

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTIONS 365(a) AND 554
OF THE BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO REJECT
CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED PERSONAL
PROPERTY LEASES AND ABANDON CERTAIN PERSONAL PROPERTY**

Upon consideration of the motion (the “Motion”), dated September 2, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, debtors in possession (collectively, the “Debtors”), seeking entry of an order authorizing the Debtors to (a) reject, pursuant to section 365(a) of the Bankruptcy Code,¹ the Rejected Agreements and (b) abandon the Personal Property pursuant to section 554 of the Bankruptcy Code, 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 due and proper notice of the Motion having been given; and good and sufficient cause appearing therefor; it is

ORDERED that the Motion is granted; and it is further

ORDERED that the Rejected Agreements shall be deemed rejected effective as of the date of the Motion; and it is further

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

ORDERED that the Personal Property shall be deemed abandoned and all of the Debtors' obligations related to or connected with the Personal Property shall terminate effective as of the date of the Motion; and it is further

ORDERED that the Debtors do not waive or release any rights, claims, causes of action, or defenses, including rights of set-off or recoupment with respect to such Rejected Agreements; and it is further

ORDERED that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: New York, New York
_____, 2003

UNITED STATES BANKRUPTCY JUDGE