

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

Allegiance Telecom, Inc., et al.,

Debtors.

**Chapter 11  
Case No. 03-13057 (RDD)**

**(Jointly Administered)**

**NOTICE OF DEBTORS' INTENT TO ASSUME, ASSUME AND  
ASSIGN, OR ASSIGN CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

NOTICE IS HEREBY GIVEN, as follows:

1. On February 20, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") presiding over the chapter 11 cases of Allegiance Telecom, Inc. ("Allegiance") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), entered an order (the "Sale Order") pursuant to which, among other things, the Court: (i) approved the sale to XO Communications, Inc. ("XO") or its designee (together with XO, the "Buyer"), pursuant to and in accordance with a certain Asset Purchase Agreement<sup>1</sup> dated as of February 18, 2004 by and among certain of the Debtors and the Buyer (as amended, the "Purchase Agreement"), of either (a) substantially all of the assets of Allegiance and Allegiance Telecom Company Worldwide ("ATCW") and all of the stock of the direct and indirect reorganized subsidiaries of ATCW, excluding the stock of Shared Technologies (collectively, the "Subsidiary Sellers"), to be effectuated through a plan of reorganization, or (b) alternatively, at the election of either of the parties as provided in and subject to the terms of the Purchase Agreement (the "Early Closing Election"), substantially all of the assets of Allegiance, ATCW, and the Subsidiary Sellers (in either instance ((a) or (b)) above, collectively, the "Sale Assets"); free and clear of all liens, claims, encumbrances and interests, and certain taxes; (ii) authorized the assumption and/or assignment to the Buyer of certain executory contracts and unexpired leases; (iii) modified that certain order of the Court entered on January 15, 2004 (the "Bidding Procedures Order"); and (iv) granted certain related relief.

2. In accordance with the Purchase Agreement, the Sale Order and the Bidding Procedures Order (as modified by the Sale Order), subject to (if no Early Closing Election is made) (a) the later of (i) the Closing, or (ii) the applicable State PUC Consent or FCC Consent, the Debtors are authorized and directed in accordance with sections 105(a), 363 and 365 of the Bankruptcy Code to assume and/or assign to the Buyer the contracts and leases (the "Assumed Contracts") listed on Exhibit A annexed hereto and incorporated by reference herein.<sup>2</sup>

3. The Debtors have identified on Exhibit A annexed hereto and incorporated by reference herein the cure amounts that the Debtors believe must be paid to cure all defaults under the Assumed Contracts to be assumed or assumed and assigned to which you are a party (in each instance, the "Cure Amount"). The Debtors believe that there are no non-monetary defaults (other than the filing of these chapter 11 cases) that will not be cured by payment of the Cure Amount. Pursuant to the Purchase Agreement, the Buyer has no liability to the Debtors or any party to an Assumed Contract for any ILEC Cure Amounts, any non-ILEC Cure Amounts (subject to certain adjustments, if any, to the Purchase Price in accordance with the terms of the Purchase Agreement), or any Cure Amounts that constitute Excluded Liabilities (including, without limitation, unrecorded liabilities of the Debtors).

4. The Buyer's obligation to pay the amounts arising under the Assumed Contracts after the Closing constitutes adequate assurance of future performance of the Assumed Contracts in accordance with section 365(f)(2)(b) of the Bankruptcy Code.

5. If you seek to (a) assert a Cure Amount based on defaults, conditions or pecuniary losses under your Assumed Contract (collectively, the "Cure Obligation") different from that set forth in this notice, or (b) object to the potential assumption and/or assignment of your Assumed Contract on any other grounds, you are required to file and serve an objection (an "Assumption and Assignment Objection"), in writing, setting forth with specificity (i) any and all Cure Obligations that you assert must be cured or satisfied with respect to such Assumed Contract and/or (ii) if the objection to the potential assignment of such

<sup>1</sup> Unless otherwise defined herein, each term defined in the Sale Order or Purchase Agreement shall have the meaning ascribed to it therein, as applicable, when used herein.

<sup>2</sup> Assumed Contracts to be assumed and assigned or assigned as described in Exhibit A shall be assigned to XO or a wholly-owned direct or indirect subsidiary of XO.

Assumed Contract is based on adequate assurance issues, the information required regarding the Buyer to satisfy your adequate assurance concerns.

6. To be considered a timely Assumption and Assignment Objection, the Assumption and Assignment Objection must be filed with the Court and a copy delivered to the attorneys for the Debtors, Kirkland & Ellis LLP, Citigroup Center, 153 East 53<sup>rd</sup> Street, New York, NY 10022-4611, Attn: Michael J. Frishberg, Esq., (ii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 1004 (Attn: Pamela J. Lustrin, Esq.), (iii) the attorneys for the Prepetition Lenders, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn: Jesse Austin, III, Esq.), (iv) the attorneys for the statutory committee of unsecured creditors, Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn: Ira S. Dizengoff, Esq.), (v) the attorneys for the Buyer, Brown Rudnick Berlack Israels LLP, One Financial Center, Boston, Massachusetts 02111 (Attn: Steven D. Pohl, Esq.), so as to be received no later than June 2, 2004 at 5:00 p.m. (Eastern Standard Time) (the "Assumption and Assignment Objection Deadline").

7. Unless your Assumption and Assignment Objection is timely filed and served by the Assumption and Assignment Objection Deadline, the assumption, assumption and assignment, or assignment, as the case may be, of the applicable Assumed Contract at the hearing at which the Court shall consider the assumption, assumption and assignment, or assignment of Assumed Contracts to the Buyer, which Hearing is scheduled for June 7, 2004 at 10:00 a.m. (Eastern Standard Time) (the "Hearing"), may occur without regard to any objection you may have or any provisions to the contrary in the applicable Assumed Contract.

8. If you fail to file and serve Assumption and Assignment Objections as provided above, you shall be deemed to have waived and released any and all Cure Obligations and shall be forever barred and estopped from asserting or claiming against the Debtors or the Buyer that the relevant contract or lease that any additional amounts are due or defaults exist, or prohibitions or conditions to assignment exist or must be satisfied, under such Assumed Contract for the period prior to the Closing Date.

9. The Hearing with respect to the Assumption and Assignment Objections shall be held by the Court on June 7, 2004 at 10:00 a.m. (Eastern Standard Time) at the United States Bankruptcy Court for the Southern District of New York, The Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, provided that, if the subject Assumed Contracts are assumed and/or assigned, the cure amount asserted by the objecting party (or such lower amount as may be agreed to by the parties or fixed by the Court) shall be deposited by the Debtors or the Buyer, as provided in the Purchase Agreement, and held in a segregated account by the Debtors or Buyer, applicable, pending further order of the Court or mutual agreement of the parties. The fact that any Assumption and Assignment Objections are not resolved shall not prevent or delay the occurrence of the date of assumption, assumption and assignment or assignment of any Assumed Contracts, and the objector's only recourse after the relevant date of assumption, assumption and assignment, or assignment, as the case may be, shall be to the segregated amounts.

10. If you agree that there are no cure amounts due under the Assumed Contract, and otherwise do not object to the Debtors' assumption, assumption and assignment, or assignment of your Assumed Contract, you need not take any further action.

11. The Buyer reserves the right to exclude or add any Assumed Contract from or to the Sale Assets and to withdraw any request to assume, assume and assign or assign any Assumed Contract pursuant to the terms of the Purchase Agreement.

12. The assumption, assumption and assignment, and/or assignment to the Buyer of the Assumed Contracts, as the case may be, has been approved by the Court, subject to resolution of Assumption and Assignment Objections, if any, the Closing and applicable State PUC Approval or FCC Approval. Accordingly, the Debtors shall be deemed to have assumed, assumed and assigned or assigned, as the case may be, each of the Assumed Contracts as of (if there is no Early Closing Election), the later of (i) the Closing, or (ii) applicable State PUC Consent or FCC Consent. Absent such Closing, or applicable State PUC Consent or FCC Consent, any of the affected Assumed Contracts shall not be deemed assumed nor assigned, and shall in all respects be subject to further administration under the Bankruptcy Code. The inclusion of any document on the list of Assumed Contracts shall not constitute or be deemed to be a determination or admission by the Debtors or the Buyer that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

Dated: New York, New York  
May 18, 2004

KIRKLAND & ELLIS LLP

Matthew A. Cantor, Esq. (MC-7727)  
Jonathan S. Henes, Esq. (JH-1979)  
Kirkland & Ellis LLP  
Citigroup Center  
153 East 53rd Street  
New York, New York 10022-4675 Telephone: (212) 446-4800  
Facsimile: (212) 446-4900

Attorneys for Debtors and Debtors in Possession

EXHIBIT A

Party Name and Address

Account Nbr

Cure Amount

WHVPW Real Estate Company  
c/o Trammell Crow Company  
Dublin Hall Ste 104  
1777 Sentry Park West  
Blue Bell, PA 19422

2550 Eisenhower Avenue, Suite 200A

\$33,328.68



03808951103200

WHVPW Real Estate Company  
c/o Trammell Crow Company  
Dublin Hall Ste 104  
1777 Sentry Park West  
Blue Bell, PA 19422