROM
THE AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that, on November 25, 2003, at 12:00 noon, prevailing Eastern Time, Allegiance Telecom, Inc. and its subsidiaries, as debtors and debtors in possession (the "Debtors"), will present for settlement and signature to the Honorable Robert D. Drain, United States Bankruptcy Judge, the annexed proposed order (the "Order") denying the Motion of Daleen Solutions, Inc. for Relief from the Automatic Stay Under Section 362 of the Bankruptcy Code, dated October 31, 2003.

PLEASE TAKE FURTHER NOTICE that counterproposals, if any, to the Order shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Bankruptcy Court, shall set forth the name of the party proposing the counterproposal, the nature and amount of claims or interests held or asserted against the Debtors' estates or property, and the specific grounds therefor, and shall be filed with the Bankruptcy Court electronically in

accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to the Bankruptcy Judge's chambers) and served in accordance with General Order M-242, so as to be actually received in the Bankruptcy Judge's chambers and by the undersigned by no later than November 25, 2003, at 11:30 a.m., prevailing Eastern Time. Unless objections are received by that time, there will not be a hearing, and the order may be signed.

PLEASE TAKE FURTHER NOTICE that if any written counterproposal is timely filed, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, on a date to be established by the Court. Any party proposing the counterproposal is required to attend the hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: New York, New York
November 20, 2003

Respectfully submitted,

/s/ Jonathan S. Henes

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER DENYING MOTION OF
DALEEN SOLUTIONS, INC. FOR RELIEF FROM THE
AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE**

Upon consideration of the motion of Daleen Solutions, Inc. (“Daleen”) for relief from the automatic stay under section 362 of title 11 of the United States Code (the “Bankruptcy Code”), dated October 31, 2003 (the “Motion”), filed in the chapter 11 cases of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”); and an objection having been filed with this Court by the Debtors on November 14, 2003 (the “Debtors’ Objection”); and a joinder to the Debtors’ Objection having been filed with this Court by the statutory committee of unsecured creditors appointed in these chapter 11 cases on November 14, 2003; and a joinder to the Debtors’ Objection having been filed with this Court by the Debtors’ prepetition senior lenders on November 17, 2003; and a response to the Debtors’ Objection having been filed with this Court by Daleen on November 18, 2003; and a hearing (the “Hearing”) to consider the Motion having been held on November 19, 2003; 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 due and proper notice of the Motion having been given; and upon the record of the contested proceedings at the Hearing at which all interested parties, including Daleen and the Debtors, had an opportunity to be heard;

and the Court having found¹ that the Billing Agreement (as defined in the Motion) is (a) an executory contract and, as such, (b) property of the Debtors' estates within the meaning of section 541 of the Bankruptcy Code; and the Court having further found that Daleen violated section 362(a)(3) of the Bankruptcy Code (i.e., the automatic stay) by sending the Notice of Non-Renewal (as defined in the Motion) and by sending any other notices attempting to exercise Daleen's rights under section 1.1 of the Billing Agreement; and the Court having further found that the Notice of Non-Renewal and any other notices attempting to exercise Daleen's rights under section 1.1 of the Billing Agreement are void *ab initio*; and the Court having further found that Daleen failed to make an initial showing that "cause" exists to lift the automatic stay under section 362(d)(1) of the Bankruptcy Code; see Sonnax Indus., Inc. v. Component Prods. Corp. (In re Sonnax Indus., Inc.), 907 F.2d 1280, 1285 (2d. Cir. 1990); and the Court having further found that the existence of a "termination-at-will" clause in an executory contract does not constitute "cause" to lift the automatic stay under section 362 of the Bankruptcy Code; and, having considered the relevant factors set forth in Sonnax, the Court having further found that "cause" does not exist to lift the automatic stay under section 362 of the Bankruptcy Code or to grant any other relief requested in the Motion; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Motion is denied with prejudice for the reasons set forth above and on the record at the Hearing; provided, however, that nothing in this Order prevents Daleen from filing a motion seeking relief to lift the automatic stay on the grounds other than the grounds set forth in the Motion; and it is further

¹ Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact pursuant to Fed. R. Bankr. P. 7052.

ORDERED that the automatic stay invoked by the commencement of the Debtors' chapter 11 cases, pursuant to section 362 of the Bankruptcy Code, remains in effect with respect to the Billing Agreement and/or the Master Agreement (as defined in the Motion); and it is further

ORDERED that the Notice of Non-Renewal and any other notices attempting to exercise Daleen's rights under section 1.1 of the Billing Agreement are void *ab initio* and do not have any effect on the Billing Agreement and/or the Master Agreement.

Dated: New York, New York
_____, 2003

UNITED STATES BANKRUPTCY JUDGE