



**ENTERED**

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

**The following constitutes the order of the Court.**

*Hamlin DeWayne Hale*  
**United States Bankruptcy Judge**

**Signed August 22, 2005**

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
(DALLAS DIVISION)

In re:	)	Chapter 11
	)	
VARTEC TELECOM, INC., <i>et al.</i> ,	)	Case No. 04-81694-saf-11
	)	
Debtors.	)	Jointly Administered
	)	

**STIPULATION AND ORDER FOR ASSUMPTION AND  
ASSIGNMENT OF EXECUTORY CONTRACTS, AND RELATED CURE,  
AMONG (I) THE DEBTORS, (II) THE SBC TELCOS,  
(III) COMTEL TELCOM ASSETS LP, AND (IV) THE RTFC**

Southwestern Bell Telephone, L.P., Pacific Bell Telephone Company, The Southern New England Telephone Company, Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., Nevada Bell Telephone Company, and The Woodbury Telephone Company (collectively, the "SBC Telcos"), 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., VarTec Telecom Holding Company, VarTec Telecom International Holding Company, and VarTec Telecom of Virginia, Inc. (collectively, the “Debtors”), Comtel Telecom Assets LP, as assignee of Comtel Investments LLC (“Comtel” or the “Comtel Buyer”), and Rural Telephone Finance Cooperative (the “RTFC”) (all of the aforementioned collectively, the “Parties,” and individually, a “Party”) hereby stipulate and agree as follows with respect to the assumption and assignment of the contracts between the Debtors and the SBC Telcos, and related cure, in connection with the Debtors’ Motion For Authority To Sell Assets Free And Clear Of All Liens, Claims, Rights, Interests And Encumbrances And For Related Relief (Sale of Substantially All of the Debtors’ Remaining Assets) (the “Sale Motion”).

### **RECITALS**<sup>1</sup>

A. On November 1, 2004 (the “Petition Date”), the Debtors each filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their property as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

B. The SBC Telcos provide various telecommunications services and facilities to the Debtors. The Debtors use the SBC Telcos’ telecommunications network, including circuits, facilities, and equipment, in certain states pursuant to interconnection agreements (the “ICAs”) and/or applicable tariffs. The ICAs and/or applicable tariffs establish the terms, conditions, and

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<sup>1</sup> In the event that the Final Closing shall fail to be consummated as provided in the Asset Purchase Agreement (the “APA”) dated July 25, 2005, by and among the Debtors and Comtel, nothing herein shall constitute a waiver, estoppel, or be of any preclusive effect in any cause, matter, or proceeding; and the Parties’ respective rights shall be reserved in all respects. All defined terms in this Stipulation and Order shall have the meaning ascribed to them in the APA unless otherwise defined herein.

pricing under which the SBC Telcos provide the Debtors with access to the SBC Telcos' network, and under which the Debtors may resell the SBC Telcos' local telephone service for the benefit of the Debtors' end user customers (all such contractual relationships currently in place between the Debtors and the SBC Telcos, including, without limitation, the ICAs, applicable tariffs, and access circuit agreements are referred to herein as the "SBC Telcos' Network Agreements").

C. The SBC Telcos also entered into two separate agreements, each of which was denominated as an Agreement for Billing and Collection Services, effective March 31, 2003 through March 30, 2006, with each of the Debtors Vartec Telecom, Inc. and Excel Telecommunications, Inc., respectively (collectively the "B&C Agreements").

D. The SBC Telcos have asserted that, as of the Petition Date, the Debtors were indebted to the SBC Telcos (i) for telecommunications services and facilities under the SBC Telcos' Network Agreements in the amount of \$14,639,334.91; and (ii) under the B&C Agreements in the amount of \$2,449,861.99. The SBC Telcos have further acknowledged that, as of the Petition Date, they were indebted to the Debtors under the B&C Agreements in the amount of \$13,057,116.85 on a gross basis, or \$10,607,254.86 on a net basis after subtracting B&C Agreement charges owed by the Debtors (any amounts owing by the SBC Telcos to the Debtors under the B&C Agreements but unpaid as of the Petition Date are referred to herein as the "SBC Telcos' PARs Payables"). The Debtors have disputed, among other things, varying amounts of the foregoing sums, including asserting that the Debtors owe less to the SBC Telcos and the SBC Telcos owe more to the Debtors, than the SBC Telcos contend.

E. To provide the SBC Telcos with adequate assurance of payment for postpetition charges, and adequate protection of alleged secured claims, on December 2, 2004, the

Bankruptcy Court signed the Stipulation and Consent Order By and Among Certain Carriers and the Debtors Regarding Adequate Assurance/Adequate Protection of Future Payments (the “Carriers’ Stipulation”).

F. On June 17, 2005, the Debtors filed their Sale Motion, seeking approval for the sale of substantially all of their assets to Leucadia National Corporation, or its authorized assignee, pursuant to the procedures approved by the Court in the Bid Procedures Order.<sup>2</sup>

G. On July 20, 2005, the SBC Telcos were among certain carriers who filed the Response of the SBC Telcos, MCI, Qwest, BellSouth, and Time Warner Telecom to Debtors’ Motion for Authority to Sell Assets Free and Clear of all Liens, Claims, Rights, Interests and Encumbrances and for Related Relief (the “Carriers’ Sale Objection”).

H. On July 1, 2005, the SBC Telcos filed the Motion to Shorten the Time Period for the Debtors to Assume or Reject the SBC Telcos’ Executory Contracts (the “Motion to Compel”), seeking an order compelling the Debtors to elect, as of entry of an Order approving the Sale Motion, whether to assume or reject the SBC Telcos’ Network Agreements and the B&C Agreements.

I. On June 14, 2005, the Debtors filed their Motion to Determine SBC Telcos’ Ability to Effectuate Setoff, And to Compel Return of Funds Not Subject to Setoff (the “Setoff Motion”), asserting, among other things, that the SBC Telcos do not have a right of setoff as to any of the SBC Telcos’ PARs Payables.

J. On July 11, 2005, the SBC Telcos filed their Response to the Setoff Motion.

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<sup>2</sup> The term "Bid Procedures Order" refers to the Order (A) Approving Sale Procedures And Bid Protections In Connection With Sale of Certain Acquired Assets; (B) Scheduling An Auction And Hearing To Consider Approval Of The Sale; (C) Approving Notice Relating To Sale; And (D) Granting Related Relief (Sale Of Substantially All Of The Debtors' Remaining Assets) entered by the Bankruptcy Court on June 30, 2005.

K. At the hearings on July 22, 2005 and July 25, 2005, the Bankruptcy Court was advised that the Debtors and the SBC Telcos intended to move to convert the Setoff Motion to an adversary proceeding (the “Setoff Litigation”).

L. At an auction held on July 25, 2005, Comtel prevailed as the winning bidder and has entered into an APA with the Debtors with a purchase price of \$82,100,000.<sup>3</sup>

M. The APA provides that, upon the Early Funding Date, the Comtel Buyer is required to place into escrow the Purchase Price Escrow Amount (i.e. 50% of the Purchase Price). (APA § 2.10.)

N. The APA further provides that after the later of (i) the Early Funding Date and (ii) the expiration of the Hart-Scott-Rodino (“HSR”) waiting period and the receipt of all required FCC Consents, the Debtors will transfer to the Comtel Buyer the Transferred Assets, but will not transfer the Non-Transferred Assets at that time. (APA § 2.14(a).)

O. The date on which the Transferred Assets are to be transferred is referred to as the Closing Date.

P. The date on which the Non-Transferred Assets are to be transferred is referred to as the Final Closing Date.

Q. After receipt of approvals under the HSR Act and all required FCC Consents, the APA requires that the Debtors and the Comtel Buyer enter into a Management Services Agreement (the “MSA”).<sup>4</sup> (APA § 5.1(b).)

R. The Final Closing Date will take place on the second Business Day after the satisfaction of the regulatory requirements as set forth in section 6.6 of the APA. Those

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<sup>3</sup> All discussion herein of terms of the APA are descriptive only, and the APA shall control in the event any description herein is in conflict with the APA.

<sup>4</sup>All discussion herein of terms of the MSA are descriptive only and the MSA shall control in the event any description herein is in conflict with the MSA.

conditions include receipt of the FCC Consents, together with all consents that are required to be received from the state or local public service or public utilities commissions with jurisdiction over the transaction, i.e., the State PUC Consents, as more fully set forth in section 6.6 of the APA.

S. Under the APA, upon the occurrence of certain conditions precedent, the Comtel Buyer has the right to acquire the SBC Telcos' PARs Payables and upon, among other things, Final Closing, to dispose of them in any manner, including in settlement, compromise, or other arrangement with the SBC Telcos. Upon Final Closing, the SBC Telcos' PARs Payables shall be deemed an Acquired Asset under the APA and are disposed of in accordance with the terms of this Stipulation and Order. (APA § 5.16.)

T. In connection with the Sale Motion, the Carriers' Sale Objection, and the Motion to Compel, the SBC Telcos, the Debtors, the Comtel Buyer and the RTFC have agreed, subject to the terms and conditions contained herein and effective upon the Final Closing Date, to (i) the assumption by the Debtors and assignment to the Comtel Buyer of the SBC Telcos' Network Agreements and the B&C Agreements under Section 365 of the Bankruptcy Code, (ii) the retention by the SBC Telcos of all SBC Telcos' PARs Payables up to a maximum amount of \$14,639,334.91 as cure payments on invoiced amounts due, (iii) the dismissal with prejudice of the Setoff Litigation, (iv) the withdrawal of the FCC Action<sup>5</sup> as described below, (v) the dismissal of the Debtors from the Missouri Litigation with prejudice, and (vi) the other terms more particularly described in the operative paragraphs of this Stipulation and Order.

U. The Debtors agree to file this Stipulation and Order with the Bankruptcy Court promptly upon the execution hereof, and request that the Bankruptcy Court accept and "so order" this Stipulation and Order.

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<sup>5</sup> As defined below.

V. The date the clerk of the Bankruptcy Court enters this Stipulation and Order on the docket applicable to the Debtors' bankruptcy cases shall be referred to as the Approval Date.

**IT IS THEREFORE STIPULATED, CONSENTED, AND AGREED** by and among the Debtors, Comtel, the SBC Telcos, and the RTFC, and subject to the terms and conditions set forth herein, and as a condition to the SBC Telcos' (i) withdrawal of the Motion to Compel; (ii) withdrawal of the Objection to the Sale Motion; and (iii) providing a statement in support of the proposed sale to Comtel, as follows:

1. Each of the foregoing recitals and definitions of terms are hereby incorporated into this Stipulation and Order for all purposes.

2. Notwithstanding anything in this Stipulation and Order to the contrary, effective upon the Final Closing Date:

(a) Comtel and the SBC Telcos will be deemed to have a material commercial relationship (as referenced in section 5.16(a) of the APA); and

(b) SBC Telcos' PARs Payables shall constitute Acquired PARs as defined in the APA. In the event Final Closing does not occur, however, the SBC Telcos' PARs Payables shall not constitute Acquired Assets as defined in the APA, and the provisions of sections 5.16(b) and (c) shall not apply.

3. Effective upon the Final Closing Date:

(a) SBC will retain, and shall be released from liability with respect to, all the SBC Telcos' PARs Payables up to a maximum amount of \$14,639,334.91. The SBC Telcos estimate that the SBC Telcos' PARs Payables are approximately \$13,057,116.85 on a gross basis, or \$10,607,254.86 on a net basis after subtracting B&C Agreement charges owed by the Debtors. The amount of the SBC Telcos' PARs Payables shall constitute the total cure amount

for the Debtors' prepetition defaults under the SBC Telcos' Network Agreements and the B&C Agreements, and shall be applied, and be deemed to be in full payment of, those prepetition amounts invoiced by the SBC Telcos to the Debtors in respect of the SBC Telcos' Network Agreements and the B&C Agreements;

(b) The SBC Telcos will release all of their prepetition claims against the Debtors, including those claims set forth in any and all proofs of claim previously filed in this matter by any of the SBC Telcos (the "Proofs of Claim"); provided, however, that the SBC Telcos will not release the Rejection Claims, as defined in paragraph 3(c) below, which Rejection Claims shall be assigned to the RTFC upon the Final Closing Date pursuant to paragraph 7 below.

(c) the Debtors will assume and assign to Comtel any and all existing SBC Telcos' Network Agreements with the Debtors and both of the SBC Telcos' B&C Agreements with the Debtors without further order of the court; provided however, that between the entry of the Sale Order and the earlier of (i) the Final Closing Date and (ii) December 31, 2005, the Debtors and Comtel may file appropriate motions designating for rejection any appropriate access circuit(s) or related items. In the event the Court grants any such rejection motions, the Debtors and Comtel agree to submit the appropriate documentation (*e.g.*, ASRs and LSRs) to effectuate the actual disconnection and termination of each such rejected circuit or other related items and, subject to paragraphs 7 and 14 below, the SBC Telcos shall have and be entitled to file prepetition rejection claims against the Debtors for any amount(s) arising therefrom or related thereto (the "Rejection Claims");



(d) the mutual releases between and among the SBC Telcos and the Debtors of any and all claims arising on or prior to the Petition Date set forth below shall become effective;

(e) the Debtors shall be dismissed with prejudice from the litigation pending in federal district court for the Eastern District of Missouri (*i.e.*, Case No. 4:04CV1303CEJ (E.D. Mo.) (the “Missouri Litigation”));

(f) the FCC action filed by the Debtors relating to the SBC Telcos styled *Petition for Declaratory Ruling That VarTec Telecom, Inc. Is Not Required to Pay Access Charges* (FCC Filed Aug. 20, 2004) (the “FCC Action”) shall be withdrawn in accordance with applicable FCC procedures, and the Debtors and Comtel hereby agree that neither the Debtors nor Comtel will re-assert the FCC Action; and

(g) the Setoff Litigation before this Court shall be dismissed with prejudice.

4. Upon entry of a final, non-appealable order approving the Sale Motion, the Parties shall use their best efforts to cause the actions described in paragraphs 3(e), 3(f), and 3(g) above to be abated, if not previously stayed pursuant to Section 362 of the Bankruptcy Code, with all applicable deadlines tolled without any prejudice to any Party. In addition, the SBC Telcos and the Debtors shall abate and toll any and all applicable deadlines in respect of any and all objections to any Proofs of Claim, such that neither the SBC Telcos nor the Debtors are prejudiced regarding objections to the Proofs of Claim should Final Closing not occur.

5. With respect to both of the B&C Agreements, any price increase which was previously noticed, and is to take effect following entry of the Sale Order, shall have full force and effect and shall bind the Debtors, and after the Final Closing Date, shall bind Comtel.

6. Prior to FCC approval of the transaction reflected in the APA, the terms of the Carriers' Stipulation shall remain in full force and effect as between the Debtors and SBC. As of the first day of the month following FCC approval of the transaction reflected in the APA, the payment and credit terms between the SBC Telcos and the Debtors shall be on an open account basis, as specified in the SBC Telcos' Network Agreements and the B&C Agreements; provided, however, should the Debtors default in payment of any obligations to the SBC Telcos and fail to cure the default within two business days from the receipt of notice of default, then all of the terms and provisions of the Carriers' Stipulation shall immediately apply.

7. Upon the Final Closing Date, in exchange for the RTFC's release of prepetition claims against the SBC Telcos, the SBC Telcos will release prepetition claims against the RTFC, if any, and assign any remaining prepetition claims, if any, the SBC Telcos may have against the Debtors to the RTFC.

8. All other claims of all Parties are expressly reserved.

9. Pending the Final Closing Date:

(a) subject to the terms and conditions of the Carriers' Stipulation (to the extent applicable) and paragraph 6 hereof, all of the terms of the SBC Telcos' Network Agreements shall remain in full force and effect, all of the foregoing only to the extent consistent with the FCC's unbundling rules and orders in effect at any time on or after execution of this Stipulation and Order by all Parties hereto;

(b) subject to the terms and conditions of the Carriers' Stipulation (to the extent applicable) and paragraph 6 hereof, all of the terms of the SBC Telcos' B&C Agreements shall remain in full force and effect;

(c) except to the extent that the payment terms are modified as provided herein, the Carriers' Stipulation shall remain in full force and effect with regard to the SBC Telcos' Network Agreements and the B&C Agreements;

(d) except as expressly set forth herein, the SBC Telcos shall retain all bankruptcy and non-bankruptcy rights to payment of postpetition obligations owed by the Debtors, including, without limitation, all rights to prepayment under the Carriers' Stipulation; and

(e) provided that each Party hereto is in compliance with its obligations under this Stipulation and Order and the Carriers' Stipulation, as modified in paragraph 6 herein:

(x) the SBC Telcos shall not file with the Court any motion seeking to compel the Debtors to assume or reject any of the SBC Telcos' Network Agreements or the B&C Agreements, or similar relief; nor shall it join in any request for such relief made by any other party;

(y) except as allowed in paragraph 3(c), the Debtors shall not file with the Court any motion seeking to reject any of the SBC Telcos' Network Agreements, or B&C Agreements, or similar relief; and

(z) the SBC Telcos shall not oppose any motion or other request by the Debtors to extend exclusivity, as provided in 11 U.S.C. § 1121, either for filing or soliciting votes related to a plan of reorganization through November 30, 2006.

10. From and after the Final Closing Date:

(a) notwithstanding anything to the contrary herein, the Comtel Buyer (i) shall be solely responsible for compliance with all of the terms of the SBC Telcos' Network

Agreements and the B&C Agreements, and (ii) shall also be solely responsible for payment of all outstanding billed charges arising after the Petition Date;

(b) subject to paragraph 6 above, the Carriers' Stipulation shall no longer be in effect as to the Comtel Buyer with respect to the SBC Telcos; and

(c) assurance of payment obligations, if any, shall be governed by the terms of the SBC Telcos' Network Agreements and the B&C Agreements.

11. Effective upon the Final Closing Date, the Debtors, on the one hand, and the SBC Telcos, on the other hand, shall be deemed to have fully and forever waived, released, extinguished, and forever discharged each other from any and all claims, actions, complaints, causes of action, debts, credits, refunds, retroactive refunds, backbilling, claims under the filed rate doctrine, costs, and expenses (including attorneys' fees), demands or suits, at law or in equity or in bankruptcy (including, without limitation, any avoidance actions under Chapter 5 of the Bankruptcy Code) or otherwise, known or unknown, present or future, fixed or contingent, which any such Parties or Party may have or claim to have against the other relating to the Debtors from the beginning of time through the Petition Date; provided, however, that the SBC Telcos will not release the Rejection Claims, as defined in paragraph 3(c) above, which Rejection Claims shall be assigned to the RTFC upon the Final Closing Date pursuant to paragraph 7 above.

12. Effective upon the Final Closing Date, the Comtel Buyers, on the one hand, and the SBC Telcos, on the other hand, shall be deemed to have fully and forever waived, released, extinguished, and forever discharged each other from any and all claims, actions, complaints, causes of action, debts, credits, refunds, retroactive refunds, backbilling, claims under the filed rate doctrine, costs, and expenses (including attorneys' fees), demands or suits, at law or in equity

or in bankruptcy or otherwise, known or unknown, present or future, fixed or contingent, which any such Parties or Party may have or claim to have against the other relating to the Debtors from the beginning of time through March 31, 2006.

13. Effective upon the Final Closing Date, the RTFC and the SBC Telcos shall be deemed to have fully and forever waived, released, extinguished, and forever discharged each other from any and all claims, actions, complaints, causes of action, debts, credits, refunds, retroactive refunds, backbilling, claims under the filed rate doctrine, costs, and expenses (including attorneys' fees), demands or suits, at law or in equity or in bankruptcy (including, without limitation, any avoidance actions under Chapter 5 of the Bankruptcy Code) or otherwise, known or unknown, present or future, fixed or contingent, which the RTFC or the SBC Telcos may have or claim to have against each other relating to the Debtors or their bankruptcy cases from the beginning of time through the Petition Date.

14. Also effective upon the Final Closing Date, to the extent that the SBC Telcos have any remaining claims against the Debtors from the beginning of time through the Petition Date (and, in light of the releases contained in this Stipulation and Order, the SBC Telcos have not represented that any of them will have any such claims), the SBC Telcos shall be deemed further to have assigned such claims and any corresponding rights to distributions from the Debtors' bankruptcy estates, if any, to the RTFC (including, without limitation, any right of the SBC Telcos in any recovery by the Debtors or their estates from the RTFC on account of the SBC Telcos' Proofs of Claim or Rejection Claims).

15. The foregoing releases shall not affect obligations contained in this Stipulation and Order. Nothing in the releases shall be deemed to prevent the Debtors, Comtel, or the SBC Telcos from supporting, proposing, or opposing any legislation, or participating in any

rulemaking or generic policy proceeding at the FCC or any state public service or public utility commission, regardless of whether the SBC Telcos' position is contrary to the position taken by the Debtors or Comtel, or if the Debtors' or Comtel's position is contrary to the position taken by the SBC Telcos.

16. Pending the Final Closing Date, none of the Parties hereto shall take any action with respect to the Setoff Litigation, and within ten Business Days after the Approval Date, the Parties shall file with the Court a joint stipulation in which they agree to defer prosecution of the Setoff Litigation pending the Final Closing Date. Effective upon the Final Closing Date, the Setoff Litigation shall be deemed dismissed with prejudice. Within five Business Days after the notice of the Final Closing Date, pursuant to paragraph 23 below ("the Final Closing Date Notice"), the Debtors and the SBC Telcos shall file a Stipulation of Dismissal with Prejudice of the Setoff Litigation in that proceeding. Within ten Business Days of the Final Closing Date Notice, the Debtors shall withdraw the FCC Action in accordance with applicable FCC procedures, and the Debtors and Comtel hereby agree that neither the Debtors nor Comtel will re-assert the FCC Action. Within ten Business Days of the Final Closing Date Notice, the SBC Telcos and the Debtors shall file a Stipulation of Dismissal with Prejudice of the Debtors from the Missouri Litigation in that proceeding.

17. Effective upon (i) execution by all Parties of this Stipulation and Order, and (ii) if either no objection has been filed by the Official Committee of Unsecured Creditors (the "OCC"), or, if an objection has been filed by the OCC, it has been overruled by entry of a final and non-appealable order, then (and without the need for the Court to "so order this Stipulation"), the SBC Telcos' Sale Objection shall be withdrawn, and the SBC Telcos' Motion

to Compel shall be adjourned and, upon Final Closing, shall be deemed to be withdrawn with prejudice.

18. In the event that the APA is terminated prior to the consummation of the Final Closing Date or if for any reason the Final Closing Date does not occur:

(a) the SBC Telcos shall be deemed to have reserved all of their rights, including, without limitation:

(i) to object to any other proposed sale of the Debtors' assets;

(ii) to seek to compel the assumption or rejection of the SBC Telcos' Network Agreements and the B&C Agreements;

(iii) to assert all rights and remedies in respect of the Debtors in the Missouri Litigation; and

(iv) to advance any and all rights and remedies in these bankruptcy cases which would have been modified, in whole or in part, if Final Closing had occurred, including, without limitation, the filing and advancement of the Proofs of Claim and Rejection Claims, administrative claims, and the assertion of all setoff and recoupment rights of the SBC Telcos;

(b) the Debtors shall be deemed to have reserved all of their rights relating to and including, without limitation:

(i) the Setoff Litigation;

(ii) the FCC Action;

(iii) objection to the SBC Telcos' Proofs of Claim;

(iv) any and all avoidance actions under Chapter 5 of the Bankruptcy Code against any or all of the SBC Telcos;

(v) the assumption, assumption and assignment, or rejection, of any or all executory contracts or unexpired leases with any one or more of the SBC Telcos, including, without limitation, the SBC Telcos' Network Agreements and the B&C Agreements;

(vi) advancing any of the Debtors' rights and remedies in these bankruptcy cases or otherwise under applicable law; and

(vii) the SBC Telcos' PARs Payables shall constitute Retained PARs as defined in section 5.16 of the APA; and

(c) subject to the occurrence of a payment default and paragraph 6 hereof, the SBC Telcos shall continue providing the Debtors with open account credit terms.

19. Effective upon the execution of this Stipulation and Order by the SBC Telcos, the Debtors, and the Comtel Buyer, and upon the execution of an acceptable nondisclosure agreement by Comtel, the SBC Telcos agree that the Debtors shall be entitled to provide to the Comtel Buyer any documents or information that the SBC Telcos have provided to the Debtors with respect to the SBC Telcos' Local Wholesale Complete Agreements (collectively, the "Local Wholesale Complete Agreement Information").

20. The Comtel Buyer agrees that it shall only provide access to the Local Wholesale Complete Agreement Information to those persons who agree in writing to be bound by the terms of an acceptable nondisclosure agreement. In the event that, following the assignment of the SBC Telcos' Network Agreements to the Comtel Buyer, the Comtel Buyer desires to enter into a Local Wholesale Complete Agreement with the SBC Telcos, the SBC Telcos and the Comtel Buyer shall negotiate in good faith to enter into such an agreement.

21. In the event of any inconsistency between any provision of the Sale Order and this Stipulation and Order, the terms of this Stipulation and Order shall control.



22. Unless a Party has violated the terms of this Stipulation and Order, no other Party shall seek from any court or regulatory body the entry of any order, or the granting of any relief, that is inconsistent with the terms of this Stipulation and Order.

23. The Debtors and the Comtel Buyer shall provide notice to the SBC Telcos of each of the MSA Date, the Closing Date and the Final Closing Date within five Business Days after each such date occurs. In the event of a termination of the APA, or any material modification thereof, the Debtors and the Comtel Buyer shall provide notice to the SBC Telcos of such termination of the APA, or each material modification thereof, within five Business Days after each such occurrence.

24. All notices under this Stipulation and Order shall be delivered by (i) overnight delivery service or (ii) email and facsimile. A notice shall be deemed to have been delivered on the date that it was sent. All notices to the SBC Telcos under this Stipulation and Order shall be sent to:

Suzanne C. Leslie  
SBC Operations, Inc.  
One SBC Plaza  
208 S. Akard, Suite 2900  
Dallas, Texas 75202  
Phone: 214.464.7300  
Fax: 214.464.1138  
Email: [suzanne.leslie@sbc.com](mailto:suzanne.leslie@sbc.com)

with a copy to:

David Bennett  
Thompson & Knight LLP  
1700 Pacific Avenue, Suite 3300  
Dallas, Texas 75201  
Phone: 214.969.1486  
Fax: 214.880.3293  
Email: [david.bennett@tklaw.com](mailto:david.bennett@tklaw.com)

All notices to the Comtel Buyer under this Stipulation and Order shall be sent to:

Peter M. Gilhuly  
Latham & Watkins, LLP  
633 West Fifth Street, Suite 4000  
Los Angeles, California 90071-2007  
Phone: 213.485.1234  
Fax: 213.891.8763  
Email: [peter.gilhuly@lw.com](mailto:peter.gilhuly@lw.com)

All notices to the Debtors under this Stipulation and Order shall be sent to:

Michael G. Hoffman  
VarTec Telecom, Inc.  
2440 Marsh Lane  
Carrollton, Texas 75006  
Phone: 972.478.3300  
Fax: 972.478.3301  
Email: [mhoffman@vartec.net](mailto:mhoffman@vartec.net)

William L. Wallander  
Vinson & Elkins L.L.P.  
3700 Trammell Crow Center  
2001 Ross Avenue  
Dallas, Texas 75201  
Phone: 214.220.7700  
Fax: 214.999.7905  
Email: [bwallander@velaw.com](mailto:bwallander@velaw.com)

Joseph M. Coleman  
Kane, Russell, Coleman & Logan, P.C.  
3700 Thanksgiving Tower  
1601 Elm Street  
Dallas, Texas 75201  
Phone: 214.777.4200  
Fax: 214.777.4299  
Email: [jcoleman@krcl.com](mailto:jcoleman@krcl.com)

All notices to the RTFC under this Stipulation and Order shall be sent to:

Toby L. Gerber  
Fulbright & Jaworski LLP  
200 Ross Avenue – Suite 2800  
Dallas, Texas 75201  
Phone: 214.855.7171  
[tgerber@fulbright.com](mailto:tgerber@fulbright.com)

25. Each of the Parties represents that, subject to the entry of the Order approving this Stipulation and Order by the Bankruptcy Court in the bankruptcy cases of the Debtors, it has the requisite power, authority, and legal capacity to make, execute, enter into, and deliver this Stipulation and Order and to fully perform its duties and obligations hereunder.

26. No modification, amendment, or waiver of any of the terms or provisions of this Stipulation and Order shall bind any Party unless such modification, amendment, or waiver is in writing, has been approved by the Bankruptcy Court, and has been executed by a duly authorized representative of the Party against whom such modification, amendment, or waiver is sought to be enforced.

27. No delay or omission by any Party in exercising any right or power occurring upon any noncompliance or default by any other Party with respect to any of the terms and provisions of this Stipulation and Order will impair any such right or power or be construed to be a waiver thereof. A waiver by any of the Parties of any of the covenants, conditions or agreements to be performed by any other Party will not be construed to be a waiver of any succeeding breach thereof or of any other covenant, condition, or agreement contained in this Stipulation and Order.

28. This Stipulation and Order may be executed in one or more counterparts, each of which, when so executed and delivered, shall be an original and all of which together shall constitute one and the same instrument.

29. The Parties acknowledge that this Stipulation and Order is the joint work product of all of the Parties, and that, accordingly, in the event of ambiguities in this Stipulation and Order, no inferences shall be drawn against any Party on the basis of authorship of this Stipulation and Order.

30. Nothing in this Stipulation and Order shall constitute, or be considered as, an admission of liability or wrongdoing by any of the Parties, or any agreement by any of the Parties as to the validity of any of the positions advanced by any of the other Parties.

31. The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Stipulation and Order.

32. This Stipulation and Order shall be binding upon any successors or assigns of the Parties hereto, including, without limitation, any Chapter 7 trustee who may be appointed for the estates of the Debtors.

33. The Carriers' Stipulation shall remain in full force and effect, except as expressly set forth herein.

34. This Stipulation and Order shall constitute the entire agreement by and among the Parties hereto regarding the matters addressed herein. No extrinsic or parol evidence may be used to vary any of the terms herein.

35. The SBC Telcos have no agreements, oral or written, with any of the other Parties hereto relating to the Debtors' or the Comtel Buyer's choice and use of vendors.

36. Nothing in this Stipulation and Order or by virtue of Unipoint's consent hereto shall affect or impair any claims, causes of action, or rights that Unipoint or the Debtors (or the Debtors' successors and assigns) have against each other with respect to the Missouri Litigation, or arising in, arising under, or related to these Debtors' bankruptcy cases, including specifically Unipoint's or the Debtors' respective rights as to Unipoint's (i) asserted claims for indemnification, reimbursement, or contribution against the Debtors, and (ii) defenses in the Missouri Litigation.

**STIPULATED AND AGREED THIS 19TH DAY OF AUGUST, 2005.**

**SOUTHWESTERN BELL TELEPHONE, L.P.,  
PACIFIC BELL TELEPHONE COMPANY, THE  
SOUTHERN NEW ENGLAND TELEPHONE  
COMPANY, ILLINOIS BELL TELEPHONE  
COMPANY, INDIANA BELL TELEPHONE  
COMPANY INCORPORATED, MICHIGAN BELL  
TELEPHONE COMPANY, THE OHIO BELL  
TELEPHONE COMPANY, WISCONSIN BELL, INC.,  
NEVADA BELL TELEPHONE COMPANY AND  
THE WOODBURY TELEPHONE COMPANY**

*/s/ John S. Brannon*

David M. Bennett

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**ATTORNEYS FOR THE SBC TELCOS**

**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  
TELECOMMUNICATIONS GROUP, INC., TELCO NETWORK  
SERVICES, INC., VARTEC BUSINESS TRUST, VARTEC  
PROPERTIES, INC., VARTEC RESOURCE SERVICES, INC.,  
VARTEC SOLUTIONS, INC., VARTEC TELECOM HOLDING  
COMPANY, VARTEC TELECOM INTERNATIONAL  
HOLDING COMPANY AND VARTEC TELECOM OF  
VIRGINIA, INC.**

*/s/ Joseph M. Coleman*

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**ATTORNEYS FOR DEBTORS**

**COMTEL TELCOM ASSETS LP**

*/s/ Peter M. Gilhuly*

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**ATTORNEYS FOR COMTEL**

**RURAL TELEPHONE FINANCE COOPERATIVE**

/s/ Toby L. Gerber \*signed with permission by William Greendyke

Toby L. Gerber

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**ATTORNEYS FOR RTFC**

**SO ORDERED**