



## **Introduction**

BellSouth is a communications services company that provides retail and wholesale voice and data services to business and residential customers. It is one of the four remaining Regional Bell Operating Companies.

BellSouth provides an array of services to the Allegiance entities through various agreements, including contracts and tariffs. Such services include completing Allegiance customers' long distance calls (known as "access" service) and providing wholesale and retail telecommunications services to Allegiance.

## **Rejection Damages**

BellSouth and the Allegiance entities are parties to various agreements. Pursuant to these agreements, the Allegiance entities owe various obligations to BellSouth, including providing communications and related services. As a result, BellSouth has various contingent, unliquidated claims for such obligations. See "Notes and Additional Reservation of Rights" below.

In addition, to date, Allegiance has obtained Bankruptcy Court approval to reject certain individual service orders. Rejection damages for certain of these individual service orders are as follows:

- (1) 427C OC48 ATLNGAMAHC1 CHMBGAMAHC1 -- \$31,860.00 representing 60 days term liability
- (2) 429C OC48 ATLNGAMAHC2 ATLNGATHHC1 -- \$29,160.00 representing 7 months term liability

Rather than filing separate proofs of claim for each incurrence of rejection damages, in agreement with Allegiance, BellSouth will supplement this proof of claim after Allegiance has determined what it is assuming and rejecting.

## **Offset**

The claims set forth herein are subject to BellSouth's rights of offset, including setoff and/or recoupment. The amount of such offset is undetermined at this time. See "Notes and Additional Reservation of Rights" below.

**Notes and Additional Reservation of Rights**

1 The amounts set forth in this proof of claim do not include any interest, late charges, or other fees, costs and charges as yet to be determined that may have accrued but were unpaid after the commencement of the Allegiance bankruptcy cases

2 Due to the complex relationship between BellSouth and the Allegiance entities, BellSouth is still in the process of identifying which Allegiance entity or entities is/are liable for the claims set forth herein. As such, BellSouth has filed this claim under the jointly consolidated case number

3 BellSouth hereby provides notice that it reserves the right to amend this proof of claim for any additional amounts that are owing or are determined or deemed to be owing by the Allegiance entities, or as such additional amounts are liquidated

4 Due to the voluminous nature of the agreements, including contracts and applicable tariffs, between BellSouth and the Allegiance entities, and the voluminous nature of the bills and invoices issued pursuant thereto, copies of these documents are not being attached hereto. By way of example, Tariff F C C No 1 governing the provision of access services by BellSouth to the Allegiance entities is over 1,000 pages. Various other tariffs are also applicable. In addition, the Competitive Local Exchange Carrier ("CLEC") agreements between BellSouth and various of the Allegiance entities are each many hundreds of pages. The Allegiance entities have multiple CLEC agreements with BellSouth in multiple states. Certain of the monthly invoices and bills that BellSouth renders to the Allegiance entities are so voluminous that they are only effectively viewed electronically. Some of these invoices and bills are many, many thousands of pages each month. A majority of the agreements can be viewed and obtained at the following web site locations

(a) <http://cpr.bst.bellsouth.com/pdf/fcc/fcc.htm>

(b) <http://www.bellsouth.com/tariffs/>

(c) <http://cpr.bellsouth.com/>

5 For additional information, or to obtain copies of the documentation discussed herein, please contact counsel for BellSouth at

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**VIA UPS OVERNIGHT**

U S Bankruptcy Court  
Southern District of New York  
Allegiance Claims Docketing Center  
One Bowling Green – Room 534  
New York NY 10004-1408

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

Dear Sir or Madam

Enclosed please find an original and one copy of a Proof of Claim form in the above-referenced case

Please return a file-stamped copy in the enclosed envelope Thank you

Very truly yours,

**KILPATRICK STOCKTON LLP**

  
Paul M. Rosenblatt

PMR/mm  
Enclosure