

purchaser in good faith of the Sale Assets, and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

34. The Purchase Agreement and the transactions and instruments contemplated hereby shall be specifically performed and enforceable against and binding upon, and not subject to rejection or avoidance by, Debtors, and their respective affiliates, successors, and assigns, or any chapter 7 or chapter 11 trustee of Debtors and their estates.

35. The Purchase Agreement and the transactions and instruments contemplated hereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, the Debtors or any chapter 7 or chapter 11 trustee of the Debtors and their estates.

36. The failure specifically to include any particular provision of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety.

37. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended, or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court.

38. Notwithstanding the provisions of Bankruptcy Rules 6004(g) and 6006(d), there is no stay pursuant to Bankruptcy Rule 6004(g) and this Order shall be effective and enforceable immediately upon entry.

Dated: New York, New York
_____, 2004

UNITED STATES BANKRUPTCY JUDGE

BILL OF SALE

THIS BILL OF SALE (this "**Bill of Sale**") is made and delivered this ___ day of _____, 2004, by Allegiance Telecom, Inc., a Delaware corporation ("**ATI**"), and each of the other parties set forth on the signature pages hereto under the caption "SELLERS" (each individually, "**Seller**," and collectively with ATI, "**Sellers**"), to Qwest Communications International Inc., a Delaware corporation ("**Buyer**"). Capitalized terms defined in the Asset Purchase Agreement (as defined below) which are used but not defined herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

WHEREAS, the Sellers have entered into that certain **Asset Purchase Agreement**, dated as of December 18, 2003 (as amended from time to time, the "**Asset Purchase Agreement**"), by and among the Sellers and the Buyer, which provides, among other things, for the assignment by the Sellers to the Buyer of the Acquired Assets.

NOW, THEREFORE, in consideration of the mutual promises contained in the **Asset Purchase Agreement**, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions of the **Asset Purchase Agreement**:

1. Each Seller does hereby sell, convey, assign, transfer and deliver to Buyer free and clear of all Liens and Liabilities (other than Permitted Liens of the type included in clause (iii) of the definition of Permitted Liens in the **Asset Purchase Agreement**), all of such Seller's right, title and interest in and to the Acquired Assets.

2. This Bill of Sale is executed and delivered pursuant to the **Asset Purchase Agreement**. Nothing in this Bill of Sale, express or implied, is intended to or shall be construed to supersede, modify, expand or limit in any way the terms of the **Asset Purchase Agreement**. To the extent that any provision of this Bill of Sale conflicts or is inconsistent with the terms of the **Asset Purchase Agreement**, the **Asset Purchase Agreement** shall govern.

3. This Bill of Sale shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

4. The **Bill of Sale** shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the Bankruptcy Code and the substantive laws of the State of New York for contracts expected and likely to be performed solely within such state, in each case without regard to the conflict of laws principles thereof or of any other jurisdiction.

5. This **Bill of Sale** may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, and all of which together shall constitute one and the same instrument.

{Signature Page Follows}

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have caused this Bill of Sale to be executed and delivered as of the day and year first above written.

SELLERS:

ALLEGIANCE TELECOM, INC.

By _____

Name:

Title:

ALLEGIANCE TELECOM COMPANY WORLDWIDE
ADGRAFIX CORPORATION
ALGX BUSINESS INTERNET, INC.
ALLEGIANCE INTERNET, INC.
ALLEGIANCE TELECOM INTERNATIONAL, INC.
ALLEGIANCE TELECOM OF ARIZONA, INC
ALLEGIANCE TELECOM OF CALIFORNIA, INC.
ALLEGIANCE TELECOM OF COLORADO, INC.
ALLEGIANCE TELECOM OF FLORIDA, INC.
ALLEGIANCE TELECOM OF GEORGIA, INC.
ALLEGIANCE TELECOM OF ILLINOIS, INC.
ALLEGIANCE TELECOM OF INDIANA, INC.
ALLEGIANCE TELECOM OF MARYLAND, INC.
ALLEGIANCE TELECOM OF MASSACHUSETTS, INC.
ALLEGIANCE TELECOM OF MICHIGAN, INC.
ALLEGIANCE TELECOM OF MINNESOTA, INC.
ALLEGIANCE TELECOM OF MISSOURI, INC.
ALLEGIANCE TELECOM OF NEVADA, INC.
ALLEGIANCE TELECOM OF NEW JERSEY, INC.
ALLEGIANCE TELECOM OF NEW YORK, INC.
ALLEGIANCE TELECOM OF NORTH CAROLINA, INC.
ALLEGIANCE TELECOM OF OHIO, INC.
ALLEGIANCE TELECOM OF OKLAHOMA, INC.
ALLEGIANCE TELECOM OF OREGON, INC.
ALLEGIANCE TELECOM OF PENNSYLVANIA, INC.

(Signatures Continued)

ALLEGIANCE TELECOM OF TEXAS, INC.
ALLEGIANCE TELECOM OF THE DISTRICT OF COLUMBIA, INC.
ALLEGIANCE TELECOM OF VIRGINIA, INC.
ALLEGIANCE TELECOM OF WASHINGTON, INC.
ALLEGIANCE TELECOM OF WISCONSIN, INC.
ALLEGIANCE TELECOM PURCHASING COMPANY
ALLEGIANCE TELECOM SERVICE CORPORATION
COAST TO COAST TELECOMMUNICATIONS, INC.
HOSTING.COM, INC.
INTERACCESS TELECOMMUNICATIONS CO.
JUMP.NET, INC
VIRTUALIS SYSTEMS, INC.

By: _____
Name.
Title.

(Signatures Continued)

BUYER:

QWEST COMMUNICATIONS INTERNATIONAL INC.

By.

Name:
Title

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT (this "Agreement") dated as of _____, 2004 by and among Allegiance Telecom, Inc., a Delaware corporation ("ATI"), and each of the other parties set forth on the signature pages hereto under the caption "SELLERS" (each individually, "Seller," and collectively with ATI, "Sellers") and Qwest Communications International Inc , a Delaware corporation ("Buyer"). Capitalized terms defined in the Asset Purchase Agreement (as defined below) which are used but not defined herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

WHEREAS, Sellers and Buyer have entered into that certain Asset Purchase Agreement, dated as of December 18, 2003 (as amended from time to time, the "Asset Purchase Agreement"), pursuant to which Sellers have agreed to sell, convey, assign, transfer and deliver to Buyer, and Buyer has agreed to purchase, acquire and accept from Sellers, all right, title and interest of Sellers in and to all Acquired Assets and Assumed Liabilities;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. In accordance with and subject to the terms, provisions and limitations of the Asset Purchase Agreement, Buyer hereby assumes the Assumed Liabilities
2. This Agreement is executed and delivered pursuant to the Asset Purchase Agreement. Nothing in this Agreement, express or implied, is intended to or shall be construed to supersede, modify, expand or limit in any way the terms of the Asset Purchase Agreement. To the extent that any provision of this Agreement conflicts or is inconsistent with the terms of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern.
3. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than Buyer and Sellers and their respective successors and permitted assigns, any remedy or claim under or by reason of this instrument or any term, covenant or condition hereof, and all the terms, covenants and conditions, promises and agreements contained in this instrument shall be for the sole and exclusive benefit of Buyer and Sellers and their respective successors and permitted assigns
4. This Agreement may be amended, supplemented or modified, and any provision hereof may be waived, only pursuant to a written instrument making specific reference to this Agreement signed by each of the parties hereto.
5. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the Bankruptcy Code and the substantive laws of the State of New York for contracts expected and likely to be

performed solely within such state, in each case without regard to the conflict of laws principles thereof or of any other jurisdiction.

6. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, and all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assumption Agreement as of the date and year first above written.

SELLERS:

ALLEGIANCE TELECOM, INC.

By _____
Name
Title:

- ALLEGIANCE TELECOM COMPANY WORLDWIDE
- ADGRAFIX CORPORATION
- ALGX BUSINESS INTERNET, INC.
- ALLEGIANCE INTERNET, INC.
- ALLEGIANCE TELECOM INTERNATIONAL, INC.
- ALLEGIANCE TELECOM OF ARIZONA, INC.
- ALLEGIANCE TELECOM OF CALIFORNIA, INC.
- ALLEGIANCE TELECOM OF COLORADO, INC.
- ALLEGIANCE TELECOM OF FLORIDA, INC.
- ALLEGIANCE TELECOM OF GEORGIA, INC.
- ALLEGIANCE TELECOM OF ILLINOIS, INC.
- ALLEGIANCE TELECOM OF INDIANA, INC.
- ALLEGIANCE TELECOM OF MARYLAND, INC.
- ALLEGIANCE TELECOM OF MASSACHUSETTS, INC.
- ALLEGIANCE TELECOM OF MICHIGAN, INC.
- ALLEGIANCE TELECOM OF MINNESOTA, INC.
- ALLEGIANCE TELECOM OF MISSOURI, INC.
- ALLEGIANCE TELECOM OF NEVADA, INC.
- ALLEGIANCE TELECOM OF NEW JERSEY, INC.
- ALLEGIANCE TELECOM OF NEW YORK, INC.
- ALLEGIANCE TELECOM OF NORTH CAROLINA, INC.
- ALLEGIANCE TELECOM OF OHIO, INC.
- ALLEGIANCE TELECOM OF OKLAHOMA, INC.
- ALLEGIANCE TELECOM OF OREGON, INC.
- ALLEGIANCE TELECOM OF PENNSYLVANIA, INC.

(Signatures Continued)

ALLEGIANCE TELECOM OF TEXAS, INC.
ALLEGIANCE TELECOM OF THE DISTRICT OF COLUMBIA, INC.
ALLEGIANCE TELECOM OF VIRGINIA, INC.
ALLEGIANCE TELECOM OF WASHINGTON, INC.
ALLEGIANCE TELECOM OF WISCONSIN, INC
ALLEGIANCE TELECOM PURCHASING COMPANY
ALLEGIANCE TELECOM SERVICE CORPORATION
COAST TO COAST TELECOMMUNICATIONS, INC.
HOSTING.COM, INC.
INTERACCESS TELECOMMUNICATIONS CO.
JUMP.NET, INC
VIRTUALIS SYSTEMS, INC

By: _____
Name:
Title:

(Signatures Continued)

BUYER:

QWEST COMMUNICATIONS INTERNATIONAL INC.

By

Name:
Title

CLOSING ESCROW AGREEMENT

CLOSING ESCROW AGREEMENT (this "*Escrow Agreement*"), dated as of _____, 2004, by and among Allegiance Telecom, Inc., a Delaware corporation ("*ATP*"), and Allegiance Telecom Company Worldwide, a Delaware corporation, debtors-in-possession under title 11, of the United States Code, 11 U.S.C. in the United States Bankruptcy Court for the Southern District of New York (each individually, "*Seller*," and together, "*Sellers*"), Qwest Communications International Inc., a Delaware corporation ("*Buyer*"), and [_____] as escrow agent (the "*Escrow Agent*").

WITNESSETH

WHEREAS, Buyer and Sellers have entered into an Asset Purchase Agreement, dated as of December 18, 2003 (the "*Asset Purchase Agreement*" and capitalized terms used herein and not otherwise defined in this Escrow Agreement shall have the meaning ascribed to them in the Asset Purchase Agreement);

WHEREAS, pursuant to Section 3.2(b) of the Asset Purchase Agreement, Buyer and Sellers have agreed that Buyer will deliver a deposit equal to the greater of (i) \$7,000,000 and (ii) the sum of \$5,000,000 plus, to the extent required by Section 3.4(f) of the Asset Purchase Agreement, the Initial Working Capital Adjustment (the "*Escrowed Funds*") into an escrow account;

WHEREAS, Buyer and Sellers desire to appoint the Escrow Agent to act as escrow agent hereunder in the manner hereinafter set forth and the Escrow Agent is willing to act in such capacity;

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer, Sellers and the Escrow Agent hereby agree as follows:

1. Establishment of Escrow Account. The Escrow Agent shall establish and maintain on behalf of the parties hereto, an interest bearing trust account (the "*Escrow Account*") to which there shall be immediately credited and held all amounts received by the Escrow Agent from Buyer in accordance with Section 2 hereof. The funds credited to the Escrow Account shall be applied and disbursed only as provided herein. The Escrow Agent shall, to the extent required by law, segregate the funds credited to the Escrow Account from its other funds held as an agent or in trust.

2. Deposits to the Escrow Account; Investment.

(a) Buyer shall deliver to the Escrow Agent for deposit in the Escrow Account the Escrowed Funds as required pursuant to Section 3.2(b) and Section 3.4(f) of the Asset Purchase Agreement and the terms set forth herein.

(b) All amounts to be deposited with the Escrow Agent shall be transferred by wire transfer of immediately available funds to the following account of the Escrow Agent (or to such other account of the Escrow Agent as the Escrow Agent shall notify Sellers and Buyer in writing prior to the transfer of funds and which account Sellers and Buyer approve).

[Name of Escrow Agent]
ABA No.: []
Account No.: []
Allegiance Telecom Escrow
Attention: []

(c) The Escrow Agent shall confirm in writing to Sellers and Buyer the deposit received by it pursuant to Section 2(a) above and the amount of such deposit and of any other amounts from time to time deposited with the Escrow Agent in connection with the Asset Purchase Agreement.

(d) Funds on deposit in the Escrow Account shall be invested in short-term United States government securities, money-market funds, interest bearing depository accounts or short-term certificates of deposit of a bank or trust company having combined capital, surplus and retained earnings of at least \$500 million; provided that any such investment can be liquidated upon [three] days notice. The Escrow Agent shall not be accountable or liable for any losses resulting from the sale or depreciation in the market value of such investments thereof.

(e) ATI shall be deemed the owner of all Escrowed Funds and investments in the Escrow Account and shall be responsible for the preparation of all tax returns associated with the investments therein and shall pay all costs relating to such returns, and all taxes, fines and penalties and interest. The Escrow Account shall be assigned the federal tax identification number of ATI. ATI shall provide Escrow Agent, at any time upon request of Escrow Agent with a Form W-8 or W-9 to evidence ATI is not subject to any back-up withholding under the United States Internal Revenue Code. ATI shall report all income, if any, that is earned on, or derived from, the Escrowed Funds as its income, in the taxable year or years in which such income is properly includible and pay any taxes attributable thereto.

3. Distributions from Escrow Account.

(a) Funds on deposit in the Escrow Account shall be withdrawn by the Escrow Agent only in accordance with this Section 3.

(b) If the Escrow Agent receives joint written instructions signed by Buyer and Sellers pursuant to Section 3.4 and/or Section 3.6 of the Asset Purchase Agreement that the Escrowed Funds, or any portion thereof, should be paid to (i) Buyer, (ii) Sellers or (iii) Buyer and Sellers under the terms of the Asset Purchase Agreement, the Escrow Agent shall disburse the Escrowed Funds to Buyer and/or Sellers, as the case may be, in

such amounts as are set forth in such joint written instructions, together with the earnings thereon, within three (3) business days of receipt thereof.

(c) If one of the parties (the “*Notifying Party*”) (without joint instructions from the other party) notifies the Escrow Agent that it is entitled to the Escrowed Funds, such notice (the “*Notice*”) shall state the reason under Section 3(b) that the Notifying Party is entitled to the Escrowed Funds, and the Notice will also be sent to the other party (the “*Recipient*”). The Recipient shall have ten (10) calendar days from its actual receipt of the Notice to provide notice to the Escrow Agent and the Notifying Party disputing the Notifying Party’s entitlement to the Escrowed Funds. If the Escrow Agent does not receive notice disputing such entitlement to the Escrowed Funds within ten (10) calendar days after the Recipient actually receives the Notice, the Escrow Agent shall pay the Escrowed Funds as directed by the Notifying Party. If the Escrow Agent receives notice disputing such entitlement to the Escrowed Funds within ten days after the Recipient receives the Notice, the Escrow Agent shall not pay the Escrowed Funds until the Escrow Agent receives either an order of the Bankruptcy Court, which order has become final and not subject to appeal and has been certified by the clerk of the Bankruptcy Court or other appropriate official, or joint written notice signed by Buyer and Sellers indicating that the dispute has been resolved and directing the Escrow Agent to whom to pay the Escrowed Funds and income earned thereon and in what amounts (collectively, a “*Final Resolution*”). The Escrow Agent shall pay the Escrowed Funds within three (3) business days of its receipt of the written evidence of a Final Resolution required above in this Section 3(c). The Escrow Agent shall be entitled to rely, exclusively, on any representation jointly made by Buyer and Sellers in writing in relation to the release of funds from the Escrow Account, and shall release funds from the Escrow Account from time to time as directed in any such joint written instruction from Buyer and Sellers or pursuant to a Final Resolution.

(d) Any written instructions delivered to the Escrow Agent by Buyer shall only be effective if such instructions are executed on behalf of Buyer by both Mark T. Evans and Peter Hutchinson, or their respective successors.

(e) All disbursements of the Escrowed Funds, or any portion thereof, and the earnings thereon to Buyer shall be disbursed to Buyer in accordance with the instructions attached hereto as Exhibit A. Buyer may amend Exhibit A hereto from time to time by providing written notice to the Escrow Agent. Any such amendment shall be effective immediately upon receipt by the Escrow Agent of such written notice.

(f) All disbursements of the Escrowed Funds, or any portion thereof, and the earnings thereon to Sellers shall be disbursed to Sellers in accordance with the instructions attached hereto as Exhibit B. Sellers may amend Exhibit B hereto from time to time by providing written notice to the Escrow Agent. Any such amendment shall be effective immediately upon receipt by the Escrow Agent of such written notice.

4. Termination of Escrow Account and Escrow Agreement. The Escrow Account shall be deemed dissolved and this Escrow Agreement shall terminate upon the

written agreement of the parties hereto, upon disbursement of all of the funds in the Escrow Account, or upon transfer of all amounts in the Escrow Account then in the possession of the Escrow Agent to the Bankruptcy Court or such other party as the parties hereto may jointly agree upon in writing in accordance with the terms of this Escrow Agreement

5. Escrow Agent.

(a) Buyer and Sellers, jointly and severally, agree to pay the Escrow Agent reasonable compensation for its services as Escrow Agent hereunder, as listed on Schedule A annexed hereto, promptly upon request therefor, and to reimburse the Escrow Agent for all reasonable expenses of or reasonable disbursements incurred by the Escrow Agent in the performance of its duties hereunder, including the reasonable fees, expenses and disbursements of counsel to the Escrow Agent. Notwithstanding the foregoing, and without prejudice to the Escrow Agent's rights hereunder, each of Buyer and Sellers shall bear 50% of the fees, costs and expenses of the Escrow Agent and of any indemnity obligation pursuant to Section 6(c) hereof.

(b) The Escrow Agent may retain that portion of the Escrow Account equal to any such unpaid reasonable costs, expenses and fees incurred by the Escrow Agent as contemplated by Section 5(a) above until such time as such costs, expenses and fees have been paid.

6. Rights, Duties and Immunities of Escrow Agent. Acceptance by the Escrow Agent of its duties under this Escrow Agreement is subject to the following terms and conditions, which all parties to this Escrow Agreement hereby agree shall govern and control the rights, duties and immunities of the Escrow Agent:

(a) The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement and the Escrow Agent shall not be liable, except for the performance of such duties and obligations as are specifically set out in this Escrow Agreement. The Escrow Agent shall not be required to inquire as to the performance or observation of any obligation, term or condition under any agreement or arrangement by Buyer and Sellers. The Escrow Agent is not a party to, and is not bound by, any agreement or other document out of which this Escrow Agreement may arise. The Escrow Agent shall be under no liability to any party hereto by reason of any failure on the part of any other party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. The Escrow Agent shall not be bound by any waiver, modification, termination or rescission of this Escrow Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. This Escrow Agreement shall not be deemed to create a fiduciary relationship between the parties hereto under state or federal law.

(b) The Escrow Agent shall not be responsible in any manner for the validity or sufficiency of this Escrow Agreement or of any property delivered hereunder, or for the value or collectibility of any note, check or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than the Escrow Agent. Nothing herein contained shall be deemed to obligate the Escrow Agent to deliver any cash, instruments, documents or any other property referred to herein, unless the same shall have first been received by the Escrow Agent pursuant to this Escrow Agreement.

(c) Buyer and Sellers will reimburse and indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense, including but not limited to reasonable counsel fees, incurred without bad faith, willful misconduct or gross negligence on the part of the Escrow Agent arising out of or in conjunction with its acceptance of, or the performance of its duties and obligations under this Escrow Agreement, as well as the costs and expenses of defending against any claim or liability arising out of or relating to this Escrow Agreement.

(d) The Escrow Agent shall be fully protected in acting on and relying upon any written notice direction, request, waiver, consent, receipt or other paper or document which the Escrow Agent in good faith believes to have been signed and presented by the proper party or parties.

(e) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith or for any mistake in act or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct.

(f) The Escrow Agent may seek the advice of legal counsel in the event of any dispute or question as to the construction of any of the provisions of this Escrow Agreement or its duties hereunder, and it shall incur no liability and shall be fully protected in respect of any action taken, omitted or suffered by it in good faith in accordance with the written advice or opinion of such counsel.

(g) The parties hereto agree that should any dispute arise with respect to the payment, ownership or right of possession of the Escrow Account, the Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, except for its bad faith, willful misconduct or gross negligence, all or any part of the Escrow Account until such dispute shall have been settled either by mutual agreement by the parties concerned or by the final order, decree or judgment of the Bankruptcy Court and a notice executed by the parties to the dispute or their authorized representatives shall have been delivered to the Escrow Agent setting forth the resolution of the dispute, which notice Buyer and Sellers hereby agree to so execute and deliver to the Escrow Agent in the event that such an order, decree or judgment is obtained from or issued by the Bankruptcy Court. The Escrow Agent shall be under no duty whatsoever to institute, defend or partake in such proceedings.

(h) The agreements set forth in this Section 6 shall survive the resignation or removal of the Escrow Agent, the termination of this Escrow Agreement and the payment of all amounts hereunder.

7. Resignation of Escrow Agent. The Escrow Agent shall have the right to resign upon 30 days written notice to Sellers and Buyer. In the event of such resignation, Sellers and Buyer shall mutually agree upon and appoint a successor escrow agent hereunder by delivering to the Escrow Agent a written notice of such appointment. Upon receipt of such notice, the Escrow Agent shall deliver to the designated successor escrow agent all money and other property held hereunder and shall thereupon be released and discharged from any and all further responsibilities whatsoever under this Escrow Agreement; provided, however, that the Escrow Agent shall not be deprived of its compensation earned prior to such time.

If no successor escrow agent shall have been designated by the date specified in the Escrow Agent's notice, all obligations of the Escrow Agent hereunder shall nevertheless cease and terminate. Its sole responsibility thereafter shall be to keep safely all property then held by it and to deliver the same to a person designated by the other parties hereto or in accordance with the direction of a final order or judgment of the Bankruptcy Court.

8. Notices. All claims, notices, consents, objections and other communications under this Escrow Agreement shall be in writing and shall, except as otherwise provided herein, be deemed to have been duly given when (i) delivered by hand, (ii) sent by telecopier (with receipt confirmed), or (iii) when received by the addressee, if sent by Express Mail, Federal Express or other reputable overnight delivery service, in each case, at the appropriate addresses and telecopier numbers as set forth below:

ESCROW AGENT:

[Name of Escrow Agent]
[Address of Escrow Agent]
Attention: []
Telecopier: () -

BUYER:

Qwest Communications International Inc.
1801 California Street
Denver, CO 80202
Telecopier: (303) 296-5974
Attention: General Counsel

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Telecopier: (212) 310-8007
Attention: Paul M. Basta, Esq.
Howard Chatzinoff, Esq.

SELLERS:

c/o Allegiance Telecom, Inc.
700 E. Butterfield Road, Suite 400
Lombard, IL 60148
Telecopier: (630) 522-5250
Attention: Mark B. Tresnowski, Esq.
Executive Vice President,
General Counsel and Secretary

With a copy to:

Kirkland & Ellis LLP
153 East 53rd St.
New York, NY 10022
Telecopier: (212) 446-4900
Attention: Jonathan S. Henes, Esq.
Michael Movsovich, Esq.

(or to such other addresses and telecopier numbers as a party may designate as to itself by notice to the other parties). Notwithstanding any of the foregoing, any computation of a time period which is to begin after receipt of a notice by the Escrow Agent shall run from the date of receipt by it.

9. Successors. This Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that this Escrow Agreement may not be assigned by any party without the prior written consent of the other parties, which consent shall not be unreasonably withheld.

10. Severability. If any portion or provision of this Escrow Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Escrow Agreement shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

11. Amendments. Except as set forth in Sections 3(e) and 3(f) above, this Escrow Agreement may be amended or modified at any time or from time to time in writing executed by the parties to this Escrow Agreement.

12. Governing Law. This Escrow Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the substantive laws of the State of New York, without regard to the conflict of laws principles thereof or of any other jurisdiction.

13. JURISDICTION. THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION TO RESOLVE ANY AND ALL DISPUTES ARISING UNDER THIS ESCROW AGREEMENT AND EACH OF THE PARTIES HERETO HEREBY EXPRESSLY CONSENTS TO SUCH EXCLUSIVE JURISDICTION.

14. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this *Escrow Agreement*, or the waiver by any party of any breach of this Escrow Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

15. Headings. The headings and captions in this Escrow Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of this Escrow Agreement.

16. Counterparts. This Escrow Agreement may be executed in any number of counterparts and by each of the parties hereto in separate counterparts (including by facsimile), each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank]

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

ALLEGIANCE TELECOM, INC.

By: _____
Name:
Title:

ALLEGIANCE TELECOM COMPANY
WORLDWIDE

By: _____
Name:
Title:

QWEST COMMUNICATIONS
INTERNATIONAL INC.

By: _____
Name:
Title:

[INSERT NAME OF ESCROW AGENT],
as Escrow Agent

By: _____
Name:
Title:

ALLEGIANCE

SCHEDULE OF FEES

To act as an
Escrow Agent

Annual Administration Fee \$[_____]

Covers acceptance of appointment as Escrow Agent including complete study of drafts of Escrow Agreement and all supporting documents in connection therewith, conferences until the final Escrow Agreement is agreed upon and execution of final Agreement.

Investments (if applicable)

Per purchase, sale, redemption, maturity or exchange \$[_____]

Wire Transfer of Funds

\$[_____] out going
\$[_____] incoming

NOTE:

Charges for any services not specifically covered in this schedule will be billed commensurate with the services rendered. This schedule reflects charges that are now in effect for our normal and regular services and are subject to modification where unusual conditions or requirements prevail, and does not include counsel fees or expenses and disbursements, which will be billed at cost. The fees of our counsel shall be due and payable whether or not the transaction closes.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A

[to come from Buyer]

EXHIBIT B

[to come from Sellers]

EARNEST MONEY ESCROW AGREEMENT

EARNEST MONEY ESCROW AGREEMENT (this "*Escrow Agreement*"), dated as of December __, 2003, by and among Allegiance Telecom, Inc., a Delaware corporation, and Allegiance Telecom Company Worldwide, a Delaware corporation, debtors-in-possession under title 11, of the United States Code, 11 U.S.C. in the United States Bankruptcy Court for the Southern District of New York (each individually, "*Seller*," and together, "*Sellers*"), Qwest Communications International Inc., a Delaware corporation ("*Buyer*"), and [] as escrow agent (the "*Escrow Agent*").

WITNESSETH

WHEREAS, Buyer and Sellers have entered into an Asset Purchase Agreement, dated as of December 18, 2003 (the "*Asset Purchase Agreement*" and capitalized terms used herein and not otherwise defined in this Escrow Agreement shall have the meaning ascribed to them in the Asset Purchase Agreement);

WHEREAS, pursuant to Section 3.3 of the Asset Purchase Agreement, Buyer and Sellers have agreed that Buyer will deliver a deposit of \$30,000,000 (the "*Escrowed Funds*") into an escrow account;

WHEREAS, Buyer and Sellers desire to appoint the Escrow Agent to act as escrow agent hereunder in the manner hereinafter set forth and the Escrow Agent is willing to act in such capacity;

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer, Sellers and the Escrow Agent hereby agree as follows:

1. Establishment of Escrow Account. The Escrow Agent shall establish and maintain on behalf of the parties hereto, an interest bearing trust account (the "*Escrow Account*") to which there shall be immediately credited and held all amounts received by the Escrow Agent from Buyer in accordance with Section 2 hereof. The funds credited to the Escrow Account shall be applied and disbursed only as provided herein. The Escrow Agent shall, to the extent required by law, segregate the funds credited to the Escrow Account from its other funds held as an agent or in trust.

2. Deposits to the Escrow Account; Investment.

(a) Buyer shall deliver to the Escrow Agent for deposit in the Escrow Account \$30,000,000 as required pursuant to Section 3.3 of the Asset Purchase Agreement and the terms set forth herein.

(b) All amounts to be deposited with the Escrow Agent shall be transferred by wire transfer of immediately available funds to the following account of

the Escrow Agent (or to such other account of the Escrow Agent as the Escrow Agent shall notify Sellers and Buyer in writing prior to the transfer of funds and which account Sellers and Buyer approve):

[Name of Escrow Agent]
ABA No.: []
Account No.: []
Allegiance Telecom Escrow
Attention: []

(c) The Escrow Agent shall confirm in writing to Sellers and Buyer the deposit received by it pursuant to Section 2(a) above and the amount of such deposit and of any other amounts from time to time deposited with the Escrow Agent in connection with the Asset Purchase Agreement.

(d) Funds on deposit in the Escrow Account shall be invested in short-term United States government securities, money-market funds, interest bearing depository accounts or short-term certificates of deposit of a bank or trust company having combined capital, surplus and retained earnings of at least \$500 million; provided that any such investment can be liquidated upon three days notice. The Escrow Agent shall not be accountable or liable for any losses resulting from the sale or depreciation in the market value of such investments thereof.

(e) Buyer shall be deemed the owner of all Escrowed Funds and investments in the Escrow Account and shall be responsible for the preparation of all tax returns associated with the investments therein and shall pay all costs relating to such returns, and all taxes, fines and penalties and interest. The Escrow Account shall be assigned the federal tax identification number of Buyer. Buyer shall provide Escrow Agent, at any time upon request of Escrow Agent with a Form W-8 or W-9 to evidence Buyer is not subject to any back-up withholding under the United States Internal Revenue Code. Buyer shall report all income, if any, that is earned on, or derived from, the Escrowed Funds as its income, in the taxable year or years in which such income is properly includible and pay any taxes attributable thereto.

3. Distributions from Escrow Account.

(a) Funds on deposit in the Escrow Account shall be withdrawn by the Escrow Agent only in accordance with this Section 3.

(b) If the Escrow Agent receives joint written instructions signed by Buyer and Sellers pursuant to the Asset Purchase Agreement that such agreement has been terminated, the Escrow Agent shall disburse in accordance with the joint written instructions of Buyer and Sellers the Escrowed Funds to Buyer or Sellers and all accrued investment income thereon to Buyer, in each case within three (3) Business Days of receipt of notice of such termination.