Hearing Date: January 9, 2004 at 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----------x Chapter 11

In re:

: Case No. 02-130507 (RDD)

ALLEGIANCE TELECOM, INC., et al., :

: (Jointly Administered)

Debtors.

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LIMITED OBJECTION TO DEBTOR'S MOTION FOR AN ORDER APPROVING THE SALE OF DEBTOR'S ASSETS AND APPROVING DEBTOR'S ASSET PURCHASE AGREEMENT

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

Wells Fargo Leasing Vendor Services Corp. ("Wells Fargo"), a creditor in the within matter, with offices located at 604 Locust Street, Des Moines, Iowa 50309, and with a telephone number of (800) 247-0032, by its attorneys, Foster & Wolkind, P.C., hereby objects to the Debtor's motion seeking, *inter alia*, approval of the sale of the Debtor's assets to Qwest Communications International Inc. ("Qwest") and approving the Debtor's Asset Purchase Agreement with Qwest.

1. Wells Fargo currently has outstanding eight separate equipment lease finance agreements with the Debtor (the "Leases"). Copies of the Leases are annexed hereto as Exhibit "A" and made a part hereof.

2. While the Leases were originally between the Debtor as lessee, and a corporation known as IOS Capital, Inc. ("IOS"), as lessor, said Leases were assigned, for good and valuable consideration, by IOS to Wells Fargo. Copies of the assignments of the Leases are annexed hereto as Exhibit "B" and made a part hereof.

3. Pursuant to the terms of the Leases, the Debtor agreed to lease from Wells Fargo certain copier equipment (the "Equipment") more particularly described in the Leases for terms of thirty-six (36) months.

4. Pursuant to paragraph three (3) of the Leases, Wells Fargo "is the sole owner and title owner to the Equipment."

5. Furthermore, pursuant to paragraph nine (9) of the Leases, at the end of the lease terms, the Debtor was required to return the leased Equipment to Wells Fargo and, in the event that the Debtor failed to return the leased Equipment to Wells Fargo, the Leases would renew on a month-to-month basis until the leased Equipment was returned to Wells Fargo.

6. As can be seen from the clear and express terms of the Leases, no transfer of ownership of the Equipment was intended.

7. Accordingly, Wells Fargo hereby objects to the portions of the Debtor's application and Asset Purchase Agreement (including, but not limited to, paragraph 2.1 (b) thereof) which seek to sell Wells Fargo's Equipment to Qwest or any other successful bidder.

8. While the Debtor may choose, or Qwest may choose, to assume or reject the Leases, they may not choose to purchase the Equipment.

9. Rather, pursuant to the Leases, the Debtor was merely permitted to use Wells Fargo's Equipment for a specified period of time, after which the Debtor was required to return the Equipment to Wells Fargo.

10. Pursuant to the Leases, at no time was the Debtor to acquire any ownership interest in Wells Fargo's leased Equipment.

WHEREFORE, Wells Fargo Leasing Vendor Services Corp. respectfully requests that the Debtor's motion be denied in its current form for the reasons set forth herein, and that should the Debtor's motion be granted, that the Court condition the granting of said motion upon the revision of the Asset Purchase Agreement so that no sale of Wells

Fargo Leasing Vendor Services Corp.'s Equipment is intended, together with such other and further relief which this Court deems just and proper.

Dated: New York, New York
January 2, 2004

FOSTER & WOLKIND, P.C.

By: s/Bryan E. Wolkind

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