

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTION 365(a) OF THE
BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO
REJECT CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Upon consideration of the motion (the “Motion”), dated October 24, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, debtors in possession (collectively, the “Debtors”), seeking entry of an order, pursuant to section 365(a) of the Bankruptcy Code,¹ authorizing the Debtors to reject the Rejected Agreements, 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 as it relates to all Rejected Agreements except for the Rejected Agreement with Davidson Capital Group, LLC (the “Davidson Rejected Agreement”); and it is further

ORDERED that the Rejected Agreements (other than the Davidson Rejected Agreement) 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 any proof of claim for damages arising from the rejection of the Rejected Agreements (other than the Davidson Rejected Agreement) must be filed on or before forty-five (45) days after the date of this Order, and any claims resulting from the rejection of the Rejected Agreements (other than the Davidson Rejected Agreement) not so filed shall be forever barred from participating in the Debtors' chapter 11 cases and receiving any dividend or distribution thereon; and it is

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 the hearing to consider the Motion as it relates to the Davidson Rejected Agreement shall be held on November 19, 2003, at 10:00 a.m., prevailing Eastern Time, before the Hon. Robert D. Drain, United States Bankruptcy Court, 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; 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
November 7, 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE