

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

REC'D SEP 15 2003

In Re

Case No 03-13079 RDD

ALLEGIANCE TELECOM OF MICHIGAN, INC ,

FILED  
U.S. B.C. SOUTHERN DISTRICT OF NEW YORK  
ALLEGIANCE TELECOM, INC  
03-13057 (RRD)

Debtor(s)

408

PRIORITY PROOF OF CLAIM

1 The undersigned, whose address is First Floor, Treasury Building, Lansing, MI 48922, is an attorney for the State of Michigan, Department of Treasury, and is duly authorized by said department to make this proof of claim on its behalf

2 The debtor herein was, at the time of the filing of the petition initiating this case, and still is indebted to this claimant, in the sum of \$2,273 24

3 The consideration for this debt is as follows  
Telephone/Telegraph Tax

4 No judgment has been rendered on the claim and the amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. This claim is not subject to any setoff or counterclaim presently known to the undersigned, the claimant retains all setoff rights

5 The claimant possesses a lien pursuant to 11 USC 506(a) to the extent that it possesses any right of setoff, assuming such right of setoff, in accordance with 11 USC 506(b), interest continues to accrue on the principal portion of this claim at the rate established by MCL 205 23(2)

6 This claim is a priority tax claim pursuant to 11 USC 507(a)(8) except to the extent that claimant possesses a lien interest as described in paragraph 5

\$2,273 24

Total Amount Claimed

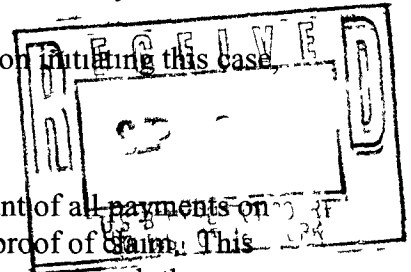
Name of Creditor STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

*Steven B. Flancher* for

Dated August 29, 2003

Peggy A Housner (P47207)  
Assistant Attorney General  
First Floor, Treasury Building  
Lansing, MI 48922  
(517) 373-1142

AG#2003017110A



**SWORN SUMMARY OF CLAIMS**

Issued under federal code Title XI

**TYPE OF CLAIM** PRIORITY

ALLEGIANCE TELECOM OF MICHIGAN  
INC  
24700 NORTHWESTERN HIGHWAY  
SUITE 400  
SOUTHFIELD, MI 48075

<b>Case Number</b> 03-13079 RDD	<b>Page</b> 1	<b>of</b> 1
<b>Taxpayer Identification</b> F752777344		<b>Attorney Gen</b> LAN BT
<b>Other Identification</b>		
(1) FME0144559	(5)	
(2) FME0244559	(6)	
(3)	(7)	
(4)	(8)	

ASSESSMENT NUMBER	TAX CODE	ASSESSMENT DATE	ACCT ID	TAX PERIOD COVERED	*IF EST	TAX DEFICIENCY	PENALTY	INTEREST
L425064	PUT	10/31/2002		01/01/01 - 12/31/01		0 00	0 00	2,273 24

**TAX CODES**

PUT - TELEPHONE/TELEGRAPH

0 00	0 00	2,273 24
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**TOTAL CLAIM** 2,273 24

\* An asterisk in this column indicates that tax liability is estimated based on the best information available since actual returns have not been filed. This claim will be adjusted when actual returns are filed.

<p><b>STATE OF MICHIGAN] SS</b> <b>COUNTY OF INGHAM]</b></p> <p>Sworn to me this <u>15th</u> day of <u>August</u> 2003</p> <p><i>[Signature]</i> Notary Public Ingham County Michigan</p> <p>My commission expires <u>SEPTEMBER 9 2007</u></p>	<p><u>SANDRA M BRAUN</u> being duly sworn deposes and says (s)he is authorized to act for the Department of Treasury and to the best of her/his knowledge and belief the defendant is indebted to the State of Michigan in this amount</p> <p>Signature <i>[Signature]</i></p>
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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re Allegiance Telecom, Inc , et al  
Case No 03-13057-(RDD)-11**

**DOCUMENTS APPENDED TO CLAIM**

On August 1, 2005, document(s) were appended to Claim Numbers **1723, 432, 3001, 385, 386, 1103 and 1104** for the following reason(s)

- Stipulation/Order
- New Supporting Documents
- Change of Address
- Stipulation and Agreed Order
- Other Docket Number 2259 EOD 7/29/05

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_ X  
In re

Allegiance Telecom, Inc , et al ,

Debtors  
\_\_\_\_\_ X

Chapter 11 Case No  
03-13057 (RDD)

Jointly Administered

**STIPULATION AND AGREED ORDER RESOLVING CLAIMS OF  
THE STATE OF MICHIGAN, DEPARTMENT OF TREASURY**

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 the State of Michigan, Department of Treasury (the "Claimant") The parties hereby stipulate and agree as follows

WHEREAS, on May 14, 2003, Allegiance Telecom, Inc ("ATI") and its direct and indirect subsidiaries (collectively, the "Debtors") commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York, Case No 03-13057 (RDD) (the "Bankruptcy Court"), and

WHEREAS, the Debtors' chapter 11 cases were consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and

WHEREAS, on June 8, 2004, the Debtors filed their Third Amended Joint Plan of Reorganization (the "Plan") with the Bankruptcy Court and the Bankruptcy 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, on June 23, 2004, the Plan went effective for certain Allegiance Debtors (the “Initial Effective Date”), and

WHEREAS, in accordance with the terms of the Plan, on the Initial Effective Date, 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, the purpose of the ATLT is to, among other things, (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, on or about August 29, 2003 the Claimant filed priority tax claim number 432 alleging a claim of \$2,273 24 for unpaid interest relating to telephone/telegraph tax for the 2001 tax year (the “First Proof of Claim”), and

WHEREAS, on or about November 17, 2003, the Claimant filed amended priority tax claim number 1723 alleging a claim of \$160,253 85 for unpaid telephone/telegraph tax for the 2002 tax year (the “First Amended Proof of Claim”), and

WHEREAS, on or about December 10, 2004, the Claimant filed a second amended priority tax claim number 3001 in the amount of \$86,656 46, arising from a revised tax deficiency of \$84,383 22 (the “Second Amended Proof of Claim”) for unpaid telephone/telegraph tax for the 2002 tax year (together with (i) the First Proof of Claim, (ii) the First Amended Proof of Claim and (iii) claim numbers 385, 386, 1103, 1104 and s2207 filed by the Claimant, the “Proofs of Claim”), and

WHEREAS, on or about January 18, 2005, Claimant mailed a 2003 tax refund check in the amount of \$40,957 08 to ATI’s former headquarters address at 9201 N Central Expressway, Dallas, TX and was received and deposited by XO Communications, Inc on or about January 26, 2005, and

WHEREAS, on or about March 28, 2005, the Debtors filed the Nineteenth Omnibus Objection to Certain Proofs of Claim (the “Nineteenth Omnibus Objection”) by which the Debtors, among other things, objected to the Second Amended Proof of Claim on the grounds that such claim was late filed after the November 26, 2003 claims bar date (the “Bar Date”) against one or more of the Debtors in these chapter 11 cases, and

WHEREAS, the Claimant responded to the Nineteenth Omnibus Objection formally on or about April 1, 2005 (Docket No 2118), prior to the deadline for responding to the Nineteenth Omnibus Objection, and

WHEREAS, the Claimant has not filed any proofs of claim in these chapter 11 cases besides the Proofs of Claim described above, and

WHEREAS, the ATLT and the Claimant have negotiated in good faith at arm’s length and have reached a consensual resolution, as set forth below, with respect to the Proofs of Claim

**ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS**

1 For the purposes of this Stipulation and Agreed Order, the term “Final Order” shall mean an order approving this Stipulation and Agreed Order 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

2 Upon the entry of a final order (the “Final Order”) approving this Stipulation and Agreed Order, the ATLT shall grant to the Claimant an allowed Priority Tax Claim (as such term is defined in the Plan) of \$84,383.22 (the “Settlement Claim”) in full and complete satisfaction of the remainder of all Claims (as defined in the Plan) held by the Claimant with respect to the Debtors, the Debtors’ estates and/or the ATLT

3 Upon the entry of a Final Order approving this Stipulation and Agreed Order, the ATLT is hereby authorized and directed to expunge from the ATLT’s claims register all proofs of claim, including but not limited to the Proofs of Claim, filed by the Claimant and/or related to the Claim

4 Upon entry of a Final Order, the Claimant, on behalf of itself and its affiliates, 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 (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 or its affiliates have, had, or may have in the future against the Estate Parties including, but not limited to, the Claim

5 As of the date hereof, the Claimant agrees not to file any proofs of claim, motions or requests for the payment of administrative expenses against the ATLT, the Debtors, or the Debtors' estates, whether in these chapter 11 cases or otherwise. The Claimant represents and warrants that it has had an opportunity to consult with its own attorney and fully understands the meaning of the provisions in this Stipulation, including but not limited to the releases included herein.

6 This Stipulation and Agreed Order shall be governed by New York law, 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 and Agreed Order.

7 Except as expressly provided herein, nothing contained in this Stipulation shall be construed as an admission by any of the parties hereto (i) of any alleged liability, fault or wrongdoing, or (ii) that any of the claims are without merit or lack validity.

8 The undersigned on behalf of the ATLT and the Claimant each represents and warrants that he or she has been duly authorized and empowered to execute and deliver this Stipulation and Agreed Order on behalf of such party. The Claimant represents and warrants to the ATLT that, as of the date hereof, it is the sole holder of all Claims against the Debtors, the Debtors' estates and the ATLT related to the Proofs of Claim and the Claimant has not assigned, sold, or otherwise transferred



any Claims against the Debtors, the Debtors' estates or the ATLT

9 This Stipulation and Agreed Order is subject to approval by the Bankruptcy Court and the entry of a Final Order by the Bankruptcy Court, provided, however, that the parties shall support such Bankruptcy Court approval and comply with this Stipulation and Agreed Order pending the Bankruptcy Court's entry of a Final Order approving or disapproving this Stipulation and Agreed Order

10 Neither this Stipulation and Agreed Order 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 and Agreed Order

11 This Stipulation and Agreed Order 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 and Agreed Order. The parties understand and agree that this Stipulation and Agreed Order may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by both parties. The parties agree and acknowledge that they will make no claim at any time or place that this Stipulation and Agreed Order has been orally altered or modified or otherwise changed by oral communication of any kind or character

12 This Stipulation and Agreed Order 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.

13 This Stipulation and Agreed Order shall be binding upon (i) the ATLT, as successor to the Debtors, (ii) the Claimant and (iii) their respective 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  
July 19, 2005

**ALLEGIANCE TELECOM LIQUIDATING  
TRUST**

**THE STATE OF MICHIGAN,  
DEPARTMENT OF TREASURY**

By /s/ Randall Olson  
Randall Olson  
Allegiance Telecom Liquidating Trust  
1405 S Beltline Road, Suite 100  
Coppell, Texas 75019

By /s/ Roland Hwang  
Roland Hwang, Assistant Attorney General  
525 Ottawa St 2<sup>nd</sup> Flr  
PO Box 30754  
Lansing, MI 48909

and

As Agent for the State of Michigan,  
Department of Treasury

**AKIN GUMP STRAUSS HAUER & FELD  
LLP**

By /s/ Jeffrey M Anapolsky  
Ira S Dizengoff, Esq (ID-9980)  
Phil C Dublin, Esq (PD-4919)  
Kenneth A Davis, Esq (KD-9070)  
Jeffrey M Anapolsky, Esq (JA-8867)  
590 Madison Avenue  
New York, New York 10022  
Telephone (212) 872-1000

Counsel to the Allegiance Telecom  
Liquidating Trust

SO ORDERED, this 29th day of July 2005

/s/Robert D Drain  
UNITED STATES BANKRUPTCY JUDGE