IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, Plaintiff,	)	
v.	)	Civil Case No. 1:00CV02789(RWR)
WORLDCOM, INC., INTERMEDIA COMMUNICATIONS, INC., Defendants.	)	

MEMORANDUM IN SUPPORT OF JOINT MOTION
TO MODIFY HOLD SEPARATE STIPULATION AND ORDER

Through undersigned counsel, the parties to this action move for modification of the Hold Separate Stipulation and Order ("HSO") entered by this Court on May 30, 2001, in connection with WorldCom's acquisition of Intermedia Communications, Inc. ("Intermedia"). Specifically, the parties propose three principal modifications to the HSO:

(1) to limit the assets to be held separate to Intermedia's stand-alone Internet business unit, IBI;

(2) to appoint a trustee to hold separate and manage IBI; and

(3) to provide this trustee with sufficient flexibility to operate IBI rationally under today's market conditions, in order to improve the profitability and, therefore, the

marketability of IBI.

This request to modify the HSO is proposed for the purpose of enhancing the prospect of a rapid and successful divestiture of the IBI business as a viable competitor. The proposed modifications are limited and do not interfere with the remediation of the competitive concern identified in the United States' complaint -- namely, the preservation of competition in the provision of Internet backbone and access services. The requested modifications are necessitated by unforeseen and substantial changes in the telecommunications marketplace which the parties reasonably could not have anticipated when they agreed to the HSO. At the same time, the modifications sought are modest ones which, in no way, undermine the core principle of maintaining and ultimately divesting a separate and viable IBI business. The proposed modifications are designed to help ensure that the purpose and intention of the Final Judgment are effectuated on a timely basis.

I. BACKGROUND

WorldCom executed a definitive agreement to acquire Intermedia on September 5, 2000. In response to concerns raised by the United States regarding the transaction's effect on the competitive provision of Internet backbone and access services, WorldCom and Intermedia agreed to divest all of Intermedia except for its holdings of capital stock in Digex, Inc. ("Digex"). A proposed Final Judgment and HSO were filed with the Court on November 17, 2000, and the HSO was entered on May 30, 2001. The Final Judgment was entered on June 27, 2001, and WorldCom and Intermedia closed the transaction a few days later, on July 1, 2001.

In relevant part, the HSO requires WorldCom to hold separate all of the Intermedia Assets and binds Intermedia during the HSO period to continue to operate its business according to the

business plan put in place in 1999, when conditions in the telecommunications marketplace were markedly different than they are today. These restrictions have impeded WorldCom's ability to divest the IBI business by tying it to Intermedia's competitive local exchange carrier ("CLEC") business and by preventing Intermedia's management from attempting to put IBI on a path to profitability.[1]

Growth in telecommunications services markets has slowed dramatically since the fourth quarter of 2000. Significant capital investments made by competitive telecommunications carriers in anticipation of future growth have proved difficult to pay for when the projected revenues were not achieved. Since WorldCom agreed to divest the Intermedia assets, no fewer than 14 competitive providers have filed for bankruptcy,[2] resulting in a glut of carrier businesses and assets becoming available at distressed prices. Many remaining competitors have been forced to restructure or substantially downsize their operations.

While Intermedia's Internet backbone business remains an attractive asset, efforts to divest the business have been hampered by both the lack of interest by buyers in the non-Internet Intermedia assets and the need to revise the IBI business plans and operations in light of current market conditions.

II. PROPOSED CHANGES TO THE HOLD SEPARATE ORDER

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[1] The Final Judgment requires WorldCom to divest the "Intermedia Assets," as defined therein within 180 calendar days from the closing of the merger. Although the Final Judgment defines "Intermedia Assets" broadly to include all of Intermedia's assets except the Digex stock, it expressly anticipates that less than all of Intermedia's assets actually might be appropriate or necessary to divest in order to effectuate the desired relief, in that it permits a smaller subset of the assets to be sold if the United States consents in writing. Final Judgment, IV.G. This proposal accordingly does not require any modification to the Final Judgment.

[2] These companies include American Metrocomm, NETtel, ICG, Northpoint, Rhythms NetConnections, e.spire, Teligent, Winstar, Advanced Radio Telecom, 360networks, PSINet, Convergent, World Access, and Metricom.

The parties propose to address the marketability problems encountered thus far by untethering IBI from Intermedia's non-Internet assets and providing the flexibility to alter IBI's operations in such a way as to make it a more viable and marketable business in today's environment. The proposal in no way derogates from the fundamental purpose and intent of either the Final Judgment or the HSO. The modifications are expressly designed to improve the chances for accomplishing the divestiture of a viable and ongoing Internet business to an acceptable purchaser. The trustee will insure that IBI would remain fully separate from the operations and influence of WorldCom, as currently provided in the HSO, and any business changes would be made by the trustee, in consultation with IBI's current independent management.

A. Limit the Scope of the Hold Separate Order to IBI

Under the Final Judgment, defendants are obligated to divest all the non-Digex portions of Intermedia, although with the written consent of the United States, defendants would be permitted to divest something less than this. The United States anticipates consenting to defendants' request to divest only the IBI assets, because the divestiture of IBI alone appears to be sufficient to remedy the harm alleged in the Complaint, and the unsuccessful efforts to divest the Intermedia Assets indicate that the divestiture of IBI is being hindered, rather than aided, by the requirement that other business units besides IBI be divested. Accordingly, there is no longer any need for other business units besides IBI to be covered by the HSO.

The proposed revised HSO is limited in scope to IBI. The IBI assets, employees, revenue, and customer base would continue to be held separately from WorldCom. IBI would continue to operate independently, with management under the supervision and control of the trustee, without

any control by or direction from WorldCom. The divestiture of IBI as a stand-alone business will resolve any competitive issues in the provision of Internet backbone and access services, the affected market alleged by the United States, and the HSO is geared to ensuring that IBI remains a separate, viable, competitive entity until the divestiture is accomplished.

B. Appoint an Independent Trustee to Manage the IBI Business

As discussed further below, certain business decisions regarding IBI need to be taken in order to enhance the prospects of a successful divestiture. Rather than commit these decisions to employees of defendants, the proposed revised HSO contemplates the selection of an impartial, independent trustee by the United States, and his or her appointment by the Court. The trustee will be tasked with carrying out the purposes of the Final Judgment, and given necessary and appropriate powers to do so. The fact that this trustee is independent, selected by the United States, and approved by this Court helps guarantee that IBI will be operated in a manner best calculated to enhance its viability and attractiveness to potential purchasers.

C. Give the Trustee Sufficient Flexibility to Manage IBI Rationally

In addition, the parties request that the HSO be modified to enable the independent trustee to undertake rational business measures to make IBI a viable business. The HSO currently requires WorldCom to cause IBI to maintain at 2000 levels or previously approved levels for 2001, whichever are higher, all promotional, advertising, sales, technical assistance, network capacity configurations and expansions, marketing and merchandising support for the Intermedia Assets. Hold Separate Stipulation and Order V.A.2. It also requires WorldCom to cause IBI to maintain "projected capacity expansions . . . planned prior to negotiations between defendants relating to the Merger. . . ." Hold Separate Stipulation and Order V.B.5, and prohibits the

termination of any Intermedia employee during the pendency of the HSO. Hold Separate Stipulation and Order V.B.9. Because of these restrictions, Intermedia's management has been unable to undertake appropriate measures to reduce costs or otherwise respond to conditions in the telecommunications/CLEC marketplace. However, to operate an Internet business today as though the market is as was expected and hoped in 1999 and 2000 is not only irrational, but makes it more difficult to package IBI as a desirable business to prospective purchasers.

To enable WorldCom to promptly divest IBI, the parties urge the Court to amend the HSO in the following ways:

- As provided in Section V of the Proposed Modified Hold Separate Stipulation and Order, the United States will select an independent Hold Separate Trustee to serve as manager of the IBI business from the time of his or her appointment until the IBI business is sold. Working with IBI's existing management team, the Trustee will have the responsibility, and flexibility, to ensure that IBI is managed so as to maximize its revenue and cash flow so as to permit its expeditious divestiture in a manner consistent with the Final Judgment. It will monitor the organization of the IBI business; control and operate the IBI business to ensure as much as possible that it is an ongoing, economically viable competitor in the provision of Internet backbone and access services; maintain the independence of the IBI business from WorldCom; manage the IBI business in order to maximize its value and effect its expeditious divestiture in a manner consistent with the Final Judgment; and assure the defendants' compliance with their obligations pursuant to the Modified HSO. See Para. V.C.2. of the Proposed Modified Hold Separate Stipulation and Order.

- As provided in Section VI of the Proposed Modified Hold Separate Stipulation and Order, defendants shall offer to provide IBI with certain services and products currently provided by Intermedia to the IBI business which are not included within the IBI business, such as human resources administrative services, preparation of tax returns, and the like.

A full copy of the Proposed Modified Hold Separate Stipulation and Order is attached to

this Memorandum, in both a clean form and a form marked to show differences between the original and proposed modified order. Attachment A is the clean version, and Attachment B is the version marked to show differences.

III. MODIFYING THE HOLD SEPARATE ORDER IS IN THE PUBLIC INTEREST

The central purpose of the HSO, to ensure that the divestiture assets remain "an independent, ongoing, economically viable competitive business," is served by the proposed modifications and, therefore, is in the public interest.

For the foregoing reasons, the parties respectfully request that this Court grant this Joint Motion to Modify Hold Separate Stipulation and Order entered in this action on May 30, 2001.

Dated: August 29, 2001

Respectfully submitted,

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ATTACHMENT A
ATTACHMENT B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, Plaintiff, v. WORLDCOM, INC., INTERMEDIA COMMUNICATIONS, INC. Defendants.	Case No. 1:00CV02789 (RWR)

MODIFIED HOLD SEPARATE STIPULATION AND ORDER

This matter came before the Court on the parties' Joint Motion to Modify Hold Separate Stipulation and Order. This Court, having considered the Motion and the memorandum in support thereof and being fully advised of its premise, hereby grants this Motion and modifies the Hold Separate Stipulation and Order, entered on May 30, 2001. It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate Stipulation and Order:

A. "Acquirer" means the entity to whom defendants divest the IBI business.

B. "WorldCom" means defendant WorldCom, Inc., a Georgia corporation with its headquarters in Clinton, Mississippi, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents

and employees.

C. "Intermedia" means defendant Intermedia Communications, Inc., a Delaware Corporation with its headquarters in Tampa, Florida, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents and employees.

D. "Intermedia Business Internet" or “IBI business” means Intermedia’s Internet backbone and access services business and includes:

1. All tangible assets that comprise Intermedia’s Internet backbone and access services business, including research and development activities, all networking equipment and fixed assets, personal property, office furniture, materials, supplies, and other tangible property and all assets used exclusively in connection with the IBI business; all licenses, permits and authorizations issued by any governmental organization relating to the IBI business; all contracts, teaming arrangements, agreements, leases, commitments, certifications, and understandings, relating to the IBI business, including supply agreements; all customer lists, contracts, accounts, and credit records; all repair and performance records and all other records relating to the IBI business;

2. All intangible assets used in the development, production, servicing and sale of the IBI business, including, but not limited to all patents, licenses and sublicenses, intellectual property, copyrights, trademarks, trade names, service marks, service names, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials,

specifications for parts and devices, safety procedures for the handling of materials and substances, all research data concerning historic and current research and development relating to the IBI business, quality assurance and control procedures, design tools and simulation capability, all manuals and technical information defendants provide to their own employees, customers, suppliers, agents or licensees, and all research data concerning historic and current research and development efforts relating to the IBI business, including, but not limited to designs of experiments, and the results of successful and unsuccessful designs and experiments.

II. OBJECTIVES

The Final Judgment filed in this case is meant to ensure the prompt divestiture of Intermedia's assets for the purpose of preserving a viable competitor in the provision of Internet backbone and access services and to remedy the effects that the United States alleges would otherwise result from WorldCom's acquisition of Intermedia. The parties believe this goal can be best accomplished through this modification to the original Hold Separate Stipulation and Order. This Modified Hold Separate Stipulation and Order ensures, prior to such divestiture, that the IBI business remains an economically viable, and ongoing business concern that will remain independent and uninfluenced by WorldCom, and that competition is maintained during the pendency of the ordered divestiture .

III. JURISDICTION AND VENUE

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action, and venue of this action is proper in the United States District Court for the District of

Columbia. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. COMPLIANCE WITH THE FINAL JUDGMENT

A. Defendants shall continue to abide by and comply with the provisions of the Final Judgment, entered in this matter on June 27, 2001.

B. Defendants shall not take any steps in contravention of the original Hold Separate Stipulation and Order before the Court has entered this Modified Hold Separate Stipulation and Order.

C. This Modified Hold Separate Stipulation and Order shall apply with equal force and effect to any amended Final Judgment agreed upon in writing by the parties and submitted to the Court.

D. Defendants represent that the divestiture ordered in the Final Judgment can and will be made, and that defendants will later raise no claim of mistake, hardship or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

E. The United States and defendants WorldCom and Intermedia, by their respective attorneys, have consented to the entry of this Modified Hold Separate Stipulation and Order without trial or adjudication of any issue of fact or law, and without this Modified Hold Separate Stipulation and Order constituting any evidence against or admission by any party regarding any issue of fact or law.

V. APPOINTMENT OF HOLD SEPARATE TRUSTEE

The United States will select and the Court will approve and appoint a Hold Separate Trustee to serve as manager of the IBI business from the time of his or her appointment until the IBI business is sold. This Modified Hold Separate Stipulation and Order shall not be interpreted to prevent the Hold Separate Trustee from becoming the divestiture trustee pursuant to Section V of the Final Judgment.

A. As soon as practicable, the United States will identify to defendants the individual or entity it proposes to select as the Hold Separate Trustee. Defendants shall not object to the selection of the trustee on any grounds other than irremediable conflict of interest. Defendants must make any such objection within five (5) business days after plaintiff notifies defendants of the trustee's selection. Upon application of the United States, the Court shall approve and appoint a Hold Separate Trustee to manage the IBI business in anticipation of an expeditious sale of the IBI business.

B. Promptly after the appointment of the Hold Separate Trustee by the Court, defendants shall enter into a trustee agreement with the Hold Separate Trustee subject to the approval of the United States that will grant the rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his or her duties and responsibilities, pursuant to this Modified Hold Separate Stipulation and Order. The trustee agreement shall require the following:

1. The Hold Separate Trustee shall serve, without bond or other security, at the cost and expense of defendants, on such terms and conditions as the United States approves with a fee arrangement that is reasonable in light of the person's experience and responsibilities;

2. The defendants shall indemnify the Hold Separate Trustee and hold him or

her harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Hold Separate Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Hold Separate Trustee;

3. When the United States approves the trustee agreement, the Hold Separate Trustee will assume all rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his or her duties and responsibilities, pursuant to this Modified Hold Separate Stipulation and Order and consistent with the purposes of the Final Judgment;

4. The Hold Separate Trustee will assume the powers and responsibilities listed in Section V.C of this Modified Hold Separate Stipulation and Order;

5. Limitations shall be placed on the powers of the Hold Separate Trustee pursuant to Section V.D of this Modified Hold Separate Stipulation and Order.

C. The Hold Separate Trustee will have the following powers and responsibilities with respect to the IBI business:

1. Thirty (30) days after the Hold Separate Trustee has been approved by the Court**,** and every thirty (30) days thereafter until the termination of this order, the Hold Separate Trustee shall report in writing to the United States concerning the efforts to accomplish the purposes of this Modified Hold Separate Stipulation and Order and the Final Judgment. Included within that report shall be the Hold Separate Trustee's assessment of the extent to which the IBI

business is meeting (or exceeding) its projected goals as are reflected in existing or revised operating plans, budgets, projections or any other regularly prepared financial statements;

2. The Hold Separate Trustee shall have a duty to, consistent with the terms of this Modified Hold Separate Stipulation and Order and the Final Judgment, monitor the organization of the IBI business; control and operate the IBI business to ensure that the IBI business remains an ongoing, economically viable competitor in the provision of Internet backbone and access services; maintain the independence of the IBI business from WorldCom; manage the IBI business in order to maximize its value so as to permit its expeditious divestiture in a manner consistent with the Final Judgment; and assure defendants' compliance with their obligations pursuant to this Modified Hold Separate Stipulation and Order and the Final Judgment;

3. The Hold Separate Trustee will ensure that the IBI business shall be staffed with sufficient employees to maintain its viability and competitiveness. To the extent that any employees of the IBI business leave or have left the IBI business prior to the divestiture of the IBI business, the Hold Separate Trustee may replace departing or departed employees with persons who have similar experience and expertise or determine not to replace such departing or departed employees.

4. The Hold Separate Trustee shall have the authority to employ, at the cost and expense of Defendants, such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to carry out the Hold Separate Trustee's duties and responsibilities.

5. The Hold Separate Trustee and any consultants, accountants, attorneys, and any other persons retained by the trustee, shall have full and complete access to all personnel, books, records, documents and facilities of the IBI business or to any other relevant information as the Hold Separate Trustee may reasonably request, including, but not limited to, all documents and records kept in the normal course of business that relate to the IBI business. Defendants shall develop such financial or other information as the Hold Separate Trustee may request and shall cooperate with the Hold Separate Trustee. Defendants shall take no action to interfere with or impede the Hold Separate Trustee's ability to monitor defendants' compliance with this Modified Hold Separate Stipulation and Order and the Final Judgment or otherwise to perform his/her duties and responsibilities consistent with the terms of this Modified Hold Separate Stipulation and Order.

6. The Hold Separate Trustee will have the power to manage the IBI business in the ordinary course of business consistent with this Modified Hold Separate Stipulation and Order. Only with the prior written approval of the United States may the Hold Separate Trustee make any decision, take any action, or enter any transaction that is outside the ordinary course of business.

D. The following limitations shall apply to the Hold Separate Trustee:

1. The Hold Separate Trustee shall not be involved, in any way, in the operations of the other businesses of defendants during the term of this Modified Hold Separate Stipulation and Order;

2. The Hold Separate Trustee shall have no financial interests affected by

defendants' revenues, profits or profit margins, except that the Hold Separate Trustee's compensation for managing the IBI business may include economic incentives dependent on the financial performance of the IBI business provided that those incentives are consistent with the objectives of this Modified Hold Separate Stipulation and Order and the Final Judgment and are approved by the United States;

3. The Hold Separate Trustee shall be prohibited from performing any further work for WorldCom for two (2) years after the close of the divestiture.

E. Defendants, defendants' employees, and the Hold Separate Trustee will take all reasonable efforts to preserve the confidentiality of information that is material to the operation of either the IBI business or defendants' businesses.

1. The United States may require the Hold Separate Trustee and his agents and employees to sign an appropriate confidentiality agreement relating to materials belonging to and in the custody of the United States and information received in connection with performance of the Hold Separate Trustee's duties.

2. Defendants may require the Hold Separate Trustee and his agents and employees to sign a confidentiality agreement prohibiting the disclosure of any material confidential information gained as a result of his or her role as Hold Separate Trustee to anyone other than the United States.

3. Defendants' personnel supplying services or products to the IBI business pursuant to Section VI.A must retain and maintain the confidentiality of any and all confidential information material to the IBI business. Except as permitted by this Modified Hold Separate

Stipulation and Order, such persons shall be prohibited from providing, discussing, exchanging, circulating or otherwise furnishing the confidential information of the IBI business to or with any person whose employment involves any of defendants' businesses.

F. If the Hold Separate Trustee ceases to act or fails to act diligently and consistent with the purposes of this Modified Hold Separate Stipulation and Order, if the Hold Separate Trustee resigns, or if for any other reason the Hold Separate Trustee ceases to serve in his or her capacity as Hold Separate Trustee, the United States may select and the Court may appoint a substitute Hold Separate Trustee in the same manner as provided in Paragraph V.A of this Order.

VI. DEFENDANTS' PROVISION OF SERVICES TO THE IBI BUSINESS

A. In connection with support services not included within the IBI business, defendants shall provide to the IBI business at no cost to IBI the following services and products from the Defendants:

1. Federal and state regulatory policy development and compliance;

2. Human resources administrative services;

3. Environmental health and safety services, which develops corporate policies and insures compliance with federal and state regulations and corporate policies;

4. Preparation of tax returns;

5. Financial accounting and reporting services;

6. Audit services; and

7. Legal services.

B. If in the judgment of the Hold Separate Trustee, WorldCom fails to provide the

services listed in VI.A to the satisfaction of the Hold Separate Trustee, upon notification to WorldCom and approval by the United States**,** the Hold Separate Trustee may engage third parties unaffiliated with the defendants to provide those services for the IBI business, provided, however, that WorldCom may satisfy itself that the IBI business is in compliance with all applicable laws, rules, and regulations.

C. At the option of the Hold Separate Trustee, defendants may also provide other products and services, including but not limited to local access and backbone services, on an arms-length basis provided that IBI is not obligated to obtain any other service from defendants and may acquire such services from third parties unaffiliated with defendants.

VII. HOLD SEPARATE PROVISIONS

After this Modified Hold Separate Stipulation and Order is approved by the Court and until the divestiture required by the Final Judgment have been accomplished, except as otherwise approved in advance in writing by the United States:

A. Defendants and the Hold Separate Trustee shall preserve, maintain, and continue to support the IBI business as an independent, ongoing, economically viable competitive business, with management, sales and operations of such assets held entirely separate, distinct and apart from those of defendants' other operations. Within twenty (20) days after the entry of the Modified Hold Separate Stipulation and Order, defendants will inform the United States of the steps defendants have taken to comply with this Modified Hold Separate Stipulation and Order.

B. Defendants and the Hold Separate Trustee shall take all steps necessary to ensure that (1) the IBI business will be maintained and operated as independent, ongoing, economically

viable and active competitors in the market for Internet backbone and access services; (2) management of the IBI business will not be influenced by Defendants; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning production, distribution or sales of products by or under any of the IBI business will be kept separate and apart from Defendants' other operations.

C. The Hold Separate Trustee and Defendants shall use all reasonable efforts to increase revenues, profitability, and the competitive viability of the IBI business.

D. Defendants shall provide sufficient working capital and lines and sources of credit as deemed necessary by the Hold Separate Trustee to continue to maintain the IBI business as economically viable and competitive ongoing business, consistent with the requirements of this Modified Hold Separate Stipulation and Order.

E. The Hold Separate Trustee, with the Defendants' cooperation consistent with this Modified Hold Separate Stipulation and Order and the Final Judgment, shall take all steps necessary to manage the IBI business in order to maximize its revenue, profitability, and the competitive viability so as to permit its expeditious divestiture in a matter consistent with the Final Judgment including, without limitation by maintaining and adhering to normal repair and maintenance schedules for the assets of the IBI business.

F. Defendants shall not, except 1) as recommended by the Hold Separate Trustee and approved by the United States, or 2) as part of a divestiture approved by the United States in accordance with the terms of the Final Judgment, remove, sell, lease, assign, transfer, pledge or otherwise dispose of any of the assets of the IBI business.

G. The Hold Separate Trustee, with the Defendants' cooperation consistent with this Modified Hold Separate Stipulation and Order and the Final Judgment, shall maintain, in accordance with sound accounting principles, separate, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of the IBI business.

H. Defendants shall take no action that would jeopardize, delay, or impede the sale of the IBI business.

I. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer acceptable to the United States.

L. Except for support services employees involved in providing services to the IBI business pursuant to subparagraph VI.A, defendants shall not permit any other of its employees, officers, or directors to be involved in the operations of the IBI business.

M. Except as required by law in the course of 1) complying with this Modified Hold Separate Stipulation and Order or the Final Judgment; 2) overseeing compliance with policies and standards concerning the safety, health and environmental aspects of the operations of the IBI business and the integrity of the IBI business financial controls; 3) defending legal claims, investigations or enforcement actions threatened or brought against the IBI business; or 4) obtaining legal advice, defendants' employees (excluding support services employees involved in providing support to the IBI business pursuant to subparagraph VI.A) shall not receive, or have

access to, or use or continue to use any material confidential information, not in the public domain, of the IBI business. Defendants may receive aggregate financial information relating to the IBI business to the extent necessary to allow defendants to prepare the defendants' consolidated financial reports, tax returns, reports required by securities laws, and personnel reports. Any such information that is obtained pursuant to this subparagraph shall be used only for the purposes set forth in this subparagraph.

N. Defendants may offer a bonus or severance to employees included in the IBI business that continue their employment with the IBI business until the divestiture (in addition to any other bonus or severance to which the employees would otherwise be entitled).

O. This Modified Hold Separate Stipulation and Order shall remain in effect until consummation of the divestiture required by the Final Judgment or until further order of the Court.

Done and Ordered this 29th day of August, 2001 in Washington, D.C.

/s/
United States District Judge

Approved as to form and
Substance:

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, Plaintiff, v. WORLDCOM, INC., INTERMEDIA COMMUNICATIONS, INC. Defendants.	Case No. 1:00CV02789 (RWR)

MODIFIED] HOLD SEPARATE STIPULATION AND ORDER

~~{[ERRATA]~~

[This matter came before the Court on the parties' Joint Motion to Modify Hold Separate Stipulation and Order. This Court, having considered the Motion and the memorandum in support thereof and being fully advised of its premise, hereby grants this Motion and modifies the Hold Separate Stipulation and Order, entered on May 30, 2001.] It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate Stipulation and Order:

A. "Acquirer" means the entity to whom defendants divest the ~~{Intermedia Assets}~~ **[IBI business]**.

B. "WorldCom" means defendant WorldCom, Inc., a Georgia corporation with its headquarters in Clinton, Mississippi, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents and employees.

C. "Intermedia" means defendant Intermedia Communications, Inc., a Delaware Corporation with its headquarters in Tampa, Florida, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents and employees.

D. **["Intermedia Business Internet" or "IBI business" means Intermedia's Internet backbone and access services business and includes]**~~{"Digex" means Digex, Inc., a Delaware Corporation with its headquarters in Beltsville, Maryland, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents and employees.~~

~~E. "Capital Stock of Digex" means the capital stock of Digex, regardless of class, owned by Intermedia.~~

~~F. "Intermedia Assets" means all of assets of Intermedia, except for the Capital Stock of Digex, including}~~:

1. All tangible assets that comprise ~~{the Intermedia}~~ **[Intermedia's Internet backbone and access services]** business, including research and development activities~~{,}~~**[,]** all networking equipment and fixed assets, personal property, office furniture, materials, supplies, and other tangible property and all assets used exclusively in

connection with the ~~{Intermedia Assets}~~ **[IBI business]**; all licenses, permits and authorizations issued by any governmental organization relating to the ~~{Intermedia Assets}~~ **[IBI business]**; all contracts, teaming arrangements, agreements, leases, commitments, certifications, and understandings, relating to the ~~{Intermedia Assets}~~ **[IBI business]**, including supply agreements; all customer lists, contracts, accounts, and credit records; all repair and performance records and all other records relating to the ~~{Intermedia Assets}~~ **[IBI business]**;

2. All intangible assets used in the development, production, servicing and sale of ~~{Intermedia Assets}~~ **[the IBI business]**, including, but not limited to all patents, licenses and sublicenses, intellectual property, copyrights, trademarks, trade names, service marks, service names, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures for the handling of materials and substances, all research data concerning historic and current research and development relating to the ~~{Intermedia Assets}~~ **[IBI business]**, quality assurance and control procedures, design tools and simulation capability, all manuals and technical information defendants provide to their own employees, customers, suppliers, agents or licensees, and all research data concerning historic and current research and development efforts relating to the ~~{Intermedia Assets}~~ **[IBI business]**, including, but not limited to designs of experiments, and the results of successful and unsuccessful designs and experiments.

~~{G. "Merger" means the proposed merger of WorldCom and Intermedia pursuant to the merger agreement dated September 5, 2000.~~

~~}~~**II. OBJECTIVES**

The Final Judgment filed in this case is meant to ensure ~~{defendants'}~~ **[the]** prompt divestiture of ~~{the Intermedia Assets}~~ **[Intermedia's assets]** for the purpose of preserving a viable competitor in the provision of Internet backbone and access services ~~{in order}~~ **[and]** to remedy the effects that the United States alleges would otherwise result from WorldCom's acquisition of Intermedia. ~~{This}~~ **[The parties believe this goal can be best accomplished through this modification to the original]** Hold Separate Stipulation and Order**[. This Modified Hold Separate Stipulation and Order]** ensures, prior to such ~~{divestitures,}~~ **[divestiture,]** that the ~~{Intermedia Assets remain independent,}~~ **[IBI business remains an]** economically viable, and ongoing business ~~{concerns}~~ **[concern]** that will remain independent and uninfluenced by WorldCom, and that competition is maintained during the pendency of the ordered ~~{divestitures}~~ **[divestiture]** .

III. JURISDICTION AND VENUE

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action, and venue of this action is proper in the United States District Court for the District of Columbia. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. COMPLIANCE WITH ~~{AND ENTRY OF FINAL JUDGMENT}~~ [THE FINAL JUDGMENT]

~~{A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act (15 U.S.C. § 16), and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at any time before the entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court.~~

~~B. Defendants shall }~~**[A. Defendants shall continue to]** abide by and comply with the provisions of the ~~{proposed Final Judgment, pending the Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by the parties, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an order of the Court. }~~**[Final Judgment, entered in this matter on June 27, 2001.]**

~~{C}~~ **[B]**. Defendants shall not ~~{consummate the transaction sought to be enjoined by the Complaint herein}~~ **[take any steps in contravention of the original Hold Separate Stipulation and Order]** before the Court has ~~{signed}~~ **[entered]** this **[Modified]** Hold Separate Stipulation and Order.

~~{D.}~~ **[C.]** This **[Modified Hold Separate]** Stipulation **[and Order]** shall apply with equal force and effect to any amended ~~{proposed}~~ Final Judgment agreed upon in writing by the parties and submitted to the Court.

~~{E. In the event (1) the United States has withdrawn its consent, as provided in Section IV(A) above, or (2) the proposed Final Judgment is not entered pursuant to this Stipulation, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.~~

~~F}~~ **[D]**. Defendants represent that the divestiture ordered in the ~~{proposed}~~ Final Judgment can and will be made, and that defendants will later raise no claim of mistake, hardship or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

~~{G}~~ **[E]**. The United States and ~~{Defendants,}~~ **[defendants]** WorldCom and Intermedia, by their respective attorneys, have consented to the entry of this **[Modified]** Hold Separate Stipulation and Order without trial or adjudication of any issue of fact or law, and without this **[Modified]** Hold Separate Stipulation and Order constituting any evidence against or admission by any party regarding any issue of fact or law.

V. ~~{HOLD SEPARATE PROVISIONS~~

~~**A. Until the closing of the Merger contemplated by the Final Judgment:**~~

~~**1. Intermedia shall preserve, maintain, and continue to operate the Intermedia Assets}**~~

[APPOINTMENT OF HOLD SEPARATE TRUSTEE

The United States will select and the Court will approve and appoint a Hold Separate Trustee to serve as manager of the IBI business from the time of his or her appointment until the IBI business is sold. This Modified Hold Separate Stipulation and Order shall not be interpreted to prevent the Hold Separate Trustee from becoming the divestiture trustee pursuant to Section V of the Final Judgment.

A. As soon as practicable, the United States will identify to defendants the individual or entity it proposes to select as the Hold Separate Trustee. Defendants shall not object to the selection of the trustee on any grounds other than irremediable conflict of interest. Defendants must make any such objection within five (5) business days after plaintiff notifies defendants of the trustee's selection. Upon application of the United States, the Court shall approve and appoint a Hold Separate Trustee to manage the IBI business in anticipation of an expeditious sale of the IBI business.

B. Promptly after the appointment of the Hold Separate Trustee by the Court, defendants shall enter into a trustee agreement with the Hold Separate Trustee subject to the approval of the United States that will grant the rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his or her duties and responsibilities, pursuant to this Modified Hold Separate Stipulation and Order. The trustee agreement shall require the following:

1. The Hold Separate Trustee shall serve, without bond or other security, at the cost and expense of defendants, on such terms and conditions as the United States approves with a fee arrangement that is reasonable in light of the person's

experience and responsibilities;

2. The defendants shall indemnify the Hold Separate Trustee and hold him or her harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Hold Separate Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Hold Separate Trustee;

3. When the United States approves the trustee agreement, the Hold Separate Trustee will assume all rights, powers, and authorities necessary to permit the Hold Separate Trustee to perform his or her duties and responsibilities, pursuant to this Modified Hold Separate Stipulation and Order and consistent with the purposes of the Final Judgment;

4. The Hold Separate Trustee will assume the powers and responsibilities listed in Section V.C of this Modified Hold Separate Stipulation and Order;

5. Limitations shall be placed on the powers of the Hold Separate Trustee pursuant to Section V.D of this Modified Hold Separate Stipulation and Order.

C. The Hold Separate Trustee will have the following powers and responsibilities with respect to the IBI business:

1. Thirty (30) days after the Hold Separate Trustee has been approved by the Court, and every thirty (30) days thereafter until the termination of this order, the Hold Separate Trustee shall report in writing to the United States concerning the efforts to accomplish the purposes of this Modified Hold Separate Stipulation and Order and the Final Judgment. Included within that report shall be the Hold Separate Trustee's assessment of the extent to which the IBI business is meeting (or exceeding) its projected goals as are reflected in existing or revised operating plans, budgets, projections or any other regularly prepared financial statements;

2. The Hold Separate Trustee shall have a duty to, consistent with the terms of this Modified Hold Separate Stipulation and Order and the Final Judgment, monitor the organization of the IBI business; control and operate the IBI business to ensure that the IBI business remains an ongoing, economically viable competitor in the provision of Internet backbone and access services; maintain the independence of the IBI business from WorldCom; manage the IBI business in order to maximize its value so as to permit its expeditious divestiture in a manner consistent with the Final Judgment; and assure defendants' compliance with their obligations pursuant to this Modified Hold Separate Stipulation and Order and the Final Judgment;

3. The Hold Separate Trustee will ensure that the IBI business shall be staffed with sufficient employees to maintain its viability and competitiveness. To the extent that any employees of the IBI business leave or have left the IBI business prior to the divestiture of the IBI business, the Hold Separate Trustee may replace departing or

departed employees with persons who have similar experience and expertise or determine not to replace such departing or departed employees.

4. The Hold Separate Trustee shall have the authority to employ, at the cost and expense of Defendants, such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to carry out the Hold Separate Trustee's duties and responsibilities.

5. The Hold Separate Trustee and any consultants, accountants, attorneys, and any other persons retained by the trustee, shall have full and complete access to all personnel, books, records, documents and facilities of the IBI business or to any other relevant information as the Hold Separate Trustee may reasonably request, including, but not limited to, all documents and records kept in the normal course of business that relate to the IBI business. Defendants shall develop such financial or other information as the Hold Separate Trustee may request and shall cooperate with the Hold Separate Trustee. Defendants shall take no action to interfere with or impede the Hold Separate Trustee's ability to monitor defendants' compliance with this Modified Hold Separate Stipulation and Order and the Final Judgment or otherwise to perform his/her duties and responsibilities consistent with the terms of this Modified Hold Separate Stipulation and Order.

6. The Hold Separate Trustee will have the power to manage the IBI business in the ordinary course of business consistent with this Modified Hold Separate Stipulation and Order. Only with the prior written approval of the United States may the

Hold Separate Trustee make any decision, take any action, or enter any transaction that is outside the ordinary course of business.

D. The following limitations shall apply to the Hold Separate Trustee:

1. The Hold Separate Trustee shall not be involved, in any way, in the operations of the other businesses of defendants during the term of this Modified Hold Separate Stipulation and Order;

2. The Hold Separate Trustee shall have no financial interests affected by defendants' revenues, profits or profit margins, except that the Hold Separate Trustee's compensation for managing the IBI business may include economic incentives dependent on the financial performance of the IBI business provided that those incentives are consistent with the objectives of this Modified Hold Separate Stipulation and Order and the Final Judgment and are approved by the United States;

3. The Hold Separate Trustee shall be prohibited from performing any further work for WorldCom for two (2) years after the close of the divestiture.

E. Defendants, defendants' employees, and the Hold Separate Trustee will take all reasonable efforts to preserve the confidentiality of information that is material to the operation of either the IBI business or defendants' businesses.

1. The United States may require the Hold Separate Trustee and his agents and employees to sign an appropriate confidentiality agreement relating to materials belonging to and in the custody of the United States and information received in connection with performance of the Hold Separate Trustee's duties.

2. Defendants may require the Hold Separate Trustee and his agents and employees to sign a confidentiality agreement prohibiting the disclosure of any material confidential information gained as a result of his or her role as Hold Separate Trustee to anyone other than the United States.

3. Defendants' personnel supplying services or products to the IBI business pursuant to Section VI.A must retain and maintain the confidentiality of any and all confidential information material to the IBI business. Except as permitted by this Modified Hold Separate Stipulation and Order, such persons shall be prohibited from providing, discussing, exchanging, circulating or otherwise furnishing the confidential information of the IBI business to or with any person whose employment involves any of defendants' businesses.

F. If the Hold Separate Trustee ceases to act or fails to act diligently and consistent with the purposes of this Modified Hold Separate Stipulation and Order, if the Hold Separate Trustee resigns, or if for any other reason the Hold Separate Trustee ceases to serve in his or her capacity as Hold Separate Trustee, the United States may select and the Court may appoint a substitute Hold Separate Trustee in the same manner as provided in Paragraph V.A of this Order.

VI. DEFENDANTS' PROVISION OF SERVICES TO THE IBI BUSINESS

A. In connection with support services not included within the IBI business, defendants shall provide to the IBI business at no cost to IBI the following services and products from the Defendants:

1. Federal and state regulatory policy development and compliance;

2. Human resources administrative services;

3. Environmental health and safety services, which develops corporate policies and insures compliance with federal and state regulations and corporate policies;

4. Preparation of tax returns;

5. Financial accounting and reporting services;

6. Audit services; and

7. Legal services.

B. If in the judgment of the Hold Separate Trustee, WorldCom fails to provide the services listed in VI.A to the satisfaction of the Hold Separate Trustee, upon notification to WorldCom and approval by the United States, the Hold Separate Trustee may engage third parties unaffiliated with the defendants to provide those services for the IBI business, provided, however, that WorldCom may satisfy itself that the IBI business is in compliance with all applicable laws, rules, and regulations.

C. At the option of the Hold Separate Trustee, defendants may also provide other products and services, including but not limited to local access and backbone services, on an arms-length basis provided that IBI is not obligated to obtain any other service from defendants and may acquire such services from third parties unaffiliated with defendants.

VII. HOLD SEPARATE PROVISIONS

After this Modified Hold Separate Stipulation and Order is approved by the Court

and until the divestiture required by the Final Judgment have been accomplished, except as otherwise approved in advance in writing by the United States:

A. Defendants and the Hold Separate Trustee shall preserve, maintain, and continue to support the IBI business] as an independent, ongoing, economically viable competitive business, with management, sales~~{,}~~ and operations of such assets held entirely separate, distinct~~{,}~~ and apart from those of ~~{WorldCom's}~~ **[defendants' other]** operations. ~~{WorldCom shall not coordinate its production, marketing, or terms of sale of any products with those produced by or sold under any of the Intermedia Assets.}~~ Within twenty (20) days after the entry of the **[Modified]** Hold Separate Stipulation and Order, defendants will inform the United States of the steps defendants have taken to comply with this **[Modified]** Hold Separate Stipulation and Order.

~~{2. Intermedia shall use all reasonable efforts to maintain and increase the sales and revenues of the services provided by the Intermedia Assets, and shall maintain at 2000 or previously approved levels for 2001, whichever are higher, all promotional, advertising, sales, technical assistance, network capacity configurations and expansions, marketing and merchandising support for the Intermedia Assets.~~

~~3. Intermedia}~~ **[B. Defendants and the Hold Separate Trustee]** shall take all steps necessary to ensure that ~~{the Intermedia Assets are fully maintained in operable condition at no less than their current capacity and sales, including projected capacity expansions currently planned or planned prior to negotiations between the defendants relating to the Merger, and shall maintain and adhere}~~**[(1) the IBI business will be maintained and operated as independent, ongoing,**

economically viable and active competitors in the market for Internet backbone and access services; (2) management of the IBI business will not be influenced by Defendants; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning production, distribution or sales of products by or under any of the IBI business will be kept separate and apart from Defendants' other operations.

C. The Hold Separate Trustee and Defendants shall use all reasonable efforts to increase revenues, profitability, and the competitive viability of the IBI business.

D. Defendants shall provide sufficient working capital and lines and sources of credit as deemed necessary by the Hold Separate Trustee to continue to maintain the IBI business as economically viable and competitive ongoing business, consistent with the requirements of this Modified Hold Separate Stipulation and Order.

E. The Hold Separate Trustee, with the Defendants' cooperation consistent with this Modified Hold Separate Stipulation and Order and the Final Judgment, shall take all steps necessary to manage the IBI business in order to maximize its revenue, profitability, and the competitive viability so as to permit its expeditious divestiture in a matter consistent with the Final Judgment including, without limitation by maintaining and adhering] to normal repair and maintenance schedules for the ~~{Intermedia Assets.}~~ **[assets of the IBI business.]**

~~{4. Intermedia shall not }~~**[F. Defendants shall not, except 1) as recommended by the Hold Separate Trustee and approved by the United States, or 2) as part of a divestiture approved by the United States in accordance with the terms of the Final Judgment,]**

remove, sell, lease, assign, transfer, pledge~~{,}~~ or otherwise dispose of any of the ~~{Intermedia Assets. }~~**[assets of the IBI business.]**

~~{5. WorldCom shall not solicit to hire, or hire, any employee of any business that is a part of the Intermedia Assets.}~~ **[G. The Hold Separate Trustee, with the Defendants' cooperation consistent with this Modified Hold Separate Stipulation and Order and the Final Judgment, shall maintain, in accordance with sound accounting principles, separate, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of the IBI business.]**

~~{6}~~ **[H]**. Defendants shall take no action that would jeopardize, delay, or impede the sale of the ~~{Intermedia Assets.}~~ **[IBI business.]**

~~{B. After the closing of the Merger and until the divestiture required by the Final Judgment has been accomplished:~~

~~1. Defendants shall preserve, maintain, and continue to operate the Intermedia Assets as an independent, ongoing, economically viable competitive business, with management, sales, and operations of such assets held entirely separate, distinct, and apart from those of WorldCom's other operations. WorldCom shall not coordinate its production, marketing, or terms of sale of any products with those produced by or sold under any of the Intermedia Assets. Within twenty (20) days after the closing of the Merger, defendants will inform the United States of the steps defendants have taken to comply with this Hold Separate Stipulation and Order.~~

~~2. Defendants shall take all steps necessary to ensure that (1) the Intermedia Assets will be~~

maintained and operated as independent, ongoing, economically viable and active competitor in the provision of telecommunications services currently offered by Intermedia; (2) management of the Intermedia Assets will not be influenced by WorldCom (or Digex); and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning provision of services by any of the Intermedia Assets will be kept separate and apart from WorldCom's other operations.

3. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the services provided by the Intermedia Assets, and shall maintain at 2000 or previously approved levels for 2001, whichever are higher, all promotional, advertising, sales, technical assistance, network capacity configurations and expansions, marketing and merchandising support for the Intermedia Assets.

4. WorldCom shall provide sufficient working capital and lines and sources of credit to continue to maintain the Intermedia Assets as economically viable and competitive, ongoing businesses, consistent with the requirements of Sections V(A) and (B).

5. WorldCom shall take all steps necessary to ensure that the Intermedia Assets are fully maintained in operable condition at no less than its current capacity and sales, including projected capacity expansions currently planned or planned prior to negotiations between the defendants relating to the Merger, and shall maintain and adhere to normal repair and maintenance schedules for the Intermedia Assets.

6. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer,

~~pledge, or otherwise dispose of any of the Intermedia Assets.~~

~~7. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate, and complete financial ledgers, books, and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of products produced, distributed or sold utilizing the Intermedia Assets.~~

~~8. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Intermedia Assets.~~

~~9. Except in the ordinary course of business or as is otherwise consistent with this Hold Separate Stipulation and Order, defendants shall not hire, transfer, terminate, or otherwise alter the salary or employment agreements for any Intermedia employee who, on the date of defendants' signing of this Hold Separate Stipulation and Order is a member of Intermedia's management. Further, during the pendency of this Hold Separate Stipulation and Order, and consistent with the Final Judgment, defendant WorldCom shall not solicit to hire, or hire, any employee of any business that is a part of the Intermedia Assets.~~

~~C)~~ **[I]**. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer acceptable to the United States.

[L. Except for support services employees involved in providing services to the IBI business pursuant to subparagraph VI.A, defendants shall not permit any other of its employees, officers, or directors to be involved in the operations of the IBI business.

M. Except as required by law in the course of 1) complying with this Modified

Hold Separate Stipulation and Order or the Final Judgment; 2) overseeing compliance with policies and standards concerning the safety, health and environmental aspects of the operations of the IBI business and the integrity of the IBI business financial controls; 3) defending legal claims, investigations or enforcement actions threatened or brought against the IBI business; or 4) obtaining legal advice, defendants' employees (excluding support services employees involved in providing support to the IBI business pursuant to subparagraph VI.A) shall not receive, or have access to, or use or continue to use any material confidential information, not in the public domain, of the IBI business. Defendants may receive aggregate financial information relating to the IBI business to the extent necessary to allow defendants to prepare the defendants' consolidated financial reports, tax returns, reports required by securities laws, and personnel reports. Any such information that is obtained pursuant to this subparagraph shall be used only for the purposes set forth in this subparagraph.

N. Defendants may offer a bonus or severance to employees included in the IBI business that continue their employment with the IBI business until the divestiture (in addition to any other bonus or severance to which the employees would otherwise be entitled).

O. This Modified] ~~{D. This }~~ Hold Separate Stipulation and Order shall remain in effect until consummation of the divestiture required by the ~~{proposed}~~ Final Judgment or until further order of the Court.

~~{Dated: November 17, 2000.~~

~~Respectfully submitted,~~

~~FOR PLAINTIFF FOR DEFENDANT~~

~~UNITED STATES OF AMERICA WORLDCOM, INC.~~

~~FOR DEFENDANT~~

~~INTERMEDIA COMMUNICATIONS, INC.~~

~~ORDER~~

~~IT IS SO ORDERED by the Court, this day of , 2000.}~~ **[Done and Ordered this __ day of**

_____, 2001 in Washington, D.C.]

_____
United States District Judge

**[Approved as to form and
Substance:**

_____
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