

ORDER (A) PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, APPROVING THAT CERTAIN SETTLEMENT AGREEMENT, DATED AS OF JUNE 7, 2004, WITH QWEST COMMUNICATIONS CORPORATION AND (B) PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE, APPROVING AND AUTHORIZING THE ASSUMPTION OF EXECUTORY CONTRACTS WITH QWEST CORPORATION

Upon consideration of the motion dated June 14, 2004, (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 (A) pursuant to Bankruptcy Rule 9019(a), approving that certain Settlement Agreement, dated as of June 7, 2004, with Qwest Corporation and Qwest Communications Corporation (the "Settlement Agreement") and (B) pursuant to section 365 of the Bankruptcy Code, approving and authorizing the assumption of executory contracts with Qwest Corporation, as more fully set forth in the Settlement Agreement; 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 due and proper notice of the Motion having been given; and the Court having reviewed the Motion and having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the Settlement Agreement is fair, reasonable and in

\_

<sup>&</sup>lt;sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

the best interests of the Debtors, their estates, creditors and other parties in interest; and the Court having determined that the Settlement Agreement was entered in good faith and is a result of arms-length negotiations; and it appearing that the relief requested in the Motion with respect to the assumption of the Interconnection Agreements, is based upon the Debtors' sound business judgment and is necessary and in the best interests of the Debtors, their estates, creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further;

ORDERED that all parties have had the opportunity to object to the relief requested in the Motion and to the extent that objections to the Motion or the relief requested therein have not been withdrawn, waived or settled prior to the date hereof, such objections are overruled on the merits. Those parties who did not object, or who withdrew their objections to the Motion, are deemed to have consented.

ORDERED that the Settlement Agreement is approved pursuant to Bankruptcy Rule 9019; and it is further

ORDERED that the Debtors are authorized to execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary or appropriate to consummate the Settlement Agreement and perform any and all obligations contemplated therein; and it is further

ORDERED that Qwest is authorized to execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary or appropriate to consummate the Settlement Agreement and perform any and all obligations contemplated therein; and it is further

#801320 2

ORDERED that the Debtors' assumption of the Interconnection Agreements,

pursuant to section 365(a) of the Bankruptcy Code, is approved and authorized; and it is further

ORDERED that, pursuant to section 365 of the Bankruptcy Code, the Debtors

are authorized to perform their obligations under the Interconnection Agreements as set forth in

the Settlement Agreement; and it is further

ORDERED that the failure to specifically include any particular provision of the

Settlement Agreement in this Order shall not diminish or impair the effectiveness of such

provisions, it being the intent of the Court that the Settlement Agreement and the

implementation of the transactions contemplated therein be approved in their entirety; and it is

further

ORDERED that if the Court enters the Order as presented, to the extent of any

inconsistency between the terms of this Order and the Settlement Agreement, the terms of the

Settlement Agreement shall control; 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

June 16, 2004

/s/Robert D. Drain

UNITED STATES BANKRUPTCY JUDGE

#801320 3