

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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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 PROVISIONAL MOTION OF WORLDCOM, INC.
AND ITS DEBTOR AFFILIATES FOR RELIEF FROM THE
AUTOMATIC STAY WITH RESPECT TO CERTAIN LETTER OF CREDIT**

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and WorldCom, Inc. and certain of its affiliates (collectively, “WorldCom”), by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, on April 28, 2003, JPMorgan Chase Bank issued an irrevocable standby letter of credit in the amount of \$3,000,000, which expires on April 30, 2005 (the “LOC”); and

WHEREAS, Allegiance Telecom Company Worldwide (“ATCW”), one of the Debtors, is the account party under the LOC; and

WHEREAS, WorldCom is the sole beneficiary under the LOC; and

WHEREAS, on May 14, 2003, each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”); and

WHEREAS, on December 12, 2003, WorldCom filed that certain Provisional Motion of WorldCom, Inc. and Its Debtor Affiliates for Relief From the Automatic Stay With

Respect to Certain Letter of Credit (the "Lift Stay Motion") without conceding that the automatic stay applies; and

WHEREAS, the Lift Stay Motion was set for a hearing before this Court on January 15, 2004 (the "Hearing"); and

WHEREAS, in an attempt to resolve the matter amicably, the Debtors and WorldCom have mutually agreed to adjourn the Hearing to February 4, 2004, at 10:00 a.m., prevailing Eastern Time; and

WHEREAS, WorldCom has agreed not to take any action with respect to the LOC until the Court makes a final determination on the Lift Stay Motion.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The hearing with respect to the Lift Stay Motion shall be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, 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, on February 4, 2004, at 10:00 a.m., prevailing Eastern Time (the "Adjourned Hearing Date").

2. The deadline to object to the relief requested in the Lift Stay Motion is extended until January 30, 2004 at 4:00 p.m., prevailing Eastern Time.

3. Notwithstanding anything to the contrary in section 362(e) of the Bankruptcy Code, in the event that the Court determines that section 362 of the Bankruptcy Code applies in this matter (which WorldCom disputes), the stay shall be deemed to have continued in effect through and including the Adjourned Hearing Date.

4. WorldCom shall not take any action with respect to the LOC until the Court makes a final determination on the Lift Stay Motion.

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

6. The undersigned on behalf of the Debtors and WorldCom each 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.

7. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors or WorldCom until it is approved by the Court.

Dated: New York, New York
January 14, 2004

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

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, NY 10153-0119
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Marcia L. Goldstein, Esq. (MG 2606)
Lori R. Fife, Esq. (LF 2839)

and

By: /s/ Jonathan S. Henes
Jonathan S. Henes (JH-1979)
ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

WEIL, GOTSHAL & MANGES LLP
700 Louisiana, Suite 1600
Houston, TX 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Alfredo R. Pérez, Esq.
James Grogan, Esq.,

By: /s/ Alfredo R. Pérez
Alfredo R. Pérez, Esq.
ATTORNEYS FOR WORLDCOM

SO ORDERED, this 15th day of January 2004

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE