

PRESENTMENT DATE AND TIME: December 24, 2003 at 12:00 noon
OBJECTION DEADLINE: December 23, 2003 at 5:00 p.m.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
: Case No. 03-13057 (RDD)
ALLEGIANCE TELECOM, INC. *et al.*, : (Jointly Administered)
: Debtors. :
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**NOTICE OF SETTLEMENT OF ORDER DENYING MOTION
OF CERTAIN UTILITIES (A) TO VACATE UTILITIES ORDER AND
(B) TO DETERMINE ADEQUATE ASSURANCE OF FUTURE PAYMENT**

TO THE PARTIES ON THE ATTACHED SERVICE LIST:

PLEASE TAKE NOTICE that, on dated December 24, 2003 at 12:00 noon, Allegiance Telecom, Inc. and its subsidiaries, as debtors and debtors-in-possession (the "Debtors") will present for settlement and signature to the Honorable Robert D. Drain, United States Bankruptcy Judge, the annexed proposed order (the "Order") denying the Motion of Certain Utilities (a) To Vacate Utilities Order and (b) To Determine Adequate Assurance of Future Payment.

PLEASE TAKE FURTHER NOTICE that counterproposals, if any, to the Order shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Bankruptcy Court, shall set forth the name of the party proposing the counterproposal, the nature and amount of claims or interests held or asserted

against the Debtors' estates or property, 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) 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 the Bankruptcy Judge's chambers) and served in accordance with General Order M-242, so as to be actually received in the Bankruptcy Judge's chambers and by the undersigned by no later than 5:00 p.m. on December 23, 2003. Unless objections are received by that time, the Order may be signed.

PLEASE TAKE FURTHER NOTICE that if any written counterproposal is timely filed, a hearing will be held at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, on a date to be established by the Court. Any party proposing the counterproposal is required to attend the hearing, and failure to appear may result in relief being granted or denied upon default.

DATED: New York, New York
December 16, 2003

ALLEGIANCE TELECOM, INC., *et al.*,
Debtors and Debtors-in-Possession,
By their Co-Bankruptcy Attorneys,
TOGUT, SEGAL & SEGAL LLP,
By:

/s/ Frank A. Oswald
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