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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**EX PARTE MOTION OF THE DEBTORS FOR AN
ORDER SHORTENING NOTICE, PURSUANT TO
RULES 2002(a)(2) AND 9006(c) OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE, WITH RESPECT TO A
HEARING ON MOTION OF THE DEBTORS FOR AN ORDER,
PURSUANT TO SECTION 363(b) OF THE BANKRUPTCY
CODE, AUTHORIZING SHARED TECHNOLOGIES, INC.
TO ENTER INTO CERTAIN NEW LEASES**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. (“ATI”) and its direct and indirect subsidiaries,
including Shared Technologies, Inc. (“Shared Technologies”), as debtors and debtors in
possession (collectively, the “Debtors”), respectfully represent:

Introduction

1. On May 14, 2003, each of the Debtors commenced with this Court
a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy
Code”). The Debtors are authorized to operate their business and manage their properties

as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

2. No trustee or examiner has been appointed in these chapter 11 cases. On May 28, 2003, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed a statutory committee of unsecured creditors (the "Creditors Committee") in these chapter 11 cases.

3. On February 20, 2004, this Court entered an Order approving the sale (the "XO Sale Transaction") to XO Communications, Inc. ("XO") of (a) substantially all of the assets of ATI and Allegiance Telecom Company Worldwide ("ATCW"), a direct subsidiary of ATI and one of the Debtors in these chapter 11 cases, and (b) the stock of the reorganized subsidiaries of ATCW, *other than Shared Technologies*.

4. On April 22, 2004, the Court entered an order approving, among other things, the Debtors' amended disclosure statement, which sets forth the terms of the Debtors' amended chapter 11 plan (the "Plan"). Relevant to this Motion, the Plan provides that Shared Technologies will emerge from chapter 11 as a reorganized stand-alone entity. As such, the Debtors, in consultation with the Creditors Committee, are making provisions for Shared Technologies' emergence.

Jurisdiction

5. This Court has subject matter jurisdiction to consider and determine this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Summary of Relief Requested

6. Subsequent to the Court considering the relief requested herein (and to the extent such relief is granted), the Debtors intend to file a motion (the “New Leases Motion”) seeking entry of an order, pursuant to section 363(b) of the Bankruptcy Code, authorizing Shared Technologies to enter into certain new leases (the “New Leases”), with respect to the locations listed on Exhibit “A” to the New Leases Motion.¹

7. By this Motion, the Debtors request entry of an order, pursuant to Bankruptcy Rules 2002(a)(2) and 9006(c)(1), shortening the notice required to be provided with respect to the New Leases Motion.

Cause Exists to Shorten the Notice Period with Respect to the New Leases Motion

8. The Debtors request that the Court shorten the twenty-day notice period required under Bankruptcy Rule 2002(a)(2) to allow the hearing on the New Leases Motion to take place on May 20, 2004, at 10:00 a.m., prevailing Eastern Time. Consistent therewith, the Debtors request that the Court set May 17, 2004, at 4:00 p.m.,

¹ The Debtors believe that entry into the New Leases by Shared Technologies are transactions in the ordinary course of business. Nonetheless, out of abundance of caution, the Debtors intend to seek Court approval of entry into the New Leases by Shared Technologies pursuant to section 363(b) of the Bankruptcy Code.

prevailing Eastern Time, as the deadline for the service and filing of objections to the New Leases Motion.

9. Bankruptcy Rules 2002(a)(2) and 9006(c)(1) authorize the Court, for cause shown, to reduce the notice period required for a hearing to authorize a proposed use, sale or lease of property of the estate other than in the ordinary course of business. See Fed. R. Bankr. P. 2002(a)(2); 9006(c)(1). The Debtors submit there is ample cause to reduce the notice period.

10. As set forth in more detail in the New Leases Motion, Shared Technologies shares office space with the other Debtors in these chapter 11 cases at several locations. Specifically and relevant to this Motion, certain of Shared Technologies' employees work at the following premises: (a) 700 East Butterfield Road, Lombard, Illinois; (b) 111 East Wacker Drive, Chicago, Illinois; (c) Allegheny Center Mall, Suite 300, Pittsburgh, Pennsylvania; (d) 225 West 34th Street, Suites 2010, 2015 and 2016, New York, New York; and (e) 805 Third Avenue, New York, New York (collectively, the "Existing Allegiance Premises"). The tenants under the leases (the "Existing Allegiance Leases"), pursuant to which the Debtors occupy the Existing Allegiance Premises, are (i) ATI, with respect to the offices in Chicago, New York City, and (ii) ATCW, with respect to offices in Lombard and Pittsburgh.

11. In addition, Shared Technologies leases office space on its own for certain employees at the following locations: (a) 750 Eighth Avenue, Suites 202, 205, 206 and 208, New York, New York; (b) 450 Spring Park Place, Herndon, Virginia; and (c) 9197 West Avenue, Lakewood, Colorado (collectively, the "Existing Shared

Technologies Premises,” and together with the Existing Allegiance Premises, the “Existing Premises”).

12. After this Court approved the XO Sale Transaction and the Debtors determined that Shared Technologies will emerge from chapter 11 as a stand-alone entity, Shared Technologies’ management team, in consultation with the Creditors Committee, reviewed its office space needs. As stated above, the employees of Shared Technologies work out of, among others, the Existing Shared Technologies Premises and the Existing Allegiance Premises. In accordance with the XO Sale Transaction, XO may determine that it needs the Existing Allegiance Premises, from which employees other than Shared Technologies employees work. In such a scenario, the Debtors would assume the Existing Allegiance Leases and assign them to XO. If XO determines that it does not need the Existing Allegiance Premises, then the Debtors have determined they will reject the Existing Allegiance Leases. The reason for this (and the reason that the Debtors will not assume the Existing Allegiance Leases) is that the amount office space at the Existing Allegiance Premises far exceeds the needs of Shared Technologies. Based on this, Shared Technologies will need to re-locate its employees that work from the Existing Allegiance Premises. An option is to move these employees to the Existing Shared Technologies Premises. Shared Technologies considered this option and, in doing so, conducted a search for alternative office space to determine whether it was more economical to move all of its employees from the Existing Premises to new locations. The search made it clear that office space was available to replace the Existing Premises for a better price and pursuant to more favorable lease terms. Thus, Shared Technologies

determined that it was in its best interests to re-locate its employees working at the Existing Premises to new locations.

13. In that regard, Shared Technologies has found appropriate office space at several locations in (a) Bensenville, Illinois; (b) Pittsburgh, Pennsylvania, (c) New York, New York; (d) Beltsville, Maryland; and (e) Lakewood, Colorado, which meets its needs with respect to the size and locations, and, subject to Court approval, agreed to enter into the new leases at these locations (the "New Leases"). Importantly, if Shared Technologies enters into the New Leases (other than the New Lease for the Pittsburgh, Pennsylvania location, which does not include a rent abatement provision) prior to June 1, 2004, it will be entitled to occupy the new office space rent-free for the first month or the first two months of the New Leases, as applicable. This would result in savings of \$31,467.51. Accordingly, to obtain this savings, the Debtors request that the Court set the hearing on the New Leases Motion for May 20, 2004.²

14. In addition, Kirkland & Ellis LLP, as attorneys for the Debtors, consulted with a representative of the Office of the U.S. Trustee, the attorneys for the Debtors' prepetition lenders (the "Prepetition Lenders") and the attorneys for the Creditors Committee regarding the relief requested herein. *All* of the aforementioned parties have consented to such relief.

15. The Debtors submit that notice by overnight mail, or where appropriate, by hand delivery, provided on the date hereof, to (a) the U.S. Trustee, (b) attorneys for the Creditors Committee, (c) attorneys for the Prepetition Lenders; (d)

² An omnibus hearing is scheduled for May 20, 2004.

respective attorneys for the prospective landlords under the New Leases; and (e) each person or entity on the Master Service List maintained in these chapter 11 cases will constitute good and sufficient notice of the relief requested in the New Leases Motion.

Waiver of Memorandum of Law

16. Because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this Motion pursuant to rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York.

Notice

17. Pursuant to Bankruptcy Rule 9006(c)(1), the Court may shorten time without notice.

18. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto, shortening the notice period with respect to a hearing on the New Leases Motion, and providing the Debtors with such other and further relief as is just and proper.

Dated: New York, New York
May 7, 2004

Respectfully submitted,

/s/ Jonathan S. Henes
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