



ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the order of the Court.

Signed December 2, 2004.

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

VARTEC TELECOM, INC., et al.,

Debtors.

Case No. 04-81694-SAF-11

(Chapter 11)

(Jointly Administered)

**STIPULATION AND CONSENT ORDER BY AND AMONG CERTAIN
CARRIERS AND THE DEBTORS REGARDING ADEQUATE
ASSURANCE/ADEQUATE PROTECTION OF FUTURE PAYMENTS**

WHEREAS on November 1, 2004 (the "Petition Date"), each of the above captioned debtors and debtors in possession (the "Debtors")¹ filed a voluntary petition for relief with the Bankruptcy Court under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and have continued to operate their businesses and

¹ The Debtors include VarTec Telecom, Inc., Excel Communications Marketing, Inc., Excel Management Service, Inc., Excel Products, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc., Excel Teleservices, Inc., Excelcom, Inc., Telco Communications Group, Inc., Telco Network Services, Inc., VarTec Business Trust, VarTec Properties, Inc., VarTec Resource Services, Inc., VarTec Solutions, Inc.,

manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, the carriers or other providers of one or more of the Debtors (collectively, the "Carriers")² identified in the table attached hereto as **Exhibit A** (the "Table") and certain of the Debtors are parties to certain agreements pursuant to which the respective Carriers provide various telecommunications services and facilities to certain of the Debtors (collectively, the "Services"); and

WHEREAS, the Carriers each made an adequate assurance demand on the Debtors asserting rights under section 366 of the Bankruptcy Code or, alternatively, for adequate protection (the "Adequate Assurance Demand"); and

WHEREAS, the estimated average gross monthly amounts owed to each Carrier for Services rendered by them to the Debtors is identified in Column B of the Table; and

WHEREAS, the Debtors and the Carriers wish to resolve the Adequate Assurance Demand as set forth in this Stipulation And Consent Order By And Among Certain Carriers And The Debtors Regarding Adequate Assurance/Adequate Protection Of Future Payments (the "Stipulation");

WHEREAS, the Carriers have agreed to the terms and entry hereof; and

THIS STIPULATION IS ADOPTED BY THE COURT AND IT IS HEREBY ORDERED AS FOLLOWS:

1. Payments. Within four (4) business days of the execution of this Stipulation by all parties listed signatory hereto or, if presented to the Bankruptcy Court

² The use of the term "Carrier" herein shall not (a) imply that any provider is a carrier for regulatory or other purposes or (b) mean that any carrier or provider is entitled to setoff or recoup amounts between or among separate entities, and the Debtors and Carriers reserve all rights and remedies in connection with same.

prior to the expiration of such four (4) day period, within two (2) business days of the entry of this Stipulation, the Debtors shall pay the Carriers the amounts identified in Column D of the Table, as same may be adjusted pursuant to the terms hereof (a "Payment") (with the first such Payment being for the first half of November). Payments also shall be made on November 30, 2004 (for the second half of November), December 8, 2004 (for the first half of December), and December 22, 2004 (for the second half of December) and thereafter, on the first and third Wednesday of each successive month (for the first half and second half, respectively, of each such successive month), unless such date has passed prior to the execution of this Stipulation, in which case the Payment shall be made within four (4) business days of the execution of this Stipulation by all parties listed signatory hereto or, if presented to the Bankruptcy Court prior to the expiration of such four (4) day period, within two (2) business days of the entry of this Stipulation. Payments by the Debtors to the Carriers pursuant to any paragraph of this Stipulation shall be sent via wire-transfer or other means acceptable to the affected Carrier and the Debtors. In the event of a wire transfer, the Carriers will provide written wire instructions to the Debtors. Any and all payments by the Debtors which have been made to the Carriers since the Petition Date, if any, shall be credited by the applicable Carrier against the earliest Payments required hereunder. In no event shall the Carriers be entitled to apply any Payments against prepetition claims held by the Carriers against any of the Debtors.

2. True-up. The Carriers and the Debtors shall engage in the reconciliation process identified in Column E of the Table. Upon completing the true-up discussed in

the Table, the Carriers shall each deliver a notice to the Debtors and their counsel setting forth (i) the amount of any deficiency or excess payment for the Period (as defined in the Column E of the Table) and (ii) the dollar amount of future Payments, based on the average actual charges billed during that Period (the "Notice"). In the event that the Payments during the Period are exceeded by the actual postpetition charges billed (with such billed amount calculated as if the Debtors had not filed bankruptcy for purposes of effectuating these true up provisions) to the Debtors by the respective Carriers during the Period (following adjustment, if any, for resolved billing disputes), the Debtors shall wire transfer to the Carriers the amount of such deficiency within three (3) business days after transmission of that Notice. In the event that the Payments during the Period exceed the actual postpetition charges billed to the Debtors by the respective Carriers for that Period (following adjustment, if any, for resolved billing disputes), the respective Carriers shall apply the excess sum toward the next Payment owed by the Debtors and the Debtors may deduct such amount from such Payment or, if no Payment is due, the applicable Carrier shall deliver by wire transfer or ACH transfer to the Debtors the amount of such excess within five (5) business days after transmission of that Notice.

3. Billing Dispute Resolution Procedure. If the Debtors dispute a portion of any post-petition billing statement, invoice or request for payment (collectively, an "Invoice") received from a Carrier, such dispute (the "Dispute") shall not (i) entitle the Debtors to withhold any Payment otherwise due to such Carrier pursuant to this Stipulation unless the Debtors and such Carrier agree otherwise or (ii) prohibit such

Carrier from taking any action authorized pursuant to this Stipulation. With respect to any post-petition billing dispute, the Debtors shall provide the affected Carrier within thirty (30) days of receipt of an Invoice from that Carrier with an explanation of the Dispute and all documents on which it relies to support their position. The parties shall have sixty (60) days after the affected Carrier receives this information to attempt to resolve the post-petition billing dispute, it being agreed that representatives of each entity with authority to settle the Dispute shall meet and confer telephonically or in person (or as otherwise agreed) to resolve the billing dispute. If the parties are unable to resolve the Dispute within such time period and after commercially reasonable efforts, the Dispute may be submitted by either party for resolution by a mutually agreed-upon independent third party mediator or such other party as the Bankruptcy Court may direct after a status conference on the Dispute. The determination of the independent third party mediator or such other party as the Bankruptcy Court may direct, shall be binding on the Debtors and the affected Carrier. In the event that it is determined as result of the Dispute resolution procedure that the affected Carrier has received a Payment in excess of the Payment to which it is entitled, that Carrier shall apply the excess sum toward the next Payment owed by the Debtors. If there is no such next Payment owed by the Debtors, then the excess sum shall be paid to the Debtors. In the event that it is determined as result of this dispute resolution procedure that the affected Carrier has received a Payment less than the Payment to which it is entitled, the Debtors shall wire transfer to that Carrier the amount of the deficiency within five (5) business days after such determination. Nothing in this dispute resolution

procedure shall expand or limit the rights of the Debtors or the Carriers to raise disputes or make claims on any unknown or undiscovered matters at the time any Dispute is raised hereunder. Carriers listed in Column F of the Table as opting out of this dispute resolution procedure shall not be subject to this dispute resolution procedure.

4. Administrative Expense Claims. All post-petition amounts owing by the Debtors to the Carriers shall constitute administrative expenses (the “Administrative Expense Claims”) of the Debtors’ estates pursuant to 11 U.S.C. § 503(b). Except in connection with an Order approving debtor-in-possession financing or other financial accommodation to the Debtors consistent with a budget contemplative of payment of all of the Debtors’ post-petition obligations to the Carriers, the Debtors shall not grant to any entity, and no entity shall have, a claim against the Debtors under 11 U.S.C. § 364 or any other section of the Bankruptcy Code having priority senior to the Administrative Expense Claims unless the Carriers consent; provided, however, the Administrative Expense Claims shall also be subordinate to any fees arising under 28 U.S.C. § 1930(a)(6) that are due and payable by the Debtors to the United States Trustee, and any carveouts for estate administration, professional fees and expense reimbursements as provided in the debtor-in-possession financing order in these cases (the “Carve-Out”).

5. No Assumption. Nothing contained herein shall affect the rights of the Carriers or the Debtors under 11 U.S.C. § 365 or be deemed an assumption of any agreements, including tariffs, between the Carriers and the Debtors.

6. Default. In the event that (a) any debtor in possession financing is declared in writing delivered to the Debtors by its debtor in possession lender per the Order approving such debtor in possession financing to be in payment default and the Debtors' authority to borrow or utilize cash collateral ceases and is not reinstated within five (5) business days of the receipt by the Debtors of the default declaration or (b) the Debtors fail (other than consistent with the reconciliation or dispute resolution procedure hereunder) to timely make any Payment required under this Stipulation and the Debtors or the Rural Telephone Finance Cooperative (the "RTFC") do not cure such payment default by 5:00 p.m. Central time within four (4) business days after written notice of such default to the Debtors, the RTFC, the Creditors' Committee, and their counsel, the affected Carrier is authorized to terminate services to the Debtors without further order of the Bankruptcy Court as if all default, cure or similar type notices had been sent and all applicable cure periods had expired . In connection with any such termination of service, the Debtors, and not the affected Carrier, shall solely be responsible for providing any notice to the Debtors' end users of the cessation of service, but only to the extent of the Debtors' sole obligations under applicable state and federal regulations, and nothing herein shall in any way create, limit or modify any obligations of the Carriers, if any, to provide notice to end users of cessation of service. The Debtors, the RTFC and the Creditors' Committee may file an emergency motion with the Bankruptcy Court seeking an injunction to prohibit the affected Carrier from terminating service hereunder (with the only issues to be tried at such hearing being whether (a) the proposed termination is a result of an uncured payment default under the debtor in

possession financing, (b) the Debtors' authority to borrow or utilize cash collateral has ceased and not been reinstated, (c) the Debtors have failed to make timely Payment and failed to cure as may be permitted under this Stipulation or (d) in conjunction with a proceeding brought by the Debtors pursuant to paragraph 8 of this Stipulation seeking to reduce Payments on account of a reduction in service.

7. Notices. Notice pursuant to any provision of this Stipulation among the Debtors, the RTFC, the affected Carrier, and the Creditors' Committee shall be deemed properly given and shall be effective upon being sent by fax (as confirmed by the sender's fax machine) as follows:

Debtors:

Michael G. Hoffman
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
Facsimile: 214/424-1400
Email: mhoffman@vartec.net

Debtors' Counsel:

Daniel C. Stewart
William L. Wallander
Vinson & Elkins
3700 Trammell Crow Center
2001 Ross Ave.
Dallas, TX 75201-2975
Facsimile: 214-999-7761
Facsimile: 214-999-7905
Email: dstewart@velaw.com
Email: bwallander@velaw.com

RTFC :

Larry Zawalick
Rural Telephone Finance Cooperative
2201 Cooperative Way
Herndon, Virginia 20171-3025
Facsimile: 703-709-6780
Email: larry.zawalick@nrucfc.coop

RTFC Counsel:

Toby L. Gerber
Fulbright & Jaworski L.L.P.
2200 Ross Ave. – Suite 2800
Dallas, TX 75201
Facsimile: 214-855-8200
Email: tgerber@fulbright.com

Creditors' Committee:

Lowell Feldman
Co-Chair of Official Unsecured
Creditors Committee
830 Country Lane
Houston, TX 77024
Phone: (713) 494-6266
lfeldman@pointone.com

Creditors' Committee Counsel:

Stephen A. Goodwin
Carrington, Coleman, Sloman &
Blumenthal LLP
200 Crescent Court
Suite 1500
Dallas, Texas 75201
Facsimile: (214) 855-1333
Email: Sgoodwin@ccsb.com

Carriers:

Address Provided in the Table

Carriers' Counsel:

Address Provided in the Table

8. Additional Services/Reduction in Services. With respect to any requests by the Debtors for disconnection of service or for additional service from any of the Carriers, the Debtors shall comply with the terms set forth in the applicable agreement(s) with the respective Carriers and applicable tariffs, including, without limitation, the submission of appropriate ASRs, applications and customer notifications. In the event that the Debtors request or obtain additional service from any of the Carriers, the respective Carrier shall have the right to recalculate the amount of the Payment that would be made upon commencement of such additional services. In such event, the respective Carrier shall provide prior written notice to the Debtors and their counsel of the amount necessary to fund the increased Payment. Within three (3) business days of the Debtors' receipt of such notice, the Debtors shall wire transfer the recalculated differential in the Payment to the appropriate Carrier, and the Payment shall be increased accordingly. In the event that the Debtors reduce the level and amount of services obtained from any of the Carriers, the Debtors and the appropriate Carrier shall negotiate in good faith to recalculate the amount of the Payments. In the

event that agreement cannot be reached within three (3) business days of such reduction in services, the Debtors may seek expedited relief via motion as a contested matter from the Bankruptcy Court to reduce the Payment amount.

9. Setoffs.

- A. So long as the Debtors make Payments as provided and adjusted per the terms of this Stipulation or have cured any late Payment after written notice of same as required hereunder, the Carriers shall not withhold or retain any funds or amounts due to the Debtors on account of post-petition Services, or exercise any post-petition setoff rights or rights of recoupment against postpetition amounts owing by a Carrier to the Debtors, if any, against the Debtors. If the Debtors do not make the Payments as provided in this Stipulation and do not (or the RTFC does not) cure any late Payment after written notice as required hereunder, the Carriers may without further order of the Bankruptcy Court exercise post-petition setoff rights or rights of recoupment against postpetition amounts owing by a Carrier to the Debtors, if any, provided that such rights are valid and enforceable in accordance with applicable law (any such exercise of post-petition setoff rights or recoupment rights pursuant to this sub-paragraph shall, notwithstanding anything to the contrary herein, or in any other Order of the Court, including any debtor in possession financing orders, or under Section 9.404 of the Uniform Commercial Code, have priority for the applicable Carrier over any and all liens of the RTFC).

B. Subject to the terms of this paragraph, the Carriers are permitted to exercise prepetition setoff rights or rights of recoupment against prepetition amounts owing by a Carrier to the Debtors, if any, without further order of the Bankruptcy Court provided that such rights are valid, enforceable and unavoidable in accordance with applicable law. In connection with any prepetition setoff or any such recoupment, the Carriers shall provide the Debtors, the RTFC and the Official Committee of Unsecured Creditors, (the "Creditors' Committee") with ten (10) business days advance written notice of same, stating that such setoff or recoupment will be effectuated and, as to each instance of setoff or recoupment, the following information shall be delivered to the Debtors by the Carriers: (a) each Carrier entity involved, (b) each Debtor entity involved; (c) the amount in question; (d) the basis and nature of the debt owed to such Debtor entity by such Carrier entity with reference to underlying documents (e.g. contract, invoice); (e) the basis and nature of the claim asserted by such Carrier entity against such Debtor entity with reference to underlying documents (e.g. contract, invoice); and (f) the date such setoff or recoupment will be effectuated (the "Setoff Notice"). Such Setoff Notice may be subject to F.R.E. 408 if the Carrier so indicates. In the event that the Debtors, the RTFC or the Creditors' Committee have a basis to object to such setoff or recoupment of a Carrier pursuant to applicable law, such objecting party shall provide the Carrier with written notice of such objection not later than ten (10) business days after service of the Setoff

Notice, stating with particularity the basis for the objection and the specific portion of the setoff or recoupment to which the objecting party objects (an "Objection Notice"). If no Objection Notice is timely served on the Carrier, the Setoff Notice will have the force and effect of a final order of the Court approving a stipulated settlement of such setoff or recoupment.

- C. In addition to the provisions of the preceding sub-paragraph, in the event a Carrier has not already provided a Setoff Notice to the Debtors, the RTFC and the Creditors' Committee within sixty (60) days after entry of this Stipulation, then such Carrier shall within sixty (60) days after entry of this Stipulation deliver a notice to the Debtors, the RTFC and the Creditors' Committee setting forth the information that would otherwise be contained in a Setoff Notice to the extent available (but, under all circumstances, including the prepetition dollar amount being withheld by the Carrier). The Carriers, the Debtors and the RTFC shall cooperate in good faith with respect to the exchange of additional information as may be reasonably requested by the respective parties (subject to any applicable privileges or immunities from disclosure).
- D. In the event a Setoff Notice is served by a Carrier and an Objection Notice is timely served on such Carrier, the counterparties shall participate in a mandatory settlement conference, either in person or by telephone. The settlement conference shall be attended by representatives of the counterparties who have settlement authority to resolve the dispute. If

mutually agreed by the parties, the settlement conference may consist of a series of actual meetings or telephonic conferences. If the counterparties reach agreement with respect to the Setoff Notice, the Carrier shall provide the Debtors, the RTFC and the Creditors' Committee with a summary notice setting forth the essential terms of the agreement reached, including the agreed amount of any setoff or recoupment to be effected (the "Settlement Notice"). The Settlement Notice shall immediately have the force and effect of a final order of the Court approving a stipulated settlement of such setoff or recoupment. If no agreement is reached, such Carrier may file a motion seeking a determination by the Court of the setoff and recoupment rights of such Carrier.

- E. On or after the expiration of ninety (90) days from entry of this Stipulation, the Debtors, the RTFC or any Carrier may file a motion seeking a determination by the Court of the setoff rights and rights of recoupment of a Carrier, and such parties may include in such motion claims and causes of action related to same; provided, however, that the party filing such a motion shall first meet and confer (telephonically or in person) with the Debtors, the RTFC or such Carrier (as the case may be) to determine whether the matter can be resolved through settlement rather than through litigation. All defenses of any party to such motion, including ripeness, are reserved for all purposes other than as to the bringing of the motion as a contested matter as opposed to the filing of an

adversary proceeding, if an adversary proceeding would be otherwise procedurally required.

- F. Pending the Court's resolution of any motion filed under sub-paragraphs (D) and (E) above, the affected Carrier may continue to withhold the sums at issue, but shall not exercise any setoff or recoupment.
- G. Nothing contained in this paragraph 9 shall limit the right of a Carrier, if any, to conduct recoupments under its billing and collection contract with the Debtors in the ordinary course of business according to the terms of such contracts, or expand the obligations of such a Carrier under such a contract.
- H. Other than the relief from the automatic stay to the limited extent provided hereunder for valid, enforceable and unavoidable setoffs or recoupments, nothing herein shall in any way waive, modify or limit any rights and remedies of the Debtors under applicable bankruptcy, State or other law as to any withholding of funds, setoff or recoupment asserted or effected by any of the Carriers.

10. Potential for Surcharge. Notwithstanding anything to the contrary herein or in any other order of the Court, including any debtor in possession financing orders, each of the Carriers shall have and is hereby vested with standing to pursue for its sole benefit from property securing the RTFC's allowed claims, the reasonable, necessary costs or expenses of preserving, or disposing of, such property which are incurred by such Carriers, to the extent of any benefit received therefrom by the RTFC, and provided that (a) such action shall only be taken after expiration of all opportunities to

cure a Default under Paragraph 6 of this Stipulation shall have occurred, and (b) no judgment shall be entered until each such Carrier shall have exhausted all other reasonable remedies for collection from the Debtors or their estates of any unpaid post-petition obligations, including without limitation exercise of any remedies of setoff and recoupment in accordance with Paragraph 9.A. Such claims shall have priority in payment to the respective Carriers over any and all other claims including those of the RTFC, but excluding all items comprising the Carve-Out in the debtor in possession financing order. No right of surcharge is being created, enlarged or decreased by this provision, and all parties reserve all rights with respect to 11 U.S.C. § 506(c) except as specifically set forth herein, provided however in no event shall the RTFC collateral be surcharged for more than 100% of any person's reasonable, necessary costs or expenses.

11. Non-Conforming Exceptions. In addition to, or instead of, the relief discussed herein, and subject to all reservations of rights hereunder, the Debtors and Carriers agree to the non-conforming exception(s) identified in Column F of the Table.

12. Reservation of Rights. Except as expressly provided herein, the Debtors, RTFC, Committee and the Carriers reserve and preserve all rights, claims and remedies under applicable agreements, the Bankruptcy Code and applicable law, including tariffs. Nothing herein shall be deemed an admission by the Debtors, nor an election by the Carriers, that the Carriers are utilities pursuant to section 366 of the Bankruptcy Code.

13. Limited Modification of Automatic Stay. The automatic stay under section 362(a) of the Bankruptcy Code shall be deemed modified only to the extent necessary to authorize the relief authorized through this Stipulation.

14. Modifications. This Stipulation may be modified only in a writing signed by each of the parties hereto and approved by the Bankruptcy Court. Failure of the Bankruptcy Court to approve this Stipulation in its entirety shall render the Stipulation and all of its terms null and void, and the parties shall be restored to their original factual and legal positions.

15. Authority for Stipulation. The signatories to this Stipulation represent that they have been duly authorized by their clients to execute this Stipulation.

16. Bankruptcy Court Approval. This Stipulation is subject to the approval of the Bankruptcy Court. The parties agree to use reasonable commercial efforts to obtain the approval of all aspects of this stipulation by the Bankruptcy Court as quickly as the Bankruptcy Court's docket will permit. In the event the Bankruptcy Court declines to approve this Stipulation, neither this Stipulation nor any part thereof may be used by any party for any purpose, except to enforce this provision of non-use.

17. Material Adverse Change. In the event of a material adverse change in the liquidity of the Debtors or other material adverse change in the Debtors' circumstances that would affect the Debtors' ability to make a Payment under this Stipulation, the Carriers shall be entitled to seek from the Bankruptcy Court a determination of further or different adequate assurance pursuant to section 366(b) of

the Bankruptcy Code, and the Debtors reserve all rights to contest such determination sought by the Carriers.

18. Weekly Cash Report. The Debtors shall provide to the Carriers a weekly cash balance report disclosing the Debtors': (i) cash balance; (ii) drawing availability under any debtor-in-possession financing agreements, if any; and (iii) a summary of the weekly budget and budget variance reports as delivered to the RTFC (collectively the "Cash Balance Report"). The Debtors shall provide the Cash Balance Report to the Carriers and their counsel by electronic means (Carriers shall provide recipient information to the Debtors) every Tuesday covering information for the week ending the previous Friday (for example, the Cash Balance Report distributed on Tuesday, December 7, 2004 would contain the cash balance as of close of business on Friday, December 3, 2004). Distribution of the Cash Balance Report shall commence on the first Tuesday following the entry of this Stipulation. The Carriers shall keep such Cash Balance Reports and their contents confidential, distribute the reports or their contents within the Carriers only on a "need to know" basis and disclose such reports or their contents only in connection with a request under seal to the Bankruptcy Court for adequate assurance purposes. Information in a Cash Balance Report shall cease to be treated as confidential if disclosed by the Debtors or if otherwise available to the public or the Carriers on a non-confidential basis.

19. Procedure for Additional Carriers. A carrier or provider not party to this Stipulation (an "Additional Carrier") may become subject to this Stipulation's terms by agreeing to perform under, and acknowledging the validity of, this Stipulation with

respect to the Additional Carrier. Any document evidencing the Additional Carrier's agreement to and acknowledgment of this Stipulation (which is signed by the Additional Carrier and the Debtors) (the "Additional Carrier Agreement") shall be filed with the Bankruptcy Court and served on the parties listed on the master service list established in these Cases. The Additional Carrier Agreement shall be effective as of the date on which it is filed with the Bankruptcy Court, and no further Bankruptcy Court approval of it shall be required. All time periods beginning on the date of entry of the Stipulation shall begin to run from the date the Additional Carrier Agreement is filed with the Bankruptcy Court.

20. Binding Effect. This Stipulation shall be binding upon the Debtors, the Carriers and each of their successors and assigns, including any chapter 7 or chapter 11 trustee.

SO ORDERED.

EXHIBIT A

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>AT&T Corp. Vicent A. D'Agostino, Esq. Direct Dial: (973) 597-2594 Direct Fax: (973) 597-2595 vdagostino@lowenstein.com Peter J. D'Auria, Esq. Direct Dial: (973) 597-2448 Direct Fax: (973) 597-2449 pdauria@lowenstein.com Lowerstein Sandler PC 65 Livingston Avenue Roseland, NJ 07068</p> <p align="center">--and --</p> <p>Lisa Romero Smith Bankruptcy Manager ABS Business Operations / Billing Integrity 7300 E. Hampton Avenue Mesa, Arizona 85208 Voice: (480) 854-6530 Fax: (480) 854-6263 lkoch@att.com</p>	<p>\$2,100,000</p>	<p>None</p>	<p>\$1,050,000</p>	<p>Beginning in January, 2005, on the last business day of each calendar month, AT&T shall true-up the Payments made to it during the single calendar month 2 months prior (the "Period") against the actual charges billed to the Debtors for that Period by AT&T, and follow the procedures set forth in numbered paragraph 2. For example, on the last business day of January 2005, the true-up will address the month of November 2004, and on the last business day of February 2005, the true-up will address the month of December 2004, and so forth.</p>	<p>Service of Cash Balance Reports will NOT be made to Lisa Romero Smith, but will be served on counsel only.</p> <p>ATT shall send amounts owing, if any, per paragraph 2 hereof via check payment within 4 weeks after delivery of the Notice under such paragraph 2.</p>

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>BellSouth Paul M. Rosenblatt, Esq. KILPATRICK STOCKTON LLP Suite 2800 1100 Peachtree Street, N.E. Atlanta, Georgia 30309-4530 Telephone: (404) 815-6321 Facsimile: (404) 541-3373 prosenblatt@kilpatrickstockton.com -- and -- Reginald A. Greene, Esq. BELLSOUTH CORPORATION 1155 Peachtree Street – 18th Floor Atlanta, Georgia 30309 Telephone: 404-335-0761 Facsimile: 404-614-4054 reginald.greene@bellsouth.com iii -- and -- Regina Guillet BellSouth - D981 1025 Lenox Park Blvd NE Atlanta, GA 30319 Telephone: 404-986-1596 Facsimile: 404-986-0166 regina.guillet@bellsouth.com</p>	\$4,500,000	\$45,000 (1%)	\$2,227,500	<p>Beginning in January, 2005 and every other month thereafter, on the last business day of each such month, BellSouth shall resolve billing disputes with the Debtors and true-up the Payments made to it during the trailing two month period (the "Period") against the actual charges billed by BellSouth to the Debtors during that Period. For example, on the last business day of January 2005, the true-up will address the Period of November, 2004, and on the last business day of March 2005, the true-up will address the Period of December 2004 and January 2005, and so forth.</p>	<p>Opted out of the dispute resolution procedure.</p>

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>MCI¹</p> <p>Stephen A. Youngman WEIL, GOTSHAL & MANGES LLP 200 Crescent Court, Suite 300 Dallas, Texas 75201-6950 Telephone: 214-746-7700 Facsimile: 214-746-7777 stephen.youngman@weil.co <u>iii</u></p> <p>--and --</p> <p>James T. Grogan III, Esq. WEIL, GOTSHAL & MANGES LLP 700 Louisiana, Suite 1600 Houston, Texas 77002 Telephone: 713-546-5000 Facsimile: 713-224-9511 james.grogan@weil.com</p>	<p>\$2,270,413 (\$1,000,000 on account of switched services and \$1,200,000 on account of other services and \$70,413 on account of carrier access services)</p>	<p>\$10,000 (1%) on account of switched services \$258,000 (21.5%) on account of other services)</p>	<p>\$1,001,057</p>	<p>Beginning in December, 2004, on the fifteenth (15th) business day of each calendar month, MCI shall resolve billing disputes with the Debtors and true-up the Payments made to it during the preceding month (the "Period") against the actual charges billed to the Debtors for that Period by MCI.</p>	<p>Upon making each of the Payments described herein, the Debtors shall also deposit with MCI the sum of \$129,000 (i.e. 50% of the reserve on account of other services) (a "Reserved Payment"), which amount equals a periodic credit reserve for disputes pertaining to MCI's charges. The Reserved Payment shall be held by the Debtors in a segregated account solely for the benefit of MCI, subject to the Debtors' residual interest and any interest in such interest, if any, and not subject to the interest of any other party in such excess Reserved Payment. Reserved Payments shall be subject to true-up and dispute resolution in the same manner provided for Payments. Monies will not be withdrawn from the segregated account except pursuant to the terms of this Stipulation or by mutual consent of the Debtors, RTFC and MCI.</p>

¹ MCI includes the following entities: MCI WORLDCOM Network Services, Inc. and MCI WORLDCOM Communications, Inc.

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>Qwest Corporation Qwest Communications Corporation 1801 California Street Denver, CO 80202 Facsimile: (303) 383-6665 Email: jane.frey@qwest.com</p> <p>Andrew H. Sherman, Esq. Sills Cummis Epstein & Gross One Riverfront Plaza Newark, New Jersey 07102 Telephone: 973 643-6982 Fax: 973 643-6500 asherman@sillscummis.com</p>	<p>\$1,650,000 \$1,850,000</p>	<p>(9%) (2%)</p>	<p>\$750,750 \$906,500</p>	<p>Beginning in January, 2005 and every other month thereafter, on the last business day of each such month, Qwest shall resolve billing disputes with the Debtors and true-up the Payments made to it during the trailing two month period (the "Period") against the actual charges billed by Qwest to the Debtors during that Period. For example, on the last business day of January 2005, the true-up will address the Period of November, 2004, and on the last business day of March 2005, the true-up will address the Period of December 2004 and January 2005, and so forth.</p>	<p>The Debtors and QC agree to meet and confer within thirty (30) days of the date hereof to resolve the current billing dispute relating to the tandem product previously ordered by the Debtors from QC, provided that neither party shall have any additional rights in the event such dispute is not resolved. If resolved, such resolution will be presented to the Bankruptcy Court for approval as appropriate.</p>

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>SBC²</p> <p>David M. Bennett THOMPSON & KNIGHT LLP 1700 Pacific Avenue, Suite 3300 Dallas, Texas 75201-4693 Telephone: (214) 969-1700 Facsimile: (214) 969-1799 david.bennett@tklaw.com</p> <p>--and --</p> <p>Mark Farrell One SBC Plaza, Room 3014 Dallas, Texas 75202 Telephone: (214) 464-2335 Facsimile: (214) 464-5477 Mark.Farrell@sbc.com</p> <p>--and --</p> <p>Suzanne C. Leslie General Attorney One SBC Plaza, Room 2900 208 S. Akard Street Dallas, TX 75202 Telephone: (214) 464-7300 Facsimile: (214) 464-1138 suzanne.leslie@sbc.com</p>	<p>\$5,650,000</p>	<p>\$200,000 (3.55%)</p>	<p>\$2,725,000</p>	<p>Beginning in December, 2004, on the last business day of each calendar month, SBC shall resolve billing disputes with the Debtors and true-up the Payments made to it during the preceding month (the "Period") against the actual charges billed to the Debtors for that Period by SBC.</p>	<p>Debtors' Special Counsel for Additional Notice under paragraph 7:</p> <p>Mr. Joseph M. Coleman Kane, Russell, Coleman and Logan P.C. 1601 Elm Street 3700 Thanksgiving Tower Dallas, Texas 75201 Facsimile: (214) 777-0049 Email: jcoleman@krcl.com; mscantlon@krcl.com</p> <p>SBC and the Debtors reserve all of their rights and remedies (whether arising before or after the Petition Date) in respect to the litigation styled Southwestern Bell Telephone, L.P. et al.v. Vartec Telecom, Inc. et. al., case no. 4:04-CV-01303-CEJ, which is pending in the United States District Court for the Eastern District of Missouri, Eastern Division (the "SBC Litigation"). Nothing set forth in this Stipulation shall prejudice or impair, in any respect, any rights and remedies of SBC, the Debtors or any other party in the SBC Litigation.</p>

² SBC includes the following entities: Southwestern Bell Telephone, L.P., Illinois Bell Telephone Company, Indiana Bell Telephone Company, Inc., Michigan Bell Telephone Company, Ohio Bell Telephone Company, Wisconsin Bell, Inc., Pacific Bell Telephone Company, Nevada Bell Telephone Company, The Southern New England Telephone Company, And The Woodbury Telephone Company.

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>Sprint³</p> <p>Michelle A. Mendez Greenberg Traurig, LLP 600 Three Galleria Tower 13155 Noel Rd. Dallas, TX 75240 Telephone: (972) 419-1261 Facsimile: (972) 419-1251 mendezm@gtlaw.com</p> <p>--and --</p> <p>Steve Stehr 1300 E Rochelle Irving, TX 75062 Work: 972 405 8638 Fax: 972 405 8181 Cell: 214 923 8321 Email: steve.stehr@mail.sprint.com</p>	\$2,853,000	N/A	\$1,426,500	Beginning in December, 2004, on the 15th day of each calendar month, Sprint shall resolve billing disputes with the Debtors and true-up the Payments made to it during the preceding month (the "Period") against the actual charges billed to the Debtors for that Period by Sprint.	

³ Sprint includes the following entities: Sprint - Florida, Incorporated (Operates in Florida); Carolina Telephone and Telegraph Company (Operates in North Carolina); United Telephone - Southeast, Inc. (Operates in Tennessee and Virginia); United Telephone Company of the Carolinas (Operates in South Carolina); Central Telephone Company (Operates in Nevada and North Carolina); Central Telephone Company of Virginia (Operates in Virginia); The United Telephone Company of Pennsylvania (Operates in Pennsylvania); United Telephone Company of New Jersey, Inc. (Operates in New Jersey); United Telephone Company of Ohio (Operates in Ohio); United Telephone Company of Indiana, Inc. (Operates in Indiana); United Telephone Company of Texas, Inc. (Operates in Texas); Central Telephone Company of Texas (Operates in Texas); Sprint Missouri, Inc. (Operates in Missouri and 4 exchanges in southeast Kansas); United Telephone Company of Kansas (Operates in Kansas); United Telephone Company of Southcentral Kansas (Operates in Kansas); United Telephone Company of Eastern Kansas (Operates in Kansas); United Telephone Company of Southeastern Kansas (Operates in Kansas); Sprint Minnesota, Inc. (Operates in Minnesota); United Telephone Company of the West (Operates in Nebraska and Wyoming); United Telephone Company of the Northwest (Operates in Washington and Oregon); Sprint Communications Company, L.P.; Sprint Spectrum, L.P.

A. Carrier Name and Notice Address	B. Average Monthly Amount Owed to the Carrier	C. Average Monthly Credit Reserve for Disputes	D. Semi-Monthly Payment Amount	E. Reconciliation Procedure	F. Non-Conforming Exceptions
<p>Verizon⁴</p> <p>Darryl S. Laddin, Esq. ARNALL GOLDEN GREGORY LLP 171 17th Street Suite 2100 Atlanta, Georgia 30363 Telephone: (404) 873-8500 Facsimile: (404) 873-8121 Darryl.Laddin@AGG.com</p>	<p>\$5,720,000 for November</p> <p>\$4,438,000 for December and thereafter</p>	<p>\$100,000 (1.75%) for November</p> <p>\$77,665 (1.75%) for December and thereafter</p>	<p>\$2,810,000 for November</p> <p>\$2,180,168 for December and thereafter</p>	<p>Beginning in December, 2005, on the last business day of each calendar month, Verizon shall true-up the Payments made to it during the preceding two month period (the "Period") against the actual charges billed to the Debtors for that Period by Verizon. Verizon shall provide its Notice to the Debtors within 30 days after the end of the applicable Period.</p>	<p>With respect to post-petition sums that are or may become due and owing by Verizon to the Debtors under the Billing Services Agreement between Verizon and the Debtors (which is scheduled to terminate as of November 30, 2004), Verizon may withhold 50% of such post-petition sums to apply against any unbillable, uncollectible or post-billing adjustment amounts, or unpaid billing and collection ancillary charges, under the Billing Services Agreement that may be due and owing or that may accrue after the termination date (and shall make payment to the Debtors of the remaining 50% on the dates otherwise required by the Billing Services Agreement). No later than April 1, 2005, Verizon shall provide the Debtors with a final settlement statement calculating the net of (i) the withheld post-petition payments, less (ii) unbillable, uncollectible or post-billing adjustment amounts, less (iii) any unpaid billing and collection ancillary charges. This statement may result in an amount owed to the Debtors or an amount owed to Verizon. Payment shall be due within 30 days of the statement date.</p>

⁴ Verizon includes the following entities: Contel of the South Inc. d/b/a Verizon Mid States, GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Incorporated d/b/a Verizon Southwest, Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon Maryland Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New York Inc., Verizon North Inc., Verizon Northwest Inc., Verizon Pennsylvania Inc., Verizon South Inc., Verizon Virginia Inc., Verizon Washington, DC Inc., Verizon West Coast Inc., Verizon West Virginia Inc.