

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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

AFFIDAVIT OF SUPPLEMENTAL SERVICE RE:

- 1. ORDER PURSUANT TO SECTIONS 105(a), 363, 1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING (A) MAINTENANCE OF EXISTING BANK ACCOUNTS, (B) CONTINUED USE OF EXISTING BUSINESS FORMS, AND (C) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM**
- 2. INTERIM ORDER PURSUANT TO SECTIONS 105(a), 345, 363, 1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING INVESTMENT OF FUNDS USING EXISTING INVESTMENT GUIDELINES**

I, Yvette Hassman, state as follows:

1. I am over eighteen years of age and I believe the statements contained herein are true based on my personal knowledge. My business address is c/o Bankruptcy Management Corporation, 1330 East Franklin Avenue, El Segundo, California 90245.

///

2. On May 22, 2003, at the direction of Kirkland & Ellis, Attorneys for Debtors and Debtors in Possession, I caused service of the documents attached hereto as Exhibit 1 to be effected on the parties listed in Exhibit 2.

3. Such service was effected via first-class mail and deposited with the United States Postal Service with postage thereon fully prepaid.

I declare under penalty of perjury that the foregoing is true and correct.

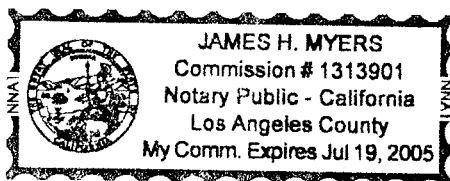
DATED: May 27, 2003
El Segundo, California

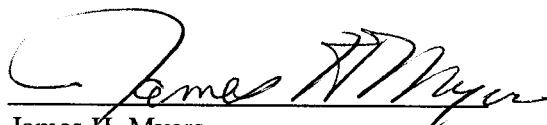


Yvette Hassman

State of California)
) ss
County of Los Angeles)

Personally appeared before me on May 27, 2003, Yvette Hassman, an individual, known to me to be the person who executed the foregoing instrument and acknowledged the same.





James H. Myers
My Commission Expires July 19, 2005

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO SECTIONS 105(a),
363, 1107 AND 1108 OF THE BANKRUPTCY CODE
AUTHORIZING (A) MAINTENANCE OF EXISTING BANK
ACCOUNTS, (B) CONTINUED USE OF EXISTING BUSINESS FORMS
AND (C) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM**

Upon the motion (the "Motion"), dated May 14, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") seeking entry of an order, pursuant to sections 105(a), 345, 363, 1107 and 1108 of the Bankruptcy Code,¹ authorizing the Debtors to (a) maintain existing bank accounts, (b) continue to use existing checks, correspondence and business forms, (c) continue to use the existing cash management system and (d) invest Funds using the Debtors' existing Investment Guidelines, as more fully set forth in the Motion; and it appearing that the Court has jurisdiction to consider and determine the Motion as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and due and proper notice of the Motion having been given and no further notice need be given; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that the Motion is granted; and it is further

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

ORDERED that the Debtors are authorized, but not directed, in the reasonable exercise of their business judgment, to (i) designate, maintain and continue to use, with the same account numbers, all of the bank accounts in existence on the Commencement Date, including, without limitation, those accounts identified on Exhibit "A" to the Motion (the "Bank Accounts"), (ii) use, in their present form, all correspondence and business forms (including, but not limited to, letterheads, purchase orders, invoices and customer contracts), as well as checks existing immediately prior to the Commencement Date, without reference to their status as debtors in possession, and other documents related to the Bank Accounts and (iii) treat the Bank Accounts and any other bank accounts opened by the Debtors postpetition for all purposes as accounts of the Debtors as debtors in possession; provided, however, that, as soon as practicable, the Debtors shall manually imprint the legend "debtor in possession" on existing checks, and provided, further, that if the check stock is depleted, then the Debtors shall obtain new check stock reflecting their status as debtors in possession; and it is further

ORDERED that the Debtors are authorized to continue utilizing their integrated cash management system to manage their cash, to pay intercompany payables and extend intercompany credit, in a manner consistent with the Debtors' prepetition practice; and it is further

ORDERED that nothing contained herein shall prevent the Debtors from opening any new bank accounts or closing any existing bank accounts as they may deem necessary and appropriate in their sole discretion; and it is further

ORDERED that the Debtors shall cause a copy of this Order to be served on all of the banks at which any Bank Account or Investment Account is maintained within five (5) business days of the date hereof; and it is further

ORDERED that the Debtors are hereby 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
May 15, 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

List of the Debtors' Bank Accounts

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
Bank of America	004112947439	Shared Technologies Allegiance, Inc.	Operating-Virginia (Lockbox Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	003916344051	ALGX Business Internet, Inc.	Operating-Maryland (Credit card deposits)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	003299812521	Allegiance Telecom Service Corporation	Operating-Georgia (Disbursements)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508572	Allegiance Telecom Service Corporation	Operating-Texas (Operating Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508580	Allegiance Telecom Service Corporation	Operating-Texas (Payroll Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	004770508929	Allegiance Telecom Service Corporation	Operating-Texas (Flexible Benefits Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202

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<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
Bank of America	004774379445	Allegiance Telecom Service Corporation	Operating-Texas (Wiring Account)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000025059281	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000022662778	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000011970578	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000010712672	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202
Bank of America	91000009268849	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	John Joe, 214-209-1242	901 Main Street 7th Floor Dallas, TX 75202

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<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
CitiBank	40779557	Allegiance Telecom, Inc.	Operating-Cigna Funding	Cigna: Beverly Brackett, 860-226-9530, Citibank: James Coleman	111 Mall Street 6th Floor New York, NY 10043 Connecticut General Life Insurance Company Route C-328 Hartford, CT 06152
CitiBank	40779565	Allegiance Telecom, Inc.	Operating-Cigna Funding (CHC-CA)	Cigna: Beverly Brackett, 860-226-9530, Citibank: James Coleman	111 Mall Street 6th Floor New York, NY 10043 Connecticut General Life Insurance Company Route C-328 Hartford, CT 06152
Comerica Bank	1191004645	Coast to Coast Telecommunications, Inc.	Operating (Lockbox Deposits)	Paula Knox, 734-632-5668	Six Mile Road Livonia, MI 48152
Fleet National Bank	942840-5683	Allegiance Telecom, Inc.	Operating (Lockbox Deposits)	Phil Holtzman, 212-819-5487	2 Morrissey Blvd. Dorchester, MA 02125

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<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	8806351076	Allegiance Telecom Service Corporation	Operating	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	06300064121	Allegiance Telecom Service Corporation	Operating (Disbursement Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351092	Allegiance Telecom Service Corporation	Operating (Wiring Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351084	Allegiance Telecom Service Corporation	Operating (Payroll Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806354344	Allegiance Telecom Company Worldwide	Operating (Escrow Account)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8805202510	Allegiance Telecom, Inc.	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351175	Allegiance Telecom, Inc	Collateral for Purchase Card	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

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<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	8806351282	Allegiance Telecom Company Worldwide	CD Collateral for Hartford Casualty	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	8806351357	Allegiance Telecom Company Worldwide	CD Collateral for Worldcom/MCI	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	10204379.1	Shared Technologies Allegiance, Inc.	Escrow Account	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351365	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351407	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351373	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351399	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

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<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
JPMorgan Chase Bank	08806351381	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	08806351415	Allegiance Telecom Company Worldwide	Certificates of Deposit (Cash Collateral for Letters of Credit)	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201

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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

**INTERIM ORDER PURSUANT TO SECTIONS 105(a), 345, 363,
1107 AND 1108 OF THE BANKRUPTCY CODE AUTHORIZING
INVESTMENT OF FUNDS USING EXISTING INVESTMENT GUIDELINES**

Upon the motion (the "Motion"), dated May 14, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") seeking entry of an order, pursuant to sections 105(a), 345, 363, 1107 and 1108 of the Bankruptcy Code,¹ authorizing the Debtors to (a) maintain existing bank accounts, (b) continue to use existing checks, correspondence and business forms, (c) continue to use the existing cash management system and (d) invest Funds using the Debtors' existing Investment Guidelines, as more fully set forth in the Motion; and it appearing that the Court has jurisdiction to consider and determine the Motion as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and due and proper notice of the Motion having been given and no further notice need be given; and after due deliberation and sufficient cause appearing therefor; it is

ORDERED that having shown sufficient cause under section 345 of the Bankruptcy Code, the Debtors are authorized on an interim basis to invest and deposit funds in

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

accordance with the Investment Guidelines, which are annexed to the Motion as Exhibit "C," notwithstanding that certain of such practices may not strictly comply with the requirements of section 345 of the Bankruptcy Code; and it is further

ORDERED that the Debtors shall cause a copy of this Order to be served on all of the banks at which any Bank Account or Investment Account is maintained within five (5) business days of the date hereof; and it is further

ORDERED that the Debtors shall serve a copy of the Motion and this Order upon (i) the Office of the United States Trustee for the Southern District of New York; (ii) attorneys for the Prepetition Lenders; (iii) attorneys for the Ad Hoc Committee; and (iv) the 40 largest creditors holding unsecured claims against the Debtors, within two (2) business days; and it is further

ORDERED that any objection to the relief requested by the Motion, with respect to authorization to invest Funds using the Debtors' existing Investment Guidelines, on a FINAL basis must be filed with the Court, One Bowling Green, New York, New York 10004-1408, by no later than June 11, 2003 at 4:00 p.m. and served on the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Carolyn Schwartz, Esq. and Kirkland & Ellis, attorneys for the Debtors, Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611, Attention: Jonathan S. Henes, Esq., so as to be actually received by such filing deadline; and it is further

ORDERED that any objections must be filed with the Court in accordance with General Order of the United States Bankruptcy Court for the Southern District of New York M-242, which order can be found at www.nysb.uscourts.gov; and it is further

ORDERED that the final hearing shall be held on June 13, 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; and it is further

ORDERED that if no objections to the relief requested in the Motion, with respect to authorization to invest Funds using the Debtors' existing Investment Guidelines, are timely filed, served and received in accordance with this Order, this Order shall be deemed a Final Order without further notice or hearing, and the Motion shall be granted in its entirety; and it is further

ORDERED that the Debtors are hereby 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
May 15, 2003

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

List of the Debtors' Investment Accounts

<u>Bank Name</u>	<u>Account Number</u>	<u>Account Name/ Debtor Entity</u>	<u>Account Type</u>	<u>Bank Contact</u>	<u>Address</u>
Bank of America	004770508572	Allegiance Telecom, Inc.	Investment - Overnight	Richard Zulick, 214-209-3466	901 Main Street 7th Floor Dallas, TX 75202
JPMorgan Chase Bank	343605	Allegiance Telecom Company Worldwide	Investment	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
JPMorgan Chase Bank	343606	Allegiance Telecom Company Worldwide	Investment	David Nolet, 214-965-2581	2200 Ross Avenue 5th Floor Dallas, TX 75201
Morgan Stanley & Co.	06-78A35	Allegiance Telecom Company Worldwide	Investment	Andrew Slimmon, 312-706-4568	440 South LaSalle St. Chicago, IL 60605

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EXHIBIT 2

Cash Management Order - Bank and Investment Accts for Allegiance Telecom

Total number of parties: 7

Preferred Mode of Service: US Mail (1st Class)

Exhibit 2 - Allegiance Telecom Mailing

Svc Lst Name and Address of Served Party

3593 ANDREW SLIMMON, MORGAN STANLEY & CO, 440 SOUTH LASALLE ST, CHICAGO, IL 60605
3593 ATTN: JOHN JOE, BANK OF AMERICA, 901 MAIN STREET, 7TH FL, DALLAS, TX 75202
3593 BEVERLY BRACKET, CONNECTICUT GENERAL LIFE INSURANCE CO., ROUTE C-328, HARTFORD, CT 06152
3593 JAMES COLEMAN, CITIBANK, 111 MALL STREET, 6TH FL, NEW YORK, NY 10043
3593 JP MORGAN CHASE BANK, 2200 ROSS AVE., 5TH FL, DALLAS, TX 75201
3593 PAULA KNOX, COMERICA BANK, SIX MILE ROAD, LIVONIA, MI 48152
3593 PHIL HOLTZMAN, FLEET NATIONAL BANK, 2 MORRISSEY BLVD., DORCHESTER, MA 02125

Subtotal for this group: 7