

SETTLEMENT DATE AND TIME: January 28, 2004 at 12:00 noon
OBJECTION DEADLINE: January 28, 2004 at 11:00 a.m.

TOGUT, SEGAL & SEGAL LLP
Co-Bankruptcy Attorneys for the
Debtors and Debtors in Possession
One Penn Plaza - Suite 3335
New York, New York 10119
(212) 594-5000
Frank A. Oswald (FAO-1223)
Gerard DiConza (GD-0890)

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 PURSUANT TO
SECTION 554 OF THE BANKRUPTCY CODE AND BANKRUPTCY
RULE 6007 AUTHORIZING THE ABANDONMENT OF
PERSONAL PROPERTY LOCATED AT COLLOCATION SITES**

PLEASE TAKE NOTICE that annexed hereto is a copy of a proposed order (the "Order") granting, in accordance with the decision reached on January 21, 2004, the motion dated December 24, 2003 (the "Motion") of Allegiance Telecom, Inc. and its subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") for and order authorizing the abandonment of certain personal property located at certain collocation sites listed on Exhibit "A" to the Order.

PLEASE TAKE FURTHER NOTICE that the Order will be presented for settlement and signature on January 28, 2004 (the "Settlement Date") at 12:00 noon to the Honorable Robert D. Drain, United States Bankruptcy Judge, United States Bankruptcy Court, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objections or counterproposals, if any, to the proposed Order must be made in writing and received by Bankruptcy Judge Drain's Chambers, United States Bankruptcy Court, One Bowling Green, New York, New York 10004, and by Togut, Segal & Segal LLP, co-bankruptcy counsel for the Debtors, One Penn Plaza, New York, New York 10119, Attention: Frank A. Oswald, Esq., no later than 11:00 a.m. on the Settlement Date. Unless objections and counterproposals are received by that time, the Order may be signed.

PLEASE TAKE FURTHER NOTICE that if any written objection or counterproposal is timely filed, to the extent that a hearing is necessary, such hearing will be held on a date to be established by the Court.

DATED: New York, New York
January 22, 2004

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

/s/Frank A. Oswald
FRANK A. OSWALD (FAO-1223)
A Member of the Firm
One Penn Plaza, Suite 3335
New York, New York 10119
(212) 594-5000

SERVICE LIST

Wilmer, Cutler & Pickering
Counsel for Verizon Communications
399 Park Avenue
New York, NY 10022
Attn: Philip Anker, Esq.
Adam Dembrow, Esq.

Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178
Attn: Mark Somerstein, Esq.