

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**STIPULATION AND ORDER ADJOURNING THE HEARING
ON MOTION OF BP COMMERCE, LLC FOR RELIEF FROM
AUTOMATIC STAY TO EXERCISE SETOFF RIGHTS AGAINST
SECURITY DEPOSIT AND TO COMPEL PAYMENT OF POST-PETITION RENT**

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and BP Commerce, LLC (“BP Commerce”), 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, under that certain Office Building Lease, dated June 22, 2000, between BP Commerce (as successor in interest to CC II Realty, Inc.) and ALGX Business Internet, Inc. (as successor in interest to Intermedia Communications, Inc.), which governs the premises located at 7601 Ora Glen Drive, Greenbelt, Maryland 20770 (the “Rejected Lease”),

BP Commerce currently holds a cash security deposit (the “Security Deposit”) in the amount of \$971,403.93;¹ and

WHEREAS, on June 26, 2003, BP Commerce filed that certain Motion for Relief from the Automatic Stay to Exercise Setoff Rights Against Security Deposit and to Compel Payment of Post-Petition Rent (the “Lift Stay Motion”); and

WHEREAS, the Lift Stay Motion was set for a hearing before this Court on July 29, 2003 (the “Hearing”); and

WHEREAS, pursuant to the Court’s order, entered on July 15, 2003, this Court authorized the rejection of the Rejected Lease;

WHEREAS, on August 5, 2003, this Court entered the Stipulation and Order Adjourning the Hearing On Motion of BP Commerce, LLC for Relief from Automatic Stay to Exercise Setoff Rights Against Security Deposit and to Compel Payment of Post-Petition Rent (the “August 5th Stipulation”); and

WHEREAS, pursuant to the August 5th Stipulation, among other things, the Hearing was adjourned to August 19, 2003, at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, in an attempt to resolve the matter amicably, the Debtors and BP Commerce have mutually agreed to further adjourn the Hearing to September 4, 2003, at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, BP Commerce has been maintaining and has agreed to continue maintaining the Security Deposit in a segregated interest bearing bank account.

¹ Prior to the Commencement Date and under the Rejected Lease, the Debtors posted the Security Deposit in the amount of \$1,158,000.10. Pursuant to the August 5th Stipulation (as defined below), BP Commerce was authorized to deduct \$186, 598.17 from the Security Deposit.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The hearing with respect to Lift Stay Motion shall be held before the Honorable Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York, 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 (the "Adjourned Hearing Date").

2. If the Debtors and BP Commerce are unable to resolve the issues presented by the Lift Stay Motion, the Debtors reserve their rights to object to the relief requested in the Lift Stay Motion and BP Commerce reserves its right to respond to any such objection.

3. The deadline to object to the relief requested in the Lift Stay Motion is extended until August 28, 2003 at 4:00 p.m., prevailing Eastern Time.

4. BP Commerce is stayed, pursuant to section 362 of the Bankruptcy Code, from taking any action with respect to the Security Deposit.

5. Any and all rights that BP Commerce may assert with respect to relief under section 362(e) of the Bankruptcy Code shall commence no earlier than thirty (30) days after the Adjourned Hearing Date.

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

7. The undersigned on behalf of the Debtors and BP Commerce each 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.

8. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors or BP Commerce until it is approved by the Court.

Dated: New York, New York
August 14, 2003

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ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

ATTORNEYS FOR BP COMMERCE

SO ORDERED, this 2nd day of September 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE