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Attorneys for Debtors and Debtors in Possession

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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EX PARTE MOTION OF THE DEBTORS FOR AN ORDER SHORTENING NOTICE, PURSUANT TO RULES 2002(a)(2) AND 9006(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, WITH RESPECT TO A HEARING ON MOTION OF THE DEBTORS FOR AN ORDER, PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE, AUTHORIZING SHARED TECHNOLOGIES ALLEGIANCE, INC. TO ENTER INTO THAT CERTAIN SUBLEASE WITH PARAGO, INC.

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. (“ATI”) and its direct and indirect subsidiaries, including Shared Technologies Allegiance, Inc. (“Shared Technologies”), as debtors and debtors in possession (collectively, the “Debtors”), respectfully represent:

Introduction

1. 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”). The Debtors are authorized to operate their business and manage their properties

as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

2. No trustee or examiner has been appointed in these chapter 11 cases. On May 28, 2003, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed a statutory committee of unsecured creditors (the "Creditors Committee") in these chapter 11 cases.

3. On February 20, 2004, this Court entered an Order approving the sale to XO Communications, Inc. ("XO") of (a) substantially all of the assets of ATI and Allegiance Telecom Company Worldwide ("ATCW"), a direct subsidiary of ATI and one of the Debtors in these chapter 11 cases, and (b) the stock of the reorganized subsidiaries of ATCW, *other than Shared Technologies*. On March 18, 2004, the Debtors filed the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, which provides for the emergence of Shared Technologies as a reorganized stand-alone entity.

Jurisdiction

4. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Summary of Relief Requested

5. Subsequent to the Court considering the relief requested herein (and to the extent such relief is granted), the Debtors intend to file a motion (the “Sublease Motion”) seeking entry of an order, pursuant to section 363 of the Bankruptcy Code, authorizing Shared Technologies to enter into a sublease (the “Sublease”) with Parago, Inc. (f/k/a How2.com, Inc.) (“Parago”), substantially in the form annexed to the Sublease Motion as Exhibit “A”.¹

6. By this Motion, the Debtors request entry of an order, pursuant to Bankruptcy Rules 2002(a)(2) and 9006(c)(1), shortening the notice required to be provided with respect to the Sublease Motion.

Cause Exists to Shorten the Notice Period with Respect to the Sublease Motion

7. The Debtors request that the Court shorten the twenty-day notice period required under Bankruptcy Rule 2002(a)(2) to allow the hearing on the Sublease Motion to take place on April 20, 2004, at 10:00 a.m., prevailing Eastern Time. Consistent therewith, the Debtors request that the Court set April 16, 2004, at 4:00 p.m., prevailing Eastern Time, as the deadline for the service and filing of objections to the Sublease Motion.

8. Bankruptcy Rules 2002(a)(2) and 9006(c)(1) authorize the Court, for cause shown, to reduce the notice period required for a hearing to authorize a proposed use, sale or lease of property of the estate other than in the ordinary course of

¹ The Debtors believe that entry into the Sublease by Shared Technologies is a transaction in the ordinary course of business. Nonetheless, out of abundance of caution, the Debtors intend to seek Court approval of entry into the Sublease by Shared Technologies pursuant to section 363(b) of the Bankruptcy Code.

business. See Fed. R. Bankr. P. 2002(a)(2); 9006(c)(1). The Debtors submit there is ample cause to reduce the notice period.

9. As set forth in more detail in the Sublease Motion, the Debtors' principal executive offices are located at 9201 North Central Expressway, Dallas, Texas 75231 (the "Allegiance Headquarters"). The Debtors occupy the Allegiance Headquarters pursuant to that certain lease agreement, dated July 19, 2000 (as amended, the "Headquarters Lease"), between ATCW and NCX Office Development, L.P. As a result of (a) the sale of substantially all of the assets of ATI and ATCW to XO, which include the Headquarters Lease, and (b) the anticipated emergence of Shared Technologies as a stand-alone entity, Shared Technologies has to relocate its employees, currently working at the Allegiance Headquarters, to a new office space (the "Office Space"), which will subsequently serve as the reorganized Shared Technologies' headquarters. In that regard, Shared Technologies has (c) found appropriate office space in Coppell, Texas, which meets its needs with respect to the size and location of the new headquarters, and, subject to Court approval, (d) agreed to enter into the Sublease. Importantly, if Shared Technologies enters into the Sublease prior to May 1, 2004, it will be entitled to occupy the Office Space rent-free for the first month of the Sublease. As a result, in order for Shared Technologies to receive the aforementioned rent reduction under the Sublease, the Debtors need to obtain Court approval of the Sublease Motion prior to May 1, 2004.

10. In addition, Kirkland & Ellis LLP, as attorneys for the Debtors, consulted with a representative of the Office of the U.S. Trustee, the attorneys for the Debtors' prepetition lenders (the "Prepetition Lenders") and the attorneys for the

Creditors Committee regarding the relief requested herein. *All* of the aforementioned parties have consented to such relief.

11. The Debtors submit that notice by overnight mail, or where appropriate, by hand delivery, provided on the date hereof, to (a) the U.S. Trustee, (b) attorneys for the Creditors Committee, (c) attorneys for the Prepetition Lenders, (d) attorneys for Parago and (e) each person or entity on the Master Service List maintained in these chapter 11 cases will constitute good and sufficient notice of the relief requested in the Sublease Motion.

Waiver of Memorandum of Law

12. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Motion pursuant to rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York.

Notice

13. Pursuant to Bankruptcy Rule 9006(c)(1), the Court may shorten time without notice.

14. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto, shortening the notice period with respect to a hearing on the Sublease Motion, and providing the Debtors with such other and further relief as is just and proper.

Dated: New York, New York
April 7, 2004

Respectfully submitted,

/s/ Jonathan S. Henes

Matthew A. Cantor (MC-7727)

Jonathan S. Henes (JH-1979)

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**AFFIDAVIT OF JONATHAN S. HENES, ESQ.
 PURSUANT TO RULE 9077-1 OF THE LOCAL BANKRUPTCY
 RULES FOR THE SOUTHERN DISTRICT OF NEW YORK**

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

JONATHAN S. HENES, being duly sworn, deposes and says:

1. I am an attorney at law admitted to practice before this Court and a member of the firm of Kirkland & Ellis LLP (“K&E”), attorneys for Allegiance Telecom, Inc. (“ATI”) and its direct and indirect subsidiaries, including Shared Technologies Allegiance, Inc. (“Shared Technologies”), as debtors and debtors in possession (collectively, the “Debtors”), in connection with these chapter 11 cases.

2. I submit this affidavit based on personal knowledge, except where otherwise indicated, in support of the Debtors’ motion, dated April 7, 2004 (the “Motion”), seeking entry of an order shortening the notice period with respect to a hearing to consider the Debtors’ motion

(the "Sublease Motion"), seeking entry of an order, pursuant to section 363 of the Bankruptcy Code,¹ authorizing Shared Technologies to enter into a sublease (the "Sublease") with Parago, Inc. (f/k/a How2.com, Inc.).

3. Bankruptcy Rules 2002(a)(2) and 9006(c)(1) and rule 9006-1 of the Local Bankruptcy Rules for the Southern District of New York authorize the Court, for cause shown, to reduce the notice period required for a hearing to authorize a proposed use, sale or lease of property of the estate other than in the ordinary course of business. Accordingly, for the reasons set forth below, the Debtors request entry of an order shortening the required notice period with respect to the hearing on the Sublease Motion.

4. As set forth in more detail in the Sublease Motion, the Debtors' principal executive offices are located at 9201 North Central Expressway, Dallas, Texas 75231 (the "Allegiance Headquarters"). The Debtors occupy the Allegiance Headquarters pursuant to that certain lease agreement, dated July 19, 2000 (as amended, the "Headquarters Lease"), between Allegiance Telecom Company Worldwide ("ATCW"), a direct subsidiary of ATI and one of the Debtors in these chapter 11 cases, and NCX Office Development, L.P. As a result of (a) the sale of substantially all of the assets of ATI and ATCW to XO Communications, Inc., which include the Headquarters Lease, and (b) the anticipated emergence of Shared Technologies as a stand-alone entity, Shared Technologies has to relocate its employees, currently working at the Allegiance Headquarters, to a new office space (the "Office Space"), which will subsequently serve as the reorganized Shared Technologies' headquarters. In that regard, Shared Technologies has (c) found appropriate office space in Coppell, Texas, which meets its needs with respect to the size and location of the new headquarters, and, subject to Court approval, (d)

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

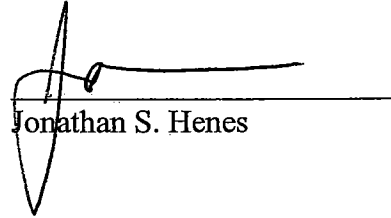
agreed to enter into the Sublease. Importantly, if Shared Technologies enters into the Sublease prior to May 1, 2004, it will be entitled to occupy the Office Space rent-free for the first month of the Sublease. As a result, in order for Shared Technologies to receive the aforementioned rent reduction under the Sublease, the Debtors need to obtain Court approval of the Sublease Motion prior to May 1, 2004.

5. In addition, K&E, as attorneys for the Debtors, consulted with a representative of the Office of the U.S. Trustee, the attorneys for the Prepetition Lenders and the attorneys for the Creditors Committee regarding the relief requested herein. *All* of the aforementioned parties have consented to such relief.

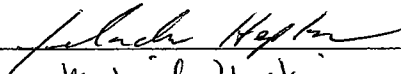
6. Based on the foregoing, the Debtors and their estates may be prejudiced unless the 20-day notice period prescribed for hearings to authorize a proposed use, sale or lease of property of the estate other than in the ordinary course of business, pursuant to Bankruptcy Rule 2002(a)(2), is shortened. Accordingly, the Debtors submit that good and sufficient cause exists for this Court to enter an order shortening the prescribed notice period so that the hearing on the Sublease Motion may proceed on an expedited basis. For that reason, the Debtors request that (a) the hearing to consider the Sublease Motion be scheduled for April 20, 2004, at 10:00 a.m., prevailing Eastern Time, and (b) the deadline for the service and filing of objections to the Sublease Motion be set for April 16, 2004, at 4:00 p.m., prevailing Eastern Time. The Debtors submit that the notice provisions set forth in the proposed order annexed to the Motion constitute good and sufficient notice of the Sublease Motion, the relief requested therein and the proceedings to be held thereon.

7. No previous request for the relief sought in the Motion has been made to this or any other court.

Subscribed and sworn to before me
this 7th day of April, 2004.



Jonathan S. Henes


Melinda Hopkins
Notary Public, State of New York
No. 31-4784820
Qualified in New York County
Commission Expires 8/31, 2005

MELINDA HOPKINS
Notary Public, State of New York
No. 31-4784820
Qualified in New York County
Commission Expires

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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**ORDER SHORTENING NOTICE, PURSUANT
TO RULES 2002(a)(2) AND 9006(c) OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE, WITH RESPECT
TO A HEARING ON THE MOTION OF THE DEBTORS FOR
AN ORDER, PURSUANT TO SECTION 363 OF THE BANKRUPTCY
CODE, AUTHORIZING SHARED TECHNOLOGIES ALLEGIANCE, INC.
TO ENTER INTO THAT CERTAIN SUBLEASE WITH PARAGO, INC.**

Upon the motion, dated April 7, 2004 (the “Motion”), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, including Shared Technologies Allegiance, Inc. (“Shared Technologies”), as debtors and debtors in possession (collectively, the “Debtors”), for an order, pursuant to Bankruptcy Rules¹ 2002(a)(2) and 9006(c)(1), shortening notice with respect to the hearing on the motion (the “Sublease Motion”), dated April 7, 2004, for an order, pursuant to section 363 of the Bankruptcy Code, authorizing Shared Technologies to enter into a sublease (the “Sublease”) with Parago, Inc. (f/k/a How2.com, Inc.), as more fully set forth in the Motion; and upon the Affidavit of Jonathan S. Henes, Esq. in support of the Motion; and it appearing that the Court has jurisdiction over this matter; and due and proper notice of the Motion has been given, and no other or further notice is required; and it further appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and their creditors; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that the Motion is granted; and it is further

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

ORDERED that the twenty-day notice period, otherwise applicable to a hearing for approval of the Sublease Motion, is shortened to twelve (12) days pursuant to Bankruptcy Rules 2002(a)(2) and 9006(c)(1); and it is further

ORDERED that (a) notice of the Sublease Motion and the hearing thereon shall be provided by the Debtors by overnight mail or, where appropriate, by hand delivery, on April 7, 2004, to (i) the U.S. Trustee, (ii) attorneys for the Creditors Committee, (iii) attorneys for the Prepetition Lenders, (iv) attorneys for Parago and (v) each person or entity on the Master Service List maintained in these chapter 11 cases; and (b) such notice shall constitute sufficient notice of the Sublease Motion; and it is further

ORDERED that the hearing to consider the Sublease Motion shall be held on April 20, 2004, at 10:00 a.m., or as soon thereafter as the Debtors are heard, before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408; and it is further

ORDERED that the deadline for the service and filing of objections to the Sublease Motion shall be 4:00 p.m., prevailing Eastern Time, on April 16, 2004.

Dated: New York, New York
_____, 2004

UNITED STATES BANKRUPTCY JUDGE