

SETTLEMENT DATE AND TIME: January 28, 2004 at 12:00 noon  
OBJECTION DEADLINE: January 28, 2004 at 11:00 a.m.

TOGUT, SEGAL & SEGAL LLP  
Co-Bankruptcy Attorneys for the  
Debtors and Debtors in Possession  
One Penn Plaza - Suite 3335  
New York, New York 10119  
(212) 594-5000  
Frank A. Oswald (FAO-1223)  
Gerard DiConza (GD-0890)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

**NOTICE OF SETTLEMENT OF ORDER PURSUANT TO  
SECTION 554 OF THE BANKRUPTCY CODE AND BANKRUPTCY  
RULE 6007 AUTHORIZING THE ABANDONMENT OF  
PERSONAL PROPERTY LOCATED AT COLLOCATION SITES**

**PLEASE TAKE NOTICE** that annexed hereto is a copy of a proposed order (the "Order") granting, in accordance with the decision reached on January 21, 2004, the motion dated December 24, 2003 (the "Motion") of Allegiance Telecom, Inc. and its subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") for and order authorizing the abandonment of certain personal property located at certain collocation sites listed on Exhibit "A" to the Order.

**PLEASE TAKE FURTHER NOTICE** that the Order will be presented for settlement and signature on January 28, 2004 (the "Settlement Date") at 12:00 noon to the Honorable Robert D. Drain, United States Bankruptcy Judge, United States Bankruptcy Court, One Bowling Green, New York, New York 10004.

**PLEASE TAKE FURTHER NOTICE** that objections or counterproposals, if any, to the proposed Order must be made in writing and received by Bankruptcy Judge Drain's Chambers, United States Bankruptcy Court, One Bowling Green, New York, New York 10004, and by Togut, Segal & Segal LLP, co-bankruptcy counsel for the Debtors, One Penn Plaza, New York, New York 10119, Attention: Frank A. Oswald, Esq., no later than 11:00 a.m. on the Settlement Date. Unless objections and counterproposals are received by that time, the Order may be signed.

**PLEASE TAKE FURTHER NOTICE** that if any written objection or counterproposal is timely filed, to the extent that a hearing is necessary, such hearing will be held on a date to be established by the Court.

DATED: New York, New York  
January 22, 2004

ALLEGIANCE TELECOM, INC., *et al.*,  
Debtors and Debtors in Possession,  
By their Co-Bankruptcy Attorneys,  
TOGUT, SEGAL & SEGAL LLP,  
By:

/s/Frank A. Oswald  
FRANK A. OSWALD (FAO-1223)  
A Member of the Firm  
One Penn Plaza, Suite 3335  
New York, New York 10119  
(212) 594-5000

**SERVICE LIST**

Wilmer, Cutler & Pickering  
Counsel for Verizon Communications  
399 Park Avenue  
New York, NY 10022  
Attn: Philip Anker, Esq.  
Adam Dembrow, Esq.

Kelley Drye & Warren LLP  
101 Park Avenue  
New York, NY 10178  
Attn: Mark Somerstein, Esq.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**ORDER PURSUANT TO SECTION 554 OF THE BANKRUPTCY CODE  
AND BANKRUPTCY RULE 6007 AUTHORIZING THE ABANDONMENT  
OF PERSONAL PROPERTY LOCATED AT COLLOCATION SITES**

Upon the motion dated December 24, 2003 (the “Motion”), 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 section 554 of the Bankruptcy Code, authorizing the abandonment of certain Personal Property<sup>1</sup> located at the Collocation Sites listed on Exhibit “A” attached hereto; 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 upon the objection (the “Objection”) to the Motion of Verizon Communications Inc. and its operating telephone company subsidiaries (collectively, “Verizon”); and upon the hearing held on January 21, 2004 (the “Hearing”) to consider the Motion and the Objection; and upon the Court’s findings and conclusions made at the Hearing; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates and creditors; and the Debtors having represented that: (a) the Debtors own, rather than lease, the Personal Property and the Debtors do not believe that any party, other than their

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

prepetition senior secured lenders (the “Prepetition Lenders”), has any liens, interest or claims against the Personal Property, (b) the Prepetition Lenders do not object to the relief requested in the Motion, (c) the Prepetition Lenders have agreed not to assert and to waive any interest they may have in the Personal Property, (d) no customers of the Debtors remained at the Collocation Sites as of January 15, 2004, (e) the Debtors have abandoned the Collocation Sites so as not to create a health or safety hazard, and (f) the Debtors have vacated the Collocation Sites as of January 15, 2004 and will not remove any other property from such sites; and due and proper notice of the Motion having been given; and good and sufficient cause appearing therefor; it is

ORDERED that, subject to the terms of this Order, the Motion is granted; and it is further

ORDERED that, subject to the terms of this Order, the Objection is overruled; and it is further

ORDERED that, pursuant to section 554 of the Bankruptcy Code, the Personal Property at the Collocation Sites listed on Exhibit “A” hereto shall be deemed abandoned by the Debtors effective as of January 15, 2004; and it is further

ORDERED that Verizon and SBC Communications, as owners of the Collocation Sites, are authorized to remove from the Collocation Sites, use and/or dispose of the Personal Property without the need of any further order of this Court; and it is further

ORDERED that Verizon and SBC Communications may file a claim or assert an administrative expense claim for costs or damages arising from the abandonment of the Personal Property at the Collocation Sites, which claim or administrative expense claim must be filed or asserted on or before sixty (60) days after the date of this Order (the “Claims Bar Date”), and any claims resulting from the abandonment of the Personal Property not filed prior

to the Claims Bar Date shall be forever barred from participating in the Debtors' chapter 11 cases and receiving any dividend or distribution thereon; and it is further

ORDERED that, except as expressly provided herein, nothing herein shall constitute a waiver or release by the Debtors, on the one hand, and the owners of the Collocation Sites, on the other hand, of any rights, claims, causes of actions or defenses that they may have against each other, whether or not directly related to the Collocation Sites or the Debtors' abandonment of the Personal Property; 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  
January \_\_, 2004

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UNITED STATES BANKRUPTCY JUDGE

**Exhibit A**

**List of Collocations to be Rejected**

<b>Debtor Entity</b>	<b>ICA Service Provider</b>	<b>Notice Addresses under ICA and Collocation Application</b>	<b>Physical Location</b>	<b>CLLI Code / ACTL Number</b>	<b>BAN Number</b>
Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	67 PLEASANT ST.	ARTNMAPL/HAE	617K410109513
Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	6 BOWDOIN SQ.	BSTNMABO/HAN 2 <sup>nd</sup> Arrangement	617K410056521
Allegiance Telecom, Inc.	SBC-SWBT	SWBT REMITTANCE PROCESSING CENTER 211 S. AKARD, ROOM 1460 DALLAS, TX 75202 ATTN: COLLOCATION CLERK	4211 BRYAN ST.	DLLSTXTA/HH2 2 <sup>nd</sup> Arrangement	5100021095
Allegiance Telecom, Inc.	SBC-PacBell	PACBELL REMITTANCE PROCESSING CENTER 211 S. AKARD, ROOM 1460 DALLAS, TX 75202 ATTN: COLLOCATION CLERK	4849 APPIAN WAY	ELSBCA11/W09	COLO05911
Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	5 ELM ST.	MLDNMAEL/HAL 2 <sup>nd</sup> Arrangement	617K410044333
Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	230 W. 36TH ST.	NYCMNY36/HBE 3 <sup>rd</sup> Arrangement	212K910278925
Allegiance Telecom, Inc.	Verizon	125 High St., R00m 509 Boston, MA 02110 Attn: Collocation	221 E 37TH / 240 E 38TH ST.	NYCMNY37/HAS 2 <sup>nd</sup> Arrangement	212K910148039
Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	11-31 46 ROAD LONG ISLAND	NYCQNYLI/HBE 2 <sup>nd</sup> Arrangement	App ID 88973 Control # S0101-0860

Allegiance Telecom, Inc.	Verizon	125 High St., Room 509 Boston, MA 02110 Attn: Collocation	900 RACE ST.	PHLAPAMK/HPQ 2 <sup>nd</sup> Arrangement	610M017003003
Allegiance Telecom, Inc.	SBC-SWBT	SWBT REMITTANCE PROCESSING CENTER 211 S. AKARD, ROOM 1460 DALLAS, TX 75202 ATTN: COLLOCATION CLERK	5410 JANUARY	STLSMO03/HF1	1100025268



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William M. Reid (WR-3768)

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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: (Jointly Administered)  
ALLEGIANCE TELECOM, INC., ET AL., :  
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**AFFADAVIT OF SERVICE OF NOTICE  
OF SETTLEMENT OF ORDER PURSUANT TO  
SECTION 554 OF THE BANKRUPTCY CODE AND  
BANKRUPTCY RULE 6007 AUTHORIZING THE ABANDONMENT  
OF PERSONAL PROPERTY LOCATED AT COLLOCATION SITES**

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

Joanne Minischetti, being duly sworn, deposes and says: deponent is not a party to the action, is over 18 years of age and resides at East Rockaway, New York.

On January 23, 2004, deponent served a copy of the within Notice of Settlement and Order pursuant to Section 554 of the Bankruptcy Code and Bankruptcy Rule 6007 authorizing the Abandonment of Personal Property located at Collocation Sites upon: Wilmer, Cutler & Pickering, Counsel for Verizon Communications, Attn: Philip Anker, Esq. (facsimile no. 202-663-6363) and Adam Dembrow, Esq. (facsimile no. 212-230-8888) and Kelley Drye & Warren LLP, Attn: Mark Somerstein, Esq. (facsimile no. 212-808-7897).

/s/Joanne Minischetti

Sworn to before me this  
23rd day of January, 2004.

/s/Cynthia Juliano  
Notary Public