UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

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

VOTING CLASS 5: ATI UNSECURED CLAIMS

(Claims of holders of 11¾% Senior Discount Notes, Due February 15, 2008, Cusip 01747TAC6)

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PREVAILING EASTERN TIME, ON JUNE 1, 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' Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated April 21, 2004, as the same may be amended from time to time (the "Plan"). The Plan is annexed as Exhibit A to the Debtors' Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code, dated April 21, 2004 (the "Disclosure Statement"), which accompanies this Ballot. If you are, as of April 23, 2004, a beneficial owner of 11¾% Senior Discount Notes due February 15, 2008, issued by ATI under the Senior Discount Note Indenture, dated February 3, 1998, between ATI and The Bank of New York, as Indenture Trustee for the Senior Discount 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 such copy 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 and section II.C of the Disclosure Statement. Whether you check the appropriate boxes in Item 3 below, will determine whether you elect to participate in the Cash Recovery Election pursuant to the terms set forth in section 3.5(a) of the Plan. PLEASE REVIEW THE TERMS OF SECTIONS 1.34 AND 3.5(a) OF THE PLAN AND SECTION II.C OF THE DISCLOSURE STATEMENT BEFORE CHECKING THE BOXES IN ITEM 3. IF YOU DO NOT MAKE ANY ELECTIONS IN ITEM 3 WITH RESPECT TO YOUR CLAIM(S), YOU WILL BE DEEMED TO HAVE ELECTED TO RECEIVE A CASH RECOVERY IN RESPECT OF SUCH CLAIM(S). 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, or who are deemed to have elected, to receive the Cash Recovery, the Holders of Allowed Claims in Class 5 will not be entitled to any Cash Recovery. If the Available Cash is sufficient to satisfy in full the Claims of all Holders in Class 4 that elect, or who are deemed to have elected, a Cash Recovery, then Holders of Claims in Class 5 will be entitled to receive a Cash Recovery in accordance with the provisions of section 3.5 of the Plan.

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 Senior Discount 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 Class in which you are entitled to vote. If you hold several claims against the Debtors, which have been placed in one Class, you will receive only one Ballot.

VOTING DEADLINE: 5:00 P. M., PREVAILING EASTERN TIME ON JUNE 1, 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**.
4. RETURN THE BALLOT IN THE PRE-ADDRESSED ENVELOPE **(if the enclosed envelope is addressed to your nominee, make sure you 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 11¾% SENIOR DISCOUNT 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 11¾% Senior Discount Note Claims Voted.** The undersigned certifies that, as of April 23, 2004, the undersigned was either the beneficial owner, or the nominee of a beneficial owner, of 11¾% Senior Discount Notes in the following aggregate unpaid principal amount (insert amount in the box below). If your 11¾% Senior Discount 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.)

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Item 2. **Vote.** The beneficial owner of the 11¾% Senior Discount 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 one 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" Trust Interests **or** ☐ the Cash Recovery

☐ the ATLT "B" Trust Interests **or** ☐ the Cash Recovery

The election of treatment of your claim in this Item 3 is an important election that will determine the kind and amount of the distribution you receive under the Plan. THE DEBTORS URGE YOU TO CAREFULLY REVIEW THE TERMS OF SECTIONS 1.34 AND 3.5(a) OF THE PLAN AND SECTION II.C OF THE DISCLOSURE STATEMENT BEFORE MAKING YOUR ELECTION IN ITEM 3. Please note that you can elect to receive the ATLT "A" Trust Interests ***and/or*** the ATLT "B" Trust Interests.

Item 4. Identify All Other 11¾% Senior Discount Note Claims Voted. By returning this Ballot, the beneficial owner of the 11¾% Senior Discount Notes identified in Item 1 certifies that (a) this Ballot is the only Ballot submitted for the 11¾% Senior Discount Notes owned by such beneficial owner, except for the 11¾% Senior Discount Notes identified in the following table, (b) *all* of the 11¾% Senior Discount Notes for which the beneficial owner has submitted Ballots are identified in the following table, and (c) *all* Ballots for 11¾% Senior Discount 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 11¾% SENIOR DISCOUNT NOTE CLAIMS VOTED ON OTHER BALLOTS

Customer Account Number(s) (if applicable)	**Bank, Broker or Other Nominee Through Which Notes Are Held**	**Principal Amount of Other 11¾% Senior Discount Notes Voted**
1.		
2.		
3.		

Item 5. **Certification.** By returning this Ballot, the beneficial owner of the 11¾% Senior Discount 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 11¾% Senior Discount Notes listed in Item 1, (b) it was the beneficial owner of the 11¾% Senior Discount Notes described in Item 1 on April 23, 2004, (c) all Ballots to vote 11¾% Senior Discount 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 JUNE 1, 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 CONTACT YOUR NOMINEE OR CALL THE VOTING AGENT, BANKRUPTCY MANAGEMENT CORPORATION, AT 1-888-909-0100 (TOLL FREE).