

Allegiance Telecom, Inc.

SFTI Discounted Cash Flow Analysis

Assumptions

Discount Rate	13.5%
Perpetual Growth Rate	3.0%

	Fiscal Year Ending December 31,						Terminus 2008E
	2004E	2005E	2006E	2007E	2008E	2008E	
Free Cash Flow	\$3,887,558	\$4,081,936	\$4,286,033	\$4,500,335	\$4,725,351	\$46,353,447	
Discount Factor	0.939	0.827	0.729	0.642	0.566	0.531	
Present Value	\$3,649,043	\$3,375,767	\$3,122,956	\$2,889,078	\$2,672,716	\$24,609,497	
Enterprise Value	\$40,319,056						