EXHIBIT F

to Stock Purchase Agreement

Exhibit F
Contractual Management Rights Letter

XO Communications, Inc.
11111 Sunset Hills Road
Reston, VA 20190

[Insert date]

[Insert name and address of Investor]

To [Insert name of Investor]:

This letter will confirm our agreement that, effective immediately and continuing for so long as you ("you," or "Investor") hold any equity securities of XO Communications, Inc. (the "Company"), you will be entitled to each of the following contractual management rights relating to the Company (collectively, the "Management Rights"):

(1) Investor shall be entitled to routinely consult with and advise management of the Company with respect to the Company's business and financial matters, including management's proposed annual operating plans, and management will meet regularly during each year with representatives of Investor (the "Representatives") at the Company's facilities at mutually agreeable times for such consultation and advice, including to review progress in achieving said plans. The Company shall give Investor reasonable advance written notice of any significant new initiatives or material changes to existing operating plans and shall afford Investor adequate time to meet with management to consult on such initiatives or changes prior to implementation. The Company agrees to give due consideration to the advice given and any proposals made by Investor.

(2) Investor may inspect all contracts, books, records, personnel, offices and other facilities and properties of the Company and, to the extent available to the Company after the Company uses reasonable efforts to obtain them, the records of its legal advisors and accountants, including the accountants' work papers, and Investor may make such copies and inspections thereof as Investor may reasonably request. The Company shall furnish Investor with such financial and operating data and other information with respect to the business and properties of the Company as Investor may request. The Company shall permit the Representatives to discuss the affairs, finances and accounts of the Company with, and to make proposals and furnish advice with respect thereto, the principal officers of the Company.

(3) The Company shall, after receiving notice from Investor as to the identity of any Representative, (i) permit a Representative to attend all meetings of the Board of Directors of the Company (the "Board") and all committees thereof as an observer, (ii) provide the Representative advance notice of each such meeting, including such meeting's time and place, at the same time and in the same manner as such notice is provided to the members of the Board (or such committee thereof), (iii) provide the Representative with copies of all materials, including notices, minutes and consents, distributed to the members of the Board (or such committee thereof) at the same time as such materials are distributed to such Board (or such committee thereof) and shall permit the Representative to have the same access to information concerning the business and operations of the Company and (iv) permit the Representative to discuss the affairs, finances and accounts of the Company with, and to make proposals and furnish advice with respect thereto to, the Board, without voting, and the Board and the Company's officers shall take such proposals or advice seriously and give due consideration thereto. Reasonable costs and expenses incurred by the Representative for the purposes of attending Board (or committee) meetings and conducting other Company business will be paid by the Company.

Investor agrees, and shall cause each of its Representatives to agree, to hold in confidence and trust and not use or disclose any confidential information provided to or learned by it in connection with the exercise of Investor's Management Rights under this letter agreement, unless otherwise required by law or unless such confidential information otherwise becomes publicly available or available to it other than through this letter agreement.

The rights set forth in this letter agreement are intended to satisfy the requirement of contractual management rights for purposes of qualifying Investor's interests in the Company as venture capital investments for purposes of the Department of Labor's "plan assets" regulations, and in the event that, after the date hereof, as a result of any change in applicable law or regulation or a judicial or administrative interpretation of applicable law or regulation, it is determined that such rights are not satisfactory for such purpose, Investor and the Company shall reasonably cooperate in good faith to agree upon mutually satisfactory management rights which satisfy such regulations.

[signature page follows]

Very truly yours,

XO COMMUNICATIONS, INC.

____

By: ________________________________

Its: ________________________________

AGREED AND ACCEPTED THIS
__ day of ________________.

[Insert name of Investor]

____

By: ________________________________

Its: ________________________________

EXHIBIT G

to Stock Purchase Agreement

Exhibit G

Investor/Management Common Stock Terms[1]

Investor Stock	To-be-designated (i) Class A Common Stock (to be held by Forstmann Little), (ii) Class C Common Stock (to be held by Telmex) and (iii) Class D Common Stock (to be held by Forstmann Little).[2] The Investor Stock shall have the rights and preferences set forth in the Amended and Restated Certificate of Incorporation.
Management Stock	To-be-designated Class E Common Stock, par value $0.01 per share. The Management Stock will be issued to certain agreed upon members of management of the Company (collectively "Eligible Management Members"). It is intended that the Management Stock shall have the rights and preferences set forth herein and, to the extent mutually agreed among the parties to the Stock Purchase Agreement, in the Amended and Restated Certificate of Incorporation.
Number of Shares of Each Class	• Class A Common (Forstmann Little): 79,999,998 shares • Class C Common (Telmex): 80,000,000 shares • Class D Common (Forstmann Little): 2 shares • Class E Common (Eligible Management Members): 4,000,000 shares[3]
Purchase Price	The Investors shall purchase shares of Investor Stock for $5.00 per share in cash (the "Investor Stock Purchase Price"). Management shall have the right, but not the obligation, to purchase shares of Management Stock for cash at a price equal to approximately one-third of the Investor Stock Purchase Price (the "Management Stock Purchase Price" and together with the Investor Stock Purchase Price, the "Aggregate Stock Purchase Price").

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[1] **This Exhibit G is subject to Section 4.19(b) of the Stock Purchase Agreement.** The following sets forth only the indicative terms of the Class E Common Stock. The definitive terms of such stock, which will be set forth in the Amended and Restated Certificate of Incorporation, may differ from the indicative terms set forth herein. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein and defined in the Stock Purchase Agreement, to which this Exhibit G is an Exhibit, shall be used herein as therein defined.

[2] Some shares of the Company's Class A Common Stock may remain outstanding after the Closing of the Investment. All shares of the Company's Class B Common Stock shall be cancelled in connection with the Restructuring.

[3] This number of shares is based upon an investment of approximately $7 million by the Eligible Management Members. The amount of such investment may vary between approximately $7 million and $8 million.

Closing	Any purchase by Eligible Management Members of Management Stock shall close simultaneously with the Closing of the Investment.
Vesting of Certain Rights	Certain rights of the holders of Management Stock shall vest over time in accordance with a schedule and subject to such conditions as shall be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing.
Voting Rights	All shares of Investor Stock and Management Stock shall have one vote per share. The classes of Investor Stock shall have the special voting and other rights and preferences set forth in the Amended and Restated Certificate of Incorporation. Otherwise the Investor Stock and the Management Stock shall have the same voting rights and shall vote together as a single class.
Dividends	The Investor Stock and the Management Stock shall receive dividends in a ratio approximately equal to the ratio between the Investor Stock Purchase Price and the Management Stock Purchase Price.
Liquidation	Upon liquidation, the net assets of the Company shall be distributed pro rata to the Company's stockholders such that each holder of Investor Stock and of Management Stock shall receive: • First, the lesser of (i) the amount of the Investor Stock Purchase Price or Management Stock Purchase Price paid in respect of such Investor Stock or Management Stock or (ii) net assets of the Company in a ratio approximately equal to the ratio between the Investor Stock Purchase Price and the Management Stock Purchase Price; • Second, each holder of Investor Stock shall receive net assets proportionate to its pro rata share of the difference between the Investor Stock Purchase Price and the Management Stock Purchase Price; and • Third, each stockholder of the Company shall receive its pro rata portion of the remaining net assets of the Company.
Non-Transferability	The Management Stock may not be transferred, pledged or otherwise disposed of except for (i) transfers upon death to an heir, (ii) transfers back to the Company and (iii) such additional permissible transfers as may be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing. In addition, shares of Class A Common Stock into which Management Stock shall be converted may be subject to transfer restrictions to be mutually agreed among the parties to the Stock Purchase Agreement prior to the

	Closing. The Investor Stock shall be transferable in accordance with the terms of the Stockholders Agreement.
Conversion to Management Stock to Class A Common Stock	
Voluntary Conversion	Each share of Management Stock shall be convertible, at any time at the option of the holder, into shares of Class A Common Stock at the Conversion Ratio (as hereinafter defined).
Mandatory Conversion of all Shares of Management Stock	All shares of Management Stock or such portion of such shares as shall be determined by a majority of the Board of Directors shall automatically be converted into shares of Class A Common Stock at the Conversion Ratio upon the occurrence of certain events. These events shall include, but may not be limited to, the following: 1. a Major Event (as defined in the Stockholders Agreement) 2. the sale by either Investor of 50% or more of the shares of Investor Stock acquired by such Investor under the Stock Purchase Agreement 3. the sale by both Investors of 50% or more of the aggregate number of shares of Investor Stock acquired by the Investors pursuant to the Stock Purchase Agreement (the sales referred to in item no. 2 above and this item no. 3 being hereinafter referred to as a "Major Investor Sale") 4. when the public trading price of the Class A Common Stock exceeds an agreed upon price for an agreed upon trading period 5. the vote of a majority of the Board of Directors 6. the vote of a majority of the members of the Executive Committee of the Board of Directors 7. upon a date to be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing.
Automatic Conversion Upon Prohibited Transfer	A share of Management Stock shall automatically be converted into shares of Class A Common Stock at the Conversion Ratio upon any prohibited transfer of such share.
Conversion Ratio	A ratio or ratios to be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing, provided that in no event shall any conversion ratio be greater than 1.00:1.00 (the "Conversion Ratio"). The conversion ratio may vary based upon the event or circumstance causing such conversion.

Drag-Along Rights	The Management Stock shall be subject to customary drag-along rights in the event of a Major Event or a Major Investor Sale
Tag-Along Rights	The Management Stock shall have customary tag-along rights in the event of a Major Event or Major Investor Sale.
Registration Rights	Eligible Management Members shall have customary piggy back (but not demand) registration rights with respect to Management Stock, subject to customary indemnification, cutback and similar provisions.
Repurchase	Management Stock may be repurchased by the Company or the Investors from an Eligible Management Member under certain circumstances to be specified, including, but not limited to, employee termination, death or disability, at prices and upon terms and subject to conditions to be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing.
Documentation	The purchase by Eligible Management Members of Management Stock shall be pursuant to subscription agreements between the Company and each Eligible Management Member purchasing Management Stock containing customary terms and conditions to be mutually agreed among the parties to the Stock Purchase Agreement prior to the Closing. The Company will use its reasonable best efforts to enter into subscription agreements with such Eligible Management Members on or prior to the filing of the Bankruptcy Case; provided, however, that the purchase by Eligible Management Members of Management Stock shall close simultaneously with the Closing of the Investment.

EXHIBIT H

to Stock Purchase Agreement

Exhibit H
New Employee Stock Option Plan

Concurrent with the Closing of the Investment and the Restructuring, the Company shall have authorized and implemented an Employee Stock Option Plan (the "New Option Plan") providing for the grant of options (which may be non-qualified options or incentive stock options, as recommended by management and approved by the Investors, which approval shall not be unreasonably withheld) (the "New Options") to purchase shares of Class A Common Stock in an amount up to 5.0% of the Common Stock outstanding after giving effect to the issuance of Common Stock in connection with the Investment and the Restructuring (including the Management Shares but excluding any Common Stock issuable pursuant to the New Options) (the "Outstanding Common Stock"). Shares of Class A Common Stock subject to New Options granted pursuant to the New Option Plan shall be in addition to the Management Shares as contemplated by Exhibit H to the Stock Purchase Agreement.

The New Options shall have the following terms in addition to the terms contemplated by the New Option Plan (which shall contain commercially reasonable terms to be recommended by Company management and approved by the Investors (such approval not to be unreasonably withheld)):

Grant Date:	The first set of New Options (the "Initial Options") shall be granted as of the later of (i) the Closing Date and (ii) if the Company is "publicly held" (as defined in the regulations (the "Regulations") promulgated under Section 162(m) of the Code) immediately following the Closing, the date on which stockholder approval has been obtained such that the New Options constitute "qualified performance-based compensation" (as defined in the Regulations); subsequent New Options shall be granted from time to time thereafter.
Exercise Price:	The exercise price for the Initial Options shall be $5.00 per share and the exercise price for any subsequently-granted New Options shall be the fair market value of the Common Stock on the date of grant.
Grantees:	Employees of the Company to be recommended by Company management and approved by the Investors (such approval not to be unreasonably withheld); grants to be made (i) by the Company's compensation committee or (ii) if the Company is "publicly held" (as defined in the Regulations), by a

	committee of two or more "outside directors" (as defined in the Regulations).
Vesting:	25% of the Initial Options shall vest on the Closing Date and 25% of the Initial Options shall vest on each of the first, second and third anniversaries of the Closing Date, with the allocation of such vested options among the employees as recommended by the Company management and as approved by the Investors (such approval not to be unreasonably withheld); 25% of any subsequently-granted New Options shall vest on the grant date and 25% on each of the first, second and third anniversaries thereof.
Term of Options:	10 years

EXHIBIT B

TERM SHEET

Summary of Required Amendments
XO Communications, Inc.
Amended and Restated Credit and Guaranty Agreement
February 20, 2002

	<u>Existing</u>	<u>Amendments</u>
Borrower:	XO Communications, Inc.	No change.
Guarantors:	Guaranties from each of the domestic Restricted Subsidiaries of the Borrower.	Guaranties from all wholly-owned Domestic Subsidiaries of Borrower. Elimination of Indentures automatically removes existing limitations.
Collateral:	1. Borrower secures all of its obligations (i.e., the entire facility) by granting a security interest in all of its assets, primarily a perfected first priority pledge of 100% of the shares of the capital stock owned by Borrower in each of its direct domestic subsidiaries and 65% of the shares of the capital stock owned by Borrower in each of its direct foreign subsidiaries. 2. Guarantors secure their obligations under the Guaranty and Borrower's obligations under the Credit Agreement for a maximum amount not to be less than $125,000,000 (or such greater amount permitted under the Public Indentures) by granting a perfected first priority lien on substantially all of their real and personal property . 3. All telecommunications assets that are acquired, constructed or improved with the proceeds of the Loans shall be used to fully secure all Loans (cross-collateralization of purchase money loans is permitted) used to acquire, construct or improve such telecommunications assets, whether such assets are owned by Borrower or the Guarantors.	1. No change. 2. Limitations required by Indentures eliminated. Fully secured by all assets of Guarantors. 3. Eliminated.
Facilities:	<u>Tranche A Term Loan:</u> $387,500,00 Tranche A Term Loan ("Term A Loan"). Fully drawn.	Revolver shall convert to a Term Facility. No other changes.

	Existing	Amendments
	Tranche B Term Loan: $225,000,000 Tranche B Term Loan ("Term B Loan"). Fully drawn. Revolver: $387,500,000 reducing Revolving Loan (the "Revolver").	
Incremental Facility:	Borrower may elect to establish New Term Loans and/or New Revolving Loans in an aggregate amount not to exceed $1,000,000,000 ("Incremental Facilities"). No Incremental Facilities elected.	Borrower may elect to establish New Term Loans in an aggregate amount not to exceed $250,000,000, subject to certain parameters similar to those contained in the existing credit agreement (such amount to be reduced by the amount of any purchase money, vendor financing and capitalized leases in excess of $250,000,000, in the aggregate, together with the New Term Loans, the "Additional Indebtedness," and subject to further reduction in the amount of certain Asset Sales, as provided below); provided, that any New Term Loans provided by Forstmann Little, Telmex or any of their (or the Company's) respective Affiliates shall be subordinated and junior in right of payment to the Lenders.
Maturity Date:	Term A Loan: December 31, 2006. Term B Loan: June 30, 2007. Revolver: December 31, 2006.	Term A Loan: December 31, 2009. To be pushed back pro tanto if closing is delayed beyond June 30, 2002. Term B Loan: June 30, 2010. To be pushed back pro tanto if closing is delayed beyond June 30, 2002. Revolver: December 31, 2009. To be pushed back pro tanto if closing is delayed beyond June 30, 2002.
Mandatory Commitment Reductions and Repayments:	Term A Loan: Term A Loans shall be repaid quarterly on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the annual amounts set forth below, commencing March 31, 2004: Fiscal Year — Term A Loan Installment 2004 — 20% 2005 — 30% 2006 — 50%	Term A Loan: Term A Loans shall be repaid quarterly on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the annual amounts set forth below, commencing March 31, 2007 Fiscal Year — Term A Loan Installment 2007 — 20% 2008 — 30% 2009 — 50%

<table>
<tr><th></th><th><u>Existing</u></th><th><u>Amendments</u></th></tr>
<tr><td></td><td></td><td>To be pushed back pro tanto if closing is delayed beyond June 30, 2002.</td></tr>
<tr><td></td><td><u>Term B Loan</u>: Term B Loans shall be repaid quarterly in the amounts and on the dates set forth below, commencing March 31, 2004:
<table>
<tr><th>Date</th><th>Term B Loan Installment</th></tr>
<tr><td>March 31, 2004</td><td>0.25%</td></tr>
<tr><td>June 30, 2004</td><td>0.25%</td></tr>
<tr><td>September 30, 2004</td><td>0.25%</td></tr>
<tr><td>December 31, 2004</td><td>0.25%</td></tr>
<tr><td>March 31, 2005</td><td>0.25%</td></tr>
<tr><td>June 30, 2005</td><td>0.25%</td></tr>
<tr><td>September 30, 2005</td><td>0.25%</td></tr>
<tr><td>December 31, 2005</td><td>0.25%</td></tr>
<tr><td>March 31, 2006</td><td>0.25%</td></tr>
<tr><td>June 30, 2006</td><td>0.25%</td></tr>
<tr><td>September 30, 2006</td><td>0.25%</td></tr>
<tr><td>December 31, 2006</td><td>0.25%</td></tr>
<tr><td>March 31, 2007</td><td>0.25%</td></tr>
<tr><td>June 30, 2007</td><td>96.75%</td></tr>
</table></td><td><u>Term B Loan</u>: Term B Loans shall be repaid quarterly in the amounts and on the dates set forth below, commencing March 31, 2007:
<table>
<tr><th>Date</th><th>Term B Loan Installment</th></tr>
<tr><td>March 31, 2007</td><td>0.25%</td></tr>
<tr><td>June 30, 2007</td><td>0.25%</td></tr>
<tr><td>September 30, 2007</td><td>0.25%</td></tr>
<tr><td>December 31, 2007</td><td>0.25%</td></tr>
<tr><td>March 31, 2008</td><td>0.25%</td></tr>
<tr><td>June 30, 2008</td><td>0.25%</td></tr>
<tr><td>September 30, 2008</td><td>0.25%</td></tr>
<tr><td>December 31, 2008</td><td>0.25%</td></tr>
<tr><td>March 31, 2009</td><td>0.25%</td></tr>
<tr><td>June 30, 2009</td><td>0.25%</td></tr>
<tr><td>September 30, 2009</td><td>0.25%</td></tr>
<tr><td>December 31, 2009</td><td>0.25%</td></tr>
<tr><td>March 31, 2010</td><td>0.25%</td></tr>
<tr><td>June 30, 2010</td><td>96.75%</td></tr>
</table>
To be pushed back pro tanto if closing is delayed beyond June 30, 2002.</td></tr>
<tr><td>Mandatory Commitment Reductions and Repayments:</td><td><u>Revolver</u>: The Revolving Credit Commitments shall be permanently reduced in consecutive quarterly installments on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the aggregate annual amounts set forth below, commencing March 31, 2004:
<table>
<tr><th>Fiscal Year</th><th>Reductions</th></tr>
<tr><td>2004</td><td>20%</td></tr>
<tr><td>2005</td><td>30%</td></tr>
<tr><td>2006</td><td>50%</td></tr>
</table></td><td><u>Revolver</u>: The Revolving Credit Commitments shall be permanently reduced in consecutive quarterly installments on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the aggregate annual amounts set forth below, commencing March 31, 2007:
<table>
<tr><th>Fiscal Year</th><th>Reductions</th></tr>
<tr><td>2007</td><td>20%</td></tr>
<tr><td>2008</td><td>30%</td></tr>
<tr><td>2009</td><td>50%</td></tr>
</table>
To be pushed back pro tanto if closing is delayed beyond June 30, 2002.</td></tr>
</table>

	Existing	Amendments
	Incremental Facilities: The terms and provisions of any Incremental Facility shall be identical to the type of Commitment or Loans being increased except as specified in the applicable Joinder Agreement.	Incremental Facilities: No change.
Availability:	Term A Loans:$150,000,000 drawn on the Closing Date, remaining $237, 500,000 drawn (multiple draws allowed) as required prior to the Tranche A Commitment Termination Date (which was February 3, 2001, one year following the Closing Date). Term B Loans: One draw only allowed on Closing Date, February 3, 2000. Revolver: Revolver available on a revolving basis during the Revolving Credit Commitment Period (the period commencing on Closing Date but excluding the Revolving Credit Commitment Termination Date, December 31, 2006). Incremental Facilities: Subject to certain conditions precedent, the first $500,000,000 of the total $1,000,000,000 of potential increased commitments was available after the Term A Loans were fully drawn.	Term A Loans: No change. Term B Loans: No change. Revolver: Converts to a Term Facility. Incremental Facilities: Any time after the closing of amendment (subject to the $250,000,000 availability limitation).
Use of Proceeds:	Up to $125,000,000 (or such greater amount as may be permitted under the Public Indentures) of the proceeds of the Loans will be used to finance capital expenditures, to provide working capital and for other general corporate purposes, and all remaining Loan proceeds (including all New Revolving Loans and New Term Loans, if any) will be used to provide purchase money financing for the construction, acquisition or improvement of Telecommunication Assets not to exceed 80% (or such greater percentage (not in excess of 100%) as may be permitted under the Public Indentures) of the total cost of the assets financed thereby.	N/A

	<u>Existing</u>	<u>Amendments</u>
Optional Prepayments:	<u>Term A Loans</u>: Term A Loans may be prepaid at any time on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount.	<u>Term A Loans</u>: All prepayments should be applied pro rata across the Facilities. No other changes.
	<u>Term B Loans</u>: Term B Loans may be prepaid at any time on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount. Prepayment fee included equal to (i) 2% prior to the one year anniversary of the Closing Date and (ii) 1% after the one year anniversary of the Closing Date, but prior to the two year anniversary of the Closing Date. No prepayment fee thereafter.	<u>Term B Loans</u>: All prepayments should be applied pro rata across the Facilities. Prepayment fee no longer applicable.
	<u>Revolver</u>: Revolving Loans may be prepaid on any Business Day in whole or in part in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount.	<u>Revolver</u>: All prepayments should be applied pro rata across the Facilities. No other changes.
	<u>Incremental Facilities</u>: Incremental Facilities may be prepaid as specified in the applicable Joinder Agreement(s).	
Mandatory Prepayments:	(i). <u>Asset Sales</u>. From Net Asset Sale Proceeds, subject to 270 days reinvestment period.	(i) <u>Asset Sales</u>: Net Asset Sale Proceeds can be reinvested within a 270 day reinvestment period; <u>provided</u> that such reinvestment shall be in hard assets that become Collateral. Sales of (x) dark fiber and (y) all or substantially all of the network capacity in a Geographic Market shall be considered "Asset Sales." The Company shall not permit Net Asset Sale Proceeds subject to the reinvestment option to be outstanding at any time in an amount greater than $25,000,000; <u>provided</u>, that a designated amount of additional Net Asset Sale Proceeds not in excess of $250,000,000 in the aggregate may be subject to the reinvestment option but such amount shall offset the amount otherwise available as Additional Indebtedness. All prepayments should be applied pro rata across the Facilities. No other changes.
	(ii) <u>Insurance/Condemnation Proceeds</u>. From Net Insurance/Condemnation Proceeds, subject to 270 days reinvestment period.	(ii) <u>Insurance/Condemnation Proceeds</u>: All prepayments should be applied pro rata across the Facilities. No other changes.

	Existing	Amendments
	(iii) <u>Consolidated Excess Cash Flow</u>. In the event that there shall be Consolidated Excess Cash Flow for any Fiscal Year (commencing with Fiscal Year 2004), no later than 100 days after the end of such Fiscal Year, (x) Borrower shall prepay the Loans and/or (y) the Revolving Credit Commitments, the New Revolving Credit Commitments, the Tranche A Term Loan Commitments and the New Term Loan Commitments shall be permanently reduced in an aggregate amount equal to 50% of such Consolidated Excess Cash Flow. (iv) <u>Change of Control</u>. No later than the third Business Day following the date that a Change of Control shall occur, Company shall prepay, in full, the outstanding principal amount of all outstanding Loans, together with all accrued interest, fees and other expenses owing hereunder and under the other Credit Documents, and all Commitments shall terminate.	(iii) <u>Consolidated Excess Cash Flow</u>: Commencing with Fiscal Year 2007. All prepayments should be applied pro rata across the Facilities. No other changes. To be pushed back pro tanto if closing is delayed beyond June 30, 2002. (iv) <u>Change of Control</u>: "Change of Control" definition will be modified to provide that a Change of Control shall occur if any third party other than Forstmann Little or Telmex owns more than 50% of the voting stock of Borrower.
Application of Mandatory Prepayments:	Mandatory prepayments shall be applied on a pro rata basis *first* to prepay outstanding Term Loans, *second* to permanently reduce undrawn Term Loan Commitments, *third* to prepay Revolving Loans and New Revolving Loans and *fourth* to permanently reduce undrawn Revolving Credit Commitments and New Revolving Credit Commitments.	Prepayments shall be applied pro rata across all Facilities.
Interest:	<u>Revolver and Term A Loans</u>: Base Rate Loans: Base Rate plus Applicable Margin Eurodollar Rate Loans: Adjusted Eurodollar Rate plus Applicable Margin	No change.

	Existing	**Amendments**
	 Applicable Margin for Tranche A Term Loans and Revolving Loans **Total Leverage Ratio** — **Applicable Margin for Tranche A Term Loans and Revolving Loans** > 10.0:1.00 — 2.50% < 10.0:1.00 > 7.5:1.00 — 2.25% < 7.5:1.00 >5.0:1.00 — 1.875% <5.0:1.00 — 1.625% Term B Loans: Base Rate Loans: Base Rate plus 2.25% per annum Eurodollar Rate Loans: Adjusted Eurodollar Rate plus 3.25% per annum	
Commitment Fees:	Term A Loan: Fees equal to (1) the average of the daily difference between (a) the Tranche A Term Loan Commitments, and (b) the aggregate principal amount of outstanding Tranche A Term Loans multiplied by (2) the Applicable Commitment Fee Percentage. Revolver: Fees equal to (1) the average of the daily difference between (a) the Revolving Credit Commitments, and (b) the aggregate principal amount of outstanding Revolving Loans multiplied by (2) the Applicable Commitment Fee Percentage. **Facility Usage** — **Commitment Fee** < 1/3 — 1.25% < 2/3 > 1/3 — 1.00% > 2/3 — 0.75% Fees shall be calculated on the basis of a 360-day year and shall be payable quarterly in arrears.	N/A.

	Existing	**Amendments**
Condition Precedent to Subsequent Drawings:	These include, but are not limited to, the following: 1. All representations and warranties are true and correct in all material respects. 2. No Default or Event of Default in existence at the time of such Loan.	N/A.
Conditions Precedent to Amendment:	N/A.	Including, but not limited to, the consummation of the Recapitalization Transactions on terms and conditions satisfactory to Requisite Lenders.
Financial Covenants:	**Stage 1:** Until June 29, 2003, the covenants shall include: 1. <u>Minimum Revenues</u>: Revenues for any Fiscal Quarter shall not be less than the correlative amount indicated below: **Fiscal Quarter** | **Minimum Quarterly Revenues** 1Q2000 | **(in millions)** 2Q2000 | $80.0 3Q2000 | $90.0 4Q2000 | $170.0 1Q2001 | $195.0 2Q2001 | $225.0 3Q2001 | $275.0 4Q2001 | $325.0 1Q2002 | $375.0 2Q2002 | $400.0 3Q2002 | $450.0 4Q2002 | $525.0 1Q2003 | $600.0 | $675.0 2. <u>Minimum Access Lines</u>: Access lines in service as of the last day of any Fiscal Quarter shall not be less than the correlative amount indicated:	"Stage" concept to be eliminated. The covenants shall include: 1. <u>Minimum Revenues</u>: Eliminated. 2. <u>Minimum Access Lines</u>: Eliminated.

<table>
<tr><th></th><th><u>Existing</u></th><th><u>Amendments</u></th></tr>
<tr><td></td><td><table>
<tr><th>Fiscal Quarter</th><th>Minimum Access Lines</th></tr>
<tr><td>1Q2000</td><td>390,000</td></tr>
<tr><td>2Q2000</td><td>450,000</td></tr>
<tr><td>3Q2000</td><td>550,000</td></tr>
<tr><td>4Q2000</td><td>625,000</td></tr>
<tr><td>1Q2001</td><td>725,000</td></tr>
<tr><td>2Q2001</td><td>825,000</td></tr>
<tr><td>3Q2001</td><td>950,000</td></tr>
<tr><td>4Q2001</td><td>1,075,000</td></tr>
<tr><td>1Q2002</td><td>200,000</td></tr>
<tr><td>2Q2002</td><td>1,325,000</td></tr>
<tr><td>3Q2002</td><td>1,450,000</td></tr>
<tr><td>4Q2002</td><td>1,550,000</td></tr>
<tr><td>1Q2003</td><td>1,700,000</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>3. <u>Senior Secured Debt to Total Capitalization</u>: The ratio of Senior Secured Debt to Total Capitalization as of the last day of any Fiscal Quarter shall not exceed 30%.</td><td>3. <u>Senior Secured Debt to Total Capitalization</u>: Eliminated.</td></tr>
<tr><td></td><td>4. <u>Total Net Debt to Total Capitalization</u>: The ratio of Total Net Debt to Total Capitalization (less unrestricted Cash and Cash Equivalents held by Borrower and its Subsidiaries in excess of $100,000,000) as of the last day of any Fiscal Quarter shall not exceed 75%.</td><td>4. <u>Total Net Debt to Total Capitalization</u>: Eliminated.</td></tr>
<tr><td></td><td>5. <u>Senior Secured Debt to Gross PP&E</u>: The ratio of Senior Secured Debt to Gross PP&E (balance sheet amount of all property, plant and equipment) as of the last day of any Fiscal Quarter shall not exceed 50%.</td><td>5. <u>Senior Secured Debt to Gross PP&E</u>: Eliminated.</td></tr>
<tr><td></td><td>6. <u>Senior Secured Debt to Annualized Adjusted EBITDA</u>: The ratio of Senior Secured Debt to Annualized Adjusted EBITDA as of the last day of any Fiscal Quarter beginning with the Fiscal Quarter ending December 31, 2001shall not exceed the correlative amount indicated:</td><td>6. <u>Senior Secured Debt to Annualized Adjusted EBITDA</u>: Eliminated.</td></tr>
</table>

	Existing	**Amendments**
	Fiscal Quarter — **Ratio** 4Q2001 — .12.5x 1Q2002 — 10.0x 2Q2002 - 3Q2002 — 7.5x 4Q2002 - 1Q2003 — 6.5x	**The following new financial covenants will be added:** 1. <u>Minimum Cash Balance</u>. Minimum cash balance on any day during the applicable fiscal quarter beginning with the Fiscal Quarter ending December 31, 2002 shall not be less than the correlative amount indicated: **Fiscal Quarter** — **Amount (in millions)** 4Q2002 — $300 1Q2003 — $250 2Q2003 — $200 3Q2003 — $175 2. <u>Minimum EBITDA</u>: Minimum EBITDA as of the last day of any Fiscal Quarter beginning with the Fiscal Quarter ending March 31, 2003 shall not be less than the correlative amount indicated: **Fiscal Quarter** — **Amount (in millions)** 1Q2003 — $10.0 2Q2003 — $12.5 3Q2003 — $15.0 4Q2003 — $20.0 To be pushed back pro tanto if closing is delayed beyond June 30, 2002.

	Existing	Amendments
		3. Maximum Capital Expenditures. The Maximum Capital Expenditures for each Fiscal Year beginning with Fiscal Year 2002 shall not be greater than the correlative amount indicated: Fiscal Quarter Amount (in millions) 2002 $500.0 2003 $500.0 2004 $500.0 2005 $550.0 2006 $600.0 2007 $650.0 2008 $700.0 2009 $750.0 In each case with carry-overs of unused Capital Expenditure amounts from prior years subject to an annual cap on any carry-over of $50,000,000.
	Stage 2: For the period beginning June 30, 2003, the covenants shall include: 1. Senior Secured Debt to Annualized Consolidated EBITDA: The ratio of Senior Secured Debt to Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending June 30, 2003, shall not exceed the correlative amount indicated: Fiscal Quarter Ratio 2Q2003 4.0x 3Q2003 3.5x 4Q2003 and thereafter 3.0x	"Stage" concept to be eliminated. The covenants shall include: 1. Senior Secured Debt to Annualized Consolidated EBITDA: Eliminated.

	Existing	**Amendments**
	2. Consolidated Total Debt to Annualized Consolidated EBITDA: The ratio of Consolidated Total Debt to Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending June 30, 2003, shall not exceed the correlative amount indicated: Fiscal Quarter — Ratio 2Q2003 — 12.5x 3Q2003 — 11.0x 4Q2003 — 9.0x 1Q2004 — 7.5x 2Q2004 — 6.5x 3Q2004 — 5.5x 4Q2004 — 5.0x 1Q2005 — 4.5x 2Q2005 and thereafter — 4.0x	2. Consolidated Total Debt to Annualized Consolidated EBITDA: The ratio of Consolidated Total Debt to Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending September 30, 2003, shall not exceed the correlative amount indicated: Fiscal Quarter — Ratio 1Q2004 — 10.0x 2Q2004 — 9.0x 3Q2004 — 7.0x 4Q2004 — 6.0x 1Q2005 — 5.5x 2Q2005 — 5.0x 3Q2005 — 4.0x 4Q2005 and thereafter — 4.0x
	3. Consolidated EBITDA to Consolidated Cash Interest Expense: The ratio of Consolidated EBITDA for any four consecutive Fiscal Quarters ending during the periods indicated below, to Consolidated Cash Interest Expense for such four consecutive Fiscal Quarters shall not be less than the correlative amount indicated; provided that in connection with any Restricted Subsidiary Designation, Consolidated Cash Interest Expense of the subject Unrestricted Subsidiary for purposes of this covenant shall be equal to its Consolidated Cash Interest Expense for the most recently completed Fiscal Quarter multiplied by four: Fiscal Quarter — Ratio 3Q2003 -1Q2004 — 1.0x 2Q2004 - 3Q2004 — 1.5x 4Q2004 and thereafter — 2.0x	3. Consolidated EBITDA to Consolidated Cash Interest Expense: The ratio of Consolidated EBITDA for any four consecutive Fiscal Quarters ending during the periods indicated below, to Consolidated Cash Interest Expense for such four consecutive Fiscal Quarters shall not be less than the correlative amount indicated: Fiscal Quarter — Ratio 4Q2003 — 1.0x 1Q2004 — 1.0x 2Q2004 — 1.0x 3Q2004 — 1.25x 4Q2004 — 1.5x 1Q2005 — 2.0x 2Q2005 — 2.0x 3Q2005 — 2.0x 4Q2005 and thereafter — 2.0x To be pushed back pro tanto if closing is delayed beyond June 30, 2002.

	Existing	**Amendments**
	4. Annualized Consolidated EBITDA to Pro Forma Consolidated Debt Service: The ratio of Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter ending during the periods indicated below, to Pro Forma Consolidated Debt Service for the four consecutive Fiscal Quarters commencing as of such last date shall not be less than the correlative amount indicated: Fiscal Quarter — Ratio 3Q2003 - 4Q2003 — 1.0x 1Q2004 and thereafter — 1.25x	4. Annualized Consolidated EBITDA to Pro Forma Consolidated Debt Service: Eliminated.
Representations and Warranties:	These include: Organization and good standing; capital stock and ownership; authorization of borrowing; enforceability; subsidiaries; compliance with other agreements; business; compliance with law; financial condition; title to properties; attachment and perfection of liens; no material adverse change; litigation; employee matters; ERISA; environmental matters; payment of taxes; no conflict with laws; government regulations; governmental consents; binding obligation; Regulation T, U or X; disclosure; absence of defaults; material contracts; solvency; PUC condition; no broker's fees; no restricted junior payments; no adverse proceedings; and projections.	Appropriate representations and warranties to be added regarding the Recapitalization Transactions.
Affirmative Covenants:	These include: Maintenance of existence; maintenance of business; quarterly and annual financial statements and other reports for Borrower and its Subsidiaries; delivery of covenant compliance certificates; statements of reconciliations after change in accounting principals; notice of default; notice of litigation; notice of ERISA events; insurance reports; notice of change in Board of Directors; notice regarding Material Contracts; notice of refinancings of 12 1/2% and 9 5/8% Notes; payment of taxes and claims; maintenance of properties; maintenance of insurance; inspections; compliance with laws; environmental disclosures; creating Subsidiaries; acquisition of Material Real Estate Assets; further assurances; maintenance of corporate separateness; interest rate protection agreements; and certain post-closing matters.	Addition of information covenant for annual budget to be submitted to Administrative Agent and Lenders as promptly as practicable following board approval thereof and in any event no later than the last day of March of the applicable calendar year. Addition of information covenant requiring quarterly delivery of certain operating statistics and information, specifics to be agreed upon. In addition, receipt of monthly cash balance reports, specifics to be agreed upon.

	Existing	Amendments
Negative Covenants:	(i) Indebtedness: exceptions include: - the Obligations; - Permitted Equipment Financings; - letters of credit securing Leasehold Property; - Acquired Debt; - hedge agreements; - Permitted Indebtedness; - unsecured and subordinated indebtedness of Borrower to any Guarantor or any Guarantor to Borrower; - Capital Leases not to exceed $25,000,000; - Indebtedness under the Existing Indentures; and - other Indebtedness not to exceed $10,000,000. (ii) Liens: exceptions include: - liens in the ordinary course of business; - liens on assets securing Indebtedness not to exceed $10,000,000.	(i) Indebtedness: - Permitted Indebtedness, Permitted Equipment Financing, Acquired Debt and Capital Leases shall be limited to $500,000,000, in the aggregate, (reduced by any such amount utilized by the Incremental Facility and designated Net Asset Sale Proceeds up to $250,000,000). - Otherwise, no change (ii) Liens: No change except to clarify that permitted IRUs shall be treated as Asset Sales and allow for release of Lenders' Lien on relevant asset.
	(iii)Restricted Payments: exceptions include: - Borrower can (a) make payments to defease or retire Indebtedness in connection with refinancing of such Indebtedness, (b) make regularly scheduled dividend payments on Preferred Stock issued prior to Closing and on Acquired Preferred Stock of Borrower and on all other Preferred Stock not to exceed 6% per annum and (c) make payments required pursuant to any "change of control" put in any Acquired Preferred Stock and issue any Indebtedness issuable upon the exchange of any Acquired Preferred Stock or Acquired Debt. - Subsidiaries can (a) make Restricted Junior Payments to their parent entities, (b) make payments of principal and interest in respect of any permitted Indebtedness, (c) defease or retire any Indebtedness in connection with a refinancing of such Indebtedness, (d) make regularly scheduled dividend payments on Acquired Preferred Stock of such Subsidiary and (e) make payments required pursuant to any "change of control" put contained in any Acquired	(iii) Restricted Payments: None, other than payments by subsidiaries to parents and regularly scheduled payments of permitted indebtedness.

	Existing	**Amendments**
	Preferred Stock and issue any Indebtedness issuable upon the exchange of any Acquired Preferred Stock or Acquired Debt.	
	(iv) <u>Investments and Joint Ventures</u>: exceptions include: - Cash Equivalents, investments made pursuant to Borrower's "Investment Policy", and Acquired Investments; - (a) equity Investments owned on Closing Date in any Subsidiary or Unrestricted Subsidiary, (b) Investments made after the Closing Date in Guarantors or Qualified Subsidiaries, (c) Investments not to exceed $150,000,000 per annum or $500,000,000 since the Closing Date in Subsidiaries that are not Qualified Subsidiaries or Guarantors, such limits shall each be increased on a cumulative basis; and (d) Investments in Persons that are not Qualified Subsidiaries or Guarantors but become a Qualified Subsidiary or a Guarantor substantially simultaneously with the making of such Investment;- Investments in accounts receivable arising and trade credit granted in the ordinary course of business; - loans and advances to employees made in the ordinary course of business not to exceed $2,000,000 in the aggregate; - cash Investments in Joint Ventures, Unrestricted Subsidiaries and minority interests in other entities not to exceed $150,000,000 per annum or $500,000,000 since Closing Date; such limits shall each be increased on a cumulative basis; and - other Investments not to exceed $10,000,000.	(iv) <u>Investments and Joint Ventures</u>: - Cash Equivalents; - Investments in Subsidiaries which are Guarantors; - Investments in Permitted Acquisitions (as modified); - loans and advances to employees made in the ordinary course of business not to exceed $5,000,000 in the aggregate; - Investments (i) in accounts receivable arising and trade credit granted in the ordinary course of business and in any Securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of Borrower and its Subsidiaries; -Investments in operating telecom businesses and telecom assets not to exceed $75,000,000 in the aggregate, such amount to be increased by net proceeds of common equity issuances following the investments by Forstmann Little and Telmex; -Investments in non-guarantor Restricted Subsidiaries (or entities that become Restricted Subsidiaries after giving effect to the transaction) engaged in operating telecom businesses and telecom assets not to exceed (i) in each of the first two years following Closing, $150,000,000 less the amount of Permitted Acquisitions in such year and (ii) $150,000,000 per year thereafter or $500,000,000 in the aggregate (including the first two years), plus consideration in the form of common equity and/or net proceeds of common equity following the investments by Forstmann Little and Telmex; and - other Investments not to exceed $10,000,000.

	Existing	Amendments
	(v) Fundamental Changes, Asset Sales, Acquisitions, etc. exceptions include: - Asset Sales if Net Asset Sale Proceeds are applied to prepay Loans; and - Permitted Acquisitions.	(v) Fundamental Changes, Asset Sales, Acquisitions, etc.: No change in section, however, definition of "Permitted Acquisition" shall change to include that (i) the entity being acquired is generating positive EBITDA; provided that Borrower may make acquisitions with adjusted negative EBITDA (based on the prior quarter annualized and after taking into account immediate and identified cost reductions to be put in place) not exceeding minus $10,000,000 in any single case or negative $25,000,000 in total; provided further that actual EBITDA (based on the most recent quarter's results annualized) will be used to calculate pro forma covenant compliance and (ii) the entities being acquired must be operating telecom businesses and telecom assets; provided that Permitted Acquisitions shall not exceed (i) in each of the first two years following Closing, $150,000,000 less the amount of Investments in non-guarantor Restricted Subsidiaries and (ii) $150,000,000 per year thereafter or $500,000,000 in the aggregate (including the first two years), plus consideration in the form of common equity and/or net proceeds of common equity following the investments by Forstmann Little and Telmex. Cash paid in Permitted Acquisitions that are not acquisitions of a "business" for purposes of Rule 210.11-01 of Regulation S-X (as in effect on the date hereof) shall be counted against capital expenditures.
	(vi) No Amendments of Existing Indentures:	(vi) No Amendments of Existing Indentures: Eliminated.
	(vii) Designation of Unrestricted Subsidiaries; Restricted Subsidiaries: Borrower can designate Unrestricted Subsidiaries.	(vii) Designation of Unrestricted Subsidiaries; Restricted Subsidiaries: Eliminated.
	(viii) Telecommunications Assets loan limitations: Loans used to provide purchase money financing for Telecommunications Assets cannot exceed 80% (or such greater % permitted under the Public Indentures) of total cost of the asset financed with such Loan.	(viii) Telecommunications Assets loan limitations: Eliminated

	<u>Existing</u>	<u>Amendments</u>
Events of Default:	Failure to make principal and interest payments when due; default in other agreements; breach of certain covenants; cross-defaults to other material debt; defaults under other Credit Documents; breach of representations and warranties; involuntary and voluntary bankruptcy; judgements and attachments; dissolution; unfunded ERISA liabilities; Guaranty, Credit Agreement or Collateral Documents cease to be in full force and effect. Subject to appropriate customary grace periods.	No change, pending review of Recapitalization Transaction documents.
Assignments and Participations:	Minimum assignment size with respect to Revolving Loans, Revolving Credit Commitments, Tranche A Term Loans and Tranche A Term Loan Commitments shall be $5,000,000. Need consent of Company and Administrative Agent (not to be unreasonably withheld) for assignments to Eligible Assignees other than another Lender, any Affiliate of any Lender and any Related Fund. Minimum assignment size with respect to Tranche B Term Loans shall be $1,000,000. Administrative Agent shall receive a processing and recordation fee of $3,500.	No change
Voting Rights:	"Requisite Class Lenders" means, at any time of determination, (i) for the Class of Lenders having Tranche A Term Loan Exposure, Lenders having or holding more than 50% of the aggregate Tranche A Term Loan Exposure of all Lenders; (ii) for the Class of Lenders having Tranche B Term Loan Exposure, Lenders having or holding more than 50% of the aggregate Tranche B Term Loan Exposure of all Lenders; (iii) for the Class of Lenders having Revolving Credit Exposure, Lenders having or holding more than 50% of the aggregate Revolving Credit Exposure of all Lenders; (iv) for the Class of Lenders having New Term Loan Exposure, Lenders having or holding more than 50% of the aggregate New Term Loan Exposure of all Lenders and (iv) for the Class of Lenders having New Revolving Loan Exposure, Lenders having or holding more than 50% of the aggregate New Revolving Loan Exposure of all Lenders.	"Requisite Class Lenders" definition to be amended to reflect the conversion of the Revolver to a Term Facility.

	Existing	**Amendments**
	"Requisite Lenders" means one or more Lenders having or holding Tranche A Term Loan Exposure, Tranche B Term Loan Exposure, Revolving Credit Exposure, New Term Loan Exposure for a Series and/or New Revolving Loan Exposure for a Series representing more than 50% of the sum of (i) the aggregate Tranche A Term Loan Exposure of all Lenders, (ii) the aggregate Tranche B Term Loan Exposure of all Lenders, (iii) the aggregate Revolving Credit Exposure of all Lenders, (iv) the aggregate New Term Loan Exposure of all Lenders for such Series and (iv) the aggregate New Revolving Loan Exposure of all Lenders for such Series.	"Requisite Lenders" definition to be amended to reflect the conversion of the Revolver to a Term Facility.
	Amendments and waivers require approval of Requisite Lenders except that (a) each Lender affected is required to approve an amendment/waiver which extends the scheduled final maturity of any Loan; waives, reduces or postpones any scheduled repayment; reduces the rate of interest on any Loan; extends the time for payment of any such interest or fees; reduces the principal amount of any Loan; amends the definition of "Requisite Lenders" or Pro Rata Share"; releases all or substantially all of the Collateral; or consents to the assignment by any Credit Party of any of its rights or obligations under any Credit Document. Need consent of Requisite Class Lenders of each Class to amend the definition of "Requisite Class Lenders".	No change.
Expenses:	Borrower shall pay all the actual and reasonable costs and expenses of preparation of the Credit Documents and any consents, amendments, waivers or other modifications thereto; all the costs of furnishing all opinions by counsel for Borrower; the reasonable fees, expenses and disbursements of counsel to Agents.	No change.
Governing Law:	State of New York	No change.

	Existing	**Amendments**
Exclusivity:		Lenders will not enter into or negotiate any amendments to the Credit Documents inconsistent with the transactions contemplated by the Forstmann Little/Telmex Stock Purchase Agreement in accordance with its existing terms until the earliest of (i) the termination of the Forbearance Period under the Forbearance Agreement in accordance with its terms, (ii) the termination of the Stock Purchase Agreement in accordance with its existing terms, and (iii) the filing by or against the Company of a bankruptcy petition not consistent with the implementation of the transactions contemplated by the Stock Purchase Agreement.

Schedule 8.1

No.	Party to Contract	Address	City	State	Zip	Contact	Description of Contract/Lease
1	Bell South Telecommunications, Inc.	600 North 19th Street, 9th Floor	Birmingham	AL	35203	Marcus B. Cathey	Dial Access Service Agreement Dated 4/3/00.
2	Pacific Bell	14709 Van Nuys	Van Nuys	CA	91405	John Acevedo	Agreement for Installation and Maintenance of Telecommunications Service (Dial Access Service) Dated 7/23/99
3	Global Crossing Bandwidth Inc.	90 Castilian Drive, Suite 200	Goleta	CA	93117	Jessica Solomon	Local Exchange Carrier Service Agreement Dated 3/29/99 for private line services.
4	William Communications Inc.	One Technology Center	Tulsa	OK	74103	Frank Semple	Carrier Service Agreement No. 99R097600 Dated 6/3/99
5	William Communications Group, Inc.	15100 Southwest Koll Parkway	Beaverton	OR	97006	Elizabeth Rydbom	Agreement for Purchase and Sale of Services and Equipment Dated 7/25/97
6	Consolidated Rail Corporation	2001 Market Street, 16A	Philadelphia	PA	19103	John K. Enright	License Agreement for fiber optic innerduct and right of way dated 2/15/99
7	Cable and Wireless USA	45195 Business Court	Dulles	VA	20166	Troy Drake	IP Transit Agreement
8	Hewlett-Packard Company	1801 Research Blvd	Rockville	MD	20850-1047	Robert Beran	Financing Agreement No. 5160A for OpenView Software J3400A Dated 4/21/98
9	DoubleClick, Inc.	450 W. 33rd St. 16th Floor	New York	NY	10001	Robert Grossberg	Doubleclick IO and Advertiser Agreement effective 6/15/01
10	McLeod USA Telecommunications Services, Inc. (f/k/a Cap Rock Telecommunications)	6400 C Street S.W.	Cedar Rapids	IA	52404	Law Group	Master Services Agreement for DS-1, DS-3 and/or OC-N telecommunications capacity dated 9/17/00
11	McLeod USA Telecommunications Services Inc.	6400 C Street S.W.	Cedar Rapids	IA	52404	Law Group	Master Services Agreement - Wholesale, Carrier and Major Accounts effective 1/1/02
12	Colonial Realty Limited Partnership	300 Colonial Center Parkway, Suite 200	Roswell	GA	30076	Tom LaDow	Telecommunications License Agreement - Colonial Center 100 Building, Effective 2/01/01 Telecommunications License Agreement - Colonial Center 200 Building Effective 2/01/01 Telecommunications License Agreement - Colonial Center 300 Building Effective 2/01/01

Schedule 8.1

No.	Party to Contract	Address	City	State	Zip	Contact	Description of Contract/Lease
13	WHWPP Real Estate Limited Partnership	111 West Port Plaza	Saint Louis	MO	63146	Candace Spearman	Telecommunications License Agreement - 111 West Port Plaza Building, Effective 5/31/01 Telecommunications License Agreement - 77 West Port Plaza Building, Effective 5/31/01 Telecommunications License Agreement - 940 West Port Plaza Building, Effective 5/31/01
14	Lucent Technologies Inc.	600 Mountain Avenue	Murray Hill	NJ	07974	Kathy Petrelli	Agreement for Purchase and Sale of Equipment No. LNM99-100511105 Dated 8/24/00 SOW for Remote Technical Support and Repair & Replacement Dated 1/01/01
15	Globe Building Company	710 N. Tucker, STE 100	St. Louis	MO	63101	Richard Ross	Real Estate Lease Agreement for 710 N. Tucker facility effective 6/12/00 Term 11/1/00 - 10/31/15
16	De Lage Landen Financial Services	1055 Westlakes Drive	Berwyn	PA	19312-2410	Legal Department	Lease Agreement No. 24383037 for office equipment dated 2/26/01. Lease Agreement No. 24381140 for office equipment dated 2/28/01 Lease Agreement No. 24371462 for office equipment dated 12/15/00
17	Xerox Capital Services, LLC	1301 Ridgeview Drive Building R382	Lewisville	TX	75057	Pearl Young	Lease Agreement No. 252445 for photocopier dated 10/15/99 Lease Agreement No. 937716 for photocopier dated 3/30/01 Lease Agreement No.138238 for photocopier dated 5/13/99
18	Canon Financial Services, Inc.	PO Box 42937	Philadelphia	PA	19101-2937	Legal Department	Lease Agreement No. 1-10522901 for fax machine dated 5/19/99 Lease Agreement No.105229-2 for a 9000 series fax machines dated 5/21/99 Lease Agreement No. 10522903 for 2 9000 series fax machines dated 9/22/99 Rental Agreement No. 1-105229-4 2 fax 9000 fax machines and 2 6551 photocopiers dated 10/27/99 Lease Agreement No. 105229-05 for 9000L fax dated 12/24/99 Lease Agreement No. 105229-6 for 9000 fax machine dated 2/24/00 Lease Agreement No. 105229-07 for 3170 fax unit dated 4/20/00 Lease Agreement No. 1-105229-08 for a 9000 plain paper fax machine dated 5/29/00
19	Minolta Business Systems	1111 Old Eagle School Road	Wayne	PA	19087	Ben Tipton	Rental Agreement for Office Equipment Effective 3/27/00
20	IKON Office Solutions, Inc.	4900 Seminary Road, 12th Floor	Alexandria	VA	22311	Bob Zavarick	Master Lease Agreement No. 00320 00320AA, Canon NP 6016, 11/4/98 00320K, NP6050, 1/27/98

Schedule 8.1

No.	Party to Contract	Address	City	State	Zip	Contact	Description of Contract/Lease
							00320L, Sharp 2275, 3/17/98
							00320M, Canon NP 6050, 4/9/98
							00320N, Canon NP 6551, 5/4/98
							00320O, Canon LC 9000, 5/29/98
							00320Q, Canon NP6551, 6/22/98
							00320R, 2/Canon LC 9000, 6/11/98
							00320S, 2/Canon NP 6551, 2/Canon 9000, 7/8/98
							00320U, Canon NP 6551, Canon 9000, 8/17/98
							00320V, Canon 4000, 8/19/98
							00320W, Canon NP 6330, 9/4/98
							00320X, Canon L-4000, 9/10/98
							00320Y, Canon NP6551,10/22/98
							00320Y, Canon L-9000, 9/28/98
							00320Z, Canon NP 6551, 10/29/98
							Master Lease Agreement No. 00649
							00649AAA for Canon NP 6551 dated 2/9/00
							00649AAAA for Canon 9000L dated 10/3/00
							00649AAAB, Canon IR 330S, 9/14/00
							00649AAAC, Canon CLC 900, 9/14/00
							00649AAAD for Canon IR 550 dated 10/3/00
							00649AAB, Canon IR 550, Canon IR 400, 2/Canon 9000L, 2/16/00
							00649AAC, Canon 7130F, 3/1/00
							00649AAD, Canon IR550, 3/1/00
							00649AAE, Canon 7130F, 3/17/00
							00649AAF, Canon 9000L dated 3/17/00
							00649AAH, 2/Canon LC2060, 4/19/00
							00649AAI, Canon LC 3175MS, 4/20/00

Schedule 8.1

No.	Party to Contract	Address	City	State	Zip	Contact	Description of Contract/Lease
	IKON Office Solutions, Inc.						00649AAJ, 2/Canon 9000L, 5/15/00
							00649AAK, Canon LC 2060, 5/8/00
							00649AAK, Canon IR 400S, 5/1/00
							00649AAL, Canon LC 3170, 6/27/00
							00649AAN, Canon IR 330S, 6/7/00
							00649AAO for Ricoh Aficio 850
							00649AAP for Canon IR 550 dated 6/26/00
							00649AAQ for Canon IR 550 dated 7/7/00
							00649AAR, Canon IR 550, 8/3/00
							00649AAS, Canon Fax 2060, 7/13/00
							00649AAT, Canon IR 550, 7/12/00
							00649AAU, Canon 4500, 7/28/00
							00649AAV, Canon IR550, 7/31/00
							00649AAW, Canon 2060, 8/10/00
							00649AAY for Canon fax 2060 dated 8/15/00
							00649AA, 2/Canon NP6551, 2/Canon LC 8500, 7/14/99
							00649AB, canon LC 9000S, 7/14/99
							00649AC, Ricoh 7960, 7/16/99
							00649AE, Canon NP 6551, 2/Canon 8500, 7/21/99
							00649AF, Ricoh Fax 3700L, 7/26/99
							00649AG, Canon LC9000, 7/28/99
							00649AI, Canon NP 6551, Canon LC 9000, 8/9/99
							00649AI, Ricoh Aficio 650, 8/2/99
							00649AK for Canon LC 9000 dated 8/10/99
							00649AL, Canon CLC 900, 8/16/99
							00649AM, Canon LC 9000 dated 8/10/99
							00649AN, Canon LC 9000, 8/19/99
							00649AP, Canon NP 6551, Canon LC 9000, 9/7/99
							00649AQ, Canon 6551, Canon LC9000, 9/7/99
							00649AR, 4/Canon IR 600, 5/ Canon LC 9000, 1/Canon LC4000, 9/9/99
							00649AT, Canon IR 550, 9/30/99
							00649AU, Canon LC 9000, 9/30/99

Schedule 8.1

No.	Party to Contract	Address	City	State	Zip	Contact	Description of Contract/Lease
	IKON Office Solutions, Inc.						00649AV, Canon IR 400S, 2/Canon 9000Fax, 11/2/99
							00649AX, Canon IR 550, 2/Canon 9000I, 12/1/99
							00649AY, Canon 9000L, 12/27/99
							00649AZ, Canon 9000L, 1/31/00
							00649C, Canon LC 9000, 11/13/98
							00649D, Canon NP6551, Canon LC 8500, 11/13/98
							00649E for Ricoh 7660 dated 11/30/98
							00649F, Canon NP6551, 12/15/98
							00649G for Canon LC9000 and L-4000 dated 1/4/99
							00649H, Canon NP 6551, 1/13/99
							00649K, 3/Ricoh Aficio 350, 3/Ricoh 2700 Fax, 2/8/99
							00649L, Canon NP 6330, 2/Canon 4000, 2/12/99
							00649M, Canon LC 8500, 2/23/99
							00649O for Canon LC-8500 dated 3/5/99
							00649P, Canon NP 6550, 3/31/99
							00649S for Canon LC-8500 dated 4/5/99
							00649T, Canon LC-4000, 4/7/99
							00649U, Canon LC-4000, 4/21/99
							00649V, Canon IR 400, 6/2/99
							00649W for Rico Aficio 350 dated 5/25/99
							00649X, 2/Canon 900,6/4/99
							00649Y, Canon IR 330, 6/17/99
							00649Z for Canon NP 6551 dated 7/6/99
							Lease Agreement No. LA 0172 , Canon IR 550, 11/30/00
							Image Management Agreement No. 695337, 2/Canon NP6050, 10/6/00
							Lease Agreement No. A78155, Canon NP-6551 , Canon LC-9000L Fax, 8/9/00

Appendix F

THE BANK STAND-ALONE SUPPORT LETTER

AND

THE STAND ALONE TERM SHEET

TD

TORONTO DOMINION (TEXAS), INC.

Suite 1700
909 Fannin
Houston, Texas 77010

Telephone No.

713-427-8531

July 16, 2002

Wayne M. Rehberger, Sr. VP & CFO
XO Communications, Inc.
11111 Sunset Hills Road

Re: XO Communications

Dear Wayne:

As discussed, the informal steering committee of lenders under the secured credit facility has indicated that it is prepared to support, and recommend that the lenders under the secured credit facility approve, the stand alone restructuring contemplated by the term sheet attached hereto, subject to the preparation of definitive documentation and the completion of customary internal bank approval processes.

Very truly yours,

Toronto Dominion (Texas), Inc.,
as administrative agent

By: Lynn Chasin
Lynn Chasin, Vice President

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XO COMMUNICATIONS, INC.
PROPOSED RESTRUCTURING TERM SHEET

The sub-group (the "Sub Group") of the steering committee (the "Steering Committee") of the senior lenders of XO Communications, Inc. presents the following material terms of a financial restructuring of XO Communications, Inc. ("XO" or the "Company"), which the Sub Group would be prepared to recommend to the Steering Committee and the senior lenders (the "Existing Senior Lenders"). The terms discussed herein are an integrated compromise and are not divisible. Nothing contained herein shall constitute an offer susceptible of an acceptance of a legally binding obligation of one or more of the Existing Senior Lenders, or any other party in interest. This term sheet is being provided to XO in confidence, in furtherance of settlement discussions, and should not be disclosed to any party or person other than your professionals without our consent except that copies hereof may be provided on a confidential basis to Forstmann Little and Telmex. This term sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to protection from any use or disclosure to any party or person pursuant to Fed. R. Evid. 408 or any other applicable rule of evidence.

These terms are subject to the negotiation and execution of a definitive restructuring agreement based on the terms set forth below and the Company filing a petition or petitions for relief (a "Petition") under chapter 11 of title 11 of the United States Code and accompanied with a proposed plan of reorganization (the "Plan"), a disclosure statement and other related documents in accordance with the terms set forth below (collectively, with the post-Petition obligations after the conclusion of the Plan, the "Transaction"). So long as the Stock Purchase Agreement, dated as of January 15, 2002, among the Company, Forstmann Little partnerships and Telefonos de Mexico remains in effect, the Company does not intend to enter into any written agreements to effectuate the Transaction. The Plan will contemplate the Transaction only in the event that the Stock Purchase Agreement is terminated in accordance with its terms or the Company otherwise concludes that the transaction contemplated thereby will not be completed.

I. TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The Transaction will classify and provide treatment for claims against and interests in the Company generally as described below. Claims in each such class will be satisfied in full by the delivery of the consideration described below on the effective date of the Plan (the "Effective Date").

Exit Facility:

The reorganized XO ("Reorganized XO" or Reorganized Company") may arrange for a revolving credit facility ("Exit Revolver") with a maximum availability of $200 million (the "Maximum Revolver Availability") as follows:

- Exit Revolver shall be granted a 1st lien on all assets to the extent it is available and drawn.
- Provided that the Company is in compliance with all other covenants under the Junior Secured Loans, the Exit Revolver may be drawn at any time following the end of the fourth (4th) complete quarter following the Effective Date.
- The Exit Revolver may not be drawn when the Reorganized Company's cash balance is above $50 million.
- The Maximum Revolver Availability shall be reduced by any cash proceeds to Reorganized XO from a Rights Offering of Reorganized XO common equity.
- Fees, pricing and documentation for the Exit Revolver shall be in a form and on terms satisfactory to the Existing Senior Lenders.
- The Existing Senior Lenders are not obligated to and are not committing to participate in the Exit Revolver.

Senior Secured Credit Facility:

The Existing Senior Lenders, who are holders of claims under the Tranche A and Tranche B Term Loans and the Revolving Line of Credit (together, the "Existing Senior Lenders Claims") under the Credit Agreement dated as of February 3, 2000 (the "Existing Credit Agreement") shall receive on the Effective Date: (i) $500 million Junior Secured Loans and (ii) new common stock ("New Common Stock") of Reorganized XO representing 100% of all issued and outstanding shares of New Common Stock on the Effective Date (subject to dilution resulting from the exercise of warrants, if any, allocated to the Senior Note Claims, issuance of shares pursuant to the rights offerings described below and the exercise of employee options). The proposed terms of the Junior Secured Loans are outlined in Exhibit A.

Senior Note and General Unsecured Creditors Claims:

Holders of Senior Note Claims and other general unsecured claims ("General Unsecured Claims") shall receive on the Effective Date, in full satisfaction of all of their claims and pro rata, the following for each class: (i) if they vote, as a class, in favor of the Plan, or if 50% or more (but less than the requisite class vote needed to approve the Plan) of the such class votes in favor of the Plan, Warrants for the New Common Stock (in the amounts and on the terms as detailed in Exhibit B) and (ii) whether or not such class votes in favor of the Plan, the right to subscribe on a pro rata basis to the entire Rights Offering (the "First Tier Rights"), and, after unexercised First Tier Rights have been offered to junior classes, oversubscription rights, as detailed in Exhibit C. Holders of Senior Note Claims and General Unsecured Claims shall be separately classified under the Plan.

Subordinated Note Claims:

Holders of Subordinated Note Claims shall receive on the Effective Date, in full satisfaction of their claims, rights reflecting 1/3 of the un-exercised First Tier Rights with oversubscription rights, as detailed in Exhibit C.

Preferred Equity Interests:

Holders of all outstanding shares of existing Preferred Stock shall receive on the Effective Date, in full satisfaction of their interests, rights reflecting 1/3 of the un-exercised First Tier Rights with oversubscription rights, as detailed in Exhibit C, based upon liquidation preference as of the filing date.

Common Equity Interests:

Holders of all outstanding shares of existing of Class A and Class B common stock shall receive on the Effective Date, in full satisfaction of their interests, rights reflecting 1/3 of the un-exercised First Tier Rights with oversubscription rights, as detailed in Exhibit C, and as outlined below.

	Shares	% Rights
Class A	337,774,204	76.4%
Class B	104,423,158	23.6%

Warrants:

All of the outstanding and unexercised warrants to acquire shares of the common stock of XO will be canceled on the Effective Date and the holders thereof will receive no consideration with respect to such warrants.

Options:

All of the outstanding and unexercised options to acquire shares of the common stock of XO will be canceled on the Effective Date and the holders thereof will receive no consideration with respect to such options.

II. ADDITIONAL PROVISIONS OF THE TRANSACTION

Management Incentive Program:

The Transaction will include the adoption of a stock option plan providing for the grant to the officers, employees and directors of Reorganized XO and its subsidiaries as determined by the board of directors of XO and consented to by the board of directors of Reorganized XO (such consent not to be unreasonably withheld) of options to acquire shares of New Common Stock representing initially up to 7%, with an additional 3% reserved for issuance post consummation by the board of directors of Reorganized XO in their discretion, of all issued and outstanding shares of New Common Stock on a fully diluted basis. 25% of the options included in the initial grant shall be vested on the Effective Date with the remainder vesting over a three-year period. The strike price of these management options issued in the initial grant will be based upon the post-rights offering equity value of Reorganized XO assumed in the restructuring (the "Management Incentive Program").

Retention Bonus Plan:

Not to exceed $25 million in aggregate, of which no more than 25% shall be payable upon consummation of XO's Chapter 11 proceeding. The remaining amount shall be payable as follows (assuming an Effective Date on or before December 31, 2002): one-half of such remaining amount shall be contingently payable upon delivery of the Reorganized Company's quarterly financial statements for the fiscal quarter ending March 31, 2003 and one-half of such remaining amount shall be contingently payable upon delivery of the Reorganized Company's quarterly financial statements for the fiscal quarter ending September 30, 2003 (provided that if the Effective Date is after December 31, 2002, the foregoing dates shall be the second and fourth full quarters, respectively, ending after the Effective Date), with the amount actually payable on each such date to depend on the Reorganized Company's actual Consolidated EBITDA (to be defined as in the Existing Credit Agreement and excluding reorganization expenses) for the two trailing quarters just ended in comparison to the Company's projected Consolidated EBITDA (excluding reorganization expenses) for such two quarters as reflected in the Company's financial model dated May 9, 2002, as follows:

Actual Consolidated EBITDA as a Percentage of Plan	Amount of Maximum Payable Amount Actually Payable
<75%	0%
75%-100%	75%
>100%	100%

The other terms of the Retention Bonus Plan and the employment arrangements for senior management shall be in form and substance reasonably acceptable to the Existing Senior Lenders.

Board of Directors:

The initial board of directors of Reorganized XO will consist of 7 members designated as follows: (i) two by the Reorganized XO's senior management and (ii) five by the Existing Senior Lenders, provided that if the Rights Offering is executed for a minimum of $150 million within six (6) months of the Effective Date, then one of the Existing Senior Lenders' board seats shall be designated by parties who exercised Rights.

Indemnification:

The Reorganized Company will assume the indemnification obligations to all current and former officers and directors.

Support Agreements:

Upon agreement among the Company and the Existing Senior Lenders regarding the terms of a Transaction, the Administrative Agent will seek Support Agreements from holders of the Existing Senior Lenders Claims (the "Consenting Claims") (to which the Company will be a party) which shall, among other things, be subject to termination dates related to (a) timely solicitation and receipt of acceptances for a Plan; and (b) confirmation of the Plan. The Support Agreements shall (i) indicate said holders' support for the Plan, (ii) ensure that if a Consenting Claim is sold, assigned or conveyed in any way (collectively, a "Sale Transaction"), said Sale Transaction shall be conditioned upon the assumption of the Support Agreement by the transferee of such Consenting Claim, (iii) ensure that if the holder of a Consenting Claim purchases further Existing Senior Lenders Claims, such newly-acquired claims shall also be subject to the Support Agreements, and (iv) provide that XO will expeditiously pursue confirmation of the Plan and will not pursue any sale, plan of reorganization or other transaction without the written consent of the holders of the Consenting Claims. The Support Agreements shall provide that they can be amended or terminated with the consent of the Senior Lenders holding at least a majority of the Consenting Claims.

Releases:	The Transaction and the Plan shall include a full discharge and mutual releases of liability by and in favor of the Company, Reorganized XO, the Agent, the Existing Senior Lenders, the Committee and each member of the Informal Noteholders Committee and each of their respective affiliates, principals, employees, agents, officers, directors, and professionals from: (i) any and all claims and causes of action arising prior to the Effective Date; and (ii) any and all claims arising from the actions taken or not taken in connection with the Transaction, the Plan and the Company's bankruptcy filing, if any; provided that the Agent may waive this condition to closing under the Plan. In addition, the Company shall be entitled to seek similar releases from all parties receiving distributions under the Plan.
Documentation:	Any agreement shall be subject to the negotiation, execution and delivery of definitive documentation setting forth the terms of the Transaction.

EXHIBIT A

SUMMARY OF TERMS OF PROPOSED JUNIOR SECURED LOANS

[SEE ATTACHED]

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FOR CONFIDENTIAL DISCUSSION ONLY
NOT AN OFFER

DRAFT

EXHIBIT A

Summary of Required Amendments[1]
to the XO Communications, Inc.
Existing Credit Agreement
June ___, 2002

	Existing	**Amendments**
Borrower:	XO Communications, Inc.	No change.
Guarantors:	Guaranties from each of the domestic Restricted Subsidiaries of the Borrower.	Guaranties from all wholly-owned Domestic Restricted Subsidiaries of Borrower. Elimination of Indentures automatically removes existing limitations.
Collateral:	1. Borrower secures all of its obligations (i.e., the entire facility) by granting a security interest in all of its assets, primarily a perfected first priority pledge of 100% of the shares of the capital stock owned by Borrower in each of its direct domestic subsidiaries and 65% of the shares of the capital stock owned by Borrower in each of its direct foreign subsidiaries. 2. Guarantors secure their obligations under the Guaranty and Borrower's obligations under the Credit Agreement for a maximum amount not to be less than $125,000,000 (or such greater amount permitted under the Public Indentures) by granting a perfected first priority lien on substantially all of their real and personal property .	1. No change other than that the security interest securing the obligations will be a second priority perfected security interest (subject only to the first priority perfected security interest in respect of the Exit Revolver). 2. Limitations required by Indentures eliminated. Fully secured by a second priority perfected security interest (subject only to the first priority perfected security interest in respect of the Exit Revolver) in all assets of Guarantors.

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[1] This summary outlines certain terms of the Junior Secured Loans in connection with the Transactions contemplated in the Proposed Restructuring Term Sheet to which this summary is attached as Exhibit A. This summary is subject to the terms, conditions and limitations set forth in the Proposed Restructuring Term Sheet. Capitalized terms used herein and not otherwise defined herein have the same meanings herein as ascribed thereto in the Proposed Restructuing Term Sheet.

	Existing	Amendments
	3. All telecommunications assets that are acquired, constructed or improved with the proceeds of the Loans shall be used to fully secure all Loans (cross-collateralization of purchase money loans is permitted) used to acquire, construct or improve such telecommunications assets, whether such assets are owned by Borrower or the Guarantors.	3. Eliminated.
Facilities:	Tranche A Term Loan: $387,500,00 Tranche A Term Loan ("Term A Loan"). Fully drawn. Tranche B Term Loan: $225,000,000 Tranche B Term Loan ("Term B Loan"). Fully drawn. Revolver: $387,500,000 reducing Revolving Loan (the "Revolver").	Revolver, Term A Loan and Term B Loan shall be combined and converted into a single $500 million Term Loan ("Term Loan") facility. No other changes.
Incremental Facility:	Borrower may elect to establish New Term Loans and/or New Revolving Loans in an aggregate amount not to exceed $1,000,000,000 ("Incremental Facilities"). No Incremental Facilities elected.	Eliminated.
Maturity Date:	Term A Loan: December 31, 2006. Term B Loan: June 30, 2007. Revolver: December 31, 2006.	March 31, 2009. To be pushed back pro tanto if closing is delayed beyond September 30, 2002.

<table>
<tr><th></th><th><u>Existing</u></th><th><u>Amendments</u></th></tr>
<tr>
<td>Mandatory Commitment Reductions and Repayments:</td>
<td>
<u>Term A Loan</u>: Term A Loans shall be repaid quarterly on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the annual amounts set forth below, commencing March 31, 2004:
<table>
<tr><th>Fiscal Year</th><th>Term A Loan Installment</th></tr>
<tr><td>2004</td><td>20%</td></tr>
<tr><td>2005</td><td>30%</td></tr>
<tr><td>2006</td><td>50%</td></tr>
</table>
<u>Term B Loan</u>: Term B Loans shall be repaid quarterly in the amounts and on the dates set forth below, commencing March 31, 2004:
<table>
<tr><th>Date</th><th>Term B Loan Installment</th></tr>
<tr><td>March 31, 2004</td><td>0.25%</td></tr>
<tr><td>June 30, 2004</td><td>0.25%</td></tr>
<tr><td>September 30, 2004</td><td>0.25%</td></tr>
<tr><td>December 31, 2004</td><td>0.25%</td></tr>
<tr><td>March 31, 2005</td><td>0.25%</td></tr>
<tr><td>June 30, 2005</td><td>0.25%</td></tr>
<tr><td>September 30, 2005</td><td>0.25%</td></tr>
<tr><td>December 31, 2005</td><td>0.25%</td></tr>
<tr><td>March 31, 2006</td><td>0.25%</td></tr>
<tr><td>June 30, 2006</td><td>0.25%</td></tr>
<tr><td>September 30, 2006</td><td>0.25%</td></tr>
<tr><td>December 31, 2006</td><td>0.25%</td></tr>
<tr><td>March 31, 2007</td><td>0.25%</td></tr>
<tr><td>June 30, 2007</td><td>96.75%</td></tr>
</table>
</td>
<td>
Term Loan shall be repaid quarterly in the amounts and on the dates set forth below, commencing June 30, 2007:
<table>
<tr><th>Date</th><th>Installment</th></tr>
<tr><td>June 30, 2007</td><td>5.0%</td></tr>
<tr><td>September 30, 2007</td><td>5.0%</td></tr>
<tr><td>December 31, 2007</td><td>5.0%</td></tr>
<tr><td>March 31, 2008</td><td>10.0%</td></tr>
<tr><td>June 30, 2008</td><td>10.0%</td></tr>
<tr><td>September 30, 2008</td><td>15.0%</td></tr>
<tr><td>December 31, 2008</td><td>15.0%</td></tr>
<tr><td>March 31, 2009</td><td>35.0%</td></tr>
</table>
To be pushed back pro tanto if closing is delayed beyond September 30, 2002.
</td>
</tr>
</table>

	Existing	Amendments
Mandatory Commitment Reductions and Repayments:	Revolver: The Revolving Credit Commitments shall be permanently reduced in consecutive quarterly installments on the last day of each Fiscal Quarter occurring in each of the Fiscal Years and in the aggregate annual amounts set forth below, commencing March 31, 2004: **Fiscal Year** | **Reductions** 2004 | 20% 2005 | 30% 2006 | 50% Incremental Facilities: The terms and provisions of any Incremental Facility shall be identical to the type of Commitment or Loans being increased except as specified in the applicable Joinder Agreement.	Incremental Facilities: Eliminated.
Availability:	Term A Loans: $150,000,000 drawn on the Closing Date, remaining $237, 500,000 drawn (multiple draws allowed) as required prior to the Tranche A Commitment Termination Date (which was February 3, 2001, one year following the Closing Date). Term B Loans: One draw only allowed on Closing Date, February 3, 2000. Revolver: Revolver available on a revolving basis during the Revolving Credit Commitment Period (the period commencing on Closing Date but excluding the Revolving Credit Commitment Termination Date, December 31, 2006). Incremental Facilities: Subject to certain conditions precedent, the first $500,000,000 of the total $1,000,000,000 of potential increased commitments was available after the Term A Loans were fully drawn.	Revolver, Term A Loans and Term B Loans shall be combined and converted as described under the heading "Facilities" above. Incremental Facilities: Eliminated.

	Existing	Amendments
Use of Proceeds:	Up to $125,000,000 (or such greater amount as may be permitted under the Public Indentures) of the proceeds of the Loans will be used to finance capital expenditures, to provide working capital and for other general corporate purposes, and all remaining Loan proceeds (including all New Revolving Loans and New Term Loans, if any) will be used to provide purchase money financing for the construction, acquisition or improvement of Telecommunication Assets not to exceed 80% (or such greater percentage (not in excess of 100%) as may be permitted under the Public Indentures) of the total cost of the assets financed thereby.	N/A
Optional Prepayments:	Term A Loans: Term A Loans may be prepaid at any time on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount. Term B Loans: Term B Loans may be prepaid at any time on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount. Prepayment fee included equal to (i) 2% prior to the one year anniversary of the Closing Date and (ii) 1% after the one year anniversary of the Closing Date, but prior to the two year anniversary of the Closing Date. No prepayment fee thereafter. Revolver: Revolving Loans may be prepaid on any Business Day in whole or in part in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount. Incremental Facilities: Incremental Facilities may be prepaid as specified in the applicable Joinder Agreement(s).	Term Loan may be prepaid at any time on any Business Day in whole or in part in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 in excess of that amount. Incremental Facilities: Eliminated.

	Existing	**Amendments**
Mandatory Prepayments:	(i) Asset Sales. From Net Asset Sale Proceeds, subject to 270 days reinvestment period.	(i) Asset Sales: Net Asset Sale Proceeds can be reinvested within a 270 day reinvestment period; provided that (a) such reinvestment shall be in hard assets that become Collateral and (b) the aggregate amount of such proceeds reinvested after the closing date shall not exceed $50,000,000 in the aggregate. Net Asset Sale Proceeds not reinvested in accordance with the preceding sentence shall, first, to the extent required under the Exit Revolver, be used to permanently reduce the Exit Revolver commitment and then, to the extent not used to permanently reduce the Exit Revolver commitment, be used to repay the Term Loan. Sales of (x) dark fiber and (y) all or substantially all of the network capacity in a Geographic Market shall be considered "Asset Sales." The Borrower shall not permit Net Asset Sale Proceeds subject to the reinvestment option to be outstanding at any time in an amount greater than $25,000,000.
	(ii) Insurance/Condemnation Proceeds. From Net Insurance/Condemnation Proceeds, subject to 270 days reinvestment period.	(ii) Insurance/Condemnation Proceeds: No changes other than that any Insurance/Condemnation Proceeds not reinvested within 270 days shall, first, to the extent required under the Existing Revolver, be used to permanently reduce the Exit Revolver commitment and then, to the extent not used to permanently reduce the Exit Revolver commitment, be used to repay the Term Loan.
	(iii) Consolidated Excess Cash Flow. In the event that there shall be Consolidated Excess Cash Flow for any Fiscal Year (commencing with Fiscal Year 2004), no later than 100 days after the end of such Fiscal Year, (x) Borrower shall prepay the Loans and/or (y) the Revolving Credit Commitments, the New Revolving Credit Commitments, the Tranche A Term Loan Commitments and the New Term Loan Commitments shall be permanently reduced in an aggregate amount equal to 50% of such Consolidated Excess Cash Flow.	(iii) Consolidated Excess Cash Flow: 50% of Consolidated Excess Cash Flow in excess of $25 million per quarter; provided, however, that any such amount shall, first, to the extent required under the Existing Revolver, be used to permanently reduce the Exit Revolver commitment and then, to the extent not used to permanently reduce the Exit Revolver commitment, be used to repay the Term Loan.

	Existing	Amendments
	(iv) Change of Control. No later than the third Business Day following the date that a Change of Control shall occur, Company shall prepay, in full, the outstanding principal amount of all outstanding Loans, together with all accrued interest, fees and other expenses owing hereunder and under the other Credit Documents, and all Commitments shall terminate.	(iv) Change of Control: "Change of Control" definition will be modified to provide that a Change of Control shall occur if any third party owns more than [40]% of the voting stock of Borrower. (v) Equity Proceeds: 75% of all cash proceeds raised in the Rights Offering in excess of $200 million and 50% of all other cash proceeds of equity raised in excess of $200 million, including the first $200 million of any equity raised through the Rights Offering but not including proceeds from the exercise of the Warrants and employee options; provided, however, that any such equity proceeds shall, first, to the extent required under the Existing Revolver, be used to permanently reduce the Exit Revolver commitment and then, to the extent not used to permanently reduce the Exit Revolver commitment, be used to repay the Term Loan. (vi) Debt Proceeds: 100% of all debt raised; provided, however, that any such debt proceeds shall, first, to the extent required under the Existing Revolver, be used to permanently reduce the Exit Revolver commitment and then, to the extent not used to permanently reduce the Exit Revolver commitment, be used to repay the Term Loan.
Application of Mandatory Prepayments:	Mandatory prepayments shall be applied on a pro rata basis *first* to prepay outstanding Term Loans, *second* to permanently reduce undrawn Term Loan Commitments, *third* to prepay Revolving Loans and New Revolving Loans and *fourth* to permanently reduce undrawn Revolving Credit Commitments and New Revolving Credit Commitments.	Prepayments shall be applied pro rata to the remaining scheduled installments of the Term Loan.
Interest:	Revolver and Term A Loans: Base Rate Loans: Base Rate plus Applicable Margin Eurodollar Rate Loans: Adjusted Eurodollar Rate plus Applicable Margin	Interest shall be paid-in-kind and shall accrue quarterly at a rate equal to the Adjusted Eurodollar Rate plus 600 basis points. The Borrower may at its option at any time, make a one-time election to begin paying cash interest at a rate equal to the Adjusted Eurodollar Rate plus 400 basis points, payable quarterly. The Term Loan shall become cash pay, as set forth in the preceding sentence, once the Interest Coverage Ratio

	Existing	**Amendments**
		(EBITDA/Interest, calculated on a trailing 12-month basis) exceeds 4.0x.
	Total Leverage Ratio — **Applicable Margin for Tranche A Term Loans and Revolving Loans** > 10.0:1.00 — 2.50% < 10.0:1.00 > 7.5:1.00 — 2.25% < 7.5:1.00 >5.0:1.00 — 1.875% <5.0:1.00 — 1.625% Term B Loans: Base Rate Loans: — Base Rate plus 2.25% per annum Eurodollar Rate Loans: — Adjusted Eurodollar Rate plus 3.25% per annum	
Commitment Fees:	Term A Loan: Fees equal to (1) the average of the daily difference between (a) the Tranche A Term Loan Commitments, and (b) the aggregate principal amount of outstanding Tranche A Term Loans multiplied by (2) the Applicable Commitment Fee Percentage. Revolver: Fees equal to (1) the average of the daily difference between (a) the Revolving Credit Commitments, and (b) the aggregate principal amount of outstanding Revolving Loans multiplied by (2) the Applicable Commitment Fee Percentage. **Facility Usage** — **Commitment Fee** < 1/3 — 1.25% < 2/3 > 1/3 — 1.00% > 2/3 — 0.75% Fees shall be calculated on the basis of a 360-day year and shall be payable quarterly in arrears.	N/A.

	Existing	**Amendments**
Condition Precedent to Subsequent Drawings:	These include, but are not limited to, the following: 1. All representations and warranties are true and correct in all material respects. 2. No Default or Event of Default in existence at the time of such Loan.	N/A.
Conditions Precedent to Amendment:	N/A.	Including, but not limited to the consummation of the Transactions, on terms and conditions satisfactory to Requisite Lenders.
Financial Covenants:	**Stage 1**: Until June 29, 2003, the covenants shall include: 1. Minimum Revenues: Revenues for any Fiscal Quarter shall not be less than the correlative amount indicated below: **Fiscal Quarter** — **Minimum Quarterly Revenues (in millions)** 1Q2000 — $80.0 2Q2000 — $90.0 3Q2000 — $170.0 4Q2000 — $195.0 1Q2001 — $225.0 2Q2001 — $275.0 3Q2001 — $325.0 4Q2001 — $375.0 1Q2002 — $400.0 2Q2002 — $450.0 3Q2002 — $525.0 4Q2002 — $600.0 1Q2003 — $675.0	"Stage" concept to be eliminated. 1. Minimum Revenues: Eliminated.
	2. Minimum Access Lines: Access lines in service as of the last day of any Fiscal Quarter shall not be less than the correlative amount indicated:	2. Minimum Access Lines: Eliminated.

<table>
<tr><th></th><th><u>Existing</u></th><th><u>Amendments</u></th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>
<table>
<tr><th>Fiscal Quarter</th><th>Minimum Access Lines</th></tr>
<tr><td>1Q2000</td><td>390,000</td></tr>
<tr><td>2Q2000</td><td>450,000</td></tr>
<tr><td>3Q2000</td><td>550,000</td></tr>
<tr><td>4Q2000</td><td>625,000</td></tr>
<tr><td>1Q2001</td><td>725,000</td></tr>
<tr><td>2Q2001</td><td>825,000</td></tr>
<tr><td>3Q2001</td><td>950,000</td></tr>
<tr><td>4Q2001</td><td>1,075,000</td></tr>
<tr><td>1Q2002</td><td>200,000</td></tr>
<tr><td>2Q2002</td><td>1,325,000</td></tr>
<tr><td>3Q2002</td><td>1,450,000</td></tr>
<tr><td>4Q2002</td><td>1,550,000</td></tr>
<tr><td>1Q2003</td><td>1,700,000</td></tr>
</table>
</td><td></td></tr>
<tr><td></td><td>3. <u>Senior Secured Debt to Total Capitalization</u>: The ratio of Senior Secured Debt to Total Capitalization as of the last day of any Fiscal Quarter shall not exceed 30%.</td><td>3. <u>Senior Secured Debt to Total Capitalization</u>: Eliminated.</td></tr>
<tr><td></td><td>4. <u>Total Net Debt to Total Capitalization</u>: The ratio of Total Net Debt to Total Capitalization (less unrestricted Cash and Cash Equivalents held by Borrower and its Subsidiaries in excess of $100,000,000) as of the last day of any Fiscal Quarter shall not exceed 75%.</td><td>4. <u>Total Net Debt to Total Capitalization</u>: Eliminated.</td></tr>
<tr><td></td><td>5. <u>Senior Secured Debt to Gross PP&E</u>: The ratio of Senior Secured Debt to Gross PP&E (balance sheet amount of all property, plant and equipment) as of the last day of any Fiscal Quarter shall not exceed 50%.</td><td>5. <u>Senior Secured Debt to Gross PP&E</u>: Eliminated.</td></tr>
<tr><td></td><td>6. <u>Senior Secured Debt to Annualized Adjusted EBITDA</u>: The ratio of Senior Secured Debt to Annualized Adjusted EBITDA as of the last day of any Fiscal Quarter beginning with the Fiscal Quarter ending December 31, 2001 shall not exceed the correlative amount indicated:</td><td>6. <u>Senior Secured Debt to Annualized Adjusted EBITDA</u>: Eliminated.</td></tr>
</table>

<table>
<tr><th></th><th><u>Existing</u></th><th><u>Amendments</u></th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>
<table>
<tr><th>Fiscal Quarter</th><th>Ratio</th></tr>
<tr><td>4Q2001</td><td>12.5x</td></tr>
<tr><td>1Q2002</td><td>10.0x</td></tr>
<tr><td>2Q2002 - 3Q2002</td><td>7.5x</td></tr>
<tr><td>4Q2002 - 1Q2003</td><td>6.5x</td></tr>
</table>
</td><td>
The following new financial covenants will be added:

1. <u>Minimum Cash Balance</u>. Minimum unrestricted cash balance on any day during the applicable fiscal quarter beginning with the Fiscal Quarter ending March 31, 2003 shall not be less than the correlative amount indicated:
<table>
<tr><th>Fiscal Quarter</th><th>Amount (in millions)</th></tr>
<tr><td>1Q2003</td><td>$190</td></tr>
<tr><td>2Q2003</td><td>$140</td></tr>
<tr><td>3Q2003</td><td>$80</td></tr>
<tr><td>4Q2003</td><td>$45</td></tr>
<tr><td>1Q2004 and thereafter</td><td>$25</td></tr>
</table>
2. <u>Minimum EBITDA</u>: Minimum EBITDA for any four consecutive Fiscal Quarter period (except with respect to the First three Fiscal Quarters in Fiscal Year 2003 which will be measured on a one Fiscal Quarter basis, combined two Fiscal Quarter basis and combined three Fiscal Quarter basis, respectively) ending as of the last day of any Fiscal Quarter beginning with the Fiscal Quarter ending March 31, 2003 shall not be less than the correlative amount indicated:
<table>
<tr><th>Fiscal Quarter</th><th>Amount (in millions)</th></tr>
<tr><td>1Q2003</td><td>($ 10.0)</td></tr>
<tr><td>2Q2003</td><td>($ 20.0)</td></tr>
</table>
</td></tr>
</table>

	Existing	**Amendments**
		3Q2003 ($ 26.0) 4Q2003 ($ 28.0) 1Q2004 ($ 12.0) 2Q2004 $ 10.0 3Q2004 $ 34.0 4Q2004 $ 62.0 1Q2005 $ 97.0 2Q2005 $ 135.0 3Q2005 $ 175.0 4Q2005 $ 210.0 1Q2006 $ 245.0 2Q2006 $ 280.0 3Q2006 $ 315.0 4Q2006 $ 355.0 1Q2007 $ 390.0 2Q2007 $ 430.0 3Q2007 $ 470.0 4Q2007 $ 510.0 1Q2008 $ 550.0 2Q2008 $ 585.0 3Q2008 $ 625.0 4Q2008 $ 670.0
		3. Maximum Capital Expenditures. The Maximum Capital Expenditures for each Fiscal Year beginning with Fiscal Year 2003 shall not be greater than the correlative amount indicated: **Fiscal Quarter** **Amount (in millions)** 2003 $211.0 2004 $237.0 2005 $267.0 2006 $297.0 2007 $328.0 2008 $360.0

	Existing	**Amendments**
		In each case with carry-overs of unused Capital Expenditure amounts from prior years subject to an annual cap on any carry-over of $50,000,000 including up to $50,000,000 in unused Capital Expenditure amounts from Fiscal Year 2002.
	Stage 2: For the period beginning June 30, 2003, the covenants shall include: 1. Senior Secured Debt to Annualized Consolidated EBITDA: The ratio of Senior Secured Debt to Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending June 30, 2003, shall not exceed the correlative amount indicated: **Fiscal Quarter** — **Ratio** 2Q2003 — 4.0x 3Q2003 — 3.5x 4Q2003 and thereafter — 3.0x	"Stage" concept to be eliminated. The covenants shall include: 1. Senior Secured Debt to Annualized Consolidated EBITDA: Eliminated.
	2. Consolidated Total Debt to Annualized Consolidated EBITDA: The ratio of Consolidated Total Debt to Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending June 30, 2003, shall not exceed the correlative amount indicated: **Fiscal Quarter** — **Ratio** 2Q2003 — 12.5x 3Q2003 — 11.0x 4Q2003 — 9.0x 1Q2004 — 7.5x 2Q2004 — 6.5x 3Q2004 — 5.5x 4Q2004 — 5.0x 1Q2005 — 4.5x 2Q2005 and thereafter — 4.0x	2. Consolidated Total Debt to Annualized Consolidated EBITDA: Eliminated.

	Existing	Amendments
	3. Consolidated EBITDA to Consolidated Cash Interest Expense: The ratio of Consolidated EBITDA for any four consecutive Fiscal Quarters ending during the periods indicated below, to Consolidated Cash Interest Expense for such four consecutive Fiscal Quarters shall not be less than the correlative amount indicated; provided that in connection with any Restricted Subsidiary Designation, Consolidated Cash Interest Expense of the subject Unrestricted Subsidiary for purposes of this covenant shall be equal to its Consolidated Cash Interest Expense for the most recently completed Fiscal Quarter multiplied by four: **Fiscal Quarter** **Ratio** 3Q2003 -1Q2004 1.0x 2Q2004 - 3Q2004 1.5x 4Q2004 and thereafter 2.0x	3. Consolidated EBITDA to Consolidated Cash Interest Expense: Eliminated.
	4. Annualized Consolidated EBITDA to Pro Forma Consolidated Debt Service:. The ratio of Annualized Consolidated EBITDA as of the last day of any Fiscal Quarter ending during the periods indicated below, to Pro Forma Consolidated Debt Service for the four consecutive Fiscal Quarters commencing as of such last date shall not be less than the correlative amount indicated: **Fiscal Quarter** **Ratio** 3Q2003 - 4Q2003 1.0x 1Q2004 and thereafter 1.25x	4. Annualized Consolidated EBITDA to Pro Forma Consolidated Debt Service: Eliminated.

	Existing	**Amendments**
Representations and Warranties:	These include: Organization and good standing; capital stock and ownership; authorization of borrowing; enforceability; subsidiaries; compliance with other agreements; business; compliance with law; financial condition; title to properties; attachment and perfection of liens; no material adverse change; litigation; employee matters; ERISA; environmental matters; payment of taxes; no conflict with laws; government regulations; governmental consents; binding obligation; Regulation T, U or X; disclosure; absence of defaults; material contracts; solvency; PUC condition; no broker's fees; no restricted junior payments; no adverse proceedings; and projections.	Appropriate representations and warranties to be added regarding the Transactions.
Affirmative Covenants:	These include: Maintenance of existence; maintenance of business; quarterly and annual financial statements and other reports for Borrower and its Subsidiaries; delivery of covenant compliance certificates; statements of reconciliations after change in accounting principals; notice of default; notice of litigation; notice of ERISA events; insurance reports; notice of change in Board of Directors; notice regarding Material Contracts; notice of refinancings of 12 1/2% and 9 5/8% Notes; payment of taxes and claims; maintenance of properties; maintenance of insurance; inspections; compliance with laws; environmental disclosures; creating Subsidiaries; acquisition of Material Real Estate Assets; further assurances; maintenance of corporate separateness; interest rate protection agreements; and certain post-closing matters.	Addition of information covenant for annual budget to be submitted to Administrative Agent and Lenders as promptly as practicable following board approval thereof and in any event no later than the last day of March of the applicable calendar year. Addition of information covenant requiring quarterly delivery of certain operating statistics and information, specifics to be agreed upon. In addition, receipt of monthly cash balance reports, specifics to be agreed upon.

	Existing	Amendments
Negative Covenants:	(i) Indebtedness: exceptions include: - the Obligations; - Permitted Equipment Financings; - letters of credit securing Leasehold Property; - Acquired Debt; - hedge agreements; - Permitted Indebtedness; - unsecured and subordinated indebtedness of Borrower to any Guarantor or any Guarantor to Borrower; - Capital Leases not to exceed $25,000,000; - Indebtedness under the Existing Indentures; and - other Indebtedness not to exceed $10,000,000.	(i) Indebtedness: - Permitted Indebtedness, Permitted Equipment Financing, Acquired Debt and Capital Leases shall be limited to $25,000,000, in the aggregate. - The Exit Facility will be permitted. - Otherwise, no change.
	(ii) Liens: exceptions include: - liens in the ordinary course of business; - liens on assets securing Indebtedness not to exceed $10,000,000.	(ii) Liens: No change except to (i) allow Exit Facility Liens and (ii) clarify that permitted IRUs shall be treated as Asset Sales and allow for release of Lenders' Lien on relevant asset.
	(iii)Restricted Payments: exceptions include: - Borrower can (a) make payments to defease or retire Indebtedness in connection with refinancing of such Indebtedness, (b) make regularly scheduled dividend payments on Preferred Stock issued prior to Closing and on Acquired Preferred Stock of Borrower and on all other Preferred Stock not to exceed 6% per annum and (c) make payments required pursuant to any "change of control" put in any Acquired Preferred Stock and issue any Indebtedness issuable upon the exchange of any Acquired Preferred Stock or Acquired Debt. - Subsidiaries can (a) make Restricted Junior Payments to their parent entities, (b) make payments of principal and interest in respect of any permitted Indebtedness, (c) defease or retire any Indebtedness in connection with a refinancing of such Indebtedness,	(iii) Restricted Payments: None, other than payments by subsidiaries to parents and regularly scheduled payments of permitted indebtedness.

	Existing	Amendments
	(d) make regularly scheduled dividend payments on Acquired Preferred Stock of such Subsidiary and (e) make payments required pursuant to any "change of control" put contained in any Acquired Preferred Stock and issue any Indebtedness issuable upon the exchange of any Acquired Preferred Stock or Acquired Debt.	
	(iv) Investments and Joint Ventures: exceptions include: - Cash Equivalents, investments made pursuant to Borrower's "Investment Policy", and Acquired Investments; - (a) equity Investments owned on Closing Date in any Subsidiary or Unrestricted Subsidiary, (b) Investments made after the Closing Date in Guarantors or Qualified Subsidiaries, (c) Investments not to exceed $150,000,000 per annum or $500,000,000 since the Closing Date in Subsidiaries that are not Qualified Subsidiaries or Guarantors, such limits shall each be increased on a cumulative basis; and (d) Investments in Persons that are not Qualified Subsidiaries or Guarantors but become a Qualified Subsidiary or a Guarantor substantially simultaneously with the making of such Investment;- Investments in accounts receivable arising and trade credit granted in the ordinary course of business; - loans and advances to employees made in the ordinary course of business not to exceed $2,000,000 in the aggregate; - cash Investments in Joint Ventures, Unrestricted Subsidiaries and minority interests in other entities not to exceed $150,000,000 per annum or $500,000,000 since Closing Date; such limits shall each be increased on a cumulative basis; and - other Investments not to exceed $10,000,000.	(iv) Investments and Joint Ventures: - Cash Equivalents; - Investments in Subsidiaries which are Guarantors; - Investments in Permitted Acquisitions (as modified); - loans and advances to employees made in the ordinary course of business not to exceed $2,000,000 in the aggregate; and - Investments (i) in accounts receivable arising and trade credit granted in the ordinary course of business and in any Securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of the Borrower and its Subsidiaries.
	(v) Fundamental Changes, Asset Sales, Acquisitions, etc. exceptions include: - Asset Sales if Net Asset Sale Proceeds are applied to prepay Loans; and - Permitted Acquisitions.	(v) Fundamental Changes, Asset Sales, Acquisitions, etc.: No change in section, however, definition of "Permitted Acquisition" shall be changed to add the following additional restrictions: (i) the aggregate amount of such acquisitions from and after the closing date shall not exceed $50,000,000, (ii) the only consideration paid by the Borrower and its subsidiaries in connection with an acquisition shall be in the

	Existing	Amendments
		form of common equity and/or net proceeds of common equity [following the Rights Offering] and (iii) immediately before and after giving pro forma effect to any acquisition, the Borrower and its subsidiaries shall be in compliance with all covenants.
	(vi) No Amendments of Existing Indentures:	(vi) No Amendments of Existing Indentures: Eliminated.
	(vii) Designation of Unrestricted Subsidiaries; Restricted Subsidiaries: Borrower can designate Unrestricted Subsidiaries.	(vii) Designation of Unrestricted Subsidiaries; Restricted Subsidiaries: Eliminated.
	(viii) Telecommunications Assets loan limitations: Loans used to provide purchase money financing for Telecommunications Assets cannot exceed 80% (or such greater % permitted under the Public Indentures) of total cost of the asset financed with such Loan.	(viii) Telecommunications Assets loan limitations: Eliminated.
Events of Default:	Failure to make principal and interest payments when due; default in other agreements; breach of certain covenants; cross-defaults to other material debt; defaults under other Credit Documents; breach of representations and warranties; involuntary and voluntary bankruptcy; judgements and attachments; dissolution; unfunded ERISA liabilities; Guaranty, Credit Agreement or Collateral Documents cease to be in full force and effect. Subject to appropriate customary grace periods.	No change, pending review of Transaction documents.
Assignments and Participations:	Minimum assignment size with respect to Revolving Loans, Revolving Credit Commitments, Tranche A Term Loans and Tranche A Term Loan Commitments shall be $5,000,000. Need consent of Company and Administrative Agent (not to be unreasonably withheld) for assignments to Eligible Assignees other than another Lender, any Affiliate of any Lender and any Related Fund. Minimum assignment size with respect to Tranche B Term Loans shall be $1,000,000. Administrative Agent shall receive a processing and recordation fee of $3,500.	No change.
Voting Rights:	**"Requisite Class Lenders"** means, at any time of determination,	**"Requisite Class Lenders"** definition to be amended to reflect the

	Existing	Amendments
	(i) for the Class of Lenders having Tranche A Term Loan Exposure, Lenders having or holding more than 50% of the aggregate Tranche A Term Loan Exposure of all Lenders; (ii) for the Class of Lenders having Tranche B Term Loan Exposure, Lenders having or holding more than 50% of the aggregate Tranche B Term Loan Exposure of all Lenders; (iii) for the Class of Lenders having Revolving Credit Exposure, Lenders having or holding more than 50% of the aggregate Revolving Credit Exposure of all Lenders; (iv) for the Class of Lenders having New Term Loan Exposure, Lenders having or holding more than 50% of the aggregate New Term Loan Exposure of all Lenders and (iv) for the Class of Lenders having New Revolving Loan Exposure, Lenders having or holding more than 50% of the aggregate New Revolving Loan Exposure of all Lenders.	conversion of the Revolver, Term Loan A and Term Loan B into a single Term Loan facility.
	"Requisite Lenders" means one or more Lenders having or holding Tranche A Term Loan Exposure, Tranche B Term Loan Exposure, Revolving Credit Exposure, New Term Loan Exposure for a Series and/or New Revolving Loan Exposure for a Series representing more than 50% of the sum of (i) the aggregate Tranche A Term Loan Exposure of all Lenders, (ii) the aggregate Tranche B Term Loan Exposure of all Lenders, (iii) the aggregate Revolving Credit Exposure of all Lenders, (iv) the aggregate New Term Loan Exposure of all Lenders for such Series and (iv) the aggregate New Revolving Loan Exposure of all Lenders for such Series.	**"Requisite Lenders"** definition to be amended to reflect the conversion of the Revolver, Term Loan A and Term Loan B into a single Term Loan facility.

	Existing	**Amendments**
	Amendments and waivers require approval of Requisite Lenders except that (a) each Lender affected is required to approve an amendment/waiver which extends the scheduled final maturity of any Loan; waives, reduces or postpones any scheduled repayment; reduces the rate of interest on any Loan; extends the time for payment of any such interest or fees; reduces the principal amount of any Loan; amends the definition of "Requisite Lenders" or Pro Rata Share"; releases all or substantially all of the Collateral; or consents to the assignment by any Credit Party of any of its rights or obligations under any Credit Document.	No change.
	Need consent of Requisite Class Lenders of each Class to amend the definition of "Requisite Class Lenders".	
Expenses:	Borrower shall pay all the actual and reasonable costs and expenses of preparation of the Credit Documents and any consents, amendments, waivers or other modifications thereto; all the costs of furnishing all opinions by counsel for Borrower; the reasonable fees, expenses and disbursements of counsel to Agents.	No change.
Governing Law:	State of New York	No change.

EXHIBIT B

SUMMARY OF TERMS OF PROPOSED WARRANTS

This summary of terms and conditions outlines certain terms of certain proposed warrants issued to Senior Note Claims and General Unsecured Claims consummated upon the Closing Date.

COMMON STOCK PURCHASE WARRANTS ("WARRANTS")

Issuer:	XO Communications, Inc.
Senior Note Claim Portion:	The fraction whereby the numerator of which is equal to the sum of the face amount of all Senior Note Claims and the denominator of which is equal to the sum of the face amount of all Senior Note Claims and General Unsecured Claims.
General Unsecured Claim Portion:	The fraction whereby the numerator of which is equal to the sum of the face amount of all General Unsecured Claims and the denominator of which is equal to the sum of the face amount of all General Unsecured Claims and Senior Note Claims.
Amount:	Holders of Senior Note Claims shall receive the Senior Note Claim Portion of (a) if the Plan is approved by the holders of Senior Notes Claims, voting as a class, 10% of the New Common Stock issued as of the effective date of the Plan or (b) if at least 50% of the amount of such claims vote in favor of the Plan but the class does not approve the Plan, 5% of the New Common Stock issued as of the effective date of the Plan, in each case subject to dilution resulting from the exercise of employee options under the Management Incentive Program. Otherwise, holders of Senior Note Claims shall receive no warrants. Holders of General Unsecured Claims shall receive the General Unsecured Claim Portion of (a) if the Plan is approved by the holders of General Unsecured Claims, voting as a class, 10% of the New Common Stock issued as of the effective date of the Plan or (b) if at least 50% of the amount of such claims vote in favor of the Plan but the class does not approve the Plan, 5% of the New Common Stock issued as of the effective date of the Plan, in each case subject to dilution resulting from the exercise of employee options under the Management Incentive Program. Otherwise, holders of General Unsecured Claims shall receive no warrants.
Maturity:	Seven (7) years.
Strike Price:	50% premium to the implied post-Rights equity value ([$475] million plus the amount subscribed to in the Rights Offering).

Exercise:	At any time prior to maturity.
Initial Holders:	The Senior Note Claims and the General Unsecured Claims on a pro-rata basis, if applicable as a result of voting on the Plan.
Governing Law:	New York.

EXHIBIT C

SUMMARY OF TERMS OF PROPOSED RIGHTS OFFERING

This summary of terms and conditions outlines certain terms of certain proposed rights offerings consummated after the Closing Date.

Rights Offering: A rights offering (the "Rights Offering") will be established pursuant to which rights (the "Rights") will be issued to holders of XO's Senior Notes, General Unsecured Claims, Subordinated Notes, Preferred Stock, and Class A and Class B Common Stock. The rights will be non-transferable, except for unsubscribed rights upon reversion to the Existing Senior Lenders, as described below.

Rights: The Rights will represent, in the aggregate, the right to purchase up to $250 million in value of New Common Stock representing up to [___]% of the outstanding shares of New Common Stock upon the closing of the Rights Offering (prior to dilution from the Management Incentive Program and the Warrants) assuming a total equity value for New XO of [$475] million pre-rights offering. The Rights will be allocated into three classes: (i) First Tier Rights for the holders of Senior Note Claims and General Unsecured Claims (pro rata), (ii) Second Tier Rights for the Subordinated Note Claims, (iii) Third Tier Rights for the Preferred Stock, and (iv) Fourth Tier Rights for the Class A and Class B Common Stock. The base allocation is as follows:

First Tier: $250 million allocated pro-rata by claim amount to the holders of the Senior Note Claims and General Unsecured Claims, collectively

Second Tier: 1/3 of all un-exercised First Tier Rights allocated pro-rata by claim amount to the holders of the Subordinated Note Claims

Third Tier: 1/3 of all un-exercised First Tier Rights allocated pro-rata by liquidation preference to the holders of the Series A-H Preferred Stock

Fourth Tier: 1/3 of all unexcercised First Tier Rights allocated pro-rata by outstanding shares to the holders of the Class A and B Common Stock

All rights will be offered to all Tiers simultaneously during the 30 day period following the Effective Date, on a contingent basis for all rights other than the primary First Tier rights. Each claimant, regardless of tier, shall be entitled to specify any amount for its subscription commitment, up to the full amount of the Rights Offering, with the understanding that any subscription commitments beyond the pro rata amount allocated as provided above ("oversubscriptions"), will be allocated as follows:

> If the number of shares subscribed for by claimants exceeds the number of shares available, oversubscriptions by holders of the Senior Note Claims and the General Unsecured Claims, collectively and pro rata, shall be satisfied first, pro rata on the basis of oversubscription amounts, and any remaining shares shall be allocated to other oversubscribing claimants, as a single class, pro rata on the basis of such claimants' oversubscription amounts.

Any rights remaining unsubscribed after the allocations to oversubscriptions are complete will revert to the Existing Senior Lenders, at which point they will become fully transferable.

Governing Law: New York