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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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**NOTICE OF HEARING ON MOTION OF THE DEBTORS,  
PURSUANT TO SECTIONS 105(a), 363(b)(1) AND 365 OF  
THE BANKRUPTCY CODE, FOR AN ORDER APPROVING  
AND AUTHORIZING KEY EMPLOYEE RETENTION PROGRAM**

PLEASE TAKE NOTICE that upon the annexed motion, dated August 11, 2003 (the "Motion"), of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order, pursuant to sections 105(a), 363(b)(1) and 365 of title 11 of the United States Code, approving and authorizing the Debtors' key employee retention program, as more fully set forth in the Motion, a hearing (the "August 19 Hearing") to consider the relief requested in the Motion as it relates to the Priority Key Employees (as defined in the Motion) will be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Alexander Hamilton Custom House, One

Bowling Green, New York, New York, 10004-1408, on August 19, 2003, at 10:00 a.m., prevailing Eastern Time, or as soon thereafter as the Debtors are heard.

PLEASE TAKE FURTHER NOTICE that a hearing (the "September 4 Hearing") to consider the relief requested in the Motion as it relates to all remaining Key Employees (as defined in the Motion) will be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004-1408, on September 4, 2003, at 10:00 a.m., prevailing Eastern Time, or as soon thereafter as the Debtors are heard.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules of the Southern District of New York, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors' estates or property, the basis for the objection, and the specific grounds therefore, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242, and shall further be served upon (a) Kirkland & Ellis, 153 East 53rd Street, New York, New York 10022 (Attn. Samuel S. Kohn, Esq.); (b) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn. Pamela J. Lustrin, Esq.); (c) Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., 24th

Floor, Atlanta, Georgia 30308 (Attn. Jesse Austin, III, Esq.); and (d) Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn. Ira S. Dizengoff, Esq.), in each case so as to be actually received no later than (i) August 18, 2003, at 4:00 p.m. (prevailing Eastern Time) with respect to the relief requested at the August 19 Hearing and (ii) August 28, 2003, at 4:00 p.m. (prevailing Eastern Time) with respect to the relief requested at the September 4 Hearing; provided that any responses to the objections filed with respect to the relief requested at the September 4 Hearing must be actually received by the objecting party and all of the aforementioned parties no later than September 3, 2003, at 10:00 a.m. (prevailing Eastern Time).

Dated: New York, New York  
August 11, 2003

Respectfully submitted,

/s/ Jonathan S. Henes

Matthew A. Cantor (MC-7727)

Jonathan S. Henes (JH-1979)

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