

(f) There is no Assumed Contract covering any person that, individually or collectively, could give rise to the payment of any amount that would constitute an "excess parachute payment" within the meaning the Section 280G of the Internal Revenue Code or any similar provision of foreign, state or local Law.

4.24 Litigation. Except as set forth on Schedule 4.24 of the Disclosure Schedules and for Claims that will be discharged pursuant to the Bankruptcy Court Order:

(a) other than the Cases, there is no Litigation pending or, to Sellers' Knowledge, threatened against, relating to or affecting Sellers with respect to the Business or any of the Acquired Assets which would reasonably be expected (i) to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or (ii) to have a Material Adverse Effect; and

(b) except for Orders of the Bankruptcy Court, there are no Orders outstanding against Sellers which would reasonably be expected to have a Material Adverse Effect.

4.25 Network Facilities. Schedule 4.25 of the Disclosure Schedules contains certain information relating to Sellers' network. Schedule 4.25 of the Disclosure Schedules sets forth: (i) for each segment, the number of fibers, fiber miles owned or leased by the Sellers, route and name of third party provider, if any and (ii) for Sellers' IP backbone, route and circuit type (including DS3s, OC3s, OC12s, OC48 and lambda waves). The information provided on Schedule 4.25 of the Disclosure Schedules is accurate and current in all material respects.

4.26 Bank Accounts. Schedule 2.1(n) of the Disclosure Schedules contains a true and complete list of all of Sellers' bank accounts and lock-boxes.

4.27 Subsidiaries. Except for Sellers and Shared Technologies, ATI has no Subsidiaries.

4.28 Limitations on Sellers' Representations and Warranties. Except for the representations and warranties contained in this Agreement, Sellers make no other express or implied representation or warranty, including, representations or warranties as to the condition of the Acquired Assets, their contents, the income derived or potentially to be derived from the Acquired Assets or the Business and Sellers hereby expressly disclaim all such representations or warranties of any kind or nature, or the expenses incurred or potentially to be incurred in connection with the Acquired Assets or the Business. Sellers are not, and will not be, liable or bound in any manner by express or implied warranties, guarantees, statements, promises, representations or information pertaining to the Acquired Assets or the Business, made or furnished by any Representatives or other person representing or purporting to represent Sellers, unless and to the extent the same is expressly set forth in this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows:

5.1 Existence, Good Standing and Power. Buyer is a corporation validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate the property it now owns, leases and operates. Buyer has all requisite power and authority to conduct its business as presently conducted, to execute and deliver this Agreement, the Transaction Documents and to perform its obligations hereunder and thereunder. Buyer is duly authorized, qualified and licensed to transact business as a foreign corporation, and is in good standing, in every jurisdiction where the nature of its business conducted by it or the properties owned or licensed by it requires qualification, except where that failure would not have a material adverse effect on Buyer or its business, or the consummation of the transactions contemplated by this Agreement.

5.2 Authority. The execution, delivery and performance of this Agreement and the Transaction Documents to which Buyer is or will be a party and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Buyer.

5.3 Execution and Binding Effect. This Agreement has been, and each of the Transaction Documents to which Buyer is or will be a party has been or will be at Closing, duly and validly executed and delivered by Buyer and constitutes, and this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby will constitute (assuming, in each case, the due and valid authorization, execution and delivery thereof by the other parties thereto), a valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the rights and remedies of creditors generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

5.4 No Violation. Except as disclosed in the attached Schedule 5.4 of the Disclosure Schedules, the execution, delivery and performance by Buyer of this Agreement and the Transaction Documents and the transactions contemplated hereby and thereby, do not and will not conflict with or result in, with or without the giving of notice or lapse of time or both, any violation of or constitute a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under (a) the certificate of incorporation or bylaws of Buyer or any resolution adopted by the board of directors of Buyer and not rescinded, (b) any agreement or other instrument to which Buyer is a party or by which Buyer or any of its properties or assets is bound, (c) any Order of any Governmental Entity to which Buyer is bound or subject or (d) any Law applicable to or binding on Buyer or any of its properties or assets except, in the case of clauses (b)-(d), for such conflicts, violations, breaches, defaults or creation of rights as would not, individually or in the aggregate, have a material adverse effect on the business

of Buyer or the ability of Buyer to consummate the transactions contemplated by this Agreement and each of the Transaction Documents.

5.5 Third Party Approvals. Except for (a) any approvals required in order to comply with the provisions of the HSR Act, (b) any FCC Consent and State PUC Consent as required by applicable Law and (c) any other third party approvals as are reflected on the attached Schedule 5.5 of the Disclosure Schedules, the execution, delivery and performance by Buyer of this Agreement and the Transaction Documents and the transactions contemplated hereby and thereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by Buyer.

5.6 Brokers and Finders. Buyer has engaged the firms of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Rothschild Inc. to assist them in connection with the matters contemplated by this Agreement and will be responsible for the fees and expenses of such firms. Other than as described in the preceding sentence or as is payable by Buyer or its Affiliates and not by Sellers, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement, based upon arrangements made by or on behalf of Buyer or any of its Affiliates.

5.7 Financing. As of the date hereof and as of the Closing Date, Buyer has and will have sufficient unrestricted funds on hand or committed lines of credit to consummate the transactions contemplated by this Agreement (including the payment of all fees and expenses incurred in connection with the transactions contemplated hereunder).

5.8 SEC Filings. The Form 10-K filed with the SEC for Buyer's year ended December 31, 2002 and the Form 10-Q filed with the SEC for Buyer's quarter ended September 30, 2003 (the "Form 10-Q"), as of the dates of their respective filings, each complied as to form in all material respects with the requirements of the Exchange Act, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC filing and such filing did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.9 Capitalization. The Form 10-Q sets forth the authorized shares of capital stock of the Buyer as of the date hereof and the number of shares of its common stock that were issued and outstanding as of October 30, 2003. Upon conversion of the Convertible Note in accordance with the terms thereof, the common stock of Buyer issued upon such conversion will be validly and legally issued, free and clear of any and all Liens, and will be fully paid and non-assessable. Buyer will reserve for issuance an adequate number of shares of its common stock to give effect to the conversion of the Convertible Note.

5.10 Limitations on Sellers' Representations and Warranties. Buyer acknowledges and agrees that it shall acquire the Acquired Assets "AS IS," "WHERE IS" and "WITH ALL FAULTS" on the Closing Date and after giving effect to the Closing, subject to the terms and conditions of this Agreement.

ARTICLE VI
COVENANTS OF THE PARTIES

6.1 Conduct of Business. Except for the Operational Restructuring Activities, as expressly contemplated by this Agreement (including the prosecution of the Cases) or as otherwise consented to by Buyer in writing, during the period from the date of this Agreement and continuing until the Closing, each Seller shall:

(a) (i) conduct its business in the Ordinary Course of Business and (ii) keep the Acquired Assets intact in accordance with the Ordinary Course of Business and not transfer any of such assets to Shared Technologies;

(b) not knowingly take or fail to take any action if the intent of such action or failure to act is or would be to cause any representation or warranty of Sellers made in Article IV to be untrue or incorrect if such representation or warranty were made immediately following the taking or failure to take such action;

(c) not waive, release, grant, transfer or permit to lapse any rights of value, to which any Seller has any right on the date of this Agreement other than immaterial waivers in the Ordinary Course of Business;

(d) comply in all material respects with all provisions of any Assumed Contract to which such Seller is a party;

(e) comply in all material respects with all applicable Laws that relate to or affect the operation of the Business;

(f) not enter into any new or amended contract, agreement, side letter or memorandum of understanding with any unions representing Employees;

(g) notify Buyer in writing of any incidents or accidents occurring on or after the date of this Agreement involving any property owned or operated by any Seller that resulted or could reasonably be expected to result in damages or losses in excess of One Million Dollars (\$1,000,000);

(h) notify Buyer in writing of the commencement of any material Litigation against any Seller;

(i) not enter into any business or arrangement or otherwise take any action that would reasonably be expected to have a material adverse impact on the ability of the Sellers and the Buyer to obtain any material consents of Governmental Entities necessary in connection with this Agreement;

(j) not enter into any Contract containing covenants purporting to limit the freedom of any Seller or any of their respective Affiliates to compete or participate in any line of business or activities in any geographic area ("Non-Compete Covenants");

(k) not enter into any material Contract or renew, fail to renew, extend, terminate, reject, amend, modify or waive any material provision of any Contract designated with an asterisk on Schedule 4.20 to the Disclosure Schedules, except (i) that if within five (5) Business Days after notice provided by Sellers to Buyer of its intent to take any such actions, Buyer does not object in writing to Sellers, then Buyer shall be deemed to have provided consent to such action and (ii) for those actions for which a motion has been filed with the Bankruptcy Court on or prior to the date hereof; and

(l) not enter into any agreement or understanding in excess of twelve months with any other party containing any exclusivity or similarly restrictive provision.

Notwithstanding anything herein to the contrary, Sellers shall have the right to consummate a sale of (i) the shared web hosting business segment of the Business (the "Shared Hosting Business"), (ii) the Owned Real Property, and/or (iii) the assets or capital stock of Shared Technologies, and retain any proceeds from any such transactions as an Excluded Asset.

Notwithstanding anything herein to the contrary, Sellers shall have the right, subject to Bankruptcy Court approval, but only after the Sale Order Approval Date, to pay up to \$100 million of the amount outstanding under its Senior Credit Agreement.

6.2 Transition; Management Agreements.

(a) As promptly as practicable after the execution and delivery of this Agreement and in any event within forty-five (45) days thereafter, Sellers and Buyer shall use their best efforts to (i) identify the Non-Transferred Assets and (ii) design and implement a plan (the "Transition Plan") to effectuate the separation of the Non-Transferred Assets to be retained by Sellers, in order to facilitate the transfer of the Non-Transferred Assets to Buyer as promptly as possible upon subsequent receipt of any necessary consents. Buyer shall have ultimate discretion regarding the terms of such Transition Plan. The Transition Plan shall be subject to amendment from time to time as reasonably appropriate to achieve the foregoing objective and permit the Closing to occur on the Closing Date. Sellers and Buyer shall exercise their best efforts to implement the Transition Plan, as it may be amended from time to time, to provide for separation of the Non-Transferred Assets prior to the Closing and the transfer of Non-Transferred Assets as promptly as possible.

(b) Sellers and Buyer shall enter into one or more management agreements, each such agreement substantially in the form of Exhibit I hereto (the "Management Agreements") effective as of the Closing Date. Pursuant to and as set forth in the Management Agreements, Buyer shall agree to provide management and

related services to Sellers, on behalf of Sellers and subject to the ultimate direction of Sellers and consistent with all applicable law and regulation, in each state or jurisdiction for which FCC Consent or State PUC Consent, where required, has not been obtained as of the Closing Date. Pursuant to Sections 1.1 and 2.5, (i) at such time as any necessary FCC Consent and/or State PUC Consent shall have been issued and (ii) the parties shall have received any necessary ILEC consents, or the notice period shall have expired, for the assignment of any Required Interconnection Agreements, the corresponding Non-Transferred Assets shall be transferred to Buyer and Buyer shall assume all related Assumed Liabilities.

6.3 Reorganization Process.

(a) Unless Sellers shall have delivered an Early Closing Election, Sellers shall, as soon as reasonably practicable after the date hereof, prepare and file with the Bankruptcy Court: (i) a Disclosure Statement with respect to the Bankruptcy Plan meeting the requirements of section 1125(b) of the Bankruptcy Code (the "Disclosure Statement"); (ii) a motion to approve the Disclosure Statement; and (iii) the Bankruptcy Plan (items (i) through (iii) collectively, the "Approval Motions"). Unless Sellers shall have delivered an Early Closing Election, the Bankruptcy Plan, any and all exhibits and attachments to the Bankruptcy Plan, the Disclosure Statement, and the other Approval Motions and the orders approving the same (including the Confirmation Order) shall be reasonably acceptable in form and substance to the Buyer. Until the Closing, the Sellers shall consult with the Buyer and obtain Buyer's consent, which shall not be unreasonably withheld, prior to taking any material action with respect to the Cases. Unless Sellers shall have delivered an Early Closing Election, the Buyer shall provide the Sellers with all information concerning the Buyer required to be included in the Disclosure Statement. This Section 6.3(a) shall not be applicable if Sellers shall have delivered an Early Closing Election.

(b) The Confirmation Order shall provide, among other things, that (i) the Bankruptcy Plan has been proposed in good faith and not by any means forbidden by Law, (ii) Buyer and its Affiliates, and their respective members, shareholders, partners and Representatives are released from any claims of any party related to the Sellers, the Business or the Cases, whether arising prior to or during the Cases, except for the Assumed Liabilities, (iii) Buyer and its Affiliates, and their respective members, shareholders, partners and Representatives have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules in connection with all their respective activities relating to the solicitation of acceptances to the Bankruptcy Plan and their participation in the activities described in section 1125 of the Bankruptcy Code and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation and any other release provisions set forth in the Bankruptcy Plan and (iv) all Persons are enjoined from commencing any action in violation of such release and exculpation provisions. This Section 6.3(b) shall not be applicable if Sellers shall have delivered an Early Closing Election.

(c) The Sellers shall take such actions and cause any filings and actions to be taken by one or more of the Sellers as applicable in compliance with the dates set forth in the timetable attached hereto as Exhibit J; provided, however, that in the event Sellers shall have delivered an Early Closing Election, any such filings and actions relating to the Bankruptcy Plan or Disclosure Statement shall no longer be required or subject to the timetable attached hereto as Exhibit J.

(d) Prior to the Closing, no Seller shall, without the prior written consent of Buyer:

(i) seek or consent to the conversion of the Cases to cases under chapter 7 of the Bankruptcy Code or the appointment of a trustee or examiner with managerial powers under section 1104 of the Bankruptcy Code;

(ii) consent to any relief from the automatic stay under section 362 of the Bankruptcy Code with respect to any Acquired Assets having an aggregate market value of more than \$150,000;

(iii) file any plan of reorganization other than the Bankruptcy Plan, file any material amendment to the Bankruptcy Plan, consent to the reduction of the exclusivity period under section 1121 of the Bankruptcy Code for the filing of a plan of reorganization (the "Exclusivity Period") or fail timely to file motions seeking to obtain orders of the Bankruptcy Court extending the Exclusivity Period; provided, however, that in the event Sellers shall have delivered an Early Closing Election, this Section 6.3(d)(iii) shall be inapplicable;

(iv) sell or abandon, or file any motion to sell or abandon, any Acquired Assets, other than sales in the Ordinary Course of Business or except as contemplated by the Operational Restructuring Activities;

(v) commence or continue to prosecute Avoidance Actions against any Seller or related to the Business, or against any employee of, creditor of or other party to a contract with any Seller;

(vi) commence or continue any Claims that Sellers or any of their respective Affiliates may have against any active Employee of, creditor of or other party to an existing Contract with any Seller (other than Contracts that are Excluded Assets); or

(vii) authorize, or commit or agree to take, any of the foregoing actions.

(e) At the Closing, Sellers shall reject in the Cases all Executory Contracts that do not constitute Assumed Contracts other than any such Executory Contracts (A) relating to the Excluded Assets or (B) assigned to any other Person. At Buyer's written request, Sellers shall delay the effective date of the rejection of any Executory Contract designated by Buyer.

(f) At Buyer's reasonable direction and sole expense, Sellers (i) shall file all requisite pleadings with the Bankruptcy Court, or any other applicable forum, to recharacterize any capital lease as a secured financing, (ii) agree, after the Sale Order Approval Date, to assume or reject any capital lease, in whole or in part, to the extent portions of such lease are severable, and (iii) agree to allow Buyer to participate in any negotiations with counterparties with respect to restructuring or recharacterizing the capital leases. The Sale Order shall provide that the Buyer has standing to participate in any disputes regarding such capital leases.

6.4 Insurance. Effective upon the Closing, to the extent Sellers' insurance policies are designated by Buyer as Non-Transferred Assets, Sellers shall take all actions necessary to cause Buyer to be designated as an additional loss-payee on such policies and shall maintain such insurance policies on the same terms as currently in effect at Buyer's sole expense.

6.5 Access; Transition Committee; Information Rights.

(a) Subject to any relevant Antitrust Laws, from the date hereof until the Closing Date, Sellers shall allow Buyer's employees and other Representatives during regular business hours (and in a manner so as not to interfere with the normal business operations of Sellers) to make such investigation of the Sellers' employees, the Business and Sellers' books and records related thereto, as Buyer reasonably deems necessary or advisable, and Sellers shall instruct Sellers' employees to cooperate in any such investigation. Buyer shall be permitted to make extracts from or to make copies of such books and records.

(b) From and after the Closing Date, Buyer hereby acknowledges that it shall grant to Sellers upon Sellers' request full and complete access, as promptly as practicable but in no event no later than two (2) days after receiving a request, to any records related to Sellers' operation of the Business prior to the Closing Date, upon Sellers' request, and Sellers shall be permitted to copy, and retain a copy of, any such records. Buyer shall keep such records in a manner consistent with Buyer's past practice and such records shall not be destroyed until the later of seven (7) years from the Closing Date or the conclusion of all bankruptcy proceedings related to the Business. Sellers hereby agree that from and after the Closing Date they will grant to Buyer upon Buyer's reasonable request access during normal business hours (and instruct its employees to reasonably cooperate with Buyer), in a reasonably prompt manner but in any event no later than five (5) days after receiving a request, to any tax records relating to the Acquired Assets or to Sellers' operation of the Business prior to the Closing Date (including any Tax Liabilities for which Buyer may be held liable). Buyer shall be permitted to copy, and retain a copy of, any such records (including any Tax Returns). To the extent that a Seller retains any books and records related to the Business, such Seller shall keep such records in a manner consistent with such Seller's past practice and such records shall not be destroyed before such Seller offers such records to Buyer.

(c) Subject to any relevant Antitrust Laws, immediately upon the Bankruptcy Court approval of the Bidding Procedures Order and subject to compliance with any regulatory restrictions, Sellers and Buyer shall establish a joint transition committee (the "Committee") to plan the steps necessary to efficiently implement the purchase of the Business by Buyer and to agree upon changes to the Business which will increase operating efficiencies. The Committee will be chaired by a Buyer Representative, shall have appropriate Representatives of both Sellers and Buyer, and shall meet in person or telephonically as frequently as shall be reasonably determined by Buyer. The Committee shall establish working groups to discuss the following specific aspects of the transactions contemplated hereby: (i) human resources, (ii) network, (iii) operations, (iv) sales and marketing, (v) finance and (vi) information technology and shall agree as promptly as possible as to actions that will be taken to more efficiently operate the Business prior to Closing; provided that no such actions implemented prior to Closing shall have, or be reasonably expected to have, a detrimental impact on the ability of Sellers to conduct the auction in a manner customary in similar proceedings, and further provided that all such actions shall be conducted in full compliance with the relevant Antitrust Laws. All reasonable costs associated with the establishment and the operation of the Committee shall be borne by Buyer. Prior to any meetings of the Committee, Sellers and Buyer shall implement appropriate procedures for the protection of the confidential information of both Sellers and Buyer in the event the transaction is not concluded for any reason.

(d) As soon as practicable, but in no event less than fifteen (15) days after the end of each month, ATI shall provide Buyer with a copy of its monthly flash report, together with a performance report of the Total Retail Net Ending Lines (as of the end of the month covered by the flash report) and Total Gross End User Revenue (as of the end of the month covered by the flash report), including a certification as to the number of Scheduled Future Installs and Scheduled Future Disconnects as of the end of the month covered by the flash report.

6.6 Public Announcements. No Seller shall issue a press release or otherwise make any public statements with respect to the transactions contemplated hereby, except as may be required by Law, by obligations pursuant to any listing agreement with any national securities exchange or over-the-counter market or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case such Sellers shall notify Buyer as promptly as practicable and prior to making such public statement), without the prior consent of Buyer, which consent shall not be unreasonably withheld or delayed. To the extent reasonably practicable, Buyer shall consult with ATI before Buyer issues any press release or otherwise makes any public statements with respect to the transactions contemplated hereby and consider any comments ATI may have with respect thereto.

6.7 Notification of Certain Matters. Sellers shall give prompt notice to Buyer, and Buyer shall give prompt notice to Sellers, of (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement and (ii) any

written objection, litigation or administrative proceeding that challenges the transactions contemplated hereby or the entry of the Bidding Procedures Order or the Sale Order.

6.8 Employees.

(a) Sellers shall deliver to Buyer not later than fifteen (15) Business Days after the date of this Agreement: a complete and accurate schedule (the "Employee Schedule") setting forth, as of a recent date prior to the delivery of the Employee Schedule, (x) the name and position of each Employee, (y) the annual base salary or hourly rate, as applicable, for each Employee and (z) the date each Employee commenced employment with Sellers. Seller and Buyer shall cooperate in identifying those employees for which Buyer shall offer full-time employment effective as of the Closing Date.

(b) Buyer anticipates extending offers of employment to substantially all of Sellers' Employees who provide services related to or associated with the Acquired Assets. Buyer shall make offers of employment in accordance with its normal hiring practices. Those Employees who accept Buyer's offer of employment effective as of the Closing Date are referred to as the "Transferred Employees." Following the Closing, Buyer shall provide any Employee who does not receive an offer of employment from the Buyer and any Employee who receives an offer of employment which does not provide for the terms of employment described in Section 6.8(d) with severance benefits in accordance with Sellers' severance policies and past practice, provided, however, any Transferred Employee shall not be eligible to receive severance benefits pursuant to this Agreement.

(c) Pursuant to the "Alternative Procedure" provided in section 5 of Revenue Procedure 96-60, 1996-2 C.B. 399, (i) Buyer and Sellers shall report on a predecessor/successor basis as set forth therein, (ii) Sellers will be relieved from filing a Form W-2 with respect to the Transferred Employees and (iii) Buyer will undertake to file (or cause to be filed) a Form W-2 for each such Transferred Employee for the year that includes the Closing Date (including the portion of such year that such Employee was employed by Sellers). Sellers will provide Buyer on a timely basis with all payroll and employment-related information with respect to each such Employee.

(d)

(i) Buyer shall grant each Transferred Employee service credit with Sellers (based on the employment commencement date set forth in the Employee Schedule), for purposes of eligibility and participation in the benefit plans, programs and arrangements (including the vacation and the severance policies), of Buyer, excluding service credit for benefit accruals under the defined benefit pension plan and eligibility for the retiree medical plan.

(ii) Unless otherwise required by any collective bargaining agreement to which any of Buyer's employees are subject to as of the Closing Date, with respect to Transferred Employees who will be subject to such collective bargaining

agreement after the Closing, effective on the Closing Date, Buyer shall provide the Transferred Employees with (i) a salary or regular wage rate and bonus opportunity (if applicable) which is substantially the same in the aggregate as the salary or wage rate received or bonus opportunity available to such Transferred Employee immediately prior to the Closing, (ii) a job location no more than 75 miles from such Transferred Employee's current job location and (iii) health, welfare and other employee benefits on the same basis as similarly situated employees of Buyer (or an Affiliate of Buyer), as determined by Buyer and in accordance with the terms of the plans governing such benefits.

(iii) As of the Closing Date, Buyer (or an Affiliate of Buyer) shall credit the Transferred Employees for all deductibles and out-of-pocket expenses incurred by the Transferred Employees with respect to such benefits during the calendar year in which the Closing Date occurs and shall further waive (to the extent waived under Sellers' employee benefit plans) all pre-existing conditions, exclusions and waiting periods under Buyer's employee benefit plans for Transferred Employees.

(iv) Except as otherwise provided in this Agreement, Buyer shall not assume any Employee Benefit Plan or any liability or obligation thereunder, and, except as expressly provided in this Section 6.8, the terms of a Transferred Employee's employment with Buyer (or an Affiliate) after the Closing shall be upon such terms and conditions as Buyer, in its sole discretion, shall determine.

(e) Sellers shall cause the accounts of all Transferred Employees under any tax-qualified defined contribution plan maintained by Sellers to become fully vested as of the Closing, and shall permit distribution of such accounts in accordance with the terms of any such plan. Notwithstanding the foregoing, Sellers shall amend such defined contribution plan to permit the rollover of promissory notes evidencing outstanding participant loans of Transferred Employees, without default of such loan, to a tax-qualified defined contribution plan established by Buyer, and Buyer shall cause, as of a specified date within 90 days of Closing as determined by Buyer, such plan to accept such rollovers, provided that the Sellers have provided the Buyer evidence satisfactory to the Buyer of the qualified status of the Sellers' Internal Revenue Code Section 401(k) arrangement under Internal Revenue Code Section 401(a). Buyer shall take all action necessary and appropriate to ensure that, as of the Closing, Buyer maintains a tax-qualified defined contribution plan.

(f) Sellers shall cause, and Buyer agrees to assume, the health care and dependent care flexible spending accounts (and any corresponding assets and liabilities thereto) maintained with respect to Transferred Employees under any cafeteria plan maintained by Sellers to be transferred to Buyer's flexible benefits plan in accordance with IRS Revenue Ruling 2002-32.

(g) Sellers shall not, at any time between the date hereof and the Closing Date, or at any time prior to 60 days after the Closing Date, effectuate a "plant closing" or "mass layoff," as those terms are defined in the WARN Act, affecting in whole or in part any site of employment, facility, operating unit or Employee, without

complying with the notice requirements and other provisions of the WARN Act except to the extent arising from Buyer's actions, in which case Buyer shall be responsible for any Liabilities related thereto. In order to protect all parties, to the extent required by the WARN Act, Sellers agree to give notice in compliance with the WARN Act in a form satisfactory to Buyer, to all Employees required under the WARN Act to receive such notice not less than sixty (60) days and no more than ninety (90) days prior to the anticipated Closing Date, and shall repeat such notice, if necessary, due to any delay of Closing; provided, however, to the extent Sellers are unable to provide notice in compliance with the WARN Act due to any act, omission or direction of Buyer, Buyer shall be responsible for any Liabilities related thereto.

(h) Except where prohibited by law, Sellers shall provide promptly to Buyer, at Buyer's request, any information or copies of personnel records (including addresses, dates of birth, dates of hire and dependent information) relating to the Transferred Employees or relating to the service of Transferred Employees with Sellers prior to the Closing. Sellers and Buyer shall each cooperate with the other and shall provide to the other such documentation, information and assistance as is reasonably necessary to effect the provisions of this Section 6.8(h).

(i) As part of the Transition Plan, certain Employees of Sellers will be retained by Sellers as of the Closing. Those Employees may or may not be Transferred Employees as referenced in this Section 6.8. The parties will cooperate in developing the Transition Plan such that, to the extent permitted by law, such Employees are subject to the same terms and conditions as they would have been if they had not been retained by Sellers at Closing, and instead had become Transferred Employees or been terminated, as the case may be, at Closing. For purposes of Sections 6.8(a), (b), (c), (d), (e), (f) and (h) in the case of an Employee who remains with the Sellers subsequent to the Closing Date for the purposes of continuing to conduct the Business with respect to the Non-Transferred Assets and who receives and accepts an offer of employment from the Buyer post-Closing, references to the "Closing Date" shall be replaced with the date of hire by the Buyer, or as otherwise specified in the Management Agreements.

6.9 Further Agreements. Sellers authorize and empower Buyer after the Closing Date to receive and to open all mail received by Buyer relating to the Acquired Assets, the Business or the Assumed Liabilities and to deal with the contents of such communications in any proper manner. Sellers shall (a) promptly deliver to Buyer, any mail or other communication received by them after the Closing Date, (b) promptly wire transfer in immediately available funds to Buyer, any cash, electronic credit or deposit received by Sellers and (c) promptly forward to Buyer, any checks or other instruments of payment that it received, in each case relating to the Acquired Assets, the Business or the Assumed Liabilities. Buyer shall (a) promptly deliver to Sellers, any mail or other communication received by it after the Closing Date, (b) promptly wire transfer in immediately available funds to ATI, any cash, electronic credit or deposit received by Buyer and (c) promptly forward to ATI, any checks or other instruments of payment that it receives, in each case relating to the Excluded Assets or any Excluded Liabilities. From and after the Closing Date, Sellers shall refer all inquiries with respect to the

Business, the Acquired Assets and the Assumed Liabilities to Buyer, and Buyer shall refer all inquiries with respect to the Excluded Assets and the Excluded Liabilities to Sellers.

6.10 Payment of Transfer Taxes and Tax Filings.

(a) Fifty percent (50%) of all Transfer Taxes arising out of the transfer of the Acquired Assets and any Transfer Taxes required to effect any recording or filing with respect thereto shall be paid by each of Buyer and Sellers. The parties shall use commercially reasonable efforts to have included in the Sale Order and Confirmation Order a provision that provides that the transfer of the Acquired Assets shall be free and clear of any stamp or similar taxes under section 1146(c) of the Bankruptcy Code. At least twenty (20) Business Days prior to Closing, Sellers shall submit to Buyer a list of all Transfer Taxes (by tax name, tax jurisdiction and general description of the Acquired Assets subject to such tax) that it anticipates collecting from Buyer at Closing. Buyer may submit to Sellers evidence that it believes such Transfer Tax should not be applicable. Sellers shall review such evidence in a timely and good faith manner and respond to Buyer prior to Closing. Sellers and Buyer shall cooperate to timely prepare and file any returns or other filings relating to such Transfer Taxes, including any claim for exemption or exclusion from the application or imposition of any Transfer Taxes.

(b) Each party shall furnish or cause to be furnished to the others, upon request, as promptly as practicable, such information and assistance relating to the Acquired Assets and the Business as is reasonably necessary for filing of all Tax Returns, including any claim for exemption or exclusion from the application or imposition of any Taxes or making of any election related to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax Return.

(c) Sellers acknowledge and agree that Buyer shall have an administrative expense claim with respect to Sellers' share of any Transfer Taxes arising out of the transfer of the Acquired Assets under this Section 6.10 that have not been paid when due.

6.11 Filing of Tax Returns. The Sellers shall prepare and file, or cause to be prepared and filed, all Tax Returns for or on behalf of the Sellers and any Affiliated Group that are required to be filed for periods that include or end on or prior to the Closing Date. Subject to Section 2.3(c), the Sellers shall pay, or shall cause to be paid, all Taxes due and payable by the Sellers with respect to periods that include or end on or prior to the Closing Date when due.

6.12 Proration of Taxes and Certain Charges. Except as provided in Section 6.10, all real property Taxes, personal property Taxes or similar ad valorem obligations levied with respect to the Acquired Assets for any taxable period that includes the day before the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Sellers and Buyer as

of 12:01 A.M. on the Closing Date. If any Taxes subject to proration are paid by Buyer, on the one hand, or Sellers, on the other hand, the proportionate amount of such Taxes paid (or in the event a refund of any portion of such Taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such Taxes (or promptly following the receipt of any such refund). Notwithstanding the foregoing proration, any interest, penalties or additions to Tax relating to a Tax that is subject to proration shall be borne by the party whose actions or omissions gave rise to such item, and shall be reimbursed (and any refund remitted) consistent with the preceding sentence.

6.13 Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties hereto shall use its respective best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties hereto in doing, all things necessary, proper or advisable under applicable Laws and regulations to ensure that the conditions set forth in this Agreement are satisfied and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including prosecuting confirmation of the Bankruptcy Plan notwithstanding the objection of any party in interest. Subject to the terms and conditions of this Agreement, the parties shall not take any action or refrain from taking any action, the effect of which would be to delay or impede the ability of Sellers and Buyer to consummate the transactions contemplated by this Agreement, unless in such party's reasonable judgment, taking such action or refraining from action is consistent with achieving the ultimate objective of consummating the transactions contemplated hereby.

(b) Without limiting the generality of the foregoing, the parties hereto shall furnish to each other such necessary information and reasonable assistance, as each may request in connection with preparation and filing of applications and motion papers, including the Sale Motion needed to obtain Bankruptcy Court approval of the transactions contemplated by this Agreement, including the Break-Up Fee and the Expense Reimbursement.

(c) If Sellers are unable to obtain any consent required to assign the Contract identified as item 1 on Schedule 7.2(f) of the Disclosure Schedules, Sellers may propose an alternate structure to acquire such contract or the capital stock of the Seller party to such contract (the "Contracting Seller"), and Buyer shall cooperate in good faith to implement such proposal subject to the following sentences. Sellers shall provide Buyer with such information as Buyer reasonably requests in connection with analyzing such alternative structure. Buyer shall be entitled to reject, in its sole discretion, any proposal that exposes Buyer or any of its Affiliates to any material Liabilities other than the Assumed Liabilities or Liabilities that are immaterial, or if the Contracting Seller has, at the time of the Closing, any such material Liabilities. If Buyer acquires the capital stock of the Contracting Seller, the Sellers shall not be entitled to deliver an Early Closing Election.

6.14 HSR Act and General Governmental Consents.

(a) Subject to the terms and conditions of this Agreement, each of the parties hereto shall use its respective best efforts to (1) obtain from any Governmental Entity, any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by Sellers or Buyer or any of their respective Subsidiaries, or to avoid any action or proceeding by any Governmental Entity (including those in connection with the HSR Act), in connection with the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated herein, (2) subject to any restrictions under Antitrust Laws (as defined herein), to the extent practicable, (A) promptly notify each other of any communication to that party from any Governmental Entity with respect to this Agreement and the transactions contemplated hereby, (B) permit a Representative of the other party reasonably acceptable to the first party to attend and participate in meetings (telephonic or otherwise) with any Governmental Entity and (C) permit the other party to review in advance, as reasonable, any proposed written communication to any Governmental Entity, and (3) make all necessary filings (including, to the extent applicable, appropriate filing of a notification and report form pursuant to the HSR Act on or prior to January 20, 2004), and thereafter make any other required submissions, with respect to this Agreement and the transactions contemplated hereby under any applicable Law. Sellers and Buyer shall cooperate with each other in connection with the making of all such filings, including (i) providing all information required or appropriate for any application or other filing and (ii) as reasonably practicable, providing copies of all such documents to the other party and its advisors prior to filing and, if requested, accepting all reasonable additions, deletions or changes suggested in connection therewith.

(b) In furtherance and not in limitation of the foregoing, the parties shall use their best efforts to resolve such objections, if any, as may be asserted with respect to the transactions contemplated by this Agreement under any antitrust, competition or trade regulatory Laws of any Governmental Entity ("Antitrust Laws"). The parties agree to take any action (including agreeing to hold separate or to divest any of the Acquired Assets (a "Designated Change") that may be required by or would otherwise resolve any objections made by (1) the applicable Governmental Entity (including the Antitrust Division of the United States Department of Justice or the Federal Trade Commission) in order to resolve any objections as such Governmental Entity or authority may have to such transactions under such Antitrust Law, or (2) by any domestic or foreign court or similar tribunal, in any suit brought by a private party or Governmental Entity challenging the transactions contemplated by this Agreement as violative of any Antitrust Law, in order to (i) avoid material delay in the closing of such transactions or (ii) avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order that has the effect of preventing the consummation of any of such transactions. The entry by a court, in any suit brought by a private party or Governmental Entity challenging the transactions contemplated by this Agreement as violative of any Antitrust Law, of an order or decree permitting the transactions contemplated by this Agreement, but requiring a Designated Change, or that would otherwise limit the Buyer's freedom of action with respect to, or its ability to retain, the Acquired Assets, shall not be deemed a failure to satisfy the conditions

specified in Section 7.1(a) or Section 7.1(c) hereof. Notwithstanding any other provision of this Agreement, nothing herein shall require Buyer or any of its Affiliates to hold separate or to divest any of the businesses, product lines or assets of Buyer or its Affiliates.

(c) Buyer shall bear sole responsibility for all filing fees under the HSR Act.

6.15 Bulk Sales. Each of the parties hereto waives compliance with any applicable provisions of the Uniform Commercial Code Article 6 (bulk sales or bulk transfers) or analogous provisions of Law, as adopted in the states in which the Business is conducted, as such provisions may apply to the transactions contemplated by this Agreement.

6.16 Sale Motion.

(a) As promptly as practicable, and in any event within two (2) Business Day after the date hereof, Sellers shall file with the Bankruptcy Court the Sale Motion and related notices and proposed orders, each in form reasonably satisfactory to Buyer seeking the Bankruptcy Court's issuance of: (i) the Bidding Procedures Order and (ii) the Sale Order

(b) Sellers shall serve a copy of the Sale Motion on all taxing authorities that have jurisdiction over the Acquired Assets, all Governmental Agencies having jurisdiction over the Acquired Assets with respect to Environmental Laws, and on the attorneys general of all states in which the Acquired Assets are located. Sellers shall serve a notice of the Sale Motion on all parties to Executory Contracts.

(c) Pursuant to section 364(c)(1) of the Bankruptcy Code, the administrative claims in respect of the Expense Reimbursement, the Break-Up Fee and the Liquidated Damages shall have priority over any and all administrative expenses of the kinds specified in sections 503(b), 506(c), 507(a) or 507(b) of the Bankruptcy Code (the "Buyer Protection Superpriority Claims"); provided, however, that the Buyer Protection Superpriority Claims (i) shall not prime the liens of Sellers' pre-Petition lenders and (ii) shall be subordinate to the carve out for professional fees and fees pursuant to 28 U.S.C. of 1930 in accordance with the Bankruptcy Court's order authorizing Sellers to use cash collateral in the Cases.

(d) The rights of Buyer to the Expense Reimbursement, the Break-Up Fee, the Liquidated Damages and the Buyer Protection Superpriority Claims shall all survive rejection or breach of this Agreement, and shall be unaffected thereby.

(e) Buyer and Sellers shall cooperate with filing and prosecuting the Sale Motion and obtaining entry of the Bidding Procedures Order and the Sale Order, and Sellers shall use their best efforts to provide Buyer with copies of all material proposed pleadings, motions, orders and notices prepared by or on behalf of the Sellers relating to the Acquired Assets or this Agreement at least two (2) Business Days prior to the filing thereof in the Cases so as to allow Buyer to provide reasonable comments for

incorporation into same. With respect to the Assumed Contracts, Buyer shall cooperate with Sellers to provide adequate assurance of future performance as required by section 365 of the Bankruptcy Code.

6.17 Competing Transaction.

(a) (i) From the date hereof through the date the Bankruptcy Court enters the Bidding Procedures Order (the "Bidding Procedures Order Approval Date") and (ii) following the Sale Order Approval Date and until such time as this Agreement has been terminated (other than a termination by Sellers in violation of this Agreement), Sellers shall not, nor shall they authorize or permit any Representative of Sellers to, (A) directly or indirectly solicit, initiate or encourage the submission of any offer or proposal concerning any (x) sale, lease or other disposition directly or indirectly by merger, consolidation, business combination, share exchange, joint venture or otherwise, of any or all of the Acquired Assets, (y) issuance or sale of any equity interests in any Seller, or (z) transaction pursuant to which any Person will acquire beneficial ownership or the right to acquire beneficial ownership of equity interests in any Seller (any of the foregoing, a "Competing Transaction"), (B) directly or indirectly participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or take any other action to facilitate the making of, any proposal or expression of interest that constitutes or is reasonably likely to lead to a Competing Transaction, or (C) enter into any agreement with respect to any Competing Transaction; provided, however, that, prior to the Bidding Procedures Order Approval Date, Sellers may, in response to unsolicited bona fide inquiries from Persons indicating an interest in pursuing a Competing Transaction, and after giving Buyer written notice of any Sellers' intention to enter into a confidentiality agreement as provided in Section 6.17(b) below, furnish publicly available information and any information on Sellers' virtual data room in response to such inquiry. Following the Bidding Procedures Order Approval Date and until the Sale Order Approval Date, Sellers are permitted to cause their Representatives to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Buyer and its Affiliates, agents and Representatives) in connection with any Competing Transaction; provided, however, that any such contact, solicitation, or encouragement shall be undertaken in accordance with the terms of the Bidding Procedures Order. Notwithstanding anything to the contrary contained herein, Sections 6.16(a) and (b) shall be immediately enforceable and binding on the parties, and are not subject to entry of the Bidding Procedures Order or any other conditions. The Bidding Procedures Order shall provide, among other things, that (i) any Competing Transaction shall provide for the acquisition of substantially all of the Acquired Assets, (ii) any Competing Transaction shall comply with the Bidding Procedures Order, and (iii) Sellers shall provide to Buyer copies of any written bids received on or after the date hereof for any of the Acquired Assets no later than one (1) Business Day after such bids are received by any Seller, provided that Buyer shall keep such bids confidential and shall not contact or communicate with any bidder or bidders with respect to any such bids or discuss the bids with any party whatsoever except as required by Law. The Sellers shall use best efforts to seek entry of the Bidding Procedures Order.

(b) Sellers shall not furnish information concerning their business, properties or assets to any third party, except (i) in the Ordinary Course of Business to potential and current vendors, customers and agents, (ii) to Governmental Entities or (iii) pursuant to a confidentiality agreement with terms and conditions no less restrictive than those contained in the Confidentiality Agreement as modified by Section 9.9 below. Sellers shall not release any third party from, or waive any provision of, any such confidentiality agreement to which any Seller is a party other than to the extent a similar release or waiver was granted to Buyer. Sellers shall use reasonable efforts to promptly provide, or identify and make available to Buyer any non-public information concerning Sellers, the Acquired Assets or the Business provided to any other Person after the date hereof which was not previously provided to Buyer. To the extent that this Section 6.17(b) conflicts with the Bidding Procedures Order, the Bidding Procedures Order shall govern.

6.18 Disclosure Supplements. From time to time prior to the Closing, Sellers shall supplement the Disclosure Schedules hereto with respect to any matter hereafter arising or any information obtained after the date hereof which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedules, or which is necessary to complete or correct any information in such schedule or in any representation and warranty of Sellers which has been rendered inaccurate thereby. For purposes of determining the satisfaction of the conditions set forth in Article VII hereof, no such supplement or amendment shall be considered.

6.19 Communications Licenses. Sellers shall maintain the validity of the Communications Licenses and, except as disclosed on Schedule 4.9 of the Disclosure Schedules, comply in all material respects with all requirements of the Communications Licenses and the rules and regulations of the FCC and State PUCs. Seller shall use reasonable commercial efforts to (a) refrain from taking any action which may jeopardize the validity of any of the Communications Licenses or result in the revocation, surrender or any adverse modification of, forfeiture of, or failure to renew under regular terms, any of the Communications Licenses, (b) prosecute with due diligence any pending applications with respect to the Communications Licenses, including any renewals thereof, and (c) with respect to Communications Licenses, make all filings and reports and pay all fees necessary or reasonably appropriate for the continued operation of the Business, as and when such approvals, consents, permits, licenses, filings, or reports or other authorizations are necessary or appropriate.

6.20 FCC Applications/State PUC Applications.

(a) As promptly as practicable after the execution and delivery of this Agreement and in no event later than December 31, 2003, the parties hereto shall prepare and file, or cause to be prepared and filed, the necessary application or applications with the FCC seeking the FCC Consents. Each party shall provide the other party with all information necessary for the preparation of such applications on a timely basis, including those portions of such applications which are required to be completed by the first party.

(b) As promptly as practicable after the execution and delivery of this Agreement and in no event later than January 20, 2004, the parties hereto shall prepare and file, or cause to be prepared and filed, the necessary application or applications with the State PUCs seeking the State PUC Consents. Each party shall provide the other party with all information necessary for the preparation of such applications on a timely basis, including those portions of such applications which are required to be completed by the first party. In addition, the parties hereto shall cooperate to make any notice filings required in connection with this matter on a timely basis.

(c) Each of Buyer and Sellers shall bear its own expenses in connection with the preparation and prosecution of the FCC applications and the State PUC applications. Subject to the terms and conditions of this Agreement, each of the parties hereto shall use its best efforts to prosecute the FCC applications and the State PUC applications in good faith and with due diligence before the FCC and the State PUCs and in connection therewith shall take such action or actions as may be necessary or reasonably required in connection with the FCC applications and the State PUC applications, including furnishing to the FCC and the State PUCs any documents, materials, or other information requested by the FCC and the State PUCs in order to obtain the FCC Consent and the State PUC Consents as expeditiously as practicable. In addition, to the extent practicable, the parties hereto shall use their best efforts to (i) promptly notify each other of any communication to that party from the FCC or any State PUC with respect to the FCC applications or the State PUC applications, as applicable, (ii) permit a Representative of the other party reasonably acceptable to the first party to attend and participate in meetings (telephonic or otherwise) with the FCC or any State PUC and (iii) permit the other party to review in advance, as reasonable, any proposed written communication to the FCC or any State PUC. No party hereto shall knowingly take, or fail to take, any action if the intent or reasonably anticipated consequence of such action or failure to act is, or would be, to cause the FCC or any State PUC not to grant approval of any FCC application or of any State PUC application or materially delay either such approval, to the material detriment of the other party.

6.21 Cooperation on Environmental Matters. Sellers agree to cooperate with Buyer and to assist Buyer in identifying the permits required under Environmental Laws required by Buyer to operate the business from and after the Closing Date and either transferring existing Environmental Permits of Buyer, where permissible, or obtaining new Environmental Permits for Buyer (at Buyer's sole expense).

6.22 Trust Indenture Act. To the extent required by the Trust Indenture Act of 1939, Buyer shall file all necessary documents with the SEC to qualify an indenture for the Convertible Notes.

6.23 Non-Compete Covenants. Sellers shall use their reasonable efforts to identify to Buyer those material Contracts containing Non-Compete Covenants within ten (10) Business Days following the date of this Agreement.

6.24 Use of Name. Sellers hereby agree that upon the consummation of the transactions contemplated hereby, Buyer shall be granted a license as set forth in the

Management Agreements to the name "Allegiance Telecom" or similar names, and any other names used in the business to be managed by Buyer pursuant to the Management Agreements, or any service marks, trademarks, trade names, identifying symbols, logos, emblems or signs containing or comprising the foregoing or otherwise used in the business to be managed by Buyer pursuant to the Management Agreements, including any name or mark confusingly similar thereto (collectively, the "Seller Marks") and Sellers shall not, and shall not permit any of their Affiliates to, use such name or any variation or simulation thereof, except in connection with the completion of the Cases. In furtherance thereof, upon expiration or termination of the Management Agreements, Sellers shall remove, strike over or otherwise obliterate all Seller Marks from all materials owned by Sellers and used or displayed publicly including any sales and marketing materials, displays, signs, promotional materials and other materials. On or before the Closing, at Buyer's expense, Sellers shall take any action reasonably requested by Buyer to perfect the chain of title in all of Sellers' registered trademarks used in the Business.

6.25 Further Assurances. Buyer shall use commercially reasonable best efforts to obtain any material Governmental Entity License, approval or consent reasonably necessary to operate as a local exchange carrier in any jurisdiction where the Business is operated and Buyer represents and warrants that it or its Affiliate has and, Buyer shall, maintain through the Closing Date such License, approval or consent in California, Illinois, Michigan and Texas.

6.26 Colocation/PRI Services Agreement. At the Closing, if requested by ATI and subject to Bankruptcy Court approval, ATCW or an Affiliate of ATCW and Buyer shall enter into a Master Services Agreement (the "Master Services Agreement"), pursuant to which Buyer shall provide colocation, primary rate interface and other services to ATCW (or such Affiliate) on terms specified on Schedule 6.26 of the Disclosure Schedules and as otherwise mutually satisfactory to ATCW and Buyer.

ARTICLE VII CONDITIONS TO OBLIGATIONS OF THE PARTIES

7.1 Conditions Precedent to Obligations of Buyer and Sellers. The respective obligations of Buyer, on the one hand, and Sellers, on the other hand, to close under this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions:

(a) No Injunction. No preliminary or permanent injunction or other order issued by, and no Litigation or Order by or before any United States Governmental Entity nor any Law or Order promulgated or enacted by any United States Governmental Entity shall be in effect or pending which materially delays, restrains, enjoins or otherwise prohibits or seeks to restrain, enjoin or otherwise prohibit the transactions contemplated hereby; provided that with respect to pending Litigation, such condition shall only apply to Litigation commenced by a Governmental Entity.

(b) The Sale Order. The Bankruptcy Court shall have entered the Sale Order, which approves this Agreement and all of the terms and conditions hereof and authorizes the Sellers to consummate the transactions contemplated hereby. The Sale Order shall provide that (i) this Agreement results from the Sellers having completed a full and complete auction process and, so long as the Agreement has not been terminated in accordance with its terms, the Sellers shall not be entitled to entertain or enter into a Competing Transaction; (ii) the Acquired Assets sold to Buyer pursuant to this Agreement shall be transferred to Buyer free and clear of all Liens (other than Permitted Liens of the type included in clause (iii) of the definition of Permitted Liens) and Liabilities of any Person (other than Assumed Liabilities), such Liens and Liabilities to attach to the Purchase Price payable pursuant to Section 3.2(a); (iii) the Regulatory Transition Process is approved pursuant to sections 105, 363 and 365 of the Bankruptcy Code; (iv) Buyer has acted in good faith within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby; (v) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (vi) Buyer is not acquiring or assuming any of Sellers' or any other Person's Liabilities except as expressly provided in this Agreement and in no event shall Buyer have any Liability or responsibility for any Excluded Liability; (vii) the transactions contemplated herein shall be exempt from stamp, transfer, or similar taxes to the extent provided by Section 1146(c) of the Bankruptcy Code; (viii) Buyer will not have any successor or transferee liability for liabilities of the Sellers (whether under federal or State law or otherwise) as a result of the sale, purchase, transfer or assignment of the Acquired Assets, and will be exempt from any so-called "bulk sale" laws in all applicable jurisdictions; (ix) all Assumed Contracts shall, at Closing, be assumed by Sellers and assigned to Buyer pursuant to section 365 of the Bankruptcy Code and, as required by this Agreement, Sellers shall be obligated to pay all Cure Amounts in respect thereof, in accordance with this Agreement; (x) Buyer will have the right to participate in any of Sellers' negotiations and settlements regarding ILEC and Non-ILEC Cure Amounts in accordance with Section 3.5, (xi) Buyer will have standing to participate in any disputes before the Bankruptcy Court regarding ILEC and non-ILEC Cure Amounts, (xii) any treatment of ILEC charges under the Bankruptcy Plan, or otherwise, shall be reasonably acceptable to Buyer, (xiii) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 9.12 hereof; (xiv) all Liens held by the Sellers' senior secured lenders on the Non-Transferred Assets shall be released at the Closing and the Buyer shall be granted a Lien on all Non-Transferred Assets pending FCC Consent and State PUC Consent, as applicable and (xv) this Agreement and the transactions and instruments contemplated hereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, Sellers or any chapter 7 or chapter 11 trustee of Sellers and its estate. The Sellers shall provide each applicable taxing authority in each jurisdiction in which it is subject to Tax with copies of any motion for entry of the Sale Order at least 10 days prior to the hearing on such motion. In the event that the Bankruptcy Court does not approve the Sale Order, Buyer shall, within one (1) Business Day, decide and inform Sellers and the Bankruptcy Court and communicate to the Sellers whether Buyer consents to the Sale Order, as modified.

For the avoidance of doubt, if Buyer consents to modifications to the Sale Order, then Buyer agrees that the condition in Section 7.1(b) has been satisfied.

(c) HSR Act. Any applicable waiting period under the HSR Act shall have expired or shall have been earlier terminated.

(d) Approval of Plan. (i) All conditions to the "Effective Date" set forth in the Bankruptcy Plan (including the entry of the Confirmation Order by the Bankruptcy Court) shall have been satisfied or duly waived, with the express written consent of Buyer, such consent not to be unreasonably withheld, in accordance with the applicable provisions of the Bankruptcy Plan and (ii) the transactions contemplated by the Bankruptcy Plan to occur on or prior to the Closing shall have been or shall be consummated simultaneously with the Closing in accordance with the Bankruptcy Plan.

(e) Non-Transferred Assets. The Non-Transferred Assets shall have been retained by Sellers.

(f) Management Agreements. To the extent there are Non-Transferred Assets as of the Closing, Sellers and Buyer shall have entered into the Management Agreements, and such agreements shall be in full force and effect.

(g) Closing Escrow Agreement. ATI, ATCW and Buyer shall have entered into the Closing Escrow Agreement, and such agreement shall be in full force and effect.

7.2 Conditions Precedent to Obligations of Buyer. The obligation of Buyer to close under this Agreement is subject to the satisfaction (or waiver by Buyer) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of Sellers contained herein shall be true and correct, without regard to any qualifications concerning materiality or Material Adverse Effect, as of the date hereof and on and as of the Closing Date (or, if made as of a specific date, at and as of such date), with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except where the effect of all such inaccuracies of representations and warranties would not reasonably be expected to, in the aggregate, have a Material Adverse Effect.

(b) Performance of Agreements. Sellers shall have performed and complied in all material respects with all material covenants and material agreements contained in this Agreement required to be performed or complied with by them prior to or on the Closing Date.

(c) Officer's Certificate. Buyer shall have received a certificate, dated the Closing Date, of an officer of Sellers to the effect that the conditions specified in Sections 7.2(a) and (b) above have been fulfilled.

(d) Notice of Sale Motion and Hearing. Sellers shall have given and published notice of the Sale Motion and Sale Hearing as required by the Bidding Procedures Order.

(e) Sellers' Deliveries. Sellers shall have delivered to Buyer all items set forth in Section 3.1(b).

(f) Assumed Contracts. (i) All Contracts set forth on Schedule 7.2(f) of the Disclosure Schedules shall have been validly assigned to Buyer (or assumed by the applicable Seller and assigned to Buyer) (and Sellers shall have obtained all consents, waivers and approvals (if any) necessary for such assumption and/or assignment) and (ii) all of the other Assumed Contracts (other than those set forth on Schedule 2.6 of the Disclosure Schedules or Exhibit A to Schedule 4.5 of the Disclosure Schedules) shall have been assumed by the applicable Seller and assigned to Buyer (and Sellers shall have obtained all consents, waivers and approvals (if any) necessary for such assumption and/or assignment), except, in the case of this clause (ii), where the failure to assume and assign such Contracts would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(g) Employee Retention. Exclusive of any key employee retention program approved by the Bankruptcy Court in the Cases, Sellers shall have paid their bonus-eligible employees the ordinary course, year-end cash bonuses (not to exceed \$10.7 million plus applicable employer payroll taxes), as reflected in Sellers' cash budgets provided to their pre-Petition lenders and the statutory committee of unsecured creditors appointed in the Cases in connection with the Bankruptcy Court's Order authorizing Sellers' use of cash collateral, in an effort to retain, motivate and compensate Sellers' key employees.

7.3 Conditions Precedent to the Obligations of Sellers. The obligation of Sellers to close under this Agreement is subject to the satisfaction (or waiver by Sellers) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct, without regard to any qualifications concerning materiality or material adverse effect, as of the date hereof and on and as of the Closing Date (or, if made as of a specific date, at and as of such date), with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except where the effect of all such inaccuracies of representations and warranties would not reasonably be expected to, in the aggregate, have a material adverse effect on Buyer.

(b) Performance of Agreements. Buyer shall have performed and complied in all material respects with all material covenants and material agreements contained in this Agreement required to be performed or complied with by it prior to or at the Closing Date.

(c) Officer's Certificate. ATI shall have received a certificate, dated the Closing Date, of an officer of Buyer to the effect that the conditions specified in Sections 7.3(a) and (b) above have been fulfilled.

(d) Buyer's Deliveries. Buyer shall have delivered to Sellers all items set forth in Section 3.1(c).

(e) Transition Services Agreement for Shared Technologies. Shared Technologies and Buyer shall have entered into a Transition Services Agreement (the "Transition Services Agreement") reasonably satisfactory to Buyer and Sellers, the maximum term of which shall be sixty (60) days from the Closing Date and which shall contain arm's-length financial terms, and such agreement shall be in full force and effect. A copy of the Transition Services Agreement shall be annexed to this Agreement no later than the Sale Order Approval Date.

ARTICLE VIII TERMINATION

8.1 Termination of Agreement. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) By mutual written consent of Buyer and ATI;

(b) By Buyer or ATI if the Closing shall not have occurred on or before the eight month anniversary of the date hereof; provided, however, that if the Closing shall not have occurred on or before the eight month anniversary of the date hereof due to a breach of this Agreement by Buyer or any Seller, Buyer or ATI (if a Seller is the breaching party) as the case may be, may not terminate this Agreement pursuant to this Section 8.1(b);

(c) By Buyer, immediately if any of the following shall have occurred:

(i) Any Seller (A) agrees in writing, (B) publicly announces its intention (including by selecting a competing bidder at the Bankruptcy Court's auction relating to the transactions contemplated hereby), or (C) is authorized by its board of directors to proceed with a Competing Transaction, irrespective of whether such Competing Transaction is approved by the Bankruptcy Court and/or consummated;

(ii) Prior to the Closing, any Seller abandons or files a motion with the Bankruptcy Court to abandon all or any material portion of the Acquired Assets;

(iii) Prior to the Closing, any Seller files any plan of reorganization other than the Bankruptcy Plan, files any material amendment to the Bankruptcy Plan, withdraws the Bankruptcy Plan or consents to the reduction of the Exclusivity Period or fails timely to file motions to obtain orders of the Bankruptcy Court extending the Exclusivity Period or the Bankruptcy Court denies confirmation of the

Bankruptcy Plan; provided, however, that to the extent Sellers shall have delivered an Early Closing Election, this Section 8.1(c)(iii) shall be inapplicable;

(iv) The Bankruptcy Court terminates the Exclusivity Period or declines to extend the Exclusivity Period; provided, however, that to the extent Sellers shall have delivered an Early Closing Election, this Section 8.1(c)(iv) shall be inapplicable;

(v) The voluntary dismissal or conversion of any of the Cases to a case under chapter 7 of the Bankruptcy Code;

(vi) Upon the appointment in the Cases of a trustee or examiner with managerial powers under section 1104 of the Bankruptcy Code; or

(vii) Any Order is entered by the Bankruptcy Court which would result in the failure of any of the conditions to the obligations of Buyer set forth in Section 7.1 or 7.2, other than Section 7.1(d) if Sellers shall have delivered an Early Closing Election;

(d) By Sellers, on the one hand, or Buyer, on the other, if Buyer or Sellers, as the case may be, materially breach any of its covenants under this Agreement, unless such breach shall be cured within ten (10) Business Days after such other party shall have received notice of such breach in accordance with the terms hereof.

(e) By Buyer if there is a breach of any representation or warranty contained in Article IV hereof (without regard to any qualifications concerning materiality or Material Adverse Effect contained in Article IV), which breach, in the aggregate with all other such breaches, if any, would give rise to a failure of the condition set forth in Section 7.2(a) (with the date of such termination being substituted for the references to Closing Date therein) and which breach could not reasonably be expected to be cured using reasonable efforts by the date set forth in Section 8.1(b).

(f) By Sellers, at any time on or after the Bidding Procedures Order Approval Date and prior to the Sale Order Approval Date, immediately if Sellers have complied with Section 6.17 and agree to a Competing Transaction in accordance with the Bidding Procedures Order and simultaneously make the payments required by Section 8.2.

(g) Subject to Section 8.3 with respect to Adverse Bankruptcy Events, by Buyer if there is a Sale Delay or an Adverse Bankruptcy Event.

8.2 Effect of Termination; Expense Reimbursement; Breakup Fee. In the event (i) this Agreement is terminated (A) by Buyer pursuant to Section 8.1(b) when ATI does not have the right to terminate this Agreement pursuant to Section 8.1(b) due to breach of the Agreement by Sellers, (B) by Buyer pursuant to Section 8.1(c) or (d) or (C) by Sellers pursuant to Section 8.1(f); or (ii) Buyer terminates this Agreement pursuant to Section 8.1(e) as a result of Sellers' gross negligence or willful, wanton or