

## **EXHIBIT E**

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

In re:	)	
	)	
PSINET INC., et al.,	)	Chapter 11 Case No. 01-13213 (REG)
	)	
Debtors.	)	(Jointly Administered)
	)	

**STIPULATION AND ORDER PROVIDING ADDITIONAL PROTECTIONS  
GRANTED WITH RESPECT TO THE COURT'S ORDER DATED JUNE 1, 2001  
REGARDING THE PROVISION OF UTILITY SERVICES TO THE DEBTORS**

**W H E R E A S:**

A. On May 31, 2001 (the "Petition Date"), PSINet Inc. ("PSINet") and the affiliated debtors and debtors in possession<sup>1</sup> (collectively, the "Debtors") filed their voluntary petitions pursuant to Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

B. On June 1, 2001, the Debtors filed a Motion for an Order (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services on Account of Prepetition Claims and (B) Establishing Procedures for Determining Requests for Additional Adequate Assurance (the "Utilities Motion");

---

<sup>1</sup> The affiliated debtors and debtors in possession in these chapter 11 cases are: PSINet Inc.; PSINet New York Shelf, Inc.; PSINet Asia Holdings, Inc.; Telecom Licensing, Inc.; PSI Web Inc.; PSINet Security Services, Inc.; PSINet Europe, Inc.; PSINetworks Company; IoCom, Inc.; PSINet Telecom Limited; Telecom Licensing of Virginia, Inc.; Sports ISP, Inc.; PSINet South America Holdings, Inc.; R.B. Investments Delaware, Inc.; PSINet Miami Management, Inc.; R.G. Investments Delaware, Inc.; TelaLink Corporation; Internet Network Technologies, Inc.; PSINet Ventures, Limited; PSINet IMEA Holdings, Inc.; PSINet Realty, Inc.; PSINet Strategic Investments, Inc.; PSINet Strategic Services, Inc.; UHF SPU, Inc.; International Distribution & Consulting, Inc. and PSINet North America Holdings Inc.

C. On June 1, 2001, the Bankruptcy Court entered the order sought by the Utilities Motion (the "Order");

D. Following entry of the Order, (a) WorldCom, Inc. and its operating subsidiaries (collectively, "WorldCom"), (b) the operating telephone subsidiaries of Verizon Communications, Inc. f/k/a Bell Atlantic Corporation and GTE Corporation (collectively, "Verizon"), and (c) Southwestern Bell Telephone Co., Ameritech (composed of Illinois Bell Telephone Co., Indiana Bell Telephone Co., Inc., Michigan Bell Telephone Co., The Ohio Bell Telephone Co. and Wisconsin Bell, Inc.), The Southern New England Telephone Co., Pacific Bell Telephone Co. and Nevada Bell Telephone Co. (collectively, the "SBC" and together with WorldCom and Verizon, the "Movants") each moved (or joined in another's motion) for reconsideration of the Order (the "Reconsideration Motion");

E. The Debtors and Movants desire to compromise and settle the matters raised in the Reconsideration Motion and provide additional adequate protection for Movants and other utilities as set forth more fully below;

IT IS THEREFORE STIPULATED, CONSENTED, AND AGREED by and among the Debtors and Movants as follows:

1. As part of the adequate protection granted to the Participating Utilities under Section 366(b) of the Bankruptcy Code, the Debtors hereby grant to each Participating Utility (defined below) a superpriority claim pursuant to 11 U.S.C. §§ 364(c)(1), 364(c)(2), 503(b) and 507(b) (the "Utility Claim") to secure charges for actual monthly utility services provided by such Participating Utility (defined below) to any of the Debtors during the period commencing on the Petition Date and ending on the

date that such actual monthly utility service is terminated (the "Covered Period") to the extent that such charges are not paid by the Debtors (whether directly or out of the Account (defined below)). The Utility Claim shall not extend to (a) any prepetition charges or any termination fees or like charges assessed by a Utility Company for the termination of service, (b) any disputed postpetition charges unless and until resolved in favor of a Participating Utility, or (c) the assets of any subsidiary of PSINet except to the extent of charges for utility services actually rendered to that subsidiary.

2. As an additional part of the adequate protection granted to the Participating Utilities under Section 366(b) of the Bankruptcy Code, the Debtors agree to establish a segregated account within its cash management system (the "Account") and to initially fund the Account with otherwise unrestricted cash and/or marketable securities in an amount equal in value to \$11,212,000 representing the Debtors' and the Movants' good faith estimate of amounts payable to the Participating Utilities for utility service (exclusive of termination fees and like charges) for May 2001. The marketable securities in the Account shall be in a form that meets any requirements imposed in this proceeding relating to Section 345 of the Bankruptcy Code. Cash and securities in the Account shall not be available to pay to any prepetition charges nor any termination fees or like charges assessed by a Utility Company for the termination of service.

3. The funds and securities in the Account may be withdrawn in accordance with paragraph 6 of this Stipulation and Order solely to pay for utility service provided by a Participating Utility to the Debtors during the Covered Period. The Designated Amount for each Participating Utility shall initially be an amount equal to the Debtors' and Movants' good faith estimate of utility charges for services rendered by such

Participating Utility to the Debtors (exclusive of termination fees and like charges) for May 2001, as such amount is subsequently reduced by any amounts paid out of the Account to such Participating Utility and increased by the amounts, if any, deposited into the Account after the initial deposit to restore amounts previously paid (as to each Participating Utility, the "Designated Amount").

4. If either a Debtor or a Participating Utility in good faith believes that the most recent two-month average of the monthly amount payable to any particular Participating Utility for utility service (exclusive of termination fees and like charges) differs by more than 10% (plus or minus) from the then-existing Designated Amount for that Participating Utility, the Debtors or such Participating Utility may initiate negotiations with respect to a corresponding adjustment to the Designated Amount. If such negotiations are unsuccessful, the Debtors or such Participating Utility may seek a court order to change the Designated Amount to an amount equal to the most recent two-month average of the monthly amount payable to such Participating Utility for utility service (exclusive of termination fees and like charges). If a Participating Utility has requested an increase in the Designated Amount pursuant to this paragraph 4 or if the Debtors have requested new or additional services from a Participating Utility and the Participating Utility believes that as a result of providing such new or additional services the most recent two-month average of the monthly amount payable to such Participating Utility for utility service (exclusive of termination fees and like charges) plus (x) the estimated monthly fees for the requested new or additional services minus (y) the monthly fees for any reductions in service requested by the Debtors will exceed the Designated Amount, then the Participating Utility shall not be obligated to provide such

new or additional services unless the Designated Amount is increased to an amount that the parties agree or that the Court determines is equal to the most recent two-month average of the monthly amount payable for utility services (exclusive of termination fees and like charges) plus (x) the estimated monthly fees for the requested new or additional services minus (y) the monthly fees for any reductions in service requested by the Debtors will exceed the Designated Amount.

5. Notwithstanding paragraph 3, the funds and securities in the Account also may be withdrawn by the Debtors to the extent such funds represent: (a) interest and/or dividends earned on the cash and marketable securities in the Account, without further order of the Bankruptcy Court, (b) amounts deposited in (and not withdrawn from) the Account for the benefit of a Participating Utility that has "opted out" as provided in paragraph 9 below, without further order of the Bankruptcy Court, (c) amounts deposited in (and not withdrawn from) the Account for the benefit of a Participating Utility to the extent that such Utility Company either (x) ceases to be a Participating Utility for the reasons set forth in paragraph 8 below or (y) has been paid in full for all charges relating to the Covered Period (exclusive of termination fees and like charges), in either event, solely with the approval of the Bankruptcy Court or with the agreement of such Participating Utility, and/or (d) amounts deposited in (and not withdrawn from) the Account for the benefit of a Participating Utility to the extent that such amount exceeds the Designated Amount as reduced pursuant to a court order or agreement described in paragraph 4.

6. If the Debtors fail to pay a Participating Utility for any amounts invoiced for actual utility services rendered during the Covered Period (exclusive of termination

fees and like charges) when due and payable in accordance with Stipulated Terms, such Participating Utility may demand payment from the Account for, and/or terminate, the service covered by such invoice only in accordance with this paragraph. A Participating Utility demanding payment from the Account for utility service shall provide prior written notice (a "Payment Notice") to: (a) the Debtors as provided in any applicable contract, tariff and/or arrangement between the parties, and (b) the notice parties listed on Schedule B (the "Notice Parties").<sup>2</sup> The Payment Notice shall state with specificity the invoices with respect to which the Participating Utility alleges a payment default, the services rendered during the Covered Period, the total amounts due and payable relating to the Covered Period (the "Default Amount") and the effective termination date (which shall be not less than twenty-one (21) days after the date such notice is delivered to the Notice Parties (the "Effective Termination Date")). If the Debtors dispute the amounts demanded in the Payment Notice, they shall provide written notice to the Participating Utility as directed in the Payment Notice and to the other Notice Parties of such objection (a "Payment Objection") at least one (1) day prior to the Effective Termination Date, which Payment Objection shall state with specificity the good faith bases for the Debtors' objection. If the Payment Objection is delivered to the Participating Utility at least one (1) day prior to the Effective Termination Date, the Debtors shall not be required to pay the Default Amount that is subject to a Payment Objection from the Account (and the utility services shall not be terminated) without further order of the Bankruptcy Court. If

---

<sup>2</sup> In the event of a termination of service that does not comply with this paragraph, the Debtors shall notify the Participating Utility that terminated service, and the Participating Utility shall promptly restore service (an in any event within four (4) hours of notice from the Debtors). If the termination of service described in the preceding sentence was inadvertent and if the Participating Utility used its best efforts to comply with the terms of this Stipulation and Order, the Participating Utility shall not be liable to the Debtors as long as it has complied with the provisions of the preceding sentence.

the Payment Objection is not delivered to the Participating Utility at least one (1) day prior to the Effective Termination Date, the Debtors shall pay the amounts set forth in the Payment Notice relating to the Covered Period (either from the Account or otherwise). If the Debtors fail both (x) to provide a Payment Objection at least one (1) day prior to the Effective Termination Date and (y) to pay the amounts due relating to the Covered Period, the Participating Utility may terminate the services and related agreements covered by the Termination Notice on or following the Effective Termination Date without further order of the Bankruptcy Court and/or seek an order of the Bankruptcy Court compelling the Debtors to pay the Default Amount (which application may be made on not less than five (5) business days' notice). Amounts withdrawn to pay for utility service provided by a Participating Utility shall not exceed the Designated Amount for such Participating Utility.

7. For purposes of this Stipulation, a Participating Utility is defined as a Utility Company listed on Schedule A to this Stipulation and Order to the extent that such Participating Utility: (a) does not "opt out" pursuant to paragraph 9 below, (b) continues to provide utility service to the Debtors on ordinary and customary terms for non-bankrupt customers (or, if terms more favorable to PSINet are agreed to, such terms) ("Stipulated Terms"); (c) if it previously filed a motion for reconsideration with respect to, or other pleading objecting to, the Order, withdraws such motion or other pleading within twenty (20) days of service of this Order with prejudice; and (d) does not file any motion for reconsideration of the Order as modified by this Stipulation and Order (the "Stipulated Adequate Assurance Provisions") except as permitted by paragraph 8 below.

8. A Utility Company shall cease to be a Participating Utility if it seeks reconsideration of the Stipulated Adequate Assurance Provisions, or files any motion pursuant to the Order seeking additional adequate assurance (beyond that provided by this Stipulation and Order) unless either of the following conditions is satisfied: (a) the unrestricted cash and marketable securities held by the Debtors drops below One Hundred Million Dollars (\$100,000,000), or (b) the cash and value of the marketable securities comprising such Participating Utility's Designated Amount drops below 95% of the then-existing Designated Amount for such Participating Utility if, following written notice to the Notice Parties of such insufficiency, the Debtors fail to deposit additional funds to restore the then-existing Designated Amount. Nothing in this paragraph (or in paragraph 3) shall be deemed to obligate the Debtors to deposit additional funds to the Account.

9. Any Participating Utility, other than the Movants, may at any time ask the Debtors for confirmation of the initial Designated Amount for such Participating Utility based on the Debtors' good faith estimate of utility charges for services rendered by such Participating Utility to the Debtors (exclusive of termination fees and like charges) for May 2001. At any time during the thirty days following service of this Stipulation and Order, if the Participating Utility believes that the Debtors' calculation of its Designated Amount is in error or insufficient, such Participating Utility may elect not to be treated as a "Participating Utility" for purposes of this Stipulation and Order by providing written notice to the Debtors of such "opt out." If a Participating Utility "opts out" of this Stipulation and Order, it shall continue to be bound by the Order and any other order the Court may enter that is applicable to it.

10. This Stipulation and Order is executed solely for the consideration set forth in the above paragraphs, without reliance on any other statements or representations, whether oral or written, by any person or entity whether a party to this Stipulation and Order or not.

11. Nothing contained herein shall constitute (a) a determination of whether any termination fee or related charges associated with the disconnection of service to the Debtors by a provider of utility services constitutes an administrative expense claim, or (b) an assumption or rejection of any executory contract. Nothing in this Stipulation and Order is intended to, or does, affect the parties' respective rights under Section 365 of the Bankruptcy Code or, except as expressly provided herein, the rights of the parties under their agreements. These issues are expressly reserved.

12. To the extent that any Participating Utility listed on Schedule A is, as of the date of entry of this Stipulation and Order, a debtor under the Code, this Stipulation and Order shall not be applicable to it.

13. This Stipulation and Order is made solely for the purpose of resolving the Reconsideration Motion and shall not constitute nor be construed to be an admission by any party hereto of any fact or liability.

Dated: New York, NY  
August \_\_, 2001

WILMER CUTLER & PICKERING  
(on behalf of its client, PSINet Inc.)

/s/ Eric R. Markus  
Name: \_\_\_\_\_

GIBBONS, DEL DEO, DOLAN, GRIFFINGER  
& VECCHIONE (on behalf of its clients, WorldCom,  
Inc. and WorldCom, Inc.'s operating subsidiaries)

/s/ Irving H. Picard  
Name: \_\_\_\_\_

ARNALL GOLDEN GREGORY LLP (on behalf  
of its clients, the Operating Telephone Subsidiaries of  
Verizon Communications, Inc.)

/s/ Darryl S. Laddin  
Name: \_\_\_\_\_

JASPAN SCHLESINGER HOFFMAN LLP (on  
behalf of its clients, Southwestern Bell Telephone  
Co. and the affiliates of SBC listed above)

/s/ Henry Condell  
Name: \_\_\_\_\_

**NO OBJECTION**  
WACHTELL, LIPTON, ROSEN & KATZ (on behalf of its client, the Official  
Committee of Unsecured Creditors of PSINet, Inc., et al.)

/s/ Scott Charles  
Name: \_\_\_\_\_

SO ORDERED

/s/ *Robert E. Gerber* 9/4/2001  
United States Bankruptcy Judge

**SCHEDULE A**  
**INITIAL PARTICIPATING UTILITIES**

Alltel	US West Commu
Armstrong Telephone	UUNet
AT&T	Valor Telecom
Bell South	Verizon/ Bell Atlantic
Brazoria	Western Reserve
Broadwing/ IXC Carrier G	Wolverine
BTI/ FiberSouth	Woodbury Telephone
Century Tel	WorldCom (Wiltel Inc., MCI & MFS
Cincinnati Bell	Telecomm)
Citizens Telecom	
COX	
DotNet Internet	
Electric Lightwave	
Focal Comm Corp	
Genuity Solutions	
Global Crossing/Frontier	
GST Telecommunications	
Gulf Telephone	
Indian Nations Fiber	
KMC Comm	
McLeod Comm/OCI	
Net2000 Comm	
Netrail	
Nextlink	
Norlight Carrier Services	
North Pittsburgh Tel	
Pathnet	
Peco/Adelphia Comm	
Qwest/LCI Int	
RNK Inc	
Roseville Telephone	
Shentel	
SNET Carrier/CTC	
Southwestern Bell Telephone Co., (including Ameritech, The Southern New England Telephone Co., Pacific Bell Telephone Co. and Nevada Bell Telephone Co.)	
Sprint, Sprint Local	
TDS Metrocom	
Telco Comm	
Time Warner	
TXU Comm/Lufkin-Conroe	

**SCHEDULE B**  
**NOTICE PARTIES**

Mr. Lawrence Hyatt  
Chief Restructuring Officer and  
Chief Financial Officer  
PSINet Inc.  
44983 Knoll Square  
Ashburn, Virginia 20147

Ms. Kathleen Horne  
General Counsel  
PSINet Inc.  
44983 Knoll Square  
Ashburn, Virginia 20147

Mr. Eric Markus  
Mr. Michael Ryan  
Wilmer, Cutler & Pickering  
2445 M Street, N.W.  
Washington, D.C. 20037

Mr. Scott Charles  
Mr. Chaim Fortgang  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, NY 10019-6150

## **EXHIBIT F**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
CTC COMMUNICATIONS GROUP, INC., ) Case No. 02-12873 (PJW)  
CTC COMMUNICATIONS CORP., )  
CTC COMMUNICATIONS OF VIRGINIA, INC., ) (Jointly Administered)  
and CTC COMMUNICATIONS LEASING CORP., )  
)  
Debtors ) Ref. Docket No. 686

**ORDER APPROVING STIPULATION  
REGARDING ADEQUATE ASSURANCE OF  
PAYMENT FOR SUBSIDIARIES OF VERIZON COMMUNICATIONS INC.**

Upon consideration of the Stipulation For Adequate Assurance Of Payment To The Subsidiaries Of Verizon Communications Inc. Under Bankruptcy Code Section 366 (the "Stipulation"); and sufficient cause appearing therefor; and based on the record of the hearings held on October 4, 2002 and November 5, 2002; it is hereby

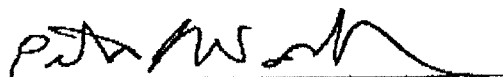
ORDERED, that the Stipulation attached hereto is APPROVED and shall be deemed an Order of the Court; and it is further

ORDERED, that the provisions of the Stipulation shall be deemed to have the same force and effect as if they were fully set forth in this Order; and it is further

ORDERED, that this Court shall retain jurisdiction over any matters related to or arising from the implementation of this Order.

Dated: Wilmington, Delaware

May 8, 2003



Peter J. Walsh  
Chief United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
CTC COMMUNICATIONS GROUP, INC.	:	Case No. 02-12873 (PJW)
CTC COMMUNICATIONS CORP., CTC	:	
COMMUNICATIONS OF VIRGINIA,	:	(Jointly Administered)
INC., and CTC COMMUNICATIONS	:	
LEASING CORP.,	:	
	:	
Debtors.	:	

**STIPULATION FOR ADEQUATE ASSURANCE OF PAYMENT  
TO THE SUBSIDIARIES OF VERIZON COMMUNICATIONS INC. UNDER  
BANKRUPTCY CODE SECTION 366**

CTC Communications Group, Inc., CTC Communications Corp., CTC Communications of Virginia, Inc. and CTC Communications Leasing Corp. (collectively, the "Debtor" or "CTC") and the operating telephone company subsidiaries of Verizon Communications Inc. (collectively, "Verizon"), by and through their respective counsel of record, hereby stipulate and agree, subject to entry of an order of the United States Bankruptcy Court for the District of Delaware (the "Court") approving this Stipulation (the "Approval Order"):

1. Commencing on October 7, 2002, and every Monday thereafter pending further order of the Court or further agreement of the parties, CTC shall wire transfer to Verizon the sum of \$3,600,000.00 (subject to any adjustments in such amount pursuant to paragraph 3 of this Stipulation), representing an advance weekly payment for the estimated charges accruing for various services and facilities provided by Verizon to or for the benefit of CTC (collectively, the "Services") that upcoming week. With respect to any week in which Monday is not a business day, CTC shall wire transfer the required payment on the next business day. The payment by CTC to Verizon on October 7, 2002 shall also include an additional \$1,542,857.14, as payment for the estimated charges incurred by CTC for Services rendered by Verizon during the three-day

period (October 4-6, 2002) during the prior week occurring after October 3, 2002, the date CTC Communications Group, Inc. and CTC Communications Corp. filed their Chapter 11 petitions commencing these cases (the "Petition Date"). Such additional payment shall be without prejudice to Verizon's right to argue that it is also entitled to payment, as a postpetition administrative expense under 11 U.S.C. § 503(b), for some or all of the Services rendered on the Petition Date.

2. As soon as practicable after November 5, 2002, CTC shall wire transfer to Verizon a cash security deposit (the "Deposit") equal to the sum of \$3,600,000.00 (which Deposit is in addition to the weekly prepayments required by paragraph 1 of this Stipulation). Verizon may (but is not obligated to) draw (in whole or in part) upon the Deposit, upon notice by Verizon to CTC, CTC's counsel and counsel for the Official Committee of Unsecured Creditors appointed in CTC's Chapter 11 cases (the "Unsecured Creditors' Committee"), if (i) CTC fails to pay when due any amounts required to be paid pursuant to this Stipulation or under any other applicable agreement, tariff or law with respect to Services provided by Verizon during the postpetition period and (ii) CTC does not fully cure such payment default by 5:00 p.m. on the third (3rd) business day after such notice is given by Verizon. Verizon's right to draw on the Deposit shall in no way relieve CTC from compliance with the requirements of this Stipulation and its obligations under any other applicable agreement, tariff or law to pay when due all amounts owing for Services provided by Verizon during the postpetition period. If Verizon draws on the Deposit, upon request by Verizon, CTC shall wire transfer to Verizon a replacement cash security deposit equal to the amount drawn within two (2) business days of such request. Upon the final discontinuance by Verizon of all Services and the receipt by Verizon of full and indefeasible payment for all Services provided during the postpetition period

(including any post-confirmation period in the event a plan of reorganization is confirmed), Verizon shall return to CTC any remaining portion of the Deposit that remains undrawn.

3. No later than April 30, 2003 (or the date that is five business days after execution of this Stipulation by Verizon and CTC and entry of the Approval Order, if such date is later than April 30, 2003), Verizon shall true-up the advance weekly payments made by CTC with respect to Services provided by Verizon during the postpetition period from October 3, 2002 through February 28, 2003, against the Billed Amounts (as defined in the next sentence) for Services provided by Verizon for such period (such true-up, the initial "Service Reconciliation"). For purposes of this paragraph 3 of this Stipulation, the term "Billed Amounts" shall mean the actual amounts billed by Verizon to CTC, less any late payment charges or good faith disputes timely asserted by CTC through normal business channels in accordance with the requirements for asserting such disputes under applicable agreements, tariffs and law. Within thirty (30) days after the date of the last applicable bill for Services provided by Verizon during any subsequent two-month period commencing after February 28, 2003 (the first such two-month period being March 1, 2003 - April 30, 2003, the next such two-month period being May 1, 2003 - June 30, 2003, and so on), Verizon shall true-up the advance weekly payments made by CTC with respect to the applicable two-month period, plus any credit, for any excess payment previously made by CTC, provided by Verizon during such period as a result of any previous period's Service Reconciliation, against the Billed Amounts for Services provided by Verizon for such period (each such true-up, a subsequent "Service Reconciliation"). Upon completing each Service Reconciliation, Verizon shall deliver a notice (a "Service Reconciliation Notice") to CTC, CTC's counsel and counsel for the Unsecured Creditors' Committee setting forth the amount of any deficiency or excess payment for the relevant Service Reconciliation period. In the event that the

advance weekly payments made with respect to the relevant Service Reconciliation period (plus any credit, for any excess payment previously made by CTC, provided by Verizon during such period as a result of any previous period's Service Reconciliation) are less than the Billed Amounts for Services provided by Verizon for such period, and absent a good faith dispute asserted by CTC in writing and sent to Verizon within seven (7) business days of Verizon's transmission of the notice of such deficiency, CTC shall wire transfer to Verizon the amount of such deficiency within such seven (7) business day period. In the event of a timely dispute asserted by CTC regarding a deficiency, CTC shall wire transfer to Verizon the undisputed portion of such deficiency, and adjust the amount of the advance weekly payment required by paragraph 1 of this Stipulation, based on such undisputed portion in accordance with the provisions of this paragraph 3 of this Stipulation. In the event that the advance weekly payments with respect to a particular Service Reconciliation period (plus any credit, for any excess payment previously made by CTC, provided by Verizon during such period as a result of any previous period's Service Reconciliation) exceed the Billed Amounts for Services provided by Verizon for that period, Verizon shall credit such excess amount against the next advance payment(s) due from CTC to Verizon pursuant to paragraph 1 of this Stipulation for the following week(s). Following delivery of each Service Reconciliation Notice, the amount of the advance weekly payment required by paragraph 1 of this Stipulation to be paid each week thereafter (until any further adjustment following any subsequent Service Reconciliation) shall be increased or decreased to the extent necessary such that the advance weekly payment will be equal to the product of (i) the Billed Amounts for Services provided by Verizon during the most recent Service Reconciliation period and (ii) a fraction, the numerator of which is seven and the denominator of which is the number of days in the most recent Service Reconciliation period

(such amount representing the average weekly amount of the Billed Amounts for Services provided by Verizon during such period).

4. In the event that the Debtor asserts any good faith dispute hereunder that is not resolved by agreement of Verizon and the Debtor, or if Verizon determines that a dispute has been asserted by the Debtor that in Verizon's judgment is not in good faith, Verizon may seek a resolution or other appropriate relief by motion submitted to the Court. Notwithstanding the pendency of any dispute or any motion seeking Court resolution or other relief hereunder, the Debtor shall continue to pay the full amount of the advance weekly payments required by paragraphs 1 and 3 of this Stipulation on a timely basis until such time as the dispute or motion is resolved. The right of Verizon, as set forth above, to seek relief from the Court shall be without prejudice to all rights of Verizon to seek the resolution of any billing disputes or other relief before any state or federal agency or other body with jurisdiction over such matters. The Debtor may ask the Court to resolve any billing disputes regarding the Services provided by Verizon to the Debtor during the post-petition period or any disputes under this Stipulation, but nothing herein shall be deemed a consent by Verizon to the jurisdiction of this Court with respect to any such dispute, or alter any right of Verizon to assert that any such dispute should be resolved before a state or federal agency or other body with jurisdiction over such matters.

5. All charges owing by the Debtor to Verizon for postpetition Services shall constitute allowed administrative expenses of the Debtor's estates pursuant to 11 U.S.C. § 503(b). Any and all payments made pursuant to this Stipulation (including, without limitation, the Deposit and any increase thereof, subject only to the last sentence of paragraph 2 of this Stipulation) are authorized and indefeasible payments under the Final Order Authorizing and Restricting Use of Cash Collateral and Granting Adequate Protection, dated November 8, 2002

(the "Cash Collateral Order"), or under any subsequent cash collateral order and/or stipulation that may be entered in these cases. Without limiting the foregoing, Verizon's right to draw on the Deposit for payment of any and all postpetition Services in accordance with paragraph 2 of this Stipulation shall be senior to any liens, security interests or priority (or other) claims granted under the Cash Collateral Order or otherwise to the Administrative Agent and the Lenders (as defined in the Cash Collateral Order) or to any other third party.

6. So long as the Debtor remains in compliance with this Stipulation, and absent further Order of this Court, Verizon shall not alter, refuse, or discontinue the provision of existing Services to the Debtor. In the event that (i) the Debtor fails to comply with any provision of this Stipulation and does not cure such default by 5:00 p.m. on the third (3rd) business day after notice by Verizon to Debtor, Debtor's counsel and counsel for the Unsecured Creditors' Committee of such default, or (ii) upon the occurrence of an Event of Default under (and as defined in) the Cash Collateral Order (or under any subsequent cash collateral order and/or stipulation that provides for the termination of the Debtor's authority to use cash collateral (except to the extent of any carve-out) on the occurrence of an Event of Default), Verizon is authorized to terminate any or all Services to the Debtor without further order of this Court (including, without limitation, by effecting the disconnection process under applicable federal or state law, tariffs and contracts, as if all default, cure or similar type notices that might otherwise be required under any such laws, tariffs or contracts had been sent and all cure periods thereunder had expired). Any such termination of Services shall be deemed a termination of the underlying agreement(s) pursuant to which Verizon provided such Services to the Debtor, but shall be without prejudice to all claims and rights of Verizon with respect to such Services and agreements.

7. The Debtor and Verizon reserve all rights and remedies to assert any claims and to surcharge any collateral under 11 U.S.C. § 506(c), and the Debtor shall not seek, agree or otherwise consent to waive any rights it and its estates may have under 11 U.S.C. § 506(c). In the event of any such waiver, Verizon may terminate any or all Services to the Debtor's provided in paragraph 6 of this Stipulation.

8. With respect to any requests by the Debtor for disconnection of service or for additional service from Verizon, the Debtor shall comply with the terms set forth in its interconnection agreements with Verizon and applicable tariffs, including, without limitation, the submission of appropriate ASRs, applications, and customer notifications. Without limiting the foregoing, in the event of an occurrence of an Event of Default under the Cash Collateral Order (or any subsequent cash collateral order and/or stipulation) or any other event or circumstance that would require or cause the Debtor to discontinue service to its end user customers, the Debtor shall immediately prepare and transmit to such customers and any other required persons or entities all notices of termination of service as required by applicable federal or state law or regulation.

9. If the Debtor requests material additional Services from Verizon (i.e., additions that increase the total dollar amount of Services provided by more than 10%), the Debtor shall immediately increase the amount of the Deposit by an amount equal to the expected weekly billing for such additional Services, as reasonably determined by Verizon.

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

**To the Debtor**

Mark L. Steadman  
CTC Communications Corp.  
220 Bear Hill Road  
Waltham, MA 02154  
Fax: 781-890-1613

-and-

John D. Pittenger  
CTC Communications Corp.  
220 Bear Hill Road  
Waltham, MA 02154  
Fax: 781-890-1613

With a copy to:  
Pauline K. Morgan  
Brendan Linehan Shannon  
Young Conaway Stargatt & Taylor, LLP  
The Brandywine Building, 17<sup>th</sup> Floor  
P.O. Box 391  
Wilmington, Delaware 19899-0391  
Fax: 302-571-1253

**To Verizon**

William G. Cummings  
Director – Special Assets – Wholesale  
1095 Avenue of the Americas  
35<sup>th</sup> Floor, Room 3531  
New York, New York 10036  
Fax: 212-302-9177

With a copy to:  
Philip D. Anker  
Wilmer, Cutler & Pickering  
2445 M Street, NW  
Washington, DC 20037-1420  
Fax: 202-663-6363

**To the Unsecured Creditors' Committee**

William R. Baldiga  
Brown Rudnick Berlack Israels LLP  
One Financial Center  
Boston, MA 02111  
Fax: 617-856-8182

All wire transfers from Debtor to Verizon shall be made pursuant to the wire instructions attached hereto as Exhibit A (or such other instructions as Verizon may provide from time to time). The Debtor shall confirm each wire transfer by sending an e-mail to Verizon on the same day of each transfer that includes the federal wire identification number. Verizon shall provide to the Debtor e-mail information for its confirmation contact person.

11. Nothing contained herein shall operate to impair or prejudice the rights of Verizon at any time to demand, or to move in this Court for, adequate assurance from the Debtor in excess of, in addition to, or different from, the weekly prepayments and deposit provided hereby, including without limitation weekly prepayments in greater amounts and/or deposits in greater amounts; correspondingly, nothing contained herein shall impair or prejudice the Debtor's right to argue that Verizon is adequately assured of payment under 11 U.S.C. § 366. In addition, nothing herein shall be deemed an assumption or rejection, pursuant to 11 U.S.C. § 365, of any agreement between Verizon and CTC, and all respective rights of Verizon and CTC relating to assumption or rejection are hereby reserved.

12. In the event of any inconsistency between the terms of this Stipulation and the terms of the Interim Order (1) Prohibiting Utilities from Discontinuing, Altering or Refusing Service, and (2) Establishing Procedures for Determining Adequate Assurances of Future Utility Services, dated October 4, 2002, or the terms of any final order that may be entered with respect to the Debtors' Motion Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code for Order


Determining Adequate Assurance of Payment for Future Utility Service, the terms of this Stipulation shall control.

13. The automatic stay imposed under 11 U.S.C. § 362 is hereby lifted to the extent necessary, if any, to permit the Debtor and Verizon to perform any and all obligations, and to exercise any and all rights and remedies, under this Stipulation.

14. This Stipulation shall be binding upon any successors or assigns of the parties hereto, including, without limitation, any trustee appointed under chapter 7 or chapter 11 for any of the Debtors.

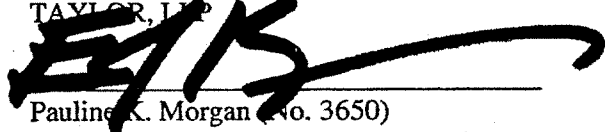
STIPULATED AND AGREED THIS 6<sup>th</sup> DAY OF May, 2003.

WILMER, CUTLER & PICKERING



Philip D. Anker  
2445 M Street, NW  
Washington, DC 20037-1420  
Fax: 202-663-6363  
Phone: 202-663-6600  
Counsel for Verizon

YOUNG CONAWAY STARGATT &  
TAYLOR, LLP



Pauline K. Morgan (No. 3650)  
Brendan Linehan Shannon (No. 3136)  
The Brandywine Building, 17<sup>th</sup> Floor  
P.O. Box 391  
Wilmington, DE 19899-0391  
Fax: 302-571-1253  
Phone: 302-571-6600  
Counsel for the Debtor

**EXHIBIT A**

**VERIZON WIRE INSTRUCTIONS**

Bank:	First Union Bank
ABA No.:	031201467
Account Number:	2030151565938
Account Name:	Verizon Network Funding RPC Master
Address:	1525 West W.T. Harris Blvd. Charlotte, NC 28262

## **EXHIBIT G**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X	
In re	:
	:
	:
GLOBAL CROSSING LTD., <u>et al.</u> ,	:
	:
	:
Debtors.	:
	:
-----X	

Chapter 11 Case Nos.  
02- 40187 (REG) through  
02- 40241 (REG)  
(Jointly Administered)

**ORDER PURSUANT TO SECTIONS 105(a) AND 366(b)  
OF THE BANKRUPTCY CODE DEEMING UTILITY  
COMPANIES ADEQUATELY ASSURED OF FUTURE PERFORMANCE**

Upon the Motion dated January 28, 2002 (the "Motion") of Global Crossing Ltd. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to sections 105(a) and 366(b) of title 11 of the United States Code (the "Bankruptcy Code"), deeming utility companies adequately assured of future performance, as more fully set forth in the Motion; and upon the objections and requests for adequate assurance filed by various utilities and telecommunications companies in response to the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § § 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); 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 the relief granted herein being in the best interests of the Debtors and their estates and creditors; and the Court

having reviewed the Motion and the objections/responses thereto and having heard the statements and proffers in support of and in opposition to the relief requested 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 the Objections/Responses thereto and at the Hearing establish just cause for the relief granted herein; and upon the Court's findings of fact and conclusions of law set forth in the Court's ruling on February 21, 2002 (the "Findings of Fact and Conclusions of Law"), all incorporated herein by reference; and the Court having directed the Debtors to settle this order upon ten (10) business days notice and to confer upon the provisions of this Order with certain of the objecting parties; and the Debtors having so conferred; 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, subject to the express terms and conditions contained herein and in the Findings of Fact and Conclusions of Law; and it is further

ORDERED that the parties that received notice of or otherwise participated in the February 20, 2002 hearing to consider the Motion (the "Utility and Telecommunications Companies") are hereby deemed adequately assured of payment for postpetition utility services under section 366 of the Bankruptcy Code (the "Utility Services") without the payment of any deposits or further security, the requirement of prepayments or advances, or the granting of any liens; provided, however, that any Utility and Telecommunications Company may request additional assurances upon making a showing that there has been a material adverse change in the liquidity of the Debtors or

other material change in the Debtors' circumstances that could affect the Debtors' ability to pay for future Utility Services; and it is further

ORDERED that, pursuant to section 366(a) of the Bankruptcy Code, absent any further order of this Court, the Utility and Telecommunications Companies are prohibited from altering, refusing or discontinuing Utility Services to any of the Debtors, discriminating against any of the Debtors, or requiring the payment of a deposit or other security, prepayment or advance or the granting of any liens, on the basis of the commencement of the Debtors' chapter 11 cases or that a debt owed by the Debtors to such Utility and Telecommunications Companies rendered before the commencement of the Debtors' chapter 11 cases was not paid when due; and it is further

ORDERED that all Utility and Telecommunications Companies shall be granted an administrative expense priority under sections 503(b) and 507(a)(1) of the Bankruptcy Code for unpaid postpetition charges for Utility Services that are either not disputed by the Debtors or otherwise allowed by this Court; and it is further

ORDERED that the Debtors shall pay on a timely basis, in accordance with prepetition practices, the undisputed portion of any invoices with respect to postpetition Utility Services rendered by the Utility and Telecommunications Companies, excluding Verizon, BellSouth, SBC Affiliates<sup>1</sup>, Qwest, AT&T, MCI Worldcom, Sprint (but including, CallNet Enterprises, Sprint Canada), and Citizens/Frontier (collectively,

---

<sup>1</sup> The SBC Affiliates include Southwestern Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company And Ameritech (Composed Of Illinois Bell Telephone Company D/B/A Ameritech Illinois, Indiana Bell Telephone Company D/B/A Ameritech Indiana, Michigan Bell Telephone Company D/B/A Ameritech Michigan, The Ohio Bell Telephone Company D/B/A Ameritech Ohio and Wisconsin Bell, Inc. D/B/A Ameritech Wisconsin)

the "Designated Companies"), within the lesser of fourteen (14) calendar days after receipt of any utility invoice (notwithstanding any longer time provided for in a tariff) or the time contractually agreed to by the Debtors and such Utility and Telecommunications Company (the "Payment Date"); provided however that if the Payment Date falls on a weekend or holiday, the Debtors shall make such payments on the business day preceding the Payment Date; and it is further

ORDERED that the Debtors and the Designated Companies are each authorized and directed to negotiate similar shortened postpetition payment terms with respect to the undisputed portion of the invoiced amounts; provided, however, that, unless otherwise agreed to by the Debtors after consultation with the Creditors' Committee, the Debtors shall not be required to provide a Designated Company with deposits or other security, advances, prepayments or a lien securing postpetition obligations; and it is further

ORDERED that, in connection with the negotiations to be conducted in accordance with the preceding paragraph, the Debtors and the Designated Companies shall seek to negotiate the offset of amounts owed by the Debtors for postpetition Utility Services and amounts owed by the Designated Companies to the Debtors for postpetition services with the effect that the Debtors pay on shortened payments terms to the Designated Companies the "net" amount owing to such Designated Company; and it is further

ORDERED that each of the Debtors and the Designated Companies, and any other Utility and Telecommunications Company ~~Companies~~ that wishes to avail itself of any of the terms of this Order ~~so provide~~, is directed to designate individuals to

deal with late payments, missed payments and failures to appropriately credit past payments in these chapter 11 cases; and it is further

ORDERED that, any agreement between the Debtors and a Designated Company shall be submitted to the Court for approval by notice of presentment, on six business days notice to counsel to the Creditors' Committee, counsel to the Debtors' prepetition lenders, counsel to the joint provisional liquidators and the United States Trustee, provided that nothing herein will prevent the Debtors and the Designated Companies from performing pursuant to the terms of the agreement pending Court approval; and it is further

ORDERED that, unless agreements shall have been reached with the Designated Companies, a hearing shall be scheduled before the Court on March 25, 2002 at 9:45 a.m., or on such later date as acceptable to the Court and the parties, to consider the status of outstanding negotiations between the Debtors and the Designated Companies or grant appropriate relief if such negotiations have failed to produce an agreement; and it is further

ORDERED that, in the event the Debtors fail to timely pay any undisputed postpetition charges for Utility Services (the "Payment Defaults"), a Utility and Telecommunications Company which provided such services is authorized to send, via facsimile, to the Debtors, as designated by the Debtors in writing in conjunction with this Order, and Debtors' counsel, a notice of default (the "Notice of Default") which shall include, inter alia, the amount outstanding, the billing date and the Debtors' account number and the Debtors shall have three business days from receipt of the Notice of Default to cure any such default by wire transfer or similar good federal funds, provided,

however, that nothing herein shall prohibit a Utility or Telecommunications Company from pursuing those remedies available to it under the terms of its contract with the Debtors, so long as the terms of such contract afford the Debtors a longer period of time to cure the default; and it is further

ORDERED that in the event the Debtors do not cure Payment Defaults within three business days of receipt of the Notice of Default, the Utility and Telecommunications Company may petition this Court, through an Order to Show Cause, for immediate payment of such outstanding invoices and that the Debtors' objections shall be returnable within such time as required by the Court, including on as little as two business days thereafter; and it is further

ORDERED that the Debtors are authorized and directed to provide any Utility or Telecommunications Company, upon written request, the Debtors' monthly operating reports within two (2) business days of such report being either provided to the United States Trustee or filed with the Court, whichever is earlier; and it is further

ORDERED that the Debtors are authorized and directed to provide to the Flash Report Entities, as defined below, upon the written request of the Designated Companies, **ICG Telecom Group, Norlight Telecommunications**, The Small Rural Telecommunications Utilities Group, the Iowa Telecommunications Utilities Group, NTS Communications, Inc., FBN America, Inc., Florida Power & Light, Entergy and Michigan Exchange Carriers Associates, Inc., as well as their counsel, (the "Flash Report Entities"), weekly flash reports disclosing the Debtors' restricted (i.e., subject to a lien, or to some other spending constraint that would prohibit payment to utilities) and unrestricted cash (the "Flash Reports"), provided, however, that each Flash Report Entity

is hereby ordered to keep such Flash Report and its contents confidential, distribute the report or its contents within its organization only on a “need to know” basis and disclose such report or its contents only in connection with a request of this Court for further adequate assurances of payment upon a material adverse change in the liquidity of the Debtors or other material change in the Debtors’ circumstances that could affect the Debtors’ ability to pay for future Utility Services; and it is further

ORDERED that the Flash Report Entities shall designate one individual on behalf of all of them who shall both receive the Flash Reports on behalf of the Flash Report entities and distribute them thereto, and who may submit reasonable questions to the Debtors with respect thereto, to which the Debtors shall respond within a reasonable period of time; and it is further

ORDERED that any disputes with respect to charges or reconciliations for the Utility Services may be made by Motion to this Court and will be heard on ten (10) days notice, unless a longer time for presentations is jointly agreed upon (the “Dispute Resolution Period”), provided, however, that the Debtors shall not be required to segregate any disputed amounts during such Dispute Resolution Period; and it is further

ORDERED that, except as expressly permitted by order of this Court, payments made by the Debtors after January 28, 2002 (the petition date) shall be applied toward Utility Services incurred by the Debtors subsequent to the filing of these chapter 11 cases, and shall not be used to pay any amounts outstanding to the Utility and Telecommunications Companies for prepetition Utility Services or as a deposit for future Utility Services and, likewise, the Debtors may not (without Utility or

*Telecommunication Company consent) use credits earned or arising prepetition to reduce their postpetition obligations;* and it is further

ORDERED that the Utility and Telecommunications Companies shall have the right to petition for reconsideration of this Order upon a material adverse change in the liquidity of the Debtors or other material change in the Debtors' circumstances that could affect the Debtors' ability to pay for future Utility Services, and there shall be a presumptive right to reconsideration if the amount of the Debtors' unrestricted cash or cash equivalents falls below \$100 million (net of any indebtedness that may be secured by a postpetition lien) and to take discovery under Federal Bankruptcy Rules 7026 through 7037 with respect to adequate assurance of payment, if the amount of the Debtors' unrestricted cash and cash equivalents drops below \$200 million (net of any indebtedness that may be secured by a postpetition lien); and it is further

ORDERED that the relief granted herein shall not constitute an approval or assumption of any agreement pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that entry of this Order is without prejudice to the right of the Debtors to seek, by adversary proceeding or otherwise, entry of an order prohibiting termination of a Utility Service based upon an alleged postpetition default by the Debtors, the right of a Utility or Telecommunications Company to seek by appropriate pleading the right to alter the terms for the provision of new postpetition utility services ordered by the Debtors pursuant to a prepetition agreement, tariff or other arrangement or the right of the Debtors and the Utility and Telecommunication Companies to seek entry of an order

determining that a particular provider is or is not a Utility Company or that the service is or is not a Utility Service; and it is further

ORDERED that this Order shall supersede ~~supereede~~ the Order Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code Authorizing Debtors to Provide Adequate Assurance to Utility Companies approved by this Court on January 28, 2002; and it is further

ORDERED that the requirement pursuant to Local Rule 9013-1(b) that the Debtors file a memorandum of law in support of the Motion is hereby waived.

Dated: March 15, 2002  
New York, New York

/s/ Robert E. Gerber  
HONORABLE ROBERT E. GERBER  
UNITED STATES BANKRUPTCY JUDGE

## **EXHIBIT H**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:

WORLDCOM, INC., et al.,

Debtors.

Chapter 11

Case No. 02-13533 (AJG)

Jointly Administered

AMENDED ORDER PURSUANT TO SECTIONS 105(A)  
AND 366(B) OF THE BANKRUPTCY CODE AUTHORIZING  
WORLDCOM TO PROVIDE ADEQUATE ASSURANCE TO UTILITY COMPANIES

Upon the motion, dated July 21, 2002 (the "Motion"), of WorldCom, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, "WorldCom" or the "Debtors"), for an order pursuant to sections 105(a) and 366(b) of title 11, United States Code (the "Bankruptcy Code") establishing procedures for determining that all utility companies and telecommunications vendors (collectively, the "Utility Companies" and individually, "Utility Company") that provide electricity, telephone, telecommunications, or similar services (the "Utility Services") to the Debtors have been provided with adequate assurance of payment, all as more fully set forth in the Motion; and upon consideration of the supporting Affidavit of Susan Mayer Pursuant to Local Bankruptcy Rule 1007-2, sworn to on the 21st day of July, 2002; and upon the objections filed in connection with the Motion, and the record of the hearings held before the Court concerning the Motion ("the Hearings"); and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); 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 the Hearings; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearings establish just cause for the relief granted herein; and upon the entry of the Order Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code Authorizing WorldCom to Provide Adequate Assurance to Utility Companies dated August 14, 2002 (the "Utility Order"); and upon the motion dated August 26, 2002 by Pacific Gas & Electric to Amend and/or Clarify Court's Utilities Order, seeking amendment and/or clarification of the Court's Order Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code Authorizing WorldCom to Provide Adequate Assurance to Utility Companies (the "Motion to Clarify"); the Objection dated September 19, 2002 of the Official Committee of Unsecured Creditors to the Motion of Pacific Gas & Electric to Amend and/or Clarify Court's Utilities Order (the "Objection"); the Debtor's Response dated September 20, 2002 to the Motion of Pacific Gas & Electric to Amend and/or Clarify Court's Utilities Order (the "Response" and collectively with the "Motion to Clarify" and the "Objection" the "Additional Submissions"); upon review of the entire record of this case; and based upon the Additional Submissions; and the Court finding that a clarification to the order is appropriate, it is

ORDERED that the Utility Order is clarified as set forth herein; and it is further

ORDERED that pursuant to section 503(b)(1)(A) of the Bankruptcy Code, any and all unpaid charges for postpetition services provided by the Utility Companies to the Debtors constitute actual and necessary expenses of preserving WorldCom's estates; in addition, with respect to those claims for the amounts incurred after August 14, 2002, each Utility Company is hereby granted an administrative expense priority claim and such claim shall constitute a junior superpriority administrative claim in each of the WorldCom estates and such claim shall be "pari passu" with one another and shall be junior only (i) to the claims of the DIP Lenders (defined consistently with this Court's Interim order authorizing WorldCom's postpetition financing) as a result of the Interim or any final order, and (ii) to any intercompany junior liens and claims of each of the WorldCom Debtors, and shall be senior to any other administrative claim unless otherwise ordered by the Court; and it is further

ORDERED that the Debtors shall pay on a timely basis, in accordance with applicable contracts and tariffs, all undisputed invoices with respect to postpetition Utility Services rendered by the Utility Companies; and it is further

ORDERED that WorldCom and the Utility Companies shall negotiate in good faith to establish an expedited dispute resolution procedure that includes an arbitrator, mediator, or similar trier of fact with respect to disputes involving postpetition invoices in an amount not to exceed a sum to be determined upon a recommendation from the Debtors within fifteen (15) days after the entry of this order ("Debtors' Recommendation") with an opportunity by the Utility Companies to object five (5) days thereafter ("Utilities' Recommendations" and together with the Debtors' Recommendation, the "Recommendations"); *provided, however*, that unless the Court orders otherwise, upon receiving the

Recommendations the Court shall issue an order without further hearing resolving any dispute concerning the Recommendations; and it is further

ORDERED that, in the event of a payment default for postpetition Utility Services, a Utility Company may (i) take appropriate action under any applicable tariff or regulation, *provided, however*, that such action is without prejudice to the Debtors' right to seek injunctive relief from this Court, or (ii) send notice by facsimile to WorldCom, with a copy to counsel for WorldCom and the Creditors' Committee, and if payment of the undisputed portion is not made by wire transfer or similar good federal funds within three (3) business days thereafter, such Utility Company may seek, by order to show cause, an order requiring immediate payment or such other relief as is appropriate, with objection returnable not less than two (2) business days thereafter; and it is further

ORDERED that, immediately upon the receipt by WorldCom of an Enforcement Notice (as defined in this Court's interim order authorizing WorldCom's postpetition financing (the "DIP")), WorldCom shall provide a copy of such notice to the Utility Companies by e-mail within two (2) business days following receipt of an Enforcement Notice; and it is further

ORDERED that WorldCom shall provide to each Utility Company that has executed an appropriate confidentiality agreement, a weekly report setting forth (i) WorldCom's unrestricted cash and (ii) the availability under the DIP; and it is further

ORDERED that WorldCom and any requesting Utility Company shall exchange contact information of employees with sufficient authority to deal with disputes, if any, regarding postpetition payments; and it is further

ORDERED that, in addition to any rights under section 366 of the Bankruptcy Code, the Utility Companies shall have the right to petition for reconsideration of this Order upon a material and adverse change with respect to, including but not limited to, WorldCom's "administrative solvency," liquidity or other financial condition, or with respect to the volume and/or types of service a Utility Company is providing to the Debtors, and to seek an order requiring WorldCom, among other things, to provide deposits or letters of credit, or prepay for future Utility Services; and it is further

ORDERED that WorldCom and the Utility Companies that are both creditors to, and debtors of, WorldCom, shall negotiate in good faith to establish procedures for the mutual setoff of payments for prepetition services (the "Prepetition Procedures") and for the mutual setoff of payments for postpetition services (the "Postpetition Procedures"); *provided, however*, that nothing herein shall be deemed to grant any Utility Company the right to setoff postpetition amounts owing to WorldCom against prepetition amounts such Utility Company is owed by WorldCom or to eliminate the requirement of mutuality in order to assert a right of setoff; *provided further, however*, that, to the extent WorldCom and a Utility Company are unable to agree upon either a Prepetition Procedures or a Postpetition Procedures, WorldCom or such Utility Company may seek relief from this Court; and it is further

ORDERED that, to the extent termination of services to WorldCom's customers in necessary, WorldCom shall comply with all applicable regulatory requirements, including, but not limited to, timely service of notices to customers consistent with 47 U.S.C. § 214; and it is further

ORDERED that WorldCom shall serve notice of this Order on the Utility Companies identified on Exhibit A annexed to the Motion by first-class mail within five (5) business days of its entry; and it is further

ORDERED that nothing herein shall prejudice WorldCom's or any Utility Company's right to assert that such Utility Company is or is not a utility as contemplated in section 366 of the Bankruptcy Code; and it is further

ORDERED that the relief granted herein shall not constitute an approval or assumption of any agreement pursuant to section 365 of the Bankruptcy Code and, to the extent WorldCom seeks to assume or assign any executory contract or unexpired lease that may exist between WorldCom and a Utility Company, WorldCom shall comply with the applicable provisions of the Bankruptcy Code; provided, however, that nothing herein shall be deemed to establish that any contract is or is not subject to section 365 of the Bankruptcy Code.

Dated: New York, New York  
October 2, 2002

s/Arthur J. Gonzalez  
UNITED STATES BANKRUPTCY JUDGE