

ORIGINAL

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK PROOF OF CLAIM

Name of Debtor
ALLEGIANCE TELECOM, INC , et al

Case Number
03-13057 (RDD)

NOTE This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property)
2255 Partners, L P

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Name and address where notices should be sent
Jess R Bressi, Esq
Cox, Castle & Nicholson LLP
19800 MacArthur Boulevard, Suite 600
Irvine, California 92612-2435
Telephone number (949) 476-2111

Check box if you have never received any notices from the bankruptcy court in this case.
 Check box if the address differs from the address on the envelope sent to you by the court.

FILED
U.S. BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ALLEGIANCE TELECOM, INC
03-13057 (RRD)
136
REC'D JUL 07 2003
THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor
2255 N Ontario--Virtualis

Check here replaces
if this claim amends a previously filed claim dated _____

1 Basis for Claim
 Goods sold
 Services performed
 Money loaned
 Personal injury/wrongful death
 Taxes
 Other Lease of Real Property

Retiree benefits as defined in 11 U.S.C. § 1114 (a)
 Wages, salaries, and compensation (fill out below)
Your SS # _____ - _____ - _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2 Date debt was incurred
Various

3 If court judgment, date obtained

4 Total Amount of Claim at Time Case Filed \$ 826,225.29
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.
 Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5 Secured Claim
 Check this box if your claim is secured by collateral (including a right of setoff).
Brief Description of Collateral
 Real Estate Motor Vehicle
 Other Security Deposit
Value of Collateral \$ 126,160.00
Amount of arrearage and other charges at time case filed included in secured claim if any \$ _____

6 Unsecured Priority Claim
 Check this box if you have an unsecured priority claim.
Amount entitled to priority \$ _____
Specify the priority of the claim:
 Wages, salaries, or commissions (up to \$4,650) * earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3)
 Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4)
 Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6)
 Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7)
 Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8)
 Other. Specify applicable paragraph of 11 U.S.C. § 507(a) (_____)
* Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

7 Credits The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
8 Supporting Documents Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. See attached schedule.
9 Date-Stamped Copy To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

THIS SPACE IS FOR COURT USE ONLY
RECEIVED
30 2003
CLAIMS PROCESSING CENTER
USBC SDNY
1

Date
6-12-2003

Sign and print the name and title if any of the creditor or other person authorized to file this claim (attach copy of power of attorney if any)
Jess R Bressi Jess R Bressi Attorney-in Fact

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years or both 1





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Jess R Bressi
949 260 4625
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File No 33728

June 16, 2003

VIA FEDEX

Bankruptcy Management Corporation
1330 East Franklin Avenue
El Segundo, California 90245

Re *In re Allegiance Telecom, Inc , et al , Debtors*
United States Bankruptcy Court
Southern District of New York
Case No 03-13057 (RDD)

Gentlemen

Enclosed for filing in the above-referenced bankruptcy matter are the original and two copies of the Proof of Claim of 2255 Partners, L P in the amount of \$826,225 29 Please file the original Proof of Claim and return a conformed copy in the self-addressed, stamped envelope provided

Thank you for your courtesy in this matter

Very truly yours,

A handwritten signature in black ink, appearing to read "Jess R Bressi", written over a horizontal line.

Jess R Bressi
of Cox, Castle & Nicholson LLP

JRB/skh
Enclosures

33728\252906v1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**STIPULATION AND AGREED ORDER RESOLVING CLAIMS OF
2255 PARTNERS, L.P.**

This STIPULATION AND AGREED ORDER is by and between the Allegiance Telecom Liquidating Trust (the "ATLT"), as successor to the Debtors (as defined below), and 2255 Partners, L.P. ("Claimant"). The parties hereby stipulate and agree as follows:

WHEREAS, on or about July 23, 1999, Virtualis Systems, Inc. ("Virtualis") entered into a lease with the Claimant for office space at 2255 Ontario Street, 5th Floor, Burbank, California (the "Lease"); and

WHEREAS, the Lease required Virtualis to pay a security deposit to Claimant in the amount of \$298,317.60 and such amount was subsequently reduced to \$126,160.20 (the "Security Deposit"); and

WHEREAS, Allegiance Telecom, Inc. is the successor in interest to Virtualis with respect to the Lease; and

WHEREAS, on May 14, 2003, Allegiance Telecom, Inc. and its direct and indirect subsidiaries (collectively, the "Debtors") commenced voluntary cases (the "Chapter 11 Cases") under

Docket #2082 eod 2/28/05

Claim 159

Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the Bankruptcy Court for the Southern District of New York, Case No. 03-13057 (RDD) (the “Bankruptcy Court”); and

WHEREAS, the Chapter 11 Cases were consolidated for procedural purposes only and were jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure; and

WHEREAS, on or about June 13, 2003, the Bankruptcy Court entered an order pursuant to section 365(a) of the Bankruptcy Code authorizing the Debtors to reject certain unexpired leases of nonresidential real property, including the Lease; and

WHEREAS, on or about June 12, 2003, Claimant filed a proof of claim numbered 159 (the “Proof of Claim”) for Claims (as such term is defined in the Plan) against Allegiance Telecom, Inc. in the amount of \$826,225.29 (the “Rejection Claim”); and

WHEREAS, the Debtors filed their Third Amended Joint Plan of Reorganization dated June 8, 2004 (the “Plan”) with the Bankruptcy Court and the Court entered its Findings of Fact, Conclusions of Law, and Order Confirming Debtors’ Third Amended Joint Plan of Reorganization on June 10, 2004 (the “Confirmation Order”); and

WHEREAS, in accordance with the terms of the Plan, on the Initial Effective Date (as defined in the Plan), the ATLT was created; and

WHEREAS, pursuant to the Plan, Eugene I. Davis was appointed as the plan administrator (the “Plan Administrator”) for the ATLT; and

WHEREAS, among other things, the purpose of the ATLT is to (i) wind-down the Debtors’ affairs, including making distributions as contemplated in the Plan, (ii) investigate, enforce and

prosecute avoidance and other causes of action, (iii) object to, settle, compromise, dispute and/or prosecute disputed claims, and (iv) administer the Plan and take such actions as are necessary to effectuate the terms of the Plan; and

WHEREAS, the ATLT, as the successor to the rights of the Debtors, and the Plan Administrator has the authority to, *inter alia*, perform the duties, exercise the powers, and assert the rights of a trustee under Sections 704 and 1106 of the Bankruptcy Code; and

WHEREAS, Claimant has not filed any proofs of claim in the Chapter 11 Cases besides the Proof of Claim; and

WHEREAS, the ATLT disputes the amounts sought by Claimant in the Proof of Claim; and

WHEREAS, on or about September 2, 2004, the ATLT filed its Eleventh Omnibus Objection to Certain Lease Rejection Damages Claims, which included an objection to the Proof of Claim and the Rejection Claim; and

WHEREAS, the ATLT and Claimant have negotiated in good faith at arm's length and have reached a consensual resolution, as set forth below, with respect to the Proof of Claim to avoid incurring significant additional litigation expenses that would necessarily be incurred in litigating this matter to an uncertain conclusion.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. Upon the entry of a Final Order (as defined below) approving this Stipulation, the ATLT is hereby authorized and directed to grant Claimant an allowed ATI Unsecured Claim (as such term is defined in the Plan) of \$616,975.80 (the "Allowed Unsecured Claim") and an allowed Secured Claim (as

such term is defined in the Plan) of \$126,160.20 (the "Paid Secured Claim") in full and complete satisfaction of all Claims held by Claimant with respect to the Debtors, the Debtors' estates, and/or the ATLT, including, but not limited to, the Rejection Claim.

2. The ATLT and Claimant hereby stipulate and agree that (i) the Security Deposit constitutes full and final satisfaction of the Paid Secured Claim, (ii) no further amounts are due with respect to the Paid Secured Claim, and (iii) upon entry of the Final Order, Claimant can apply or setoff the Security Deposit to the Paid Secured Claim.

3. Claimant hereby stipulates and agrees to elect the Cash Recovery (as defined in the Plan) on account of the Allowed Unsecured Claim, regardless of any prior election to the contrary.

4. Upon the entry of a Final Order approving this Stipulation, the ATLT is hereby authorized and directed to expunge from the ATLT's claims register all proofs of claims, including the Proof of Claim, filed by Claimant and/or related to the Rejection Claim.

5. Claimant hereby stipulates and agrees that it will not file any proofs of claim or requests for the payment of administrative expenses against the ATLT, the Debtors, or the Debtors' estates, whether in the Chapter 11 Cases or otherwise.

6. Effective upon the date of the entry of a Final Order approving this Stipulation (the "Effective Date") and except for the Allowed Unsecured Claim and the Paid Secured Claim, Claimant hereby irrevocably, unconditionally and without reservation of any kind waives, releases and forever discharges the ATLT, the Debtors, and the Debtors' estates, and their respective parent firms and affiliates, and their officers, directors, employees, attorneys, professionals, and agents, acting in such capacity (collectively, the "Estate Parties"), from and against any and all past, present and future actions, causes of

action, Claims, liabilities, suits, debts, judgments, and damages, of any kind whatsoever, whether matured or unmatured, whether at law or in equity, whether known or unknown, liquidated or unliquidated, foreseen or unforeseen, discoverable or undiscoverable, contingent or non-contingent, which Claimant has, had, or may have in the future against the Estate Parties from the beginning of time through the Effective Date.

7. Effective upon the Effective Date, the Estate Parties hereby irrevocably, unconditionally and without reservation of any kind waive, release and forever discharge the Claimant and its affiliates, and their respective officers, directors, employees, attorneys, professionals, and agents, acting in such capacity (collectively, the "Claimant Parties"), from and against any and all past, present and future actions, causes of action, Claims, liabilities, suits, debts, judgments, and damages, of any kind whatsoever, whether matured or unmatured, whether at law or in equity, whether known or unknown, liquidated or unliquidated, foreseen or unforeseen, discoverable or undiscoverable, contingent or non-contingent, which the Estate Parties have, had, or may have in the future against the Claimant Parties from the beginning of time through the Effective Date.

8. This Stipulation shall be governed by the laws of the State of New York, excluding its conflicts of laws principles and this Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation.

9. The undersigned, on behalf of the ATLT and Claimant, respectively, each warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Stipulation on behalf of such party.

10. Claimant represents and warrants to the ATLT that, as of the date hereof, it is the sole holder of the Proof of Claim, and that Claimant has not assigned, sold, hypothecated or otherwise transferred any Claims against the Debtors, the Debtors' estates, or the ATLT.

11. This Stipulation is subject to approval by the Court and the entry of a Final Order by the Court approving this Stipulation; provided, however, that the parties shall support such Court approval and comply with this Stipulation pending the Court's entry of a Final Order approving or disapproving this Stipulation. For the purposes of this Stipulation, the term "Final Order" shall mean an order approving this Stipulation that has not been stayed, reversed or amended and the time, as computed under the Bankruptcy Rules, to appeal or seek review or rehearing of such order (or any revision, modification or amendment thereof) has expired and no appeal or petition for review or rehearing of such order was filed, or if filed, remains pending.

12. Nothing contained in this Stipulation nor any negotiations or proceedings in connection herewith shall constitute or be deemed to be evidence of an admission by any party hereto of any liability or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any party. Neither this Stipulation nor any negotiations or proceedings in connection herewith may be used in any proceeding against any party for any purpose whatsoever except with respect to effectuation and enforcement of this Stipulation.

13. This Stipulation contains the entire agreement of the parties with respect to its subject matter and supersedes any prior or contemporaneous oral or written agreements. The parties acknowledge that no promise, inducement, or agreement not stated herein has been made to them in connection with this Stipulation. The parties understand and agree that this Stipulation may not be altered,

amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by both parties and the Court. The parties agree and acknowledge that they will make no claim at any time or place that this Stipulation has been orally altered or modified or otherwise changed by oral communication of any kind or character. Each party hereto agrees that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation, construction, or enforcement of this Stipulation.

14. This Stipulation may be executed simultaneously or in one or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. A facsimile copy of a signature page is the equivalent of an original signature page.

15. This Stipulation shall be binding upon the ATLT, as successor to the Debtors, and Claimant, and their predecessors, successors, heirs, subsidiaries, affiliates, assignees, agents, directors, officers, employees, the Plan Administrator, and any trustee appointed under Chapter 7 of the Bankruptcy Code.

Dated: New York, New York
February 25, 2005

ALLEGIANCE TELECOM LIQUIDATING TRUST **2255 PARTNERS, L.P.**

By: /s/ Mark Stachiw
Mark Stachiw
Allegiance Telecom Liquidating Trust
1405 S. Beltline Road, Suite 100
Coppell, Texas 75019

By: /s/ Jeff Worthe
Jeff Worthe

and

and

**AKIN GUMP STRAUSS HAUER & FELD
LLP**

GOODWIN PROCTER LLP

By: /s/ Jeffrey M. Anapolsky
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Telephone: (212) 813-8800

Counsel to 2255 Partners, L.P.

Counsel to the Allegiance Telecom
Liquidating Trust

SO ORDERED, this 28th day of February 2005

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE