

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

**ORDER, PURSUANT TO SECTION 107(b) OF THE BANKRUPTCY
CODE AND RULE 9018 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE, (A) AUTHORIZING THE DEBTORS TO FILE UNDER SEAL THE
SETTLEMENT AGREEMENT WITH SPRINT COMMUNICATIONS COMPANY L.P.
AND (B) FOR AUTHORIZATION TO CONDUCT AN IN CAMERA HEARING ON
THE MOTION FOR AN ORDER, PURSUANT TO SECTION 365(a) OF THE
BANKRUPTCY CODE, AUTHORIZING THE DEBTORS TO REJECT THE
SETTLEMENT AGREEMENT WITH SPRINT COMMUNICATIONS COMPANY L.P.**

Upon consideration of the motion (the “Motion”), dated June 27, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), seeking entry of an order, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018,¹ authorizing the Debtors to file under seal the Settlement Agreement, as more fully set forth in the Motion; and it appearing that this Court has jurisdiction to consider and determine the Motion as a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates and creditors; and it appearing that no notice of the Motion need be provided; and upon the Motion and all of the proceedings before the Court; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that the Motion is granted; and it is further

¹ Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Motion.

ORDERED that, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018, the Debtors are authorized to file the Settlement Agreement under seal; and it is further

ORDERED that the Settlement Agreement shall remain confidential, shall be served on and made available only to the U.S. Trustee and attorneys for the Creditors Committee and the Prepetition Lenders, and shall not be made available to the general public or any parties in interest in these chapter 11 cases, including any members of the Creditors Committee or the individual Prepetition Lenders; and it is further

ORDERED that, pursuant to section 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018, the Debtors have demonstrated good cause to conduct an in camera hearing on the Rejection Motion; and it is further

ORDERED that the in camera hearing shall be attended solely by representatives from the Debtors, Sprint and the US. Trustee, and attorneys for the Creditors Committee and the Prepetition Lenders; and it is further

ORDERED that the parties attending or participating in the in camera hearing are prohibited from disclosing or providing to third parties any information revealed during the in camera hearing or set forth in the Settlement Agreement.

Dated: New York, New York
June 30, 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE