

UNITED STATES BANKRUPTCY COURT Southern District of New York

In re Allegiance Telecom Inc.
Debtor

Case no. 03-13057
(If known)

SUMMARY OF SCHEDULES

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, C, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts from Schedules D, E, and F to determine the total amount of the debtor's liabilities.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	AMOUNTS SCHEDULED		
			ASSETS	LIABILITIES	OTHER
A – Real Property	No	n/a	\$0.00		
B – Personal Property	Yes	7	\$164,953,007.51		
C – Property Claimed as Exempt	No	n/a			
D – Creditors Holding Secured Claims	Yes	2		\$465,301,274.24	
E – Creditors Holding Unsecured Priority Claims	No	n/a		\$0.00	
F – Creditors Holding Unsecured Nonpriority Claims	Yes	8		\$695,081,907.86	
G – Executory Contracts and Unexpired Leases	Yes	15			
H – Codebtors	Yes	1			
I – Current Income of Individual Debtor(s)	No	n/a			\$0.00
J – Current Expenditures of Individual Debtor(s)	No	n/a			\$0.00
Total number of sheets of ALL schedules >		33			
			Total Assets >	\$164,953,007.51	
				Total Liabilities >	\$1,160,383,182.10

UNITED STATES BANKRUPTCY COURT
Southern District of New York

GENERAL NOTES REGARDING THE DEBTOR'S SCHEDULES AND STATEMENTS
(Attached to the Summary of Schedules)

No Schedule Attached

If the Debtor's response to a particular schedule was "None", then the Debtor did not attach that schedule and marked "No" as to "Attached" on the Summary of Schedules.

Unaudited Financial Information

The schedules and statements have been prepared by the Debtor's management and are unaudited. While management of the Debtor has sought to ensure that the schedules and statements are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information or an audit may result in material changes in the financial data requiring amendment, modification or supplement of these schedules and statements.

Undetermined Amounts

Any amounts that could not be reasonably quantified by the Debtor are scheduled as "Undetermined".

Claim Description

Any failure to designate a claim on the Debtor's schedule as "contingent", "unliquidated" or "disputed", does not constitute an acknowledgement, agreement or admission by the Debtor that such claim is not "contingent", "unliquidated" or "disputed." The Debtor expressly reserves the right to dispute, or to assert offsets, recoupments or defenses to or change, any claim reflected in these schedules as to amount, liability, priority, status, characterization, or classification, or to otherwise subsequently designate any claim as "contingent", "unliquidated" or "disputed."

Former Employee Addresses

As of the Commencement Date, the Debtors had over a thousand former employees. To protect the privacy of its former employees, the addresses of the Debtor's former employees are generally not listed herein. If any party needs additional information concerning the former employees' addresses, please contact Chris Luna of Allegiance Telecom, Inc. at (469) 259-2069.

Bankruptcy Court Orders

Pursuant to Bankruptcy Court orders, the Debtor has been granted authority to pay pre-petition obligations to certain creditors, such as employees, taxing authorities, customers and critical vendors. Accordingly, to the extent that these liabilities have already or will be satisfied such liabilities are not listed herein.

Reserves and Accruals

These schedules do not include reserves and accruals recorded on the Debtor's books and records pursuant to generally accepted accounting principles.

Intercompany Transactions

The Debtors routinely engaged in intercompany transactions that may result in intercompany transfers, payments, loans, accounts payable and accounts receivable. The Debtors have been conducting a review of those intercompany transactions. As such, intercompany transfers, payments, loans, receivables and payables are not listed herein in these schedules or statements.

Reservation of Right to Amend

The Debtor expressly reserves the right to amend, modify, and supplement these schedules and statements from time to time as necessary and/ or appropriate.

Specific Notes

These general notes are in addition to the specific notes set forth in the related schedules and statements hereinafter provided.

United States Bankruptcy Court, Southern District of New York
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SCHEDULE B - PERSONAL PROPERTY

Except as directed below, list all personal property of the debtor of whatever kind. If the debtor has no property in one or more of the categories, place an "x" in the appropriate position in the column labeled "None." If additional space is needed in any category, attach a separate sheet properly identified with the case name, case number, and the number of the category. If the debtor is married, state whether husband, wife, or both own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor is an individual or a joint petition is filed, state the amount of any exemptions claimed only in Schedule C - Property Claimed as Exempt.

Do not list interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.

If the property is being held for the debtor by someone else, state that person's name and address under "Description and Location of Property."

GENERAL NOTES REGARDING THE DEBTOR'S SCHEDULE OF ASSETS

Financial Information

The information provided herein, except as otherwise noted, is as of the close of business on May 31, 2003.

Unaudited Financial Information

The Schedules have been prepared by the Debtor's management and are unaudited. While management of the Debtor has sought to ensure that the Schedules are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information or an audit may result in material changes in financial data requiring amendment of the Schedules.

Set-off and Recoupment Claims

In addition to any set-off or recoupment claims listed herein, the Debtor may have additional set-off and recoupment claims. The Debtor is currently determining what additional claims for set-off or recoupment that it may have. Nothing herein waives or releases any rights, claims, causes of action, or defenses, including set-off rights and recoupment rights. The Debtors expressly reserve such rights, claims, causes of action, or defenses, including set-off rights or recoupment rights.

Licenses, franchises and other general intangibles

In addition to the licenses, authorizations, and franchises identified in Schedule B, the Debtor generally also has licenses, authorizations, registrations, and franchises (a) in its state of incorporation and in the states where the Debtor transacts business and (b) to conduct business in particular states and municipalities, including business licenses, contractors licenses, and licenses to install and maintain customer premise equipment.

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITH- OUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
1. Cash on hand.	X			
2. Checking, savings or other financial accounts, certificates of deposit, or shares in banks, savings and loan, thrift, building and loan, and home-stead associations, or credit unions, brokerage houses, or cooperatives.		See Rider B.2 attached		\$164,953,007.51
3. Security deposits with public utilities, telephone companies, landlords, and others.	X			
4. Household goods and furnishings, including audio, video, and computer equipment.	X			

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SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITH- OUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
5. Books; pictures and other art objects; antiques; stamp, coin, record, tape, compact disc, and other collections or collectibles.	X			
6. Wearing apparel.	X			
7. Furs and jewelry.	X			
8. Firearms and sports, photographic, and other hobby equipment.	X			
9. Interests in insurance policies. Name insurance company of each policy and itemize surrender or refund value of each.		In connection with the operations of its business, the Debtor maintains various insurance policies covering aspects of, and risks associated with, its business. These policies are in the name of the Debtor, and cover the Debtor and all of its subsidiaries, and their officers and directors. There is no cash or surrender value relating to these insurance policies, but there could be a refund due if a policy is canceled.		
10. Annuities. Itemize and name each issuer.	X			
11. Interests in IRA, ERISA, Keogh, or other pension or profit sharing plans. Itemize.	X			
12. Stock and interests in incorporated and unincorporated businesses. Itemize.		See Rider B.12 attached		Undetermined
13. Interests in partnerships or joint ventures. Itemize.	X			
14. Government and corporate bonds and other negotiable and nonnegotiable instruments.	X			
15. Accounts receivable.	X			
16. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X			
17. Other liquidated debts owing debtor including tax refunds. Give particulars.	X			

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SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITH- OUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
18. Equitable or future interests, life estates, and rights or powers exercisable for the benefit of the debtor other than those listed in Schedule of Real Property.	X			
19. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X			
20. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.		Allegiance Telecom, Inc. v. Scott Strader, pending in state court in Pennsylvania. Suit for breach of agreement to protect intellectual property. Allegiance Telecom, Inc. v. Broadwing Communication Services, Inc., suit filed in 95th Judicial District Court, Dallas County, Texas to send dispute to arbitration.		Undetermined
21. Patents, copyrights, and other intellectual property. Give particulars.		See Rider B.21 attached		Undetermined
22. Licenses, franchises, and other general intangibles. Give particulars.	X			
23. Automobiles, trucks, trailers, and other vehicles and accessories.	X			
24. Boats, motors, and accessories.	X			
25. Aircraft and accessories.	X			
26. Office equipment, furnishings, and supplies.	X			
27. Machinery, fixtures, equipment, and supplies used in business.	X			
28. Inventory.	X			
29. Animals.	X			
30. Crops - growing or harvested. Give particulars.	X			
31. Farming equipment and implements.	X			

SCHEDULE B - PERSONAL PROPERTY
(Continuation Sheet)

TYPE OF PROPERTY	N O N E	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITH- OUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
32. Farm supplies, chemicals, and feed.	X			
33. Other personal property of any kind not already listed. Itemize.	X			
3 continuation sheets attached			Total ▶	\$164,953,007.51

(Include amounts from any continuation sheets attached. Report total also on Summary of Schedules.)

United States Bankruptcy Court, Southern District of New York
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SCHEDULE B - PERSONAL PROPERTY
Rider B.2 - Bank Accounts

BANK	ADDRESS	ACCOUNT NUMBER	Ledger BALANCE as of May 31, 2003
Bank of America	901 Main Street, 7th Floor, Dallas, TX 75202	91000025059281	\$ 80,000.00
Bank of America	901 Main Street, 7th Floor, Dallas, TX 75202	91000022662778	\$ 112,448.00
Fleet National Bank	2 Morrissey Blvd., Dorchester, MA 02125	942840-5683	\$ 59,644.25
JPMorgan Chase Bank	2200 Ross Ave, 5th Floor, Dallas, TX 75201	343605	\$ 26,018,583.80
JPMorgan Chase Bank	2200 Ross Ave, 5th Floor, Dallas, TX 75201	343606	\$ 138,374,044.46
JPMorgan Chase Bank	2200 Ross Ave, 5th Floor, Dallas, TX 75201	8805202510	\$ 131,188.00
CitiBank	111 Mall Street, 6th Floor, NY, NY 10043	40779557	\$ 149,946.00
CitiBank	111 Mall Street, 6th Floor, NY, NY 10043	40779565	\$ 27,153.00
		Total	\$ 164,953,007.51

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Schedule B- Personal Property
Rider B.12 - Stocks and interests in incorporated businesses

NAME OF BUSINESS	OWNERSHIP INTEREST	VALUE
Allegiance Telecom Company Worldwide	100% of common stock	undetermined

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Schedule B- Personal Property
Rider B.21 - Patents, copyrights, and other intellectual property

DESCRIPTION	VALUE
<i>Registered Trademarks and Service Marks:</i>	
THE NEW WAY FOR BUSINESS TO CONNECT Registration No. 2,358,268 International Class: 38 Registration Date: June 13, 2000	Undetermined
allegiancetelecom,inc. and design Registration No. 2,582,583 International Classes: 38 and 42 Registration Date: June 18, 2002 Serial No. 75/488,245	Undetermined
<i>Trademark and Service Mark Applications:</i>	
AIM Serial No. 76/493,706 International Class 35 Filed: February 28, 2003	Undetermined
ALLEGIANCE COMMUNICATIONS Serial No. 75/354,387 Filed : September 10, 1997	Undetermined
ALLEGIANCE SELECT Serial No. 76/364,381 International Class: 38 Filed 1/29/2002	Undetermined
ALLEGIANCE TRUE BUSINESS Serial No. 76/506,854 International Class: 38 Filed: April 16, 2003	Undetermined
INDEPENDENCE PLAN Serial No. 76/364,380 International Class: 38 Filed: January 29, 2002	Undetermined
NATIONAL LOCAL EXCHANGE CARRIER International Class: 38 Filed June 11, 2003	Undetermined
NLEC International Class: 38 Filed June 11, 2003	Undetermined
TRUE BUSINESS Serial No. 76/506,853 International Class: 38 Filed: April 16, 2003	Undetermined

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SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

State the name, mailing address, including zip code, and account number, if any, of all entities holding claims secured by property of the debtor as of the date of filing of the petition. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests. List creditors in alphabetical order to the extent practicable. If all secured creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns.)

Report the total of all claims listed on this schedule in the box labeled "Total" on the last sheet of the completed schedule. Report this total also on the Summary of Schedules.

Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE	CODEBORR HUSBAND, WIFE, JOINT, OR COMMUNITY	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND MARKET VALUE OF PROPERTY SUBJECT TO LIEN	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
ACCOUNT NO.							
See Rider D-1 immediately following Schedule D.		Senior Secured Debt				\$465,300,000.00	
		VALUE \$ Undetermined					
ACCOUNT NO.							
Freeman Check Cashing Inc. C/o Alan D. Handler, Esq, Attorney for Claimant 160 Oak Drive Syosset, NY 11791 Tel No: (516) 364-1440		Judgment Lien entered against Allegiance Telecom on February 20, 2003 in the Civil Court of the City of New York, Count of New York, Commercial Claims Part			X	\$1,274.24	
		VALUE \$ 1,274.24					
ACCOUNT NO.							
		VALUE \$					

1 continuation sheet attached

Total ► \$465,301,274.24

United States Bankruptcy Court, Southern District of New York
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 Schedule D – Creditors Holding Secured Claims
 Rider D-1

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE (As of June 25, 2003)	CO-DEBTOR	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND MARKET VALUE OF PROPERTY SUBJECT TO LIEN (1) (2)	CONTINGENT, UNLIQUIDATED, DISPUTED (3)	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL (As of June 25, 2003)	UNSECURED PORTION, IF ANY (2)
GE Capital Services	X			\$33,447,893.56	
ABN Amro Bank	X			\$19,113,082.04	
Absolute Rec. Hedge LP	X			\$3,589,393.04	
Absolute Rec. Hedge LTD	X			\$5,999,368.43	
Bank Austria	X			\$9,800,000.00	
Bank of America	X			\$18,157,427.94	
Bank of Nova Scotia	X			\$19,113,082.04	
Bayerische Hypo	X			\$10,500,000.00	
BNP Paribas	X			\$13,379,157.43	
CIT Lending Services Corp.	X			\$5,800,776.57	
CoBank	X			\$19,113,082.04	
Credit Suisse First Boston	X			\$4,778,270.51	
Dresdner Bank	X			\$14,000,000.00	
Fernwood Associates, L.P.	X			\$4,942,660.55	
Fleet Bank	X			\$22,935,698.45	
Gryphon Master Fund, LP	X			\$4,942,660.55	
IBM Credit LLC	X			\$13,379,157.43	
Langley Partners, LP	X			\$4,778,271.13	
Morgan Stanley Senior FD	X			\$14,170,421.49	
Pauraque Partners	X			\$132,835,920.17	
R2 Investments, LDC	X			\$12,356,651.38	
R2 Top Hat, LTD	X			\$14,334,811.53	
Special Utilities (Cont)	X			\$6,402,882.46	
Special Utilities (S)	X			\$3,153,658.55	
Toronto Dominion	X			\$13,379,157.43	
TRS Thebe LLC	X			\$8,404,275.81	
UBS AG	X			\$19,113,082.04	
Union Bank of California	X			\$13,379,157.43	
Total				\$465,300,000.00	

- (1) 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, supplemented or otherwise modified from time to time) and entered into related loan documents thereto, among ATCW, all of the other Debtors, and lenders thereto from time to time (collectively, the “Secured Lenders”). These Secured Lenders have a security interest in the property of the Debtors as described in the Final Order Authorizing Use of Cash Collateral By Consent entered June 24, 2003 (docket # 182).
- (2) The market value of the property subject to the Secured Lenders’ liens and the unsecured portion of the Secured Lenders’ claims have not been determined as of this date.
- (3) The Debtors have approximately \$26 million in cash (the “Disputed Amount”) in Account #343605, which is an interest bearing account, at JPMorgan Chase Bank (the “Disputed Account”). The Debtors dispute the Secured Lenders’ asserted security interest in the Disputed Account. The Debtors reserve their right to file an action to avoid any asserted security interest in the Disputed Amount or the Disputed Account.

**UNITED STATES BANKRUPTCY COURT
Southern District of New York**

**GENERAL NOTES REGARDING THE DEBTOR'S SCHEDULES F - CREDITORS HOLDING
UNSECURED NONPRIORITY CLAIMS**

Set-off and Recoupment Claims

In addition to any set-off or recoupment claims listed on the attached Schedule F, the Debtor may have additional set-off and recoupment claims. The Debtor is currently determining what additional claims for set-off or recoupment that it may have. Nothing herein waives or releases any rights, claims, causes of action, or defenses, including set-off rights and recoupment rights. The Debtors expressly reserve such rights, claims, causes of action, or defenses, including set-off rights or recoupment rights.