

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**STIPULATION AND ORDER ADJOURNING THE
HEARING ON MOTION FOR ENTRY OF (I) INTERIM AND
FINAL ORDERS AUTHORIZING THE DEBTORS TO (A) USE CASH
COLLATERAL AND (B) PROVIDE ADEQUATE PROTECTION TO
PREPETITION LENDERS AND (II) AN ORDER SCHEDULING
A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

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

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and the Prepetition Lenders (as defined below), by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, on May 14, 2003, the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”); and

WHEREAS, the Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, prior to the Commencement Date, Allegiance Telecom Company Worldwide (“ATCW”) entered into that certain Credit and Guaranty Agreement, dated as of February 15, 2000, as amended as of November 27, 2002, among ATCW, as borrower; all of the

other Debtors, as guarantors; lenders party thereto from time to time (the "Prepetition Lenders"); Goldman Sachs Credit Partners L.P., as syndication agent; General Electric Capital Corporation (as successor in interest to Toronto Dominion (Texas), Inc.), as administrative agent; and BankBoston, N.A. and Morgan Stanley Senior Funding, Inc., as co-documentation agents; and

WHEREAS, on May 15, 2003, the Debtors filed the Motion for Entry of (I) Interim and Final Orders Authorizing the Debtors to (A) Use Cash Collateral and (B) Provide Adequate Protection to Prepetition Lenders and (II) An Order Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001; and

WHEREAS, on May 15, 2003, this Court entered the Emergency Interim Order Authorizing Use of Cash Collateral by Consent (the "Interim Order"); and

WHEREAS, the Interim Order provides that the final hearing (the "Final Hearing") with respect to the relief requested in the Motion, shall be held on June 13, 2003, at 10:00 a.m., prevailing Eastern Time, at the United States Bankruptcy Court, Room 610, One Bowling Green, New York, New York 10004; and

WHEREAS, the Prepetition Lenders and Debtors are continuing to negotiate the terms and conditions for the use of cash collateral on a consensual basis and have mutually agreed to adjourn the Final Hearing to June 23, 2003 at 10:00 a.m., prevailing Eastern Time.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The Final Hearing shall be held on June 23, 2003 at 10:00 a.m., prevailing Eastern Time, at the United States Bankruptcy Court, Room 610, One Bowling Green, New York, New York 10004.

2. The deadline to object to the relief requested in the Motion is extended until June 18, 2003 at 4:00 p.m., prevailing Eastern Time.

3. This Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation and Order.

4. This Stipulation and Order constitutes by or on behalf of each respective party warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Stipulation and Order on behalf of such party.

5. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors or the Prepetition Lenders unless and until it is approved by the Court.

Dated: New York, New York
June 12, 2003

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By: /s/Jesse H. Austin, III
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ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

ATTORNEYS FOR THE PREPETITION
LENDERS

SO ORDERED, this 13th day of June 2003

/s/Robert D. Drain

UNITED STATES BANKRUPTCY JUDGE