UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

STIPULATION AND ORDER ADJOURNING HEARING ON MOTION OF ARTHUR H. FIERMAN, JR. FOR AN ORDER, PURSUANT TO 11 U.S.C. § 362(d), (I) GRANTING RELIEF FROM THE AUTOMATIC STAY TO PERMIT THE COMMENCEMENT AND PROSECUTION, THROUGH JUDGMENT, OF AN EMPLOYMENT DISCRIMINATION ACTION AGAINST DEBTOR ALLEGIANCE TELECOM, INC., AND THE ENFORCEMENT OF ANY JUDGMENT ENTERED IN SUCH EMPLOYMENT DISCRIMINATION ACTION TO THE EXTENT SUCH JUDGMENT IS COVERED BY THE DEBTORS' INSURANCE POLICIES; AND (II) FOR OTHER RELATED RELIEF

Arthur H. Fierman, Jr. ("Fierman") and Allegiance Telecom, Inc. ("ATI") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, on May 14, 2003, each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, on March 11, 2004, Fierman filed a verified motion seeking the entry of an order, pursuant to section 362(d) of the Bankruptcy Code, (a) granting Fierman relief

from the automatic stay to permit him to (i) commence and prosecute through judgment, in the state or federal courts of Florida, or any other court of competent jurisdiction, an employment discrimination action (the "Discrimination Action") against ATI, one of the Debtors in these chapter 11 cases, (ii) execute on any judgment entered in the Discrimination Action to the extent such judgment is covered by one or more of ATI's insurance policies (the "Insurance Policies") and (iii) amend his proof of claim filed in the Debtors' chapter 11 cases to reflect the amount of any judgment, plus fees, costs and interest, entered in the Discrimination Action, less all amounts paid under the Insurance Policies; and (b) authorizing and directing the insurors under the Insurance Policies to pay the proceeds thereof to Fierman to satisfy any judgment obtained by him against ATI in the Discrimination Action (the "Stay Relief Motion"); and

WHEREAS, the Stay Relief Motion was set for a hearing (the "Hearing") before this Court on March 25, 2004; and

WHEREAS, after the filing and service of the Stay Relief Motion, Fierman and the Debtors have entered into discussions regarding a potential consensual resolution of the Stay Relief Motion; and

WHEREAS, as a result of such discussions, Fierman and the Debtors have mutually agreed to adjourn the Hearing, without prejudice to the relief requested in the Motion or the Debtors' right to object to such relief, to April 20, 2004 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, on March 19, 2004, this Court entered that certain Stipulation and Order Adjourning Hearing on Motion of Arthur H. Fierman, Jr. for an Order, Pursuant to 11 U.S.C. § 362(d), (i) Granting Relief From the Automatic Stay to Permit the Commencement and Prosecution, Through Judgment, of an Employment Discrimination Action Against Debtor Allegiance Telecom, Inc., and the Enforcement of Any Judgment Entered in Such Employment

Discrimination Action to the Extent Such Judgment is Covered by the Debtors' Insurance Policies; and (ii) for Other Related Relief, pursuant to which the Hearing was adjourned to April 20, 2004 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, on April 15, 2004, this Court entered that certain Stipulation and Order Adjourning Hearing on Motion of Arthur H. Fierman, Jr. for an Order, Pursuant to 11 U.S.C. § 362(d), (i) Granting Relief From the Automatic Stay to Permit the Commencement and Prosecution, Through Judgment, of an Employment Discrimination Action Against Debtor Allegiance Telecom, Inc., and the Enforcement of Any Judgment Entered in Such Employment Discrimination Action to the Extent Such Judgment is Covered by the Debtors' Insurance Policies; and (ii) for Other Related Relief, pursuant to which the Hearing was adjourned to May 20, 2004 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, on May 12, 2004, this Court entered that certain Stipulation and Order Adjourning Hearing on Motion of Arthur H. Fierman, Jr. for an Order, Pursuant to 11 U.S.C. § 362(d), (i) Granting Relief From the Automatic Stay to Permit the Commencement and Prosecution, Through Judgment, of an Employment Discrimination Action Against Debtor Allegiance Telecom, Inc., and the Enforcement of Any Judgment Entered in Such Employment Discrimination Action to the Extent Such Judgment is Covered by the Debtors' Insurance Policies; and (ii) for Other Related Relief, pursuant to which the Hearing was adjourned to June 17, 2004 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, Fierman and the Debtors have mutually agreed to further adjourn the Hearing, without prejudice to the relief requested in the Motion or the Debtors' right to object to such relief, to July 28, 2004 at 10:00 a.m., prevailing Eastern Time.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The hearing with respect to the Stay Relief Motion shall be held 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, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, on July 28, 2004 at 10:00 a.m., prevailing Eastern Time (the "Adjourned Hearing Date").

2. If Fierman and the Debtors are unable to resolve the issues presented by the Stay Relief Motion, the Debtors reserve their rights to object to the relief requested in the Stay Relief Motion, and Fierman reserves his right to respond to any such objection.

3. The deadline to object to the relief requested in the Lift Stay Motion is extended until July 23, 2004 at 4:00 p.m., prevailing Eastern Time.

4. Any and all rights that Fierman may assert with respect to relief under section 362(e) of the Bankruptcy Code shall commence no earlier than the Adjourned Hearing Date.

5. This Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation and Order.

6. The undersigned on behalf of Fierman and the Debtors each warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Stipulation and Order on behalf of such party.

7. This Stipulation and Order shall have no force or effect and shall not be binding upon either Fierman or the Debtors until it is approved by the Court.

Dated: New York, New York
June 14, 2004

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ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

SO ORDERED, this 14th day of June 2004

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