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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM 10-Q/A
(Amendment No. 1)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2003.

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-24509

Allegiance Telecom, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

75-2721491

(IRS Employer Identification No.)

9201 North Central Expressway

Dallas, Texas 75231

(Address of principal executive offices) (Zip Code)

(214) 261-7100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of May 14, 2003, the registrant has 124,759,573 shares of common stock, par value \$0.01 per share outstanding.

EXPLANATORY NOTE

Allegiance Telecom, Inc. hereby amends its Quarterly Report on Form 10-Q for March 31, 2003 to include the document listed as Exhibit 10.6 which was inadvertently omitted from Item 6 of Part II of the original filing. This amendment amends only the items of the Form 10-Q specified and does not otherwise update the disclosures in the Form 10-Q as originally filed and does not reflect events occurring after the original filing of the Form 10-Q.

PART II

ITEM 6. *Exhibits and Reports on Form 8-K*

- (a) The following exhibits are filed with this report and made a part hereof.

Exhibit Number	Description
10.1	Executive Retention Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and Royce J. Holland
10.2	Executive Retention Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and C. Daniel Yost
10.3	Executive Retention Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and Thomas M. Lord
10.4	Executive Retention Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and Mark B. Tresnowski
10.5	Executive Retention Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and G. Clay Myers
10.6*	Special Bonus Agreement, effective on or about March 12, 2003, between Allegiance Telecom Company Worldwide and Mark B. Tresnowski
11.1	Statement regarding computation of per share loss for the three months ended March 31, 2003
11.2	Statement regarding computation of per share loss for the three months ended March 31, 2002
99.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

- * Filed herewith. All other exhibits were previously filed with the Form 10-Q filed with the Securities and Exchange Commission on May 20, 2003.

- (b) Reports on Form 8-K.

Allegiance Telecom, Inc. filed a current report on Form 8-K on April 16, 2003 reporting the termination of its Master Procurement Agreement dated April 28, 2000 with Lucent Technologies, Inc. and other matters.

Allegiance Telecom, Inc. filed a current report on Form 8-K on May 1, 2003 reporting the forbearance that it received from its senior lenders relating to Allegiance's default under its senior credit agreement.

Allegiance Telecom, Inc. filed a current report on Form 8-K on May 15, 2003 reporting the voluntary filing by Allegiance Telecom, Inc. and all of its direct and indirect subsidiaries, of bankruptcy under Chapter 11 of the Bankruptcy Code and reporting first quarter 2003 earnings and other financial results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 23, 2003.

ALLEGIANCE TELECOM, INC.

By: /s/ MARK B. TRESNOWSKI

Mark B. Tresnowski, Executive Vice President, General
Counsel and Secretary

CERTIFICATION

I, Royce J. Holland, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Allegiance Telecom, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 23, 2003

/s/ ROYCE J. HOLLAND

Royce J. Holland, *Chairman and Chief Executive Officer*

CERTIFICATION

I, Thomas M. Lord, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Allegiance Telecom, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 23, 2003

/s/ THOMAS M. LORD

Thomas M. Lord, *Executive Vice President of Corporate Development and Chief Financial Officer*

INDEX TO EXHIBITS

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* Filed herewith. All other exhibits were previously filed with the Form 10-Q filed with the Securities and Exchange Commission on May 20, 2003.

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EXPLANATORY NOTE

PART II

SIGNATURES

CERTIFICATION

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EXHIBIT 10.6

SPECIAL BONUS AGREEMENT

THIS SPECIAL BONUS AGREEMENT (this "Agreement") is by and between Allegiance Telecom Company Worldwide (the "Company") and Mark B. Tresnowski (the "Employee"), effective as of the date set forth under the signature of the Company below.

NOW, THEREFORE, in consideration for the promises and mutual covenants herein contained, it is hereby agreed by the parties as follows:

1. **SPECIAL BONUS PAYMENT.** Employee will be entitled to an aggregate special bonus equal to \$300,000 (the "Bonus Payment"), provided that Employee has been continuously employed by the Company or any Affiliate through December 31, 2003 and subject to the other terms and conditions of this Agreement. The entire Bonus Payment will be paid to Employee on March 14, 2003.

2. **TERMINATION OF EMPLOYMENT.**

(a) *Termination Due to Death, Disability or by Company Without Cause* . Notwithstanding anything herein to the contrary, if, prior to December 31, 2003, Employee's employment with the Company and all Affiliates is terminated because of (i) death of Employee, (ii) Disability of Employee or (iii) termination by the Company or any Affiliate without Cause, then Employee will be entitled to the *full amount* of the Bonus Payment.

(b) *Termination by Company for Cause or Employee Resignation for Any Reason* . If, prior to December 31, 2003, Employee's employment with the Company and all Affiliates is terminated (i) by the Company or any Affiliate for Cause or (ii) because of Employee's resignation for any reason, then Employee will (A) immediately repay all Net Bonus Payment received and (B) not have any rights to any Bonus Payment.

3. **NO SPECIAL EMPLOYMENT RIGHTS.** Nothing in this Agreement will (a) be deemed to confer on Employee any right to employment or continued employment with the Company or any Affiliate, or (b) affect any right that the Company or any Affiliate may have to terminate the employment of Employee at any time.

4. **OTHER EMPLOYEE BENEFITS.** No payments made hereunder shall be includible as an annual or long-term bonus or other compensation in creditable compensation in computing benefits under any employee benefit plan of the Company or any Affiliate.

5. **WITHHOLDINGS.** The Company may withhold from all payments due to Employee (or his/her beneficiary or estate) hereunder all taxes or other amounts which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

6. **RIGHT TO WITHHOLD FROM PAYCHECK.** In the event Employee is required to repay any Net Bonus Payment, Employee authorizes the Company and its Affiliates to deduct any amount of such payment from any salary, bonus, vacation pay, commissions or any other compensation earned by Employee and Employee specifically authorizes the Company and its Affiliates to deduct any amount of such payment from Employee's paycheck(s), including Employee's final paycheck (to the extent lawful). Any such deductions shall not relieve Employee of his/her obligation to pay any remaining amounts owing under this Agreement. **Consent to such deduction(s) shall be evidenced by Employee's signature on this Agreement.**

7. **CONFIDENTIAL INFORMATION.** Employee shall keep the existence and contents of this Agreement in strictest confidence and shall not disclose it to anyone other than Employee's tax and financial advisors, attorneys and immediate family members, provided that Employee advises such persons that the information is confidential. Employee may discuss this Agreement with the Company's Human Resources or Legal departments or the head of Employee's department.

8. **DEFINITIONS.** As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Affiliate" means any entity that directly or indirectly is controlled by, controls or is under common control with the Company.

(b) "Cause" means (i) embezzlement or misappropriation of funds of the Company, any of its Affiliates or their successors; (ii) use of illegal drugs or alcohol that materially impairs Employee's ability to fulfill his duties as an employee; (iii) willful disclosure of trade secrets or confidential information of or any material violation of any other material published policy of the Company, any of its affiliates or their successors; or (iv) conviction or confession of a criminal felony.

- (c) "Company" means Allegiance Telecom Company Worldwide, a Delaware corporation and the successor to, or transferee of all or substantially all of the assets of, the Company.
- (d) "Disability" means "disability" as defined in the Company's Long-Term Disability Insurance Plan.
- (e) "Net Bonus Payment" means the Bonus Payment less any withholdings taken by the Company or any Affiliate for taxes and other governmental charges.

9. **SUCCESSORS; BINDING AGREEMENT.** (a) This Agreement is personal to Employee and without the prior written consent of the Company, shall not be assignable by Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives. (b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company agrees that, for so long as it has any obligations under this Agreement, it will cause any successor or transferee (if other than the Company) to unconditionally assume, by written instrument delivered to Employee (or his/her beneficiary or estate), all of the obligations of the Company hereunder.

10. **NOTICES.** All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when personally delivered or on the fifth day after being sent via U.S. certified or registered mail, return receipt requested:

To the Company:

Allegiance Telecom Company Worldwide, Attn: Pati Marano, Human Resources Department
9201 North Central Expressway
Dallas, TX 75231
Telephone: (469) 259-2325

To Employee: at Employee's office location or primary residence listed in the Company's records

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notwithstanding anything herein to the contrary, the Company may provide Employee with written notice by sending Employee an email.

11. **GOVERNING LAW; VALIDITY.** The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of Texas as to all matters, including, but not limited to, matters of validity, construction and performance, without regard to principles of conflict of laws. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. **CONSENT TO JURISDICTION; AGENT FOR SERVICE OF PROCESS; LIMITATION OF LIABILITY.** Employee consents to the non-exclusive jurisdiction and venue in the state and federal courts located in Dallas County, Texas and waives any defense of forum non conveniens. Service of legal process on the Company with respect to a claim under this Agreement shall be made upon the General Counsel of Allegiance Telecom, Inc. **IN NO EVENT SHALL THE COMPANY OR ANY AFFILIATE BE LIABLE UNDER OR RELATING TO THIS AGREEMENT FOR ANY AMOUNT IN EXCESS OF THE BONUS PAYMENT. NOTWITHSTANDING ANY OTHER PROVISION HEREOF, THE COMPANY SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES.**

13. **INTEREST; PAYMENT OF COLLECTION FEES.** Employee agrees to repay all amounts due under this Agreement to the Company within ten (10) days of Employee's termination date. Any amounts due to the Company under this Agreement and not paid shall accrue interest at 1.5% per month (or if less, the maximum rate permissible under law) starting from the 11th day after Employee's termination date until paid. Employee agrees to pay all of Company's costs of collection relating to or in connection with this Agreement, including reasonable attorneys' fees.

14. **WAIVER.** Employee's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right Employee or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

15. **ENTIRE AGREEMENT; NO AMENDMENT.** This Agreement contains the entire agreement and supersedes all prior and contemporaneous oral or written communications and agreements between the parties relating to the subject matter of this Agreement. Neither this Agreement, nor any of its terms, may be changed, added to, amended, waived or varied except in writing signed by Employee and by either the CEO, CFO or COO of the Company.

16. **COUNTERPARTS; DELIVERY BY FACSIMILE.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. This Agreement any amendments hereto to the extent signed and delivered by means of a facsimile machine, will be treated in all manner and respects as an original agreement and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party, each other party hereto will reexecute original forms thereof and deliver them to all other parties. No party hereto will raise the use of a facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

BY SIGNING BELOW, EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS (A) READ THIS AGREEMENT; AND (B) UNDERSTANDS THE TERMS AND CONDITIONS OF THIS AGREEMENT.

ALLEGIANCE TELECOM COMPANY WORLDWIDE

By:

Name: Royce J. Holland
Its: Chairman and Chief Executive Officer
Effective Date: _____

EMPLOYEE: _____

Printed Name: _____

Date: _____

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SPECIAL BONUS AGREEMENT

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