

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 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");<sup>1</sup> (2) the Asset Purchase Agreement dated June 17, 2002;<sup>2</sup> 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

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<sup>1</sup> Between Allegiance Telecom, Inc., ALGX Business Internet, Inc., WorldCom, Inc., and Intermedia Communications Inc.

<sup>2</sup> 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. Pérez  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, NY 10153-0119  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007  
Marcia L. Goldstein, Esq. (MG 2606)  
Lori R. Fife, Esq. (LF 2839)

and

WEIL, GOTSHAL & MANGES LLP  
700 Louisiana, Suite 1600  
Houston, TX 77002  
Telephone: (713) 546-5000  
Facsimile: (713) 224-9511  
Alfredo R. Pérez, Esq.

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

IT IS SO ORDERED.

Dated: New York, New York  
November 10, 2003

By: /s/ Jonathan S. Henes  
KIRKLAND & ELLIS LLP  
Citigroup Center  
153 East 53rd Street  
New York, NY 10022-4675  
Telephone: (212) 446-4800  
Facsimile: (212) 446-4900  
Matthew A. Cantor (MC-7727)  
Jonathan S. Henes (JH-1979)

Attorneys for Allegiance Telecom, Inc. and its  
affiliated debtors and debtors in possession

/s/Robert D. Drain  
United States Bankruptcy Judge