

HEARING DATE AND TIME: April 20, 2004 at 10:00 a.m.
OBJECTION DEADLINE: April 16, 2004 at 4:00 p.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTION 554 OF THE BANKRUPTCY CODE
AND BANKRUPTCY RULE 6007 AUTHORIZING THE ABANDONMENT
OF PERSONAL PROPERTY LOCATED AT CERTAIN COLLOCATION SITES**

Upon the motion dated April 1, 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 554 of the Bankruptcy Code,¹ authorizing the abandonment of certain Personal Property located at Collocation Sites, 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 upon the hearing held on April 20, 2004 (the “Hearing”) to consider the Motion; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates and creditors; and the Debtors having represented that: (a) the Debtors own, rather than lease, the Personal Property and the Debtors do not believe that any party, other than their prepetition senior secured lenders (the “Prepetition Lenders”), has any liens, interest or

¹ Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Motion.

claims against the Personal Property, (b) the Prepetition Lenders do not object to the relief requested in the Motion, (c) the Prepetition Lenders have agreed not to assert any interest they may have in the Personal Property, (d) no customers of the Debtors remained at the Collocation Sites listed on Exhibit "A" as attached to the Motion, as of April 20, 2004, (e) the Debtors have abandoned the Collocation Sites listed on Exhibit "A" so as not to create a health or safety hazard, and (f) the Debtors have vacated the Collocation Sites listed on Exhibit "A" as of April 19, 2004 and will not remove any other property from such sites; and due and proper notice of the Motion having been given; and good and sufficient cause appearing therefor; it is

ORDERED that, subject to the terms of this Order, the Motion is granted; and it is further

ORDERED that, pursuant to section 554 of the Bankruptcy Code, the Personal Property at the Collocation Sites listed on Exhibit "A" shall be deemed abandoned by the Debtors effective as of April 20, 2004 ; and it is further

ORDERED that Verizon, BellSouth and SBC Communications, as owner of the Collocation Sites listed on Exhibit "A", are authorized to remove from the Collocation Sites, use and/or dispose of the Personal Property without the need of any further order of this Court; and it is further

ORDERED that Verizon, BellSouth and SBC Communications may file a claim or assert an administrative expense claim for costs and damages, if any, arising from the abandonment of the Personal Property at the Collocation Sites listed on Exhibit "A," which claim or administrative expense claim must be filed or asserted on or before sixty (60) days after the date of this Order (the "Claims Bar Date"), and any claims resulting from the abandonment of the Personal Property not filed prior to the

Claims Bar Date shall be forever barred from participating in the Debtors' chapter 11 cases and receiving any dividend or distribution thereon; and it is further

ORDERED that, subject to the terms of this Order and except as expressly provided herein, pursuant to section 554 of the Bankruptcy Code, the Debtor's obligations and requirements related to or connected with the Personal Property shall cease effective as of April 20, 2004; and it is further

ORDERED that, except as expressly provided herein, nothing herein shall constitute a waiver or release by the Debtors, on the one hand, and Verizon, BellSouth and SBC Communications, on the other hand, of any rights, claims, causes of actions or defenses that they may have against each other, whether or not directly related to the Collocation Sites listed on Exhibit "A" or the Debtors' abandonment of the Personal Property at the Collocation Sites listed on Exhibit "A"; 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
_____, 2004

ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE