

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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

**STIPULATION AND CONSENT ORDER REGARDING
EXTENSION OF DEADLINE FOR OFFICIAL COMMITTEE OF UNSECURED
CREDITORS TO CHALLENGE PREPETITION OBLIGATIONS**

The above captioned debtors and debtors in possession (collectively, the “Debtors”), the Agent¹ and the Official Committee of Unsecured Creditors of Allegiance Telecom, Inc., et al. (the “Committee”), by and through their respective counsel, hereby stipulate and agree that notwithstanding anything contained in that certain Amended Final Order Authorizing Use of Cash Collateral by Consent, dated June 26, 2003 (the “Amended Initial Final Cash Collateral Order”) or that certain Second Amended Final Order Authorizing Use of Cash Collateral By Consent, dated December 18, 2003 (the “Second Amended Final Cash Collateral Order” and, together with the Amended Initial Final Cash Collateral Order, the “Cash Collateral Orders”) to the contrary, the Committee shall have until **Monday, March 22, 2004, at 4:00 p.m. (Prevailing Eastern Time)** (the “Investigation Termination Date”) to investigate the validity, amount, perfection, priority, and enforceability of the Agent’s liens, claims and security interests held on behalf of the Lenders and the obligations arising under the Prepetition Loan Documents, or to assert any other claims or causes of action against the Agent and the Lenders held by the Debtors’ estates. If the Committee determines that there may be a challenge to the Agent’s

prepetition liens, claims or security interest, or the Lenders' prepetition obligations by the Investigation Termination Date, upon five (5) business days' written notice to the Debtors, the Agent and the Lenders, the Committee shall be permitted to file and prosecute an objection or claim related thereto, and shall have only until the Investigation Termination Date to file such objection or otherwise initiate an appropriate action (including a motion to obtain court authority to bring such an action) or adversary proceeding setting forth the basis of any such challenge, claim or cause of action. If such action is not filed on or before the Investigation Termination Date (or such other later date as extended by the written consent of the Debtors and the Agent), the stipulations contained in Paragraph 12 of the Amended Final Order and any consideration granted as adequate protection thereunder shall be irrevocably binding on the Committee and all parties in interest without further action by any party or the Court. Unless the Agent and the Debtors each consents in writing to a further extension, the Investigation Termination Date may not be extended, unless cause therefor is shown and only after notice to the Agent and the Debtors and the filing of a motion and scheduling of a hearing date before the expiration of the Investigation Termination Date.

¹ Terms not otherwise defined herein shall have the meanings ascribed to them in the Cash Collateral Orders.

Dated: New York, New York
March 5, 2004

PAUL HASTINGS JANOFSKY & WALKER, LLP

By: /s/ Leslie A. Plaskon

Leslie A. Plaskon (LP-1851)
1055 Washington Boulevard
Stamford, Connecticut 06901
(203) 961-7400

Counsel to the Agent

AKIN GUMP STRAUSS HAUER & FELD LLP

By: /s/ Colin M. Adams

Colin M. Adams (CA-2913)
590 Madison Avenue
New York, New York 10022
(212) 872-1000

Counsel to the Official Committee of Unsecured
Creditors of Allegiance Telecom, Inc., et al.

KIRKLAND & ELLIS

By: /s/ Jonathan Henes

Jonathan Henes (JH-1979)
Citigroup Center
153 East 53rd Street
New York, New York 10022
(212) 446-4800

Counsel to Debtors and Debtors in Possession

SO ORDERED:

/s/Robert D. Drain
Honorable Robert D. Drain
United States Bankruptcy Judge

Dated: March 8, 2004