

EXHIBIT A

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** (the "Agreement") is entered into on September __, 2005 (the "Closing Date") by and among VarTec Telecom, Inc., a Texas corporation ("VTI"); VarTec Telecom Holding Company, a Delaware corporation ("VTHC"); VarTec Solutions, Inc. f/k/a eMeritus Communications, Inc., a Delaware corporation ("VSI" and together with VTI and VTHC, the "VarTec Entities"); Teleglobe Telecom Corporation f/k/a Excel Communications, Inc., a Delaware corporation ("TTC"); Teleglobe Holdings (U.S.) Corporation, a Delaware corporation ("THUSC," and together with TTC, the "Teleglobe U.S. Entities"); Teleglobe USA Inc., a Delaware corporation ("TUSA"); Teleglobe Communications Corporation, a Delaware corporation ("TCC"); and Teleglobe Inc., a corporation governed by the Canadian Business Corporations Act ("TI" and together with the Teleglobe U.S. Entities, TUSA and TCC, the "Teleglobe Entities"). VTI, VTHC, VSI, TTC, THUSC, TUSA, TCC, and TI are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS

A. Effective as of January 1, 2002, TUSA entered into a Master Telecommunications Services Agreement (the "MTSA") with eMeritus Communications, Inc. n/k/a VarTec Solutions, Inc. Under the MTSA, VSI, as successor in interest to eMeritus Communications, Inc., agreed to provide the Teleglobe Debtors (defined below) with certain domestic U.S. origination and termination telecommunications services.

B. On April 5, 2002, VTI, VTHC, TTC, THUSC, TI, Excelcom, Inc., Telco Communications Group, Inc., and Excel Telecommunications (Canada) Inc. executed that certain Amended and Restated Stock Purchase Agreement and certain other related and ancillary agreements (collectively, the "SPA"). Under the SPA, TTC sold all of the outstanding shares of capital stock of Excelcom, Inc. and Telco Communications Group, Inc. to VTHC, and TI sold all of the outstanding shares of capital stock of Excel Telecommunications (Canada) Inc. to VTHC. In consideration, VTHC agreed to pay a total aggregate purchase price of \$227,500,000 to TTC and TI. The purchase price to be paid by VTHC was in the form of (i) a Purchase Price Note between VTHC and TTC, pursuant to which VTHC agreed to pay TTC \$217,500,000 plus interest (the "TTC Note") and (ii) a Purchase Price Note between VTHC and TI, pursuant to which VTHC agreed to pay TI \$10,000,000 plus interest (the "TI Note," and together with the TTC Note, the "Notes"). Both Notes were guaranteed by VTI.

C. On May 15, 2002, TI, Teleglobe Canada Limited Partnership ("TCLP" and together with TI, the "Canadian Debtors") and each of the Teleglobe Debtors (defined below), among others, commenced insolvency proceedings (the "Teleglobe Restructuring Process") under the Canadian Companies' Creditors Arrangement Act, R.S.C. 985, c. C-36, as amended. The Teleglobe Restructuring Process is pending

before the Ontario Superior Court of Justice (the “Canadian Court”) under Case File No. 02-CL-4528.

D. On May 28, 2002 (the “Teleglobe Petition Date”), TCC and certain of its affiliates, including THUSC, TUSA and TTC, (collectively, the “Teleglobe Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”). The Teleglobe Debtors’ bankruptcy cases are pending before the United States Bankruptcy Court for the District of Delaware (the “Delaware Bankruptcy Court”) and are jointly administered under the bankruptcy case styled *In re Teleglobe Communications Corporation, et al.*, Case No. 02-11518 (MFW) (the “Teleglobe Bankruptcy Cases”).¹

E. On June 24, 2003, the Teleglobe Debtors and the VarTec Entities entered into a stipulation (the “VarTec Stipulation”) providing for the rejection of (i) the MTSA and (ii) certain telecommunications circuits between the Teleglobe Debtors and certain of the VarTec Entities (collectively, the “Circuits”). The VarTec Stipulation was approved by an order entered by the Delaware Bankruptcy Court on July 21, 2003 [Teleglobe Bankruptcy Case Docket No. 1643].

F. On October 28, 2002, VSI² filed one proof of claim against TCC and TUSA’s chapter 11 estates (Claim No. 178) (the “First VSI Claim”) in the amount of \$22,906.96 with respect to prepetition amounts allegedly due under the MTSA and otherwise for the period from October 2000 through the Teleglobe Petition Date. On December 9, 2002, VSI filed a second proof of claim against TUSA’s chapter 11 estate (Claim No. 522) (the “Second VSI Claim”) in the amount of \$581,411.00 with respect to prepetition amounts allegedly due under the MTSA for the period from January 1, 2002 through the Teleglobe Petition Date. On August 21, 2003, VSI filed a third proof of claim against TUSA’s chapter 11 estate (Claim No. 771) (the “Third VSI Claim”) in the amount of \$38,258,244.00 with respect to alleged damages arising from the rejection of the MTSA and the Circuits pursuant to the VarTec Stipulation. On January 21, 2004, VSI filed a fourth proof of claim against TUSA’s chapter 11 estate (Claim No. 790) (the “Fourth VSI Claim,” and together with the First VSI Claim, the Second VSI Claim and the Third VSI Claim, the “VSI Claims”), which amended and superseded the Third VSI Claim and asserted a claim for rejection damages in the amount of \$39,145,548.18.

G. On December 9, 2002, VTI and VTHC each filed a separate proof of claim against TCC’s and THUSC’s chapter 11 estates (Claim Nos. 504, 512, 513, and 521) (as amended on December 22, 2003 by Claim Nos. 784 through 787, inclusive, the “U.S. Proofs of Claim”). In the U.S. Proofs of Claim, VTI and VTHC assert claims against TTC’s and THUSC’s estates in the aggregate amount of approximately \$244,459,340.28 on account of alleged breaches of the SPA. On January 21, 2004, the Teleglobe Debtors filed that certain Objection of the Debtors and Debtors in Possession

¹ TI is the subject of a contemporaneously pending ancillary proceeding under section 304(a) of the Bankruptcy Code.

² The claims referenced in this paragraph F were actually filed by eMeritus Communications, Inc., as predecessor in interest to VSI.

to VarTec's Amended Proofs of Claim [Teleglobe Bankruptcy Cases Docket No. 2048], pursuant to which the Teleglobe Debtors objected to the U.S. Proofs of Claim on various grounds.

H. On December 9, 2002, VTI and VTHC each filed a separate proof of claim against TI in the Teleglobe Restructuring Process (as amended on December 22, 2003, the "Canadian Proofs of Claim," and together with the U.S. Proofs of Claim, the "VarTec Proofs of Claim"). In the Canadian Proofs of Claim, VTI and VTHC each assert claims against TI in the approximate amount of CDN \$381,356,570.84 on account of alleged breaches of the SPA.

I. On January 12, 2004, TTC and TI filed a *Demand for Arbitration and Statement of Claim* against VTI and VTHC, which commenced an arbitration proceeding (the "Arbitration Proceeding") before the American Arbitration Association, International Centre for Dispute Resolution (Washington, D.C.). In the Arbitration Proceeding, TTC and TI sought, among other things, payment of interest due under the Notes and the recovery of certain tax refunds. The claims asserted in the VarTec Proofs of Claim also became a part of the Arbitration Proceeding. On October 26, 2004, the arbitration panel (the "Arbitrators") in the Arbitration Proceeding transmitted their interim award (the "Award"), and the Arbitrators retained jurisdiction over the Arbitration Proceeding until at least October 4, 2005.

J. On October 7, 2004, VTI and the Rural Telephone Finance Cooperative ("RTFC") executed that certain First Amended and Restated Credit Agreement ("FARCA"), which was amended by that certain DIP Financing Amendment dated November 1, 2004 ("DIPFA") and that certain First Amendment To And Waiver Of Default Under DIP Financing Agreement, dated on or about January 12, 2005, by and between VTI and RTFC (the "DIPFA Amendment"). The FARCA, as amended by DIPFA and the DIPFA Amendment, shall hereinafter be referred to as the "DIP Financing Agreement."

K. On November 1, 2004, VTI and certain of its affiliates, including VTHC and VSI (collectively, the "VarTec Debtors"), each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The VarTec Debtors' bankruptcy cases are pending before the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Dallas Bankruptcy Court") and are jointly administered under the bankruptcy case styled *In re VarTec Telecom, Inc., et al.*; Case No. 04-81694-SAF-11 (the "VarTec Bankruptcy Cases").

L. On December 7, 2004, the Teleglobe Debtors filed their First Amended Joint Chapter 11 Plan of Liquidation of Teleglobe Holdings (U.S.) Corporation, Teleglobe USA Inc. and Certain of Their Debtor Affiliates [Teleglobe Bankruptcy Case Docket No. 2922] (the "Plan"). On February 11, 2005, the Court entered an order confirming the Plan. The Plan became effective on March 2, 2005.

M. By Order dated February 9, 2005, the Canadian Court approved that certain plan of compromise or arrangement of the Canadian Debtors, dated January 26, 2005 (the "Canadian Plan").

N. Pursuant to section 3.11 of the Plan Administration Agreement (the "PAA"), incorporated into both the Plan and the Canadian Plan, the Plan Administrator (as defined in the PAA) has the authority, *inter alia*, to prosecute, settle, dismiss or otherwise dispose of the Teleglobe Debtors' claims against the VarTec Debtors and pursue the sale, liquidation and/or recovery of any and all assets of the Teleglobe Entities without further order of the Canadian Court.

O. On March 11, 2005, (i) THUSC filed separate proofs of claim against VTI's and VTHC's chapter 11 estates (Claim Nos. 2290 and 2291) each asserting a claim in an unliquidated amount with respect to tax refunds allegedly owed; (ii) TTC filed separate proofs of claim against VTI's and VTHC's chapter 11 estates (Claim Nos. 2292 and 2293) each asserting a claim in the amount of \$256,475,011.13 on account of obligations under the TTC Note, as well as claims in an unliquidated amount with respect to tax refunds allegedly owed; and (iii) TI filed separate proofs of claim against VTI's and VTHC's chapter 11 estates (Claim Nos. 2294 and 2295) each asserting a claim in the amount of \$13,500,000 on account of obligations under the TI Note. Claim Nos. 2290 through 2295, inclusive, filed in the VarTec Bankruptcy Cases shall be referred to herein as the "Teleglobe Proofs of Claim."

P. The Parties desire to enter into this Agreement to limit the hazards, uncertainties and inconvenience of continuing and future litigation and appeals and to resolve (i) all claims³ asserted or that could have been asserted by any or all of the Teleglobe Entities against any or all of the VarTec Entities in connection with, as a result of, relating to, or arising out of the SPA, including the Notes, the Teleglobe Proofs of Claim, and the Teleglobe Released Tax Claim (as defined below), other than the rights and claims granted and/or allowed pursuant to this Agreement (collectively, the "Teleglobe Claims") and (ii) all claims asserted or that could have been asserted by any or all of the VarTec Entities against any or all of the Teleglobe Entities in connection with, as a result of, relating to, or arising out of the SPA, including, but not limited to, the outstanding, non-liquidated claims of any of the VarTec Entities over which the Arbitrators retained jurisdiction in the Arbitration Proceeding, the Notes, the VSI Claims, the VarTec Proofs of Claim and the VarTec Released Tax Claim (defined below), other

³ As used herein, "claims" shall include all claims, causes of action, counterclaims, demands, controversies, costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, legal proceedings, equitable proceedings, and executions of any nature, type, or description which the releasing parties have or may come to have against the released parties, including, but not limited to, negligence, gross negligence, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, concealment, disclosure, violations of statutes and regulations of governmental entities, instrumentalities and agencies, equitable subordination, deceptive trade practices, breach or abuse of any alleged fiduciary duty, breach of any alleged special relationship, course of conduct or dealing, alleged obligation of fair dealing, alleged obligation of good faith, and alleged obligation of good faith and fair dealing, whether or not in connection with or related to this agreement or any matter or document related hereto, at law or in equity, in contract, in tort, or otherwise, known or unknown, suspected or unsuspected.

than the rights and claims granted and/or allowed pursuant to this Agreement (collectively, the “VarTec Claims”).⁴

SETTLEMENT

In consideration of the mutual covenants hereinafter set forth, recognizing the risks of litigation and desiring to compromise and settle the various claims described herein, and for other good and valuable consideration, receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree as follows:

1. **Settlement.**

a. **Allowed General Unsecured Claims (Teleglobe U.S. Entities).** Collectively, the Teleglobe U.S. Entities shall have two Allowed⁵ general unsecured claims in the VarTec Bankruptcy Cases, which claims shall not be subject to any right of setoff or recoupment, as follows: (i) one Allowed claim in the aggregate amount of \$175,000,000 against VTHC and its chapter 11 estate and (ii) one Allowed claim in the aggregate amount of \$175,000,000 against VTI and its chapter 11 estate (collectively, the “Teleglobe U.S. Allowed Claim”).

b. **Allowed General Unsecured Claims (TI).** TI shall have two Allowed general unsecured claims in the VarTec Bankruptcy Cases, which claims shall not be subject to any right of setoff or recoupment, as follows: (i) one Allowed claim in the amount of \$10,000,000 against VTHC and its chapter 11 estate and (ii) one Allowed claim in the amount of \$10,000,000 against VTI and its chapter 11 estate (collectively, the “TI Allowed Claim”).

c. **No Proofs of Claim Required.** Neither the Teleglobe U.S. Entities nor TI shall be required to file a proof of claim in the VarTec Bankruptcy Cases with respect to the Teleglobe U.S. Allowed Claim or the TI Allowed Claim. The entry of an order approving this Settlement shall be sufficient evidence of the validity and amount of the Teleglobe Allowed U.S. Claim and the TI Allowed Claim.

d. **Withdrawal of Proofs of Claim.** The VarTec Entities shall be deemed to have withdrawn, with prejudice, the VSI Claims and the VarTec Proofs of

⁴ Notwithstanding anything to the contrary herein expressed, the Parties agree that VarTec Claims shall not include any claims that any or all of the VarTec Entities have or may have against (a) any and all persons identified on Schedule 1 attached hereto, in their individual capacities; (b) BCE Inc., including its legal representatives, officers, directors, agents, attorneys and employees, acting in their capacity as such; and (c) BCE Ventures, including its legal representatives, officers, directors, agents, attorneys and employees, acting in their capacity as such. Moreover, the Parties agree that the Teleglobe Claims shall not include any claims that BCE, Inc., BCE Ventures, the persons identified on Schedule 1, or any the foregoing legal representatives, officers, directors, agents, attorneys and employees, acting in their capacity as such, may have against any or all of the VarTec Entities.

⁵ “Allowed” means not subject to adjustment or objection or challenge by any party in interest in the VarTec Bankruptcy Cases.

Claim, and the Teleglobe U.S. Entities and TI shall be deemed to have withdrawn, with prejudice, the Teleglobe Proofs of Claim.

e. **Substantive Consolidation.** In the event that the Dallas Bankruptcy Court approves the substantive consolidation of the bankruptcy cases of VTI and VTHC (regardless of whether the bankruptcy cases of the other VarTec Debtors are substantively consolidated with VTI and VTHC), the Teleglobe U.S. Allowed Claim shall be deemed to be one Allowed claim in the amount of \$175,000,000 against the consolidated estates and the TI Allowed Claim shall be deemed to be one Allowed claim in the amount of \$10,000,000 against the consolidated estates. Nothing in this Agreement shall impede, modify or otherwise affect any and all rights the Teleglobe Entities' may have as an unsecured creditor or a member of the Official Committee of Unsecured Creditors in the VarTec Bankruptcy Cases.

f. **Release of Funds from Teleglobe Account.** On the Effective Date (as defined below) of this Agreement, the VarTec Entities shall pay TTC, on behalf of and for the benefit of itself and THUSC, the sum of \$300,000.00 (the "Settlement Payment") from the Teleglobe Account (as that term is defined in the DIP Financing Agreement).

g. **Tax Refund Claim.** Other than with respect to the Settlement Payment, the Teleglobe U.S. Entities acknowledge and agree that they have no continuing claim, right, title, or interest in or to any and all refunds, credits, or offsets of Pre-Closing Taxes (as defined in the SPA) that the VarTec Entities currently possess or may in the future possess (the "Teleglobe Released Tax Claim"). Likewise, the VarTec Entities acknowledge and agree that they have no continuing claim, right, title, or interest in or to any and all refunds, credits, or offsets of Post-Closing Taxes (as defined in the SPA) that the Teleglobe Entities currently possess or may in the future possess (the "VarTec Released Tax Claim").

h. **Confidentiality.** The Parties shall maintain the confidentiality of any and all confidential information that they obtained from any other Party, including, but not limited to, information that was obtained as a result of the negotiation and execution of the SPA, discovery in the Teleglobe Bankruptcy Cases, or all information obtained in the Arbitration Proceeding; provided, however, if a person not a Party to this Agreement requests or demands, by subpoena or otherwise, in any civil, administrative or criminal proceeding, that a Party to this Agreement disclose or produce any confidential information, or if a Party to this Agreement believes that it is or will be required by the applicable Rules of Civil Procedure to disclose or produce confidential information, the Party or counsel receiving the request, or the Party or counsel that believes it is or will be required to produce the confidential information, as the case may be, shall immediately notify counsel for the other Parties and give those Parties an opportunity to respond (i.e., ten calendar days unless a shorter time period is required for good cause) before taking any action or making any decision in connection with such request or subpoena or possible production obligation. The Party or counsel who designated the subject materials as confidential shall have the burden of asserting any and all applicable rights and privileges, including, but not limited to, the joint interest privilege, with regard to any confidential information they wish to protect. As used

herein, “confidential information” means (i) all writings and other data compilations, reports, interpretations, forecasts and records to the extent they, or any of them, individually or in the aggregate, contain trade secrets, proprietary business and marketing information, pricing information, sales and profit information, proprietary financial information, and projections and analyses and other proprietary information concerning any Party that is not available to the general public and (ii) all data compilations, reports, notes, summaries, and analyses prepared by or on behalf of any Party to the extent they are based upon or derived from confidential information. Confidential information shall not include information that (1) generally is available to the public at the time it is provided by, or on behalf of any of the Parties; (2) was known to the recipient of the information prior to such confidential information being provided by, or on behalf of, any Party; or (3) independently is developed by any of the receiving Parties, without reference to confidential information. This paragraph “h” shall not apply to presently pending discovery disputes in which the Parties already are pursuing their discovery rights. Nothing herein shall modify the Parties’ rights and obligations under that certain Confidentiality Agreement dated on or about May 27, 2003 by and among VTI, VTHC, and the Teleglobe Debtors.

i. **Dismissal of Arbitration Proceeding.** As soon as practicable following the Effective Date of this Agreement, the Parties shall cooperate in taking all steps necessary to dismiss the Arbitration Proceeding with prejudice.

2. **Release by the Teleglobe Entities of the Teleglobe Claims.**

a. **Release.** Except as otherwise provided herein and except with respect to the Teleglobe U.S. Allowed Claim, the TI Allowed Claim, the Settlement Payment, and any other right or claim specifically granted and/or allowed under to this Agreement, the Teleglobe Entities, on behalf of (i) themselves, (ii) TCLP, (iii) each of the Teleglobe Debtors, (iv) the predecessors, successors and assigns of the Teleglobe Entities and (v) any party claiming by, through or on behalf of any of the foregoing (collectively, the “Teleglobe Releasing Parties”) do hereby fully, finally and forever release, acquit and discharge the VarTec Entities and their respective affiliates and subsidiaries (collectively, “VarTec”), and each of VarTec’s predecessors, successors, assigns and past and present legal representatives, officers, directors, agents, attorneys and employees (together with VarTec, the “VarTec Released Parties”) of and from any and all Teleglobe Claims, and hereby quit-claim, waive any right to, and covenant not to sue any VarTec Released Party with respect to any claim that any of the Teleglobe Releasing Parties has, had or may, can or shall have, hold, own or claim to have, own or hold, whether in the past, present or future, with regard, in any way, to the SPA, including the Notes, the Teleglobe Proofs of Claim, and the Teleglobe Released Tax Claim.

b. **Complete Defense.** Except as otherwise set forth herein, the Teleglobe Entities further understand and agree that the releases included in this paragraph 2 shall be treated as a full and complete defense to, and will forever be a complete bar to the commencement or prosecution of any and all Teleglobe Claims (including, without limitation, rights of setoff and/or recoupment) that may be brought,

instituted or taken by any Teleglobe Releasing Party against any VarTec Released Party.

c. **Unknown Claims.** The Teleglobe Entities understand and agree that there is a risk that, subsequent to the execution of this Agreement and the releases included herein, a Teleglobe Releasing Party may discover, incur or suffer damage as to the Teleglobe Claims that were unknown or unanticipated at the time this Agreement was executed and that, if known by a Teleglobe Releasing Party on the date this Agreement was executed, may have materially affected the decision of the Teleglobe Entities to execute this Agreement. The Teleglobe Entities understand and agree that, by reason of the releases agreed to by them herein, they are assuming the risk of such unknown claims and agree that their release of the VarTec Released Parties applies to any and all such unknown claims.

d. **Full and Complete Settlement.** Except as otherwise set forth herein, the Teleglobe Entities intend that the releases agreed to by them in this paragraph 2 be complete and not subject to a claim of mistake of fact and that they express a FULL AND COMPLETE SETTLEMENT of the Teleglobe Claims. Regardless of the adequacy or inadequacy of the consideration paid, the releases included herein are intended to settle or avoid litigation and/or settle the Teleglobe Claims, and to be final and complete.

3. **Release by the VarTec Entities of the VarTec Claims.**

a. **Release.** Except as otherwise provided herein, the VarTec Entities, on behalf of (i) themselves, (ii) each of the VarTec Debtors, (iii) each of the predecessors, successors and assigns of the VarTec Entities and (iv) any party claiming by, through or on behalf of any of the foregoing (collectively, the “VarTec Releasing Parties”) do hereby fully, finally and forever release, acquit and discharge the Teleglobe Entities and their respective affiliates and subsidiaries (collectively, “Teleglobe”), and each of Teleglobe’s predecessors, successors, assigns and past and present legal representatives, officers, directors, agents, attorneys and employees (together with Teleglobe, the “Teleglobe Released Parties”) of and from any and all VarTec Claims, and hereby quit-claim, waive any right to, and covenant not to sue any Teleglobe Released Party with respect to any claim that any VarTec Releasing Parties has, had or may, can or shall have, hold, own or claim to have, own or hold, whether in the past, present or future with regard, in any way, to the SPA, including the Notes, the VSI Claims, the VarTec Proofs of Claim and the VarTec Released Tax Claim.

b. **Complete Defense.** Except as otherwise set forth herein, the VarTec Entities further understand and agree that the releases included in this paragraph 3 shall be treated as a full and complete defense to, and will forever be a complete bar to the commencement or prosecution of any and all VarTec Claims (including, without limitation, rights of setoff and/or recoupment) that may be brought, instituted or taken by any VarTec Releasing Party against any Teleglobe Released Party.

c. **Unknown Claims.** The VarTec Entities understand and agree that there is a risk that, subsequent to the execution of this Agreement and the releases included herein, a VarTec Releasing Party may discover, incur or suffer damage as to the VarTec Claims that were unknown or unanticipated at the time this Agreement was executed and that, if known by a VarTec Releasing Party on the date this Agreement was executed, may have materially affected the decision of the VarTec Entities to execute this Agreement. The VarTec Entities understand and agree that, by reason of the releases agreed to by them herein, they are assuming the risk of such unknown claims and agree that their release of the Teleglobe Released Parties applies to any and all such unknown claims.

d. **Full and Complete Settlement.** Except as otherwise set forth herein, the VarTec Entities intend that the releases agreed to by them in this paragraph 3 be complete and not subject to a claim of mistake of fact and that they express a FULL AND COMPLETE SETTLEMENT of the VarTec Claims. Regardless of the adequacy or inadequacy of the consideration paid, the releases included herein are intended to settle or avoid litigation and/or settle the VarTec Claims, and to be final and complete.

4. **Cooperation.** Each of the Teleglobe Entities and the VarTec Entities recognize that there may be instances in which it benefits both parties to cooperate with and assist one another regarding discovery efforts in the following cases related to BCE, Inc. and its subsidiaries and affiliates (collectively, "BCE"): Case No. 04-1266 (SLR), styled Teleglobe USA Inc. et al v. BCE Inc. et al., pending in the United States District Court for the District of Delaware, and Case No. 03-2203 (RJL), styled VarTec Telecom, Inc. et al. v. BCE, Inc. et al., filed in the United States District Court for the District of Columbia. To the extent that each of the parties determine, in their sole and absolute discretion, that such cooperation would be beneficial and to the extent permitted to do so given applicable confidentiality agreements or orders, each of the parties may decide to cooperate in connection with: (i) providing access to deposition transcripts, hearing transcripts, and related exhibits, (ii) giving notice of relevant hearings and depositions; (iii) providing access to information and documents produced by BCE and/or other parties, to the extent permitted by the relevant court, confidentiality obligations, or law; and (iv) sharing pleadings and other documents with the Teleglobe Entities and the VarTec Entities.

5. **Carve Out From Releases.** For purposes of this Agreement, BCE Inc. and BCE Ventures (collectively, "BCE") shall not be deemed an affiliate, subsidiary, predecessor, successor, assign, legal representative, agent, or attorney of the Teleglobe Debtors, TI or TCLP, and nothing herein is intended to affect BCE Inc's or BCE Ventures' rights against any party, including the Parties hereto, or the rights of any Party vis-à-vis BCE Inc. and BCE Ventures, with respect to any matter resolved herein.

6. **Representations.** Each Party declares, represents, and warrants to each other Party as follows:

a. Each Party has full power and authority to execute this Agreement and perform all of its obligations set forth herein.

b. Except as set forth herein, no further corporate or organizational action or approval is necessary on the part of any Party to execute and deliver this Agreement, to be bound by its terms, or to perform its obligations set forth herein.

c. Prior to the Closing Date, each Party fully informed itself as to the terms, contents, provisions, and effects of this Agreement.

d. Prior to the Closing Date, each Party has had the benefit of the advice of an attorney or attorneys chosen and employed by that Party concerning this Agreement.

e. No promise or representation of any kind has been made to any of the Parties or their representatives by any other Party or its representative, except as expressly set forth in this Agreement.

f. This Agreement replaces any and all prior arrangements, understandings, representations, promises, inducements, or other communications, whether written or oral, between the Parties pertaining to such subject matter.

g. The Parties are the sole owners and holders of the claims they are releasing under this Agreement, and none of those claims have been assigned or otherwise transferred (except to the extent those claims secure obligations to the RTFC), in whole or in part, to any other person or entity.

7. **Court Approval.** The enforceability and effectiveness of this Agreement shall be contingent upon approval by the Delaware Bankruptcy Court and the Dallas Bankruptcy Court.. Within five business days after the execution of this Agreement, each of the Teleglobe Debtors and the VarTec Debtors shall file pleadings in the Delaware Bankruptcy Court and the Dallas Bankruptcy Court, respectively, in form and substance agreeable to the Parties, requesting approval of the execution of this Agreement. The Effective Date of this Agreement shall be the later of the date on which (i) the Delaware Bankruptcy Court approves the execution of this Agreement and (ii) the Dallas Bankruptcy Court approves the execution of this Agreement.

8. **Modifications.** This Agreement may not be modified, amended, revised, extended, supplemented, or terminated except in writing signed by all of the Parties.

9. **No Admission.** Except as otherwise provided herein, by entering into this Agreement, no Party is in any way admitting any liability to any other Party on account of any matter covered by this Agreement. Rather this Agreement is entered into solely for the purpose of compromise and settlement, to buy peace, and to avoid and reduce the hazards and uncertainties of litigation.

10. **Choice of Law.** **THIS AGREEMENT, ANY DISPUTES WHICH MAY ARISE IN CONNECTION WITH THE INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES GENERALLY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS (WITHOUT REFERENCE TO ITS RULES AS TO CONFLICTS OF LAW); PROVIDED, HOWEVER, ANY AND ALL RELEASES GRANTED BY OR WITH RESPECT TO TI**

AND/OR TCLP SHALL BE GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO, CANADA. ALL PARTIES HERETO IRREVOCABLY ELECT AS THE SOLE JUDICIAL FORUMS FOR THE ADJUDICATION OF ANY MATTERS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, AND CONSENT TO THE EXCLUSIVE JURISDICTIONS OF, EITHER (I) THE DALLAS BANKRUPTCY COURT FOR SO LONG AS ANY VARTEC ENTITY IS SUBJECT TO THE JURISDICTION OF THE DALLAS BANKRUPTCY COURT AND (II) THE DELAWARE BANKRUPTCY COURT FOR SO LONG AS ANY TELEGLOBE ENTITY IS SUBJECT TO THE JURISDICTION OF THE DELAWARE BANKRUPTCY COURT.

11. **Binding Effect.** This Agreement contains the entire agreement of the Parties with respect to this settlement and release. The Parties acknowledge that this Agreement is executed after extensive negotiations between and among representatives of the Parties; therefore, no Party shall be charged with having drafted or promulgated this Agreement. The Parties agree that each Party and its attorneys have conducted their own investigation concerning the facts surrounding the matters covered by this Agreement and in voluntarily choosing to execute this Agreement, have relied upon their own analysis of such facts and not on any information furnished by any other Party or its representatives. This Agreement shall be binding upon the assignees and successors of the Parties, including any chapter 7 or chapter 11 trustee that might be appointed in either the Teleglobe Bankruptcy Cases or the VarTec Bankruptcy Cases.

12. **Notices.** Except as otherwise provided herein, any notices required or permitted to be sent hereunder shall be delivered personally; mailed, certified mail, return receipt requested; or delivered by overnight courier service to the following addresses, or such other address as either Party designates by written notice, and shall be deemed to have been given or made (i) upon delivery, if delivered personally; (ii) two business days after mailing, if mailed; or (iii) one business day after delivery to the courier, if delivered by overnight courier service.

If to the VarTec Entities:

Michael G. Hoffman
VarTec Telecom, Inc.
2440 Marsh Lane
Carrollton, Texas 75006

with a copy to:

Daniel C. Stewart, Esq.
Vinson & Elkins L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975

and

Craig Budner, Esq.
Beth Bivans, Esq.
Hughes & Luce L.L.P.
1717 Main Street, Suite 2800
Dallas, TX 75202

If to the Teleglobe Debtors or TI:

Kathy Morgan, Esq.
Teleglobe Communications Corporation
11495 Commerce Park Drive
Reston, Virginia 20191

with copies to:

Mark D. Collins, Esq.
Rebecca Booth, Esq.
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899

and

J. Robert Stoll, Esq.
Mayer, Brown, Rowe & Maw LLP
1905 LaSalle Street
Chicago, Illinois 60603

13. **Validity.** If any part of this Agreement is held to be invalid, illegal or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions shall be unaffected and unimpaired.

14. **No Third Party Beneficiaries.** Except as expressly provided for herein, nothing in this Agreement, express or implied, is intended to confer on any third party, including the individuals identified on Schedule 1 and those parties expressly identified in Footnote 4 of this Agreement, any rights, benefits, obligations or remedies, including, but not limited to, any rights arising from the releases in paragraphs 2 and 3 of this Agreement.

15. **Counterparts.** This Agreement may be signed in identical counterpart originals, all of which shall constitute one settlement agreement, but each of which shall be deemed to be an original for all purposes.

908509_16.DOC

The Parties have executed and delivered this Agreement as of the date first above written.

VARTEC TELECOM, INC., a Texas corporation

By: _____
Name: _____
Title: _____

VARTEC TELECOM HOLDING COMPANY, a Delaware corporation

By: _____
Name: _____
Title: _____

VARTEC SOLUTIONS, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

TELEGLOBE TELECOM CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

TELEGLOBE HOLDINGS (U.S.) CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

TELEGLOBE USA, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

TELEGLOBE COMMUNICATIONS CORPORATION, a Delaware corporation

By: _____

Name: _____

Title: _____

TELEGLOBE INC., a corporation governed by the Canada Business Corporations Act

By: _____

Name: _____

Title: _____

SCHEDULE 1

William Anderson
Marc A. Bouchard
Michael T. Boychuk
Richard J. Currie
Serge Fortin
Eric Paul-Hus
Terence J. Jarman
Thomas Kierans
Michele Lalande
Jim Leung
Jean C. Monty
Charles Page
Stephen P. Skinner
H. Arnold Steinberg
Martin Turcotte
Stewart Verge