

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 DEBTORS FOR AN ORDER
PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY
CODE EXTENDING THE EXCLUSIVE PERIODS DURING
WHICH THE DEBTORS MAY FILE A CHAPTER 11 PLAN OF
REORGANIZATION AND SOLICIT ACCEPTANCE THEREOF**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), the Prepetition Lenders (as defined below) and the Creditors Committee (as defined below) by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, on May 14, 2003 (the “Commencement Date”), Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), commenced the above-captioned cases by filing voluntary petitions for relief 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, pursuant to section 1121(b) of the Bankruptcy Code, the Debtors have 120 days after the Commencement Date during which only the Debtors may file a chapter 11 plan of reorganization (the “Exclusive Period”); and

WHEREAS, on August 22, 2003, prior to the expiration of the Exclusive Period, the Debtors filed that certain Motion of Debtors for an Order Pursuant to Section 1121(d) of the Bankruptcy Code Extending the Exclusive Periods During which the Debtors May File a Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof (the "Motion"), pursuant to which the Debtors, among other things, sought to extend the Exclusive Period through and including December 15, 2003; and

WHEREAS, the Motion was set for a hearing (the "Hearing") on September 4, 2003 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, the Exclusive Period was set to expire on September 11, 2003; and

WHEREAS, on September 3, 2003, this Court entered a bridge order extending the Exclusive Period until the Court had made a final determination on the Motion; and

WHEREAS, on September 3, 2003, the Debtors, the Debtors' prepetition lenders (the "Prepetition Lenders"), and the statutory creditors' committee appointed in these chapter 11 cases (the "Creditors Committee") had mutually agreed to adjourn the Hearing to September 15, 2003 at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, on September 15, 2003, the Court entered that certain Stipulation and Order Adjourning the Hearing on Motion of Debtors for an Order, Pursuant to Section 1121(d) of the Bankruptcy Code, Extending The Exclusive Periods During Which The Debtors May File A Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof, pursuant to which the Hearing was adjourned to September 25, 2003 at 2:00 p.m.; and

WHEREAS, on September 25, 2003, the Court entered that certain Stipulation and Order Adjourning the Hearing on Motion of Debtors for an Order, Pursuant to Section 1121(d) of the Bankruptcy Code, Extending The Exclusive Periods During Which The Debtors

May File A Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof, pursuant to which the Hearing was adjourned to October 8, 2003 at 10:00 a.m.; and

WHEREAS, on October 7, 2003, the Court entered that certain Stipulation and Order Adjourning the Hearing on Motion of Debtors for an Order, Pursuant to Section 1121(d) of the Bankruptcy Code, Extending The Exclusive Periods During Which The Debtors May File A Chapter 11 Plan of Reorganization and Solicit Acceptance Thereof, pursuant to which the Hearing was adjourned to October 21, 2003 at 10:00 a.m.; and

WHEREAS, the Debtors, the Prepetition Lenders and the Creditors Committee have mutually agreed to adjourn the Hearing to November 7, 2003 at 10:00 a.m., prevailing Eastern Time.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The Hearing shall be held on November 7, 2003 at 10:00 a.m., prevailing Eastern Time, at the United States Bankruptcy Court, Room 610, One Bowling Green, New York, New York 10004.

2. The deadline to object to the relief requested in the Motion is extended until October 31, 2003 at 4:00 p.m., prevailing Eastern Time.

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

4. The undersigned on behalf of each respective party 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.

5. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors, the Creditors Committee and the Prepetition Lenders unless and until it is approved by the Court.

Dated: New York, New York
October 21, 2003

KIRKLAND & ELLIS LLP
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
(212) 446-4800

PAUL, HASTINGS, JANOFSKY &
WALKER LLP
Jesse H. Austin, III
600 Peachtree Street, NE
24th Floor
Atlanta, Georgia 30308
(404) 815-2400

By: /s/ Jonathan S. Henes
Jonathan S. Henes (JH-1979)

By: /s/ Jesse H. Austin, III
Jesse H. Austin, III

ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

ATTORNEYS FOR THE PREPETITION
LENDERS

AKIN GUMP STRAUSS HAUER & FELD LLP
Philip C. Dublin (PD-4919)
509 Madison Avenue
New York, New York 10022
(212) 872-1000

By: /s/ Philip C. Dublin
Philip C. Dublin (PD-4919)

ATTORNEYS FOR THE CREDITORS
COMMITTEE

SO ORDERED, this 22nd day of October 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE