FORM 10 PROOF OF CLAIM

United States Bankruptcy C SOUTHERN District of NEW YORK MANHATTAN DIVISION	PROOF OF CLAIM
In re *(Name of Debtor)* ALLEGIANCE TELECOM INC	Case Number 03 13057 RDD 11

FILED
U S B C SOUTHERN DISTRICT OF NEW YORK
ALLEGIANCE TELECOM, INC
03-13057 (RRD)
427

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 an administrative expense may be filed pursuant to 11 U S C § 503

Name of Creditor *(The person or entity to whom the debtor owes money or property)* JPMORGAN CHASE BANK	☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim Attach a copy of statement giving particulars
Name and Address Where Notices Should be Sent P O Box 660197 Dallas Texas 75266 0197 Attention Michael B Phillips Telephone No (214) 965 2063	☐ Check box if you never received any notices from the bankruptcy court in this case ☐ Check box if this address differs from the address on the envelope sent to you by the court

THIS SPACE IS FOR COURT USE ONLY

ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR Letter of Credit #D 237320 – CD #08806351373	Check here if this claim ☐ replaces ☐ amends a previously filed claim dated _____

REC'D SEP 2 2 2003

1 BASIS FOR CLAIM

- ☐ Goods Sold
- ☐ Services Performed
- ☒ Money Loaned (LC not drawn as of this date)
- ☐ Personal Injury/Wrongful Death
- ☐ Taxes
- ☐ Other –
- ☐ Retiree benefits as denied in 11 U S C § 1114(a)
- ☐ Wage salaries and commissions *(Fill out below)*
  Your social security number _____
  Unpaid compensation for services performed
  from _____ to _____ *(fill in dates)*

2 DATE DEBT WAS INCURRED May 7 2003

3 IF COURT JUDGMENT DATE OBTAINED

4 CLASSIFICATION OF CLAIM Under the Bankruptcy Code all claims are classified as one or more of the following (1) Unsecured nonpriority (2) Unsecured Priority (3) Secured It is possible for part of a claim to be in one category and part in another

CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and STATE THE AMOUNT OF THE CLAIM

☒ SECURED CLAIM $ 300 000 00

Attach evidence of perfection of security Interest

Brief Description of Collateral

☐ Real Estate ☐ Motor Vehicle ☒ Other *(Describe briefly)* CD

Amount of arrearage and other charges included in secured claim above if any $_____

☐ UNSECURED NONPRIORITY CLAIM $ _____

A claim is unsecured if there is no collateral or lien on property of the debtor securing the claim or to the extent that the value of such property is less than the amount of the claim

☐ UNSECURED PRIORITY CLAIM $_____

Specify the priority of the claim

- ☐ Wages salaries or commissions (up to $2000 earned not more than 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 $900 of deposits toward purchase lease or rental of property or services for personal family or household use – 11 U S C § 507(a)(6)
- ☐ Taxes or penalties of governmental units – 11 U S C § 507(a)(7)
- ☐ Other 11 U S C §§ 507(a)(2) (a)(3) *(Describe briefly)*

5 TOTAL AMOUNT OF CLAIM AT TIME CASE FILED

$_____ (Unsecured)	$300 000 00 (Secured)	$_____ (Priority)	$300 000 00 (Total) **

☐ Check this box if claim includes prepetition charges in addition to the principal amount of the claim Attach itemized statement of additional charges **plus all attorney s fees and costs as allowed by law

6 CREDITS AND SETOFFS The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim In filing this claim claimant has deducted all amounts that claimant owes to debtor

7 SUPPORTING DOCUMENTS Attach copies of supporting documents such as promissory notes purchase orders invoices itemized statements of running accounts contracts court judgments or evidence of security interests If the documents are not available explain If the documents are voluminous attach a summary

8 TIME 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

Allegiance Claim
00455

THIS SPACE IS FOR COURT USE ONLY

SEP 2003

Date	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)
September 8 2003	MICHAEL B PHILLIPS VICE PRESIDENT JPMORGAN CHASE BANK

JPMorgan

JPMorgan Chase Bank
Global Trade Services

FILE COPY

ISSUE DATE. MAY 09, 2003
L/C NO D-237320

Advising Bank

********** DIRECT **********

APPLICANT
ALLEGIANCE TELECOM COMPANY
WORLDWIDE
9201 N CENTRAL EXPRESSWAY STE 500
DALLAS, TX 75231-5916

Beneficiary

MARK TRESNOWS
525 INVERWA,
INVERNESS, IL 60067

AMOUNT USD 300,000 00
(THREE HUNDRED THOUSAND
AND 00/100 UNITED STATES
DOLLARS)

(1) WE HEREBY ESTABLISH IN YOUR FAVOR THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO D-237320 (THIS "LETTER OF CREDIT") FOR THE ACCOUNT OF ALLEGIANCE TELECOM, INC IN AN AGGREGATE AMOUNT OF THREE HUNDRED THOUSAND DOLLARS AND 00/100 ($300,000 00) (THE "STATED AMOUNT") THIS LETTER OF CREDIT IS EFFECTIVE IMMEDIATELY AND AUTOMATICALLY EXPIRES ON JANUARY 31, 2004 (THE "EXPIRATION DATE") WITHOUT RENEWAL AT THE CLOSE OF BANKING BUSINESS AT THE COUNTERS OF JPMORGAN CHASE BANK AND SUBJECT TO EARLIER TERMINATION AS SET FORTH IN THIS LETTER OF CREDIT ALL REFERENCES TO "DOLLARS" OR "$" HEREIN AND IN ANY CERTIFICATE DELIVERED PURSUANT HERETO SHALL MEAN LAWFUL MONEY OF THE UNITED STATES OF AMERICA

(2) THE STATED AMOUNT IS AVAILABLE TO BE DRAWN IN A ONE, TWO OR THREE DRAWINGS, AGAINST PRESENTATION OF YOUR DRAWING CERTIFICATE(S) IN THE FORM ATTACHED HERETO (THE "DRAWING CERTIFICATE") THE DRAWING CERTIFICATE SHALL HAVE ALL BLANKS APPROPRIATELY FILLED IN AND SHALL BE SIGNED BY YOU AND SHALL BE IN THE FORM OF A LETTER ON YOUR LETTERHEAD AND DELIVERED TO US BY COURIER

(3) WE HEREBY AGREE THAT A DRAW UNDER THIS LETTER OF CREDIT WILL BE DULY HONORED BY US UPON DELIVERY OF A DRAWING CERTIFICATE IN COMPLIANCE WITH THE TERMS HEREOF ON OR PRIOR TO THE EXPIRATION DATE WE HEREBY FURTHER AGREE WITH YOU THAT IF A DRAWING CERTIFICATE IN COMPLIANCE WITH THE TERMS HEREOF IS PRESENTED TO JPMORGAN CHASE BANK, UNDER THIS LETTER OF CREDIT AT OR PRIOR TO 9 00 A M NEW YORK TIME ON A BUSINESS DAY, PAYMENT SHALL BE EFFECTED BY US IN IMMEDIATELY AVAILABLE FUNDS BY THE CLOSE OF BUSINESS ON SUCH BUSINESS DAY IF A DRAWING CERTIFICATE IN COMPLIANCE WITH THE TERMS HEREOF IS PRESENTED TO JPMORGAN CHASE BANK, UNDER THIS LETTER OF CREDIT AFTER 9 00 A M NEW YORK TIME ON A BUSINESS DAY, PAYMENT SHALL BE EFFECTED BY US IN IMMEDIATELY AVAILABLE FUNDS ON THE FOLLOWING BUSINESS DAY AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF NEW YORK ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE

(4) PAYMENTS UNDER THIS LETTER OF CREDIT SHALL BE MADE TO YOU BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS IN ACCORDANCE WITH THE WIRE TRANSFER INSTRUCTIONS SPECIFIED IN THE DRAWING CERTIFICATE YOUR ACCOUNT MAY BE CHANGED ONLY BY PRESENTATION TO

-CONTINUED-

Authorized Signature

JPMorgan
JPMorgan Chase Bank
Global Trade Services

FILE COPY

ISSUE DATE MAY 09, 2003
L/C NO D-237320

Advising Bank

********** DIRECT **********

APPLICANT
ALLEGIANCE TELECOM COMPANY
WORLDWIDE
9201 N CENTRAL EXPRESSWAY STE 500
DALLAS, TX 75231-5916

Beneficiary

MARK TRESNOWSKI
525 INVERWAY
INVERNESS, IL 60067

AMOUNT USD 300,000 00
(THREE HUNDRED THOUSAND
AND 00/100 UNITED STATES
DOLLARS)

US OF A LETTER SATISFACTORY TO US SPECIFYING A DIFFERENT ACCOUNT AND EXECUTED BY YOU

(5) THIS LETTER OF CREDIT IS SUBJECT TO THE UCP500, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE U S FEDERAL LAW

(6) ONLY YOU (OR THE EXECUTOR OR ADMINISTRATOR OF YOUR ESTATE OR BY THE PERSON(S) TO WHOM YOUR RIGHTS HEREUNDER WILL PASS BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION) UPON PRESENTATION OF APPROPRIATE DOCUMENTS ACCEPTABLE TO US) MAY MAKE A DRAWING UNDER THIS LETTER OF CREDIT.

(7) UPON PAYMENT AS PROVIDED IN SECTION 3 ABOVE OF THE AMOUNT SPECIFIED IN ANY DRAWING CERTIFICATE, WE SHALL BE FULLY DISCHARGED OF OUR OBLIGATION UNDER THIS LETTER OF CREDIT ONLY WITH RESPECT TO SUCH DRAWING CERTIFICATE UPON THE PAYMENT BY US TO YOU OF THE FULL STATED AMOUNT, THIS LETTER OF CREDIT SHALL AUTOMATICALLY TERMINATE IN ADDITION, THIS LETTER OF CREDIT SHALL IMMEDIATELY TERMINATE UPON RECEIPT OF A WRITTEN NOTICE FROM ALLEGIANCE TELECOM COMPANY WORLDWIDE STATING THAT THIS LETTER OF CREDIT IS NO LONGER IN EFFECT BECAUSE YOUR EMPLOYMENT WAS TERMINATED IN ACCORDANCE WITH SECTION 2(B) OF THAT CERTAIN EXECUTIVE RETENTION BONUS AGREEMENT BETWEEN YOU AND ALLEGIANCE TELECOM COMPANY WORLDWIDE DATED ON OR ABOUT MARCH 12, 2003

(8) ALL PAYMENTS UNDER THIS LETTER OF CREDIT SHALL BE MADE FROM JPMORGAN CHASE BANK OUR OWN FUNDS

(9) IF A PURPORTED DRAW BY YOU HEREUNDER DOES NOT, IN ANY INSTANCE, COMPLY WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, WE SHALL PROMPTLY GIVE YOU NOTICE BY TELECOPIER THAT THE PURPORTED DRAW WAS NOT EFFECTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT AND STATING THE REASONS THEREFORE SUCH NOTICE SHALL BE GIVEN TO MARK B TRESNOWSKI, 525 INVERWAY, INVERNESS, IL 60067. UPON BEING NOTIFIED THAT THE PURPORTED DRAW WAS NOT EFFECTED IN ACCORDANCE WITH THIS LETTER OF CREDIT, YOU MAY ATTEMPT TO CORRECT ANY SUCH NONCONFORMING DRAW IF, AND TO THE EXTENT THAT, YOU ARE ABLE TO DO SO PRIOR TO THE EXPIRATION DATE

(10) COMMUNICATIONS WITH RESPECT TO THIS LETTER OF CREDIT SHALL

-CONTINUED-

Authorized Signature

JPMorgan

JPMorgan Chase Bank
Global Trade Services

FILE COPY

ISSUE DATE: MAY 09, 2003
L/C NO D-237320

Advising Bank

********** DIRECT **********

APPLICANT
ALLEGIANCE TELECOM COMPANY
WORLDWIDE
9201 N CENTRAL EXPRESSWAY STE 500
DALLAS, TX 75231-5916

Beneficiary

MARK TRESNOWSKI
525 INVERWAY
INVERNESS, IL 60067

AMOUNT USD 300,000.00
(THREE HUNDRED THOUSAND
AND 00/100 UNITED STATES
DOLLARS)

SPECIFICALLY REFER TO THIS LETTER OF CREDIT BY NUMBER AND SHALL BE IN WRITING, AND SHALL BE ADDRESSED TO US AS FOLLOWS.

JPMORGAN CHASE BANK
C/O JPMORGAN TREASURY SERVICES
10420 HIGHLAND MANOR DRIVE
BUILDING 2, 4TH FLOOR
TAMPA, FLORIDA 33610
ATTN: STANDBY LETTER OF CREDIT DEPT

(11) THIS LETTER OF CREDIT SETS FORTH IN FULL OUR UNDERTAKING AND OUR UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED, AMPLIFIED OR LIMITED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN, EXCEPT THE UCP REFERRED TO HEREIN AND THE FORMS ATTACHED HERETO; AND ANY SUCH REFERENCES SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT OR AGREEMENT

COPY

D-237320- -001-L1-01-

Authorized Signature

(2) orig

D880635137

D237300

SECURITY AGREEMENT – PLEDGE OF CERTIFICATE OF DEPOSIT AND ASSIGNMENT OF DEPOSIT ACCOUNTS
(this Agreement")

Allegiance Telecom Company Worldwide
9201 N Central Expwy Suite 500
Dallas, Texas 75231 5916

(whether one or more, "**Debtor**) jointly and severally if more than one, each of whose address pursuant to Section 3 (d) is set forth below under Debtor's name if different than above, and JPMorgan Chase Bank, whose principal office in Texas is located at 712 Main Street, P O Box 2558 Houston, Harris County Texas 77252 2558 (together with its successors and assigns "**Secured Party**") agree as follows

SECTION 1 DEFINITIONS (a) "**Collateral** means all Deposit Accounts and all Proceeds, together with all books and other records of Debtor relating to the Collateral "**Deposit Accounts**" means (i) all of the deposits, deposit accounts, payment intangibles, financial assets and other obligations of each Institution or Issuer listed on Schedule 1 to this Agreement, whether they are deposit accounts negotiable or non negotiable or book entry certificates of deposit, book entry investment time deposits, savings accounts, money market accounts transaction accounts time deposits, negotiable order of withdrawal accounts share draft accounts, demand deposit accounts instruments general intangibles or otherwise, and all funds held in or represented by any of the foregoing, and all successor Deposit Accounts howsoever numbered, and all Deposit Accounts issued in renewal extension or increase of or replacement or substitution for any of the foregoing and (ii) all promissory notes checks cash certificates of deposit, passbooks, deposit receipts instruments and any certificates or other records from time to time representing or evidencing the Deposit Accounts described in clause (i) and (iii) any supporting obligations relating to any of the foregoing. (b) **"Control Agreement"** means an authenticated record or records in Proper Form in which Debtor Secured Party and Institution or Issuer have agreed that Institution or Issuer will comply with instructions originated by Secured Party directing disposition of any Collateral without further consent by Debtor (c) **'Highest Lawful Rate** means the maximum nonusurious rate of interest permitted to be charged by applicable Federal or state law governing this Agreement (whichever permits the higher lawful rate) from time to time in effect To the extent that Texas law determines the Highest Lawful Rate the Highest Lawful Rate is the weekly rate ceiling as defined in the Texas Finance Code Chapter 303 (d) **Institution** or "**Issuer** as to any Deposit Account means the financial institution listed as Institution or Issuer as appropriate, on Schedule 1 or the issuer or institution with respect to any other Deposit Account which constitutes Collateral under this Agreement, together with each successor and assign of any Issuer or Institution (e) "**Obligations**" means all debts, obligations and liabilities of every kind and character of Debtor whether joint or several, contingent or otherwise, now or hereafter existing in favor of Secured Party arising under or from that one certain letter of credit application dated April 28 2003, issued on or about May 9 2003 in the amount of $300 000 00 wherein Debtor is the applicant and MARK TRESNOWSKI is the beneficiary with an initial expiry date of January 31 2004 as renewed from time to time, whether payable to Secured Party or to a third party and subsequently acquired by Secured Party (f) "**Past Due Rate**" means the Highest Lawful Rate or if applicable law does not provide for a maximum nonusurious rate, then 18% (g) '**Proceeds** means all products and proceeds of all Collateral including but not limited to all interest, dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in connection with the sale lease, pledge, exchange or other disposition of any of the Collateral (h) "**Proper Form** means in form and substance satisfactory to Secured Party (i) **Security Interest**" means the pledge, security interests and assignment created by this Agreement. (j) "UCC means the Texas Uniform Commercial Code as amended from time to time if this Agreement is governed by Texas law or the New York Uniform Commercial Code as amended from time to time if this Agreement is governed by New York law (k) All terms defined in the UCC and used in this Agreement shall have the same definitions herein as specified therein unless otherwise defined in this Agreement

SECTION 2 CREATION OF SECURITY INTEREST AND CONTROL OF COLLATERAL To secure the payment and performance of the Obligations, Debtor grants to Secured Party a security interest in pledges and assigns to Secured Party all Collateral owned by Debtor or in which Debtor has rights or the power to transfer rights and all Collateral in which Debtor later acquires ownership other rights or the power to transfer rights Debtor hereby grants and provides to Secured Party control of all Collateral and presentation of a copy of this Agreement to any Institution or Issuer is Debtor's authentication of an irrevocable instruction by Debtor to the Institution or Issuer to follow the instructions of Secured Party with respect to any Collateral without further consent of Debtor

SECTION 3 DEBTOR'S REPRESENTATIONS AND WARRANTIES Debtor represents and warrants to Secured Party that the following are true and correct and will remain so until this Agreement is terminated except as noted in the attached letter from Debtor dated January 31 2003 (a) Debtor is the sole and lawful owner of the Collateral free and clear of all liens, security interests, encumbrances and adverse claims, and has the right and power to assign and transfer the Collateral to Secured Party and to assign, pledge and grant to Secured Party the Security Interest. No financing statement or similar record covering the Collateral other than in favor of Secured Party is on file in any public office. The Security Interest does not violate the rights of any person No agreement is in effect providing control of the Collateral to any other person other than Secured Party except for control arising automatically under the UCC in favor of a depository bank There are no restrictions on transfer assignment or pledge of the Collateral except as created by this Agreement. Debtor has obtained any consents necessary to execute, deliver and perform Debtor s obligations under this Agreement and for Secured Party to enforce the Security Interest. (b) This Agreement constitutes the legal valid and binding obligation of Debtor enforceable in accordance with its terms, except as may be limited by bankruptcy insolvency and other similar laws affecting creditors' rights generally (c) The Collateral and the Debtor's use thereof comply with all applicable laws, rules and regulations. (d) The address set forth in this Agreement is (i) Debtor s principal residence, if Debtor is an individual (ii) Debtor s chief executive office, if Debtor is not an individual and has more than one place of business, or (iii) Debtor s place of business if Debtor is not an individual and has only one place of business (e) If Debtor is a registered organization, it is organized under the laws of the state or foreign jurisdiction set forth under Debtor's certification below (f) If Debtor is an individual Debtor s correct name is set forth above in this Agreement. If Debtor is a registered organization Debtor s name as set forth above in this Agreement is its correct name as indicated on the public record of Debtor s jurisdiction of organization which shows Debtor to have been organized. If Debtor is neither a registered organization nor an individual the name of Debtor set forth in this Agreement satisfies the requirements of the UCC for providing the name of Debtor in any financing statement related hereto including by example only if a Debtor is a trust, the name of Debtor is the name specified for the trust in Debtor s organic document and if Debtor is an organization other than a registered organization, a trust or a decedent s estate and Debtor has a name, the name of Debtor is the organizational name of Debtor If Debtor uses any trade or assumed names Debtor has properly filed of record in the appropriate filing office all those trade names and has delivered to Secured Party a list of all of Debtor s assumed or trade names. (g) Upon the taking of all other actions necessary to perfect the Security Interest, this Agreement will create a valid and perfected first priority continuing security interest in the Collateral securing the Obligations.

SECTION 4 DEBTOR'S AGREEMENTS Except as noted in the attached letter from Debtor dated January 31 2003 (a) Debtor will warrant and defend Debtor s title in and to the Collateral and Secured Party's Security Interest against any adverse claimant. (b) Notwithstanding the Security Interest in Proceeds, Secured Party does not authorize and Debtor agrees not to sell transfer assign or otherwise dispose of any interest in the Collateral or grant any security interest in the Collateral or provide any other person with control over the Collateral except control by Secured Party or as authorized in writing by Secured Party and Debtor will keep the Collateral (including

Proceeds) free from unpaid charges, including taxes and assessments, and from all liens and security interests, recoupment and offsets, claims and other encumbrances other than those in favor of Secured Party (c) Debtor will furnish Secured Party all records and other information Secured Party may reasonably request. (d) Debtor will notify Secured Party promptly of any event or condition that could have a significant effect on the aggregate value of the Collateral or on the Security Interest (e) Debtor will not change Debtor's chief executive office without providing Secured Party 60 days prior written notice. Debtor will not change its legal identity, name corporate structure or the jurisdiction in which it is organized without the prior written consent of Secured Party which shall not be unreasonably withheld, and shall notify Secured Party 60 days prior to a request for consent of its intention or desire to so change. (f) Debtor will keep accurate books and other records regarding the Collateral and will allow Secured Party to inspect the Collateral and make test verifications of the Collateral and make copies (including electronic copies) of its books and other records during regular business hours (g) Debtor will and will cause each Institution or Issuer that is not Secured Party to execute and deliver to Secured Party a Control Agreement in Proper Form The form set forth in Schedule 2 is deemed to be in Proper Form when properly completed, executed and delivered to Secured Party Debtor acknowledges and agrees that if Secured Party is an Institution or Issuer with respect to any Collateral Secured Party has control and all the instructions and agreements of Debtor set forth in the Control Agreement in Schedule 2 shall apply when Secured Party is the Institution or Issuer as though fully copied into this Agreement and is hereby authenticated by Debtor (h) Debtor irrevocably consents to the disclosure by Institution, Issuer and Secured Party to and among each other of information regarding Debtor s relationship with each party (i) Debtor irrevocably authorizes each Institution and Issuer to send all statements notices and other records covering the Collateral to Secured Party and to restyle any Collateral in the name of Secured Party and authorizes Secured Party to direct any Institution and Issuer to comply with instructions originated by Secured Party directing disposition of the Collateral without further consent of Debtor (j) Debtor agrees represents and warrants that if any Collateral includes now or hereafter an International Banking Facility Time Deposit (as defined in Regulation D of the Board of Governors of the Federal Reserve System) any extensions of credit made by Secured Party in reliance on this Agreement and such Collateral shall be used to support only non U S activities of Debtor or its foreign affiliates. (k) If any Collateral is or becomes in the possession of another person Debtor will join with Secured Party in notifying the third party of the Security Interest and obtaining an acknowledgement from that person that it is holding the Collateral as bailee for the sole benefit of Secured Party and cause a Control Agreement in Proper Form to be executed by such person (l) Secured Party shall have the right at any time to enforce Debtor s rights against any person liable on the Collateral (m) Debtor has the risk of loss of the Collateral (n) Debtor will not deposit any Proceeds into a deposit account which is not maintained with Secured Party unless the deposit account is subject to a Control Agreement in Proper Form (o) Debtor will promptly advise Secured Party of any claims by or defenses of any Institution or Issuer or other persons liable on the Collateral which affect the value of the Collateral

SECTION 5 FURTHER ASSURANCES Debtor will promptly deliver to Secured Party all certificates of deposit, receipts, certificated securities, and instruments constituting representing or evidencing any Collateral in suitable form for transfer by delivery or accompanied by instruments of control assignment or transfer duly executed in blank and in Proper Form and obtain any consents of any person obligated on any Collateral for the enforcement by Secured Party of the Security Interest. Secured Party may file this Agreement, or any financing statements or amendments thereto or other record wherever Secured Party believes necessary or appropriate to perfect the Security Interest, including but not limited to any official filing office, or in any other recording, registration or certificate-of-title system The financing statement or other record may (a) indicate the Collateral as being of an equal or lesser scope or with greater detail than set forth in this Agreement and (b) contain any other information required by the UCC or other law regarding the notification or acknowledgement of a security interest, lien assignment or other right to direct disposition, for the sufficiency of the filing office s or other registrar s acceptance of any financing statement or other record including if Debtor is an organization the type of organization and any organization identification number issued to Debtor Debtor also ratifies Debtor s authorization for Secured Party s filing of any financing statements covering the Collateral in any jurisdiction prior to the date hereof A photographic or other reproduction of this Agreement or any financing statement relating to this Agreement will be sufficient as a financing statement. Debtor authorizes Secured Party and irrevocably appoints Secured Party as Debtor's attorney in fact to file any financing statement relating to this Agreement electronically and Secured Party's transmission of Debtor's name as part of any filing relating to this Agreement will constitute Debtor's signature on and authentication of the financing statement. Debtor will take such action as Secured Party may at any time require to create, attach, perfect, protect, assure the first priority of and to enforce the Security Interest and to provide and ensure Secured Party s control of the Collateral

SECTION 6. SECURED PARTY APPOINTED ATTORNEY-IN-FACT Debtor authorizes and irrevocably appoints Secured Party as Debtor's attorney in fact to take any action and execute or otherwise authenticate any documentation or other record that Secured Party considers necessary or advisable to accomplish the purposes of this Agreement, including but not limited to the following actions (1) to endorse and collect all checks, drafts other payment orders and instruments representing or included in the Collateral or representing any payment dividend or distribution relating to any Collateral or to take any other action to enforce, collect or compromise any of the Collateral (2) to transfer any Collateral into the name of Secured Party or its nominee or any broker-dealer which may be an affiliate of Secured Party and to execute any Control Agreement on Debtor's behalf and as attorney in fact for Debtor in order to perfect Secured Party's first priority and continuing Security Interest in the Collateral and in order to provide Secured Party with control of the Collateral and Debtor's signature on this Agreement or other authentication of this Agreement shall constitute an irrevocable direction by Debtor to any bank, custodian broker-dealer any other securities intermediary or commodity intermediary holding any Collateral to comply with the instructions or entitlement orders of Secured Party without further consent of Debtor (3) to exercise any right, privilege or option pertaining to any Collateral but Secured Party has no obligation to do so (4) to file any claims, take any actions or institute any proceedings which Secured Party determines to be necessary or appropriate to collect or preserve the Collateral or to enforce Secured Party's rights with respect to the Collateral (5) to execute in the name of or otherwise authenticate on behalf of Debtor any record reasonably believed necessary or appropriate by Secured Party for compliance with laws, rules or regulations applicable to any Collateral or Debtor in connection with exercising Secured Party s rights under this Agreement including but not limited to providing any tax certifications or execution of agreements with any Institution Issuer or other person concerning the Collateral (6) to do and take any and all actions with respect to the Collateral in accordance with the terms of this Agreement and under applicable law and to perform any of Debtor s obligations under this Agreement. This appointment is irrevocable and coupled with an interest and shall survive the death or disability of Debtor

SECTION 7 COSTS AND EXPENSES To the maximum extent not prohibited by applicable law Debtor will pay, or reimburse Secured Party for all reasonable costs and expenses of every character incurred from time to time in connection with this Agreement and the Obligations, including reasonable costs and expenses incurred (a) for recording any record in connection with this Agreement, mortgage or recording taxes (b) to satisfy any obligation of Debtor under this Agreement or to protect or preserve the Collateral, (c) in connection with the evaluation monitoring or administration of the Obligations or the Collateral (whether or not an Event of Default has occurred) including searches of any lien or organization records, and (d) in connection with the exercise of Secured Party's rights and remedies Costs and expenses include reasonable fees and expenses of outside counsel and other outside professionals and reasonable charges imposed or allocated for the services of attorneys employed by Secured Party or its affiliates and out-of pocket expenses related to same. Any amount owing under this Section will be due and payable within 30 days of invoice and will bear interest from the due date until paid at the Past Due Rate. If any part of the Obligations is governed by the Consumer Restrictions (as defined in Section 12) this Section is limited to the extent required by the Consumer Restrictions with respect to those Obligations.

SECTION 8 WAIVERS Debtor waives all suretyship defenses that may lawfully be waived, including but not limited to notice of acceptance of this Agreement, notice of the incurrence or acquisition of any Obligations credit extended, collateral received or delivered or other action taken in reliance on this Agreement, notices and all other demands and notices of any description With respect to both Obligations and the Collateral Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution

exchange or release of or failure to perfect a security interest in any collateral to the addition or release of any person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement compromising or adjusting of any thereof, all in such manner and at such time or times as Secured Party may deem advisable To the extent not prohibited by applicable law Debtor further waives (i) diligence and promptness in preserving liability of any person on the Obligations, and in collecting or bringing suit to collect the Obligations (ii) all rights, if any of Debtor under Rule 31 Texas Rules of Civil Procedure or Chapter 34 of the Texas Business and Commerce Code or Section 17 001 of the Texas Civil Practice and Remedies Code (iii) to the extent Debtor is subject to the Texas Revised Partnership Act ('TRPA ') compliance by Secured Party with Section 3 05(d) of TRPA (iv) notice of extensions renewals, modifications, rearrangements and substitutions of the Obligations (v) failure to pay any of the Obligations as they mature, any other default, adverse change in any obligor s or any Debtor s financial condition, release or substitution of Collateral subordination of Secured Party's rights in any collateral, and every other notice of every kind Nothing in this Agreement is intended to waive or vary the duties of Secured Party or the rights of Debtor or any obligor in violation of Section 9 602 of the UCC

SECTION 9 DEFAULT Each of the following events or conditions is an **Event of Default** " (a) Debtor fails to pay when due (or within any contractually agreed grace period) any of the Obligations, (b) any event occurs that results in the automatic acceleration of any Obligations or gives Secured Party the immediate right to declare any of the Obligations due and payable in full prior to final maturity· (c) any warranty representation or statement contained in this Agreement or made in connection with this Agreement or any of the Obligations was false or misleading in any respect when made, (d) Debtor violates any covenant, condition or agreement contained in this Agreement or any other document relating to any of the Obligations (e) any Collateral is lost, stolen substantially damaged, destroyed, abandoned, levied upon seized or attached (f) Debtor conceals or removes any part of the Collateral with intent to hinder delay or defraud Secured Party· (g) Secured Party receives at any time a report indicating that Secured Party s Security Interest is not prior to all other security interests, assignments or other interests in the Collateral reflected in such report, (h) Secured Party ceases to have or fails to obtain control of any Collateral. (i) Debtor fails to comply with or become subject to any administrative or judicial proceeding under any federal state or local hazardous waste or environmental law asset forfeiture or similar law which may result in the forfeiture of property or other law where non-compliance may have a significant effect on the Collateral or Debtor s ability to pay the Obligations After an Event of Default occurs Secured Party may without notice to any person, declare the Obligations to be immediately due and payable. **Debtor WAIVES demand, presentment and all notices, including without limitation notice of dishonor and default, notice of intent to accelerate and notice of acceleration**

SECTION 10 SECURED PARTY'S RIGHTS AND REMEDIES Debtor hereby irrevocably authorizes and empowers Secured Party at its option at any time and from time to time, for its own use and benefit, either in its own name or in the name of Debtor· (i) to renew the Collateral on such terms and for such period(s) as Secured Party may deem appropriate· (ii) to demand, collect, and receive payment of any and all monies or Proceeds due or to become due under the Collateral (iii) to execute any and all instruments required for the withdrawal or repayment of same, or any part thereof· (iv) to complete in any respect any instrument for the withdrawal or repayment of funds and (v) to take possession of the Collateral or cause the Collateral to be held in the name of Secured Party and to in all respects deal with the Collateral as the owner thereof Notwithstanding the foregoing, Secured Party shall not under any circumstances be deemed to assume any responsibility for or obligation or duty with respect to the Collateral and shall not take any action of any kind to collect, preserve or protect its or Debtor s rights in the Collateral except as required by applicable law To the fullest extent not prohibited by applicable law, Debtor releases Secured Party from any claims, causes of action and demands at any time arising out of or with respect to this Agreement, the use or disposition of the Collateral or any action taken or omitted to be taken by Secured Party in good faith with respect thereto and Debtor hereby agrees to hold Secured Party harmless from and with respect to any and all claims, causes of action and demands

After an Event of Default occurs Secured Party will have all rights and remedies of a secured party after default under the UCC and other applicable law Secured Party may notify any Institution and Issuer and may require payment of any Collateral to Secured Party Debtor agrees that upon an Event of Default it is commercially reasonable for Secured Party to (i) demand payment of any Deposit Account prior to its maturity even if an early withdrawal penalty is imposed as a result; (ii) hold any and all moneys or Proceeds in a cash collateral account or invest such moneys or Proceeds as Secured Party may deem appropriate on behalf of Debtor· or (iii) apply all or any portion of the Collateral in its sole discretion, to all costs and expenses of Secured Party in enforcing its rights and pursuing its remedies hereunder in accordance with Section 7 above, to the payment of interest on the Obligations and any fees or commissions to which Secured Party may be entitled to the payment of principal of the Obligations and, to Debtor or whomsoever may be entitled thereto

SECTION 11 DEBTOR'S IRREVOCABLE INSTRUCTIONS Debtor irrevocably instructs each Institution and Issuer (including Secured Party) to pay funds over to Secured Party upon Secured Party's request under this Agreement or any Control Agreement without further inquiry or consent, and Debtor indemnifies and holds harmless each Institution and Issuer in so doing and each Institution and Issuer may rely on this Agreement in so doing. Except for using reasonable care in the custody and preservation of Collateral in Secured Party s possession and accounting for moneys actually received by it and except as expressly provided in the UCC Secured Party will have no duty as to any Collateral including any duty to preserve rights against prior parties All remedies in this Agreement are cumulative of any and all other legal equitable or contractual remedies available to Secured Party Debtor WAIVES any rights to a marshaling of assets or sale in inverse order of alienation, and any rights to notice except as required by the UCC

SECTION 12 ADDITIONAL AGREEMENTS (a) For so long as any Obligations exist and/or until Secured Party executes and delivers to Debtor an authenticated termination statement, this Agreement will remain in effect. (b) No modification or waiver of the terms of this Agreement will be effective unless in writing and signed by Secured Party and Debtor Secured Party may waive any default without waiving any other prior or subsequent default Secured Party's failure to exercise or delay in exercising any right under this Agreement will not operate as a waiver of such right No single or partial exercise of any right under this Agreement will preclude any other or further exercise of that right or any other right. (c) Any notice required or permitted under this Agreement will be given in a record by United States mail by hand delivery or delivery service, by telegraphic, telex, telecopy or cable communication or electronic message via the Internet sent to the intended addressee at the address shown in this Agreement, or to such different address as the addressee designates by 10 days prior notice to be the address for this Agreement. Notice by United States mail will be effective when mailed. All other notices will be effective when received. Written confirmation or electronic notification of receipt will be conclusive. (d) If any provision of this Agreement is unenforceable or invalid, that provision will not affect the enforceability or validity of any other provision If the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable, that application will not affect the legality or enforceability of the provision as to any other person or circumstance (e) If more than one person executes this Agreement as Debtor their obligations under this Agreement are joint and several and the term Collateral includes any property described in Section 1 that is owned by any Debtor individually or jointly with any other Debtor and the term "Obligations includes both several and joint obligations of each Debtor (f) The section headings in this Agreement are for convenience only and shall not be considered in construing this Agreement. (g) This Agreement may be executed or authenticated in any number of counterparts and by different parties in separate counterparts, each of which will constitute one and the same agreement (h) This Agreement benefits Secured Party and its successors and assigns and is binding on Debtor and Debtor s heirs, legal representatives, successors and assigns and shall bind all who become bound as a debtor to this Security Agreement. Secured Party may assign its rights and interests under this Agreement Debtor shall render performance under this Agreement to any subsequent assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-off which Debtor could assert against Secured Party except those which cannot legally be waived. (i) If any of the Obligations is subject to Chapters 342 or 346 of the Texas Finance Code or Regulation AA of the Board of Governors of the Federal Reserve System (collectively the **Consumer Restrictions**) or is a consumer transaction, (1) nothing in this Agreement waives any rights which cannot be legally waived under the Consumer Restrictions or the UCC, and (2) Collateral securing Obligations subject to the

Consumer Restrictions does not include any assignment of wages or any non possessory non purchase money security interest in household goods (j) This Agreement is governed by the laws of the State of ☒ Texas ☐ New York. (k) Secured Party is executing this Agreement for the purpose of acknowledging and agreeing to the following Jury Trial Waiver the notice given under §26 02 of the Texas Business and Commerce Code and to comply with the waiver requirement of TRPA, and Secured Party's failure to execute or authenticate this Agreement will not invalidate this Agreement

JURY TRIAL WAIVER. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW DEBTOR AND SECURED PARTY HEREBY KNOWINGLY VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY DEBTOR OR SECURED PARTY MAY HAVE IN ANY ACTION OR PROCEEDING IN LAW OR IN EQUITY, IN CONNECTION WITH THIS AGREEMENT OR THE OBLIGATIONS DEBTOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF SECURED PARTY HAS REPRESENTED EXPRESSLY OR OTHERWISE THAT SECURED PARTY WILL NOT IN THE EVENT OF LITIGATION SEEK TO ENFORCE THIS RIGHT TO JURY TRIAL WAIVER. DEBTOR ACKNOWLEDGES THAT SECURED PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY AMONG OTHER THINGS THE PROVISIONS OF THIS WAIVER.

This written loan agreement represents the final agreement of the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties

Executed effective as of May 9 2003

Debtor certification for all non individuals Debtor certifies that it is organized under the laws of the State of Delaware if a U S Debtor and if not a U S Debtor the laws of _____

DEBTOR. Allegiance Telecom Company Worldwide

Section 3 (d) Address (if different from the address set forth above) _____

BY Christine Kornegay TITLE VP-Finance & Controller

BY _____ TITLE _____

Secured Party is signing below to acknowledge the above agreement as the final agreement of the parties and for its agreement for the above Jury Trial Waiver and if Secured Party is an Institution or Issuer listed on Schedule 1 Secured Party acknowledges that such Collateral has been assigned to Secured Party and is and will be subject to a security interest in favor of Secured Party and that Secured Party has control of the Collateral and Secured Party s Security Interest has been recorded in Secured Party s books and records and that Secured Party as the Institution or Issuer will follow the instructions of Secured Party without any further consent of Debtor

SECURED PARTY JPMorgan Chase Bank
712 Main Street
P O Box 2558
Houston, Texas 77252 2558

By _____
Name. MAE REEVES Title VICE PRESIDENT

SCHEDULE 1

TO SECURITY AGREEMENT PLEDGE OF
CERTIFICATE OF DEPOSIT AND
ASSIGNMENT OF DEPOSIT ACCOUNTS

JPMorgan Chase Bank IS INSTITUTION/ISSUER

Nature of Deposit (Money Mkt. Investment, Savings, CD other)	Location (NY IBF NY, TX)	Contract, receipt or Certificate No	Issue or Opening Date	Maturity Date	Principal Amount
Certificate of Deposit	**TX**	**08806351373**	**05/07/03**	**05/07/04**	**$300,000 00**

SCHEDULE 2

SECURITY AGREEMENT – PLEDGE OF CERTIFICATE OF DEPOSIT AND ASSIGNMENT OF DEPOSIT ACCOUNTS

CONTROL AGREEMENT
("Control Agreement)

Date May 9, 2003

Re: Collateral described in attached Security Agreement Pledge of Certificate of Deposit and Assignment of Deposit Accounts (the **Security Agreement)**

The undersigned (whether one or more, **"Debtor"**) jointly and severally if more than one, has pledged, assigned and granted to JPMorgan Chase Bank (together with its successors and assigns, **"Secured Party"**) a security interest in the Collateral as defined in the Security Agreement to secure the Obligations as defined in the Security Agreement.

JP Morgan Chase (together with its successors and assigns, **Financial Institution"**) represents to Secured Party as follows (a) The Collateral described in the Security Agreement and listed on Schedule 1 to the Security Agreement as being held maintained, issued by or the obligation of Financial Institution is a complete and accurate statement and has been endorsed or transferred to Secured Party or recorded in the books and records of Financial Institution in the name of Secured Party (b) That Collateral is a valid and legally binding obligation of the Financial Institution. (c) On the date of this Control Agreement, Financial Institution does not know of any claim to or interest in the Collateral other than the interests of Debtor and Secured Party and Financial Institution has not entered into and will not enter into any other agreement with respect to the Collateral other than with Secured Party (d) Financial Institution s jurisdiction for purposes of Section 9 304 of the Uniform Commercial Code and as determined by 9 304(b) is the State of Texas and Financial Institution will not without Secured Party s prior written consent amend any agreement governing the Collateral so that the secured transaction relating to the Collateral is governed by the law of another jurisdiction 9 304(b) of the Texas Uniform Commercial Code reads as follows

*§ 9 304 **Law Governing Perfection and Priority of Security Interests in Deposit Accounts.***

(b) The following rules determine a bank s jurisdiction for purposes of this subchapter

(1) If an agreement between the bank and the debtor governing the deposit account expressly provides that a particular jurisdiction is the bank s jurisdiction for purposes of this subchapter this Chapter or this title that jurisdiction is the bank s jurisdiction

(2) If Subdivision (1) does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction that jurisdiction is the bank s jurisdiction.

(3) If neither Subdivision (1) nor Subdivision (2) applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit is maintained at an office in a particular jurisdiction, that jurisdiction is the bank s jurisdiction

(4) If none of the preceding Subdivisions applies the bank s jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the customer s account is located.

(5) If none of the preceding paragraphs applies the bank s jurisdiction is the jurisdiction in which the chief executive office of the bank is located.

Debtor irrevocably authorizes and directs Financial Institution to make all notations in Financial Institution s records pertaining to the Collateral that are necessary and appropriate to reflect the above Security Agreement, to establish a new account number for the purpose of holding the Collateral if need be, and to style the Collateral to read JPMorgan Chase Bank Collateral Account for Allegiance Telecom Company Worldwide

or any reasonable abbreviations made by Financial Institution for operational purposes

Debtor irrevocably instructs Financial Institution to follow only instructions received from Secured Party furnished in writing without further consent of Debtor concerning (1) the payment or reinvestment of cash dividends, dividends or distributions and (2) the redemption transfer sale or any other disposition or transaction concerning the Collateral or the income and principal proceeds, substitutions and reinvestment of Collateral and (2) any other matter relating to the Collateral

Debtor also irrevocably authorizes and directs Financial Institution to send all notices, statements and all other communications concerning the Collateral to the following address or any other address Secured Party may specify in writing and Financial Institution agrees to send them to

JPMorgan Chase Bank
8 1111F MS301
P O Box 2558
Houston, TX 77252 2558
Attention Negotiable Collateral Unit

Secured Party may exercise its rights under the Security Agreement, this Control Agreement or other loan papers relating to the Obligations without any further consent of Debtor or any other person Financial Institution is directed to follow all of Secured Party's instructions without investigating the reason for any action taken by Secured Party or the existence of any default. Secured Party's signature alone will be sufficient authority for the exercise of any rights by Secured Party and a receipt from Secured Party alone will be a full release and discharge for Financial Institution Checks for all or any part of the Collateral will be payable only to the order of Secured Party if when and in such amounts as may be requested by Secured Party

Financial Institution acknowledges that the Collateral has been assigned to Secured Party and is and will be subject to a security interest in favor of Secured Party and that Secured Party has control (as defined in the applicable Uniform Commercial Code) of the Collateral and Secured Party s interest has been recorded in Financial Institution s books and records Financial Institution will pay all funds on deposit constituting the Collateral directly to Secured Party upon request of Secured Party

Neither Financial Institution nor any of its respective partners, trustees, officers, employees or affiliates will breach any duty to Debtor if it complies in good faith with the instructions issued by Secured Party any instructions contained in this Control Agreement or fails to comply with any contrary or inconsistent instructions that may subsequently be issued by Debtor Debtor further holds harmless and indemnifies each of them against any claim, loss, cost or expense arising out of any actions or omissions taken (other than gross negligence or willful misconduct) by any person in reliance on or compliance with the instructions of Secured Party and authorizations contained in this Control Agreement or Security Agreement. The instructions contained in this Control Agreement may be revoked and the terms of this Control Agreement may be amended by Debtor only if Financial Institution receives (i) Secured Party's written consent to the revocation or amendment, or (ii) Secured Party's written notification that the Security Agreement has been terminated. The rights and powers granted to Secured Party in this Control Agreement are powers coupled with an interest and will neither be affected by the death dissolution termination of existence or bankruptcy of Debtor nor by the lapse of time.

Financial Institution agrees to and acknowledges that Financial Institution holds the Collateral for and on behalf of Secured Party and as bailee in possession for Secured Party Financial Institution agrees that the Collateral will not be subject to any deduction setoff, recoupment, lien security interest, encumbrance or other right in favor of Financial Institution or any other person except Secured Party Any charges relating to the Collateral will be payable by Debtor and not out of funds of the Collateral Financial Institution will not agree to comply with any third party entitlement orders or instructions concerning the Collateral without the prior written consent of Secured Party Financial Institution will not honor any drafts demands, requests for withdrawal remittance debts transfer orders or other requests and instructions by Debtor with respect to the Collateral after the date of this Control Agreement without the prior written consent of Secured Party The Collateral will be subject to the sole signing authority of Secured Party

All items of income including dividends interest and other income, gain expense and loss recognized in the Collateral must be reported by Financial Institution or Secured Party in the name and tax identification number of Debtor

This Control Agreement benefits Secured Party and its successors and assigns and is binding on Debtor and Financial Institution and their respective heirs, legal representatives, successors and assigns and is enforceable by Secured Party and its successors and assigns This Control Agreement supercedes all prior agreements of Debtor and Financial Institution relating to the Collateral This Control Agreement may not be modified without the prior written consent of Debtor Secured Party or Financial Institution This Control Agreement is governed by ☒ Texas law ☐ New York law

This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties

There are no unwritten oral agreements between the parties

DEBTOR(S)

Christine Kornegay Date 5-9-03

_____ Date_____

_____ Date _____

_____ Date _____

SECURED PARTY JPMorgan Chase Bank

By _____

Title VICE PRESIDENT

ACCEPTED AND AGREED TO BY FINANCIAL INSTITUTION _____

By _____ Date:_____

Print Name:_____

Title _____

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 19, 2005, document(s) were appended to Claim Numbers **366, 452, 453, 454, 455, 456, 457, 458, 466, 2556, 2557, 2558, 2559, and 2598** for the following reason(s)

☐ Stipulation/Order

☐ New Supporting Documents

☐ Change of Address

☐ Stipulation and Order

☒ Other Docket Number 2272 EOD 8/22/05

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re		
Allegiance Telecom, Inc , et al ,		Chapter 11 Case No 03-13057 (RDD)
Debtors		Jointly Administered

STIPULATION AND AGREED ORDER RESOLVING CLAIMS OF JPMORGAN CHASE BANK

This STIPULATION AND AGREED ORDER is by and between the Allegiance Telecom Liquidating Trust (the "ATLT") and JPMorgan Chase Bank, N A , known prior to November 13, 2004 as JPMorgan Chase Bank (the "Claimant") The parties hereby stipulate and agree as follows

I GENERAL BACKGROUND

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

D# 2272

on June 10, 2004, and

WHEREAS, on June 23, 2004, the Plan went effective for certain 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

II THE JPMORGAN CHASE BANK CLAIMS

1 The Six Proofs of Claim

WHEREAS, on or about September 8, 2003, the Claimant filed the following proofs of claim against the Debtors (the "Six Proofs of Claim")

(1) proof of claim numbered 454 against ATI in the amount of $3,000,000 for a contingent, secured claim related to a letter of credit numbered #D 236916 (the "Worldcom LC") that was issued for the benefit of Worldcom, Inc (the "Worldcom Proof of Claim"),

(2) proof of claim numbered 455 against ATI in the amount of $300,000 for a contingent, secured claim related to a letter of credit numbered #D 237320 (the "Tresnowski LC") that

was issued for the benefit of Mark Tresnowski (the "Tresnowski Proof of Claim"),

(3) proof of claim numbered 456 against ATI in the amount of $250,000 for a contingent, secured claim related to a letter of credit numbered #D 237319 (the "Joseph LC") that was issued for the benefit of Kevin Joseph (the "Joseph Proof of Claim"),

(4) proof of claim numbered 457 against ATI in the amount of $115,000 for a contingent, secured claim related to a letter of credit numbered #D 237321 (the "Dumbleton LC") that was issued for the benefit of John Dumbleton (the "Dumbleton Proof of Claim"),

(5) proof of claim numbered 458 against ATI in the amount of $656,000 for a contingent, secured claim related to a letter of credit numbered #D 237318 (the "Holland LC") that was issued for the benefit of Royce Holland (the "Holland Proof of Claim"),

(6) proof of claim numbered 466 against ATI in the amount of $500,000 for a contingent, secured claim related to a letter of credit numbered #D 237331 (the "Yost LC") that was issued for the benefit of C Daniel Yost (the "Yost Proof of Claim"), and

WHEREAS, the Worldcom LC was secured by a certificate of deposit of Allegiance Telecom Company Worldwide ("ATCW") numbered #08806351357 (the "Worldcom CD") in the amount of $3,000,000 that was issued on April 25, 2003 with an initial maturity date of April 25, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, the Tresnowski LC was secured by a certificate of deposit of ATCW numbered #08806351373 (the "Tresnowski CD") in the amount of $300,000 that was issued on May 7, 2003 with an initial maturity date of May 7, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, the Joseph LC was secured by a certificate of deposit of ATCW numbered

#08806351399 (the "Joseph CD") in the amount of $250,000 that was issued on May 7, 2003 with an initial maturity date of May 7, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, the Dumbleton LC was secured by a certificate of deposit of ATCW numbered #08806351381 (the "Dumbleton CD") in the amount of $115,000 that was issued on May 7, 2003 with an initial maturity date of May 7, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, the Holland LC was secured by a certificate of deposit of ATCW numbered #08806351365 (the "Holland CD") in the amount of $656,000 that was issued on May 7, 2003 with an initial maturity date of May 7, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, the Yost LC was secured by a certificate of deposit of ATCW numbered #08806351407 (the "Yost CD") in the amount of $500,000 that was issued on May 7, 2003 with an initial maturity date of May 7, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, as of the date herein, none of the Tresnowski LC, Joseph LC, Dumbleton LC, Holland LC and Yost LC have been drawn, and

WHEREAS, the Worldcom LC was drawn on February 24, 2004, in the amount of $1,404,295 77 and on April 28, 2004, in the amount of $1,595,704 23, and

WHEREAS, on or about December 14, 2004, the ATLT filed its Seventeenth Omnibus Objection to Certain Proofs of Claim, which sought to disallow and expunge the Six Proofs of Claim, and

WHEREAS, on January 25, 2005, the Bankruptcy Court signed an Order granting the Seventeenth Omnibus Objection to Certain Proofs of Claim with respect to, among other things, the Six Proofs of Claim, and

WHEREAS, the ATLT directed its claims agent to expunge the Six Proofs of Claim from the claims register, and

WHEREAS, on May 7, 2004, the Claimant returned all of the proceeds of the Tresnowski CD, Joseph CD, Dumbleton CD, Holland CD and Yost CD to the ATLT to the extent of the amount of $1,838,412 91, and

WHEREAS, on November 8, 2004, the Claimant returned the proceeds of the Worldcom CD to the ATLT to the extent of the amount of $16,132 60, and

2 **The Touchstone Claim**

WHEREAS, on or about September 10, 2003, the Claimant filed a proof of claim numbered 452 against Allegiance Telecom, Inc in the amount of approximately $125,000 for a contingent, unliquidated and secured claim related to a letter of credit numbered #D 214463 (the "Touchstone LC") that was issued for the benefit of Touchstone 111-302, LLC (the "Touchstone Proof of Claim"), and

WHEREAS, the Touchstone LC was secured by a certificate of deposit of ATI in the amount of $125,000 numbered #08805202510 (the "Touchstone CD") issued on June 6, 2001 with initial maturity date of June 6, 2002 and thereafter renewed from time-to-time, and

WHEREAS, on or about January 14, 2005, the Touchstone LC was fully drawn down by the beneficiary thereof , and

WHEREAS, principal of $125,000, accrued interest thereon of $5,658 62 and a $150 transaction fee will be due and owing to the Claimant on September 7, 2005 for a total of $130,808 62 (the "Touchstone Claim Amount"), and

WHEREAS, on or about March 28, 2005, the ATLT filed its Motion of the Allegiance

Telecom Liquidating Trust for Order Under Sections 105(a) and 502(c) of the Bankruptcy Code Estimating Certain Claims for the Purpose of Establishing a Disputed Claims Reserve in Connection With Making Initial Distributions (the "Estimation Motion"), seeking to estimate the Touchstone Proof of Claim at an exact liquidated amount of $125,000, and

WHEREAS, the Touchstone CD matures on September 7, 2005 in the amount of $135,778 47, and

WHEREAS, on September 7, 2005, the balance of the Touchstone CD will exceed the Touchstone Claim Amount by $4,969 85, and

3 **The Hartford Claim**

WHEREAS, on or about September 8, 2003, the Claimant filed a proof of claim numbered 453 against ATI in the amount of approximately $3,000,000 for a contingent, partially unliquidated and secured claim related to a letter of credit numbered #D 234442 (the "Hartford LC") that was issued for the benefit of Hartford Fire Insurance Company (the "Hartford Proof of Claim"), and

WHEREAS, the Hartford LC was secured by a certificate of deposit of ATCW numbered #08806351282 (the "Hartford CD") in the amount of $3,000,000 that was issued on January 1, 2003 with initial maturity date of January 1, 2004 that was thereafter renewed from time-to-time, and

WHEREAS, on or about March 28, 2005, the ATLT filed the Estimation Motion, seeking to estimate the Hartford Proof of Claim at $0, and

WHEREAS, as of the date herein, the Hartford LC has not been drawn, and

WHEREAS, on or about August 9, 2005, the Bankruptcy Court entered an order approving a stipulation (the "Hartford Stipulation") between the ATLT and Hartford Fire Insurance Company (the

"Hartford"), and

WHEREAS, pursuant to the Hartford Stipulation, the ATLT anticipates the Hartford "will return the Letter of Credit to the Issuing Bank along with a letter from Hartford to the Issuing Bank releasing any and all rights to, claim against, or interest in the Letter of Credit by written notice to the Issuing Bank" (Hartford Stipulation at p 4) on or about August 24, 2005, and

WHEREAS, the Hartford CD will mature on August 19, 2005 in the amount of $3,073,119 51, and

4 The Purchase Card Claim

WHEREAS, on or about August 28, 2003, the Claimant filed a proof of claim numbered 396 against ATI and ATCW as a secured claim in the amount of $162,657 32 (the "Purchase Card Proof of Claim") related to a master agreement between ATCW and Chase Manhattan Bank USA, National Association dated May 15, 2002 and entitled "Chase Commercial Card Program" (the "Master Agreement"), and

WHEREAS, ATCW's obligations under the Master Agreement were collateralized by a certificate of deposit numbered #08806351175 (the "Purchase Card CD") in the amount of $400,000 that was issued on or about October 7, 2002 and thereafter renewed from time-to-time, and

WHEREAS, subsequent to the Petition Date, ATI incurred charges under the Master Agreement which remain unpaid, and after review and agreement by and between the Claimant and the ATLT, principal and accrued interest totaling $224,035 20 is due and owing to the Claimant as of the date herein (the "Purchase Card Claim Amount"), and

WHEREAS, the Purchase Card CD will mature on August 18, 2005 in the amount of

$409,455 69, and

WHEREAS, the balance of the Purchase Card CD will exceed the Purchase Card Claim Amount by $185,420 49 as of August 18, 2005, and

WHEREAS, on or about March 28, 2005, the ATLT filed the Estimation Motion, seeking to estimate the Purchase Card Proof of Claim at $0, and

5 **The Guaranty Bank Claim**

WHEREAS, the Claimant issued a letter of credit numbered #D-242212 in the amount of $800,000 00 on October 20, 2003 for the benefit of Guaranty Bank, as beneficiary (the "Guaranty Bank LC"), and

WHEREAS, the Guaranty Bank LC was collateralized by ATI's certificate of deposit numbered #08806351522 (the "Guaranty Bank CD") in the amount of $840,000 that was issued on or about October 17, 2003 and thereafter renewed from time-to-time, and

WHEREAS, Section 1 4 of Article I of the Plan established the "Administrative Expense Claim Bar Date" as "the date that is the forty-fifth (45th) day after the Initial Effective Date," which was August 7, 2004, and

WHEREAS, as of the date herein, the Claimant has not filed a proof of or request for an administrative expense claim regarding the Guaranty Bank LC, and

WHEREAS, on or about October 14, 2004, the Guaranty Bank LC was fully drawn by the beneficiary thereof, and

WHEREAS, principal of $800,000, accrued interest thereon of $48,409 11 and a $150 transaction fee will be due and owing to the Claimant on September 12, 2005 for a total of $848,559 11

(the "Guaranty Bank Claim Amount"), and

WHEREAS, the Guaranty Bank CD will mature on September 12, 2005 in the amount of $846,893 13, and

WHEREAS, the balance of the Guaranty Bank Claim Amount will exceed the Guaranty Bank CD by $1,665 98 as of September 12, 2005, and

6 The Bond Claims

WHEREAS, the Claimant filed proofs of claim numbered 2556, 2557, 2558, 2559 and 2598 regarding claims relating to bonds (the "Bond Proofs of Claims"), and

III RESOLUTION OF CLAIMS

WHEREAS, the Claimant has not filed any proofs of claim in the Chapter 11 Cases other than the Six Proofs of Claim, the Touchstone Proof of Claim, the Hartford Proof of Claim, the Purchase Card Proof of Claim and the Bond Proofs of Claims, and

WHEREAS, the ATLT disputes the amounts sought by Claimant in the Touchstone Proof of Claim, the Hartford Proof of Claim and the Purchase Card Proof of Claim, 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 (a) the Touchstone Proof of Claim, (b) Purchase Card Proof of Claim, (c) the Hartford Proof of Claim and (d) the Guaranty Bank LC to avoid incurring significant additional litigation expenses that would necessarily be incurred in litigating these matters to uncertain conclusions

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 approving this Stipulation and Agreed Order (also referred to hereafter as the "Final Order"), (a) the Claimant will be authorized to apply or setoff

(i) the Touchstone CD to or against the Touchstone Claim Amount,

(ii) the Purchase Card CD to or against the Purchase Card Claim Amount,

(iii) the Guaranty Bank CD to or against the Guaranty Bank Claim Amount, and

(iv) the excess of the Guaranty Bank Claim Amount over the Guaranty Bank CD to or against the Touchstone CD,

and (b) Claimant shall pay to the ATLT via wire transfer, pursuant to the wire transfer instructions attached hereto as Exhibit A, the amount of

(i) $185,420 49, as detailed in Exhibit B, by the later of August 24, 2005, or three business days following the entry of a Final Order and receipt of notice of entry of the Final Order by the Claimant,

(ii) $3,073,119 51, as detailed in Exhibit B, by the later of (A) three business days following receipt by the Claimant of the original Hartford LC and accompanying release from the Hartford, as detailed in the Hartford Stipulation and (B) three business days following the entry of a Final Order and receipt of notice of entry of the Final Order by the Claimant, and

(iii) $3,303 87, as detailed in Exhibit B, by the later of (A) September 9, 2005 and (B) three business days following the entry of a Final Order and receipt of notice of entry of the Final Order by the Claimant

3 Upon the entry of the Final Order, the ATLT is hereby authorized and directed to expunge the Touchstone Proof of Claim, the Hartford Proof of Claim and the Purchase Card Proof of Claim from its claims register

4 In consideration for entering into this Stipulation, 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 and/or its affiliates have, had, or may have in the future against the Estate Parties, provided, however, that such waiver, release and discharge shall exclude the Bond Proofs of Claims

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 the Chapter 11 Cases or otherwise

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 The undersigned on behalf of the ATLT and 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 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 Guaranty Bank LC, Worldcom Proof of Claim, Tresnowski Proof of Claim, Joseph Proof of Claim, Dumbleton Proof of Claim, Holland Proof of Claim, Yost Proof of Claim, Touchstone Proof of Claim, Hartford Proof of Claim and Purchase Card Proof of Claim Claimant further represents and warrants to the ATLT that, as of the date hereof, it has not assigned, sold, or otherwise transferred any Claims against the Debtors, the Debtors' estates or the ATLT related to the Guaranty Bank LC, Worldcom Proof of Claim, Tresnowski Proof of Claim, Joseph Proof of Claim, Dumbleton Proof of Claim, Holland Proof of Claim, Yost Proof of Claim, Touchstone Proof of Claim, Hartford Proof of Claim and Purchase Card Proof of Claim Claimant further 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 and Agreed Order, including, but not limited to, the releases included herein

8 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

9 Nothing in this Stipulation and Agreed Order or any negotiations or proceedings in

connection herewith shall constitute or be deemed to be evidence of an admission by any party 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 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

10 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 Each party 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 and Agreed Order

11 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

12 This Stipulation and Agreed Order shall be binding upon (i) the ATLT, as successor to the Debtors, (ii) 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
August 17, 2005

ALLEGIANCE TELECOM LIQUIDATING TRUST

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

and

AKIN GUMP STRAUSS HAUER & FELD LLP

By /s/ Kenneth A Davis
Ira S Dizengoff, Esq (ID-9980)
Philip C Dublin, Esq (PD-4919)
Kenneth A Davis, Esq (KD-9070)
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Counsel to the Allegiance Telecom Liquidating Trust

JPMORGAN CHASE LEGAL DEPARTMENT

By /s/ James D Greenhalgh
James D Greenhalgh, Esq (JDG-6839)
Vice President and Assistant General Counsel
JPMorgan Chase Legal Department
One Chase Manhattan Plaza – 26 Floor
New York, New York 10005-1489
Telephone (212) 552-6925

Counsel to JPMorgan Chase Bank, N A.

SO ORDERED, this 19th day of August, 2005

/s/Robert D Drain

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A – WIRING INSTRUCTIONS

Bank Name	JPMorgan Chase Bank
Bank Address	Dallas, TX
Account Name	Allegiance Telecom Liquidating Trust Operating
Account Number	08806351076
ABA Number	113000609

EXHIBIT B –AMOUNTS DUE TO ATLT AND CORRESPONDING DEADLINES

Due by August 24, 2005

Purchase Card CD as of August 18, 2005	$ 409,455 69
Less Purchase Card Claim Amount as of August 18, 2005	(224,035 20)
Total Due to ATLT by August 24, 2005	**$ 185,420 49**

Due within 48 hours of receipt by Claimant of the Hartford LC and accompanying release from the Hartford (anticipated payment deadline of August 26, 2005)

Hartford CD as of August 19, 2005	**$ 3,073,119 51**

Due by September 9, 2005

Touchstone CD as of September 7, 2005	$ 135,778 47
Less Touchstone Claim Amount as of September 7, 2005	(130,808 62)
Plus Guaranty Bank CD as of September 12, 2005	846,893 13
Less Guaranty Bank Claim Amount as of September 12, 2005	(848,559 11)
Total Due to ATLT by September 9, 2005	**$ 3,303 87**