

such claim on or prior to the date on which the representation or warranty on which such claim is based ceases to survive as set forth in this Section 25.1. For the avoidance of doubt, the representations and warranties contained in Sections 17.1(q) and 17.2(q) shall not survive the Closing, and the sole remedy of any party for any claims relating to Taxes shall be as set forth in Section 25.5.

**25.2 Indemnification by AT&T.** AT&T shall indemnify and hold harmless BT and its Affiliates (other than Concert and MCI and their Affiliates) and their respective officers, directors, employees and representatives and each of their respective heirs, executors, successors and assigns (the "**BT Indemnified Parties**") from and against all claims, liabilities, losses, costs, expenses and damages, including the reasonable fees, expenses and other charges of counsel (collectively, "**Losses**") relating to, arising out of or resulting from, or asserted by third Persons against the BT Indemnified Parties in connection with (a) AT&T's or its Affiliate's participation in any business relationship or alliance, including any of the foregoing that may arise out of, in connection with or relating to any agreements, arrangements or understandings between or among AT&T and its Affiliates, on the one hand, and World Partners Company and/or AT&T-Unisource Communications Services and any of their Affiliates, on the other hand, or (b) without any duplication of any recovery by Thistle BV under Section 25.4(e), any inaccuracy in or any breach of any representation or warranty contained in Section 17.1(a), (b), (c) or (d).

**25.3 Indemnification by BT.** BT shall indemnify and hold harmless AT&T and its Affiliates and their respective officers, directors, employees and representatives and each of their respective heirs, executors, successors and assigns

(the "AT&T Indemnified Parties") from and against all Losses relating to, arising out of or resulting from, or asserted by third Persons against the AT&T Indemnified Parties in connection with (a) BT's or its Affiliate's participation in any business relationship or alliance, including any of the foregoing that may arise out of, in connection with or relating to any agreements, arrangements or understandings between or among BT, Concert and their Affiliates, on the one hand, and MCI and/or WorldCom and any of their Affiliates on the other hand, including the Agreement and Plan of Merger, dated as of November 9, 1997 among WorldCom, TC Investments Corp. and MCI, the Amended and Restated Investment Agreement, dated as of January 31, 1994, between BT and MCI, as amended as of September 29, 1994, the Agreement, dated as of November 9, 1997, among BT, MCI and WorldCom, any agreement, arrangement or understanding referred to in Section 9.2(b)(i) and any related agreements or arrangements, or (b) without any duplication of any recovery by Thistle BV under Section 25.4(e), any inaccuracy in or any breach of any representation or warranty contained in Section 17.2(a), (b), (c) or (d).

#### 25.4 General Indemnification.

(a) AT&T shall indemnify and hold harmless the BT Indemnified Parties, and BT shall indemnify and hold harmless the AT&T Indemnified Parties from and against all Losses relating to, arising out of or resulting from or asserted by any third Person against the BT Indemnified Parties or the AT&T Indemnified Parties, respectively, in connection with, any breaches or alleged breaches by AT&T and its Affiliates or BT and its Affiliates, respectively, under any of the Transaction Agreements.

(b) Thistle BV shall indemnify and hold harmless each of the AT&T Indemnified Parties and the BT Indemnified Parties from and against any and all Losses asserted by any third Person against any of the AT&T Indemnified Parties or BT Indemnified Parties in connection with any Assumed Liabilities, the AT&T Guarantees and the BT Guarantees, or the business and operations of any member of the Newco Group.

(c) AT&T shall indemnify and hold harmless the BT Indemnified Parties and Thistle BV from and against any and all Losses relating to, arising out of or resulting from, or asserted by any third Person against any of the BT Indemnified Parties, Thistle BV or any other member of the Newco Group in connection with, any Excluded AT&T Liabilities. The indemnification obligation of AT&T under this Section 25.4(c) shall terminate on the fourth anniversary of the Closing Date (other than with respect to claims that have been made and are pending resolution as of such date, with respect to which such obligation shall survive).

(d) BT shall indemnify and hold harmless the AT&T Indemnified Parties and Thistle BV from and against any and all Losses relating to, arising out of or resulting from, or asserted by any third Person against any of the AT&T Indemnified Parties, Thistle BV or any other member of the Newco Group in connection with, any Excluded BT Liabilities. The indemnification obligation of BT under this Section 25.4(d) shall terminate on the fourth anniversary of the Closing Date (other than with respect to claims that have been made and are pending resolution as of such date, with respect to which such obligation shall survive).

(e) Subject to Section 25.7, each parent shall indemnify and hold harmless Thistle BV from and against any and all Losses relating to, arising out of or resulting from, or asserted by any third Person against Thistle BV or any member of the Newco Group, in connection with any inaccuracy in or any breach of any representation or warranty of such parent contained in this Agreement, the IPR Agreement or the Employee Matters Agreement, relating to the AT&T Assets, the Assets of the Contributed AT&T Subsidiaries and the AT&T GCS Business or the BT Assets, the Assets of the Contributed BT Subsidiaries and the BT GCS Business, as the case may be.

**25.5 Tax Indemnification.**

(a) AT&T shall indemnify and hold harmless the BT Indemnified Parties and Thistle BV and other members of the Newco Group from and against any and all Losses relating to, arising out of or resulting from, or asserted by any third Person against any of the BT Indemnified Parties, Thistle BV or any other member of the Newco Group with respect to (i) AT&T Pre-Closing Taxes, (ii) AT&T Consolidated Group Taxes and Taxes that constitute Excluded AT&T Liabilities and (iii) AT&T Transaction Gains Taxes (other than Excluded Taxes); provided, that if (I) an audit adjustment for a period ending (or deemed to end) on or prior to the Closing Date either (x) gives rise to an indemnity obligation under this Section 25.5(a) or (y) constitutes an audit adjustment for a member of the AT&T Consolidated Group other than a Contributed AT&T Subsidiary that results in an increase in tax basis of assets held by a member of the Newco Group, and (II) such adjustment is reasonably expected to reduce the taxable income of the Newco Group

for a taxable year or period beginning after the Closing Date (such estimated reduction in taxable income referred to herein as a "Post-Closing Tax Benefit"), then the amount required to be indemnified by AT&T pursuant to Section 25.5(a)(i) shall be reduced by the "net present value" of such Post-Closing Tax Benefit in accordance with Section 25.5(e).

(b) BT shall indemnify and hold harmless the AT&T Indemnified Parties and Thistle BV and other members of the Newco Group from and against any and all Losses relating to, arising out of or resulting from, or asserted by any third Person against any of the AT&T Indemnified Parties, Thistle BV or any other member of the Newco Group with respect to (i) BT Pre-Closing Taxes, (ii) BT Consolidated Group Taxes and Taxes that constitute Excluded BT Liabilities and (iii) BT Transaction Gains Taxes (other than (Excluded Taxes); provided, that, if (I) an audit adjustment for a period ending or deemed to end) on or prior to the Closing Date either (x) gives rise to an indemnity obligation under this Section 25.5(b) or (y) constitutes an audit adjustment for a member of the BT Consolidated Group other than a Contributed BT Subsidiary that results in an increase in tax basis of assets held by a member of the Newco Group, and (II) such adjustment is reasonably expected to result in a Post-Closing Tax Benefit for a taxable year or period beginning after the Closing Date, then the amount required to be indemnified by BT pursuant to Section 25.5(b)(i) shall be reduced by the "net present value" of such Post-Closing Tax Benefit in accordance with Section 25.5(e).

(c) No payment shall be required under Section 25.5(a)(i) or Section 25.5(b)(i) until the first calendar year in which either: (i) the Losses

attributable to the aggregate cumulative AT&T Pre-Closing Taxes exceed the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes by \$20 million, in which case AT&T shall be required to make a payment pursuant to Section 25.5(a)(i) in an amount equal to the excess of (x) the Losses attributable to the aggregate cumulative AT&T Pre-Closing Taxes over (y) the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes; or (ii) the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes exceed the Losses attributable to the aggregate cumulative AT&T Pre-Closing Taxes by \$20 million, in which case BT shall be required to make a payment pursuant to Section 25.5(b)(i) in an amount equal to the excess of (x) the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes over (y) the Losses attributable to the aggregate cumulative AT&T Pre-Closing Taxes. For each calendar year following the year in which the first payment is made under Section 25.5(a)(i) or Section 25.5(b)(i): (i) AT&T shall be required to make a payment pursuant to Section 25.5(a)(i) in an amount equal to the Losses attributable to the aggregate cumulative AT&T Pre-Closing Taxes as of such time, minus all amounts previously paid pursuant to Section 25.5(a)(i), minus the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes as of such time, plus all amounts previously paid by BT pursuant to Section 25.5(b)(i), unless the amount so calculated is less than or equal to zero, in which case no payment shall be due under Section 25.5(a)(i); and (ii) BT shall be required to make a payment pursuant to Section 25.5(b)(i) in an amount equal to the Losses attributable to the aggregate cumulative BT Pre-Closing Taxes as of such time, minus all amounts previously paid pursuant to Section 25.5(b)(i), minus the Losses attributable to the aggregate

cumulative AT&T Pre-Closing Taxes as of such time, plus all amounts previously paid by AT&T pursuant to Section 25.5(a)(i), unless the amount so calculated is less than or equal to zero, in which case no payment shall be due under Section 25.5(b)(i). In each case, the Losses attributable to the aggregate cumulative Pre-Closing Taxes shall be calculated from the Closing Date through the last day of the relevant calendar year, and the aggregate cumulative Pre-Closing Taxes shall include only those amounts for which a determination, as set forth in section 1313(a) of the Code or any equivalent provision of foreign, state or local law, has been made by the relevant Taxing Authority.

(d) The “net present value” of a Post-Closing Tax Benefit shall be determined by using a discount rate equal to 6.5%. For purposes of making this determination, the parents shall assume that a Post-Closing Tax Benefit shall be realized by the Newco Group at the time the relevant Tax Return is required to be filed for the taxable year or period in which such Post-Closing Tax Benefit is reasonably expected to be available and that the relevant member of the Newco Group is subject to tax at the maximum rate provided by law in the jurisdiction(s) in which it is subject to tax for such taxable year or period.

(e) In the event of any audit, administrative or judicial proceeding the outcome of which could result in an indemnification payment under Section 25.5(a) or Section 25.5(b) (a “Tax Proceeding”), the parent who could be required to make an indemnification payment as a result of such Tax Proceeding (the “Tax Indemnifying Party”) shall have the right to control the conduct of such Tax Proceeding, and to employ counsel at its own expense; provided, however, the non-

indemnifying parent (the "Non-Indemnifying Party") shall have the right to participate in such Tax Proceeding at its own expense. Notwithstanding the foregoing, the Tax Indemnifying Party shall not be entitled to settle any such Tax Proceeding without the consent of the Non-Indemnifying Party, which consent shall not be unreasonably withheld. The only reasonable basis for withholding consent to any settlement shall be a non *de minimis* adverse Tax effect on such party.

25.6 Notice and Opportunity to Defend Against Third Party Claims.

(a) Promptly after receipt by any BT Indemnified Party or AT&T Indemnified Party or Thistle BV (the "Indemnitee") from any third party of notice of any demand, claim or circumstance that, with the lapse of time, would give rise to a claim or the commencement or threatened commencement of any action, proceeding or investigation (an "Asserted Liability") that may result in a Loss under Section 25.2, 25.3 or 25.4, as the case may be, the Indemnitee shall give notice thereof (the "Claims Notice") to AT&T, BT or Thistle BV, as the case may be (the "Indemnifying Party"); provided, that, any failure to promptly give a Claims Notice shall not relieve any Indemnifying Party of its liability hereunder except to the extent that such Indemnifying Party has been materially prejudiced thereby. The Claims Notice shall describe the Asserted Liability in reasonable detail, and shall indicate the amount, estimated, if necessary, of the Loss that has been or may be suffered by the Indemnitee.

(b) The Indemnifying Party may elect to compromise or defend, at its own expense and by its own counsel, any Asserted Liability if it confirms in writing that it has liability for such Asserted Liability without qualification. If the

Indemnifying Party elects to compromise or defend such Asserted Liability and gives such notice, it shall within 30 Business Days, or sooner, if the nature of the Asserted Liability so requires, notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided or contests its liability to indemnify the Indemnitee, the Indemnitee may pay, compromise or defend such Asserted Liability. Notwithstanding the foregoing, neither the Indemnifying Party nor the Indemnitee may settle or compromise any claim over the objection of the other; provided, however, that no Indemnifying Party or Indemnitee shall consent to entry of any judgment or enter into any settlement without the consent of the Indemnitee or Indemnifying Party, respectively, if the effect thereof is to permit any injunction, declaratory judgment, order or other nonmonetary relief to be entered, directly or indirectly, against the Indemnitee or Indemnifying Party, respectively, and provided, further, however, that no Indemnifying Party shall be liable for any settlement effected without its consent, such consent not to be unreasonably withheld. In any event, the Indemnitee and the Indemnifying Party may participate, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any Asserted Liability, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense. If the Indemnifying Party does not so choose, it will make available to

the Indemnitee any books, records or other documents within its control that are necessary or appropriate for the defense of the Asserted Liability.

(c) If any Asserted Liability involves a Loss in respect of which an Indemnifying Party has an indemnification obligation under this Article 25, as well as a Loss in respect of which such Indemnifying Party does not have an indemnification obligation under this Article 25, the parties shall cooperate in allocating responsibility therefor.

**25.7 Limitation on Indemnification.** The indemnification provided for in Section 25.4(e) shall be subject to the following limitations:

(a) An Indemnifying Party shall not be required to indemnify any Indemnitee, and shall not have any liability for any individual occurrences, events, circumstances, acts or omissions where the Loss relating thereto is less than \$1 million, and such occurrences, events, circumstances, acts or omissions shall not be aggregated for the purposes of Section 25.7(b); and

(b) An Indemnifying Party shall not be obligated to pay any amounts for indemnification under Section 25.4(e) until the aggregate amount of all Losses for which it would be liable exceeds on a cumulative basis an amount equal to \$62.5 million, whereupon the Indemnifying Party shall be obligated to pay in full all such Losses;

provided, that, the limitation contained in this Section 25.7 shall not apply with respect to any inaccuracy in or breach of the representation contained in Section 17.2(u).

**25.8 Certain Matters Relating to Indemnification.**

(a) With respect to the matters that are subject to, or asserted by an Indemnitee to be subject to, the indemnification obligations created by this Article 25, except as otherwise expressly provided herein or in any other Transaction Agreement, the parties agree not to seek recovery from one another other than pursuant to this Article 25; it being understood that the recovery available under this Article 25 is limited to a right to seek monetary compensation and does not include specific performance or injunctive relief.

(b) In no event shall any Indemnifying Party be responsible or liable for any Losses that are incidental, consequential, indirect, special, punitive or other than actual damages.

(c) The amount which any Indemnifying Party is required to pay to any Indemnitee entitled to indemnification hereunder will be reduced by any insurance proceeds or other amount recovered or recoverable from any third party in reduction of the related Loss. If an Indemnitee receives a payment (an "**Indemnity Payment**") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives insurance proceeds or recovers any other amount as provided in this Section 25.8(c), then the Indemnitee will without demand reimburse the Indemnifying Party such amount as is equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the insurance proceeds or other amounts had been received, realized or recovered before the Indemnity Payment was made.

(d) Any Loss for which indemnification is sought hereunder shall also be reduced by any net tax benefit actually realized by the Indemnitee. Any net tax benefit actually realized by the Indemnitee subsequent to its receipt of an Indemnity Payment shall be promptly reimbursed to the Indemnifying Party.

(e) Notwithstanding anything in this Agreement or any other Transaction Agreement to the contrary, a party shall not be required to indemnify any other party with respect to any Loss incurred by or asserted against such other party by reason of any breach of any of the representations or warranties contained herein, if such breach has affected the calculation of the BT Closing Valuation or the AT&T Closing Valuation, as applicable, or to the extent the amount of the Loss was reflected in the BT Closing Valuation or the AT&T Closing Valuation, as applicable.

25.9 Treatment of Indemnification Payments. The parties agree that any Indemnity Payment hereunder shall be treated for tax and accounting purposes as follows: (a) the Loss for which an Indemnity Payment is made shall be treated, *ab initio*, as a reduction in the amount of the capital contribution and related capital account of the party (or Affiliate thereof) making the payment; (b) the Indemnity Payment shall increase, *ab initio*, the capital contribution and related capital account of the Indemnifying Party; and (c) no additional shares will be issued by Thistle BV in connection therewith. These provisions shall apply *mutatis mutandis* if the Indemnifying Party is Thistle BV.

## ARTICLE 26

OTHER COOPERATION OPPORTUNITIES

26.1 U.S. Wireless Opportunities. AT&T hereby offers to BT the opportunity to invest in the wireless activities in the United States of America described in Schedule 26.1 attached hereto, and agrees to negotiate in good faith and diligently with BT on any such particular opportunity that BT wishes to explore with AT&T; provided, that, BT gives AT&T notice of such intention prior to the date specified in Schedule 26.1 with respect to such particular opportunity.

26.2 Investment Fund. From and after the Closing Date, the parents shall actively operate an investment fund pursuant to the Investment Fund Agreement.

## ARTICLE 27

BANKRUPTCY

27.1 Bankruptcy.

(a) The AT&T Parties and the BT Parties acknowledge and agree that they are entering into this Agreement and forming the Newco Group in reliance upon the unique skills and expertise of the other. Accordingly, upon the Bankruptcy of a parent or of a material Subsidiary of a parent constituting substantially all of its business (the affected parent, a "Bankrupt Parent"), the other parent (the "Non-Bankrupt Parent") shall have the right, promptly and without further action, upon the earlier of (i) the Non-Bankrupt Parent becoming aware of the Bankruptcy of the Bankrupt Parent and (ii) the occurrence of the event of Bankruptcy, to manage and control the business and operations of the Newco Group.

(b) To effectuate the intent of Section 27.1(a), upon the occurrence and during the continuance of the Bankruptcy of the Bankrupt Parent, unless the Non-Bankrupt Parent shall elect otherwise, the Representatives on the DirectorCo Board appointed by the Bankrupt Parent or its Affiliate that is a member of DirectorCo shall be deemed to have resigned upon the occurrence of the event of Bankruptcy and the Non-Bankrupt Parent or its Affiliate that is a member of DirectorCo shall forthwith have the right to appoint three replacement Representatives to fill the vacancies caused by such resignations to act as the Class of Representatives formerly appointed by the Bankrupt Parent or its Affiliate, as the case may be.

(c) Upon the occurrence and during the continuance of the Bankruptcy of the Bankrupt Parent:

(i) The provisions of clause (b) of the second sentence of Section 11.6 shall be of no further force or effect with respect to the Non-Bankrupt Parent and its Group Companies; and

(ii) The Non-Bankrupt Parent shall have the right to cause a Distribution of Netco, in which case the provisions of Schedule 13.2 shall apply and the Non-Bankrupt Parent and the Bankrupt Parent shall bear equally any Taxes arising in connection therewith.

(d) If, upon the first anniversary of the occurrence of the Bankruptcy of the Bankrupt Parent, such Bankruptcy continues, the provisions of the remainder of Article 11 shall thereupon be of no further force or effect with respect to the Non-Bankrupt Parent and its Group Companies during the continuance of the Bankruptcy.

(e) The parties agree that if the Bankrupt Parent is no longer the subject of an event of Bankruptcy, other than by reason of its complete dissolution or liquidation, the Non-Bankrupt Parent's rights and benefits under Sections 27.1(b), (c) and (d) shall cease (except that if a Distribution of Netco has occurred, then the parents or their Affiliates shall remain shareholders or members of Netco). The Non-Competition Undertakings and Sections 11.12 and 11.13 shall, in such event, be reinstated with respect to the Non-Bankrupt Parent and its Group Companies; provided, that such provisions shall be thereupon waived with respect to any activities that were undertaken by the Non-Bankrupt Parent or any of its Group Companies during the continuance of the Bankruptcy of the Bankrupt Parent that would otherwise have violated Article 11 but for the application of Section 27.1(c)(i) or 27.1(d).

27.2 Economic Interest. Notwithstanding the provisions of Section 27.1, upon the occurrence and during the continuance of a Bankruptcy of the Bankrupt Parent, the Bankrupt Parent shall continue to be entitled to an economic interest in the Newco Group and to receive any and all dividends and distributions paid or made by the members of the Newco Group and DirectorCo to its shareholders or members.

## ARTICLE 28

MISCELLANEOUS

28.1 No Breach of MCI or WorldCom Agreements: Compliance with Laws and Licenses.

(a) Nothing in this Agreement or in any of the Transaction Agreements is intended to require (i) AT&T, BT, Concert or any of their Affiliates to take any action that would breach any provision, including any confidentiality or non-compete provision, of any agreement between or among any of the foregoing and MCI or WorldCom or any of their Affiliates, or (ii) AT&T, BT, Concert, or any of their Affiliates to take any action that would breach any applicable provision of any Applicable Law or license.

(b) No restriction in this Agreement or in any other agreement or arrangement of which it forms a part which is registrable under the U.K. Restrictive Trade Practices Act 1976 or 1977 (the "RTP Acts") shall come into force until the day after particulars of this Agreement and of any other agreement or arrangement of which it forms part have been furnished to the Director General of Fair Trading in accordance with the RTP Acts. The provisions of this Section 28.1(b) shall not apply if this Agreement and any other agreement or arrangement of which it forms part either:

(i) falls within one of the classes of non-notifiable agreements established by statutory instrument from time to time under the RTP Acts or by any other statute or statutory instrument, or

(ii) is not capable of being furnished due to the repeal of the RTP Acts.

28.2 Export Control.

(a) Each party hereto acknowledges that any products, software, and technical information (including services and training) to be provided by AT&T, BT or Thistle BV or any of their respective Affiliates in accordance with this Agreement or any other Transaction Agreement are subject to U.S. export laws and regulations and any use or transfer of such products, software, and technical information must be authorized under those regulations. Each party agrees that it shall not, and that it shall cause its Affiliates not to, use, distribute, transfer, or transmit any such products, software or technical information (even if incorporated into other products) except in compliance with U.S. export regulations. Each party agrees that neither it nor any of its Affiliates will, directly or indirectly, "export" or "reexport" the following items to any of the countries listed in Section [4.3] of the IPR Agreement: (x) software or "technical data" disclosed or provided to them by AT&T or any of its Affiliates; or (y) the direct product of such software or "technical data."

(b) The commitments in Section 28.2(a) apply unless (x) the export administration regulations of the U.S. Department of Commerce explicitly permits the export or reexport or (y) the office of export licensing of the U.S. Department of Commerce first grants authorization in writing.

(c) As used in this Section 28.2, "technical data," "development," "production," "use," "transfer," "release," "export," and "reexport" shall have the respective meanings assigned to them in the IPR Agreement.

(d) The obligations under this Section shall survive termination of this Agreement and the consummation of the Put, the Call and the dissolution of Thistle BV.

**28.3 Notices.** Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission (with confirmation of receipt) or sent by internationally recognized courier service, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if sent by facsimile, at the time of receipt of a legible copy thereof or, if sent by internationally recognized courier service, three days after the date of deposit with the courier service, postage prepaid, and shall be sent as follows:

(i) if to the AT&T Parties, to:

AT&T Corp.  
Norfolk House  
31 St. James Square  
London SW1Y 4JR  
England  
Attention: Walter G. DeSocio, Esq.  
Facsimile No.: 011-44-171-925-8232

with a copy to:

Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
United States of America  
Attention: Richard D. Katcher, Esq.  
Stephanie J. Seligman, Esq.  
Facsimile No.: 212-403-2000

(ii) if to the BT Parties, to:

British Telecommunications plc  
81 Newgate Street  
London EC1A 7AJ  
England  
Attention: Jack Greenberg, Esq.  
Facsimile No.: 011-44-171-356-5608

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison  
1285 Avenue of the Americas  
New York, New York 10019-6064  
United States of America  
Attention: Toby S. Myerson, Esq.  
Facsimile No.: 212-757-3990

and:

Bird & Bird  
90 Fetter Lane  
London EC4A1JP  
England  
Attention: David Kerr, Esq.  
Facsimile No.: 011-44-171-415-6111

(iii) if to Thistle BV, to:

Thistle B.V.  
c/o British Telecommunications plc  
81 Newgate Street  
London EC1A 7AJ  
England  
Attention: Jack Greenberg, Esq.  
Facsimile No.: 011-44-171-356-5608

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison  
1285 Avenue of the Americas  
New York, New York 10019-6064  
United States of America  
Attention: Toby S. Myerson, Esq.  
Facsimile No.: 212-757-3990

and:

Bird & Bird  
90 Fetter Lane  
London EC4A1JP  
England  
Attention: David Kerr, Esq.  
Facsimile No.: 011-44-171-415-6111

Any party may by notice given in accordance with this Section 28.3 to the other parties designate another address, facsimile number or Person for receipt of notices hereunder.

28.4 No Publicity. Except as required by law, the parents shall consult in advance of all public announcements in respect of the subject matter of this Agreement and the other Transaction Agreements. The content of any such announcements shall require the agreement of the parents prior to publication, such agreement not to be unreasonably withheld or delayed in the context of announcements that are required to be made in order to comply with any listing agreement with, or the rules or regulations of, any securities exchange on which securities of a parent or any of its Affiliates are listed or traded or any other regulatory requirements. The parents shall establish a common press policy with respect to the matters contemplated hereby.

28.5 Entire Agreement. This Agreement (including the Exhibits, Schedules and Annexes hereto), together with the other Transaction Agreements, and the other agreements contemplated hereby and thereby, contain the entire agreement among the parties with respect to the transactions contemplated hereby and supersede the Term

Sheet and all prior term sheets, discussions, negotiations and agreements, written or oral, with respect thereto (other than the Confidentiality Agreements).

28.6 Waivers and Amendments; Preservation of Remedies. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

28.7 Severability. Subject to the proviso in Sections 18.3 and 18.4, in case any provision of this Agreement shall be held invalid, illegal or unenforceable in a jurisdiction, such provision shall be modified or deleted, as to the jurisdiction involved, only to the extent necessary to render the same valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby nor shall the validity, legality or enforceability of such provision be affected thereby in any other jurisdiction.

28.8 No Assignment. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns; provided, that, other by operation of law in the case of a Business Combination and except as otherwise expressly set forth in this Agreement, neither the rights nor the obligations of any party may be assigned or delegated without the prior written consent of the other parties, except that either parent may assign any or

all of its rights hereunder to any of its wholly-owned Subsidiaries. For the purposes of clarification, none of Thistle BV or the Newco Subsidiaries shall be deemed to be an Affiliate of either parent.

28.9 No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of and shall not be enforceable by any Person which is not a party hereto, except for the indemnification provisions contained in Article 25, which provisions may be enforced by any AT&T Indemnified Parties or BT Indemnified Parties referred to therein.

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

28.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. Signatures delivered by telecopy shall have the same effect as the manual original signatures.

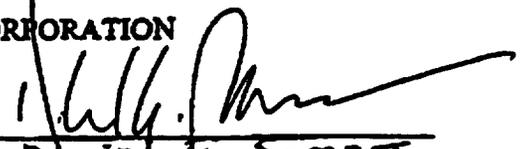
IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties set forth below as of the date first written above.

AT&T CORP.

By 

Name: Daniel E. Somers  
Title: Chief Financial Officer or Senior Executive Vice President

VLT CORPORATION

By 

Name: Daniel E. Somers  
Title: President

BRITISH TELECOMMUNICATIONS PLC

By \_\_\_\_\_

Name:  
Title:

BT (NETHERLANDS) HOLDINGS B.V.

By \_\_\_\_\_

Name:  
Title:

THISTLE B.V.

By \_\_\_\_\_

Name:  
Title:

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties set forth below as of the date first written above.

AT&T CORP.

By \_\_\_\_\_  
Name:  
Title:

VLT CORPORATION

By \_\_\_\_\_  
Name:  
Title:

BRITISH TELECOMMUNICATIONS  
PLC

By Col Green  
Name: COLIN GREEN  
Title: SECRETARY & CHIEF FINANCIAL ADVISER.

BT (NETHERLANDS) HOLDINGS B.V.

By [Signature]  
Name: ANDREW LONGDEN  
Title: MANAGING DIRECTOR

THISTLE B.V.

By [Signature]  
Name: ANDREW LONGDEN  
Title: MANAGING DIRECTOR

Doc# D65:3907.10

\*\* TOTAL PAGE. 02 \*\*