

CONFORMED COPY

STOCK PURCHASE AGREEMENT

by and among

GLOBAL CROSSING LTD.,

GLOBAL CROSSING NORTH AMERICA, INC.

and

CITIZENS COMMUNICATIONS COMPANY

Dated as of July 11, 2000

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### ANNEXES

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## STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") made as of July 11, 2000 by and among Global Crossing Ltd., a company formed under the laws of Bermuda ("Global"), Global Crossing North America, Inc., a New York corporation and a wholly owned subsidiary of Global ("GCNA" and together with Global, the "Sellers"), and Citizens Communications Company, a Delaware corporation (the "Buyer").

### W I T N E S S E T H :

WHEREAS, GCNA is the record and beneficial owner of all of the capital stock of certain corporations (the "Companies") that, together with their wholly owned subsidiaries, constitute the Frontier LEC Business (as hereinafter defined); and

WHEREAS, the Sellers desire to sell to the Buyer all of the outstanding capital stock of the Companies (the "Sale") and the Buyer desires to purchase from GCNA at the Closing all of the then outstanding capital stock of the Companies, in each case upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the respective Boards of Directors of the Sellers and the Buyer have each approved the Sale, the terms of this Agreement and the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties, intending legally to be bound, agree as follows:

*[A list of defined terms is provided in Article 10 hereof]*

#### Article 1. Purchase and Sale.

1.1 General. At the Closing (as defined in Section 1.6 hereof), and subject to the terms and conditions of this Agreement, GCNA agrees to, and Global agrees to cause GCNA to, sell, assign, convey and deliver to the Buyer, and the Buyer agrees to purchase, acquire and accept from GCNA, all of the outstanding shares of capital stock of the Companies as set forth in Annex I hereto (the "Shares").

1.2 Delivery of the Shares. At the Closing, and subject to the terms and conditions of this Agreement, GCNA shall deliver to the Buyer certificates representing all of the Shares, duly endorsed in blank for transfer or accompanied by stock powers duly executed, with all necessary stock transfer stamps attached thereto and canceled, and such other instruments as shall reasonably be required to transfer to the Buyer all right, title and interest in and to the Shares, free and clear of any security interests, pledges, liens, charges, encumbrances, adverse claims, restrictions or defects in title. All such certificates, stock powers and instruments shall be in form and substance reasonably satisfactory to the Buyer.

1.3 **Purchase Price; Payment.** (a) The consideration for the sale of the Shares shall be the aggregate of (i) \$ 3,650,000,000 (Three Billion, Six Hundred Fifty Million Dollars), *minus* (ii) the amount of the Combined Liabilities as of 11:59 p.m., New York City time, on the day immediately preceding the Closing Date (the "Liabilities Adjustment"), *plus* (if greater than or equal to zero) *or minus* (if less than zero) (iii) the amount of the Combined Working Capital as of 11:59 p.m., New York City time, on the day immediately preceding the Closing Date (the "Working Capital Adjustment"), *minus* (iv) the Performance Adjustment set forth in Section 1.3(d), if any, subject to adjustment pursuant to Section 1.4 (the "Purchase Price").

(b) On or before ten days prior to the Closing, the Sellers shall deliver to the Buyer a statement setting forth the amounts estimated in good faith by the Company to be the amounts of the Liabilities Adjustment, the Working Capital Adjustment and the Performance Adjustment, if any, as of the Closing Date (collectively, the "Estimated Adjustment") and the estimated amount of the aggregate Purchase Price based upon the Estimated Adjustment (the "Closing Cash Payment").

(c) At the Closing, and subject to the terms and conditions of this Agreement, the Buyer shall pay to GCNA the Closing Cash Payment by wire transfer in immediately available funds to an account or accounts designated by GCNA not later than three Business Days prior to the Closing.

(d) The "Performance Adjustment," if any, shall be the largest of (x) the Access Line Deficiency, if any, (y) the Revenue Deficiency, if any, and (z) the EBITDA Deficiency, if any. For purposes of this Section 1.3(d),

(i) The "Access Line Deficiency" means (A) the difference between the number of Access Lines billed by the Companies and Company Subsidiaries as of the end of the month most recently completed prior to the Closing Date and 1,071,644 *multiplied by* (B) \$3,294; provided that there shall be no Access Line Deficiency unless the number of Access Lines billed by the Companies and Company Subsidiaries as of such date is less than 1,071,644;

(ii) The "Revenue Deficiency" means (A) the difference between the pro forma revenue for the Frontier LEC Business (calculated as provided in Schedule 1.3 hereto) for the 12 calendar months ending as of the end of the month most recently completed prior to the Closing Date (the "Pre-Closing Pro Forma Revenue) and \$805,204,000 *multiplied by* (B) 4.38; provided that there shall be no Revenue Deficiency unless the Pre-Closing Pro Forma Revenue is less than \$805,204,000; and

(iii) The "EBITDA Deficiency" means (A) the difference between the pro forma earnings before interest, taxes, depreciation and amortization ("EBITDA") for the Frontier LEC Business (excluding non-recurring revenues and expenses resulting from assets and liabilities being put on the balance sheet in the process of determining the amount of Combined Liabilities or Combined Working Capital and calculated as provided in Schedule 1.3 hereto) for the 12 calendar months ending as of the end of the

month most recently completed prior to the Closing Date (the "Pre-Closing Pro Forma EBITDA") and \$386,769,000 multiplied by (B) 9.13; provided that there shall be no EBITDA Deficiency unless the Pre-Closing Pro Forma EBITDA is less than \$386,769,000.

(e) Notwithstanding anything in this Agreement to the contrary, other than with respect to the calculation of the Performance Adjustment (which shall be calculated without consideration of whether any matter reflected in such adjustment also may be reflected in any other adjustment or payment), in no event shall the Buyer be entitled to receive any duplicate decrease to the Purchase Price under any adjustment provision hereof or payment under any other Section of this Agreement relating to any single matter.

1.4 Post-Closing Adjustment. (a) Not later than 75 days after the Closing (or such later date on which such statement reasonably can be prepared and delivered in light of the compliance of the Buyer with its obligations set forth in next two succeeding sentences), the Sellers shall cause to be prepared and shall deliver to the Buyer (i) a statement of the actual amount of the Combined Liabilities as of 11:59 p.m., New York City time, on the day immediately preceding the Closing Date, the actual amount of the Combined Working Capital as of 11:59 p.m., New York City time, on the day immediately preceding the Closing Date, the actual amount of the Performance Adjustment, if any, and the actual amount of the Purchase Price derived thereby (the "Closing Statement") to be prepared in conformity with GAAP consistently applied and on a basis consistent with the basis used in preparing the financial data and information described in clauses (ii) and (iii) of Section 2.6(a) and except as specifically required by the definitions of "Combined Liabilities", "Combined Working Capital" and "Performance Adjustment", (ii) a determination of the amount (the "Proposed Adjustment") by which the Purchase Price as then determined by the Sellers is less than or greater than the Closing Cash Payment (the amount of such excess or shortfall, as finally determined, is referred to herein as the "Adjustment"), (iii) a statement of the Probable Liabilities prepared in accordance with Section 9.8 (the "Probable Liabilities Statement") and (iv) a statement of the Probable Assets prepared in accordance with Section 9.8 (the "Probable Assets Statement"), in each case certified by PricewaterhouseCoopers LLP, or other independent accountants for the Sellers. The Buyer shall provide the Sellers and their independent accountants access at all reasonable times to the relevant personnel, properties, books and records of the Frontier LEC Business in the possession of the Buyer and its Affiliates (including, without limitation, the Companies and Company Subsidiaries) for such purposes and to assist the Sellers and their independent accountants in preparing the Closing Statement, the Probable Liabilities Statement and the Probable Assets Statement. The Buyer's assistance shall include, without limitation, the closing of the books of the Frontier LEC Business as of the Closing, the preparation of schedules supporting the amounts set forth in the general ledger and other books and records of the Frontier LEC Business, and such other assistance as the Sellers or their independent accountants may reasonably request.

(b) During the 75-day period following the delivery by the Sellers of the Closing Statement, the Proposed Adjustment, the Probable Liabilities Statement and the Probable Assets Statement referred to in Section 1.4(a) (or such longer period during which such statement and



adjustment reasonably can be reviewed in light of the compliance of the Sellers with their obligations set forth in next two succeeding sentences), the Buyer and KPMG LLP, independent accountants for the Buyer (or another nationally recognized accounting firm selected by the Buyer that is not also retained by the Sellers), will be permitted to review the working papers of the Sellers and their independent accountants relating to the preparation of the Closing Statement, the Proposed Adjustment, the Probable Liabilities Statement and the Probable Assets Statement. The Sellers shall provide the Buyer and its independent accountants access at all reasonable times to the relevant personnel, properties, books and records of the Frontier LEC Business in the possession of the Sellers and their Affiliates for such purposes and to assist the Buyer and its independent accountants in reviewing the Closing Statement, the Probable Liabilities Statement and the Probable Assets Statement. The Sellers' assistance shall include, without limitation, the preparation of schedules supporting the amounts set forth in the general ledger and other books and records of the Frontier LEC Business, and such other assistance as the Buyer or its independent accountants may reasonably request.

(c) Unless the Buyer delivers written notice to the Sellers of its disagreement with the Closing Statement and the Proposed Adjustment, the Probable Liabilities Statement and/or the Probable Assets Statement within 75 days following delivery by the Sellers of the Closing Statement, the Proposed Adjustment, the Probable Liabilities Statement and the Probable Assets Statement, the Buyer will be deemed to have accepted and agreed to the Closing Statement and Proposed Adjustment, the Probable Liabilities Statement and/or the Probable Assets Statement, and such Adjustment, the Probable Liabilities List and/or the Probable Assets List shall be final and binding. If, within such 75-day period, the Buyer notifies the Sellers that it disagrees with the Closing Statement and the Proposed Adjustment, the Probable Liabilities Statement and/or the Probable Assets Statement, and the Sellers and the Buyer cannot agree with respect to the Closing Statement and the Proposed Adjustment, the Probable Liabilities Statement and/or the Probable Assets Statement within 14 days of the notice of disagreement provided by the Buyer to the Sellers, then the determination shall be submitted for resolution promptly to an independent nationally recognized accounting firm jointly selected by the Sellers and the Buyer (the "Neutral Auditor"), whose determination (the "Neutral Auditor Determination") shall be instructed by the parties to be made within 30 days and be final and binding upon all parties hereto. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne (i) by the Buyer in the same proportion that the aggregate amount of all of the objections on the Closing Statement, the Probable Liabilities Statement and/or the Probable Assets Statement that are submitted by the Buyer to the Neutral Auditor and are unsuccessfully disputed by the Buyer, bear to the total amount of all of such objections and (ii) by the Sellers in the same proportion that the aggregate amount of all of the objections on the Closing Statement, the Probable Liabilities Statement and/or the Probable Assets Statement that are submitted by the Buyer to the Neutral Auditor and are successfully disputed by the Buyer, bear to the total amount of all of such objections. The Buyer and the Sellers shall reimburse the other to the extent the other pays more than the amount so required pursuant to the preceding sentence. In the event of a Neutral Auditor Determination, the Neutral Auditor shall deliver a certificate to each of the Sellers and the Buyer setting forth the amount of the Adjustment, the Probable Liabilities List and/or the Probable Assets List.

(d) If the Adjustment provides that the Closing Cash Payment is greater than the Purchase Price as finally determined, then the Purchase Price shall be reduced to the amount as so determined and GCNA shall pay to the Buyer an amount equal to the amount of the Adjustment. If the Adjustment provides that the Closing Cash Payment is less than the Purchase Price as finally determined, then the Purchase Price shall be increased to the amount as so determined and the Buyer shall pay to GCNA an amount equal to the amount of the Adjustment. If the Adjustment provides that the Closing Cash Payment was equal to the Purchase Price as finally determined, then no further payments with respect to the Purchase Price shall be made. Any payment required to be made by GCNA or the Buyer pursuant to this Section 1.4(d) shall bear interest from the Closing Date through the date of payment at a rate of interest equal to the prime rate per annum publicly announced from time to time by The Chase Manhattan Bank, N.A. at its principal office in New York City and shall be made by wire transfer in immediately available funds to an account or accounts designated by the party to receive such payment.

1.5 Resignations. Prior to or at the Closing, the Sellers will, upon the request of the Buyer, obtain the removal or resignation, effective as of the Closing, of each of the directors and officers of the Companies and Company Subsidiaries so requested.

1.6 Closing and Closing Date. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been terminated pursuant to Section 11.1 hereof, the closing (the "Closing") of the transactions herein contemplated shall take place ten days following the satisfaction of the conditions set forth in Sections 5.4(a) and 6.4(a) hereof, and the satisfaction or waiver of the other conditions set forth in Articles 5 and 6 hereof, other than those that are satisfied on the Closing Date, or at such other time and date as the Sellers and the Buyer shall agree (such time and date being referred to herein as the "Closing Date"), at the offices of Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, New York, or at such other place as the Sellers and the Buyer shall agree. At the Closing, each of the parties hereto shall take, or cause to be taken, all such actions and deliver, or cause to be delivered, all such documents, instruments, certificates and other items as may be required under this Agreement or otherwise, in order to perform or fulfill all covenants and agreements on its part to be performed at or prior to the Closing Date.

1.7 Taking of Necessary Action; Further Action. Each of the parties shall use its respective reasonable best efforts to take all such action as may be necessary or appropriate in order to effectuate the Closing as promptly as possible. If, on or at any time after the Closing Date, any further reasonable action is necessary or desirable to carry out the purposes of this Agreement and to vest the Buyer with full right, title and possession to all assets, property, rights, privileges, powers, and franchises of the Frontier LEC Business, the Sellers shall take, and shall ensure that the officers of the Companies are fully authorized, in the name of the Companies or otherwise, to take, and shall take, all such lawful and necessary action.

Article 2. Representations and Warranties Relating to the Sellers.

Each of the Sellers represents and warrants to the Buyer as follows:

2.1 Organization and Standing. (a) Each of the Sellers is a company or a corporation duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its business as it is now being conducted.

(b) Each of the Companies and their respective Subsidiaries (the "Company Subsidiaries") is a corporation duly incorporated, validly existing, and in good standing under the laws of the state of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its business as it is now being conducted. Each of the Companies and the Company Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state in which the operation of its business or ownership of its assets makes such qualification necessary, except where the failure to so qualify or be in good standing would not reasonably be expected to have a Material Adverse Effect.

2.2 Binding Agreement. Each of the Sellers has all requisite corporate power and authority to enter into this Agreement, to execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Sellers and the consummation by the Sellers of their obligations hereunder have been duly and validly authorized by all necessary corporate and stockholder action on the part of the Sellers. This Agreement has been duly executed and delivered on behalf of the Sellers and, assuming the due authorization, execution and delivery by the Buyer, constitutes a legal, valid and binding obligation of each of the Sellers enforceable in accordance with its terms.

2.3 Absence of Violations or Required Consents. Except as set forth in Section 2.3 of the Disclosure Schedule and, in the case of clauses (b), (c) and (d), except for such violations, breaches, defaults, consents, approvals, authorizations, orders, actions, registrations, filings, declarations, notifications and Encumbrances that would not reasonably be expected to have a Material Adverse Effect or materially impair or delay the consummation of the transactions contemplated hereby, the execution, delivery and performance by the Sellers of this Agreement do not and will not (a) violate or result in the breach or default of any provision of Global's memorandum of association or bye-laws or the certificates of incorporation or by-laws of GCNA, the Companies or the Company Subsidiaries, (b) violate any Law or Governmental Order applicable to either Seller or any of the Companies or the Company Subsidiaries or any of their respective properties or assets, (c) except for the Required Consents, require any consent, approval, authorization or other order of, action by, registration or filing with or declaration or notification to any Governmental Authority or any other Person or (d) result in any violation or breach of, constitute a default (or event which with the giving of notice, or lapse of time or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the

creation of any Encumbrance on any of the Sellers', the Companies' or the Company Subsidiaries' respective assets, or result in the imposition or acceleration of any payment, time of payment, vesting or increase in the amount of compensation or benefit payable, pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license or permit, or franchise to which either Seller or any Company or Company Subsidiary is a party or by which their respective assets are bound.

2.4 Ownership of Stock. (a) GCNA is the record and beneficial owner of all of the issued and outstanding shares of capital stock of each of the Companies.

(b) One of the Companies, Frontier Subsidiary Telco Inc. ("FSTI"), or one or more of the other Company Subsidiaries wholly owned by FSTI, is the record and beneficial owner of all of the issued and outstanding shares of capital stock of each of the Company Subsidiaries. The issued and outstanding shares of capital stock of each of the Company Subsidiaries, and the record owners thereof, are set forth in Annex II hereto.

(c) Other than this Agreement, the shares of capital stock identified in Annex I and Annex II hereto, and rights or interests created by or suffered to exist by the Buyer, there are no outstanding options, warrants or other rights of any kind relating to the sale, issuance or voting of any shares of capital stock or other ownership interests in any of the Companies or Company Subsidiaries or any securities convertible into or evidencing the right to purchase any shares of capital stock or other ownership interests in any of the Companies or Company Subsidiaries.

(d) Upon the consummation of the Sale at the Closing as contemplated by this Agreement, the Sellers will deliver to the Buyer good title to the Shares free and clear of any security interests, pledges, liens, charges, encumbrances, adverse claims, restrictions or defects in title, other than (i) security interests, pledges, liens, charges, encumbrances, claims or restrictions created by or suffered to exist by the Buyer and (ii) requirements of federal and state securities Laws and utilities, telecommunications and other Laws respecting limitations on the subsequent transfer thereof.

(e) Except as set forth in Section 2.4 of the Disclosure Schedule, other than the Company Subsidiaries, none of the Companies or Company Subsidiaries owns any shares of capital stock or other ownership interests in any other Person or any options, warrants or other securities, or other rights of any kind, convertible into or evidencing the right to purchase any shares of capital stock or other ownership interests in any other Person.

2.5 Entire Business. Except as disclosed in Section 2.5 of the Disclosure Schedule and except for such matters that are not material to the Frontier LEC Business (and, in each case, such exceptions being subject to (i) an obligation of the Sellers to use their reasonable best efforts to effect the actions required by Section 2.5 of the Disclosure Schedule prior to the Closing and (ii) the obligations of the Sellers pursuant to Section 1.7 to the extent that any such required actions have not been effected prior to the Closing), the Sellers' ownership of the Frontier LEC Business is evidenced solely by the Shares and the sale, assignment, conveyance

and delivery of the Shares to the Buyer or its permitted assignee pursuant to this Agreement will transfer all of the Sellers' and their Affiliates' ownership interests comprising the Frontier LEC Business.

**2.6 Financial Information.** (a) The (i) business segment information for the Frontier LEC Business (identified as "Local Communications Services") (x) for the three fiscal years ended December 31, 1996, 1997 and 1998 included in the audited consolidated financial statements of GCNA (formerly named Frontier Corporation) incorporated by reference in GCNA's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 and (y) for the three-month periods and nine-month periods ended September 30, 1998 and 1999 included in the unaudited consolidated financial statements of GCNA included in GCNA's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999; (ii) segment financial data for the Frontier LEC Business (identified as "Incumbent Local Exchange Carrier Services") set forth in Note 19 to the audited consolidated financial statements of Global included in Global's Annual Report on Form 10-K for the fiscal year ended December 31, 1999; and (iii) business segment information for the Frontier LEC Business (identified as "Incumbent Local Exchange Carrier Services") for the three-month period ended March 31, 2000 included in the unaudited consolidated financial statements of Global included in Global's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000 (in each case subject to the information set forth in the notes to such financial statements) fairly state in all material respects in relation to the basic financial statements taken as a whole the financial information or data set forth therein (subject, in the case of unaudited interim financial statements, to normal year-end adjustments) and have been prepared in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes to such financial statements).

(b) The Sellers have furnished to the Buyer the financial statements of certain of the Companies and Company Subsidiaries contained in filings with PUCs under applicable regulatory Laws as listed in Section 2.6 of the Disclosure Schedule (the "Regulatory Financial Statements"). The Regulatory Financial Statements have been prepared based on the books and records of the relevant Company or Company Subsidiary in all material respects. Such books and records have been maintained in all material respects in accordance with the Uniform System of Accounts, GAAP and, where required by Law, the applicable regulations of the FCC and relevant PUCs; however, because each such Company or Company Subsidiary represents only a portion of a larger entity, the Regulatory Financial Statements are based on the extensive use of estimates and allocations. The Sellers believe that these estimates and allocations have been performed on a reasonable basis consistent in all material respects with the Uniform System of Accounts, GAAP and, where required by Law, the applicable regulations of the FCC and relevant PUCs.

**2.7 Title to Assets: Related Matters.** Except for Permitted Exceptions or as disclosed in Section 2.7 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) the Companies and the Company Subsidiaries have good, valid and marketable title (as measured in the context of their current uses) to, or, in the case of leased or subleased assets or other possessory interests, valid and subsisting leasehold or other possessory interests (as measured in the context of their current

uses) in, or otherwise have the right to use, all of the assets of the Frontier LEC Business, free and clear of all Encumbrances (except for any assets sold or otherwise disposed of, or with respect to which the lease, sublease or other right to use such asset has expired or has been terminated, in each case after the date hereof solely to the extent permitted under Section 4.1(a) hereof), (ii) such assets constitute all the assets and rights necessary for the operation of the Frontier LEC Business as currently conducted, including, without limitation, all interoffice network facilities and related electronic equipment used in the Frontier LEC Business, (iii) the Real Property and Equipment are in good operating condition and repair and maintained in accordance with customary procedures of the Frontier LEC Business taking into account the age thereof and (iv) to the knowledge of the Sellers, there are no contractual or legal restrictions to which either Seller or any of the Companies or Company Subsidiaries is a party or by which the Real Property is otherwise bound that preclude or restrict the Companies' or Company Subsidiaries' ability to use the Real Property for the purposes for which it is currently being used.

2.8 Absence of Certain Changes, Events and Conditions. Since December 31, 1999, except as otherwise provided in or contemplated by this Agreement or as disclosed in Section 2.8 of the Disclosure Schedule and, with respect to clauses (a), (b), (d), (f), (g) and (h) (to the extent clause (h) refers to clause (a), (b), (d), (f) or (g)), except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect:

(a) other than in the ordinary course of business consistent with past practice, neither Seller nor any Company or Company Subsidiary has sold, transferred, leased, subleased, licensed, encumbered or otherwise disposed of any assets of the Frontier LEC Business, other than the sale of obsolete Equipment and transfers of cash;

(b) (i) neither Seller nor any Company or Company Subsidiary has granted any increase, or announced any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable to any of the officers or employees of the Frontier LEC Business, including, without limitation, any increase or change pursuant to any Employee Benefit Plan, or (ii) established, increased or accelerated the payment or vesting of any benefits under any Employee Benefit Plan with respect to officers or employees, in either case except (A) as required by Law, (B) that involve only increases consistent with the past practices of the Frontier LEC Business, (C) that involve only increases in the ordinary course of business, (D) as required under any existing agreement or arrangement or (E) that involve increases related to promotions;

(c) neither Seller nor any Company or Company Subsidiary has made any material change in any method of accounting or accounting practice or policy used by the Sellers, the Companies or the Company Subsidiaries with respect to the Frontier LEC Business, including, without limitation, material changes in assumptions underlying or methods of calculating bad debt, contingency or other reserves, or notes or accounts receivable write-offs, or in corporate allocation methodology, in each case other than changes required by Law or under GAAP;

(d) neither Seller nor any Company or Company Subsidiary has suffered any casualty loss or damage with respect to any assets of the Frontier LEC Business, whether or not covered by insurance;

(e) there has not been any Material Adverse Effect;

(f) the Frontier LEC Business has been conducted only in the ordinary and usual course consistent with past practice;

(g) neither Seller nor any Company or Company Subsidiary has compromised, settled, granted any waiver or release relating to, or otherwise adjusted any Action, Indebtedness or any other claims or rights of the Frontier LEC Business; and

(h) neither Seller nor any Company or Company Subsidiary has entered into any agreement, contract, commitment or arrangement to do any of the foregoing.

**2.9 Litigation.** Except as disclosed in Section 2.9 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, as of the date hereof, (i) there are no Actions against either Sellers or any Company or Company Subsidiary pending, or, to the knowledge of the Sellers, threatened to be brought by or before any Governmental Authority, in each case with respect to the Frontier LEC Business, (ii) neither Seller nor any Company or Company Subsidiary is subject to any Governmental Order (nor, to the knowledge of the Sellers, are there any such Governmental Orders threatened to be imposed by any Governmental Authority), in each case with respect to the Frontier LEC Business and (iii) there is no Action pending, or, to the knowledge of the Sellers, threatened to be brought before any Governmental Authority, that seeks to question, delay or prevent the consummation of the transactions contemplated hereby.

**2.10 Insurance.** Except as set forth in either Section 2.10 or Section 2.14 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) all insurance policies to which any Company or Company Subsidiary is a party or under which such Company or Company Subsidiary is covered as an additional named insured or otherwise (or replacement policies therefor) are in full force and effect, and the related Seller or such Company or Company Subsidiary has paid all premiums due and is not in default, (ii) no notice of cancellation or non-renewal with respect to, or disallowance of any claim under, any such policy has been received by the related Seller or such Company or Company Subsidiary and (iii) neither Seller nor any Company or Company Subsidiary has been refused insurance with respect to the Frontier LEC Business, nor has coverage with respect to the Frontier LEC Business been previously canceled or materially limited, by an insurer to which a Seller or such Company or Company Subsidiary has applied for such insurance, or with which a Seller or such Company or Company Subsidiary has held insurance, within the last three years.

**2.11 Material Contracts.** Except as set forth in Section 2.11 of the Disclosure Schedule and except for such matters which would not reasonably be expected to have a Material Adverse Effect, (i) Section 2.11 of the Disclosure Schedule sets forth all Material Contracts as of

the date hereof, (ii) each agreement, contract, policy, plan, mortgage, understanding, arrangement or commitment of any Company or Company Subsidiary that is intended to be binding upon the parties thereto is legal, valid and binding on the Company or Company Subsidiary party thereto and, to the knowledge of the Sellers, the other parties thereto, enforceable in accordance with the terms thereof, (iii) no Company or Company Subsidiary is in default under any such agreement, contract, policy, plan, mortgage, understanding, arrangement or commitment and (iv) to the knowledge of the Sellers, no other party to any such agreement, contract, policy, plan, mortgage, understanding, arrangement or commitment has breached or is in default thereunder.

2.12 Permits and Licenses: Compliance with Law. (a) Except as disclosed in Section 2.12 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) the Companies and Company Subsidiaries currently hold all the permits, licenses, authorizations, certificates, exemptions and approvals of Governmental Authorities or other Persons including, without limitation, Environmental Permits, necessary for the current operation and the conduct (as it is being conducted prior to the Closing Date) of the Frontier LEC Business (collectively, "Permits"), and all Permits are in full force and effect, (ii) neither Seller nor any Company or Company Subsidiary has received any written notice from any Governmental Authority revoking, canceling, rescinding, materially modifying or refusing to renew any Permit and (iii) the Sellers and the Companies and Company Subsidiaries are in compliance with the requirements of all Permits.

(b) Except as disclosed in Section 2.12 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) the Sellers, the Companies and the Company Subsidiaries are in compliance with all Laws (including, without limitation, with respect to affiliate transactions) and Governmental Orders applicable, to the knowledge of the Sellers, to the conduct of the Frontier LEC Business as it is being conducted prior to the Closing Date and (ii) neither Seller nor any Company or Company Subsidiary has been charged since July 1, 1997 by any Governmental Authority with a violation of any Law or any Governmental Order relating to the conduct of the Frontier LEC Business which charge remains unresolved.

(c) Except as disclosed in Section 2.12 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) each of the Companies and Company Subsidiaries maintains effective tariffs for services that they offer that are subject to tariff requirements, (ii) each of the Companies and Company Subsidiaries offers its tariffed services in a manner consistent with the filed tariff, (iii) other than orders and other requirements of Law applicable generally to local exchange carriers or another subset of carriers, no order or other requirement of Law has been received by a Company or Company Subsidiary concluding that its tariff is unlawful, (iv) other than orders and other requirements of Law applicable generally to local exchange carriers or another subset of carriers, no order or other requirement of Law has been received by a Company or Company Subsidiary since December 31, 1999 suspending a tariff, which suspension remains in effect as of the date hereof and (v) each Company and Company Subsidiary with a tariff in effect has taken steps in the ordinary course of business to maintain the effectiveness of its tariffs and to enforce applicable terms and conditions in a manner that is not unreasonably discriminatory.



**2.13 Environmental Matters.** Except as disclosed in Section 2.13 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Sellers, (i) Hazardous Materials have not been Released on any Real Property except in compliance with applicable Law; (ii) there have been no events related to the Companies, the Company Subsidiaries or the Real Property that would reasonably be expected to give rise to liability under any Environmental Law; (iii) the Sellers, the Companies and the Company Subsidiaries are now, and have for the past three years been, in compliance with all applicable Environmental Laws relating to the Frontier LEC Business and there are no extant conditions that would reasonably be expected to constitute an impediment to such compliance in the future; (iv) the Sellers, the Companies and the Company Subsidiaries have disposed of all wastes containing Hazardous Materials arising from or otherwise relating to the Frontier LEC Business, in compliance with all applicable Environmental Laws (including the filing of any required reports with respect thereto) and Environmental Permits; (v) there are no pending or threatened Environmental Claims against the Sellers, the Companies or the Company Subsidiaries relating to the Real Property or the operations of the Frontier LEC Business; (vi) there is no environmental remediation or other environmental response occurring on any Real Property (including any easements, rights-of-way or other possessory interests in the real property of others) nor has any Company or Company Subsidiary issued a request for proposal or otherwise requested an environmental contractor to begin plans for any such environmental remediation or other environmental response; and (vii) no Company or Company Subsidiary has received any notice, or has knowledge of any circumstances related to liability, under CERCLA or any analogous state law.

**2.14 Employee Benefit Matters.** The Sellers have delivered or made available to the Buyer copies of all Employee Benefit Plans, which plans are set forth in Section 2.14 of the Disclosure Schedule. Except as set forth in Section 2.14 of the Disclosure Schedule, all such Employee Benefit Plans are in compliance with the terms of the applicable plan and the requirements prescribed by applicable law currently in effect with respect thereto, and each Seller and each of the Companies and Company Subsidiaries has performed in all respects all obligations required to be performed by it under, where any such noncompliance or nonperformance would be reasonably expected to result in liability that would have a Material Adverse Effect. The pool of Union Employees who are potentially eligible to qualify for Post-Retirement Welfare Benefits is frozen. Neither Seller nor any Company or Company Subsidiary has incurred, and, to the knowledge of the Sellers, no event, transaction or condition has occurred or exists which is reasonably expected to result in the occurrence of, any liability to the Pension Benefit Guaranty Corporation (other than contributions to the plan and premiums to the Pension Benefit Guaranty Corporation, which in either event are not in default) or any "withdrawal liability" within the meaning of Section 4201 of ERISA, or any other liability pursuant to Title I or IV of ERISA or the penalty, excise tax or joint and several liability provisions of the Code relating to employee benefit plans, in any such case relating to any Employee Benefit Plan or any pension plan maintained by any company that would be treated as a single employer with the Sellers, the Companies or the Company Subsidiaries under Section 4001 of ERISA or Section 414 of the Code (an "ERISA affiliate"), where individually or in the aggregate, in any of such events, any such liability would be reasonably expected to have a Material Adverse Effect. Except as set forth in Section 2.14 of the Disclosure Schedule, each Employee Benefit Plan

intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter that such plan is so qualified and the trusts maintained thereunder are exempt from taxation under Section 501(a) of the Code, the Sellers have not received any notices from the Internal Revenue Service that any such plan is not so qualified, and, to the knowledge of the Sellers, each such plan is so qualified in form and in operation. Except as set forth in Section 2.14 of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former employee or officer of any Company or Company Subsidiary or any ERISA affiliate to severance pay, unemployment compensation or other payment, except as expressly provided in this Agreement, or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee or officer. There are no pending, or, to the knowledge of the Sellers, threatened or anticipated claims by or on behalf of any Employee Benefit Plan, by any employee or beneficiary covered under any such plan, or otherwise involving any such plan (other than routine claims for benefits) where any such pending, threatened or anticipated claims would reasonably be expected to have a Material Adverse Effect. Except as specifically identified in Section 2.14, neither Company nor any Company Subsidiary, nor Sellers contribute in any multiemployer plan (within the meaning of Section 3(37) of ERISA) for the benefit of Business Employees; and to the extent that they do so contribute, all contributions that are required under the terms of any applicable collective bargaining agreement or plan to be contributed prior to the Closing Date will have been contributed as of the Closing Date. All contributions that are due on or before the Closing Date to any other Employee Benefit Plans, including without limitation salary reduction contributions and matching contributions, will have been contributed or accrued as of the Closing Date (to the extent such accrual is required under GAAP), except where the failure to do so would not be reasonably expected to have a Material Adverse Effect. Neither Seller nor any Companies or Company Subsidiaries shall grant any additional equity-based awards to any current or former directors of the Companies or Company Subsidiaries.

**2.15 Labor Relations.** Section 2.15 of the Disclosure Schedule sets forth a list of all labor organizations recognized as representing the employees of the Frontier LEC Business. Complete and accurate copies of all collective bargaining agreements and other labor union contracts between either Sellers or any Company or Company Subsidiary and any such labor organizations have been delivered or made available to the Buyer. Other than as set forth in Section 2.15 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) neither Seller nor any Company or Company Subsidiary is party to any collective bargaining agreement or other labor union contract applicable to employees of the Frontier LEC Business, (ii) there are no strikes, slowdowns or work stoppages pending or, to the knowledge of the Sellers, threatened between the Sellers or any Company or Company Subsidiary and any employees of the Frontier LEC Business, and the Frontier LEC Business has not experienced any such strike, slowdown, or work stoppage within the past two years, (iii) there are no unfair labor practice complaints pending against either Sellers or any Company or Company Subsidiary relating to employees of the Frontier LEC Business before the National Labor Relations Board or any other Governmental Authority or, to the knowledge of the Sellers, any current union representation questions involving employees of the Frontier LEC Business and (iv) to the knowledge of the Sellers, the Frontier LEC Business is in compliance in all respects with its obligations under all Laws and Governmental Orders

governing its employment practices, including, without limitation, provisions relating to wages, hours and equal opportunity.

**2.16 Intellectual Property.** Except as disclosed in Section 2.16 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (i) the rights of either Sellers or any Company or Company Subsidiary in or to the Intellectual Property do not conflict with or infringe on the rights of any other Person, and neither Seller nor any Company or Company Subsidiary has received any claim from any Person to such effect, (ii) the Companies and the Company Subsidiaries own, are licensed or otherwise have the right to use, and as of the Closing Date the Companies and the Company Subsidiaries will own, be licensed or otherwise have the right to use, all Intellectual Property and (iii) to the knowledge of the Sellers, no other Person is infringing or diluting the rights of the Sellers, the Companies or the Company Subsidiaries with respect to the Intellectual Property.

**2.17 Taxes.** Except as disclosed in Section 2.17 of the Disclosure Schedule and except for such matters that would not reasonably be expected to have a Material Adverse Effect, (a) all Tax Returns required to be filed by the Sellers, the Companies or the Company Subsidiaries with respect to the Frontier LEC Business have been timely filed; (b) all Taxes shown on such Tax Returns have been timely paid other than such Taxes, if any, as are described in Section 2.17 of the Disclosure Schedule and are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the financial statements of the Frontier LEC Business; (c) no audits with respect to the Companies or Company Subsidiaries are in process, pending or threatened in writing, no deficiencies or adjustments to Tax Returns exist or have been asserted in writing with respect to Taxes of the Companies or Company Subsidiaries, no notice has been received in writing that any Tax Return or Taxes of the Companies or Company Subsidiaries required to be filed or paid has not been filed or has not been paid; (d) there are no Tax liens on any of the assets of the Frontier LEC Business or shares of the Companies or Company Subsidiaries (other than liens for Taxes that are not yet due and payable); (e) all Taxes that the Frontier LEC Business is required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Tax authority; (f) none of the Companies or Company Subsidiaries (i) is currently or has ever been a member of an affiliated group (other than a group the common parent of which is any of the Sellers) filing a consolidated federal income tax return and (ii) has any liability for the Taxes of any person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), or as transferee or successor, by contract or otherwise; (g) all Tax sharing or similar agreements shall be terminated as of the Closing Date and, after the Closing Date, the Companies and Company Subsidiaries shall not be bound thereof or have any liability thereunder; and (h) no consent under Section 341(f) of the Code has been filed with respect to any of the Companies or Company Subsidiaries.

**2.18 Commissions.** With the exception of any responsibility that the Sellers have to Chase Securities Inc. and to Merrill Lynch & Co., whose fees will be paid by the Sellers, there is no broker or finder or other Person who has any valid claim against any Company or Company Subsidiary, the Buyer, any of their respective Affiliates or any of their respective assets for a commission, finders' fee, brokerage fee or other similar fee in connection with this Agreement,

or the transactions contemplated hereby, by virtue of any actions taken by on or behalf of the Sellers, the Companies, the Company Subsidiaries or any of their respective officers, employees or agents.

**2.19 Affiliate Transactions.** Except as set forth in Section 2.19 of the Disclosure Schedule, except as otherwise provided or permitted in this Agreement or entered into in the ordinary course of business consistent with past practice, and except for such matters which would not reasonably be expected to have a Material Adverse Effect, since September 29, 1999 neither the Sellers nor any Affiliate thereof that is not one of the Companies or Company Subsidiaries has engaged in any transaction with any Company or Company Subsidiary, and neither Seller nor any Affiliate thereof that is not one of the Companies or Company Subsidiaries is a party to any agreements or arrangements, including, without limitation, co-location or interconnection agreements, with any Company or Company Subsidiary that will continue in effect after the Closing Date for the Companies or Company Subsidiaries that are not terminable by the Companies or Company Subsidiaries at will without cost, penalty or premium to the Companies and Company Subsidiaries.

**2.20 Telephone Operations.** Except as disclosed in Section 2.20 of the Disclosure Schedule and except for such matters that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect:

(a) The financial information for the Frontier LEC Business set forth in Annex A to Section 2.20 of the Disclosure Schedule (i) with respect to the historical (actual) information as of December 31, 1995, 1996, 1997, 1998 and 1999 and each of the fiscal years then ended, fairly states the financial information set forth therein and has been prepared in conformity with GAAP applied on a consistent basis and (ii) with respect to the pro forma information for the fiscal year ended December 31, 1999, has been prepared in good faith by subjecting the historical (actual) information for the fiscal year ended December 31, 1999 set forth in such Annex A to the adjustments described in Section 2.20 of the Disclosure Schedule.

(b) The schedule of corporate and information technology charges of the Frontier LEC Business for the fiscal years ended December 31, 1998 and 1999 set forth in Annex B to Section 2.20 of the Disclosure Schedule fairly states such information in relation to the basic financial information based upon the cost allocation methodology described therein.

(c) The information for the Frontier LEC Business set forth in Annex C to Section 2.20 of the Disclosure Schedule (i) with respect to the pro forma information for the fiscal year ended December 31, 1999, has been prepared in good faith by subjecting the historical (actual) information for the fiscal year ended December 31, 1999 to the adjustments described in Section 2.20 of the Disclosure Schedule and (ii) with respect to the number of Access Lines, is a true statement of the approximate number of such Access Lines as of December 31, 1999.

(d) The financial information for the Frontier LEC Business set forth in Annex D to Section 2.20 of the Disclosure Schedule (i) with respect to historical (actual) information as of December 31, 1995, 1996, 1997 and 1998 and each of the fiscal years then ended, has been prepared in good faith based upon the books and records of the Frontier LEC Business and, taken as a whole, fairly states such information in all material respects in relation to the basic financial information and (ii) with respect to the pro forma information as of December 31, 1999 and for the fiscal year then ended, has been prepared in good faith based upon the books and records of the Frontier LEC Business after subjecting the historical (actual) information for such fiscal year to the adjustments described in Section 2.20 of the Disclosure Schedule and, taken as a whole, the historical (actual) financial information set forth in such Annex fairly states such information in all material respects in relation to the basic financial information.

(e) Except as required by Law or by pool requirements applied generally to carriers or a subgroup of carriers, no Company or Company Subsidiary has been given written notice by any regulatory authority or pool administrator advising it that amounts paid to such Company or Company Subsidiary are required to be repaid into a pool or that amounts payable to such Company or Company Subsidiary are going to be reduced.

(f) No Company or Company Subsidiary has received an order from any regulatory authority requiring it to make refunds to its retail customer base or any significant portion thereof.

(g) No Company or Company Subsidiary has been made subject to any order from any regulatory authority requiring it to make a reduction to rates generally applicable to its retail customer base or any significant portion thereof.

(h) No Company or Company Subsidiary has been made subject to a moratorium preventing it from seeking an increase in rates for basic services.

(i) No Company or Company Subsidiary is subject to any requirement of Law solely applicable to it and not to any carrier or any subgroup of carriers which requires it to make specific material network investments in connection with the Frontier LEC Business.

(j) No host or hub switch of a Company or a Subsidiary has exhausted its capacity to serve the customers who are currently in the area for which the switch is intended to be used, except switches scheduled for upgrade or expansion during calendar year 2000 or 2001 (which upgrades and expansions are included in the amounts of the relevant capital expenditure budgets set forth in Section 4.4).

(k) The switches of each Company and Company Subsidiary used in the telephone service areas covered by the Frontier LEC Business are Class 5 compliant, can support the utilization of SS7 signaling and are equipped for the provision of CLASS services.

(l) The Companies and Company Subsidiaries operating in the Rochester, New York area telephone service area utilize 20 main hub central offices, each of which is interconnected directly or indirectly to the other switches through SONET rings using Nortel OC-48 equipment. The Companies and Company Subsidiaries operating in the Rochester, New York area telephone service area have features in place that are available to support local number portability, enhanced 911 services and cellular 911 services.

(m) The Companies and Company Subsidiaries operating in telephone service areas outside the Rochester, New York market utilize switches that are Class 5 compliant, and are compatible with CLASS features and SS7 signaling. Where required by an order or other requirements of Law, such Companies and Company Subsidiaries have installed features that support local number portability, enhanced 911 services and cellular 911 services.

(n) The regulatory books of account of the Companies and Company Subsidiaries have been maintained in accordance with normal business practices, and accurately and fairly reflect in all material respects all of the properties, assets, liabilities, transactions and regulatorily required appropriate accruals of each Company and Company Subsidiary. The continuing property records (CPRs) and other regulatory records related to the assets and properties of the Companies and Company Subsidiaries maintained by the Companies and Company Subsidiaries conform in all material respects with the applicable rules and regulations of the FCC and applicable PUCs. The records of the Companies and Company Subsidiaries relating to Telephone Plant (the assets used primarily in the local exchange carrier operations that would be properly included in the fixed assets referenced in Part 32 of the FCC Rules and Regulations (47 C.F.R., Part 32)) have been prepared in good faith and fairly reflect all such Telephone Plant.

(o) A true and complete list of the approximate number of Access Lines of the Companies and Company Subsidiaries in service as of May 31, 2000, broken down by the categories specified therein, is set forth in Section 2.20 of the Disclosure Schedule.

2.21 Long Distance Agreements. On or prior to the date hereof, Subsidiaries of Global have entered into the Carrier Services Agreement, dated as of June 19, 2000 (the "Carrier Services Agreement"), and the Asset Purchase Agreement, dated as of July 11, 2000 (the "Asset Purchase Agreement"), with one of the Company Subsidiaries. True and complete copies of the Carrier Services Agreement and the Asset Purchase Agreement have been provided to the Buyer, together with all amendments, modifications and side letter agreements relating thereto.

### Article 3. Representations and Warranties of the Buyer.

The Buyer represents and warrants to the Seller as follows:

3.1 Organization and Standing. The Buyer is a corporation duly incorporated, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has

all requisite corporate power and authority to own, lease and operate its properties and assets and to conduct its business as it is now being conducted.

3.2 Binding Agreement. The Buyer has all requisite corporate power and authority to enter into this Agreement, to execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Buyer and the consummation by the Buyer of its obligations hereunder have been duly and validly authorized by all necessary corporate and stockholder action on the part of the Buyer. This Agreement has been duly executed and delivered on behalf of the Buyer and, assuming the due authorization, execution and delivery by the Seller, constitutes a legal, valid and binding obligation of the Buyer enforceable in accordance with its terms.

3.3 Absence of Violations or Required Consents. Except as set forth in Section 3.3 of the Disclosure Schedule and, in the case of clauses (b), (c) and (d), except for such violations, breaches, defaults, consents, approvals, authorizations, orders, actions, registrations, filings, declarations, notifications and Encumbrances that would not reasonably be expected to have a material adverse effect on the business, results of operations or financial condition of the Buyer and its Subsidiaries, taken as a whole, or materially impair or delay the consummation of the transactions contemplated hereby, the execution, delivery and performance by the Buyer of this Agreement does not and will not (a) violate or result in the breach or default of any provision of the certificate or articles of incorporation or by-laws of the Buyer, (b) violate any Law or Governmental Order applicable to the Buyer or any of its properties or assets, (c) except for the Required Consents, require any consent, approval, authorization or other order of, action by, registration or filing with or declaration or notification to any Governmental Authority or any other Person or (d) result in any violation or breach of, constitute a default (or event which with the giving of notice, or lapse of time or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the Buyer's assets pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license or permit, or franchise to which the Buyer is a party or by which its assets are bound.

3.4 Litigation. Except as described in Section 3.4 of the Disclosure Schedule, there are no Actions pending or, to the Buyer's knowledge, any Action threatened to be brought by or before any Governmental Authority, against the Buyer or any of its Affiliates that (i) seeks to question, delay or prevent the consummation of the transactions contemplated hereby or (ii) would reasonably be expected to affect adversely the ability of the Buyer to fulfill its obligations hereunder, including without limitation, the Buyer's obligations under Article 1 hereof.

3.5 Commissions. There is no broker or finder or other Person who has any valid claim against the Sellers, any of their respective Affiliates or any of their respective assets for a commission, finders' fee, brokerage fee or other similar fee in connection with this Agreement, or the transactions contemplated hereby, by virtue of any actions taken by on or behalf of the Buyer or its officers, employees or agents.

3.6 Financing. The Buyer has delivered to the Sellers true and complete copies of all commitment letters from commercial banks or other financing sources setting forth their respective commitments to provide all necessary financing in connection with the transactions contemplated by this Agreement (the "Financing Commitments"). The Buyer has on hand funds that, together with the proceeds of the Financing Commitments, are sufficient to pay the Purchase Price pursuant to this Agreement and otherwise to satisfy its obligations hereunder. The Buyer has been advised by the parties providing the Financing Commitments that none of such parties knows of any fact or circumstance (including, without limitation, the obligations of the Buyer under this Agreement) that is reasonably likely to result in any of the conditions to the Financing Commitments not being satisfied or the funds contemplated by the Financing Commitments not being available for the transactions contemplated by this Agreement and the Buyer knows of no such fact or circumstance.

3.7 Acquisition of Shares for Investment. The Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the Shares. The Buyer is acquiring the Shares for investment and not with a view toward the distribution thereof. The Buyer agrees that the Shares may not be sold or otherwise disposed of without registration under the Securities Act of 1933, as amended, except pursuant to an exemption from registration available under such Act.

#### Article 4. Covenants and Agreements.

4.1 Conduct of the Business Prior to Closing: Access. The Sellers covenant as follows:

(a) Between the date hereof and the Closing Date, except as contemplated by this Agreement, except as described in either Section 2.8 or Section 4.1 of the Disclosure Schedule, or except with the consent of the Buyer (which consent shall not be unreasonably withheld or delayed in the case of clauses (i), (iii), (vi), (vii), (viii), (ix), (xi), (xii) and (xiii) to the extent clause (xiii) refers to clauses (i), (iii), (vi), (vii), (viii), (ix), (xi) or (xii)), the Sellers will cause the Frontier LEC Business to be operated in the ordinary course of business consistent with past practice (including, without limitation, with respect to compliance with Laws and performance under contracts) and will not permit:

(i) any of the assets of the Frontier LEC Business to be subjected to any Encumbrance, other than Permitted Exceptions, that will not be released at or prior to the Closing Date;

(ii) any changes, including changes to connection, disconnection and collection practices, to be made in the operations of the Frontier LEC Business that are material to the Frontier LEC Business as a whole;



(iii) other than, in each case, in the ordinary course of business consistent with past practice, any assets of the Frontier LEC Business to be sold, transferred, leased, subleased, licensed, encumbered or otherwise disposed of (including, without limitation, sales, transfers, leases, subleases, licenses or dispositions of material assets to Sellers or any of their Subsidiaries other than the Companies and Company Subsidiaries), other than the sale of obsolete Equipment and transfers of cash;

(iv) (A) any increase, or the announcement of any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable by any Company or Company Subsidiary to any of the officers or key employees of the Frontier LEC Business to be granted, including, without limitation, any increase or change pursuant to any Employee Benefit Plan, or (B) any benefits under any Employee Benefit Plan with respect to officers or key employees (or material benefits with respect to any employees who are not officers or key employees) of the Frontier LEC Business to be established or increased or to be promised to be increased, or any payment or vesting thereof to be accelerated, in either case except (I) as required by Law, (II) that involve only increases in the ordinary course of business consistent with the past practices of the Frontier LEC Business or (III) as required under any existing agreement or arrangement;

(v) any material change in any method of accounting or accounting practice or policy used by the Frontier LEC Business to be made, including, without limitation, material changes in assumptions underlying or methods of calculating bad debt, contingency or other reserves, or notes or accounts receivable write-offs, or in corporate allocation methodology, in each case other than as required by Law or under GAAP;

(vi) any commitments for any Company or Company Subsidiary to make capital expenditures in excess of \$20,000,000 in the aggregate that are not contemplated in the capital improvements budgets for 2000 or 2001 set forth in Section 4.1 of the Disclosure Schedule;

(vii) any amendment of the certificate of incorporation or bylaws of any Company or Company Subsidiary;

(viii) any material Action, Indebtedness or any other claims or rights related to the Companies or Company Subsidiaries to be compromised, settled or otherwise adjusted, or any waiver or release relating thereto to be granted other than (unless such action would impose material restrictions or obligations on the Frontier LEC Business after the Closing) in the ordinary course of business;

(ix) any new agreement, contract, commitment or arrangement, or any amendments or modifications to any existing such agreement, contract,

commitment or arrangement, to be entered into with any Affiliate of any Company or Company Subsidiary (other than with another Company or Company Subsidiary) that is material to the Frontier LEC Business or that will continue in effect after the Closing Date and not be terminable by such Company or Company Subsidiary on not more than 60 days' written notice without payment of premium or penalty;

(x) any change in the stock ownership of any Company or Company Subsidiary to be made or any interest in any Company or Company Subsidiary to be granted or assigned;

(xi) any Indebtedness in excess of a net amount of \$10,000,000 to be created, incurred, assumed or guaranteed by any Company or Company Subsidiary that cannot be prepaid or terminated without payment of premium or penalty, except for borrowings under existing credit agreements (or replacements therefor on substantially the same terms) or the creation of trade payables;

(xii) any new Material Contract (other than those covered by clause (ii), (iii) or (ix) above), or any amendments or modifications to any existing such Material Contract, to be entered into that will continue in effect after the Closing Date and not be terminable by the Company or Company Subsidiary on not more than 60 days' written notice without payment of premium or penalty;

(xiii) any agreement, contract, commitment or arrangement to do any of the foregoing to be entered into.

(b) Pending the Closing Date, the Sellers shall:

(1) Ensure that the Buyer and its representatives are given reasonable access during normal business hours to all of the employees (including appropriate experts and other knowledgeable personnel), properties, books and records of the Companies and Company Subsidiaries and that the Buyer and its representatives are furnished with such information concerning the Companies and Company Subsidiaries as the Buyer may reasonably require, including such access and cooperation as may be necessary to allow the Buyer and its representatives to:

(A) identify those contracts and Permits that require third party consent to the transactions contemplated hereby, those that expire prior to or soon after the Closing and those that may require special documentation at the Closing;

(B) review any arrangements with respect to those assets that will not be transferred as part of the Frontier LEC Business that Buyer may need to replicate or replace at the Closing;

(C) determine what changes Buyer may need to make to various assets, including information technology assets, to be owned by the Companies and the Company Subsidiaries after the Closing;

(D) arrange appropriate insurance coverage by the Closing with respect to the Companies and the Company Subsidiaries;

(E) become familiar with the location and organization of the books and records, including any original cost documents and outside plant maps;

(F) make appropriate arrangements for the continuation of ongoing maintenance, construction and plant upgrade activities of the Companies and the Company Subsidiaries after the Closing;

(G) identify various regulatory mandates applicable to the Companies and the Company Subsidiaries and review compliance therewith, including matters relating to the National Exchange Carrier Association (including the Universal Service Fund and the Local Switching Support and Telecommunications Relay Services funds);

(H) perform Transaction Screens and/or Phase I environmental reviews with respect to each parcel of Real Property at Buyer's expense; and

(I) obtain title insurance policies and surveys covering Real Property at Buyer's expense and provide the title company with such instructions, authorizations and affidavits at no cost to the Sellers or the Companies or Company Subsidiaries as may be reasonably necessary for the title company to issue title policies (based upon the most recent assessed value or market value of such parcels) to the Buyer, dated as of the Closing Date, for all of the Real Property owned by the Companies or Company Subsidiaries with so-called non-imputation endorsements;

provided that this right of access shall not be exercised in any way which would unreasonably interfere with the normal operations, business or activities of the Sellers or any Company or Company Subsidiary;

(2) Furnish to the Buyer within 30 Business Days after the end of each month ending between the date of this Agreement and the Closing Date a statement of income for the Frontier LEC Business for the month just ended, on a state by state basis to the extent prepared, and within 30 Business Days after the end of each quarter ending between the date of this Agreement and the Closing Date a balance sheet for the Frontier LEC Business as of the end of such quarter;

(3) Make available for the Buyer all other routine management and statistical reports of the Frontier LEC Business;

(4) From time to time, furnish to the Buyer such additional information (financial or otherwise) concerning the Frontier LEC Business as the Buyer may reasonably request (which right to request information shall not be exercised in any way which would unreasonably interfere with the normal operations, business or activities of the Sellers, the Companies or the Company Subsidiaries);

(5) Use, to the extent the Buyer requires audited or reviewed financial statements of the Frontier LEC Business in order to comply with the reporting requirements of the Securities and Exchange Commission (the "SEC") set forth in Regulations S-K and S-X, reasonable best efforts to obtain (or, if Buyer proposes to have its auditors audit any such financial statements, to permit the Buyer to obtain by providing audited consolidating balance sheets as of the end of the fiscal years hereinafter described and consolidating income statements and statements of cash flows and changes in equity for such periods, in each case, for the Companies and the Company Subsidiaries in the form required by Regulations S-K and S-X), in either case at the Buyer's expense, the required audited or reviewed combined financial statements of the Frontier LEC Business covering the fiscal years ended December 31, 1998 and 1999 (and each fiscal quarter thereof), and to the extent the Closing shall not have occurred prior to the end thereof, the fiscal year ending December 31, 2000 (and each fiscal quarter thereof) and each subsequent fiscal quarter, reasonably sufficient and timely enough to permit the Buyer reasonably to satisfy such obligations, including, without limitation, providing reasonable access as stated under clause (1) above to any auditors engaged by the Buyer for such purpose and delivering one or more representation letters from the Sellers to any such auditors as may be reasonably requested by the Buyer to allow such auditors to complete any such audit or review and to issue an opinion on such financial statements acceptable to the SEC;

(6) Consult with the Buyer with respect to taking, or permitting the Companies and Subsidiaries to take, any material action with respect with the Frontier LEC Business other than in the ordinary course of business consistent with past business or other than as contemplated by this Agreement (including, without limitation, the Disclosure Schedule), including, without limitation, consultation regarding the negotiation or renegotiation of any collective bargaining agreements; provided, however, that, except as required by Section 4.1(a), neither Seller nor any of the Companies or Company Subsidiaries shall be obligated to accept or follow any advice proffered by the Buyer with respect to any such prospective action and that such right of consultation shall not entitle the Buyer to participate in any such negotiations or renegotiations of collective bargaining agreements; and

(7) Endeavor with reasonable efforts to notify the Buyer within a reasonable period of time after the Sellers have obtained knowledge of the occurrence of any circumstance, change in, or effect on the Companies or

Company Subsidiaries that Sellers believe had or would in the reasonably foreseeable future have a Material Adverse Effect.

4.2 Financing Commitments. The Buyer covenants as follows:

(a) The Buyer shall use its reasonable best efforts to obtain the financing provided for by the Financing Commitments. Without limiting the generality of the foregoing, the Buyer shall not take or fail to take, and shall cause its Subsidiaries not to take or fail to take, any action the taking of which, or which the failure to take, would reasonably likely result in any of the conditions to the Financing Commitments not being satisfied or the funds contemplated by the Financing Commitments not being available for the transactions contemplated by this Agreement, or that would otherwise materially impair or delay the consummation of the transactions contemplated hereby. In the event that such financing or any portion thereof becomes unavailable, the Buyer shall use its reasonable best efforts promptly to obtain commitment letters for alternative financing from other sources sufficient to enable the Buyer to pay the Purchase Price pursuant to this Agreement and otherwise to satisfy its obligations hereunder. Any such alternative financing shall be deemed to constitute (or to constitute a portion of, as the case may be) "Financing Commitments" for purposes of this Agreement. The Buyer shall furnish to the Sellers promptly true and complete copies of any alternative commitment letters from commercial banks or other financing sources, all definitive loan agreements entered into pursuant to the Financing Commitments and all other correspondence or notices from any party providing the Financing Commitments relating to the financing.

(b) The Buyer shall give prompt notice to the Sellers of the occurrence, or non-occurrence, of any fact or circumstance, or of any notice from any party providing the Financing Commitments, that is reasonably likely to result in any of the conditions to the Financing Commitments not being satisfied or the funds contemplated by the Financing Commitments not being available for the transactions contemplated by this Agreement.

4.3 Post-Closing Covenants and Agreements. (a) From and after the Closing Date, the Sellers shall, at all reasonable times, make available without cost, for inspection and/or copying for reasonable business purposes by the Buyer or any of the Companies or Company Subsidiaries, or their representatives, any books and records of the Frontier LEC Business, whether in electronic or physical form, that are not in the possession of the Companies and Company Subsidiaries after the Closing. Any such books and records shall be preserved by the Sellers for so long as the Buyer or any Company or Company Subsidiary shall be obligated by Law to maintain the same. After the period set forth above, upon not less than 30 days written notice to the Buyer specifying in reasonable detail the books and records that neither Seller proposes to destroy, such Seller may destroy the books and records in its possession unless, before expiration of such notice period, the Buyer or any of the Companies or Company Subsidiaries objects in writing to the destruction of any or all of such books and records, in which case such books and records shall be delivered to the objecting Person at the expense of the objecting Person.

(b) From and after the Closing Date, the Buyer shall, and shall cause the Companies and Company Subsidiaries to:

(i) At all reasonable times, make available without cost, for inspection and/or copying for reasonable business purposes by the Sellers or their representatives, the books and records of the Companies and Company Subsidiaries, whether in electronic or physical form. Such books and records shall be preserved by the Buyer or the Companies and Company Subsidiaries until the later of the closing by tax audit of, or the expiration of the relevant statute of limitations (including any waiver thereof) with respect to, all open tax periods of the Sellers prior to and including the Closing Date. After the period set forth above, upon not less than 30 days written notice to the Sellers specifying in reasonable detail the books and records that the Buyer or any Company or Company Subsidiary proposes to destroy, the Buyer or such Company or Company Subsidiary may destroy the books and records in their possession unless, before expiration of such notice period, a Seller objects in writing to the destruction of any or all of such books and records, in which case such books and records shall be delivered to the objecting Person at the expense of the objecting Person. Notwithstanding the foregoing, the Buyer and the Companies and Company Subsidiaries shall continue to preserve and, at all reasonable times after the Closing Date, to make available without cost, for inspection and/or copying by any Person that was a trustee or other fiduciary under the Employee Benefit Plans identified in Section 4.3 of the Disclosure Schedule, the books and records of such Employee Benefit Plan and the books and records of the Companies and Company Subsidiaries relating thereto.

(ii) (x) Exculpate, indemnify and hold harmless all past and present employees, officers, agents and directors of the Companies and Company Subsidiaries to the full extent permitted by law for any acts or omissions relating to, or arising out of, the Frontier LEC Business occurring on or prior to the Closing Date; (y) cause to be maintained in effect through September 28, 2005 the current provisions regarding elimination of liability of directors and indemnification of officers and directors contained in the certificate of incorporation and by-laws or other organizational documents of the Companies and the Company Subsidiaries; and (z) not take any action that would cause any directors', officers', fiduciaries' or similar insurance and indemnification policies that may be maintained by the Sellers for past and present directors and officers of the Companies and Company Subsidiaries and trustees of the Employee Benefit Plans providing coverage for acts and omissions and other events relating to, or arising out of, the Frontier LEC Business occurring at or prior to the Closing Date, including, without limitation, in respect of the transactions contemplated by this Agreement, not to remain in full force and effect.

(iii) Except for disputes in good faith, honor and comply in all material respects with the terms and conditions contained in all contracts to which any of the Companies or any of the Company Subsidiaries is a party or by which it is bound.

(c) Effective as of the Closing Date, the Sellers will have no obligation to provide insurance coverage for the Companies, the Company Subsidiaries and the Frontier LEC Business for occurrences after the Closing Date and the Buyer will become solely responsible for all insurance coverage and related risk of loss based on events occurring on and after the Closing Date with respect to the Companies, the Company Subsidiaries and the Frontier LEC Business. To the extent that (i) any insurance policies controlled by the Sellers (the "Sellers' Insurance Policies"), cover any loss, liability, claim, damage or expense relating to the Companies, the Company Subsidiaries or the Frontier LEC Business (the "Subject Liabilities") and relating to or arising out of occurrences prior to the Closing Date, and (ii) the Sellers' Insurance Policies continue after the Closing to permit claims to be made thereunder with respect to the Subject Liabilities relating to or arising out of occurrences prior to the Closing Date ("Subject Claims"), the Sellers shall cooperate with the Buyer in submitting Subject Claims on behalf of the Buyer or any Company or Company Subsidiary under the Sellers' Insurance Policies and the Buyer shall reimburse, indemnify and hold the Sellers harmless from all out-of-pocket, costs and expenses (including, without limitation, all retroactive or retrospective premiums related to the Subject Claims (but not any other present or future premiums), deductibles, out-of-pocket legal and administrative costs, net Tax costs to the Sellers resulting from the receipt and payment to the Buyer of any insurance proceeds relating to any Subject Claim and attorneys' fees under the Sellers' Insurance Policies) of any nature actually incurred by the Sellers as a result of Subject Claims made under the Sellers' Insurance Policies. The Sellers shall exercise reasonable best efforts (which efforts shall not require the Sellers to incur any out-of-pocket costs or expenses not reimbursed by the Buyer or any other adverse consequences) to cause the Sellers' Insurance Policies to be modified to allow for the assignment to the Buyer of all benefits, rights and obligations thereunder in respect of any Subject Liabilities. To the extent any such policies are not so assigned, upon receipt by the Sellers of any insurance proceeds relating to any Subject Claims made under the Sellers' Insurance Policies, the Sellers will promptly pay such insurance proceeds to the Buyer, net of any unreimbursed costs and expenses described above.

(d) From and after the Closing Date,

(i) The Buyer will not, for a period of two years following the Closing Date, without the prior written consent of Global, directly or indirectly, solicit to hire or hire (or cause or seek to cause to leave the employ of Global or any Subsidiary of Global) any employee of Global or any Subsidiary of Global with whom the Buyer has had contact or who (or whose performance) became known to the Buyer in connection with this Agreement; *provided, however*, that the foregoing provision will not prevent the Buyer from hiring any such Person who contacts the Buyer on his or her own initiative without any direct or indirect solicitation by or encouragement from the Buyer or who contacted the Buyer in response to a general advertisement; and.

(ii) The Sellers will not, for the period from the date hereof through the date that is two years following the Closing Date, without the prior written consent of the Buyer, directly or indirectly, solicit to hire or hire (or cause or seek to cause to leave the employ of the Companies or Company Subsidiaries on the Buyer or any Subsidiary of the Buyer) any employee of the Companies or Company Subsidiaries or the Buyer or any Subsidiary

of the Buyer with whom (other than with respect to the Companies and the Company Subsidiaries) the Sellers have had contact or who (or whose performance) became known to the Sellers in connection with this Agreement; *provided, however*, that the foregoing provision will not prevent the Sellers from hiring any such Person who contacts the Sellers on his or her own initiative without any direct or indirect solicitation by or encouragement from the Sellers or who contacted the Sellers in response to a general advertisement.

4.4 Cooperation. Following the execution of this Agreement, the Buyer and the Sellers agree as follows:

(a) Subject to the terms and conditions of this Agreement, each party will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable, including under applicable Laws and regulations, to consummate the Sale and the other transactions contemplated by this Agreement as soon as practicable after the date hereof. In furtherance and not in limitation of the foregoing, each party hereto agrees (i) to make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable, (ii) to file all necessary applications for Required Consents at the FCC, PUCs and local franchising authorities with respect to the transactions contemplated hereby as promptly as practical after the date hereof and to supply as promptly as practicable any additional information and documentary material that may be requested by the FCC, PUCs and local franchising authorities and to take all other actions necessary to cause the Required Consents to be obtained as soon as practicable and (iii) to obtain all other required consents from third parties. The parties agree to file all necessary applications for Required Consents with state PUCs jointly to the extent permitted under Applicable Law, and to share counsel whenever feasible and where it does not pose a conflict of interest.

(b) The Sellers and the Buyer shall, in connection with the efforts referenced in Section 4.5(a) to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement under the HSR Act or any other Regulatory Law, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) promptly inform the other party of any communication received by such party from, or given by such party to, the FCC, PUCs, the Antitrust Division of the Department of Justice (the "DOJ") or any other Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other party to review any communication (other than filings pursuant to the HSR Act) given by it to, and consult with each other in



advance of any meeting or conference with, the FCC, PUCs, the DOJ or any such other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by the FCC, PUCs, the DOJ or such other applicable Governmental Authority or other Person, give the other party the opportunity to attend and participate in such meetings and conferences. Neither party shall take any action in connection with obtaining any Required Consent that is intended to create, allocate, or shift to the other party any liability arising from the obtaining of such Required Consent; provided that this provision is not intended to limit the rights or obligations of either party under this Section 4.4 or any other Section of this Agreement or the right of any party to otherwise seek to reduce or eliminate any such liability on itself. For purposes of this Agreement, "Regulatory Law" means (i) the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, the Communications Act, and all other federal, state and foreign, if any, Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition, whether in the communications industry or otherwise, through merger or acquisition and (ii) all federal, state and foreign, if any, Laws with respect to the transfer, assignment, modification or granting of Permits, whether in the public utility or communications industries or otherwise, including, without limitation, certificates of public convenience and necessity, public interests certificates and radio licenses.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 4.4(a) and 4.4(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law, the Sellers and Buyer shall cooperate in all respects with each other and use their respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 4.4 shall limit a party's right to terminate this Agreement pursuant to Section 11.1 so long as such party has up to then complied in all material respects with its obligations under this Section 4.4.

(d) If any objections are asserted with respect to the transactions contemplated hereby under any Regulatory Law or if any suit is instituted by any Governmental Authority or any private party challenging any of the transactions contemplated hereby as violative of any Regulatory Law, each of the Sellers and the Buyer shall use its reasonable best efforts to resolve any such objections or challenge as such Governmental Authority or private party may have to such transactions under such Regulatory Law so as to permit consummation of the transactions contemplated by this Agreement.

(e) As used in this Section 4.4, "reasonable best efforts" shall not require (i) the Buyer or any of its Affiliates to divest or hold separate or otherwise take or commit to

take any action that limits their freedom of action with respect to, or their ability to retain, any of their assets or businesses or any other action, in each case that would be reasonably expected to have a Material Adverse Effect or Buyer Material Adverse Effect, or (ii) either Seller or any of their Affiliates to divest or hold separate or otherwise take or commit to take any action that limits their freedom of action with respect to, or their ability to retain, any of their assets or businesses or any other action, in each case that would be reasonably expected to have a Material Adverse Effect or an adverse effect (other than an immaterial effect) on the business, results of operations or financial condition of the Sellers or their Subsidiaries (other than the Companies and the Company Subsidiaries).

#### 4.5 Confidentiality.

(a) Prior to the Closing Date. The terms of the Confidentiality Agreement are herewith incorporated by reference and shall continue in full force and effect until the Closing Date and shall remain in effect in accordance with its terms even if this Agreement is terminated.

(b) Financial and Tax Information. (i) Before and after the Closing Date, each of the parties shall maintain the confidentiality of the tax information of the Frontier LEC Business under terms similar to those set forth in the Confidentiality Agreement with respect to "Evaluation Material" as though such terms applied to the parties and continued after the Closing Date.

(ii) After the Closing Date, the Sellers shall maintain the confidentiality of the financial information of the Frontier LEC Business prior to the Closing under terms similar to those set forth in the Confidentiality Agreement with respect to "Evaluation Material" as though such terms applied to the Sellers and continued after the Closing Date.

4.6 Public Announcements. Except as otherwise required by law or the rules of any stock exchange or automated quotation system, the parties shall not issue any report, statement or press release or otherwise make any public announcement with respect to this Agreement and the other transactions contemplated hereby without prior consultation with and approval of the other parties hereto (which approval shall not be unreasonably withheld).

4.7 No Solicitation. Other than as specified in this Agreement, the Sellers shall not, and shall use their best efforts to cause its officers, directors, representatives, affiliates or associates not to, (a) initiate contact with, solicit, encourage or respond to any inquiries or proposals by, or (b) enter into any discussions or negotiations with, or disclose, directly or indirectly, any information concerning the Companies and Company Subsidiaries to, or afford any access to the properties, books and records of the Companies and Company Subsidiaries to, any Person in connection with any possible proposal for the acquisition (directly or indirectly, whether by purchase, merger, consolidation or otherwise) of all or substantially all of the assets, business or capital stock of the Companies and Company Subsidiaries. The Seller agrees to terminate immediately any such discussions or negotiations.

4.8 No Additional Representations. THE BUYER ACKNOWLEDGES THAT, EXCEPT THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER THE SELLER NOR ANY OTHER PERSON HAS MADE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE FRONTIER LEC BUSINESS OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION FURNISHED OR MADE AVAILABLE TO THE BUYER AND ITS REPRESENTATIVES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OR REPRESENTATION AS TO CONDITION, MERCHANTABILITY OR SUITABILITY AS TO ANY PROPERTIES OR ASSETS OF THE FRONTIER LEC BUSINESS. THE BUYER FURTHER ACKNOWLEDGES THAT ANY COST ESTIMATES, PROJECTIONS OR OTHER PREDICTIONS CONTAINED OR REFERRED TO IN THE OFFERING MATERIALS THAT HAVE BEEN PROVIDED TO THE BUYER ARE NOT AND SHALL NOT BE DEEMED TO BE REPRESENTATIONS OR WARRANTIES OF THE SELLERS.

4.9 Use of Global Crossing and Frontier Names. (a) After the Closing Date, neither the Buyer nor any of its Affiliates (including, without limitation, the Companies and Company Subsidiaries) shall use "Global Crossing" or "Global" or any name or term confusingly similar to or "Global Crossing" or "Global" in any corporate name or in connection with the operation of any business. Notwithstanding the foregoing, the Companies and Company Subsidiaries shall have a period of time (which in no event is, except as set forth in Schedule 4.9(a), to exceed 120 days following the Closing Date) in which to, and the Buyer shall cause the Companies and Company Subsidiaries to, remove or cover the names "Global Crossing" or "Global" and any trademarks, tradenames, servicemarks, trade dress or logos relating to such names from all signs, billboards, advertising materials, telephone listings, labels, stationery, office forms and mastheads; provided, however, that during such period of time such names, trademarks, tradenames, servicemarks, trade dress and logos shall be used (i) only to the extent necessary to avoid financial hardship and (ii) only to the extent and in the manner that such names, trademarks, tradenames, servicemarks, trade dress and logos were used by the Companies and Company Subsidiaries as of immediately prior to the Closing.

(b) After the Closing Date, except as set forth in Section 4.9 of the Disclosure Schedule, neither of the Sellers nor any of their Affiliates shall use "Frontier" or any name or term confusingly similar to "Frontier" in any corporate name or in connection with the operation of any business. Notwithstanding the foregoing, the Sellers and their Affiliates shall have a period of time (which in no event is, except as set forth in Schedule 4.9(b), to exceed 120 days following the Closing Date) in which to, and the Sellers shall cause their Affiliates to, remove or cover the name "Frontier" and any trademarks, trade names, service marks, trade dress or logos relating to such names from all signs, billboards, advertising materials, telephone listings, labels, stationery, office forms and mastheads; provided, however, that during such period of time such names, trademarks, trade names, service marks, trade dress and logos shall be used (i) only to the extent necessary to avoid financial hardship and (ii) only to the extent and in the manner that such names, trademarks, trade names, service marks, trade dress and logos were used by the Sellers and their Affiliates as of immediately prior to the Closing. This Section 4.9(b) shall not be construed to prohibit the Sellers and their Affiliates from using the name "Frontier" in

connection with the filing of any Tax Returns required by any Tax authority or jurisdiction for periods prior to the Closing or the filing of any other documents required by any Governmental Authority.

4.10 Long Distance Agreements. (a) The closing under the Asset Purchase Agreement shall occur in accordance with the terms thereof without creating any liability or obligation of any Company or Company Subsidiary thereunder extending beyond the Closing Date. The Sellers shall use reasonable best efforts to obtain, as soon as practicable, all required consents necessary for consummation of the Asset Purchase Agreement.

(b) The Carrier Service Agreement shall be amended prior to the Closing as follows:

(i) The initial term of the Carrier Service Agreement shall continue in effect for a period of three years following the Closing Date. The Buyer may thereafter at its option renew the Carrier Service Agreement for up to four consecutive two-year periods. Renewal shall be automatic unless the Carrier Service Agreement is canceled by the Buyer pursuant to Section 2.3 of the Carrier Service Agreement or is otherwise canceled in accordance with the termination provisions of the Carrier Service Agreement. Sections 2.2 and 2.3 of the Carrier Service Agreement shall be revised as appropriate to eliminate Global's right to terminate the Carrier Service Agreement except for breach by the Buyer.

(ii) Section 3.9 of the Carrier Service Agreement shall be revised to change "then current standard wholesale pricing programs" to "the best prices given to another carrier with the same or lower volume or term commitments, and the same or substantially similar cost characteristics with respect to traffic origination and termination".

(iii) The Buyer may include at its option any of its present and future Subsidiaries as parties to the Carrier Service Agreement, subject to the pricing limitation specified immediately below. Such election shall be binding for each included Subsidiary for the remaining term of the Carrier Service Agreement.

(iv) Pursuant to the Exhibits to the Carrier Service Agreement one of Global's Subsidiaries has the right under certain pricing arrangements to surcharge an additional four cents per minute if more than a specified percentage of traffic originates or terminates in non-RBOC/GTE regions. This four cent surcharge shall not be applied under the Carrier Service Agreement with respect to long distance end-user customers located in the franchise territories of the incumbent local exchange carrier operations of the Frontier LEC Business. This subparagraph does not apply to the Buyer's other present or future Subsidiaries.

(v) Sections 3.3 and 3.11 of the Carrier Service Agreement shall be deleted.

4.11 Transition Services. (a) Following the Closing and for so long as a Company or Company Subsidiary remains a Subsidiary of the Buyer (but in no event for a period longer than two years from the Closing Date), the Sellers agree to provide, or to cause their Affiliates to provide, to the Companies and Company Subsidiaries, and the Buyer shall pay for, all of the administrative and support services provided to the Frontier LEC Business by the Sellers as of the date hereof which are on Schedule 4.11 hereto, at a relative level of service consistent with that provided by the Sellers to the Frontier LEC Business during the 12 months preceding the date hereof, unless on or before the date that is four months after the date hereof (which date may up to twice be extended for an additional 30 days at the Buyer's sole option), the Buyer shall notify the Sellers of any or all of such services that should not be so provided following the Closing. The services initially so provided following the Closing shall continue to be provided as set forth in the previous sentence, and the Buyer shall continue to pay therefor, unless the Buyer shall have given the Sellers at least three months advance written notice of any or all of such services the provision of which shall be terminated.

(b) Following the Closing and for so long as the Company or Company Subsidiary currently providing such services remains a Subsidiary of the Buyer (but in no event for a period longer than two years from the Closing Date), the Buyer agrees to provide, or to cause its Affiliates to provide, to the Sellers and their Subsidiaries, and the Sellers shall pay for, all of the administrative and support services provided by the Frontier LEC Business to the Sellers and their Subsidiaries (other than the Companies and Company Subsidiaries) as of the Closing Date which are on Schedule 4.11 hereto, at a relative level of service consistent with that provided to the Sellers and their Subsidiaries by the Frontier LEC Business during the 12 months preceding the date hereof, unless on or before the date that is four months after the date hereof (which date may up to twice be extended for an additional 30 days at the Sellers' sole option), the Sellers shall notify the Buyer of any or all of such services that should not be so provided following the Closing. The services initially so provided following the Closing shall continue to be provided as set forth in the previous sentence, and the Sellers shall continue to pay therefor, unless the Sellers shall have given the Buyer at least three months advance written notice of any or all of such services the provision of which shall be terminated.

(c) Such services will be provided for a charge equal to the then current cost of such services (without mark-up) to the Sellers and their Affiliates or to the Buyer and its Affiliates, as the case may be, determined and allocated to the Buyer or the Sellers, as the case may be, in a manner consistent with the determination and allocation of such costs to the Frontier LEC Business reflected in the financial data and information described in clauses (ii) and (iii) of Section 2.6(a). The Buyer and the Sellers agree to pay, promptly in accordance with their standard payment practices (but in no event later than 45 days after presentation), any bills and invoices that it receives from the other party for services provided under this Section 4.11, subject to receiving, if requested, any reasonably appropriate support documentation for such bills and invoices. Such charges shall be billed as of the end of each calendar month. Each party shall provide the other at least 60 days' notice of any material increase in the cost of such services prior to the date such increase will take effect.

(d) The parties hereto agree to negotiate in good faith a transition services agreement with respect to services to be provided by the Sellers to the Frontier LEC Business, or by the Frontier LEC Business to the Sellers, following the Closing consistent with the terms of this Section 4.11.

(e) Section 2.5 (by reference to Section 2.7) of the Disclosure Schedule identifies the proposed "Future Allocation" of certain shared or displaced assets or services relating to the Frontier LEC Business between the Companies and Company Subsidiaries, on the one hand, and the Sellers, on the other (the "Scheduled Allocation"). Each of the Buyer and the Sellers agrees to negotiate in good faith such proposed allocations prior to the Closing with a view to creating a final allocation which (A) to the extent there exists an overwhelmingly dominant user or beneficiary of such assets or services, allocates such asset or service to such user or beneficiary, and (B) otherwise equitably allocates such assets and services between the Companies and Company Subsidiaries and the Sellers taking into account the criticality of the function to each, the cost and burden on the party to whom the asset or service is not allocated to replace such function in light of such party's other resources, and the related disruption, and the overall burdens and benefits of the overall allocation. If the Buyer and the Sellers are unable to agree on a negotiated final allocation, the Scheduled Allocation shall be deemed to constitute the final allocation and the party to whom such asset or service is allocated (which shall be the Sellers if no allocation is provided for in the Scheduled Allocation) will provide the other party access to such asset or service as a Transition Service under the provisions of this Section 4.11 on the cost basis described in Section 4.11(c).

(f) Consistent with its notice requirements in this Section 4.11, the Buyer at its sole discretion may choose to migrate any or all of the billing, ordering, provisioning and other operations support systems being provided under the transition services arrangement in accordance with Schedule 4.11 to the Buyer's own platforms. The Sellers will use its reasonable best efforts to comply with reasonable data requests (including requests for electronic source data) for information that is necessary to map, convert and integrate such systems into the Buyer's or its vendor's platforms. The Sellers also agree to use its reasonable best efforts to provide the applicable information required to migrate all other transition services to the Buyer's or its vendor's systems. The Buyer agrees that its requests may not impose a material burden on the operation of the Sellers and their Subsidiaries (including, prior to the Closing, the Companies and Company Subsidiaries).

**4.12 Sublease of Premises in GCNA Building.** At the Buyer's request, GCNA and the Buyer agree to exercise reasonable good faith efforts after the execution of this Agreement to negotiate and finalize a Sublease Agreement pursuant to which GCNA will agree to sublease to Buyer or one of its Subsidiaries for a period of not less than two years following the Closing Date (with an option to extend the term thereof to the end of the term of GCNA's current lease of such premises), a portion of the building located at 180 South Clinton Avenue, Rochester, New York not to exceed the number of square feet currently allocated to the Frontier LEC Business and for a rent based on the pro rata cost allocable to the square feet so subleased, in each case, determined on a basis consistent with the basis used in preparing the financial data and information described in clauses (ii) and (iii) of Section 2.6(a) and containing such other

terms and conditions as are customary in such a sublease agreement (including an indemnity for failure of the Buyer to perform its obligations under the sublease); provided that, if the consent of the landlord under the lease is not obtained within three months of the date hereof, then the Buyer shall have no obligation under this Section so long as the Buyer has complied with its obligation to exercise reasonable good faith efforts to obtain such consent in accordance with this Section 4.12.

**4.13 Intercompany Accounts and Guaranties.** (a) As of the calendar day immediately prior to the Closing Date, except for amounts identified as "Affiliate Advance Receivables" on the books and records of the Companies and Company Subsidiaries and any other accounts that may not be so canceled under applicable Law, all amounts (x) owed to any of the Companies or Company Subsidiaries by the Sellers and their Affiliates (other than the Companies and the Company Subsidiaries) or (y) owed to the Sellers and their Affiliates (other than the Companies and the Company Subsidiaries) by any of the Companies or Company Subsidiaries shall be canceled and extinguished.

(b) With respect to all intercompany accounts not so canceled, upon the Closing the Buyer shall assume responsibility for and shall release the Sellers and their Affiliates (other than the Companies and the Company Subsidiaries) from, and indemnify and hold harmless the Sellers and their Affiliates (other than the Companies and the Company Subsidiaries) from and against, all liability for, and (to the extent permitted under applicable Law) shall cause the relevant Companies and Company Subsidiaries to enter into novation agreements (in form and substance satisfactory to the parties hereto) with respect to, all amounts owed to any of the Companies or Company Subsidiaries by the Sellers and their Affiliates (other than the Companies and the Company Subsidiaries); provided that no such action shall be taken if such action would be in violation of any Law or would, without the consent of the Sellers, otherwise result in an adverse effect on either Seller, in which case the parties hereto shall negotiate in good faith suitable alternative arrangements that would not be in violation of any Law or result in any adverse effects.

(c) The Buyer shall use its best efforts to obtain the release prior to the Closing of the Sellers and any Affiliate of the Sellers other than the Companies and the Company Subsidiaries from any and all guarantees of such Persons of any indebtedness or other obligations of the Frontier LEC Business and shall indemnify and hold harmless such Persons against any payment that any of them must make under any of such guarantees and its reasonable costs and expenses thereunder including, without limitation, reasonable attorney's fees and costs.

**4.14 Capital Expenditures.** If the aggregate amount of capital expenditures incurred for assets of the Frontier LEC Business from and including January 1, 2000 through and including the Closing Date shall not equal or exceed (i) if the Closing were to occur during the year 2000, a pro rata portion (based upon the number of elapsed days in such year prior to the Closing) of the \$212,287,000 aggregate 2000 capital expenditures budget or (ii) if the Closing were to occur after December 31, 2000, the sum of (x) \$212,287,000 and (y) a pro rata portion (based upon the number of elapsed days in such year prior to the Closing) of the aggregate \$222,800,000 2001 capital expenditures budget, then the Sellers shall cause an aggregate amount

of cash equal to any such shortfall, not restricted under applicable regulatory Laws as to its use, to pay for capital expenditures of such Company or Company Subsidiary (the "Capital Expenditure Cash Fund") to be retained in the accounts of one or more of the Companies and Company Subsidiaries at the Closing. The Capital Expenditure Cash Fund shall not be counted as "Working Capital" for purposes of the adjustment to Purchase Price pursuant to Sections 1.3 and 1.4.

4.15 Non-Compete. (a) The Sellers covenant and agree that the Sellers and their Subsidiaries, for a period of three years from the Closing Date, will not, without the Buyer's prior consent, directly or indirectly compete with the Companies or Company Subsidiaries by engaging in local exchange carrier operations, by providing retail long distance services (other than calling card, toll free and terminating long distance) or by providing retail data services (other than Internet services and Webhosting services) in a Restricted Area, except as stated herein.

(b) For the purposes of this Section 4.15, a "Restricted Area" means the telephone service area on the Closing Date of any Company or Company Subsidiary that is an incumbent local exchange carrier, and in addition any territory adjacent to such telephone service area and within 20 miles of such telephone service area, but a Restricted Area shall not include any such adjacent territory that is within the CMSAs (or equivalent Census Office classification for an equal or larger populated area) covering the New York City metropolitan area or covering the Minneapolis-St. Paul metropolitan area.

(c) For the purposes of this Section 4.15, a Seller or a Subsidiary shall not be deemed to compete with a Company or Company Subsidiary if it is engaged in the provision of local exchange carrier operations, retail long distance services, or any prohibited retail data services in a Restricted Area by using services of a Company or Company Subsidiary other than on a reseller or competitive local exchange carrier basis, or if it is providing as of the Closing Date any of such services to a customer that is simultaneously being provided service to multiple locations outside a Restricted Area by a Seller or its Subsidiary as of the Closing Date.

(d) For purposes of this Section 4.15, a Seller or a Subsidiary shall not be deemed to compete with a Company or Company Subsidiary if it provides any retail long distance service or retail data service to a customer when: (i) it has engaged in seeking to win a bid or otherwise to establish the terms and conditions for the provision of services on a regional, national or global basis to a customer or prospective customer that is not headquartered in a Restricted Area, (ii) it has sought from a Company or Company Subsidiary all of such services that are offered by the Company within a Restricted Area on terms and conditions, including price and assurance of service quality for such services that it reasonably deems necessary to provide such services to such customer and (iii) such Company or Company Subsidiary has failed to timely commit to the provision of such services on the reasonable terms and conditions sought by such Seller or Subsidiary or, if it has made such commitment, has failed to timely provide such services on the terms and conditions to which it has committed.