

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 365(a) OF THE  
BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO  
REJECT CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Upon consideration of the motion (the “Motion”), dated October 24, 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 section 365(a) of the Bankruptcy Code,<sup>1</sup> authorizing the Debtors to reject the Rejected Agreements, as more fully set forth in the Motion; and, on November 7, 2003, the Court having entered an order (a) granting the Motion as it relates to all Rejected Agreements except for the Rejected Agreement with Davidson Capital Group, LLC (the “Davidson Rejected Agreement”) and (b) adjourning the hearing on the Motion as it relates to the Davidson Rejected Agreement to November 7, 2003, which hearing has been subsequently adjourned to February 25, 2004; 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 and creditors; and it appearing that there are no objections to the Motion; and due and proper notice of the Motion having been given; and good and sufficient cause appearing therefor; it is

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

ORDERED that the Motion is granted as it relates to the Davidson Rejected Agreement; and it is further

ORDERED that the Davidson Rejected Agreement shall be deemed rejected effective as of the date of the Motion; and it is further

ORDERED that any proof of claim for damages arising from the rejection of the Davidson Rejected Agreement must be filed on or before forty-five (45) days after the date of this Order, and any claims resulting from the rejection of the Davidson Rejected Agreement not so filed 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 the Debtors do not waive or release any rights, claims, causes of action, or defenses, including rights of set-off or recoupment with respect to the Davidson Rejected Agreement; and it is further

ORDERED that the Debtors are 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: February 25, 2004  
New York, New York

/s/Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE