

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	: Chapter 11
ALLEGIANCE TELECOM, INC., <u>ET AL.</u> ,	: Case No. 03-13057 (RDD)
Debtors.	: (Jointly Administered)
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**STIPULATION AND ORDER SETTLING CERTAIN DISPUTES BETWEEN
ALLEGIANCE TELECOM, INC., ALLEGIANCE TELECOM COMPANY
WORLDWIDE, THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
AND XO COMMUNICATIONS, INC.**

WHEREAS, on May 14, 2003 (the "Commencement Date") Allegiance Telecom, Inc. ("ATT"), Allegiance Telecom Company Worldwide ("ATCW") and their direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

WHEREAS, the Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

WHEREAS, on May 28, 2003, the United States Trustee for the Southern District of New York appointed the statutory committee of unsecured creditors (the "Committee") in connection with the Debtors' chapter 11 cases.

WHEREAS, on February 18, 2004, ATI, ATCW and certain of the other Debtors executed that certain Asset Purchase Agreement by and among ATI and ATCW, jointly and severally as Sellers, and XO Communications, Inc. ("XO") as Buyer (as amended, the "APA"), pursuant to which ATI and ATCW agreed to sell to XO or its designee

(subject to the terms and conditions of the APA, the “Sale Transaction”) (a) substantially all of the assets of ATI and ATCW, and (b) the stock of the reorganized direct and indirect subsidiaries of ATCW, other than Shared Technologies Allegiance, Inc.

WHEREAS, on February 20, 2004, the Court entered an order approving the Sale Transaction (“Sale Order”).

WHEREAS, on June 10, 2004, the Debtors filed their Third Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (the “Plan”).

WHEREAS, on April 22, 2004, the Court entered an order approving, among other things, the Debtors’ Second Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code dated April 22, 2004 relating to the Plan (“Disclosure Statement Order”).

WHEREAS, several disputes have arisen among the Debtors, the Committee and XO regarding certain provisions of the APA, which disputes are as follows (the “APA Disputes”):

- the amount of severance liabilities for the Debtors’ senior vice presidents and above to be assumed by XO under Section 2.3(e) of the APA;
- the current liabilities and accrued expenses to be assumed by XO under Section 2.3(c) of the APA (“Current Liabilities Dispute”); and
- the availability of the provisions of section 1145 of the Bankruptcy Code and registration rights with respect to the XO Common Stock.

WHEREAS, in order to resolve the APA disputes, the Debtors, the Committee, and XO have negotiated this Stipulation and Order (“Stipulation”) in good faith and at arms’ length and desire that it shall be binding on each of them.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, including the benefits of the APA and Plan, and in order to compromise and settle the APA Disputes, and to facilitate the expeditious closing of the Sale Transaction and effective reorganization of the Debtors, the parties hereto agree as follows and this Court hereby Orders:

1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the APA or the Plan, as the case may be.

2. Severance.

(a) Subject to subsection 2(b), XO's obligation under Section 2.3(e) of the APA to pay severance to non-Transferred Employees holding the title of Senior Vice President or higher shall be for three (3) months of salary per such non-Transferred Employee and, thus, on the Closing Date, XO shall pay the Debtors, by wire transfer of immediately available funds to an account designated by the Debtors, a total of \$713,750 on account of 11 Employees. There shall be no remaining severance obligation to such Employees on the part of XO or the Debtors other than the Debtors' commitment to pay the remaining three (3) months of salary per such non-Transferred Employee so that each such Employee gets six (6) months of salary as severance. The Debtors represent to XO that they have paid or will pay exactly six (6) months of salary as severance for each such non-Transferred Employee.

(b) XO's right to contest any obligation it may have to pay severance to Tim Narramore and Kevin Joseph, on the grounds that XO made an employment offer to each that fully satisfied the terms of Section 6.8(d) of the APA (a "Qualifying Offer"),

shall be preserved. The parties shall agree upon a schedule to resolve this dispute before the Bankruptcy Court. If the Bankruptcy Court determines that XO did make a Qualifying Offer to either Mr. Narramore or Mr. Joseph, then XO shall have no liability for severance payments on account of such Employee. If the Bankruptcy Court determines that XO did not make a Qualifying Offer to either Mr. Narramore or Mr. Joseph, in such event XO's severance obligation to each such Employee that did not get a Qualifying Offer shall be for three (3) months of salary per such Employee, for a total of \$50,000 for Mr. Narramore and \$62,500 for Mr. Joseph and, in such event, XO shall pay the Debtors, by wire transfer of immediately available funds to an account designated by the Debtors, \$50,000 to the extent it is determined that Mr. Narramore did not receive a Qualifying Offer and \$62,500 to the extent it is determined that Mr. Joseph did not receive a Qualifying Offer. There shall be no remaining severance obligation to such Employees on the part of XO or the Debtors other than the Debtors' commitment to pay the remaining three (3) months of salary per such Employee that did not receive a Qualifying Offer or six (6) months of salary per such Employee that did receive a Qualifying Offer so that each such Employee gets six (6) months of salary as severance. The Debtors represent to XO that they have paid or will pay exactly six (6) months of salary as severance for each such Employee.

(c) Except as provided in Sections 2(a) and 2 (b) herein, XO shall remain obligated for all other Liabilities for severance costs related to non-Transferred Employees as set forth in Section 2.3(e) of the APA.

3. Current Liabilities Dispute.

(a) The Debtors shall be solely and exclusively responsible for the payment of the current liabilities set forth on Exhibit K to the APA which are also set forth on Exhibit A hereto (the “Disputed Liabilities”) and such Disputed Liabilities shall be deemed Excluded Liabilities as if such items were set forth in Section 2.4 of the APA. Based on accruals recorded by the Debtors and, as reflected by the Debtors’ books and records, the Disputed Liabilities are estimated to be in the aggregate amount of \$23,046,221.00 (“Estimated Accrual”) as of the Early Funding Date.

(b) In consideration of the resolution of the Current Liabilities Dispute, on the Closing Date XO shall pay the Debtors \$11,000,000 by wire transfer of immediately available funds to an account designated by the Debtors. In the event the actual Disputed Liabilities are determined, after payment of such amounts, to be less than the Estimated Accrual (“Actual Amount”), the Debtors (or the Debtors’ successor-in-interest, including the ATLT) shall pay to XO a percentage of the difference between the Estimated Accrual and the Actual Amount, with such percentage being determined by dividing \$11,000,000 by \$23,046,221.00 (the “True-up”). The True-up shall be conducted by the Debtors (or the Debtors’ successor-in-interest, including the ATLT) and XO and shall be done in accordance with the procedure set forth in the section 3.4 of the APA modified as follow: (i) the Debtors (or the ATLT as the Debtors’ successor in interest) shall remit to XO a computation of the Actual Amount on the date that is three (3) months after the Initial Effective Date; (ii) XO shall have up thirty (30) from receipt thereof to respond; (iii) the remaining procedures and timelines set forth in section 3.4 of

the APA shall apply; and (iv) for purposes of computing the Actual Amount the line item on Exhibit A hereto for “Workers Comp/Auto Liability” shall be \$1,350,304.

4. Liquidating Trust. The ATLT Agreement shall be modified and shall be in the form attached hereto as Exhibit B.

5. Registration Rights. XO shall provide registration rights for the XO Common Stock on the terms, and subject to the conditions, of the Registration Rights Agreement in the form attached hereto as Exhibit C.

6. Rights Plan. Until such time as both the Debtors and the ATLT have transferred, sold or otherwise distributed all of the XO Common Stock, the ownership of the XO Common Stock by the Debtors and the ATLT will be exempted from the operation of any shareholder rights plan (of the type commonly referred to as a “poison pill” or a “chewable pill”) hereafter adopted by XO.

7. Transition Services. On the Closing Date, ATI or its successor in interest, including ATLT, and XO shall enter into a Transition Services Agreement in the form of Exhibit D attached hereto, subject only to modifications to such form made prior to the Closing and agreed to by XO, the Debtors and the Committee (“TSA”).

8. Contract Assumptions and Rejections – Modifications To Designations. The Debtors and the Committee hereby consent and agree to the modified designations of contracts and leases to be assumed, assumed and assigned, assigned or rejected as reflected on Exhibit E attached hereto (the “Modified Designations”). The Debtors shall take all necessary steps to file and serve any and all documents necessary to effectuate the Modified Designations forthwith. Notwithstanding anything contained in this Stipulation, the APA, the Transaction Documents or the Plan to the contrary, to the

extent any order is entered that has the effect of limiting the ability of the Debtors and/or XO to modify the designation or treatment of any contract or lease on Exhibit E hereto (“Exhibit E Contracts”), the entry of such order shall not (a) alleviate XO of any of its obligations under this Stipulation, the APA, the Transaction Documents or the Plan including, without limitation, to close the Sale or (b) adversely affect the occurrence of the Initial Effective Date, provided that (x) nothing herein shall modify the Debtors’ obligations under this Stipulation with respect to the Modified Designations and (y) to the extent any of XO’s obligations under the TSA rely on XO’s ability to utilize the Exhibit E Contracts in the manner set forth on Exhibit E and an order is entered that has the effect of limiting the ability of the Debtors and/or XO to modify the designation or treatment of any Exhibit E Contract, XO’s obligations under the TSA shall be modified in a manner consistent therewith.

9. XO Voting Ballot and Election. The Debtors and the Committee hereby confirm and agree that all Ballots (as defined in the Disclosure Statement Order) and all Master Ballots (as defined in the Disclosure Statement Order) (collectively, the “XO Ballots”) submitted prior to June 2, 2004 by or on behalf of XO or any subsidiary of XO in respect of ATI Note Claims (a) have been timely filed and comply in all respects to the terms of the Disclosure Statement Order, and (b) have been accepted and counted by the Debtors and the Committee as votes in favor of the Plan. The Debtors and the Committee hereby confirm and recognize the elections made on the XO Ballots for XO or any subsidiary of XO, as the case may be, to receive, on account of their claims, ATLT “A” Trust Interests (as defined in the Plan) and ATLT “B” Trust Interests (as defined in the Plan) rather than a Cash Recovery (as defined in the Plan). The ATI Note Claims

held by XO shall be deemed Allowed Claims under the Plan. XO shall be entitled to, and shall, receive its Plan distribution on account of such Allowed Claim and such Allowed Claim shall not be subject to subordination, reclassification or any other challenge that would interfere with XO's right to receive and retain such Plan distribution.

10. Plan Modifications. To the extent necessary to incorporate and effectuate the terms of this Stipulation, the Debtors shall modify the Plan in a manner reasonably satisfactory to the parties hereto. The ATLT Agreement and the Registration Rights Agreement in the forms attached hereto (without modification prior to being adopted as part of the Plan) shall be deemed to be a part of the Plan Supplement and shall be adopted as part of the Plan and the order confirming the Plan.

11. Releases. Upon execution of this Stipulation, the Debtors, the Committee and each of its members and XO shall execute a mutual release in the form attached hereto as Exhibit F ("Release"), which Release shall become effective on the Closing Date. The Committee shall undertake reasonable efforts to obtain a Release executed by the Indenture Trustee for the ATI Notes (Bank of New York), including by coordinating efforts of Committee members (and former Committee members, to the extent reasonably practicable) to instruct the Indenture Trustee to execute the Release, provided, however, that if the such Release is not so executed, XO's obligations under this Stipulation shall remain in full force and effect. The Debtors and the Committee shall not oppose any request by XO to include any release or exculpation language into the Plan in favor of XO and any "XO Releasee Parties" (as defined in the Release), including in the Plan's release and exculpation provisions, provided, however, that so long as the Debtors and the Committee do not oppose any such request by XO, to the

extent such release or exculpation language is not included in the Plan, XO's obligations under this Stipulation shall remain in full force and effect.

12. Cooperation; Confidentiality. As of and after the date of execution of this Stipulation, except as may be required by law, the Debtors, the Committee and each of its members, and XO, and their respective directors, officers, employees, attorneys, representatives, and agents shall not directly or indirectly, communicate any adverse or disparaging information to any other party regarding the other parties hereto concerning the APA Disputes or any other matters resolved herein, as to which discovery was taken or covered by the Release. In furtherance of the above, in connection with the discovery that was undertaken on the APA Disputes, in the event that any documents or information that have been designated by a producing party ("Designating Party") as "Confidential" or "Highly Confidential" that are produced or otherwise disclosed to another party ("Receiving Party") are requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, governmental investigation or similar process) or such party believes it is compelled to provide to a government or regulatory agency by law or applicable regulation even in the absence of a subpoena or other request, to disclose any of the Designating Party's Confidential or Highly Confidential documents or information, or any information relating to the Receiving Party's opinion, judgment or recommendations concerning the Designating Party's Confidential or Highly Confidential documents or information, it is agreed that the Receiving Party will provide the Designating Party with prompt written notice of such request(s) or belief(s) so that the Designating Party may seek an appropriate protective order or other appropriate remedy at its sole expense

and/or waive compliance with the relevant provisions of this section. In the event that such protective order or other remedy is not obtained, or the Designating Party grants a written waiver hereunder, the Receiving Party may furnish that portion (and only that portion) of the Confidential or Highly Confidential documents or information which it is legally compelled to disclose. The Receiving Party will not oppose any action by the Designating Party to obtain a protective order or other appropriate relief assuring that confidential treatment will be accorded to the Confidential or Highly Confidential documents or information. The Receiving Party will not produce such Confidential or Highly Confidential documents or information during the pendency of any proceeding to determine the propriety of disclosure.

13. Representations. Each of the parties to this Agreement represents, warrants, and agrees as follows:

(a) Such party has received independent legal advice from its attorney with respect to the advisability of making the settlement provided for herein and with respect to the advisability of executing this Stipulation.

(b) Such party or responsible officer thereof has read this Stipulation and understands the contents hereof.

(c) Such party has not heretofore assigned, transferred, or granted, or purported to assign, transfer, or grant, any of the claims, demands, and cause or causes of action disposed of by this Stipulation.

(d) The parties shall execute all such further and additional documents and promptly submit any necessary court or government agency filings and submissions

as are reasonable, convenient, necessary or desirable to carry out the provisions and intent of this Stipulation.

14. Settlement. This Stipulation effects the settlement of certain claims which are contested, and nothing contained herein shall be construed as an admission by any party hereto of any liability of any kind to any other party. Each of the parties hereto denies any liability in connection with any claim and intends merely to avoid litigation and buy its peace. This Stipulation shall constitute a compromise and settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and the Debtors shall seek Court approval of this Stipulation, with the support of XO and the Committee, in accordance therewith.

15. Remedies. In addition to any other remedy in law or equity, in the event this Stipulation or any provision hereof is breached by the Debtors, the Committee, and/or XO then the Debtors, or the Committee, and/or XO as the case may be, may obtain specific performance of the obligations hereunder.

16. Authorization. Each person who executes this Stipulation represents that he or she is duly authorized to execute this Stipulation on behalf of the respective parties hereto and that each such party has full knowledge and has consented to this Stipulation.

17. Counterparts. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument and it shall constitute sufficient proof of this Stipulation to present any copy, copies, or facsimiles signed by the parties hereto to be charged.

18. Entire Agreement; Amendments. This Stipulation is the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Stipulation may not be amended, altered, diminished in effect or modified by the adoption or implementation of any other agreement, document or otherwise except as otherwise provided by an instrument in writing signed by each of the parties hereto and approved by this Court. Prior to their adoption as part of the Plan and the order confirming the Plan, the ATLT Agreement and the Registration Rights Agreement, in the forms attached hereto, may not be amended, altered, diminished in effect or modified by the adoption or implementation of any other agreement, document or otherwise except as otherwise provided by an instrument in writing signed by each of the parties hereto and approved by this Court. Each party has cooperated in the drafting and preparation of this Stipulation. Hence, in any construction to be made of this Stipulation, the same shall not be construed against any party.

19. APA to Remain in Full Force and Effect. Except for the provisions of the APA addressed in this Stipulation, all other provisions of the APA shall remain in full force and effect in accordance with their terms.

20. Bankruptcy Court Approval. The parties' obligations under this Stipulation shall be subject to approval of the United States Bankruptcy Court for the Southern District of New York, which Court shall retain jurisdiction to resolve any and all provisions and disputes with respect to the subject matter hereof.

21. Successors and Assigns. This Stipulation, and the terms and conditions contained herein, shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, including, without limitation, a trustee, if any, appointed under chapter 7 or 11 of the Bankruptcy Code.

Dated: New York, New York
June 8, 2004

XO COMMUNICATIONS, INC.
By its counsel,

**BROWN RUDNICK BERLACK ISRAELS
LLP**

120 West 45th Street
New York, NY 10036
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Steven D. Pohl (SP - 0435)
One Financial Center
Boston, MA 02111
Tel: (617) 856-8200

By: 

Allegiance Telecom, Inc. and each of the
other Debtors
By its counsel,

KIRKLAND AND ELLIS, LLP

Matthew A. Cantor
Jonathan S. Henes
Citigroup Center
153 East 53rd Street
New York, NY 10022-4675
Tel: (212) 446-4800

By: 

Official Committee of Unsecured Creditors
By its counsel,

**AKIN GUMP STRAUSS HAUER &
FELD LLP**

Ira Dizengoff
590 Madison Avenue
New York, NY 10022-2252
Tel: (212) 872-1000

By: 

SO ORDERED:

United States Bankruptcy Judge

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Exhibit A

Current Liabilities

Wage Accruals & Payroll Taxes, to the extent related to wage accruals	\$ 4,404,170
Bonus	4,253,281
Commissions	2,331,878
Vacation	834,133
IBNR Medical/Dental	3,108,755
Workers Comp/Auto Liability	1,350,304
Subscriber Taxes, other than Subscriber Taxes relating to Tax audit liabilities	6,465,685
Deferred Revenue – End User/Set Up	298,015
Total	\$23,046,221

Exhibit B

Form of ATLT Agreement

LIQUIDATING TRUST AGREEMENT

This liquidating trust agreement ("ATLT Agreement"), dated as of _____, 2004, by and among Allegiance Telecom, Inc., and its debtor subsidiaries (collectively, "Allegiance" or the "Debtors") and Eugene I. Davis, as Plan Administrator, executed in connection with the Debtors' Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code dated April 22, 2004, as may be amended (the "Plan"), filed by the Debtors in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") provides for the establishment of a liquidating trust evidenced hereby (the "ATLT") in order to liquidate in accordance with the goal of resolving, realizing upon and maximizing the value of certain of the Debtors' assets, rights and causes of action for enforcement by the Plan Administrator, as successor to and representative of the Estates in accordance with Section 1123(b)(3)(B) of the Bankruptcy Code. Except with respect to the terms defined herein, all capitalized terms contained herein shall have the meanings ascribed to them in the Plan.

W I T N E S S E T H

WHEREAS, the Plan provides for, among other things, the issuance to the Holders of Allowed (a) ATCW Unsecured Claims and (b) ATI Unsecured Claims (collectively, the "ATLT Beneficiaries") (i) that do not elect or otherwise receive the Cash Recovery under the Plan one hundred percent (100%) of the ATLT A Trust Interests and ATLT B Trust Interests and (ii) one hundred percent (100%) of the ATLT C Trust Interests. Collectively, the ATLT A Trust Interests, ATLT B Trust Interests and ATLT C Trust Interests held as of record as contemplated herein are the "ATLT Trust Interests." The ATLT Trust Interests represent one hundred percent (100%) of beneficial interests of the trust created hereby and shall be in book entry form;

WHEREAS, the ATLT is created pursuant to, and to, effectuate the Plan;

WHEREAS, the ATLT is created on behalf of, and for the sole benefit of, the ATLT Beneficiaries;

WHEREAS, the ATLT is established for the sole purpose of liquidating its assets (in a manner which maximizes the value of such assets), for the benefit of the ATLT Beneficiaries, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective or authority to continue or engage in the conduct of a trade or business;

WHEREAS, the ATLT is intended to qualify as a liquidating trust for federal income tax purposes, within the meaning of Treasury Regulations Section 301.7701-4(d) and to be exempt from the requirements of the Investment Company Act of 1940 pursuant to Sections 7(a) and 7(b) thereof;

WHEREAS, in the event the ATLT shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulations Section 301.7701-4(d), the parties intend that the Plan Administrator create a Delaware limited liability company as an alternative.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Plan, the Debtors and the Plan Administrator agree as follows:

ARTICLE I

ESTABLISHMENT OF THE ATLT

1.01 **Transfer of Property to Plan Administrator.** Pursuant to the Plan, the Debtors and the Plan Administrator hereby establish on behalf of the ATLT Beneficiaries the ATLT, and the Debtors hereby transfer, assign, and deliver to the Plan Administrator all of their right, title, and interest in and to any and all of the ATLT Assets, including the XO Common Stock, the New STFI Common Stock, the Litigation Cash, the Available Cash, and all other assets of the Estates that are not Acquired Assets, free and clear of any Lien, Claim or Interest in such assets, except for any claims against, or obligations of, the ATLT under the Stipulation and Order Settling Certain Disputes Between Allegiance, Allegiance Worldwide and the Official Committee of Unsecured Creditors, entered on June __, 2004 (the "Stipulation") or the Asset Purchase Agreement referred to therein (the "APA"). The Plan Administrator agrees to accept and hold the ATLT Assets in trust for the ATLT Beneficiaries, subject to the terms of this ATLT Agreement.

1.02 **Title to ATLT Assets.**

(a) The ATLT Assets shall be transferred to the ATLT on the Initial Effective Date.

(b) The transfer of the ATLT Assets to the ATLT shall be made for the sole benefit of the ATLT Beneficiaries. In this regard, the ATLT Assets will be deemed to be transferred to the ATLT Beneficiaries and held by the Debtors on their behalf. Immediately thereafter, on behalf of the ATLT Beneficiaries, the Debtors shall transfer the ATLT Assets to the ATLT in exchange for the ATLT Trust Interests in the ATLT for the benefit of the ATLT Beneficiaries in accordance with the Plan. Upon the transfer of the ATLT Assets, the Plan Administrator shall succeed to all of the Debtors' right, title and interest in the ATLT Assets and the Debtors will have no further interest in or with respect to the ATLT Assets or the ATLT.

(c) Pursuant to the Plan, in consideration for their having received ATLT Trust Interests, the ATLT Beneficiaries shall be deemed to have transferred to the ATLT any and all claims and causes of action such ATLT Beneficiaries may have against any Person in connection with, or in any way related to, the ATLT Assets or the Debtors.

(d) For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Plan Administrator, and the ATLT Beneficiaries) shall treat the transfer of the ATLT Assets to the ATLT, as set forth in Section 1.02(a), (b) and (c) and in accordance with the Plan, as a transfer to the ATLT Beneficiaries, followed by a transfer by them to the ATLT, and the ATLT Beneficiaries shall be treated as the grantors and owners hereof.

1.03 Assignment and Assumption of Claims. In accordance with Section 1.02 hereof, the Debtors hereby transfer and assign the ATLT Assets to the ATLT free and clear of any Liens, Claims, encumbrances or any liability of any kind (other than obligations expressly assumed by the ATLT under the Plan, the Stipulation or the APA) and the Plan Administrator on behalf of the ATLT hereby assumes and agrees that all such ATLT Assets will be transferred to the ATLT free and clear of any Liens, Claims, encumbrances or any liability of any kind (other than obligations expressly assumed by the ATLT under the Plan).

1.04 Valuation of ATLT Assets. As soon as possible after the Initial Effective Date, but in no event later than ninety (90) days thereafter, the Plan Administrator, based upon his good faith determination after consultation with his counsel, shall inform the ATLT Beneficiaries, through the posting on a web site to be established by the Plan Administrator, as to his estimate of the value of the assets transferred to the ATLT. The valuation shall be used consistently by all parties (including, without limitation, the Debtors, the Plan Administrator, and the ATLT Beneficiaries) for all purposes, including federal income tax purposes.

1.05 Appointment of the Plan Administrator. The Plan Administrator shall be Mr. Eugene I. Davis of Pirinate Consulting Group, LLC.

ARTICLE II

ATLT TRUST INTERESTS

2.01 Identification and Certification of Holders of Beneficial Interests. The holders of ATLT Trust Interests shall be recorded and set forth in a register maintained by the Plan Administrator expressly for such purpose. All references in this Agreement to holders of ATLT Trust Interests shall be read to mean holders of record as set forth in the official register maintained by the Plan Administrator and shall not mean any beneficial owner not recorded on such official registry.

2.02 Directors of the ATLT. On the Initial Effective Date, the Creditors Committee shall appoint three Directors (collectively, the "Board of Directors"), one of whom shall be Mr. Steven Lampe or another qualified individual nominated by LC Capital Master Fund, Ltd., provided, that the initial appointee of LC Capital Master Fund, Ltd. shall be Mr. Lampe (the "LC Designee") and another of whom shall be Mr. Robert Fischer, or another qualified individual reasonably acceptable to the Creditors Committee and nominated by XO (the "XO Designee"). The number of Directors may be changed only by vote of a majority of the Board of Directors, including the vote of the XO Designee.

2.03 Transferability of ATLT Trust Interests.

(a) ATLT Trust Interests shall not be capable of being transferred, assigned, pledged or hypothecated (collectively, "Transferred" and any of the foregoing, a "Transfer"), unless: (i) the ATLT consents to such Transfer, which consent shall not be unreasonably withheld (provided that consent may not be withheld based upon the identity of the proposed transferor or transferee); or (ii) the Transfer is by will or under the laws of descent and distribution. The Plan Administrator shall consent to a proposed

Transfer or pledge unless he determines (the “No Transfer Conclusion”) based on advice of counsel that the same: (x) poses a real risk of rendering the Trust a taxable entity for U.S. federal income tax purposes; (y) poses a real risk that the Trust will be required to register under the Investment Company Act of 1940 or the Securities Exchange Act of 1934 or (z) is not exempt from the registration requirements of the Securities Act of 1933. The Plan Administrator shall use reasonable efforts to make its determination regarding any such Transfer within 7 business days following a request for such Transfer. If the Plan Administrator reaches the No Transfer Conclusion, he shall promptly so notify the proposed transferee and transferor, who shall have the right to refer the matter to the Board of Directors, the date of such referral, the “Referral Date”. If the Board of Directors unanimously overrules or reaffirms such No Transfer Conclusion within 5 business days of the Referral Date, such determination shall be binding. Absent such a unanimous determination, the transferor or transferee may apply to the Court for a determination of the applicable legal issues, and the decision of the Court shall be binding upon the transferor, the transferee, the ATLT and the Plan Administrator. Any such Transfer, however, will not be effective until and unless the Plan Administrator receives written notice thereof. Any Transfer of an ATLT Trust Interest in violation of this Section 2.03 shall be void ab initio.

(b) The holder effecting a disposition of an ATLT Trust Interest shall pay, or reimburse the ATLT for, all costs incurred by the ATLT in connection with the disposition of the ATLT Trust Interest (including, without limitation, the legal fees incurred in connection with the legal opinions referred to above in this Section 2.03) on or before the tenth day after the receipt by that person of the ATLT’s invoice for the amount due. If payment is not made by the date due, the person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to 10%.

ARTICLE III

PURPOSE, AUTHORITY, LIMITATIONS, AND DISTRIBUTIONS

3.01 Purpose of the ATLT. The ATLT shall be established for the sole purpose of liquidating the ATLT Assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. Accordingly, the Plan Administrator shall liquidate and convert to Cash, or otherwise distribute to the ATLT Beneficiaries, the ATLT Assets, make timely distributions and not unreasonably prolong the duration of the ATLT. The liquidation of the ATLT may be accomplished either through the sale of ATLT Assets (in whole or in combination), including the sale of any claims, rights or causes of action or through the prosecution or settlement of any claims, rights or causes of action, or otherwise, including the distribution of certain ATLT Assets to the ATLT Beneficiaries. The ATLT will not hold itself out as an investment company and will not conduct a trade or business.

3.02 Authority of Plan Administrator. In connection with the administration of the ATLT, except as set forth in this ATLT Agreement, the Plan Administrator is authorized, to perform any and all acts necessary or desirable to accomplish the purposes of the ATLT.

Without limiting, but subject to, the foregoing and to Sections 3.04, the Plan Administrator shall be expressly authorized in consultation with the Board of Directors, but shall not be required, to:

(a) hold legal title to any and all rights of the holders of ATLT Trust Interests in or arising from the ATLT Assets, including but not limited to, collecting, receiving any and all money and other property belonging to the ATLT and the right to vote any claim or interest in a case under the Bankruptcy Code and receive any distribution therein;

(b) perform the duties, exercise the powers, and assert the rights of a trustee under Sections 704 and 1106 of the Bankruptcy Code (with the benefit of periods of limitation applicable to a trustee in bankruptcy), including, without limitation, commencing, prosecuting or settling any cause of action, enforcing contracts, and asserting claims, defenses, offsets and privileges;

(c) take possession and control, administer, maintain and dispose of documents, books and records related to the ATLT Assets;

(d) protect and enforce the rights to the ATLT Assets by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

(e) investigate, analyze, compromise, adjust, arbitrate, sue on or defend, pursue, prosecute, abandon, or otherwise deal with and settle, in accordance with the terms set forth in Section 3.03 hereof, any Causes of Action in favor of or against the ATLT as advisable or as otherwise provided in Section 3.03 hereof;

(f) avoid and recover transfers of the Estates' property as may be permitted by the Bankruptcy Code or applicable state law, including, without limitation, those identified in the Disclosure Statement;

(g) determine and satisfy any and all liabilities created or incurred by the ATLT;

(h) object to, prosecute, settle and compromise or otherwise resolve Claims asserted against the Debtors;

(i) file, if necessary, any and all tax and information returns with respect to the ATLT and pay taxes properly payable by the ATLT, if any;

(j) execute offsets against Claims as provided for in the Plan;

(k) assert or waive any privilege or defense on behalf of the ATLT or the Debtors;

(l) pay all expenses and make all other payments relating to the ATLT Assets, including without limitation expenses incurred in connection with the registration

and sale of the XO Common Stock payable by the ATLT under the Registration Rights Agreement contemplated by the Stipulation;

(m) [Reserved]

(n) retain and pay such independent law firms as counsel to the ATLT as the Plan Administrator may select to aid in the prosecution of any claims that constitute the ATLT Assets, and to perform such other functions as may be appropriate. The Plan Administrator may commit the ATLT to and shall pay such independent law firms reasonable compensation for services rendered and expenses incurred. A law firm shall not be disqualified from serving as independent counsel to the ATLT solely because of its prior retention by the Creditors Committee, the Debtors or any other parties in interest in the Debtors' cases;

(o) retain and pay an independent accounting firm to perform such reviews and/or audits of the financial books and records of the ATLT as may be appropriate and to prepare and file any tax returns or informational returns for the ATLT as may be required. The Plan Administrator may commit the ATLT to and shall pay such independent accounting firm reasonable compensation for services rendered and expenses incurred. An accounting firm shall not be disqualified from serving as an independent public accounting firm to the ATLT solely because of its prior retention by the Creditors Committee, the Debtors or any other parties in interest in the Debtors' cases;

(p) retain and pay such third parties as the Plan Administrator may deem necessary or appropriate to assist the Plan Administrator including, but not limited to, investigators, expert witnesses, consultants, advisors, and disbursement and paying agents, in carrying out its powers and duties under this ATLT Agreement. The Plan Administrator may commit the ATLT to and shall pay all such persons or entities reasonable compensation for services rendered and expenses incurred, as well as commit the ATLT to indemnify any such parties in connection with the performance of services;

(q) employ such employees or consultants, as consistent with the purposes of the ATLT and as necessary or appropriate to assist the Plan Administrator in carrying out its powers and duties under this ATLT Agreement. The Plan Administrator may commit the ATLT to and shall pay all such employees or consultants reasonable salary in the amounts it shall determine to be appropriate and any employee benefits it may establish pursuant to Section 3.02(q) below. If the Plan Administrator shall employ employees pursuant to this Section 3.02(p), the Plan Administrator shall establish payroll procedures and pay any and all federal, state or local tax withholding required under applicable law with respect to any such employees, and it will take all other actions it deems necessary to effectuate the provisions of this Section 3.02(p);

(r) establish and adopt or cease to provide such employee benefits for the benefit of any employees described in Section 3.02(p) above as consistent with the purposes of the ATLT and as necessary or appropriate, including the adoption of any group health plan;

(s) invest any moneys held as part of the ATLT in accordance with the terms of Section 4.05 hereof, limited, however, to such investments that are consistent with the ATLT's status as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) and which actions are merely incidental to its liquidation and dissolution;

(t) borrow funds but only if approved by the Board of Directors;

(u) represent the ATLT and the Estates before the Bankruptcy Court and any other courts of competent jurisdiction with respect to the ATLT Assets;

(v) appear as a party in interest in an action or proceeding over which the Bankruptcy Court has retained jurisdiction pursuant to the Plan;

(w) request any appropriate tax determination, including, without limitation, a determination pursuant to Section 505 of the Bankruptcy Code;

(x) seek the examination of any entity under, and subject to, the provisions of Bankruptcy Rule 2004;

(y) exercise such other powers as may be vested in the Plan Administrator by the ATLT Agreement, the Plan, or order of the Bankruptcy Court;

(z) execute any documents, instruments, contracts and agreements necessary and appropriate to carry out his powers and duties;

(aa) take or refrain from taking any and all actions the Plan Administrator reasonably deems necessary for the continuation, protection and maximization of the ATLT Assets or to carry out the purposes hereof;

(bb) take any and all necessary actions to convert the ATLT to a Delaware limited liability company, in the event that the ATLT shall fail or cease to qualify as a liquidating trust within the meaning of Treasury Regulations Section 301.7701-4(d); and

(cc) establish and maintain a website for the purpose of publishing information and notices to the ATLT Beneficiaries.

3.03 Certain Actions by the Plan Administrator.

(a) The Plan Administrator shall be empowered to and (subject to Sections 2.03, 3.04 and this Section 3.03 hereof) may, take all appropriate action with respect to the ATLT Assets consistent with the purpose of the ATLT, including, without limitation, the filing, prosecution (including objections), estimation, settlement or other resolution of Claims and Causes of Action, including, without limitation, those based upon Sections 502, 544, 547, 548, 549, 550 or 553(b) of the Bankruptcy Code. Notwithstanding the foregoing, the Plan Administrator shall follow the procedures set forth in this Section 3.03 prior to entering into any proposed action or series of related actions regarding the

ATLT Assets. The Plan Administrator is expressly authorized to settle and compromise Claims and Causes of Action of \$100,000 or less, without further Bankruptcy Court approval, and upon the execution of a stipulation in respect thereof, such settlements and compromises shall be deemed approved by the Bankruptcy Court.

(b) The Plan Administrator shall, prior to taking any and all actions with respect to any ATLT Asset having a projected cost (as determined by the Plan Administrator upon the advice of the Plan Administrator's professionals) in excess of \$100,000, provide notice thereof to the Board of Directors. In such notice, the Plan Administrator shall describe the action to be taken and the reasons why the Plan Administrator believes such action to be in the best interest of the ATLT and advising the Board of Directors that the Plan Administrator will take such action unless the Board of Directors timely notifies the Plan Administrator and his counsel, in writing, of an objection to such action.

(c) Unless otherwise set forth herein, the Plan Administrator is authorized to consummate an action without any notice to or consent from the Board of Directors and shall be held harmless by the Board of Directors and the ATLT Beneficiaries in taking such action.

3.04 Limitation of Plan Administrator's Authority. Notwithstanding anything herein to the contrary the Plan Administrator shall not and shall not be authorized to,

(a) engage in any trade or business, or vary or make any investment with respect to the ATLT Assets or any proceeds therefrom (other than as provided in Section 4.05, below), and shall take such actions consistent with the orderly liquidation of the ATLT Assets as are required by applicable law, and such actions permitted under Sections 3.02, 3.03, 3.06, 3.07 and 4.05 hereof;

(b) engage in any investments or activities inconsistent with the treatment of the ATLT as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) while the ATLT qualifies as a liquidating trust; provided, however, that if the Plan Administrator shall convert the ATLT to a Delaware limited liability company, the restrictions of this Section 3.04(b) shall not apply.

(c) take any action requiring unanimous approval by the Board of Directors pursuant to Section 6.02, unless such approval or the Court approval contemplated thereby shall have been obtained, or;

(d) engage in any activities inconsistent with the treatment of the ATLT (or any successor limited liability company) as exempt from the provisions of the Investment Company Act of 1940.

3.05 Books and Records. The Plan Administrator shall maintain in respect of the ATLT and the holders of ATLT Trust Interests historical books and records relating to the ATLT Assets and income of the ATLT and the payment of expenses of, and liabilities of claims against or assumed by, the ATLT in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof in accordance with Article VI

hereof and to comply with applicable provisions of law. Such books and records shall be maintained on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting requirements of the ATLT. Except as provided in Sections 8.01(b) and 11.01, nothing in this ATLT Agreement requires the ATLT to file any accounting or seek approval of any court with respect to the administration of the ATLT, or as a condition for managing any payment or distribution out of the ATLT Assets. Holders of ATLT Trust Interests shall have the right upon fifteen (15) days prior written notice delivered to the Plan Administrator to inspect such historical books and records (including financial statements) and the register maintained pursuant to Section 2.01, provided that, if so requested, such holder shall have (i) entered into a confidentiality agreement satisfactory in form and substance to the Plan Administrator; and (ii) agreed to bear the costs of the Plan Administrator incurred in connection with such inspection. In its discretion, the Plan Administrator may publish any information requested by the holders of ATLT Trust Interests on a website established by the Plan Administrator pursuant to Section 3.02(aa) above, subject to the requirements of Section 3.04(d) above.

3.06 Additional Powers. Except as otherwise set forth in this ATLT Agreement or in the Plan, and subject to the Treasury Regulations governing liquidating trusts and the retained jurisdiction of the Bankruptcy Court as provided for in the Plan, but without prior or further authorization, the Plan Administrator may control and exercise authority over the ATLT Assets and over the protection, conservation and disposition thereof. No person dealing with the ATLT shall be obligated to inquire into the authority of the Plan Administrator in connection with the protection, conservation or disposition of the ATLT Assets.

3.07 Application of ATLT Assets and Other Property. The Plan Administrator shall apply all ATLT Assets and any proceeds therefrom, as follows:

(a) To the extent that there is not sufficient Cash to pay Holders of Allowed Senior Lender Claims in full on the Initial Effective Date, the Plan Administrator shall sell such shares of XO Common Stock as are necessary to pay the Holders of Senior Lender Claims in full. Such sales of XO Common Stock shall be conducted in a commercially reasonable manner as determined by the Plan Administrator.

(b) The Plan Administrator shall apply all Cash constituting ATLT Assets and any proceeds therefrom in the order and reflecting the priorities set forth below:

FIRST, to pay all the liabilities, costs and expenses of the ATLT including, without limitation, the compensation then due and payable to the Plan Administrator as specified in Section 4.07(a) hereof and the reimbursement for any and all costs, expenses and liabilities incurred by the Plan Administrator in connection with the performance of his duties under this ATLT Agreement.

SECOND, to make the payments required under the Plan, directly or through the ATI Notes Trustee, to holders of ATLT Trust

Interests in accordance with the terms, provisions and priorities set forth in the Plan.

(c) Subject to the Plan and Section 3.07(d) below, the Plan Administrator shall distribute at least annually, directly or through the ATI Notes Trustee, to holders of ATLT Trust Interests from the ATLT Assets all available net Cash income plus all net Cash proceeds from the liquidation of ATLT Assets (including as Cash for this purpose, all permissible investments described in Section 4.05, below). All Distributions, directly or through the ATI Notes Trustee, to the holders of ATLT Trust Interests, shall be made in accordance with the Plan (including Plan Sections 7.2 and 7.9, concerning distributions to Holders of allowed ATI Note Claims being made via the ATI Notes Trustee). The Plan Administrator, together with the ATI Notes Trustee, may withhold from amounts distributable to any Person any and all amounts, determined in the Plan Administrator's reasonable sole discretion, required by any law, regulation, rule, ruling, directive or other governmental requirement.

(d) Notwithstanding anything to the contrary in Sections 3.07(a), (b), and (c) above, prior to making any distribution to holders of ATLT Trust Interests, directly or through the ATI Notes Trustee, the Plan Administrator may retain such amounts (i) as are reasonably necessary to meet Disputed Claims and to maintain the value of the ATLT Assets during liquidation, (ii) to pay reasonable estimated administrative expenses (including any taxes imposed or which may be imposed on the ATLT or in respect of the ATLT Assets), and (iii) to satisfy other liabilities and reserved amounts incurred by the ATLT (or to which the ATLT Assets are otherwise subject), all for the term of the ATLT and in accordance with this ATLT Agreement or the Plan.

(e) All Distributions made by the Plan Administrator to holders of ATLT Trust Interests, directly or through the ATI Notes Trustee, shall be payable to the holders of ATLT Trust Interests of record as of the 15th day prior to the date scheduled for the distribution, unless such day is not a Business Day, then such day shall be the following Business Day (the "Record Date"). If the Distribution shall be in Cash, the Plan Administrator shall distribute such Cash by wire, check, or such other method as the Plan Administrator deems appropriate under the circumstances.

3.08 Reserve Accounts for Disputed Claims. On and after the Initial Effective Date, the Plan Administrator shall hold Cash and/or ATLT Trust Interests in one or more reserves (the "Disputed Claims Reserve(s)") in an aggregate amount sufficient to pay each holder of a Disputed Claim the amount such holder would be entitled to receive under this ATLT Agreement from the ATLT if such claim immediately became allowed in full. The Disputed Claims Reserve(s) will not be treated as a separate taxable entity for federal income tax purposes but the Disputed Claims Reserve(s) shall be liable for and provide payment for its share of all taxes, administrative costs and fees.

3.09 Reporting Duties.

(a) **Federal Income Tax.** The "taxable year" of the ATLT shall be the "calendar year" as those terms are defined in Section 441 of the Code. The Plan

Administrator shall file returns for the ATLT as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Plan Administrator shall annually (within seventy-five (75) days after the end of each calendar year) send to each record holder of an ATLT Trust Interest a separate statement setting forth the holder's share or items of income, gain, loss, deduction, or credit and will instruct all such holders to report such items on their federal income tax returns. Such reporting shall also occur within sixty (60) days of the dissolution of the ATLT. The ATLT's taxable income, gain, loss, deduction, or credit will be allocated to the ATLT Beneficiaries in accordance with their relative beneficial interests in the ATLT.

(b) Other. The Plan Administrator shall also file any other statements, returns or disclosures relating to the ATLT that are required by any governmental authority.

3.10 Compliance with Laws.

(a) Any and all distributions of ATLT Assets and proceeds of borrowings, if any, shall be made in compliance with applicable laws, including, but not limited to, applicable federal and state securities laws.

(b) The Plan Administrator shall administer the ATLT and, together with the ATI Notes Trustee, make any and all distributions of ATLT Assets in compliance with all applicable laws, including, but not limited to, the filing and withholding requirements of applicable federal and state taxation laws.

ARTICLE IV

THE PLAN ADMINISTRATOR

4.01 Generally. The Plan Administrator's powers are exercisable solely in a fiduciary capacity, subject to the direction of the Board of Directors, consistent with, and in furtherance of, the purposes of this ATLT and not otherwise, except that the Plan Administrator may deal with the ATLT Assets for his own account as permitted by Section 4.07.

4.02 Responsibilities of Plan Administrator. The Plan Administrator shall maximize the value of the ATLT assets through orderly liquidating and converting the ATLT Assets to Cash or otherwise distributing certain ATLT Assets to the ATLT Beneficiaries, make timely Distributions as provided in the Plan, and not unduly prolong the duration of the ATLT. In so doing, the Plan Administrator will exercise its reasonable business judgment in liquidating the ATLT Assets. The liquidation of the ATLT Assets may be accomplished through the sale of ATLT Assets (in whole or in combination), including the sale of any claims, rights or Causes of Action or through the prosecution or settlement of any or all claims, rights or Causes of Action, or otherwise, including the distribution of ATLT Assets to ATLT Beneficiaries. Any and all proceeds generated from such ATLT Assets shall be held by the ATLT. The Plan Administrator may incur reasonable and necessary expenses in liquidating the ATLT Assets.

4.03 Liability of Plan Administrator. In no event shall the Plan Administrator be personally liable for any claim asserted against the ATLT. Notwithstanding anything to the

contrary set forth herein, no provision of this ATLT Agreement shall be construed to relieve the Plan Administrator from liability for his own grossly negligent actions, his own grossly negligent failure to act, or his own fraud or willful misconduct, except that the Plan Administrator shall not be liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith, unless the Plan Administrator was reckless and grossly negligent.

4.03: 4.04 Reliance by Plan Administrator. Except as otherwise provided in Section

(a) the Plan Administrator may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by him to be genuine and to have been signed or presented by the proper party or parties;

(b) the Plan Administrator may consult with any and all professionals to be selected by him, and the Plan Administrator shall not be liable for any action taken or omitted to be taken by him in accordance with the advice of such professionals, unless the Plan Administrator was reckless and/or grossly negligent; and

(c) persons dealing with the Plan Administrator shall look only to the ATLT Assets to satisfy any liability incurred by the Plan Administrator to such person in carrying out the terms of this ATLT Agreement, and the Plan Administrator shall have no personal obligation to satisfy any such liability, unless the Plan Administrator was reckless and grossly negligent, except as described in Section 4.03.

4.05 Investment and Safekeeping of ATLT Assets. All moneys and other property received by the Plan Administrator shall, until distributed or paid over as herein provided, be held in trust for the benefit of the holders of ATLT Trust Interests, but need not be segregated from other ATLT Assets, unless and to the extent required by law. The Plan Administrator shall be under no liability for interest or producing income on any moneys received by him hereunder and held for distribution or payment to the holders of ATLT Trust Interests, except as such interest shall actually be received by the Plan Administrator. Investments of any moneys held by the Plan Administrator shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; provided, however, that the right and power of the Plan Administrator to invest the ATLT Assets, the proceeds thereof, or any income earned by the ATLT, shall be limited to the right and power to invest such ATLT Assets (pending periodic distributions in accordance with Section 3.07 hereof) in demand and time deposits, such as short-term certificates of deposit, in banks or other financial institutions, or other temporary liquid investments, such as Treasury bills; and provided further, that the scope of any such permissible investments shall be limited to include only those investments, or shall be expanded to include any additional investments, as the case may be, that a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d), may be permitted to invest in, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise. Any investment made as provided for herein must mature prior to the date of the next scheduled distribution, but in no event shall such

investment have a maturity date in excess of six (6) months from the date of the acquisition of such investment. The provisions of Section 11-23 of the Estates, Power and Trusts Law of New York shall not apply to the ATLT Agreement.

4.06 Authorization to Expend ATLT Assets. Subject to Section 6.02, the Plan Administrator may, after consultation with the Board of Directors, expend the ATLT Assets (i) as reasonably necessary to meet disputed claims and to maintain the value of the ATLT Assets during liquidation, (ii) to pay all administrative expenses of the ATLT (including, but not limited to, any taxes imposed on the ATLT), and (iii) to satisfy all other liabilities incurred or assumed by the ATLT (or to which the ATLT Assets are otherwise subject) in accordance with this ATLT Agreement or the Plan.

4.07 Expense Reimbursement and Compensation.

(a) The ATLT Assets shall be subject to the claims of the Plan Administrator, and after consultation with the Board of Directors, the Plan Administrator shall be entitled to reimburse himself and the Board of Directors out of any available Cash in the ATLT, for his actual out-of-pocket costs and expenses incurred in connection with the administration of the ATLT and any documents prepared in connection therewith, including, but not limited to, the fees and disbursements of independent law firms and independent public accounting firms as provided in Section 3.02, and against and from any and all loss, liability, expense, or damage which the Plan Administrator may sustain in good faith and without willful misconduct, gross negligence, or fraud in the exercise and performance of any of the powers and duties of the Plan Administrator under this ATLT Agreement. In addition thereto, as compensation for the performance of his duties, the Plan Administrator shall be entitled the compensation set forth in Exhibit A hereto.

(b) If the Cash in the ATLT shall be insufficient to compensate and reimburse the Board of Directors or the Plan Administrator, including any professionals retained by the Plan Administrator for any amounts to which he or they are entitled hereunder, then the Plan Administrator is hereby authorized, subject to Sections 3.03(b) and 3.03(c) hereof and after authorization from the Board of Directors, to reduce to Cash that portion of the ATLT Assets necessary so as to effect such compensation and reimbursement.

4.08 No Bond. The Plan Administrator shall serve without bond.

4.09 Confidentiality. The Plan Administrator shall, during the period that he serves as Plan Administrator under this ATLT Agreement and for a period of twelve (12) months following the termination of this ATLT Agreement, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity to which any of the ATLT Assets relates or of which he has become aware in his capacity as Plan Administrator, except as otherwise required by law.

ARTICLE V

SUCCESSOR PLAN ADMINISTRATOR

5.01 Removal. The Plan Administrator may be removed with or without cause by and only by the affirmative, unanimous vote of the Board of Directors. The removal of the Plan Administrator pursuant to this Section shall become effective on the appointment of a successor by the Board of Directors.

5.02 Resignation. The Plan Administrator may resign by giving not less than ninety (90) days' prior written notice thereof the Board of Directors. Such resignation shall become effective on the earlier to occur of (i) the day specified in such notice; and (ii) the appointment of a successor by the Board of Directors and the acceptance by such successor of such appointment. If a successor Plan Administrator is not appointed or does not accept its appointment within ninety (90) days following delivery of notice of resignation, the Plan Administrator may petition the Bankruptcy Court for the appointment of a successor Plan Administrator.

5.03 Appointment of Successor upon Removal, Resignation, or Death. If the Plan Administrator is removed pursuant to Section 5.01, resigns pursuant to Section 5.02 or dies or otherwise ceases to act as Plan Administrator for any reason, the Board of Directors shall appoint a successor Plan Administrator by majority vote, provided that if a Plan Administrator is appointed by majority vote over the objections of a Director who has nominated another Plan Administrator, such Director may apply to the Court and object to such appointment. If a successor Plan Administrator is not appointed or does not accept its appointment within ninety (90) days following such action for removal, delivery of notice of resignation, death or other cessation to act of the predecessor Plan Administrator, as the case may be, any holder of an ATLT Trust Interest may petition the Bankruptcy Court for the appointment of a successor Plan Administrator.

5.04 Acceptance of Appointment by Successor Plan Administrator. Any successor Plan Administrator appointed hereunder shall execute an instrument accepting such appointment hereunder and shall file such acceptance with the ATLT records. Thereupon, such successor Plan Administrator shall, without any further act, become vested with all the Estates, properties, rights, powers, trusts and duties of his predecessor in the ATLT with like effect as if originally named herein; provided, however, that a removed or resigning Plan Administrator shall, nevertheless, when requested in writing by the successor Plan Administrator, execute and deliver an instrument or instruments conveying and transferring to such successor Plan Administrator under the ATLT all the estates, properties, rights, powers, and trusts of such predecessor Plan Administrator.

ARTICLE VI

THE BOARD OF DIRECTORS

6.01 Authority of the Board of Directors. In connection with the administration of the ATLT, the Board of Directors shall oversee and direct the Plan Administrator on any of

the matters set forth in this ATLT Agreement. Notwithstanding the prior sentence, the Plan Administrator, upon the advice of counsel, may refuse to follow any direction that conflicts with law, the ATLT Agreement or the Plan.

6.02 Action by the Board of Directors. Approval by a majority of the members of the Board of Directors shall be required for the Board of Directors to act, provided, that unanimous approval by all members of the Board of Directors shall be required for any action or series of actions of the ATLT that involves, affects or otherwise implicates ATLT Assets that have a value (as determined by the Plan Administrator in his reasonable judgment) of \$1,000,000 or more ; provided, further, that in the absence of unanimous approval by all members of the Board of Directors with respect to any action or series of actions of the ATLT that involves, affects or otherwise implicates ATLT Assets that have a value (as determined by the Plan Administrator in his reasonable judgment) of \$1,000,000 or more, the Plan Administrator shall have the authority to seek Court approval of such action or series of actions if so directed by no less than a majority of the members of the Board of Directors. The provisions of this section 6.02 shall not apply to any actions or series of actions taken by the ATLT or the Plan Administrator in connection with the Claims reconciliation process.

6.03 Causes of Action and Claims. Notwithstanding anything to the contrary set forth herein, the Board of Directors shall have the sole ability to direct the Plan Administrator or approve of the Plan Administrator's actions concerning the treatment, prosecution or other resolution of the Causes of Action and Claims.

6.04 Expense Reimbursement and Compensation. Each Director shall be entitled to reimbursement out of any available Cash in the ATLT for his out-of-pocket expenses. As compensation for the performance of his duties, each Director shall be entitled the compensation set forth in Exhibit A hereto.

6.05 Liability of Directors. In no event shall any Director be personally liable for any claim asserted against the ATLT. Notwithstanding anything to the contrary set forth herein, no provision of this ATLT Agreement shall be construed to relieve a Director from liability for his own grossly negligent actions, his own grossly negligent failure to act, or his own fraud or willful misconduct, except that a Director shall not be liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith.

ARTICLE VII

SUCCESSOR DIRECTORS

7.01 Removal.

(a) A Director other than the LC Designee and the XO Designee may be removed with or without cause at any time and replaced by the affirmative vote of holders of an absolute majority in amount of the total amount of ATLT Trust Interests outstanding, expressed at any time by written consent delivered to the Plan Administrator.

(b) Notwithstanding anything contained herein to the contrary, for so long, but only so long as LC Capital Master Fund, Ltd. retains direct and indirect beneficial ownership of ATLT Trust Interests of no less than 50% of the amount thereof it acquires as an initial ATLT Beneficiary, the LC Designee will not be subject to removal as a Director provided, that LC Capital Master Fund, Ltd. shall be entitled to appoint, remove or replace any LC Designee by written consent delivered to the Plan Administrator and any such successor director shall be deemed to be a LC Designee hereunder.

(c) Notwithstanding anything contained herein to the contrary, for so long, but only so long as XO retains direct and indirect beneficial ownership of ATLT Trust Interests of no less than 50% of the amount thereof it acquires as an initial ATLT Beneficiary, the XO Designee will not be subject to removal as a Director provided, that XO shall be entitled to appoint, remove or replace any XO Designee by written consent delivered to the Plan Administrator and any such successor director shall be deemed to be an XO Designee hereunder. So long as XO is a controlled affiliate of Mr. Carl Icahn, ATLT Trust Interests directly or indirectly beneficially owned by Mr. Icahn will be treated as owned by XO for purposes of this clause (c).

(d) (i) If the ownership level contemplated by clause (b) above is not maintained by LC Capital Master Fund, Ltd., the LC Designee will be subject to removal and replacement in the same manner as other Directors, pursuant to clause (a). (ii) If the ownership level contemplated by clause (c) above is not maintained by XO, the XO Designee will be subject to removal and replacement in the same manner as other Directors, pursuant to clause (a).

(e) LC Capital Master Fund, Ltd. and XO will each promptly disclose to the Board of Directors their respective, direct and indirect beneficial ownership of ATLT Trust Interests they initially receive (including, in the case of XO, the amount of Mr. Icahn's direct and indirect beneficial ownership thereof so long as Mr. Icahn remains its controlling affiliate), will confirm the amount thereof to the Board of Directors from time upon request, and will promptly notify the Board of Directors if such ownership falls below 50% of such original amount.

7.02 Resignation. A Director may resign by giving not less than thirty (30) days' prior written notice thereof to the remaining Directors and the Plan Administrator. Such resignation shall become effective on the later to occur of (i) the day specified in such notice; and (ii) the appointment of a successor as otherwise provided herein.

7.03 Appointment of Successor upon Removal, Resignation, or Death. If a Director (other than an LC Designee or an XO Designee, so long as LC Capital Master Fund, Ltd. or XO, respectively, has the sole right to remove and replace such Directors) is removed pursuant to Section 7.01, resigns pursuant to Section 7.02 or dies or otherwise ceases to act as Director for any reason, the remaining Directors and the Plan Administrator shall, by majority vote, appoint a successor Director. If a successor Director is not appointed or does not accept its appointment within thirty (30) days following such action for removal, delivery of notice of resignation, death or other cessation to act of the predecessor Director, as the case may be, any holder of an ATLT Trust Interest may petition the Bankruptcy Court for the appointment of a successor Director.

7.04 Acceptance of Appointment by Successor Director. Any successor Director appointed hereunder shall execute an instrument accepting such appointment hereunder and shall file such acceptance with the ATLT records. Thereupon, such successor Director shall, without any further act, become vested with all the estates, properties, rights, powers, trusts and duties of his predecessor in the ATLT with like effect as if originally named herein; provided, however, that a removed or resigning Director shall, nevertheless, when requested in writing by the successor Director, execute and deliver an instrument or instruments conveying and transferring to such successor Director under the ATLT all the estates, properties, rights, powers, and trusts of such predecessor Director.

ARTICLE VIII

REPORTS TO BE FILED BY THE PLAN ADMINISTRATOR

8.01 Other Reports. No later than _____, 2004, and no later than every three months thereafter, the Plan Administrator shall file with the Bankruptcy Court a report reflecting (i) the status of the ATLT Assets, including the status of all pending adversary proceedings and other proceedings with respect to the ATLT Assets and compromises and settlements related to the Causes of Action, (ii) a summary of amounts received and collected by the ATLT, Distributions made by the ATLT pursuant to the Plan, fees and expenses paid or incurred by the ATLT, current balance of all accounts and reserves established by the ATLT, and (iii) such other information as directed by the Bankruptcy Court.

ARTICLE IX

TERMINATION OF ATLT

9.01 Termination of ATLT. The ATLT will terminate on the earlier of (a) sixty (60) days after the final distribution of the ATLT Assets in accordance with the terms of this ATLT Agreement and the Plan; and (b) the third (3rd) anniversary of the Initial Effective Date; provided, however, that, on or prior to a date less than six (6) months prior to such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the ATLT if it is necessary to the liquidation of the ATLT Assets (in a manner that would maximize the value of such assets). Notwithstanding the foregoing, multiple extensions can be obtained so long as Bankruptcy Court approval is obtained within six (6) months prior to the expiration of each extended term. The aggregate of all such extensions shall not exceed three (3) years, unless the Plan Administrator receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the ATLT as a liquidating trust within the meaning of Treas. Reg. § 301.7701-4(d) for federal income tax purposes. The Plan Administrator shall not unreasonably prolong the duration of the ATLT and shall at all times endeavor to resolve, settle or otherwise dispose of all claims that constitute ATLT Assets and to effect the distribution of the ATLT Assets to the holders of the ATLT Trust Interests in accordance with the terms hereof and terminate the ATLT as soon as practicable. Prior to and upon termination of the ATLT, the ATLT Assets will be distributed to the holders of ATLT Trust Interests, pursuant to the provisions set forth in the Plan.

ARTICLE X

INDEMNIFICATION

10.01 None of the Board of Directors, the Plan Administrator, or any of their respective members, directors, officers, affiliates, employees, employers, agents or representatives shall be personally liable in connection with the affairs of the ATLT to any of the ATLT Beneficiaries, or the ATLT, or any other Person, except for such of the members of the Board of Directors' or Plan Administrator's acts or omissions as shall constitute fraud, willful misconduct or gross negligence. Except in those situations in which the Plan Administrator is not exonerated of personal liability as aforesaid, the Plan Administrator, including any former Plan Administrator, shall be defended, held harmless and indemnified from time to time by the ATLT Assets against any and all losses, claims, costs, expenses and liabilities (including legal fees and expenses) any costs of defending any action to which the Plan Administrator may be subject in connection with any other action, suit, proceeding or investigation brought or threatened against the Plan Administrator in such Plan Administrator's capacity as Plan Administrator or in any other capacity contemplated by the Plan or the ATLT Agreement or in any manner arising out of or related to the Plan, the ATLT Agreement of the affairs of the ATLT. The ATLT shall indemnify, defend and hold harmless the members of the Board of Directors, employees and agents of the ATLT to the same extent as is provided for in this Section for the Plan Administrator.

10.02 The Plan Administrator and the Board of Directors, together with their members, agents, employees, professionals, and representatives, hereby are exculpated by all Persons, including all holders of Claims against and Interests in the Debtors, and parties in interest in the Cases, and each of them, from any and all claims, causes of action, and other assertions of liability arising out of the discharge of the powers and duties conferred upon the Board of Directors or the Plan Administrator by the Plan, any Final Order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, the ATLT Agreement, or applicable law, except for acts or omissions arising out of or related to their fraud, gross negligence or willful misconduct.

ARTICLE XI

AMENDMENT AND WAIVER

11.01 Any substantive provision of this ATLT Agreement may be amended or waived by the Plan Administrator, after consultation with, and a vote of a majority of the Board of Directors, with the approval of the Bankruptcy Court or other court of competent jurisdiction, provided that, so long as XO has the sole right to remove and replace the XO Designee, no such amendment adversely affecting the rights of XO under Sections 2.02, 2.03, 3.04(c), 6.02, 7.01 or 7.02, or imposing additional restrictions on transfers of ATLT Trust Interests or interests therein shall be effective without the prior, written consent of XO. Technical amendments to this ATLT Agreement may be made, as necessary to clarify this ATLT Agreement or enable the Plan Administrator to effectuate the terms of this ATLT Agreement, by the Plan Administrator with the consent of the Board of Directors. Notwithstanding this Section 11.01, any amendments to this ATLT Agreement shall not be inconsistent with the purpose and intention of the ATLT to

liquidate in an orderly manner the ATLT Assets (which will maximize the value of such assets) in accordance with Treasury Regulations Section 301.7701-4(d) and Section 3.01 hereof, or in the alternative, as allowed under Delaware law applicable to limited liability companies.

11.02 In the event that the ATLT shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulations Section 301.7701-4(d), this Agreement may be amended by the Plan Administrator to the extent necessary to create a Delaware limited liability company and to comply with all applicable laws in the creation of said Delaware limited liability company.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.01 Intention of Parties to Establish ATLT. This ATLT Agreement is intended to create a liquidating trust for federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this ATLT Agreement may be amended by the Plan Administrator to comply with such federal income tax laws, which amendments may apply retroactively. In the alternative, if the ATLT shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulations Section 301.7701-4(d), then this Agreement is intended to create a Delaware limited liability company.

12.02 Preservation of Privilege and Defenses. In connection with the rights, claims, and Causes of Action that constitute the ATLT Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the ATLT shall vest in the Plan Administrator and his representatives, and the Debtors and the Plan Administrator are authorized to take all necessary actions to effectuate the transfer of such privileges and available defenses.

12.03 Cooperation. The Debtors shall provide the Plan Administrator with copies of such of their books and records as the Plan Administrator shall reasonably require for the purpose of performing his duties and exercising its powers hereunder.

12.04 Laws as to Construction. This ATLT Agreement shall be governed and, construed in accordance with the laws of the State of New York, without giving effect to rules governing the conflict of laws. The actual administration of the ATLT may be conducted in such location, and the location of the ATLT Assets may be changed as the Plan Administrator may determine from time to time.

12.05 Severability. If any provision of this ATLT Agreement or the application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this ATLT Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this ATLT Agreement shall be valid and enforced to the fullest extent permitted by law.

12.06 Notices. Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended:

If to the Debtors:

If to the Plan Administrator:

with a copy to:

Tel:

If to a holder of an ATLT Trust Interest:

To the name and address set forth on the register maintained by the Plan Administrator or on a website created and maintained pursuant to Section 3.02(aa).

12.07 Headings. The section headings contained in this ATLT Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this ATLT Agreement or of any term or provision hereof.

12.08 Tax Identification Numbers. The Plan Administrator may require any of the holders of ATLT Trust Interests to furnish to the Plan Administrator (i) its, his or her employer or taxpayer identification number ("TIN") as assigned by the Internal Revenue Service, or (ii) in the case of ATLT Beneficiaries that are not United States persons for federal income tax purposes, certification of foreign status on IRS Form W-8BEN or W-8ECI, and the Plan Administrator may condition any Distribution to any of holders of ATLT Trust Interests upon receipt of such identification number or certification. If any of the holders of ATLT Trust Interests shall fail to provide the Plan Administrator with any requested TIN within ninety (90) days after the request, such failure shall be deemed a waiver of all of such holders interests in the ATLT and rights to distribution hereunder or under the Plan. Proceeds that would have been distributed to said holders shall be distributed to the other holders based on their pro rata interests.

12.09 Relationship to the Plan. The principal purpose of this ATLT Agreement is to aid in the implementation of the Plan and therefore this ATLT Agreement incorporates the provisions of the Plan. To that end, the Plan Administrator shall have full power and authority to

take any action consistent with the purpose and provisions of the Plan, and to seek any orders from the Bankruptcy Court in furtherance of implementation of the Plan and this ATLT Agreement. If any provisions of this ATLT Agreement are found to be inconsistent with the provisions of the Plan, the provisions of the Plan shall control.

12.10 Counterparts, Execution and Delivery by Facsimile. For the purposes of facilitating the execution of this ATLT Agreement, as herein provided and for other purposes, this ATLT Agreement may be executed simultaneously in counterparts, each of which counterpart shall be deemed to be an original, and all such counterparts shall constitute but one and the same instrument. Any original counterpart when executed and transmitted by electronic facsimile shall be deemed duly delivered to the other party upon confirmed receipt thereof by such other party.

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this ATLT Agreement, or caused it to be executed and acknowledged on behalf by their duly authorized officers all as of the date first above written.

Debtors and Debtors in Possession

By: _____

Name:

Title:

Eugene I. Davis, as Plan Administrator

Board of Directors' Compensation

Annual director's fees of \$20,000.

Plan Administrator's Compensation

To be determined by the Board of Directors.

Exhibit C

Form of Registration Rights Agreement

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of June __, 2004, between Allegiance Telecom, Inc., ("Allegiance"), Allegiance Telecom Company Worldwide ("Allegiance Worldwide"), Allegiance Telecom Liquidating Trust (the "Trust", and together with Allegiance and Allegiance Worldwide, the "Allegiance Parties") and XO Communications, Inc., a Delaware corporation (the "Company").

R E C I T A L S

WHEREAS, the Trust will acquire shares of Common Stock, par value \$.01 per share, of the Company (the "Common Stock") to be issued pursuant to that certain Asset Purchase Agreement (the "Purchase Agreement"), dated as of February 18, 2004, between the Company and Allegiance as debtor-in-possession and Allegiance Worldwide as debtor-in-possession;

WHEREAS, pursuant to their Joint Plan of Reorganization of, confirmed by order of the Bankruptcy Court for the Southern District of New York on June __, 2004, Allegiance and Allegiance Worldwide will transfer the Common Stock to the Trust established thereunder to hold, sell or distribute to their pre-petition creditors in accordance with its terms; and

WHEREAS, the Company has agreed, pursuant to the Stipulation and Order, entered on June __, 2004, to grant the Trust registration rights upon the terms and subject to the conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the parties hereby agree as follows:

SECTION 1. DEFINITIONS. As used in this Agreement, the following terms have the respective meanings set forth below:

Commission: shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act;

Exchange Act: shall mean the Securities Exchange Act of 1934, as amended;

Market Stand-Off Period: has the meaning defined in Section 5(a).

Person: shall mean an individual, partnership, joint-stock company, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof;

Register, Registered and Registration: shall be deemed to refer to registration effected by preparing and filing a registration statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such registration statement;

Registrable Securities: shall mean (A) shares of Common Stock issued pursuant to the Purchase Agreement held by the Trust and (B) any stock of the Company issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares of the Common Stock referred to in clause (A) held by the Trust;

Registration Expenses: shall mean all expenses incurred by the Company in compliance with Section 2(a), (b) and (c) hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company (other than blue sky fees and expenses), and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company);

Security, Securities: shall have the meaning set forth in Section 2(1) of the Securities Act;

Securities Act: shall mean the Securities Act of 1933, as amended; and

Selling Expenses: shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and all fees and disbursements of counsel for the Trust, blue sky fees and expenses, including blue sky fees and expenses of counsel for the Company.

SECTION 2. INVESTMENT REPRESENTATIONS.

(a) **Private Placement Exemption.** Each of the Allegiance Parties understands that the Common Stock has not been registered under the Securities Act, nor qualified under any state securities laws, and that it has been offered and sold pursuant to an exemption from such registration and qualification based in part upon the representations of each of the Allegiance Parties contained herein.

(b) **Knowledge of Offer.** Each of the Allegiance Parties is familiar with the business and operations of the Company and has been given the opportunity to obtain from the Company all information that it has requested regarding its business plans and prospects.

(c) **Knowledge and Experience; Ability to Bear Economic Risks.** Each of the Allegiance Parties has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Company. Each of the Allegiance Parties is able to bear the economic risk of its investment in the Company (including a complete loss of its investment).

(d) **Limitations on Disposition.** Each of the Allegiance Parties understands that it must bear the economic risk of this investment indefinitely unless its Common Stock is registered pursuant to the Securities Act or an exemption from such registration is available, and unless the disposition of such Common Stock is qualified under applicable state securities laws or an exemption from such qualification is available. Each of the Allegiance Parties further understands that there is no assurance that any exemption from the

Securities Act will be available, or, if available, that such exemption will allow it to transfer any or all of the Common Stock, in the amounts, or at the time such Allegiance Party might propose.

(e) Investment Purpose. Each of the Allegiance Parties is acquiring the Common Stock solely for its own account for investment and not with a view toward the resale, transfer, or distribution thereof, nor with any present intention of distributing the Common Stock. No other Person has any right with respect to the Stock received by any of the Allegiance Parties, nor has any of the Allegiance Parties agreed to give any Person any such shares of Common Stock or right in the future.

(f) Accredited Investor. Each of the Allegiance Parties is an “accredited investor” as such term is defined in Rule 501(a) promulgated under the Securities Act and was not formed for the sole and specific purpose of making the investment contemplated by this Agreement.

(g) Capacity. Each of the Allegiance Parties has the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by each of the Allegiance Parties and the consummation by each such party of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each such Allegiance Party. This Agreement has been duly executed and delivered by each of the Allegiance Parties and, assuming this Agreement constitutes the valid and binding obligation of the Company, constitutes the valid and binding obligation of each of the Allegiance Parties, enforceable against each such Allegiance Party in accordance with its terms.

SECTION 3. REGISTRATION RIGHTS.

(a) Form S-3 Registration. The Company represents and warrants that it currently qualifies for registration on Form S-3 for secondary sales, and covenants and agrees that, during the Shelf Period (as defined below), it will continue to file all reports required by the Exchange Act necessary to maintain such qualification. So long as the Company remains qualified for the use of Form S-3 for secondary sales, the Company shall use its best efforts to prepare, file and cause the effectiveness of a Registration Statement on Form S-3 for all of the Registrable Securities (provided that the Trust shall have informed the Company in writing of its intended method of disposition of the Registrable Securities), and (provided that Rule 415, or any successor rule under the Securities Act, at the time permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Securities Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (y) includes any prospectus required by Section 10(a) of the Securities Act or (z) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (y) and (z) above to be contained in periodic reports filed pursuant to Section 12 or 15(d) of the Exchange Act in the registration statement) the Company will use its best efforts to maintain the effectiveness of such registration for three years following the Closing under the Asset Purchase Agreement, or until such time as all such Registrable Securities are sold or are otherwise eligible for sale without registration (such period, the “Shelf Period”); provided, however, that (A) such three year period shall be extended for a period of time equal to the period during which the

Trust refrains from selling any securities included in such registration in accordance with provisions in Section 3 and 5(a) and for any time necessary to make corrections to the applicable prospectus pursuant to Section 6(b); provided that the Company shall not be obligated to effect, or take any action to effect or maintain the effectiveness of, any such registration pursuant to this Section 3(a):

(i) during a Market Stand-Off Period; or

(ii) In any jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder.

(b) S-1 Registration. In the event that the Company becomes ineligible to use Form S-3 and cannot certify its reasonable, good faith expectation that it will regain such eligibility within 90 days, upon request of the Trust, the Company will as soon as practicable, use its best efforts to effect a registration of sales of the Registrable Securities on another appropriate form (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act) as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities in such manner as the Trust shall specify to the Company in writing; provided that the Company shall not be obligated to effect, or take any action to effect, any such registration pursuant to this Section 3(b):

(i) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder; or

(ii) After the Company has effected three (3) such registrations pursuant to this Section 3(b) and such registrations have been declared or ordered effective and the sales of such Registrable Securities shall have closed; or

(iii) During a Market Stand-Off Period.

(iv) The Company will use its best efforts to keep such registration effective for a period of one hundred twenty (120) days or until the Trust has completed the distribution described in the registration statement relating thereto, whichever first occurs; provided, however, that such 120-day period shall be extended for a period of time equal to the period during which the Trust refrains from selling any securities included in such registration in accordance with provisions in Section 3 and 5(a) and for any time necessary to make corrections to the applicable prospectus pursuant to Section 6(b). Notwithstanding the foregoing, if the Company's ineligibility to use Form S-3 for

secondary offerings is the result of a breach of the first sentence of Section 3(a), and (provided that Rule 415, or any successor rule under the Securities Act, at the time permits an offering on a continuous or delayed basis) the Company will use its best efforts to maintain the effectiveness of such registration for three years following the Closing under the Asset Purchase Agreement, or until such time as all such Registrable Securities are sold or are otherwise eligible for sale without registration (such period, the “Shelf Period”); provided that the Company shall not be obligated to effect, or take any action to effect or maintain the effectiveness of, any such registration under the conditions set forth in Section 3(a)(i) and (ii); provided, further, that (A) such three year period shall be extended for a period of time equal to the period during which the Trust refrains from selling any securities included in such registration in accordance with provisions in Section 3 and 5(a) and for any time necessary to make corrections to the applicable prospectus pursuant to Section 6(b).

(v) The registration statement filed pursuant to the request of the Trust may, subject to the provisions of Section 3(b)(vii) below, include other securities of the Company which are held by Persons (not including the Company or any of its officers, directors or other entities controlled by Mr. Carl Icahn) who, by virtue of agreements with the Company, are entitled to include their securities in any such registration (“Other Stockholders”).

(vi) If Other Stockholders request such inclusion, the Trust shall offer to include the securities of such Other Stockholders in the underwriting and may condition such offer on their acceptance of the further applicable provisions of this Section 3. The Trust and the Company shall (together with all Other Stockholders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by the Trust and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 3(b), if the representative advises the Trust in writing that marketing factors require a limitation on the number of shares to be underwritten, the number of shares included in the registration by the Trust and each Other Stockholder shall be reduced on a pro rata basis (based on the number of shares held by the Trust and Other Stockholder), by such minimum number of shares as is necessary to comply with such request. No Registrable Securities or any other securities excluded from the underwriting by reason of the underwriter’s marketing limitation shall be included in such registration. If any Other Stockholder who has requested inclusion in such registration as provided above disapproves of the terms of the underwriting, such Person may elect to withdraw therefrom by written notice to the Company, the underwriter and the Trust. The securities so withdrawn shall also be withdrawn from registration. If the underwriter has not limited the number of Registrable Securities or other securities to be underwritten, the Company and officers and directors of the Company may include its or their securities for its or their own account in such registration if the representative so agrees and if the number of Registrable

Securities and other securities which would otherwise have been included in such registration and underwriting will not thereby be limited.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to this Section 3 shall be borne by the Company. All Selling Expenses shall be borne by the Trust.

(d) Termination. The registration rights set forth in this Section 3 shall not be available to the Trust if, (i) in the opinion of counsel to the Company, all of the Registrable Securities then owned by the Trust could be sold in any 90-day period pursuant to Rule 144 (without giving effect to the provisions of Rule 144(k)) or (ii) all of the Registrable Securities held by the Trust have been sold in a registration pursuant to the Securities Act or pursuant to Rule 144.

SECTION 4. RULE 144 REPORTING. With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of restricted securities to the public without registration, the Company agrees to:

(a) make and keep public information available as those terms are understood and defined in Rule 144 under the Securities Act ("Rule 144"), at all times;

(b) use its best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements; and

(c) so long as the Trust owns any Registrable Securities, furnish to the Trust upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144, and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as the Trust may reasonably request in availing itself of any rule or regulation of the Commission allowing the Trust to sell any such securities without registration.

SECTION 5. COVENANTS.

(a) Market Stand-off. Each of the Allegiance Parties agrees that it will not sell or otherwise transfer or dispose of any Registrable Securities held by such Allegiance Party during the period referred to below (a "Market Stand-Off Period"):

(i) in connection with an underwritten offering of equity or equity-linked securities (such as convertible securities or warrants, but not including a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan)) of the Company, as requested by the Company and the Company's underwriter for a period starting with the date of filing of, and ending on the date 90 days immediately following the effective date of, the applicable registration statement, provided that (i) the executive officers (as defined for purposes of Rule 16a-1 under the Exchange Act) and all the directors of the

Company enter into similar agreements and (ii) the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective. The Company may only delay or suspend an offering pursuant to this Section 5(a)(i) for a period of not more than sixty (60) days, if a filing of any other registration statement is not made within that period and the Company may only exercise that right once in any twelve (12) month period.

(ii) if the Company determines in its good faith judgment that the filing of a registration statement under Section 3 or the use of any related prospectus would require the disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or the disclosure of which would impede the Company's ability to consummate a significant transaction, and that the Company is not otherwise required by applicable securities laws or regulations to disclose, upon written notice of such determination by the Company, until the date upon which the Company notifies the Allegiance Parties in writing that suspension of such rights for the grounds set forth in this Section 5(a)(ii) is no longer necessary, provided that (A) (x) the Company may not declare more than three Market Stand-Off Periods in any 12-month period pursuant to this clause (ii), (y) the aggregate Market Stand-Off Period pursuant to this clause (ii) in any 12-month period shall not exceed 90 days, and (z) the Market Stand-Off Period pursuant to this clause (ii) may not be used to extend the 90-day period contemplated by clause (i) above to a total continuous Market Stand-Off period exceeding 150 days in the aggregate and (B) unless the registration statement in question is a shelf registration statement for a delayed or continuous offering, then if the Company declares a Market Stand-Off period during the first 60 days following the effectiveness thereof, each day of such Market Stand-Off period will be counted as 1 ½ days against the 90-day period contemplated by clause (i) above. The Company agrees to give such notice as promptly as practicable following the date that such suspension of rights is no longer necessary.

(b) Supplemental Undertaking. If requested by the underwriters, the Allegiance Parties shall execute a separate agreement to the effect set forth in Section 5(a)(i). The Company may impose stop-transfer instructions with respect to the shares (or securities) subject to the foregoing restriction until the end of said 180-day period. The provisions of this Section 5(b) shall be binding upon any transferee who acquires Registrable Securities.

(c) Restrictions on Transfer. Each of the Allegiance Parties agrees that none of the Registrable Securities shall be transferred, sold, assigned, pledged, hypothecated, or otherwise disposed or encumbered, either voluntarily or involuntarily, directly or indirectly, except pursuant to an effective registration under the Securities Act, or in a transaction which, in the opinion of counsel experienced in such matters and reasonably satisfactory to the Company, qualifies as an exempt transaction under the Securities Act and the rules and regulations promulgated thereunder.

(d) Information Supplied by the Trust. The Trust shall furnish to the Company information regarding itself and the distribution proposed by such Trust as the

Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in Section 3.

SECTION 6. REGISTRATION PROCEDURES. In the case of each registration effected by the Company pursuant to Section 3, the Company will keep the Trust advised in writing as to the initiation of each registration and as to the completion thereof. At its own expense, the Company will:

(a) furnish such number of prospectuses and other documents incident thereto as the Trust from time to time may reasonably request;

(b) notify the Trust when a prospectus relating to the registration statement is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(c) furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (1) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to the Trust, addressed to the underwriters, if any, and to the Trust and (2) a letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to the Trust, addressed to the underwriters, if any, and if permitted by applicable accounting standards, to the Trust.

SECTION 7. INDEMNIFICATION.

(a) The Company will indemnify the Trust, as applicable, each of its officers, directors and partners, and each Person controlling the Trust, with respect to each registration which has been effected pursuant to Section 3, and each underwriter, if any, and each person who controls any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or the Exchange Act or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse the Trust, each of its officers, directors and partners, and each Person controlling the Trust, each such underwriter and each Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and

defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by the Trust or underwriter and stated to be specifically for use therein.

(b) The Trust will indemnify the Company, each of its directors and officers and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter, each Other Stockholder and each of their officers, directors, and partners, and each person controlling such Other Stockholder against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document made by the Trust, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by the Trust therein not misleading, and will reimburse the Company and such Other Stockholders, directors, officers, partners, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by the Trust and stated to be specifically for use therein; provided, however, that the obligations of the Trust hereunder shall be limited to an amount equal to the net proceeds to the Trust of securities sold as contemplated herein.

(c) Each party entitled to indemnification under this Section 7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party's expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 7 unless the Indemnifying Party is materially prejudiced thereby. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 7 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with any underwritten public offering contemplated by this Agreement are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall be controlling.

(i) The foregoing indemnity agreement of the Company and the Trust is subject to the condition that, insofar as they relate to any loss, claim, liability or damage arising out of a statement made in or omitted from a preliminary prospectus but eliminated or remedied in the amended prospectus on file with the Commission at the time the registration statement in question becomes effective or the amended prospectus filed with the Commission pursuant to Commission Rule 424(b) (the "Final Prospectus"), such indemnity or contribution agreement shall not inure to the benefit of any underwriter or the Trust if a copy of the Final Prospectus was furnished to the underwriter and was not furnished to the Person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

SECTION 8. MISCELLANEOUS.

(a) Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

(c) Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

(d) Notices.

(i) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier or by registered or certified mail, postage prepaid:

(1) if to the Company, to: 11111 Sunset Hills Road Reston, Virginia 20190 (facsimile: (703) 547-2479), Attention: General Counsel, or at such other address as it may have furnished in writing to the Allegiance Parties, with a copy to Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (facsimile: (212) 728-8111), Attention: Bruce R. Kraus, Esq.

(2) if to the Allegiance or Allegiance Worldwide, to: [____], or at such other address or facsimile number as may have been furnished the Company in writing.

(3) if to the Trust, to: [____], or at such other address or facsimile number as may have been furnished the Company in writing.

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; if mailed by overnight courier, on the first business day following the date of such mailing; and if mailed by registered or certified mail, on the third business day after the date of such mailing.

(e) Reproduction of Documents. This Agreement and all documents relating thereto, including, without limitation, any consents, waivers and modifications which may hereafter be executed may be reproduced by the Allegiance Parties by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and the Allegiance Parties may destroy any original document so reproduced. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Allegiance Parties in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

(f) Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. The rights of the Trust under this Agreement may be assigned to no more than 10 purchasers of Registrable Securities, provided that each such assignee shall promptly execute and deliver to the Company a written undertaking assuming the obligations of the Trust under this Agreement, and provided further that if, at any time, there is more than one holder of Registrable Securities, demands, requests and determinations otherwise made by the Trust shall be made by the holders of a majority of the Registrable Securities at the time outstanding.

(g) Entire Agreement; Amendment and Waiver. This Agreement constitutes the entire understanding of the parties hereto and supersedes all prior understanding among such parties. This Agreement may be amended, and the observance of any term of this Agreement may be waived, with (and only with) the written consent of the Company and the Trust.

(h) Severability. In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

(i) Counterparts. This Agreement may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

XO COMMUNICATIONS, INC.

By: _____
Name:
Title:

ALLEGIANCE TELECOM, INC,
as debtor-in possession

By: _____
Name:
Title:

ALLEGIANCE TELECOM COMPANY WORLDWIDE
as debtor-in possession

By: _____
Name:
Title:

ALLEGIANCE TELECOM LIQUIDATING TRUST

By: _____
Name:
Title:

Exhibit D

Form of Transition Services Agreement

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement ("Agreement") is made as of _____ 2004, between ATLT (the liquidating trust established pursuant to that certain Liquidating Trust Agreement) and **XO Communications, Inc.**, a Delaware corporation ("Buyer"). Each of ATLT and Buyer are from time to time referred to in this Agreement separately as a "Party" and collectively as the "Parties".

WHEREAS, on May 14, 2003 ("Commencement Date"), Allegiance Telecom, Inc. and its direct and indirect subsidiaries (collectively, "Allegiance") each filed voluntary petitions for reorganization pursuant to Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"); and

WHEREAS, Allegiance Telecom, Inc. and certain of its subsidiaries ("Sellers") have entered into an Asset Purchase Agreement with Buyer, dated February 18, 2004 (as amended, the "Purchase Agreement"), providing, among other things, for Sellers to sell, subject to various terms and conditions, substantially all the assets of Sellers to Buyer. All capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement; and

WHEREAS, on _____, 2004, the Bankruptcy Court issued its confirmation order confirming Allegiance's plan of reorganization (the "Plan") pursuant to section 1129 of the Bankruptcy Code and on the date hereof, Sellers and Buyer closed the sale transaction contemplated by the Purchase Agreement; and

WHEREAS, ATLT has been established to among other things, wind-down Allegiance's affairs and administer Allegiance's plan of reorganization and take such actions as are necessary to effectuate the Plan.

1.0 TRANSITION SERVICES

1.1 Transition Services. Buyer shall provide to ATLT or to a supplier or vendor designated by ATLT (a) the services identified in Exhibit A, and (b) such additional services (if any) as may be agreed to in writing by the Parties from time to time. ATLT shall provide to Buyer (a) the services identified in Exhibit B and (b) such additional services (if any) as may be agreed to in writing by the Parties from time to time. Such transition services to be provided by either Party to the other Party are referred to herein as the "Transition Services".

1.2 Cooperation. Subject to the terms and conditions of this Agreement, each Party shall use its respective commercially reasonable 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 Party in doing, all things necessary, proper or advisable under applicable Laws and regulations to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement. ATLT shall, in connection with receiving Transition Services from Buyer, assist in providing information and documentation in ATLT's possession to Buyer in order for Buyer to perform the Transition Services. Buyer shall, in connection with receiving Transition Services from ATLT, follow the policies, procedures and practices of and relating to such services in effect immediately before

the Closing Date, including providing information and documentation sufficient for ATLT to perform the Transition Services as they were performed prior to the Closing Date.

1.3 Limitations.

(a) The Transition Services shall be available only for purposes of winding-down Allegiance's affairs as contemplated by the Plan (including but not limited to those activities of ATLT set forth in Section 5.4(b) of the Plan). Notwithstanding any other provision or term hereof or any exhibit or attachment hereto, neither Party shall be obligated to provide any Transition Services hereunder if to do so would require such Party (or its Affiliates) (i) to hire any additional employees or consultants (i.e., in the case of Buyer, in addition to that number of employees or consultants retained in the Business, as applicable, prior to the Closing Date), (ii) to pay overtime to employees, (iii) to maintain the employment or retention of any specific employee or consultant, (iv) to acquire any additional equipment or software, or (v) to lease or purchase any additional real property or any material personal property. Except as required in connection with the performance of the Transition Services by Buyer as provided in Exhibit A, Buyer shall not be obligated to provide ATLT or any Representative thereof with access to any systems, sites, databases, or hardware containing confidential or proprietary information of Buyer. Neither Party shall be obligated to provide Transition Services if to do so would be in violation of any applicable law or existing agreement as of the date hereof. Notwithstanding the understanding that this Agreement shall not obligate Buyer (or its Affiliates) to maintain the employment of any specific employee, performance of Buyer's obligations hereunder shall not be excused by employee terminations, layoffs or reductions generally.

(b) In no event shall either Party be obligated to provide the other Party, with the services of any personnel of the providing Party more than 20 hours per personnel in any calendar week.

1.4 Use of Name or Trademarks. The use of the name "Allegiance Telecom" and any similar names shall be in accordance with the terms of the Purchase Agreement.

2.0 PAYMENT/FEES

2.1 Fees, Costs and Expenses. ATLT shall be responsible for payment of fees and expenses related to the Transition Services provided by Buyer, as provided on Exhibit A. Buyer shall be responsible for payment of fees and expenses related to the Transition Services provided by ATLT, as provided under Exhibit B. Fees and expenses due hereunder shall be invoiced no later than the end of the following month after the Transition Services have been provided; and if not invoiced by the 30th day prior to the anticipated date of the Final Decree to be entered in Allegiance's bankruptcy cases, any claims for fees and expenses hereunder shall be waived. Any amounts due under this Section 2.1 shall be paid within fifteen (15) Business Days of receipt of a reasonably detailed invoice therefore. Any disputes with regard to such expenditures shall be settled in accordance with the provisions of Section 6.11. Each Party may offset any amounts owed by it to the other Party for the performance by the other Party of Transition Services with amounts owed by the other Party to it for Transition Services performed by it, which offset shall be set forth clearly in the monthly invoice with respect to the period for which such offset is made.

3.0 **TERM/TERMINATION**

3.1 **Term.** This Agreement shall commence on the Closing Date and shall remain in effect with respect to each Transition Service as specified on Exhibit A and Exhibit B.

3.2 **Termination for Cause.** Notwithstanding the above, either Party may terminate this Agreement upon twenty (20) Business Days' prior written notice to the other Party in the event of a material breach by such other Party of this Agreement; provided that, the Party said to be in material breach shall have a fifteen (15) Business Day period in which to cure the breach after written notice thereof (except in the case of non-payment for which there shall be a five (5) Business Day cure period).

3.3 **Termination for Convenience.** At anytime during the Term of the Agreement, ATLT and Buyer may terminate its use of services specified in Exhibit A and Exhibit B, respectively, upon written notice to the other Party; such notice shall specify the effective date of termination, which shall not be less than ten (10) Business Days from the date of such notice. Each Party will only be responsible for the payment of services provided hereunder by the other Party through the effective date of termination.

4.0 **RECORDS AND AUDIT RIGHTS**

4.1 Subject to Section 6.5 of the Purchase Agreement, Buyer shall keep and maintain books and records related directly to the performance of Transition Services consistent with Buyer's internal policies for providing similar services. Notwithstanding the foregoing, to the extent that either Party is obligated to reimburse the other Party for services based on hourly rates, the Party providing the Transition Services shall keep reasonably detailed time records to substantiate the number of actual hours and/or minutes of work performed by its representatives.

4.2 Buyer shall provide ATLT reasonable access to such records for the purposes of copying or auditing them, during normal business hours. ATLT will provide Buyer with at least ten (10) days prior written notice of an audit request. Buyer will cooperate with ATLT and will make the information reasonably required to conduct the audit available on a timely basis; provided, however, that such cooperation will not oblige Buyer to materially disrupt its business operations. ATLT shall be responsible for all costs related to any such audit.

4.3 ATLT shall provide Buyer reasonable access to the books and records related directly to the performance of Transition Services by ATLT for the purposes of copying or auditing them, during normal business hours. Buyer will provide ATLT with at least ten (10) days prior written notice of an audit request. ATLT will cooperate with Buyer and will make the information reasonably required to conduct the audit available on a timely basis; provided, however, that such cooperation will not oblige ATLT to materially disrupt its business operations. Buyer shall be responsible for all costs related to any such audit.

5.0 **LIMITATION OF LIABILITY; DISCLAIMER**

5.1 **LIMITATION OF LIABILITY.** NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR SUCH OTHER PARTY'S CONSEQUENTIAL DAMAGES, SPECIAL DAMAGES, INCIDENTAL DAMAGES, INDIRECT DAMAGES, LOST PROFITS OR SIMILAR ITEMS.

5.2 **DISCLAIMER.** EXCEPT AS EXPRESSLY PROVIDED IN SECTION 1.2, NONE OF THE PARTIES OR THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE TRANSITION SERVICES TO BE PROVIDED UNDER THIS AGREEMENT. EACH PARTY AND ITS AFFILIATES DISCLAIM ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

6.0 **MISCELLANEOUS**

6.1 **Expenses.** Except as set forth above in Section 2.1 (including the Exhibit referred to in that Section), each of the Parties shall pay its own fees and expenses (including but not limited to the fees and expenses of its respective counsel, accountants and other experts) and shall pay all other expenses incurred by it in connection with the negotiation, preparation and execution of this Agreement and the performance of its obligations hereunder.

6.2 **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the internal laws (and not the choice-of-law rules) of the State of New York.

6.3 **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 mail or overnight mail) or mailed by certified mail, postage prepaid, return receipt requested, as follows:

If to ATLT:

Attention:

If to Buyer:

XO Communications, Inc.
11111 Sunset Hills Road
Reston, VA 20190
Attention: General Counsel

Fax: (703) 547-2025

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

Brown Rudnick Berlack Israels
120 West 45th Street
New York, NY 10036
Attention: Edward S. Weisfelner
Steven D. Pohl
Fax: (212) 704-0196

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 five (5) Business 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.

6.4 Entire Agreement. Except as otherwise expressly provided herein, this Agreement and the attached Exhibits contain the entire understanding of the Parties hereto with respect to the subject matter contained herein and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings and communications of the Parties, oral or written, respecting such subject matter. There are no promises, representations, warranties, agreements or undertakings of any Party with respect to the transactions contemplated by this Agreement other than those specifically set forth in this Agreement. Nothing herein shall be deemed to modify any provision of the Purchase Agreement or any agreements entered into in connection with the Purchase Agreement, including but not limited to that certain Stipulation and Order Settling Certain Disputes Between Allegiance Telecom, Inc., Allegiance Telecom Company Worldwide, The Official Committee of Unsecured Creditors and XO Communications, Inc.

6.5 Amendments. This Agreement may be amended or modified only by a written instrument executed by the Parties.

6.6 Counterparts. This Agreement may be executed by the Parties in separate counterparts (included by telecopied signature pages), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

6.7 Assignment. This Agreement shall inure to the benefit of and be binding upon ATLT and Buyer and their respective successors and permitted assigns. Neither Party shall assign or otherwise transfer this Agreement without the express written consent of the other Party.

6.8 Severability; Enforcement. Any term or provision of this Agreement that is held to be invalid, prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, prohibition or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the

validity or enforceability of any terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement shall be held to be invalid, prohibited or unenforceable unless narrowed by construction, such provision shall be construed as if more narrowly drawn so as not to be invalid, prohibited or unenforceable.

6.9 Waiver. The failure of any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of or non-compliance with this Agreement shall be held to be a waiver of any other or subsequent breach or non-compliance.

6.10 Relationship Among the Parties. The Parties agree that this is an arm's length transaction in which the Parties' undertakings and obligations are limited to the performance of their obligations under this Agreement. It is expressly understood and agreed that in rendering the Transition Services hereunder, each Party is acting as an independent contractor and that this Agreement does not constitute any Party as an employee, partner, joint venturer, agent or other representative of any other Party for any purpose whatsoever. None of the Parties has the right or authority to enter into any contract, warranty, guaranty or other undertaking in the name of or for the account of any other Party, or to assume or create any obligation or liability of any kind, express or implied, on behalf of any other Party or to bind any other Party in any manner whatsoever, or hold itself out as having any right, power or authority to create any such obligation or liability on behalf of any other or to bind any other Party in any manner whatsoever (except as to any actions taken by a Party as required hereunder).

6.11 Dispute Resolution. If a claim or dispute among the Parties arises in connection with this Agreement, the Parties shall attempt in good faith to resolve through negotiation such claim or dispute. If the Parties cannot mutually resolve such matter within twenty (20) Business Days of the initial notice of such dispute, the Parties agree that such claim or dispute shall be settled by arbitration at a mutually agreeable location, in accordance with the then-current rules of the alternative dispute resolutions firm JAMS or its successor, or if no successor exists, then in accordance with the then-current commercial arbitration rules of the American Arbitration Association. The arbitrator(s) shall be experienced in conducting arbitrations in the U.S. communications industry, selected mutually by ATLT, on the one hand, and Buyer, on the other hand. The cost of the arbitration, including the fees and expenses of the arbitrator(s), shall be shared equally by the Parties unless the award provides otherwise. Judgment upon the award rendered by the arbitrator(s) may be entered into any court of competent jurisdiction, and shall be fully enforceable and only appealable in accordance with the United States Arbitration Act, 9 U.S.C. Sec. 1 *et seq.* The Parties agree that, except as required by applicable law or regulation, the existence, outcome, and contents of any arbitration proceeding shall be kept confidential and that the arbitrator(s) shall be required to adhere to the same obligation of confidentiality.

6.12 Other Remedies. The Parties understand that any material breach of this Agreement may materially and irreparably harm ATLT or Buyer, as the case may be, and that money damages may not be an adequate remedy for any material breach of such provisions. Accordingly, notwithstanding any other provision of this Agreement, ATLT and Buyer agree that ATLT and Buyer, as the case may be, in their sole discretion and in addition to any other

remedies they may have at law or in equity, may apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce the terms or prevent any material violations of this Agreement.

6.13 Confidentiality. ATLT agrees to keep confidential, information relating to the Business and agrees not to disclose such information except as required by Law. Buyer agrees to keep confidential, information relating to the ATLT business and agrees not to disclose such information except as required by Law.

6.14 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their permitted assigns; and nothing herein expressed or implied shall give or be construed to give to any person, other than the Parties and such assigns, any legal or equitable rights hereunder.

* * * * *

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year first written above.

ATLT

By: _____
Name:
Title:

XO COMMUNICATIONS, INC.

By: _____
Name:
Title:

EXHIBIT A**Transition Services provided by Buyer**

Buyer shall provide the following services to ATLT under this Agreement:

Payroll Services

Through July 9, 2004, Buyer shall pay to non-Transferred Employees that are employees of Allegiance, all amounts owed by Allegiance for salary, commissions, bonuses, severance, expense reimbursement and where legally required, unused vacation and unused floating holidays. ATLT shall coordinate with Buyer to identify such employees and amounts that should be paid. ATLT shall reimburse Buyer such amounts paid on behalf of Allegiance for such payroll services, in accordance with Section 2.1 above; provided that the reimbursement of any amounts paid by Buyer at the direction of ATLT may not be contested by ATLT.

A/P Services

Buyer shall perform the Accounts Payable functions for ATLT through July 31, 2004. Through such period, ATLT shall coordinate with Buyer to identify the amount of payment, when and to whom payments should be made and Buyer shall promptly make such payments as reasonably requested by ATLT. ATLT shall reimburse Buyer such amounts paid on behalf of Allegiance for such A/P services, in accordance with Section 2.1 above.

ATLT's Use of Buyer Premises

Buyer shall allow up to that number of ATLT employees or consultants (ATLT's employees or consultants, the "Representatives") specified below to occupy and access the following premises for a period of up to nine (9) months following the Closing Date (the "Facilities Period"):

<u>Location</u>	<u>Headcount</u>
1. 9201 North Central Expressway, Dallas, TX 75231	10
2. 700 E. Butterfield Road, Suite 400, Lombard, IL 60148	2
3. 500 Rutherford Avenue, Charlestown, MA 02129	10
4. 818 W. Seventh Street, Los Angeles, CA 90017	10

or such other successor space to which employees of Buyer or its Affiliates located at the above locations have relocated, after the date hereof (any such premises listed in #1 - #4 above, or successor space, the "Premises"). The Representatives shall occupy the above described premises in accordance with the terms set forth in Exhibit C hereto. ATLT shall reimburse Buyer, monthly in arrears, in an amount equal to: (1) number of Representatives at the applicable premises (pro-rated for the time actually occupied by such Representatives) times (2) 150 square feet of space per Representative occupying such premises times (3) the Daily Buyer Rent Per

Square Foot Amount. The “Daily Buyer Rent Per Square Foot Amount” equals (1) (a) the sum of monthly rent, utilities, taxes and operating expenses for the applicable premises divided by (b) the total number of square feet rented by Buyer (or its applicable Affiliate) for such premises divided by (2) thirty days.

Shared Web Hosting Matters

(1) Through September 30, 2004, Buyer agrees not to limit the access by Representatives or Buyer of Allegiance’s shared web hosting assets to the data center located at 500 Rutherford Avenue, Charlestown, MA 02129 and agrees not to remove, transfer or disturb any of the servers identified on Exhibit D hereto or any services provided to such servers (including but not limited to, power and Internet services);

(2) Through September 30, 2004, Buyer agrees to operate in the ordinary course of business the iPlanet email platform in Chicago, IL and the DNS servers in Charlestown, MA as further described in Exhibit D-1 attached hereto;

(3) Through August 31, 2004, Buyer agrees not to limit the access by Representatives or buyer of Allegiance’s shared web hosting assets, to the data center located at 8913 Complex Drive, San Diego, CA 92123 and agrees not to remove, transfer or disturb any of the servers identified on Exhibit D-1 hereto or any services provided to such servers (including but not limited to, power and Internet services).

(4) Through August 31, 2004, Buyer agrees to operate in the ordinary course of business the DNS, E-mail and HTTP servers in San Diego, CA as further described in Exhibit D-1 attached hereto.

As compensation for the foregoing services, ATLT shall pay Buyer an aggregate amount of \$60,000, payable (i) \$40,000 on August 31, 2004, and (ii) \$20,000 on September 30, 2004. .

Each Party shall appoint a point of contact to handle incidents relating to the Representatives at Buyer Premises hereunder and to determine how to configure the systems and facilities of Representatives at such premises so that each Party's confidential or proprietary information cannot be accessed by the other Party or its representatives.

ATLT’s Access to Telecommunications Services

Buyer, through its subsidiaries, shall provide certain telecommunications services for the Representatives (i.e., local voice, long distance voice, and email) for the Facilities Period (or such earlier period as requested by ATLT). For each Representative that uses such services, ATLT shall reimburse Buyer in an amount per Representative per month of (i) \$10.00 for local voice, (ii) \$10.00 for long distance voice, and (iii) \$10.00 for email.

Buyer, though its subsidiaries, shall provide internal data network services for up to four Representatives (the “Designated Representatives”), until the date that the Final Decree is entered in Allegiance’s bankruptcy cases. For each Designated Representative that uses such

services, ATLT shall reimburse Buyer in an amount per Representative per month equal to \$10.00.

ATLT's Access to Certain Systems

Until the date that the Final Decree is entered in Allegiance's bankruptcy case, (or such earlier effective rejection date) Buyer will promptly provide to ATLT the data contained in the systems below. In addition, subject to the requirements and limitations of Section 1.3, Buyer will promptly provide at no cost to ATLT the reasonable assistance of an XO employee or consultant to ATLT to perform data inquiries and conduct research activities with respect to such data.

1. TBS
2. Singl.eview
3. Network Strategies (Daleen)
4. ADP
5. Clarify
6. COE
7. Bill Track Pro from TEOCO
8. CMS
9. CorpTax and CorpSales

Buyer shall not in any way limit ATLT's access to JDEdwards.

Buyer will transfer for no additional cost to ATLT possession of the ProComm software.

ATLT's Access to Certain Buyer Personnel

Buyer shall make available personnel to support ATLT (as reasonably requested by ATLT) in retrieving and analyzing the data from the above systems. It is expressly understood that ATLT may need assistance in performing certain transition services required of ATLT in connection with the sale of Allegiance's shared web hosting business (for example, billing, servicing and support for the shared web hosting customers). Other than in connection with the services to be provided under the heading "Access to Certain Systems" above, for the provision of such functions by Buyer, ATLT will pay Buyer the applicable hourly rate for any such personnel (which shall be determined based on such person's annual base salary and based on 2,000 hours/year).

ATLT's Purchase of Certain Equipment/Property

Promptly after the Closing, Buyer shall at the option of ATLT, either (a) transfer to ATLT, upon payment by ATLT to Buyer for an amount to be mutually agreed to, but no more than the fair market value of any such item, title to the following assets, free and clear of all liens, claims and encumbrances or (b) lease the following property to ATLT, for an amount to be mutually agreed to, but no more than the fair market lease of any such item:

The following equipment/property currently used by employees of Allegiance who become Representatives of ATLT:

1. Laptops or desktop computers, not to exceed 15 computers in total.
2. Laser printers, not to exceed 5 laser printers in total.
3. Fax machines, not to exceed 5 fax machines in total
4. Furniture as follows
 - a. Aeron chairs, not to exceed 15 Aeron chairs in total
 - b. Filing cabinets, not to exceed 15 filing cabinets in total
 - c. Bookcases, not to exceed 15 bookcases in total
5. Miscellaneous office supplies (e.g., pens, paper)

EXHIBIT B

Transition Services provided by ATLT

ATLT shall provide the following services to Buyer under this Agreement:

Buyer's Access to Certain ATLT Personnel

Until September 30, 2004, ATLT shall make available its Representatives to support Buyer (as reasonably requested by Buyer) in retrieving and analyzing certain financial data.

For the provision of such functions by ATLT, Buyer will pay ATLT the applicable hourly rate for any such personnel (which shall be determined, if the Representatives are employees of ATLT, based on such person's annual base salary and based on 2,000 hours/year).

EXHIBIT C**Terms of Office Sharing Agreement**

1.0 License. Buyer hereby grants to ATLT ("Licensee") a limited, terminable, non-transferable, non-sublicensable license to use the Premises solely for the business purposes related to ATLT business, and for no other use, in accordance with the terms and conditions of this Exhibit C ("License"). This License is not a real estate lease, and Licensee does not have any rights in the Premises other than through this License, such as rights to parking, signage, improvements, or otherwise except as specifically stated in this Exhibit C or otherwise approved by Buyer in writing. Buyer retains all rights not expressly granted herein.

2.0 Obligations and Restrictions

2.1 Investigation. ATLT agrees that it has made its own investigation and examination of all the relevant data relating to or affecting the Premises and is relying solely on its own judgment in entering into this License.

2.2 Safety. The safety and health of ATLT's employees, agents, licensees and invitees while on the Premises will be the sole responsibility of ATLT. ATLT will immediately report to Buyer any accidents, injuries, or property damage on the Premises.

2.3 Maintenance. ATLT will maintain the Premises (including its equipment, personal property and trade fixtures located in the Premises) in their condition as of the Closing Date, reasonable wear and tear excluded. All damage or injury to the Premises, or the building, or the fixtures, appurtenances and equipment in the Premises or the building caused by ATLT, its agents, employees, or invitees, may be repaired, restored or replaced by Buyer, at the expense of Licensee and such expense will be due on presentation of an invoice to ATLT.

2.4 Use. ATLT will not use or permit the Premises to be used or occupied for any purpose or in any manner prohibited by any applicable laws. ATLT will not commit waste or suffer or permit waste to be committed in, on, or about the Premises. ATLT will conduct its business and control its employees, agents, and invitees in such a manner as not to create any nuisance or interfere with, annoy, or disturb any tenant or occupant in the building.

2.5 Compliance with Laws, Master Lease and Rule. ATLT and its employees and agents will comply with all laws, statutes, ordinances and governmental rules, regulations, or requirements now in force or in force after the Closing Date, including, without limitation, any master lease for the Premises, any rules required by the master landlord or the building management, as amended from time to time. Buyer shall have the right to amend or modify the master lease without prior notice to ATLT. This License shall be subject to and subordinate to any master lease.

2.6 No Improvements. ATLT will not make or allow to be made any alterations, additions or improvements to or on the Premises or to any part of the Premises, or attach any fixtures or equipment to the Premises, without first obtaining Buyer's written consent. ATLT will pay or cause to be paid all costs and charges for work (a) done by ATLT or caused to be done by ATLT, in or to the Premises, and (b) for all materials furnished for or in connection with such work.

2.7 No Hazardous Materials. ATLT will use or conduct operations on or at the Premises or the building or manufacture, store, sell, use, dispose of, release, or discharge or permit the manufacture, storage, sale, use, disposal, release, or discharge of Hazardous Materials in, on, or about the Premises or any part of the building in violation of any Environmental Laws (as defined below). ATLT will permit the Premises to be used or operated in a manner that may cause the building or any part of the building to be contaminated by any Hazardous Materials in violation of any Environmental Laws. ATLT will be solely responsible for actual and direct liability, claims, suits, actions, proceedings, damages, costs, and expenses, including, without limitation, attorneys' fees and costs imposed on or incurred by or arising out of or in connection with a breach of the provisions of this Section 2.7 or in connection with ATLT's introduction of Hazardous Materials to or about the Premises in violation of any Environmental Laws. ATLT's obligations under this Section will survive the termination of this License.

For purposes of this License, "Hazardous Materials" means any asbestos, explosives, radioactive materials, hazardous wastes, hazardous substances, or hazardous materials, including, without limitation, substances defined as "hazardous substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601-9657; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. §1801-1812; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901-6987; the Occupational Safety And Health Act of 1970, 29 U.S.C. Section 651, et seq., or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect (collectively, "Environmental Laws"). The term "Hazardous Waste" means hazardous waste as defined under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901-6987.

3.0 Disclaimers

3.1 Limitations. Buyer is not required to provide any services under this License, including, without limitation, heat, water, air conditioning, elevator, cleaning, lighting, security, or electricity. ATLT agrees that the master landlord is solely responsible for such services.

3.2 Disclaimer: NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, BUYER HEREBY DISCLAIMS ALL WARRANTIES, INCLUDING ANY WARRANTY OF QUIET ENJOYMENT, SUITABILITY OR FITNESS OF THE PREMISES FOR THE CONDUCT OF ATLT'S BUSINESS OR AS TO THE PHYSICAL CONDITION OR ACTUAL DIMENSIONS OF THE PREMISES OR THE BUILDING. ATLT ACKNOWLEDGES THAT BUYER HAS NOT AGREED TO UNDERTAKE ANY ALTERATIONS OR CONSTRUCT ANY IMPROVEMENTS TO THE PREMISES. ATLT SHALL ACCEPT THE PREMISES IN THEIR "AS-IS" CONDITION.

4.0 Termination

4.1 Termination for Breach. Either Party may terminate this License upon prior written notice to the other Party in the event that the other party breaches the terms of the License and fails to cure such breach to the non-breaching party's satisfaction within thirty (30) days of written notice specifying the breach.

4.2 Effects of Termination. On termination, ATLT will promptly quit and surrender the Premises broom-clean, in good order and repair, ordinary wear and tear excepted. All trade

fixtures, equipment, furniture, inventory, effects, alterations, additions and improvements on the Premises after the end of the Term will be deemed conclusively to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Buyer without written notice to Licensee or any other person and without obligation to account for them.

EXHIBIT D AND D-1

See attached excel spreadsheet called "Equipment Schedule", Tab 1 and Tab 2.

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

RR1.05	2	ADG -	bcoachw1	Dedicated Server	140.239.119.126	n/a	API	2U	
RR1.04	19	Migration	Asia Pacific	Dedicated Server	140.239.119.52	n/a	IBM	x300	
RR1.05	11	Migration	AudibleFaith.Com	Dedicated Server	140.239.119.105	n/a	IBM	x300	
RR1.07	10	Migration	Baylock	Dedicated Server	140.239.119.177	n/a	IBM	x300	
RR1.06	12	migration	BloodHoundGang	Dedicated Server	140.239.119.191	n/a	IBM	x300	
RR1.04	13	Migration	BoarHog	Dedicated Server	140.239.119.34	n/a	IBM	x300	
RR1.03	22	Migration	Burst Technology	Dedicated Server	140.239.119.10 - 11	n/a	IBM	x300	
RR1.03	10	Migration	Business Systems 2000	Dedicated Server	140.239.119.25	n/a	IBM	x300	
RR1.03	3	Migration	CCONet Inc.	Dedicated Server	140.239.119.78	n/a	IBM	x300	
RR1.05	17	Migration	Christian Web Host	Dedicated Server	140.239.119.97	n/a	IBM	x300	
RR1.05	16	migration	Computer Service	Dedicated Server	140.239.119.98	n/a	IBM	x300	
RR1.05	12	Migration	Contentinal Kennel (ckusa)	Dedicated Server	140.239.119.102	64.55.184.104	IBM	x300	
RR1.04	7	Migration	Critical Secret	Dedicated Server	140.239.119.73	n/a	IBM	x300	
RR1.04	22	Migration	Cyber Cupido	Dedicated Server	140.239.119.54- 61	n/a	IBM	x300	
RR1.04	9	Migration	Cyber Sea Inc	Dedicated Server	140.239.119.74	n/a	IBM	x300	
RR1.03	16	Migration	Doerr Consultant	Dedicated Server	140.239.119.19	n/a	IBM	x300	
RR1.03	6	Migration	Dovico Software	Dedicated Server	140.239.119.27	n/a	IBM	x300	
RR1.04	18	Migration	Exyst	Dedicated Server	140.239.119.51	n/a	IBM	x300	
RR1.04	12	migration	General Atomic	Dedicated Server	managed	n/a	IBM	x300	
RR1.04	10	Migration	GTX Corp.	Dedicated Server	140.239.119.53	n/a	IBM	x300	
RR1.04	6	Migration	Health Care EDI	Dedicated Server	140.239.119.81	n/a	IBM	x300	
RR1.07	12	Migration	Highlander	Dedicated Server	140.239.119.175	n/a	IBM	x300	
RR1.05	6	Migration	iam4 Teens	Dedicated Server	140.239.119.124	n/a	IBM	x300	
RR1.03	18	Migration	Information Net Source	Dedicated Server					
RR1.04	14	Migration	Interdynamics SA	Dedicated Server	140.239.119.35 - 42	n/a	IBM	x300	
RR1.04	Not Found	Migration	Internet Holdings	Dedicated Server	140.239.119.63	n/a	IBM	x300	
RR1.05	15	Migration	JDD Publishing	Dedicated Server	140.239.119.99	n/a	IBM	x300	
RR1.03	7	Migration	Mighty Media	Dedicated Server	140.239.119.30	n/a	IBM	x300	
RR1.06	9	migration	MoneyReign	Dedicated Server	140.239.119.198	n/a	IBM	x300	
RR1.04	8	Migration	NAIFA	Dedicated Server	140.239.119.43 - 50	n/a	IBM	x300	

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

RR1.05	14	Migration	Neustar	Dedicated Server	140.239.119.101	n/a	IBM	x300	
RR1.03	11	Migration	Pgr.Gem.Com	Dedicated Server	140.239.119.24	n/a	IBM	x300	
RR1.03	12	Migration	Predacon	Dedicated Server	140.239.119.23	n/a	IBM	x300	
RR1.05	10	Migration	Saint Nirankari	Dedicated Server	140.239.119.103	n/a	IBM	x300	
RR1.04	11	Migration	ScamFree	Dedicated Server	140.239.119.71	n/a	IBM	x300	
RR1.05	3	Migration	St. Link LLC	Dedicated Server	140.239.119.127	n/a	IBM	x300	
RR1.03	19	Migration	Sunshine International	Dedicated Server	140.239.119.16	n/a	IBM	x300	
RR1.05	20	Migration	Terri Gray	Dedicated Server	140.239.119.80	n/a	IBM	x300	
RR1.04	16	Migration	The Ardel Group	Dedicated Server	140.239.119.31	n/a	IBM	x300	
RR1.06	19	Migration	TransUnion	Dedicated Server	140.239.119.130	n/a	IBM	x300	
RR1.06	14	Migration	Universal Communications	Dedicated Server	140.239.119.193	n/a	IBM	x300	
RR1.05	8	Migration	USDA Forest Service	Dedicated Server	140.239.119.114	n/a	IBM	x300	
Cab19.01		ADG - Dedicated	Musclemaster.com	Dedicated Server					
Cab18.14		ADG - Dedicated	Planet Saffron	Dedicated Server					
Cab18.11		ADG - Dedicated	3Style	Dedicated Server	64.55.254.11	N/A			
adg-3.01	3	ADG - Dedicated	Adgrafix I	Dedicated Server	64.55.254.12	N/A	Bell Micro	Sparc	cd76362 2
Cab19.05		ADG - Dedicated	Applebees International	Dedicated Server					
Odonnell		ADG - Dedicated	Arte Digital, LDA	Dedicated Server					
Cab19.02		ADG - Dedicated	Chess & Bridge LTD.	Dedicated Server					
Odonnell		ADG - Dedicated	Dallas Golf	Dedicated Server					
adg-3.01	4	ADG - Dedicated	Etntelephone	Dedicated Server	64.55.254.17		Bell Micro	Sparc	cd76363 7
adg-3.01	10	ADG - Dedicated	Ftrserver.net	Dedicated Server	64.55.254.18		Bell Micro	Sparc	cd76362 3
adg-3.01		ADG - Dedicated	Historyplace new	Dedicated Server	64.55.188.240		Bell Micro	Sparc	cd76363 7

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File: Equipment Schedule.xls
Tab: Tab 1

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

Cab18.05	ADG - Dedicated	International Consulting and Marketing	Dedicated Server						
Cab19.03	ADG - Dedicated	International Consulting and Marketing	Dedicated Server						
Cab19.01	ADG - Dedicated	Musclemaster.com	Dedicated Server						
Odonnell	ADG - Dedicated	PIAA Corporation	Dedicated Server						
Cab18.14	ADG - Dedicated	Planet Saffron	Dedicated Server						
Cab19.07	ADG - Dedicated	Prices' Power International INC	Dedicated Server						
Odonnell	ADG - Dedicated	Sirod INC.	Dedicated Server						
Cab18.02	ADG - Dedicated	Still River Retirement Planning Sft	Dedicated Server						
adg-3.01	ADG - Dedicated	Successarsenal	Dedicated Server	64.55.166.28	Bell Micro	Sparc	cd763727		
	ADG - Dedicated	The Look On-line INC.	Dedicated Server						
adg-3.01	ADG - Dedicated	Workplacemoxie	Dedicated Server		Bell Micro	Sparc	cd763644		
RR1.03	Migration	7 Pixels	Dedicated Server	140.239.119.21	n/a	IBM x300			
RR1.05	Migration	Candlewood	Dedicated Server	140.239.73.100	n/a	IBM x300			
RR1.06	Migration	StarGate	Dedicated Server	140.239.119.129	n/a	IBM x300			
Cab19.03	ADG - Dedicated	New Castle Technology	Dedicated Server						
Cab18.12	ADG - Dedicated	New Castle Technology Advisors	Dedicated Server						
Cab18.08	ADG - Dedicated	New Castle Technology Advisors, LLC	Dedicated Server						

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

3.05	8		PROP	Infrastructure	64.55.166.27		IBM	intel	78-fa862	2x?g
3.05	9		Tech.bos	Infrastructure	64.55.166.35		IBM	intel	78-fb290	2x?g
3.01	7		Adgrafix-5.bos.hosting.com	Infrastructure	64.55.188.247		Bell Micro	Sparc	cd76364	2x?g
3.01	12		Adgrafix-8	Infrastructure	64.55.188.244		Bell Micro	Sparc	cd76364	2x?g
3.01	8		Crm-dbl.bos.hosting.com	Infrastructure	64.55.188.246	10.240.39.10	Bell Micro	Sparc	cd76369	2x?g
2.06	1		Jumpstart X86	Infrastructure			IBM	X300	78-A286	
1.06	3		Mrbackup	Infrastructure	64.55.254.201		Sun	Enterprise	942h2ec	12x?g
3.01	6		Supportcenter1.bos.hosting.com	Infrastructure	64.55.188.245		Bell Micro	Sparc	cd73654	2x?g
1.02	6		Adgrafix.com	Infrastructure	216.248.194.2	N/A	Marathon	sparc	84301u0	2X8G
1.06	5		new ssl.adgrafix	Infrastructure	64.55.251.118	N/A	Bell Micro	sparc	none	2X4G
1.02	5		ssl.adgrafix.com	Infrastructure	64.55.251.118	N/A	axil311	sparc	8.5E+07	2X8G
3.05	10		urch-php	Infrastructure	64.55.166.223		IBM	intel	78-fb283	
2.01	4		ns1.adgrafix.com	Infrastructure - DNS	64.55.253.2	N/A	IBM	x330	23L6447	3x?g
2.01	5		ns2.adgrafix.com	Infrastructure - DNS	140.239.36.2		IBM	x330	23L6452	
2.01	6		ns3.adgrafix.com	Infrastructure - DNS	64.55.253.3		IBM	x330	23b7012	
mezz	Mezz-2.7		vs104.virtualis.com	Shared - FreeBSD	140.239.29.244		Generic	intel	1810557	
mezz	Mezz-2.7		vs105.virtualis.com	Shared - FreeBSD	140.239.29.245		Generic	intel	1810556	
mezz	Mezz-2.7		vs106.virtualis.com	Shared - FreeBSD	64.55.128.16		Generic	intel	1800129	
mezz	Mezz-2.7		Disk Array	Shared - FreeBSD						

Confidential

File: Equipment Schedule.xls

Tab: Tab 1

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

mezz	Mezz-2.7	Disk Array	Disk Array	Shared - FreeBSD						
mezz	Mezz-2.7	NetApp	NetApp (NSF1.Virtualis.com)	Shared - FreeBSD		Netapp				
mezz	Mezz-2.7	Switch	Extreme Switch	Shared - FreeBSD		Extreme Summit	ES48-018			
mezz	Row 3		essentials01.harvard.net	Shared HarvardNet Unix	10.240.38.143	Carpais intel				
mezz	Mezz-2.3		s2.econtent.harvard.net	Shared HarvardNet Unix	10.240.32.29	IBM x300	1586544 1478ng9 35			
mezz	Row 3		s3.essentials.harvard.net	Shared HarvardNet Unix	10.240.32.52	IBM x342				
mezz	Mezz-2.6		s4.essentials.harvard.net	Shared HarvardNet Unix	10.240.32.26	HP lpr intel	us01700 453			
mezz	Mezz-1.1		econtent01.harvard.net	Shared HarvardNet Unix	10.240.32.36	Sun NetraT1 05	sparc none	2X18G		
mezz	Row 3		VirtualNT01	Shared HarvardNet Windows		IBM 4500R				
2.04	6		ws-0010.bos.hosting.com	Shared Windows		HP lc2000	us02114 589			
2.04	7		ws-db002.bos.hosting.com	Shared Windows		HP lc2000	us02312 8949			
2.01	8		Letterman.adgrafix.com	Shared Windows	64.55.252.25	Clone Sparc	none 2x35g			
1.02	7		Mason.adgrafix.com	Shared Windows	64.55.42.3	HP LH3 Intel	us00600 109	5x18g		
1.03	1		Moranis.adgrafix.com	Shared Windows	64.55.252.28	Intel Tower	none ?			

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

2.02	3	ws-0002.bos.hosting.co m	Shared Windows	64.55.204.2	HP lc2000	Intel	us04019 079	6x9g
2.02	2	ws-0003.bos.hosting.co m	Shared Windows	64.55.204.129	HP lc2000	Intel	us04019 237	42g
2.02	1	ws-0009.bos.hosting.co m	Shared Windows	64.55.176.128	HP lc2000	Intel	us00700 387	42g
1.06	2	ws-001.bos.hosting.com	Shared Windows	64.55.189.2	HP	Intel	us03232 360	6x9g
1.01	2	ws-0011.bos.hosting.co m	Shared Windows	64.55.43.2	HP lc2000	Intel	us04228 076	4x18g
2.03	4	ws004.bos.hosting.c om	Shared Windows	64.55.174.3	HP lc2000	Intel	us01300 953	6x9g
2.03	6	ws005.bos.hosting.c om	Shared Windows	64.55.174.128	HP lc2000	Intel	us01302 048	6x9g
2.03	3	ws006.bos.hosting.c om	Shared Windows	64.55.175.2	HP lc2000	Intel	us00700 383	6x9g
2.03	2	ws007.bos.hosting.c om	Shared Windows	64.55.175.128	HP lc2000	Intel	us04122 919	6x9g
2.03	1	ws008.bos.hosting.c om	Shared Windows	64.55.176.2	HP lc2000	Intel	us03026 371	6x9g
1.06	1	ws-DB01.bos.hosting.co m	Shared Windows	64.55.188.2	HP	Intel	us01300 958	5x9g
2.04	3	ws-stats0001.adgrafix.c om	Shared Windows	64.55.166.14-15	IBM	x330	23L6424	
2.01	12	Clay.adgrafix.com	Shared WSM	64.55.252.8	Tatung UltraPle	sparc	none	
1.04	7	Hanks.adgrafix.com	Shared WSM	64.55.252.18	x	sparc	8.5E+08	?
2.01	7	Sandler.adgrafix.co m	Shared WSM	216.248.194.2	Clone	sparc	none	2X4G

**EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT**

2.02	5	ss030.bos.hosting.co m	Shared WSM	64.55.203.2	10.240.39. 72	Sun NetraT1	sparc	hf14939 241	2X36G
3.05	5	ss041.bos.hosting.co m/leno	Shared WSM	64.55.166.33	10.240.39. 95	SunFire V120	sparc	cf22906 225	2X36G
2.01	2	ss046.bos.hosting.co m	Shared WSM	64.55.166.45	10.240.39. 20	SunFire V120	sparc	cf22902 450	2X26G
3.05	3	ss047.bos.hosting.co m	Shared WSM	64.55.166.44	10.240.39. 106	Sun NetraT1	sparc	none	2X18G
1.05	1	ss054.bos.hosting.co m	Shared WSM	64.55.166.224	N/A	Sunfire V100	sparc		2X36G B
1.04	2	ss058.bos.hosting.co m	Shared WSM	64.55.166.228		TradeMa rk	sparc	none	3x?g
3.04	2	ss060.bos.hosting.co m	Shared WSM	64.55.166.230	N/A	Bell Micro	sparc	cd76361 6	2X18G
3.04	1	ss061.bos.hosting.co m	Shared WSM	64.55.166.231	N/A	Bell Micro	sparc	cd76365	2X18G
3.05	1	ss062.bos.hosting.co m	Shared WSM	64.55.166.232	N/A	SunFire V120	sparc		2X36G
3.05	2	ss063.bos.hosting.co m	Shared WSM	64.55.166.233	N/A	Sun NetraT1	sparc		2X18G
3.05	1	ss064.bos.hosting.co m	Shared WSM	64.55.166.234	N/A	Sunfire V100	sparc		2X36G B
2.06	6	svs501	Shared WSM			Proimag e	Intel		
2.06	5	svs502	Shared WSM			Proimag e	Intel		
2.06	4	svs503	Shared WSM			Proimag e	Intel		
2.06	3	svs504	Shared WSM	64.55.166.193		Proimag e	Intel		
2.06	2	svs505	Shared WSM			Proimag e	Intel	1810464	
1.02	9	Belushi.adgrafix.co m	Shared WSM	64.55.42.2	N/A	Maratho n	sparc	8.5E+07	2X18G

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

1.03	4	Burns.adgrafix.com	Shared WSM	64.55.252.3		UltraPlex	sparc	4.1E+07	2X18G
2.01	11	Carson.adgrafix.com	Shared WSM	64.55.252.5	N/A	TradeMark	sparc	none	3X18G
2.02	10	Carvey.adgrafix.com	Shared WSM	64.55.252.6	10.240.39.58	SunNetraT1	sparc	hf1284204	2X36G
1.02	4	Clint.adgrafix.com	Shared WSM	64.55.192.3	N/A	TradeMark	sparc	none	2X36G
1.02	8	Dangerfield.adgrafix.com	Shared WSM	64.55.252.10	N/A	TradeMark	sparc	none	2X36G
1.03	2	Farley.adgrafix.com	Shared WSM	64.55.252.13	N/A	UltraPlex	sparc	9.3E+07	2X18G
1.03	3	Ferrell.adgrafix.com	Shared WSM	64.55.252.14	N/A	UltraPlex	sparc	8.3E+07	2X18G
1.01	1	Foley.adgrafix.com	Shared WSM	64.55.252.10	N/A	TradeMark	sparc	none	3X18G
2.03	5	Hammond.adgrafix.com	Shared WSM	64.55.252.17	N/A	SunNetraT1	sparc	hf1284204	2X18G
2.02	8	Hartman.adgrafix.com	Shared WSM	64.55.252.19	N/A	TradeMark	sparc	none	3X18G
1.05	1	Hawn.adgrafix.com	Shared WSM	64.55.252.20	N/A	Marathon	sparc	8.5E+07	2X18G
1.06	8	Hicks.adgrafix.com	Shared WSM	64.55.193.2	N/A	TradeMark	sparc	none	3X18G
1.05	6	Kattan.adgrafix.com	Shared WSM	64.55.252.22	N/A	Marathon	sparc	8.5E+07	2X18G
1.04	1	Martin.adgrafix.com	Shared WSM	64.55.252.26	N/A	UltraPlex	sparc	5149902	2X18G
2.02	11	Meeny.adgrafix.com	Shared WSM	64.55.252.27	10.240.39.59	SunNetraT1	sparc	hf12925124	2X36G
2.02	12	Murphy.adgrafix.com	Shared WSM	216.248.195.2	10.240.39.60	SunNetraT1	sparc	hf11918307	2X36G
1.05	2	Odonnell.adgrafix.com	Shared WSM	64.55.252.33	N/A	Marathon	sparc	8.5E+07	2X18G

**EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT**

1.05	5	Shannon.adgrafix.co m	Shared WSM	64.55.252.35	N/A	Marathon	sparc	8.5E+07	2X18G
1.05	3	Sinbad.adgrafix.com	Shared WSM	64.55.252.37	N/A	Marathon	sparc	8.5E+07	2X18G
1.02	3	Spade.adgrafix.com	Shared WSM	64.55.252.38	10.240.39.61	Sun NetraT1	sparc	hf14132 756	2X36G
1.06	4	ss001.bos.hosting.co m	Shared WSM	64.55.166.103	10.240.39.88	Sun	sparc	none	2X18G
1.06	6	ss002.bos.Hosting.c om	Shared WSM	64.55.190.2	10.240.39.57	Sun	sparc	hf12723 241	2X36G
2.02	9	SS005.bos.hosting.c om	Shared WSM	64.55.201.2	10.240.39.70	Sun NetraT1	sparc	hf14939 260	2X36G
2.02	7	SS006.bos.hosting.c om	Shared WSM	64.55.191.2	10.240.39.71	Sun NetraT1	sparc	hf12824 135	2X36G
2.02	6	ss007.bos.hosting.co m/short	Shared WSM	64.55.252.36	10.240.39.69	Sun NetraT1	sparc	hf12924 919	2X36G
2.02	4	ss008.bos.hosting.co m	Shared WSM	64.55.202.2	10.240.39.73	Sun NetraT1	sparc	hf15142 560	2X36G
2.03	9	SS009.bos.hosting.c om	Shared WSM	64.55.205.2	10.240.39.75	SunFire V120	sparc	hf15142 558	2X36G
2.03	8	SS010.bos.hosting.c om	Shared WSM	64.55.252.2	10.240.39.77	SunFire V120	sparc	hf14737 689	2X18G
2.03	7	SS011.bos.hosting.c om	Shared WSM	64.55.208.2	10.240.39.78	SunFire V120	sparc	hf15142 491	2X36G
3.02	8	ss019.bos.hosting.co m	Shared WSM	64.55.166.9	N/A	Bell Micro	sparc	cd76364 1	2X18G
3.02	9	ss020.bos.hosting.co m	Shared WSM	64.55.166.10	N/A	Bell Micro	sparc	cd76362 2	2X18G
3.02	10	ss021.bos.hosting.co m	Shared WSM	64.55.166.11	N/A	Bell Micro	sparc	cd76363 5	2X18G
3.02	7	ss022.bos.hosting.co m	Shared WSM	64.55.166.17	N/A	Bell Micro	sparc	cd76362 6	2X18G

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

3.02	12		ss023.bos.hosting.co m	Shared WSM	64.55.166.18	N/A	Bell	Micro	sparc	cd76368 4	2X18G
3.02	13		ss024.bos.hosting.co m	Shared WSM	64.55.166.19	N/A	Bell	Micro	sparc	cd76368 2	2X18G
3.02	14		ss025.bos.hosting.co m	Shared WSM	64.55.166.20	N/A	Bell	Micro	sparc	cd76367 8	2X18G
3.02	15		ss026.bos.hosting.co m	Shared WSM	64.55.166.21	N/A	Bell	Micro	sparc	cd76368 0	2X18G
3.02	5		ss027.bos.hosting.co m	Shared WSM	64.55.166.22	N/A	Bell	Micro	sparc	cd76364 7	2X18G
2.04	5		ss028.bos.hosting.co m	Shared WSM	64.55.166.38	10.240.39. 84	Sun	NetraT1	sparc	hf15142 474	2X36G
3.02	6		ss029.bos.hosting.co m	Shared WSM	64.55.166.84	N/A	Bell	Micro	sparc	cd76366 6	2X18G
2.04	4		ss031.bos.hosting.co m	Shared WSM	64.55.166.59	10.240.39. 87	Sun	NetraT1	sparc	hf15142 482	2X36G
2.04	2		ss032.bos.hosting.co m	Shared WSM	64.55.184.104	10.240.39. 89	Sun	NetraT1	sparc	hf15142 421	2X36G
3.02	4		ss033.bos.hosting.co m	Shared WSM	64.55.166.85	N/A	Bell	Micro	sparc	cd76366 9	2X18G
3.02	3		ss034.bos.hosting.co m	Shared WSM	65.55.166.86	N/A	Bell	Micro	sparc	cd76362 5	2X18G
3.02	2		ss035.bos.hosting.co m	Shared WSM	64.55.166.87	N/A	Bell	Micro	sparc	cd76367 1	2X18G
3.02	1		ss036.bos.hosting.co m	Shared WSM	64.55.166.88	N/A	Bell	Micro	sparc	cd76365 5	2X18G
3.02	16		ss037.bos.hosting.co m	Shared WSM	64.55.166.26	10.240.39. 90	Bell	Micro	sparc	cd76367 2	2X18G
3.01	14		ss038.bos.hosting.co m	Shared WSM	140.239.62.2	N/A	SunFire V120	SunFire V120	sparc	cf22902 419	2X36G
2.04	1		ss039.bos.hosting.co m	Shared WSM	64.55.166.29	10.240.39. 91	SunFire V120	SunFire V120	sparc	cf22902 481	2X36G
3.05	4		ss040.bos.hosting.co m	Shared WSM	64.55.166.32	10.240.39. 94	SunFire V120	SunFire V120	sparc	cf22801 786	2X36G

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

3.04	5		ss042.bos.hosting.co m	Shared WSM	64.55.166.36	10.240.39. 102	SunFire V120	sparc	cf22902 628	2X36G
3.04	4		ss043.bos.hosting.co m	Shared WSM	140.239.156.2	10.240.39. 188	SunFire V120	sparc	cc20801 263	2X36G
3.04	3		ss044.bos.hosting.co m	Shared WSM	64.55.166.39	10.240.39. 103	SunFire V120	sparc	cf22902 580	2X36G
2.01	3		ss045.bos.hosting.co m	Shared WSM	64.55.166.40	10.240.39. 105	SunFire V120	sparc	cf22801 774	2X36G
2.01	1		ss048.bos.hosting.co m	Shared WSM	64.55.166.43	10.240.39. 107	SunFire V120	sparc	cf22902 459	2X36G
3.05	2		ss052.bos.hosting.co m	Shared WSM	140.239.92.2	N/A	Sun NetraT1 05	sparc	none	2X18G
3.05	1		ss053.bos.hosting.co m	Shared WSM	64.55.166.222	10.240.39. 121	Sun NetraT1	sparc	hf51542 475	2X36G
1.04	3		ss055.bos.hosting.co m	Shared WSM	64.55.166.225	N/A	Maratho n	sparc	8.5E+07	2X18G
1.04	4		ss056.bos.hosting.co m	Shared WSM	64.55.166.226	N/A	Maratho n	sparc	8.5E+07	2X18G
1.04	6		ss057.bos.hosting.co m	Shared WSM	64.55.166.227	N/A	TradeMa rk	sparc	none	3X18G
2.01	9		ss059.bos.hosting.co m	Shared WSM	64.55.166.229	N/A	Maratho n	sparc		2X18G
1.05	4		Stiles.adgrafx.com	Shared WSM	64.55.252.40	N/A	Maratho n	sparc	8.5E+07	2X18G
2.05	5		svs11.virtualis.com	Shared WSM	64.55.166.70	N/A	Proimag e	Intel	1811020	36G
2.05	6		svs14.virtualis.com	Shared WSM	64.55.166.69	N/A	Proimag e	Intel	1811025	36G
2.06	7		svs19.virtualis.com	Shared WSM	64.55.166.80	N/A	Proimag e	Intel	1810480	40G & 18G
2.05	9		svs20.virtualis.com	Shared WSM	64.55.166.76	N/A	Proimag e	Intel	none	20G & 2X9G
2.05	11		svs21.virtualis.com	Shared WSM	64.55.166.65	N/A	Proimag e	Intel	1800268	3X9G
2.05	10		svs23.virtualis.com	Shared WSM	64.55.166.66	N/A	Proimag e	Intel	none	3X9G

Confidential

File: Equipment Schedule.xls

Tab: Tab 1

EXHIBIT D
EQUIPMENT SCHEDULE
TO TRANSITION SERVICES AGREEMENT

2.05	4		svs30.virtualis.com	Shared WSM	64.55.166.98	N/A	Proimag e	Intel	1800288	3X9G 9G & 18G
2.06	8		svs37.virtualis.com	Shared WSM	64.55.166.71	N/A	Proimag e	Intel	1810604	18G
2.05	8		svs39.virtualis.com	Shared WSM	64.55.166.67	N/A	Proimag e	Intel	none	3X9G 9G & 18G
2.05	2		svs41.virtualis.com	Shared WSM	64.55.166.73	N/A	Proimag e	Intel	none	9G & 18G
2.05	12		svs47.virtualis.com	Shared WSM	64.55.166.64	N/A	Proimag e	Intel	1800281	2X20G
2.05	7		svs48.virtualis.com	Shared WSM	64.55.166.68	N/A	Proimag e	Intel	none	20G & 2X9G
2.05	3		svs6.virtualis.com	Shared WSM	64.55.166.72	N/A	Proimag e	Intel	none	2X18G
2.05	13		svs60.virtualis.com	Shared WSM	64.55.166.62	N/A	Proimag e	Intel	1800256	3X9G
2.05	14		svs64.virtualis.com	Shared WSM	64.55.166.60	N/A	Proimag e	Intel	1810851	2X20G
2.05	1		svs7.virtualis.com	Shared WSM	64.55.166.74	N/A	Proimag e	Intel	1811024	18G & 36G
1.02	1		Support.hosting.com	WSM Domains	?		Maratho n	sparc	none	
3.05	7		new-wsmdomains	WSM Domains			Sun 220R	sparc	032a0a6 c	
1.02	2		WSMDomains.com	WSM Domains	216.248.194.6	10.240.39. 97	Sun 220R	sparc	032ada5 8	2X36G

**Exhibit D-1 to
Transition Services Agreement**

City/Location	System Name	IP Address	Service
Charlestown	auth00.ns.harvard.net	140.239.141.149	DNS
Charlestown	auth00.ns.hosting.com	64.55.216.2	DNS
Charlestown	auth01.ns.harvard.net	140.239.140.239	DNS
Charlestown	auth01.ns.hosting.com	140.239.96.2	DNS
Charlestown	auth02.ns.harvard.net	209.21.182.4	DNS
Charlestown	auth02.ns.hosting.com	64.55.216.3	DNS
Charlestown	auth03.ns.hosting.com	140.239.96.3	DNS
Charlestown	auth04.ns.hosting.com	64.55.216.4	DNS
Charlestown	cache01.ns.hosting.com	140.239.96.4	DNS
Charlestown	cache02.ns.hosting.com	64.55.216.5	DNS
Charlestown	freechip.harvard.net	140.239.141.141	DNS
San Diego	ns.connectnet.com	207.110.0.60	DNS
San Diego	ns.cts.com	192.188.72.18	DNS
San Diego	ns1.cts.com	192.188.72.21	DNS
San Diego	ns2.connectnet.com	207.110.0.128	DNS
San Diego	ns2.cts.com	209.68.192.192	DNS
San Diego	ns3.connectnet.com	207.110.0.128	DNS
San Diego	cn6.conectnet.com	207.110.3.26	E-MAIL
San Diego	crash.cts.com	192.188.72.17	E-MAIL
San Diego	king.cts.com	209.68.192.180	E-MAIL
San Diego	mailbox1.cts.com	209.68.192.181	E-MAIL
San Diego	mailbox2.cts.com	209.68.192.182	E-MAIL
San Diego	mailbox4.cts.com	209.68.192.50	E-MAIL
San Diego	pop3.connectnet.com	207.110.3.29	E-MAIL
San Diego	vmail3.connectnet.com	207.110.3.23	E-MAIL
San Diego	vmail4.connectnet.com	207.110.3.24	E-MAIL
San Diego	alfred.cts.com	209.68.192.166	HTTP
San Diego	bane.cts.com	209.68.192.169	HTTP
San Diego	batman.cts.com	209.68.192.172	HTTP
San Diego	cn5.connectnet.com	207.110.3.5	HTTP
San Diego	develweb.connectnet.com	207.110.3.8	HTTP
San Diego	joker.cts.com	209.68.192.165	HTTP
San Diego	metropolis.cts.com	209.68.192.176	HTTP
San Diego	penguin.cts.com	209.68.192.168	HTTP
San Diego	welp4.connectnet.com	207.110.3.14	HTTP

Exhibit E

Corrected Designations

The Debtors shall reject the leases and contracts set forth below by the dates reflected below:

a) Leases

CA	San Diego	Hosting (CTSNet)	8913 Complex Drive, Suites A/B/C/D, 8911 Complex Drive, Suite H, 8967/8969/897 1 & 8977-A Complex Drive	9212 3	CTSNet, Inc.	KM Complex, L.P., c/o Yale Properties, 6256 Greenwich Drive, Suite 230, San Diego, CA 92122	9/30/04
CA	Rancho/Cord ova	Sales/Switch	10995 Cold Center Drive, Suite 100	9567 0	Allegiance Telecom Company Worldwide	Prospect West C L.P., 2882 Prospect Park Drive, Suite 250, Rancho Cordova, CA 95670	9 Months After Closing
CA	Santa Ana	Switch	1251 East Dyer Road, Suite 150	9270 5	Allegiance Telecom, Inc.	PS Business Parks LP, Orange County Business Center, 1221 East Dyer Road, Suite 210, Santa Ana, CA 92705	12 Months After Closing
CA	Sunnyvale	Switch	677 Palomar	9408 5	Allegiance Telecom, Inc.	The Irvine Company, c/o Insignia/ESG , Inc., 160 West Santa Clara Street, Suite 1200, San Jose, CA 95113-1735	9 Months After Closing

FL	Tampa	Switch	8230 East Broadway, First Floor	3361 9	Allegiance Telecom Company Worldwide	Zink Family Limited Partnership, 201 North 11 th Street, Tampa, FL 33602	12 Months After Closing
MA	Charlestown	Hosting (HarvardNet)	500 Rutherford Avenue	0212 9	HarvardNet , Inc.	Hood Business Park, LLC, c/o Nordblom Real Estate Solutions, 50 Congress Street, Boston, MA 02109-4002	10/31/04

b) Contracts

Focal/135 S. LaSalle Street Dept. 3602, Chicago IL 60674-3602	ID 00010060	InterAccess Co. merged into Allegiance Inter, Inc.	Not Available	Closing	
Looking Glass Networks, Inc. 1111 West 22nd Street, Suite 600 Oakbrook, IL 60523	Dark Fiber Services and IRU Agreement	Allegiance Telecom Inc. (Purchaser)	27-Feb-02	12/30/04	

In addition, the Debtors consent to and shall modify the Plan Schedules for the treatment of certain contracts as described in the attached Exhibit E-1.

Exhibit E-1

SCHEDULE 1			
MOVE FROM SCHEDULE 2 TO SCHEDULE 1			
Focal / 135 S. LaSalle Street Dept. 3602, Chicago IL 60674 3602	ID 00010060	InterAccess Co. merged into Allegiance Internet, Inc.	Initial Effective Date

SCHEDULE 4						
MOVE FROM SCHEDULE 2 TO SCHEDULE 4						
Real Estate Leases:						
9 months after Closing	CA	Rancho Cordova	10995 Gold Center Drive, Suite 100	95670	Allegiance Telecom Company Worldwide	Prospect West C L.P., 2882 Prospect Park Drive, Suite 250, Rancho Cordova, California 95670
9/30/2004	CA	San Diego	8913 Complex Drive, Suites B/C/D/E/F/G/I, 8909 Complex Drive, Suits A/B/C/D, 8911 Complex Drive, Suite H, 8967/8969/8971 & 8977-A Complex Drive	92123	CTSNet, Inc.	KM Complex, L.P., c/o Yale Properties, 6256 Greenwich Drive, Suite 230, San Diego, California 92122
12 months after Closing	CA	Santa Ana	1251 East Dyer Road, Suite 150	92705	Allegiance Telecom, Inc.	PS Business Parks LP, Orange County Business Center, 1221 East Dyer Road, Suite 210, Santa Ana, California 92705
9 months after Closing	CA	Sunnyvale	677 Palomar	94085	Allegiance Telecom, Inc.	The Irvine Company, c/o Insignia/ESG, Inc., 160 West Santa Clara Street, Suite 1200, San Jose, California 95113-1735
12 months after Closing	FL	Tampa	8230 East Broadway, First Floor	33619	Allegiance Telecom Company Worldwide	Zink Family Limited Partnership, 201 North 11th Street, Tampa, Florida 33602
10/31/2004	MA	Charlestown	500 Rutherford Avenue	02129	Hosting.com, Inc.	Hood Business Park, LLC, c/o Nordblom Real Estate Solutions, 50 Congress Street, Boston, Massachusetts 02109-4002
Vendor Cotntract:						
12/30/2004	Looking Glass Networks, Inc. 1111 West 22nd Street Suite 600 Oakbrook, IL 60523	Dark FiberServices and IRU Agreement	Allegiance Telecom, Inc.	27-Feb-02		

SCHEDULE 2				
MOVE FROM SCHEDULE 3 TO SCHEDULE 2				
Cellco Partnership dba Verizon Wireless, Inc. 2785 Mitchell Drive, MS 7-1 Walnut Creek CA 94598	Traffic Exchange Agreement	Allegiance Telecom of Arizona, Inc.	6-May-02	0
Qwest	Internetwork Calling Name Delivery Service Agreement	Allegiance Telecom of Arizona, Inc.	23-Mar-00	0
Sprint Communications Company L.P. 7301 College Boulevard Overland Park KS 66210	Traffic Exchange Agreement	Allegiance Telecom of Arizona, Inc.	24-Apr-01	0
US West Dex, Inc.	Publishing Agreement for Official Lisitings/Directories	Allegiance Telecom of Arizona, Inc.	20-Dec-99	0
Qwest Corporation	Interconnection Agreement	Allegiance Telecom of Arizona, Inc.	11-Nov-99	0

HOSTING.COM DEDICATED HOSTING OR COLLO CUSTOMERS TO BE REJECTED EFFECTIVE JULY 31, 2004

Admit One Tech a/k/a One Admit Tech	P.O. Box 86161		San Diego		CA	92138	
Atlas Adventures	390 Mount Hope Street		North Attleboro	Bristol	MA	02760	20021000564
AUXILLIUM PERFORMANCE GROUP {21000623}	300 5th Ave		Waltham		MA	02451	
Bizeeboys, Inc.	7975 Raytheon Road		San Diego		CA	92111	
Boston Web Design	580 Harrison Ave		Boston	Suffolk	MA	02118	20021000778
C-ark	6 Yad Harutzim Street		KFAR SABA		ISRA EL	44641	20011044346
Carnegie(Helpdesk, Inc.)	2 Lan Drive	Suite 100	Westford	Middlesex	MA	01886	20001004029
Carrington labs-FW	2001 Walnut Hill Lane		Dallas	Irving	TX	75038	20021000317
Chicago Electric	490 Tower Blvd		Carol Stream	DuPage	IL	60188	11036796
citizens health	88 Black Falcon Ave	Ste 342	Boston	Suffolk	MA	02110	31000258
ClassifiedBuyers - mail	1411 W 190th Street	Room 110	Gardena	Los Angeles	CA	90248	2733037
Common Ground	115 Fairview Rd		Asheville	Buncombe	NC	28803	11002150
Computer Breakthrough	101 Blanchard Road		Cambridge	Middlesex	MA	02138	20021000781
Connection Power	9775 Maryland Pkwy		Las Vegas		NV	89123	
CSA Marketing	1566 NW 108 Avenue		Miami	Miami-Dade	FL	33172	20021001991
Effective Business	611 Arlington Way		Watertown	Dodge	WI	53094	20011003695
E-Set	1317 Ynez Place	Suite CD	Coronado		CA	92118	31000810
ESET {31000810}	1317 Ynez Pl.		Coronado		CA	92118	
EZE Castle	50 Federal Street	Floor 4 Room 400	Boston	Suffolk	MA	02110	2718575
Firecracker Assoc. (71336-118879)	29676 Gracilior Drive		Escondido		CA	92026	
Firespout	448 Common St		Belmont	Middlesex	MA	02478	20011000227
Fusion Media a/k/a fmedia (ctscat2.vlan.298 ct)	7911 Herschel Avenue	Suite 404	La Jolla		CA	92037	
Free Loads	222 Beacon Street		Boston	Boston	MA	02116	199900001002639
GOLDBERG GROUP MARKETING {11003702} a/k/a GGM Internet	7817 Beeman Ave.		Laurel Canyon		CA	91605	
Hydron Technologies	14550 E Easter Avenue	Room 800	Englewood	Arapahoe	CO	80112	2733853
Inet services	841 Worcester Rd	Room 218	Natick		MA	01760	2728845
Intellect Exchange	54 Middlesex TPK		Bedford	Middlesex	MA	01730	20001004754
Intellireach	20 Carematrix Drive		Dedham	Norfolk	MA	02026	2728616
INTERACTIVE FACTORY {31000947}	368 Congress Street		Boston		MA	02210	
IQ ENTERPRISES {2717702}	2753 Broadway		Mesa		AZ	85204	
LA CNTY EMPLOYEES RETIREMENT {21001437}	300 North Lake Ave.	Suite 750	Pasadena		CA	91101	
Masshost	1085 Commonwealth Avenue	PMB 302	Boston	Suffolk	MA	02215	20001000942
Maxim-RMS	2626 N Lakeview Ave	Suite 708	Chicago	Cook	IL	60614	20021001301
McNeill Coella	59 Temple Place		Boston	Suffolk	MA	02111	20021001690
National Accounts	267 RT 46E		Denville	Morris	NJ	07834	200001005364
Netriplex	P O Box 589		Drewsville	Cheshire	NH	03604	2718511
One Roof Reality	1812 Massachusetts Ave		Cambridge	Middlesex	MA	02140	20001002730
Partners in Commerce	P O Box		Millis	Norfolk	MA	02054	20001002184
Patriot Funding	495 Old Connecticut Path		Framingham	Middlesex	MA	01701	2727421
Phonak	4520 Weaver Parkway		Warrenville	Du Page	IL	60555	2734406
Planetsoft	18881 Von Karman Ave		Irvine	Orange	CA	92612	20001001234
Precision IT Group	464 Common Street	Room 341	Belmont	Middlesex	MA	02478	2724038
Pricesmart (66257-113840)	4649 Morena Blvd.		William Howard Taft		CA	92117	
QWSI	P O Box 1001		Northboro	Worcester	MA	01532	20001002537
Result set 1	1609 Sherman Ave	Suite 322	Evanston	Cook	IL	60201	20011043134
Romantic Productions	500 Broadway	Room 2123	Malden	Middlesex	MA	02148	2733013
Safety Tips	69 Hickory Dr		Waltham	Middlesex	MA	02451	20001005942
Safety Tips	69 Hickory Dr		Waltham	Middlesex	MA	02451	20001005099
Spectrum	6348 N Milwaukee		Chicago	Cook	IL	60646	20011033695
Symtrend	89 Bay State Road		Belmont	Middlesex	MA	02478	2734332
THE KEN BLANCHARD COMPANIES {2721792}	125 State Place		Escondido		CA	92029	
Trellis	6170 W Grand Avenue	Space 797	Gurnee	Lake	IL	60031	20011007625
Urchin-Prologis	7777 Marketcenter Ave		El Paso	El Paso	TX	79912	20001001229
VM Capital	142 Galen Street		Watertown	Middlesex	MA	02472	199900001007659
Webtracs	248 Pleasant St		Methuen	Essex	MA	01844	11044810
Williams Asset Management	4101 E Louisiana Street		Denver	Denver	CO	80246	20021001951

Workathomejobs.com	2116 Montana Ave NE		Saint Petersburg	Pinellas	FL	33703	20011009267
Ziggs	575 Boylston Street	Floor 4	Boston	Boston	MA	02116	No account #

REMOVE FROM ALL SCHEDULES						
31100749	31000749	Webgen Systems	41 William Linskey Way	Cambridge	MA	02142
	.MINNE.2002160	UNITED PROPERTIES	444 CEDAR STR, #900	SAINT PAUL	MN	55101
	.NEWYO.2040052	#100 UN PLAZA CONDO	C.O.D FOR 03 ONLY/#100 UN PLAZ	NEW YORK	NY	10017
	.NEWYO.2040052	#100 UN PLAZA CONDO	C.O.D FOR 03 ONLY/#100 UN PLAZ	NEW YORK	NY	10017
	.CONNE.W781112	METROMEDIA	CREDIT HOLD333 LUDLOW ST.	STAMFORD	CT	06902
	.SHACK.8008292	METROMEDIA FIBER NETWORK	CREDIT HOLD103 EISENHOWER PKWY	ROSELAND	NJ	07068
	.CONNE.3003240	METROMEDIA FIBER NETWORK SERV.	CREDIT HOLD333 LUDLOW ST.	STAMFORD	CT	06901
	.CHICA.8008108	METROMEDIA FIBER NETWORK SERV.	810 JORIE BLVD. #130	OAK BROOK	IL	60523
	.ATLAN.4004389	METROMEDIA FIBER NETWORK SERV.	CREDIT HOLD4016 FLOWERS RD #430	ATLANTA	GA	30360
	.SANFR.5005122	METROMEDIA FIBER NETWORK SERV.	CREDIT HOLD20936 CABOT BLVD.	HAYWARD	CA	94545
	.SEATT.6006100	METROMEDIA FIBER NETWORK SERV.	CREDIT HOLD2001 7TH AVE #1200	SEATTLE	WA	98121
	.BOSTO.7007735	METROMEDIA FIBER NETWORK SERV.	CREDIT HOLD1 SUMMER ST.	BOSTON	MA	02108
	.WASHI.3003105	METROMEDIA FIBER NETWORK SERV.	8201 GREENSBORO DR. #803	MC LEAN	VA	22012
IBM - International Business Machines Corporation 12902 Federal Systems Park Dr. Fairfax, VA 22033	IBM Customer Agreement (Sun Maintenance - see below**)	Allegiance Telecom Company Worldwide (Purchaser)	Not Executed			
Sun IBM International Business Machines Corporation 12902 Federal Systems Park Dr. Fairfax, VA 22033	HW & SW Maintenance	Allegiance Telecom Company Worldwide (Purchaser)	6/1/2004 - (Contract Expired 5/16/04)			

Exhibit F

Form of Mutual Release

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	: Chapter 11
	:
ALLEGIANCE TELECOM, INC., <u>ET AL.</u> ,	: Case No. 03-13057 (RDD)
	:
Debtors.	: (Jointly Administered)
	:
-----X	

RELEASE

In consideration of entering into that certain Stipulation And Order Settling Certain Disputes Between Allegiance Telecom, Inc., Allegiance Telecom Company Worldwide, The Official Committee Of Unsecured Creditors And Xo Communications, Inc. made as of June __, 2004 (the "Stipulation"), by and between Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively the "Debtors"), the statutory committee of unsecured creditors appointed in the chapter 11 cases of the Debtors (the "Committee"), and XO Communications, Inc. ("XO"), and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is hereby agreed:

1. Terms defined in the Stipulation, when used and not otherwise defined herein, shall have the meanings ascribed to them in the Stipulation.

2. XO and its present and former assigns, predecessors, subsidiaries, partners, directors, officers, divisions and affiliates (the "XO Releasor Parties") hereby release, acquit, and forever discharge the Debtors, the Debtors' estates, and the Committee (and each of its members), and their respective assigns, predecessors, successors, parents, subsidiaries, divisions, affiliates, partners, and each and all of their respective present and former directors, members, officers, servants, employees, agents,

representatives, attorneys, insurers, reinsurers, professionals (in all their respective capacities) and all other persons, firms, corporations or organizations to whom and for whose conduct the parties released hereby are or may be liable, obligated or responsible (“Debtor-Committee Releasee Parties”) from any and all actions, causes of actions, claims, demands, rights, damages, costs, losses, expenses, attorneys’ fees, compensation, liabilities, indemnities, and obligations of any kind or nature whatsoever (whether in contract or in tort; whether at law or in equity; whether known or unknown; whether suspected or unsuspected; whether accrued or unaccrued; whether liquidated or unliquidated; and whether alleged or unclaimed) (collectively, “Claims”) on account of acts or omissions taken or omitted to be taken prior to the Initial Effective Date (as defined in the Plan) which are on account of, relate to, in connection with, or in any way arising, in whole or in part, from the chapter 11 cases of the Debtors jointly administered under Case No. 03-13057 (RDD) in the United States Bankruptcy Court for the Southern District of New York (the “Cases”), whether intentional or unintentional, from the beginning of time through the Initial Effective Date, including, without limitation, any claim arising from, in any way connected with or relating to the matters and events concerning the Plan (as may be amended or modified), the Disclosure Statement (as may be amended or modified), the APA, the other Transaction Documents (as defined in the APA) including, without limitation, all special, general, and/or exemplary or punitive damages, all penalties of any kind, all statutory damages, pre-judgment and post-judgment interest and costs, and/or any equitable relief, provided, that in no event shall this release be deemed to release (1) any claim that any XO Releasor Party has against any of the Debtors that is classified and subject to treatment under the Plan, (2) any claim related to any dealings between any XO Releasor Party and any Debtor-Committee

Releasee Party unrelated to the Cases, the Plan, the APA, the other Transaction Documents, the Disputes or other matters resolved pursuant to the Stipulation and Agreement, (3) any rights and claims of XO in respect of the APA, the other Transaction Documents and the Sale Order, other than claims relating to the APA Disputes.

3. The Debtors, the Debtors' estates and the Committee (on its own behalf and on behalf of its members), each Committee member, and their respective present and former assigns, predecessors, subsidiaries, partners, directors, officers, divisions and affiliates (the "Debtor-Committee Releasor Parties"), hereby release, acquit and forever discharge XO and its assigns, predecessors, administrators, successors, parents, subsidiaries, divisions, affiliates, partners, shareholders, and each and all of their respective present and former directors, members, officers, servants, employees, agents, representatives, attorneys, insurers, reinsurers, professionals (in all their respective capacities) and all other persons, firms, corporations or organizations to whom and for whose conduct the parties released hereby are or may be liable, obligated or responsible, directly or indirectly ("XO Releasee Parties"), from any and all Claims on account of acts or omissions taken or omitted to be taken prior to the Initial Effective Date which are on account of, relate to, in connection with, or in any way arising, in whole or in part, from the Cases, whether intentional or unintentional, from the beginning of time through the Initial Effective Date, including, without limitation, any claim arising from, in any way connected with or relating to, the matters and events concerning the Plan (as may be amended or modified), the Disclosure Statement (as may be amended or modified), any transactions entered into by any of the XO Releasee Parties in connection with the Plan, APA or the claims that any XO Releasee Parties have against the Debtors that are classified and subject to treatment under the Plan (or the indebtedness represented

thereby), the APA, the other Transaction Documents (as defined in the APA) including, without limitation, all special, general, and/or exemplary or punitive damages, all penalties of any kind, all statutory damages, pre-judgment and post-judgment interest and costs, and/or any equitable relief, provided that in no event shall this release be deemed to release (1) any claim related to any dealings between any Debtor-Committee Releasor Party and any XO Releasee Parties unrelated to the Cases, the Plan, the APA, the other Transaction Documents, the Disputes or other matters resolved pursuant to the Stipulation and Agreement, and (2) any rights and claims of the Debtors in respect of the APA, the other Transaction Documents and the Sale Order, other than claims relating to the APA Disputes.

4. The parties hereto understand and agree that there may be claims and damages with respect to the matters released herein, the existence of which and the consequences of which are presently unknown, but which may become known in the future, and which if known at present may have materially affected their decision to enter into this Release. The parties hereto, nevertheless, intend to and do hereby release each other from any and all such claims, for any and all injuries and damages whether known or unknown, to the extent described herein, whether now in existence or hereinafter to arise, and whether if known at present such claims may have materially affected their decision to execute this Release; provided, however, that this Release does not release Claims arising specifically (i) out of the breach of the terms of this Release or (ii) under the Stipulation by any of the parties hereto.

5. This Release may be pleaded as a full and complete defense to and may be used as a basis for an injunction against any claim, action, suit or other

proceeding which may be filed, instituted, prosecuted, or attempted contrary to the terms contained in this Release.


6. Nothing herein shall in any way affect the obligations and entitlements of the parties under the Stipulation, as stated therein, or those obligations and entitlements of any party (except in respect of claims arising out of the Disputes or other matters resolved pursuant to the Stipulation) as stated in the Plan (as may be amended), the APA, the other Transaction Documents and the Sale Order.

7. If there is any conflict between any release provision contained herein, on the one hand, and any release provision contained in the Plan or any order confirming the Plan, on the other hand, the release provision most favorable to the party released under such provision shall govern and control.

[Signatures Begin On Next Page]

Dated: June 8, 2004

ALLEGIANCE TELECOM, INC. and its direct and indirect subsidiaries, as debtors and debtors in possession


By: Mark B. Tinsley
Name:
Title: Executive Vice President

Dated: June __, 2004

XO COMMUNICATIONS, INC.

By:
Name:
Title:

[Signatures Continue On Next Page]

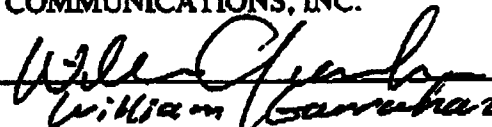
Dated: June __, 2004

ALLEGIANCE TELECOM, INC. and its direct and
indirect subsidiaries, as debtors and debtors in
possession

By:
Name:
Title:

Dated: June 8, 2004

XO COMMUNICATIONS, INC.

By: 
Name: William Garbarino
Title: SVP & Acting CFO

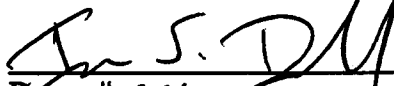
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Dated: June 8, 2004

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF THE DEBTORS

By its counsel,

AKIN GUMP STRAUSS HAUER & FELD LLP



By: attorney
Name: IRA S. DZENGEFF
Title: Partner

Dated: June __, 2004

MEMBERS OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF THE DEBTORS

Name: _____

Name: _____

Name: _____

Dated: June __, 2004

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF THE DEBTORS

By its counsel,

AKIN GUMP STRAUSS HAUER & FELD LLP

By: _____

Name:

Title:

Dated: June 17, 2004

MEMBERS OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF THE DEBTORS

Name: _____

Steven Gump
STEVEN GUMP *LC Capital*

Name: _____

Name: _____

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

ALLEGIANCE TELECOM, INC., ET AL.,

Debtors.

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Chapter 11

Case No. 03-13057 (RDD)

(Jointly Administered)

RELEASE

In consideration of entering into that certain Stipulation And Order Settling Certain Disputes Between Allegiance Telecom, Inc., Allegiance Telecom Company Worldwide, The Official Committee Of Unsecured Creditors And Xo Communications, Inc. made as of June __, 2004 (the "Stipulation"), by and between Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively the "Debtors"), the statutory committee of unsecured creditors appointed in the chapter 11 cases of the Debtors (the "Committee"), and XO Communications, Inc. ("XO"), and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is hereby agreed:

1. Terms defined in the Stipulation, when used and not otherwise defined herein, shall have the meanings ascribed to them in the Stipulation.

2. XO and its present and former assigns, predecessors, subsidiaries, partners, directors, officers, divisions and affiliates (the "XO Releasor Parties") hereby release, acquit, and forever discharge BellSouth Telecommunications, Inc. ("BellSouth") and its assigns, predecessors, successors, parents, subsidiaries, divisions, affiliates, partners, and each and all of their respective present and former directors, members, officers, servants, employees, agents, representatives, attorneys, insurers, reinsurers,

professionals (in all their respective capacities) and all other persons, firms, corporations or organizations to whom and for whose conduct the parties released hereby are or may be liable, obligated or responsible (“BellSouth Releasee Parties”) from any and all actions, causes of actions, claims, demands, rights, damages, costs, losses, expenses, attorneys’ fees, compensation, liabilities, indemnities, and obligations of any kind or nature whatsoever (whether in contract or in tort; whether at law or in equity; whether known or unknown; whether suspected or unsuspected; whether accrued or unaccrued; whether liquidated or unliquidated; and whether alleged or unclaimed) (collectively, “Claims”) on account of acts or omissions taken or omitted to be taken prior to the Initial Effective Date (as defined in the Plan) which are on account of, relate to, in connection with, or in any way arising, in whole or in part, from the chapter 11 cases of the Debtors jointly administered under Case No. 03-13057 (RDD) in the United States Bankruptcy Court for the Southern District of New York (the “Cases”), whether intentional or unintentional, from the beginning of time through the Initial Effective Date, including, without limitation, any claim arising from, in any way connected with or relating to the matters and events concerning the Plan (as may be amended or modified), the Disclosure Statement (as may be amended or modified), the APA, the other Transaction Documents (as defined in the APA) including, without limitation, all special, general, and/or exemplary or punitive damages, all penalties of any kind, all statutory damages, pre-judgment and post-judgment interest and costs, and/or any equitable relief, provided, that in no event shall this release be deemed to release (1) any claim that any XO Releasor Party has against any of the Debtors that is classified and subject to treatment under the Plan, (2) any claim related to any dealings between any XO Releasor Party and any BellSouth Releasee Party unrelated to the Cases, the Plan, the APA, the other Transaction

Documents, the Disputes or other matters resolved pursuant to the Stipulation and Agreement, (3) any rights and claims of XO in respect of the APA, the other Transaction Documents and the Sale Order, other than claims relating to the APA Disputes, and (4) any Claims or defenses on account of acts or omissions taken or omitted to be taken after April 30, 2004 held by XO as manager under the Operating Agreement (as defined in the APA) against BellSouth (provided, however, that the inclusion of this clause (4) herein shall not affect or limit in any way any other releases and exculpations approved by the United States Bankruptcy Court of the Southern District of New York presiding over the Cases (the “Bankruptcy Court”) in connection with the Plan).

3. BellSouth and its present and former assigns, predecessors, subsidiaries, partners, directors, officers, divisions and affiliates (the “BellSouth Releasor Parties”), hereby release, acquit and forever discharge XO and its assigns, predecessors, administrators, successors, parents, subsidiaries, divisions, affiliates, partners, shareholders, and each and all of their respective present and former directors, members, officers, servants, employees, agents, representatives, attorneys, insurers, reinsurers, professionals (in all their respective capacities) and all other persons, firms, corporations or organizations to whom and for whose conduct the parties released hereby are or may be liable, obligated or responsible, directly or indirectly (“XO Releasee Parties”), from any and all Claims on account of acts or omissions taken or omitted to be taken prior to the Initial Effective Date which are on account of, relate to, in connection with, or in any way arising, in whole or in part, from the Cases, whether intentional or unintentional, from the beginning of time through the Initial Effective Date, including, without limitation, any claim arising from, in any way connected with or relating to, the matters and events concerning the Plan (as may be amended or modified), the Disclosure

Statement (as may be amended or modified), any transactions entered into by any of the XO Releasee Parties in connection with the Plan, APA or the claims that any XO Releasee Parties have against the Debtors that are classified and subject to treatment under the Plan (or the indebtedness represented thereby), the APA, the other Transaction Documents (as defined in the APA) including, without limitation, all special, general, and/or exemplary or punitive damages, all penalties of any kind, all statutory damages, pre-judgment and post-judgment interest and costs, and/or any equitable relief, provided that in no event shall this release be deemed to release (1) any claim related to any dealings between any BellSouth Releasor Party and any XO Releasee Parties unrelated to the Cases, the Plan, the APA, the other Transaction Documents, the Disputes or other matters resolved pursuant to the Stipulation and Agreement, (2) any rights and claims of the Debtors in respect of the APA, the other Transaction Documents and the Sale Order, other than claims relating to the APA Disputes, and (3) any Claims or defenses on account of acts or omissions taken or omitted to be taken after April 30, 2004 held by BellSouth against XO as manager under the Operating Agreement (provided, however, that the inclusion of this clause (3) herein shall not affect or limit in any way any other releases and exculpations approved by the Bankruptcy Court in connection with the Plan).

4. The parties hereto understand and agree that there may be claims and damages with respect to the matters released herein, the existence of which and the consequences of which are presently unknown, but which may become known in the future, and which if known at present may have materially affected their decision to enter into this Release. The parties hereto, nevertheless, intend to and do hereby release each other from any and all such claims, for any and all injuries and damages whether known

or unknown, to the extent described herein, whether now in existence or hereinafter to arise, and whether if known at present such claims may have materially affected their decision to execute this Release; provided, however, that this Release does not release Claims arising specifically (i) out of the breach of the terms of this Release or (ii) under the Stipulation by any of the parties hereto.

5. This Release may be pleaded as a full and complete defense to and may be used as a basis for an injunction against any claim, action, suit or other proceeding which may be filed, instituted, prosecuted, or attempted contrary to the terms contained in this Release.

6. Nothing herein shall in any way affect the obligations and entitlements of the parties under the Stipulation, as stated therein, or those obligations and entitlements of any party (except in respect of claims arising out of the Disputes or other matters resolved pursuant to the Stipulation) as stated in the Plan (as may be amended), the APA, the other Transaction Documents and the Sale Order.

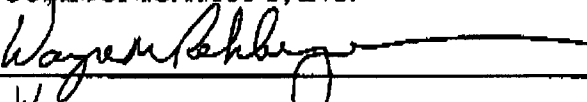
7. If there is any conflict between any release provision contained herein, on the one hand, and any release provision contained in the Plan or any order confirming the Plan, on the other hand, the release provision most favorable to the party released under such provision shall govern and control.

8. The release executed and delivered in connection with the Stipulation by XO, the Debtors, the Committee, and members of the Committee other than BellSouth shall not apply to the BellSouth Releasee Parties and the BellSouth Releasor Parties.

[Signatures Begin On Next Page]

Dated: June __, 2004

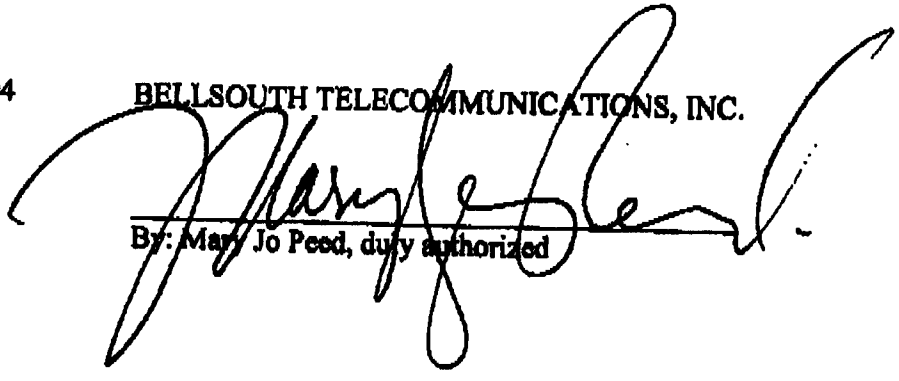
XO COMMUNICATIONS, INC.


By: W
Name: WAYNE M REMBARGER
Title: COO

[Signature Continues On Next Page]

Dated: June 22 2004

BELLSOUTH TELECOMMUNICATIONS, INC.

By:  Mary Jo Peed, duly authorized

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