

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re :
: X
: Chapter 11 Case No.
Allegiance Telecom, Inc., et al., : 03-13057 (RDD)
: Jointly Administered
Debtors. :
: X

BALLOT FOR ACCEPTING OR REJECTING DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

VOTING CLASS 5: ATI UNSECURED CLAIMS

(Claims of holders of 12 7/8% ATI Senior Notes, Due May 15, 2008, Cusip _____)

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PREVAILING EASTERN TIME ON _____, 2004

Allegiance Telecom, Inc. ("ATI") and its direct and indirect subsidiaries, the above-captioned debtors and debtors in possession (collectively, the "Debtors"), have filed the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated [____], 2004 (the "Plan"). The Plan is annexed as Exhibit A to the Debtors' Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code, dated [____], 2004 (the "Disclosure Statement"), which accompanies this Ballot. If you are, as of [____], 2004, a beneficial owner of 12 7/8% Senior Notes due May 15, 2008, issued by ATI under the Senior Note Indenture, dated July 7, 1998, between ATI and The Bank of New York, as Indenture Trustee for the Senior Notes, please use this Ballot to cast your vote to accept or reject the Plan. The Bankruptcy Court has approved the Disclosure Statement, which provides information to assist you in deciding how to vote on the Plan. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan by the Bankruptcy Court. If you do not have a copy of the Disclosure Statement, you may obtain it by contacting the Debtors' voting agent (the "Voting Agent"), Bankruptcy Management Corporation, at 1-888-909-0100 (toll free).

Pursuant to section 3.5(a) of the Plan, the undersigned has the option to participate in the Cash Recovery Election described in section 1.34 of the Plan. By checking the appropriate box in Item 3 below, the undersigned may elect to participate in the Cash Recovery Election pursuant to the terms set forth in section 3.5(a) of the Plan or the applicable ATLT Certificates. Please review the terms of section 1.34 and 3.5(a) of the Plan before checking the box in Item 3. IF YOU DO NOT MAKE ANY ELECTIONS FOR YOUR CLAIM, YOU WILL BE DEEMED TO HAVE ELECTED TO RECEIVE A CASH RECOVERY IN RESPECT OF SUCH CLAIMS. The shares of ATLT A Certificates, ATLT B Certificates and ATLT C Certificates otherwise distributable to Holders of Class 5 Claims that elect and receive a Cash Recovery will be extinguished. In the event that the Available Cash is insufficient to satisfy in full the claims of all Holders in Class 4 (ATCW Unsecured Claims) that elect to receive the Cash Recovery (with such insufficiency being determined as of the Initial Effective Date), the Holders of Allowed Claims in Class 5 will not be entitled to any Cash Recovery. In the event that the Available Cash is insufficient to satisfy in full the Claims of all Holders in Class 5 that elect a Cash Recovery (with such insufficiency being determined as of the Initial Effective Date), each such Holder shall receive its proportionate share of the Cash Recovery, and the remainder of its Claims shall be satisfied with ATLT A Certificates, ATLT B Certificates and ATLT C Certificates, as applicable.

IMPORTANT

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and the classification and treatment of your claim or claims under the Plan. Your claims in respect of your ATI Senior Notes have been placed in Class 5 under the Plan. If you hold more than one claim against the Debtors, you will receive a Ballot for each claim you are entitled to vote.

VOTING DEADLINE: 5:00 P. M., PREVAILING EASTERN TIME ON [_____], 2004.

If your vote is not received by the Voting Agent on or before the Voting Deadline and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

Ballots will not be accepted by facsimile transmission or electronic mail.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan.

Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Plan.

HOW TO VOTE

1. COMPLETE ITEM 1 (if not already filled out by your nominee) AND ITEM 2 AND COMPLETE ITEM 3 AND ITEM 4 (if applicable).
2. REVIEW THE CERTIFICATIONS CONTAINED IN ITEM 5.
3. **SIGN THE BALLOT** (unless your Ballot has already been signed or “prevalidated” by your nominee).
4. RETURN THE BALLOT IN THE PRE-ADDRESSED ENVELOPE (if the enclosed envelope is addressed to your nominee, make sure your nominee receives your Ballot in time to submit it before the Voting Deadline).
5. **BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.**
6. YOU MUST VOTE ALL YOUR 12 7/8% ATI SENIOR NOTES CLAIMS *EITHER* TO ACCEPT *OR* TO REJECT THE PLAN AND MAY NOT SPLIT YOUR VOTE.
7. ANY BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL NOT BE COUNTED AS AN ACCEPTANCE OF THE PLAN.

Item 1. Principal Amount of 12 7/8% ATI Senior Note Claims Voted. The undersigned certifies that as of [_____], 2004, the undersigned was either the beneficial owner, or the nominee of a beneficial owner, of 12 7/8% ATI Senior Notes in the following aggregate unpaid principal amount (insert amount in the box below). If your 12 7/8% ATI Senior Notes are held by a nominee on your behalf and you do not know the amount, please contact your nominee immediately. (For purposes of this Ballot, it is not necessary and you should not adjust the principal amount for any accrued or unmatured interest.)

\$ _____

Item 2. Vote. The beneficial owner of the 12 7/8% ATI Senior Notes identified in Item 1 votes as follows (check one box only; if you do not check a box or check both boxes and your Ballot is otherwise properly executed, your vote will not be counted):

to **Accept** the Plan OR to **Reject** the Plan.

Item 3. Irrevocable Election of Treatment. The undersigned irrevocably elects the following treatment of its Class 5 Claim pursuant to section 3.5 of the Plan (check the box in each line - if you do not check a box, you will be deemed to have elected to receive a Cash Recovery; if you check both boxes in a line, you will be deemed to have elected to receive a Cash Recovery):

the ATLT A Certificates **or** the Cash Recovery

the ATLT B Certificates **or** the Cash Recovery

the ATLT C Certificates **or** the Cash Recovery

Item 4. Identify All Other 12 7/8% ATI Senior Note Claims Voted. By returning this Ballot, the beneficial owner of the 12 7/8% ATI Senior Notes identified in Item 1 certifies that (a) this Ballot is the only Ballot submitted for the 12 7/8% ATI Senior Notes owned by such beneficial owner, except for the 12 7/8% ATI Senior Notes identified in the following table, (b) *all* of the 12 7/8% ATI Senior Notes for which the beneficial owner has submitted Ballots are identified in the following table, and (c) *all* Ballots for 12 7/8% ATI Senior Note Claims submitted by the beneficial owner indicate the same vote to accept or reject the Plan that the beneficial owner has indicated in Item 2 of this Ballot (please use additional sheets of paper if necessary):

**ALL 12 7/8% ATI SENIOR DISCOUNT NOTE CLAIMS
VOTED ON OTHER BALLOTS**

Customer Account Number(s) (if applicable)	Name of Bank, Broker or Other Nominee Through Which Notes Are Held	Principal Amount of Other 12 7/8% ATI Senior Notes Voted
1.		
2.		
3.		

Item 5. Certification. By returning this Ballot, the beneficial owner of the 12 7/8% ATI Senior Notes identified in Item 1 certifies that (a) it has full power and authority to vote to accept or reject the Plan with respect to the 12 7/8% ATI Senior Notes listed in Item 1, (b) it was the beneficial owner of the 12 7/8% ATI Senior Notes described in Item 1 on [_____] 2004, (c) all Ballots to vote 12 7/8% ATI Senior Note Claims submitted by the beneficial owner indicate the same vote to accept or reject the Plan that the beneficial owner has indicated on this Ballot, and (d) it has received a copy of the Disclosure Statement (including the exhibits thereto) and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth in the Disclosure Statement.

Name of Creditor: _____
(Print or Type)

Social Security or Federal Tax ID. No.: _____
(Optional)

Signature: _____

Print Name: _____

Title: _____
(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

Date Completed: _____

This Ballot shall not constitute or be deemed a proof of claim or equity interest or an assertion of a claim or equity interest.

PLEASE RETURN YOUR BALLOT PROMPTLY. BALLOTS WILL NOT BE ACCEPTED BY FACSIMILE TRANSMISSION ELECTRONIC MAIL

YOUR VOTE MUST BE FORWARDED IN AMPLE TIME FOR YOUR VOTE TO BE RECEIVED BY THE VOTING AGENT BY 5:00 P.M., PREVAILING EASTERN TIME, ON [_____] 2004, OR YOUR VOTE WILL NOT BE COUNTED. IF THE ENCLOSED ENVELOPE IS ADDRESSED TO YOUR NOMINEE, MAKE SURE YOUR NOMINEE RECEIVES YOUR BALLOT IN TIME TO SUBMIT IT BEFORE THE VOTING DEADLINE.

IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE VOTING AGENT, BANKRUPTCY MANAGEMENT CORPORATION, AT 1-888-909-0100 (TOLL FREE).