

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER APPROVING SETTLEMENT AGREEMENT RESOLVING
PLAN OBJECTIONS AND CERTAIN OTHER MATTERS
BETWEEN THE DEBTORS AND BELL SOUTH TELECOMMUNICATIONS INC.**

The Debtors and BellSouth Telecommunications Inc. (“BellSouth”) having resolved certain of BellSouth’s claims and BellSouth’s objections to confirmation of the Debtors’ Second Amended Joint Plan of Reorganization dated April 22, 2004 (the “Plan”) in accordance with the terms of the settlement agreement dated June 4, 2004 (the “BellSouth Settlement Agreement”); and upon approval of the Debtors’ motion dated June 4, 2004 authorizing the filing under seal of certain settlement agreements, including the BellSouth Settlement Agreement; and upon the *in camera* hearing held on June 7, 2004 to consider approval of the BellSouth Settlement Agreement; and after due deliberation and sufficient cause appearing therefore as set forth on the record by the Court; it is

ORDERED, that the BellSouth Settlement Agreement is hereby approved in its entirety.

Dated: June 8, 2004

/s/Robert D. Drain
HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

BELLSOUTH SETTLEMENT AGREEMENT

CONFIDENTIAL – SUBJECT TO BANKRUPTCY COURT ORDER

THE BELLSOUTH SETTLEMENT AGREEMENT HAS BEEN FILED UNDER SEAL