UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

ORDER, PURSUANT TO SECTION 107(b) OF THE BANKRUPTCY CODE AND RULE 9018 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AUTHORIZING (A) THE DEBTORS TO FILE UNDER SEAL A SETTLEMENT AGREEMENT WITH QWEST COMMUNICATIONS CORPORATION AND (B) THE COURT TO CONDUCT AN IN CAMERA HEARING ON MOTION OF THE DEBTORS FOR AN ORDER (I) 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 (II) PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE, APPROVING AND AUTHORIZING THE ASSUMPTION OF EXECUTORY CONTRACTS WITH QWEST COMMUNICATIONS CORPORATION

Upon consideration of the motion dated June 11, 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, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018, authorizing (a) the Debtors to file under seal the Debtors' Settlement Agreement with Qwest Communications Corporation ("The Settlement Agreement") and (b) the Court to conduct an in camera hearing on the Settlement Agreement, as more fully set forth in the Motion; 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 interest of the Debtors' estates and creditors; and due and proper notice of the Motion having been provided; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018, the Debtors are authorized to file the Settlement Agreement under seal; and it is further

ORDERED that the contents of the Settlement Agreement shall remain confidential, shall be served on and made available only to Qwest, the U.S. Trustee, attorneys for the Creditors Committee, and attorneys for the Prepetition Lenders, and shall not be made available to the general public or any parties in interest in these chapter 11 cases, including any individual members of the Creditors Committee or any individual Prepetition Lenders; and it is further

ORDERED that, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018, the Debtors have demonstrated good cause to conduct an in camera hearing to consider the Settlement Agreement; and it is further

ORDERED that the in camera hearing shall be attended solely by (a) representatives from the Debtors, Qwest, and the U.S. Trustee and (b) respective attorneys for the Debtors, Qwest, the Creditors Committee, and the Prepetition Lenders; and it is further

ORDERED that the parties attending or participating in the in camera hearing are prohibited from disclosing or providing to third parties any information revealed during the in camera hearing or set forth in the Settlement Agreement.

Dated: New York, New York
June 16, 2004

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE