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Hearing Date and Time: June 7, 2004 at 10:00 a.m.
Objection Deadline: June 1, 2004 at 4:00 p.m.

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

NOTICE OF (A) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT, AND TO FILE OBJECTIONS TO, DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION, (B) HEARING TO CONSIDER CONFIRMATION OF SUCH PLAN AND (C) RELATED MATTERS

PLEASE TAKE NOTICE OF THE FOLLOWING:

- The Plan.** On April 22, 2004, Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), filed the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated April 22, 2004 (as the same may be further amended, the "Plan").
- Disclosure Statement and Solicitation Procedures.** On April 22, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order (the "Disclosure Statement Order") (a) approving the Debtors' Second Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code, dated April 22, 2004 (the "Disclosure Statement"), filed by the Debtors; (b) approving (i) procedures for solicitation of votes to accept or reject the Plan and the tabulation of such votes on the Plan, and (ii) certain related materials (the "Solicitation Materials") in connection therewith; and (c) scheduling the date and time on which the Court will hold a hearing to consider confirmation of the Plan (the "Confirmation Hearing").
- Confirmation Hearing.** The Confirmation Hearing will be held on **June 7, 2004 at 10:00 a.m.** or as soon thereafter as counsel may be heard at the United States Bankruptcy Court for the Southern District of New York, Room 610, One Bowling Green, New York, New York 10004-1408 before the Honorable Robert D. Drain, United States Bankruptcy Judge.
- Solicitation Materials.** Pursuant to the Disclosure Statement Order, holders of claims against and interests in the Debtors will be provided with the Solicitation Materials, including a copy of the Disclosure Statement and the Plan. If you are a holder of a claim as of April 23, 2004, the voting record date established by the Disclosure Statement Order, in a class entitled to vote on the Plan, among the Solicitation Materials you have received is a ballot form (a "Ballot") and instructions appropriate for your claim.
- Voting and Election Procedures.** For your vote to accept or reject the Plan and your elections with respect to your claim to be counted, you must complete all required information on the Ballot, execute the Ballot and return the completed Ballot to the address indicated on the Ballot so that it is received by the Debtors' voting agent (the

“Voting Agent”), Bankruptcy Management Corporation, by 5:00 p.m., prevailing Eastern Time, on June 1, 2004 (the “Voting Deadline”). **If your claims are based on obligations under notes or bonds issued by the Debtors, special procedures and deadlines may apply. You are urged to read carefully all instructions received with your Solicitation Materials to ensure that your Ballot is properly completed and timely submitted.** Any failure to follow the instructions included with the Ballot or to return a properly completed Ballot so that it is received by the Debtors or their agents by the Voting Deadline may disqualify your vote and your elections.

6. Notice of Non-Voting Status. Holders of claims in Class 1 (Priority Non-Tax Claims), Class 2 (Secured Claims) and Class 3 (Senior Lender Claims) are conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code and will not receive a Ballot because these classes are unimpaired under the Plan. Holders of claims in Class 6 (Subordinated Claims) and holders of equity interests in Class 7 (Equity Interests) will receive no distribution on account of such claims or equity interests. Because the Plan provides that holders of claims and interests in these classes will not receive a distribution on account of such claims or interests, each such holder is deemed to have voted to reject the Plan and will not receive a Ballot.
7. Objections. Objections, if any, to the confirmation of the Plan, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors’ estates or property, the basis for the objection, and the specific grounds therefor, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court’s case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242 upon (a) Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, New York 10022 (Attn. Jonathan S. Henes, Esq.); (b) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn. Pamela J. Lustrin, Esq.); (c) Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn. Jesse Austin, III, Esq.); and (d) Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn. Ira S. Dizengoff, Esq.), so as to be actually received **no later than June 1, 2004, at 4:00 p.m., prevailing Eastern Time.**
8. Additional Copies of Documents. Copies of the Plan and the Disclosure Statement will be available for review at the Office of the Clerk, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408. Copies of the Plan, the Disclosure Statement and the Solicitation Materials (a) will also be available on the website of the Voting Agent, Bankruptcy Management Corporation, at www.bmccorp.net/allegiance or (b) may be obtained upon written request from Allegiance Telecom, Inc., c/o Bankruptcy Management Corporation, P.O. Box 909, El Segundo, California 90245-0909, Attn: Document Request Department.
9. Adjournments. The Confirmation Hearing may be continued from time to time without further notice, including by announcement of the adjournment date(s) at the Confirmation Hearing or any continued hearing. Notwithstanding the foregoing, notice of any such adjournments will be set forth on the website of the Voting Agent at www.bmccorp.net/allegiance.

Dated: April 22, 2004
New York, New York

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