

reckless action or inaction taken or not taken with an intent to cause the termination of this Agreement or otherwise negatively impact the transactions contemplated hereby (collectively, a "Sellers' Intentional Breach") or Buyer elects not to close because the condition set forth in Section 7.2(a) has not been satisfied as a result of a Sellers' Intentional Breach, Buyer shall be entitled to immediate payment (simultaneous payment in the case of a termination by Sellers pursuant to Section 8.1(f) of the Break Up Fee and to the Expense Reimbursement (which Expense Reimbursement shall not exceed \$5 million), provided, however, that with respect to (i) any such termination of this Agreement pursuant to Section 8.1(b), (c) or (d) following the Sale Order Approval Date, or (ii) Buyer's election to terminate this Agreement pursuant to Section 8.1(e) or not to close, in each case because the condition set forth in Section 7.2(a) has not been satisfied, as a result of a Sellers' Intentional Breach following the Sale Order Approval Date, Buyer shall be entitled to immediate payment, as liquidated damages and not as a penalty, of (i) the Expense Reimbursement (which Expense Reimbursement shall not exceed \$10 million) and (ii) \$30 million (clauses (i) and (ii) together, the "Liquidated Damages"). Sellers and Buyer acknowledge that the damage suffered by the Buyer in the event of any such termination would be impossible to calculate, and the Liquidated Damages constitutes a reasonable estimate of such damages. In the event Buyer terminates this Agreement pursuant to Section 8.1(e) or elects not to close, in each case because the condition set forth in Section 7.2(a) has not been satisfied as a result of some reason other than a Sellers' Intentional Breach, Buyer shall be entitled to immediate payment of the Expense Reimbursement (which Expense Reimbursement shall not exceed \$5 million or, if after the Sale Order Approval Date, \$10 million). Except as provided in Section 9.15, Buyer's sole and exclusive remedy under this Agreement shall be limited to the recovery of the amounts set forth in this Section 8.2. None of the amounts payable under this Section 8.2 or 8.3 shall prime the Liens held by the Sellers' senior secured lenders and any such amounts payable shall be subordinate to the carve out for professional fees and fees under 28 U.S.C. § 1930 as provided in the Bankruptcy Court's order authorizing Sellers to use cash collateral that was entered in the Cases.

8.3 Bankruptcy Events. In the event of a Sale Delay that Buyer does not agree to waive or extend, Sellers shall pay to Buyer, within two (2) Business Days following Buyer's termination of this Agreement pursuant to Section 8.1(g), the Break Up Fee and the Expense Reimbursement. In the event of an Adverse Bankruptcy Event that Buyer does not agree to waive or extend, Sellers shall either (i) immediately terminate the Agreement and simultaneously pay to Buyer the Liquidated Damages or (ii) immediately waive the condition set forth in Section 7.1(d), send an irrevocable election of early closing on the date of such Adverse Bankruptcy Event and promptly close the transactions contemplated by this Agreement (the "Early Closing Election"). Sellers shall have the right to invoke clause (ii) above in accordance with the terms thereof at any time after the date hereof provided that the Closing pursuant thereto shall not occur sooner than the later of 35 days after the Sale Order Approval Date or twenty (20) Business Days after the delivery of the Early Closing Election. In the event Sellers deliver an Early Closing Election, the provisions of Section 3.5 hereof shall apply; provided, however, that Sellers shall serve, at least twenty (20) days prior to the Closing, the notice of Sellers' intent to assume and assign the Assumed Contracts on all non-debtor parties to the Assumed Contracts, rather than at least twenty (20) days prior to the

hearing to confirm the Bankruptcy Plan. In the event of any waiver of any deadline in Exhibit J, the Break-up Fee, Expense Reimbursement and Liquidated Damages otherwise payable shall be payable at such extended date if such extended deadline has not been met and Buyer terminates the Agreement as a result thereof. Within three (3) Business Days of receipt of an Early Closing Election notice, Buyer will provide to Sellers a list of Executory Contracts to be assigned to Buyer (the "Additional Assumed Contracts") and Sellers shall immediately notify the counterparties to such Additional Assumed Contracts substantially in the form of notice attached to the Sale Order. Except as provided above, the Closing following an Early Closing Election shall be no sooner than twenty (20) Business Days after the delivery of such notice. For the avoidance of doubt, Sellers shall have the sole and absolute right to waive the condition set forth in Section 7.1(d) by invoking the Early Closing Election.

ARTICLE IX MISCELLANEOUS

9.1 Expenses. Except as set forth in this Agreement (e.g., Break-Up Fee, Expense Reimbursement and Liquidated Damages provisions) and whether or not the transactions contemplated hereby are consummated, each party shall bear its own costs and expenses incurred or to be incurred by such party in connection with this Agreement and the consummation of the transactions contemplated hereby.

9.2 Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by Sellers without the prior written consent of Buyer, or by Buyer without the prior written consent of ATI; provided, however, that, Buyer may assign its rights and obligations hereunder, in whole or in part, to any wholly-owned Subsidiary of Buyer, provided that no such assignment shall relieve Buyer of its liabilities and obligations hereunder if such assignee does not perform such obligations and provided, further that this Agreement may be assigned to one or more trustees appointed by the Bankruptcy Court to succeed to the rights of Sellers. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and except as otherwise expressly provided herein, no other Person shall have any right, benefit or obligation hereunder.

9.3 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of Sellers and Buyer, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Without limiting the foregoing, no direct or indirect holder of any equity interests or securities of either Sellers (other than Sellers themselves) or Buyer (whether such holder is a limited or general partner, member, stockholder or otherwise), nor any Affiliate of either Sellers or Buyer, nor any Representative or other controlling person of each of the parties hereto and their respective Affiliates shall have any liability or obligation arising under this Agreement or the transactions contemplated thereby.

9.4 Notices. Unless otherwise provided herein, any notice, request, instruction or other document to be given hereunder by any party to any other party shall

be in writing and shall be delivered in person or by courier or facsimile transmission (with such facsimile transmission confirmed by sending a copy of such notice, request, instruction or other document by certified mail, return receipt requested, or overnight mail) or mailed by certified mail, postage prepaid, return receipt requested (such mailed notice to be effective on the date such receipt is acknowledged), as follows:

If to Sellers:

c/o Allegiance Telecom, Inc.
700 E. Butterfield Road, Suite 400
Lombard, IL 60148
Attention: Mark B. Tresnowski, Esq.
Executive Vice President, General Counsel and
Secretary
Fax: (630) 522-5250

With a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd
New York, NY 10022
Attention: Jonathan S. Henes, Esq.
Michael Movsovich, Esq.
Fax: (212) 446-4900

If to Buyer:

Qwest Communications International Inc.
1801 California Street
Denver, CO 80202
Attention: General Counsel
Fax: (303) 296-5974

With a copy to (which shall not constitute notice):

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Paul M. Basta, Esq.
Howard Chatzinoff, Esq.
Fax: (212) 310-8007

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Notices sent as provided herein shall be deemed given on the date received by the recipient. If a recipient rejects or refuses to accept a notice given pursuant to this Section, or if a notice is not deliverable because of a changed address or fax number of which no notice was given in accordance with the

provisions hereof, such notice shall be deemed to be received two (2) days after such notice was mailed (whether as the actual notice or as the confirmation of a faxed notice) in accordance with the terms hereof.

9.5 Choice of Law. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the Bankruptcy Code and the substantive laws of the State of New York for contracts expected and likely to be performed solely within such state without regard to the conflict of laws principles thereof or of any other jurisdiction.

9.6 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. No supplement, modification or waiver of this Agreement (including any schedule hereto) shall be binding unless the same is executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided.

9.7 No Recourse Against Third Parties. Buyer agrees for itself and for all of its officers, directors, shareholders, Affiliates, attorneys, agents and any other parties making any claim by, through or under the rights of such persons (collectively, the "Buyer Group") that no member of the Buyer Group shall have any rights against any creditor, officer, director, shareholder (other than Sellers themselves), Affiliate, attorney or agent of Sellers (each, individually, a "Non-Recourse Person") for any damages, suits, claims, proceedings, fines, judgments, costs or expenses (including attorneys' fees and incidental, consequential or punitive damages) (collectively, "Losses") that any Buyer Party may suffer in connection with this Agreement. If any member of the Buyer Group makes a claim against any person or entity other than Buyer that is not a Non-Recourse Person (a "Third Person") that in any way gives rise to a claim by such Third Party against any Non-Recourse Person asserting that such Non-Recourse Person is or may be liable to such Third Party with respect to any Losses arising in connection with this Agreement (whether by way of indemnification, contribution, or otherwise on any theory whatever) (a "Claim Over"), such member of the Buyer Group shall reduce or credit against any judgment or settlement such member of the Buyer Group may obtain against such Third Party the full amount of any judgment or settlement such Third Party may obtain against the Non-Recourse Person on such Claim Over, and shall, as part of any settlement with such Third Party, obtain from such Third Party for the benefit of such Non-Recourse Person a satisfaction in full of such Third Party's Claim Over against the Non-Recourse Person. The provisions of this Section 9.7, however, shall not apply as to any fraud claims.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be as effective as delivery of a

manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

9.9 Confidentiality. Prior to the Closing and after any termination of this Agreement, the provisions of the Confidentiality Agreement shall continue in full force and effect; provided, however, that effective as of the date hereof the provisions of the Confidentiality Agreement restricting Buyer and its Affiliates from discussing the transaction contemplated by this Agreement with third parties shall no longer apply. After the Closing, Buyer shall no longer be subject to the provisions of the Confidentiality Agreement, except to the extent the confidential information specifically relates to Shared Technologies. In the event of any conflict between the provisions of this Agreement and the Confidentiality Agreement, the provisions of this Agreement shall prevail. From and after the Closing, Sellers agree to keep confidential all confidential information relating to the Business, and agree not to disclose such information except as required by Law. Notwithstanding anything herein to the contrary, Buyer and Sellers (and each Affiliate and person acting on behalf of any such party) agree that each party (and each Representative of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party or such person relating to such tax treatment and tax structure, except to the extent necessary to comply with any applicable federal or state securities laws. This authorization is not intended to permit disclosure of any other information, including (i) any portion of any materials to the extent not related to the tax treatment or tax structure of the transaction, (ii) the identities of participants or potential participants in the transaction, (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the tax treatment or tax structure of the transaction) or (v) any other term or detail not relevant to the tax treatment or the tax structure of the transaction.

9.10 Invalidity. If anyone or more of the provisions contained in this Agreement (other than any of the provisions contained in Article II or Article III hereof) or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the parties shall use their best efforts, including the amendment of this Agreement, to ensure that this Agreement shall reflect as closely as practicable the intent of the parties hereto on the date hereof.

9.11 Headings. The table of contents and the headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

9.12 Exclusive Jurisdiction. Without limiting any party's right to appeal any order of the Bankruptcy Court, (a) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (b) any and all claims, actions, causes of action, suits and proceedings related to the foregoing shall be filed and

maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 9.4 hereof.

9.13 Waiver of Right to Trial by Jury. Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

9.14 Specific Performance. Each of the parties hereto acknowledges that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions thereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which the parties may be entitled, at law, in equity or pursuant to this Agreement.

9.15 Counting. If the due date for any action to be taken under this Agreement (including the delivery of notices) is not a Business Day, then such action shall be considered timely taken if performed on or prior to the next Business Day following such due date.

9.16 Service of Process. Each party irrevocably consents to the service of process in any action or proceeding by receipt of mailed copies thereof by national courier service or registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 9.4 hereof. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

9.17 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

9.18 Exhibits and Schedules. The Exhibits and Schedules attached to, delivered with and identified to this Agreement are a part of this Agreement the same as if fully set forth herein and all references herein to any Section of this Agreement shall be deemed to include a reference to any Schedule named therein. Any disclosure made in any Schedule to this Agreement which is applicable to another Schedule to this Agreement shall be deemed to be made with respect to such other Schedule regardless of whether or not a specific cross reference is made thereto if the relevance of such disclosure to such other schedule is reasonably apparent on its face.

9.19 Interpretation.

(a) Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation."

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

(d) Words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(f) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) All references to "\$" and "dollars" shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to any financial or accounting terms shall be defined in accordance with GAAP.

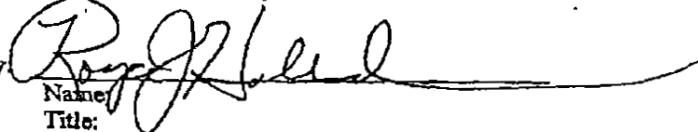
9.20 Preparation of this Agreement. Buyer and Sellers hereby acknowledge that (i) Buyer and Sellers jointly and equally participated in the drafting of this Agreement and all other agreements contemplated hereby, (ii) Buyer and Sellers have been adequately represented and advised by legal counsel with respect to this Agreement and the transactions contemplated hereby, and (iii) no presumption shall be made that any provision of this Agreement shall be construed against either party by reason of such role in the drafting of this Agreement and any other agreement contemplated hereby.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Sellers and Buyer as of the date first above written.

SELLERS:

ALLEGIANCE TELECOM, INC.

By: 
Name:
Title:

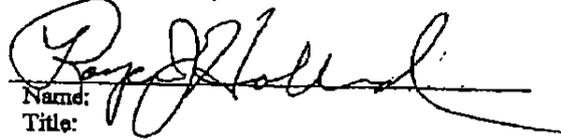
ALLEGIANCE TELECOM COMPANY WORLDWIDE
ADGRAFX CORPORATION
ALGX BUSINESS INTERNET, INC.
ALLEGIANCE INTERNET, INC.
ALLEGIANCE TELECOM INTERNATIONAL, INC.
ALLEGIANCE TELECOM OF ARIZONA, INC.
ALLEGIANCE TELECOM OF CALIFORNIA, INC.
ALLEGIANCE TELECOM OF COLORADO, INC.
ALLEGIANCE TELECOM OF FLORIDA, INC.
ALLEGIANCE TELECOM OF GEORGIA, INC.
ALLEGIANCE TELECOM OF ILLINOIS, INC.
ALLEGIANCE TELECOM OF INDIANA, INC.
ALLEGIANCE TELECOM OF MARYLAND, INC.
ALLEGIANCE TELECOM OF MASSACHUSETTS, INC.
ALLEGIANCE TELECOM OF MICHIGAN, INC.
ALLEGIANCE TELECOM OF MINNESOTA, INC.
ALLEGIANCE TELECOM OF MISSOURI, INC.
ALLEGIANCE TELECOM OF NEVADA, INC.
ALLEGIANCE TELECOM OF NEW JERSEY, INC.
ALLEGIANCE TELECOM OF NEW YORK, INC.
ALLEGIANCE TELECOM OF NORTH CAROLINA, INC.
ALLEGIANCE TELECOM OF OHIO, INC.
ALLEGIANCE TELECOM OF OKLAHOMA, INC.
ALLEGIANCE TELECOM OF OREGON, INC.
ALLEGIANCE TELECOM OF PENNSYLVANIA, INC.
ALLEGIANCE TELECOM OF TEXAS, INC.
ALLEGIANCE TELECOM OF THE DISTRICT OF
COLUMBIA, INC.
ALLEGIANCE TELECOM OF VIRGINIA, INC.
ALLEGIANCE TELECOM OF WASHINGTON, INC.
ALLEGIANCE TELECOM OF WISCONSIN, INC.
ALLEGIANCE TELECOM PURCHASING COMPANY
ALLEGIANCE TELECOM SERVICE CORPORATION
COAST TO COAST TELECOMMUNICATIONS, INC.
HOSTING.COM, INC.
INTERACCESS TELECOMMUNICATIONS CO.

(Signatures Continued)

JUMP.NET, INC.
VIRTUALIS SYSTEMS, INC.

By:

Name:
Title:

A handwritten signature in black ink, appearing to read "Ray J. Hall", is written over a horizontal line. The signature is cursive and extends to the right of the line.

(Signatures Continued)

BUYER:

QWEST COMMUNICATIONS INTERNATIONAL, INC.

By: 
Name: Richard C. Nofels
Title: Chairman & CEO

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

Allegiance Telecom, Inc., et al.,

Debtors.

Chapter 11
Case No. 02-130507 (RDD)

(Jointly Administered)

**ORDER (I) APPROVING THE SALE FREE AND
CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES
TO THE SUCCESSFUL BIDDER, (II) AUTHORIZING THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES AND (III) GRANTING RELATED RELIEF**

Upon the motion, dated December 18, 2003 (the "Motion") of Allegiance Telecom, Inc., ("Allegiance") and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") for an order (i) approving the sale of the Sale Assets,¹ free and clear of (a) all liens, claims and encumbrances and (b) certain transfer taxes, to the successful bidder (the "Successful Bidder"), (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases; and (iii) granting certain related relief, and the Court having entered an order (the "Bidding Procedures Order") on [insert date]__ 2004, approving the Bidding Procedures (as defined therein); and the Court having held a hearing on [insert date], 2004, to approve the relief requested in the Motion (the "Sale Hearing"); and it appearing that notice of the Sale Hearing has been provided to (i) the Office of the United States Trustee; (ii) the attorneys for Prepetition Lenders; (iii) the attorneys for the Creditors' Committee, (iv) all nondebtor contracting and lease parties identified on Schedule 4.20 and 4.21 of the Disclosure Schedules, (v) all parties that provide telecom services to the Debtors pursuant

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion or the Purchase Agreement, as applicable

to tariffs; (vi) the attorneys for the Buyer; (vii) all parties who have made written expressions of interest in acquiring the Sale Assets or the Business within two (2) months prior to the date of the Motion; (viii) all known persons holding a lien on any of the Sale Assets; (ix) the Securities and Exchange Commission; (x) all taxing authorities that have jurisdiction over the Sale Assets; (xi) all Governmental Agencies having jurisdiction over the Sale Assets with respect to Environmental Laws, (xii) the attorneys general of all states in which the Sale Assets are located; (xiii) the Federal Communications Commission and applicable state public utility commissions; and (xiv) all other parties that had filed a notice of appearance and demand for service of papers in these bankruptcy cases under Bankruptcy Rule 2002 as of the date of the Motion; and it appearing that such notice constitutes good and sufficient notice of the Motion and Sale Hearing and that no other or further notice need be provided; and upon the Motion and the record of the Sale Hearing and all other proceedings had before the Court; and it appearing that an order approving the transaction(s) contemplated in the Purchase Agreement is in the best interests of the Debtors and all parties in interest; and it appearing that the Court has jurisdiction over this matter; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. This Court has jurisdiction over the Motion under 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding under 28 U.S.C. § 157(b)(2)(A). Venue of these cases and the motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Motion are sections 105(a), 363(b), (f), (m), and (n) of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

C Proper, timely, adequate, and sufficient notice of the Motion and the sale set forth herein (the "Sale") has been provided in accordance with sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 2002(i), 6004, and 9014, in compliance with the Order Establishing Notice Procedures, dated May 15, 2003, and in compliance with the Bidding Procedures Order, such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice of the Motion or the Sale Hearing is or shall be required

D. As demonstrated by the pleadings and affidavit of publication filed herein, the Debtors have marketed the Sale Assets and conducted the sale process in compliance with the Bidding Procedures Order and have completed a full and complete auction process.

E. No consents or approvals, other than those expressly set forth in and required by the Purchase Agreement or expressly set forth herein, are required for the Debtors or Buyer to consummate the transaction(s) contemplated in the Purchase Agreement.

F. Approval of the Purchase Agreement and consummation of the transaction(s) contemplated therein at this time are in the best interests of the Debtors, their creditors, and their estates.

G The Debtors have demonstrated both (i) good, sufficient, and sound business purpose and justification and (ii) compelling circumstances for approval of the sale transaction(s) contemplated in the Purchase Agreement pursuant to section 363(b) of the Bankruptcy Code and in connection with a plan of reorganization.

H. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

I. The Purchase Agreement was negotiated, proposed, and entered into by the Debtors and Buyer, in good faith, without collusion, and from arm's-length bargaining positions. Neither the Debtors nor Buyer have engaged in any conduct that would cause or permit the Purchase Agreement to be avoided under section 363(n) of the Bankruptcy Code. Buyer is not an "insider" of any of the Debtors, as that term is defined in Bankruptcy Code section 101

J. Buyer is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. Buyer will be acting in good faith within the meaning of section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Purchase Agreement at all times after the entry of this Order.

K. The Purchase Agreement was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

L. The Purchase Price for the Sale Assets pursuant to the Purchase Agreement (i) is fair and reasonable, (ii) is the highest or best offer for the Sale Assets, and (iii) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

M. The transfer of the Sale Assets to Buyer will be a legal, valid, and effective transfer of the Sale Assets, and will vest Buyer with all rights, title, and interest in and to the Sale Assets free and clear of all liens (other than Permitted Liens of the type set forth in clause (iii) of the definition thereof), claims, encumbrances, and interests, which have, or could have, been asserted by the Debtors or their creditors.

N. The Debtors have demonstrated a compelling and sound business justification for authorizing the payment of the Liquidated Damages to the Buyer under the circumstances, timing, and procedures set forth in the Motion and the Purchase Agreement. The Liquidated Damages are not a penalty, but rather, a reasonable estimate of the damages to be suffered by the Buyer in the event the transactions contemplated by the Purchase Agreement are not consummated under the circumstances set forth therein.

O. The Liquidated Damages were a material inducement for, and express conditions of, the Buyer's willingness to enter into the Purchase Agreement, and the Buyer was unwilling to commit to hold open its offer to acquire the Sale Assets, pending Closing, and consummate the other transactions under the terms of the Purchase Agreement unless it was assured of the payment of the Liquidated Damages.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
DECREED THAT:**

1. The Motion is granted.
2. All objections to the Motion or the relief requested therein, if any, that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled on the merits.

Approval of the Purchase Agreement

3. The Purchase Agreement and all of the terms and conditions thereof are hereby approved.
4. Pursuant to section 363(b) of the Bankruptcy Code, the Debtors and Buyer are authorized and directed to consummate the Sale Transaction, pursuant to and in accordance with the terms and conditions of the Purchase Agreement.

5. The Debtors are authorized and directed to execute and deliver, and empowered to perform under, consummate and implement the Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement, and to take all further actions as may be reasonably requested by Buyer as may be necessary or appropriate to the performance of the obligations as contemplated by the Purchase Agreement.

6. The Debtors have completed a full and complete auction process.

7. So long as the Purchase Agreement has not been terminated in accordance with its terms, the Debtors shall not be entitled to consider or accept a Competing Transaction.

8. The Regulatory Transition Process is hereby approved pursuant to sections 105, 363, and 365 of the Bankruptcy Code.

Transfer of the Sale Assets

9. Pursuant to sections 105(a), 363(b) and 363(f) of the Bankruptcy Code, the transfer of the Sale Assets, including any limited liability company ("LLC") membership interests and any equipment of Debtors that may be transferred to such LLC prior to the Closing, to Buyer on the later of (i) Closing or (ii) the applicable State PUC Consent or FCC Consent, shall vest Buyer (or such LLC as the case may be with respect to equipment) with all rights, title, and interest in and to the Sale Assets and shall be, free and clear of all liens (other than Permitted Liens of the type set forth in clause (iii) of the definition thereof), claims, encumbrances, and interests which have, or could have, been asserted by the Debtors or their creditors in connection with the Debtors' chapter 11 cases, if any, with all such liens, claims, encumbrances, and interests of any kind or nature whatsoever to attach to the net proceeds that the Debtors ultimately realize from the sale transaction contemplated herein in the order of their priority,

with the same validity, force and effect which they now have as against the Sale Assets, subject to any claims and defenses the Debtors may possess with respect thereto.

10. Buyer shall have no liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Sale Assets other than as expressly set forth in the Purchase Agreement and in no event shall Buyer have any liability or responsibility for any Excluded Liabilities (including any unrecorded liabilities of the Debtors). Without limiting the effect or scope of the foregoing, the transfer of the Sale Assets from the Debtors to Buyer does not and will not subject Buyer or its affiliates, successors or assigns or their respective properties (including the Sale Assets) to any liability for claims (as that term is defined in section 101(5) of the Bankruptcy Code) against the Debtors or the Sale Assets by reason of such transfer under the laws of the United States or any state, territory or possession thereof applicable to such transactions. Neither Buyer nor its affiliates, successors, or assigns shall be deemed, as a result of actions taken in connection with the purchase of the Sale Assets: (i) to be a successor to the Debtors (except for purposes of section 1145 of the Bankruptcy Code) or (ii) be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors. Neither Buyer nor its affiliates, successors, or assigns is acquiring or assuming any liability, warranty, or other obligation of the Debtors, including, without limitation, any tax incurred but unpaid by the Debtors prior to the date of the Closing (except as expressly set forth in the Purchase Agreement), including, but not limited to, any tax, any fine or penalty relating to a tax, or any addition to a tax, whether or not previously assessed, fixed or audited, whether or not paid, and whether or not contested before and adjudicated by a judicial or administrative tribunal of competent jurisdiction, except as otherwise expressly provided in the Purchase Agreement.

11. The process set forth in the Purchase Agreement, the Management Agreements, the Transition Plan and other related documents for obtaining all approvals, consents (including assignments of any permits and rights of way), certificates, waivers and other authorizations required to be obtained from, or filings or other notices required to be made with or to, any Governmental Entities (as defined in the Purchase Agreement) having jurisdiction over any of the Sale Assets in order to consummate the transactions contemplated by the Purchase Agreement and the other related transaction documents and the transfer of such Sale Assets, including the Non-Transferred Assets, to Buyer upon the receipt of such approvals (the “Regulatory Transition Process”) is hereby approved pursuant to sections 105, 363 and 365 of the Bankruptcy Code.

Assumption and Assignment of Assumed Contracts to Buyer

12. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, (x) on the later of (i) the Closing or (ii) the applicable State PUC Consent or FCC Consent or (y) in the event of an Early Closing Election, the Debtors’ assumption and assignment to Buyer and Buyer’s assumption on the terms and conditions set forth in the Purchase Agreement of the Assumed Contracts is hereby approved, provided that the requirements of section 365(b)(1) of the Bankruptcy Code with are satisfied as set forth in the Debtors Notice of Intent to Assume and Assign (as defined below). Buyer and the Debtors shall keep confidential the Executory Contracts as set forth in Section 3.5(d) of the Purchase Agreement.

13. Subject to (x) the later of (i) the Closing or (ii) the applicable State PUC Consent or FCC Consent or (y) an Early Closing Election, the Debtors are hereby authorized and directed in accordance with sections 105(a) and 365 of the Bankruptcy Code to (a) assume and assign to Buyer the Assumed Contracts free and clear of all liens (other than Permitted Liens),

claims, and encumbrances as well as all interests of any kind or nature whatsoever and (b) execute and deliver to Buyer such documents or other instruments as may be necessary to assign and transfer the Assumed Contracts to Buyer.

14. Pursuant to the procedures set forth in Sections 3.5, 6.3 and 8.3 of the Purchase Agreement, the Assumed Contracts shall be transferred to, and remain in full force and effect for the benefit of, Buyer in accordance with their respective terms, notwithstanding any provision in any of the Assumed Contracts (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability with respect to the Assumed Contracts after such assignment to and assumption by Buyer.

15. All defaults or other obligations of the Debtors under the Assumed Contracts (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be promptly cured by the Debtors or Buyer as set forth in the Purchase Agreement as provided in Bankruptcy Code section 365(b)(1) and the cure amounts with respect to the Assumed Contracts will be those amounts (the "Cure Amounts") established in accordance with the procedures set forth in the Bidding Procedures Order and Exhibit 2 thereto.

16. With the exception of the Cure Amounts, except as otherwise set forth herein, each nondebtor party to an Assumed Contract hereby will be forever barred, estopped, and permanently enjoined from asserting against the Debtors or Buyer, or the property of any of them, any default existing under the Assumed Contracts as of the later of date of (i) the Closing or (ii) the applicable State PUC Consent or FCC Consent; or, against Buyer, any counterclaim,

defense, setoff, or any other claim under the Assumed Contracts asserted or assertable against the Debtors. All parties that provide telecommunications services pursuant to a tariff related to any of the Sale Assets are hereby directed to continue providing such services to Buyer.

17 If the Debtors receive an objection to the cure amounts (the "Cure Amount Objection") in the Notice of Intent to Assume and Assign, they shall attempt to resolve such disputed cure amounts with the party asserting the objection. If consensual resolution of the Cure Amount Objection cannot be reached, the Debtors or Buyer, as provided in the Purchase Agreement will (i) pay in full the undisputed portion of such Cure Amount on or before the applicable date of assumption and (ii) segregate the disputed portion of such cure amount (the "Segregated Amounts") pending the resolution of the Cure Amount Objection by this Court or by mutual agreement of the parties. In light of these procedures, the fact that any Cure Amount Objection is not resolved shall not prevent or delay the occurrence of the date of assumption or the assumption and assignment of any Assumed Contracts, and the objectors' only recourse after the relevant date of assumption shall be to the segregated amounts.

18. The Buyer is (i) permitted to participate and monitor any of the Debtors' negotiations and settlements regarding ILEC and non-ILEC Cure Amounts and (ii) has standing to participate in any disputes before the Bankruptcy Court regarding ILEC and non-ILEC Cure Amounts. Any treatment of ILEC charges under the Bankruptcy Plan, or otherwise, shall be reasonably acceptable to Buyer. The Debtors shall pay all ILEC Cure Amounts (whether in cash or by application of the ILEC Set Off Amounts) subject to and as set forth in Section 3.5 of the Purchase Agreement

Liquidated Damages

19. Pursuant to section 363(b) of the Bankruptcy Code and because damage suffered by the Buyer in the event of any such termination would be impossible to calculate and the Liquidated Damages (as defined below) constitute a reasonable estimate of such damages, the Debtors are required to pay to Buyer as liquidated damages and not as a penalty (i) the Expense Reimbursement (which shall not exceed \$10 million) plus (ii) \$30 million (clauses (i) and (ii) together, the "Liquidated Damages") immediately in the event that: (x) the Purchase Agreement is terminated pursuant to sections 8.1(b), (c), or (d) of the Purchase Agreement following the Sale Order Approval Date, or (y) Buyer elects to terminate the Purchase Agreement pursuant to Section 8.1(e) of the Purchase Agreement or not to close, in each case because the condition set forth in section 7.2(a) of the Purchase Agreement has not been satisfied, as a result of a Seller's Intentional Breach following the Sale Order Approval Date.

20. In the event of an Adverse Bankruptcy Event that Buyer does not agree to waive or extend, the Debtors shall either (i) immediately terminate the Purchase Agreement and simultaneously pay to Buyer the Liquidated Damages or (ii) immediately waive the condition set forth in Section 7.1(d) of the Purchase Agreement, send an irrevocable election of early closing on the date of such Adverse Bankruptcy Event and promptly close on the transactions contemplated by the Purchase Agreement (the "Early Closing Election"), provided, that the Debtors shall only be entitled to invoke clause (ii) above if all other conditions to Closing set forth in Article VII of the Purchase Agreement have been satisfied or waived if such conditions may be satisfied prior to Closing or will be satisfied or waived at Closing in accordance with the terms of the Purchase Agreement. Debtors shall also have the right to invoke clause (ii) above in accordance with the terms thereof at any time after the date hereof provided that the Closing

pursuant thereto shall not occur sooner than the later of 35 days after the Sale Order Approval Date or twenty (20) Business Days after the delivery of the Early Closing Election. In the event of any waiver of any deadline in Exhibit J to the Purchase Agreement, the Liquidated Damages otherwise payable shall be payable at such extended date if such extended deadline has not been met.

21. The Debtors are authorized and empowered to pay the Liquidated Damages to the Buyer, as required under and pursuant to the Purchase Agreement, without further order of the Court and the Liquidated Damages shall (i) receive superpriority administrative claim status and 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 and (ii) the Buyer's right to the Liquidated Damages and the superpriority administrative claim status of such claims shall survive rejection or breach of the Purchase Agreement, and shall be unaffected thereby, provided, however, that the Liquidated Damages shall not prime the Liens held by the Sellers' senior secured lenders and any such amounts payable shall be subordinated to the carve out for professionals fees and fees under 28 U.S.C. § 1930 as provided in the Bankruptcy Court's order authorizing Debtors to use cash collateral that was entered in these cases.

Additional Provisions

22. Pursuant to section 364(c)(1) of the Bankruptcy Code, (i) the obligation of the Debtors to pay any adjustments to the Purchase Price, including interest with respect thereto, and (ii) any amounts that may be owed to Buyer pursuant to, or for Debtors' breach of, the Management Agreement, shall receive superpriority administrative claim status and 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, provided, however, that any such amounts

payable shall be subordinate to the carve out for professional fees and fees under 28 U.S.C. § 1930 as provided in the Bankruptcy Court's order authorizing Debtors to use cash collateral that was entered in these cases.

23 Any amounts payable by the Debtors pursuant to the Purchase Agreement or any of the documents delivered by the Debtors pursuant to or in connection with the Purchase Agreement shall (i) constitute administrative priority expenses of the Debtors' estates pursuant to Bankruptcy Code sections 503(b) and 507(a)(1), except as otherwise specifically provided in the Purchase Agreement, (ii) be paid by the Debtors in the time and manner provided in the Purchase Agreement without further order of this Court, and (iii) not be discharged, modified, or otherwise affected by any plan of reorganization of any of the Debtors.

24. On the date of the Closing, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its interest in the Sale Assets, if any, as such interests may have been recorded or may otherwise exist.

25. All Liens held by the Debtors' senior secured lenders on the Non-Transferred Assets and all other Liens shall be released at the Closing and the Buyer shall be granted a first-priority, perfected Lien as security for all of the Debtors' obligations to Buyer pursuant to the Management Agreement on all Non-Transferred Assets pending FCC Approval and State PUC Approval, as applicable.

26. Regardless of whether the Debtors' creditors execute the releases set forth in the above paragraphs, this Order (a) shall be effective as a determination that, on the date of the Closing, all liens, claims, security interests, encumbrances, and interests of any kind or nature whatsoever existing with respect to the Debtors and the Sale Assets prior to the Closing have

been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected and (b) shall be binding upon and shall govern the acts of all entities including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Sale Assets.

27. Each and every federal, state, and local governmental agency or department is hereby directed to accept for filing and/or recording and approve as necessary any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement.

28. If any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing claims or interests with respect to the Debtors or the Sale Assets shall not have delivered to the Debtors prior to the date of the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all interests which the person or entity has with respect to the Debtors or the Sale Assets or otherwise, then (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Sale Assets and (b) Buyer is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all claims and interests in the Sale Assets of any kind or nature whatsoever.

29. Pursuant to sections 105(a) and 1146(c) of the Bankruptcy Code, the transfer of the Sale Assets in connection with the Bankruptcy Plan is not subject to taxation under any federal, state, local, municipal, or other law imposing or purporting to impose a stamp, transfer, recording, or any other similar tax on any of the Debtors' transfers or conveyances of the Sale Assets, which includes real estate, personal property, and any other assets and is deemed to be part of a plan pursuant to section 1146(c) of the Bankruptcy Code.

30. All entities who presently are in possession of some or all of the Sale Assets are hereby directed to surrender possession of the Sale Assets to the Debtors at the Closing.

31. The Debtors are hereafter not permitted to cause their Representatives to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person in connection with any inquiry, proposal, offer, sale or other disposition related to any or all of the Acquired Assets.

32. This Court retains jurisdiction to enforce and implement the terms and provisions of the Purchase Agreement (including the breach of the Purchase Agreement as provided in Section 9.12 thereof), all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith in all respects.

33. The transaction contemplated by the Purchase Agreement is undertaken by Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code. Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the transaction(s) contemplated herein shall not affect the validity of the sale of the Sale Assets to Buyer, unless such authorization is duly stayed pending such appeal. Buyer is a