

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re

Chapter 11

ALLEGIANCE TELECOM, INC , *et al* ,

Case No 03-13057 (RDD)

Debtors
(Jointly Administered)

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**STIPULATION AND AGREED ORDER RESOLVING, AMONG OTHER
THINGS, OBJECTION OF MCI, INC TO DEBTORS' SECOND AMENDED
JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE
BANKRUPTCY CODE DATED APRIL 22, 2004**

MCI, Inc (formerly, WorldCom, Inc) and its direct and indirect
subsidiaries (collectively, "MCI") and Allegiance Telecom, Inc , Allegiance Telecom
Company Worldwide ("ATCW"), and ATCW's direct and indirect subsidiaries
(collectively, "Allegiance" or the "Debtors," and together with MCI, the "Parties")
respectfully submit this Stipulation and Agreed Order ("Stipulation")

WHEREAS, on May 14, 2003 (the "Petition Date"), Allegiance
commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy
Code") in the Bankruptcy Court for the Southern District of New York, Case No 03-
13057 (RDD) (the "Bankruptcy Court") Allegiance continues to operate its businesses
and manage its properties as debtors in possession

WHEREAS, prior to the Petition Date, MCI and Allegiance entered into
various agreements including the following (1) the Asset Purchase Agreement, dated
November 30, 2001 (the "IBI Agreement"), (2) the Asset Purchase Agreement dated June
17, 2002 (the "APA"), and (3) the Domestic & Metro Private Line Special Carrier

Docket #1466

Service Agreement, dated September 29, 2000 (as amended, the "MSA") In order to resolve certain disputes and claims raised under such contracts and various other agreements and tariffs between the Parties, MCI and Allegiance entered into an Agreement for Additional Services, Security, and Settlement of Certain Matters, as amended by Addendum No 1, dated as of April 15, 2003 (as amended, the "Settlement Agreement"), and together with the IBI Agreement, the APA, the MSA, and all other prepetition agreements, tariffs and service orders between the Parties, the "Prepetition Agreements") MCI continues to provide various services to Allegiance pursuant to the Prepetition Agreements

WHEREAS, as of April 28, 2003, and in accordance with the Settlement Agreement, ATCW is the account party with respect to a certain irrevocable standby letter of credit (the "LOC") issued by JPMorgan Chase Bank ("JPMorgan") in the amount of \$3,000,000 JPMorgan issued the LOC to MCI and solely for the benefit of MCI The LOC will expire by its terms on April 30, 2005

WHEREAS, on November 25, 2003, MCI filed various proofs of claim against Allegiance in the aggregate amount of \$6,591,441.37 (the "Prepetition Claims"), for, among other things, amounts alleged to be due and owing to MCI under the Prepetition Agreements The Debtors dispute that they owe a portion of the Prepetition Claims

WHEREAS, MCI has reduced the outstanding amount owed on its Prepetition Claims by making a \$1,404,295.77 draw on the LOC (the "Draw") Allegiance has disputed MCI's right to the Draw and has filed an adversary proceeding against MCI with respect to the Draw, styled *Allegiance Telecom, Inc , et al v MCI*,

Inc , et al (Adv Pro 04-03098-rdd) (the ‘Lawsuit’) In the Lawsuit, Allegiance asserts, *inter alia*, that the Draw is an avoidable preference under sections 547 and 550 of the Bankruptcy Code MCI has not yet answered the Lawsuit, but nevertheless disputes that the Draw is avoidable by Allegiance as a preference or otherwise

WHEREAS, the Debtors have filed their Second Amended Plan of Reorganization to Chapter 11 of the Bankruptcy Code, dated April 22, 2004 (the ‘Plan’)¹ Allegiance intends to reject certain of the Prepetition Agreements pursuant to the Plan Allegiance has also notified MCI that it intends to assume, assume and assign, or assign to Buyer a certain Telecommunications Services Agreement with MCI pursuant to the Plan (the ‘Assumed Agreement’) and has proposed an amount that will cure defaults under the Assumed Agreement in such notice

WHEREAS, on June 1, 2004, MCI filed its objection to the Plan (the ‘Objection’) (docket no 1357) In the Objection, MCI raises, among other things, certain concerns related to the proposed rejection of certain of the Prepetition Agreements under the Plan

WHEREAS, in order to resolve the disputes between the Parties, including disputes related to the Objection, the Lawsuit, and the Prepetition Claims, the Parties have negotiated this Stipulation in good faith and at arms’ length and desire that it shall be binding on each of them

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and between the Allegiance and MCI, through their undersigned counsel, that

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

1 Upon entry of a final, non-appealable order approving this
Stipulation (the “Order”), the Objection shall be deemed withdrawn with prejudice

2 The Order shall constitute a complete dismissal of the Lawsuit with
prejudice and Allegiance shall file notice of such dismissal with prejudice on the docket
of the Lawsuit within three (3) business days after entry of the Order

3 MCI proof of claim number 2229, filed against ATCW, is hereby
Allowed in the aggregate amount of \$3,000,000 (the “Allowed Claim Amount”) MCI
acknowledges and agrees that it has satisfied \$1,404,295 77 of the Allowed Claim
Amount by means of the Draw Allegiance acknowledges and agrees that MCI shall
fully satisfy the Allowed Claim Amount by means of an additional draw on the LOC in
the amount of \$1,595,704 23 Allegiance waives any right to further prior written notice
of such additional draw After taking account of such additional draw on the LOC, MCI
shall have a remaining prepetition claim against the Debtors’ chapter 11 estates in the
amount of \$0 00

4 Except as otherwise provided herein, Allegiance and its
predecessors, successors, parents, subsidiaries, affiliates, assigns, transferees, agents,
directors, officers, employees, shareholders, and attorneys hereby release and forever
discharge the MCI and its predecessors, successors, parents, subsidiaries, affiliates,
assigns, transferees, agents, directors, officers, employees, shareholders, and attorneys
from and against all actions, causes of action, claims, suits, debts, damages, judgments,
defaults, breaches, violations, liabilities, and demands whatsoever, whether at law or in
equity, whether now known or unknown, that Allegiance now has, may have had, or may
in the future claim to have on behalf of itself or any other person or entity, that arise from

the beginning of time through the date hereof, including, without limitation, all causes of action under chapter 5 of the Bankruptcy Code, and all claims and causes of action which have been asserted, or which could have been asserted, in the Lawsuit

5 MCI waives and releases any claim deemed to have arisen prior to the Petition Date for damages arising from the rejection of executory contracts under section 365 of the Bankruptcy Code

6 Nothing contained in this Stipulation shall be construed to be a waiver of MCI's rights and claims against Allegiance or Buyer, as the case may be, with respect to postpetition amounts owed under the Prepetition Agreements, the Assumed Agreement, or otherwise, and all such rights and claims are expressly reserved Further, nothing in this Stipulation shall be deemed to be a waiver of MCI's right to the cure amount proposed by Allegiance with respect to the Assumed Agreement

7 This Stipulation shall be governed, in all respects, by the laws of the State of New York, irrespective of its choice of law rules

8 This Stipulation may be executed in any number of counterparts, and all such counterparts, taken together, shall be deemed to constitute one and the same instrument.

9 This Stipulation may not be modified, except in a written instrument signed by each of the Parties hereto

10 Allegiance and MCI represent and agree that this Stipulation is binding on the Parties and their predecessors, successors, subsidiaries, affiliates, assignees, agents, directors, officers, employees, the Plan Administrator, and any trustee appointed chapter 7 of the Bankruptcy Code

11 This Stipulation shall be binding on the Parties from the date of its execution, but is expressly subject to and contingent upon its approval by the Bankruptcy Court. If the Bankruptcy Court does not approve this Stipulation, this Stipulation shall be null and void.

12 The Bankruptcy Court shall retain exclusive jurisdiction over any and all disputes arising out of or otherwise relating to the matter in this Stipulation.

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Jonathan S. Henes (JH-1979)

Attorneys for the Debtors and debtors in
possession

IT IS SO ORDERED

Dated New York, New York
June 8, 2004

/s/Robert D. Drain
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK		PROOF OF CLAIM		 <small>CRDID 7709</small>	
In re Allegiance Telecom, Inc		Case Number 03-13057		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> FILED U.S.B.C. SOUTHERN DISTRICT OF NEW YORK ALLEGANCE TELECOM, INC 03-13057 (RRD) NOV 25 1984 </div>	
<small>NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</small>					
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> Name of Creditor and Address  <small>0389999007709</small> WorldCom Inc WEIL GOTSHAL & MANGES LLP Alfredo R. Perez 700 Louisiana Ste 1600 Houston TX 77002 </div> <div style="width: 35%;"> <input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if this address differs from the address on the envelope sent to you by the court. </div> </div>					
Creditor Telephone Number (713) 546 5000		If you have already properly filed a proof of claim with the Bankruptcy Court, you do not need to file again.			
CREDITOR TAX ID #		ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR see attached documentation		Check here <input type="checkbox"/> replaces or <input type="checkbox"/> amends a previously filed claim dated _____.	
1 BASIS FOR CLAIM <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"><input type="checkbox"/> Goods sold</div> <div style="width: 33%;"><input type="checkbox"/> Personal injury/wrongful death</div> <div style="width: 33%;"><input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a)</div> <div style="width: 33%;"><input checked="" type="checkbox"/> Services performed</div> <div style="width: 33%;"><input type="checkbox"/> Taxes</div> <div style="width: 33%;"><input type="checkbox"/> Wages, salaries, and compensation (Fill out below)</div> <div style="width: 33%;"><input type="checkbox"/> Money loaned</div> <div style="width: 33%;"><input checked="" type="checkbox"/> Other (describe briefly below) <u>see attached summary</u></div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> Your social security number _____ Unpaid compensation for services performed from _____ to _____ <div style="text-align: right;">(date) (date)</div> </div> </div>					
2 DATE DEBT WAS INCURRED _____ 3 IF COURT JUDGMENT, DATE OBTAINED _____					
4 TOTAL AMOUNT OF CLAIM AT TIME CASE FILED <div style="display: flex; justify-content: space-between;"> <div>\$ 3,427,130.76 (unsecured)</div> <div>\$ 3,000,000 (secured)</div> <div>\$ 164,310.61 (unsecured priority)</div> <div>\$ 6,591,441.37 (total)</div> </div>					
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.					
5 SECURED CLAIM <input checked="" type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief description of collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other <u>see attached summary</u> Value of collateral \$ <u>at least \$3,000,000</u> Amount of arrearage and other charges at time case filed included in secured claim above if any \$ _____.			6 UNSECURED PRIORITY CLAIM <input checked="" type="checkbox"/> Check this box if you have an unsecured priority claim. Specify the priority of the claim: <input type="checkbox"/> Wages, salaries, or commissions (up to \$4,650) earned within 90 days before filing of the bankruptcy petition or cessation of the Debtor's business, whichever is earlier. 11 U.S.C. § 507(a)(3). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input checked="" type="checkbox"/> Other: Specify applicable paragraph of 11 U.S.C. § 507(a) (1) _____. <small>*Amounts are subject to adjustment on 4/1/01 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>		
7 CREDITS The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.					
8 SUPPORTING DOCUMENTS Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.					
9 DATE-STAMPED COPY To receive an acknowledgment of your claim, please enclose a self-addressed stamped envelope and an additional copy of this proof of claim.					
The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is received on or before 5:00 p.m., November 26, 2003, Prevailing Eastern Time.				THIS SPACE FOR COURT USE ONLY	
BY MAIL TO United States Bankruptcy Court Southern District of New York Allegiance Claims Docketing Center Bowling Green Station P.O. Box 95 New York, NY 10274-0095		BY HAND OR OVERNIGHT DELIVERY TO United States Bankruptcy Court Southern District of New York Allegiance Claims Docketing Center One Bowling Green Room 534 New York, NY 10004-1408			
DATE SIGNED <u>11/21/03</u>		SIGN and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any). <u>Brian B...</u>			

Penalty for presenting fraudulent claim is a fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 AND 3571

See Other Side For Instructions



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re

Chapter 11

ALLEGIANCE TELECOM, INC , *et al* ,

Case No 03-13057 (RDD)

Debtors
(Jointly Administered)

-----X

**PROOF OF CLAIM SUMMARY OF
WORLD COM, INC AND ITS DEBTOR AFFILIATES**

1 On May 14, 2003 (the "Petition Date"), Allegiance Telecom, Inc and its affiliated debtors (collectively, the "Debtors" or "Allegiance") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code")

2 On July 21, 2002 and November 8, 2002, WorldCom, Inc and substantially all of its direct and indirect domestic subsidiaries (collectively, "WorldCom") commenced cases under chapter 11 of the Bankruptcy Code (the "WorldCom Bankruptcy") in the Bankruptcy Court for the Southern District of New York, Case No 02-13533 (AJG) (the "WorldCom Court") WorldCom continues to operate its businesses and manage its properties as debtor in possession

3 Prior to the commencement of the WorldCom Bankruptcy, WorldCom and Allegiance entered into three separate agreements (1) the Asset Purchase Agreement, dated November 30, 2001 (the "IBI Agreement"),¹ (2) the Asset Purchase Agreement dated June 17,

¹ Between Allegiance Telecom Inc ALGX Business Internet Inc WorldCom Inc and Intermedia Communications Inc

2002 (the “STFI Agreement”),² and (3) the Domestic & Metro Private Line Special Carrier Service Agreement dated September 29, 2000, as amended (the “MSA”) WorldCom and Allegiance also provide services to each other under various other agreements, tariffs and service orders (The STFI Agreement, the MSA, the IBI Agreement, and all other tariffs, agreements, and service orders are referred to collectively herein as the “Prepetition Agreements”)³

4 After the commencement of the WorldCom Bankruptcy, both WorldCom and Allegiance alleged claims and disputes against the other that arose, *inter alia*, from the Prepetition Agreements For example, WorldCom asserted claims against Allegiance in an informal complaint with the Federal Communications Commission (the “Access Charge Complaint”) relating to the historic interstate access rates charged to WorldCom by Allegiance On the other hand, Allegiance asserted numerous pre-petition claims against WorldCom, including indemnification claims of approximately \$11 million against WorldCom for alleged WorldCom breaches of warranties, representations and covenants arising under the IBI Agreement Allegiance also notified WorldCom that it intended to assert indemnification claims against WorldCom for alleged WorldCom breaches of warranties and representations under the STFI Agreement

5 In addition, WorldCom and Allegiance also asserted other additional claims against one another pursuant to the STFI Agreement and related to certain vehicles owned or leased by WorldCom to Allegiance that were provided to Allegiance as part of the STFI

² By and among Intermedia Communications Inc Shared Technologies Fairchild, Inc Shared Technologies Fairchild Telecom Inc , MCI WorldCom Communications, Inc WorldCom Inc , Allegiance CPE Inc and Shared Technologies Allegiance Inc

³ The Prepetition Agreements are too voluminous to attach hereto Moreover certain of these documents contain confidential information The salient provisions of these documents are contained herein

Agreement Eventually, Allegiance notified WorldCom that it intended to return to WorldCom such vehicles

6 Finally, Allegiance asserted claims of a right of setoff of all pre-petition amounts allegedly owed to WorldCom against all pre-petition amounts WorldCom allegedly owes Allegiance

7 In order to resolve these various disputes and claims in the WorldCom Bankruptcy, on April 15, 2003, WorldCom and Allegiance entered into an Agreement for Additional Services, Security, and Settlement of Certain Matters, as amended by Addendum No 1, dated as of April 15, 2003 (as amended, the "Settlement Agreement") On May 2, 2003, WorldCom filed its Motion pursuant to Bankruptcy Rule 9019 seeking an Order approving the Settlement Agreement (the "Settlement Motion") A true and correct copy of the Settlement Motion is annexed hereto as Exhibit "A " On May 29, 2003, the WorldCom Court entered an Order granting the Settlement Motion and approving the Settlement Agreement in its entirety A true and correct copy of this Order is annexed hereto as Exhibit "B "

8 As described in the Settlement Motion, the Settlement Agreement provides for the following ⁴

- Within fifteen days of entering into the Settlement Agreement, Allegiance provided to WorldCom, as sole beneficiary, an irrevocable letter of credit with a term until April 30, 2005 in an amount equal to approximately three times the new monthly volume commitment under the MSA, set forth below, as security for purchases of services and products by Allegiance from WorldCom ("Services"),

⁴ The Settlement Agreement contains substantial proprietary and confidential information Accordingly WorldCom has not attached the Settlement Agreement to this Summary To the extent there are any inconsistencies between the description of the Settlement Agreement contained herein and the terms and conditions of the Settlement Agreement the terms of the Settlement Agreement as applicable shall control

including, but not limited to, those products and services provided pursuant to the MSA, the IBI Agreement, the STFI Agreement, tariff, under the Settlement Agreement, or pursuant to new agreements⁵ WorldCom has the right to draw upon the letter of credit if Allegiance fails to pay WorldCom undisputed amounts for Services within 60 days after the receipt by Allegiance of an invoice and upon 15 days prior written notice to Allegiance of WorldCom's intention to draw upon the letter of credit WorldCom shall pay all fees and costs associated with the letter of credit fees after the first 12 months

- Upon receipt of the letter of credit, WorldCom released a credit hold on all Allegiance pending and future orders and WorldCom agreed that it would not reinstate such credit hold during the term of the letter of credit unless (a) the letter of credit has been fully drawn and (b) Allegiance has failed to timely pay any undisputed charges for Services, provided, however, that if WorldCom reinstates a credit hold, Allegiance's commitments outlined below to purchase Services from WorldCom will be reduced during the period of such credit hold
- For the post-petition period through March 31, 2003, WorldCom and Allegiance have reconciled undisputed amounts due and owing to each other as well as amounts billed but disputed The parties have agreed to make appropriate payments concurrent with the execution of the Settlement Agreement to bring the parties current on undisputed post-petition amounts owed through March 31, 2003

⁵ In accordance with the Settlement Agreement, Allegiance has provided to WorldCom the letter of credit dated April 28 2003

- Upon approval of the Settlement Agreement by the Bankruptcy Court, Allegiance committed to purchase from WorldCom an aggregate of \$14,000,000 (the “April 2004 Commitment”) of Services (but excluding switched access services provided to Allegiance under tariff) from February 28, 2003 to April 30, 2004 (the “Initial Commitment Period”) and an aggregate of at least \$12,000,000 (the “April 2005 Commitment”) of Services (but excluding switched access services provided to Allegiance under tariff) from May 1, 2004 through April 30, 2005, provided, however, that any purchases of Services purchased in excess of the April 2004 Commitment during the Initial Commitment Period will be applied towards the April 2005 Commitment
- Upon approval of the Settlement Agreement by the Bankruptcy Court, the term and pricing under the MSA will be extended until April 30, 2005 and the volume commitment under the MSA will be raised from \$700,000 per month to \$900,000 per month through April 30, 2005 This amount is included in the April 2004 Commitment and April 2005 Commitment, as described above
- Until April 30, 2005, Allegiance will use commercially best efforts to procure certain additional Services from WorldCom that Allegiance is not currently purchasing from WorldCom if Allegiance does not already have an obligation to purchase such Services from third parties
- WorldCom agrees to cooperate with Allegiance in Allegiance’s efforts to collect amounts owed by the City of New York to Allegiance relating to equipment sold to the City of New York in connection with the events of September 11, 2001,

which amounts were part of the accounts receivable transferred to Allegiance under the STFI Agreement

- WorldCom and Allegiance agree to waive and release all outstanding claims between the parties arising pre-petition (including, but not limited to, the Access Charge Complaint and all claims arising before the commencement of the WorldCom Bankruptcy under the IBI Agreement and the STFI Agreement), all claims relating to the vehicles provided by WorldCom to Allegiance, all post-WorldCom Bankruptcy settlement amounts paid by the parties, and all post-WorldCom Bankruptcy, pre-settlement charges and disputes not otherwise identified by the parties. In furtherance of such releases, after approval of the Settlement Agreement by the WorldCom Court, WorldCom waived its right to convert its Access Charge Complaint into a formal complaint at the Federal Communication Commission. The parties, however, expressly reserved all claims not specifically released, including, *inter alia*, post-WorldCom Bankruptcy claims relating to Excluded Liabilities under the IBI Agreement and the STFI Agreement as defined in those Agreements.
- The parties agreed that each of Allegiance and WorldCom may through June 30, 2005 setoff post-WorldCom Bankruptcy, post-settlement undisputed amounts owed by Allegiance and WorldCom against any post-WorldCom Bankruptcy post-March 31, 2003 undisputed amounts owed to Allegiance and WorldCom if the other party is more than 45 days late in payment, notwithstanding mutuality, on 15 days prior written notice.

- WorldCom agreed to accept the return of the vehicles and the parties have agreed to a certain amount in settlement of the dispute arising from such return, which amount was taken into consideration in calculating the net post-WorldCom Bankruptcy amount to be paid pursuant to the Settlement Agreement and referenced in the third bullet point hereof
- The Settlement Agreement is confidential

9 Allegiance and WorldCom continue to provide Services to each other pursuant to the Settlement Agreement. As of the Petition Date, various Debtors, including Allegiance Telecom, Inc., owed WorldCom approximately \$5,990,915.29 in the aggregate for Services rendered under the Settlement Agreement. WorldCom lacks sufficient knowledge and information at this time to ascertain the specific Debtors in these chapter 11 cases that are liable for such claims. Accordingly, WorldCom asserts this proof of claim against each of the Debtor entities in these chapter 11 cases. The documents pertaining to these claims are voluminous. Accordingly, annexed hereto as Exhibit "C" is an account summary of the prepetition unpaid balances owed to WorldCom. To the extent possible, WorldCom has attempted to assign the amounts owed to specific Debtors. As set forth in Exhibit C, the balances owed by Allegiance Telecom, Inc. or certain of its affiliated Debtors include

- A prepetition balance owed by Allegiance Telecom, Inc. in the amount of \$5,624,205.99,
- A prepetition balance owed by Allegiance Telecom Company Worldwide in the amount of \$299,290.61,
- A prepetition balance owed by Hosting.com in the amount of \$331.40, and
- A prepetition balance owed by Jump.net in the amount of \$67,087.29

10 In addition to claims for Services, WorldCom also has claims against Allegiance Telecom, Inc and/or its affiliated Debtor, ALGX Business Internet, Inc (“ALGX”), related to certain real property located at 6800 Virginia Manor Road, Beltsville, Maryland (the “Premises”) On March 20, 2000, Intermedia Communications Inc (“Intermedia”), a subsidiary and affiliated debtor of WorldCom, and PS Business Parks L P (the “Landlord”) entered into a lease (the “Lease”) for the Premises On or about December 1, 2001, ALGX began to use a portion of the Premises Following the IBI Agreement, the parties anticipated that the Debtors would execute a sublease for the right to use the Premises, but no such sublease was in fact executed

11 The Debtors continue to use a portion of the Premises as of the date hereof, but, to date, WorldCom has not been paid rent in any amount for this use As of October 30, 2003, WorldCom and the Debtors reached an agreement that the Debtors would vacate the Premises no later than November 29, 2003 This agreement has been memorialized in two stipulations (the “Stipulations”) which have been approved by both parties’ respective bankruptcy courts True and correct copies of the Stipulations, as entered by the parties’ respective bankruptcy courts, are annexed hereto as Exhibit “D ”

12 WorldCom has provided Allegiance with a substantial benefit at the Premises, but has not been compensated The value of Allegiance’s use of the Premises from December, 2001 through May 13, 2003 is \$436,215.47 (the “Prepetition Premises Claim”) In addition, Allegiance has used the Premises since the Petition Date without compensating WorldCom Accordingly, WorldCom also has a postpetition claim for the benefit conferred on Allegiance during this period The value of Allegiance’s use of the Premises from May 14, 2003 through November 29, 2003 is approximately \$164,310.61 (the “Premises Admin Claim”) A

summary of the monthly expenses and fair market rental value owed by Allegiance is annexed hereto as Exhibit "E "

13 Further, WorldCom has claims against Allegiance for indemnification under the Prepetition Agreements in the event that third-parties assert indemnified claims against WorldCom in connection with the transactions effected under such Prepetition Agreements

14 This Proof of Claim is a *secured* claim to the extent that amounts owed for Services may be recovered against the LOC under the Settlement Agreement, as described above WorldCom also holds claims against Allegiance that are *secured* by rights of setoff pursuant to the Settlement Agreement and other applicable law To the extent that amounts are owed from the Debtors in excess of the LOC amount and WorldCom's setoff rights, WorldCom also holds *unsecured* claims against Allegiance The Prepetition Premises Claim is an *unsecured* claim The Premises Admin Claim is entitled to administrative priority under sections 503 and 507(a)(1) of the Bankruptcy Code Further, WorldCom reserves its right to assert that any part of this Proof of Claim, whether for services or otherwise, constitutes an administrative expense entitled to a first priority under section 507(a)(1) of the Bankruptcy Code to the extent that such claims accrue after the Petition Date in transactions with the debtors in possession

15 Since the Petition Date, no payments have been made to WorldCom on these claims

16 WorldCom reserves the right to amend or supplement this Proof of Claim at any time and in any respect This Proof of Claim is made without prejudice to the filing by WorldCom of additional proofs of claim in respect of any other indebtedness or liability of Allegiance to WorldCom

17 Notices All notices concerning this Proof of Claim should be sent to

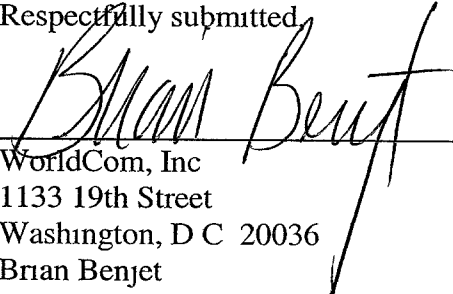
Weil, Gotshal & Manges LLP, 700 Louisiana, Suite 1600, Houston, Texas 77002, Attn Alfredo

R Pérez, Esq and James T Grogan, Esq , and to WorldCom, Inc , 1133 19th Street,

Washington, D C 20036, Attn Brian Benjet, Associate Litigation Counsel

Dated November 21, 2003
Houston, Texas

Respectfully submitted,



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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	.	
WORLDCOM, INC , <u>et al</u> ,	.	Chapter 11 Case No 02-13533 (AJG)
	.	(Jointly Administered)
Debtors		

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**MOTION OF THE DEBTORS PURSUANT TO BANKRUPTCY
RULE 9019 FOR APPROVAL OF AN AGREEMENT FOR
ADDITIONAL SERVICES, SECURITY, AND SETTLEMENT OF
CERTAIN MATTERS WITH ALLEGIANCE TELECOM, INC**

TO THE HONORABLE ARTHUR J. GONZALEZ,
UNITED STATES BANKRUPTCY JUDGE

WorldCom, Inc. and certain of its direct and indirect subsidiaries, as
debtors and debtors in possession (collectively, "WorldCom" or the "Debtors"),
respectfully represent

Background

1 On July 21, 2002 (the "Commencement Date") and November 8,
2002, WorldCom, Inc. and certain of its direct and indirect subsidiaries commenced cases
under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). By
Orders dated July 22, 2002 and November 12, 2002, the Debtors' chapter 11 cases have

been consolidated for procedural purposes only and are being jointly administered. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 29, 2002, the United States Trustee for the Southern District of New York (the "U S Trustee") appointed the statutory committee of unsecured creditors (the "Committee")

2 WorldCom, Inc., one of the Debtors in the above captioned cases, together with approximately 200 direct and indirect domestic subsidiaries and 200 non-debtor foreign affiliates (collectively, the "Company"), is one of the world's preeminent global communications companies that provides a broad range of communication services in over 200 countries on six continents. Through its core communications services business, which includes voice, data, Internet and international services, the Company carries more data over its networks than any other entity. The Company is also the second largest carrier of consumer and small business long distance telecommunications services in the United States, provides a broad range of retail and wholesale communications services, including long distance voice and data communications, consumer local voice communications, wireless messaging and voice services, private line services and dial-up Internet access services.

3 For the year ended December 31, 2001, WorldCom recorded revenue of more than \$30 billion.¹ As of March 31, 2002, WorldCom's books and records reflected liabilities totaling approximately \$41 billion. As of June 30, 2002,

¹ The amounts in this paragraph are stated on a consolidated basis, including Debtors and non-debtor domestic subsidiaries only. WorldCom, Inc. has announced its intention to restate the financial statements for 2000, 2001 and the first quarter of 2002.

WorldCom employed more than 63,900 individuals, of which approximately 57,700 were full-time employees and approximately 6,200 were part-time employees

Jurisdiction

4 This Court has jurisdiction to consider this matter pursuant to 28 U S C §§ 157 and 1334 This is a core proceeding pursuant to 28 U S C § 157(b) Venue is proper before this Court pursuant to 28 U S C §§ 1408 and 1409

The Pre-Petition Relationships

5 Prior to the Commencement Date, certain of the Debtors entered into various agreements with Allegiance Telecom, Inc and its affiliates and subsidiaries (collectively, “Allegiance”) Specifically, and among other agreements, Allegiance, WorldCom, Inc and Intermedia Communications, Inc are parties to an Asset Purchase Agreement, dated November 30, 2001 (the “IBI Agreement”), Allegiance and WorldCom, Inc , Intermedia Communications, Inc , Shared Technologies Fairchild, Inc , Shared Technologies Fairchild Telecom, Inc , and MCI WORLDCOM Communications, Inc , are parties to an Asset Purchase Agreement, dated June 17, 2002 (the “STFI Agreement”), and WorldCom and Allegiance are parties to a Domestic and Metro Private Line Special Carrier Service Agreement, dated September 29, 2000, as amended (the “MSA”), WorldCom and Allegiance also provide services to each other pursuant to other agreements, tariffs, and service orders (such tariffs, other agreements, service orders, and, together with the STFI Agreement, the MSA, and the IBI Agreement, the “Agreements”)

6 Both WorldCom and Allegiance have alleged claims and disputes against the other that arise, *inter alia*, from the Agreements For example, WorldCom has asserted claims against Allegiance in an informal complaint with the Federal

Communications Commission (the “Access Charge Complaint”) relating to the historic interstate access rates charged to WorldCom by Allegiance. On the other hand, Allegiance has asserted numerous pre-petition claims against WorldCom, including indemnification claims of approximately \$11 million against WorldCom for alleged WorldCom breaches of warranties, representations and covenants arising under the IBI Agreement. Allegiance has also notified WorldCom that it intends to assert indemnification claims against WorldCom for alleged WorldCom breaches of warranties and representations under the STFI Agreement.

7 In addition, WorldCom and Allegiance have also asserted other additional claims against one another pursuant to the STFI Agreement arising out of the closing, post-closing obligations of the parties, and relating to certain vehicles owned or leased by WorldCom to Allegiance that were provided to Allegiance as part of the STFI Agreement. Additionally, Allegiance has notified WorldCom that it intends to return to WorldCom such vehicles.

8 Finally, Allegiance has asserted claims of a right of setoff of all pre-petition amounts allegedly owed to WorldCom against all pre-petition amounts WorldCom allegedly owes Allegiance.

9 On December 9, 2002, due to alleged late payments by Allegiance of post-petition amounts and WorldCom’s concerns regarding Allegiance’s creditworthiness, WorldCom placed Allegiance on a credit hold (the “Credit Hold”) and has refused to provide additional services to Allegiance until Allegiance provides additional security to WorldCom. As a result, WorldCom has ceased providing additional services to Allegiance.

The Agreement for Additional Services, Security, and Settlement of Certain Matters

10 WorldCom and Allegiance have agreed, subject to approval by this Court, to settle all outstanding claims between them arising pre-petition, all claims relating to the vehicles, all post-petition settlement amounts paid by the parties, and all post-petition, pre-settlement charges and disputes not otherwise identified by the parties. Therefore, on April 15, 2003, WorldCom and Allegiance entered into an Agreement for Additional Services, Security, and Settlement of Certain Matters, as amended by Addendum No. 1, dated as of April 15, 2003 (as amended, the "Settlement Agreement"). The Settlement Agreement provides for confidential treatment of the specific terms of the Settlement Agreement, however, a summary of the significant terms is set forth below²

- Within fifteen days of entering into the Settlement Agreement, Allegiance will provide to WorldCom, as sole beneficiary, an irrevocable letter of credit with a term until April 30, 2005 in an amount equal to approximately three times the new monthly volume commitment under the MSA, set forth below, as security for purchases of services and products by Allegiance from WorldCom ("Services"), including, but not limited to, those products and services provided pursuant to the MSA, the IBI Agreement, the STFI Agreement, tariff, under the Settlement Agreement, or pursuant to new agreements.³ WorldCom will have the right to draw upon the letter of credit if Allegiance fails to pay WorldCom undisputed

² To the extent there are any inconsistencies between the summary description of the Settlement Agreement contained herein and the terms and conditions of the Settlement Agreement, the terms of the Settlement Agreement shall control.

³ In accordance with the Settlement Agreement, Allegiance has provided to WorldCom the letter of credit, dated April 28, 2003.

amounts for Services within 60 days after the receipt by Allegiance of an invoice and upon 15 days prior written notice to Allegiance of WorldCom's intention to draw upon the letter of credit. WorldCom shall pay all fees and costs associated with the letter of credit fees after the first 12 months. The letter of credit may be terminated if, *inter alia*, this Court does not approve the Settlement Agreement by May 30, 2003, and, if the letter of credit is terminated early because the Settlement Agreement is not approved by this Court by May 30, 2003, WorldCom shall pay one-half of Allegiance's out-of-pocket costs and fees associated with the issuance of the letter of credit.

- Upon receipt of the letter of credit, WorldCom will release the Credit Hold on all Allegiance pending and future orders and WorldCom will not reinstate such Credit Hold during the term of the letter of credit unless (a) the letter of credit has been fully drawn and (b) Allegiance has failed to timely pay any undisputed charges for Services, provided, however, that if WorldCom reinstates a credit hold, Allegiance's commitments outlined below to purchase Services from WorldCom will be reduced during the period of such credit hold.
- For the post-petition period through March 31, 2003, WorldCom and Allegiance have reconciled undisputed amounts due and owing to each other as well as amounts billed but disputed. The parties have agreed to make appropriate payments concurrent with the execution of the

Settlement Agreement to bring the parties current on undisputed post-petition amounts owed through March 31, 2003

- Upon approval of the Settlement Agreement by the Bankruptcy Court, Allegiance will commit to purchase from WorldCom an aggregate of \$14,000,000 (the “April 2004 Commitment”) of Services (but excluding switched access services provided to Allegiance under tariff) from February 28, 2003 to April 30, 2004 (the “Initial Commitment Period”) and an aggregate of at least \$12,000,000 (the “April 2005 Commitment”) of Services (but excluding switched access services provided to Allegiance under tariff) from May 1, 2004 through April 30, 2005, provided, however, that any purchases of Services purchased in excess of the April 2004 Commitment during the Initial Commitment Period will be applied towards the April 2005 Commitment
- Upon approval of the Settlement Agreement by the Bankruptcy Court, the term and pricing under the MSA will be extended until April 30, 2005 and the volume commitment under the MSA will be raised from \$700,000 per month to \$900,000 per month through April 30, 2005. This amount is included in the April 2004 Commitment and April 2005 Commitment, as described above
- Until April 30, 2005, Allegiance will use commercially best efforts to procure certain additional Services from WorldCom that Allegiance is not currently purchasing from WorldCom if Allegiance does not already have an obligation to purchase such Services from third parties

- WorldCom agrees to cooperate with Allegiance in Allegiance's efforts to collect amounts owed by the City of New York to Allegiance relating to equipment sold to the City of New York in connection with the events of September 11, 2001, which amounts were part of the accounts receivable transferred to Allegiance under the STFI Agreement
- WorldCom and Allegiance agree to waive and release all outstanding claims between the parties arising pre-petition (including, but not limited to, the Access Charge Complaint and all claims arising pre-petition under the IBI Agreement and the STFI Agreement), all claims relating to the vehicles provided by WorldCom to Allegiance, all post-petition settlement amounts paid by the parties, and all post-petition, pre-settlement charges and disputes not otherwise identified by the parties. In furtherance of such releases, once this Court approves the Settlement Agreement, WorldCom shall waive its right to convert its Access Charge Complaint into a formal complaint at the Federal Communication Commission. The parties, however, expressly reserve all claims not specifically released, including, *inter alia*, post-petition claims relating to Excluded Liabilities under the IBI Agreement and the STFI Agreement as defined in those Agreements
- The parties agree that each of Allegiance and WorldCom may through June 30, 2005 setoff post-petition, post-settlement undisputed amounts owed by Allegiance and WorldCom against any post-petition post-March 31, 2003 undisputed amounts owed to Allegiance and WorldCom if the

other party is more than 45 days late in payment, notwithstanding
mutuality, on 15 days prior written notice

- WorldCom agrees to accept the return of the vehicles and the parties have agreed to a certain amount in settlement of the dispute arising from such return, which amount will be taken into consideration in calculating the net post-petition amount to be paid pursuant to the Settlement Agreement and referenced in the third bullet point hereof
- The effectiveness of the Settlement Agreement is expressly conditioned upon this Court's approval and, if this Court does not approve the Settlement Agreement by May 30, 2003, either party may on prior written notice terminate the Settlement Agreement
- The Settlement Agreement is confidential

**The Settlement Agreement Should Be Approved Because
It Falls Within The Range Of Reasonableness**

11 By this Motion, the Debtor respectfully requests entry of an order, pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving the Settlement Agreement Bankruptcy Rule 9019 provides, in relevant part, that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise and settlement " Bankruptcy Rule 9019(a) Settlements and compromises are "a normal part of the process of reorganization " *Protective Comm for Indep Stockholders of TMT Trailer Ferry, Inc v Anderson*, 390 U S 414, 428 (1968) (quoting *Case v Los Angeles Lumber Prods Co* , 308 U S 106, 130 (1939))

12 To approve a compromise and settlement under Bankruptcy Rule 9019(a), a bankruptcy court should find that the compromise and settlement is fair and

equitable, reasonable, and in the best interests of the debtor's estate. *See, e.g., In re Ionosphere Clubs, Inc.*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff'd*, 17 F.3d 600 (2d Cir. 1994). The decision to approve a particular settlement lies within the sound discretion of the bankruptcy court. *Nellis v. Shugrue*, 165 B.R. 115, 123 (S.D.N.Y. 1994). In exercising its discretion, the bankruptcy court must make an independent determination that the settlement is fair and reasonable. *Id.* at 122. The court may consider the opinions of the trustee or debtor in possession that the settlement is fair and reasonable. *Id.*, *In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993). In addition, the bankruptcy court may exercise its discretion "in light of the general public policy favoring settlements." *In re Hibbard Brown & Co., Inc.*, 217 B.R. 41 (Bankr. S.D.N.Y. 1998), *see also Shugrue*, 165 B.R. at 123 ("the general rule [is] that settlements are favored and, in fact, encouraged by the approval process outlined above").

13 In determining whether to approve a proposed settlement, a bankruptcy court need not decide the numerous issues of law and fact raised by the settlement, but rather should "canvass the issues and see whether the settlement 'fall[s] below the lowest point in the range of reasonableness.'" *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983), *see also Purofied Down Prods.*, 150 B.R. at 522 ("the court need not conduct a 'mini-trial' to determine the merits of the underlying litigation").

14 In deciding whether a particular settlement falls within the "range of reasonableness," courts consider the following factors:

- (i) the probability of success in the litigation,
- (ii) the difficulties associated with collection,
- (iii) the complexity of the litigation, and the attendant expense, inconvenience and delay, and

(iv) the paramount interests of creditors

See, e g , In re Drexel Burnham Lambert Group, Inc , 960 F 2d 285, 292 (2d Cir 1992)

15 “The ‘reasonableness’ of a settlement depends upon all factors, including probability of success, the length and cost of the litigation, and the extent to which the settlement is truly the product of ‘arms-length’ bargaining, and not of fraud or collusions [sic] ” *Ionosphere Clubs*, 156 B R at 428

16 The Debtors have determined that the Settlement Agreement is in the best interest of the Debtor’s estates, and Debtor’s creditors The Debtors have determined that the Settlement Agreement’s increased revenue commitments will be beneficial to the estates In addition, without the Settlement Agreement, the Debtors were at risk of Allegiance transferring certain traffic and circuits to other carriers absent the settlement Further, the Settlement Agreement also benefits the estate by providing WorldCom with assurance about the future performance of Allegiance Finally, the Settlement Agreement is favorable over litigation of the various issues Litigation would be lengthy, would pose substantial hurdles to full success on the merits, and would entail uncertain but significant discovery and trial costs and would require the time and attention of the Debtors’ management

17 Accordingly, the Settlement Agreement is fair and equitable, falls well within the range of reasonableness, and represents a benefit to the Debtor’s creditors and all parties in interest For the reasons set forth above, the Court should approve the Settlement pursuant to Bankruptcy Rule 9019

Waiver of Memorandum of Law

18 This Motion includes citations to the applicable authorities and does not raise any novel issues of law Accordingly, WorldCom respectfully requests

that the Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted

Notice

19 Notice of this Motion has been provided pursuant to this Court's Order, dated December 23, 2002, establishing notice procedures in these chapter 11 cases. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice need be provided.

20 No previous motion for the relief sought herein has been made to this or any other Court.

WHEREFORE WorldCom respectfully requests entry of an order granting
the relief requested herein and such other or further relief as is just

Dated New York, New York
May 2, 2003

/s/ Lori R. Fife
Marcia L. Goldstein, Esq. (MG 2606)
Lori R. Fife, Esq. (LF 2839)

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Facsimile (713) 224-9511

Attorneys for Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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	.
In re	.
WORLDCOM, INC., <u>et al</u> ,	: Chapter 11 Case No
	: 02-13533 (AJG)
	:
Debtors	: (Jointly Administered)
	.
-----X	

**ORDER PURSUANT TO BANKRUPTCY
RULE 9019 FOR APPROVAL OF AN AGREEMENT FOR
ADDITIONAL SERVICES, SECURITY, AND SETTLEMENT OF
CERTAIN MATTERS WITH ALLEGIANCE TELECOM, INC**

Upon the motion, dated May 2, 2003 (the "Motion"), of WorldCom, Inc and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order, pursuant to Rule 9109 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving the Agreement for the Additional Services, Security, and Settlement of Certain Matters, as amended by Addendum No 1, dated as of April 15, 2003 (as amended the "Settlement Agreement") between WorldCom, Inc , on behalf of itself and all of its affiliates and subsidiaries and Allegiance Telecom, Inc , on behalf of itself and all of its affiliates and subsidiaries ("Allegiance"), all as more fully set forth in the Settlement Agreement, and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U S C §§ 157 and 1334, and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U S C § 157(b), and venue being proper before this Court pursuant to 28 U S C §§ 1408 and 1409, and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided, and the relief requested in the Motion being in the best interests of the Debtors

and their estates and creditors, and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”), and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein, and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted, and it is further

ORDERED that the Settlement Agreement is approved pursuant to Bankruptcy Rule 9019, and it is further

ORDERED that the Settlement Agreement was entered into following good faith, arm’s-length negotiations between WorldCom and Allegiance and the compromise and settlement reflected in the Settlement Agreement is in the best interests of the Debtors, their creditors and all other parties in interest, and it is further

ORDERED that the Debtors and Allegiance are authorized and directed to execute, deliver, implement, and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary or appropriate to consummate and fully effectuate the Settlement Agreement, and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local
Bankruptcy Rules for the Southern District of New York for the filing of a memorandum
of law is waived

Dated New York, New York
May __, 2003

THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X

In re

WORLDCOM, INC , et al ,

**Chapter 11 Case No
02-13533 (AJG)**

(Jointly Administered)

Debtors

-----X

**ORDER PURSUANT TO BANKRUPTCY
RULE 9019 FOR APPROVAL OF AN AGREEMENT FOR
ADDITIONAL SERVICES, SECURITY, AND SETTLEMENT OF
CERTAIN MATTERS WITH ALLEGIANCE TELECOM, INC**

Upon the motion, dated May 2, 2003 (the "Motion"), of WorldCom, Inc and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order, pursuant to Rule 9109 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving the Agreement for the Additional Services, Security, and Settlement of Certain Matters, as amended by Addendum No 1, dated as of April 15, 2003 (as amended the "Settlement Agreement") between WorldCom, Inc , on behalf of itself and all of its affiliates and subsidiaries and Allegiance Telecom, Inc , on behalf of itself and all of its affiliates and subsidiaries ("Allegiance"), all as more fully set forth in the Settlement Agreement, and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U S C §§ 157 and 1334 and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U S C § 157(b), and venue being proper before this Court pursuant to 28 U S C §§ 1408 and 1409, and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided, and the relief requested in the Motion being in the best interests of the Debtors

and their estates and creditors, and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”), and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein, and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted, and it is further

ORDERED that the Settlement Agreement is approved pursuant to Bankruptcy Rule 9019, and it is further

ORDERED that the Settlement Agreement was entered into following good faith, arm’s-length negotiations between WorldCom and Allegiance and the compromise and settlement reflected in the Settlement Agreement is in the best interests of the Debtors, their creditors and all other parties in interest, and it is further

ORDERED that the Debtors and Allegiance are authorized and directed to execute, deliver, implement, and fully perform any and all obligations, instruments, documents and papers and to take any and all actions reasonably necessary or appropriate to consummate and fully effectuate the Settlement Agreement, and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local
Bankruptcy Rules for the Southern District of New York for the filing of a memorandum
of law is waived.

Dated New York, New York
May 28, 2003

s/Arthur J. Gonzalez
THE HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

ALLEGIANCE TELECOM

SUMMARY OF PREPETITION BALANCE

Account Number	Billing Platform	Customer Name	Prepetition Balance
C1007426	AR2000	Alegiance Telecom, Inc	\$ 8,675 65
40548	F&E	Alegiance Telecom, Inc	\$ 23,987 13
51862	F&E	Alegiance Telecom, Inc	\$ 290,438 50
60829	F&E	Alegiance Telecom, Inc	\$ 2,679 09
66407	F&E	Alegiance Telecom Inc	\$ 4,512 56
89118	F&E	Alegiance Telecom, Inc	\$ 7,343 12
104589	F&E	Alegiance Telecom, Inc	\$ 3,159 46
104591	F&E	Alegiance Telecom Inc	\$ 777 78
104592	F&E	Alegiance Telecom, Inc	\$ 1,880 00
104768	F&E	Alegiance Telecom, Inc	\$ 1,420 77
6562	IX+34	Alegiance Telecom, Inc	\$ 2,914 78
13983	IX+34	Alegiance Telecom, Inc	\$ 3,297 37
92196	IX+34	Alegiance Telecom, Inc	\$ 5,532 10
92330	IX+34	Alegiance Telecom, Inc	\$ 50,261 84
93189	IX+34	Alegiance Telecom, Inc	\$ 9,706 23
96296	IX+34	Alegiance Telecom, Inc	\$ 13,052 98
97401	IX+34	Alegiance Telecom, Inc	\$ 15,835 84
112904	IX+34	Alegiance Telecom, Inc	\$ 73,474 12
112906	IX+34	Alegiance Telecom, Inc	\$ 80,327 64
112907	IX+34	Alegiance Telecom, Inc	\$ 52,654 78
114841	IX+34	Alegiance Telecom, Inc	\$ 16,296 51
115212	IX+34	Alegiance Telecom, Inc	\$ 236 51
115408	IX+34	Alegiance Telecom, Inc	\$ 94 20
115412	IX+34	Alegiance Telecom, Inc	\$ 12 215 15
115417	IX+34	Alegiance Telecom, Inc	\$ 620 87
115426	IX+34	Alegiance Telecom, Inc	\$ 1,012 89
115429	IX+34	Alegiance Telecom, Inc	\$ 4,225 80
115434	IX+34	Alegiance Telecom, Inc	\$ 7,608 84
115437	IX+34	Alegiance Telecom, Inc	\$ 956 78
115441	IX+34	Alegiance Telecom Inc	\$ 8,243 52
115447	IX+34	Alegiance Telecom Inc	\$ 3,958 93
117062	IX+34	Alegiance Telecom, Inc	\$ 8,623 73
118879	IX+34	Alegiance Telecom, Inc	\$ 5,520 14
118885	IX+34	Alegiance Telecom, Inc	\$ 9,366 10
118888	IX+34	Alegiance Telecom, Inc	\$ 4,469 50
118894	IX+34	Alegiance Telecom, Inc	\$ 17,027 77
118899	IX+34	Alegiance Telecom, Inc	\$ 22,523 97
118903	IX+34	Alegiance Telecom, Inc	\$ 471 79
118906	IX+34	Alegiance Telecom, Inc	\$ 1,665 32
119099	IX+34	Alegiance Telecom, Inc	\$ 698 65
119135	IX+34	Alegiance Telecom, Inc	\$ 10,925 76
119652	IX+34	Alegiance Telecom, Inc	\$ 189 66
119654	IX+34	Alegiance Telecom, Inc	\$ 2,001 61
119704	IX+34	Alegiance Telecom, Inc	\$ 1 902 82
119947	IX+34	Alegiance Telecom, Inc	\$ 3 780 46
120423	IX+34	Alegiance Telecom, Inc	\$ 2,527 02
120587	IX+34	Alegiance Telecom, Inc	\$ 1,412 36
120955	IX+34	Alegiance Telecom Inc	\$ 1 625 42
121673	IX+34	Alegiance Telecom Inc	\$ 1 191 00
121936	IX+34	Alegiance Telecom Inc	\$ 20 478 08
10000986	IX+34	Alegiance Telecom Inc	\$ 66 622 76
10008291	IX+34	Alegiance Telecom, Inc	\$ 722,815 58

ALLEGIANCE TELECOM

SUMMARY OF PREPETITION BALANCE

Account Number	Billing Platform	Customer Name	Prepetition Balance
18000294	IX+34	Alegiance Telecom, Inc	\$ 4,104 31
53916 (11)	MISC IX+	Alegiance Telecom, Inc	\$ 548 58
60000372 (11)	MISC IX+	Alegiance Telecom, Inc	\$ 4 97
60000380 (11)	MISC IX+	Alegiance Telecom, Inc	\$ 9,640 54
8760028580 (26)	MISC IX+	Alegiance Telecom Inc	\$ 1,061 39
115	SORES	Alegiance Telecom, Inc	\$ 11,826 11
68119	SORES	Alegiance Telecom, Inc	\$ 3,211,010 35
68173	SORES	Alegiance Telecom, Inc	\$ 163,210 39
BF	SWITCHED ACCESS	Alegiance Telecom, Inc	\$ 4,768 99
IM	SWITCHED ACCESS	Alegiance Telecom, Inc	\$ 5 735 78
MC	SWITCHED ACCESS	Alegiance Telecom, Inc	\$ 17,179 14
WC	SWITCHED ACCESS	Alegiance Telecom, Inc	\$ 189,883 45
04629875	AR2000	Alegiance Telecom, Inc	\$ 111,833 96
1DB63219	AR2000	Alegiance Telecom, Inc	\$ 25,843 03
33806	F&E	Alegiance Telecom, Inc	\$ 63,010 13
11012 (25)	MISC IX+	Alegiance Telecom, Inc	\$ 172,977 88
42124 (34)	MISC IX+	Alegiance Telecom Inc	\$ 1,388 48
80491 (34)	MISC IX+	Alegiance Telecom, Inc	\$ 394 04
9150022778 (23)	MISC IX+	Alegiance Telecom, Inc	\$ 16,543 22
		Alegiance Telecom, Inc Total	\$ 5,624,205 99
09252506	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 274 00
09252677	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 32,109 80
09260552	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 57,450 44
1-43290136	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 1,150 32
17578999	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 200,103 55
37196852	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 5,123 33
37197268	CTS NETWORK-HOSTING	Allegiance Telecom Company Worldwide	\$ 3,079 17
		Allegiance Telecom Company Worldwide	\$ 299,290 61
00042135085	AR2000	Hosting com	\$ 331 40
		Hosting com Total	\$ 331 40
51753	F&E	Jump net	\$ 67,087 29
		Jump net Total	\$ 67,087 29
Pre-petition Due		Grand Total	\$ 5,990,915 29

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

WORLDCOM, INC , et al,

Debtors
-----X

**Chapter 11
Case No 02-13533 (AJG)**

(Jointly Administered)

**STIPULATION AND AGREED ORDER BETWEEN WORLDCOM, INC AND
ITS AFFILIATED DEBTORS AND ALLEGIANCE TELECOM, INC AND ITS
AFFILIATED DEBTORS WITH RESPECT TO REAL PROPERTY LOCATED
AT 6800 VIRGINIA MANOR ROAD, BELTSVILLE, MARYLAND**

WHEREAS, on July 21, 2002 (the "Commencement Date") and November 8, 2002, WorldCom, Inc and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, "WorldCom") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Bankruptcy Court for the Southern District of New York, Case No 02-13533 (AJG) (the "WorldCom Court") WorldCom continues to operate its businesses and manage its properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code By order dated July 22, 2002 and subsequent orders, WorldCom's chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered

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

“Allegiance Court”) Allegiance continues to operate its businesses and manage its properties as a debtor in possession

WHEREAS, prior to the Commencement Date, WorldCom and Allegiance entered into various agreements including the following (1) the Asset Purchase Agreement, dated November 30, 2001 (the “IBI Agreement”),¹ (2) the Asset Purchase Agreement dated June 17, 2002,² and (3) the Domestic & Metro Private Line Special Carrier Service Agreement dated September 29, 2000, as amended WorldCom and Allegiance continue to provide services to each other under various other agreements, tariffs and service orders

WHEREAS, on March 20, 2000, Intermedia Communications Inc (“Intermedia”), a subsidiary and affiliated debtor of WorldCom, and PS Business Parks L P (the “Landlord”) entered into that certain lease of real property (the “Lease”) for the premises located 6800 Virginia Manor Road, Beltsville, Maryland (the “Premises”)

WHEREAS, at or near the time of the IBI Agreement, Allegiance began to use and occupy a portion of the Premises for the provision of services to its customers (“Customers”) and for the provision of services by third parties (“Vendors”) to Allegiance Following the IBI Agreement, the parties anticipated that they would execute a sublease regarding Allegiance’s use and occupancy of the Premises, but no such sublease was in fact executed

¹ Between Allegiance Telecom, Inc , ALGX Business Internet, Inc , WorldCom, Inc , and Intermedia Communications Inc

² By and among Intermedia Communications Inc , Shared Technologies Fairchild, Inc , Shared Technologies Fairchild Telecom, Inc , MCI WorldCom Communications, Inc , WorldCom, Inc , Allegiance CPE, and Shared Technologies Allegiance, Inc

WHEREAS, Allegiance continues to use and occupy a portion of the Premises as of the date hereof, but, to date, has never paid rent in any amount and has never leased or subleased any portion of the Premises and Allegiance disputes that it is obligated to pay any rent for the Premises

WHEREAS, WorldCom disputes that Allegiance has any right to continue to use or occupy the Premises without paying rent or otherwise obtaining a leasehold in the Premises As such, WorldCom has requested that Allegiance vacate the Premises and, absent Landlord consent, remove any personal property of Allegiance or its Vendors and Customers from the Premises

WHEREAS, in connection with WorldCom's cases under chapter 11 of the Bankruptcy Code, WorldCom intends to reject the Lease pursuant to section 365 of the Bankruptcy Code, effective as of November 30, 2003 (the "Rejection Date")

WHEREAS, WorldCom and Allegiance maintain equipment at the Premises for the provision of telecommunications services to their respective customers Moreover, certain Customers and Vendors collocated equipment owned or leased by such Customers and Vendors at the Premises All Allegiance equipment and certain Customer and Vendor equipment will be removed from the Premises according to the terms set forth herein. A list of equipment owned or leased by Allegiance at the Premises is annexed hereto as Exhibit "A" to this Stipulation A list of Customer and Vendor equipment that will be removed from the Premises is annexed hereto as Exhibit "B" to this Stipulation Collectively, the equipment listed on Exhibits "A" and "B" hereto is referred to herein as the "Removed Equipment"

WHEREAS, by consent of the Landlord, equipment owned or leased by certain other Customers and Vendors will remain at the above referenced property for future tenant connection. A list of such equipment is annexed hereto as Exhibit "C" and is referred to herein as the "Remaining Equipment "

WHEREAS, the Allegiance Court entered an Order, dated May 15, 2003 (the "Utilities Order"), ordering that, absent any further order of this Court, all Utility Companies (as defined therein) that provide utility services to the Debtors "may not alter, refuse or discontinue service to, or discriminate against the Debtors "

WHEREAS, Allegiance has agreed to vacate the Premises on or before November 29, 2003 (the "Quit Date") in exchange for the consideration described more fully below. In furtherance of this objective, the parties have negotiated this Stipulation in good faith and at arms' length and desire that it shall be binding on each of them once approved by both parties' respective Bankruptcy Court.

WHEREAS, Allegiance will also stipulate to the matters contained herein before the Allegiance Court and will seek entry of an Order approving such stipulation (the "Allegiance Stipulation")

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and between the Debtors and Allegiance, through their undersigned counsel, that

1 Allegiance will vacate the Premises on or before the Quit Date

2 Subject to paragraph 7 *infra*, Allegiance shall have no obligation or liability for rent or otherwise that is associated with, in connection with, arising out of, or related to the Premises after the Quit Date. For the avoidance of doubt, nothing herein shall be construed to be a waiver or release by either party of claims, proofs of claim, or

defenses associated with, in connection with, arising out of, or related to the Premises prior to the Quit Date

3 Each party shall bear its own costs and expenses associated with the termination of services at the Premises

4 Allegiance will remove the Removed Equipment on or before the Quit Date, and leave that portion of the Premises occupied solely by Allegiance in a “broom clean” state upon departure therefrom. The costs incurred by reason of such removal and departure shall be borne entirely by Allegiance, reasonable wear and tear excepted. To the extent that the Removed Equipment and WorldCom’s equipment occupy the same space, the party using its equipment last shall leave that portion of the premises shared by the other party in a “broom clean” state. The parties acknowledge that, by consent of the Landlord, the Remaining Equipment will not be removed from the Premises

5 WorldCom and Allegiance will use their best efforts to coordinate traffic migration in accordance with all applicable regulatory and statutory obligations to Customers in order to complete any and all required migration no later than November 7, 2003 (the “Utility Services Termination Date”) and Allegiance shall have no liability for such services after the Utility Services Termination Date. Notwithstanding the foregoing sentence, in no event shall WorldCom be required to provide any Utility Services (as that term is defined in the Utility Order) to Allegiance at the Premises after the Utility Services Termination Date unless WorldCom delays Allegiance’s ability to migrate its services from the Premises and, once services have ceased, the Utility Order shall be deemed null and void with respect to Utility Services provided to Allegiance at the Premises after such date as provided in the Allegiance Stipulation.

6 The parties agree that on the earlier of (a) the date after which the services provided to Allegiance by WorldCom have ceased and Allegiance has migrated its services to another location, or (b) November 29, 2003, WorldCom shall be allowed to remove equipment owned by WorldCom from the Premises, including collocation equipment, regardless of whether such equipment is located within that portion of the Premises occupied by Allegiance, or whether such equipment is, in fact, used by Allegiance or its Customers or Vendors. The parties acknowledge that the automatic stay imposed by section 362(a) of the Bankruptcy Code shall be modified to the extent necessary to permit such removal as provided in the Allegiance Stipulation.

7 WorldCom and Allegiance agree that in the event that the Landlord, its successors, agents or assigns assert claims for damage to the Premises related to the Removed Equipment (other than a claim for rejection of the Lease by WorldCom), (a) the parties shall attempt to reach a mutually acceptable agreement on the allocation of such damages and, if they are unable to do so, the WorldCom Court (upon proper notice to Allegiance) shall determine the allocation of such damages, if any, and the parties reserve their arguments with respect thereto, and (b) the treatment and/or allowance of such claims shall be subject to all provisions of the Bankruptcy Code and applicable prior and subsequent orders of the Allegiance Court and the WorldCom Court.

8 The Parties shall seek approval of this Stipulation by the WorldCom Court and approval of the Allegiance Stipulation by the Allegiance Court within fifteen (15) days of the date hereof.

9 This Stipulation shall become effective upon the later of (a) entry of a final order by the WorldCom Court approving this Stipulation, or (b) entry of a final

order by the Allegiance Court approving the Allegiance Stipulation. In the event that this Stipulation does not become effective as contemplated herein, this Stipulation shall have no effect on the rights of the parties hereto, and the parties hereto shall be restored to the *status quo ante* as of the date hereof.

10 This Stipulation only affects the rights and obligations of the parties with respect to the Lease and the Premises and, except as provided herein, nothing in this Stipulation is intended to be, nor shall it be construed to be, a waiver by either party hereto of any right to object on any grounds to any claims or proofs of claim filed or to be filed against the other, or a waiver by either party of the right to file or assert such claims or proofs of claim, and all such rights and defenses are expressly reserved. This Stipulation does not relate to or affect any other agreements between the parties, and such agreements are neither assumed nor rejected as a result hereof.

11 Each person who executes this Stipulation represents that he or she is duly authorized to execute this Stipulation on behalf of the respective parties hereto and that each party has full knowledge and has consented to this Stipulation.

12 This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the parties hereto to be charged.

By /s/ Alfredo R. Perez
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Alfredo R. Perez, Esq.

Attorneys for WorldCom, Inc. and
its affiliated debtors and debtors in possession

IT IS SO ORDERED

Dated New York, New York
November 6, 2003

By /s/ Jonathan S. Henes
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Attorney for Allegiance Telecom, Inc. and its
affiliated debtors and debtors in possession

s/Arthur J. Gonzalez
United States Bankruptcy Judge

Exhibit A

Beltsville Site Inventory
ALGX Equipment

A	B	C	D	E	F	J	L
Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Company	Redeploy / Sell / Dispose	Removal Date
1	POP Side	Fiber Panel 4 RU	Telet		ALGX	Redeploy	11/29/2003
2	POP Side	Bulkhead Coax Panel 2RU	Modlap		ALGX	Redeploy	11/29/2003
3	POP Side	Bulkhead Coax Panel 2RU	Modlap		ALGX	Redeploy	11/29/2003
4	POP Side	Bulkhead Coax Panel 2RU	Modlap		ALGX	Redeploy	11/29/2003
5	POP Side	GSR Router	Cisco	12008 ALGX	ALGX	Redeploy	11/29/2003
6	POP Side	Fiber Panel 4 RU	Telet		ALGX	Redeploy	11/29/2003
7	POP Side	Bulkhead Coax Panel 2RU	Modlap		ALGX	Redeploy	11/29/2003
8	POP Side	GSR Router	Cisco	12008 ALGX	ALGX	Redeploy	11/29/2003
9	POP Side	Fiber Panel 4 RU	Cisco	12008 ALGX	ALGX	Redeploy	11/29/2003
10	POP Side	Fiber Panel 4 RU	Telet		ALGX	Redeploy	11/29/2003
11	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
12	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
13	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
14	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
15	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
16	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
17	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
18	POP Side	Router	Cisco	7206 VXR	ALGX	Redeploy	11/29/2003
19	POP Side	RJ45 bulkhead patch panel 2RU	Modlap		ALGX	Redeploy	11/29/2003
20	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
21	POP Side	SMDS DSU	Kentrox	SMDSU	ALGX	Sell	11/29/2003
22	POP Side	SMDS DSU	Kentrox	SMDSU	ALGX	Sell	11/29/2003
23	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
24	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
25	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
26	POP Side	Fast Ethernet switch	Cisco	2924 ALGX	ALGX	Redeploy to ALGX CNTR	11/29/2003
27	POP Side	Server and Disk array	Artecon & MTI		ALGX	Redeploy to ALGX CNTR	11/29/2003
28	POP Side	Server	Sun	Ultra2	ALGX	Redeploy to ALGX CNTR	11/29/2003
29	POP Side	DNS Server	no name on box	Unknown	ALGX	Redeploy to ALGX CNTR	11/29/2003
30	POP Side	Server	Dell power edge	4350	ALGX	Redeploy to ALGX CNTR	11/29/2003
31	POP Side	Server	Silicon Graphics	CMNA018	ALGX	Redeploy to ALGX CNTR	11/29/2003
32	POP Side	13 inch monitor	Packard Bell		ALGX	Sell	11/29/2003
33	POP Side	Keyboard	Genetic		ALGX	Sell	11/29/2003
34	POP Side	GFS Receiver	Coelatian	TSS 100TMM	ALGX	Redeploy to ALGX CNTR	11/29/2003
35	POP Side	Router working as time server	Cisco	2511	ALGX	Redeploy to ALGX CNTR	11/29/2003
36	POP Side	Server and Disk array	Artecon & MTI		ALGX	Redeploy to ALGX CNTR	11/29/2003
37	POP Side	Server	Artecon		ALGX	Redeploy to ALGX CNTR	11/29/2003
38	POP Side	Server and Disk array	Artecon & MTI		ALGX	Redeploy to ALGX CNTR	11/29/2003
39	POP Side	Server	Axi	245	ALGX	Redeploy to ALGX CNTR	11/29/2003
40	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
41	POP Side	Alteon FE/GIG E switch	Alteon		ALGX	Redeploy	11/29/2003
42	POP Side	Router	Artecon		ALGX	Redeploy to ALGX CNTR	11/29/2003
43	POP Side	server	Artecon		ALGX	Redeploy	11/29/2003
44	POP Side	server	Modlap		ALGX	Redeploy	11/29/2003
45	POP Side	RJ45 bulkhead patch panel 2RU	Cisco	2511	ALGX	Redeploy	11/29/2003
46	POP Side	router	Cisco	2511	ALGX	Redeploy	11/29/2003
47	POP Side	router	Cisco	2511	ALGX	Redeploy	11/29/2003
48	POP Side	RJ45 bulkhead patch panel 4RU	Modlap		ALGX	Redeploy to ALGX CNTR	11/29/2003
49	POP Side	RJ45 bulkhead patch panel 4RU	Modlap		ALGX	Redeploy to ALGX CNTR	11/29/2003
50	POP Side	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003
51	POP Side	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003
52	POP Side	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003
53	POP Side	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003
54	POP Side	Catalyst FE Switch	Cisco	5500	ALGX	Sell	11/29/2003
55	POP Side	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
56	POP Side	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
57	POP Side	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
58	POP Side	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
59	POP Side	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003

Beltsville Site Inventory
ALGX Equipment

A	B	C	D	E	F	J	L
Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Company	Redeploy / Sell / Dispose	Removal Date
60 POP Side	TRR01 04	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
61 POP Side	TRR01 03	Catalyst FE Switch	Cisco		1900 ALGX	Sell	11/29/2003
62 POP Side	TRR01 03	RJ45 bulkhead patch panel 6RU	Unknown type		ALGX	Redeploy to ALGX CNTR	11/29/2003
63 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
64 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
65 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
66 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
67 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
68 POP Side	TRR01 03	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
69 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
70 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
71 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
72 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
73 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
74 POP Side	TRR01 02	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
75 POP Side	TRR01 01	Fast Ethernet switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003
76 POP Side	TRR01 01	Fast Ethernet switch	Cisco	1912	ALGX	Sell	11/29/2003
77 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
78 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
79 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
80 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
81 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
82 POP Side	TRR01 01	Access server	Cisco	AS5200	ALGX	Sell	11/29/2003
83 POP Side	TEST 3	Sentry Power Cycler	Server Technology	4835	ALGX	Redeploy	11/29/2003
84 POP Side	TEST 3	Router test bed	Cisco	7507	ALGX	Redeploy	11/29/2003
85 POP Side	TEST 2	Sentry Power Cycler	Server Technology	4835	ALGX	Redeploy	11/29/2003
86 POP Side	TEST 2	Router console test	Cisco	2511	ALGX	Redeploy	11/29/2003
87 Telco Side	TRR03 01	power supply	SOLA	CVDC 48vdc 20A	ALGX	Redeploy	11/29/2003
88 Telco Side	TRR03 02	DSX Panels 4RU	Telect		ALGX	Redeploy	11/29/2003
89 Telco Side	TRR03 03	DSX Panels 12RU	Unknown type		ALGX	Redeploy	11/29/2003
90 Telco Side	TRR03 03	Fuse Panel	Henry		ALGX	Redeploy	11/29/2003
91 Telco Side	TRR03 04	RC Digital Multiplexer	NEC		ALGX	Sell	11/29/2003
92 Telco Side	TRR03 04	DSX Panels 12RU	Unknown type		ALGX	Redeploy	11/29/2003
93 Telco Side	TRR03 05	Firewall server	Auspax	NS2000 S	ALGX	Redeploy	11/29/2003
94 Telco Side	TRR03 06	Firewall tape drive 60 tape chassis	Auspax		ALGX	Redeploy	11/29/2003
95 Telco Side	TRR03 07	Firewall server	Checkpoint	IP440	ALGX	Redeploy	11/29/2003
96 Telco Side	TRR03 07	Firewall server	Checkpoint	IP440	ALGX	Redeploy	11/29/2003
97 Telco Side	TRR03 07	13 inch monitor	Packard Bell		ALGX	Redeploy	11/29/2003
98 Telco Side	TRR03 07	13 inch monitor	Packard Bell		ALGX	Redeploy	11/29/2003
99 Telco Side	TRR03 07	keyboard	Generic		ALGX	Redeploy	11/29/2003
100 Telco Side	TRR03 07	keyboard	Generic		ALGX	Redeploy	11/29/2003
101 Telco Side	TRR03 07	Server	Compac	Prolant 3000	ALGX	Redeploy	11/29/2003
102 Telco Side	TRR03 07	Server	Compac	Prolant 3000	ALGX	Redeploy	11/29/2003
103 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
104 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
105 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
106 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
107 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
108 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
109 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
110 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
111 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
112 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
113 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
114 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
115 Telco Side	TRR05 01	Fiber patch panel 2RU	Generic		ALGX	Redeploy	11/29/2003
116 Telco Side	TRR06 01	66 Blocks all dead & unused many	Generic		ALGX	Scrap	11/29/2003
117 Telco Side	TRR06 03	Battery string	Argus		ALGX	Possibly Redploy	11/29/2003

Beltsville Site Inventory
ALGX Equipment

A		B		C		D		E		F		J		L	
1	Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Company	Redeploy / Sell / Dispose	Removal Date							
118	Telco Side	TRR06 04	Battery string	Argus		ALGX	Possibly Redeploy	11/29/2003							
119	Telco Side	TRR06 06	Switch Mode Rectifier	Argus	Pathfinder 48/55	ALGX	Possibly Redeploy	11/29/2003							
120	Telco Side	North corner	Air Conditioner 20 Ton	Libert		ALGX	Sell/Dispose	11/29/2003							
121	Sec Mach Room	TRR01 01	Catalyst FE Switch	Cisco	2912	ALGX	Redeploy to ALGX CNTR	11/29/2003							
122	Sec Mach Room	TRR01 01	Router	Cisco	2509	ALGX	Redeploy to ALGX CNTR	11/29/2003							
123	Sec Mach Room	TRR01 01	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003							
124	Sec Mach Room	TRR01 01	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003							
125	Sec Mach Room	TRR01 01	Server	Silicon Graphics	CMNA020	ALGX	Trash	11/29/2003							
126	Sec Mach Room	TRR01 01	Disk array	Silicon Graphics		ALGX	Trash	11/29/2003							
127	Sec Mach Room	TRR01 01	Disk array	Silicon Graphics		ALGX	Trash	11/29/2003							
128	Sec Mach Room	TRR01 01	Power Supply	Silicon Graphics		ALGX	Trash	11/29/2003							
129	Sec Mach Room	TRR01 02	Fiber Patch Panel 2RU	Superior		ALGX	Trash	11/29/2003							
130	Sec Mach Room	TRR01 02	Fiber Patch Panel 2RU	Superior		ALGX	Trash	11/29/2003							
131	Sec Mach Room	TRR01 02	Fiber Patch Panel 2RU	Lucent		ALGX	Trash	11/29/2003							
132	Sec Mach Room	TRR01 02	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003							
133	Sec Mach Room	TRR01 06	Catalyst FE Switch	Cisco	3524	ALGX	Redeploy to ALGX CNTR	11/29/2003							
134	Sec Mach Room	TRR01 06	Router	Cisco	2511	ALGX	Redeploy to ALGX CNTR	11/29/2003							
135	Sec Mach Room	TRR01 06	Router	Cisco	2511	ALGX	Redeploy to ALGX CNTR	11/29/2003							
136	Sec Mach Room	TRR01 06	Ethernet Hub	3Com	Super Stack	ALGX	Redeploy to ALGX CNTR	11/29/2003							
137	Sec Mach Room	TRR01 06	FE and Gig E Switch	Alteon	180	ALGX	Redeploy to ALGX CNTR	11/29/2003							
138	Sec Mach Room	TRR01 06	DSX Patch Panel 3RU RU			ALGX	Trash	11/29/2003							
139	Sec Mach Room	TRR01 06	DSX Patch Panel 3RU RU			ALGX	Trash	11/29/2003							
140	Sec Mach Room	TRR01 06	RJ45 Patch panel 14RU			ALGX	Trash	11/29/2003							
141	Sec Mach Room	TRR01 07	DSU Shelf	Digital Link	DL2000	ALGX	Sell	11/29/2003							
142	Sec Mach Room	TRR01 07	DSU Shelf	Digital Link	DL2000	ALGX	Sell	11/29/2003							
143	Sec Mach Room	TRR01 07	DSU Shelf	Digital Link	DL2000	ALGX	Sell	11/29/2003							
144	Sec Mach Room	TRR01 07	Router	Cisco	7513	ALGX	Redeploy	11/29/2003							
145	Sec Mach Room	TRR02 01	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003							
146	Sec Mach Room	TRR02 01	Router	Cisco	2509	ALGX	Redeploy to ALGX CNTR	11/29/2003							
147	Sec Mach Room	TRR02 01	Router	Cisco	2501	ALGX	Redeploy to ALGX CNTR	11/29/2003							
148	Sec Mach Room	TRR02 01	Catalyst FE Switch	Cisco	2916	ALGX	Redeploy to ALGX CNTR	11/29/2003							
149	Sec Mach Room	TRR02 01	FE and Gig E Switch	Alteon	180	ALGX	Redeploy to ALGX CNTR	11/29/2003							
150	Sec Mach Room	TRR02 01	Server	Unknown type	No marking	ALGX	Trash	11/29/2003							
151	Sec Mach Room	TRR02 02	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003							
152	Sec Mach Room	TRR02 02	Router	Cisco	2509	ALGX	Redeploy to ALGX CNTR	11/29/2003							
153	Sec Mach Room	TRR02 02	Server	F5 Networks		ALGX	Trash	11/29/2003							
154	Sec Mach Room	TRR02 02	Server	F5 Networks		ALGX	Trash	11/29/2003							
155	Sec Mach Room	TRR02 02	Server	Sun	Netra T1	ALGX	Redeploy to ALGX CNTR	11/29/2003							
156	Sec Mach Room	TRR02 02	Server	Sun	Netra T1 105	ALGX	Redeploy to ALGX CNTR	11/29/2003							
157	Sec Mach Room	TRR02 02	Server	Sun	Netra T1 105	ALGX	Redeploy to ALGX CNTR	11/29/2003							
158	Sec Mach Room	TRR02 02	Server	Axil	320	ALGX	Trash	11/29/2003							
159	Sec Mach Room	TRR02 02	Server	Axil	320	ALGX	Trash	11/29/2003							
160	Sec Mach Room	TRR02 02	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003							
161	Sec Mach Room	TRR02 02	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003							
162	Sec Mach Room	TRR02 03	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003							
163	Sec Mach Room	TRR02 03	Router	Cisco	2509	ALGX	Redeploy to ALGX CNTR	11/29/2003							
164	Sec Mach Room	TRR02 03	Server	Sun	Sparc5	ALGX	Redeploy to ALGX CNTR	11/29/2003							
165	Sec Mach Room	TRR02 03	Server	Gulfcast	SL100R 440	ALGX	Redeploy to GB	11/29/2003							
166	Sec Mach Room	TRR02 03	Server	Sun	Enterprise220R	ALGX	Redeploy to ALGX CNTR	11/29/2003							
167	Sec Mach Room	TRR02 03	Disk array	Sun	Storage D1000	ALGX	Redeploy to ALGX CNTR	11/29/2003							
168	Sec Mach Room	TRR02 03	Server	Sun	Enterprise150	ALGX	Redeploy to ALGX CNTR	11/29/2003							
169	Sec Mach Room	TRR02 04	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003							
170	Sec Mach Room	TRR02 04	Router	Cisco	2509	ALGX	Redeploy to ALGX CNTR	11/29/2003							
171	Sec Mach Room	TRR02 04	Tape Drive	Silicon Graphics		ALGX	Redeploy to ALGX CNTR	11/29/2003							
172	Sec Mach Room	TRR02 04	Server	Sun	Ultra Enterprise 2	ALGX	Redeploy to ALGX CNTR	11/29/2003							
173	Sec Mach Room	TRR02 04	Server	Silicon Graphics	CMNA018	ALGX	Redeploy to ALGX CNTR	11/29/2003							
174	Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003							
175	Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003							

Beltsville Site Inventory
ALGX Equipment

A	B	C	D	E	F	J	L
Room #	Rank #	Equipment Type	Manufacturer	Model #	Owner Company	Redeploy / Sell / Dispose	Removal Date
176 Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003
177 Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003
178 Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003
179 Sec Mach Room	TRR02 05	Hub	3Com	Super stack	ALGX	Trash	11/29/2003
180 Sec Mach Room	TRR02 05	router chassis only	Cisco	7206	ALGX	Redeploy to ALGX CNTR	11/29/2003
181 Sec Mach Room	TRR02 05	Server	Sun	Ultra Enterprise 450	ALGX	Redeploy to GB	11/29/2003
182 Sec Mach Room	TRR02 06	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003
183 Sec Mach Room	TRR02 06	Server	Sun	Ultra Enterprise 2	ALGX	Redeploy to ALGX CNTR	11/29/2003
184 Sec Mach Room	TRR02 06	Disk array	Sun	Storeidge D1000	ALGX	Redeploy to ALGX CNTR	11/29/2003
185 Sec Mach Room	TRR02 07	Server	Micronpc	NF3400	ALGX	Trash	11/29/2003
186 Sec Mach Room	TRR03 01	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003
187 Sec Mach Room	TRR03 01	Router	Cisco	2511	ALGX	Redeploy to ALGX CNTR	11/29/2003
188 Sec Mach Room	TRR03 01	Router	Cisco	2501	ALGX	Redeploy to ALGX CNTR	11/29/2003
189 Sec Mach Room	TRR03 01	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
190 Sec Mach Room	TRR03 02	Full rack obsolete tape drive	Unknown type		ALGX	Trash	11/29/2003
191 Sec Mach Room	TRR03 04	Server	Sun	Ultra Enterprise 450	ALGX	Already moved	11/29/2003
192 Sec Mach Room	TRR03 05	Server	Sun	Ultra Enterprise 450	ALGX	Already moved	11/29/2003
193 Sec Mach Room	TRR03 05	Disk array for Enterprise 450	Sun		ALGX	Already moved	11/29/2003
194 Sec Mach Room	TRR03 05	Disk array for Enterprise 450	Sun		ALGX	Already moved	11/29/2003
195 Sec Mach Room	TRR03 05	Disk array for Enterprise 450	Sun		ALGX	Already moved	11/29/2003
196 Sec Mach Room	TRR03 05	Disk array for Enterprise 450	Sun		ALGX	Already moved	11/29/2003
197 Sec Mach Room	TRR03 07	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
198 Sec Mach Room	TRR03 07	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
199 Sec Mach Room	TRR03 07	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
200 Sec Mach Room	TRR03 07	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
201 Sec Mach Room	TRR03 07	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
202 Sec Mach Room	TRR03 08	Catalyst FE Switch	Cisco	2924	ALGX	Redeploy to ALGX CNTR	11/29/2003
203 Sec Mach Room	TRR03 08	Server	Silicon Graphics	CMNA018	ALGX	Trash	11/29/2003
204 Sec Mach Room	TRR03 08	Server	Cherokee Int	SP306	ALGX	Trash	11/29/2003
205 Sec Mach Room	TRR03 08	Server	Silicon Graphics	Unknown big type	ALGX	Trash	11/29/2003
206 Sec Mach Room	East wall	Air Conditioner 10 Ton	Lebert		ALGX	Sell/Dispose	11/29/2003
207 Sec Mach Room	East wall	Security Panel	Generic		ALGX	Sell/Dispose	11/29/2003
208 Sec Mach Room	East wall	Electrical distribution panels	Generic		ALGX	Sell/Dispose	11/29/2003
209 Power Room	west side	air conditioning 5 ton	Carrier	40RM 012 B610HC	ALGX	Sell/Dispose	11/29/2003
210 Power Room	east side	air conditioning 5 ton	Carrier	40RM 012 B610HC	ALGX	Sell/Dispose	11/29/2003
211 Power Room	south side	UPS Bypass	MGE	72 131812 03	ALGX	Sell/Dispose	11/29/2003
212 Power Room	south side	UPS EPS 6225/44 66	MGE	72 130101 01	ALGX	Sell/Dispose	11/29/2003
213 Power Room	south side	Battery Cabinet for UPS	MGE	72 131304 01	ALGX	Sell/Dispose	11/29/2003
214 Power Room	south side	Battery Cabinet for UPS	MGE	72 131304 01	ALGX	Sell/Dispose	11/29/2003
215 Power Room	south side	Auto Transfer and Bypass	ASCO		ALGX	Sell/Dispose	11/29/2003
216 Power Room	North side	Switch Board	Cutler Hammer	Power R Line	ALGX	Sell/Dispose	11/29/2003
217 Power Room	North side	Transformer	Square D	45T3H	ALGX	Sell/Dispose	11/29/2003
218 Power Room	North side	Transformer	Square D	30T3HFISNLP	ALGX	Sell/Dispose	11/29/2003
219 Power Room	North side	Transformer	Square D	30T3HFISNLP	ALGX	Sell/Dispose	11/29/2003
220 Power Room	North side	Transformer	Square D	25S3H	ALGX	Sell/Dispose	11/29/2003
221 Outside	Outside	800KW Generator			ALGX	Sell/Dispose	11/29/2003

Exhibit B

Beltsville Site Inventory
Vendor/Contractor Equipment

A	B	C	D	E	F	L
Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Co	Removal Date
1 Telco Side	TRR04 05	Catalyst FE Switch	Cisco	2900 Akami		11/29/2003
2 Telco Side	TRR04 05	Catalyst FE Switch	Cisco	3500 Akami		11/29/2003
3 Telco Side	TRR04 05	cable management box	Panduit		Akami	11/29/2003
4 Telco Side	TRR04 05	Server 1	Angstrom	AKA P5000 01	Akami	11/29/2003
5 Telco Side	TRR04 05	Server 2	Angstrom	AKA P5000 01	Akami	11/29/2003
6 Telco Side	TRR04 05	Server 3	Angstrom	AKA P5000 01	Akami	11/29/2003
7 Telco Side	TRR04 05	Server 4	Angstrom	AKA P5000 01	Akami	11/29/2003
8 Telco Side	TRR04 05	Server 5	Angstrom	AKA P5000 01	Akami	11/29/2003
9 Telco Side	TRR04 05	Server 6	Angstrom	AKA P5000 01	Akami	11/29/2003
10 Telco Side	TRR04 05	Server 7	Angstrom	AKA P5000 01	Akami	11/29/2003
11 Telco Side	TRR04 05	Server 8	Angstrom	AKA P5000 01	Akami	11/29/2003
12 Telco Side	TRR04 05	Server 9	Angstrom	AKA P5000 01	Akami	11/29/2003
13 Telco Side	TRR04 05	Server 10	Angstrom	AKA P5000 01	Akami	11/29/2003
14 Telco Side	TRR04 05	Server 11	Angstrom	AKA P5000 01	Akami	11/29/2003
15 Telco Side	TRR04 05	Server 12	Angstrom	AKA P5000 01	Akami	11/29/2003
16 Telco Side	TRR04 05	Server 13	Angstrom	AKA P5000 01	Akami	11/29/2003
17 Telco Side	TRR04 05	Server 14	Angstrom	AKA P5000 01	Akami	11/29/2003
18 Telco Side	TRR04 05	Server 15	Angstrom	AKA P5000 01	Akami	11/29/2003
19 Telco Side	TRR04 05	Server 16	Angstrom	AKA P5000 01	Akami	11/29/2003
20 Telco Side	TRR04 05	Server 17	Angstrom	AKA P5000 01	Akami	11/29/2003
21 Telco Side	TRR04 05	Server 18	Angstrom	AKA P5000 01	Akami	11/29/2003
22 Telco Side	TRR01 01	rectifier and Battery string	Unknown type	9c9798802201	MCI	11/29/2003
23 Telco Side	TRR01 02	Circuit Breaker panel 2RU	Fujitsu	Flash 192 TRB	MCI	11/29/2003
24 Telco Side	TRR01 02	Mux	Fujitsu	Flash 192 TRB	MCI	11/29/2003
25 Telco Side	TRR01 02	Mux	Fujitsu	Flash-192 oc 192 TRS	MCI	11/29/2003
26 Telco Side	TRR01 02	Mux	Fujitsu		MCI	11/29/2003
27 Telco Side	TRR01 03	Fuse Panel	Hendry	T 9/X	MCI	11/29/2003
28 Telco Side	TRR01 03	Alarm Unit	Lorain		MCI	11/29/2003
29 Telco Side	TRR01 03	Remote test Unit 1RU	R-Tec		MCI	11/29/2003
30 Telco Side	TRR01 03	Fuse Alarm 1RU			MCI	11/29/2003
31 Telco Side	TRR01 03	DSX Panel 10RU			MCI	11/29/2003
32 Telco Side	TRR01 04	Fuse Panel	Hendry		MCI	11/29/2003
33 Telco Side	TRR01 04	DSX Panel 2RU			MCI	11/29/2003
34 Telco Side	TRR01 04	Fiber DWDM Coupler 4RU			MCI	11/29/2003
35 Telco Side	TRR01 04	DWDM Coupler associated panel			MCI	11/29/2003
36 Telco Side	TRR01 05	Fuse Panel	Hendry		MCI	11/29/2003
37 Telco Side	TRR01 05	DSX Panel 18RU	ALCATEL	DML 3X50	MCI	11/29/2003
38 Telco Side	TRR01 06	Fuse Panel	Hendry		MCI	11/29/2003
39 Telco Side	TRR01 06	Fiber Panel 4 RU	ADC	FLM600 ADM	MCI	11/29/2003
40 Telco Side	TRR01 06	Mux	Fujitsu	FLM600 ADM	MCI	11/29/2003
41 Telco Side	TRR01 06	Mux	Fujitsu	FLM2400 TRIB	MCI	11/29/2003
42 Telco Side	TRR01 06	Mux	Fujitsu	FLM2400 HS	MCI	11/29/2003
43 Telco Side	TRR01 06	Mux	Fujitsu	S/DM Transport node	MCI	11/29/2003
44 Telco Side	TRR01 07	Mux	Nortel	S/DM Transport node	MCI	11/29/2003
45 Telco Side	TRR01 07	Mux	Nortel		MCI	11/29/2003
46 Telco Side	TRR01 08	power supply 2RU			MCI	11/29/2003
47 Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003
48 Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003
49 Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003

Beltsville Site Inventory
Vendor/Contractor Equipment

A		B	C		D	E	F	L
1	Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Co	Removal Date	
50	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
51	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
52	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
53	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
54	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
55	Telco Side	TRR01 09	Fiber Patch Panel 4RU	ADC		MCI	11/29/2003	
56	Telco Side	TRR05 03	Fiber control frame system part 1	Ciena		MCI	11/29/2003	
57	Telco Side	TRR05 04	Fiber control frame system part2	Ciena		MCI	11/29/2003	

Exhibit C

Exhibit C – Remaining Property

Room #	Rack #	Equipment Type	Manufacturer	Model #	Owner Company
Telco Side	TRR04 01	Optical Network Mux system A	Cisco	15454	Lightwave
Telco Side	TRR04 01	Optical Network Mux system B	Cisco	15516	Lightwave
Telco Side	TRR04 01	power supply	Major Power	majorps1000-48	Lightwave
Telco Side	TRR04 01	power supply	Major Power	majorps1000-48	Lightwave
Telco Side	TRR04 01	Fiber patch shelf	Lucent		Lightwave
Telco Side	TRR04 01	Fuse Panel	Power Works		Lightwave
Telco Side	TRR02 01	Rectifier and Batteries	Nortel	Helios System 200	Verizon
Telco Side	TRR02 02	Mux	AT&T	DDM-2000-OC12	Verizon
Telco Side	TRR02 02	Mux	AT&T	DDM-2000-OC12	Verizon
Telco Side	TRR02 02	Fuse Panel			Verizon
Telco Side	TRR02 03	Fiber patch panel 4RU	Siecor		Verizon
Telco Side	TRR02 03	DSX Patch Panel 20 RU			Verizon
Telco Side	TRR02 03	Mux	AT&T	DDM-2000-OC3	Verizon
Telco Side	TRR02 03	Mux	AT&T	DDM-2000-OC12	Verizon
Telco Side	TRR02 04	Fiber patch panel 4RU	Siecor		Verizon
Telco Side	TRR02 04	Fiber patch panel 4RU	Siecor		Verizon
Telco Side	TRR02 04	Media Converter FX to TX with security	Canoga Perkins		Verizon
Telco Side	TRR02 04	Media Converter FX to TX with security	Canoga Perkins		Verizon
Telco Side	TRR02 04	Media Converter FX to TX with security	Canoga Perkins		Verizon
Telco Side	TRR02 04	Media Converter FX to TX with security	Canoga Perkins		Verizon
Telco Side	TRR02 04	Media Converter FX to TX with security	Canoga Perkins		Verizon
Telco Side	TRR02 04	Fiber Patch Panel 2RU			Verizon
Telco Side	TRR02 04	DSX Panel 4RU			Verizon
Telco Side	TRR02 04	MUX	AT&T	DDM-2000-OC3	Verizon
Telco Side	TRR02 04	MUX	AT&T	DDM-2000-OC12	Verizon
Telco Side	TRR02 05	OC48 Add Drop Rings Terminal	Lucent	FT-2000	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400TRIB	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400TRIB	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400TRIB	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400TRIB	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400HS	Verizon
Telco Side	TRR02 06	MUX	Fujitsu	FLM2400HS	Verizon
Telco Side	TRR02 07	MUX	Fujitsu	FLM600	Verizon
Telco Side	TRR02 07	Fiber Patch Panel 4RU	Siecor	ADM/2400LS	Verizon

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	Chapter 11
ALLEGIANCE TELECOM, INC , <i>et al</i> ,	Case No 03-13057 (RDD)
Debtors	(Jointly Administered)

-----X

**STIPULATION AND AGREED ORDER BETWEEN WORLDCOM, INC AND
ITS AFFILIATED DEBTORS AND ALLEGIANCE TELECOM, INC AND ITS
AFFILIATED DEBTORS WITH RESPECT TO REAL PROPERTY LOCATED
AT 6800 VIRGINIA MANOR ROAD, BELTSVILLE, MARYLAND**

WHEREAS, on May 14, 2003 (the "Petition Date"), Allegiance Telecom, Inc and its affiliated debtors (collectively, "Allegiance") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Bankruptcy Court for the Southern District of New York, Case No 03-13057 (RDD) (the "Allegiance Court") Allegiance continues to operate its businesses and manage its properties as a debtor in possession

WHEREAS, on July 21, 2002 and November 8, 2002, WorldCom and substantially all of its direct and indirect domestic subsidiaries (collectively, "WorldCom") commenced cases under chapter 11 of the Bankruptcy Code in the Bankruptcy Court for the Southern District of New York, Case No 02-13533 (AJG)(the "WorldCom Court") WorldCom continues to operate its businesses and manage its properties as a debtor in possession

WHEREAS, prior to the commencement of WorldCom's chapter 11 cases, WorldCom and Allegiance entered into various agreements including the following (1) the Asset Purchase Agreement, dated November 30, 2001 (the "IBI Agreement"),¹ (2) the Asset Purchase Agreement dated June 17, 2002,² and (3) the Domestic & Metro Private Line Special Carrier Service Agreement dated September 29, 2000, as amended. WorldCom and Allegiance continue to provide services to each other under various other agreements, tariffs and service orders

WHEREAS, on March 20, 2000, Intermedia Communications Inc ("Intermedia"), a subsidiary and affiliated debtor of WorldCom, and PS Business Parks L P (the "Landlord") entered into that certain lease of real property (the "Lease") for the premises located 6800 Virginia Manor Road, Beltsville, Maryland (the "Premises")

WHEREAS, at or near the time of the IBI Agreement, Allegiance began to use and occupy a portion of the Premises for the provision of services to its customers ("Customers") and for the provision of services by third parties ("Vendors") to Allegiance. Following the IBI Agreement, the parties anticipated that they would execute a sublease regarding Allegiance's use and occupancy of the Premises, but no such sublease was in fact executed

WHEREAS, Allegiance continues to use and occupy a portion of the Premises as of the date hereof, but, to date, has never paid rent in any amount and has never leased or

¹ Between Allegiance Telecom, Inc , ALGX Business Internet, Inc , WorldCom, Inc , and Intermedia Communications Inc

² By and among Intermedia Communications Inc , Shared Technologies Fairchild, Inc , Shared Technologies Fairchild Telecom, Inc , MCI WorldCom Communications, Inc , WorldCom, Inc , Allegiance CPE, and Shared Technologies Allegiance, Inc

subleased any portion of the Premises and Allegiance disputes that it is obligated to pay any rent for the Premises

WHEREAS, WorldCom disputes that Allegiance has any right to continue to use or occupy the Premises without paying rent or otherwise obtaining a leasehold in the Premises As such, WorldCom has requested that Allegiance vacate the Premises and, absent Landlord consent, remove any personal property of Allegiance or its Vendors and Customers from the Premises

WHEREAS, in connection with WorldCom's cases under chapter 11 of the Bankruptcy Code, WorldCom intends to reject the Lease pursuant to section 365 of the Bankruptcy Code, effective as of November 30, 2003 (the "Rejection Date")

WHEREAS, WorldCom and Allegiance maintain equipment at the Premises for the provision of telecommunications services to their respective customers Moreover, certain Customers and Vendors collocated equipment owned or leased by such Customers and Vendors at the Premises All Allegiance equipment and certain Customer and Vendor equipment will be removed from the Premises according to the terms set forth herein A list of equipment owned or leased by Allegiance at the Premises is annexed hereto as Exhibit "A" to this Stipulation A list of Customer and Vendor equipment that will be removed from the Premises is annexed hereto as Exhibit "B" to this Stipulation Collectively, the equipment listed on Exhibits "A" and "B" hereto is referred to herein as the "Removed Equipment"

WHEREAS, by consent of the Landlord, equipment owned or leased by certain other Customers and Vendors will remain at the above referenced property for future

tenant connection. A list of such equipment is annexed hereto as Exhibit "C" and is referred to herein as the "Remaining Equipment."

WHEREAS, the Allegiance Court entered an Order, dated May 15, 2003 (the "Utilities Order"), ordering that, absent any further order of this Court, all Utility Companies (as defined therein) that provide utility services to the Debtors "may not alter, refuse or discontinue service to, or discriminate against the Debtors."

WHEREAS, Allegiance has agreed to vacate the Premises on or before November 29, 2003 (the "Quit Date") in exchange for the consideration described more fully below. In furtherance of this objective, the parties have negotiated this Stipulation in good faith and at arms' length and desire that it shall be binding on each of them once approved by both parties' respective Bankruptcy Court.

WHEREAS, WorldCom will also stipulate to the matters contained herein before the WorldCom Court and will seek entry of an Order approving such stipulation (the "WorldCom Stipulation")

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and between the Debtors and Allegiance, through their undersigned counsel, that

1 Allegiance will vacate the Premises on or before the Quit Date

2 Subject to paragraph 7 *infra*, Allegiance shall have no obligation or liability for rent or otherwise that is associated with, in connection with, arising out of, or related to the Premises after the Quit Date. For the avoidance of doubt, nothing herein shall be construed to be a waiver or release by either party of claims, proofs of claim, or defenses associated with, in connection with, arising out of, or related to the Premises prior to the Quit Date.

3 Each party shall bear its own costs and expenses associated with the termination of services at the Premises

4 Allegiance will remove the Removed Equipment on or before the Quit Date, and leave that portion of the Premises occupied solely by Allegiance in a “broom clean” state upon departure therefrom. The costs incurred by reason of such removal and departure shall be borne entirely by Allegiance, reasonable wear and tear excepted. To the extent that the Removed Equipment and WorldCom’s equipment occupy the same space, the party using its equipment last shall leave that portion of the premises shared by the other party in a “broom clean” state. The parties acknowledge that, by consent of the Landlord, the Remaining Equipment will not be removed from the Premises.

5 WorldCom and Allegiance will use their best efforts to coordinate traffic migration in accordance with all applicable regulatory and statutory obligations to Customers in order to complete any and all required migration no later than November 7, 2003 (the “Utility Services Termination Date”) and Allegiance shall have no liability for such services after the Utility Services Termination Date. Notwithstanding the foregoing sentence, in no event shall WorldCom be required to provide any Utility Services (as that term is defined in the Utility Order) to Allegiance at the Premises after the Utility Services Termination Date unless WorldCom delays Allegiance’s ability to migrate its services from the Premises and, once services have ceased, the Utility Order shall be deemed null and void with respect to Utility Services provided to Allegiance at the Premises after such date.

6 The parties agree that on the earlier of (a) the date after which the services provided to Allegiance by WorldCom have ceased and Allegiance has migrated its

services to another location, or (b) November 29, 2003, the automatic stay imposed by section 362(a) of the Bankruptcy Code is hereby modified to the extent necessary to permit WorldCom to remove equipment owned by WorldCom from the Premises, including collocation equipment, regardless of whether such equipment is located within that portion of the Premises occupied by Allegiance, or whether such equipment is, in fact, used by Allegiance or its Customers or Vendors

7 WorldCom and Allegiance agree that in the event that the Landlord, its successors, agents or assigns assert claims for damage to the Premises related to the Removed Equipment (other than a claim for rejection of the Lease by WorldCom), (a) the parties shall attempt to reach a mutually acceptable agreement on the allocation of such damages and, if they are unable to do so, the WorldCom Court (upon proper notice to Allegiance) shall determine the allocation of such damages, if any, and the parties reserve their arguments with respect thereto, and (b) the treatment and/or allowance of such claims shall be subject to all provisions of the Bankruptcy Code and applicable prior and subsequent orders of the Allegiance Court and the WorldCom Court

8 The Parties shall seek approval of this Stipulation by the Allegiance Court and approval of the WorldCom Stipulation by the WorldCom Court within fifteen (15) days of the date hereof

9 This Stipulation shall become effective upon the later of (a) entry of a final order by the Allegiance Court approving this Stipulation, or (b) entry of a final order by the WorldCom Court approving the WorldCom Stipulation. In the event that this Stipulation does not become effective as contemplated herein, this Stipulation shall have

no effect on the rights of the parties hereto, and the parties hereto shall be restored to the *status quo ante* as of the date hereof

10 This Stipulation only affects the rights and obligations of the parties with respect to the Lease and the Premises and, except as otherwise provided herein, nothing in this Stipulation is intended to be, nor shall it be construed to be, a waiver by either party hereto of any right to object on any grounds to any claims or proofs of claim filed or to be filed against the other, or a waiver by either party of the right to file or assert such claims or proofs of claim, and all such rights and defenses are expressly reserved. This Stipulation does not relate to or affect any other agreements between the parties, and such agreements are neither assumed nor rejected as a result hereof

11 Each person who executes this Stipulation represents that he or she is duly authorized to execute this Stipulation on behalf of the respective parties hereto and that each party has full knowledge and has consented to this Stipulation

12 This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the parties hereto to be charged

By /s/ Alfredo R. Perez
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Attorneys for WorldCom, Inc. and
its affiliated debtors and debtors in possession

IT IS SO ORDERED

Dated New York, New York
November 10, 2003

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/s/Robert D. Drain
United States Bankruptcy Judge

6800 VA Manor Rd, Bdlg D, Beltsville, MD

Month	RSF	Base Rent	Taxes, Insurance, etc	Gross Rent/ RSF	Gross Rent/ Month
Dec-01	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jan-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Feb-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Mar-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25 021 92
Apr-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
May-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jun-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jul-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Aug-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Sep-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25 021 92
Oct-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Nov-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Dec-02	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jan-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Feb-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Mar-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Apr-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
May-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jun-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Jul-03	22,176	\$ 9 28	\$ 4 26	\$ 13 54	\$ 25,021 92
Aug-03	22,176	\$ 9 56	\$ 4 26	\$ 13 82	\$ 25,539 36
Sep-03	22,176	\$ 9 56	\$ 4 26	\$ 13 82	\$ 25,539 36
Oct-03	22,176	\$ 9 56	\$ 4 26	\$ 13 82	\$ 25,539 36
Nov-03	22,176	\$ 9 56	\$ 4 26	\$ 13 82	\$ 25,539 36
Total Unpaid Benefit Owed By Allegiance					\$ 602,595 84