BANK PLAN SUPPORT AGREEMENT

LOCK-UP AGREEMENT

Reference is made to the **CREDIT AND GUARANTY AGREEMENT**, dated as of February 3, 2000 (such agreement as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among **XO COMMUNICATIONS, INC.** (formerly, NEXTLINK Communications, Inc.), a Delaware corporation (the "**Company**"), **CERTAIN SUBSIDIARIES OF THE COMPANY**, as Guarantors, **VARIOUS LENDERS** (each individually referred to herein as a "**Lender**" and collectively as the "**Lenders**"), **TORONTO DOMINION (TEXAS), INC.**, as Administrative Agent (in such capacity, "**Administrative Agent**"), **BARCLAYS BANK PLC** and **JPMORGAN CHASE BANK** (formerly known as The Chase Manhattan Bank), as Co-Documentation Agents (in such capacity, each a "**Co-Documentation Agent**"), **GOLDMAN SACHS CREDIT PARTNERS L.P.** ("**GSCP**") and **TD SECURITIES (USA) INC.**, as Co- Lead Arrangers, and **GSCP**, as Syndication Agent (in such capacity, "**Syndication Agent**").

Reference is also made to the **FOREBEARANCE AGREEMENT TO CREDIT AND GUARANTY AGREEMENT**, dated as of December 14, 2001 (the "**Forebearance Agreement**"), by and among the Company, the Credit Support Parties signatories thereto, certain Lenders signatories thereto, the Administrative Agent, the Co-Documentation Agents and the Syndication Agent.

Reference is also made to the **STOCK PURCHASE AGREEMENT**, dated as of January 15, 2002 (the "**Stock Purchase Agreement**"), among the Company, **FORSTMANN LITTLE & CO. EQUITY PARTNERSHIP VII, L.P.** ("**Forstmann Little Equity**"), **FORSTMANN LITTLE & CO. SUBORDINATED DEBT AND EQUITY MANAGEMENT BUYOUT PARTNERSHIP VIII, L.P.** ("**Forstmann Little Buyout**" and, with Forstmann Little Equity, "**Forstmann Little**"), and **TELEFONOS de MEXICO, S.A. de C.V.** ("**Telmex**" and, with Forstmann Little, the "**Investors**" or, individually, an "**Investor**").

This Lock-Up Agreement (this "**Agreement**"), dated as of June __, 2002, is by and among (a) each of the undersigned participants to the Credit Agreement (each a "**Consenting Participant**" and, collectively, the "**Consenting Participants**"), (b) the Company and (c) **XO MANAGEMENT SERVICES, INC.** ("**XO Management**") and sets forth the terms and conditions under which each of the parties hereto have agreed to act in connection with a potential restructuring of the Company.

RECITALS

A. The Investors and the Company have entered into the Stock Purchase Agreement which has been proposed to serve as the basis for a recapitalization of the Company. Pursuant to Section 5.2(k) of the Stock Purchase Agreement, a condition (among others) to the Investors' obligations to close under the Stock Purchase Agreement is that the Credit Agreement (as amended) be in a form "reasonably acceptable" to each Investor. A copy of the Stock Purchase Agreement is attached as **Exhibit A** hereto.

B. A steering committee representing the Lenders (the "**Steering Committee**"), the Company and the Investors have engaged in good faith negotiations with the objective of reaching an agreement regarding the terms of amending the Credit Agreement in order to satisfy the condition set forth in Section 5.2(k) of the Stock Purchase Agreement (the "**Restructuring Negotiations**").

C. The Restructuring Negotiations resulted in an agreement in principle, subject to obtaining credit committee approvals, among the Steering Committee, the Company and the Investors of the terms of an amended credit agreement that would be acceptable to the Investors as set forth in the term sheet attached as **Exhibit B** hereto (the "**Bank Amendment Term Sheet**").

D. Accordingly, on February 26, 2002, the Steering Committee presented to the Lenders the terms of a restructuring of the Company, as set forth in the Bank Amendment Term Sheet and the Stock Purchase Agreement. In general terms, and as more completely set forth in the Bank Amendment Term Sheet and the Stock Purchase Agreement, as shall be amended consistent with the terms hereof, the restructuring contemplates at a contemporaneous closing, among other things, (i) the Investors investing $800 million in the Company (the "**Investment**"), (ii) the Company using up to $200 million in connection with the Restructuring (as defined below), (iii) the Company, the Lenders and the other parties to the Credit Agreement entering into an agreement that modifies the Credit Agreement consistent with the Bank Amendment Term Sheet, (iv) the Company undertaking a recapitalization which results in the capitalization of the Company (without giving effect to the grant of options to management of the Company) being as follows: (x) 80% distributed to the Investors, (y) 18% distributed to the holders of the Company's senior notes (the "**Senior Noteholders**") and (z) 2% distributed to the management of the Company (the "**Restructuring**"), all pursuant to a confirmed plan of reorganization as further described herein.

E. Each of the Consenting Participants has, subject to the terms and conditions of this Agreement, (i) accepted the terms of the Bank Amendment Term Sheet and the Restructuring and (ii) agreed to (x) accept amendments to the Credit Agreement and related documents that, in their entirety, incorporate fully the terms and conditions of the Bank Amendment Term Sheet and (y) vote to accept any plan of reorganization that incorporates fully the terms and conditions of the Restructuring, the Bank Amendment Term Sheet and the Stock Purchase Agreement, pursuant to Bankruptcy Code section 1126.

F. The Investors have agreed to close on the Investment, subject to the terms and conditions set forth in the Stock Purchase Agreement.

G. To implement this Agreement, it is anticipated that the Company will (i) file a voluntary petition for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. ' ' 101-1330 (as amended, the **"Bankruptcy Code"**) (such case commenced thereby, the **"Chapter 11 Case"** and the date on which the Chapter 11 Case is filed, the **"Filing Date"**), in the United States Bankruptcy Court for the Southern District of New York (the **"Bankruptcy Court"**) and (ii) file a reorganization plan (as amended, the **"Plan"** and all documentation implementing the Plan, the **"Plan Documents"**) and an accompanying disclosure statement (the **"Disclosure Statement"**) that incorporate and implement fully the terms and conditions of the Restructuring, including without limitation, the Bank Amendment Term Sheet and the Investment.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and in the Bank Amendment Term Sheet and the Stock Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby agree as follows:

1. Conditions Precedent to the Agreement. The obligations of the Consenting Participants to act in accordance with Section 2 hereof are expressly conditioned upon:

(i) the Company and XO Management executing this Agreement;

(ii) the Company having delivered a budget (the "Budget") to the Administrative Agent, in a form acceptable to the Administrative Agent, that shows the uses of cash by the Company and its subsidiaries and affiliates for the first 180 days following the date of this Agreement and which is updated on a biweekly basis to cover the next 180 days and includes actual results compared to the prior budgeted period to ensure the Company and its subsidiaries and affiliates are in compliance with the Budget; and

(iii) all fees and expenses of the Administrative Agent and all Lenders (including those of their respective counsel and financial advisors) to which such persons are entitled pursuant to the Credit Agreement for which documentation thereof has been submitted to the Company at least one business day prior to the Filing Date shall have been paid in full by the Company.

2. Acceptance of the Restructuring.

(a) Each of the undersigned Consenting Participants hereby accepts the terms and conditions of the Restructuring and agrees to vote to accept any plan of reorganization, whether on a prepackaged or prearranged basis, that incorporates the terms and conditions of the Restructuring, the Bank Amendment Term Sheet and the Stock Purchase Agreement, pursuant to Section 1126 of the Bankruptcy Code.

(b) As long as this Agreement and the Stock Purchase Agreement both remain in effect, and subject to Section 2(c), each Consenting Participant agrees that it will not (i) object to, delay, impede or take any other action to prevent the acceptance, confirmation or implementation of the Plan or otherwise commence any proceeding to oppose or alter the Plan or the Plan Documents to the extent the Plan and the Plan Documents are not inconsistent with the terms and conditions set forth in the Bank Amendment Term Sheet; (ii) exercise any of its remedies against any Subsidiary of the Company that is not a party to the Chapter 11 Case ; (iii) vote for, consent to, support, encourage or participate, directly or indirectly, in the formulation of any other plan of reorganization or liquidation proposed or filed or to be proposed or filed in the Chapter 11 Case; (iii) directly or indirectly seek, solicit, support, vote for, consent to or encourage any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company or any of its subsidiaries that could reasonably be expected to prevent, delay or impede the successful restructuring of the Company as contemplated by the Plan or the Plan Documents; (iv) object to, delay, impede or take any other action to prevent approval of, the disclosure statement or the solicitation of consents to the Plan; or (v) take any other action that is inconsistent with the Plan or the Plan Documents, or that would delay confirmation of, the Plan.

(c) Nothing contained in this Agreement shall be construed to prohibit any party hereto from developing or negotiating one or more plans of reorganization intended to serve as contingency plans in the event (and only in the event) that the Stock Purchase Agreement is terminated in accordance with its terms or otherwise not consummated, or from including such a contingency plan in the Plan and Disclosure Statement on that basis.

3. Agreement to Seek Confirmation under Bankruptcy Code Section 1129. Pursuant to this Agreement and the Stock Purchase Agreement, (i) the Company will as soon as reasonably practicable (a) commence a Chapter 11 Case, (b) file the Plan and Disclosure Statement according to the terms set forth in Recital D supra, and (c) use all of its best efforts to pursue confirmation of the Plan by all available means under Bankruptcy Code section 1129, for so long as this Agreement and the Stock Purchase Agreement are in full force and effect.

4. Agreement to make Adequate Protection Payments to Lenders. As consideration for the agreements herein, XO Management, a guarantor under the Credit Agreement, hereby agrees to pay the fees and expenses of the professionals for the Administrative Agent during the pendency of the Bankruptcy Case, and upon consummation of the transactions contemplated by the Stock Purchase Agreement to make payment in cash to the Lenders of all accrued and

unpaid interest that would have been due to the Lenders under the Credit Agreement notwithstanding the commencement of the Chapter 11 Case.

5. Assignments. Although nothing contained herein is intended to restrict the rights of any Consenting Participants to assign their claims under the Credit Agreement, any assignee may voluntarily agree, in writing, to be bound by the provisions hereof and, upon such assignment and agreement, shall become a "Consenting Participant" hereunder. Any agreement by an assignee to become bound by the terms of this Agreement shall be delivered by the assignor to the Administrative Agent at the time of the applicable assignment.

6. Amendments. Notwithstanding anything else contained herein, this Agreement may be amended, modified and/or changed in any manner by the written agreement of those Consenting Participants holding at least a majority of principal amounts of loans held by the Consenting Participants then holding a claim.

7. Termination. This Agreement may be terminated by any party hereto (except as expressly provided below) by delivery of a written notice to each of the other parties hereto and the Administrative Agent upon the occurrence of any of the following events; provided, however, that such delivery of such written notice by any Consenting Participant shall terminate this Agreement only with respect to such Consenting Participant and not with respect to any other Consenting Participant or the Company if:

(i) the Company has failed to commence its Chapter 11 Case on or before the tenth (10^{th}) business day following the date on which all of the conditions set forth in Section 1 hereof have been satisfied or waived by the parties hereto;

(ii) the Company has failed to file the Plan and Disclosure Statement, each in a form reasonably acceptable to the Administrative Agent, on or before the second (2^{nd}) business day following the Filing Date;

(ii) the Disclosure Statement has not been approved by the Bankruptcy Court on or before the seventy-fifth (75^{th}) day following the Filing Date;

(iii) the Plan has not been confirmed by the Bankruptcy Court on or before the one hundred and twentieth (120^{th}) day following the Filing Date;

(iv) the Plan has not been consummated by the date on which either Investor has the right, under Section 6.1(b) of the Stock Purchase Agreement, to terminate its own rights and obligations under the Stock Purchase Agreement;

(v) solely with respect to a termination by any Consenting Participant, and subject to Section 2(c), the Company takes any action inconsistent with (a) this Agreement, (b) effectuating the Restructuring, (c) seeking prompt confirmation of the Plan, or (d) consummating the Investment under the Stock Purchase Agreement, in any case only if such action is materially detrimental with respect to such Consenting Participant as a Lender, or (e) the Bank Amendment Term Sheet;

(vi) solely with respect to a termination by any Consenting Participant, the Company does not stay in compliance with the Budget;

(vii) solely with respect to a termination by any Consenting Participant, Consenting Participants holding at least a majority of principal amounts of loans held by the Consenting Participants then holding a claim have agreed, in writing, to terminate this Agreement;

(viii) solely with respect to a termination by the Company, and subject to Section 2(c), the Consenting Participants take any action materially inconsistent with (a) this Agreement, (b) effectuating the Restructuring, (c) seeking prompt confirmation of the Plan, or (d) consummating the Investment under the Stock Purchase Agreement; or

(ix) the Stock Purchase Agreement is (a) terminated in accordance with its terms or by order of court or (b) amended or modified in any manner inconsistent with the terms hereof.

8. Corporate Power and Authority. Each of the undersigned parties hereby represents and warrants to each other that it has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.

9. Certain Conditions. In addition to the other conditions to the Consenting Participants' obligations set forth herein, each obligation and liability of the Consenting Participants under this Agreement is conditioned in its entirety upon the truth of the representations and warranties of the Company set forth in the Bank Amendment Term Sheet and made in connection therewith.

10. Not an Amendment or Waiver. Except as expressly provided herein, it is acknowledged and agreed that entering into this Agreement, negotiating with respect to the Credit Agreement or any other action taken by the Steering Committee or any of the Lenders does not constitute a full or partial amendment or waiver of any of such Lenders' rights or remedies under the Credit Agreement or at law or otherwise, and the Lenders hereby reserve such rights and remedies.

11. Entire Agreement. Other than with respect to the Forebearance Agreement, this Agreement, including the Bank Amendment Term Sheet, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof. This Agreement shall not be amended, altered or modified in any manner whatsoever, except by a written instrument executed by the parties hereto.

12. Third Party Beneficiaries. This Agreement is intended solely for the benefit of the parties hereto. No person other than those set forth in the preceding sentence shall have any rights hereunder.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the provisions thereof relating to conflicts of law).

14. Remedies. The parties hereto acknowledge and agree that any breach of the terms of this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy and accordingly the parties hereto agree that, in addition to any other remedies, each party shall be entitled to enforce the terms of this Agreement by a decree of specific performance or injunctive relief without the necessity of proving the inadequacy of money damages as a remedy or posting a bond or other security.

15. Jurisdiction. The parties hereto each hereby irrevocably and unconditionally submit to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any

appellate court from any thereof, in any action or proceedings arising out of or relating to this Agreement, or for recognition or enforcement of any judgment. All claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

16. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

17. Severability. Any term or provision of this Agreement, which is invalid or unenforceable in any jurisdiction, shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first written above.

COMPANY:

XO COMMUNICATIONS, INC.,
a Delaware corporation

By: Wayne M. Rehberger
Name: Wayne M. Rehberger
Title: Senior Vice President, Chief Financial Officer

XO MANAGEMENT SERVICES, INC.,
a Washington corporation

By: Wayne M. Rehberger
Name: Wayne M. Rehberger
Title: Senior Vice President, Chief Financial Officer

CONSENTING PARTICIPANTS:

~~[Name of Consenting Participant]~~ JP Morgan Chase

Amount of Claim: $ 97,500,000

By: _____

Name: David E. Oliver
Title: Vice President

CONSENTING PARTICIPANTS:

[Name of Consenting Participant] BANK OF AMERICA, N.A.

Amount of Claim: $ $3,490,000

By: HGWheelock

Name:

Title: H.G. WHEELOCK MANAGING DIRECTOR

CONSENTING PARTICIPANTS:

[Name of Consenting Participant]
FOOTHILL INCOME TRUST, L.P.
by FIT GP, LLC, its General Partner
Amount of Claim: $20,000,000.**

By: _____
Name: DENNIS R. ASCHER
Title: MANAGING MEMBER

CONSENTING PARTICIPANTS:

EXPORT DEVELOPMENT CANADA

Amount of claim: $25,000,000.00

By: _____
Luisa Rebolledo
Loan Asset Manager

By: _____
Vito Di Turi
Loan Portfolio Manager

CONSENTING PARTICIPANTS:

MUIRFIELD TRADING LLC

Amount of Claim: $ 2,500,000

By: Diana L Mushill

Name: DIANA L. MUSHILL
Title: ASST. VICE PRESIDENT

CONSENTING PARTICIPANTS:

OLYMPIC FUNDING TRUST, SERIES 1999-1

Amount of Claim: $ 5,000,000

By: Diana L Mushill

Name: DIANA L. MUSHILL

Title: AUTHORIZED AGENT

CONSENTING PARTICIPANTS:

Toronto Dominion (Texas) INC.

Amount of Claim: $ 62,500,000

By: _____
Name:
Title:

CONSENTING PARTICIPANTS: SEQUILS - Cumberland I, Ltd.

[Name of Consenting Participant] By: Deerfield Capital Management LLC as its Collateral Manager

Amount of Claim: $ 7,500,000 TERM LOAN B

By: Mark E. Wittneben

Name: MARK E. WITTNEBEN

Title: SR. VICE PRESIDENT

CONSENTING PARTICIPANTS:

Barclays Bank PLC

Amount of Claim: $62,500,000 plus interest

By: _____
Name: Arthur J. Offen
Title: Director

CONSENTING PARTICIPANTS:

[Name of Consenting Participant]

Citibank, N.A.

Amount of Claim: $45,000,000.

By: _____

Name: James J. Sheridan

Title: Vice President and Managing Director.

06-11-02

CONSENTING PARTICIPANTS:

[Name of Consenting Participant] CREDIT Lyonnais NEW York Branch

Amount of Claim: $ 35,000,000 plus accrued interest

By: _____

Name: Ursula Forrest

Title: VP

LENDERS:

[Name of Lender] Credit Suisse First Boston

Amount of Claim: $ 28,000,000.00

By: _____

Name: DAVID L. SAWYER
Title: DIRECTOR

First Vice President Director

CONSENTING PARTICIPANTS:

DEUTSCHE BANK TRUST COMPANY AMERICAS

Amount of Claim: $50,000,000.00

By: _____

Name:

Title: Anca Trifan
Director

CONSENTING PARTICIPANTS:

[Name of Consenting Participant] $10.5mm Franklin Floating Rate Trust

Amount of Claim: $

By: _____ $0.5mm Franklin Floating Rate Master Series

Name: Richard D'Addario
Title: Vice President

XOXO June 2002 Lothrop

CONSENTING PARTICIPANTS:

[Name of Consenting Participant]

THE BANK OF NOVA SCOTIA

Amount of Claim: $50,000,000

By: _____

Name: OLIVIA L. BRAUN

Title: DIRECTOR

EXHIBIT A

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT

dated as of

January 15, 2002

among

XO Communications, Inc.,

Forstmann Little & Co. Equity Partnership VII, L.P.,

Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership VIII, L.P.

and

Teléfonos de México, S.A. de C.V.

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of January 15, 2002, among XO Communications, Inc., a Delaware corporation (the "Company"), Forstmann Little & Co. Equity Partnership VII, L.P., a Delaware limited partnership ("Equity VII"), Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership VIII, L.P., a Delaware limited partnership ("MBO VIII" and together with Equity VII, "Forstmann Little") and Teléfonos de México, S.A. de C.V., *sociedad anónima de capital variable* organized under the laws of the United Mexican States ("Telmex"; Forstmann Little and Telmex are sometimes hereinafter referred to as the "Investors" and each is sometimes referred to individually as an "Investor").

WITNESSETH:

WHEREAS, the Company desires to undertake the Restructuring (as hereinafter defined) that will, among other things, result in the New Capitalization (as hereinafter defined); and

WHEREAS, in connection with the Restructuring, the Investors desire to make a significant investment in the Company; and

WHEREAS, to implement such investment, the Investors desire to purchase from the Company, and the Company desires to issue and sell to the Investors, upon the terms and subject to the conditions set forth herein, the New Common Shares (as hereinafter defined) of the Company; and

WHEREAS, as an inducement to the Investors to enter into this Agreement, the Investors and the Company shall, on or prior to the Closing (as hereinafter defined), enter into a stockholders agreement in the form attached hereto as Exhibit B (the "Stockholders Agreement") setting forth certain rights and obligations of the Investors and the Company; and

WHEREAS, as a further inducement to the Investors to enter into this Agreement, the Investors and the Company shall, on or prior to the Closing, enter into a registration rights agreement in the form attached hereto as Exhibit C (the "Registration Rights Agreement"), in respect of the New Common Shares and shares of Common Stock (as hereinafter defined) into which New Common Shares may be convertible; and

WHEREAS, in order to effect the transactions contemplated by this Agreement, the Company shall, on or prior to the Closing of the transactions contemplated hereby, amend and restate its certificate of incorporation and bylaws in the respective forms attached hereto as Exhibit D and Exhibit E, respectively.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements set forth in this Agreement and other good

and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

ISSUANCE AND SALE OF NEW COMMON SHARES; AMENDMENTS

1.1. Issuance, Purchase and Sale. Upon the terms and subject to the conditions set forth herein, at the Closing: (a) the Company shall issue and sell to Forstmann Little and Forstmann Little shall purchase from the Company 79,999,998 shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock"), and two shares of the Company's to-be-designated Class D Common Stock, par value $0.01 per share, in each case having the rights and preferences stated in the Amended and Restated Certificate of Incorporation (as hereinafter defined) (the "Class D Common Stock"), which shares of Class A Common Stock and Class D Common Stock shall (subject to footnote no. 5 to Exhibit A) in the aggregate equal 40.00% of the New Outstanding Equity (as hereinafter defined) (collectively, the "New Forstmann Little Shares"); (b) the Company shall issue and sell to Telmex and Telmex shall purchase from the Company 80,000,000 shares of the Company's to-be-designated Class C Common Stock, par value $0.01 per share, having the rights and preferences stated in the Amended and Restated Certificate of Incorporation (the "Class C Common Stock"), which Class C Common Stock shall (subject to footnote no. 5 to Exhibit A) in the aggregate equal 40.00% of the New Outstanding Equity (the "New Telmex Shares" and together with the New Forstmann Little Shares, the "New Common Shares"); and (c) Telmex and Forstmann Little shall each pay to the Company, by wire transfer of immediately available funds, an aggregate purchase price of $400,000,000 in cash in United States dollars (collectively, the amounts to be paid by all of the Investors pursuant to this Section 1.1, the "Purchase Price") in consideration for the New Common Shares purchased by such Investor upon the Closing (collectively, the "Investment").

1.2. The Closing; Deliveries. (a) The closing of the purchase and sale of the New Common Shares hereunder and the other transactions contemplated hereby (the "Closing") shall take place at the offices of Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004, at a date (the "Closing Date") and time to be mutually agreed upon by the Company and the Investors, which shall be at least three (3) but no more than thirty (30) days after the date following the satisfaction or waiver by each Investor or the Company, as appropriate, of all of the conditions set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions); provided, however, that in the event the parties are not able mutually to agree on a Closing Date in accordance with the immediately preceding clause, the parties agree that the Closing Date shall be on the thirtieth (30^{th}) day following the satisfaction or waiver of all of the conditions set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions).

(b) At the Closing, the Company shall deliver certificates to (i) Equity VII and MBO VIII representing the New Forstmann Little Shares being purchased by Equity VII and MBO VIII, respectively, each registered in the name of Equity VII or its nominee or designee or

MBO VIII or its nominee or designee in such amounts as Equity VII or MBO VIII shall specify to the Company prior to the Closing and (ii) Telmex representing the New Telmex Shares being purchased by Telmex and registered in the name of Telmex or its nominee or designee in such amounts as Telmex shall specify to the Company prior to the Closing. Delivery of such certificates to each Investor shall be made against receipt by the Company of the portion of the Purchase Price payable by such Investor, which shall be paid by wire transfer of immediately available funds to an account designated at least three Business Days prior to the Closing Date by the Company.

1.3. Capitalized Terms. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Section 8.1.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Investor, as of the date hereof and as of the Closing, as follows:

2.1. Organization; Subsidiaries. (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to carry on its business as it is now being conducted. The Company is duly qualified and licensed as a foreign corporation to do business and is in good standing (and has paid all relevant franchise or analogous taxes), in each jurisdiction where the character of its assets owned or held under lease or the nature of its business makes such qualification necessary except where the failure to be so qualified or licensed would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(b) Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 10-K") and Schedule 2.1(b)(i) together set forth a complete and correct list as of the date hereof of each corporation, limited liability company, partnership, business association or other Person with respect to which the Company has, directly or indirectly, ownership of or rights with respect to securities or other interests having the power to elect a majority of such Person's board of directors or analogous or similar governing body, or otherwise having the power to direct the management, business or policies of that corporation, limited liability company, partnership, business association or other Person which is a "Significant Subsidiary" as defined in Rule 1-02(w) of Regulation S-X (each, a "Significant Subsidiary" and, collectively, the "Significant Subsidiaries"). Except as set forth in Exhibit 21 to the 2000 10-K or on Schedule 2.1(b)(ii), as of the date hereof (i) the Company owns, either directly or indirectly through one or more Subsidiaries, all of the capital stock or other equity interests of the Significant Subsidiaries free and clear of all Encumbrances, other than Permitted Encumbrances, and (ii) there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of any character whatsoever relating to issued or unissued capital stock or other equity interests of any Significant Subsidiary, or any Commitments of any character whatsoever relating to issued or unissued capital stock or other

equity interests of any Significant Subsidiary or pursuant to which any Significant Subsidiary is or may become bound to issue or grant additional shares of its capital stock or other equity interests or related subscription rights, options, warrants, convertible or exchangeable securities or other rights, or to grant preemptive rights. Except for any Subsidiaries which are not Significant Subsidiaries, all of which (other than those wholly owned Subsidiaries that do not engage in any material business activities or hold any material assets) are set forth on Schedule 2.1(b)(iii), and except as set forth in Exhibit 21 to the 2000 10-K or on Schedule 2.1(b)(iv), as of the date hereof the Company does not own, directly or indirectly, any interest in any corporation, limited liability company, partnership, business association or other Person.

(c) Except as would not have a Material Adverse Effect, each Subsidiary is a corporation or limited liability company duly organized, validly existing and in good standing (in jurisdictions where such concept is recognized) under the laws of the jurisdiction of its organization and has the requisite corporate power and authority to carry on its business as it is now being conducted. Each Subsidiary of the Company is duly qualified and licensed as a foreign corporation or other business entity to do business and is in good standing (and has paid all relevant franchise or analogous taxes), in each jurisdiction where the character of its assets owned or held under lease or the nature of its business makes such qualification necessary and where the failure to be so qualified or licensed would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

2.2. Due Authorization. The Company has all right, corporate power and authority to enter into this Agreement and each of the other Transaction Documents to which it is a party, subject to approval of the Bankruptcy Court, if applicable, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Agreement and each of the other Transaction Documents to which it is a party is, and the issuance, sale and delivery of the New Common Shares by the Company and the compliance by the Company with each of the provisions of this Agreement and each of the other Transaction Documents to which it is a party (including the reservation and issuance of the Conversion Shares after giving effect to the consummation by the Company of the transactions contemplated hereby) will, upon the effectiveness of the Amended and Restated Certificate of Incorporation, be (a) within the corporate power and authority of the Company, and (b) have been duly authorized by all requisite corporate and other action of the Company. At the time of the Closing, the Confirmation Order and the Bankruptcy Plan, if applicable, shall have directed and authorized the Company to have filed the Amended and Restated Certificate of Incorporation, and the Amended and Restated Certificate of Incorporation shall authorize a number of shares of Class A Common Stock, Class C Common Stock and Class D Common Stock at least equal to the number of shares of New Common Shares to be issued to the Investors pursuant to the terms of this Agreement plus the Conversion Shares. This Agreement has been, and each of the other Transaction Documents to which the Company is a party when executed and delivered by the Company will be, duly and validly executed and delivered by the Company, and this Agreement constitutes, and each of such other Transaction Documents when executed and delivered by the Company will constitute, a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity. The Conversion Shares will have been

validly reserved for issuance at the Closing, and upon such issuance, will be duly authorized and validly issued and outstanding, fully paid and nonassessable. The Company has taken all action necessary to waive, and by its execution hereof does hereby waive, the provisions of Section 4.16 of the 1999 Stock Purchase Agreement and Section 4.16 of the 2000 Stock Purchase Agreement to the extent necessary to permit each Investor to consummate the transactions contemplated by this Agreement and the other Transaction Documents. The terms, designations, powers, preferences and relative participation, optional and other special rights, qualifications, limitations and restrictions of the Class C Common Stock and the Class D Common Stock shall be as set forth in the Amended and Restated Certificate of Incorporation. The New Common Shares, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized and validly issued and outstanding, fully paid and nonassessable, free and clear of any Encumbrances and not subject to the preemptive or other similar rights of any stockholders of the Company, other than as contemplated by this Agreement and the other Transaction Documents.

2.3. Capitalization. As of January 11, 2002, the authorized capital stock of the Company consists of (a) 1,000,000,000 shares of Class A Common Stock, par value $0.02 per share, of which 337,774,204 shares are issued and outstanding, with any increase since that date being attributable solely to (i) the exercise of outstanding employee stock options and purchases under employee stock plans set forth on Schedule 2.3 and (ii) the other transactions described on Schedule 2.3; (b) 120,000,000 shares of Class B Common Stock, par value $0.02 per share (the "Class B Common Stock", and together with the Class A Common Stock, the "Common Stock"), of which 104,423,158 shares are issued and outstanding, with any changes in the number of such issued and outstanding shares of Class B Common Stock resulting solely from the conversion of shares of Class B Common Stock into shares of Class A Common Stock, and (c) 25,000,000 shares of Preferred Stock, par value $0.01 per share, of which (i) 10,961,885 shares are issued and outstanding as 14% Series A Senior Exchangeable Redeemable Preferred Shares (the "Series A Preferred Stock"), (ii) 1,768,695 shares are issued and outstanding as the 6½% Series B Cumulative Convertible Preferred Stock (the "Series B Preferred Stock"), (iii) 584,375 shares are issued and outstanding as the Series C Cumulative Convertible Participating Preferred Stock (the "Series C Preferred Stock"), (iv) 265,625 shares are issued and outstanding as the Series D Convertible Participating Preferred Stock (the "Series D Preferred Stock"), (v) 238,070 shares are issued and outstanding as the 13½% Series E Senior Redeemable Exchangeable Preferred Stock due 2010 (the "Series E Preferred Stock"), (vi) 58,125 shares are issued and outstanding as the 7% Series F Convertible Redeemable Preferred Stock (the "Series F Preferred Stock"), (vii) 268,750 shares are issued and outstanding as the Series G Cumulative Convertible Participating Preferred Stock (the "Series G Preferred Stock") and (viii) 131,250 shares are issued and outstanding as the Series H Convertible Participating Preferred Stock (the "Series H Preferred Stock" and, together with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, and the Series G Preferred Stock, the "Preferred Stock"), with any changes in the number of such issued and outstanding shares of Preferred Stock resulting solely from the conversion of shares of Preferred Stock into shares of Class A Common Stock. As of the Closing, after giving effect to the Investment and the Restructuring, the authorized capital stock of the Company shall be as set forth in the Amended and Restated Certificate of Incorporation (as revised pursuant to Section 4.19) and the complete capitalization of the Company shall be the New Capitalization,

including the New Forstmann Little Shares, the New Telmex Shares and the Management Shares, but excluding shares of Class A Common Stock to be issued upon the exercise of options issued under the New Employee Stock Option Plan. All of the issued and outstanding shares of Common Stock and Preferred Stock have been duly authorized and are validly issued and outstanding, fully paid and nonassessable. Except as provided in the 1999 Stock Purchase Agreement or the 2000 Stock Purchase Agreement, no shares of capital stock of the Company are entitled to preemptive or similar rights. Except as set forth on Schedule 2.3, as of the date hereof, there are no outstanding subscription rights, options, warrants, convertible or exchangeable securities or other rights of any character whatsoever relating to issued or unissued capital stock of the Company, or any Commitments of any character whatsoever relating to issued or unissued capital stock of the Company or pursuant to which the Company or any of the Subsidiaries is or may become bound to issue or grant additional shares of its capital stock or related subscription rights, options, warrants, convertible or exchangeable securities or other rights, or to grant preemptive rights. Except as set forth on Schedule 2.3 or as contemplated by this Agreement and the other Transaction Documents, as of the date hereof, (a) the Company has not agreed to register any securities under the Securities Act or under any state securities law or granted registration rights to any Person or entity and (b) there are no voting trusts, stockholders agreements, proxies or other Commitments or understandings in effect to which the Company is a party or of which it has Knowledge with respect to the voting or transfer of any of the outstanding shares of Common Stock or Preferred Stock.

2.4. SEC Reports. Except as set forth on Schedule 2.4, since December 31, 1998, the Company, or its predecessor, has timely filed all proxy statements, reports and other documents required to be filed by it under the Exchange Act. The Company has made available to each Investor complete copies of all annual reports, quarterly reports, proxy statements and other reports filed by the Company under the Exchange Act, each as filed with the SEC (collectively, the "SEC Reports"). Except as set forth on Schedule 2.4, each SEC Report was on the date of its filing, in compliance in all material respects with the requirements of its respective report form and the Exchange Act and did not, on the date of filing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2.5. Financial Statements. The consolidated financial statements of the Company (including any related schedules and/or notes) included in the SEC Reports, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") consistently followed throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in accordance with GAAP the consolidated financial condition, results of operations, cash flows and changes in stockholders' equity of the Company and the Subsidiaries as of the respective dates thereof and for the respective periods then ended (in each case subject, as to interim statements, to the absence of footnotes and as permitted by Form 10-Q and subject to changes resulting from year-end adjustments, none of which are material in amount or effect). Except as set forth on Schedule 2.5 or disclosed in the SEC Reports, neither the Company nor any Subsidiary has any liability or obligation (whether accrued, absolute, contingent, unliquidated or otherwise, whether known or unknown, whether due or to become due and regardless of when asserted), except (a) liabilities and obligations in the respective

amounts reflected or reserved against in the unaudited consolidated balance sheet of the Company and the Subsidiaries as of September 30, 2001 or (b) liabilities and obligations incurred in the ordinary course of business since September 30, 2001 which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

2.6. Absence of Certain Changes. Except as set forth on Schedule 2.6 or as disclosed in the SEC Reports or as contemplated by this Agreement or any of the other Transaction Documents, since September 30, 2001, neither the Company nor any of the Subsidiaries has suffered any change, event or development or series of changes, events or developments which individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect or an adverse effect on the ability of the Company to perform its obligations under this Agreement or any of the Transaction Documents.

2.7. Litigation. (a) Except (i) as set forth on Schedule 2.7(a) or (ii) as disclosed in the SEC Reports, there is no claim, action, suit, investigation or proceeding of any kind or nature whatsoever ("Litigation") pending or, to the Knowledge of the Company, threatened against the Company or any of the Subsidiaries or involving any of their respective properties or assets by or before any court, arbitrator or other Governmental Entity which (i) in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement or any of the other Transaction Documents or (ii) if resolved adversely to the Company or a Subsidiary would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 2.7(b) or as disclosed in the SEC Reports, neither the Company nor any of the Subsidiaries is in default under or in breach of any order, judgment or decree of any court, arbitrator or other Governmental Entity, and neither the Company nor any of the Subsidiaries is a party or subject to any order, judgment or decree of any court, arbitrator or other Governmental Entity which, in either case, would reasonably be expected to have a Material Adverse Effect.

2.8. Consents; No Violations. Except as set forth on Schedule 2.8(a), neither the execution, delivery or performance by the Company of this Agreement or any of the other Transaction Documents to which the Company is a party nor the consummation of the transactions contemplated hereby or thereby will: (a) conflict with, or result in a breach or a violation of, any provision of the certificate of incorporation or bylaws or other organizational documents of the Company or any of the Subsidiaries including, without limitation, any of the provisions of the certificates of designation for the Preferred Stock; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance, other than Permitted Encumbrances, or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law or (ii) any provision of any agreement or other instrument to which the Company or any of the Subsidiaries is a party or pursuant to which any of them or any of their assets or properties is subject, except, with respect to the matters set forth in this clause (ii), for breaches, violations, defaults, Encumbrances, other than Permitted Encumbrances, or rights of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse

Effect or adversely affect the ability of the Company to perform its obligations under this Agreement or any of the Transaction Documents to which it is a party; (c) except for the (i) filing of the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, (ii) any required filings under the HSR Act, the Exchange Act or the Securities Act, (iii) the Regulatory Approvals, (iv) the Required Consents, (v) the Confirmation Order, if applicable, (vi) the Break-Up Payment Order, if applicable, and (vii) any consents of third parties required under any agreement or other instrument to which the Company or any of the Subsidiaries is a party or pursuant to which any of them or any of their material assets or properties is subject, all of which are set forth on Schedule 2.8(b) (the "Third Party Consents"), require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of the Company or any of the Subsidiaries.

2.9. Communications Regulatory Matters. (a) Except as set forth on Schedule 2.9(a), as of the date hereof and as of the Closing, the Company has all licenses, permits, certificates, franchises, consents, waivers, registrations or other regulatory authorizations from each Governmental Entity that regulates telecommunications in each applicable jurisdiction, including without limitation, (i) the State PUCs (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "State Licenses"); (ii) the appropriate foreign Governmental Entities (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "Foreign Licenses"); (iii) the appropriate municipal Governmental Entities (together with any renewals, extensions, or modifications thereof and any additions thereto made as of the Closing Date, the "Local Authorizations") and (iv) the FCC (together with any renewals, extensions or modifications thereof and any additions thereto made as of the Closing Date, the "FCC Licenses") that are required for the conduct of its business as presently conducted, except where the failure to hold such Communications Licenses (as herein defined) would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. The FCC Licenses, Foreign Licenses, Local Authorizations and the State Licenses are hereafter collectively referred to as the "Communications Licenses". All of the Communications Licenses other than the Local Authorizations are set forth in Schedule 2.9(b).

(b) Other than Communications Licenses the loss of which would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, each of the Communications Licenses was duly issued, is valid and in full force and effect, has not been suspended, canceled, revoked or modified in any materially adverse manner and is not subject to conditions or requirements that are not generally imposed on such authorizations.

(c) Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, (i) each holder of a Communications License has operated in compliance with all terms thereof; and (ii) each holder of a Communications License is in compliance with, and the conduct of its business has been and is in compliance with, the Communications Act and any applicable state or local regulations, and each such holder has filed all registrations and reports and paid all required fees, including any renewal applications, required by the Communications Act, any non U.S. laws or regulations or any applicable state or local regulations. Except as would not reasonably be expected to, individually or in the

aggregate, result in a Material Adverse Effect, (x) there is no pending or, to the Knowledge of the Company, threatened action by or before the FCC, any State PUC, any municipal Governmental Entity or any foreign Governmental Entity to revoke, cancel, suspend, modify or refuse to renew any of the Communications Licenses, and (y) except as set forth in Schedule 2.9(c)(ii), there is not now issued, outstanding or, to the Knowledge of the Company, threatened, any notice by the FCC, any State PUC, any municipal Governmental Entity or any foreign Governmental Entity of any violation or complaint, or any application, complaint, or proceeding (other than applications, proceedings, or complaints that generally affect the Company's industry as a whole) relating to the business or operations of the Company or any Subsidiary.

(d) Except as set forth in Schedule 2.9(d) or as would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, no event has occurred which permits the revocation or termination of any of the Communications Licenses or the imposition of any restriction thereon, or that would prevent any of the Communications Licenses from being renewed on a routine basis or in the ordinary course.

(e) None of the execution, delivery or performance of this Agreement or any of the other Transaction Documents by the Company, nor the consummation of the transactions contemplated hereby or thereby will result in any revocation, cancellation, suspension or material modification of any Communications Licenses or give rise to the right of any Governmental Entity to take any such action or to fail to renew any Communications License.

2.10. Compliance with Laws. Except as set forth on Schedule 2.10 or as disclosed in the SEC Reports, the Company and the Subsidiaries are in compliance with all Laws, and neither the Company nor any Subsidiary has received any notice of any alleged violation of Law applicable to it that would reasonably be expected to have a Material Adverse Effect. In addition to the Communications Licenses, the Company holds all other licenses, franchise permits, consents, registrations, certificates, and other governmental or regulatory permits, authorizations or approvals required for the operation of the business as presently conducted and for the ownership, lease or operation of the Company's and its Subsidiaries' properties (collectively, "Licenses"), except as would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Except as set forth on Schedule 2.10 or as would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, the Company and the Subsidiaries have all Licenses, and all of such Licenses are valid and in full force and effect, and the Company and the Subsidiaries have duly performed and are in compliance with all of their obligations under such Licenses.

2.11. Commitments. The 2000 10-K (as supplemented by Schedule 2.11(a)) discloses or lists as of the date hereof each binding contract, agreement, understanding, arrangement and commitment of any nature whatsoever, whether written or oral, including all amendments thereof and supplements thereto ("Commitments") of the following types to which the Company or any Subsidiary is a party or by or to which the Company or any Subsidiary or any of their properties may be bound or subject: (a) Commitments containing covenants purporting to limit the freedom of the Company or any Subsidiary to compete in any line of business in any geographic area or to hire any individual or group of individuals that would individually or in the aggregate have a Material Adverse Effect; (b) written Commitments

relating to planned or in process capital expenditures or other purchases in excess of $20,000,000; (c) Commitments relating to indentures, mortgages, promissory notes, loan agreements, guarantees, letters of credit or other agreements or instruments of the Company or any Subsidiary involving indebtedness in amounts in excess of $20,000,000; (d) written Commitments relating to the acquisition or disposition of any operating business or the capital stock of any Person in each case having a purchase price in excess of $10,000,000 that has not been consummated or that has been consummated but contains representations, warranties, covenants, guarantees, indemnities or other obligations that remain in effect; (e) Commitments in respect of any joint venture, partnership or other similar arrangement, but not including any subsidiaries, in each case involving a Commitment of future capital of $10,000,000 on the part of the Company; (f) except for performance bonds and sales, use and income taxes, Commitments with any Governmental Entity involving reasonably contemplated annual payments by the Company or any subsidiaries in excess of $7,500,000; (g) Commitments relating to interconnection agreements with local carriers and Commitments with resellers (1) involving payments in 2001, or reasonably expected to involve payments in 2002, in each case in excess of $5,000,000 or (2) with any regional Bell operating company; and (h) Commitments with customers under which the customer is obligated to purchase communications services to the extent such Commitments involve expected payments to the Company in 2002 in excess of $30,000,000. Except as set forth on Schedule 2.11(b) or as would not reasonably be expected to have a Material Adverse Effect, neither the Company nor any of its Subsidiaries are in breach of any Commitment, to the Knowledge of the Company, no other party to a Commitment is in breach thereof or intends to cancel, terminate or refuse to renew such Commitment or to exercise or decline to exercise any option or right thereunder and the Commitments remain valid and binding in accordance with their terms.

2.12. Financial Advisory, Legal and Other Fees. As of the date hereof, no agent, broker, accounting firm, investment bank, other financial advisor, commercial bank, other financial institution, law firm, public relations firm or any other Person is or will be entitled to any fee, commission, expense or other amount from the Company or any of the Subsidiaries in connection with any of the transactions contemplated by this Agreement or the other Transaction Documents except for (i) the fees of Houlihan, Lokey, Howard & Zukin Capital, Jeffries & Co. and PricewaterhouseCoopers LLP, (1) the bases of which have been disclosed to the Investors, (2) which have been calculated assuming the successful completion of the transactions contemplated hereby, including the New Capitalization, and (3) which do not and will not in the aggregate total more than $30.0 million, and (ii) the fees, commissions, expenses and other amounts accrued through the date hereof and paid or payable to all other such Persons, which do not in the aggregate total more than $5.0 million (taking into account any amount saved if any of the aforementioned advisors is replaced); provided that the amounts referred to in clauses (i) and (ii) above shall (A) include any and all fees, expenses and other amounts (including, without limitation, legal fees and expenses, but excluding amounts paid to settle Litigation or as judgments or other awards in connection with Litigation) not covered by liability or other insurance and payable by the Company or any Subsidiary in connection with any Litigation brought by stockholders of the Company or derivatively on behalf of, or in the name of, the Company related to the Company, its business, its governance, its securities regulatory disclosure practices, the purchase or sale of any of the Company's equity or debt securities, the Investment

or the Restructuring Transaction and (B) exclude (1) the Company's obligations to pay Expenses pursuant to Section 8.2 and (2) any and all fees (but not reimbursable expenses, including, without limitation, fees and expenses of counsel) paid or payable to any commercial bank or any other financial institution in connection with any amendments to the Bank Credit Facility or entering into the Amended Bank Credit Facility.

2.13. Taxes. (a) Except as set forth in Schedule 2.13(a), (i) the Company and each Subsidiary of the Company has (or will have by the Closing Date) timely filed all material Tax Returns required to be filed by any of them, and all Tax Returns are correct and complete in all material respects; (ii) all material Taxes of the Company and the Subsidiaries have been paid or adequate reserves for such Taxes have been established in the financial statements included in the most recent SEC Report; and (iii) the Company and each Subsidiary of the Company has either withheld and paid over to the relevant taxing authority or set aside in accounts for such purpose amounts sufficient to pay all material Taxes required to have been withheld and paid in connection with payments to employees, independent contractors, creditors, stockholders or other third parties.

(b) Except as set forth in Schedule 2.13(b), (i) there are no material Encumbrances for Taxes upon the assets of the Company or any subsidiary of the Company except Encumbrances for Taxes not yet due; (ii) there are no material outstanding deficiencies for any Taxes threatened, proposed, asserted or assessed in writing against the Company or any Subsidiary of the Company which are not adequately provided for in the financial statements included in the most recent SEC Report; (iii) no Taxes or Tax Returns of the Company or any Subsidiary of the Company are currently under audit or examination or subject to any other administrative or judicial proceedings by any taxing authority; (iv) the statutes of limitation for the assessment of federal income Taxes filed by the Company and each Subsidiary for all periods through and including 1996 have expired; (v) none of the Company or any Subsidiary of the Company has been a member of an "affiliated group" (within the meaning of Section 1504(a) of the Code), or any similar affiliated, combined or consolidated group for state, local or foreign Tax purposes (other than a group the common parent of which is the Company), or has any liability for the Taxes of any person (other than the Company or any subsidiary of the Company) under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law or as a transferee, successor, by contract or otherwise; (vi) neither the Company nor any Subsidiary of the Company is a party to any Tax sharing, Tax indemnity or other agreement or arrangement with respect to Taxes with any entity not included in the financial statements included in the SEC Reports; (vii) to the Knowledge of the Company, no claim involving material amounts has been made by any taxing authority in any jurisdiction where the Company or any Subsidiary of the Company does not file Tax Returns that the Company or such Subsidiary of the Company is or may be subject to taxation by that jurisdiction; and (viii) no agreement or other document waiving, extending, or having the effect of waiving or extending the statute of limitations, the period of assessment or collection of any material Taxes on the Company or any Subsidiary of the Company and no power of attorney with respect to any such Taxes, has been filed with any governmental authority which waiver, extension or power of attorney is currently in effect.

(c) The Company is not a "U.S. real property holding company" as defined in Section 897 of the Code.

2.14. ERISA Compliance. (a) Absence of Changes in Plans. Schedule 2.14(a)(i) contains a complete and correct list, as of the date hereof, of (i) all Plans, as amended, that consist of material severance and employment agreements of the Company or the Subsidiaries with their respective current employees and their respective officers, or directors, (ii) all Plans, as amended, that consist of material severance programs, policies and practices of each of the Company and each of the Subsidiaries, (iii) any Plans that contain change of control provisions, including in all cases any and all amendments entered on or prior to the date hereof, and (iv) all other material Plans. Except as set forth in Schedule 2.14(a)(ii) or in the documents set forth in Schedule 2.14(a)(i), since January 1, 2001, until the date hereof, there has not been (x) any adoption of or amendment to, written interpretation of or announcement of a modification of, any Plan by the Company or any of the Subsidiaries, (y) any material change in any actuarial or other assumptions used to calculate funding obligations thereunder (if applicable), or (z) any change in the manner in which contributions, eligibility for benefits or participation are determined thereunder, in the case of each of (x) through (z) that, individually or in the aggregate, would result in a material increase in the Company's or the Subsidiaries' liabilities thereunder.

(b) With respect to each Plan, no event has occurred and there exists no condition or set of circumstances in connection with which the Company or any of the Subsidiaries would be subject to any liability under ERISA, the Code or any other applicable law that, individually or in the aggregate, would have, or would reasonably be expected to result in, a Material Adverse Effect.

(c) Except as would not have a Material Adverse Effect, each Plan has been administered in accordance with its terms, and each of the Plans (and any related trust) has been operated and is in compliance with the applicable provisions of ERISA, the Code and all other applicable laws. Except as set forth on Schedule 2.14(c), each Plan which is an "employee pension benefit plan," as defined in Section 3(2) of ERISA, which is intended to be qualified under Section 401(a) of the Code is so qualified and has been determined by the IRS to be so qualified. Except as would not result, individually or in the aggregate, in material liability, each Plan which is primarily subject to the laws of a jurisdiction outside of the United States is in good standing with applicable regulatory authorities.

(d) Neither the Company, nor any ERISA Affiliate nor any of the Subsidiaries has incurred any material unsatisfied liability under Title IV of ERISA in connection with any Plan and, to the knowledge of the Company, no condition exists that presents a material risk to the Company, any ERISA Affiliate or any Subsidiary of incurring any such liability. No Plan has incurred an "accumulated funding deficiency" within the meaning of Section 302 of ERISA or Section 412 of the Code, whether or not waived.

(e) As of the date hereof, except as set forth in Schedule 2.14(e), no Plan (i) is subject to Title IV of ERISA; (ii) is a "multiemployer plan" within the meaning of Section 3(37) of ERISA; (iii) is a "multiple employer plan" within the meaning of Section 413(c) of the Code;

or (iv) is or at any time was funded through a "welfare benefit fund" within the meaning of Section 419(e) of the Code and no benefits under a Plan are or at any time have been provided through a voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Code or a supplemental unemployment benefit plan within the meaning of Section 501(c)(17) of the Code.

(f) None of the Company or any of the Subsidiaries has any material liability for unpaid contributions with respect to any Plan, each of them has made all required contributions under each Plan for all prior periods (except contributions that are not, individually or in the aggregate, material), and proper accruals relating to each Plan have been made and are appropriately reflected on the books of the Company.

(g) Except as set forth on Schedule 2.14(g), no Plan provides medical benefits (whether or not insured), with respect to current or former employees after retirement or other termination of service (other than (x) coverage mandated by statute or (y) benefits the full cost of which is borne by the current or former employee).

(h) Except as set forth in Schedule 2.14(h), amounts payable under each Plan are, in all material respects, deductible for federal income Tax purposes. Except as set forth in Schedule 2.14(h) or as expressly contemplated by this Agreement and subject to the limitations provided in Section 5.2(p), the consummation of the transactions contemplated by this Agreement and the other Transaction Documents will not, either alone or in combination with another event, (i) entitle any current or former employee, agent, independent contractor or officer of the Company or any Subsidiary to severance pay, unemployment compensation or any other payment, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee, agent, independent contractor or officer, (iii) constitute a "change in control" causing a material increase or acceleration of benefits under any Plan, (iv) result in any payment or benefit that will be characterized as an "excess parachute payment" within the meaning of Section 280G(b)(1) of the Code or (v) result in any material loss of deduction for federal income Tax purposes.

(i) There is no pending or, to the Knowledge of the Company, threatened (i) assessment, complaint, proceeding, or investigation of any kind in any court or government agency with respect to any Plan (other than routine claims for benefits) or (ii) litigation relating to the employment or termination of employment of any current or former employee of the Company or any of its Subsidiaries, in each case except as would not be reasonably likely to, individually or in the aggregate, result in a Material Adverse Effect.

(j) The Company and the Subsidiaries are and have been in compliance in all material respects with all applicable federal, state and local laws, rules and regulations (domestic and foreign) respecting employment, employment practices, labor, terms and conditions of employment and wages and hours, in each case, with respect to employees. Except as set forth on Schedule 2.14(j), neither the Company nor any of the Subsidiaries is a party to or bound by any collective bargaining agreement or other labor union contract. No work stoppage or labor strike by employees is pending or threatened; neither the Company nor any of the Subsidiaries is involved in or threatened with any labor dispute, grievance or litigation relating to labor matters,

in each case that is material to the Company; and no organizational effort or other activity the purpose of which is to achieve representation of employees has been threatened or is ongoing.

2.15. Intellectual Property; Technology. Except as would not have a Material Adverse Effect or except as set forth in Schedule 2.15, (a) to the Knowledge of the Company, the conduct of the business of the Company and the Subsidiaries as currently conducted does not infringe upon or misappropriate the Intellectual Property rights of any third party, and no claim has been asserted to the Company that the conduct of the business of the Company and the Subsidiaries as currently conducted infringes upon the Intellectual Property rights of any third party; (b) with respect to each item of Intellectual Property owned by the Company or a Subsidiary of the Company and used in connection with its business as currently conducted ("Company Owned Intellectual Property"), the Company or such Subsidiary of the Company owns such Company Owned Intellectual Property free and clear of all Encumbrances, other than Permitted Encumbrances; (c) with respect to each item of Intellectual Property licensed to the Company or a Subsidiary of the Company ("Company Licensed Intellectual Property"), the Company or such Subsidiary has the right to use such Company Licensed Intellectual Property in the continued operation of its respective business pursuant to the terms of the license agreement governing the use of such Company Licensed Intellectual Property; (d) the Company Owned Intellectual Property has not been adjudged invalid or unenforceable in whole or in part; (e) to the Knowledge of the Company, no person is engaging in any activity that infringes upon the Company Owned Intellectual Property; (f) each license governing the use of the Company Licensed Intellectual Property is valid and enforceable, is binding (except as may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability affecting or relating to the rights of creditors or by general principles of equity) on the Company or its Subsidiary and, to the Knowledge of the Company, all other parties to such license, and is in full force and effect; (g) neither the Company nor any subsidiary is, and, to the knowledge of the Company, no other party to any license of the Company Licensed Intellectual Property is in breach thereof or default thereunder; and (h) neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall adversely affect any of the Company's rights with respect to the Company Owned Intellectual Property or the Company Licensed Intellectual Property.

2.16. Environmental Matters. Except as described in Schedule 2.16, or as would not reasonably be expected to have a Material Adverse Effect, (a) the Company and the Subsidiaries have at all times complied with all applicable Environmental Laws, including compliance with all Environmental Permits and authorizations required pursuant to all applicable Environmental Laws; (b) the Company and the Subsidiaries are not the subject of any litigation related to any Environmental Law with respect to any of the current or past operations of the Company or any of the Subsidiaries, or any of the currently or formerly owned, leased or used property or assets of the Company or any of the Subsidiaries; (c) the Company has no liability relating to, and neither the Company nor any of the Subsidiaries, nor, to the Knowledge of the Company, any other Person, has caused or taken any action that will result in any liability or obligation on the part of the Company or any of the Subsidiaries relating to (x) the environmental conditions on, under, or about the real property or other properties or assets currently or formerly owned, leased, operated or used by the Company or any of the Subsidiaries or (y) the past or present use, management, handling, transport, treatment, generation, storage, disposal, or release

of any Hazardous Materials; and (d) neither the Company nor any of the Subsidiaries is subject to any outstanding order from, or contractual or other obligation with, or to its Knowledge, investigation by, any Governmental Entity or other person in respect of which the Company or any of the Subsidiaries may be required to incur costs arising from the release or threatened release of a Hazardous Material.

2.17. Insurance. Schedule 2.17 contains a complete and correct list and description (including the name of the insurer(s), name of the insured(s), amount of coverage, type of coverage, deductible amounts and significant exclusions) of all material insurance policies maintained (including directors' and officers' liability insurance) by or on behalf of the Company and the Subsidiaries, including policies that have expired (the "Expired Policies") but have been renewed by the Company but in respect of which the Company has not yet received a new policy (the "Replacement Policies"); provided, that any Replacement Policy shall not contain any significant exclusions that are materially more adverse to the Company than those contained in the Expired Policy. The Company has made available to each Investor complete and correct copies of all such policies together with all riders and amendments thereto. Such policies are valid and in full force and effect, and all premiums due thereon have been paid. The Company and the Subsidiaries have complied in all material respects with the terms and provisions of such policies. The insurance coverage provided by such policies, in all material respects, (a) is on such terms (including, without limitation, as to deductibles and self-insured retentions), (b) covers such categories of risk (including, without limitation, errors and omissions, property and casualty, directors' and officers' liability, and workers' compensation liabilities liability, securities liability, fiduciary liability, employment practices), (c) the Company has no liability relating to, and contains such deductibles and retentions, and (d) is in such amounts as, with respect to each of the criteria set forth in the foregoing clauses (a) through (d), is adequate and suitable for the business and operations of the Company and the Subsidiaries.

2.18. Business Combination and Takeover Statutes. (a) The Board of Directors has taken all actions necessary or advisable so that the restrictions contained in Section 203 of the DGCL applicable to a "business combination" (as defined in such Section) will not apply to the execution, delivery or performance of this Agreement or any of the other Transaction Documents or the consummation of the transactions contemplated hereby or thereby, including, but not limited to, conversion of any shares of Class C Common Stock or Class D Common Stock into Conversion Shares.

(b) The execution, delivery and performance of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby or thereby, including, but not limited to, conversion of any shares of Class C Common Stock or Class D Common Stock into the Conversion Shares, will not cause to be applicable to the Company Section 203 or any "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation enacted under state or federal laws.

2.19. Offering of New Common Shares. Neither the Company nor any Person acting on its behalf has taken or will take any action (including, without limitation, any offering of any securities of the Company under circumstances which would require, under the Securities Act, the integration of such offering with the offering and sale of the New Common Shares)

which might reasonably be expected to subject the offering, issuance or sale of the New Common Shares to the registration requirements of Section 5 of the Securities Act.

2.20. Network Facilities. (a) Schedule 2.20(a) consists of maps of (i) fiber routes that make up the Company's domestic inter city and metro fiber optic networks, and (ii) the Company's domestic fixed wireless licenses to use broadband fixed wireless spectrum (collectively, the "Network Maps"). As of the date hereof, the information set forth in the Network Maps is true, correct and complete in all material respects, subject to (i) inherent dimensional limitations of the presentation of such information on maps, and (ii) with respect to the fixed wireless licenses, subject to the information set forth on Schedule 2.9(a).

(b) Except to the extent that the Company or the Subsidiaries can access the Customer Base directly through the Company's network facilities, including the location of the fiber optic cables, fibers or conduits used or available for use by the Company in connection with its operations and the provision of telecommunications services including, without limitation, the Company's longhaul network, each longhaul segment thereof, fiber optic cables, fibers, or conduits subject to the Company's rights pursuant to agreements with third parties providing for an indefeasible right of use for its metropolitan networks (the "Network Facilities") or as would not have a Material Adverse Effect, the Company or the Subsidiaries have all rights necessary to offer telecommunication services to the Customer Base on a resale or other basis from each incumbent local exchange carrier.

(c) Except as set forth on the Network Maps, or as would not reasonably be expected to have a Material Adverse Effect, the Company or its Subsidiaries have good and marketable title to, a valid leasehold interest in, or a valid right to use all of the Network Facilities. Except as would not reasonably be expected to have a Material Adverse Effect, each of the Network Facilities owned by the Company or the Subsidiaries: (i) is located on property to which the Company has good and marketable title or is operating pursuant to valid rights-of-way or other similar rights; (ii) is free and clear of any Encumbrances, other than Permitted Encumbrances or Encumbrances which are inherent in an indefeasible right to use; and (iii) is not subject to any pending Litigation or administrative actions relating to any such property or right of way.

(d) Except as would not have a Material Adverse Effect, each agreement with third parties providing for an indefeasible right to use (each, an "IRU Agreement") or other agreement permitting the Company or its Subsidiaries to use the Network Facilities is legal, valid and binding on the parties thereto and permits each of the Company and the Subsidiaries to use the applicable Network Facilities set forth on the Network Maps, and is enforceable in accordance with its terms. Except as would not have a Material Adverse Effect, the Company or one of the Subsidiaries has an IRU Agreement or other agreement permitting it to use each of the Network Facilities that it does not own.

2.21. Disclosure. Neither this Agreement nor any other Transaction Document, nor any schedule or exhibit hereto or thereto, nor any certificate furnished to the Investors by or on behalf of the Company in connection with the transactions contemplated hereby and thereby, when read in conjunction with the 2000 10-K and the SEC Reports filed at any time after the

2000 10-K was filed with the SEC, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. For purposes of the preceding sentence, any preliminary document or written information shall be disregarded if a final or updated version of such document or written information was delivered to each Investor by the Company prior to the date hereof. As of the date hereof there is no fact or information relating to the Company and/or any of its Subsidiaries that, to the Company's Knowledge, would reasonably be expected to be material to the Company and its Subsidiaries and that has not been described in the SEC Reports or otherwise disclosed to each Investor in writing.

2.22. Confidentiality. The Company acknowledges and agrees that all Confidential Information disclosed to Telmex by Forstmann Little or any of its Affiliates prior to the execution of the Telmex Confidentiality Agreement in connection with the transactions contemplated by this Agreement and the other Transaction Documents was disclosed only pursuant to the Forstmann Little Confidentiality Agreement and not pursuant to any other confidentiality agreement between the Company and any affiliates of Forstmann Little.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor, as to those representations and warranties that are applicable to each such Investor, hereby represents and warrants to the Company, severally and not jointly, as of the date hereof and as of the Closing, as follows:

3.1. Acquisition for Investment. (a) Forstmann Little is acquiring the New Forstmann Little Shares and any Conversion Shares for its own account, for investment and not with a view to the distribution thereof within the meaning of the Securities Act.

(b) Telmex is acquiring the New Telmex Shares and any Conversion Shares for its own account, for investment and not with a view to the distribution thereof within the meaning of the Securities Act.

3.2. Restricted Securities. (a) Forstmann Little understands that (i) the New Forstmann Little Shares and any Conversion Shares have not been registered under the Securities Act or any state securities laws by reason of their issuance by the Company in a transaction exempt from the registration requirements thereof and (ii) the New Forstmann Little Shares and any Conversion Shares may not be sold or otherwise disposed of unless such sale or disposition is registered under the Securities Act and applicable state securities laws or such sale or other disposition is exempt from registration thereunder.

(b) Telmex understands that (i) the New Telmex Shares and any Conversion Shares have not been registered under the Securities Act or any state securities laws by reason of their issuance by the Company in a transaction exempt from the registration requirements thereof and (ii) the New Telmex Shares and any Conversion Shares may not be sold or otherwise

disposed of unless such sale or disposition is registered under the Securities Act and applicable state securities laws or such sale or other disposition is exempt from registration thereunder.

3.3. Accredited Investor. Equity VII, MBO VIII and Telmex is each an "accredited investor" (as defined in Rule 501(a) under the Securities Act). Equity VII, MBO VIII and Telmex each has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the New Common Shares and is capable of bearing the economic risks of such investment.

3.4. Organization. (a) Each of Equity VII and MBO VIII is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to carry on its business as it is now being conducted.

(b) Telmex is a *sociedad anónima de capital variable* duly organized, validly existing and in good standing under the laws of the United Mexican States and has the requisite power and authority to carry on its business as it is now being conducted.

3.5. Due Authorization. Each Investor has all rights, power and authority to enter into this Agreement and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Investor of this Agreement and the other Transaction Documents to which it is a party, the compliance by each Investor with each of the provisions of this Agreement and the other Transaction Documents to which it is a party, and the consummation by such Investor of the transactions contemplated hereby and thereby (a) are within the power and authority of each Investor and (b) have been duly authorized by all necessary action on the part of each Investor. This Agreement constitutes, and each of the other Transaction Documents to which it is a party will constitute upon execution and delivery by each Investor, a valid and binding agreement of each Investor enforceable against each Investor in accordance with its respective terms, except as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

3.6. Consents; No Violations. Neither the execution, delivery or performance by each Investor of this Agreement and the other Transaction Documents to which it is a party nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a breach or a violation of, any provision of the organizational documents of such Investor; (b) constitute, with or without notice or the passage of time or both, a breach, violation or default, create an Encumbrance (other than Encumbrances which would not, individually or in the aggregate, materially impair the ability of such Investor to consummate the transactions contemplated by this Agreement and the other Transaction Documents) or give rise to any right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, under (i) any Law, or (ii) any Commitment of each Investor, or to which each Investor or any of its assets or properties is subject, except, with respect to the matters set forth in clause (ii), for breaches, violations, defaults, Encumbrances (other than Encumbrances which would not, individually or in the aggregate, materially impair the ability of such Investor to

consummate the transactions contemplated by this Agreement and the other Transaction Documents) or rights of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration, which, individually or in the aggregate, would not have a material adverse effect on the ability of each Investor to consummate the transactions contemplated hereby; or (c) except as set forth on Schedule 3.6 and except for any required filing under the HSR Act, the Foreign Competition Approvals, the Regulatory Approvals, the completion of the Restructuring Transaction, including, if applicable, the Confirmation Order and the Third Party Consents, require any consent, approval or authorization of, notification to, filing with, or exemption or waiver by, any Governmental Entity or any other Person on the part of any Investor.

3.7. Availability of Funds. Equity VII, MBO VIII, and Telmex each has available or committed sufficient funds to pay its respective portion of the Purchase Price.

3.8. Litigation. Except as set forth on Schedule 3.8, as of the date hereof, to the knowledge of each Investor there is no pending or threatened Litigation against such Investor or any of its Affiliates or involving any of its properties or assets by or before any court, arbitrator or other Governmental Entity which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

3.9. No Other Representations. Each Investor acknowledges and agrees that it is an informed and sophisticated purchaser, and has undertaken such investigation and has been provided with and has evaluated such documents and information as it deems necessary to enable such Investor to make an informed decision with respect to the execution, delivery and performance of this Agreement. Each Investor will undertake, prior to the Closing, such further investigation and request such additional documents and information as it deems necessary. Each Investor agrees to accept the New Common Shares based upon its own inspection, examination and determination with respect thereto as to all matters.

ARTICLE IV

COVENANTS

4.1. Conduct of Business by the Company Pending the Closing. (a) Except as set forth on Schedule 4.1 or as contemplated by this Agreement (including but not limited to Section 4.12) and the Restructuring Transaction or any of the other Transaction Documents, to which the Investors are parties during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing, unless each Investor otherwise agrees in writing, the Company shall, and shall cause each of the Subsidiaries to, (i) conduct its business only in the ordinary course and consistent with past practice or as may be ordered or otherwise required by the Bankruptcy Court; (ii) use reasonable best efforts to preserve and maintain its assets and properties and its relationships with its customers, suppliers, advertisers, distributors, agents, officers and employees and other Persons with which it has significant business relationships; (iii) use reasonable best efforts to maintain all of the material assets it owns or uses in the ordinary course of business consistent with past practice; (iv) use

reasonable best efforts to preserve the goodwill and ongoing operations of its business; (v) maintain its books and records in the usual, regular and ordinary manner, on a basis consistent with past practice; and (vi) comply in all material respects with applicable Laws.

(b) Except as expressly contemplated by this Agreement (including but not limited to Section 4.12) and the Restructuring Transaction or as set forth on Schedule 4.1, between the date of this Agreement and the Closing, the Company shall not, and shall cause each of the Subsidiaries not to, without the prior written consent of each Investor:

(i) (x) incur any additional Indebtedness, except as contemplated by the Forebearance Agreement, (y) make any loans, advances or capital contributions to, or investments in, any Person, except as contemplated by the Forebearance Agreement or (z) make capital expenditures (1) in any fiscal quarter that exceed the budget for capital expenditures set forth in the Operational Plan for such fiscal quarter by more than ten percent and (2) in the aggregate, for all fiscal quarters that exceed the budget for capital expenditures set forth in the Operational Plan for such overall period by more than five percent;

(ii) change any method of accounting or accounting practice used by the Company or any Subsidiary, other than such changes required by GAAP;

(iii) repurchase, redeem or otherwise acquire or exchange any share of Common Stock, Preferred Stock or other equity interests other than as required by the terms of the Preferred Stock or the Class B Common Stock;

(iv) issue or sell any additional shares of the capital stock of, or other equity interests in, the Company or any Subsidiary, or securities convertible into or exchangeable for such shares or other equity interests, or issue or grant any subscription rights, options, warrants or other rights of any character relating to shares of such capital stock, such other equity interests or such securities, except for (x) issuances of Class A Common Stock pursuant to the exercise of options to purchase or conversion rights exercisable for Class A Common Stock, in each case outstanding on the date hereof, (y) options to purchase 28,246,805 shares of Class A Common Stock pursuant to the exchange offer filed by the Company with the SEC on Schedule TO on May 29, 2001, as amended and (z) options to purchase up to 610,000 shares of Class A Common Stock to be issued as promotion awards pursuant to the XO Communications, Inc. Stock Option Plan;

(v) declare, set aside, make or pay any dividend, or make any distribution, in respect of any shares of capital stock of the Company, including dividends required to be paid by the Company pursuant to the terms of the Preferred Stock;

(vi) redeem, retire, defease, offer to purchase or change any material term of any Public Debt or any indebtedness for borrowed money except as required by the Forebearance Agreement in connection with asset sales otherwise permitted by this Agreement;

(vii) amend (x) the Company's Certificate of Incorporation, bylaws or other organizational documents or (y) any Subsidiary's charter, bylaws or other organizational documents except for the adoption and filing of the Amended and Restated Certificate of Incorporation;

(viii) take any action that is reasonably likely to result in (x) any of the representations and warranties set forth in Article II becoming false or inaccurate in any material respect as of the Closing Date or (y) the failure of any of the conditions set forth in Article V to be satisfied;

(ix) make any interest payments or other distributions on or in respect of the Public Debt;

(x) permit any insurance policy listed on Schedule 2.17 to lapse or cease to remain effective or be renewed when subject to expiration without (A) replacing such policy (the "Old Policy") immediately upon notice of pending, threatened or actual cancellation, termination, expiration with another policy (the "New Policy") (1) that provides the Company and its Subsidiaries with coverage that is no less favorable than that provided by the Old Policy, taking into account the insurer(s), the insured(s), the type, scope and amount of coverage, deductibles, exclusions and other material terms (the "Material Terms") of the Old Policy and the New Policy or (2) the Material Terms of which are customary for similar companies operating in the same industry and geographic markets as the Company and its Subsidiaries and which are adequate and suitable for the business and operations of the Company and its Subsidiaries or (B) otherwise ensuring that the potential exposure or liability of the Company, the Subsidiaries, directors, officers, employees, assets and properties for any risk or any Loss is no greater without the Old Policy or the New Policy than is customary for similar companies operating in the same industry and geographic markets as the Company and the Subsidiaries and which are adequate and suitable for the business and operations of the Company and the Subsidiaries; provided, however, that notwithstanding anything to the contrary in this Section 4.1(b)(x), the Company shall at all times during the term of the Stockholders Agreement maintain directors' and officers' liability insurance in such amounts and otherwise on terms and conditions reasonably acceptable to each Investor;

(xi) (A) materially increase the compensation or benefits of, or pay any bonuses or other similar compensation to, any officer, director, employee or consultant, except for ordinary merit increases for employees other than officers based on periodic reviews in accordance with past practice; or (B) enter into, modify or terminate any Plan, (including without limitation, any employment agreement or severance agreement), provided, however, that notwithstanding clause (A) above, the Company and the Subsidiaries may pay bonuses under and pursuant to the Company's 2001 Bonus Plan (the "2001 Bonus Plan") for the fiscal year ended December 31, 2001, in an aggregate amount (1) which does not exceed $28,000,000 and is otherwise approved by the compensation committee of the Board of Directors and (2) which, when added to the total aggregate amount of bonuses and other amounts paid or payable under the Retention Bonus Plan as a result of, or in connection with, the transactions contemplated hereby and

by the other Transaction Documents, does not exceed $35.0 million; provided, further, that the Company and the Subsidiaries shall not pay any bonus or other amount under or pursuant to the 2001 Bonus Plan to any officer, director, employee or consultant who has received, or is to receive, any bonus or other amount under or pursuant to the Retention Bonus Plan as a result of, or in connection with, the transactions contemplated hereby and the other Transaction Documents;

(xii) sell, lease, license, encumber or otherwise dispose of, or agree to sell, lease, license, encumber or otherwise dispose of any of its assets other than (A) immaterial dispositions of personal property in the ordinary course of business consistent with past practice, (B) swaps of "dark fiber" for "dark fiber" in the ordinary course of business consistent with past practice, (C), the sale or grant of indefeasible rights to use of "dark fiber" in the ordinary course of business consistent with past practice, so long as any such sale or grant, or any series of related sales or grants, does not in the aggregate exceed $10 million in any calendar quarter or (D) a sale of either (x) XO One, Inc. or its assets or (y) XO Limited, its assets or those of its subsidiaries, provided that the net consideration received by the Company for any such sale shall be in a form and amount reasonably acceptable to each Investor; or

(xiii) agree to take any of the actions restricted by this Section 4.1.

(c) Notwithstanding the foregoing provisions of this Section 4.1, the parties acknowledge that the transfer of control of the Company may require Regulatory Approvals and that all final decisions with respect to the Communications Licenses must be taken by the Company until the Regulatory Approvals have been obtained. The parties do not intend that the foregoing provisions of this Section 4.1 shall transfer control of the Company or of the Communications Licenses prior to obtaining the Regulatory Approvals.

4.2. Press Releases; Interim Public Filings. The Company shall, and shall cause each Subsidiary to, deliver to each Investor complete and correct copies of all press releases and public filings made between the date hereof and the Closing Date, and, to the extent any such press releases refer to any of the Investors or their Affiliates, shall give each Investor the reasonable opportunity to review and comment on such releases and filings (on a strictly confidential basis until such information is released), in each case, prior to release in the form in which it will be issued. Each Investor shall give to the Company and to the other Investor the reasonable opportunity to review and comment on all Investor Press Announcements (on a strictly confidential basis until such information is released), in each case prior to release in the form in which it will be issued.

4.3. HSR Act; Foreign Competition Filings. Each Investor and the Company shall cooperate in making all filings required (a) under the HSR Act; and (b) to be filed with any Governmental Entity in connection with seeking the Foreign Competition Approvals, and shall use its reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including using its reasonable best efforts to resolve such objections, if any, as the Antitrust Division of the Department of Justice or the Federal Trade

Commission or state antitrust enforcement or other Governmental Entities may assert under U.S. and foreign antitrust and competition Laws with respect to the transactions contemplated hereby.

4.4. Consents; Approvals. (a) The Company and each Investor shall each use its reasonable best efforts to obtain all consents, waivers, exemptions, approvals, authorizations or orders, including without limitation, the Regulatory Approvals, the Foreign Competition Approvals and the Third Party Consents (collectively, "Consents") required in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents (including, without limitation (i) all Consents required to avoid any breach, violation, default, Encumbrance, other than Permitted Encumbrances, or right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration of any material agreement or instrument to which the Company or any Significant Subsidiary is a party or by which any of their material assets are bound, in each case, only to the extent that the Company reasonably believes that such breach, violation, default, encumbrance or right of termination, modification, cancellation, prepayment, suspension, limitation, revocation or acceleration will not be discharged or otherwise extinguished pursuant to the Confirmation Order, (ii) all Consents required as a result of the Restructuring Transaction, (iii) all Consents required as a result of the filing of the Bankruptcy Case, the Confirmation Order or the change of control resulting therefrom and (iv) all Consents required from the SEC). The Company also shall use its reasonable best efforts to obtain all necessary state securities laws or blue sky permits and approvals required to carry out the transactions contemplated hereby and shall give each Investor the reasonable opportunity to review and comment on all filings related to such permits or approvals (on a strictly confidential basis until such information is released). The Company shall furnish to each Investor all information as may be reasonably requested in connection with any such action.

(b) Notwithstanding the provisions of Section 4.3, Section 4.4(a) and Section 4.8, nothing contained in this Agreement will require or obligate an Investor or its respective Affiliates to: (i) agree to otherwise become subject to any limitations on its respective rights effectively to acquire, control, or operate the business of the Company or its Subsidiaries, or exercise full rights of ownership of the Company or (ii) agree or otherwise be required to sell or otherwise dispose of, hold separate (through the establishment of a trust or otherwise), divest itself of all or a material portion of the assets or business of such Investor or its Affiliates or the business of the Company or its Subsidiaries, or (iii) suffer to exist any other material condition in respect of all or a material portion of the assets or business of such Investor or its Affiliates. The parties agree that no representation, warranty or covenant of the Company or each Investor contained in this Agreement shall be breached or deemed breached as a result of the failure by any party hereto or any of its Affiliates to take any of the actions specified in the preceding sentence.

4.5. Listing. The Company shall use its reasonable best efforts to have its Class A Common Stock listed on the NASDAQ National Market System (the "NMS") or the New York Stock Exchange for so long as any New Common Shares or any Conversion Shares are outstanding and held by any of the Investors; provided, that if the Company is unable to maintain the listing of the Class A Common Stock on the NMS prior to Closing, the Company shall use its reasonable best efforts to have the Class A Common Stock quoted on another inter-

dealer quotation system. Prior to the Closing, the Company shall, at the reasonable request of either Investor, prepare and submit to the NMS or the New York Stock Exchange, in consultation with each Investor, a listing application covering the New Common Shares and the Conversion Shares and shall use its reasonable best efforts to obtain approval for the listing of such shares, subject to official notice of issuance.

4.6. Board Representation; VCOC. (a) The Company agrees to take all actions required so that, at Closing, the Board of Directors will include the number of directors nominated or appointed by Forstmann Little equal to the product of (A) forty percent (40.00%) times (B) the total number of directors on the Board of Directors, rounded up to the nearest whole number, times (C) two (2) ; provided, however, that in the event that any non-terminating or non-terminated Investor shall have assumed the rights and obligations of a terminating or terminated Investor pursuant to Section 8.5(b), the number of directors to be nominated or appointed by each Investor shall be adjusted to that number of directors to which each such Investor would be entitled to appoint or nominate pursuant to the Stockholders Agreement as revised pursuant to Section 4.18 if determining such number of directors as of the Closing. For avoidance of doubt, this formula can be expressed mathematically as (0.40 x A = B; B x 2 = C), where A is the total number of directors on the Board of Directors, B is the result of the first multiplication, rounded up to the nearest whole number and C is the total number of directors to be nominated or appointed by Forstmann Little.

(b) At any time and for so long as any of Equity VI, Equity VII, MBO VII or MBO VIII holds any equity securities of the Company and does not have a contractual right from the Company or right pursuant to the Company's Amended and Restated Certificate of Incorporation to appoint or nominate at least one director to the Board of Directors, at the request of Forstmann Little, the Company shall enter into a letter agreement substantially in the form attached hereto as Exhibit F (the "Contractual Management Rights Letter") with Equity VI, Equity VII, MBO VII and/or MBO VIII (or one of their respective Affiliates) and such letter agreement shall remain in full force and effect.

4.7. Amended and Restated Certificate of Incorporation. The Company shall, prior to the Closing, use its reasonable best efforts to take, or cause to be taken, all action (under Section 242 of the DGCL or otherwise) to cause the Amended and Restated Certificate of Incorporation to be the certificate of incorporation of the Company at the Closing. In the event that the Bankruptcy Case is commenced, the Confirmation Order and the Bankruptcy Plan shall approve the Amended and Restated Certificate of Incorporation and shall direct and authorize the Company to file it with the Delaware Secretary of State.

4.8. Cooperation. Each Investor and the Company shall use its reasonable best efforts to take, or cause to be taken, all such further actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and the other Transaction Documents including, but not limited to, (i) obtaining all Consents from any Governmental Entity and other third parties required for the consummation of transactions contemplated by this Agreement and the other Transaction Documents and (ii) timely making all necessary filings under the HSR Act. Each Investor will furnish such information as the Company may reasonably

request in connection with any Bankruptcy Case and will otherwise reasonably support the Company's preparation and presentation of any motion, filing or other pleading in any Restructuring Transaction consistent with the terms of this Agreement.

4.9. Access to Property; Records. Between the date hereof and the Closing the Company shall afford each Investor and its employees, counsel, accountants, partners, members, investors, and other authorized representatives reasonable access, upon notice, during normal business hours, to the assets, properties, offices and other facilities, officers, employees, Commitments and books and records of the Company and of the Subsidiaries, and to the outside auditors of the Company and their work papers relating to the Company and the Subsidiaries. All such information shall be held in confidence in accordance with the terms of the Forstmann Little Confidentiality Agreement and the Telmex Confidentiality Agreement. The parties hereto agree that no investigation by the Investors or their representatives shall affect or limit the scope of the representations and warranties of the Company contained in this Agreement or in any other Transaction Document delivered pursuant hereto or limit the liability for breach of any such representation or warranty.

4.10. Reserve Shares. Following the Closing, the Company will at all times reserve and keep available, solely for issuance and delivery upon conversion of outstanding Class C Common Stock and Class D Common Stock, the number of shares of Class A Common Stock from time to time issuable upon conversion of all shares of the Class C Common Stock and Class D Common Stock at the time outstanding. All shares of Class A Common Stock issuable upon conversion of the Class C Common Stock and the Class D Common Stock shall be duly authorized and, when issued upon such conversion, shall be validly issued, fully paid and nonassessable.

4.11. Use of Proceeds. The proceeds received by the Company in respect of the Investment shall be used by the Company for general corporate purposes, except that the Company may commit a portion of such proceeds or other cash in an amount up to $200 million in the aggregate in connection with the Restructuring.

4.12 Restructuring. (a) The Company shall use its reasonable best efforts to restructure the capitalization of the Company such that the complete capitalization of the Company shall, upon the Closing, be the New Capitalization (the "Restructuring"). In furtherance of and without limiting the generality of the foregoing, the Company shall use its reasonable best efforts to undertake one or more of the following actions as expeditiously as possible following the date hereof:

(i) (A) commencing an exchange offer pursuant to which the Company will offer to exchange all of its outstanding Public Debt and the Preferred Stock for Class A Common Stock and resulting in the New Capitalization, and (B) commencing a related consent solicitation with respect to the approval of a prepackaged plan of reorganization that will result in the Company having the New Capitalization (the "Prepackaged Plan");

(ii) if the exchange offer described in the immediately preceding paragraph (i) fails to result in the Company having the New Capitalization, but the

Company has received the consents necessary under the Bankruptcy Code to confirm the Prepackaged Plan, commence a Bankruptcy Case and file the Prepackaged Plan and a related disclosure statement with the Bankruptcy Court and seeking to obtain the Confirmation Order with respect to the Prepackaged Plan as expeditiously as possible (either of the options described in this paragraph (ii) and in the immediately preceding paragraph (i) being hereinafter referred to as the "Prepackaged Approach");

(iii) if the Company determines in good faith upon the advice of its financial and legal advisors and representatives that it is not advisable or feasible to implement the Prepackaged Approach or if such Prepackaged Approach is unsuccessful in effecting the New Capitalization, (A) the Company shall use commercially reasonable efforts to obtain consents or lock-up agreements sufficient to proceed with a pre-negotiated plan of reorganization that will result in the Company having the New Capitalization (the "Pre-negotiated Plan"), and (B) if such consents and/or lock-up agreements are obtained, the Company shall commence a Bankruptcy Case and file the Pre-negotiated Plan and a related disclosure statement with the Bankruptcy Court and seek to obtain the Confirmation Order with respect to the Pre-negotiated Plan as expeditiously as possible; and/or

(iv) any other actions reasonably likely to effect the New Capitalization which are acceptable to each Investor in its reasonable discretion.

(b) The Company shall provide each Investor with copies of all material motions, orders, applications and supporting papers and notices prepared by the Company (including without limitation, forms of orders and notices to interested parties), prior to their being filed with the Bankruptcy Court, relating in any way to the Bankruptcy Case and shall consult as practicable with each Investor prior to taking any significant action with respect to the Restructuring, including the Bankruptcy Case.

4.13 Notice of Proposal. The Company will:

(a) Promptly notify each Investor of the receipt of any oral or written proposal, offer or inquiry from any Person (including the other Investor) regarding any proposed (i) merger, (ii) consolidation, (iii) other business combination, (iv) acquisition of 10% or more of the then-outstanding equity securities of the Company, (v) acquisition of debt or other securities convertible into or exchange for, equity securities of the Company which would, after giving effect to such conversion or exchange, constitute more than 10% of the outstanding equity securities of the Company, (vi) acquisition of debt securities of the Company with a principal amount in excess of $100 million or (vii) Change of Control (each, a "Proposal"); and

(b) Keep each Investor apprised regarding the status and details of any negotiations regarding any Proposal.

4.14 Access to Certain Information. From the date hereof until the Closing, the Company hereby agrees to the fullest extent permitted by the DGCL:

(a) that the members of the Board of Directors who were elected by the Series C Preferred Stock and the Series D Preferred Stock shall be permitted to participate in all meetings and votes of the Board of Directors and shall receive all information provided to other members of the Board of Directors regarding any Proposal unless Forstmann Little or its Affiliates are the parties making such Proposal; and

(b) that Telmex shall receive, on a confidential basis, subject to applicable law, including applicable provisions of the DGCL, all information provided to members of the Board of Directors regarding any Proposal.

4.15 Limitation on Equity Sales. Except as expressly contemplated by this Agreement and the other Transaction Documents, the Company agrees:

(a) to cause its respective Executive Officers (as such term is defined in Rule 3b-7 promulgated under the Exchange Act) and directors, on any date on or after the Closing Date, not to, until the six month anniversary of the Closing Date, without the prior written consent of each Investor, directly or indirectly sell, offer, contract to sell, make any short sale, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for or any rights to purchase or acquire Common Stock, in each case, acquired pursuant to the transactions contemplated by this Agreement; and

(b) not to, and to use its reasonable best efforts to cause each holder of 5% or more of the Common Stock (other than the Investors) on any date on or after the Closing Date, not to, until the first anniversary of the Closing Date, without the prior written consent of the Company and each Investor, directly or indirectly, (i) sell, offer, contract to sell, make any short sale, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for or any rights to purchase or acquire Common Stock or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences or ownership of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise.

4.16 Alternative Investment Structure. At any time on or prior to September 15, 2002, if Telmex notifies the Company and Forstmann Little that Telmex has concluded in good faith that the Regulatory Approvals in respect of the FCC Licenses are not likely to be obtained prior to January 15, 2003, because of the nature or extent of Telmex's proposed ownership of capital stock of the Company, the Company and each Investor agrees that they shall use their respective reasonable best efforts to restructure Telmex's portion of the Investment hereunder in such a manner that is (i) likely to result in receipt of the Regulatory Approvals in respect of the FCC Licenses and (ii) on terms and conditions that are no less favorable in all material respects to the Company, Forstmann Little and Telmex than the Investment.

4.17 Supplemental Schedules. The Investors acknowledge and agree that the Company shall be entitled, following the date hereof, to amend and supplement Schedules 2.6 and 2.7(a), in each case solely to identify additional complaints from Litigation (other than complaints related to Ordinary Course Litigation) of which the Company did not have Knowledge on the date hereof, that are exceptions to the representations and warranties contained in such Sections 2.6 and 2.7(a). The Company shall promptly, and in any event within two Business Days after receipt of any complaint or other notice of any Litigation that the Company intends to identify on Schedule 2.6 and/or 2.7(a), deliver copies of any such amendment or supplement to such Schedule, together with copies of such complaint or other notice, to each Investor. Nothing in this Section 4.17 shall adversely affect the rights of each Investor under Section 5.2(u), Section 6.1(d) or Section 7.2.

4.18 Stockholders Agreement. If an Investor becomes an Assuming Investor pursuant to Section 8.5(b), (a) the Company and the Assuming Investor shall use their reasonable best efforts to revise the Stockholders Agreement to take into account the revised percentage ownership of the Company and (b) the Assuming Investor may, in its sole discretion, elect to terminate the Stockholders Agreement.

4.19 Management Shares. (a) Subject to Section 4.19(b), (i) upon the Closing, the Company shall have the right (but not the obligation) to issue to the members of management of the Company designated by the Company and approved by the Investors (such approval not to be unreasonably withheld) up to 4,000,000 shares in the aggregate (the "Management Shares") of a to-be-designated Class E Common Stock which shall have the rights and preferences set forth on Exhibit G (the "Class E Common Stock").

(b) Between the date hereof and the Closing, the parties hereto shall use their reasonable best efforts to agree upon the definitive rights and preferences of the Class E Common Stock and upon revisions to the Amended and Restated Certificate of Incorporation to reflect the terms of the Class E Common Stock as set forth on Exhibit G.

4.20 Releases. In the event a Bankruptcy Case is commenced, the Company shall use its reasonable best efforts to ensure that the Confirmation Order shall provide, among other things, that the directors of the Company and each Investor and its affiliates, members, managers, shareholders, partners, representatives, employees, attorneys and agents are released from any and all Litigation related to the Company, its business, its governance, its securities disclosure practices, the purchase or sale of any of the Company's equity or debt securities, the Investment or the Restructuring Transaction.

4.21 Retention Bonus Plan Payments. The Company shall use its reasonable best efforts consistent with its contractual and other legal obligations to minimize the total aggregate amount of bonuses and other amounts paid or payable under the Retention Bonus Plan as a result of, or in connection with, the consummation of the transactions contemplated hereby and by the other Transaction Documents.

4.22 Company's Obligation Regarding Fees and Expenses. The Company shall use its reasonable best efforts, consistent with its contractual obligations, to minimize the amount

of fees, commissions, expenses and other amounts paid or payable by the Company and the Subsidiaries in connection with the transactions contemplated hereby and by the other Transaction Documents, including, without limitation, the fees, commissions, expenses and other amounts referred to in Sections 2.12 and 5.2(t).

ARTICLE V

CONDITIONS

5.1. Conditions to Obligations of Each Investor and the Company. The respective obligation of each Investor and the Company to consummate the transactions contemplated hereby are subject to the satisfaction or waiver by such Investor or the Company, as the case may be, at or prior to the Closing of each of the following conditions:

(a) No statute, rule or regulation or order, judgment or decree of any court or administrative agency or other Governmental Entity shall be in effect which prohibits the consummation of the transactions contemplated hereby or by any of the other Transaction Documents; provided, however, that except as otherwise provided in this Agreement, each of the parties shall have used, subject to Section 4.4, reasonable efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any injunction or other order that may be entered; and provided further that no party hereto can assert the failure of this condition to be satisfied if such failure resulted from such party's failure to satisfy the first proviso of this Section 5.1(a) or any other provision of this Agreement or any other Transaction Document;

(b) Any waiting period (and any extension thereof) under the HSR Act applicable to this Agreement and the transactions contemplated hereby shall have expired or been terminated; and

(c) All material Foreign Competition Approvals required for the consummation of the transactions contemplated by this Agreement and the other Transaction Documents shall have been obtained.

5.2. Conditions to Obligations of Each Investor. The obligation of each Investor to consummate the transactions contemplated hereby shall be subject to the satisfaction, in the judgment of each Investor, or waiver by such Investor at or prior to the Closing of each of the following conditions:

(a) Each of the representations and warranties of the Company and the other Investor contained in this Agreement and each of the other Transaction Documents (i) that are qualified as to materiality or Material Adverse Effect shall be true and correct in all respects as of the date hereof and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct as of such date) and (ii) that are not so qualified shall be true and correct in all respects as of the date hereof and as of the Closing (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties