

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

Chapter 11

ALLEGIANCE TELECOM, INC , et al,

Case No 03-13057 (RDD)

Debtors

(Jointly Administered)

**ORDER APPROVING STIPULATION BETWEEN THE
DEBTORS AND THE TELEPHONE OPERATING COMPANY
SUBSIDIARIES OF VERIZON COMMUNICATIONS INC**

The Debtors and the telephone operating company subsidiaries of Verizon Communications Inc (collectively, "Verizon") having resolved certain of Verizon's claims and Verizon's objections to confirmation of the Debtors' Second Amended Joint Plan of Reorganization dated April 22, 2004 (the "Plan") in accordance with the terms of the stipulation dated June 7, 2004 ("Stipulation") between Verizon and Allegiance Telecom, Inc et al ("Allegiance") approving the Verizon-Allegiance Settlement Terms dated June 4, 2004, and upon approval of the Debtors' motion dated June 4, 2004 authorizing the filing under seal of certain settlement agreements, including the Stipulation, and upon the *in camera* hearing held on June 7, 2004 to consider approval of the Stipulation, and after due deliberation and sufficient cause appearing therefore as set forth by the Court on the record, it is

ORDERED, that the Stipulation is hereby approved

Dated New York, NY
June 8, 2004

/s/Robert D Drain
HONORABLE ROBERT D DRAIN
UNITED STATES BANKRUPTCY JUDGE

Docket # 1465

VERIZON STIPULATION

CONFIDENTIAL – SUBJECT TO BANKRUPTCY COURT ORDER

THE VERIZON STIPULATION HAS BEEN FILED UNDER SEAL

ORIGINAL

Name of Debtor
Allegiance Telecom, Inc.

Case Number
03-13057 (RDD)

Name of Creditor (The person or other entity to whom the debtor owes money or property)
Operating Telephone Subsidiaries of Verizon Communications Inc and Verizon Select Services, Inc
(See Exhibit A to Attachment)

Name and address where notices should be sent
Philip D Anker, Esq
Wilmer Cutler Pickering LLP
399 Park Avenue
New York, NY 10022
Telephone number (212) 230-8800

- Check box if you are aware that anyone else has filed a claim. Attach a copy of your statement giving particulars.
- Check box if you have never received any notices from the bankruptcy court in this case.
- Check box if the address differs from the address on the envelope sent to you by the court.

FILED
SOUTHERN DISTRICT OF NEW YORK
ALLEGIANCE TELECOM, INC
03-13057 (RDD)

2878
REC'D FEB 05 2004
 THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor
See Exhibits B 1- 2 to Attachment

Check here replaces if this claim amends a previously filed claim, dated Nov 25, 2003

1 Basis for Claim

- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- Other Damages arising from the rejection of certain circuits and executory contracts (See Attachment)

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

2 Date debt was incurred Prior to May 14, 2003

3 If court judgment, date obtained

4 Total Amount of Claim at Time Case Filed **\$ 37,089 00, plus other amounts described in the Attachment.**

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below

Check this box if claim includes interest or other charges in addition to the principal amount of the claim Attach itemized statement of all interest or additional charges

5 Secured Claim.

- Check this box if your claim is secured by collateral (including a right of setoff)
Brief Description of Collateral
 Real Estate Motor Vehicle
 Other RIGHTS OF SETOFF AND RECOUPMENT

Value of Collateral \$ CURRENTLY UNKNOWN

Amount of arrearage and other charges at time case filed included in secured claim if any \$ _____

6 Unsecured Priority Claim.

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

7 Credits The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim

8 Supporting Documents Attach copies of supporting documents such as promissory notes purchase orders, invoices, itemized statements of running accounts contracts, court judgments, mortgages security agreements, and evidence of perfection of lien DO NOT SEND ORIGINAL DOCUMENTS If the documents are not available, explain If the documents are voluminous, attach a summary

9 Date-Stamped Copy To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim

THIS SPACE IS FOR COURT USE ONLY

Date
February 2, 2004

Sign and print the name and title if any of the creditor or other person authorized to file this claim
Adam C Dembrow
Adam C Dembrow, Wilmer Cutler Pickering LLP, Attorney in-Fact

AMS
07 21 03 2 - 071 1007
1007

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



IN RE ALLEGIANCE TELECOM, INC., ET AL.
CHAPTER 11 CASE NO 03-13057 (RDD) (JOINTLY ADMINISTERED)
UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

**ATTACHMENT TO AMENDED PROOF OF CLAIM OF
THE OPERATING TELEPHONE COMPANY SUBSIDIARIES OF
VERIZON COMMUNICATIONS INC AND OF VERIZON SELECT SERVICES, INC.**

This Amendment to the Proof of Claim, dated November 25, 2003 (the "Original Proof of Claim"), of the operating telephone company subsidiaries of Verizon Communications Inc identified on Exhibit A attached hereto and of Verizon Select Services, Inc (individually and collectively, "Verizon") is for damages arising out of (1) the rejection of certain circuits, identified in Exhibit B 1 hereto and (2) the rejection of a contract between Verizon Select Services, Inc and Allegiance Telecom, Inc identified in Exhibit B 2 hereto. The amounts detailed in this Amended Proof of Claim (\$37,089 00) are in addition to, and not in lieu of, the amounts detailed in the Original Proof of Claim (\$61,532,048 73, plus other amounts set forth therein), and this Amendment supplements but does not replace the Original Proof of Claim.

This Attachment, including each of its Exhibits, as well as the total dollar amount of this Amendment to Proof of Claim specified on the amended proof of claim form, is based on the preliminary information currently available to Verizon. This Amendment to Proof of Claim incorporates by reference paragraphs 1, 2, 4, 5, 6 and 7 of the Attachment to the Original Proof of Claim, as well as all exhibits to the Attachment to the Original Proof of Claim. Based on the information provided to it by the Debtors, Verizon is filing a substantially identical Amendment to Proof of Claim in the lead bankruptcy case and in the bankruptcy cases of the Allegiance entities identified by the Debtors as being the entities rejecting the service orders and contract in question (namely, Allegiance Telecom, Inc , Allegiance Telecom of New Jersey, Inc , Allegiance Telecom of New York, Inc , Allegiance Telecom of Pennsylvania, Inc, and Allegiance Telecom of the District of Columbia, Inc) However, Verizon reserves the right to assert that any or all of the Debtors are liable for any and all of the amounts that are the subject of this Amendment to Proof of Claim.

Summary of Amounts

Original Proof of Claim	\$61,532,048 73, plus all other amounts described in the Attachment thereto
Rejection of Service Orders	\$33,383 00
Rejection of Contract with Verizon Select Services, Inc	\$3,706 00
	Total from all = \$61,569,137 73, plus all other amounts described in this Attachment and the Attachment to the Original Proof of Claim

EXHIBIT A

Verizon Operating Telephone Company Subsidiaries Asserting Claims

Contel of the South Inc d/b/a Verizon North Systems

GTE Midwest Incorporated d/b/a Verizon Midwest

GTE Southwest Incorporated d/b/a Verizon Southwest

Verizon California Inc

Verizon Delaware Inc

Verizon Florida Inc

Verizon Maryland Inc

Verizon New England Inc

Verizon New Jersey Inc

Verizon New York Inc

Verizon North Inc

Verizon Northwest Inc

Verizon Pennsylvania Inc

Verizon South Inc

Verizon Virginia Inc

Verizon Washington, D C Inc

Verizon West Virginia Inc

Verizon Select Services, Inc

EXHIBIT B.1

Rejected Service Orders

Verizon is owed \$251 00 per month per rejected circuit for a total of \$33,383
(\$251 00 times 133 months for all circuits with a future term date)

[SEE FOLLOWING PAGES]

Debtor Entity	Name & Mailing Address of Vendor	Circuit Number	Term Start Date	Term End Date	MSA or Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	38 JIGS 400082 SB	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	38 JIGS 400085 SB	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	38 JIGS 400087 SB	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	38 JIGS 400099 SB	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	38 JIGS 400109 SB	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4001 ST01 ATLNGAEPK13 ATLNGAMAHC2	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4002 ST01 ATLNGAEPK13 ATLNGAMAHC2	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4002 ST01 ATLNGAMAHC3 ATLNGAPPK13	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4003 ST01 ATLNGAMAHC3 ATLNGAPPK13	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4003 T3Z ATLNGABUK12 ATLNGAMAXTX	Unknown	Unknown	Tariff
Allegiance Telecom of Georgia, Inc Case No 03-13074-rdd	Bell South	4101 ST01 ATLNGAELK11 ATLNGAMAHC2	Unknown	Unknown	Tariff
Allegiance Telecom of Florida, Inc Case No 03-13073-rdd	Bell South	60 HFGS 752999 SB	01/05/01	01/04/04	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA) Vice President and A G C Wholesale Markets 1515 N Court House Road Suite 500 Arlington, VA 22201	1002 T3Z NWRKNJIRHPE NWRKNJIRK51	02/22/02	02/22/07	Tariff

Debtor Entity	Name & Mailing Address of Vendor	Circuit Number	Term Start Date	Term End Date	MSA or Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	4113 T3Z HCKNNJHKHPN HCKNNJHKK41	03/04/02	03/04/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	6103 T3Z RCPKNJ02HPM RCPKNJ02K61	03/07/02	03/07/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	4112 T3Z HCKNNJHKHPN HCKNNJHKK41	03/08/02	03/08/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	6104 T3Z RCPKNJ02HPM RCPKNJ02K61	03/27/02	03/27/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	1003 T3Z NWRKNJIRHPE NWRKNJIRK51	04/10/02	04/10/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	6105 T3Z RCPKNJ02HPM RCPKNJ02K61	05/15/02	05/15/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	1004 T3Z NWRKNJIRHPE NWRKNNJIRK51	05/20/02	05/20/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	4114 T3Z HCKNNJHKHPN HCKNNJHKK41	06/04/02	06/04/07	Tariff
Allegiance Telecom of New York, Inc Case No 03-13084-rdd	Verizon (BA)	5001 T3 NYCMNYZRWHJ NYCMNY18K42	04/20/99	04/20/04	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	996 T3Z PITBPADTHPY PITBPADTK18	09/18/01	09/18/06	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	3101 T3Z PHLAPAFGW22 PHLAPAJEK31	01/28/99	01/28/04	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	3101 T3Z PHLAPAFGW22 PHLAPAJEK31	01/28/99	01/28/04	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	3101 T3Z PHLAPAFGW22 PHLAPAREK13	02/02/99	02/02/04	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	3101 T3Z PHLAPAFGW22 PHLAPAREK13	02/02/99	02/02/04	Tariff
Allegiance Telecom of Pennsylvania, Inc Case No 03-13093-rdd	Verizon (BA)	11 HFGS 096569 PA	06/30/99	06/30/04	Tariff

Debtor Entity	Name & Mailing Address of Vendor	Circuit Number	Term Start Date	Term End Date	MSA or Tariff
Allegiance Telecom of The District of Columbia, Inc Case No 03-13097-rdd	Verizon (BA)	4006 T3Z ARTNVAARHPK ARTNVAARK32	12/11/01	12/11/06	Tariff
Allegiance Telecom of The District of Columbia, Inc Case No 03-13097-rdd	Verizon (BA)	4003 T3Z CHCHMDBEHPG CHCHMDBEK32	03/11/02	03/11/07	Tariff
Allegiance Telecom of The District of Columbia, Inc Case No 03-13097-rdd	Verizon (BA)	4004 T3Z CHCHMDBEHPG CHCHMDBEK32	03/22/02	03/22/07	Tariff
Allegiance Telecom of The District of Columbia, Inc Case No 03-13097-rdd	Verizon (BA)	4002 T3Z WASHDCDNHPJ WASHDCDNK32	03/28/02	03/28/07	Tariff
Allegiance Telecom of The District of Columbia, Inc Case No 03-13097-rdd	Verizon (BA)	4003 T3Z WASHDCDNHPJ WASHDCDNK32	03/28/02	03/28/07	Tariff
Allegiance Telecom of New Jersey, Inc Case No 03-13084-rdd	Verizon (BA)	4111 T3Z HCKNNJHKHPN HCKNNJHKK41	02/06/02	02/06/07	Tariff
Allegiance Telecom Company Worldwide	XO Communications 11111 Sunset Hills Reston, VA 20190	3T-EGI-EJV-0003	Unknown	10/30/04	Service Order

EXHIBIT B.2

Rejected Verizon Select Services, Inc. Contract

Allegiance owes Verizon Select Services, Inc monthly maintenance charges in the amount of \$1,853 00 per month for the months of April and May 2003, for a total of \$3,706 00

[SEE FOLLOWING PAGES]

V. CONDITIONS

- A Customer shall provide GTE personnel with reasonable access to their equipment. Customer shall make available to GTE, at no charge, the use of any Customer owned/controlled equipment, facilities, or features which are not covered under this Agreement, but which are necessary for the proper maintenance of equipment covered by this Agreement.
- B Equipment covered by this Agreement shall be in good and maintainable operating condition. Equipment (other than equipment newly purchased from GTE) is subject to inspection by GTE in order to determine that such equipment is in good and maintainable operating condition. Work determined to be necessary to bring such equipment into good and maintainable condition must be completed prior to commencement of services under this Agreement. Customer may request that necessary work be performed by GTE at the prevailing GTE time and material rates.
- C All documentation and records relating to the equipment, cable plant and software shall be made available to GTE for inspection prior to the commencement of services under this Agreement. Work determined to be necessary to bring such records into good and usable condition must be completed prior to the commencement of services under this Agreement. Customer may request that necessary work be performed by GTE at the prevailing GTE time and material rates.
- D When the Customer requests service outside the scope of the Agreement GTE will make its best effort to provide such service, which will be furnished at prevailing GTE time and material rates.
- E If persons other than GTE representatives perform maintenance or any unauthorized repairs or attempted repairs on the equipment, and, as a result, further repair by GTE is required to restore the equipment to good and maintainable operating condition, such repair will be made at GTE's then-prevailing time and material rates.
- F At GTE's option, maintenance services may be discontinued if: i) any equipment is moved to a new location from the location specified on Schedule 1 or ii) if in GTE's reasonable opinion, as a result of wear and tear or due to any cause listed in Section VI.A.3 the equipment has become non-maintainable, or iii) if Customer's account is sixty (60) days past due.
- G Customer shall give at least ninety (90) days written notice to GTE prior to moving any equipment covered under this Agreement from the location specified on Schedule 1. If GTE elects to discontinue service pursuant to Section V.F, maintenance charges shall terminate on the later of the end of the day stated in the Customer's written notice or the date on which the equipment is removed from service.
- H Customer may cancel this Agreement with thirty (30) days written notice to GTE providing that GTE is judged to be non-compliant with any substantive term of this Agreement and providing that GTE is given a thirty (30) day period in which to correct any such non-compliance.
- I This Agreement may be canceled by Customer with thirty (30) days written notice to GTE if i) Customer relocates outside the GTE service area, or ii) Customer discards the equipment, or iii) Customer discontinues use of the equipment-including placing the equipment in storage or purchasing/acquiring other equipment to substantially replace the equipment covered by this Agreement.
- J If Customer is publicly funded, i.e., a city, county or state government, hospital, district, housing authority, school district, transit authority, university, etc. and if the body/council/board governing Customer fails to appropriate funds to pay for services under this Agreement, Customer may cancel this Agreement without penalty.

VI. EXCLUSIONS AND LIABILITY

- A Maintenance services under this Agreement do not include the following:
 - 1 Replacement or restoration of batteries, electrical work, or utility charges external to the equipment covered by this Agreement.
 - 2 Furnishing supplies or accessories, painting or refinishing the equipment, or furnishing material therefor.
 - 3 Making Customer sponsored specification changes, adding or removing accessories or attachments or other devices, or performing services connected with relocation of equipment, including de-installation, dismantling, preparing for shipment, and/or reinstallation.
 - 4 Repair of damage resulting from, but not limited to, accident, transportation, neglect, abuse, misuse, lightning, failure or fluctuation of electrical power, air conditioning or humidity control, communication lines failure, failure of foreign interconnected equipment, causes other than ordinary use, or failure or malfunction of splices, related, collateral, peripheral or ancillary equipment not covered by the Agreement.
 - 5 Any services in respect to applications software.
 - 6 Any other service not required to keep the equipment in good operating condition for normal use.
 - 7 Any service required due to Customer or other vendor modifications, additions or moves within or connected to the system maintained under this Agreement.

- B Customer shall not expose GTE personnel to any unsafe working conditions. Customer is to provide a safe working environment for GTE employees and GTE subcontractors. This safe environment includes but is not limited to an asbestos free environment. Customer will give verbal and written notice to GTE of the existence of asbestos in or near any GTE work area and GTE will not be required or permitted to work in such area. Work in asbestos areas must be performed by Customer or by others on behalf of Customer, and all such work shall be performed by qualified and insured personnel. Customer expressly agrees to defend and indemnify GTE and GTE subcontractors against all claims of injury, including death, if said injury is directly or indirectly related to asbestos on Customer's premises.
- C GTE is not responsible for equipment failure or failure to render service or maintenance due to causes beyond the control of GTE. GTE's damages under this contract with the exception of personal injury, death or property damage, are limited to the dollar amount of two Base Monthly Charges for maintenance. This provision shall not operate to avoid any GTE legal liability for any direct loss or damage to Customer's tangible property or death or injuries to Customer's employees, agents, representatives, guests or business invitees caused by the negligent acts or omissions of GTE's agents, employees or representatives arising from the activities of GTE hereunder. However, GTE WILL NOT, IN ANY EVENT, BE LIABLE IN CONTRACT, TORT OR OTHERWISE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, UNAUTHORIZED USAGE/TOLL FRAUD, LOST BUSINESS PROFITS NOR DAMAGE OR DESTRUCTION OF DATA, EVEN IF GTE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE PRICING GRANTED ELSEWHERE IN THIS AGREEMENT IS BASED UPON AND IS IN PARTIAL CONSIDERATION FOR THE LIMITATIONS SET FORTH HEREIN.

VII. GENERAL

- A GTE shall not be responsible for nor deemed to be in default because of delays in performance of this Agreement due to causes beyond GTE's control and not occasioned by its fault or negligence, including, but not limited to, war, insurrection, fire, flood, severe weather, acts or omissions of carrier, any act of government, acts of God or the public enemy, failure of supply or transportation, labor troubles causing cessation, slowdown, or interruption of work or failure of vendors or subcontractors due to causes similar to those within the scope of this provision.
- B GTE's failure at any time to require strict performance by Customer of all the provisions of this Agreement shall not waive or diminish GTE's right thereafter to demand strict compliance therewith or with any other provision of this Agreement.
- C Customer represents that it is the owner of the equipment subject to this Agreement, or if not the owner, that it has authority to enter into this Agreement and that service performed by GTE hereunder will not cause GTE to become liable to any person, firm, or corporation by reason of such performance, and in the event of allegation or assertion of such liability, Customer will indemnify and save GTE harmless from any such claim or any expense arising therefrom.
- D Either party may assign this Agreement with the other party's written consent, which shall not be unreasonably withheld. The assigning party agrees to indemnify the other party for loss or damage arising out of or in connection with the assignment of this Agreement. Notwithstanding the above, GTE retains the right to assign this Agreement to any other GTE entity.
- E The terms and conditions of this Agreement are considered a confidential and proprietary Agreement between the parties. Customer and GTE individually and separately warrants to each other that neither Customer nor GTE will disclose any of the terms or conditions of this Agreement to a third party without the other signatory (Customer or GTE) party's prior written consent. This promise to maintain the confidential nature of this Agreement specifically includes, but is not limited to: i) all of the financial and non-financial terms and conditions expressly stated herein; ii) those terms which are specifically incorporated herein by reference; and iii) any related request for proposal(s), request for proposal response(s), work orders, documents, discussions, or negotiations which were or are related to this Agreement.
- F
 - 1 Any controversy, dispute or claim arising out of or relating to the interpretation of this Agreement shall be first subject to a thirty (30) day negotiation period between the parties in which each party shall disclose to the other all documents, facts, statements and any other relevant information which may have any bearing on this dispute. Should such negotiations fail to resolve the dispute, either party may refer the dispute to arbitration in accordance with the Commercial Arbitration rules of the American Arbitration Association. The decision of the Arbitrator shall be based upon only this Agreement and the information disclosed by the parties during the negotiation period, shall be final and binding, and judgment upon the award rendered may be entered in any court having jurisdiction thereof.
 - 2 This Agreement, governed by the laws of the State of Texas, constitutes the entire Agreement between the parties and supersedes all prior oral and written proposals or communications. This Agreement takes precedence over the language of any implementing Customer purchase order or similar document. No change or counter-offer to this Agreement is effective unless in writing and signed by both parties.
 - 3 Any provision of this Agreement which may be judged to be in violation of local, state or federal statutes shall not cause the entire Agreement to become null and void.
 - 4 No action, regardless of form, arising out of this Agreement or the transactions contemplated hereby may be brought by either party more than two (2) years after the date of the last act or omission giving rise to the claim.



Schedule 1

GTE Document # 13753

Equipment Location: Allegiance Telecom, 1349 Empire Central, Dallas, TX 75247

Equipment Covered

Table with columns for System Manufacturer (Nortel), System Model (Option 61C), System Serial # (D13323), Station Line (332), Console, Maint. Factor & Term (2), Single Line Sets, Multi-Line Sets, Modems, Recording Units, Music Source, Fiber Optic Equip, CSU # of T1s, Analog Trunks, Digital Trunks, DTR, Battery Back - Up (Preventative Maintenance Only)

Total Port Count: 420, Rate Per Port: \$ 2.08, Total Monthly Maintenance Charge: \$ 873.60

Primary Period of Maintenance

Customer's Primary Period of Maintenance (PPM) is 8 a.m. - 5 p.m. Monday thru Friday (except for GTE Holidays)

NOTE: Up to one additional hour will be allowed at the end of the PPM at no additional charge for maintenance which began during the first seven (7) hours of the PPM...

To Request Service - 24 hours a day, 7 days a week, call the GTECC Cust. Service Hotline at 1-800-234-3799

If customer is dissatisfied with any aspect of the service received, they are encouraged to contact and escalate their concern accordingly.

1st Joe Prescica, 972 888-5000 Branch Mgr, 3rd Debbie Fogg, 1720 772-5873 Mgr Serv Ctr, 2nd Rich Smith, 972 888-5000 Dist Mgr, 4th Ed Brenner, 1972 465-5126 V.P., G.M.

Major - Service Response Times

During PPM 2 Hours, Outside of PPM Nights/Weekends, 4 Hours, On GTE Holidays 4 Hours

An emergency (major failure) exists when Customer's telecommunications services experience any of the following: 20% or more of total stations inoperative, 20% or more of total trunks inoperative, Any Attendant Console inoperative, Complete failure of any system feature required for call processing

GTE will respond to any emergency outside the PPM at no additional charge to Customer

Isolated failures of individual telephones or other hardware components which are not required for the processing or completion of calls shall be deemed to be minor failures. A minor failure is any problem of a scope less than a major failure

Minor - Service Response Times

During PPM 8 Bus. Hours, Outside of PPM Nights/Weekends Next Bus Day, On GTE Holidays Next Bus Day

Time and Material Rates

Material will be priced at the current GTE selling price. Set forth below are the current GTE labor rates for services not covered by equipment warranty or a Maintenance Agreement with customer.

Table with columns for Moves / Adds / Changes & Technician Labor Rates, Monday through Friday, Saturday and/or Monday through Friday, Holidays and Sundays, and corresponding rates (\$72.50, \$108.75, \$145.00)

Travel Expenses

Travel expenses during the PPM for service of equipment installed beyond fifty (50) miles from GTE's service point will be charged to Customer at a rate of \$30/mile.

Send Customer Notices to: Patricia E. Kowal, Allegiance Telecom, 1349 Empire Central, Westchester, TX 75247