

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

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

Upon the motion dated December 24, 2003 (the “Motion”), 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 section 554 of the Bankruptcy Code, authorizing the abandonment of certain Personal Property¹ located at the Collocation Sites listed on Exhibit “A” attached hereto; and it appearing that this Court has jurisdiction to consider and determine the Motion as a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and upon the objection (the “Objection”) to the Motion of Verizon Communications Inc. and its operating telephone company subsidiaries (collectively, “Verizon”); and upon the hearing held on January 21, 2004 (the “Hearing”) to consider the Motion and the Objection; and upon the Court’s findings and conclusions made at the Hearing; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates and creditors; and the Debtors having represented that: (a) the Debtors own, rather than lease, the Personal Property and the Debtors do not believe that any party, other than their

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

prepetition senior secured lenders (the “Prepetition Lenders”), has any liens, interest or claims against the Personal Property, (b) the Prepetition Lenders do not object to the relief requested in the Motion, (c) the Prepetition Lenders have agreed not to assert and to waive any interest they may have in the Personal Property, (d) no customers of the Debtors remained at the Collocation Sites as of January 15, 2004, (e) the Debtors have abandoned the Collocation Sites so as not to create a health or safety hazard, and (f) the Debtors have vacated the Collocation Sites as of January 15, 2004 and will not remove any other property from such sites; and due and proper notice of the Motion having been given; and good and sufficient cause appearing therefor; it is

ORDERED that, subject to the terms of this Order, the Motion is granted; and it is further

ORDERED that, subject to the terms of this Order, the Objection is overruled; and it is further

ORDERED that, pursuant to section 554 of the Bankruptcy Code, the Personal Property at the Collocation Sites listed on Exhibit “A” hereto shall be deemed abandoned by the Debtors effective as of January 15, 2004; and it is further

ORDERED that Verizon and SBC Communications, as owners of the Collocation Sites, are authorized to remove from the Collocation Sites, use and/or dispose of the Personal Property without the need of any further order of this Court; and it is further

ORDERED that Verizon and SBC Communications may file a claim or assert an administrative expense claim for costs or damages arising from the abandonment of the Personal Property at the Collocation Sites, which claim or administrative expense claim must be filed or asserted on or before sixty (60) days after the date of this Order (the “Claims Bar Date”), and any claims resulting from the abandonment of the Personal Property not filed prior

to the Claims Bar Date shall be forever barred from participating in the Debtors' chapter 11 cases and receiving any dividend or distribution thereon; and it is further

ORDERED that, except as expressly provided herein, nothing herein shall constitute a waiver or release by the Debtors, on the one hand, and the owners of the Collocation Sites, on the other hand, of any rights, claims, causes of actions or defenses that they may have against each other, whether or not directly related to the Collocation Sites or the Debtors' abandonment of the Personal Property; 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
January __, 2004

UNITED STATES BANKRUPTCY JUDGE