EXHIBIT A

Ms. Dawn Ogle Allegiance Telecom, Inc. CO Billing 9201 N. Central Express Way Dallas, TX 75231-0000

Certified Mail No: 7002 2030 0005 7570 7474

RE: Notice of Payment Defaults

Dear Ms. Ogle:

Despite prior notice that your Verizon accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid [and agreed upon payment commitments have not been kept]. Continued failure to keep these Verizon accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon records, payment defaults currently exist in a total amount of \$65,795.54.

Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc. on present business terms, unless this payment default is timely cured. It is Allegiance Telecom, Inc.'s responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at 412 633-6827 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Sincerely,

Catherine A. Celender Service Representative Wholesale Collections [412 633-6827

Allegiance Telecom Inc _of _Massachusetts

SERVICE TYPE	AS OF DATE	CURRENT AMOUNT	PAST DUE AMOUNT	DISPUTED AMOUNT	TOTAL UNDISPUTED PAST DUE
					AMOUNT
VADI	4-07-03	\$21,181.43	\$65,795.54	\$0.00	\$65,795.54

Allegiance Telecom, Inc.
Robert McCausland
Vice President - Regulatory and Interconnection
1950 N. Stemmons Freeway, Suite 3026
Dallas TX 75207

Re: Notice of Payment Defaults

Mr. Robert McCausland;

Despite prior notice that your Verizon Connecticut accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Connecticut accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Connecticut records, payment defaults currently exist in a total amount of \$54.47. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Mr. Robert McCausland Page Two

Allegiance Telecom, Inc Connecticut

Total	7-19-02	\$43.92	\$54.47	\$0.00	\$54.47
Colo	7-19-02	\$0.00	\$0.00	\$0.00	\$0.00
Access	7-19-02	\$43.92	\$54.47	\$0.00	\$54.47
Une-Resale	7-19-02	\$0.00	\$0.00	\$0.00	\$0.00
					PAST DUE AMOUNT
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom, Inc Robert McCausland Vice President - Regulatory and Interconnection 1950 N. Stemmons Freeway, Suite 3026 Dallas TX 75207

Re: Notice of Payment Defaults

Mr. Robert McCausland;

Despite prior notice that your Verizon District of Columbia accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon District of Columbia accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon District of Columbia records, payment defaults currently exist in a total amount of \$1,144,957.27. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Mr. Robert McCausland Page Two

Allegiance Telecom, Inc District of Columbia

SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
					PAST DUE
					AMOUNT
Une-Resale	7-19-02	\$380,282.47	\$11,630.03	\$0.00	\$11,630.03
Access	7-19-02	\$351,543.79	\$1,215,690.54	\$128,640.56	\$1,087,049.98
Colo	7-19-02	\$192,637.63	\$46,277.26	\$0.00	\$46,277.26
Total	7-19-02	\$924,463.89	\$1,273,597.83	\$128,640.56	\$1,144,957.27

Allegiance Telecom of Florida Inc. Ms. Mary C. Albert, Esq. 1150 Connecticut Avenue, NW, Suite 205 Washington, DC 20036

Re: Notice of Payment Defaults

Ms. Mary C. Albert, Esq.;

Despite prior notice that your Verizon Florida accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Florida accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Florida records, payment defaults currently exist in a total amount of \$67,391.14. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom of Florida Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom of Florida Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom of Florida Inc. Ms. Mary C. Albert, Esq. Page Two

Allegiance Telecom of Florida Inc. Florida

SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
					PAST DUE
				!	AMOUNT
Une-Resale	7-19-02	\$204,998.61	\$531.63	\$134.30	\$397.33
Access	7-19-02	\$14,647.08	\$67,889.36	\$895.55	\$66,993.81
Colo	7-19-02	\$79,459.90	\$0.00	\$0.00	\$0.00
Total	7-19-02	\$299,105.59	\$68,420.99	\$1,029.85	\$67,391.14

Allegiance Telecom, Inc.
Robert McCausland
Vice President - Regulatory and Interconnection
1950 N. Stemmons Freeway, Suite 3026
Dallas TX 75207

Re: Notice of Payment Defaults

Mr. Robert McCausland;

Despite prior notice that your Verizon Maryland accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Maryland accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Maryland records, payment defaults currently exist in a total amount of \$469,246.27 Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Mr. Robert McCausland Page Two

Allegiance Telecom, Inc Maryland

Total	7-19-02	\$1,561,894.33	\$469,246.27	\$0.00	\$469,246.27
Colo	7-19-02	\$945,353.01	\$82,093.88	\$0.00	\$82,093.88
Une-Resale	7-19-02	\$616,541.32	\$387,152.39		\$387,152.39
					AMOUNT
1111	DATE	7 INTO CITY			PAST DUE
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom, Inc.
Robert McCausland
Vice President - Regulatory and Interconnection
1950 N. Stemmons Freeway, Suite 3026
Dallas TX 75207

Re: Notice of Payment Defaults

Mr. Robert McCausland;

Despite prior notice that your Verizon New Jersey accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon New Jersey accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon New Jersey records, payment defaults currently exist in a total amount of \$1,195,953.07 Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Mr. Robert McCausland Page Two

Allegiance Telecom, Inc New Jersey

Total	7-19-02	\$1,823,427.37	\$1,759,389.52	\$563,436.45	\$1,195,953.07
Colo	7-19-02	\$1,192,209.16	\$138,465.36	\$0.00	\$138,465.36
Access	7-19-02	\$294,014.94	\$1,572,865.09	\$562,421.80	\$1,010,443.29
Une-Resale	7-19-02	\$337,203.27	\$48,059.07	\$1,014.85	\$47,044.42
					AMOUNT
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED PAST DUE
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom, Inc.
Robert McCausland
Vice President - Regulatory and Interconnection
1950 N. Stemmons Freeway, Suite 3026
Dallas TX 75207

Re: Notice of Payment Defaults

Mr. Robert McCausland;

Despite prior notice that your Verizon New York accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon New York accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon New York records, payment defaults currently exist in a total amount of \$1,769,291.94. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Mr. Robert McCausland Page Two

Allegiance Telecom, Inc New York

Total	7-19-02	\$1,384,376.00	\$3,931,010.78	\$2,161,718.84	\$1,769,291.94
Colo	7-19-02	\$681,393.37	\$3,150,930.17	\$2,161,718.84	\$989,211.33
Une-Resale	7-19-02	\$702,982.63	\$780,080.61	\$0.00	\$780,080.61
					AMOUNT
			,		PAST DUE
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom, Inc.
Mary C. Albert, Esq.
Vice President - Regulatory and Interconnection
1150 Connecticut Avenue, NW, Suite 205
Washington DC 20036

Re: Notice of Payment Defaults

Ms. Mary C. Albert, Esq.;

Despite prior notice that your Verizon Pennsylvania accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Pennsylvania accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Pennsylvania records, payment defaults currently exist in a total amount of \$496,640.83. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Ms. Mary C. Albert, Esq. Page Two

Allegiance Telecom, Inc Pennsylvania

Total	7-19-02	\$1,632,499.83	\$496,640.83	\$0.00	\$496,640.83
Colo	7-19-02	\$1,061,876.41	\$427,651.41	\$0.00	\$427,651.41
Une-Resale	7-19-02	\$570,623.42	\$68,989.42	\$0.00	\$68,989.42
					AMOUNT
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED PAST DUE
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom of Texas, Inc. Mr. Morton J. Posner 1150 Connecticut Avenue, N.W., Suite 205 Washington DC 20036

Re: Notice of Payment Defaults

Mr. Morton J. Posner;

Despite prior notice that your Verizon Texas accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Texas accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Texas records, payment defaults currently exist in a total amount of \$105,912.34. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom of Texas, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom of Texas, Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom of Texas, Inc Mr. Morton J. Posner Page Two

Allegiance Telecom of Texas, Inc Texas

Total	7-19-02	\$149,376.49	\$114,335.15	\$8,422.81	\$105,912.34
Colo	7-19-02	\$49,501.81	\$95,008.18	\$0.00	\$95,008.18
Access	7-19-02	\$69,096.44	\$18,861.46	\$8,218.20	\$10,643.26
Une-Resale	7-19-02	\$28,778.24	\$465.51	\$204.61	\$260.90
					PAST DUE AMOUNT
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Swidler Berlin Shereff Friedman, LLP Philip J. Macres 3000 K Street, NW, Suite 300 Washington DC 20007-5116

Re: Notice of Payment Defaults

Mr. Philip J. Macres;

Despite prior notice that your Verizon Virginia accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Virginia accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Virginia records, payment defaults currently exist in a total amount of \$169,768.38. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom Inc. on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom Inc Mr. Philip J. Macres Page Two

Allegiance Telecom Inc Virginia

Total	7-19-02	\$305,007.06	\$169,768.38	\$0.00	\$169,768.38
Colo	7-19-02	\$256,482.63	\$40,291.31	\$0.00	\$40,291.31
Une-Resale	7-19-02	\$48,524.43	\$129,477.07	\$0.00	\$129,477.07
					AMOUNT
1111					PAST DUE
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom, Inc.
Robert W. McCausland
Vice President - Regulatory and Interconnection
1950 North Stemmons Freeway, Suite 3026
Dallas TX 75207-3118

Re: Notice of Payment Defaults

Mr. Robert W. McCausland;

Despite prior notice that your Verizon Virginia accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Virginia accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Virginia records, payment defaults currently exist in a total amount of \$169,768.38. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom Inc. on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom Inc Mr. Robert W. McCausland Page Two

Allegiance Telecom Inc Virginia

Total	7-19-02	\$305,007.06	\$169,768.38	\$0.00	\$169,768.38
Colo	7-19-02	\$256,482.63	\$40,291.31	\$0.00	\$40,291.31
Une-Resale	7-19-02	\$48,524.43	\$129,477.07	\$0.00	\$129,477.07
					AMOUNT
					PAST DUE
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL

Allegiance Telecom of Washington Inc. Ms. Mary C. Albert, Esq. 1150 Connecticut Avenue, NW, Suite 205 Washington, DC 20036

Re: Notice of Payment Defaults

Ms. Mary C. Albert, Esq.;

Despite prior notice that your Verizon Washington accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Washington accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Washington records, payment defaults currently exist in a total amount of \$23,707.33. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom of Washington Inc. on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom of Washington Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom of Washington Inc Mary C. Albert, Esq. Page Two

Allegiance Telecom of Washington Inc Washington

Total	7-19-02	\$0.00	\$24,135.20	\$427.87	\$23,707.33
Access	7-19-02	\$0.00	\$24,135.20	\$427.87	\$23,707.33
1112					PAST DUE AMOUNT
SERVICE TYPE	AS OF DATE	CURRENT AMOUNT	PAST DUE AMOUNT	DISPUTED AMOUNT	TOTAL UNDISPUTED

Allegiance Telecom of Washington Inc. Mr. Mark P. Trinchero Davis Wright Tremaine LLP Portland OR 97201

1300 S.W. Fifth Avenue, Suite 2300

Re: Notice of Payment Defaults

Mr. Mark P. Trinchero;

Despite prior notice that your Verizon Washington accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon Washington accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon Washington records, payment defaults currently exist in a total amount of \$23,707.33. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom of Washington Inc. on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom of Washington Inc's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom of Washington Inc Mr. Mark P. Trinchero Page Two

Allegiance Telecom of Washington Inc Washington

Total	7-19-02	\$0.00	\$24,135.20	\$427.87	\$23,707.33
Access	7-19-02	\$0.00	\$24,135.20	\$427.87	\$23,707.33
					PAST DUE AMOUNT
SERVICE TYPE	AS OF DATE	CURRENT AMOUNT	PAST DUE AMOUNT	DISPUTED AMOUNT	TOTAL UNDISPUTED

Allegiance Telecom, Inc.
Mary C. Albert, Esq.
Vice President - Regulatory and Interconnection
1150 Connecticut Avenue, NW, Suite 205
Washington DC 20036

Re: Notice of Payment Defaults

Ms. Mary C. Albert, Esq.;

Despite prior notice that your Verizon California accounts (list attached) are past due, substantial undisputed account arrearages remain unpaid and agreed upon payment commitments have not been kept. Continued failure to keep these Verizon California accounts current is a very serious matter and a breach of legal obligations.

Please take notice that according to Verizon California records, payment defaults currently exist in a total amount of \$880,506.81. Please be advised that Verizon will take all available collection actions to receive payment of this undisputed debt. In addition, Verizon will exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

Verizon will not continue to provide its wholesale services to Allegiance Telecom, Inc on present business terms, unless this payment default is timely cured. It is to Allegiance Telecom, Inc 's responsibility not to jeopardize its ability to serve the public by failure to pay Verizon for required wholesale services.

In order to avoid initiation of Verizon legal action without further notice, this office must be contacted at (617) 743-6569 within seven days to confirm wire transfer arrangements in cure of payment defaults.

Verizon expects your cooperation in assuring continuation of your Verizon service arrangements.

Allegiance Telecom, Inc Ms. Mary C. Albert, Esq. Page Two

Allegiance Telecom, Inc California

SERVICE	AS OF	CURRENT	PAST DUE	DISPUTED	TOTAL
TYPE	DATE	AMOUNT	AMOUNT	AMOUNT	UNDISPUTED
					PAST DUE
					AMOUNT
Colo	7-19-02	\$134,783.30	\$8,481.74	\$252.97	\$8,228.77
Access	7-19-02	\$134,322.91	\$762,347.32	\$1,175.85	\$761,171.47
Une-Resale	7-19-02	\$101,369.71	\$111,106.57	\$0.00	\$111,106.57
			d004 025 (2	φ1 430 93	\$000 E06 91
Total	7-19-02	\$370,475.92	\$881,935.63	\$1,428.82	\$880,506.81

EXHIBIT B

Sherry A. Hessenthaler

Vice President – Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174

sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Washington, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Re: Notice of Payment Default and Pending Discontinuance of UNE Provision – Washington

Dear Ms. Albert:

Please take notice that Allegiance Telecom of Washington, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") with Verizon Northwest Inc. ("Verizon") and Verizon's tariffs. Under all relevant terms and conditions, Allegiance must pay all *undisputed* unpaid charges when due.

Account information as of **April 2**, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed unpaid charges for its access service, resold service, and unbundled network elements have now increased to an amount not less than \$164,944.57.

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$137,340.00. Thus, Allegiance's payment defaults currently exceed Verizon's un-remitted payables by the amount of \$27,604.57.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$27,604.57.

If Allegiance allows its **unbundled network elements** payment defaults to continue uncured for **seven** (7) **business days** after the date of this notice and does not pay Verizon at least \$27,604.57 before the expiration of that time period, then Verizon will take action pursuant to Article IV, Section 4 of the Agreement and will discontinue its provision of all **unbundled network elements**² to Allegiance in Washington on or after **April 24, 2003**.

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

² Per Article IV, Section 4, Verizon takes this action without liability to Allegiance or its end users, and Allegiance has sole responsibility to notify its end users that their service may be disconnected for Allegiance's failure to pay for its underlying service, and that such impacted end users must select a new provider of local exchange services.

Mary C. Albert Allegiance Telecom of Washington, Inc. Page 2 of 2

If Verizon's discontinuance of its provision of unbundled network elements to Allegiance is delayed by action of a court or regulatory agency of competent jurisdiction, then such discontinuance will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Washington.

Sincerely,

Sherry A. Hessenthaler

Aluny S. Heosenthaler

Vice President - Finance, Wholesale Billing and Collections

Mary C. Albert Allegiance Telecom of Washington, Inc. Page 3 of 3

WA	Compiled as of	4/2/2003
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****	Compiled de c. 1/2/2000				
SERVICE	CURRENT	PAST DUE(3)	DISPUTED	UNDISPUTED	
TYPE			AMOUNT	PAST DUE	
Access	33,799.02	81,966.77	-	81,966.77	
Resale	566.87	248.72	-	248.72	
UNE	79,188.47	82,731.04	1.96	82,729.08	
TOTAL	113,554.36	164,946.53	1.96	\$164,944.57	

³ The unpaid access charges are at least 30 calendar days past due, and the unpaid resale and UNE charges are at least 45 calendar days past due.

Sherry A. Hessenthaler

Vice President – Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270

Fax: 215.563.4174 sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of the District of Columbia, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Secretary of the Public Service Commission of the District of Columbia 1333 H Street NW 2nd Floor West Tower Washington, DC 20005

Re: Notice of Payment Default and Pending Service Termination - Washington, DC

Dear Notice Recipients:

Please take notice that Allegiance Telecom of the District of Columbia, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") with Verizon Washington, DC Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of **April 2, 2003** is attached. As shown by such account information, such Allegiance payment defaults in undisputed charges for its Verizon **collocation arrangements and unbundled network elements** have now increased to an amount not less than \$1,247,439.51.

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$117,633.00. Thus, Allegiance's payment defaults currently exceed Verizon's unremitted payables by the amount of \$1,129,806.51.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$1,129,806.51.

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges and collocation cross connect issues.

If Allegiance does not make timely payment as follows, then Verizon will take the actions specified below as applicable for the particular service arrangements:

If Allegiance allows its **collocation** payment defaults to continue uncured for **thirty** (30) **days** after the date of this notice and does not pay Verizon \$157,448.83 before the expiration of that time period, then Verizon will act pursuant to its FCC tariff No.1, Section 2.1.8, and its DC tariff PSC DC No. 218, Section 1.B.6.a(1) to terminate all Allegiance **collocation arrangements** in Washington, DC on or after **May 16, 2003**.

If Allegiance allows its payment defaults for **unbundled network elements** to continue uncured for **sixty** (60) **days** after the date of this notice and does not pay Verizon at least the net amount owed of \$972,357.68 before the expiration of that time period, then Verizon will act in accordance with Section 22.3 of the Agreement, and will terminate the Agreement and all services and facilities being provided to Allegiance thereunder in Washington, DC.

Such service termination will begin on **June 16, 2003**. Verizon expects Allegiance to comply with all applicable Public Service Commission rules pursuant to end-user notification of imminent service disconnection. If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Washington, DC.

Sincerely,

Sherry A. Hessenthaler

Sherry S. Heosenthaler

Vice President – Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of the District of Columbia, Inc. Page 3 of 3

DC Compiled as of 4/2/2003

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SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED	
TYPE			AMOUNT	PAST DUE	
COLO	34,950.27	609,225.24	451,776.41	157,448.83	
UNE	401,615.63	1,146,459.91	56,470.51	1,089,989.40	
UNE-P	1.48	1.47	0.19	1.28	
TOTAL	436,567.38	1,755,686.62	508,247.11	\$ 1,247,439.51	

Vice President - Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270

Fax: 215.563.4174 sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Florida, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Re: Notice of Payment Default and Pending Service Termination - Florida

Dear Ms. Albert:

Please take notice that Allegiance Telecom of Florida, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") and the tariffs of Verizon Florida Inc ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* unpaid charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, such Allegiance payment defaults in undisputed unpaid charges for its collocation arrangements, access services, interconnection, resold service, and unbundled network elements have now increased to an amount not less than \$1,011,923.86.

If Allegiance does not make timely payment as follows, then Verizon will take the actions specified below as applicable for the particular service arrangements:

If Allegiance allows its **unbundled network elements** and **resold service** payment defaults to continue uncured for **seven** (7) **business days** after the date of this notice and does not pay Verizon \$221,452.24 before the expiration of that time period, then Verizon will act pursuant to Article IV, Section 4 of the Agreement and will terminate its provision of all **unbundled network elements** and **resold service**² to Allegiance in Florida on or after **April 24, 2003**.

If Allegiance allows its access service and collocation arrangement payment defaults to continue uncured for thirty (30) days after the date of this notice and does not pay Verizon

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

² Per Article IV, Section 4, Verizon takes this action without liability to Allegiance or its end users, and Allegiance has sole responsibility to notify its end users that their service may be disconnected for Allegiance's failure to pay for its underlying service, and that they must select a new provider of local exchange services.

Mary C. Albert Allegiance Telecom of Florida, Inc. Page 2 of 2

\$790,471.62 before the expiration of that time period, then Verizon will act pursuant to its FCC tariff FCC No.14, Section 2.1.8, its State tariff Florida Facilities for Intrastate Access, Section 2.1.8, and Article IX, Section 11 of the Agreement, as applicable, to terminate all Allegiance access service and collocation arrangements³ in Florida on or after May 16, 2003.

Finally, Verizon will terminate the Agreement on **June 16, 2003**, in accordance with Article III, Section 2.3. If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Florida.

Sincerely,

Aluny A Heaventhaler

Sherry A. Hessenthaler Vice President – Finance, Wholesale Billing and Collections

³ Upon the termination of collocation service, Allegiance shall disconnect and remove its equipment from its designated collocation space in Florida and shall assume responsibility for all costs associated with equipment removal and site restoral.

Mary C. Albert Allegiance Telecom of Florida, Inc. Page 3 of 3

CURRENT	PAST DUE(4)	DISPUTED	UNDISPUTED
		AMOUNT	PAST DUE
52,673.53	177,685.54	451.76	177,233.78
54,150.67	613,237.84	-	613,237.84
8,968.83	2,955.52	-	2,955.52
435,693.12	218,496.72	-	218,496.72
551,486.15	1,012,375.62	451.76	\$ 1,011,923.86
	52,673.53 54,150.67 8,968.83 435,693.12	52,673.53 177,685.54 54,150.67 613,237.84 8,968.83 2,955.52 435,693.12 218,496.72	AMOUNT 52,673.53 177,685.54 451.76 54,150.67 613,237.84 - 8,968.83 2,955.52 - 435,693.12 218,496.72 -

⁴The unpaid access and collocation charges are at least 30 calendar days past due, and the unpaid resale and UNE charges are at least 45 calendar days past due.

Vice President - Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174

Fax: 215.563.4174 sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Maryland, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Re: Notice of Payment Default and Pending Service Termination - Maryland

Dear Ms. Albert:

Please take notice that Allegiance Telecom of Maryland, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") with Verizon Maryland Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its unbundled network elements and resold service have now increased to an amount not less than \$1,942,147.72.

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$554,552.00. Thus, Allegiance's payment defaults currently exceed Verizon's unremitted payables by the amount of \$1,387,595.72.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$1,387,595.72. If Allegiance does not make timely payment of at least such amount, then Verizon will take action in accordance with Section 14.2.1 of the Agreement, and will terminate the Agreement and all **unbundled network elements** and **resold service** provided to Allegiance in Maryland on or after **May 16, 2003**.

If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law. In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

Notice Recipients Allegiance Telecom of Maryland, Inc. Page 2 of 2

Alexand A Heosenthaler

that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Maryland.

Sincerely,

Sherry A. Hessenthaler

Vice President – Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of Maryland, Inc. Page 3 of 3

MD Compiled as of 4/2/2003

SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
RESALE	20.26	196.29	0.00	196.29
UNE	648,105.01	2,254,064.20	312,112.77	1,941,951.43
TOTAL	648,125.27	2,254,260.49	312,112.77	\$ 1,942,147.72

Vice President - Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174

sherry.hessenthaler@verizon.com

Via Overnight Mail, Signature Required

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of New York, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Allan Bausback, Director of Communications New York State Public Service Commission Three Empire State Plaza Albany, NY 12223

Re: Notice of Payment Default and Pending Service Termination - New York

Dear Ms. Albert and Mr. Bausback:

Please take notice that Allegiance Telecom of New York, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement (the "Agreement") and the applicable tariffs of Verizon New York Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its collocation arrangements, resold service, and unbundled network elements have now increased to an amount not less than \$3,986,524.45.²

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$2,142,248.00. In addition, Allegiance has a UNE-P bill credit in the amount of \$78,124.77 that Verizon will apply to the payment default amount. Thus, Allegiance's payment defaults currently exceed Verizon's unremitted payables by the amount of \$1,766,151.68.

¹ As set forth in Section 1.0(b) of the Agreement, the parties have incorporated by reference the applicable tariffs that govern the provision of services and facilities provided under the Agreement.

² This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges, and UNE/Resale issues pertaining to BTNs being provided on LSRs.

Notice Recipients Allegiance Telecom of New York, Inc. Page 2 of 2

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$1,766,151.68.

If Allegiance does not make timely payment of at least such amount, then Verizon will take the actions specified below:

If Allegiance allows its collocation, unbundled network elements, and resold service payment defaults to continue uncured for thirty (30) days after the date of this notice and does not pay Verizon at least the net amount owed of \$1,766,151.68 before the expiration of that time period, then Verizon will act in accordance with its FCC tariff No. 11, Section 2.1.8, and its New York tariffs PSC NY No.8, Section 2.6.5, PSC NY No. 9, Section 4.2.1, and PSC NY No. 10, Section 4.1.7. Verizon will terminate all collocation arrangements, resold service, and unbundled network elements provided to Allegiance in New York on or after May 16, 2003.

Finally, Verizon will terminate the Agreement on or after **June 16, 2003**, in accordance with Section 3(e).

If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in New York.

Sincerely,

Sherry A. Hessenthaler

Sherry S. Heaventhaler

Vice President - Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of New York, Inc. Page 3 of 3

NY Compiled as of 4/2/2003

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SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
COLO	518,712.75	4,258,250.98	2,411,872.75	1,846,378.23
Resale	1,618.19	115,247.39	-	115,247.39
UNE	628,210.78	2,615,687.13	590,788.30	2,024,898.83
TOTAL	1,148,541.72	6,989,185.50	3,002,661.05	\$ 3,986,524.45

Vice President - Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174

sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Oregon, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Mark P. Trinchero Davis Wright Tremaine LLP 1300 S.W. Fifth Avenue, Suite 2300 Portland, OR 97201

Re: Notice of Payment Default and Service Termination - Oregon

Dear Ms. Albert and Mr. Trinchero:

Please take notice that Allegiance Telecom of Oregon, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") and the tariffs of Verizon Northwest Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its Verizon collocation arrangements, access services, resold service, and unbundled network elements have now increased to an amount not less than \$92.597.74.

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$240.00. Thus, Allegiance's payment defaults currently exceed Verizon's un-remitted payables by the amount of \$92,357.74.

Under any circumstances, Allegiance cure its payment defaults and pay Verizon at least the net amount of \$92,357.74.

If Allegiance does not make timely payment as follows, then Verizon will take the actions specified below as applicable for the particular service arrangements:

Notice Recipients Allegiance Telecom of Oregon, Inc. Page 2 of 2

If Allegiance allows its access and collocation payment defaults to continue uncured for thirty (30) days after the date of this notice and does not pay Verizon \$28,455.32 before the expiration of that time period, then Verizon will act pursuant to its FCC tariff FCC No.14, Section 2.1.8 and its State tariff PUC OR No.12, Section 2.1.8 to terminate all access service and collocation arrangements provided to Allegiance in Oregon on or after May 16, 2003.

If Allegiance allows its **unbundled network elements and resold service** payment defaults to continue uncured for **thirty** (30) **days** after the date of this notice and does not pay Verizon at least the net amount owed of \$63,902.42 before the expiration of that time period, Verizon will pursue all available legal and equitable remedies against Allegiance pursuant to Section 3.4 of the Agreement to obtain payment of these undisputed past due balances.

If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Oregon.

Sincerely,

Sherry A. Hessenthaler

Sherry S. Heaventhaler

Vice President – Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of Oregon, Inc. Page 3 of 3

OR Compiled as of 4/2/2003

SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
Access	15,704.13	27,084.37	0.00	27,084.37
COLO	195,168.92	1,370.95	0.00	1,370.95
Resale	1,182.74	1,570.48	0.00	· · · · · · · · · · · · · · · · · · ·
UNE	31,037.96	62,571.94	0.00	
TOTAL	243,093.75	92,597.74	0.00	\$ 92,597.74

Vice President – Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174

sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Pennsylvania, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

James J. McNulty, Secretary Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street, 2nd Floor Harrisburg, PA 17120

Bureau of Consumer Services Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120

Re: Notice of Payment Default and Pending Service Termination - Pennsylvania

Dear Notice Recipients:

Please take notice that Allegiance Telecom of Pennsylvania, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement (the "Agreement") and the applicable tariffs of Verizon Pennsylvania Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of **April 2**, **2003** is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its Verizon **collocation arrangements**, **resold service**, **and unbundled network elements** have now increased to an amount not less than \$2,354,587.10.²

¹ As set forth in Section 2.2 of the Agreement, the parties have incorporated by reference the applicable tariffs that govern the provision of services and facilities provided under the Agreement.

This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges, and UNE/Resale issues pertaining to BTNs being provided on LSRs.

Notice Recipients Allegiance Telecom of Pennsylvania, Inc. Page 2 of 2

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$426,429.00. Thus, Allegiance's payment defaults currently exceed Verizon's unremitted payables by the amount of \$1,928,158.10.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$1,928,158.10.

If Allegiance does not make timely payment as follows, then Verizon will take the actions as specified below as applicable for the particular service arrangements:

If Allegiance allows its **collocation** payment defaults to continue uncured for **thirty** (30) **days** after the date of this notice and does not pay Verizon \$645,976.98 before the expiration of that time period, then Verizon will act pursuant to its FCC tariff No. 1, Section 2.1.8 and its Pennsylvania collocation tariff PA PUC No.9, Section 2.1.8 to terminate all Allegiance **collocation** arrangements in Pennsylvania on or after **May 16, 2003**.

If Allegiance allows its payment defaults for unbundled network elements and resold service to continue uncured for sixty (60) days after the date of this notice and does not pay Verizon at least the net amount owed of \$1,282,181.12 before the expiration of that time period, then Verizon will act in accordance with Section 22.3 of the Agreement, and will terminate the Agreement and all services and facilities being provided to Allegiance thereunder in Verizon's operating territory in Pennsylvania.

Such service termination will begin on **June 16**, **2003**. If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Pennsylvania.

Sincerely,

Sherry A. Hessenthaler

Aleosenthaler

Vice President - Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of Pennsylvania, Inc. Page 3 of 3

PA Compiled as of 4/2/2003

SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
COLO	258,036.63	3,480,571.31	2,834,594.33	645,976.98
Resale	108.13	106.81	1.35	105.46
UNE	628,850.20	2,062,772.11	354,267.45	1,708,504.66
TOTAL	886,994.96	5,543,450.23	3,188,863.13	\$ 2,354,587.10

Vice President - Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270

Fax: 215.563.4174 sherry hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Texas, Inc. 1919 M Street NW, Suite 420 Texas, DC 20036

Re: Notice of Payment Default – Texas

Dear Ms. Albert:

Please take notice that Allegiance Telecom of Texas, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") with GTE Southwest Incorporated, d/b/a Verizon Southwest. Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its Verizon collocation arrangements and unbundled network elements have now increased to an amount not less than \$225,855.59.

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$133,796.00. In addition, Allegiance has an access bill credit in the amount of \$62,305.79 that Verizon will apply to the payment default amount. Thus, Allegiance's payment defaults currently exceed Verizon's un-remitted payables by the amount of \$29,753.80.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$29,753.80. If Allegiance does not make timely payment of at least such amount by May 16, 2003, then Verizon will take action in accordance with Section 3.4 of the Agreement, and will pursue all available legal and equitable remedies against Allegiance to obtain payment of this undisputed debt. In addition, Verizon will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue.

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

Notice Recipients Allegiance Telecom of Texas, Inc. Page 2 of 2

Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Texas.

Sincerely,

Sherry A. Hessenthaler

Aherry A. Hessenthaler

Vice President – Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of Texas, Inc. Page 3 of 3

TX Compiled as of 4/2/2003

* * *				
SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
COLO	-	192,194.14	-	192,194.14
UNE	26,808.86	33,691.57	30.12	33,661.45
TOTAL	26,808.86	225,885.71	30.12	\$ 225,855.59

Vice President – Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270 Fax: 215.563.4174 sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 16, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of Virginia, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Kathleen A. Cummings
Deputy Director, Division of Communications
State Corporation Commission
Commonwealth of Virginia
P.O. Box 1197
Richmond, VA 23218

Re: Notice of Payment Default and Pending Service Termination - Virginia

Dear Ms. Albert and Ms. Cummings:

Please take notice that Allegiance Telecom of Virginia, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") with Verizon Virginia Inc. ("Verizon"). Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of April 2, 2003 is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its Verizon collocation arrangements and unbundled network elements have now increased to an amount not less than \$637,903.60.1

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$54,833.00. Thus, Allegiance's payment defaults currently exceed Verizon's unremitted payables by the amount of \$583,070.60.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$583,070.60.

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

If Allegiance does not make timely payment as follows, then Verizon will take the actions specified below as applicable for the particular service arrangements:

If Allegiance allows its **collocation** payment defaults to continue uncured for **thirty (30) days** after the date of this notice and does not pay Verizon \$118,232.46 before the expiration of that time period, then Verizon will act pursuant to its FCC tariff No.1, Section 2.1.8 to terminate all Allegiance **collocation** arrangements in Virginia.

If Allegiance allows its payment defaults for **unbundled network elements** to continue uncured for **sixty** (60) **days** after the date of this notice and does not pay Verizon at least the net amount owed of \$464,838.14 before the expiration of that time period, then Verizon will act in accordance with Section 22.3 of the Agreement, and will terminate the Agreement and all services and facilities being provided to Allegiance thereunder in Verizon's operating territory in Virginia.

Accordingly, Verizon has notified regulatory authorities and has initiated local service disconnection procedures with the Virginia State Corporation Commission, as set forth in the attached notice. If Allegiance fails to act on a timely basis as set forth above, service termination will begin on **June 16**, **2003**. If such termination is delayed by action of a court or regulatory agency of competent jurisdiction, then termination will occur on the earliest date thereafter that is permitted under applicable law.

In addition, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in Virginia.

Sincerely,

Sherry A. Hessenthaler

Aleosenthaler

Vice President - Finance, Wholesale Billing and Collections

Notice Recipients Allegiance Telecom of Virginia, Inc. Page 3 of 3

VA Compiled as of 4/2/2003

SERVICE	CURRENT	PAST DUE	DISPUTED	UNDISPUTED
TYPE			AMOUNT	PAST DUE
COLO	71,564.06	436,289.70	318,057.24	118,232.46
UNE	138,717.43	531,730.33	12,059.19	519,671.14
TOTAL	210,281.49	968,020.03	330,116.43	\$ 637,903.60

Vice President – Finance, Wholesale Billing and Collections

1717 Arch Street, 47th Floor Philadelphia, PA 19103 Phone: 215.963.6270

Fax: 215.563.4174 sherry.hessenthaler@verizon.com

Via Certified Mail, Return Receipt

April 15, 2003

Mary C. Albert Vice President - Regulatory and Interconnection Allegiance Telecom of California, Inc. 1919 M Street NW, Suite 420 Washington, DC 20036

Re: Notice of Payment Default and Imminent Service Termination - California

Dear Ms. Albert:

Please take notice that Allegiance Telecom of California, Inc. ("Allegiance") is in default of its bill payment obligations under its Interconnection Agreement ("Agreement") and the tariffs of Verizon California Inc. Under all relevant terms and conditions, Allegiance must pay all *undisputed* charges when due.

Account information as of **April 2, 2003** is attached. As shown by such account information, Allegiance payment defaults in undisputed charges for its Verizon **collocation arrangements**, **access services, resold service, and unbundled network elements** have now increased to an amount not less than \$3,077,512.53.¹

As a result of Allegiance's continuing payment defaults, Verizon has placed a hold on its remittance to Allegiance of certain undisputed Verizon payables that currently amount to \$2,071,565.00. Thus, Allegiance's payment defaults currently exceed Verizon's un-remitted payables by the amount of \$1,005,947.53.

Under any circumstances, Allegiance must cure its payment defaults and pay Verizon at least the net amount of \$1,005,947.53.

If Allegiance does not make timely payment as follows, then Verizon will take the actions specified below as applicable for the particular service arrangements:

If Allegiance allows its **collocation** payment defaults to continue uncured for **thirty (30) days** after the date of this notice and does not pay Verizon at least \$648,381.80, then Verizon will act pursuant to its FCC tariff No.14, Section 2.1.8 and its state tariff Cal. PUC No. C-1, Section A.8

¹ This undisputed past due balance specifically excludes Allegiance's disputes with regard to late payment charges.

Mary C. Albert Allegiance Telecom of California, Inc. Page 2 of 2

and will terminate its provision of collocation arrangements to Allegiance in California on or after May 16, 2003.

If Allegiance allows its **unbundled network elements** payment defaults to continue uncured for **sixty (60) days** after the date of this notice and does not pay Verizon at least the net amount of **\$357,565.73**, then Verizon will act in accordance with Article XVII, Section 2.3 of the Agreement, and will terminate the Agreement and all services provided to Allegiance thereunder in California on or after **June 16, 2003**.

If any Verizon termination is delayed by action of a court or regulatory agency of competent jurisdiction, then such termination will occur on the earliest date thereafter that is permitted under applicable law.

Furthermore, Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to ensure that additional payment arrearages do not accrue. Please contact me immediately to arrange payment in cure of the Allegiance breach of payment obligations in California.

Sincerely,

Sherry A. Hessenthaler

Sherry A. Heosentholer

Vice President – Finance, Wholesale Billing and Collections

Mary C. Albert Allegiance Telecom of California, Inc. Page 3 of 3

CA Compiled as of 4/2/2003

CURRENT	PAST DUE	DISPUTED	UNDISPUTED
		AMOUNT	PAST DUE
133,873.91	2,019,097.53	121.18	2,018,976.35
90,282.09	648,381.80	-	648,381.80
2,363.94	3,654.72	-	3,654.72
157,537.07	406,499.66	-	406,499.66
384,057.01	3,077,633.71	121.18	\$ 3,077,512.53
	133,873.91 90,282.09 2,363.94 157,537.07	133,873.91 2,019,097.53 90,282.09 648,381.80 2,363.94 3,654.72 157,537.07 406,499.66	AMOUNT 133,873.91

EXHIBIT C



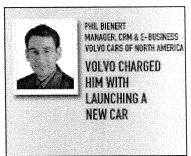
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TEXT-S&P cuts Allegiance Telecom ratings to D

Tue May 20, 2003 05:13 PM ET (The following statement was released by the rating agency)

NEW YORK, May 20 - Standard & Poor's Ratings Services said today that it lowered its corporate credit rating on Allegiance Telecom Inc. and related entities to 'D' from 'CC' due to the company's filing Chapter 11 on May 14, 2003.

At the same time, Standard & Poor's lowered its senior unsecured debt ratings to 'D' from 'C' and removed them removed from CreditWatch. Simultaneously, the 'CC' senior secured bank loan rating on subsidiary, Allegiance Telecom Company Worldwide, was affirmed and removed from CreditWatch. Dallas, Texas-based Allegiance Telecom is a facilities-based integrated communications provider, offering voice and data services to small and midsize businesses. As of Dec. 31, 2002, the total debt outstanding was about \$1.2 billion. Bank debt represented approximately \$465 million of the total debt outstanding.

The 'CC' rating on the bank loan reflects the company's intent to make monthly interest payments on this obligation as permitted under an Interim Order issued by the U.S. Bankruptcy Court Southern District of New York on May 14, 2003. "In addition, the rating indicates Standard & Poor's expectations that recovery value on the bank facility, which is secured by all the assets of the company, will likely be less than par given recent market valuations of competitive local exchange company (CLEC) assets," said Standard & Poor's credit analyst Rosemarie Kalinowski. Valuations of distressed CLEC assets have been in the 10 cents - 20 cents on the dollar range. As of Dec. 31, 2002, assets totaled about \$1.4 billion.

The Interim Order issued by the U.S. Bankruptcy Court authorizes Allegiance Telecom, et al, to use its cash collateral, subject to certain terms and conditions, to pay ordinary and necessary business expenses. At May 14, 2003, the company's cash balance was about \$245 million. To protect any diminution in the value of the bank creditors' cash collateral, the U.S. Bankruptcy Court granted the creditors "Replacement Liens" which include a perfected security lien on all the assets of the

company in existence prior to the bankruptcy petition filing and any assets created after the filing.

In addition to the Replacement Liens, the bank creditors were granted an administrative claim for the amount of any diminution in the cash collateral, and will receive monthly



Credit Ratings Actions.

Bush Vows to Find Banned Iraq Arms, U.S. Soldier Killed

Top NY Times Editors Resign Amid Scandal

Ashcroft Defends U.S. **Government on Detainees**

Martha Stewart Fights Back with Media Campaign

Mideast Peace Hopes Tempered by Arafat, Hardliners

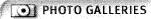
Data Show U.S. Economic **Recovery Shaky**

U.S. Military Says Iraqi 'Chemical Ali' May Be Alive

United States Seeks New Defense Agreements with Key Allies

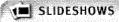
Moroccan Arrested in France **Over Sept 11 Attacks**

Distraught Serena in Tears After French Loss





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interest payments as indicated under the pre-petition credit agreement, commencing

Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site

at www.standardandpoors.com; under Fixed Income in the left navigation bar, select

May 14, 2003. Complete ratings information is available to subscribers of RatingsDirect,

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EXHIBIT D

SOUTHERN DISTRICT OF NEW YORK		
	X	
In re	:	Chapter 11 Case No.
Empire One Telecommunications, Inc., et. al.,	:	01-11894 (AJG) through 01-11898 (AJG) (Jointly Administered)
Debtors.	: x	(,

LINITED STATES BANKRUPTCY COURT

STIPULATION AND CONSENT ORDER ESTABLISHING ADEQUATE ASSURANCE OF PAYMENT TO THE SUBSIDIARIES OF VERIZON COMMUNICATIONS, INC. UNDER BANKRUPTCY CODE SECTION 366

Empire One Telecommunications, Inc., Sonus Communications, Inc., EOT

Telecommunications of Canada, Inc. and Empire One Power, Inc. (collectively, "Empire One" or the "Debtor") and the operating subsidiaries of Verizon Communications, Inc. f/k/a Bell Atlantic Corporation and GTE Corporation (collectively, "Verizon" or the "OTCs") having stipulated and consented hereto, and good cause appearing therefor, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

- 1. EMPIRE ONE shall not be required to pay Verizon any deposit, which otherwise would be required pursuant to 11 U.S.C. § 366, except as provided below.
- 2. EMPIRE ONE shall wire transfer to Verizon (pursuant to wire transfer instructions to be delivered to EMPIRE ONE) by May 29, 2001 the sum of \$77,836.49 (the "Deposit"). The amount of the Deposit represents approximately one-half of the average one month bill provided to the Debtors by Verizon for various wholesale services, as described on Exhibit A (the "Wholesale Charges"). During the next 30 days after entry of this Order, Verizon and EMPIRE

ONE shall work together in good faith to determine whether the \$13,816.22 in monthly charges under the heading "Access" for Verizon East (N) are charges that are owed by EMPIRE ONE or by another entity; in the event that such charges are for accounts that are not attributable to EMPIRE ONE, Verizon shall remove such charges from the Deposit and apply them towards the next advance semi-monthly payment owed by EMPIRE ONE; in the event that at the end of the 30-day period Verizon and EMPIRE ONE have a dispute regarding whether the charges are owed by EMPIRE ONE or by another entity, EMPIRE ONE shall have the right to request a prompt determination of such dispute by the Bankruptcy Court.

- 3. EMPIRE ONE shall wire transfer to Verizon by 5:00 p.m. on the first day and the fifteenth day of each month the sum of \$77,836.49, representing an advance semi-monthly payment for charges accruing for the Wholesale Charges. In the event that the first day of the month or the fifteenth day of the month is not a business day, EMPIRE ONE shall wire transfer the required payment on the preceding business day.
- 4. After the end of every 90-day period, Verizon shall true-up the advance semi-monthly payments made during the applicable period against the actual charges incurred by EMPIRE ONE for that period. Upon completing the true-up, Verizon shall deliver a notice to EMPIRE ONE, EMPIRE ONE's counsel and counsel for the Unsecured Creditors' Committee setting forth (i) the amount of any deficiency or excess payment for the period, and (ii) the dollar amount of future required advance monthly payments, based on the average actual charges incurred during the prior three-month period. In the event that a deficiency exists, EMPIRE ONE

shall wire transfer to Verizon the amount of such deficiency within three business days after transmission of the notice. In the event that the advance monthly payments during the period exceed the actual charges incurred by EMPIRE ONE for that period, Verizon shall apply the excess sum towards the next advance semi-monthly payment owed by EMPIRE ONE.

- 5. The terms of this Order shall be retroactive to EMPIRE ONE's petition date (April 2, 2001). Therefore, within three business days of entry of this Order, EMPIRE ONE shall wire transfer to Verizon the amount of \$155,672.98, representing the sums that would have been due (for the month of April) had this Order been entered on the filing date.
- 6. All postpetition charges owing by the Debtor to Verizon shall constitute administrative expenses (the "Administrative Expense Claim") of the Debtor's estate pursuant to 11 U.S.C. § 503(b). Except in connection with an order approving debtor-in-possession financing that is sufficient to pay the Debtor's obligations to Verizon, the Debtor shall not grant to any entity, and no entity shall have, a claim against Debtor under 11 U.S.C. § 364 or any other section of the Bankruptcy Code having priority senior to the claims and rights granted to Verizon hereunder unless Verizon so consents; provided, however, that the Administrative Expense Claim shall be subordinate to any fees arising under 28 U.S.C. § 1930(a)(6) that are due and payable by the Debtor to the United States Trustee.
- 7. In the event that the Debtor fails to comply with any provision of this Order and does not cure such default by 5:00 p.m. on the third business day after the notice by Verizon to

Debtor, Debtor's counsel and counsel for the Unsecured Creditors' Committee of such default, Verizon is authorized to terminate services to the Debtor without further order of this Court.

8. Notice pursuant to any provision of this Order shall be deemed properly given and shall be effective upon being sent by fax (as confirmed by the sender's fax machine) as follows:

Debtor's Counsel

Timothy W. Walsh LeBoeuf, Lamb, Greene & MacRae, LLP 125 West 55th Street New York, New York 10019 (212) 424-8000 FAX: (212) 424-8500

Verizon

Darryl S. Laddin Timothy A. Baxter Arnall Golden Gregory LLP Suite 2800 1201 W. Peachtree Street Atlanta, Georgia 30309 FAX: (404) 873-8121 and (404) 873-8699

Committee

Schuyler G. Carroll
Andrew I. Silfen
Olshan Grundman Frome Rosenzweig & Wolosky LLP
505 Park Avenue
16th Floor
New York, New York 10022
FAX: (212) 935-1787

- 9. Within three (3) business days of the date of this Order, the Debtor shall specifically identify and provide to Verizon a list of all of EMPIRE ONE's retail or other non-Wholesale accounts with Verizon (collectively, "the EMPIRE ONE Retail Accounts"). After receipt of the list identifying all of the EMPIRE ONE Retail Accounts from the Debtor, Verizon shall be entitled to increase the Deposit and advance payments as to the EMPIRE ONE Retail Accounts according to the provisions of ¶ 2-5 (the "Increased Deposit and Advance Payments"). In such event, Verizon shall provide notice to the Debtor and its counsel of the amount necessary to fund the Increased Deposit and Advance Payments. Within three (3) business days of the Debtor's receipt of such notice, the Debtor shall wire transfer the requested sums to Verizon.
- 10. Each of the OTCs is hereby authorized, with respect to any pre-petition sums that are or may become due and owing by each of the OTCs to the Debtor relating to billing and

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

OTC. In addition, in the event that the Debtor fails to pay any post-petition charge owed to the OTCs for billing and collection, each of the OTCs is further hereby authorized to apply any post-petition sums owing by each of the OTCs to the Debtor against any such charges before remitting the difference to the Debtor.

11. This Order shall be binding upon any successors or assigns of the parties hereto. STIPULATED AND AGREED THIS <u>30th</u> DAY OF APRIL, 2001.

ARNALL GOLDEN GREGORY LLP

s/Darryl S. Laddin

Darryl S. Laddin (DL-5130) 2800 One Atlantic Center 1201 W. Peachtree Street Atlanta, Georgia 30309 (404) 873-8500

ATTORNEYS FOR VERIZON

LEBOEUF, LAMB, GREENE & MACRAE, LLP

s/Timothy W. Walsh

Timothy W. Walsh (TW-7409) 125 West 55th Street New York, NY 10019 (212) 424-8000

ATTORNEYS FOR DEBTOR

SO ORDERED THIS 1st DAY OF MAY, 2001.

s/Arthur J. Gonzalez
UNITED STATES BANKRUPTCY JUDGE

ARNALL GOLDEN GREGORY LLP

Attorneys for Verizon

2800 One Atlantic Center

1201 W. Peachtree Street

Atlanta, Georgia 30309

Telephone: (404) 873-8500

Facsimile: (404) 873-8121 and (404) 873-8793

Darryl S. Laddin (DL-5130)

Richard A. Mitchell Georgia Bar No. 513419

UNITED STATES BANKRUPTCY	COURT
SOUTHERN DISTRICT OF NEW Y	ORK

	X	
In re:	:	Chapter 11
	:	
ONSITE ACCESS, INC., et al.,	:	Case Nos. 01-12879(AJG1),
/ /		01-12881(AJG1) & 01-12883(AJG1)
Debtors.	:	Jointly Administered
	X	

STIPULATION AND CONSENT ORDER ESTABLISHING ADEQUATE ASSURANCE OF PAYMENT TO THE SUBSIDIARIES OF VERIZON COMMUNICATIONS INC. UNDER BANKRUPTCY CODE SECTION 366

OnSite Access, Inc. and its debtor affiliates (collectively, the "Debtor" or "OnSite Access") and the operating telephone subsidiaries of Verizon Communications Inc. f/k/a Bell Atlantic Corporation and GTE Corporation (collectively, "Verizon" or the "OTCs") having stipulated and consented hereto, and good cause appearing therefor, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. Commencing July 1, 2001, OnSite Access shall wire transfer to Verizon by 5:00 p.m. on the first day and the fifteenth day of each month the sum of \$97,657, representing an advance semi-monthly payment for the net charges accruing for the charges described on Exhibit

A. In the event that the first day of the month or the fifteenth day of the month is not a business day, OnSite Access shall wire transfer the required payment on the preceding business day.

- 2. After the period ending July 31, 2001 and at the end of each two month interval thereafter, Verizon shall true-up the advance semi-monthly payments made during the applicable period against the actual net charges incurred by OnSite Access for that period. Upon completing the true-up, Verizon shall deliver a notice to OnSite Access, OnSite Access' counsel and counsel for the Unsecured Creditors' Committee setting forth (i) the amount of any deficiency or excess payment for the period, and (ii) the dollar amount of future required advance monthly payments, based on the average actual net charges incurred during the prior three-month period. In the event that a deficiency exists, OnSite Access shall wire transfer to Verizon the amount of such deficiency within two business days after transmission of the notice. In the event that the advance monthly payments during the period exceed the actual net charges incurred by OnSite Access for that period, Verizon shall apply the excess sum towards the next advance monthly payment owed by OnSite Access.
- 3. The terms of this Order establishing the semi-monthly advance payments shall be retroactive to the petition date (May 16, 2001) of OnSite Access. Therefore, within five business days of entry of this Order, OnSite Access shall wire transfer to Verizon an amount representing post-petition charges from Verizon through and including June 30, 2001, estimated to be approximately \$350,000. The parties further agree to cooperate with one another in determining the amount of post-petition charges currently owed to Verizon.
- 4. All post-petition charges owing by the Debtor to Verizon shall constitute administrative expenses (the "Administrative Expense Claim") of the Debtor's estate pursuant to 11 U.S.C. § 503(b). Except in connection with an order approving debtor-in-possession

financing that is sufficient to pay the Debtor's outstanding postpetition obligations to Verizon, the Debtor shall not grant to any entity, and no entity shall have, a claim against Debtor under 11 U.S.C. § 364 or any other section of the Bankruptcy Code having priority senior to the claims and rights granted to Verizon hereunder unless Verizon so consents; provided, however, that the Administrative Expense Claim shall be subordinate to any fees arising under 28 U.S.C. § 1930(a)(6) that are due and payable by the Debtor to the United States Trustee.

- 5. In the event that the Debtor fails to comply with any provision of this Order and does not cure such default by 5:00 p.m. on the third business day after the notice by Verizon to Debtor, Debtor's counsel and counsel for the Unsecured Creditors' Committee of such default, Verizon is authorized to terminate services to the Debtor without further order of this Court.
- 6. Notice pursuant to any provision of this Order shall be deemed properly given and shall be effective upon being sent by fax (as confirmed by the sender's fax machine) as follows:

Debtor's Counsel
Frank A. Oswald
Gerard DiConza
Togut Segal & Segal LLP
One Penn Plaza – Suite 3335
New York, NY 10119

FAX: (212) 967-4258

Committee Counsel Martin G. Brunin

Thelen Reid & Priest LLP 40 West 57th Street

New York, NY 10019

FAX: (212) 603-2001

Verizon

Darryl S. Laddin Richard A. Mitchell Arnall Golden Gregory LLP 2800 One Atlantic Center 1201 W. Peachtree Street Atlanta, Georgia 30309

FAX: (404) 873-8121 and (404) 873-8793

- 7. Within three (3) business days of the date of this Order or as soon thereafter as is practicable (but no later than two weeks after entry of this Order), the Debtor shall specifically identify and provide to Verizon a list of all of OnSite Access' retail or other non-Wholesale accounts with Verizon not identified on Exhibit A (collectively, "the Additional OnSite Access Retail Accounts"). After receipt of the list identifying all of the Additional OnSite Access Retail Accounts from the Debtor, Verizon shall determine the appropriate amount of the Deposit and advance payments to be made on account of the OnSite Access Retail Accounts (such Deposit and advance payments to be calculated in the same manner as above unless otherwise agreed by the parties), and thereafter Verizon shall be entitled to increase the Deposit and advance payments as to the Additional OnSite Access Retail Accounts according to the provisions of ¶¶ 1-4. In such event, Verizon shall provide notice to the Debtor and its counsel of the amount necessary to fund the increased deposit and advance payments. Within three (3) business days of the Debtor's receipt of such notice, the Debtor shall wire transfer the requested sums to Verizon.
- 8. With respect to any requests by OnSite Access for disconnection of service or for additional service from Verizon, OnSite Access shall comply with the terms set forth in its interconnection agreements with Verizon and applicable tariffs, including, without limitation, the submission of appropriate ASRs, applications and customer notifications. In the event that OnSite Access requests additional service from Verizon, Verizon shall have the right to recalculate the amount of the Deposit in paragraph one and the advance semi-monthly payments in paragraph two. In such event, Verizon shall provide notice to the Debtor and its counsel of the amount necessary to fund the increased deposit and advance payments. Within three (3) business days of the Debtor's receipt of such notice, the Debtor shall wire transfer the requested sums to Verizon.

9. This Order shall be binding upon any successors or assigns of the parties hereto.

STIPULATED AND AGREED THIS 21st DAY OF JUNE, 2001.

VERIZON COMMUNICATIONS INC., By their Attorneys, ARNALL GOLDEN GREGORY LLP ONSITE ACCESS, INC., ET AL., By their Attorneys, TOGUT SEGAL & SEGAL LLP

/s/ Richard A. Mitchell_

Darryl S. Laddin (DL-5130) Richard A. Mitchell Georgia Bar No. 513419 2800 One Atlantic Center 1201 W. Peachtree Street Atlanta, Georgia 30309 Telephone: (404) 873-8500 Facsimile: (404) 873-8793 __/s/ Frank A. Oswald Frank A. Oswald (FAO-1223) Gerard DiConza (GD-0890) Togut, Segal & Segal LLP One Penn Plaza – Suite 3335 New York, NY 10119 Telephone: (212) 594-5000

Facsimile: (212) 967-4258

SO ORDERED THIS 22nd DAY OF JUNE, 2001.

s/Richard L. Bohanon

United States Bankruptcy Judge

Exhibit A

CUST ID	ACCOUNT#	AVERAGE MONTHLY CHARGES
51349	914 M56 - 2584 983	247.00
52817	914 M56 - 2585 686	1,367.00
53208	914 M56 - 0247 212	1,798.00
53479	212 M56 - 3194 457	449.00
55826	212 M55 - 0763 398	0.00
48022	212 M56 - 2809 281	3,240.00
51821	516 M55 - 0632 679	0.00
51834	516 M55 - 0637 097	0.00
51875	516 M55 - 0646 508	905.00
51877	516 M56 - 0060 326	426.00
52858	516 M56 - 1944 274	812.00
56036	516 M56 - 0437 929	282.00
43785	212 M56 - 2224 281	0.00
44185	212 M55 - 0079 371	0.00
45125	212 M56-2394 111	0.00
45411	212 M55-2912 222	0.00
45411	212 M55-3053 740	0.00
45452	212 M55 - 3012 820	494.00
45742	516 M56 - 0519 518	317.00
45938	212 M50 - 0022 399	619.00
45938	212 M56 - 0113 594	89,851.00
47143	516 M56 - 0550 035	0.00
51332	212 M56 - 0101 253	386.00
53687	914 M56 - 0417 642	449.00
56611	516 M55 - 0968 329	565.00
68958	212 M50 - 0421 703	233.00
39373	212 M55 - 2615 425	0.00
40547	212 M56 - 1856 938	992.00
44107	212 M55 - 1796 821	0.00
45115	212 M56 - 2388 776	0.00
45117	212 M56 - 2389 774	0.00
45121	212 M56 - 2392 775	0.00
48063	516 M56 - 2793 469	282.00
60557	212 M50 - 0968 253	1,790.00
61744	617 M16 - 1082 806	10,205.00
	TOTALS	\$115,709.00

BAN NUMBERS	AVERAGE
	MONTHLY
	CHARGES
NEW JERSEY	
201 R20 6452 421	\$1,462.28
201 R20 6474 015	\$474.37
201 R20 0552 179	\$793.79
201 R20 6288 161	\$1,981.15
201 R20 6700 330	\$36,894.68
201 R20 7859 227	\$527.69
201 R20 7985 195	\$277.49
VIRGINIA C&P	
703 J95 2401 063	\$4,665.55
703 J95 2393 259	\$456.07
703 J95 2401 217	\$6,853.64
703 J95 2401 310	\$320.65
703 J95 2401 543	\$4,141.60
703 J95 2561 755	\$1,580.77
PENNSYLVANIA	
215 N60 0043 048	\$4,865.63
215 N60 0118 824	\$1,893.93
215 N60 2503 328	\$1,930.08
215 N60 2857 322	\$201.06
215 N60 2877 424	\$170.82
215 N60 0117 826	\$222.28
215 N60 2277 324	\$9,498.71
215 N60 2863 323	\$170.82
215 N60 2861 425	\$222.28
Totals	\$79,605.3

Totals \$79,605.32

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK		Presentment Date: June 1, 2001 at 12:00 Noon
In re	:	Chapter 11 Case Nos.
RSL COM PrimeCall, Inc. and RSL COM U.S.A., Inc.,	:	01-11457 (ALG) and 01-11469 (ALG) (Jointly Administered)
Debtors.	: :	X

AMENDED STIPULATION AND CONSENT ORDER ESTABLISHING ADEQUATE ASSURANCE OF PAYMENT TO THE SUBSIDIARIES OF VERIZON COMMUNICATIONS, INC.

RSL COM PrimeCall, Inc. and RSL COM U.S.A., Inc. (collectively, "RSL" or the "Debtor") and the operating domestic subsidiaries of Verizon Communications, Inc. f/k/a Bell Atlantic Corporation and GTE Corporation (such subsidiaries collectively, "Verizon" or the "OTCs") having stipulated and consented hereto, and good cause appearing therefor, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

- 1. RSL shall wire transfer to Verizon (pursuant to wire transfer instructions to be delivered to RSL) within three business days of entry of this Order the sum of \$115,184.11 (the "Deposit"). The amount of the Deposit represents approximately one-third of the average one month bill provided to the Debtors by Verizon for various wholesale access services, as described on Exhibit A (the "Wholesale Charges").
- 2. RSL shall wire transfer to Verizon by 5:00 p.m. on the first day and the fifteenth day of each month the sum of \$172,777.66, representing an advance semi-monthly payment for charges accruing for the Wholesale Charges. In the event that the first day of the month or the fifteenth day of the month is not a business day, RSL shall wire transfer the required payment on the preceding business day.

1347026v5

- 3. After the end of every 90-day period, Verizon shall true-up the advance monthly payments made during the applicable period against the actual charges incurred by RSL for that period. Upon completing the true-up, Verizon shall deliver a notice to RSL, RSL's counsel and counsel for the Unsecured Creditors' Committee setting forth (i) the amount of any deficiency or excess payment for the period, and (ii) the dollar amount of future required advance monthly payments, based on the average actual charges incurred during the prior three-month period. In the event that a deficiency exists, RSL shall wire transfer to Verizon the amount of such deficiency within two business days after transmission of the notice. In the event that the advance monthly payments during the period exceed the actual charges incurred by RSL for that period, Verizon shall apply the excess sum towards the next advance monthly payment owed by RSL.
- 4. The terms of this Order shall be retroactive to RSL's petition date (March 16, 2001). Therefore, within three business days of entry of this Order, RSL shall wire transfer Verizon the amount of \$863,888.30 (\$172,777.66 for March 2001, \$345,555.32 for April 2001 and \$345,555.32 for May 2001) had this Order been entered on the filing date, less agreed upon credits for payments already made post-petition.
- 5. All postpetition charges owing by the Debtor to Verizon shall constitute administrative expenses (the "Administrative Expense Claim") of the Debtor's estate pursuant to 11 U.S.C. § 503(b). Except in connection with an order approving debtor-in-possession financing that is sufficient to pay the Debtor's outstanding postpetition obligations to Verizon, the Debtor shall not grant to any entity, and no entity shall have, a claim against Debtor under 11 U.S.C. § 364 or any other section of the Bankruptcy Code having priority senior to the claims

and rights granted to Verizon hereunder unless Verizon so consents; provided, however, that the Administrative Expense Claim shall be subordinate to any fees arising under 28 U.S.C. § 1930(a)(6) that are due and payable by the Debtor to the United States Trustee.

- 6. In the event that the Debtor fails to comply with any provision of this Order and does not cure such default by 5:00 p.m. on the second business day after the notice by Verizon to Debtor, Debtor's counsel and counsel for the Unsecured Creditors' Committee of such default, Verizon is authorized to terminate services to the Debtor without further order of this Court.
- 7. Notice pursuant to any provision of this Order shall be deemed properly given and shall be effective upon being sent by fax (as confirmed by the sender's fax machine) as follows:

Debtor's Counsel

Allison H. Weiss
LeBoeuf, Lamb, Greene & MacRae, LLP
125 West 55th Street
New York, New York 10019
(212) 424-8069

FAX: (212) 424-8500

Verizon

Darryl S. Laddin
Timothy A. Baxter
Arnall Golden Gregory LLP
Suite 2800
1201 W. Peachtree Street
Atlanta, Georgia 30309
FAX: (404) 873-8121 and (404) 873-8699

8. Verizon shall be entitled to increase the Deposit and advance payments as to retail or other non-Wholesale accounts with Verizon (collectively, the "RSL Retail Accounts") according to the provisions of ¶¶ 1-4 (the "Increased Deposit and Advance Payments") or as

otherwise agreed upon between the parties. In such event, Verizon shall provide notice to the Debtor and its counsel of the amount necessary to fund the Increased Deposit and Advance Payments. Within three (3) business days of the Debtor's receipt of such notice, the Debtor shall wire transfer the requested sums to Verizon.

9. This Order shall be binding upon any successors or assigns of the parties hereto. STIPULATED AND AGREED THIS 21st DAY OF MAY, 2001.

ARNALL GOLDEN GREGORY LLP

/s/ Darryl S. Laddin

Darryl S. Laddin (DL-5130) 2800 One Atlantic Center 1201 W. Peachtree Street Atlanta, Georgia 30309 (404) 815-3500

ATTORNEYS FOR VERIZON

LEBOEUF, LAMB, GREENE & MACRAE, LLP

/s/ John S. Kinzey

John S. Kinzey (JK-4951) 125 West 55th Street New York, NY 10019

ATTORNEYS FOR DEBTOR

SO ORDERED THIS 4th DAY OF JUNE, 2001.

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Wholesale Charges

Area (specify either East (N) or East (S) or West)		B&C	Total Receivable s)
East (N)	99,011.09		99,246.00
East (S)	206,811.90		206,811.90
West	39,494.42		39,494.42
Totals	345,317.41	234.91	345,552.32

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re:)	Chapter 11
)	Case No. 01-11443 (AJG)
Plan B Communications, Inc.)	
)	
Debtor.)	
)	

STIPULATION AND CONSENT ORDER ESTABLISHING ADEQUATE ASSURANCE OF PAYMENT TO THE SUBSIDIARIES OF VERIZON COMMUNICATIONS, INC. UNDER BANKRUPTCY CODE SECTION 366

Plan B Communications, Inc. ("Plan B" or the "Debtor") and the operating telephone companies of Verizon Communications, Inc. f/k/a Bell Atlantic Corporation and GTE Corporation (collectively, "Verizon" or the "OTCs") having stipulated and consented hereto, and good cause appearing therefor, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

- 1. Plan B shall not be required to pay to the OTCs any deposit, which otherwise would be required pursuant to 11 U.S.C. § 366, except as provided below.
- 2. Plan B shall wire transfer to Verizon (pursuant to wire transfer instructions to be delivered to Plan B) the sum of \$100,000.00 no later than April 9, 2001 and the sum of \$125,000.00 no later than April 26, 2001 (such sums, collectively, the "Deposit"), representing approximately one-fourth of the average one-month bill provided to the Debtors by Verizon for various wholesale access, colocation and resale/UNE services and retail services for Plan B's telecommunications network.
- 3. Plan B shall wire transfer to Verizon within three days of entry of this Order: (a) the sum of \$450,000, representing a payment for charges accruing between the petition date and March 31, 2001, and (b) the sum of \$450,000, representing an advance

semi-monthly payment for charges accruing during April 2001. Thereafter, Plan B shall wire transfer to Verizon semi-monthly (on the 1st and the 15th) (beginning with April 15, 2001) the sum of \$450,000 (unless the parties agree in writing to a different amount), representing an advance semi-monthly payment for charges accruing. In the event that the first day of the month or the fifteenth day of the month is not a business day, Plan B shall wire transfer the required payment on the subsequent business day.

- 4. After the end of the second month following the petition date (i.e., April 30, 2001), and after the end of each subsequent two-month period, Verizon shall true-up the advance monthly payments made during the applicable period against the actual charges incurred by Plan B for that period. Verizon shall use its reasonable best efforts to complete the true-up, as described in this paragraph, within two to three weeks of the end of each two-month period. Upon completing the true-up, Verizon shall deliver a notice to Plan B, Plan B's counsel, and counsel for the Unsecured Creditors' Committee setting forth (i) the amount of any deficiency σ excess payment for the period, and (ii) the dollar amount of future required advance monthly payments, based on the average actual charges incurred during the prior two-month period. In the event that a deficiency exists, Plan B shall wire transfer to Verizon the amount of such deficiency within five business days after transmission of the notice. In the event that the advance monthly payments during the period exceed the actual charges incurred by Plan B for that period, Verizon shall apply the excess sum towards the next advance monthly payment owed by Plan B.
- 5. In the event that Plan B disputes in good faith the amount of the true-up described in paragraph four (4) and thus the new advance semi-monthly payment required by paragraph three (3), Plan B shall have the right to file an emergency motion

with the Court (the "Determination Motion") to ask for a determination of such amount, provided that Plan B timely pays the undisputed portion of the true-up or new advance monthly payment to Verizon and timely pays the disputed portion into escrow (unless otherwise ordered by the Court on motion of Plan B), to be held by Pryor Cashman Sherman & Flynn LLP (the "Escrow Agent") at the address listed below. The Escrow Agent shall disburse the escrowed amounts to Verizon and/or Plan B in such respective amounts as the Court determines are appropriate following the court's ruling on the Determination Motion. Provided that Plan B has complied with this paragraph, Verizon shall not terminate service pending the Court's ruling on the Determination Motion.

- 6. All post-petition charges owing by the Debtor to Verizon shall constitute administrative expenses of the Debtor's estate pursuant to 11 U.S.C. § 503(b) (the "Administrative Expense Claim"). The Debtor shall not grant to any entity, and no entity shall have, a claim against the Debtor under 11 U.S.C. § 364 or any other section of the Bankruptcy Code having priority senior to the claim and rights granted to Verizon hereunder unless Verizon consents; provided, however, that (i) this provision shall be inapplicable in the event that such an Order provides for financing to the Debtor that is sufficient to satisfy Plan B's obligations pursuant to this Stipulation, (ii) the Administrative Expense Claim shall be subordinate to any fees arising under 28 U.S.C. § 1930(a)(6) that are due and payable by the Debtor to the United States Trustee, and (iii) this Stipulation is without prejudice to the right of professionals to seek interim compensation pursuant to 11 U.S.C. § 331.
- 7. In the event that Plan B fails to comply with any provision of this Order and does not cure such default by 5:00 p.m. on the second business day after notice to the

Plan B, Plan B's counsel and counsel for the Unsecured Creditors' Committee of such default, Verizon is authorized to terminate services to the Debtor without further order of this Court.

8. Notice pursuant to any provision of this Order shall be deemed properly given and shall be effective upon being sent by fax and (as confirmed by the sender's fax machine) and by e-mail, as follows:

Debtor

Plan B Communications, Inc. 209 West 40th Street New York, NY 10018;

Debtor's counsel

Peter Wolfson
Carole Neville
Pryor Cashman Sherman & Flynn LLP
410 Park Avenue
New York, NY 10022
Fax: (212) 326-0814

E-mail: pwolfson@pryorcashman.com and cneville@pryorcashman.com;

Counsel for the Unsecured Creditors' Committee

(Name and address to be determined);

Verizon

Darryl S. Laddin
Timothy A. Baxter
Arnall Golden & Gregory, LLP
Suite 2800
1201 W. Peachtree Street
Atlanta, Georgia 30309

Fax: (404) 873-8121 and (404) 873-8699

E-mail: darryl.laddin@agg.com and timothy.baxter@agg.com.

9. In the event that Verizon determines that the Debtor has accounts with Verizon that have not been included in this Stipulation, Verizon shall deliver a notice to Plan B, Plan B's counsel, and counsel for the Unsecured Creditors' Committee setting forth (i) the dollar amount of additional future required advance monthly payments, and

- (ii) the dollar amount of required additional Deposit, calculated in accordance with paragraph two (2) hereof.
- 10. This Order shall be binding upon any successors or assigns of the parties hereto.

STIPULATED AND AGREED THIS 3rd DAY OF APRIL, 2001.

ARNALL GOLDEN & GREGORY, LLP

s/Darryl S. Laddin
Darryl S. Laddin (DL-5130)
Timothy A. Baxter (TB-4873)
Suite 2800, One Atlantic Center
1201 W. Peachtree Street
Atlanta, Georgia 30309
(404) 873-8500

PRYOR CASHMAN SHERMAN & FLYNN LLP

s/Peter Wolfson
Peter Wolfson (PW -5956)
Carole Neville (CN-5733)
410 Park Avenue
New York, NY 10022
(212) 421-4100

SO ORDERED THIS 3rd DAY OF APRIL, 2001

s/Arthur J. Gonzalez
UNITED STATES BANKRUPTCY JUDGE