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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:) Chapter 11
)
TOUCH AMERICA, INC., et al.,) Case No. 03-11915 (KJC)
)
Debtors.) (Jointly Administered)

Re: 505

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ORDER, PURSUANT TO 11 U.S.C. §§ 105(a), 362, 363, 364, 365, 553 AND 554 (c) AND FED. R. BANKR. P. 2002, 4001, 6004, 6006, 6007, 9014 AND 9019, APPROVING SETTLEMENT AGREEMENT WITH QWEST, INCLUDING SALE AND TRANSFER OF ASSETS TO QWEST AND ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

This matter came before the Court on the amended motion as amended on the record at the Hearing (as defined below) (the "Settlement Motion")¹ of the above-captioned debtors, as debtors and debtors in possession herein (the "Debtors") for the entry of an order (the "Settlement Order") approving a settlement agreement (the "Settlement Agreement") with Qwest Communications Corporation and its affiliates (collectively, "Qwest") pursuant to sections 105, 362, 363, 365, 553 and 554 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 6007, 9014 and 9019; and the Court having determined that adequate notice of the Settlement Motion has been provided pursuant to Bankruptcy Rules 2002 and 9019; and a hearing having been held before this Court on November 13, 2003 (the "Hearing") to consider the Settlement Motion and the relief requested therein, including, without limitation the transactions contemplated in the Settlement Agreement; and the Court having considered the Settlement Motion and objections to the Settlement Motion, if any, and arguments of counsel; and the Court having determined that the legal and factual bases set forth in the Settlement Motion and at the

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¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Settlement Motion or the Settlement Agreement, as the case may be.

Hearing on the Settlement Motion and the Settlement Agreement establish just cause for the relief granted herein:

IT IS HEREBY FOUND AND DETERMINED THAT²

A. This Court has jurisdiction over the subject matter of this proceeding and the Settlement Motion pursuant to 28 U.S.C. §§ 157 and 1334, and this matter constitutes a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (N). Venue of these cases and the Settlement Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Settlement Motion are sections 105(a), 362, 363(b), (f), and (m), 365, 553 and 554 of title 11 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, 6004, 6006, 6007, 9014 and 9019(a).

C. As evidenced by the record in these cases, including affidavits of service previously filed with the Court, and based on representations of counsel at the Hearing, (i) proper, timely, adequate and sufficient notice of the Settlement Motion, the Hearing and the proposed Settlement Order has been provided in accordance with sections 102(l), 363, 365 and 554 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 6007, 9014 and 9019 and Local Rule of Delaware Procedure 2002-1; (ii) such notice was good and sufficient, and appropriate under the particular circumstances; and (iii) no other or further notice of the Settlement Motion, the Hearing or this Order shall be required.

D. Approval of the Settlement Agreement and consummation of the terms memorialized therein at this time are in the best interest of the Debtors, their Affiliates, their creditors, their estates and other parties in interest.

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

E. The Debtors have demonstrated both (i) good, sufficient and sound business purpose and justification and (ii) compelling circumstances for the Settlement Agreement pursuant to Bankruptcy Rule 9019(a) and section 363(b) of the Bankruptcy Code prior to, and outside of, a plan of reorganization.

F. A reasonable opportunity to object or be heard with respect to the Settlement Motion and the relief requested therein has been afforded to all interested persons and entities, including: (i) all parties filing a request for notice under Bankruptcy Rule 2002; (ii) entities known to have expressed an interest in acquiring the New IRUs; (iii) all entities known to have an interest in the New IRUs or to claim an interest in the New IRUs; (iv) all federal, state, and local regulatory or taxing authorities or recording offices which have a known interest in the relief requested in the Settlement Motion; (v) all creditors; (vi) the United States Attorney's Office; (vii) the Securities and Exchange Commission; and (viii) the Internal Revenue Service.

G. The Settlement Agreement was negotiated, proposed and entered into by the Debtors and Qwest without collusion, good faith and from arm's-length bargaining positions.

H. Qwest is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. Qwest will be acting in good faith within the meaning of section 363(m) in closing the transactions contemplated in the Settlement Agreement.

I. The consideration provided by the parties pursuant to the Settlement Agreement (i) is fair and reasonable; (ii) is the offer for the New IRUs and the ATM/Frame Business; (iii) will provide a greater recovery for the Debtors' creditors than would be provided by any other practicable available alternative; and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state,

territory, possession or the District of Columbia. In addition to the cash components of the Settlement Agreement, the consideration for the Settlement Agreement includes the release of the Debtors and their Affiliates from all claims, including cure obligations, rejection damages, all setoff rights (except as otherwise provided herein), recoupment, prepetition damages and obligations for adequate assurance of future performance.

J. Pursuant to the Settlement Agreement, Qwest has advanced the DIP Loan in the amount of \$10,000,000, which amount will not need to be repaid if the Settlement Agreement is approved by final order and the Debtors comply with all their obligations under the Settlement Agreement. The Settlement Agreement provides for payment of an additional \$8,000,000 (\$3,000,000 of which is to be held in escrow (the "IRU Escrow") pending final reconciliation for the period through December 31, 2003) to the Debtors' estates for the New IRUs, an additional \$1,000,000 purchase price in the form of a cash payment for the ATM/Frame Business and a credit of \$3,000,000 for post-petition payables owed from the Debtors to Qwest from and after September 1, 2003 and relieves Debtors and their Affiliates of onerous payment obligations and resolves numerous complex legal issues without the expense of protracted litigation.

K. Qwest would not have entered into the Settlement Agreement and would not consummate the transactions contemplated thereby, thus adversely affecting the Debtors, their estates and their creditors if all components of the Settlement Agreement, including approval of the DIP Loan, the transfer of the New IRUs and ATM/Frame Business free and clear of all Claims (defined below) of any kind or nature whatsoever, or if Qwest would, or in the future could be, liable for any Claims that could be made by any party against the New IRUs and ATM/Frame Business or against Qwest as a result of the prepetition relationship between the Debtors and Qwest.

L. The Debtors may transfer the New IRUs and ATM/Frame Business free and clear of all Claims of any kind or nature whatsoever because, in each case, one or more of the standards set forth in section 363(f)(1) – (5) has been satisfied. Those holders of Claims are adequately protected by having their Claims, if any, attach to the cash proceeds received pursuant to the Settlement Agreement ultimately attributable to the property against or in which they claim an interest.

M. The transfer to Qwest of the New IRUs and the ATM/Frame Business, except as otherwise agreed by Qwest and as provided in the Settlement Agreement, will not subject Qwest to any liability with respect to the operation of the Debtors or their businesses prior to the Closing Date.

N. The Debtors have demonstrated that it is an exercise of their sound business judgment to assume the Assumed Contracts in connection with the consummation of the Settlement Agreement, and the assumption of the Assumed Contracts and the 2000 IRU Agreement is in the best interests of the Debtors, their estates, and their creditors. The Assumed Contracts and the liabilities being assumed by the Debtors are an integral part of the Settlement Agreement and the consideration for entering into the Settlement Agreement by Qwest, and accordingly, such assumption of the Assumed Contracts and their attendant liabilities is reasonable, enhance the value of the Debtors' estates, and does not constitute unfair discrimination.

O. Debtors have demonstrated that it is an exercise of their sound business judgment to reject the Stock Purchase Agreement, the Bilateral Wholesale Agreement and the 2000 IRU Agreement and that the rejection of the Stock Purchase Agreement, the Bilateral Wholesale Agreement and the 2000 IRU Agreement is in the best interests of the Debtors, their estates, and

their creditors. The Debtors have demonstrated that the Stock Purchase Agreement, the Bilateral Wholesale Agreement and the 2000 IRU Agreement are of inconsequential value and benefit to their estates and that it is in the best interests of their estates to abandon all property previously acquired under the 2000 IRU Agreement on the Effective Date.

P. Pursuant to the terms of the Settlement Agreement, the Debtors are not required to cure any defaults arising prior to the Petition Date relating to the Assumed Contracts and the 2000 IRU Agreement or provide adequate assurance of future performance in connection with the assumption of the Assumed Contracts and the 2000 IRU Agreement; provided, however, that if the Debtors assign any or all of the Assumed Contracts or 2000 IRU Agreement to a third party, other than 360Networks Corporation or any designee thereof, such party shall be responsible for providing Qwest with adequate assurance of future performance of its obligations within the meaning of section 365(b)(1)(C) of the Bankruptcy Code.

Q. Qwest holds a prepetition claim against the Debtors and Qwest owed the Debtors for GSP Services for the months of March 2003 and April 2003. These debts are owing to the same parties in the same capacity and are valid and enforceable against each other and both arose before the Petition Date. Qwest had a valid right to set off under applicable state law prior to the Petition Date.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED
THAT:**

1. The Settlement Motion is granted in consistent herewith.

Approval of Agreement

2. The Settlement Agreement, attached hereto as Exhibit A, and all of the terms and conditions thereof, is hereby approved in its entirety. The releases contained in the Settlement

Agreement are valid, enforceable obligations of the parties and are hereby approved in their entirety.

3. Pursuant to Bankruptcy Rule 9019 and section 363(b) of the Bankruptcy Code, the Debtors, as provided in the Settlement Agreement, are authorized and directed to consummate the Settlement Agreement, pursuant to and in accordance with the terms of the Settlement Agreement.

4. The Debtors are authorized and directed to execute and deliver, and are empowered to perform under, consummate and implement the Settlement Agreement, together with all additional instruments, documents and pleadings (including the dismissals of the Pending Actions) that may reasonably be necessary to implement the Settlement Agreement, and to take all further actions as may be reasonably requested by Qwest for the purpose of assigning, transferring, granting, conveying and conferring to Qwest or reducing to possession, the New IRUs and ATM/Frame Business, or as may be necessary to the performance of the obligations as contemplated by the Settlement Agreement.

Transfer of Assets

5. Pursuant to sections 105(a) and 363(b) and (f), the New IRUs and the ATM/Frame Business, shall be transferred to Qwest. As of the Closing Date, the New IRUs and ATM/Frame Business shall be transferred to Qwest, pursuant to section 363(f) of the Bankruptcy Code, free and clear of all interests (including claims (as defined in section 101(5) of the Bankruptcy Code of any kind or nature whatsoever against or in the Debtors or the New IRUs and ATM/Frame Business (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to, the Debtors, the New IRUs and ATM/Frame Business, the operation of the

Debtors' businesses prior to the Closing Date, or the transfer of the New IRUs and ATM/Frame Business to Qwest) and liens (as defined in section 101(37) of the Bankruptcy Code, rights of setoff, netting, deduction or recoupment (collectively, the "Claims"), provided, that any existing Claims, if any, shall be transferred and attach to the proceeds obtained for such the New IRUs and ATM/Frame Business, with the same validity, enforceability, priority, force and effect that they now have as against the New IRUs and ATM/Frame Business, subject to the rights, claims, defenses and objections of the Debtors and all interested parties with respect to such Claims, and Qwest shall not be liable in any way for any Claims that any of the foregoing or any third party may have against any of the Debtors.

6. The New IRU Agreement, with respect to the IRUs other than the IRUs relating to the AT&T Fibers (defined as items 1, 2 and 7 collectively on Schedule 1.1(b) of the Settlement Agreement), shall be in accordance with the terms of section 3.1(b) of the Settlement Agreement and as set forth therein, may omit those detailed additional terms and conditions upon which Qwest and Debtors cannot and have not agreed, subject to later inclusion after resolution of disputed terms and conditions by an arbitrator pursuant to arbitration provisions contained in the Purchaser-Qwest Agreement (as defined in the Settlement Agreement), *provided however*, (a) that the failure of Qwest and the Debtors to resolve any dispute with respect to the detailed terms and conditions of such New IRU Agreement shall not in any way delay, terminate, alter or suspend a party's obligations under the New IRU Agreement and (b) that in the event Qwest and the Debtors fail to so resolve any such dispute prior to the Detailed Agreements Arbitration Date (as defined in the Purchaser-Qwest Agreement), Qwest and the Debtors shall execute the New IRU Agreement prior to or on such date, subject to such arbitration process. Debtors shall have no obligation to perform any operations or maintenance with respect to the IRUs that are the

subject thereof prior to the assignment of such New IRU Agreement to Purchaser (or to another assignee of Debtors if the Purchaser APA does not close) and shall have no liability to Qwest if such operations or maintenance obligations are not performed by an assignee of Debtors.

7. The transfer of the New IRUs and ATM/Frame Business to Qwest pursuant to the Settlement Agreement constitutes a legal, valid and effective transfer of the New IRUs and ATM/Frame Business and shall vest Qwest with all right, equitable title and interest of the Debtors in and to the New IRUs and the ATM/Frame Business free and clear of all Claims of any kind or nature whatsoever, provided that, any existing Claims, if any, shall be transferred and attach to the proceeds obtained for the New IRUs, with the same validity, enforceability, priority, force and effect that they now have as against the New IRUs and ATM/Frame Business, subject to the rights, claims, defenses and objections of the Debtors and all interested parties with respect to such Claims.

8. Notwithstanding anything to the contrary in the Settlement Agreement or in this Settlement Order, the Debtors' grant and sale of the New IRUs to Qwest under the New IRU Agreement authorized hereunder is hereby made expressly subject and subordinate to any and all of AT&T Corp.'s rights of way, easements, licenses and property rights and interests upon which the Debtors' fiber-optic facilities supporting the New IRUs are located (the "AT&T Underlying Property Interests"), and the Debtors' grant and sale of the New IRUs to Qwest as authorized under the Settlement Agreement or this Settlement Order shall not impair or adversely affect the AT&T Underlying Property Interests.

Assumption of Assumed Contracts and the 2000 IRU Agreement

9. The Assumed Contracts and the 2000 IRU Agreement shall consist of those unexpired leases and executory contracts as defined in the Settlement Agreement, all of which

the parties agree for purposes of the Settlement Agreement are subject to assumption and assignment pursuant to section 365 of the Bankruptcy Code.

10. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, the Debtors' assumption, on the terms set forth in the Settlement Agreement, of the Assumed Contracts and the 2000 IRU Agreement is hereby approved, and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied; *provided however*, that if the Debtors assign any one or all of the Assumed Contracts or 2000 IRU Agreement to a third party, such third party, other than 360Networks Corporation or any designee thereof, shall be required to provide Qwest with adequate assurance of future performance as required by section 365(b)(1) of the Bankruptcy Code.

11. The Debtors are hereby authorized and directed in accordance with sections 105(a) and 365 of the Bankruptcy Code to assume, effective upon the Effective Date, the Assumed Contracts and 2000 IRU Agreement.

12. The Assumed Contracts and the 2000 IRU Agreement shall remain in full force and effect for the benefit of Qwest in accordance with their respective terms, and the Debtors shall be responsible for fully and completely performing their obligations with respect to the Assumed Contracts and the 2000 IRU Agreement after such assumption.

13. Pursuant to the terms of the Settlement Agreement, the Debtors shall not be required to cure any defaults arising prior to the Petition Date but shall be required to cure any and all defaults, if any, arising after the Petition Date (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code); *provided however*, that in no event shall the Debtors be liable for or required to pay any administrative claim arising from the subsequent rejection of an Assumed Contract.

14. The failure of the Debtors or Qwest to enforce at any time one or more terms or conditions of any Assumed Contract or the 2000 IRU Agreement shall not be a waiver of such terms or conditions, or of the Debtors' or Qwest's rights to enforce every term and condition of the Assumed Contracts and the 2000 IRU Agreement.

Rejected Contracts

15. Pursuant to sections 105(a) and 365 of the Bankruptcy Code, Debtors' rejection of the Stock Purchase Agreement, the Bilateral Wholesale Agreement and the 2000 IRU Agreement on the terms set forth in the Settlement Agreement is hereby approved.

16. Qwest waives and forever releases any and all claims, rights and damages relating to and arising from the rejection of the Stock Purchase Agreement, Bilateral Wholesale Agreement and the 2000 IRU Agreement.

17. With respect to the Stock Purchase Agreement, the Bilateral Wholesale Agreement and the 2000 IRU Agreement, effective upon rejection as provided in paragraph 14 above, the Debtors' interests in such agreements, including without limitation, the Abandoned Circuits, and all property previously acquired under such agreements, shall be deemed terminated and abandoned to Qwest on the Effective Date, and Debtors shall have no further rights or interest therein, or obligations thereunder pursuant to section 554 of the Bankruptcy Code.

Payment for GSP Services

18. Qwest shall pay the Debtors for GSP Services in accordance with the terms of the Settlement Agreement.

Additional Provisions

19. The consideration provided by Qwest under the Settlement Agreement is fair and reasonable and shall be deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy Code.

20. After the Effective Date, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its Claims in the New IRUs, if any, as such Claims may have been recorded or may otherwise exist.

21. This Settlement Order (a) shall be effective as a determination that, on the Closing Date, all Claims of any kind or nature whatsoever existing as to the New IRUs and ATM/Frame Business prior to the Closing Date have been released, discharged and terminated, and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all entities including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the New IRUs and ATM/Frame Business.

22. Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Settlement Agreement.

23. If any person or entity that has filed financing statements, mortgages, mechanic's liens, lis pendens, or other documents or agreements evidencing Claims in the New IRUs and

ATM/Frame Business shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Claims which the person or entity has with respect to the New IRUs and ATM/Frame Business, then (a) the Debtors are hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the New IRUs and ATM/Frame Business and (b) Qwest is hereby authorized to file, register, or otherwise record a certified copy of this Settlement Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Claims in the New IRUs and ATM/Frame Business of any kind or nature whatsoever.

24. Except as otherwise specifically provided herein or in the Settlement Agreement, Qwest shall have no liability or responsibility for any liability or other obligation of the Debtors arising under or related to the New IRUs and ATM/Frame Business prior to Closing.

25. Except as provided in the Settlement Agreement: (a) the sale, transfer, assignment and delivery of the New IRUs and ATM/Frame Business shall not be subject to any Claims, provided, that any existing Claims, if any, shall be transferred and attach to the proceeds obtained for the New IRUs and ATM/Frame Business, with the same validity, enforceability, priority, force and effect that they now have as against the New IRUs and ATM/Frame Business, subject to the rights, claims, defenses and objections of the Debtors and all interested parties with respect to such Claims, and Claims of any kind or nature whatsoever shall remain with, and continue to be obligations of, the Debtors and (b) following the Closing Date, no holder of an interest in the Debtors shall interfere with Qwest's title to or use and enjoyment of the New IRUs and ATM/Frame Business based on or related to such interest, or any actions that the Debtors may take in their chapter 11 cases.

26. Any amounts that become payable by the Debtors pursuant to the Settlement Agreement or any of the documents delivered by the Debtors pursuant to or in connection with the Settlement Agreement shall (a) constitute administrative expenses of the Debtors and their estates pursuant to sections 503(b)(1)(A) and 507(a)(1) of the Bankruptcy Code and (b) be paid by the Debtors in the time and manner as provided in the Settlement Agreement, without further order of this Court.

27. This Court retains jurisdiction to enforce and implement the terms and provisions of the Settlement Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the New IRUs and ATM/Frame Business to Qwest, (b) resolve any disputes arising under or related to the Settlement Agreement, except as otherwise provided therein, (c) interpret, implement, and enforce the provisions of this Settlement Agreement and Order, and (d) protect Qwest against any Claims in or against the Debtors or the New IRUs and ATM/Frame Business, of any kind or nature whatsoever, attaching to the proceeds of the Settlement Agreement.

28. Nothing contained in any plan of reorganization or plan of liquidation confirmed in these cases or any order of this Court confirming such plan shall conflict with or derogate from the provisions of the Settlement Agreement or the terms of this Settlement Order.

29. The transactions contemplated by the Settlement Agreement are undertaken by Qwest in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Settlement Agreement shall not affect the validity of the transfer to Qwest, unless such authorization is duly stayed pending such appeal. Qwest is a purchaser in good faith

of the New IRUs and ATM/Frame Business, and is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

30. The terms and provisions of the Settlement Agreement and this Settlement Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, and their creditors, Qwest and their respective Affiliates, successors and assigns and any affected third parties including, but not limited to, all persons asserting Claims in the New IRUs and ATM/Frame Business to be transferred to Qwest pursuant to the Settlement Agreement, notwithstanding any subsequent appointment or election of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

31. The failure specifically to include any particular provision of the Settlement Agreement in this Settlement Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Settlement Agreement be authorized, approved and enforceable in its entirety. To the extent any provision of the Settlement Agreement is inconsistent with the terms of this Settlement Order, the terms of the Settlement Agreement shall govern.

32. The Settlement Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by the parties thereto, and in accordance with the terms thereof, without further order of the Court; provided however, that in connection therewith, the parties shall obtain the prior written consent of the Creditors' Committee, which consent shall not be unreasonably withheld; and, provided further, that any such modification, amendment or supplement shall neither be material nor change the economic substance of the transactions contemplated hereby.

33. Subject to paragraph 36 below, as provided by Bankruptcy Rule 7062, this Settlement Order shall be effective and enforceable immediately upon entry, and, as authorized by Bankruptcy Rule 6004(g) and 6006(d), this Settlement Order shall not be stayed until the expiration of 10 days after its entry. Any party objecting to this Settlement Order must exercise due diligence in filing an appeal and pursuing a stay, or risk its appeal being foreclosed as moot in the event Qwest and the Debtors elect to close prior to this Settlement Order becoming a final order.

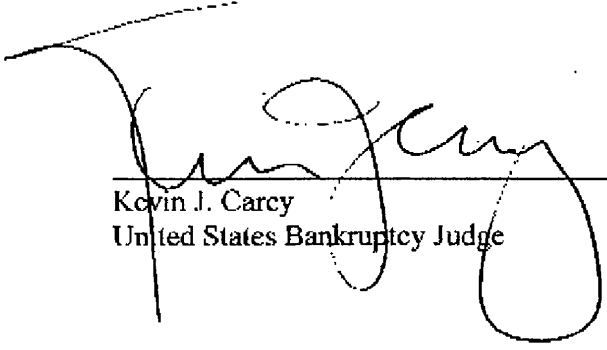
34. For purposes of the Settlement Agreement only, Qwest and the Debtors have agreed to treat their disputed agreements as executory contracts or unexpired leases within the meaning of section 365 of Bankruptcy Code. Neither such treatment, the Settlement Agreement, nor this Settlement Order shall be deemed an admission as to the characterization of such agreements for any other purpose, or as an admission relating to any contracts or agreements, whether between Qwest and the Debtors or otherwise, not addressed in the Settlement Agreement.

35. Qwest is hereby granted relief from the automatic stay imposed by section 362 of the Bankruptcy Code so that Qwest may set off, pursuant to section 553 of the Bankruptcy Code, all amounts owing for GSP Services for the months of March and April 2003 against amounts owed to Qwest by the Debtors prior to the Petition Date; provided, however, that nothing contained in this Settlement Order shall be construed in anyway to grant Qwest relief from the automatic stay for any reason other than to implement the parties' agreement in the Settlement Agreement. Pursuant to the Settlement Agreement, Qwest is hereby authorized to set off all amounts owing for GSP Services for the months of March and April 2003 against amounts owed to Qwest by the Debtors prior to the Petition Date.

36. Notwithstanding anything in this Order to the contrary, the Effective Date of the Settlement Agreement shall not occur unless and until an order of this Court authorizing and approving the Settlement Agreement, Amendment No. 1 to Amended and Restated Asset Purchase Agreement and Election Under Section 6.9(e) is a Final Order, except that as to GSP services, customers and assets (except with respect to Arizona) and ATM/Frame Customers and assets, Qwest hereby is permitted to immediately take any act or action consistent with this Court's order of November 7, 2003 (the "November 7, 2003 Order") in the Adversary Proceeding No. 03-57282 commenced by the Debtors against Qwest in the Bankruptcy Case (the "Adversary Proceeding").

37. Upon the Effective Date of the Settlement Agreement, (a) the November 7, 2003 Order shall be vacated and of no further force and effect and (b) the Adversary Proceeding shall be deemed dismissed with prejudice, in each case without the need for further order of this Court. The Debtors shall file a notice of the occurrence of the Effective Date in the Adversary Proceeding.

Dated: Wilmington, Delaware
November 13, 2003



Kevin J. Carcy
United States Bankruptcy Judge

EXHIBIT A

**AMENDED AND RESTATED GLOBAL SETTLEMENT
AND RELEASE AGREEMENT**

This Amended and Restated Global Settlement and Release Agreement (this "Settlement Agreement") is entered into as of November 10, 2003, by and between Qwest Communications Corporation; Qwest Communications International Inc.; Qwest Services Corporation; Qwest Corporation; Qwest Wireless, L.L.C.; and all other subsidiaries, Affiliates, predecessors, successors, and assigns thereof (each a "Qwest Entity" and collectively, "Qwest") and Touch America, Inc.; Touch America Holdings, Inc.; Entech, LLC; Touch America Purchasing Company LLC; Sierra Touch America, LLC; American Fiber Touch LLC; and Touch America Intangible Holding Company, LLC; and all other subsidiaries, Affiliates, predecessors, successors, and assigns thereof (collectively, "Debtors"). This Settlement Agreement amends and restates in its entirety the Global Settlement and Release Agreement between the Debtors and Qwest dated August 6, 2003.

RECITALS

WHEREAS, on June 19, 2003 (the "Petition Date"), Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. By order entered on June 23, 2003, their cases were administratively consolidated under Bankruptcy Case No. 03-11915 (the "Bankruptcy Case"). Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

WHEREAS, before the Petition Date, Qwest and Debtors were parties to numerous Agreements under which the Parties provided service to and obtained service from one another. The Parties continue to provide service to and obtain service from one another under certain of the Agreements.

WHEREAS, the Parties desire to enter into this Settlement Agreement to, among other things, (a) provide for the final resolution of all disputes, claims, and issues arising from or relating to the Agreements and the Parties' prepetition relationships and (b) ensure the continued provision of certain services by Debtors or the Debtors' assignees to Qwest and other parties pursuant to certain of the Agreements.

WHEREAS, the Parties hereby acknowledge and agree that the intent and purpose of this Settlement Agreement is to resolve and settle all outstanding prepetition issues among the Parties arising from or related to the Agreements and the Parties' prepetition relationships, all as more particularly set forth herein, and that each of the transactions contemplated by this Settlement Agreement is an integral part of this Settlement Agreement, without which the Parties would not have entered into this Settlement Agreement.

NOW THEREFORE, in consideration of the above recitals, the mutual promises, covenants, and representations contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Parties hereto, intending legally to be bound, hereby agree as follows:

Execution Copy
Amended and Restated Global Settlement Agreement

ARTICLE I

DEFINITIONS; INTERPRETATION

1.1 Definitions; Interpretation; Application of Definitions and Rules of Construction.

For purposes of this Settlement Agreement, the terms listed below shall have the meanings specified in this Article I. A term used but not defined herein that is used in the Bankruptcy Code shall have the meaning ascribed to that term in the Bankruptcy Code, and the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction hereof. Any capitalized term used herein but not defined herein or in the Bankruptcy Code shall have the meaning ascribed to such term in the applicable Agreement. Wherever it appears appropriate from the context, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neutral gender shall include the masculine, feminine, and neutral. Unless otherwise specified herein, all section, article, schedule or exhibit references in this Settlement Agreement are to the respective section in, article of, or Schedule to this Settlement Agreement. The words "herein," "hereof," "hereto," and "hereunder" and other words of similar import refer to this Settlement Agreement as a whole and not to any particular section, subsection, or clause contained in this Settlement Agreement.

"**8xx Agreement**" means the agreement attached hereto as **Exhibit A**, which memorializes the Parties' prior business dealings with respect to the provision by the Debtors of 8xx services to Qwest's customers, as amended pursuant to **Section 4.6** below.

"**2000 IRU Agreement**" means the lit IRU agreement between QCC and TAI dated June 30, 2000, as amended (which is identified as Item 5 on **Schedule 1.1(a)**).

"**Abandoned Circuits**" means all circuits provided pursuant to or in connection with the 2000 IRU Agreement that are identified on **Schedule 1.1(d)** (whether or not such circuits are active as of the date hereof).

"**Affiliate**" means, with respect to any Party, any other party that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Party. For the purposes of this definition, "control" means, when used with respect to any Party, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Party, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings.

"**Agreements**" means any and all agreements between the Parties, including all oral or written agreements and including, without limitation, those listed on **Schedule 1.1(a)**.

"**Approval Order**" means an order of the Bankruptcy Court approving and authorizing the execution and performance of this Settlement Agreement by the Parties, which order shall be in a form reasonably satisfactory to Qwest.

"ASR" means all access service requests required with respect to the Rejected Circuits.

"Assumed Contracts" means the GSP Agreement and the QC Agreement.

"ATM/Frame Agreement" means a definitive agreement in all material respects consistent with the provisions of Section 5.1 below.

"ATM/Frame Assets" means the definition set forth in Section 5.1(a) below.

"ATM/Frame Business" means the definition set forth in Section 5.1(a) below.

"ATM/Frame Customers" means all customers of the ATM/Frame Business.

"ATM/Frame Purchase Price" is defined in Section 5.1(a) below.

"AT&T Fibers" means items 1 and 2, collectively, on Schedule 1.1(b).

"Bankruptcy Case" has the meaning given to it in the first paragraph of the Recitals herein.

"Bankruptcy Code" means title 11 of the United States Code, as it may be amended from time to time.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as promulgated under 28 U.S.C. § 2075, as in effect on the Petition Date and as have been or may be amended.

"Business Day" means any day except a Saturday, Sunday, or other day on which commercial banks in the state of New York are not open for business.

"Calling Card Agreement" means the Calling Card Agreement dated June 30, 2000, as amended pursuant to Section 4.6 below.

"Claims" means any and all past, present, and future claims, complaints, charges, liabilities, claims for relief, rights to indemnity, defaults, demands, suits, obligations, defenses, setoffs, actions, causes of action (absolute, accrued, asserted, unasserted, contingent or otherwise), rights, and damages relating to or arising out of (i) the Pending Actions, (ii) any contractual obligations or other claims arising from or under any of the Agreements, and (iii) any claim under any legal theory, including, without limitation, under contract, tort, or otherwise, which any Debtor or Qwest Entity or its Affiliates now has, may claim to have, ever had, or may hereafter acquire, whether such claims are currently known, unknown, foreseen, or unforeseen, in each case from the beginning of time through and including the Effective Date of this Settlement Agreement, including, without limitation, any and all claims arising under chapter 5 of the Bankruptcy Code or as defined in section 101(5) of the Bankruptcy Code; provided,

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however, that the definition of Claims shall not include any claims, complaints, charges, liabilities, claims for relief, rights to indemnity, defaults, demands, suits, obligations, defenses, setoffs, actions, causes of action (absolute, accrued, asserted, unasserted, contingent or otherwise), rights and damages relating to or arising out of (i) this Settlement Agreement, (ii) the period after the Effective Date, including with respect to the Assumed Contracts, the Terminating Contracts and the ATM/Frame Agreement, (iii) payables owing by the Parties for services (other than with respect to GSP Services) rendered to each other for the period after August 31, 2003, and (iv) payables owing by the Parties for GSP Services rendered to each other for the period after September 30, 2003.

“Closing” means the closing of the New IRU Agreement.

“Closing Date” is defined in Section 3.4.

“Contemplated Transactions” means all actions contemplated by this Settlement Agreement, including, without limitation, the execution of the New IRU Agreement, the execution of the ATM/Frame Agreement, the settlement and release of Claims, the continued provision of services by Debtors (or their assignees) to Qwest and to common customers of Debtors and Qwest and such other actions contemplated by the ATM/Frame Agreement.

“Debtor Payables” means any and all amounts owing by the Debtors to Qwest under the Agreements or otherwise, whether arising from a determination by a Governmental Authority or otherwise, with respect to the period through and including August 31, 2003. Nothing herein shall constitute an admission by the Debtors as to the amount, validity or basis of any Debtor Payables.

“Debtors” has the meaning given to it in the preamble.

“DIP Loan” means the debtor in possession loan in the amount of \$10 million made by QCC to Debtors pursuant to the DIP Loan Agreement.

“DIP Loan Agreement” means the Debtor in Possession Loan Agreement dated as of July 10, 2003 between QCC and Debtors setting forth the terms and conditions of the DIP Loan, as the same may be amended from time to time.

“Effective Date” means (subject to Section 9.17) the date that the Approval Order becomes a Final Order, provided, however, that (x) the Effective Date shall have occurred on or before November 24, 2003 and (y) unless the Bankruptcy Court has authorized the grant or transfer of the New IRUs to a third party as contemplated by Section 3.5, the Effective Date must be concurrent with the Closing Date.

“Encumbrances” means any liens, mortgages, claims, charges, pledges, security interests, or any other “interest” in property within the meaning of section 363(f) of the Bankruptcy Code.

“Environmental Law” means any federal, state, or local statute, law, rule, regulation, ordinance, code, or rule of common law in effect as of the Closing Date, relating to natural

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resources, the environment, or the regulation of or contamination by controlled materials, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, *et seq.*; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*; the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*; and the Clean Air Act, 42 U.S.C. § 7401, *et seq.*

“FCC” means the Federal Communications Commission.

“Final Order” means an order, ruling, or judgment of the Bankruptcy Court (a) that is in full force and effect; (b) that is not stayed; (c) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing is then pending; and (d) is no longer subject to review, reversal, modification, or amendment by appeal or writ of certiorari; provided, however, that an order will be deemed a Final Order notwithstanding the filing of a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or other applicable rules.

“Governmental Authority” shall mean any foreign, national, regional, state, provincial, or local government, court, or governmental or regulatory agency, board, or commission with jurisdiction over Qwest or Debtors (including the Bankruptcy Court).

“GSP Agreement” means the First Amended and Restated Global Service Provider Agreement, dated March 21, 2001, as amended.

“GSP Services” means the services provided by Debtors to common customers of Debtors and Qwest pursuant to the terms of the GSP Agreement.

“IRU” means an indefeasible right of use.

“Laws” means all federal, state, local, foreign, and other statutes, laws, codes, ordinances, rules, regulations, judgments, writs, decrees, injunctions, orders, concessions, grants, franchises, permits, licenses, and other legal requirements applicable thereto (including, without limitation, Environmental Laws and all laws and regulations relating to health and safety and employment).

“Network” means Debtors’ 21,000-mile fiber optic network, of which approximately fifty percent (50%) is currently lit.

“New IRU Agreement” means one or more Master IRU Agreements among QC, the Debtors and the Debtors’ assignees (as contemplated under Section 3.1 below), in form and substance consistent with industry standards and acceptable to all such parties, pursuant to which QC will obtain the New IRUs with provisions for the operation and maintenance thereof except with respect to the AT&T Fibers (and related New IRUs), for which Qwest shall make separate operations and maintenance arrangements.

"New IRU Escrow" shall mean the escrow created pursuant to a mutually acceptable escrow agreement by and among the Debtors, Qwest and a mutually agreeable escrow agent with respect to the payment of \$3 million of the consideration to be paid by Qwest pursuant to the New IRU Agreement.

"New IRUs" means the IRUs in the fiber on the routes set forth on Schedule 1.1(b) to be granted to QC.

"Parties" means, as applicable, any combination of the Debtors and Qwest.

"Pending Actions" means all pending litigation, administrative or regulatory proceedings, and arbitrations or mediations between the Parties or to which Debtors are petitioners, including, without limitation, those set forth on the attached Schedule 1.1(c).

"Person" means any natural person, firm, partnership, limited liability company, association, corporation, Debtor, Qwest Entity, trust, business trust, or other entity.

"Prepaid Agreement" means the Prepaid Calling Card Services Agreement dated June 30, 2000, as amended pursuant to the terms of the amendment attached as Exhibit C and Section 4.6 hereof.

"Purchase Agreement" means the Amended And Restated Asset Purchase Agreement dated as of August 22, 2003, as amended, between Debtors and Purchaser.

"Purchaser" means 360networks Corporation, the successful purchaser of certain of Debtors' assets.

"Purchaser Closing Date" means the date(s) of the closing of the sale of Debtors' assets to Purchaser.

"Purchaser-Qwest Agreement" means the "Agreement" of even date herewith by and between Purchaser, QCC and Qwest LD Corporation.

"QC" means Qwest Corporation.

"QC Agreement" means that certain Telecommunications Services Agreement dated April 24, 2000 between QC and TAI pursuant to which Debtors provide telecommunications services to QC under the terms of service orders, as amended pursuant to the terms of the amendment attached as Exhibit D.

"QCC" means Qwest Communications Corporation.

"QCII" means Qwest Communications International Inc.

"QSC" means Qwest Services Corporation.

"QW" means Qwest Wireless, L.L.C.

"QW Payment" means the payment currently scheduled to be made by QW to TAI on February 24, 2004 pursuant to the terms of the Purchase Agreement dated February 24, 2003, between QW and TAI, in the amount of \$23,047,688.50 in connection with QW's purchase of TAI's interest in TW Wireless, which payment is the only remaining payment obligation under such Purchase Agreement.

"Qwest" has the meaning set forth in the preamble.

"Qwest Entity" has the meaning set forth in the preamble.

"Qwest Payables" means any and all amounts owing by Qwest to Debtors under the Agreements or otherwise, whether arising from a determination by a Governmental Authority or otherwise, with respect to the period through and including August 31, 2003 (except, with respect to amounts owing for GSP Services, with respect to the period through and including September 30, 2003); provided, however that Qwest Payables shall not include any amounts owing by Qwest to Debtors under the GSP Agreement. Nothing herein shall constitute an admission by Qwest as to the amount, validity or basis of any Qwest Payables.

"Rejected Circuits" means those circuits rejected by the Debtors pursuant to their motions dated October 7 and 13, 2003.

"September 9, 2003 Letter Agreement" means that certain letter agreement dated September 9, 2003 among counsel for each of Qwest, the Debtors, Purchaser and the Official Committee of Unsecured Creditors.

"Settlement Payment" means a payment by Qwest of \$3,000,000 which shall only be payable by Qwest as provided in Section 7.6 below.

"TAI" means Touch America, Inc.

"Terminating Contracts" means the Calling Card Agreement, the Prepaid Agreement and the 8xx Agreement.

"TW Wireless" means TW Wireless, L.L.C.

"TRW" means TRW, Inc.

"Trustee" means any trustee appointed under section 701, 702, 703, or 1104 of the Bankruptcy Code.

ARTICLE II

DIP LOAN

2.1 DIP Loan. QCC has provided Debtors with the DIP Loan pursuant to the terms of

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the DIP Loan Agreement. The DIP Loan, including repayment thereof, is subject to the terms and conditions of the DIP Loan Agreement.

2.2 Effect of DIP Loan. The Parties agree that the Loan Forgiveness Date (as defined in the DIP Loan Agreement) shall be deemed to occur upon the Effective Date. Upon the Loan Forgiveness Date, Qwest shall be deemed to have remitted to Debtors payments received from customers in connection with the billing of the GSP Services provided by Debtors under the GSP Agreement for the months of May 2003 and June 2003. If the Effective Date does not occur, the Parties shall retain all rights with respect to the revenues associated with GSP Services for March 2003, April 2003, May 2003 and June 2003, including all prepetition and postpetition setoff rights.

ARTICLE III

RELATED TRANSACTIONS

3.1 New IRUs.

(a) Prior to November 24, 2003, TAJ shall enter into the New IRU Agreement, which grants an IRU in the New IRUs (subject to conditions set forth in the New IRU Agreement), in exchange for consideration in the amount of \$8 million which consideration shall be paid as follows on the Closing Date: (a) \$5 million in cash shall be paid by QC to the Debtors and (b) \$3 million deposited by QC into the New IRU Escrow, to be released upon the Parties' agreement (or the entry of a Final Order of the Bankruptcy Court) on the final reconciliation of all post-petition billing (excluding billing for GSP Services which shall be paid as set forth in Section 7.5 below) for the period through and including December 31, 2003, as provided in Section 7.5 below. The grant of the New IRUs shall be free and clear of all Encumbrances. The Debtors shall have all rights, permits and licenses necessary to effectuate the transactions contemplated by the New IRU Agreement. The Parties agree that (a) the New IRUs have a market value of at least \$8 million, (b) this transfer was negotiated in good faith, at arms-length and is fair and reasonable, and (c) QC is a good faith purchaser under section 363(m) of the Bankruptcy Code. In connection with the granting of the New IRUs, QC, at its option and in its discretion, shall have authority to terminate service orders in accordance with the QC Agreement relating to Touch America Circuit Identification Number TA007257 (Missoula-Billings) and TA002737 (Casper-Basin) as well as the unlit Bend fiber. The assignment of the New IRU Agreement to an assignee providing operations and maintenance with respect to the AT&T Fibers shall not be a condition to the Closing.

(b) Notwithstanding anything to the contrary herein, the form of the New IRU Agreement with respect to the IRUs other than the IRUs relating to the AT&T Fibers (i) shall be in substantially the form of Schedule 1.1a to the Purchaser-Qwest Agreement, (ii) shall include provisions for maintenance of dark fibers on industry standard terms at the rate of \$300 per route mile per year and collocation services (including 30 amps DC power plus additional power upon request at the rate of \$15/amp per month) on industry standard terms at the rate of \$850 per month per rack, and (iii) shall contain such other detailed terms and conditions which are

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standard and customary for agreements of this nature and may omit those detailed additional terms and conditions upon which QCC and Debtors cannot and have not agreed, subject to later inclusion after resolution of disputed terms and conditions by an arbitrator pursuant to arbitration provisions similar to Section 1 of the Purchaser-Qwest Agreement as such provisions relate to the Dark Fiber IRU Agreement (provided (a) that the failure of QCC and Debtors to resolve any dispute with respect to the detailed terms and conditions of such New IRU Agreement shall not in any way delay, terminate, alter or suspend a party's obligations under the New IRU Agreement, and (b) that in the event QCC and the Debtors fail to so resolve any such dispute prior to the Detailed Agreements Arbitration Date (as defined in the Purchaser-Qwest Agreement), QCC and the Debtors shall execute the New IRU Agreement prior to or on such date, subject to the arbitration process contemplated above. Notwithstanding anything to the contrary in the New IRU Agreement described in this Section 3.1(b), Debtors shall have no obligation to perform any operations or maintenance with respect to the IRUs that are the subject thereof prior to the assignment of such New IRU Agreement to Purchaser (or to another assignee of Debtors if the Purchaser APA does not close) and shall have no liability to Qwest if such operations or maintenance obligations are not performed by an assignee of Debtors.

3.2 Deliveries by Debtors. At the Closing, subject to the terms of this Settlement Agreement, Debtors shall deliver to Qwest, and cause any of their Affiliates having an ownership or other interest in any New IRU to deliver to Qwest, the following:

- (a) one or more duly executed copies of the New IRU Agreement;
- (b) all such other endorsements, assignments, and other instruments, documents, certifications, notices and agreements as are customarily delivered in similar transactions or reasonably necessary to carry out the transactions contemplated by this Article III and to comply with the terms hereof including, but not limited to, assignment of the New IRU Agreement relating to the IRUs other than the New IRUs related to the AT&T Fibers to the Purchaser; and
- (c) all consents, orders, and approvals of the Bankruptcy Court (including, without limitation, a certified copy of the Approval Order, which order shall provide for the grant of the New IRUs to QC free and clear of any Encumbrances), all necessary creditors and other parties to the Bankruptcy Case, and any other third parties necessary to effectuate the grant of the New IRUs.

3.3 Deliveries by Qwest. At the Closing, subject to the terms of this Settlement Agreement, Qwest will deliver to Debtors the following:

- (a) one or more duly executed copies of the New IRU Agreement;
- (b) immediately available funds in the amount of \$8 million payable as provided in Section 3.1 above; and
- (c) all such other endorsements, assignments, and other instruments,

documents, certifications, notices and agreements as are customarily delivered in similar transactions or reasonably necessary to carry out the transactions contemplated by this Article III and to comply with the terms hereof including, but not limited to, assignment of the New IRU Agreement relating to the New IRUs other than the New IRUs related to the AT&T Fibers to the Purchaser.

3.4 Conditions to Closing. The Closing shall occur at the offices of Proskauer Rose LLP, 1585 Broadway, New York, New York 10036-8299, or at such other location as agreed to by the Parties, on the date upon which the following conditions have been either met or waived by the Parties (such date, the "Closing Date"):

- (a) the Parties shall have delivered all items required to be delivered as set forth in Sections 3.2 and 3.3 of this Settlement Agreement;
- (b) no statute, rule, regulation, executive order, decree, decision, or ruling shall have been enacted, entered, or promulgated by any Governmental Authority that prohibits the consummation of the grant of the New IRUs, and no action, suit, or proceeding shall be pending or threatened by or before any Governmental Authority that would prevent or make illegal the consummation of the grant of the New IRUs;
- (c) the requirements set forth in Section 9.17 shall have been satisfied; and
- (d) the Approval Order shall have been entered by the Bankruptcy Court and shall have become a Final Order.

3.5 Private Transactions. The grant of the New IRUs to Qwest and the transactions provided for in the ATM/Frame Agreement shall be made pursuant to private sales, which shall be subject to Bankruptcy Court approval. Entry of the Approval Order approving this Settlement Agreement shall constitute approval of the grant of the New IRUs to Qwest. The Parties agree that if the Bankruptcy Court requires the Debtors to solicit higher and better offers with respect to the New IRUs or the ATM/Frame Business and ATM/Frame Customers, (i) Qwest shall be entitled to seek standard overbid protections, including a breakup fee and expense reimbursement, all of which will be subject to Bankruptcy Court approval, (ii) the Debtors and the Committee will not oppose Qwest's efforts to secure such overbid protections, (iii) the applicable provisions of this Settlement Agreement shall be considered Qwest's offer with respect thereto, and Qwest shall not be required to pay any deposit with respect thereto, and (iv) any such requirement of the Bankruptcy Court, and the transfer of either the New IRUs or the ATM/Frame Business to a third party other than Purchaser in accordance with any sale conducted pursuant to any such requirement, will not be deemed a default under this Settlement Agreement.

3.6 Other Purchases. The Parties agree that if Qwest determines that there are additional assets that it would like to purchase from Debtors, to the extent that Debtors are not prohibited by the terms of any agreement with a third party, they will negotiate any such additional asset purchases in good faith with Qwest and will treat Qwest in the same manner as

they treat all other interested parties.

ARTICLE IV

TREATMENT OF PRE-PETITION AGREEMENTS

4.1 Treatment as Executory Contracts. For purposes of this Settlement Agreement only, the Parties agree to treat the Assumed Contracts as executory contracts within the meaning of section 365 of the Bankruptcy Code. The treatment of such agreements shall not be deemed to be an admission as to the characterization of such agreements for any other purpose or an admission relating to any contracts or agreements, whether among the Parties or otherwise, not addressed in this Article IV. No Party is waiving, or shall be deemed to have waived, any rights or positions that it has asserted or might in the future assert in connection with any contract, agreement, claim, matter, or entity outside the scope of this Settlement Agreement.

4.2 Assumption. Subject to all of the terms and conditions set forth in this Settlement Agreement and the terms of the September 9, 2003 Letter Agreement (except to the extent inconsistent with this Agreement), Debtors agree that pursuant to section 365 of the Bankruptcy Code, they will assume the Assumed Contracts, effective on the Effective Date. The Parties hereby agree that no cure payments shall be required pursuant to section 365 of the Bankruptcy Code other than the payment of payables that do not constitute Claims, and that Debtors shall not be required to provide Qwest with adequate assurance of future performance as required by section 365 of the Bankruptcy Code.

4.3 Abandonment of 2000 IRU Agreement and Abandoned Circuits. The Parties agree that, on the Effective Date, all of Debtors' right, title, and interest in and to the 2000 IRU Agreement and the Abandoned Circuits shall be deemed abandoned by Debtors in accordance with the provisions of section 554 of the Bankruptcy Code and shall automatically revert to Qwest.

4.4 Rejected Circuits. The Rejected Circuits are deemed to have been rejected and terminated as of October 7, 2003. The Parties shall cooperate with one another with respect to the completion by TA and the submission to Qwest of the ASRs for the disconnection of the ASRs for the Rejected Circuits by December 1, 2003 pursuant to Section 7.2 below. Qwest agrees that all termination liability or charges relating to the rejection, termination and/or disconnection of the Rejected Circuits shall constitute Claims and are therefore subject to the releases hereunder.

4.5 Assignment. Debtors shall use their best efforts to assign the Assumed Contracts to Purchaser on the Purchaser Closing Date. If Purchaser elects not to take assignment of any of these agreements, Debtors shall be solely responsible for meeting their obligations thereunder and the failure of Purchaser to take assignment of any such agreement shall not relieve Debtors of any of their obligations under those agreements or under this Settlement Agreement. In accordance with the September 9, 2003 Letter Agreement, Qwest acknowledges that Purchaser has provided adequate assurance of future performance as required by section 365(b)(1)(B) of

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the Bankruptcy Code with respect to the Assumed Contracts.

4.6 Amendment of Termination Provisions of Certain Agreements.

(a) Subject to the terms of the September 9, 2003 Letter, the GSP Agreement shall be terminated in accordance with the notice dated October 15, 2003.

(b) The Calling Card Agreement, the Prepaid Agreement and the 8xx Agreement are hereby amended, notwithstanding anything to the contrary therein, each shall terminate (i) on November 19, 2003 with respect to services for all states except Arizona, and (ii) on December 31, 2003, with respect to services for Arizona.

ARTICLE V

ATM/FRAME RELAY BUSINESS

5.1 ATM/Frame Relay Business.

(a) ATM/Frame Agreement. As soon as practical after the date hereof, TA and Qwest shall enter into the ATM/Frame Agreement for the purchase of Debtors' ATM/frame relay business (the "ATM/Frame Business"), including the ATM and frame relay switches, all associated spares, all associated software to the extent assignable and all other properties, assets, goodwill, rights and claims of the Debtors of whatever kind and nature, real or personal, used in, held for use by or related in any manner to the ATM/Frame Business, on an "as is, where is" basis, other than contracts between TA and the ATM/Frame Customers (the "ATM/Frame Assets") (with the Parties' understanding that the ATM/Frame Assets are not Purchased Assets under the Purchase Agreement), and providing that the Debtors shall assist Qwest in the orderly migration to Qwest of the customers of the ATM/Frame Business (the "ATM/Frame Customers") who choose to contract for ATM/frame relay services from Qwest and shall assign to Qwest the right to use existing access facilities to the extent possible with respect to migrated ATM/Frame Customers, for \$1 million cash (the "ATM/Frame Purchase Price"), which shall be payable at the closing held within two Business Days after such time as the Bankruptcy Court order approving the sale of the ATM/Frame Assets, Business and Customers to Qwest is a Final Order. Within ten Business Days after the date of this Settlement Agreement, the Debtors shall provide Qwest with a list of the names and addresses of all ATM/Frame Customers, and Qwest and the Debtors jointly shall send to each of them a letter in agreed form.

(b) Operation and Transfer of ATM/Frame Business. The Debtors, upon the written request of Qwest from time to time, shall transfer or assign to Qwest all or a portion of the ATM/Frame Assets, and the Debtors shall cooperate with and assist Qwest with respect to the migration to Qwest of all or a portion of the ATM/Frame Customers who choose to contract for ATM/frame relay services from Qwest (the "ATM/Frame Business Transfer"). Where possible (including to the extent not inconsistent with the Purchase Agreement), (x) upon Qwest's written request at its sole discretion, on or after the Effective Date the Debtors shall assign to Qwest the Debtors' rights to collocation spaces and to the POPs where the ATM/Frame Assets are located

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as of the date of this Settlement Agreement, and (y) pending any such assignment, the Debtors shall provide Qwest with access and use of all such collocation spaces and POPs. The Parties shall cooperate and assist each other in order to identify the supporting circuits to support the ATM/Frame Customers who choose to contract for ATM/frame relay services from Qwest. The Debtors shall support, operate and maintain in the ordinary course the ATM/Frame Business and the ATM/Frame Customers until the first to occur of (i) the complete migration of all ATM/Frame Customers to Qwest, (ii) January 31, 2004, and (iii) the Purchaser Closing Date (the earliest of such dates, the "Cutover Date"), it being understood that in the event that the Cutover Date is the Purchaser Closing Date, Qwest shall enter into an appropriate agreement with the Purchaser to support, operate and maintain in the ordinary course the ATM/Frame Business and the ATM/Frame Customers until January 31, 2004.

(c) Transition Matters. Until the Cutover Date, the Debtors shall collect all revenues and shall pay all operating expenses of the ATM/Frame Business, including but not limited to all off-net providers' fees and Qwest's fees for the Qwest circuits that are actually being used to support the ATM/Frame Business, in each case with respect to the portion of the ATM/Frame Business that supports ATM/Frame Customers that have not been migrated to Qwest.

(d) Other Matters Relating to Sale of ATM/Frame Business. The Parties agree that (i) the ATM/Frame Assets and the obligations of the Debtors under this Section 5.1 have a market value of \$1 million, (ii) this transfer was negotiated in good faith, at arms-length and is fair and reasonable, and (iii) Qwest is a good faith purchaser under section 363(m) of the Bankruptcy Code.

5.2 Deliveries by Debtors. At the closing of the ATM/Frame Agreement, subject to the terms of this Settlement Agreement, Debtors shall deliver to Qwest, and cause any of their Affiliates having an ownership or other interest in the ATM/Frame Business to deliver to Qwest, the following:

- (a) a bill of sale respecting the ATM/Frame Assets;
- (b) all such other endorsements, assignments, and other instruments, documents, certifications, notices and agreements as are customarily delivered in similar transactions or reasonably necessary to carry out the transactions contemplated by this Article V; and
- (c) all consents, orders, and approvals of the Bankruptcy Court (including, without limitation, a certified copy of a Final Order of the Bankruptcy Court approving the transactions provided for in the ATM/Frame Agreement, which order shall provide for the sale of the ATM/Frame Business), all necessary creditors and other parties to the Bankruptcy Case, and any other third parties necessary to effectuate the sale of the ATM/Frame Business and to consummate the Contemplated Transactions.

5.3 Deliveries by Qwest. At the closing of the ATM/Frame Agreement, subject to the terms of this Settlement Agreement, Qwest will deliver to Debtors the following:

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(a) all such other endorsements, assignments, and other instruments, documents, certifications, notices and agreements as are customarily delivered in similar transactions or reasonably necessary to carry out the transactions contemplated by this Article V and to comply with the terms hereof.

5.4 Conditions to Closing. The closing under the ATM/Frame Agreement shall occur at the offices of Proskauer Rose LLP, 1585 Broadway, New York, New York 10036-8299, or at such other location as agreed to by the Parties after the following conditions have been either met or waived by the Parties:

(a) the Parties shall have delivered all items required to be delivered as set forth in Sections 5.2 and 5.3 of this Settlement Agreement;

(b) no statute, rule, regulation, executive order, decree, decision, or ruling shall have been enacted, entered, or promulgated by any Governmental Authority that prohibits the consummation of the sale of the ATM/Frame Business, and no action, suit, or proceeding shall be pending or threatened by or before any Governmental Authority that would prevent or make illegal the consummation of the sale of the ATM/Frame Business;

(c) the Final Order approving the transactions provided for in the ATM/Frame Agreement shall have been entered by the Bankruptcy Court on or before December 15, 2003; and

(d) the requirements set forth in Section 9.17 shall have been satisfied.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

6.1 Debtors' Representations. Debtors represent and warrant to Qwest as follows:

(a) Board Approval; Authority Relative to this Settlement Agreement. Each Debtor has the corporate and other organizational power and authority to enter into this Settlement Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Settlement Agreement by each of the Debtors and the consummation by each of the Debtors of the Contemplated Transactions have been duly authorized by all requisite corporate action. Subject to the entry and effectiveness of the Approval Order, this Settlement Agreement has been duly and validly executed and delivered by or on behalf of each of the Debtors and (assuming this Settlement Agreement constitutes a valid and binding obligation of Qwest) constitutes a valid and binding agreement of Debtors, enforceable against Debtors in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws affecting creditors' rights generally and to general equitable principles.

(b) Consents and Approvals. To the best of Debtors' knowledge, no consent, approval or authorization of, and no declaration, filing, or registration with, any Governmental

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Authority or other Person is required to be made or obtained by any of the Debtors in connection with the execution, delivery, and performance of this Settlement Agreement and the consummation of the Contemplated Transactions, except for consents, approvals, and authorizations of, and declarations and filings with, the Bankruptcy Court and those contemplated by Section 7.2.

(c) Title to New IRUs. Debtors have good and valid title to the fiber subject to the New IRUs, and at the Closing, QC will acquire equitable title to the New IRUs, in each case free and clear of any and all Encumbrances.

(d) Actions Affecting New IRUs. No Debtor shall lease, license, or otherwise surrender, relinquish, encumber, or dispose of any fiber subject to any New IRU, provided, however, that Debtors shall be entitled to transfer ownership of all or a portion of the Network to Purchaser, subject to the New IRUs; no Debtor shall grant any indefeasible right of use with respect to any New IRU; and no Debtor shall enter into any prepaid or below-market lease, license, or other agreement relating to any New IRU.

(e) Touch America Services. On or about January 22, 2002, Touch America Services, Inc. was merged with and into TAI and no longer exists as a separate entity. Prior to its merger into TAI, Touch America Services, Inc. did not convey, assign or otherwise transfer any claims or liabilities that it may have had against Qwest or any Qwest Entity to any third party other than TAI in connection with the merger.

(f) Transfer of Claims. The Debtors did not convey, assign or otherwise transfer any claims or liabilities that they may have or had against Qwest or any Qwest Entity to any third party other than TAI in connection with the merger described in subsection (e) above, nor have the Debtors entered into any agreement with Purchaser or any other third party to convey, assign or otherwise transfer any claims or liabilities that they may have or had against Qwest or any Qwest Entity.

6.2 Qwest's Representations. Each Qwest Entity represents and warrants to Debtors as follows.

(a) Authority Relative to this Settlement Agreement. Each Qwest Entity has the corporate power and authority to enter into this Settlement Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Settlement Agreement by each Qwest Entity and the consummation by each Qwest Entity of the Contemplated Transactions have been duly authorized by all requisite corporate actions. This Settlement Agreement has been duly and validly executed and delivered by each Qwest Entity and (assuming this Settlement Agreement constitutes a valid and binding obligation of Debtors) constitutes a valid and binding agreement of each Qwest Entity, enforceable against each Qwest Entity in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws affecting creditors' rights generally and to general equitable principles.

(b) Consents and Approvals. To the best of each Qwest Entity's knowledge,

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no consent, approval, or authorization of, and no declaration, filing, or registration with, any Governmental Authority or other Person is required to be made or obtained by any Qwest Entity in connection with the execution, delivery, and performance of this Settlement Agreement and the consummation of the Contemplated Transactions, except for consents, approvals, and authorizations of, and declarations and filings with, the Bankruptcy Court and those contemplated by Section 7.2.

(c) Transfer of Claims. Other than certain transfers of claims among the Qwest Entities, none of the Qwest Entities has conveyed, assigned or otherwise transferred any claims or liabilities that it may have or had against the Debtors to any third party, nor have the Qwest Entities entered into any agreement with any third party to convey, assign or otherwise transfer any claims or liabilities that they may have or had against the Debtors.

ARTICLE VII

COVENANTS

7.1 Conduct of Debtors Before the Effective Date. Subject to any obligations as a debtor-in-possession under the Bankruptcy Code, before the Effective Date each Debtor shall use its commercially reasonable best efforts to preserve intact and operate in the ordinary course the Network and the New IRUs.

7.2 Filings; Other Action. Subject to the terms and conditions herein provided, as promptly as practicable, Debtors and Qwest shall (a) use all commercially reasonable best efforts to cooperate with one another in (i) determining which filings are required to be made before the Effective Date with, and which material consents, approvals, and permits are required to be obtained before the Effective Date from, Governmental Authorities or other Persons in connection with the execution and delivery of this Settlement Agreement and the consummation of the Contemplated Transactions, (ii) timely making all such filings and timely seeking all such material consents, approvals, and permits and (iii) completing, filing and delivering by December 1, 2003 all ASRs with respect to the Rejected Circuits, where all information required for such ASRs is known by the Parties; and (b) use all commercially reasonable best efforts to take, or cause to be taken, all other action and do, or cause to be done, all other things reasonably necessary or appropriate to consummate the Contemplated Transactions as soon as is practicable.

7.3 Public Announcements; Disparagement. Debtors and Qwest agree that they will not issue any press release or respond in writing to any press inquiry with respect to this Settlement Agreement or the Contemplated Transactions without the prior written approval of Qwest and Debtors (which approval will not be unreasonably withheld or delayed), except as may be required by applicable Laws, the Bankruptcy Court, or any requirement of any stock exchange or inter-dealer quotation system on which the stock of any Party is listed or quoted. The Parties agree that they will not disparage the other Party in any public statement made by them or by any of their officers, directors, employees, or agents.

7.4 Bankruptcy Actions. Qwest and Debtors agree to use their commercially reasonable best efforts to cause the Bankruptcy Court to enter the Approval Order.

(a) If the Approval Order, or any other order of the Bankruptcy Court relating to this Settlement Agreement, is appealed by any Person (or if a petition for certiorari or motion for rehearing or reargument is filed with respect thereto), Debtors agree to take all steps as may be reasonable and appropriate to defend against such appeal, petition, or motion, Qwest agrees to cooperate in such efforts, and each Party agrees to use its commercially reasonable best efforts to obtain an expedited resolution of such appeal; provided, however, that nothing herein shall preclude the Parties from consummating the Contemplated Transactions if the Approval Order has been entered and not stayed.

(b) Debtors shall use their commercially reasonable best efforts to cooperate with Qwest and its representatives in connection with the Bankruptcy Court proceedings relating to the Approval Order. Such cooperation shall include consulting with Qwest, at Qwest's reasonable request, concerning the status of such proceedings and providing Qwest with copies of requested pleadings, notices, proposed orders, and other documents relating to such proceedings as soon as reasonably practicable and before any submission thereof to the Bankruptcy Court. Debtors further covenant and agree that the terms of any plan submitted by Debtors to the Bankruptcy Court for confirmation shall not conflict with, supersede, abrogate, nullify, modify, or restrict the terms of this Settlement Agreement and the rights of Qwest hereunder or, assuming the occurrence of the Closing, in any way prevent or interfere with the consummation or performance of the Contemplated Transactions, including any transaction that is contemplated by or approved pursuant to the Approval Order.

7.5 Post-petition Payments. (a) The Parties agree that they will make all payments relating to services provided to one another (other than GSP Services, which shall be paid in accordance with the GSP Agreement and Section 7.5(b) of this Settlement Agreement in a timely manner without setoff or defense) from and after September 1, 2003, notwithstanding the Bankruptcy Cases and any prohibition against the payment of prepetition claims in the Bankruptcy Code, in a timely manner and in accordance with the terms of the applicable agreements. The Parties acknowledge and agree that all billing disputes have been resolved for the period through and including August 31, 2003 (and for the period through and including September 30, 2003 with respect to billing disputes for GSP Services). The Parties agree to use commercially reasonable best efforts to cooperate with one another in resolving any disputes relating to invoices for services rendered subsequent to August 31, 2003 (or subsequent to September 30, 2003, with respect to disputes relating to invoices for GSP Services) in a manner consistent with the resolution of invoices for periods prior to August 31, 2003 (or prior to September 30, 2003, with respect to the resolution of GSP invoices), and with respect to the setoff rights of the Parties as provided in Section 8.13 below. In the event that any such dispute is not resolved within sixty (60) days written notice of the dispute, either Party shall be permitted to submit the dispute to the Bankruptcy Court for resolution as a contested matter in accordance with the provisions of the Bankruptcy Code and the local rules of the Bankruptcy Court for the District of Delaware. Qwest hereby agrees that it will not seek any additional deposits from Debtors for services provided to Debtors, except as required by applicable Laws.

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(b) For GSP Services provided to Qwest from and after October 1, 2003, Qwest's payment obligations (including obligations to advance payments on the 20th day of a month) to the Debtors under the GSP Agreement (notwithstanding any provision to the contrary in the GSP Agreement) shall be as follows, in all cases without setoff or defense:

(i) for the month of October, 2003, Qwest shall pay \$5,000,000, subject to applicable true-up (it being understood that such true-up could result in a net balance owing to Qwest or a net balance owing to the Debtors, and that in either case such net balance shall immediately upon determination be payable by the owing Party to the other Party);

(ii) for the month of November, 2003, Qwest shall pay a flat amount of \$5,000,000, regardless of the amount that would otherwise be payable under the GSP Agreement and all related agreements and without any true-up; and

(iii) for the month of December, 2003, Qwest shall pay a flat amount of \$750,000, regardless of the amount that would otherwise be payable under the GSP Agreement and all related agreements and without any true-up.

Qwest and the Debtors have agreed that the Debtors shall terminate (the "GSP Termination") all GSP Services it provides for GSP customers (i) as of November 30, 2003 with respect to all such GSP customers in all states other than Arizona who have not been migrated to Qwest as of such date, and (ii) as of December 31, 2003 with respect to all such GSP customers in Arizona who have not been migrated to Qwest as of such date. Qwest shall indemnify and hold the Debtors harmless for any and all claims, complaints, charges, liabilities, claims for relief, rights to indemnity, defaults, demands, suits, obligations, defenses, setoffs, actions, causes of action (absolute, accrued, asserted, unasserted, contingent or otherwise), rights, and damages relating to or arising out the GSP Termination, asserted by GSP customers that are GSP customers as of the date hereof) and Governmental Authorities with respect to such GSP Customers.

This Section 7.5(b) supersedes any provision to the contrary contained in the GSP Agreement or the September 9, 2003 Letter Agreement.

(c) The Debtors and the Committee hereby waive, and the releases provided by the Debtors pursuant to Section 8.1 below hereby include any and all Claims with respect to, any and all rights, interests, claims, defenses and positions preserved by the Debtors (including for the benefit of any successors to the Debtors such as the Purchaser) or the Committee, pursuant to the September 9, 2003 Letter Agreement or otherwise, to assert that the GSP Agreement has expired or with respect to their respective rights concerning the GSP customers. Qwest hereby waives, and the releases provided by Qwest pursuant to Section 8.2 below shall include any and all Claims with respect to, any and all rights, interests, claims, defenses and positions preserved by Qwest, pursuant to the September 9, 2003 Letter Agreement or otherwise, on the grounds that the GSP Agreement is not an executory contract or expired. The GSP Agreement shall be terminated pursuant to Qwest's notice dated October 15, 2003. The Debtors and the Committee each agree and acknowledge that all actions taken by Qwest with respect to the migration of GSP

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Services pursuant to Qwest's notice dated October 15, 2003 commenced on or about October 15, 2003, and are valid for all purposes, and the Parties shall cooperate with one another to provide assurances to the GSP customers, including Microsoft Corporation, with respect to such migration.

7.6 Settlement Payment.

(a) Subject to clause (ii) below, the Settlement Payment shall be payable by way of a credit against amounts owed by the Debtors to Qwest with respect to amounts owed by the Debtors to Qwest for post-petition services for the period from and after September 1, 2003 (the "Post-Settlement Debtor Payables") in accordance with this Section 7.6(a), it being understood that in all cases, (i) to the extent that the aggregate Post-Settlement Debtor Payables that may be payable (as finally determined by the agreement of the Parties or by Bankruptcy Court determination) (the "Final Reconciliation") may exceed \$3,000,000 (the "Credit Amount"), the Debtors shall not be obligated to pay any portion thereof other than the excess over the Credit Amount, and (ii) to the extent that the aggregate Post-Settlement Debtor Payables are less than the Credit Amount, the Debtors shall be entitled to a cash payment of the unused amount of the Credit Amount, which shall be due and payable promptly after the Final Reconciliation. Without limiting the foregoing, the Parties agree that as to each monthly payment (beginning with the payment for services for the month of September, 2003) until the Credit Amount has been fully exhausted, the Debtors will be entitled to a credit against the amount billed for such month in the amount of the lesser of (x) the actual amount billed for such month and (y) the amount of the remaining unused Credit Amount. Notwithstanding anything to the contrary in the foregoing, if, upon the final reconciliation of the aggregate Post-Settlement Debtor Payables, the Debtors have paid more than they were actually required to pay as provided in clause (i) above, Qwest shall promptly repay any such excess amount to the Debtors.

(b) Notwithstanding anything to the contrary in the foregoing clause (a), it is understood and agreed that the provisions of this Section 7.6 are solely for the benefit of the Debtors and that, to the extent that Purchaser may assume or become obligated to pay any Post-Settlement Debtor Payables prior to the time at which the entire Credit Amount has been fully exhausted, any unused portion of the Credit Amount shall not be provided to or available to Purchaser. Instead, any amounts paid by Purchaser to Qwest on account of Post-Settlement Debtor Payables with respect to which the Credit Amount would have been available to the Debtors shall be received by Qwest in trust for the Debtors and shall immediately be turned over to the Debtors without any setoff or deduction.

7.7 Acquisition of Claims; No Assistance. The Debtors covenant and agree that that they will not, and will not permit any of their affiliates to, encourage or assist, by way of testimony or otherwise, Purchaser, any of its affiliates, any creditor of the Debtors or the Creditors' Committee with regard to the prosecution of any complaints, claims, charges, liabilities, claims for relief, rights of set off, rights to indemnity, demands, suits, actions or causes of action (absolute, accrued, asserted, unasserted, contingent or otherwise), whether in law or equity, against any of the Qwest Entities except under contracts assigned or transferred to Purchaser and only to the extent they arise after the date of such assignment or transfer,

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provided, however, that the foregoing shall not restrict the Debtors in any way from complying with their legal obligations, including without limitation responding to subpoenas and discovery requests, or otherwise fully defending themselves (which shall not include the direct or indirect acquisition of any of the foregoing or any interest therein).

7.8 No Termination of Service. The Debtors agree that they will not take down, disconnect or terminate any circuits serving, or services provided to, any Qwest customer without the prior written consent of Qwest (which shall not be unreasonably withheld), unless otherwise permitted or required by this Agreement.

ARTICLE VIII

RELEASES; IMPLEMENTATION

8.1 Release by Debtors. Effective on the Effective Date, each Debtor and its Affiliates, on its own behalf and on behalf of its stockholders, officers, employees, directors, agents, representatives, attorneys, predecessors, successors, and assigns, hereby fully and finally releases, acquits, and forever discharges, each Qwest Entity and its Affiliates, together with their respective stockholders, officers, employees, directors, agents, representatives, attorneys, predecessors, successors, and assigns, from any and all Claims, and agrees that it will not, and will cause its Affiliates not to prosecute or pursue, any and all Claims.

8.2 Release by Qwest. Effective on the Effective Date, each Qwest Entity and its Affiliates, on its own behalf and on behalf of its stockholders, officers, employees, directors, agents, representatives, attorneys, predecessors, successors, and assigns, hereby fully and finally releases, acquits, and forever discharges Debtors and their Affiliates, together with their respective stockholders, officers, employees, directors, agents, representatives, attorneys, predecessors, successors, and assigns, from any and all Claims, and agrees that it will not, and will cause its Affiliates not to prosecute or pursue, any and all Claims.

8.3 Standstill Agreement. The Parties hereby agree that all Pending Actions shall be stayed as of the date of this Settlement Agreement and, upon the Effective Date, such Pending Actions shall be dismissed with prejudice in accordance with Section 8.4 hereof. The Parties agree that they will fully cooperate with one another and take all necessary action to inform the appropriate tribunal of the bankruptcy filing by Debtors and the Parties' agreement to stay all action pending approval of this Settlement Agreement. All notices for termination or suspension of services shall be deemed withdrawn and of no further force and effect, except for the notices dated October 15, 2003 by Qwest to the Debtors with respect to GSP Services (which shall continue in full force and effect). The Parties hereby further agree that from the period from the date hereof through November 24, 2003, so long as the Debtors are not in default under this Settlement Agreement Qwest may not notice or declare any event of default under the DIP Credit Agreement, and any currently outstanding notice of default shall be deemed to have been withdrawn as of the date hereof.

8.4 Dismissal of Litigation. Within five business days after the Approval Order

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becomes a Final Order, the Debtors and Qwest shall cause stipulated dismissals with prejudice to be filed in each of the Pending Actions.

8.5 Waiver and Release of Payables. The Debtors agree as to the Qwest Payables, and Qwest agrees as to the Debtor Payables, that, upon the Effective Date, all such payables shall be forever waived and released. The Parties shall be entitled to treat such waiver as a setoff or other discharge of debt for accounting purposes only. Notwithstanding the foregoing, TA reserves and retains all rights to seek additional payment from TRW for unpaid invoices billed by Qwest to TRW on the Debtors' behalf, without recourse to Qwest, and Qwest shall take no further action and shall have no authority to collect any amounts on behalf of the Debtors in respect to any and all amounts received by Qwest from TRW on account of such invoices, provided, however, that Qwest shall cooperate with the Debtors' collection efforts with respect to such invoices.

8.6 QW Payment. The Parties hereby agree that, upon the Effective Date, QW shall not be required to make the QW Payment to Debtors and that QW shall be deemed to have paid in full for TAI's interest in TW Wireless and shall own such interest free and clear of all Encumbrances.

8.7 Deposits. The Parties hereby agree that, upon the Effective Date, all deposits for services provided by Debtors to Qwest or by Qwest to Debtors shall be retained by the appropriate Party and used to offset amounts due and owing between the Parties prior to the Petition Date.

8.8 Security. Each of the Debtors acknowledge that its obligations under this Settlement Agreement are secured by a Security Agreement and Pledge Agreement entered into on the date hereof among QCC and certain of the Debtors in connection with the DIP Loan Agreement and that the extent and duration of Qwest's security interest shall be as set forth in such Security Agreement and Pledge Agreement.

8.9 Further Assurances. The Parties agree, after the Effective Date and without further consideration, at their own expense, that each Party will from time to time, at the reasonable request of the other Party, do such further things, to execute, acknowledge, deliver and cause to be duly filed all such further instruments of conveyance and transfer and such other instruments, documents and agreements, seek the entry of any necessary orders from the Bankruptcy Court (or from any tribunal in which any of the Pending Actions is pending), and take such other actions as such other Party may reasonably request or as may be reasonably requested by any third parties in order to effect the transfers or purposes contemplated by this Settlement Agreement.

8.10 Rejection of Agreements.

(a) The Parties hereby agree that Debtors shall reject the following agreements and that any and all remaining obligations thereunder, if any, shall be terminated and of no further force and effect: (a) Stock Purchase Agreement dated as of March 13, 2000, between QCII and

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TAI, and (b) Bilateral Wholesale Agreement dated as of June 26, 2000 between QCC and TAI. The Parties specifically acknowledge and agree that the provisions set forth in Section 6.14 of the Stock Purchase Agreement are of no further force and effect.

(b) As to all Agreements other than (i) the Assumed Contracts, (ii) the Terminating Contracts, and (iii) the Agreements identified in the preceding Section 8.10(a), the Debtors may reject or terminate any such Agreement (regardless of whether any such Agreement is an executory contract) at any time, and the Parties agree that effective on any such rejection or termination, any and all remaining obligations under any Agreement so rejected or terminated, if any, shall be terminated and of no further force and effect.

(c) Qwest hereby agrees that it will not assert a claim against Debtors or their estates arising from or related to the rejection or termination of any Agreements as contemplated in this Section 8.10.

8.11 Waiver of Confidentiality Provisions. The Parties hereby agree that notwithstanding any confidentiality provisions contained in any of the Agreements, that from and after the Effective Date (a) Qwest may disclose all or any portion of the Agreements to third parties as it deems reasonably necessary in the conduct of its business operations and (b) Debtors, or any successor to Debtors, will not now or in the future claim that any such disclosure violates the confidentiality provisions of any of the Agreements.

8.12 Setoff. Effective on the Effective Date, Qwest shall be granted relief from the automatic stay in order to set off all amounts owing for GSP Services for the months of March and April 2003 against amounts owed to Qwest by the Debtors prior to the Petition Date, which setoff will be deemed to take place immediately prior to the release of Claims by Qwest. The Parties hereby agree that Qwest has a valid right to setoff under section 553 of the Bankruptcy Code for the months of March and April 2003. In addition, the Parties agree that either Party may set off amounts owing to such Party for post-petition services against amounts owed by such Party for post-petition services (other than for GSP Services which shall be paid in accordance with Section 7.5 above). The Parties further agree that any setoff effectuated in accordance with the preceding sentence shall not constitute a breach of the provisions of this Settlement Agreement. The Approval Order shall constitute the Bankruptcy Court's modification of the automatic stay of section 362(a) of the Bankruptcy Code to the extent necessary to effectuate this Section 8.12

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Bankruptcy Court Approval. Debtors filed an amended motion with the Bankruptcy Court seeking the Approval Order approving the Contemplated Transactions on September 18, 2003. The Approval Order must be entered on or before November 7, 2003, and become a Final Order on or before November 18, 2003.

9.2 Fees and Expenses. The Parties shall pay all of their own expenses relating to the Contemplated Transactions, including, without limitation, the fees and expenses of their respective counsel, financial advisors, and accountants; provided, however, that if this Settlement Agreement is not approved by the Bankruptcy Court or if the Effective Date does not occur, Debtors shall pay all reasonable costs and expenses of Qwest as part of the DIP Loan as more fully set forth in the DIP Loan Agreement. To the extent that such taxes are not discharged by the Bankruptcy Court, all sales, use, transfer, filing, recordation, registration, and similar taxes and fees arising from or associated with the Contemplated Transactions shall be borne by Qwest. Qwest shall, at its own expense, file any necessary tax returns and other documentation with respect to such taxes and shall provide to Debtors evidence of filing and payment of all such taxes. Qwest agrees to indemnify and hold Debtors harmless from and against any claims for such taxes, including penalties or interest arising therefrom.

9.3 Notices. All notices, requests, and demands to or upon the respective Parties hereto must be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand; or three Business Days after being deposited in the mail, postage prepaid; or one day after being entrusted to a reputable commercial overnight delivery service, or, in the case of facsimile notice, when confirmation of receipt is received in each case, addressed as follows for Debtors and Qwest or to such other address as may be hereafter noticed by such respective Parties hereto:

If to Qwest:	Qwest Communications Corporation Attn: Wholesale Markets Contracts Administration 1801 California Street 24 th Floor Denver, CO 80202 Fax: (303) 295-6973
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With a copy to: Qwest Communications Corporation
Attn: General Counsel
1801 California Street
49th Floor
Denver, CO 80202
Fax: (303) 295-6973

And: Qwest Communications Corporation
Attn: John K. Lines
1801 California Street
49th Floor
Denver, CO 80202
Fax: (303) 298-8197

And: Proskauer Rose LLP
Attn: Michael E. Foreman
1585 Broadway
New York, NY 10036-8299
Fax: (212) 969-2900

And: Perkins Coie LLP
Attn: Jeanette L. Thomas
1120 N.W. Couch Street, Tenth Floor
Portland, OR 97209-4128
Fax: (503) 727-2222

If to Debtors: c/o Touch America Holdings, Inc.
Attn: Michael Meldahl
40 E. Broadway
Butte, MT 59701
Fax: (406) 497-5376

With a copy to: Young Conaway Stargatt & Taylor, LLP
Attn: Craig Grear
PO Box 391
The Brandywine Building
100 West Street, 17th Floor
Wilmington, DE 19801
Fax: (302) 576-3296

9.5 APPLICABLE LAW. THIS SETTLEMENT AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED, THE

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LAW OF THE STATE OF NEW YORK SHALL GOVERN, WITHOUT REFERENCE TO CHOICE-OF-LAW PRINCIPLES THAT WOULD REQUIRE APPLICATION OF THE LAW OF ANOTHER JURISDICTION, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

9.6 JURISDICTION; WAIVER OF JURY TRIAL. THE BANKRUPTCY COURT WILL HAVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS SETTLEMENT AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTE, THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK WILL HAVE SOLE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS SETTLEMENT AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS SETTLEMENT AGREEMENT OR THE CONTEMPLATED TRANSACTIONS.

9.7 Headings. The article and section captions and the headings set forth herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Settlement Agreement.

9.8 Executory Contracts. Except as otherwise provided herein, nothing in this Settlement Agreement shall be deemed to be either an assumption or rejection of the Agreements as executory contracts, or an acknowledgement that any or all of the Agreements are executory contracts. The Parties shall cooperate with each other as to the assumption or rejection of the Agreements, to the extent that they are determined to be executory contracts. In connection with any assumption or rejection of any of the Agreements, the Parties hereby agree that Debtors will have no obligation to make any cure payment in connection with the assumption of an Agreement and that Qwest shall not be entitled to a rejection claim in the event of the rejection of an Agreement.

9.9 Reliance on Counsel and Independent Judgment. Each of the Parties agrees that no representations or statements have been made by any Party or its attorneys inducing the Parties to execute this Settlement Agreement, other than as set forth in writing herein. The Parties acknowledge, agree, and represent that they are relying solely on the advice of their own counsel and on the independent judgment and discretion of their own representatives and attorneys.

9.10 Successors and Assigns. The provisions of this Settlement Agreement shall be binding upon and inure to the benefit of the Parties and the respective successors and assigns of each of the Parties, including, without limitation, any Trustee hereinafter appointed in the Bankruptcy Case as the representative of the estates of Debtors, the Creditors' Committee, to the

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extent that an order is entered authorizing the Creditors' Committee to pursue any claims on behalf of the Debtors or their estates, or any other representative of Debtors who qualifies in a case under the Bankruptcy Code or in connection with any other state, provincial, or federal proceeding. The terms and conditions of this Settlement Agreement shall survive:

- (a) the entry of any subsequent order converting any Debtor's Bankruptcy Case from chapter 11 of the Bankruptcy Code to chapter 7 of the Bankruptcy Code;
- (b) the appointment of any Trustee in any Debtor's Bankruptcy Case in any ensuing chapter 7 case under the Bankruptcy Code;
- (c) the confirmation of a plan of reorganization under the Bankruptcy Code;
- (d) the dismissal of any Debtor's Bankruptcy Case or an order withdrawing the reference from the Bankruptcy Court;
- (e) an order from the Bankruptcy Court abstaining from handling any Debtor's Bankruptcy Case; and
- (f) a sale, assignment, or other disposition of all or part of Debtors' assets to any third party and/or assignee.

9.11 Entire Agreement; Amendments; Joint Work Product. This Settlement Agreement, the Schedules and Exhibits hereto, and the documents referred to herein constitute the complete agreement between the Parties related to the subject matter hereof and supersede any prior or contemporaneous agreements or representations affecting the same subject matter (with the exception of the September 9, 2003 Letter Agreement). No amendment, modification, or change to this Settlement Agreement, the Assumed Contracts or the New IRU Agreement shall be enforceable unless it (a) is reduced to a writing that is executed by the Parties against whom such amendment, modification, or change is sought to be enforced and (b) specifically references this Settlement Agreement. This Settlement Agreement, the Assumed Contracts and the New IRU Agreement are the joint work product of the Parties, have been negotiated by the Parties and their respective counsel, and shall be fairly interpreted in accordance with its terms, and, in the event of any ambiguities herein, no inferences shall be drawn against any Party.

9.12 Integration. This Parties acknowledge and agree that each and every provision of this Settlement Agreement has been bargained for and is in consideration for the other provisions of this Settlement Agreement and is integral to this Settlement Agreement and that without each and every provision hereof the Parties would not have agreed to enter into this Settlement Agreement. If a court or other tribunal of competent jurisdiction finds any provision of this Settlement Agreement to be invalid or unenforceable for any reason as to any person or circumstance, then the Parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions as promptly as possible.

9.13 Counterparts; Facsimile Delivery. This Settlement Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all Parties hereto, notwithstanding that all the Parties shall not have signed the same counterpart. This Settlement Agreement may be delivered by facsimile transmission of an executed counterpart signature page hereof, and after attachment of such transmitted signature page to a copy of this Settlement Agreement, such copy shall have the same effect and evidentiary value as copies delivered with original signatures. Any Party delivering this Settlement Agreement by facsimile transmission shall deliver to the other Parties, as soon as practicable after such delivery, an original executed counterpart signature page of this Settlement Agreement, provided that delivery of such original executed counterpart shall not be a condition to enforcement of this Settlement Agreement.

9.14 Authorship. The Parties have negotiated this Settlement Agreement at arm's length. Each Party has had ample opportunity to consult with independent legal counsel. None of the Parties will be entitled to have any language contained in this Settlement Agreement construed against any other Party because of the identity of the drafter of such language.

9.15 Third Party Beneficiaries. The Parties agree that, except as otherwise provided in Sections 8.1 and 8.2 hereof, there are no intended third party beneficiaries of this Settlement Agreement.

9.16 Breach of Settlement Agreement. The Parties agree that in the event of a breach of the terms of this Settlement Agreement by a Party, either Party may seek relief from the Bankruptcy Court on not less than two Business Days notice.

9.17 Condition Subsequent. Notwithstanding anything to the contrary herein, this Settlement Agreement is conditioned upon (x) the execution as of the date hereof by all the parties thereto of (i) the Purchaser-Qwest Agreement and (ii) the "Settlement Agreement, Amendment No. 1 to Amended and Restated Asset Purchase Agreement and Election Under Section 6.9(e)" by and among Purchaser, Debtors and the Official Committee of Unsecured Creditors of the Debtors and Debtors in Possession dated as of November 6, 2003, and (y) the approval of the agreement referred to in clause (ii) above by a Final Order of the Bankruptcy Court.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK

IN WITNESS WHEREOF, this Settlement Agreement has been duly executed by Qwest and Debtors as of the date first above written.

QWEST COMMUNICATIONS CORPORATION

By:
Name:
Title:

TOUCH AMERICA, INC.

By: *Michael J. Meldahl*
Name: *Michael J. Meldahl*
Title: *President*

QWEST COMMUNICATIONS INTERNATIONAL, INC.

By:
Name:
Title:

TOUCH AMERICA HOLDINGS, INC.

By: *Michael J. Meldahl*
Name: *Michael J. Meldahl*
Title: *President*

QWEST CORPORATION

By:
Name:
Title:

ENTECH, LLC

By: *Michael J. Meldahl*
Name: *Michael J. Meldahl*
Title: *President*

QWEST WIRELESS, L.L.C.

By:
Name:
Title:

TOUCH AMERICA PURCHASING COMPANY, LLC

By: *Michael J. Meldahl*
Name: *Michael J. Meldahl*
Title: *President*

QWEST SERVICES CORPORATION

By:
Name:
Title:

SIERRA TOUCH AMERICA, LLC

By: *Michael J. Meldahl*
Name: *Michael J. Meldahl*
Title: *President*

AMERICAN FIBER TOUCH LLC

By: *Michael J. Meltdahl*
Name: *Michael J. Meltdahl*
Title: *President*

CONSENTED AND AGREED TO:
Counsel for the Official Committee
of Unsecured Creditors

By: _____
WINSTON & STRAWN LLP
David Neier
Jean B. LeBlanc
200 Park Avenue
New York, New York 10166-4193

IN WITNESS WHEREOF, this Settlement Agreement has been duly executed by Qwest and Debtors as of the date first above written.

QWEST COMMUNICATIONS CORPORATION

By: [Signature]
Name: _____
Title: _____

TOUCH AMERICA, INC.

By: _____
Name: _____
Title: _____

QWEST COMMUNICATIONS INTERNATIONAL, INC.

By: [Signature]
Name: _____
Title: _____

TOUCH AMERICA HOLDINGS, INC.

By: _____
Name: _____
Title: _____

QWEST CORPORATION

By: [Signature]
Name: _____
Title: _____

ENTECH, LLC

By: _____
Name: _____
Title: _____

QWEST WIRELESS, L.L.C.

By: [Signature]
Name: _____
Title: _____

TOUCH AMERICA PURCHASING COMPANY, LLC

By: _____
Name: _____
Title: _____

QWEST SERVICES CORPORATION

By: [Signature]
Name: _____
Title: _____

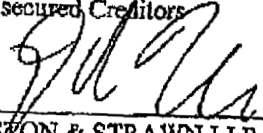
SIERRA TOUCH AMERICA, LLC

By: _____
Name: _____
Title: _____

AMERICAN FIBER TOUCH LLC

By:
Name:
Title:

CONSENTED AND AGREED TO:
Counsel for the Official Committee
of Unsecured Creditors

By: 
WINSYON & STRAWN LLP
David Neier
Jean B. LeBlanc
200 Park Avenue
New York, New York 10166-4193

Schedule 1.1(a)
Agreements

1. Stock Purchase Agreement dated March 13, 2000 between Qwest Communications International Inc. and Touch America, Inc., as amended.
2. Bilateral Wholesale Agreement dated as of June 26, 2000 between Qwest Communications Corporation and Touch America Services, Inc.
3. Collocation License Agreement dated June 30, 2000 between Qwest Communications Corporation and Touch America Services, Inc.
4. IRU Agreement dated as of June 30, 2000 by and between Qwest Communications Corporation, Touch America Services, Inc. and Touch America, Inc., as amended.
5. IRU Agreement dated as of June 30, 2000 by and between Qwest Communications Corporation and Touch America, Inc.
6. First Amended and Restated Global Service Provider Agreement dated as of March 21, 2001 by and between Qwest Communications Corporation and Touch America Services, Inc.
7. Switch Functionality Access Right Agreement dated June 30, 2000 between Qwest Communications Corporation, Touch America Services, Inc. and Touch America, Inc.
8. Operator Services Agreement dated June 30, 2000 between Qwest Communications Corporation and Touch America Services, Inc.
9. Calling Card Agreement dated June 30, 2000 between Qwest Communications Corporation, Touch America Services, Inc. and Touch America, Inc.
10. Prepaid Calling Card Services Agreement dated June 30, 2000 between Qwest Communications Corporation, Touch America Services, Inc. and Touch America, Inc.
11. IP Router Functionality Access Right Agreement dated March 21, 2001 between Qwest Communications Corporation, Touch America Services, Inc. and Touch America, Inc.
12. Local Access Agreement dated June 30, 2000, between Qwest Communications International, Inc. and Touch America Services, Inc., n/k/a Touch America, Inc.
13. Reorganization Agreement dated June 30, 2000, between Qwest Communications International, certain Qwest affiliates, Touch America, Inc., Touch America Services, Inc., and Touch America Services Holdings, Inc.

Execution Copy
Amended and Restated Global Settlement Agreement

14. Non-Disclosure Agreement dated December 9, 1999, between Touch America, Inc. and Qwest Communications Corporation.
15. Transfer of Service Agreement dated April 3, 2003, between Touch America, Inc., Qwest Communications Corporation and AT&T Corp.
16. Telecommunications Services Agreement dated April 24, 2000 between Qwest Corporation and Touch America, Inc.
17. Limited Liability Company Agreement of Touch Wireless, L.L.C., dated as of July 23, 1999, between Touch America, Inc., U S West Wireless, L.L.C. n/k/a Qwest Wireless, L.L.C., and Touch Wireless, L.L.C.
18. Services Agreement, dated as of October 22, 1999, between Touch Wireless, L.L.C., U S West Wireless, L.L.C. n/k/a Qwest Wireless, L.L.C. and Touch America, Inc.
19. Separation Agreement, dated as of October 22, 1999, between Touch Wireless, L.L.C., U S West Wireless, L.L.C. n/k/a Qwest Wireless, L.L.C., U S West, Inc. n/k/a Qwest Services Corporation, Inc., and Touch America, Inc.
20. Purchase Agreement dated February 24, 2003, between Qwest Wireless, LLC and Touch America, Inc.
21. Interconnection Agreement between Touch America and U S West Communications Inc., dated March 31, 1998. (Terminated on March 1, 2000.)
22. Master Term Sheet Agreement between Qwest Communications International Inc. and Touch America, Inc., dated March 13, 2000. (Terminated with the execution of the Ancillary Agreements made between the Parties pursuant to the Stock Purchase Agreement.)
23. Transition Services Agreement between Qwest Communications Corporation and Touch America Services, Inc. (F/K/A/ Teledistance, Inc.), dated June 30, 2000. (Expired by its terms on June 30, 2002).
24. Joint Defense Agreement between the Attorneys for Touch America, Inc., The Montana Power Company and one or more their affiliates and Qwest Communications Corporation and one or more of its affiliates, on behalf of themselves and their clients, undated, memorializing an oral agreement, entered into on March 1, 2000. (Entered into with regard to the Hart Scott Rodino merger review and requirements administered by the DOJ/FTC.)

Schedule 1.1(b)
New IRUs

1. Yakima to Spokane, WA – 4 Fibers
2. Missoula to Billings, MT – 2 Fibers
3. Casper to Basin, WY -- 2 Fibers
4. Casper to Cheyenne, WY – 2 Fibers
5. Basin to Frannie, WY – 2 Fibers
6. Bend, OR Spur – 4 Fibers
7. Cheyenne – Denver – Omaha – Des Moines – Davenport – 4 Fibers

**Schedule 1.1(c)
Pending Actions**

1. *Qwest Communications Corporation v. Touch America Services, Inc.*, Cause No. AAA No. 74Y181017961, pending before Judge Lynch.
2. Formal Complaint EB-02-MD-003, pending before the FCC.
3. *In the Matter of An Arbitration Under a Private Arbitration Agreement between Touch America, Inc. and Qwest Communications, Inc , et al.*, pending before Judge Joseph W. Morris.
4. Formal Complaint EB-02-MD-004, pending before the FCC.
5. *Qwest Communications International Inc., et al. v. Touch America, Inc., et al.*, Civil Case No. 01-B-1696 (BNB), pending in the United States District Court for the District of Colorado.
6. Petition for Expedited Reconsideration and Further Proceedings of FCC Order 03-107, pending before the FCC.
7. Adversary Proceeding No. 03-57282 of the Debtors against Qwest in the Bankruptcy Case.

**SCHEDULE 1.1(d)
ABANDONED CIRCUITS**

LA:102402.16

Execution Copy
Amended and Restated Global Settlement Agreement

	Customer	Eng Core Id	Sales Core Id	LOCA	LOCZ	Circuit Type	QWEST CIRCUIT ID#
1	Touch America	25858562	25803540	ATLNGA 55 Marietta St	STTLWA 2001 6th Ave	OC3	OC3-3997983
2	Touch America	25869547	25812979	BLTMMD 111 Market Place Suite 400	DNVRCO 910 15th St	OC3	OC3-3998546
3	Touch America	25869597	25813229	CHCGIL 455 N Cityfront Suite 700 (NBC Building)	MPLTMN 422 3rd St	OC3	OC3-3998620
4	Touch America	25869771	25819273	DLLSTX 2323 Bryan St	TKWLWA 6101 S. 180th	OC3	OC3-3998653
5	Touch America	25876041	25818332	CLMBOH 180 E Broad St	TKWLWA 6101 S. 180th	OC3	OC3-4000740
6	Touch America	25876147	25847697	CNCNOH 205 W 4th St	DNVRCO 910 15th St	OC3	OC3-4000743
7	Touch America	25876196	25847952	CLEVOH 50 Public Square Suite 640	DNVRCO 910 15th St	OC3	OC3-4000754
8	Touch America	25876224	25848297	CLEVOH 50 Public Square Suite 641	TKWLWA 6101 S 180th	OC3	OC3-4000763
9	Touch America	25876283	25848705	DNVRCO 910 15th St	JRCYNJ 111 Pavonia Ave	OC3	OC3-4000764
10	Touch America	25876400	25850591	DNVRCO 910 15th St	KSCAMO 711 E. 19 Street	OC3	OC3-4000791
11	Touch America	25878112	25851001	DNVRCO 910 15th St	TKWLWA 6101 S. 180th	OC3	OC3-4001066
12	Touch America	25878138	25851184	DESMIA 101 SE 7th St	SLKCUT 1499 South 4800	OC3	OC3-4001072
13	Touch America	25878279	25851897	EUGNOR 1460 Railroad Ave	SCRMCA 770 L St 6th Floor	OC12	OC12-4001072
14	Touch America	25878319	25851889	EUGNOR 1460 Railroad Ave	PTLDOR 707 Southwest Washington Suite 400	OC3	OC3-4001073
15	Touch America	25894909	25833591	DNVRCO 910 15th St	LSVLKY 1538 S 7th	OC3	OC3-4003888
16	Touch America	25895550	25833595	DNVRCO 910 15th St	MPLTMN 422 3rd St	OC3	OC3-4003891
17	Touch America	25895620	25833605	DNVRCO 910 15th St	OKCYOK 100 N. Broadway	OC3	OC3-4003892
18	Touch America	25895725	25833614	DNVRCO 910 15th St	PHLAPA 2400 Market St	OC3	OC3-4003921
19	Touch America	25895790	25833620	DNVRCO 910 15th St	PTLDOR 707 Southwest Washington Suite 400	OC3	OC3-4003999
20	Touch America	25895829	25833626	DNVRCO 910 15th St	PROVUT 978 West 400 South	OC3	OC3-4004000
21	Touch America	25895868	25833643	DNVRCO 910 15th St	STLUMO 20 Ferry Street	OC3	OC3-4004001
22	Touch America	25895997	25833645	DNVRCO 910 15th St	STLUMO 20 Ferry Street	OC12	OC12-4004003
23	Touch America	25896392	25833668	DNVRCO 910 15th St	STTLWA 2001 6th Ave	OC3	OC3-4004052
24	Touch America	25897257	25870070	EUGNOR 1460 Railroad Ave	STTLWA 2001 6th Ave	OC12	OC12-4004083

25	Touch America	25897301	25870176	EUGNOR 1460 Railroad Ave	TKWLWA 6101 S. 180th	OC3	OC3-4004084
26	Touch America	25898098	25870256	FTWOTX 14850 FAA Blvd	SLKCUT 1499 South 4800	OC3	OC3-4004092
27	Touch America	25898167	25870822	FTWOTX 14850 FAA Blvd	TKWLWA 6101 S. 180th	OC3	OC3-4004093
28	Touch America	25898270	25871021	HSTNTX 8413 Hempstead Rd	STTLWA 2001 6th Ave	OC3	OC3-4004094
29	Touch America	25902349	25872056	IPLSIN 550 Kentucky Ave Suite 200	MPLTMN 422 3rd St	OC3	OC3-4004486
30	Touch America	25902589	25898399	LSANCA 624 S Grand Ave	TKWLWA 6101 S. 180th	OC3	OC3-4004489
31	Touch America	25902654	25898496	MILAWI 500 S. Water St	MPLTMN 422 3rd St	OC3	OC3-4004490
32	Touch America	25902699	25898699	NYCMNY 60 Hudson Mezz Level	STTLWA 2001 6th Ave	OC3	OC3-4004491
33	Touch America	25902722	25898867	NYCMNY 60 Hudson Mezz Level	TKWLWA 6101 S. 180th	OC3	OC3-4004492
34	Touch America	25902764	25898943	PHLAPA 2400 Market St	TKWLWA 6101 S. 180th	OC3	OC3-4004494
35	Touch America	25902924	25899024	PHNXAZ 2120 North Central	SLKCUT 1499 South 4800	OC3	OC3-4004557
36	Touch America	25902958	25899173	PTLDOR 707 Southwest Washington Suite 400	SCRMCA 770 L St 6th Floor	OC3	OC3-4004681
37	Touch America	25902992	25899361	PTLDOR 707 Southwest Washington Suite 400	SCRMCA 770 L St 6th Floor	OC3	OC3-4004682
38	Touch America	25903015	25899958	PTLDOR 707 Southwest Washington Suite 400	SCRMCA 770 L St 6th Floor	OC3	OC3-4004684
39	Touch America	25903041	25900058	PTLDOR 707 Southwest Washington Suite 400	SCRMCA 770 L St 6th Floor	OC12	OC12-4004685
40	Touch America	25903072	25875727	KSCAMO 711 E. 19 Street	MPLTMN 422 3rd St	OC3	OC3-4004717
41	Touch America	25903110	25875865	LFYTLA 375 South Chestnut St	STTLWA 2001 6th Ave	OC3	OC3-4004719
42	Touch America	25903135	25876013	LSVGNV 4275 E Sahara Ave	SLKCUT 1499 South 4800	OC3	OC3-4004721
43	Touch America	25903197	25876415	LSVGNV 4275 E Sahara Ave	SLKCUT 1499 South 4800	OC3	OC3-4004726
44	Touch America	25903219	25876884	LSANCA 624 S Grand Ave	MPLTMN 422 3rd St	OC3	OC3-4004730
45	Touch America	25903249	25877046	LSANCA 624 S Grand Ave	PTLDOR 707 Southwest Washington Suite 400	OC3	OC3-4004733
46	Touch America	25903272	25901031	PTLDOR 707 Southwest Washington Suite 400	SCRMCA 770 L St 6th Floor	OC12	OC12-4004735
47	Touch America	25903396	25901530	PTLDOR 707 Southwest Washington Suite 400	SLKCUT 1499 South 4800	OC3	OC3-4004738

48	Touch America	25911947	25877178	LSANCA 624 S Grand Ave	PTLDOR 707 Southwest Washington Suite 400	OC3	OC3-4005390
49	Touch America	25911962	25880280	LSANCA 624 S Grand Ave	SLKCUT 1499 South 4800	OC3	OC3-4005391
50	Touch America	25912076	25880913	LSANCA 624 S Grand Ave	SLKCUT 1499 South 4800	OC3	OC3-4005393
51	Touch America	25912119	259028087	PTLDOR 707 Southwest Washington Suite 400	SLKCUT 1499 South 4800	OC3	OC3-4005420
52	America	25914118	25801772	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	ROCHNY 95 North Fitzhugh Street	OC3	OC3-4005795
53	Touch America	25914178	25812353	ATLNGA 55 Marietta St	TKWLWA 6101 S. 180th	OC3	OC3-4005798
54	Touch America	25914203	25880398	LSANCA 624 S Grand Ave	SLKCUT 1499 South 4800	OC3	OC3-4005799
55	Touch America	25914226	25881012	LSANCA 624 S Grand Ave	TKWLWA 6101 S. 180th	OC3	OC3-4005800
56	Touch America	25921857	25917866	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DESMIA 101 SE 7th St	OC3	OC3-4007490
57	Touch America	25931508	25917959	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DESMIA 101 SE 7th St	OC3	OC3-4009433
58	America	25931526	25919735	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DNVRCO 910 15th St	OC3	OC3-4009434
59	Touch America	25931539	25920984	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DNVRCO 910 15th St	OC3	OC3-4009435
60	Touch America	25931556	25921636	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DNVRCO 910 15th St	OC3	OC3-4009437
61	Touch America	25935578	25934294	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DNVRCO 910 15th St	OC12	OC12-4010731
62	Touch America	25935580	25934294	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DNVRCO 910 15th St	OC12	OC12-4010731
63	Touch America	25935582	25935578	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DESMIA 101 SE 7th St	OC3	OC3-4009433
64	Touch America	25935584	25935578	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	DESMIA 101 SE 7th St	OC3	OC3-4009433
65	Touch America	25965834	25964104	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	STTLWA 2001 6th Ave	OC3	OC3-4013275
66	Touch America	25990901	25972382	DNVRCO 910 15th St	SLKCUT 1499 South 4800	OC12	OC12-4025809
67	Touch America	25990901	25972382	DNVRCO 910 15th St	SLKCUT 1499 South 4800	OC12	OC12-4025809
68	Touch America	25992339	25972513	DNVRCO 910 15th St	SLKCUT 1499 South 4800	OC12	OC12-4025816

69	Touch America	25992716	25964336	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	STTLWA 2001 6th Ave	OC3	OC3-4025884
70	Touch America	25992767	25965625	DNVRCO 910 15th St	IPLSIN 700 Kentucky	OC3	OC3-4025935
71	Touch America	25992815	25966059	DNVRCO 910 15th St	IPLSIN 700 Kentucky	OC3	OC3-4025938
72	Touch America	25992971	25966143	DNVRCO 910 15th St	IPLSIN 700 Kentucky	OC3	OC3-4025973
73	Touch America	25993022	25968174	DNVRCO 910 15th St	KSCYMO 1301 W 25th St	OC3	OC3-4025976
74	Touch America	25993475	25968568	DNVRCO 910 15th St	NYCMNY 60 Hudson Mezz Level	OC3	OC3-4026027
75	Touch America	25993693	25968696	DNVRCO 910 15th St	NYCMNY 60 Hudson Mezz Level	OC3	OC3-4026033
76	Touch America	25993975	25968821	DNVRCO 910 15th St	SLKCUT 1499 South 4800	OC3	OC3-4026106
77	Touch America	25994239	25968938	DNVRCO 910 15th St	SLKCUT 1499 South 4800	OC3	OC3-4026107
78	Touch America	25994787	25972900	EUGNOR 1460 Railroad Ave	SNJSCA 55 Alarnden Blvd	OC3	OC12-4026109
79	Touch America	25995159	25973135	EUGNOR 1460 Railroad Ave	STTLWA 2001 6th Ave	OC3	OC3-4026115
80	Touch America	25995293	25982106	CHCGIL 455 N Cityfront Suite 700 (NBC BLDG)	TKWLWA 6101 S 180th	OC3	OC3-4026116
81	Touch America	25995351	25982511	PTLDOR 707 Southwest Washington Suite 400	SLKCUT 1499 South 4800	OC3	OC3-4026448
82	Touch America	25995378	25982661	PTLDOR 707 Southwest Washington Suite 400	SNJSCA 4216 University Ave	OC3	OC3-4026449
83	Touch America	25995399	25982811	PTLDOR 707 Southwest Washington Suite 400	SNFCCA 60 Federal St	OC12	OC12-4026451
84	Touch America	25995412	25982982	PTLDOR 707 Southwest Washington Suite 400	SNJSCA 55 Alarnden Blvd	OC3	OC3-4026456
85	Touch America	26000476	25983073	PTLDOR 707 Southwest Washington Suite 400	STTLWA 2001 6th Ave	OC12	OC12-4027645
86	Touch America	26000527	25984209	PTLDOR 707 Southwest Washington Suite 400	SNVACA 1400 Kifer Rd	OC3	OC3-4027696
87	Touch America	26000545	25988677	PTLDOR 707 Southwest Washington Suite 400	TKWLWA 6101 S 180th	OC3	OC3-4027701
88	Touch America	26000564	25988951	PTLDOR 707 Southwest Washington Suite 400	TKWLWA 6101 S 180th	OC3	OC3-4027702

89	Touch America	26000807	25987388	PTLDOR 707 Southwest Washington Suite 400	TKWLWA 6101 S 180th	OC3	OC3-4027703
90	Touch America	26001148	25987482	PTLDOR 707 Southwest Washington Suite 400	TKWLWA 6101 S 180th	OC12	OC12-4027705
91	Touch America	26001303	25987636	SCRMCA 770 L St 6th floor	SLKCUT 1499 South 4800	OC3	OC3-4027706
92	Touch America	26001318	25988122	SCRMCA 770 L St 6th floor	SLKCUT 1499 South 4800	OC3	OC3-4027709
93	Touch America	26001332	25989896	SCRMCA 770 L St 6th floor	SLKCUT 1499 South 4800	OC3	OC3-4027710
94	Touch America	26001346	25990055	SCRMCA 770 L St 6th floor	STTLWA 2001 6th Ave	OC3	OC3-4027711
95	Touch America	26001354	25990137	SCRMCA 770 L St 6th floor	STTLWA 2001 6th Ave	OC3	OC3-4027713
96	Touch America	26001366	25990753	SCRMCA 770 L St 6th floor	STTLWA 2001 6th Ave	OC3	OC3-4027714
97	Touch America	26001381	25990899	SCRMCA 770 L St 6th floor	STTLWA 2001 6th Ave	OC12	OC12-4027715
98	Touch America	26002467	26001866	SLKCUT 1499 South 4800	SNJSCA 55 Alandn Blvd	OC3	OC3-4027919
99	Touch America	26025070	26002017	SLKCUT 1499 South 4800	SNJSCA 55 Alandn Blvd	OC3	OC3-4032617
100	Touch America	26025108	26002195	SLKCUT 1499 South 4800	SNJSCA 55 Alandn Blvd	OC3	OC3-4032653
101	Touch America	26025131	26007655	DNVRCO 910 15th St	KSCAMO 711 E. 19 Street	OC12	OC12-4032678
102	Touch America	26025145	26007849	LSANCA 624 S Grand Ave	STTLWA 2001 6th Ave	OC12	OC12-4032688
103	Touch America	26025160	26008131	SLKCUT 1499 South 4800	STTLWA 2001 6th Ave	OC3	OC3-4032713
104	Touch America	26025183	26008333	SLKCUT 1499 South 4800	TKWLWA 6101 S. 180th	OC3	OC3-4032715
105	Touch America	26028170	26025511	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC3	OC3-4034084
106	Touch America	26028198	26026060	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC3	OC3-4034087
107	Touch America	26028225	26026142	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC12	OC12-4034089
108	Touch America	26028258	26027071	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC12	OC12-4034094
109	Touch America	26039889	26007234	SLKCUT 1499 South 4800	STTLWA 2001 6th Ave	OC3	OC3-4036454
110	Touch America	26040515	26008659	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC3	OC3-4036455
111	Touch America	26040748	26027174	SNFCCA 60 Federal St	STTLWA 2001 6th Ave	OC12	OC12-4036456
112	Touch America	26041097	26027356	SNJSCA 55 Alandn Blvd	STTLWA 2001 6th Ave	OC3	OC3-4036457
113	Touch America	26041520	26027756	SNJSCA 55 Alandn Blvd	STTLWA 2001 6th Ave	OC3	OC3-4036458
114	Touch America	26041800	26027868	SNJSCA 55 Alandn Blvd	STTLWA 2001 6th Ave	OC3	OC3-4036459
115	Touch America	26041805	26029712	STTLWA 2001 6th Ave	SNVACA 1400 Kifer Rd	OC3	OC3-4036461
116	Touch America	26041808	26030003	TAMPFL 5908 A Hampton Pwky	TKWLWA 6101 S. 180th	OC3	OC3-4036462

117	Touch America	26041814	25991071	SLKCUT 1499 South 4800	SNFCCA 60 Federal St	OC3	OC3-4036463
118	Touch America	26076398	26043182	BRBNCA 3015 Winona Ave	TKWLWA 6101 S. 180th	OC3	OC3-4040417
119	Touch America	26076483	26043582	DELTOH 8793 Fulton County Rd H	DNVRCO 910 15th St	OC3	OC3-4040418
120	Touch America	26076504	26043762	EUGNOR 1460 Railroad Ave	MDFDOR 1 East Clark Street	OC3	OC3-4040420
121	Touch America	26076526	26047395	EUGNOR 1460 Railroad Ave	SALMOR 2080 Hyacynth	OC3	OC3-4040421
122	Touch America	26076553	26052202	MDFDOR 1 East Clark Street	TKWLWA 6101 S. 180th	OC3	OC3-4040424
123	Touch America	26076666	26054228	RGRDCA 3040 Goldkamp Road	STTLWA 2001 6th Ave	OC3	OC3-4040429
124	Touch America	26078702	26055215	SALMOR 2080 Hyacynth	STTLWA 2001 6th Ave	OC3	OC3-4040433
125	Touch America	26118803	25812511	BLTMMD 111 Market Place Suite 400	TKWLWA 6101 S. 180th	OC3	OC3-4052870
126	Touch America	26188352	25973205	EUGNOR 1460 Railroad Ave	STTLWA 2001 6th Ave	OC3	OC3-4068854
127	Touch America			Chicago	Denver/Platte	OC3	
128	Touch America			Chicago	San Mateo City	OC3	
129	Touch America			Chicago	Omaha	OC3	
130	Touch America			Chicago	St Paul	OC3	
131	Touch America			Chicago	St Cloud	OC3	
132	Touch America			Denver	San Mateo City	OC3	
133	Touch America			Denver	Omaha	OC3	
134	Touch America			Denver	Kansas City	OC3	
135	Touch America			Medford	San Jose	OC3	
136	Touch America			Medford	San Jose	OC3	
137	Touch America			Chicago	Kansas City	OC3	
138	Touch America			Jersey City	San Jose	OC3	
139	Touch America			Medford	San Jose	OC3	
140	Touch America			Minneapolis	Plano TX	OC3	
141	Touch America			Rancho Cordova	San Mateo City	OC3	
142	Touch America			Rancho Cordova	San Jose	OC3	
143	Touch America			Rancho Cordova	San Jose	OC3	
144	Touch America			San Jose	Europe	OC3	
145	Touch America			San Jose	Seattle	OC3	

Case	Region			Hukwilla	Washington DC	OC	
OC3							
OC12							